



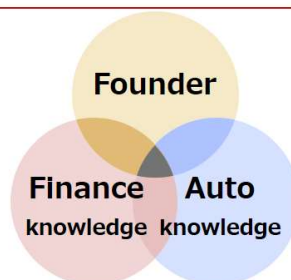
**Premium Group Co., Ltd.**

**From here, Get a Chance to Understand Premium Group**

**20/7/2021**

## President and CEO, Leading Our Company Since Its Foundation

President and CEO  
Yohichi Shibata



1982	Joined Satoshoji Corp. (April)
1985	Joined APLUS Co., Ltd. (then Daishinpan Inc.) (April)
2003	Joined IDOM Inc. (then Gulliver International Co., Ltd.) (December)
2007	Appointed as executive officer of the Gulliver International Co., Ltd. (April) Appointed as President and CEO of Premium Co., Ltd. (then G-ONE Credit Services Co., Ltd.). (August)
2016	Appointed as board member of Eastern Commercial Leasing p.l.c. (May) Appointed as President and CEO of PG Co., Ltd. (July)

After this, leading our company as the founder



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**Host :** I would like to explain the background of Mr. Shibata, President and Representative Director, who will be in charge of today's presentation.

Yoichi Shibata, President and Representative Director of Premier Group Co. After graduating from university, Mr. Shibata joined a trading company and then moved to a consumer credit company, APLUS Co. Ltd., a consumer credit company. There, he was engaged in auto credit and finance business for about 20 years.

After that, I moved to Gulliver International, a major used car sales company, which is now IDOM Inc.

In 2007, he established a subsidiary company, Premium Co., Ltd., utilizing his knowledge of finance and automobiles. He continues to lead our group as a Founder.

In today's presentation, Mr. Shibata will give you a basic explanation of the company as well as our future growth strategy.

We will now begin the presentation.

**Shibata :** Hello, everyone. I am Shibata from Premium Group. Thank you very much for attending our presentation today in the heat of the day.

The purpose of today's briefing is to provide an opportunity for newcomers to learn more about our group's business and growth strategy. We were listed on the stock exchange in 2017, and it has now been about three years since then. We announced our mid-term management plan in the spring of this year, and since then our stock price has been growing steadily, almost tripling compared to our initial listing price.

However, our company is still not well known, so we would like to provide an opportunity for newcomers to learn more about our group's business and growth strategy.

### **Aiming for a New, Affluent Society**

#### **Creating a New, Affluent Society through Premium Finance & Services**

**We will provide top-class finance and services to people all over the world to contribute to the establishment of a new, affluent society.**

#### **Developing Premium Human Capital with a Positive Attitude and Excellent Follow-Through**

**We will develop spiritually rich human capital who are always positive and can accumulate experience in each process enthusiastically.**

We are guided by two management principles. This is the mission that we created when we founded our company in 2007. We believe that the purpose of our existence is to contribute to society by providing the best finance and services, and to help build a prosperous society.

The other is that people are a very important requirement for running a company. Of course, we are also promoting DX, but we believe that people is important, so we need to develop human resources who are not just capable of achieving business results, but who are also capable of leading a full life. I founded this company with the hope of producing these kinds of human resources.

## History It takes only 11 years that Premium Group Co., Ltd. got listed with 1st section of the Tokyo Stock exchange.

<b>2007</b>	Premium Co., Ltd.(previously G-ONE Credit Services Co., Ltd.) was established. (July) Established as a subsidiary of G-ONE Financial Services Co., Ltd., which was second-tier subsidiary of Gulliver International Co., Ltd.
<b>2010</b>	The shareholder changed from G-ONE Financial Services to SBI Holdings Inc. (July) The trading name changed to SBI Credit Co., Ltd. (October)
<b>2013</b>	iSigma Capital Corporation (Marubeni's 100% subsidiary) became our parent company. (March) Company name changed from SBI Credit Co., Ltd to Premium Financial Services Co., Ltd. (July)
<b>2015</b>	Premium Group Co., Ltd. was established.(May)
<b>2016</b>	Premium Group Co., Ltd. accepted a third-party allocation of shares by Eastern Commercial Leasing p.l.c. (listed on the Stock Exchange of Thailand) (February), then took 25.5% of share it and made it into an affiliate.(May) Premium Asset Management (Thailand) Co., Ltd.(Previously PFS (Thailand) Co., Ltd.) the first local affiliate overseas, was established in Thailand. (April) Premium Group Co., Ltd. was established as a holding company.(July). Operating companies including Premium Financial Service Co., Ltd.(Premium Co., Ltd. now) were established under the umbrella of the Premium Group. (August) PAS Co., Ltd, specializing in services in the car market field, was established. (August) Premium Service (Thailand) Co., Ltd. (then Eastern Premium Services Co., Ltd.) was established in Thailand as a joint venture for automobile maintenance services. (November)
<b>2017</b>	CIFUT Co., Ltd. was established in Itako, Ibaraki, as a joint venture for the manufacture/sales/provision of an engine starting control system with a locating function for automobiles. (July) PLS Co., Ltd. (then Premium Lease Co., Ltd.) was established to expand the product lineup for auto finance. (July) Pt Premium Garansi Indonesia was established as a local affiliate in Indonesia to promote the warranty business. (November) Premium Group Co., Ltd. got listed on the TSE 2 <sup>nd</sup> section.(December)
<b>2018</b>	Premium System Services Co., Ltd. was established. (June) Premium Group Co., Ltd. owns 80% of SoftPlanner Co., Ltd. 's shares.(October) Premium Group Co., Ltd. was moved to the TSE 1 <sup>st</sup> section.(December)
<b>2019</b>	Premium Group Co., Ltd. owns 100% of EGS Co., Ltd. (then L'OPERAIO SOLUTIONS K.K.)'s shares.(April)
<b>2020</b>	VALUE Co., Ltd., Premium Mobility Service Co., Ltd., and Premium Auto Parts Co., Ltd. were established.(January) Premium Financial Service Co., Ltd. changed the name to Premium Co., Ltd.(February) *hereinafter, PREMIUM Premium Group Co., Ltd. owns 100% of CENTRAL SERVICER CORPORATION's shares.(April) Premium Warranty Services Co., Ltd. were established.(October)



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In 2007, we established G-ONE Credit Service Co., Ltd. as a financial subsidiary of Gulliver International Co., Ltd. (IDOM Inc. today).

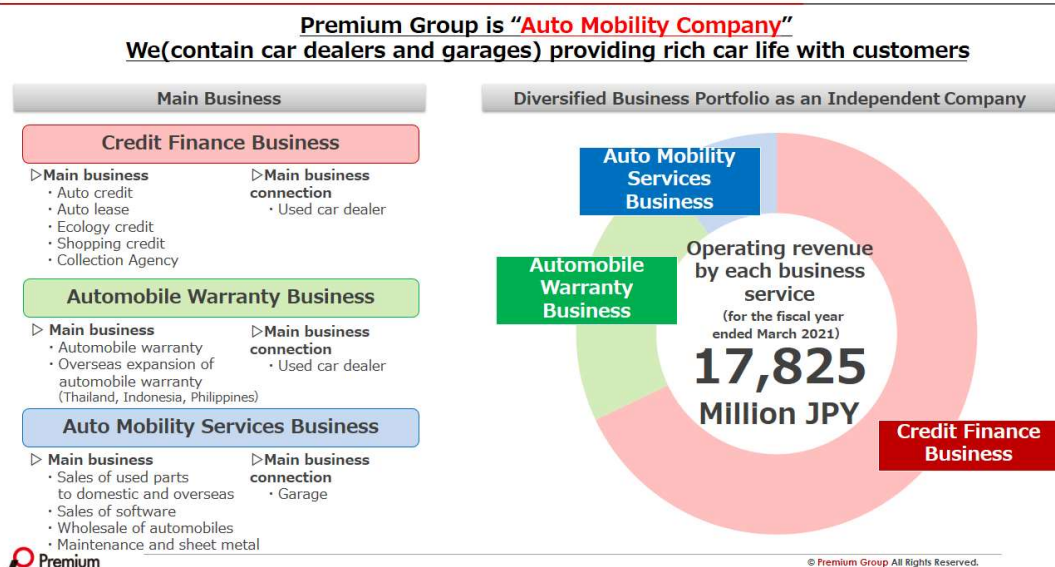
In 2010, after spinning off from Gulliver International, we joined the SBI Group. In the three years since then, we have changed funds twice, and in 2017, we were listed on the First Section of the Tokyo Stock Exchange.

The most important key to our business is to be independent. I will talk about this later in the "Our Strengths" section. We aim to be an independent company first and foremost, and we think this is a very important point.

We would like to take advantage of business opportunities as an independent company, not as a member of some large group. I believe this is the way for us to survive.

We were listed on the Second Section of the Tokyo Stock Exchange about 11 years after our establishment, and then listed on the First Section a year later. We have been notified that we meet all the requirements for the Prime Market in the primary requirements for the TSE market change. We would like to be listed on the Prime Market from April next year.

## Our Business



Our business is divided into three main segments. (credit finance business, automobile warranty business, and the auto mobility services business) These three businesses are our three main businesses.

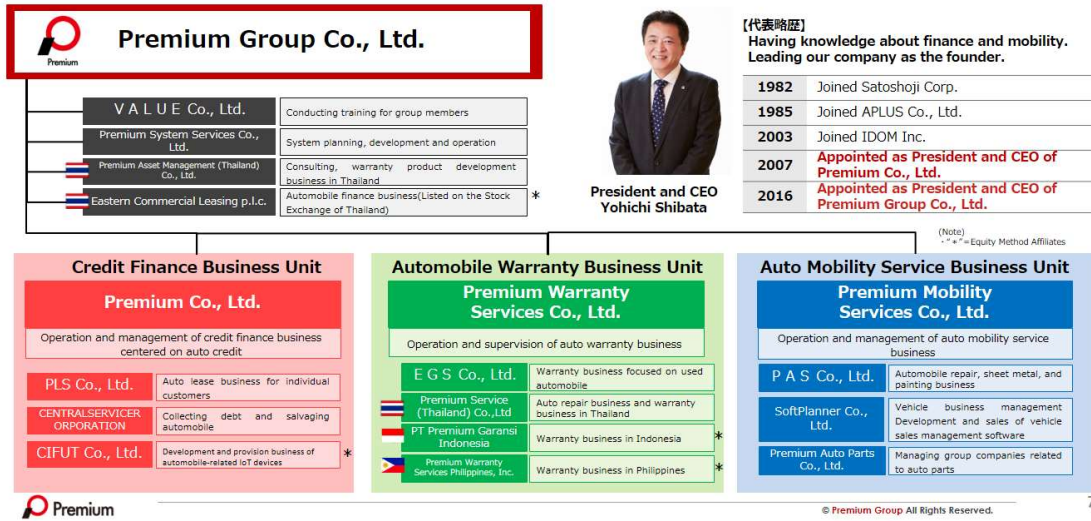
Our business started from credit finance business, so we started out as a so-called credit company. We have also been engaged in automobile warranty business since our establishment. We have been focusing on these two businesses.

In order to expand our business further, we started the auto mobility services business, which will bring synergy to both credit finance business and automobile warranty business.

At present, credit finance business accounts for about 67% of our portfolio. Automobile warranty business accounts for about 27%, and auto mobility business for a little over 10%.

# Automobile Credit Finance Business as a Group Including over 15 Subsidiaries in Japan and Overseas

Expanding our business with over 15 subsidiaries in Japan and overseas

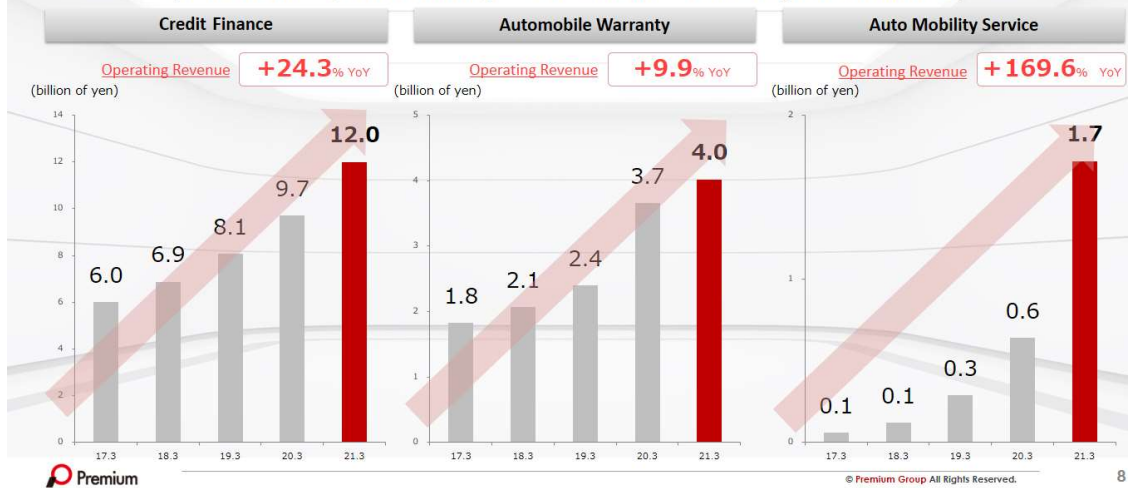


Our group is divided into three groups of subsidiaries for each of the three businesses I mentioned earlier. The three main subsidiaries are credit finance business, automobile warranty business, and the auto mobility services business.

## Growth Achieved by Steadily Building Profit Since Establishment

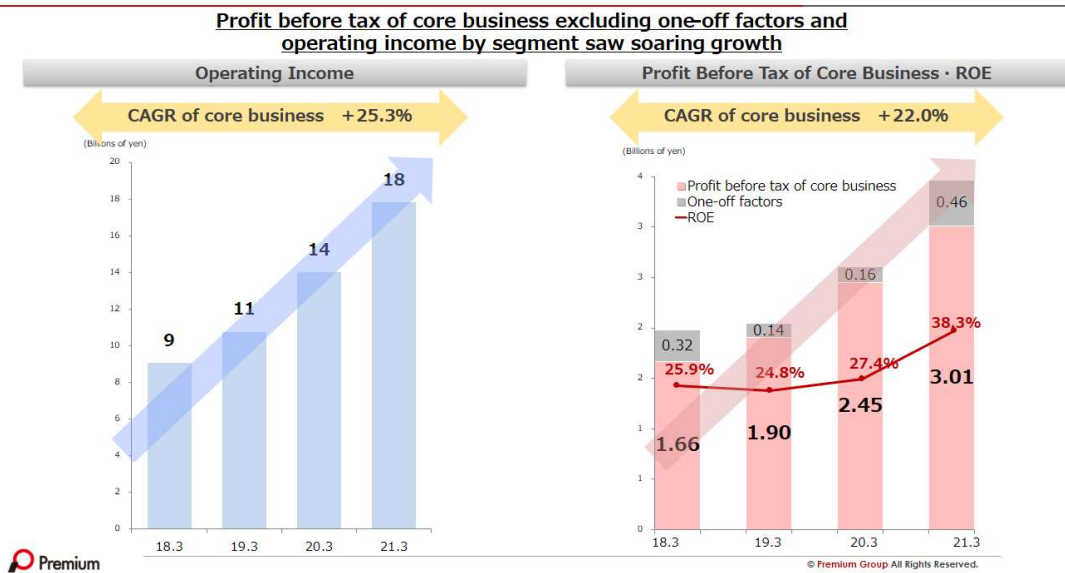
Both the Credit Finance and Warranty businesses have grown the loan balance and expected continued accumulation of surplus and profit.

New business, Auto Mobility Service Business will surge from now on.



We have achieved stable and steady growth since our establishment. Auto mobility services business, which we started in earnest in the previous fiscal year, have achieved 270% year-on-year growth in operating revenue, despite the pandemic of COVID-19. Also, automobile warranty business was up about 110%. In the credit finance business, operating revenue was up about 124%. This is a significant increase, and we are determined to achieve double-digit growth in the future.

## Business Performance (Total Year)



Operating revenue, ROE, and profit before tax have been rising steadily.

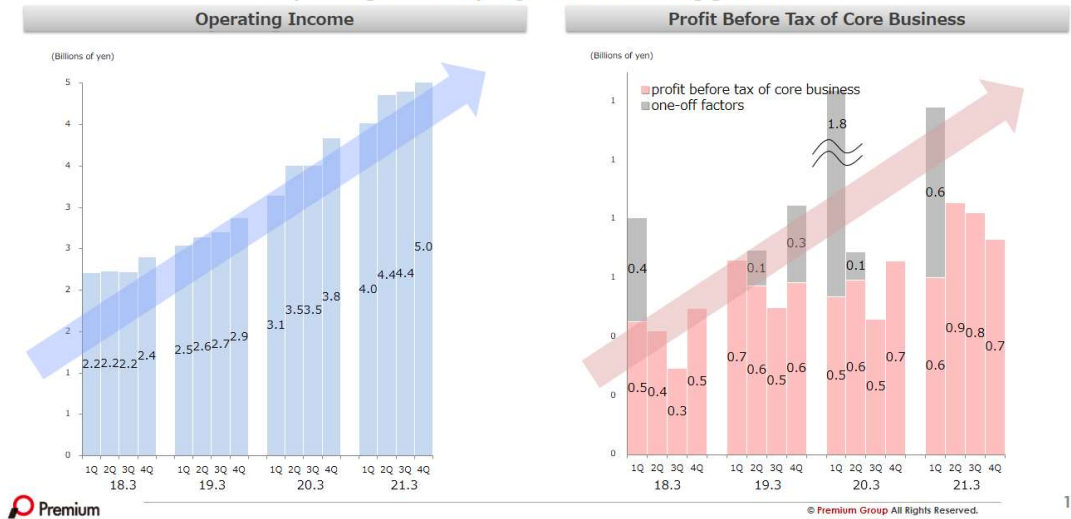
I want you to see profit before tax of core business, it has increased for four consecutive fiscal years since our listing, and our pre-tax profits have also increased.

In addition, ROE is also at a very high level, ranging from the 20% to 30%.



## Business Performance (Accounting Period)

Profit before tax of core business excluding one-off factors and operating income by segment saw soaring growth

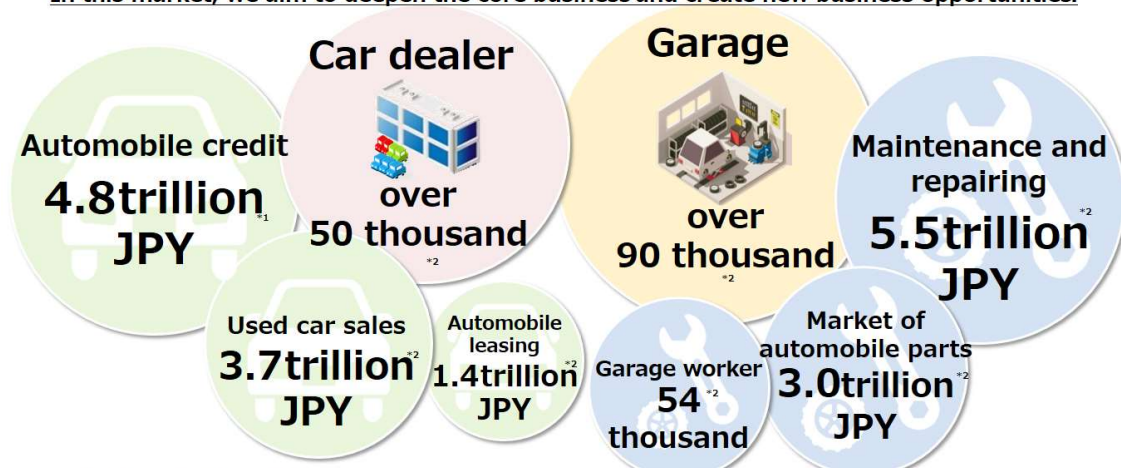


As for the quarterly growth, operating revenue will grow steadily over the quarter. Since our business is a stock based business model, the growth in the balance will bring operating revenue.

The profit before tax of core business has a slight fluctuation, but this gray area shows the so-called one-off factors. For example, 600 million yen in the first quarter of FY22 was from the M&A of a servicer, CENTRAL SERVICER CORPORATION in April of last year.

## Scale of automobile business market and our business field

The scale of automobile business market is greatly large.  
In this market, we aim to deepen the core business and create new business opportunities.



\*1Reference from Japan Consumer Association "credit statistics in Japan"

\*2Reference from Yano Research Institute Ltd. "Data of after market of automobile" and "the present circumstance and perspective of automobile parts and garages"

\*Reference from Japan Automobile Service Promotion Association © Premium Group All Rights Reserved.

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The market we are targeting is a very large one.

Auto mobility companies are customers of our business. Auto mobility companies mean automobile dealers and automobile maintenance shops, which we started targeting last year in our auto mobility service business. We are expanding our business with these companies as our business partners. Data shows that there are more than 50,000 automobile dealers and more than 90,000 automobile maintenance shops.

This market contains automobile credit, used car sales, automobile leasing, and maintenance. It is said that the automobile market is a very mature market and will not grow significantly in the future, but it has a very large market, which I think is a characteristic of this market.

## Market overview in COVID-19 and our business movement

After COVID-19, our business market is in growth track		
<b>new car market</b>	<ul style="list-style-type: none"> <li>Number of new passenger vehicles registered down 8.7% YoY</li> </ul>	<p><b>Plus factor</b> Transfer is changing for keeping distance / moving to suburb⇒<b>new demand</b></p> <p><b>Negative factor</b> Stop of supply chain / lack of semiconductor / economic anxiety ⇒<b>supply and demand decline</b></p> <p><b>outlook</b>  As soon as the recovery of production, supply and demand become more steady</p>
<b>used car market</b>	<ul style="list-style-type: none"> <li>Number of used passenger vehicles registered up 0.9% YoY</li> </ul>	<p><b>Plus factor</b> Because of its stock, the delivery date is quickly, cheaper than new car, necessities for life.⇒<b>quickly recovery from COVID-19's drop</b></p> <p>Transfer is changing for keeping distance / moving to suburb⇒<b>new demand</b></p> <p><b>Negative factor</b> Lack of new car supply⇒<b>price spike of used car and lack of stock</b></p> <p><b>outlook</b>  As soon as the recovery of new car production, supply and demand become more steady</p>
<b>our credit finance business</b>	<ul style="list-style-type: none"> <li>Total volume of new loans down 6.2% YoY</li> <li>Credit profit up 2.2% YoY</li> </ul>	<p><b>Plus factor</b> Main deal is used car⇒<b>in growth track with market recovery</b></p> <p>Emphasize quality over quantities + stock model business ⇒<b>despite a drop in total new loans, generated both sales and profit</b></p> <p><b>Negative factor</b> cutbacks in sales activities in April and May⇒<b>a drop in total new loans</b></p> <p><b>outlook</b>  Already in growth track / Aim to increase market share a double-digit</p>



(Note) information about outlook of new car and used car market : Yano Research Institute Ltd.

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I would like to make a few comments on the impact of COVID-19 last year.

The new car market last year was down 8.7% YoY. This means a very negative for new car.

One of the positive factors is that the number of people using cars increased due to keeping distance. In addition, people move to the suburbs, so new demand has increased.

However, shortage of semiconductors and shutdown of supply network is currently occurring.

In addition, supply and demand for new car have been decreasing because of economic anxiety caused by the number of infections

However, we believe that the production system will return once the semiconductor issue is resolved, and that supply and demand here will recover.

The used car market, on the other hand, was 100% YoY, although the first quarter of last year was very badly affected, I think that the used car market in the second quarter and thereafter is relatively returning to the situation before COVID-19 pandemic.

I think that the trend last year was that some of the people who would normally buy new cars shifted to used cars, as there was a huge shortage of new cars and used cars became very much in demand.

On the other hand, the negative factor is that as the number of people buying new cars decreases, the number of people trading in their cars decreases. As a result, the number of used cars is decreasing. Then the price of used cars has risen.

In this sense, supply and demand have stabilized, but prices are still very high and there is a shortage of inventory, so I think that the used car industry has become a market in which the major players are very dominant.

However, if you ask me whether small and medium-sized used car dealers were greatly impacted, losing sales and an increase in bankruptcies, I would say not. Those who had relatively high inventories were able to dispose of them at high prices, so even without retail sales, profits were extremely high in some cases. I believe that new car dealers have been losing customers to the large used car businesses.

As soon as the production system returns to normal, prices in the used car market will stabilize, but I think there is a possibility that the need for used cars will rise in the future because of the reassessment of used cars that increase

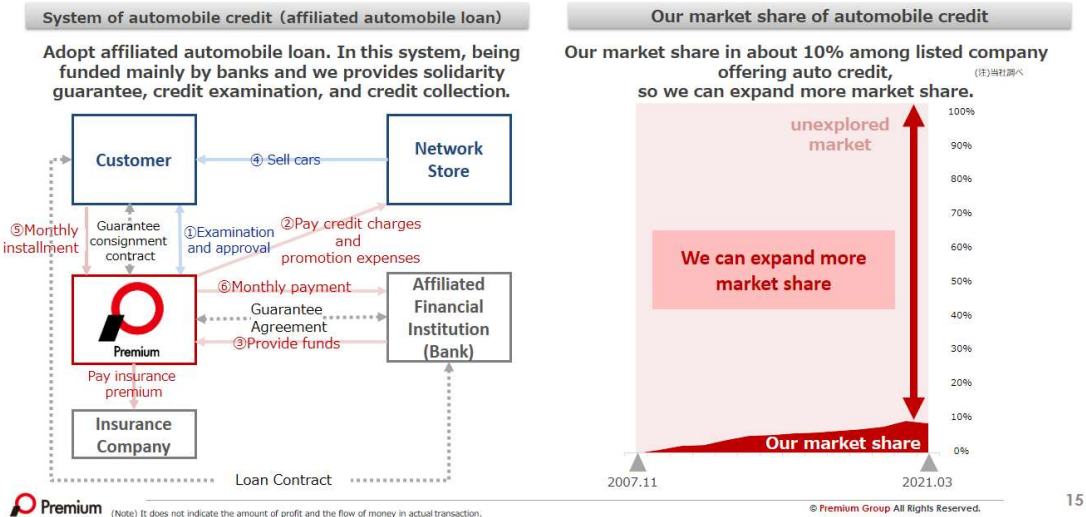
during the COVID-19.

Talking about our finance credit business, total volume of new loans full-year was down 6.2% YoY. It is the first time since foundation that we fell below the previous year's level. If the used car market was almost at 100 the previous year, we would have had to keep more than 100% of total volume of new loans. I think we lost some share last year. However, we definitely believed that the market would be recovered, so we were not involved in excessive competition last year. So, we were more focused on profit because we had no idea what would happen by COVID-19 in April and May of last year.

However, thanks to the recovery of the market, we were able to recover in FY21 3Q and 4Q. We will again be able to achieve a large double-digit increase from this fiscal year. We believe that we will be able to return to the growth path we were on before COVID-19 and continue to expand our market share from FY21 3Q.

## Credit Finance Business -Summary

### Expanding our business with specializing in "automobile credit"



I will talk about summary of each business.

First, about credit finance business, this business, that is about 70% of our business, and we specialize in auto credit for used cars, not new cars. About 15% of our business is new cars, but most of our target customers are used car dealers. We provide loans for cars that are bought and sold by used car dealers.

New car dealers, such as Toyota Corolla and Nissan Prince, are bound by the manufacturer's finance system, so third party credit sales companies such as ours, which do not have any capital affiliation, cannot enter the market.

As I said, there are about 50,000 of used car dealers, and we make contracts with them so that they can use our credit and auto loans when they sell their cars. This is how we conduct our business.

There are two major features of our credit business.

One is what we are doing with the funds. We make 150 to 200 billion in new loans a year, but how do we finance these new loans? 150 to 200 billion is a lot of money to raise from banks. The bank holds these assets and we guarantee them. So we are not raising any funds. Therefore, the assets do not appear on our balance sheet. The bank holds the assets. However, we bear all the risk of the receivables.

Therefore, we receive a guarantee fee from the bank that is commensurate with the risk. So, in the unlikely event that the loan is overdue, we will pay for it in a lump sum. We are able to procure funds by signing guarantee contracts with our partner banks, and roughly 90% of the funds are procured through this method. The remaining 10% is raised directly from the bank and used for financing.

The other thing is our company insures all of loans with an insurance company. A percentage of that credit will default. They become delinquent. However, our company insures all of these loans with an insurance company. We have insurance for all of our receivables in bulk. Therefore, to put it another way, we do not have any allowance for bad debts. We pay for it with insurance premiums. Therefore, in the event of delinquency, we receive the full amount of the delinquency from the insurance company.

Therefore, the company is relatively stable. In the case of financial companies, depending on the economic climate of the time, they suddenly announce that they are going to make a huge provision for bad debts this fiscal year. As I mentioned in my career, I was at APLUS, and when they suddenly announced their financial results, they said that

they would increase the allowance for doubtful accounts because of the increase in delinquencies.

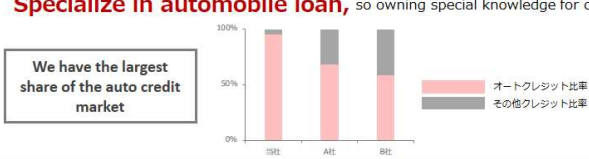

In our case, we pay insurance premiums every month according to the balance, so the impact on the PL of the equivalent of the allowance for doubtful accounts is very small, even if the delinquency suddenly increases.

However, if the number of delinquencies increases, the insurance premiums will increase, so the payment of insurance premiums will eventually increase. However, we do not suddenly increase the allowance for doubtful accounts and it makes you to understand our financial results easy.

As you can see here, we only have a little over 10% of the market. 90% of the market is still occupied by our competitors. In that sense, there is still a lot of untapped territory for us in this area. This is a market where there is still plenty of room for us to grow.

## Credit Finance Business -Strong position

**Although it's difficult to differentiate automobile loan, we try to gain our market share by cross-selling as independent finance company not affiliated with a bank.**

	Competitors	Premium Group
<b>Organizational</b>	<b>Subsidiary</b> Because of subsidiary companies of bank, fund-raising capability is stable and they are well recognized.	<b>Independent</b> We can offer various services because we are independent from banks. Thanks of its independence, we aren't bound by restrictions of Banking Law. ※Various services : services for used car dealers (automobile warranty, sales of automobile part and software, support for purchasing automobile, and so on)
<b>Product</b>	<b>Some credit products</b>	<b>Specialize in automobile loan</b> , so owning special knowledge for car 
<b>Risk hedging</b>	<b>Loan loss provisions</b>	Take out <b>insurance against bad debts</b> 



(Note) Automobile credit rates is the rate made up the revenue of installment credit, individual intermediation of credit purchases and credit warranty.  
(Reference) Based on the fiscal year ending March 31, 2021, and prepared by our results presentation materials and our results

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This is a comparison between us and our competitors, who account for the remaining 90% of the market share.

One of our competitive advantages is our organizational structure. All other companies are bank-affiliated companies. These bank-affiliated companies are also subsidiaries and affiliates of the bank, so naturally it has strong fund-raising power. On the other hand, we are the only independent company. Our strength is that we can do anything that an independent company can do. No other company can imitate our auto-mobility service business. This is not only because of our know-how, but also because of the Banking Business Act. If you are a banking company, you are bound by the Banking Business Act, so you cannot develop service products. This is a major advantage for us.

Among them, we are unique in that we specialize in auto credit. In the case of other companies, at most 50% of their portfolio is auto credit and the rest is non-auto credit products.

We are not only able to generate revenue from auto credit, but also from the auto market such as automobile warranty and auto mobility. Other companies can't do that, so they can't focus only on auto credit and have to generate revenue from other sources as well. I think this is the big difference.

## Credit Finance Business -Features(External Environment)

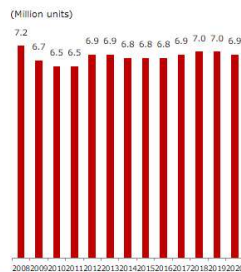
**Demand for used cars is stable because they are a necessity for daily life.**

**The auto credit industry has high barriers to entry, so it makes difficult for new entrants.**

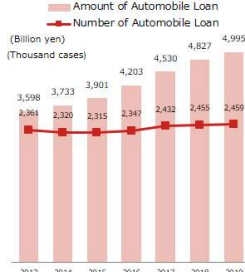
### Market Environment

- The used car sales volume **remains stable**
- Although the number of credit extended has remained same level, **the amount of credit extended has increased year by year**. This is because car price has risen due to improved performance of automobiles.
- **Stable demand even during recession**

Trend in the number of registered used cars



Trend in the number of automobile loans and loan balance



### High Barrier to Entry

- **Large amounts of capital is required** advance payment on behalf of a third party and so on.
- **A license based on Installment Sales Act is required** to start this business.
- **After our establishment, no major company has decided to enter this industry.**

Player in the market

Listed company

3

companies

New player in the market (last 25 years)

Only us

1

(Premium Group)

Premium

(Source) Japan Automobile Dealers Association, Japan Mini Vehicles Association

(Source) Japan Consumer Credit Association, Credit card statistics in Japan

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The automobile market has been very flat, as it is said to be a mature market. There is talk of a shift away from cars, but it is not a major decline. As you can see here, the number of vehicles has remained almost flat.

On the contrary, the amount is increasing. This is because with the development of advanced technology, cars with very diverse features are now available compared to 10 years ago, so the price of cars is increasing.

Not so long ago, you could buy a mini car for about 1 million yen, but now you have to pay 2 million yen to buy one. I think this is a very good example of the fact that mini cars, whose prices have doubled, are selling the best. Looking at this data, I think you can get a sense of the rising prices of cars.

Regarding the market environment, there are currently only three listed companies, including us, that deal in auto credit. For the past 25 years, we are the only company that has survived as a new entrant.

This auto credit industry is very fortunate to have a large market but few competitive players. Furthermore, I feel that the lack of new entrants into the market is also a major characteristic of this market.



# Credit Finance Business -Features(Sales Staff)

## Developing sales network that covers the whole country and efficient activities by combining online and offline activities

### Sales Strategy

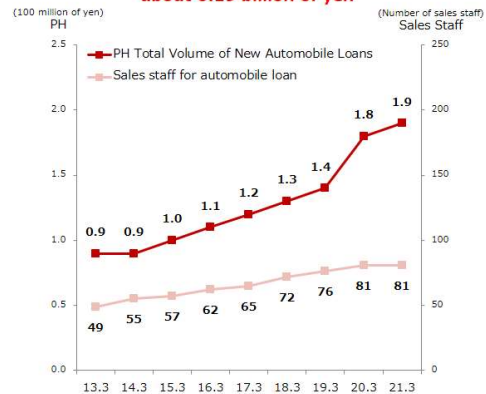
**26 offices** (mainly in big cities in Japan)

※include BIZ site format that don't have branch functions  
※July 20, 2021

	Features
Sales Model	<ul style="list-style-type: none"> <li>Adopting a hybrid sales approach combining face-to-face sales and non-face-to-face sales (video and telephone negotiations)</li> <li>→Efficiently approach existing, inactive, and untapped customers</li> </ul>
Recruitment Training	<ul style="list-style-type: none"> <li>No experience required; employees who have changed careers from other industries and new graduates are doing well</li> <li>→Recruiting is good every year</li> <li>After about 3 months of training, sales staff retain budgets</li> <li>→Lead time to be a active sales staff in short</li> </ul>
Organization	<ul style="list-style-type: none"> <li>Sales activities 4 days a week (office work on the remaining 1 day)</li> <li>Adopted a system of going directly home</li> <li>→Strengthening the autonomy of each individual</li> </ul>

### The total volume of new loans per salesperson

The number of sales staff for automobile loan is **81**  
Monthly total volume of new loans per sales staff is about **0.19 billion of yen**



(Note) "PH" refers that each staff member who belongs to an office or each sales representative who is in charge of sales budgets is considered as "one person" for calculation. Volume of new loans represents monthly average for each fiscal year. Volume of new warranties is the actual results of PFS. © Premium Group All Rights Reserved.

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Our sales system consists of real sales and telephone sales. Recently, we have made progress in DX, and we are aiming for a hybrid sales system in parallel with real sales.

We support auto mobility businesses nationwide with a hybrid system of sales and marketing by firmly placing sales personnel in 26 locations nationwide.

Recruitment is also growing steadily every year. Currently, we have 81 sales staff, of which more than half are new graduates. After joining the company, they receive training and are on their own in about three months. We are unique in that it is not necessary to build up special skills in the hiring and training process.

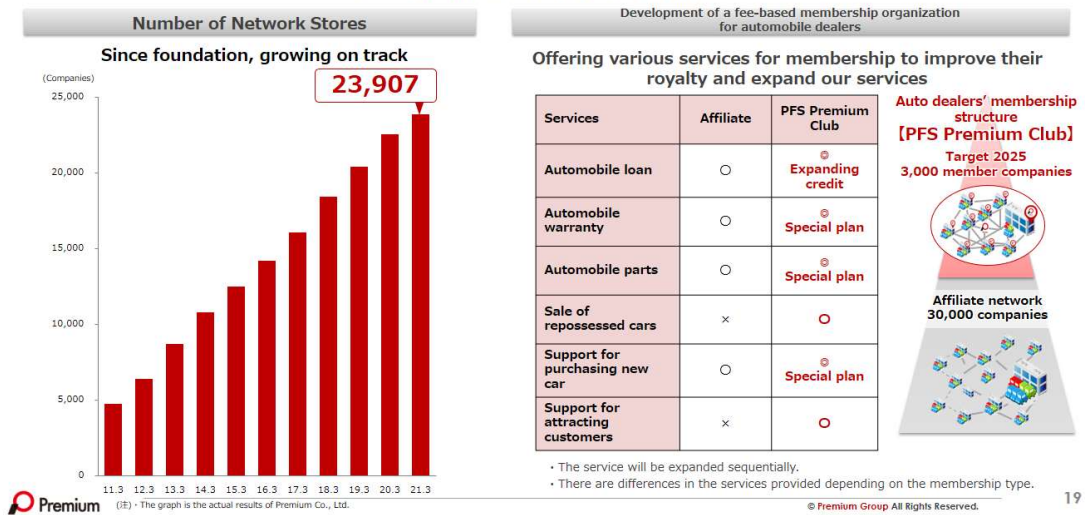
In addition, we have a four-day-a-week sales system, with one day spent at the office or home working at a desk, and we encourage sales methods that include not only in-person visits, but also phone calls and online meetings.

In addition to these efforts, we are in a situation where we are supporting our sales system by reinforcing each person's autonomy by going directly from their homes to their own areas.

We increased our sales staff by 10 in the first half of the fiscal year, so we will have about 91 people in the second half. We would like to increase the number to 100 by the end of this fiscal year. The transaction volume per person has been increasing every year and is approaching about 200 million yen. We are not trying to increase the number of people unnecessarily, but we are taking a method of allocating personnel while firmly improving efficiency.

# Credit Finance Business -Features(Sales Staff)

**Focus on tapping into new network stores and improve their royalty as a key part of sales strategy**



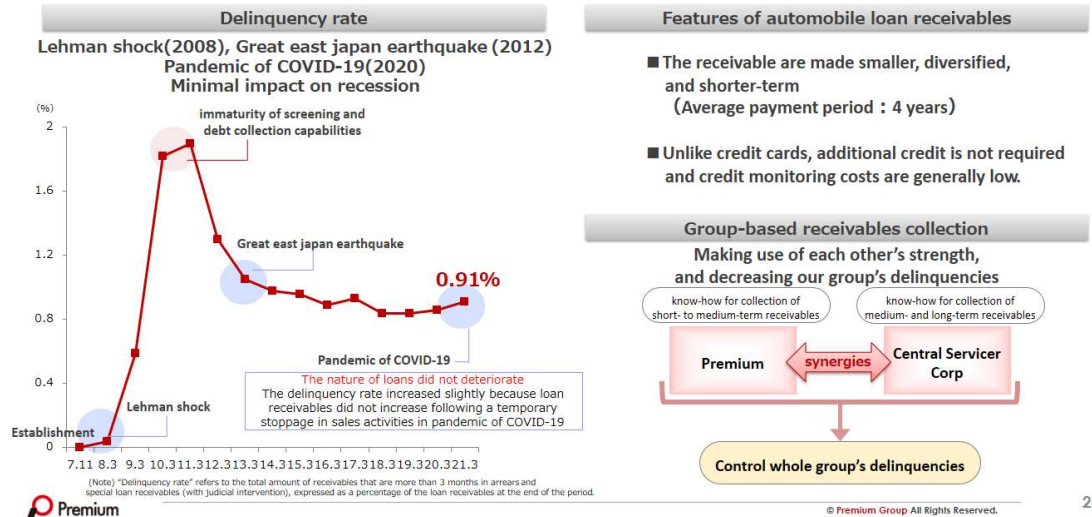
The number of network stores in our credit card business is 24,000, growing by 10% every year.

In addition, we will increase the number of members of our fee-based membership organization for automobile dealers, which was launched in the previous fiscal year, to 3,000 companies by 2025. We will offer a variety of special menus to members who pay an admission fee and monthly membership fee.

As for the true purpose of this, most used car businesses are made up of small and medium-sized companies. Our business partners are also mainly small and medium-sized companies. While we do have business with some major retailers such as Gulliver, Big Motor, and NEXTAGE, we rarely do business with them due to profit considerations. Therefore, we would like to support small and medium-sized companies and grow together with them, and we would like to expand our business in various ways by organizing members of small and medium-sized companies, although it will be a paid service.

## Credit Finance Business -Features(Debt Collection)

**Claim for delinquent payments are managed through customer follow-up and stay low level**



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In the case of the credit finance business, there is risk, even if we hedge the risk with insurance. The higher the risk, the higher the insurance premiums will be and the more our profits will be squeezed, so we have to make sure that we keep delinquent loans under control.

Currently, the ratio of delinquent loans to total loans and loans that are delinquent for three months or more is 0.91% of total loans.

Although the delinquency rate is high at the time of establishment due to the immaturity of skills, the balance of delinquent loans is currently less than 1% as we have been able to gain a solid share of the market. In other words, more than 99% of our loans are in good standing.

Events such as the Lehman Shock, the Great East Japan Earthquake, and now COVID-19 pandemic have not had a major impact on our business. The Lehman Shock may not be helpful for you since we have just been established. COVID-19 pandemic only caused a slight increase in the graph. In COVID-19 pandemic, there was a small increase in the percentage due to a slightly lower accumulation of new balances, but delinquent loans did not increase in COVID-19 pandemic.

I think COVID-19 pandemic was very good not only for the consumer credit industry but also for the industry that handles receivables. I think it is very characteristic that repayments were not delayed to the extent that consumption of food, drink, travel, etc. was suppressed due to the long self-restraint caused by COVID-19 pandemic.

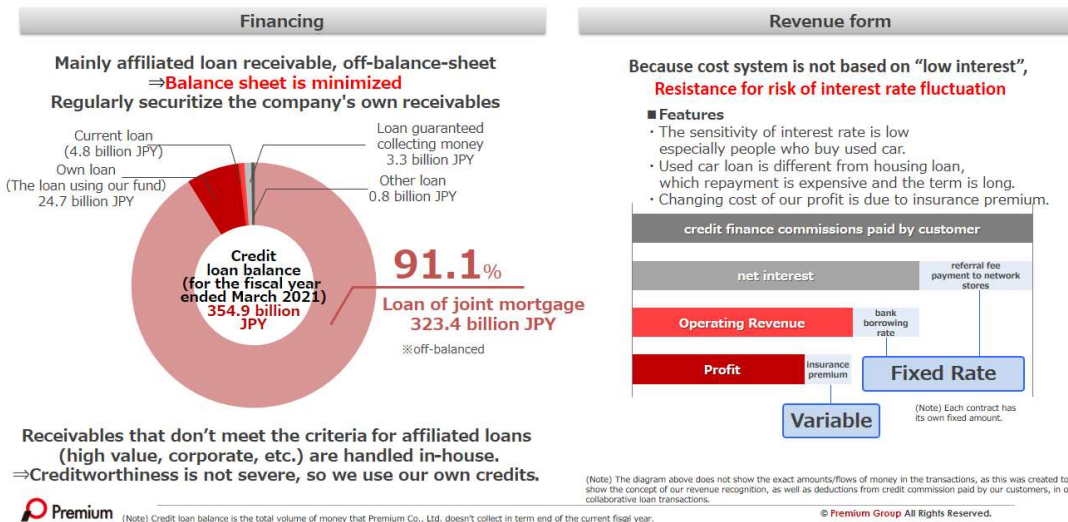
The fact that we are not affected by major events can be attributed to a variety of reasons, but our receivables themselves are unique in that they are claims against individuals, and on a balance basis, they are small claims and short loans of about 1 million per case.

In terms of cost, auto-credit requires a lot of man-hours for the initial credit, but not so much for the ongoing credit, so the cost of the ongoing credit can be saved.

However, the balance of receivables is increasing, and even if the delinquency rate stays at the same 1%, the amount of delinquent receivables will increase, so we need to continue to build a solid debt collection system. Therefore, in April last year, we acquired a servicer company that handles medium- to long-term receivables. While sharing the know-how of our group, we are working on a group-wide strategy to improve our receivables.

## Credit Finance Business -Features(Accounting)

Majority of loan balance is affiliated automobile loan(over 90%)



You can see on the right page what kind of revenue structure we have in place.

First of all, we pay our dealers up-front sales promotion fees from the interest rates we receive from our customers. The remainder is the NET interest rate. The bank's interest rate is deducted from this. That is our operating profit.

We also pay the bank interest rates upfront. For example, even if the interest rate rises sharply, it is fixed here, so existing loans are not affected at all.

From this, insurance against future bad debts is the premium, and the portion excluding this premium is our profit. It is a very simple profit structure.

In the case of insurance, the higher the delinquency, the lower the interest rate, so it is important to keep delinquent receivables under control.

In the case of insurance, the higher the delinquency, the lower the interest rate, so it is important to keep delinquent receivables under control.

As for the method of recording revenue, as you can see on the slide, there is a staircase system, and the profit recorded this term includes the profit from four years ago. Therefore, the profits newly handled in this fiscal year can also be recorded as profits four years later, which is what we call stock business. Only those items for which payment is due are recorded as profit.

We currently have a balance of nearly 300 billion yen, and we can book a profit on that balance every year at a mostly fixed interest rate. We currently have 25 billion yen in stock that can be booked as profit in the future.

To put it bluntly, even if we were to quit the business, we would still be able to generate 25 billion yen in profit. I believe that this strength has been a major reason why we have been able to increase both sales and profits in COVID-19 pandemic.

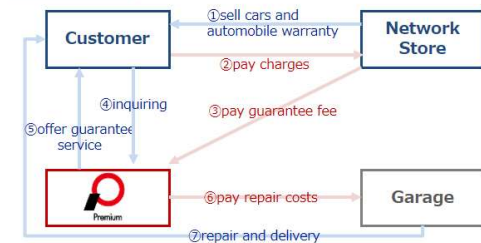
## Automobile Warranty Business -Summary

### Expanding automobile warranty business (mainly "used car") in Japan and overseas

#### System of automobile warranty

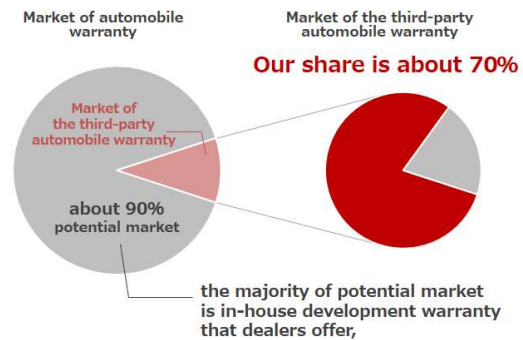
Unlike "automobile insurance" which covers accidents, automobile warranty covers **natural breakdowns**.

	insurance	Warranty
<b>Target</b>	damage caused by accident	natural breakdown occurred under normal use
<b>Payment</b>	monthly payment	lump-sum payment
<b>Advantages for customers</b>	receive insurance money	receive free repair service



#### Market share

**We hold a dominant share of the third-party warranty market.** Automobile warranty is directly linked to used car retail market trends because the application can be made for cash purchases or when using other loans



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The second business, automobile warranty business.

This is a business in which we replace or repair broken parts free of charge when the car breaks down.

It is often mistaken for car insurance, but car insurance is for damage caused by a car accident such as a collision. Car insurance is for damages caused by car accidents such as collision. Our automobile warranty cannot be used for this.

Our automobile warranty is for natural breakdowns, not caused by car accidents. For example, the engine suddenly stops running, the power windows do not open, or the sliding doors do not open. In such cases, if you have our warranty, we can fix it for free.

This is also a system where network stores and our company make a contract and network stores sell automobile warranty when they sell the car.

The scheme is almost the same as that of credit finance business, so the same sales people handle credit finance business. I believe that these two businesses have a high degree of operating synergy, and proportionally, profitability is also very high.

There is still a very small market for automobile warranties in Japan. Japan has always been a new car country, so there is a strong perception that cars come with a warranty. New cars come with a three-year manufacturer's warranty. Customers who buy used cars also think that the used car has a warranty in the first place, and if it breaks down, they will fix it, but basically there is no warranty for a used car that is three years old.

In some cases, car dealerships offer their own warranty. Whether this is for three months or six months, and to what extent, is not set in stone and varies.

As a third party guarantee company, we have firmly established our position in the market and have clarified the contents of our guarantee products. Our market share as a third party guarantee company itself is about 70%, but the overall potential market is still large. Rather than trying to increase our share of the third-party guarantee market, we believe that our major challenge in the future will be how to increase our share of the 90% potential market.

# Automobile Warranty Business -Summary

**The accumulated number of warranty contract is approx. 1 million and aim to expand the market with our 2 brands, Premium and EGS.**

Advantages of automobile warranty		Main products					
Both network stores and customers enjoy the benefits of warranty		Offering proper products, OEM products and partnership product in cooperation with major companies such as Recruit					
<b>Network store</b> <small>(used car dealer)</small>	<b>■ difference between in-house warranty and ours</b> <ul style="list-style-type: none"> <li>dealers can concentrate on sales because we response to inquiries and repair instead of dealers</li> <li>being able to provide warranty to customer who live far away</li> </ul> <b>■ Advantages</b> <ul style="list-style-type: none"> <li>get sales promotion expense</li> <li>give a sense of security and get a chance to sales because it is provided by listed company</li> </ul>	<table border="1"> <tr> <td rowspan="2">Proper product</td> <td> <b>2 house brand product</b>  <b>Premium's warranty</b>  <small>(offer for Premium's network stores)</small>  <b>EGS warranty R+</b>  <small>(offer for EGS's network stores)</small> </td> </tr> <tr> <td> <b>Offering for major portal site</b>  <b>Car Sensor After-sales Warranty</b>  <small>Partnership with Recruit Marketing Partners and AIS</small>  <b>Kurumaerabi.com</b>  <small>※Partnership with Fabrica Communications</small> </td> </tr> <tr> <td>Partner ship product</td> <td> <b>Offering for over 200 companies</b>  <b>Providing OEM product for over 200 companies</b>  <small>(over 1,000 items)</small> </td> </tr> </table>	Proper product	<b>2 house brand product</b> <b>Premium's warranty</b> <small>(offer for Premium's network stores)</small> <b>EGS warranty R+</b> <small>(offer for EGS's network stores)</small>	<b>Offering for major portal site</b> <b>Car Sensor After-sales Warranty</b> <small>Partnership with Recruit Marketing Partners and AIS</small> <b>Kurumaerabi.com</b> <small>※Partnership with Fabrica Communications</small>	Partner ship product	<b>Offering for over 200 companies</b> <b>Providing OEM product for over 200 companies</b> <small>(over 1,000 items)</small>
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Partner ship product	<b>Offering for over 200 companies</b> <b>Providing OEM product for over 200 companies</b> <small>(over 1,000 items)</small>						
<b>Customer</b>	<b>■ Advantages</b> <ul style="list-style-type: none"> <li>The company is listed on the stock exchange, so customers can be sure of the cost and support provided</li> <li>Even if the used car dealer that sold the car goes bankrupt or out of business, the warranty contract with us will continue.</li> </ul>						

Regarding the advantages of using an automobile warranty, an automobile warranty allows car dealers to sell online and in remote areas. Selling online means that you are not selling to your neighbors, which makes it impossible for the dealership to provide a warranty.

This can be done if they use our warranty, which provides nationwide repair services. The merit of introducing our warranty is that it allows dealers to expand their core business and broaden their customer base.

Another advantage is that we pay promotional expenses just like in credit finance business. Since the Internet has made it easier to compare car prices, dealers can no longer make a large profit on the price of a vehicle.

The business would then need to make incidental profit. We believe that the advantage of the dealership is where the sales promotion cost comes in through the use of an automobile warranty.

There are also advantages for customers. We offer a full warranty anywhere in the country, and you can also join our 24/7 road service for free.

In addition, we have a system in place to ensure that even if the business you buy a used car from goes out of business or bankrupt, we can still maintain it if you take out our warranty. We believe that this is a great benefit to our customers. Since we have already signed a total of one million warranty contracts, we have big data on which parts of cars are likely to break down. We think that this data can be utilized for future business.

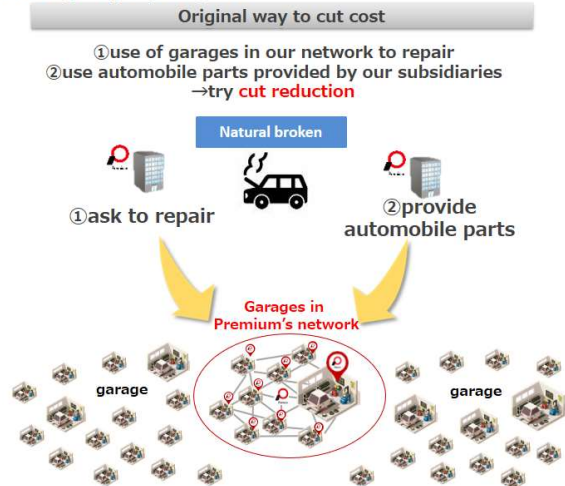
Some of our products are offered on a house brand basis, while others are offered on an OEM basis through partnerships. For example, we offer the Car Sensor After-Sales Guarantee through a business and capital alliance with Recruit, one of our shareholders.

About 200 medium-sized network stores are guaranteed by us on an OEM basis.

# Automobile Warranty Business -Strong position

Reducing cost and developing market through pricing strategies with making use of our group synergies,

	Competitors	Premium Group
Feature	Starting late	<p><b>No.1 market share</b></p> <p><b>Holding huge data</b>                      ※The accumulated number of warranty contract cars is app over 1 million</p>
Cost reduction	Outsourcing every time	<p>Ask garages in our network to repair our subsidiaries provide automobile parts to need</p>



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In addition to our overwhelming 70% share of the third-party warranty industry, we have a nationwide network of approximately 2,400 general maintenance shops. This gives us a competitive advantage over our competitors in terms of profitability, as we are able to reduce the cost of repairs by using our network to perform repairs when breakdowns occur.

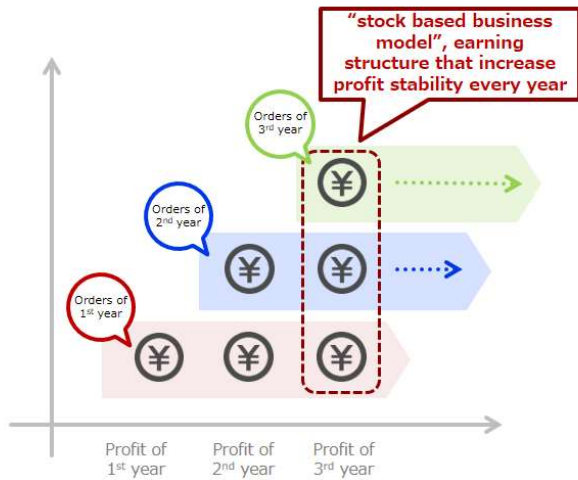
As I will explain later in the auto mobility business, we also have a parts trading company under our group, and we provide parts for repairs. We believe that our strength is that we can keep costs low and provide repair services anywhere in Japan.

# Automobile Warranty Business -Features(Accounting)

**Both cash position and profitability are stable because receiving warranty payment in advance and deferring revenue**

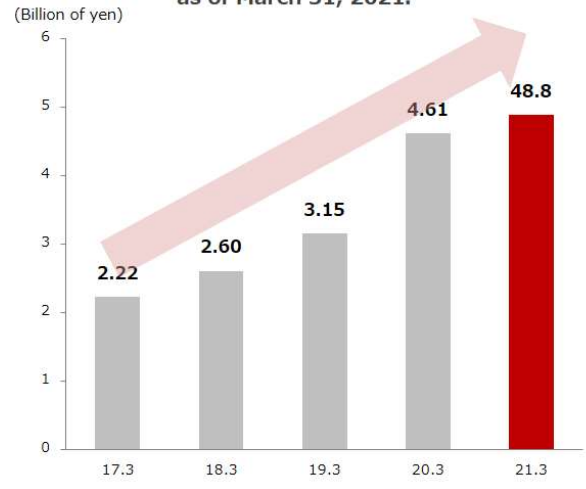
## Image of stock based business model

Automobile warranty revenue is deferred as with loan



## Future expected earnings

4.88 billion of yen stocked on B/S as future expected earnings as of March 31, 2021.



(Note)Future expected earnings means "warranty unearned income"

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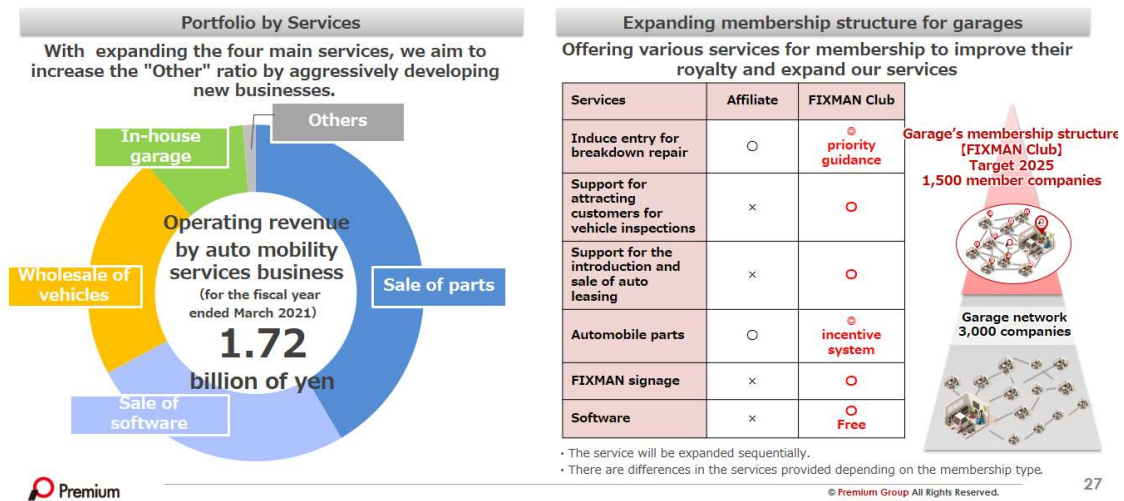
For automobile warranties, the warranty period is averaging two to three years. Since the profit is based on the warranty period, this is also a stock business.

Our accounting is characterized by the fact that we have a stock of nearly 30 billion yen in total, including nearly 5 billion yen in the failure guarantee business and nearly 25 billion yen in the finance business.



# Auto Mobility Services Business -Summary

**Our auto mobility services means service to create “premium” car life for customers with dealers and garages**



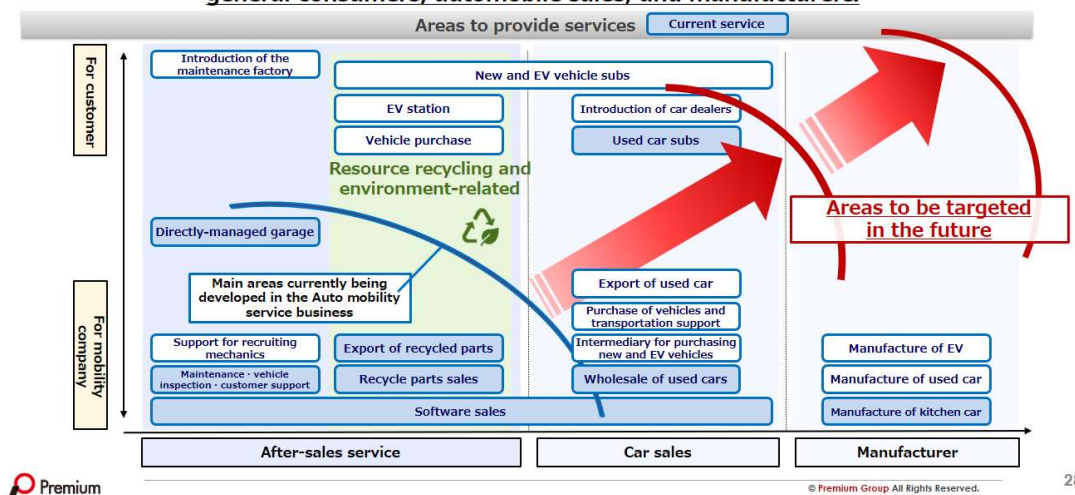
The third business, the auto mobility service business.

The Auto Mobility Service Business consists of parts sales, software sales, wholesale vehicle sales, and the operation of our own maintenance facility. We started the business in earnest last year and our revenue is still just under 2 billion yen, but we hope to grow it significantly in the future.

At present, we have a network of about 2,700 maintenance shops, but just like network stores of car dealer, we would like to promote the organization of paid members, and by 2025, we would like to have a membership organization called FIXMAN Club with 1,500 companies.

## Auto Mobility Services Business -Summary

Until now, we have been developing our business in the area of after-sales service for mobility companies. In the future, the company aims to expand its business in the areas of general consumers, automobile sales, and manufacturers.



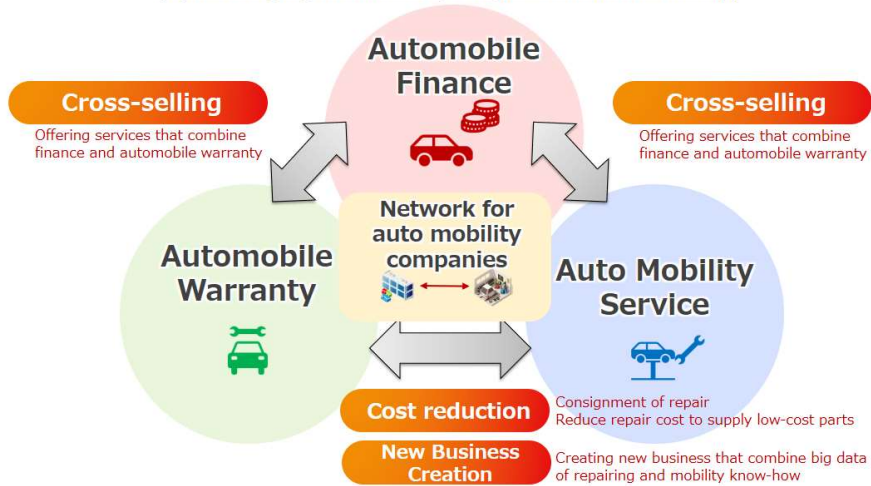
This is the direction the auto mobility service business is aiming for in the future. The services in blue are the product lines we are currently developing. In the future, we would like to expand our business by offering a variety of products not only to auto mobility service providers but also to general consumers.

We have started testing our "Choi Car" subs, which we started in June, at FIXMAN, our own factory in Sapporo. We started the subs at less than 20,000 yen per month including voluntary insurance, which is the lowest price in the industry.

We will be providing subs to the FIXMAN Club network of 1,500 companies.

## Mutual synergy in each business

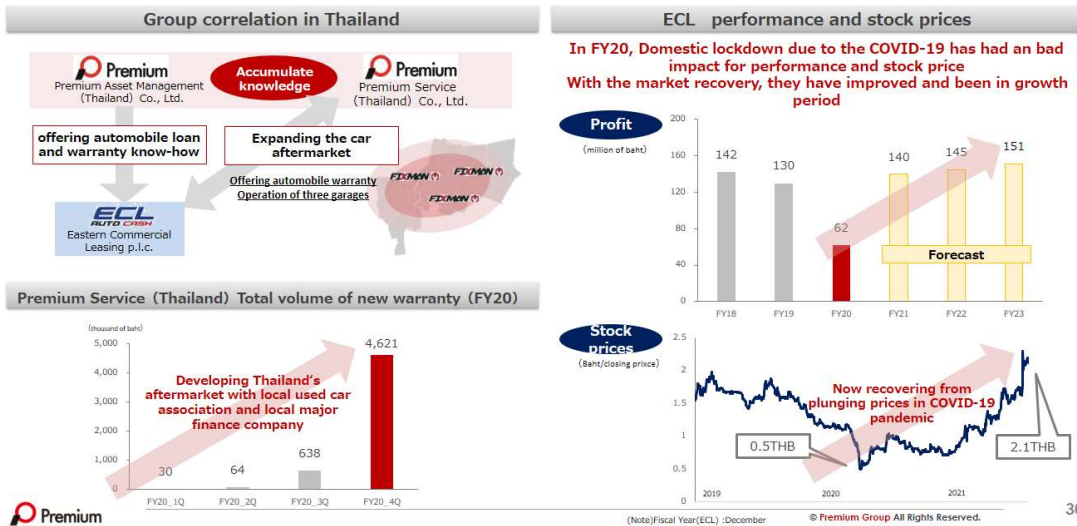
**Increase the competitive advantage of each business  
by leveraging business synergies within the Group.**



Our three businesses, credit finance business, automobile warranty business, and the auto mobility service business, are all connected. Our strategy is to promote cross-selling and enhance inter-group synergies while utilizing the mobility network to create new businesses and control costs.



## Promote offering automobile loan and warranty know-how and repairing service



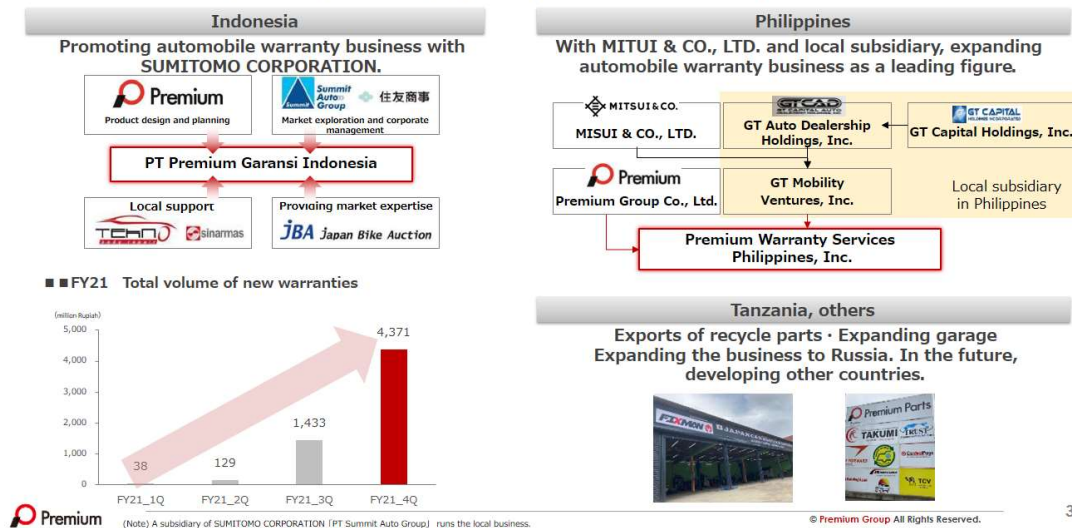
Regarding overseas expansion, we have a 25% stake in a finance company in Thailand. This company is called ECL, a listed company that deals with used car auto loans in Thailand. We have a 25% stake in this company and have dispatched our own executives. We have also established a guarantee company in Thailand called "Premium Service Thailand".

The situation in Thailand has been very severe by COVID-19 pandemic since last year, but the volume of business is increasing because there is a need for guarantees.

In addition, ECL took an impairment loss of about 900 million yen in the previous two fiscal years, and COVID-19 pandemic caused a significant drop in sales. ECL's share price has doubled since that time, and its performance has been very stable, and we expect its performance to improve in the future. In the case of Thailand, we believe that we have escaped COVID-19 pandemic.



## Expanding business(especially after car business) overseas



(Note) A subsidiary of SUMITOMO CORPORATION (PT Sumitomo Auto Group) runs the local business.

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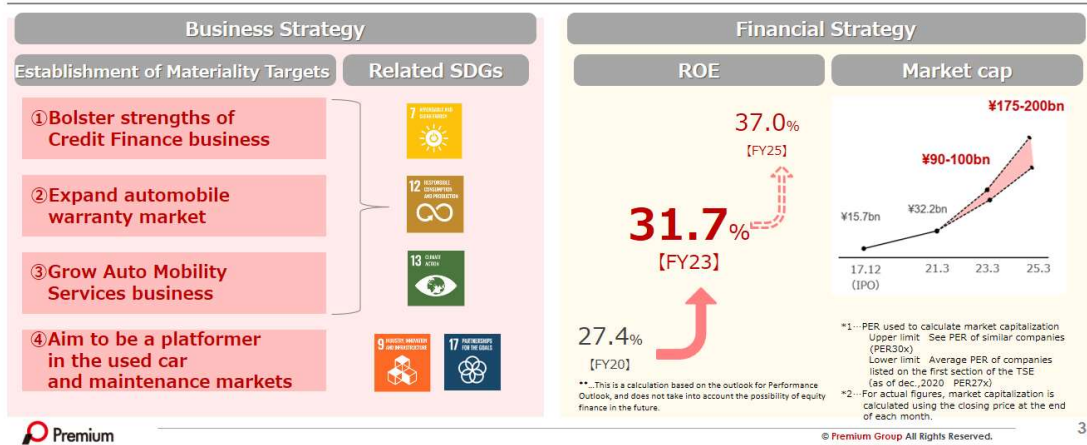
We are also developing automobile warranty companies in Indonesia and the Philippines. In Indonesia, we are operating an automobile warranty company in a joint venture with Sumitomo Corporation and the Sinarmas Group, a local conglomerate. Currently, due to the spread of COVID-19 infection in Indonesia, both of our dispatched staff have been sent back to Japan, but the market is very large and we believe that we can expect more success in the future. We have also established a joint venture with Mitsui & Co. in the Philippines this year. We expect to start the business this fall.

A parts company that we merged with last year has a maintenance factory in Tanzania and is selling parts for Japanese cars under the Premium Parts brand. We also have a FIXMAN brand maintenance facility in Tanzania, and we would like to use Tanzania as a base to expand into Africa, where the need for Japanese cars is very high.

Medium-term vision

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

## Summary of Medium-Term Management Plan [VALUE UP\_2023]



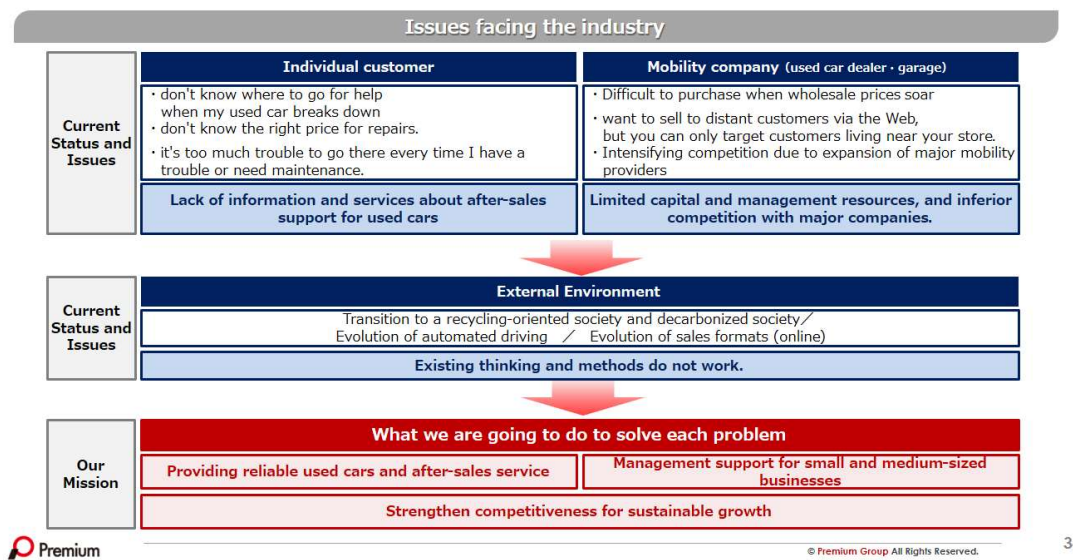
This is about our future growth strategy.

Since our founding, we have been a credit company. Today, we are not only a credit company, but we also want to be an auto mobility company that does business with auto mobility companies.

Therefore, our business strategy is to firmly expand the auto mobility service market by cultivating the market for automobile warranty while strengthening our finance business.

Our financial strategy is to raise our ROE to the 30% range and increase our profits to achieve a market capitalization of 200 billion by 2025.

## Medium-Term Management Plan -Platformer Strategy



In Japan, many people still believe that a new car is more reliable. We believe that the main cause of anxiety that individual customers have about used cars is worry about breakdowns and lack of information about after-sales service. In addition, the mobility business consists mainly of small and medium-sized companies. However, I believe that we are in an environment where small and medium-sized companies will not be able to compete as the major players expand their power in the future.

Right now, the major used car dealers are publicly announcing that they are going to increase the number of large display lots. I believe that this is the same environment in which small and medium-sized businesses in local shopping areas are becoming unviable.

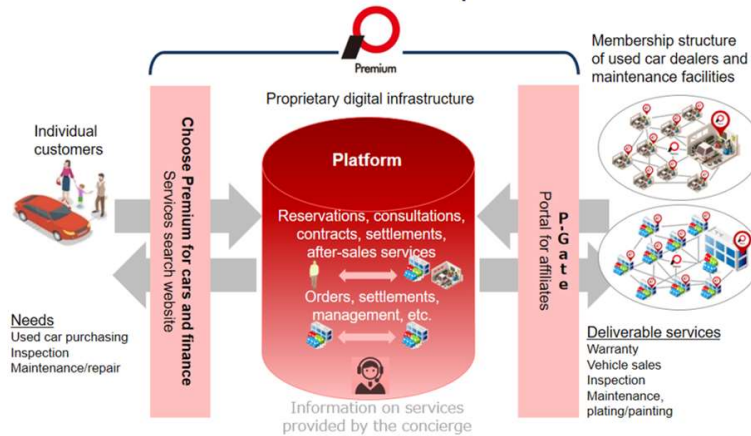
In addition, the shift to EVs is accelerating at a rapid pace, riding on the wave of Europe's plan to reduce the number of gasoline-powered cars to zero by 2035. This makes it tough for small and medium-sized companies to survive in terms of funding and human resources.

When we thought about where we should stand in light of these current issues and future prospects, we decided that we could strengthen our competitiveness for sustainable growth by providing reliable used cars and after-sales service, as well as by supporting the management of small and medium-sized companies

# Medium-Term Management Plan -Platformer Strategy

## Future Vision

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

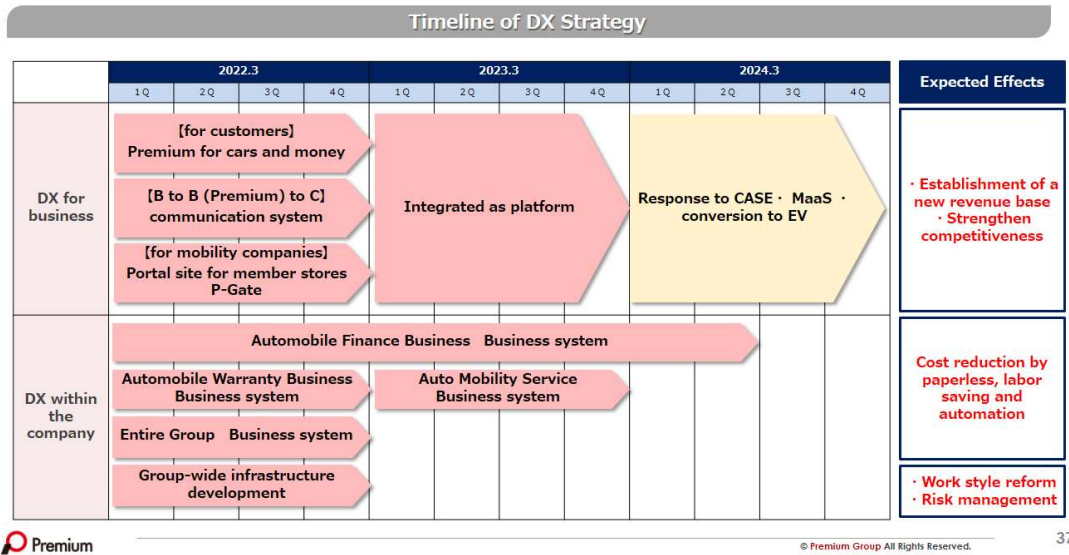


We believe that our platformer strategy can solve a variety of problems by acting as a platformer that connects customers with small and medium-sized auto mobility businesses

Until now, we have only been connected with used car dealers and have had no relationship with customers. From now on, however, we would like to stand between customers and auto mobility businesses, and provide a variety of services as a platformer.



# DX Strategy



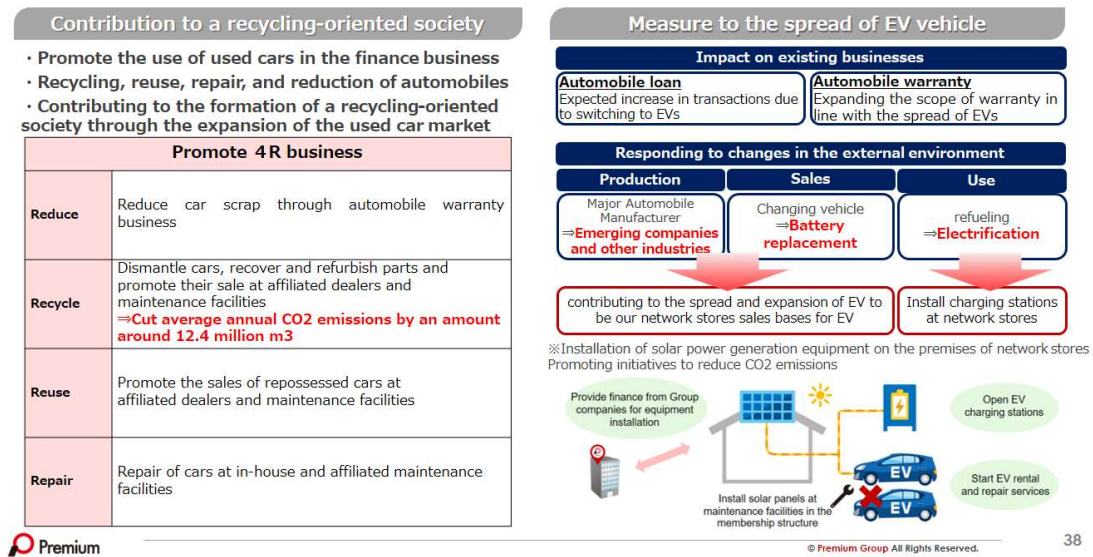
In order to achieve this, we will need a DX strategy, and we are putting together a project team of business and internal staff to promote DX to FY24.

We will invest 500 million yen to 1 billion yen every year in DX projects, including a project for the website for end users and auto mobility companies, a project for mobility providers, and an internal business reform project. All of these costs have been factored into our mid-term management plan.

In the future, we would like to connect to new businesses such as CASE, MaaS, EV, and so on. By this time, we will have a network of 3,000 used car dealers and 1,500 maintenance shops, for a total of 4,500 paying members. I believe that we are the only company in Japan that has built such a large network.

We would like to make use of this network to promote our business in the future.

## Medium-Term Management Plan -Contributing to the Environment



We are very conscious about contributing to the environment, decarbonization, and ESG. Originally, our business itself dealt with used cars, which contributed to a recycling-oriented society, and we have been promoting the 4R business: reduce, recycle, reuse, and repair.

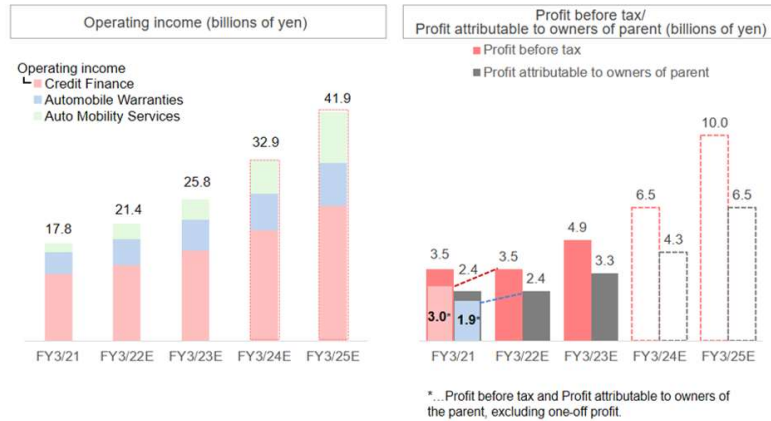
For example, for parts used in automobile warranty repairs, we use mainly recycled parts instead of new parts as much as possible. This is our contribution to decarbonization.

We also want to respond to changes in the external environment, such as the spread of EVs in the future. Having a network of 4,500 companies in the future means that we can have that many stations. For example, we are planning to install solar panels on the roofs of all network members and install EV chargers. We would like to strengthen our environmental efforts and contribute to decarbonization through our business.

# Medium-Term Management Plan -Performance Outlook

## Performance Outlook

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

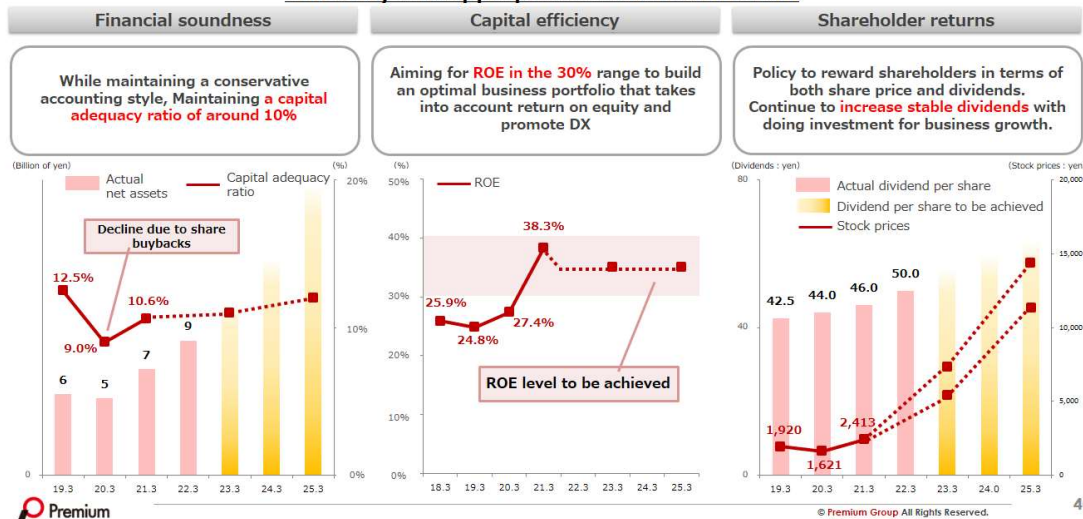


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Regarding the management outlook, we are aiming for operating income of 41.9 billion yen and income before income taxes of 10 billion yen in FY25. We will steadily achieve our mid-term management plan by increasing both sales and profits every fiscal year.

## Medium-Term Management Plan –Capital Policy

**Aim for sustainable enhancement of corporate value to maintain financial soundness, capital efficiency and appropriate shareholder return**



In terms of capital policy, from the perspective of financial soundness, I would like to set a guideline of 10% for the equity ratio, and keep the ROE in the 30% range.

With regard to shareholder returns, we announced a dividend of 45 yen for the previous fiscal year and 50 yen for the current fiscal year, and we intend to steadily and stably increase dividends each fiscal year.

## Executive Summary

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### Premium Group is “Auto-Mobility Company” group.

- 1** **Consumer finance business** little competition and stable earnings
- 2** Creating a **network** of mobility companies (used car dealers and maintenance shops)
- 3** Great room for growth as a **platformer** that **connects mobility companies and individual customers**
- 4** Contribute to a **recycling-oriented society** through expansion of core business, and aim to **be selected as a DX stock** by promoting
- 5** **Satisfies prime market standards with an excellent earnings base, high stock liquidity, and good governance**

Finally, a summary. We will structure our organization and business as an auto mobility company. One of our greatest strengths is our consumer finance business, where we can generate stable profits with little competition.

The auto mobility business network will have a paid membership network of nearly 5,000 companies by 2025, and the platform will be complete. In addition, we will promote cyclical services and DX promotion. We would like to challenge the selection of DX stocks.

We will then devote ourselves to the new market, the prime market.

Due to the time constraint, I am sorry for the hasty explanation.

Thank you very much for your attention.

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