



Premium



Integrated Report 2023

Premium Group

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MISSION Premium Group's vision



MISSION

Contribute to the construction of a prosperous society by providing top level financing and services to the world.



By further improving our financing and services, and spreading them across the world, we will create a prosperous society.

We will foster employees who are broadminded, have a positive outlook, and assiduously work their way towards creating results.



We will not give up before we start by thinking we cannot do something, or something is not possible. We will promote innovation with creative ideas and great ambition, and forge ahead to the next step ourselves.

VALUE

Toughness Mind

We aim to become an enterprise and employees that have great ambition and can take on any challenges

Positive Mind

We aim to become an enterprise and employees that can work on things with a positive way of thinking and exchange smiles

Gratitude

We aim to become an enterprise and employees that have altruistic spirits and gratitude

Premium Group embraces ideals that are shared among all of its employees. These ideals constitute a common way of thinking, a mindset, and a source of courage when it comes to our work. We refer to such ideals as our values. These values enable us to come together as one. These values enable us to fearlessly take on any and all challenges. We accordingly seek to act with greater toughness, positivity, and gratitude.

VALUE

Premium Group's underlying principles

ONE&ONLY 2026

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



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Editorial policy

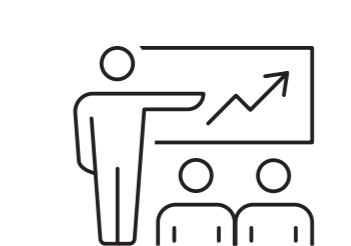
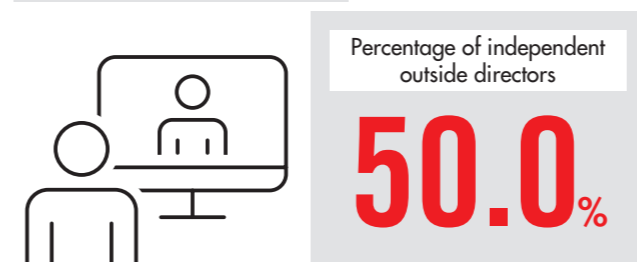
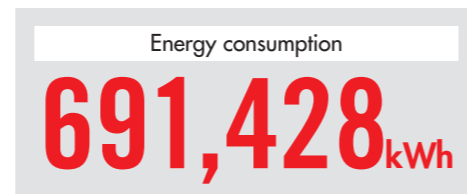
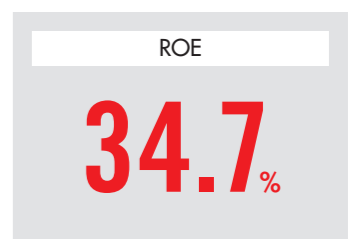
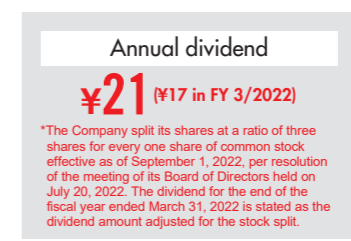
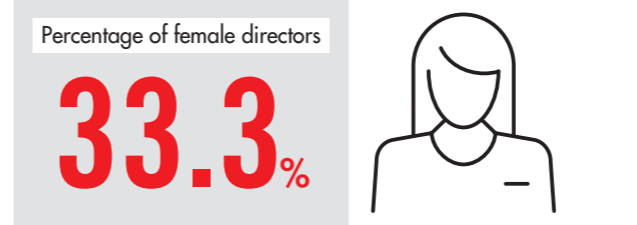
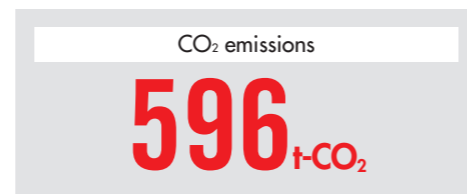
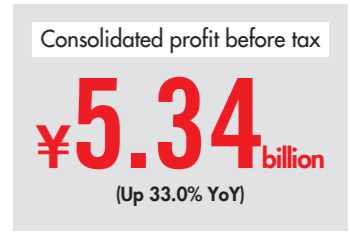
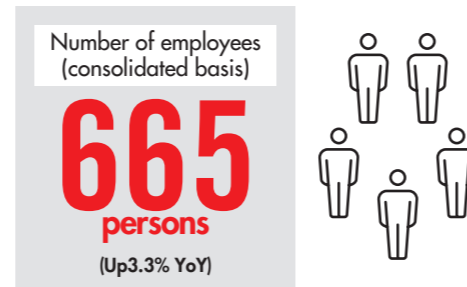
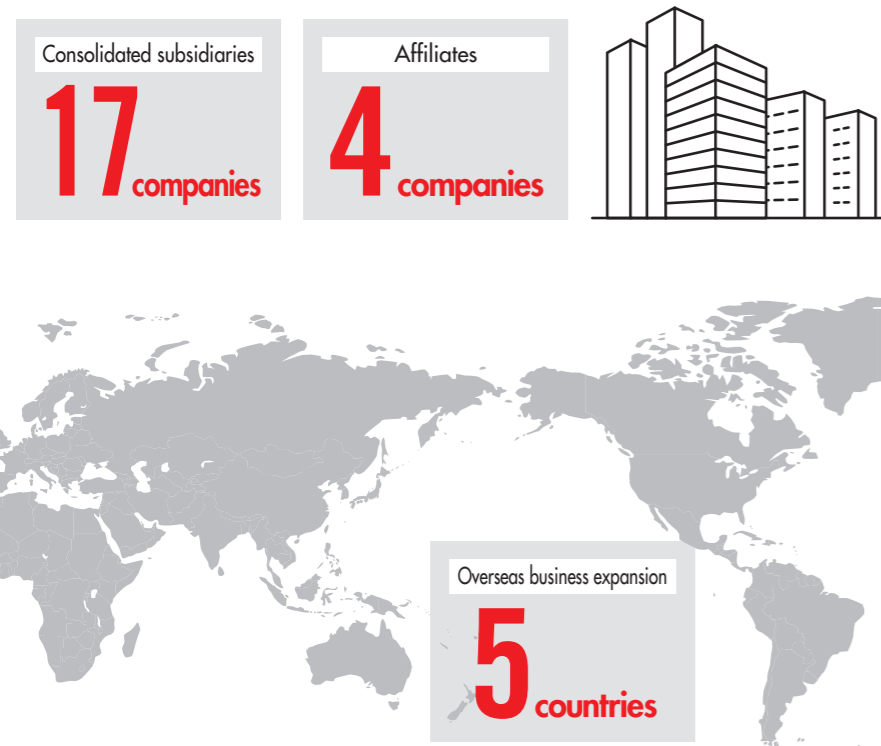
Premium Group (hereinafter the "Group") is committed to disclosure of accurate, timely, and fair information to all of its stakeholders. This Integrated Report has been prepared to provide our stakeholders, including shareholders and investors, with both financial and non-financial information in details about our Group's history, the strengths and achievements we have cultivated, and our strategic scenario toward realizing our mission. In addition, Premium Group Co., Ltd. (hereinafter the "Company") has described our ESG management, which ensures that important issues pertaining to environmental, social, and governance (ESG) perspectives are reflected in our management and business strategies. Generally, the reporting period for this Integrated Report is from April 1, 2022 to March 31, 2023. However, certain disclosures and business activities that began after April 2023 have been included as well.

Cautionary note regarding forward-looking statements

This Integrated Report contains forward-looking statements. Please note that this report is based on the information available at the time and assumptions considered to be reasonable. Actual results may differ from those in the forward-looking statements due to various risks, uncertainties or other factors.

Premium Group in Numbers

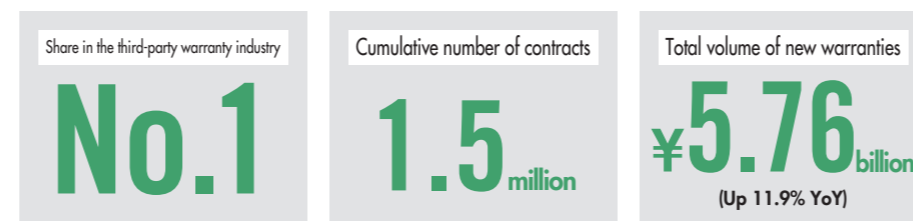
*As of March 31, 2023



Finance Business

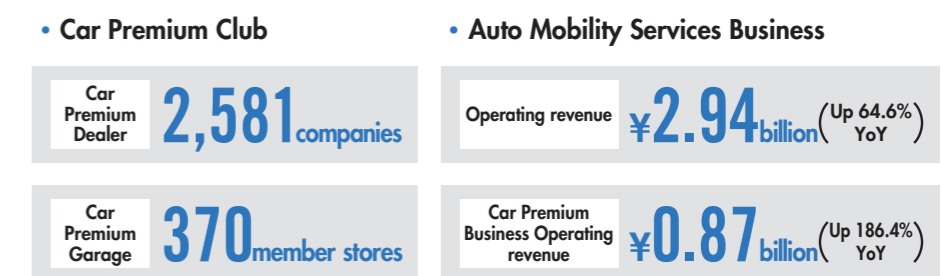


Automobile Warranty Business



Auto Mobility Services Business

(Automobile wholesaling, software, subscriptions)
(Membership fees, others)



*The Car Premium business has been integrated with the Auto Mobility Services business effective from the first quarter of the fiscal year ending March 31, 2024.

History

We have expanded our business by increasing our loan receivables and transaction volume of automobile warranties while cultivating our unique strengths. We will further evolve as an Auto Mobility Service Company in the future.

(Billions of yen)

500.0



400.0



300.0

200.0

2007

Launch of Finance and Automobile Warranty businesses as our core businesses

2012

2007 | G-ONE Credit Services Co., Ltd. (currently Premium Co., Ltd.) was established.

2010 | SBI Holdings, Inc. became the parent company and changed the name to SBI Credit Co., Ltd.

100.0

Legend:
■ Loan receivables
■ Total volume of automobile warranties

0

08/3

09/3

10/3

11/3

12/3

13/3

14/3

15/3

16/3

17/3

18/3

19/3

20/3

21/3

22/3

23/3

0



2013

Diversified business development and overseas expansion by leveraging our strength as an independent company

2018

2013 | iSigma Capital Corporation, which is managed and operated by a wholly owned subsidiary of Marubeni Corporation, became the parent company and changed the name to Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.)

2016 | An overseas corporation was established in Thailand to promote Finance and Automobile Warranty businesses.
 PAS Co., Ltd., which provides automobile maintenance services, was established.

2017 | Premium Group Co., Ltd. got listed on the Second Section of the Tokyo Stock Exchange.
 The joint venture CIFUT Co., Ltd., which develops and provides automobile-related IoT devices, was established.
 Pt Premium Garansi Indonesia, which provides automobile warranty services, was established in Indonesia.

2018 | Listing of Premium Group Co., Ltd. changed to the First Section of the Tokyo Stock Exchange.
 SoftPlanner Co., Ltd. (currently Premium soft planner Co., Ltd.), which develops and sells software for mobility business operators, became a subsidiary.

¥507.8billion

(Billions of yen)

10.0

2019 Evolving as an Auto Mobility Service Company

2019 | L'OPERAIO SOLUTIONS K.K. (currently integrated into Premium Warranty Services Co., Ltd.), which provides automobile warranties, became a subsidiary.

2020 | Premium Mobility Services Co., Ltd., which operates auto mobility services business, was established.
 Premium Auto Parts Co., Ltd., which operates auto parts business, was established.
 CENTRAL SERVICER CORPORATION, which collects purchased and entrusted debt and salvages automobile, became a subsidiary.

2021 | Premium Warranty Services Philippines, Inc., a joint company which provides automobile warranty services, was established in the Philippines.

2022 | Car Premium Co., Ltd., which develops and promotes a membership organization for mobility business operators, was established.
 Premium Group Co., Ltd. got listed on the Prime Market of the Tokyo Stock Exchange.
 Launched the "Car Premium for all your car needs" automotive information website

2023 | Aired first Car Premium TV commercial
 Selected as a Noteworthy DX Company for second consecutive year
 Selected as a constituent stock of the JPX-Nikkei Mid and Small Cap Index for third consecutive year

¥5.8billion

4.0

2.0

0

Message from the President

— Seeking to create a world in which consumers
select dealers from among credit companies —

Now that this vision has become
a reality, we are establishing
Car Premium Economic Domain
propelled by the values of the Group.



**Determined to become the world's
unrivaled "ONE & ONLY Auto Mobility
Service Company"**

Yohichi Shibata
Representative Director and President

A year of substantial growth achieved by assessing the external environment and enhancing our ability to address challenges

The fiscal year ended March 31, 2023 served as the final fiscal year of our previous Medium-Term Management Plan. The plan was prepared prior to the pandemic and accordingly did not take into account the pandemic, nor did it envision effects of Russia's invasion of Ukraine. Although the initial three-year plan consequently had to be revised and extended by one year at the midway point, we believe we have achieved very substantial growth amidst that challenging economic environment. There were two main factors contributing to this growth. First of all, we achieved success with respect to our

initiatives involving a Car Premium Club, which is undergoing expansion. Second of all, we were able to streamline operations enlisting digital transformation (DX), thereby making it possible for the Group to conduct operations with a smaller workforce than that of its competitors.

Our initiatives involving the Car Premium Club were successful given an influx of new car buyers into the used car market due to a situation marked by surging costs of automotive parts resources and a substantial

drop in availability of new cars, brought about by the COVID-19 pandemic and the Russia-Ukraine conflict. The demographic of buyers who traditionally favor new cars has become substantially more likely to visit used car dealerships, attracted by television commercials or by large dealerships offering attractive showroom settings. This has culminated in a trend over the last three years of major companies in the used car industry substantially expanding their market share. On the other hand, small and medium-sized enterprises, accounting for the bulk of the used car market, have been subject to challenging circumstances. Amidst that environment, the Group has managed to gain a greater number of affiliated dealerships thanks to approval it has received for its Car Premium concept involving a network of small- and medium-sized used car dealers and automobile maintenance facilities in countering industry leaders. I feel that this has substantially prompted growth in earnings results of the Finance and Automobile Warranty businesses, which serve as main businesses of the Group.

Meanwhile, amid a scenario where in-person interaction became difficult due to the pandemic, growth in the Group's businesses is also substantially attributable to the Group's success in taking swift action in contending

with the rapid shift to IT in the automotive industry and other sectors. The Group's fundamental approach under its digital transformation (DX) strategy has been twofold, first in terms of reducing costs through in-house transformation and second in terms of developing new products and forming new businesses. Despite having only recently embarked on the Group's DX strategy, we have made progress in streamlining operations by enlisting AI for use in financial assessments and by shifting to paperless formats with respect to approximately 96% of our contracts. We will encounter challenges involving AI going forward in terms of the need for greater accuracy and approaches for how best to harness AI, particularly when it comes to generative AI and ChatGPT. Among such challenges is the need for us to place priority on developing DX professionals. Moreover, we also need to set our sights on addressing environmental concerns going forward. We furthermore face the question of how developments specific to the automotive industry might unfold with respect to the shift to electric vehicles along with mobility as a service (MaaS) and CASE (connected, autonomous, shared, and electric) technologies particularly in the realm of autonomous driving. Amid that scenario, the notion of how best to address such developments will serve as a major challenge ahead.

Seeking to help address social challenges by improving the reputation of the used car industry

Given the need to address environmental concerns in the automotive industry, the Group is subject to obligations in terms of contributing to society through its business operations. In that regard, I firmly believe that used cars should gain greater acceptance in the market. In the Japanese market, used cars account for approximately 30% of the market while new cars account for approximately 70% given strong consumer preference for cleanliness. However, consumers have become more ethically conscious in recent years, which is likely to fuel momentum of the used car market. As such, a crucial consideration going forward will be that of how best to instill a consumer perception that used cars are a viable option. While I would ideally like to see used cars capturing a greater share of the market, the negative image of the used car industry undeniably hinders such progress. As such, the Group needs to take initiative in guiding industry transformation by building a clean image across the used car industry overall. This will hinge on us providing accurate and appropriate information with a focus on transparency in business operations, while also ensuring fair business practices. We will accordingly implement training for employees with an emphasis on business dealings marked by integrity with a focus on enhancing credibility of the industry overall by

eradicating illegal activities and unethical business practices, stringently adhering to laws and regulations, and prioritizing customer safety. We will furthermore improve the overall reputation of the used car industry by sharing and promoting ethical management practices of the Group across the entire industry. The Group seeks to assume a leadership role in promoting ethical practices in the used car industry, by regaining customer trust and facilitating improvement of the overall industry reputation by helping to provide a safe environment for purchasing used cars.

Moreover, the Group furthermore strives to reduce waste by providing automobile warranties. We accordingly ensure that vehicles remain in working order by offering repair services without charge whenever feasible. We also aim to encourage routine use of reused automotive parts and second-hand components rather than new ones when making repairs. Meanwhile, we also recognize the need to take firm action in terms of the shift to electric vehicles. We seek to harness the power of the Group's business by advancing its strategy premised on addressing social challenges with the aim of positively contributing to a decarbonized society.

Message from the President

Commitment to our long-term vision in striving to be number one in all business segments

The new Medium-Term Management Plan sets forth a three-year medium-term vision and a five-year long-term vision. Under the long-term vision, the Group seeks to become number one in each of its business segments. Although this would be a difficult objective to achieve in three years, the three-year period will enable us to lay the groundwork to achieve the objective in five years. We intend to push the Finance business to the top-ranking position in the industry in terms of us becoming number one in used car auto credit in Japan as an industry-leader in terms of total volume of new loans and loan receivables. Despite having lagged behind our competitors in this segment thus far, we will rapidly boost our operations in aiming to become number one given that we are beginning to see positive signs. We will achieve this goal by leveraging our strengths. For instance, whereas other finance companies are limited to a singular approach, we possess strengths in terms of our ability to take a multifaceted approach that entails enlisting the Group's diverse expertise particularly in terms of our ancillary products and services. That said, given that it is likely to take some time for us to achieve this objective given our relatively short history as a corporate entity, I think we will be able to catch up with our competitors within

the long-term time frame of five years.

Turning to the Automobile Warranty business, the Group already controls approximately 70% of the market in Japan among warranty providers in the market of third parties who provide warranties instead of dealers offering them directly. We are currently expanding our Automobile Warranty business in three Southeast Asian countries and accordingly seek to become the world's number one automobile warranty provider by extending the Group's Automobile Warranty business with a focus on the Southeast Asian market. In the Auto Mobility Services business, we seek to become number one in Japan by building the Group's network in aiming to gain more business in that domain, which will entail creation of an ecosystem for engaging in appropriate business transactions within the used car economic domain. Although we have set forth a strategy of aiming to be number one in our respective segments, achieving this objective will hinge on establishing an ecosystem based on the Car Premium Economic Domain. We are committed to building this used car economic domain underpinned by the vision of our three-year Medium-Term Management Plan calling for us to establish a Car Premium Business Model to such ends.

"Toughness Mind", "Positive Mind", "Gratitude" The Company's values serve as the most significant factor in setting it apart from its competitors

Whereas investment in human capital has been gaining significant attention in recent years, the Group has embraced the notion that "people constitute capital" since its inception. This perspective emerged from my own experiences in that I accordingly came to the realization that it is difficult to achieve differentiation in the finance industry based solely on business models and products, but instead that the most significant differentiator is the notion of whether those working in the industry are genuinely passionate and excited about their jobs. That serves as the most critical factor in determining whether or not an organization will continue to grow, which is why the Group places great importance on the process of growth. For instance, those who are primarily focused on financial gain are not a good fit for the Group, to put it bluntly. People tend to spend most of their time at their companies once they become working adults. When an individual comes to find that the setting

where he or she spends such long hours has become uninteresting, it often causes the individual to question the meaning of his or her life, which is why we continually think about how best to improve working conditions. We have been changing over to more flexible work arrangements with each passing year and have accordingly achieved success in streamlining business operations, thereby enabling us to put in place a framework that allows for sales staff to be excused from the out-of-office sales once every week and furthermore enabling us to adopt a flextime program. I am convinced that these efforts have been instrumental in shaping the corporate culture of the Group. For instance, our sales departments have a very friendly atmosphere even when it comes to interactions between its senior and junior employees. I for one feel that is the case, and we even receive compliments from our business partners in that regard. This workplace atmosphere serves as a strength

of the Group, which is evidenced by the notion that our customers have taken notice of it. Concerns that greater flexibility may prompt a lack of discipline aside, our concept of values serves as a guide for the direction everyone should be headed. Accordingly, a company needs a unified set of guidelines when it comes to what it requires in terms of work-related values and what actions it should take. The notion of ensuring discipline is incumbent on the extent to which we fully embrace our

values. Meanwhile, we hope to facilitate the Group's global expansion from this point forward by actively hiring talent with international aspirations. We will also consider options for recruiting local talent at our operations abroad as we seek overseas business expansion. Whereas this will involve hiring employees with diverse backgrounds, the Group will unwaveringly stress how important it is that each and every employee embrace our values.



FY2023 induction ceremony for new employees

I shared our corporate vision with our new employees.



Committed to achieving corporate growth leveraging the expectations and trust of our stakeholders

Since going public, the Company has been engaging in intensive and meaningful dialogue with institutional investors from approximately 70 firms through one-on-one meetings conducted on a quarterly basis. We appreciate the overwhelming support we have received particularly in terms of our stakeholders' understanding of the Group's technical model and medium-term approach, and in the form of long-term stock ownership. Meanwhile, the Company has recently established a governance system for ensuring diversity, which accordingly consists of three Inside Directors and three Outside Directors (of whom, two are women). The Outside Directors furnish their opinions during meetings of the Board of Directors enlisting their solid understanding of the Group's business, thereby invigorating such discussions and lending them a heightened sense of urgency. Going forward, we will continue to embrace the Company's role as a publicly listed company in terms of enhancing the Company's corporate governance practices and promoting stringent compliance. The Company is now poised to take a significant step forward as it marks the 16th year since it was established. Meanwhile, although the Company's

market capitalization has increased by approximately five-fold since it went public in 2017, we harbor a sense of dissatisfaction in having not lived up to expectations given the Company still faces challenges in terms of its low market recognition. As such, under our most recent Medium-Term Management Plan, we have set targets in terms of achieving market capitalization of somewhere in the range of ¥140 billion to ¥175 billion by the end of the fiscal year ending March 31, 2026, which is approximately two to two-and-a-half times the current level. Going forward, we will upgrade various English-language IR materials in seeking to increase awareness of the Group among a greater number of overseas institutional investors. Achieving corporate growth serves as one means of contributing to society given that such growth brings contentment to many employees and furthermore makes it possible to hire even more employees. We sincerely hope that all of our stakeholders will continue to provide us with their steadfast and unwavering support as we seek to achieve objectives of the Group's 2030 long-term vision of serving as the "ONE & ONLY Auto Mobility Service Company."

Message from the Financial Officer

Maximizing corporate value through ONE & ONLY

Tomohiro Kanazawa

Director, Managing Executive Officer and General Manager of the Corporate Division



Introduction

My role is to support the business strategy of the Group from a financial perspective in order to achieve its Medium-Term Management Plan. Specifically, we aim to build a strong financial base that will enable the Group to achieve sustainable growth. In my view, the key is to be proactive, and to respond flexibly to changes in the business environment both in Japan and overseas.

In May 2023, we disclosed our new Medium-Term Management Plan, "ONE & ONLY 2026," which ends in the fiscal year ending March 31, 2026. To support the Group's sustainable growth in the future, we plan to prepare financial measures in advance and adapt our financial functions accordingly.

Review of the fiscal year ended March 31, 2023

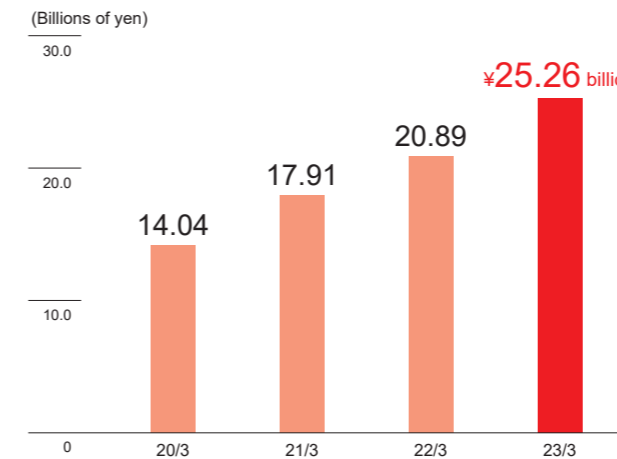
The fiscal year ended March 31, 2023 saw a move toward normalization of economic activities as COVID-19 infections subsided and restrictions on activities were eased. However, the outlook remains uncertain due to growing concerns about the economic slowdown caused by the situation in Russia and Ukraine and the rapid depreciation of the yen.

In this economic environment, the global shortage of semiconductors has led to a reduction in the production of new cars for sale, and subsequently to a shortage of used car inventory, keeping used car prices high. However, we believe that the situation in the used car market is gradually improving as new car production has recovered since the fourth quarter.

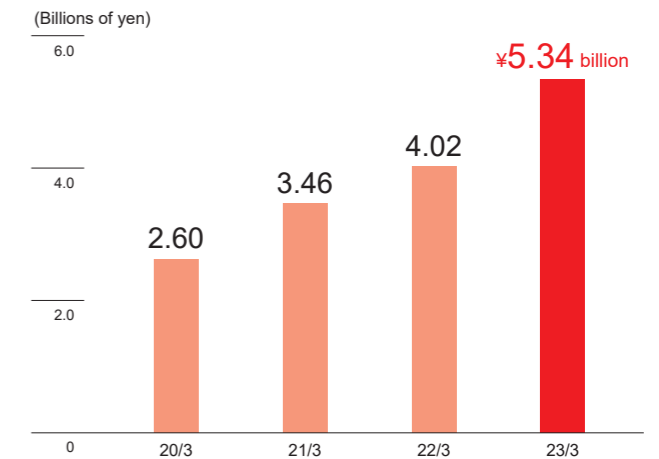
In this external environment, the Group has accelerated the growth of its business operations and revenue by providing services combining finance, automobile warranty, and automobility services to automobile dealers and automobile maintenance facilities, while at the same time taking on the challenge of various initiatives to achieve a new growth model.

As a result, in the fiscal year ended March 31, 2023, the Group posted operating revenue of 25,263 million yen (up 20.9% YoY), profit before tax of 5,344 million yen (up 33.0% YoY), and profit attributable to owners of parent of 4,005 million yen (up 36.2% YoY), achieving significant growth despite a challenging market environment.

Operating revenue



Profit before tax



New Medium-Term Management Plan "ONE & ONLY 2026"

On May 2, 2023, we disclosed our new Medium-Term Management Plan, "ONE & ONLY 2026." This plan, under which the Group seeks to become the "ONE & ONLY Auto Mobility Service Company," was formulated for a period of three years, with the fiscal year ending March 31, 2026 as the final year.

Our goal over the next three years is to establish the Car Premium Business Model that handles all types of mobility services. Specifically, our three core objectives are (1) sustainable growth of existing businesses, (2) expanding the scale of each auto mobility services business, and (3) streamlining operations through DX. The numerical targets we expect to achieve with the above efforts are: operating revenue of 44.0 billion yen (CAGR: 20.4%), profit before tax of 10.2 billion yen (CAGR: 30.4%), and market capitalization of 140.0-175.0 billion yen or more.

I would like to explain why we have set a market capitalization target. We believe that most of the holders of the Group's shares expect the share price to rise. Therefore, we believe that the level of the share price is

one of the most important management issues and that it is necessary to set a target linked to the share price. However, in addition to the Group's business performance, the share price may fluctuate depending on external factors such as the market. Please bear this in mind.

ONE & ONLY 2026 Numerical Targets

Operating revenue	¥44.0 billion vs. FY23: +74.6%
Profit before tax	¥10.2 billion vs. FY23: +91.0%
Market capitalization	¥140.0-175.0 billion vs. FY23: 204-255%

Message from the Financial Officer

Financial strategy

The Group's main business is Finance business, and its core product is auto credit. There are two types of auto credit: advance payment method and affiliated loan method. Under the advance payment method, we make advance payments on behalf of customers to network stores and collect the payments from customers based on the number of installments. On the other hand, under the affiliated loan method, affiliated financial institutions provide financing to customers, while the Group handles the administrative work, settlement of advances and operations related to installment repayments.



The Group primarily uses the affiliated loan method, and approximately 90% of all funds required for auto credit are procured through this method. We deal with four banks for affiliated loans to maintain a balance so that transactions are not concentrated in any one bank. In

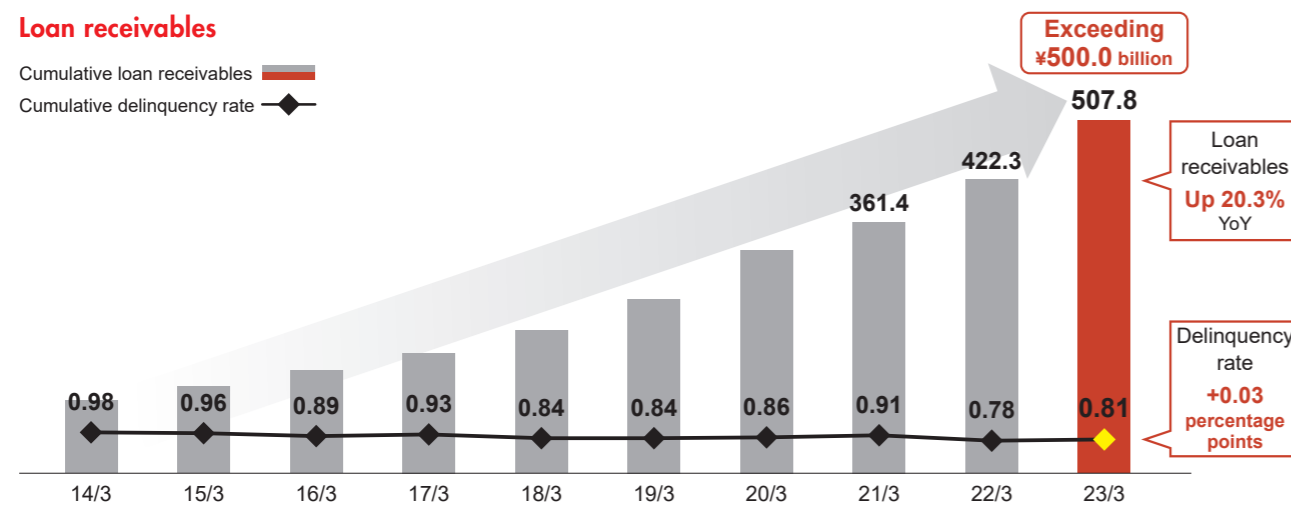
addition, all loans are obtained at fixed interest rates to hedge against the risk of higher long-term interest rates. Under the advance payment method, the Group procures funds at fixed interest rates, in principle, by utilizing term loans and securitization of its receivables.

The Company also aims to obtain an A or higher rating by the fiscal year ending March 31, 2026. The main reason for this aim is to achieve flexible financing in line with the market environment in order to diversify financing and respond to growth strategies.

We believe that it is important to support the Company's business growth with financing, and to hedge risks so that we can respond to any eventuality, even if the financing environment changes, thereby supporting the Company's sustainable growth.

Loan receivables

Cumulative loan receivables 
Cumulative delinquency rate 



Notes 1. Loan receivables refers to the total amount of credit and lease contracts that have not been repaid or whose warranty period has not expired as of the relevant date, out of the cumulative volume of new loans from the opening of business to the end of the fiscal year. The figures are inclusive of loan receivables of products other than automotive credit financing (Ecology Credit, etc.), and are the actual results of Premium Co., Ltd.
2. The delinquency rate refers to the ratio of the total amount of loan receivables and special loans (judicial intervention loans) receivable overdue more than three months to loans and lease receivables as of the end of the relevant fiscal year.

Dividend policy

The Company's dividend policy is to use the majority of profits earned for business investments and to continuously increase dividends in line with profit growth. However, we regard the return of profits to shareholders as an important management issue and intend to pay stable and continuous dividends, taking into account the

overall need to secure internal reserves to provide for the funds required for business performance and business expansion.

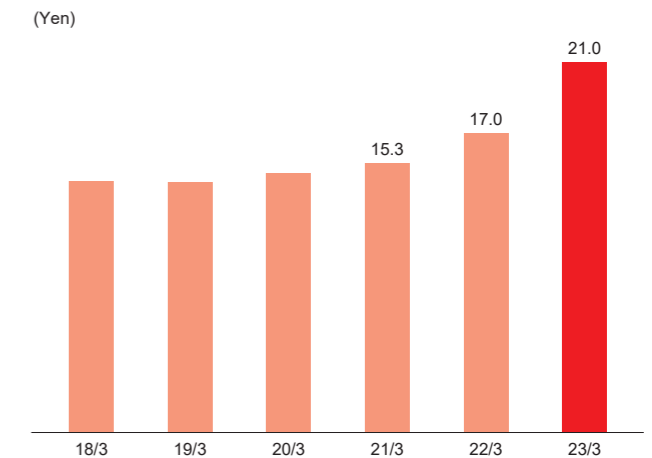
For the fiscal year ending March 31, 2024, we forecast an interim dividend of 13.00 yen per share and a year-

end dividend of 13.00 yen per share, for a total annual dividend of 26.00 yen per share. We are committed to improving our business performance and increasing dividend whenever possible.

In addition, we make decisions on share buybacks in a flexible manner, while carefully considering investment opportunities, cash flow balance, share price, return on equity (ROE), cost of capital, and other factors.

We are also proactive in M&A and DX investments. To make investment decisions, we comprehensively evaluate the merits of the investment by comparing the WACC (weighted average cost of capital) with the IRR (internal rate of return) from the investment, and by assessing the synergy effects with the Group, the feasibility of the business plan and other factors. We will do our utmost to further enhance our value and develop ourselves for the future.

Annual dividends since listing



*The dividend amounts up to March 31, 2019 have been retroactively adjusted to reflect the two-for-one stock split conducted on April 1, 2019 and the three-for-one stock split conducted on September 1, 2022.

Communication with investors

Since shortly after our IPO (initial public offering), we have been actively communicating with investors. We conduct approximately 70 interviews with investors each quarter and hold regular briefings for both institutional and individual investors. This allows us to respond promptly to questions and requests from investors, and we also work to provide them with transparent information. In addition, we value the contact with overseas investors and are actively engaged in overseas IR activities.

The Group's IR activities serve to deepen the dialogue between management and investors, with the President himself participating as a speaker. As a result of the activities, we take investors' opinions and market trends seriously and use them to evolve our management

strategy and review our growth strategy.

We are also working to enhance our information disclosure, with the aim of providing disclosure materials that are easier to understand and broader in coverage. We began publishing an integrated report (annual report) in 2022 and are working to enhance its content. We have also included information based on Task Force on Climate-Related Financial Disclosures (TCFD) recommendations to demonstrate to investors our environmental and social contributions and sustainability initiatives.

We will continue to strive to enhance our corporate value while building close relationships with investors through IR activities.

In conclusion

We will continue to provide transparent and reliable information to investors, and together with you, we will achieve sustainable growth. Going forward, we will continuously make every effort to enhance corporate

value and create shareholder value through continuous improvement and evolution. We look forward to your continued support.

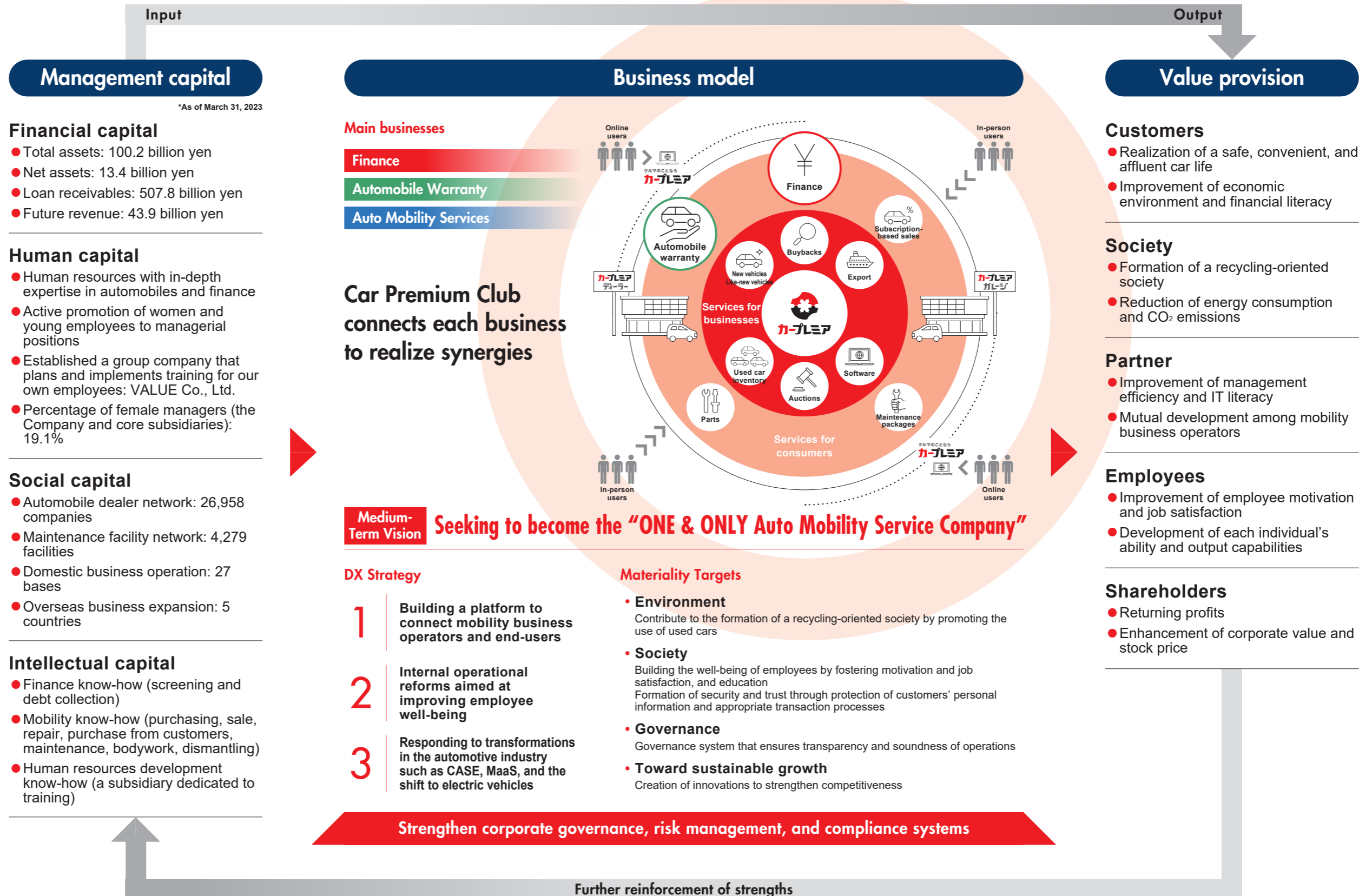
Value Creation Process

In order to build a more prosperous society, Premium Group will gain a firm understanding of the external environment and maximize its unique management capital and business model to enhance the value it provides.

MISSION

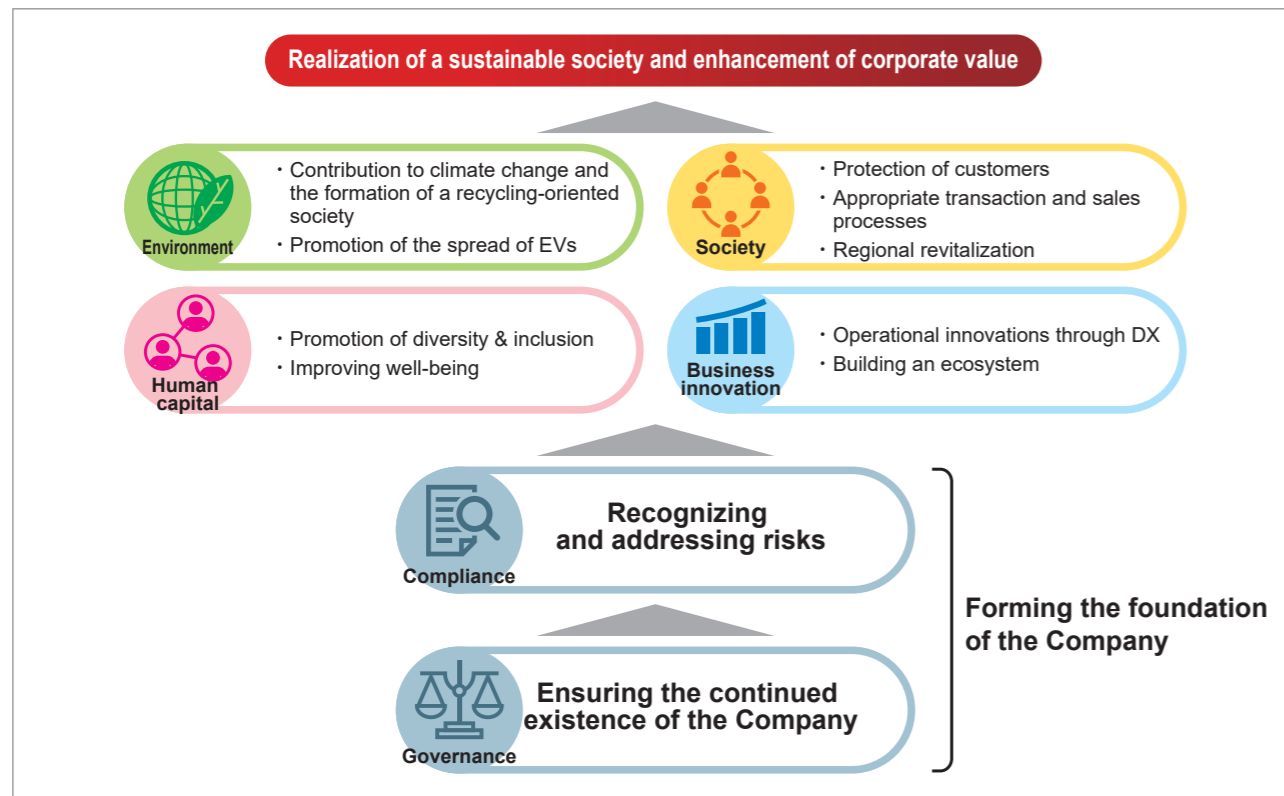
Contribute to the construction of a prosperous society by providing top-level financing and services to the world.
We will foster employees who are broadminded, have a positive outlook, and assiduously work their way towards creating results.

- External environment**
- Development of CASE and MaaS
 - Transformation of the mobility industry
 - Fluctuations in interest rates
 - Declining birthrate and aging population
 - Digitalization
 - Climate change
 - Growing social disparities
 - Diversification of lifestyles
 - Economic growth in Southeast Asia



Materiality (sustainability key items)

The Group has identified six materialities (material issues: environment, society, human capital, business innovation, compliance, and governance) as important issues to be addressed in order to accomplish our mission and achieve sustainable growth toward the formation of a sustainable society. By steadily addressing these materialities, we will first aim to achieve our new Medium-Term Management Plan “ONE & ONLY 2026,” and then our mission.



Achievement of the Medium-Term Management Plan

**ONE&ONLY
2026**

Realization of the Group's MISSION



Contribute to the construction of a prosperous society by providing top level financing and services to the world.

By further improving our financing and services, and spreading them across the world, we will create a prosperous society.



We will foster employees who are broadminded, have a positive outlook, and assiduously work their way towards creating results.

We will not give up before we start by thinking we cannot do something, or something is not possible. We will promote innovation with creative ideas and great ambition, and forge ahead to the next step ourselves.

Basic Sustainability Policy

The Group will identify and analyze various risks and opportunities to ensure financial soundness and appropriateness of its operations, and will strive to promote sustainability in an appropriate manner.

Materiality identification process

In identifying materiality, we comprehensively examine the Group's strengths, areas where its efforts are still insufficient, and issues that society expects and demands to be addressed, based on an analysis of its future environmental outlook, business environment, and other factors. In addition, based on interviews with external parties and resolutions made by the Board of Directors, we have decided to define them as our materiality issues.

















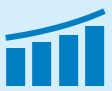










Sustainability promotion system

Recognizing the importance of promoting sustainability from the perspective of securing long-term, stable earnings, the Group has established an appropriate sustainability promotion system and is working to disseminate this system throughout the Group. In addition, we have designed a structure that enables each of the Group's management to understand their role and fully participate in the sustainability promotion system.



Materiality (sustainability key items) /Risks and Opportunities

Materiality	Overview (examples of initiatives)	Risks and opportunities	SDGs	Details
Environment  Contribution to the formation of a recycling-oriented society	Promote the use of used cars in the Finance business, as well as to “reduce, recycle, reuse, and repair” in relation to automobiles	Risk Loss of corporate image and reliability due to delayed compliance with environment-related laws and regulations, etc. Opportunity Strengthen social credibility by responding to a decarbonized and recycling-oriented society	  	Environment P43
Society  Customer privacy and data protection Appropriate transaction and sales processes	Privacy Mark certification, formulation of the policy for protecting personal information, risk mitigation measures, internal audits, and promotion of employee education Business registration for handling credit, development of internal regulations, management of dealers and maintenance facilities, policy concerning elimination of antisocial forces	Risk Decline in corporate strength due to delayed response to technological innovations and changes in stakeholder behavior, etc. Opportunity Expand opportunities to provide solutions through dialogue	   	Society P45
Human resources  Fostering employee motivation and job satisfaction, education and training system Health and safety of employees	Code of conduct, improvement of well-being, organizational reform, promotion of women and young employees to managerial positions, in-house human resource development Establishment of Safety and Health Committee, set up and implementation of guidelines for ensuring safety, measures against infectious diseases	Risk Slower growth due to lack of responsiveness with unbalanced attributes and skills of human resources, and increased cost of securing human resources due to intensified competition for acquiring human resources Opportunity Achieve a virtuous cycle in which increased opportunities to acquire diverse human resources and the business development through the promotion of diversity lead to the generation of further innovation	     	Society P45
Business innovation  Initiatives and innovations to strengthen competitiveness Value chain management	Change business processes, create business models through DX Establishment of a value chain as a platform provider	Risk Decline in competitiveness due to stagnant digital strategies Opportunity Rapidly develop and expand solutions, including leveraging expert knowledge and external resources and technologies	 	Toward Sustainable Growth P56
Compliance  Risk management and compliance	Conducting training on matters such as personal information protection and insider trading prevention, compliance, and establishment of Risk Management Committee	Risk Impairment of social credibility or interruption of business activities due to inappropriate corporate governance or risk management, inadequate response to cyber-attacks or terrorist financing, etc. Opportunity Strengthen social credibility	 	Risk Management and Compliance P55
Governance  Expansion of corporate governance system	Corporate management that ensures transparency and soundness of operation to build a relationship of trust with all stakeholders	Risk Stagnation in strategy execution due to failure to make appropriate decisions with an inadequate governance system Opportunity Strengthen relationships with stakeholders by ensuring transparency in governance	 	Corporate Governance P47

Recognition of risks and opportunities

Risks and opportunities are comprehensively recognized, measured, classified and assessed on an ongoing basis. In addition, the sustainability promotion system is reviewed from time to time in response to changes in the business environment, increased risks, and other factors.

PDCA cycle of sustainability management



Disclosure Based on the TCFD Recommendations



Basic approach to climate change

At the Group, our primary business is secondary distribution support for auto mobility providers, and we believe that the expansion of our core business itself will lead to the contribution to the formation of a recycling-oriented society. By accelerating efforts in our core business, we aim to help combat climate change, which is a global need. We will continue to recognize the importance of collecting and analyzing necessary data on the impact of climate change-related risks and profit opportunities on the Group's business activities, earnings, and other factors, and will make efforts to further enhance our information disclosure.

Governance

We have established the Sustainability Committee to drive our efforts to capture and address social and corporate sustainability issues as business opportunities. These efforts include, but are not limited to, the consideration of climate change and other global environmental issues, respect for human rights, and fair and appropriate business activities for all stakeholders, including employees.

Led by the Sustainability Committee, we will proactively disclose the status of our efforts to address climate change, a topic of utmost importance for us. Furthermore, we will make continuous improvements through data management in our environmental management system, among other mechanisms, and conduct management reviews on the results of these efforts.

Strategy

The Company has established two scenarios to clarify the risks and opportunities of climate change. The first is the 4°C scenario, defined as "a scenario where no progress is made in measures to address climate change and temperatures rise accordingly, leading to physical risks and opportunities." We assess the acute and chronic physical risks that arise in this scenario. The second is the 2°C scenario, defined as "a scenario where various actions are taken to prevent global warming, leading to risks and opportunities associated with the transition to a decarbonized society." We assess the policy and legal, technology, market, and reputation risks that arise in this scenario.

Scenario Conditions

In analyzing climate-related risks and opportunities, we refer to several internationally recognized scenarios.

<p>2°C Scenario</p>	<p>This is a scenario where policy regulations are implemented to achieve a decarbonized society and limit the global temperature increase to less than 2°C above pre-industrial levels. Though transition risks are high, physical risks are low compared to the 4°C scenario.</p>	<ul style="list-style-type: none"> ■ IPCC Shared Socio-economic Pathways(SSP1.9) Shared Socio-economic Pathways(SSP2.6) ■ IEA Net Zero Emissions by 2050 Scenario(NZE)
<p>4°C Scenario</p>	<p>This is a scenario that assumes that the announced targets, such as national targets in the Paris Agreement, will be achieved. No new policies or regulations will be introduced, and global energy-derived CO₂ emissions will continue to increase. Transition risks are low, but physical risks are high.</p>	<ul style="list-style-type: none"> ■ IPCC Shared Socio-economic Pathways(SSP8.5) ■ IEA World Energy Outlook Stated Policies Scenario(STS)

■ Overview of IPCC scenarios

The Paris Agreement's goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit this increase to 1.5°C. Based on this, in October 2018, the Intergovernmental Panel on Climate Change (IPCC) prepared a special report on the impact from 1.5°C of global warming and the greenhouse gas emission pathways leading to this point. This information is also used in our scenario analysis.

■ Overview of EV sales by scenario

The electric vehicle (EV) market is expected to expand with the further decarbonization of markets. We analyze risks and opportunities using projected EV sales figures provided in the International Energy Agency (IEA) scenario.

Scenario Analysis Procedure

<p>1</p>	<p>Listing of climate-related risks and opportunities</p>	<ul style="list-style-type: none"> ● Identifying climate change risks and opportunities ● Assessing highly significant risks and opportunities ● Establishing axes for assessment of highly significant risks and opportunities
<p>2</p>	<p>Identifying qualitative business impact</p>	<ul style="list-style-type: none"> ● Listing the most relevant items in existing scenario ● Setting climate change scenarios
<p>3</p>	<p>Quantifying financial impact</p>	<ul style="list-style-type: none"> ● Analyzing the financial impact of each scenario based on the significant climate-related risks and opportunities identified for each scenario and the relevant parameters
<p>4</p>	<p>Studying countermeasures</p>	<ul style="list-style-type: none"> ● Assessing the resilience of our strategy to climate change risks and opportunities ● Studying countermeasures to be taken based on an assessment of the current situation

Scenario Analysis Results

In conducting this scenario analysis, we have conducted a number of specific studies, including the calculation of the financial impact of major risks and opportunities for our main businesses as of 2030, as well as measures to address these risks and opportunities. Furthermore, in addition to evaluating financial impact, opportunities are assessed for market scale and contribution to decarbonization in studying the potential for new business development and business growth.

Disclosure Based on the TCFD Recommendations

a. Risks

We have identified risks associated with the transition to a decarbonized society and the expansion of the EV market, and quantified the potential financial impact on our business. Based on the results of this analysis, we have categorized risks by expected scale of financial impact (large, medium, and small), and are studying countermeasures for each.

Category	Type	Item	Business Impact	Scale of Damage	Countermeasures
Transition risks	Policy and legal	Change in energy mix	Rising electricity rates	Medium	Reduce electricity consumption by installing LEDs and energy-saving equipment
		Soaring crude oil prices	Increased costs due to higher gasoline prices	Medium	Reduce energy costs through the introduction of EV vehicles
		Disparity in subsidy budgets for EVs and gasoline vehicles	EV used car market needs time to form due to sluggish EV new car market	Small	Diversify risk by developing business not only in the EV market, but also in gasoline and hydrogen vehicles
	Markets	Shrinking used car market	Growing environmental awareness among consumers will increase demand for EVs and decrease demand for gasoline-powered vehicles	Large	Improve profitability per vehicle by expanding services for used vehicles
		Delayed formation of EV used car market	Market formation will take time due to lack of established valuation methods for EV batteries and incorrect valuation of EV used vehicle values	Large	Rapidly encourage use of battery diagnostic technology among dealers Support the spread of EVs, including via capital investment
		Sluggish auto sales market	Market is sluggish as car sales decline due to shift to a recycling-oriented society, car sharing, and other mobility services	Medium	Avoid risk through business expansion in car-sharing and subscription-based sales
		Delay in parts distribution	EV warranty business affected due to lack of distribution of EV parts and rebuilt/recycled parts	Large	Procure usable parts from disassembly business Direct procurement of parts from disassembly facilities
Physical risks	Chronic	Rising sea levels	Delays or stoppages in shipping due to damage to facilities and equipment in coastal areas	Small	Mitigate risk by diversifying logistics
			Costs arise to move business locations	Small	Monitor sites with high flooding/sea level rise risks annually and move to lower risk sites as needed

(Note) Scale of damage is defined as follows: Large - Over ¥1 billion; Medium - ¥10 million to ¥1 billion; Small - Under ¥10 million

b. Opportunities

We have studied the scale of opportunities in the event that we were to actually undertake a presumed business oriented toward a decarbonized society and an expanding EV market. In addition, we have already begun work on three projects: automobile warranty plans for EVs, installing solar power generation systems and EV chargers at Car Premium Club stores ("CP stores"), and building an EV charging network.

Category	Opportunity	Details	Market Scale	Contribution to Decarbonization	Scale of Opportunity
EV procurement/ buyback	New EV brokerage	New vehicle brokerage sales business for EVs	Medium	Small	Small
After-sales domain	EV inspection	Vehicle inspection for EVs, which are still maturing	Large	Large	Large
	EV maintenance facility network	Business building a network for stable EV maintenance	Large	Large	Small
EV sales domain	EV credit financing	Aim to expand in-house services along with the growth of the EV market by offering EV credit financing at low interest rates by utilizing sustainability-linked loans (SLLs) and other means to contribute to the decarbonization of the market	Large	Large	Large
	Automobile warranty plans for EVs	Dedicated automobile warranty business that captures the unique characteristics of EVs in anticipation of EV proliferation	Medium	Large	Large
Infrastructure domain	Solar power generation at CP stores	Install solar power generation facilities on CP store rooftops and use the power to decarbonize the supply chain and create new revenue streams	Medium	Medium	Small
	EV charging network	Business building a network of EV charging facilities to eliminate the EV disadvantage of short cruising ranges	Medium	Medium	Small
	EV network map	Business creating a map with information about EV networks for consumers, sharing EV stations, etc.	Small	Medium	Small

(Notes) 1. Market scale is defined as follows: Large - Over ¥1 trillion; Medium - ¥100 billion to ¥1 trillion; Small - Under ¥100 billion
2. Contribution to decarbonization is defined as follows: Large - "Eliminates decarbonization bottlenecks;" Medium - "Contributes significantly to reductions;" Small - "Contributes minimally to reductions"
3. Scale of opportunity is defined as follows: Large - Over ¥1 billion; Medium - ¥100 million to ¥1 billion; Small - Under ¥100 million

Risk Management Structure

(1) Risk identification and assessment process

With regard to risks associated with climate change, we have identified and reviewed important risks by re-evaluating current risks and identifying and evaluating new risks in consideration of their impact on management, finance, and business. In addition, significant risks are reported to the Board of Directors for management and supervision.

(2) Risk mitigation process

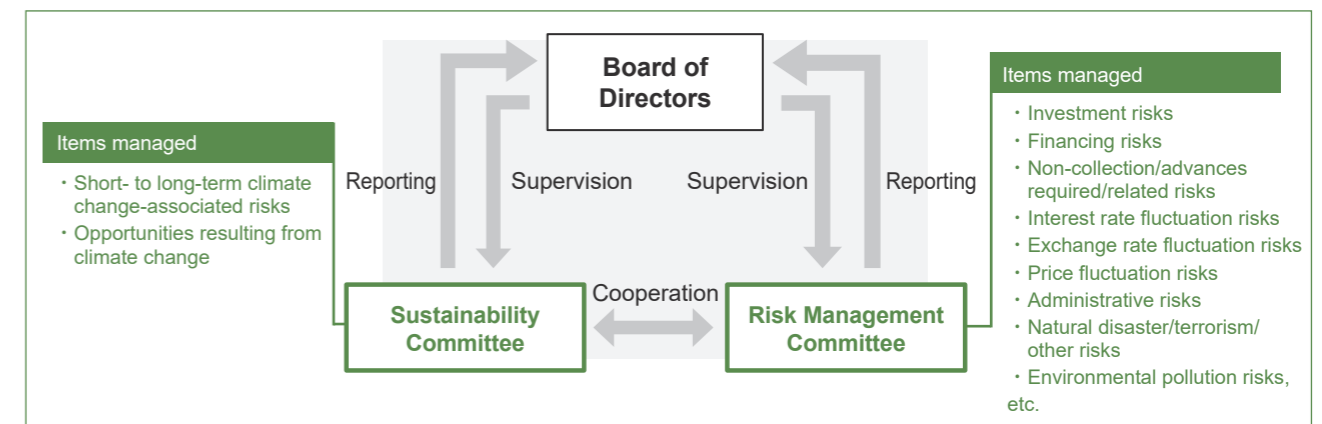
The Sustainability Committee studies each identified risk and determines response policies for their mitigation, deploys the policies to the relevant departments, and monitors response status.

(3) Prioritization process

The significance of identified risks is determined based on their degree of impact and frequency of occurrence, and countermeasures are studied and implemented for risks deemed significant.

(4) Integration with Group-wide risk management

The Sustainability Committee, which studies climate change-related risks with respect to timelines, and the Risk Management Committee, which studies risks in a Group-wide perspective, regularly act to align their awareness of risks. For risks manifesting over the shorter term and requiring urgency, the Risk Management Committee implements and monitors countermeasures in the interest of Group-wide risk management.



Metrics and Targets

The Company calculates greenhouse gas emissions in accordance with the GHG Protocol international calculation and reporting standard.

We are currently in the process of identifying reduction measures in the interest of target-setting, and plan to complete this by the end of next fiscal year.

CO₂ emissions for FY2022 are as follows.

	Category	Description	Emissions (t-CO ₂)
Scope 1	—	Energy use	301
	—	Electricity use	295
Scope 3	1	Purchased products / services	5,977
	2	Capital goods	4,008
	3	Energy-related	121
	6	Business travel	853
	7	Employee commuting	103
	9	Transportation and distribution (downstream)	390

Human capital

Basic approach to human capital

The Group has a human resource training-oriented mission to “foster spiritually rich human resources who are always positive and can dedicate themselves to completing processes.” From the idea that it is people who create our business and future, in our company, we consider people to be “assets” and use the expression “human capital.” Together with spiritually rich members (employees), we help make the world a better place by providing top level financing and services and by contributing to the creation of a recycling-oriented society.



Strategy

We believe that harnessing the individual capabilities of the Group’s diverse human resources will lead to growth in each business and achievement of the Group’s mission. For this to occur, we need to strive for improvement in employee well-being so that employees can work with enthusiasm and to foster an environment that enables the optimal performance of each individual. We undertake the following initiatives for this purpose.

Code of Conduct (VALUE)

The Group has defined “Toughness Mind, Positive Mind, Gratitude” as the VALUE, a Code of Conduct, in order to achieve our mission of “fostering spiritually rich human resources who are always positive and can dedicate themselves to completing processes” and we share this awareness with all employees.

Introduction of a personnel system that empowers diverse human resources and the creation of a pleasant working environment. We have also established a training company and are conducting in-house human resource development utilizing know-how that has been accumulated since our establishment.

Work-style reforms

We promote the development of various work styles so that diverse human resources can play an active role and all can amply demonstrate their abilities. As an example, we have set up a base in the core headquarters, and enhanced the “business website” that enables employees to go directly to and from home for sales activities. In addition, the introduction of “Satellite office work” has led to improvements in work-life balance, with the ability to work at locations close to home. In addition to these efforts, we will continue to promote further improvement of the workplace environment by enhancing operational efficiency through DX promotion.

Furthermore, we encourage taking paid leave (system for employees to take long vacations twice a year) and have introduced a flex-time system and reduced working hours. We introduced “teleworking positions” as a new work style for the new normal era in February 2022. We hope to secure and empower diverse human resources through the realization of flexible work styles aligned to the individual living circumstances of employees such as employee who find it difficult to commute to work due to childcare and nursing obligations, etc., and to enable employees who do not have an office nearby their home to adopt or continue work with a suitable work style.

Promotion of diverse human resources

The Group positions diversity management as part of its growth strategy.

The percentage of women in managerial positions overall at the Group increased by 1.5 percentage points from the previous year. We are building a gender-neutral work environment in which all employees, regardless of gender, are rewarded for their work and can fulfill their potential. In addition, due to the decentralization of the organization, we have actively promoted young employees to managerial positions. We have focused on recruiting and training young employees. At our group company, Premium Co., Ltd., a young employee, with five years of experience since being hired as a new graduate, became the youngest base manager. By valuing a “go-getter attitude” regardless of age, young employees are also able to take on the challenge of various tasks.

Training and education

In order to foster spiritually rich human resources who will create a new society, we have actively provided a wide range of training programs as well as on-the-job training since our establishment. A variety of training programs are available not only for new graduates and young career employees, but also for mid-level employees and executives. The content is tailored to various positions and abilities, leading to the promotion of younger employees to management positions.

In addition, in order to further enhance our training system, we established an in-house training company, VALUE Co., Ltd., in January 2020 and brought the training of the Group’s human resources in-house. By providing the Group company’s training services not only within the Group but also externally, we also contribute to the human resource development of society as a whole.

We adequately invest in development and training expenditures in the belief that employee growth is indispensable for a company’s sustained growth. Even during COVID-19, using the training facilities owned by VALUE Co., Ltd. enabled us to conduct training that avoids close contact, as a measure to prevent infection, while we also conducted face-to-face training as necessary. The total expenditure on human resource development, which is the expense of unique training by the Group in the fiscal year ended March 31, 2023, was approximately 47.42 million yen, which is approximately 1.65 times the average for companies with 300 to 999 employees.

Pursue employee well-being

The level of employee satisfaction differs for each individual. Promotions and salary increases generate a sense of satisfaction, but we do not believe that by itself will be adequate to cause an affinity with the company or attract the necessary human resources. We believe that the Company will develop with an increase in employees who feel good about working at the Group, so the Group pursues the “happiness” of employees and not the “level of satisfaction.”

Even in regards to salaries and benefits, housing allowance will be enhanced and base salaries increased in the fiscal year ending March 31, 2024, based on a policy to provide returns to employees that are linked to the Company’s earnings.

In the fiscal year ended March 31, 2023, the subsidy for the employee shareholding association has been lifted from 5% to 15%, with the aim of sustained corporate growth by focusing on the asset formation of employees.

All of the aforementioned initiatives are linked to “well-being” and the Group’s employee turnover rate is approximately 8%, which is substantially below the average of 14%. (Refer to the Overview of the Results of the Survey on Employment Trends 2021) We plan to continue the aforementioned initiatives, pursue improvements in employee well-being, and achieve certain sustained growth.

Metrics and Targets

The Group’s vision for 2030 is to be the “ONE & ONLY Auto Mobility Service Company.” We believe that harnessing the individual capabilities of diverse human resources is necessary to achieve this, and we will continue to implement training tailored to various positions and age groups.

Training expenses per employees	Percentage of non-Japanese employees	<ul style="list-style-type: none"> •Strengthen initiatives to develop “human capital,” as highlighted in our mission • In future global business expansion, aggressively recruit non-Japanese and promote them to managerial positions • Promote work-style reforms and diversity management • Launch “Lean In Premium,” a project to empower women, and foster an environment that empowers female employees even more than before • Aggressively promote female managers • Improve the quality of employee’s lives and work 	
¥75,000 FY23 result	12.4% FY23 result		
¥100,000 FY26 target	15% FY26 target		
Percentage of female directors	Percentage of female managers		
33.3% FY23 result	19.1% FY23 result		
33-50% FY26 target	25% FY26 target		
Work-style reforms		FY 3/2023	FY 3/2026
Percentage of men taking childcare leave (%)		10.0	50.0
Percentage of employees on single transfer assignment (%)		0.4	0.0
Percentage of employees taking paid leave (%)		72.4	80.0

New Medium-Term Management Plan (FY2024-FY2026)

ONE&ONLY 2026

We disclosed the new 3-year Medium-Term Management Plan "ONE & ONLY 2026," with the first year being FY2024, in May 2023. The automobile industry is facing a once-in-a-century transformative era as typified by CASE and MaaS, and we believe advancing the creation of networks with car dealers and automobile maintenance facilities with the potential to become future car sharing and maintenance bases will be important for the medium- to long-term.

The Group has a basic policy of changing to become the "ONE & ONLY Auto Mobility Service Company" and in addition to ongoing expansion of our main businesses, being the Finance business, Automobile Warranty business, and Auto Mobility Services business, we have established the Car Premium Business Model. We have complex interactions with network stores and individuals and we aim to be the only company in Japan to create a market in the used car economic domain that includes Finance business.

Materiality (Key Issues) in the Medium-Term Vision

<p>Car Premium</p> <ul style="list-style-type: none"> Expanding the Car Premium Club Establishing the Car Premium brand Strengthening ability to attract in-person/online customers 	<ul style="list-style-type: none"> Expanding Car Premium Dealers Increasing transaction volume per network store Expanding third-party warranties market Expanding sales focused on products developed in-house Reducing repair costs Enhancing auto mobility services Expanding scale of each auto mobility services business Developing differentiated products 	<ul style="list-style-type: none"> Expanding volume Strengthening DX talent Ongoing investment in DX Using DX promotion to streamline operations and save labor
<p>Finance</p>	<ul style="list-style-type: none"> Expanding Car Premium Dealers Increasing transaction volume per network store 	<ul style="list-style-type: none"> Expanding volume
<p>Automobile warranty</p>	<ul style="list-style-type: none"> Expanding third-party warranties market Expanding sales focused on products developed in-house Reducing repair costs 	<ul style="list-style-type: none"> Strengthening DX talent Ongoing investment in DX
<p>Auto mobility services</p>	<ul style="list-style-type: none"> Enhancing auto mobility services Expanding scale of each auto mobility services business Developing differentiated products 	<ul style="list-style-type: none"> Using DX promotion to streamline operations and save labor

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**

Long-Term Vision

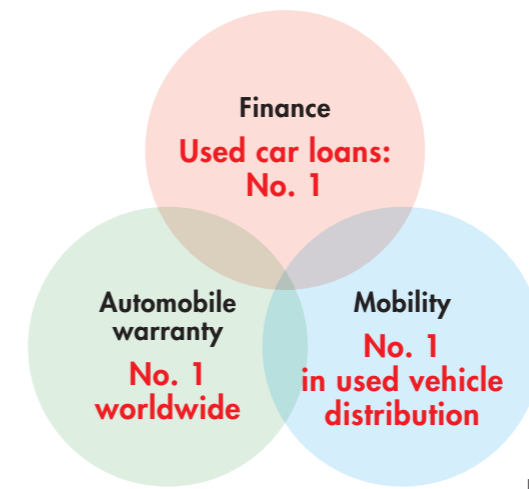
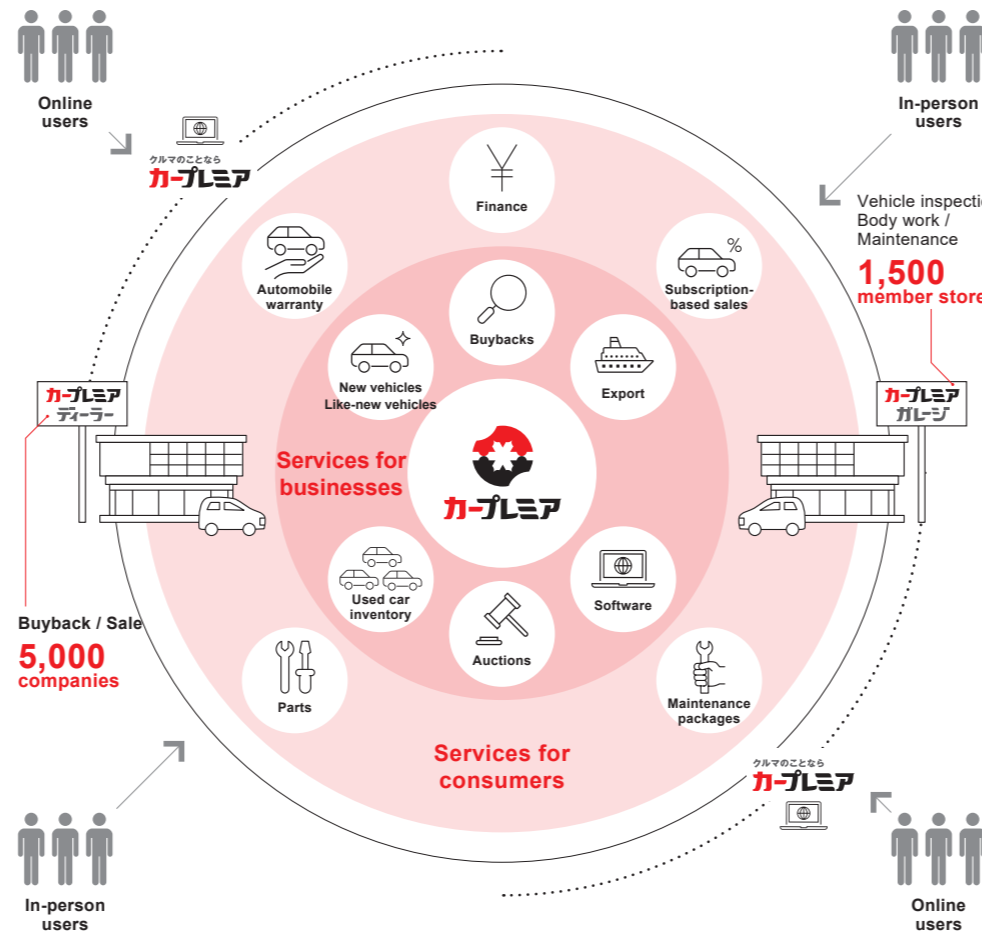
The ONE&ONLY auto mobility company

No. 1 in three areas x Originality

Medium-Term Vision

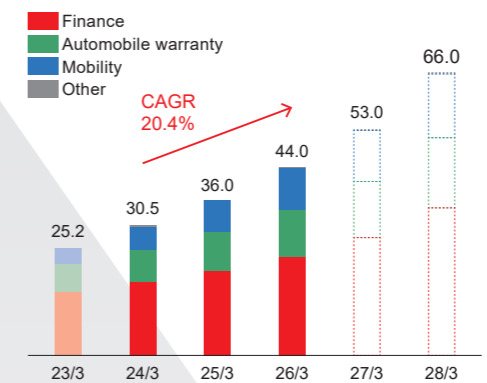
Establishing the Car Premium business model

To be No. 1 in the three business areas of Finance, Automobile Warranty and Auto Mobility Services, we believe it is important to create a market in the used car economic domain with the Car Premium Club (a membership organization for auto mobility providers) at the center. We aim to improve the level of satisfaction of individual members through refinement of the sales organization specializing in members and the structure for managing campaigns by expanding the Car Premium Club, strengthening the ability to attract customers by increasing awareness of the Car Premium brand, and promoting going on line for services, etc. This leads to building a more solid relationship of trust, improving the operating ratio of the services offered by the Group and creating synergies with each business.

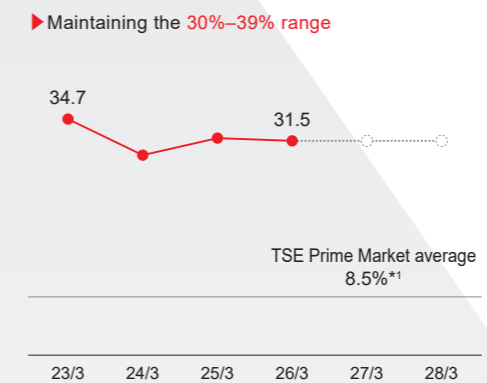


The only company in Japan to create a market in the used car domain that includes a finance business

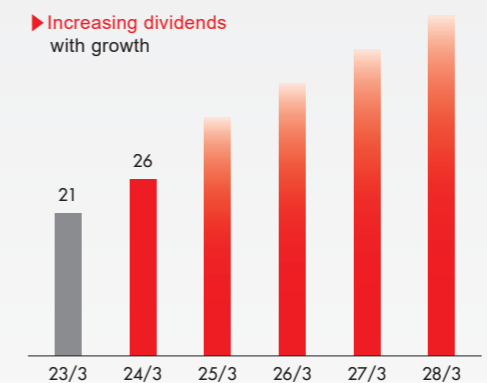
Operating revenue (Billions of yen)



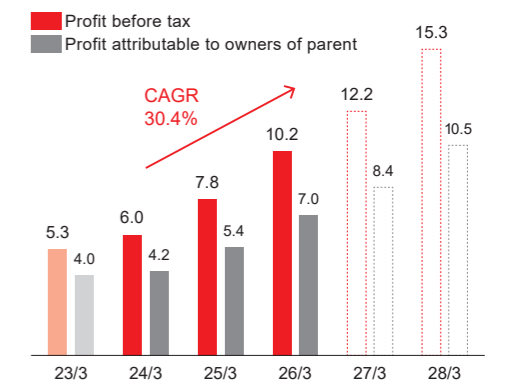
ROE (%)



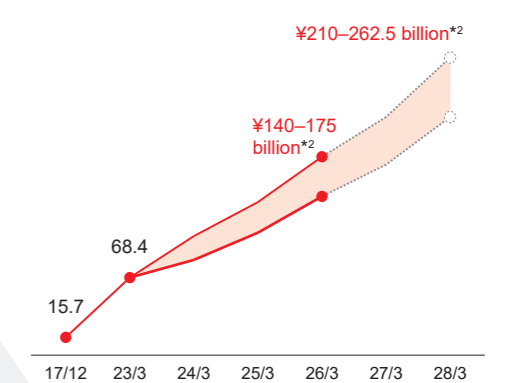
Dividends (Yen)



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



Market cap (Billions of yen)



*1 Source: "Summary of Financial Results: Fiscal Year Ended March 2022, First Section, Non-manufacturing Data," Japan Exchange Group
*2 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

Premium Group's DX Vision (Disclosed May 2021)

A DX Vision provides cross-functional support to achieve the Medium-Term and the Long-Term Visions The Company has the DX Vision, and proactively promotes DX.

DX Vision

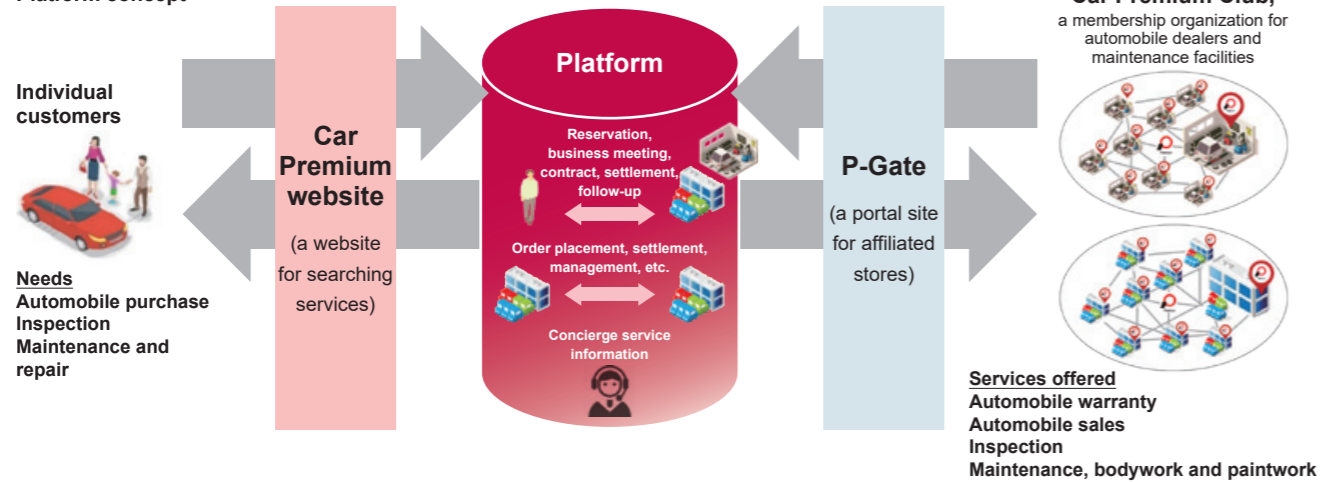
As a platform provider consisting of a team of individuals who shine together, we will jointly create a Premium car life with end-users and mobility business operators.

Core business strategy

Business DX

- **Improve the management efficiency of mobility businesses and deliver safety and convenience to end-users**
 - Expand business opportunities by matching automobile dealers and maintenance facilities above a certain level (below, "B") with prospective car buyers and those seeking repair, etc. (below, collectively referred to as "C") on the platform.
 - A mechanism will be established so that daily operations such as inventory management and sales performance management of B can also be performed on the platform.
 - Build a mechanism to complete a series of B to C transactions online, including reservations for store visits and business meetings, quotations, contracts, settlements, and follow-ups.
 - Establish a mechanism so that when a problem or breakdown occurs after purchase, C will be guided to that platform, and appropriate services and maintenance facilities where the car can be services can be suggested, like a concierge service.
- **Support for CASE, MaaS, and electric vehicles**
 - Aim to build a next-generation platform that can respond to changes in the automotive industry.

Platform concept

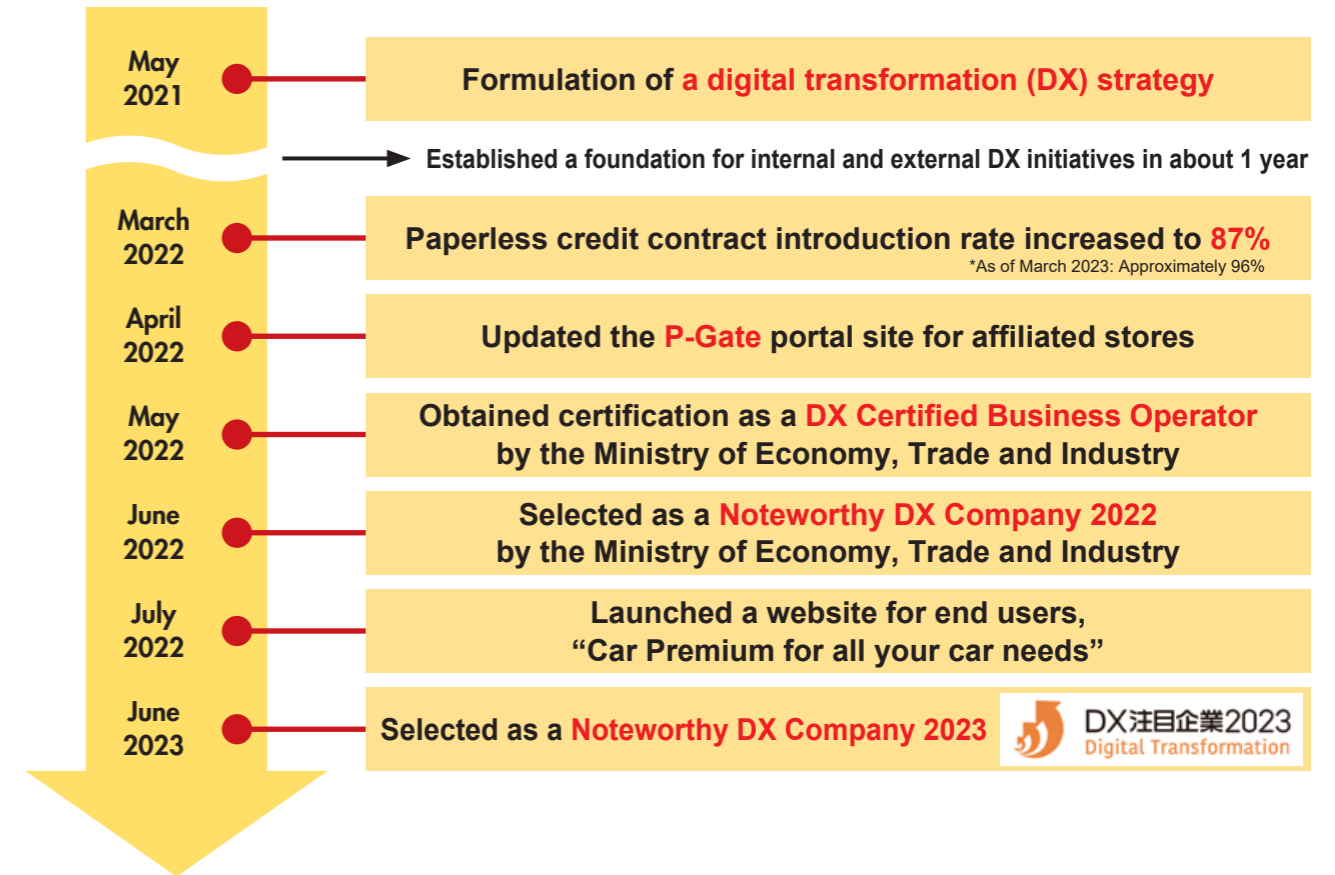


Internal DX

- **Enhance employee well-being**
 - Assist employees to work with independence, free from all constraints.
 - Promote Work From Anywhere (WFA) by saving and automating operational tasks through digitalization.
 - Establish a system to provide high quality and advanced services through mutual complementation of humans and technology.

Timeline and DX progress

Since formulating our DX strategy, we have been working on DX with speed by building a foundation for DX promotion. As a result, about a year later, we obtained certification as a DX Certified Business Operator and were then selected as a Noteworthy DX Company for two consecutive years in 2022 and 2023.



DX organization and foundation (governance system)



Business Overview

*As of March 31, 2023

Premium Group is an auto mobility service company that works with automobile dealers and maintenance facilities to deliver an affluent car life to customers. Its three main businesses are Finance, Automobile Warranty, and Auto Mobility Services, making it an unprecedented and unique company that provides a complex range of automobile-related services.

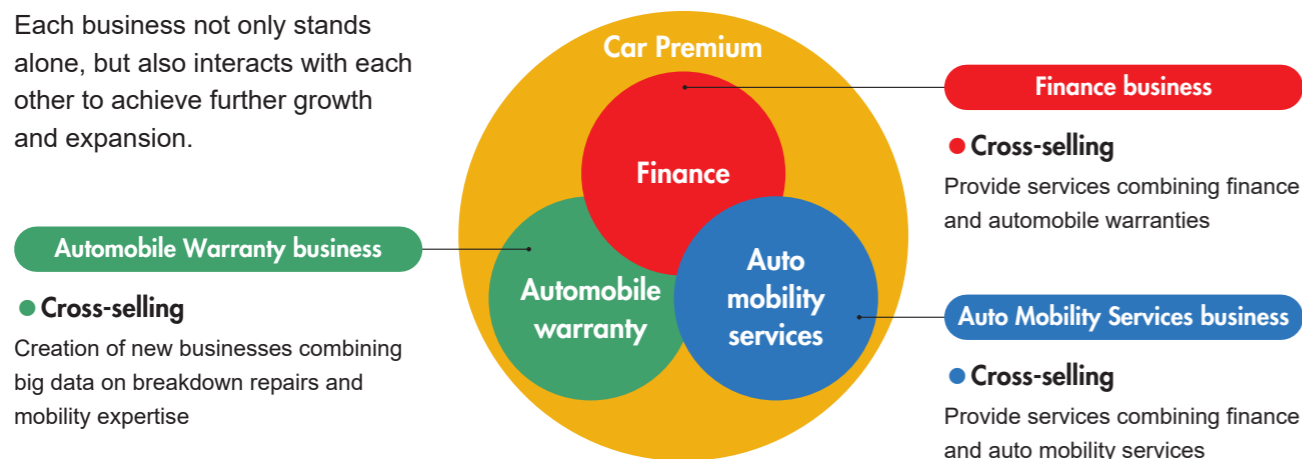


	Finance business	Automobile Warranty business	Auto Mobility Services business
Business activities	Providing auto credit services for automobile purchases in installments, as well as leasing services and debt collection services	Providing free repair services for purchased vehicles when they break down	Providing services that are useful for the business operations of automobile dealers and maintenance facilities, and services that support the car lifestyles of general customers
Main business partners	Automobile dealers	Automobile dealers, maintenance facilities	Automobile dealers, maintenance facilities
Main businesses	<ul style="list-style-type: none"> • Auto credit • Auto leasing • Ecology Credits • Shopping Credits • Servicer 	<ul style="list-style-type: none"> • Automobile Warranty business • Sales of used parts domestically and internationally • Overseas expansion of Automobile Warranty business (Thailand, Indonesia, and The Philippines) 	<ul style="list-style-type: none"> • Automobile wholesaling • Sales of business-use software • Operation of own maintenance facilities • Subscription (Lease) • Operate the membership organization "Car Premium Club"
Competitive advantage	<ul style="list-style-type: none"> • Independent, not affiliated with a bank, enabling cross-selling of non-finance services 	<ul style="list-style-type: none"> • No.1 share in the third-party warranty industry • Ownership of proprietary cost containment scheme 	<ul style="list-style-type: none"> • Has a network of auto mobility providers (approximately 30,000 car dealers and approximately 4,300 maintenance facilities) as a sales channel • Own a platform to match Car Premium Club members and general users, centered on the Car Premium website

*The Car Premium business merged with the Auto Mobility Services business from April 1, 2023.

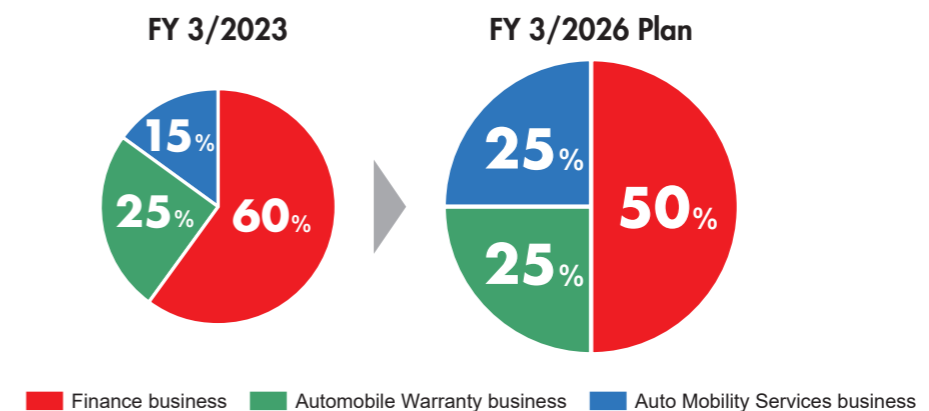
Synergies among businesses

Each business not only stands alone, but also interacts with each other to achieve further growth and expansion.



Earnings portfolio to be aimed for

Toward 2026, we will further expand the proportion of the Auto Mobility Services business, while also maintaining the growth rate of the Finance and Automobile Warranty businesses. As a result, we will transform ourselves from an Auto Credit Company to the "Auto Mobility Service Company" through a change in our earnings portfolio.

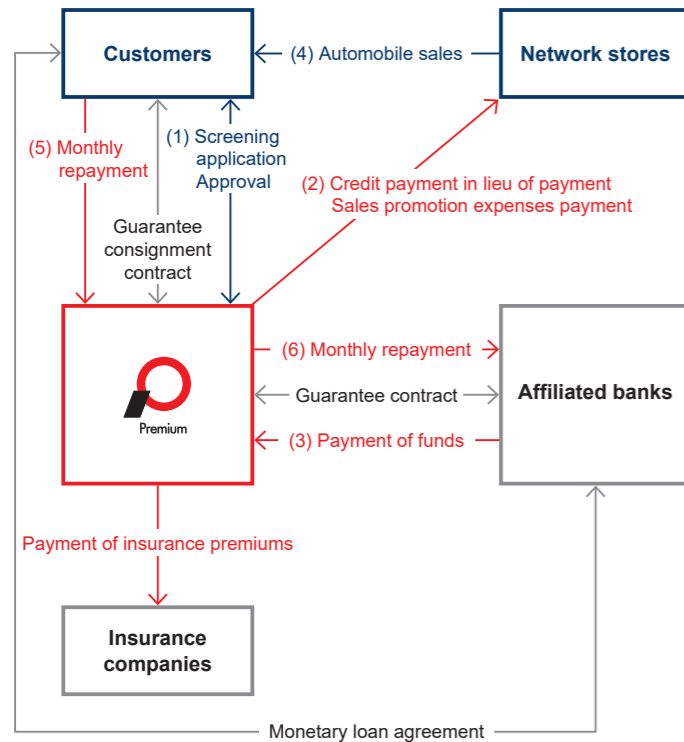


Finance Business

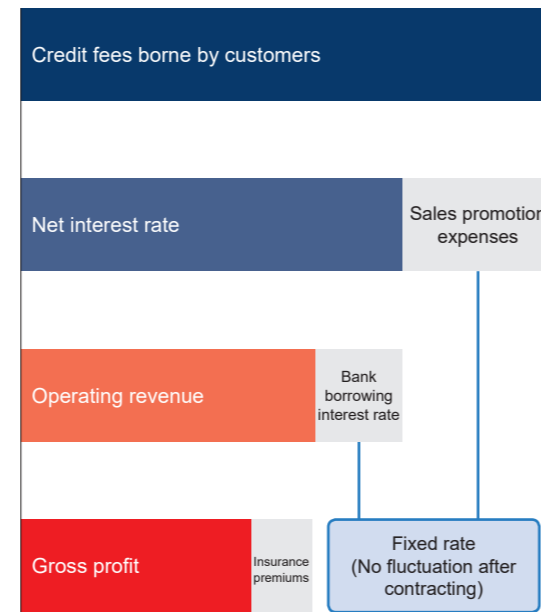
Business model and profit structure

We focus on auto credits and auto leasing that allow customers to purchase cars in installments. (Others: Ecology credit for the purchase of solar power generation systems, collection of purchased and entrusted receivables, etc.)

Auto credit structure (affiliated loan method)



Profit image



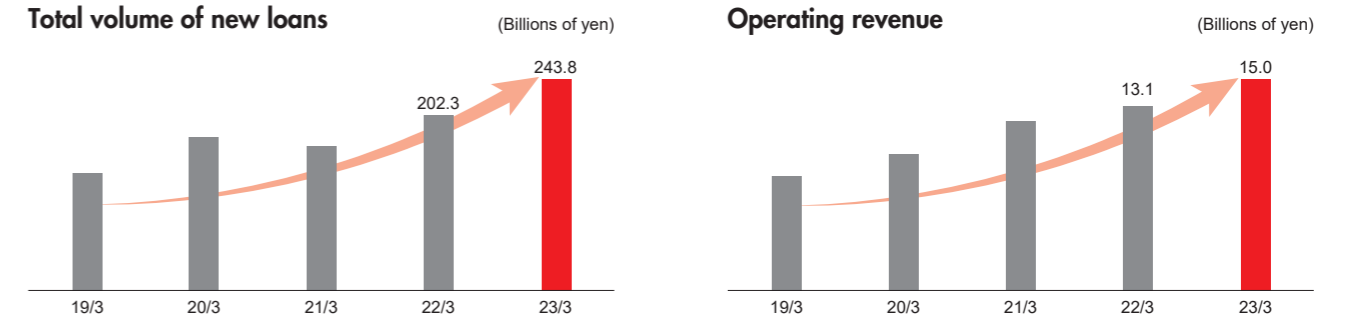
Note: This is an example of an affiliated loan scheme and may differ from actual transactions.

Strengths and characteristics

- Because we are an independent company that is not affiliated with a bank, we are not bound by laws and regulations (Banking Act) and can provide services other than financing
- We are insured against bad debts, so there is no need to make an allowance for bad debts
- We specialize in auto credit because of our expertise in automobiles
- The delinquency rate for auto credits is low due to the small-lot and short-term nature of the loans
- Our servicer subsidiary, CENTRAL SERVICER CORPORATION, has expertise in long-term delinquent collections, which enables us to recover debt

Market environment and opportunities

- Demand for automobiles is stable because they are a daily necessity
- High barriers to entry in the auto credit industry make it difficult for new entrants to enter the market
- The Company's share of the auto credit market is about 11% among listed companies, and there is room for further development
- The number of car buyers is expected to increase as more people choose to travel by car due to COVID-19 and as the supply of semiconductors.



Notes: • Total volume of new loans refers to the total amount of credit and lease 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.
• The decrease in transaction volume in FY2021 was due to the impact of voluntary restraint on sales visits during the COVID-19 pandemic, as well as our strategy to maintain and improve profitability by emphasizing quality rather than quantity of credit

Risks and countermeasures

- **Delinquency and bad debt risk**
→ Insure loan receivables and file insurance claims in the event of default
Strengthen debt collection by acquiring a servicer specializing in auto credit as a subsidiary
- **Funding**
→ About 90% of total credit is funded by banks, and we are only in charge of guarantees
* Considering corporate credit that does not meet bank lending standards and the age of the borrowers at the time of full repayment, we handle some of this credits with in-house credits

Materiality (key issues) in the New Medium-Term Management Plan /Medium-Term Vision

We disclosed the new 3-year Medium-Term Management Plan "ONE & ONLY 2026," with the first year being FY2024, in May 2023. We consider expanding Car Premium Dealers, increasing transaction volume per network store and achieving streamlined operations through DX promotion to be key issues for the Medium-Term Vision "Establishing the Car Premium Business Model," and we will promote the four key policies.

Key Policies			
<p>Expanding paid member transactions Substantially increasing sales PH*</p> <p>カープレミアディーラー</p>	<p>Releasing new core system Cross-functional business improvements</p>	<p>Paperless conversion for all offerings Abolition of applications by fax</p>	<p>Collection efficiency through DX</p>
* PH: "Per Head," the average monthly total volume of new loans or warranties per sales staff			

What can be achieved in the Finance business

In the Finance business, we will expand sales opportunities for automobile dealers and opportunities for customers to purchase vehicles by offering highly convenient auto credit. We will also contribute to environmental preservation by promoting other Ecology Credit products and paperless contracts.

<p>Consumers</p> <ul style="list-style-type: none"> • People who have difficulty paying in cash can purchase a vehicle by paying in installments • Compared to bank loans, no extra procedures or hassles are required when applying for a loan • Automatic screening allows for quick and accurate results 	
<p>Mobility business operators</p> <ul style="list-style-type: none"> • Expand sales opportunities to customers 	
<p>Environment</p> <ul style="list-style-type: none"> • Contribute to environmental preservation by promoting paperless contracts • Contribute to environmental preservation by developing Ecology Credit products such as solar power generation systems 	

Automobile Warranty Business

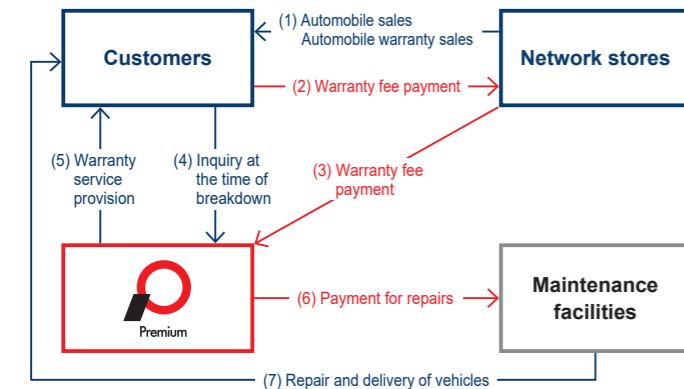
Business model and profit structure

To ensure the long and safe use of automobiles, we offer a warranty service covering natural breakdowns.

Mechanism of automobile warranty

Unlike automobile insurance that covers accidents, this service covers repairs for natural breakdowns

	Automobile insurance	Automobile warranty
Scope	Damage caused by accidents	Natural breakdowns that occur under normal use
Payment	Monthly premium payment	Lump-sum prepayment of warranty fee
Policyholder benefits	Payment of insurance claims	Provision of free repair service



Business model and profit structure

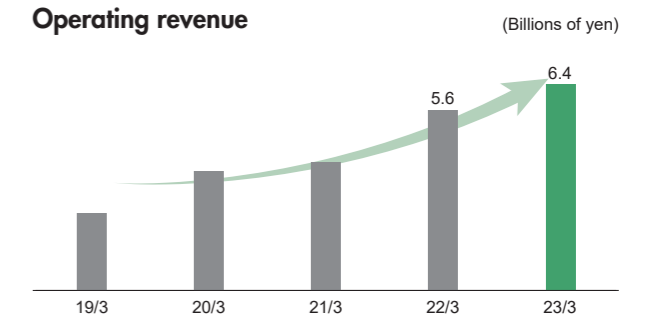
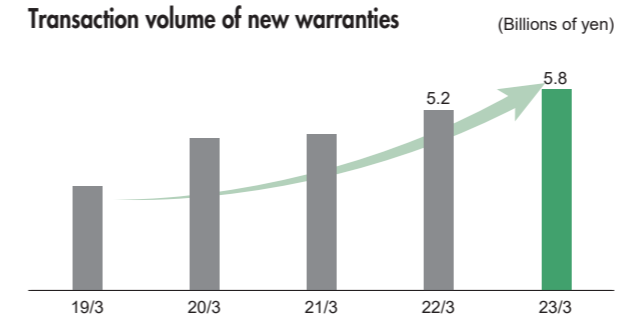
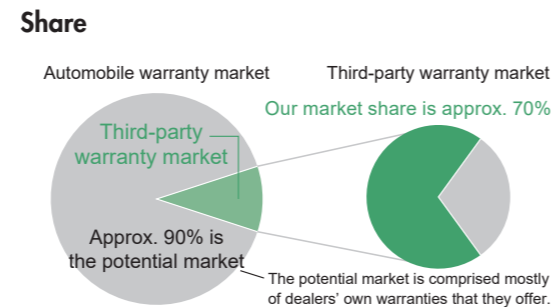
Automobile warranty fee paid by customer	
Automobile warranty wholesale price (operating revenue)	Sales promotion expenses
Profits	Automobile warranty cost

Strengths and characteristics

- Benefits for both network stores and customers
 - (Network stores)
 - Network stores can entrust us with handling inquiries and repairs after purchase
 - A warranty provided by a listed company gives customers a sense of security, which leads to sales opportunities
 - (Customers)
 - The warranty is provided by a listed company, so there is a sense of security in terms of cost appropriateness and support provided
 - The warranty contract with us continues even if the automobile dealer goes bankrupt or out of business
- No.1 Share We have the largest market share in the third-party warranty industry, and have an overwhelming amount of data at hand *Cumulative number of contracts exceeds 1.5 million cars
- We request repairs to our network of maintenance facilities, and our subsidiary will supply the parts necessary for the repair

Market environment and opportunities

- The rising costs of repairs due to higher performance and sophisticated functions of vehicles and the trend for long-term use increases the demand for warranties
- We will be able to reach out to new customer segments by expanding our lineup of automobile warranty products for EVs and other next-generation vehicles
- As the wave of digitization leads to spread of online car sales in Japan, as in other countries, people may consider purchasing a car without seeing it in person, which will further increase their interest in safety and demand for third-party warranties



Risks and countermeasures

Repair costs

→Reduce procurement costs by purchasing parts at our subsidiary parts company and reduce repair costs by having the Group's voluntary chain of maintenance facilities handle repairs

Materiality (key issues) in the New Medium-Term Management Plan /Medium-Term Vision

We disclosed the new 3-year Medium-Term Management Plan "ONE & ONLY 2026," with the first year being FY2024, in May 2023. We consider aiming to expand the third-party warranties market, expanding sales focused on products developed in-house, reducing repair costs and promoting streamlined operations through DX promotion to be key issues for the Medium-Term Vision "Establishing the Car Premium Business Model," and we will promote the four key policies.

Key Policies

Expanding sales of Car Premium Warranty developed in-house

Expanding in-house repair parts supply

Automating adjuster tasks Going paperless

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

What can be achieved in the Automobile Warranty business

The Automobile Warranty business contributes to environmental preservation by reducing the number of decommissioned vehicles through the safe and long-lasting use of automobiles. It will also lead to increased sales opportunities, as consumers will be able to use their vehicles without fear of breakdowns.

- | | | |
|-----------------------------|---|------|
| Consumers | <ul style="list-style-type: none"> Providing automobile warranty services in line with the change in consumer needs due to the increased interest in vehicle safety and the popularity of online trading in cars associated with digitalization Used cars can be used with peace of mind without fear of breakdowns |
 |
| Mobility business operators | <ul style="list-style-type: none"> Can reach out to new customer segments by expanding the lineup of automobile warranty products for EVs and other next-generation vehicles Expand sales opportunities to customers | |
| Environment | <ul style="list-style-type: none"> Contribute to environmental preservation by promoting paperless warranties Contribute to environmental preservation by reducing the number of vehicles decommissioned due to breakdowns | |

Auto Mobility Services Business

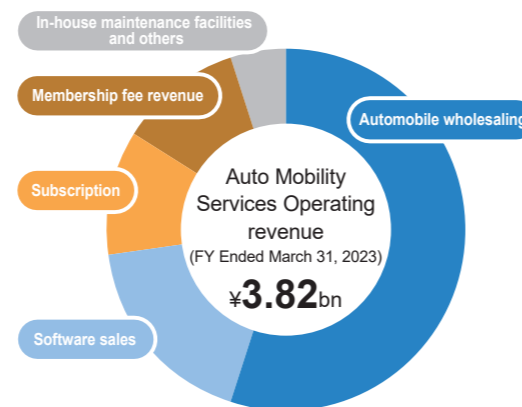
Revenue breakdown and introduction of each business

This service is designed to deliver an affluent car life to customers together with automobile dealers and maintenance facilities.

We are expanding our five main services and diversifying our revenue structure through aggressive new business development.

(Segments reorganized from April 2023)

The Car Premium business (operator of the Car Premium Club, a membership organization for auto mobility providers/operator of automobile maintenance facilities) merged with the Auto Mobility Services business with the aim of increasing Group synergies.



*Results including Car Premium business earnings

Automobile wholesaling

Support dealers in purchasing vehicles by selling auto-credit repossessed vehicles* at low prices to our dealer membership organization (Car Premium dealers)

*For customers who have difficulty making auto-credit payments, vehicles under contract are repossessed and redeemed to meet remaining obligations

Software sales

(Provision of business management software)

Sales of business management software ("GATCH") to mobility business operators
This software facilitates the issuance of quotations, invoices, and order forms, as well as customer management, thereby improving operational efficiency



Subscription

Auto leasing for individuals with a fixed monthly payment that includes vehicle price, warranty premium, vehicle inspection fee, maintenance fee, etc.



Membership fee revenue

Membership fee revenue from members of the membership organization "Car Premium Club"



In-house maintenance facilities and others

Operates directly-owned maintenance facilities in Sapporo City, Hokkaido. Positioned as a model store for Car Premium Garage that we plan to roll-out nationwide in future, offering the latest services such as the introduction of environmentally-friendly water-based paint and advanced development of new products

Strengths and characteristics

- We have an ample market because we have built a network of auto mobility providers (2,500 Car Premium Dealers and more than 370 Car Premium Garages)
- Demonstrate synergies with each of the Group's businesses e.g.,) Automobile wholesaling: Use repossessed cars that arise in the Finance business
Maintenance facility network and in-house maintenance facilities: Consolidation of repairs that occur in the Automobile Warranty business
- Own a platform to match Car Premium Club members and general users, centered on the Car Premium website

Market environment and opportunities

- Increased demand for new ways of driving (subscriptions, car sharing) as more and more non-car owners choose to drive instead of taking public transport, practicing physical distancing since the COVID-19 pandemic
- Increased demand for support for SMEs that are unable to keep up with technological sophistication
- Foreign EV manufacturers that do not have a sales channel in Japan seeking to use the sales channel of a domestic network of auto mobility providers
- Increased demand for support for SMEs that are unable to keep up with digitalization

Risks and countermeasures

- **Weakening of SMEs due to the rise of large used car dealers and manufacturer-affiliated repair shops**
→ Operate own maintenance facilities and identify issues faced by business operators → Product planning to meet expectations

Materiality (key issues) in the New Medium-Term Management Plan /Medium-Term Vision

We disclosed the new 3-year Medium-Term Management Plan "ONE & ONLY 2026," with the first year being FY2024, in May 2023. We consider enhancing auto mobility services and developing differentiated products to entrench the Medium-Term Vision of "Establishing the Car Premium Business Model" to be key issues and we will promote the four key policies.

<p>Purchasing and sales channel expansion (incl. exports) for used car distribution</p>	<p>Expanding sales of products developed in-house / Developing new subscription-based products</p>	<p>Nationwide rollout of software for mobility providers to become industry No. 2</p>	<p>Complete mobility platform</p> <p>クルマのことなら カープレミア P-Gate ポータルサイト</p>
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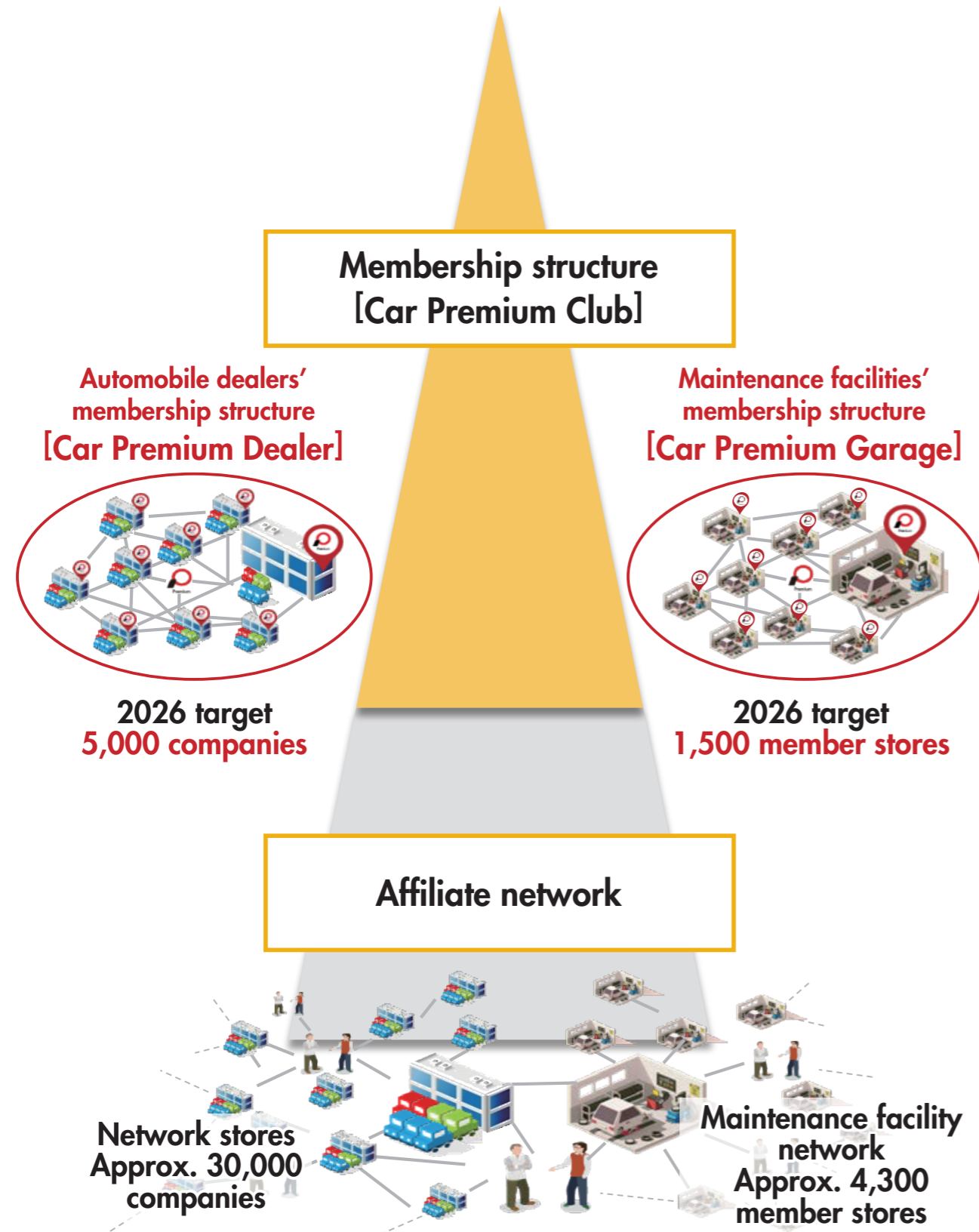
What can be achieved in the Auto Mobility Services business

In the Auto Mobility Services business, we will achieve a better car life through the development of a variety of services, and will also actively work to protect the environment.

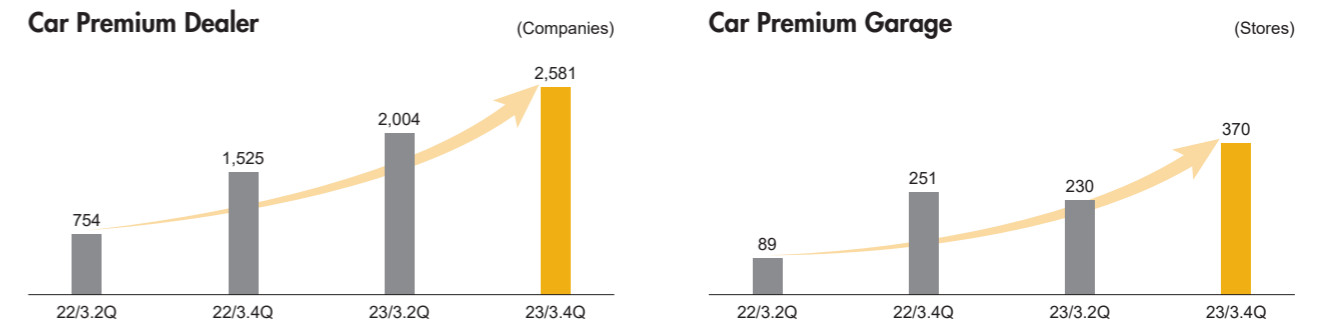
<p>Consumers</p>	<ul style="list-style-type: none"> • Will be able to enjoy a variety of car lifestyles that go beyond car ownership 	
<p>Mobility business operators</p>	<ul style="list-style-type: none"> • Strengthened competitiveness 	
<p>Environment</p>	<ul style="list-style-type: none"> • Contribute to environmental preservation by reducing the number of decommissioned vehicles by providing comprehensive after-sales services that enable vehicles to be used for longer period of time 	

Auto Mobility Services Business (Car Premium)

We have previously promoted the expansion of paid membership for car dealers and maintenance facilities, and have aimed to deepen the relationship as a member organization called the “Car Premium Club” since April 2022.



Number of Car Premium Club members by quarter



Strengths and characteristics

- We have already established business relationships with automobile dealers through auto loans in our Finance business and with maintenance facilities through vehicle repair requests in our Automobile Warranty business
- The first-ever initiative by a finance company

Market environment and opportunities

- The decline in the production of new cars has led to a decrease in the number of used cars in circulation and a sharp rise in their prices, giving major automobile dealers with strong financial resources an advantage
- Growing demand for support for SMEs that are unable to keep up with technological sophistication and digitalization

Risks and countermeasures

- Weakening of SMEs due to the rise of large used car dealers and manufacturer-affiliated repair shops
→ We support SMEs by organizing them into a system that can compete with the major players

Future prospects

- Establish a membership organization, the Car Premium Club
- Establish the Car Premium brand to create a safe and comfortable environment for customers to enjoy their car life
- Attract and send customers to the Car Premium Club
- Continuously develop new differentiated products under the “Car Premium” brand

Symbol mark and logo mark

Symbol mark

- The silhouettes of the cars above and below represent **the cycle of Car Premium's support for everything related to cars**, from purchase to maintenance, which customers can use with peace of mind

Logo mark

- The boldness of the letters in the logo expresses a sense of dependability and **security**, and the wind-like detailing expresses the flowing **smart service** that Car Premium pledges

Color

- The **corporate colors** of the Group
- Red represents **passion**, and black represents **support**

Overseas Strategy —Providing top level financing and services to the world—

Premium Group is expanding into Southeast Asia and other countries in order to build an overseas earnings pillar in the future.

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

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

FY 23

FY 30

Overseas expansion

We are expanding our business mainly in Southeast Asia, and are gradually increasing the number of countries in which we operate as well as our revenues from the region.

Tanzania, etc. Automobile Warranty

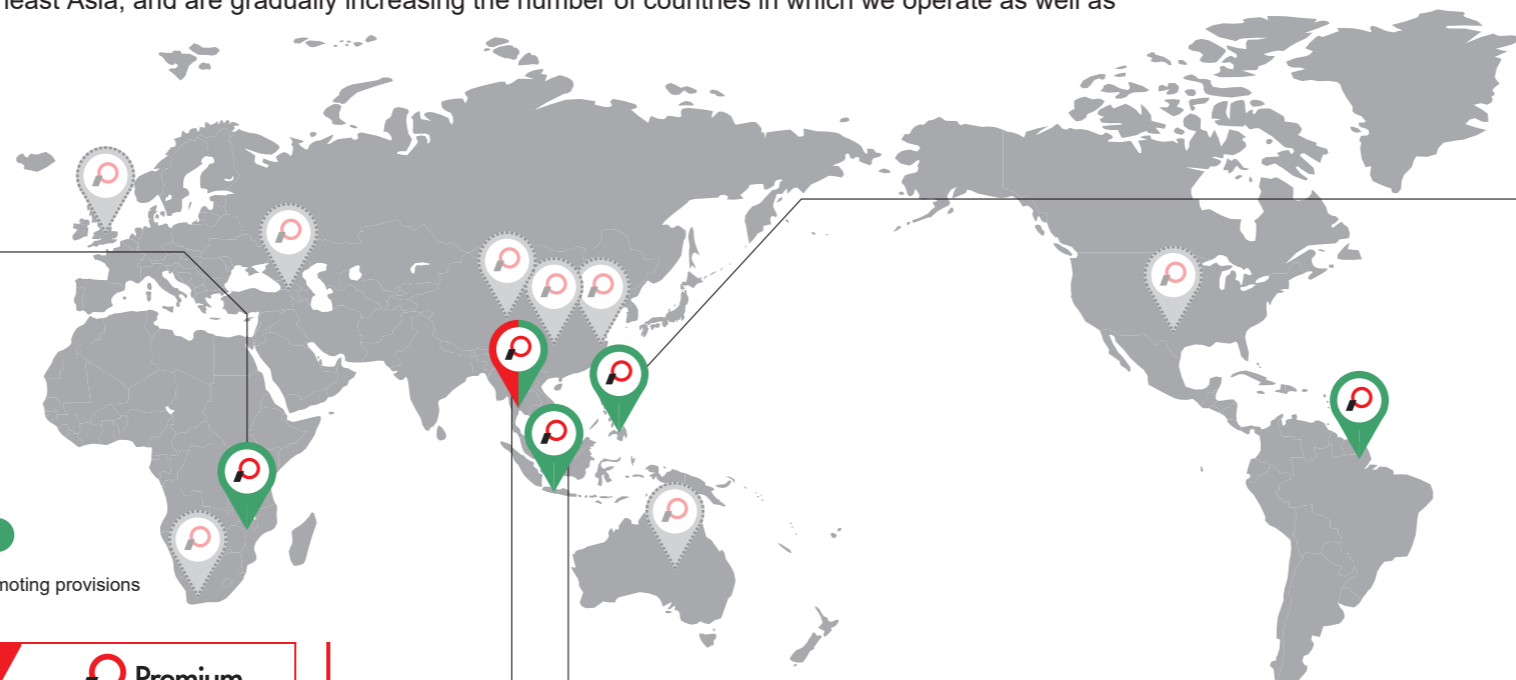
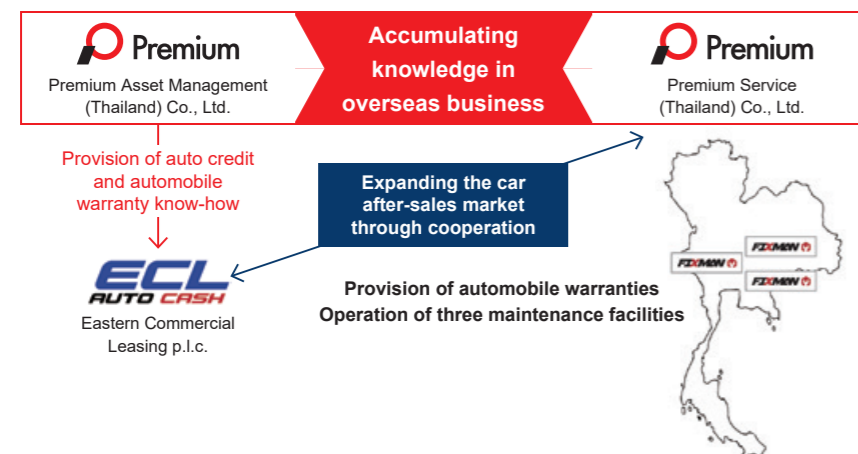
Exporting recycled parts and operating maintenance facilities. We are expanding into Central and South America, and will continue to explore other countries in the future.



* On April 1, 2022, the operation of parts sales was transferred to the Automobile Warranty business.

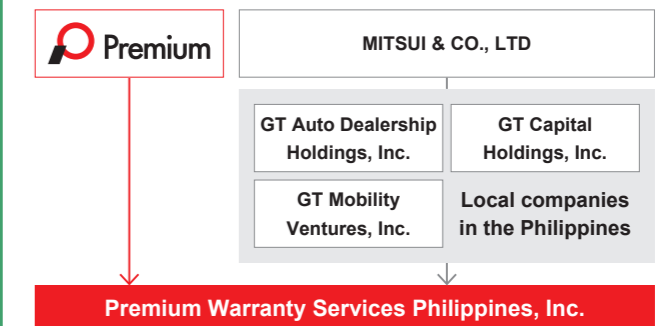
Thailand Finance Automobile Warranty

Providing auto credit and automobile warranty know-how and promoting provisions of automobile warranty and maintenance services



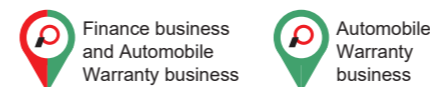
The Philippines Automobile Warranty

Expand together with MITSUI & CO., LTD. and local companies as the leading provider of automobile warranty services in the Philippines



Indonesia Automobile Warranty

To promote Automobile Warranty business together with SUMITOMO CORPORATION and local companies



Environment



Premium Group aims to contribute to a decarbonized society and create a recycling-oriented society by making effective use of existing resources, supporting the spread of EVs, and reducing energy consumption and CO₂ emissions generated by our business operations.

Approach of Premium Group to climate change

Decarbonization concerning GHG emissions from the production of goods is said to be extremely difficult, but a recycling-oriented society is the key to solving this issue.

The Group is mainly engaged in businesses related to used cars, and we believe that the expansion of our core business itself will contribute to the formation of a recycling-oriented society. By accelerating efforts in our core business, we also aim to help combat climate change, which is now a global need.

With our endorsement of the TCFD recommendations made in June 2023, we will continue our efforts to enhance the disclosure of information on climate change and further promote climate change action.

Contribution to the formation of a recycling-oriented society (utilization of limited resources)

The Group promotes the use of used cars in the three businesses it operates (Finance business, Automobile Warranty business and Auto Mobility Services business), and promotes reduce, recycle, reuse, and repair (4R business) related to automobiles.

Our 4R business

Reduce business (Reduce)	Reduce automobile disposal by adding automobile warranties and making automobiles serviceable for a longer period of time
Recycled parts business (Recycle)	Produce recycled and rebuilt parts at the Group's automobile dismantling shops and provide them to our network of automobile dealers and maintenance facilities through the Group's parts trading company
Reuse business (Reuse)	Provide salvaged used cars to automobile dealers and maintenance facilities in the network
Repair business (Repair)	Repair broken-down used cars at own maintenance shop or at a maintenance shop of a network partner

Launched PPA (power purchase agreement) business

Installation of solar power generation systems and regular EV chargers for the Car Premium Club members will reduce CO₂ emissions. We have started gradually introducing the system to Car Premium Club.

Strengthening disclosure to external evaluation organizations

Centering on the Sustainability Committee established in 2023, we are aiming to strengthen our response to evaluation organizations regarding sustainability.

In the fiscal year ending March 31, 2024, we have endorsed the TCFD recommendations and will enhance the content of our information disclosure going forward. In addition to environmental concerns, we will further focus on disclosure for human capital.

Initiatives of Premium Group

1 Reduction of CO₂ emissions by promoting used cars and recycled and rebuilt parts Emissions reduction

The table below shows the amount of CO₂ emission reductions calculated based on the number of recycled and rebuilt engines and transmissions sold by SAE REMAX, Inc., our subsidiary that operates the recycled parts sales business, in a year. By handling recycled and rebuilt parts instead of producing new parts, we have reduced CO₂ emissions by approximately 1,200 tons per year.

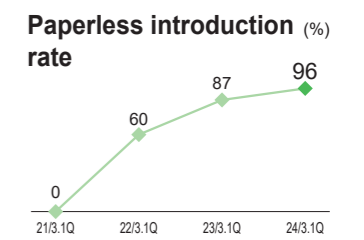
[Reduction contribution of Recycled parts business]

	Rebuilt			Used		
	Emissions (kg)	Points	Total (t-CO ₂)	Emissions (kg)	Points	Total (t-CO ₂)
Cooler	39.4	22	0.9	43.8	7	0.3
Compressor	39.4	3,167	124.8	43.8	212	9.3
Engine	641.7	638	409.4	681.3	576	392.4
Front window	46.1	0	0.0	46.1	0	0.0
Shield glass	46.1	0	0.0	46.1	0	0.0
Muffler	74.9	23	1.7	74.9	197	14.8
Muffler kit	74.9	0	0.0	74.9	0	0.0
Front strut	131.7	0	0.0	131.7	5	0.7
Front knuckle	85.2	0	0.0	85.2	5	0.4
Front door	157.4	0	0.0	157.4	62	9.8
Radiator	26.3	1	0.0	34.9	8	0.3
Automatic transmission	368.4	337	124.2	516.3	256	132.2
Front bumper	37.2	13	0.5	37.2	27	1.0
Total		4,201	661.4		1,355	561.1

Total 1,222.5t-CO₂

2 Reduction of environmental impact through digitalization of business operations Emissions reduction

Promoting paperless credit contracts will enable reduction in the amount of paper used and CO₂ emissions. Gasoline consumption will also be reduced as visiting used car dealers to collect contracts will become unnecessary.



3 Promotion of Automobile Warranty business Recycling-oriented society

An automobile warranty, which provides protection against possible breakdowns, helps customers to use used cars for as long as possible. Customers can enroll not only when purchasing a used car, but also when having the car inspected or maintained. As of March 2023, the cumulative number of vehicles covered by warranty was more than 1.5 million.



4 Promote the spread of EVs Emissions reduction

By using the Group's Auto Credit when customers purchase EVs, we support the purchase of EVs, which are in a high price range. In addition, by offering automobile warranties for EVs, we reduce anxiety at the time of purchase and encourage the spread of EVs toward the realization of a decarbonized society.



5 Promote Ecology Credit Emissions reduction

We contribute to the spread of renewable energy through the provision of credits for the purchase of solar power generation systems (for personal and business use).

6 Participated in the Carbon Neutral Working Group of Japan Association of New Economy (JANE) Recycling-oriented society

Since the level of climate change response required of companies, both large and small, is increasing, and an increasing number of companies are working on management and business development in response to a decarbonized society, in order to implement measures based on the latest trends, the Japan Association of New Economy (JANE) has established a new working group as a platform for information sharing and discussion among its members, and we are participating in this working group. As a company primarily engaged in used cars, the Group has voiced its opinions on the formation of an EV recycling-oriented society. We will continue to exchange opinions with other companies to promote carbon neutrality and sustainable management.



7 Joined BACE Consortium (Battery Circular Ecosystem Consortium) Recycling-oriented society

We have joined the BACE Consortium, which envisions a data utilization technology and platform business to create and recycle EV battery value, and we will return the know-how and knowledge that the Group has acquired to the BACE Consortium to contribute to increasing the value of used EVs in Japan.

Society

Premium Group, whose mission is to “contribute to the construction of a prosperous society by providing top level financing and services to the world,” is committed to building social and human capital in order to build good relationships with all of its stakeholders.

Customers

In order to ensure that our customers can purchase and use our automobiles with peace of mind, Premium Group has obtained the necessary certifications and registrations, and has established an internal system.



Customer privacy and data protection

Personal information protection

- Obtained Privacy Mark certification by the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) for core subsidiaries in major businesses
- Formulated an internal privacy policy and built a system to prevent accidents such as leakage of personal information
- Conducted audits by employees of the Internal Audit Division with Privacy Mark internal auditor certification



Data protection

- Implemented multiple system security strengthening measures to ensure the protection of customer data

Appropriate transaction and sales processes

- Obtained and renewed the business registration of the Finance business as an individual credit purchase broker as stipulated in the Installment Sales Act
- Established various internal rules in accordance with the model rules established by the Japan Consumer Credit Association
- Declared internally and externally the policy concerning elimination of antisocial forces and established a system for its implementation, and cooperated with the National Center for Removal of Criminal Organizations, an external professional organization, and other organizations.

Local community



In order to make the world a better place where no one is left behind, Premium Group places great importance on its ties with the local community and engages in a variety of support activities through its business and non-business activities.

Premium’s support activities in the COVID-19 pandemic

Providing financial education at high schools

Providing opportunities to learn about economics, finance, and business, and contributing to raising financial literacy among young people



Providing financial education at high schools

Co-sponsored the Yaima SDGs Symposium

As part of initiatives to address the SDGs and environmental pollution, we conduct keynote speeches, etc. on the expansion of new businesses and efforts to revive regional reconstruction that can only be made by mobility companies.



Co-sponsored the Yaima SDGs Symposium

Participation in “Earth Cleanup” activities

Premium Group employees and local companies cooperated to clean up beaches littered with debris. By confronting actual environmental concerns, we were able to raise more concrete awareness.



Participation in “Earth Cleanup” activities

Achieving both efficiency in sales activities and social contribution

Introduction of next-generation telematics in-vehicle equipment

Introduced next-generation telematics on-board equipment to improve the efficiency of our sales activities and fuel efficiency of our vehicles.



“Mirai 2030®,” a Leasing Service for SDGs

Donation of a portion of the lease fees for the on-board equipment to learning support projects.

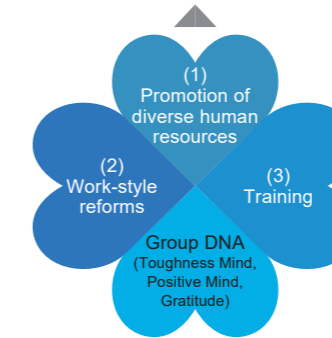
Human resources

The mission of Premium Group is to foster employees who are broadminded. We believe that it is people who create our business and future, and in our company, we consider people as “assets” and use the term “人財” (*Jinzai*: human assets) instead of the usual “人材” (*Jinzai*: human resources). We also believe that no business or company can exist without the well-being of its employees, and we are committed to a variety of initiatives to this end.

Human rights (Corporate Policy on Non-discrimination)

We promote a diverse group of human resources necessary to achieve our mission and realize a sustainable society, regardless of academic background, gender, nationality, or age. In addition, as a company that promotes well-being, we do not allow any forced labor or child labor.

Foster employees who are broadminded



Pursuing Well-being

Group Code of Conduct (VALUE) “Toughness Mind, Positive Mind, Gratitude”

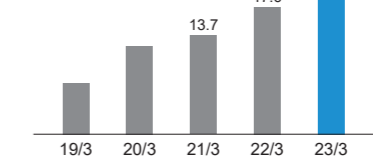
We have established VALUE, a Code of Conduct, in order to achieve our mission: “We will foster employees who are broadminded, have a positive outlook, and assiduously work their way towards creating results.”

- Toughness Mind** We aim to become an enterprise and employees that have great ambition and can take on any challenges
- Positive Mind** We aim to become an enterprise and employees that can work on things with a positive way of thinking, always exchanging smiles
- Gratitude** We aim to become an enterprise and employees that have altruistic spirits and gratitude

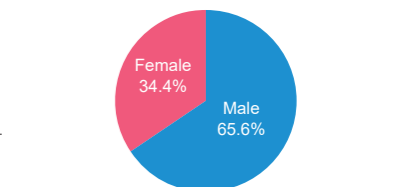
Promotion of diverse human resources

The percentage of women in managerial positions overall at the Group increased by 1.5 percentage points from the previous year. We are building a gender-neutral work environment in which all employees, regardless of gender, are rewarded for their work and can fulfill their potential.

Percentage of female managers



Male-to-female ratio of employees



Work-style reforms

The introduction of the “flex-time system” and “satellite office work” has created flexibility in working hours and locations, leading to an improved work-life balance. In addition to these efforts, we will continue to promote further improvement of the workplace environment by enhancing operational efficiency through DX promotion.

Examples of Premium Group’s implementation of work-style reforms

Reduction of employees on single transfer assignment	Promotion of the use of paid leave	Paid leave in hourly increments	Flex-time system
Telework	Satellite office work	DX promotion	Improvement of work environment
Personnel evaluation system	Implementation of business contests	Rehiring system for retirees	Taking long-term leave

Salary treatment and asset formation

In the fiscal year ended March 31, 2023, we increased the subsidy for the employee shareholding association from 5% to 15%, with the aim of sustained corporate growth by focusing on the asset formation of employees, and beginning in the fiscal year ending March 31, 2024, we are expanding the housing allowance and increasing the base salary.

Training and education

In order to foster spiritually rich human resources who will create a new society, we have actively provided a wide range of training programs as well as on-the-job training since our establishment. A variety of training programs are available not only for new graduates and young career employees, but also for mid-level employees and executives. The content is tailored to various positions and abilities, leading to the promotion of younger employees to management positions.

In addition, our own training company, VALUE Co., Ltd., provides in-house training services for the Group. Furthermore, providing the Group company’s training services not only within the Group but also externally, we also contribute to the human resource development of society as a whole.

Goals

We believe that work-style reforms and diversity management are essential for corporate growth. We will continue to implement training and reforms tailored to various positions and age groups in order for our diverse human resources to fulfill their individual potential.

In order to improve the quality of life and work of our employees, the Group aims to achieve the following goals as part of our efforts to reform the way we work.

(%)	FY 3/2023	FY 3/2026		FY 3/2023	FY 3/2026
Percentage of men taking childcare leave	10.0	50.0	Education and training expenses (in 10 thousand yen)	7.5	10.0
Percentage of employees on single transfer assignment	0.4	0.0	Percentage of female managers	(%)*	19.1
Percentage of employees taking paid leave	72.4	80.0	Percentage of non-Japanese employees	(%)	12.4

*Applicability: The Company and its core subsidiaries



Corporate Governance

Basic approach to corporate governance

Based on the premise of thorough compliance, in line with changes to the external business environment including revisions to laws, the Group upholds its missions to “contribute to the construction of a prosperous society by providing top level financing and services to the world” and to “foster spiritually rich human resources who are always positive and can dedicate themselves to completing processes,” and is determined to make every management decision based on these missions. In order to achieve Premium Group’s missions, it is essential that we build good relationships with all stakeholders, including shareholders, customers, business partners, employees, and society, and it is indispensable to earn their trust. To that end, we recognize that the enhancement of corporate governance is one of our most important management issues, and strive for corporate management that ensures transparency and soundness, while doing our utmost to ensure the continuous growth and improvement of the profitability of the Group.

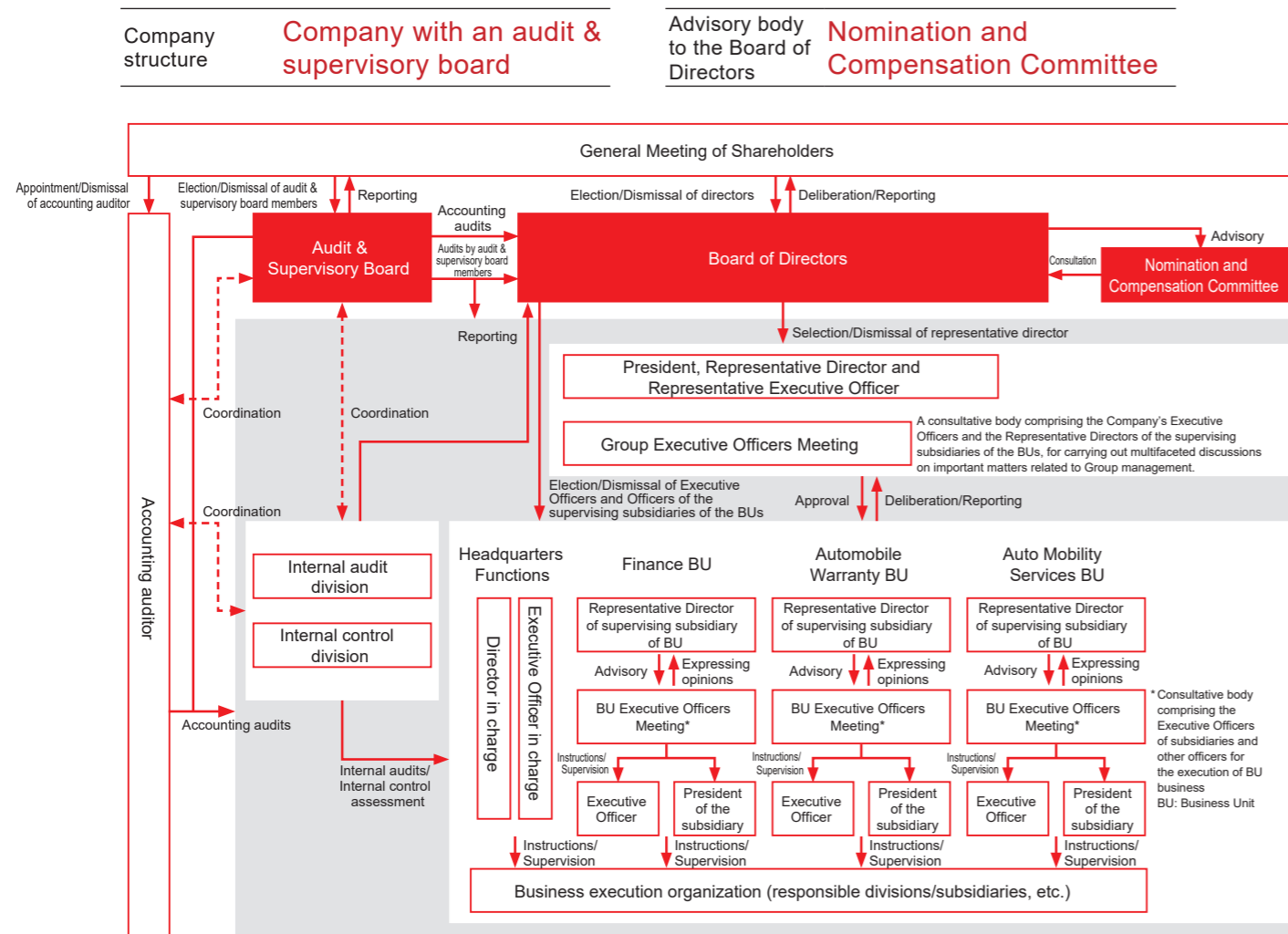
The Company implements each principle of the Corporate Governance Code.

<https://ir.premium-group.co.jp/ja/management/governance/main/0/teaserItems1/04/link/CGC1213.pdf>

(in Japanese only)

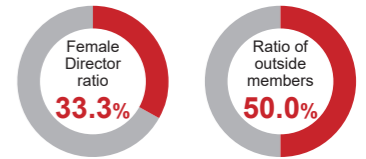


Corporate governance system



Board of Directors

The Board of Directors holds regular meetings once per month, in principle, as well as extraordinary meetings as needed, to ensure communication among the Directors, as well as for constituent members of the Board of Directors, including Outside Directors, to supervise the execution of duties by the Representative Director, and to prevent any violation of laws and regulations or the Articles of Incorporation. Three Audit & Supervisory Board Members also attend the Board of Directors meetings. In addition to resolutions on individual proposals based on the Company’s approval standards, important management matters (e.g., Medium-Term Management Plans and investment and capital policies, etc.) and the details of reports from the Nomination and Compensation Committee are discussed and resolved.



Fiscal year ended March 31, 2023: Held 16 times

Attendance rate of Outside Directors: 97.9% /

Attendance rate of Directors excluding Outside Directors: 100% /

Attendance rate of Audit & Supervisory Board Members: 100%

Nomination and Compensation Committee

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors, in order to raise the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of Directors, and to enhance corporate governance. During the fiscal year ended March 31, 2023, in addition to discussing the succession plan for the CEO, which was a matter for consultation from the Board of Directors, and considering policies and procedures for nominating senior management (Executive Officers), the Nomination and Compensation Committee also deliberated and reported to the Board of Directors on the proposal for the election of Directors (including the skills matrix) and the proposal regarding individual compensation for Directors (excluding Outside Directors) submitted to the Ordinary General Meeting of Shareholders held in June 2023.

Fiscal year ended March 31, 2023: Held 4 times

All committee members attended all meetings

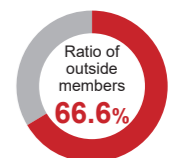
Group Executive Officers Meeting

To expedite and promote efficiency in the decision-making by the Board of Directors, the Company has adopted the executive officer system and established the Group Executive Officers Meeting, as an organ that discusses important matters related to business execution from multiple perspectives. The Group Executive Officers Meeting primarily comprises the Company’s Executive Officers, with the Representative Directors of the supervising subsidiaries of the business units attending as observers. It effectively functions as an advisory body to the Representative Directors when decisions are made on important matters, as well as a body for Executive Officers to share information and discuss issues.

Chairman: Representative Director of the Company / Held once per month / One full-time Audit & Supervisory Board Member attends

Audit & Supervisory Board

The Audit & Supervisory Board determines audit policies and audit plans. It receives reports from each Audit & Supervisory Board Member regarding important matters related to audits, and discusses and adopts resolutions. The Audit & Supervisory Board conducts operation audits of the Directors’ performance of their duties and the Executive Officers’ execution of business operations, accounting audits, and audits of the corporate group for group companies, under the Audit & Supervisory Board Members’ Audit Standards and audit plans. It also audits the appropriateness of audits by the accounting auditor, an independent auditor, and reports the results of its audits to the Board of Directors. The audit policy, major audit items, and the annual audit plan approved by the Audit & Supervisory Board are also reported to the Board of Directors.



Held once per month, in conjunction with the Board of Directors meetings

Implementation of the effectiveness evaluation of the Board of Directors

Anonymous questionnaire conducted by a third-party organization

The questionnaire was designed to answer questions on 8 main items, using a 5-point scale and a free-response questionnaire format

- A Desired form of the Board of Directors
- B Composition and operation of the Board of Directors
- C Deliberations of the Board of Directors
- D Monitoring function of the Board of Directors
- E Performance of Inside and Outside Directors
- F Support system and training for Directors and Audit & Supervisory Board Members
- G Dialogue with shareholders (investors)
- H Operation of the Nomination and Compensation Committee

The Company regularly evaluates and analyzes the effectiveness of the Board of Directors as a whole, in accordance with the Regulations Concerning the Evaluation of the Board of Directors.

Initiatives in the fiscal year ended March 31, 2023

- Set up a forum for discussions on the next Medium-Term Management Plan
- Held briefing sessions prior to the consideration of new business, including M&A
- Clearly set schedule for sending materials for each date of holding the Board of Directors meeting
- Recorded and reported results
- Set separate times for discussion at Board of Directors meetings
- Examined necessary skills based on future corporate strategy and selected candidates
- Established a forum for discussion of expected roles of Inside Directors
- Considered delegation of authority to Executive Officer Meetings, etc.
- Considered holding meetings by participating in the venue

Evaluation and Issues to be Addressed










- The Board of Directors’ evaluation was generally higher than that of the previous fiscal year, reflecting a review of the question items in light of the use of a third-party organization.
- Regarding the improvement of the supervisory function of the Board of Directors (separation of management and execution), which was an issue to be addressed in the previous fiscal year, the quality of discussions has been improved by reducing routine reports and discussing agenda items appropriate for discussion at Board of Directors meetings.
- The percentage of independent Outside Directors to the total number of Directors has increased to 50% since the previous fiscal year, and as a result, the question regarding the form and composition of the Board of Directors received a higher evaluation than the previous year.
- Although there are no significant issues to be addressed, we will work to improve discussions from a macro perspective and risk analysis, etc., which received relatively low evaluations.

Initiatives for the fiscal year ending March 31, 2024

- Accelerate deadline for submission of materials and send them to Board members
- Improvement of awareness of each Business Unit
- Ensure discussions from medium- to long-term perspectives at internal meetings
- Conduct market analysis
- Ensure time for reporting at Board of Directors meetings
- Improve skills of staff in charge
- Use of outside vendors as needed
- Adopt fixed schedule of meetings
- Set a meeting schedule that allows for adequate time for discussion

Corporate Governance

○ Directors and Audit & Supervisory Board Members (As of July, 1, 2023)

Name	Position and responsibilities, Positions held concurrently	Reason for appointment	Attribute		Years of service	Skill matrix										
			Outside	Independent Officer		Corporate Management	Industry Familiarity	Sales and Marketing	Global	Finance and Accounting	Legal and Compliance	Internal Control and Governance	IT and Systems	M&A	Major Qualifications	
	<p>Representative Director, President and Representative Executive Officer</p> <ul style="list-style-type: none"> President and Representative Director of Premium Mobility Services Co., Ltd. President and Representative Director, Representative Executive Officer of Car Premium Co., Ltd. 	<p>Mr. Yohichi Shibata, the founder of the Group, possesses extensive experience and valuable knowledge as a business manager, and has led the businesses and management of the Group overall, along with contributing to the further development of the Group through various measures in the Medium-Term Management Plan. In addition, he has taken the initiative in strengthening the governance system by increasing the number of Outside Directors and transitioning to a company with an Audit & Supervisory Board, and he has played an adequate role as President and Representative Director in deciding important management matters and supervising business execution of the Company. The Company therefore judged that he is well-qualified to serve as Director, and appointed him as a Director of the Company.</p>			6 years and 11 months	○	○	○	○							
	<p>Director and Managing Executive Officer</p> <ul style="list-style-type: none"> Director of Premium Warranty Services Co., Ltd. Director of Premium Mobility Services Co., Ltd. Audit & Supervisory Board Member of Car Premium Co., Ltd. 	<p>Mr. Tomohiro Kanazawa possesses extensive experience and valuable knowledge of the corporate departments (finance and accounting, financing, M&A, new businesses, legal affairs, compliance, etc.), and has adequately played his role as a Director in determining important management matters and supervising the execution of business of the Company. The Company therefore judged that he is well-qualified to serve as Director, and appointed him as a Director of the Company.</p>			2 years		○			○	○	○		○		
	<p>Director and Senior Executive Officer</p> <ul style="list-style-type: none"> Representative Director, President and Representative Executive Officer of Premium Co., Ltd. Director of Premium Warranty Services Co., Ltd. 	<p>Mr. Toru Onuki, as a business manager, possesses extensive experience and valuable knowledge of the corporate departments (legal affairs, compliance, personnel, system, etc.), planning departments (management strategy, sales planning, etc.), Finance business (credit, debt collection, etc.), and overall Automobile Warranty business, and has adequately played his role as a Director in determining important management matters and supervising the execution of business of the Company. The Company therefore judged that he is well-qualified to serve as Director, and appointed him as a Director of the Company.</p>			6 years	○	○				○	○	○			
	<p>Outside Director</p> <ul style="list-style-type: none"> Director of Synchro Food Co., Ltd. 	<p>Mr. Tsuguhiro Nakagawa possesses extensive experience and valuable knowledge as a result of having been involved in business and management for many years at Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.), and is expected to adequately play his role as an Outside Director in determining important management matters and supervising the execution of business of the Company. In addition, he has been involved in, and is adequately carrying out his duties regarding the selection of candidates for officers of the Company and decisions on officers' remuneration, etc. from an objective and neutral standpoint, as a member of the Nomination and Compensation Committee. The Company therefore judged that he is well-qualified to serve as Outside Director, and appointed him as an Outside Director of the Company.</p>	●	●	6 years	○	○	○								
	<p>Outside Director</p> <ul style="list-style-type: none"> Partner of Chuo Sogo Law Office, P.C. Non-Executive Director of Regional Economy Vitalization Corporation of Japan Outside Director of WealthPark Co., Ltd. 	<p>Although Ms. Yuka Horikoshi has no previous experience of involvement in corporate management other than as an outside officer, she possesses extensive experience and professional knowledge relating to legal affairs that she has cultivated through her duties as an attorney, and is expected to adequately play her role as Outside Director in determining important management matters and supervising the execution of business of the Company. In addition, she has been involved in, and is adequately carrying out her duties regarding the selection of candidates for officers of the Company and decisions on officers' remuneration, etc. from an objective and neutral standpoint, as a member of the Nomination and Compensation Committee. The Company therefore judged that she is well-qualified to serve as Outside Director, and appointed her as an Outside Director of the Company.</p>	●	●	4 years		○				○	○				Attorney at Law
	<p>Outside Director</p> <ul style="list-style-type: none"> Employee of MonotaRO Co., Ltd. 	<p>Although Ms. Hiromi Oshima has no previous experience of involvement in corporate management other than as an outside officer, she possesses professional knowledge relating to finance that she has cultivated through her duties as a certified public accountant and her insight relating to public relations, IR, M&A, new business development and more, acquired at Panasonic Corporation, and has adequately played her role as Outside Director in determining important management matters and supervising the execution of business of the Company. The Company therefore judged that she is well-qualified to serve as Outside Director, and appointed her as an Outside Director of the Company.</p>	●	●	3 years				○	○				○		Certified Public Accountant (CPA)
	<p>Full-time Audit & Supervisory Board Member</p>	<p>Mr. Toshihiro Kametsu possesses extensive experience and valuable knowledge of finance and accounting and overall finance business, and has played his role from an independent standpoint in auditing the management, in relation to the execution of duties of the Directors. The Company therefore judged that he is well-qualified to help the Company further strengthen the management system and enhance compliance and corporate governance, and appointed him as an Audit & Supervisory Board Member of the Company.</p>			6 years and 11 months											
	<p>Outside Audit & Supervisory Board Member</p> <ul style="list-style-type: none"> Director of Setsuo Higuchi Certified Public Accountant Office Outside Audit & Supervisory Board Member of SOCIALWIRE CO., LTD. Outside Audit & Supervisory Board Member of Land Business Co., LTD. 	<p>Mr. Setsuo Higuchi possesses professional knowledge and extensive experience relating to finance, accounting, and internal control that he has cultivated through his duties as a certified public accountant, and has adequately played his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of the Directors. The Company therefore judged that he is well-qualified to help the Company further strengthen the management system and enhance compliance and corporate governance, and appointed him as an Outside Audit & Supervisory Board Member of the Company.</p>	●	●	6 years						○	○				Certified Public Accountant (CPA)
	<p>Outside Audit & Supervisory Board Member</p> <ul style="list-style-type: none"> Outside Director, Member of the Audit Committee of Wintest Corporation 	<p>Mr. Toshikazu Moriwaki possesses extensive experience and valuable knowledge that he has cultivated through his many years of engagement in finance business at financial institutions as well as his broad insight as a business manager, and has adequately played his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of the Directors. The Company therefore judged that he is well-qualified to help the Company further strengthen the management system and enhance compliance and corporate governance, and appointed him as an Outside Audit & Supervisory Board Member of the Company.</p>	●	●	6 years	○	○				○					

Outside Director Roundtable Discussion



Hiromi Oshima
Outside Director



Tsuguhiro Nakagawa
Outside Director



Yuka Horikoshi
Outside Director

strength to venture into new business fields and expand its service offerings. As a result, even though the market has plateaued, the Group continues to steadily increase its market share. I believe this reflects the Company's agile management approach and the successful deployment of strategies that capitalize on the expertise and strengths of each business.

Horikoshi: The Company certainly has a culture of embracing challenges and pursuing sustained growth, but at the same time, I feel that it remains on guard against risks and continues to take appropriate measures to detect them at an early stage. Especially in the Finance business, an industry that inherently has a lot of risk, I believe the Company must continue to engage in proactive risk prevention and constant monitoring and be ready to take action when risks arise. In the past when a risk event did occur, I felt reassured by the Company's rapid initial response to assess the financial impact and to decide on the

future course of action, as well as the steady stream of reports that were submitted to the Board of Directors.

Oshima: As both of you have mentioned, the Company is currently in a strong position and I do not sense there to be many prominent risks at this point in time. That said, if I were to point out an issue, I think the Company's business operations are still too heavily weighted towards Japan. Going forward, I believe that accelerating its overseas business expansion will be indispensable to the Company's sustainable growth. To achieve that, it will first need to expand its human resources. In my opinion, the fact that both sales and profit are currently expanding is the very reason why the Company should actively embrace new challenges. I certainly want to see the Company properly assess the risks involved and continue to take on the challenge of expanding into overseas markets.

In recent years, instead of simply driving sales and profit, coexistence with society, in terms of the environment and human capital, has grown increasingly important

Nakagawa: I agree. As the Group's mainstay business is used cars, there are some environmentally friendly aspects to its operations that can obviously contribute to a recycling-oriented society. A new car changing hands to be driven as a used car means the vehicle's lifespan is extended, which contributes to a reduction in the consumption of resources. And a used car is cheaper to buy than a new one, making it an economical choice for the customer.

Horikoshi: I agree. It is unclear how the automotive industry will evolve in the future, but no matter what happens, as long as the Group conducts business activities in the used car industry, I think the contributions it can make to society are quite

significant by taking the environment into consideration when doing business and by helping bring about a recycling-oriented society. I certainly want to see it lead the industry in a positive direction.

Oshima: Implementing such initiatives will be key, but at the same time, as a listed company, I think it is important that this information is thoroughly communicated to the public. In this regard, the Company was an early mover in publishing an ESG report and it has started disclosing information about how it is responding to the recommendations of the TCFD. Accordingly, I think it is already one step ahead of other companies.

Strengthening the governance system from an independent standpoint with a view to achieving the Medium-Term Management Plan

— Sustainable Growth / Risk Management / Overseas Business Expansion —

On the Group's businesses

Nakagawa: Since its establishment, the Company has grown in a sustained manner and generated sales and profit growth. This achievement owes to the strong leadership of the president and the concerted efforts of all employees. Also, I think the entire organization's ongoing commitment to the two visions

upheld since the Company's founding is a key factor in the Group's success. The Company's strength of positioning itself as a non-bank financial services provider—the source of its competitive differentiation—has really helped to set itself apart from the market competition. It is leveraging this

Outside Director Roundtable Discussion

— Governance —

On the atmosphere and operation of the Board of Directors

Oshima: There are very few preconceived notions at Board meetings and the atmosphere is conducive to constructive discussions. Another characteristic is that many of the founding members still sit on the Board, but communication between the directors is very lively. Also, the president makes sure other directors have the chance to speak instead of talking about everything himself. I think this approach gives rise to a suitable level of tension, a positive sense of distance, and multifaceted discussions.

Horikoshi: I certainly agree. Above all, we can express our opinions quite freely. I think this is true of not only myself but of the other outside officers as well, but we sometimes lack prior knowledge about an agenda item, which ultimately means we have to ask questions and discuss things from a layman's perspective. However, the internal directors always

respond to such questions sincerely and politely, which really helps our understanding and leads to in-depth discussions on agenda items.

Nakagawa: All Board members, including Outside Audit & Supervisory Board Members, express their opinions frankly and provide plenty of information. I really feel that honest and substantive discussions take place at Board meetings. However, it can be a bit of a challenge for the secretariat when the meetings do not proceed according to plan.

Oshima: I should also add that Zoom was used to hold Board meetings during the COVID-19 pandemic, but after resuming face-to-face meetings, it feels like the exchange of opinions at Board meetings have recently become livelier and more dynamic.

On agenda items

Oshima: I think the selection of agenda items is appropriate, with a focus on substantive matters that should be discussed by the Board. Currently, given the Company's stable earnings, many of the agenda items are about future-oriented strategies. Instead of being content with the Company's brisk performance at present, the Board is discussing

these future challenges with a great deal of enthusiasm. What is being discussed by the Board is being put into practice by the Company, which is leading to positive outcomes. I feel that this virtuous cycle is not only deepening confidence in management, but is energizing the entire Company.

On your role as an Outside Director

Horikoshi: As a director, I am committed to doing my utmost to make the Company and its organizations more proactive in identifying risks. By

remaining vigilant, identifying risks throughout the organization, and taking appropriate measures, the Company can offer trust and a sense of security to

customers and stakeholders alike. Furthermore, I hope to place importance on responding sincerely to questions and enquiries from outside of the industry. By evaluating the Company's business activities from different perspectives, we can shed light on, and better understand, the strengths and issues of the entire organization that are hard to notice internally. I think this process can enable more strategic decision-making. I also believe this to be necessary if the Group is to sustain continuous growth.

Oshima: I think it is important that I oversee the Company's operations from a neutral standpoint as a representative of its stakeholders. Being independent of any of the Group's internal organizations, I can provide constructive suggestions to the management team based on my objective perspective of overall business and strategy. I think it is important that I pose questions

from a different angle without being swayed by in-house logic. I believe that sometimes, breaking free from conventional wisdom and discovering new approaches and opportunities can contribute to the growth of an organization. With these kinds of questions and insights, I hope to bring the challenges and possibilities of the organization into focus and contribute to the evolution of the Company's management strategies.

Nakagawa: I too share many of these thoughts, but I also think it is important to express my doubts or concerns in a forthright manner when I sense something is amiss. The Company's outside officers all have different backgrounds and unique sensibilities, based on their respective experiences and knowledge. Speaking up without reservation based on one's own sensibilities is a key point in my opinion because it can help the Company notice things from different points of view.





Risk Management

Regulations and other systems for managing the risk of loss of the Group

- a. To identify the risks that may prevent the Group from achieving its management objectives, and to adequately assess and manage those risks, we appoint a Risk Management Officer and establish a Risk Management Committee by a resolution of the Board of Directors, and work actively to mitigate risks and prevent the risk of losses under the Risk Management Regulations.

Risk Management Committee

Chairman: Tomohiro Kanazawa,

Committee member: Toru Onuki, Yoshiyuki Tsuchiya, Hiroomi Yamamura, Fumiya Nakamura, Kumi Kondo

- b. If the risks mentioned in the previous paragraph become apparent, the Corporate Management Department determines the policy for a crisis response, investigates the facts, deals with the crisis, and formulates and implements measures to prevent its recurrence. In addition, if a particularly serious risk becomes apparent, the Representative Director and President establishes a taskforce, and a system is established to promptly deal with the risk by obtaining advice from outside experts including attorneys at law, and to minimize the deterioration of the situation and the expansion of losses.

Business risks

	Details of risks	Countermeasures
1. Risks associated with the economic environment	<ul style="list-style-type: none"> Changes in the economic environment and tax reforms, deterioration of the employment situation Spread of viral infections 	<ul style="list-style-type: none"> Formulate and implement strategies that align with the economic environment Promote non-contact sales activities in line with government policies during pandemics
2. Risk of large-scale natural disasters	<ul style="list-style-type: none"> Large-scale natural disasters 	<ul style="list-style-type: none"> Formulate regulations related to the business continuity system and the business continuity plan (BCP), and carry out education and training
3. System risk	<ul style="list-style-type: none"> Cyberattacks, etc. 	<ul style="list-style-type: none"> Strengthen system security and maintain stable operations Promote system redundancy, duplication of data centers, and the use of multiple telecommunication network carriers
4. Regulatory risk	<ul style="list-style-type: none"> Changes in laws, regulations, policies, and current practices, etc. 	<ul style="list-style-type: none"> Carry out business registration under various laws and regulations along with renewal of registration, as needed Closely monitor changes to laws and regulations with partner attorneys at law
5. Funding risk	<ul style="list-style-type: none"> Difficulty in continuing fund procurement due to poor business performance Deterioration in creditworthiness and confusion in the financial markets Fluctuations in borrowing rates 	<ul style="list-style-type: none"> Strive to improve our business performance A Board of Directors, with Outside Directors comprising the majority and female Directors comprising 1/3 of all Directors Regularly carry out evaluation and analysis of the effectiveness of the Board of Directors, as a whole Appropriate financial management and establishment of a strong financial structure
6. Interest rate risk	<ul style="list-style-type: none"> Some of the Group's financing is in the form of borrowings that are subject to variable interest rates and therefore changes in the financial climate could lead to unexpected fluctuations in borrowing costs, potentially affecting the Group's operating results and financial position 	<ul style="list-style-type: none"> Adjust the weightings of borrowings with fixed and variable interest rates Align financing with borrowing costs and pass costs through to the interest rates used in the Group's services in order to secure a certain margin of profit
7. Compliance risk	<ul style="list-style-type: none"> Serious scandals caused by compliance violations, etc. 	<ul style="list-style-type: none"> Establish the Compliance Regulations and a compliance promotion system Carry out various types of training based on the Code of Conduct
8. Personal information risk	<ul style="list-style-type: none"> Occurrence of a leakage, loss, or unauthorized use of personal information 	<ul style="list-style-type: none"> Acquire the Privacy Mark certification Establish a policy for protecting personal information (Privacy Policy), and set up a system to prevent accidents Strengthen network security, confirm and assess subcontractors that handle personal information, carry out employee education, and conduct audits by employees of the Company who have been certified as Privacy Mark internal auditors
9. Human resources risks	<ul style="list-style-type: none"> Inability to recruit, retain, and educate competent human resources 	<ul style="list-style-type: none"> Continuously improve the labor environment
10. Risk of intensified market competition	<ul style="list-style-type: none"> Competition intensifies, and profitability and market share diminish due to a decrease in the number of used cars sold 	<ul style="list-style-type: none"> Closely monitor the market environment, capture the developments of competitors, and formulate and implement appropriate strategies Establish a competitive advantage and differentiation from other companies
11. Reputation risk	<ul style="list-style-type: none"> Damage to the reputation, and loss of credibility of the Company due to various reasons such as law violations, fraud by employees, system malfunctions, etc. 	<ul style="list-style-type: none"> Undertake various types of training and system management to prevent law violations, fraud by employees, system malfunctions, etc., before they materialize Proactively provide fair, accurate, timely, and straightforward information to ensure appropriate disclosure and transparency
12. Risks associated with goodwill and intangible assets	<ul style="list-style-type: none"> Reporting of impairment losses 	<ul style="list-style-type: none"> As a non-depreciable asset, there will be no regular depreciation each term
13. Risks associated with credit and insurance contracts	<ul style="list-style-type: none"> Economic trends and increase in individual bankruptcy petitions Incurring bad-debt loss that exceeds the limit of insurance payout Increase in insurance premiums due to an increase in bad-debt loss, and inability to continue insurance contracts due to revision of the Insurance Business Act, changes in the stance of non-life insurance companies, and other factors 	<ul style="list-style-type: none"> Appropriate credit management Prevent the occurrence of bad-debt loss through DX measures and cooperation between Group companies
14. Risks associated with repair costs	<ul style="list-style-type: none"> Increases in repair costs 	<ul style="list-style-type: none"> Appropriate product setup by utilizing big data Carry out original cost reduction measures
15. Risks associated with new businesses	<ul style="list-style-type: none"> Cases in which new businesses cannot realize business plans, and sufficient profit cannot be reported in the future 	<ul style="list-style-type: none"> Set appropriate KPIs in line with the business plan, and prepare a road map
16. Risks associated with overseas businesses	<ul style="list-style-type: none"> Changes to the tax system and establishment, revision, or repeal of laws and regulations, such as restrictions on foreign capital Occurrence of economic or political incidents and social turmoil caused by terrorism, disputes, pandemics, etc. Drastic changes in the labor environment 	<ul style="list-style-type: none"> Understand the local situation through close communication between local representatives and the headquarters department Business development that prioritizes the safety of local employees

Compliance



Regarding compliance

The Group considers compliance as an important management issue, and has established the Compliance Regulations and built a system for promoting compliance, while conducting various training programs to encourage voluntary actions based on the Code of Conduct, and making efforts to improve corporate ethics and strengthen compliance with laws and regulations.

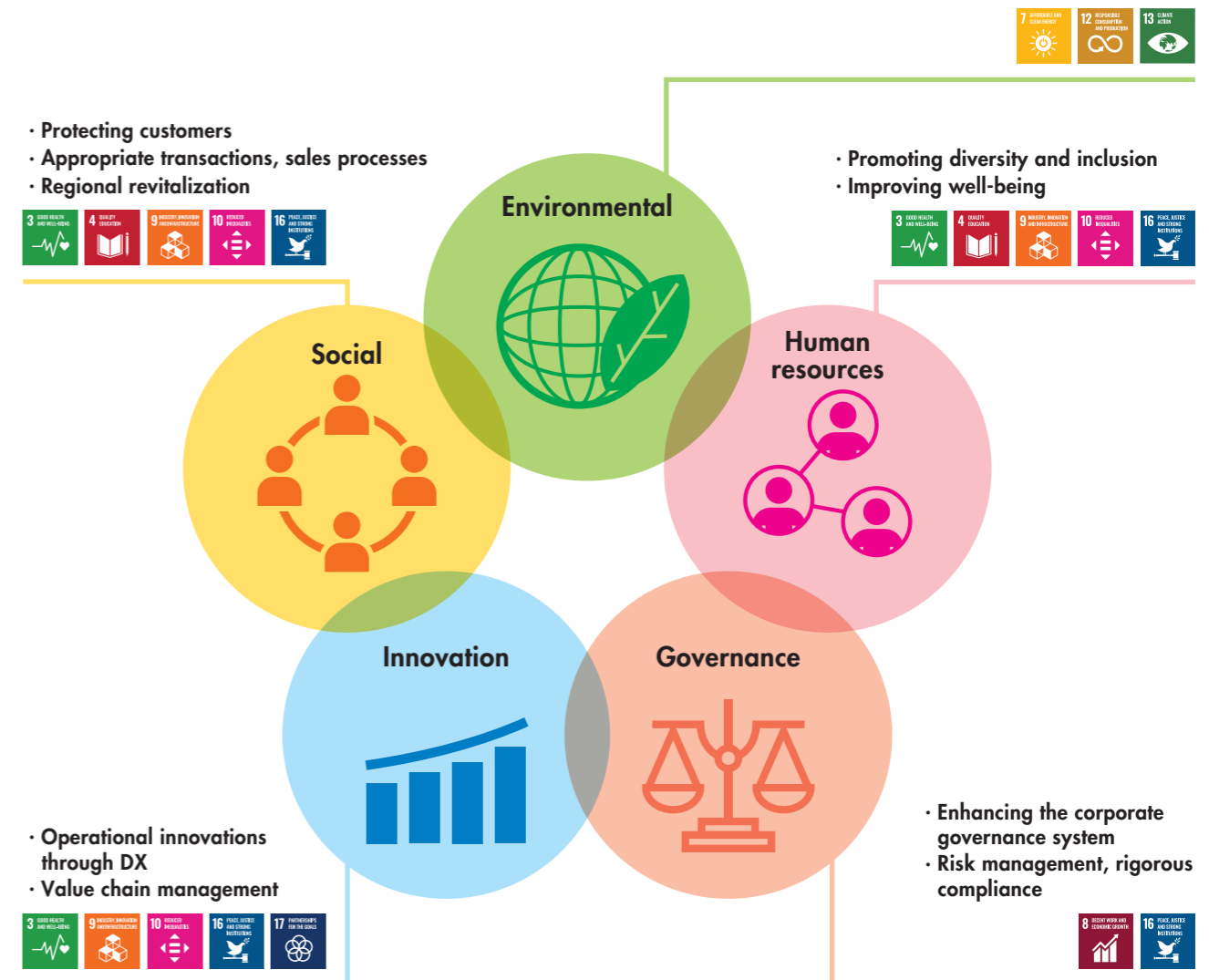
Various training Compliance training / Insider trading prevention training / Personal information protection training

Eliminating relationships with antisocial forces

In order to prevent damage from antisocial forces, we have declared our policy concerning elimination of antisocial forces both internally and externally, established an in-house system for actualizing that basic policy (designating a department for managing the response to antisocial forces, and managing and accumulating information on antisocial forces in a unified manner), and report the results to the management. Furthermore, we cooperate with the National Center for Removal of Criminal Organizations, an external professional organization, and other organizations.

Toward Sustainable Growth

- Contributing to addressing climate change and creating a recycling-oriented society
- Promoting the spread of EVs



Stakeholder Communication

Basic approach to stakeholder communication

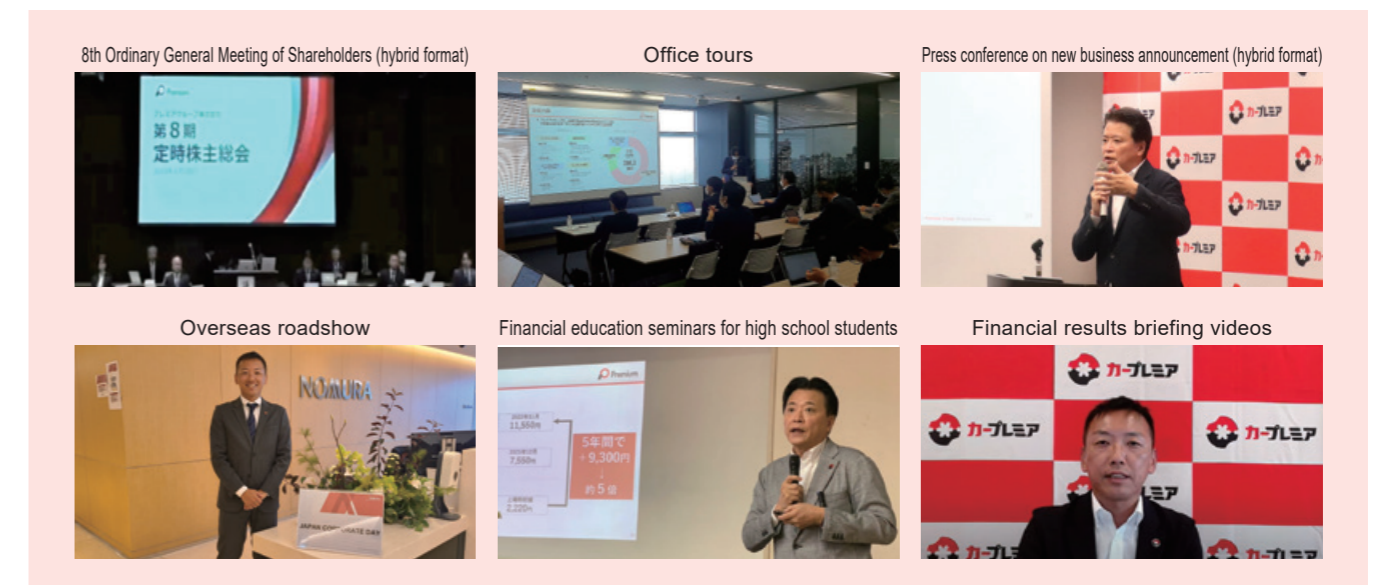
In order to achieve Premium Group's missions, it is essential that we build good relationships with stakeholders, including shareholders, customers, business partners, employees, and society, and it is indispensable to earn their trust. To that end, we recognize that the enhancement of corporate governance is one of our most important management issues, and strive for corporate management that ensures transparency and soundness, while doing our utmost to ensure the continuous growth and improvement of the profitability of the Group.

Stakeholders	Main initiatives	Examples of activities
Customers 	<ul style="list-style-type: none"> Providing a safe, convenient, and affluent car life Improvement of economic environment and financial literacy 	<ul style="list-style-type: none"> Providing information on automobiles through a website for end users and "Car Premium all your car needs" and an information website "Car Premium Magazine." Providing financial education instruction during home economics classes at high schools
Network stores 	<ul style="list-style-type: none"> Improvement of management efficiency and IT literacy Mutual development among mobility business operators 	<ul style="list-style-type: none"> Regular visits, or telephone calls, by Group sales personnel Development of new products to meet the needs of network stores Establishment of support desk
Employees 	<ul style="list-style-type: none"> Improvement of employee motivation and job satisfaction Development of each individual's ability and output capabilities 	<ul style="list-style-type: none"> Dialogue with management Conducting an employee survey once a year
Shareholders 	<ul style="list-style-type: none"> Provision of equal information Returning profits Enhancement of corporate value and share price 	<ul style="list-style-type: none"> Holding Company briefing sessions and investor meetings Swiftly disclosing information via website and social media Proactively disclosing materials in English
Society 	<ul style="list-style-type: none"> Formation of a recycling-oriented society Reduction of energy consumption and GHG emissions 	<ul style="list-style-type: none"> Participating in seminars and symposiums Engaging with the community Participating in volunteer work

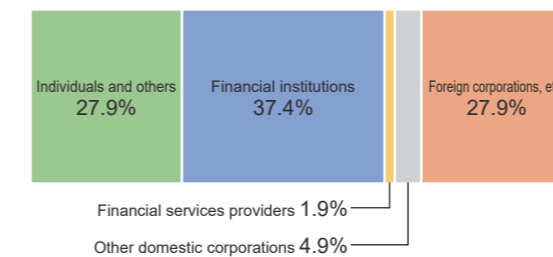


Premium Group's IR Activities

We believe cooperation with our stakeholders is indispensable to achieving sustainable growth and enhancement in our corporate value over the medium- to long-term. Accordingly, our basic policy is to actively provide information about the Group's businesses and finances, as well as future growth potential and management policies, in a manner that is fair, accurate, timely, and easy to understand. In order to provide timely and appropriate information, we make use of both online and offline channels. The valuable feedback we receive from stakeholders is also reported to the management team.

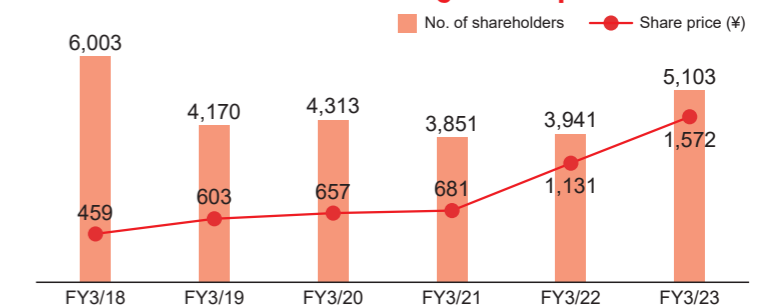


Number of shares held by shareholder in FY3/23



* The number of shares held under own name, excluding fractional shares, is included in "Individuals and others."

No. of shareholders and average share price



* Two-for-one and three-for-one common stock splits were carried out on April 1, 2019 and September 1, 2022, respectively. Average share price is based on the share price after the stock splits.

IR exposure

Articles in FY3/23

- Feature article about DX in the *Nikkei*, July 28
- Article in *Kabunushi Techo*, October 17

YouTube appearances

- Investment channel "1 Up Toshibeya"

External recognition

- Selected as a constituent stock of the JPX-Nikkei Mid and Small Cap Index for third consecutive year

Message from Management Information & Investor Relations Department

Thank you for reading our 2023 Integrated Report. Premium Group will require further transformation and the support of all stakeholders in order to achieve our 2030 vision of becoming the "ONE & ONLY Auto Mobility Service Company." We hope this integrated report helps readers gain a better understanding of the Group. Going forward, we will make every effort to engage in active dialogue with all stakeholders, disclose information in a timely and appropriate manner, and earnestly carry out IR activities that contribute to the further enhancement of our corporate value.



Key Financial and Non-financial Data

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
Consolidated Financial Results (Millions of yen)					
Operating revenue	10,774	14,043	17,906	20,888	25,263
Operating expense	10,004	12,542	15,059	17,024	21,018
Profit before tax	2,097	2,604	3,463	4,017	5,344
Profit	1,391	1,452	2,393	2,964	4,014
Profit attributable to owners of parent	1,388	1,466	2,383	2,941	4,005
Comprehensive income	1,431	1,381	2,447	3,010	4,097
Basic earnings per share	37.96	37.44	62.25	76.46	103.45
Total assets	43,540	58,203	68,156	81,800	101,992
Total equity	5,529	5,312	7,291	9,814	13,407
Cash flow from operating activities	△1,015	△1,246	1,321	1,608	△449
Cash flow from investing activities	△706	△1,618	△1,172	△1,028	△2,320
Cash flow from financing activities	1,563	2,967	1,617	2,797	6,181
ROE (%)	24.8	27.4	38.3	34.8	34.7
ROA (%)	5.3	5.1	5.5	5.4	5.8
Equity capital ratio (%)	12.55	9.01	10.58	11.87	13.11
Annual dividend (Yen)*	14.2	14.7	15.3	17.0	21.0
KPI					
Total volume of new loans (Billions of yen)	1,352	1,774	1,664	2,023	2,438
Loan receivables (Billions of yen)	2,507	3,213	3,614	4,223	5,078
Delinquency rate (%)	0.84	0.86	0.91	0.78	0.81
Number of network stores (Company)	20,417	22,549	23,907	25,603	27,252
Total volume of new warranties (Billions of yen)	30.0	43.6	44.9	51.5	57.6
Car Premium Dealer memberships (Company)	-	-	370	1,525	2,581
Car Premium Garage memberships (Store)	-	-	-	251	370
Non-financial					
Number of employees (Person)	386	482	593	644	665
Percentage of female managers (%)	7.1	12.2	13.7	17.6	19.1
Average age (Years old)	36.5	36.4	35.1	36.9	37.5
Average years of service (Years)	5.4	5.8	6.2	6.2	6.9

*1 The dividend amounts up to March 31, 2022 have been retroactively adjusted to reflect the two-for-one stock split conducted on April 1, 2019 and the three-for-one stock split conducted on September 1, 2022.
*2 The Company and core subsidiaries.

Stock price trend



*Past share prices were taken into consideration for the stock split.

Company Profile

As of June 30, 2023

Company name	Premium Group Kabushiki Kaisha	Listed stock exchange	Prime Market of Tokyo Stock Exchange
Company name in English	Premium Group Co., Ltd.	Main bank	Aozora Bank, Ltd.
Head office	19th Floor, The Okura Prestige Tower, 2-10-4, Toranomon, Minato-ku, Tokyo 105-0001	Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited
Established	July 2007	Accounting auditor	PricewaterhouseCoopers Aarata LLC
Capital and capital reserve	1,674 million yen	Go! Premium Group's IR website URL: https://ir.premium-group.co.jp/en/index.html	
Number of employees	696 (consolidated basis)		

Stock Information *As of March 31, 2023

Number of authorized shares	144,000,000 shares
Number of issued shares	40,327,770 shares
Number of shareholders	5,103

Major shareholders (Top 10)

Name of shareholder	Shares held (share)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,942,300	17.85
Custody Bank of Japan, Ltd. (Trust Account)	5,611,100	14.43
SSBTC CLIENT OMNIBUS ACCOUNT	2,279,300	5.86
Recruit Co., Ltd.	1,800,000	4.63
GOVERNMENT OF NORWAY	1,253,500	3.22
STATE STREET BANK AND TRUST COMPANY 505303	1,181,300	3.04
STATE STREET BANK AND TRUST COMPANY 505019	852,140	2.19
Aozora Bank, Ltd.	775,800	1.99
Sompo Japan Insurance Inc.	775,800	1.99
Yohichi Shibata	743,468	1.91

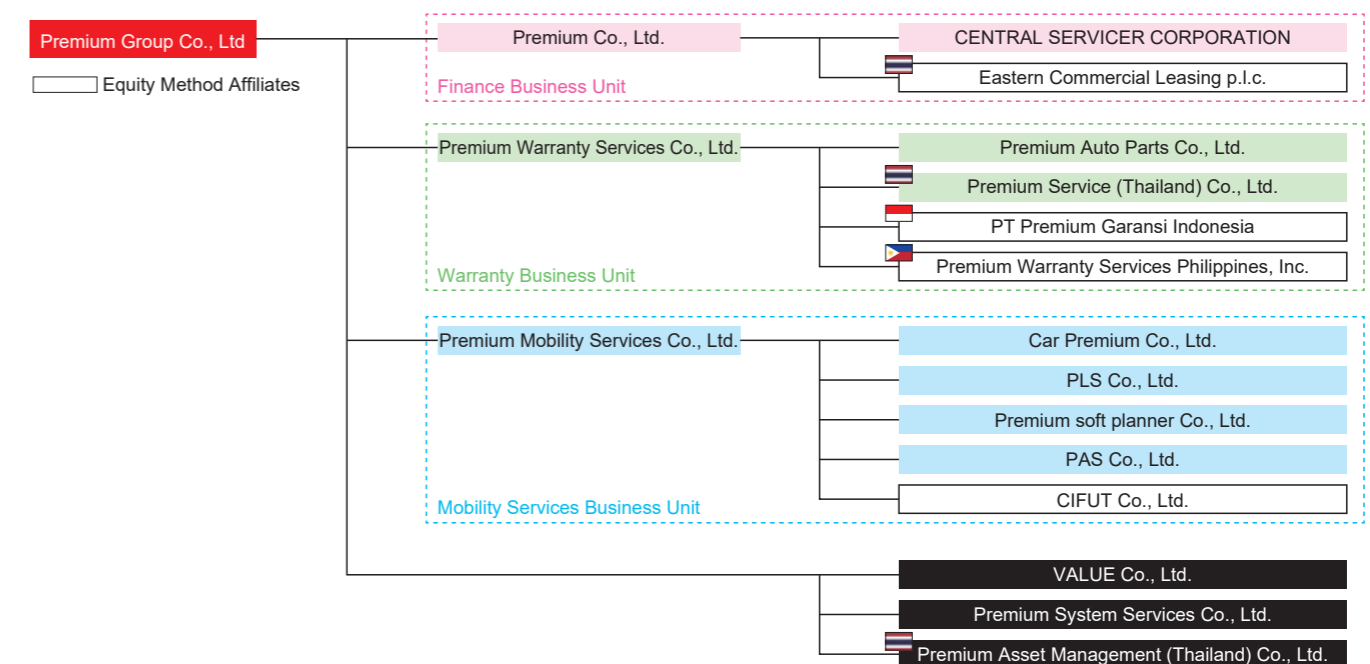
Classification of shareholders

Individuals and others	11,247,889 shares	27.9%
Financial institutions	15,072,400 shares	37.4%
Financial services providers	774,303 shares	1.9%
Other domestic corporations	1,990,004 shares	4.9%
Foreign corporations, etc.	11,243,174 shares	27.9%

* The number of shares held under own name, excluding fractional shares, is included in "Individuals and others."

* Treasury shares (1,437,844 shares) are not included in the above.
* The shareholding ratio is calculated by excluding treasury shares.
* The shareholding ratio is rounded to the second decimal place.

Group Companies *As of June 30, 2023





Premium Group Co., Ltd

19th Floor, The Okura Prestige Tower,
2-10-4, Toranomon, Minato-ku, Tokyo 105-0001
<https://www.premium-group.co.jp/en/>