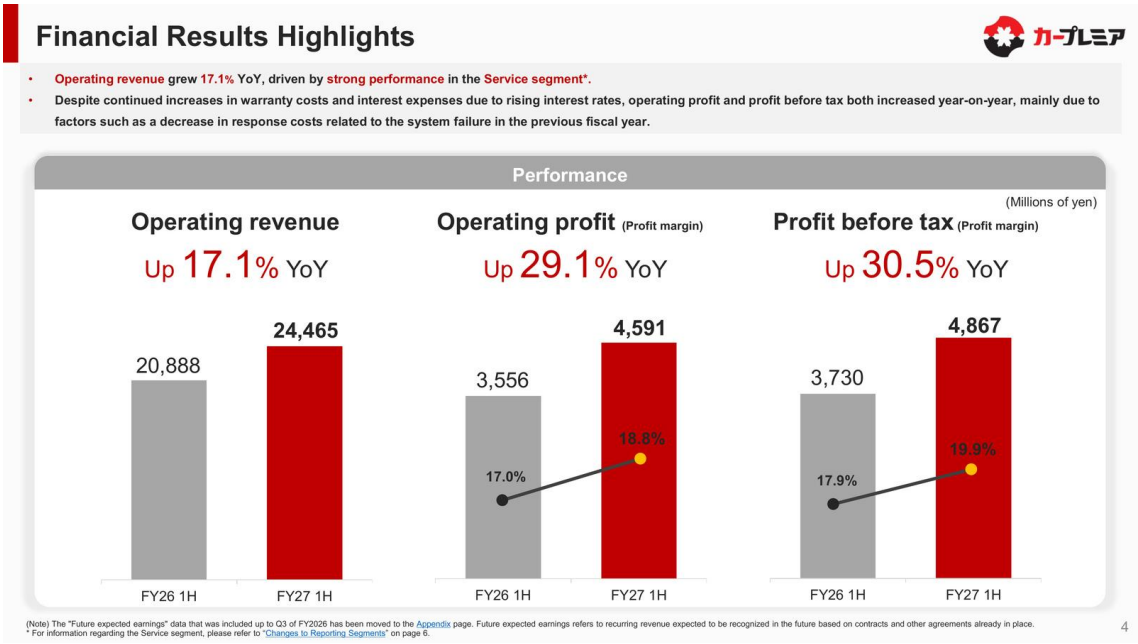
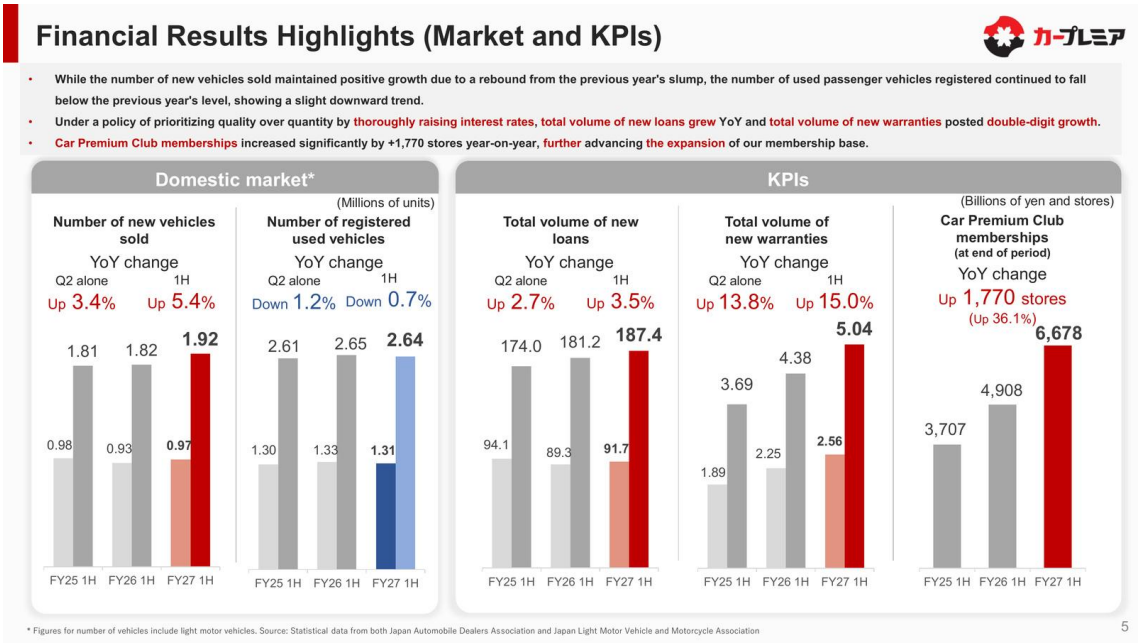
Transcript of Financial Results Briefing for 1H of FY Ending March 31, 2027 (November 13, 2026)

[Speaker] Yohichi Shibata, Representative Director, President and CEO, Premium Group Co., Ltd.

Thank you very much for joining Premium Group's financial results briefing today.
I am Yohichi Shibata, Representative Director, President and CEO.
Today, I will focus on the key points of our H1 results and our management policies for H2.
Today's agenda covers financial highlights, an overview of consolidated financial results, performance by business segment, and other topics.



First, I will discuss our financial highlights.
Operating revenue for H1 increased 17.1% YoY to JPY 24.465 billion. Operating profit increased 29.1% to JPY 4.591 billion, while profit before tax increased 30.5% to JPY 4.867 billion. In addition to our Finance Business, growth in our Service Business, including Car Premium Club and vehicle sales, drove the increase in revenue.
Meanwhile, finance costs and repair costs associated with our automobile warranty business have increased. Although this profit growth includes the rebound from temporary factors associated with the system outage in the previous fiscal year, we achieved solid profit growth even after adjusting for these factors. Going forward, we will place greater emphasis on profitability in each business to achieve sustainable profit growth.

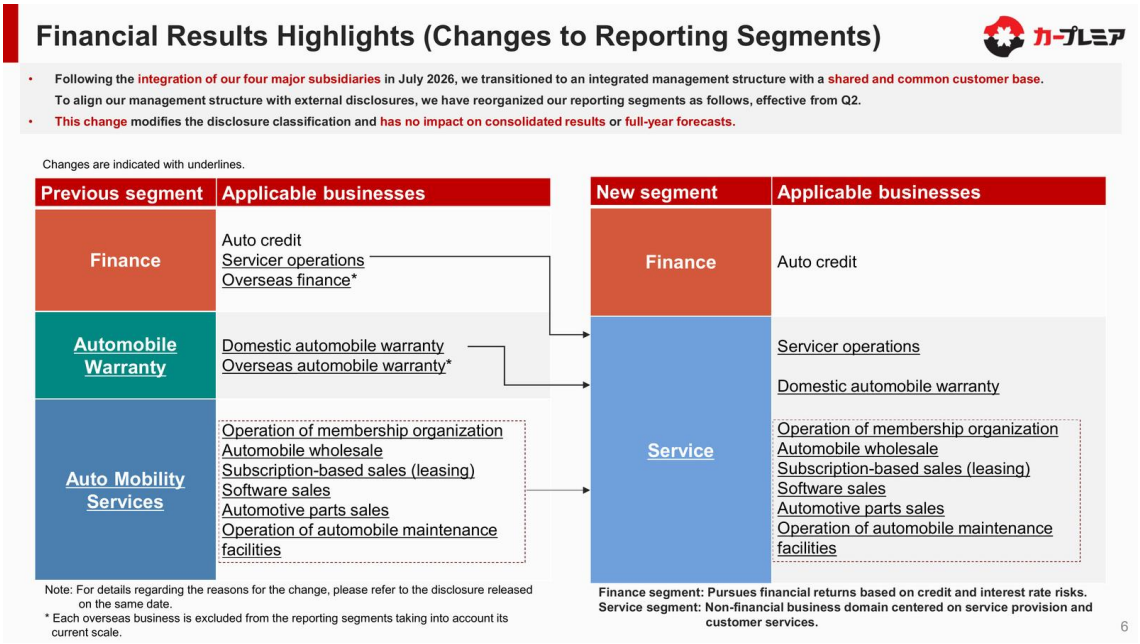


Next, I will discuss the market environment and our key performance indicators.

Used car registrations declined 0.7% YoY. Overall, the market continues to lack momentum. Against this backdrop, volume of new loans increased by 3.5%. In an environment of rising interest rates, we are prioritizing appropriate interest margins and credit quality rather than pursuing transaction volume alone.

In addition, we have stopped accepting and handling ecology credit applications from this fiscal year due to profitability concerns. Looking solely at auto credit, transaction volume increased 6.0% YoY in Q1 and 6.2% in Q2. Automobile warranty transaction volume increased 15.0% YoY, demonstrating solid growth.

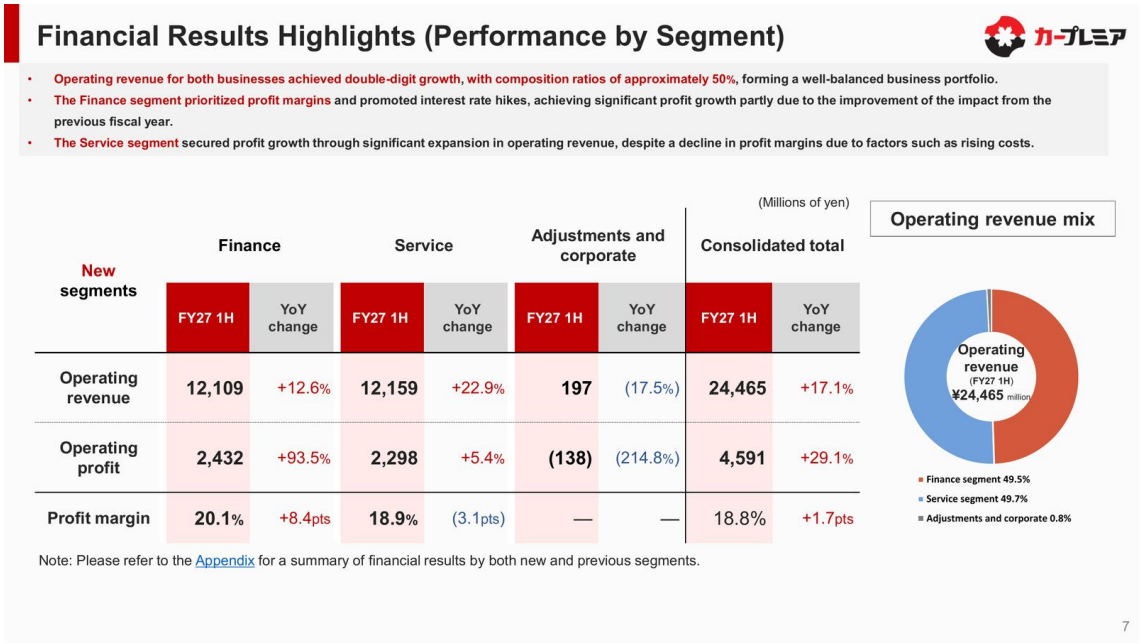
The number of Car Premium Club member stores, which we regard as our most important KPI, increased 36.1% YoY to 6,678. We intend to continue leveraging this membership base to provide integrated finance, warranty, and maintenance services.



Next, I will explain the integration of our major subsidiaries and the changes to our reporting segments.

In July this year, we integrated four major operating subsidiaries into Premium Co., Ltd. The purpose was not simply to consolidate legal entities. Rather, our objective was to establish a common network of affiliated dealers and maintenance facilities and operate our finance, warranty, and mobility services in an integrated manner.

In conjunction with this integration, we changed our reporting segments to the Finance Business and the Service Business. These changes have no impact on our consolidated financial results or full-year earnings forecast. We intend to demonstrate the benefits of the integration through improvements in sales productivity, cross-selling, and profitability.



Next, I will discuss performance under the new segment structure.

The Finance Business accounted for 49.5% of operating revenue, while the Service Business accounted for 49.7%. The two businesses therefore contributed almost equally to revenue. In the Finance Business, operating revenue increased 12.6% YoY and operating profit increased 93.5%. However, the substantial profit increase includes the effects of special factors in the previous fiscal year.

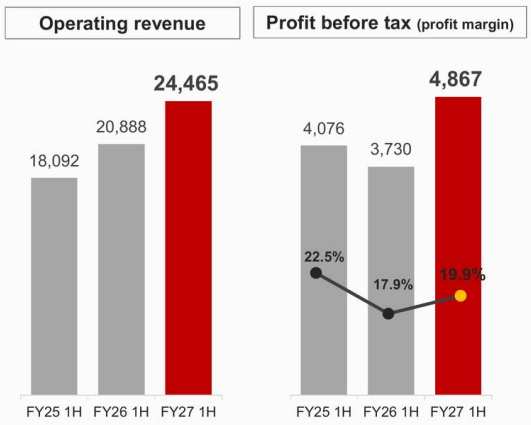
In the Service Business, operating revenue increased 22.9% YoY, while operating profit increased 5.4% YoY. The 5.4% profit growth may appear relatively modest. This reflects the sharp increase in costs associated with automobile warranties, as well as decreased profit in the Service Business, which reduced the overall profit margin. We recognize improving profitability as an important management priority.

Consolidated Performance

(Millions of yen)

- While operating revenue increased by 17.1%, operating expenses rose by only 14.7%, with revenue growth outpacing expense growth, contributing to profit growth.
- Despite higher warranty costs and interest expenses, profit margin before tax reached approximately 20%.

	FY26 1H	FY27 1H	YoY change
Operating revenue	20,888	24,465	+17.1%
Operating expenses	17,331	19,874	+14.7%
Operating profit	3,556	4,591	+29.1%
Profit before tax	3,730	4,867	+30.5%
Profit attributable to owners of parent	2,589	3,305	+27.6%
Basic earnings per share (yen)	67.75	85.26	+25.8%



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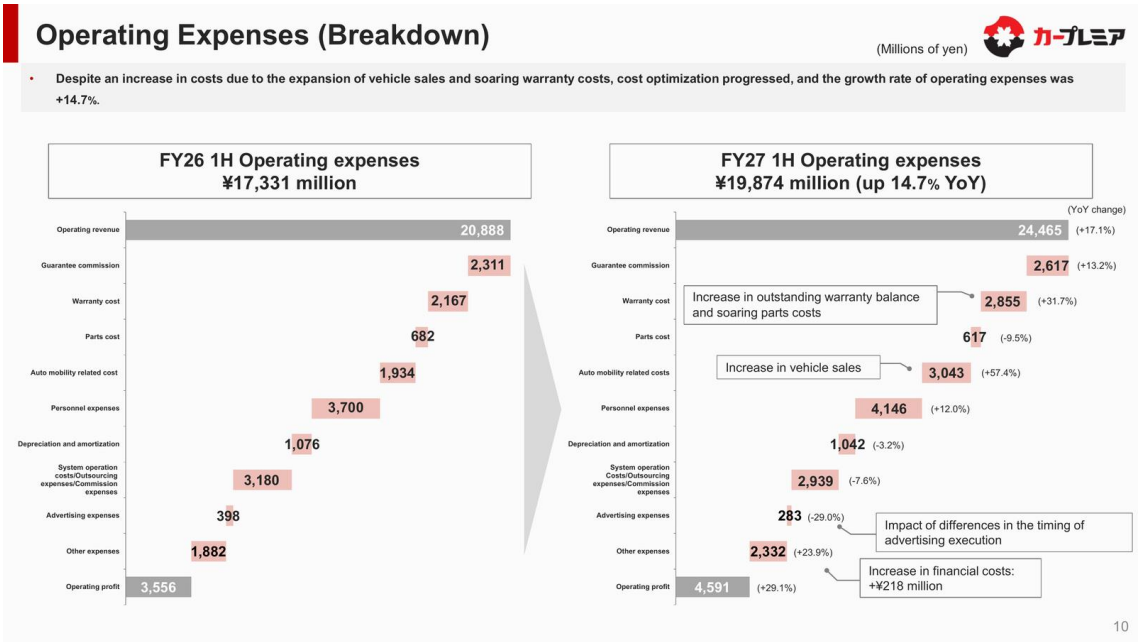
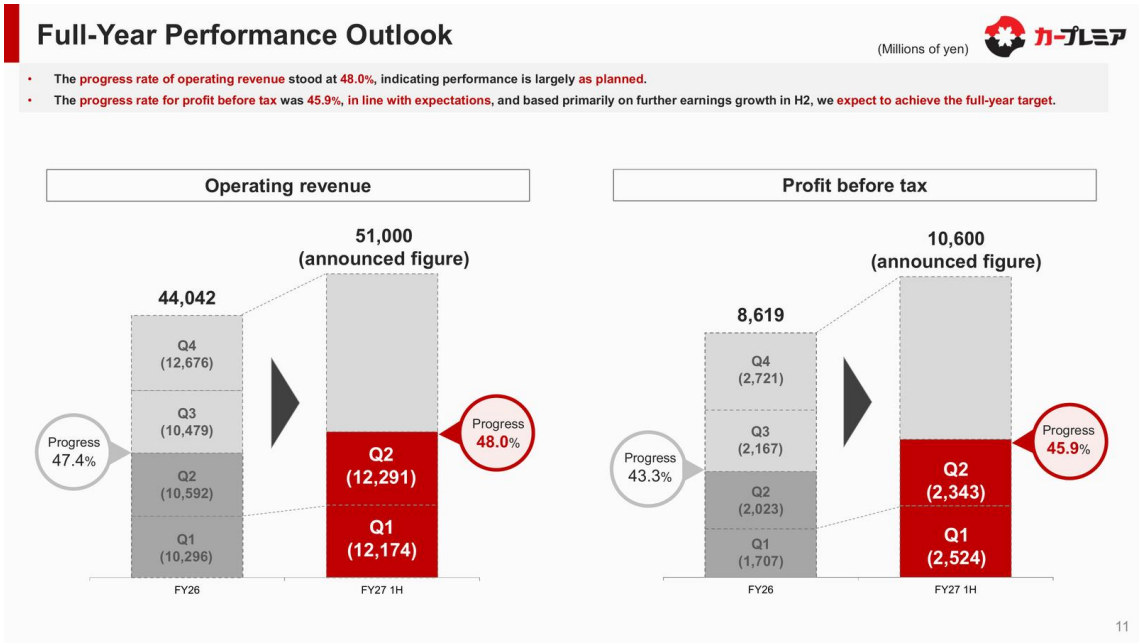
Next, I will provide an overview of our consolidated financial results.

Operating revenue increased 17.1% YoY, while operating expenses increased 14.7% YoY. Operating profit increased 29.1% YoY. Interim profit attributable to owners of the parent amounted to JPY 3.305 billion. According to our calculations, operating profit adjusted for temporary factors in both periods increased 7.5% YoY. We believe it is important to distinguish between the substantial profit growth reported in our financial statements and the underlying growth in recurring business earnings. We intend to further strengthen the latter.



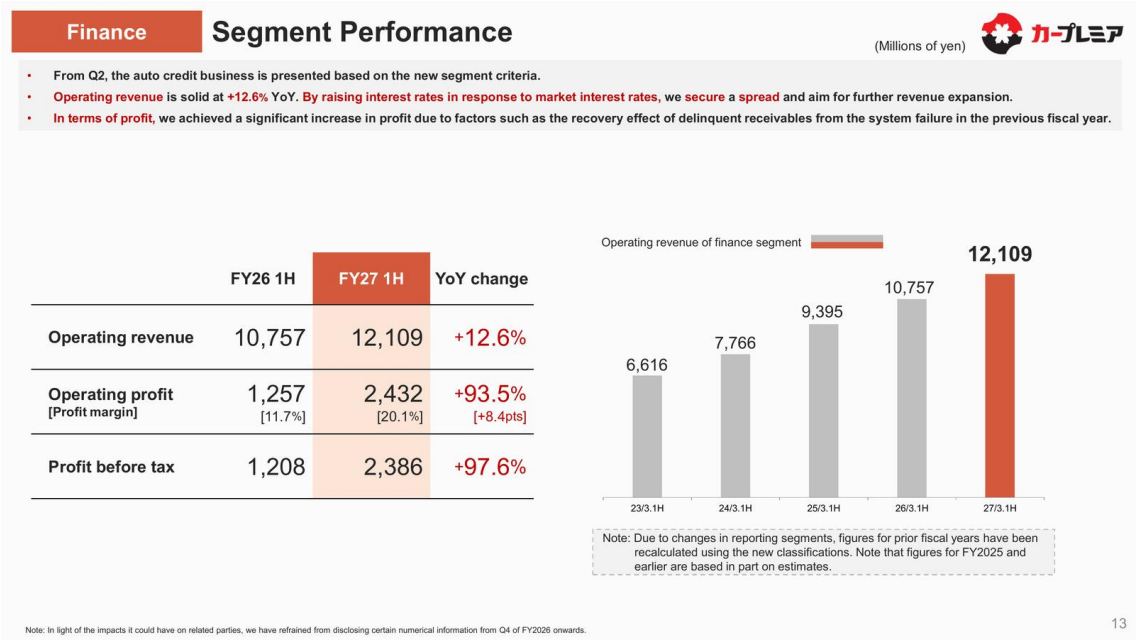
Next is the breakdown of operating expenses. The main factors behind the increase in operating expenses were higher costs associated with the expansion of vehicle sales, increased repair costs in the automobile warranty business, and higher finance costs. Finance costs increased by JPY 218 million YoY. Meanwhile, system operation costs, outsourcing expenses, and commission expenses decreased YoY.

However, these decreases partly reflected the reduction in expenses associated with responding to the system outage in the previous fiscal year. Ordinary operating expenses have actually increased. We will carefully examine the factors behind each cost increase or decrease and pursue productivity and profitability improvements commensurate with the expansion of our business.



Next, I will discuss our full-year earnings outlook.

We have maintained our full-year forecasts of JPY 51 billion in operating revenue and JPY 10.6 billion in profit before tax. The H1 progress rates were 48.0% for operating revenue and 45.9% for profit before tax. In H2, the accumulation of finance receivables is expected to contribute to revenue growth. Improving warranty costs in the Service Business will also be important. Taking higher expenses into account, we will continue implementing measures to achieve our full-year targets.

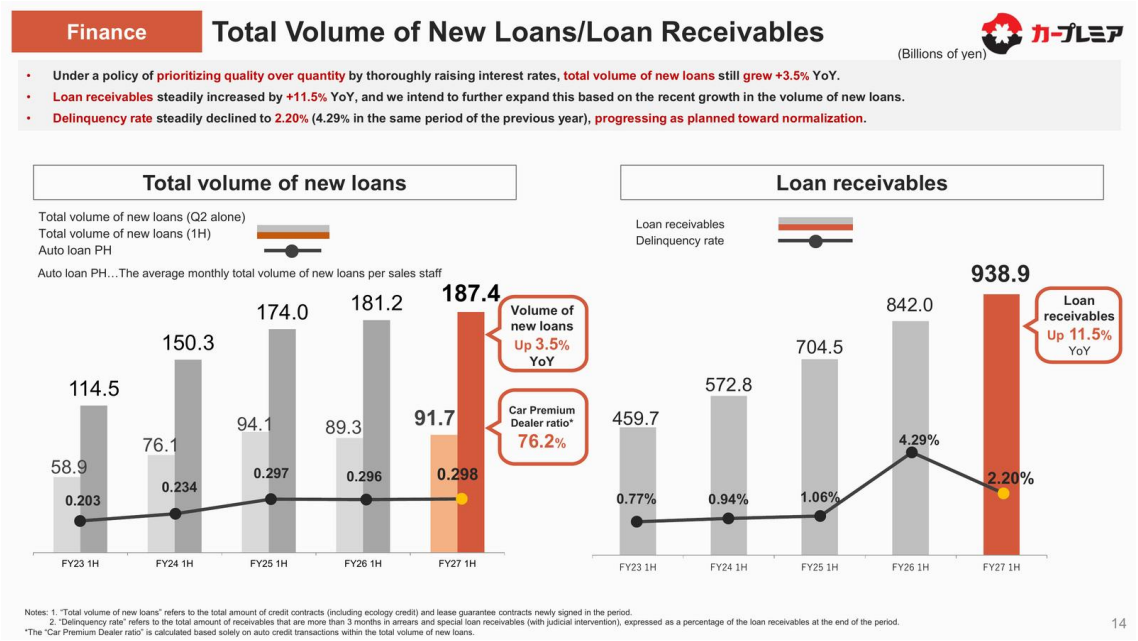


I will now explain performance by business segment, beginning with the Finance Business.

Operating revenue in the Finance Business increased 12.6% YoY to JPY 12.109 billion.

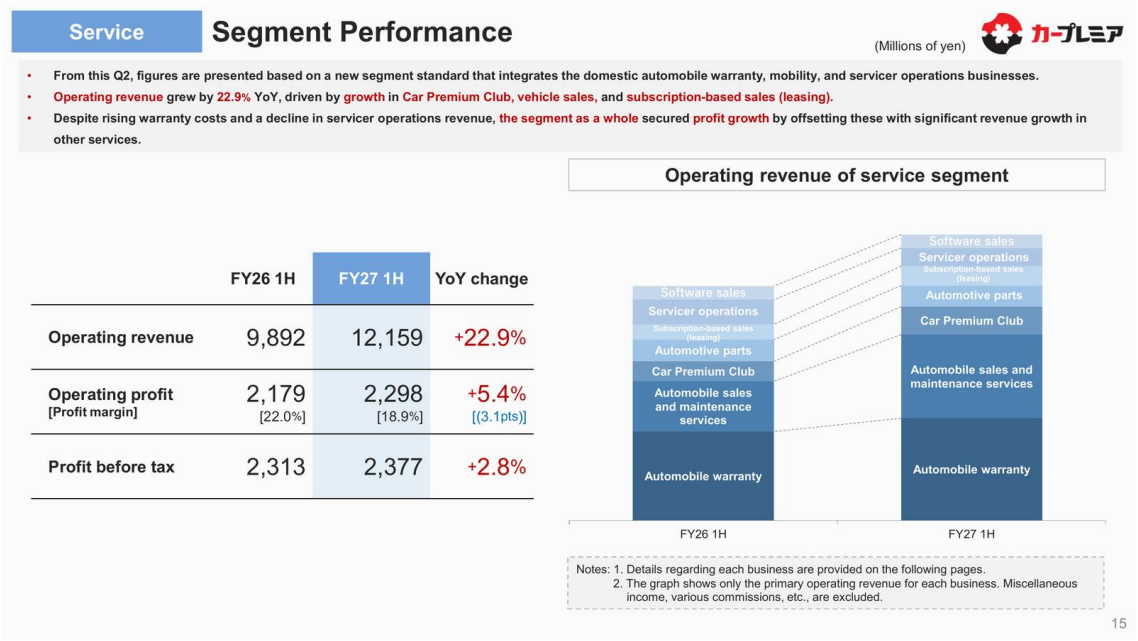
Operating profit increased 93.5% YoY to JPY 2.432 billion. However, this substantial increase includes the rebound from temporary factors in the previous fiscal year, including costs associated with the system outage and debt collection activities. After adjusting for these factors to assess underlying performance, operating profit increased 14.3% YoY.

The earnings base of our Finance Business continues to expand steadily. We will continue prioritizing the quality of earnings rather than transaction volume through interest rate revisions and appropriate credit management.



Next, I will discuss trends in the volume of new loans and loan receivables.

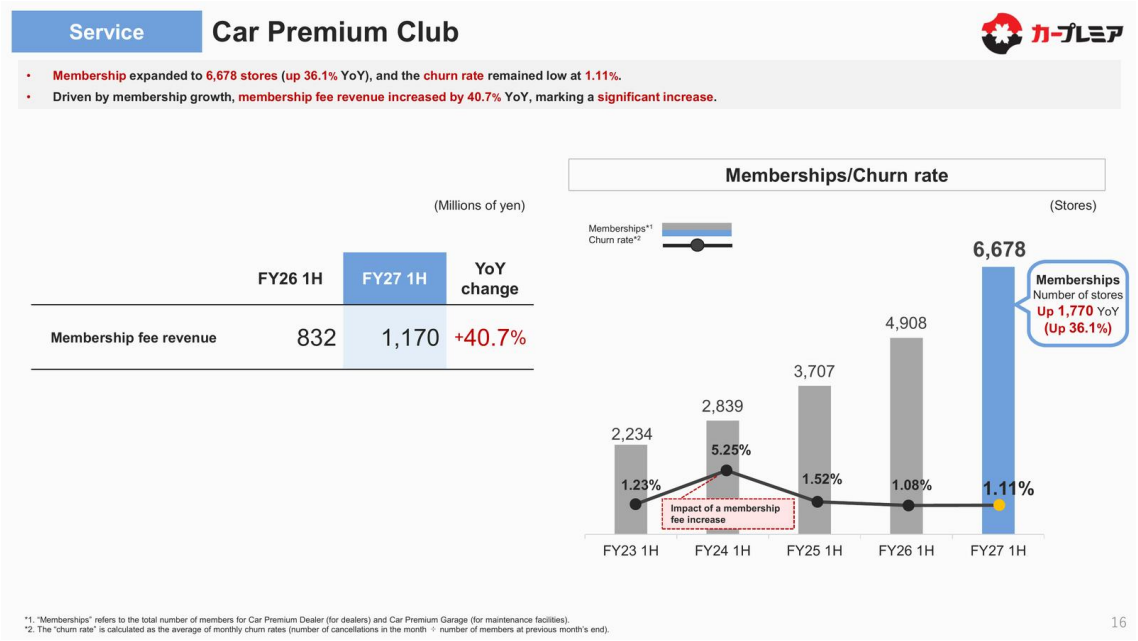
The volume of new loans increased by only 3.5% YoY, but we regard this as a result of our decision to prioritize profitability. The balance of loan receivables increased steadily by 11.5% YoY to JPY 938.9 billion. The ratio of delinquent loan receivables declined from 4.29% in the same period last year to 2.20%. Although we have not yet fully restored collection performance to the level we are targeting, we will continue improving collection quality. At the same time, we intend to steadily proceed with the accumulation of our balance of loan receivables.



Next is the Service Business.

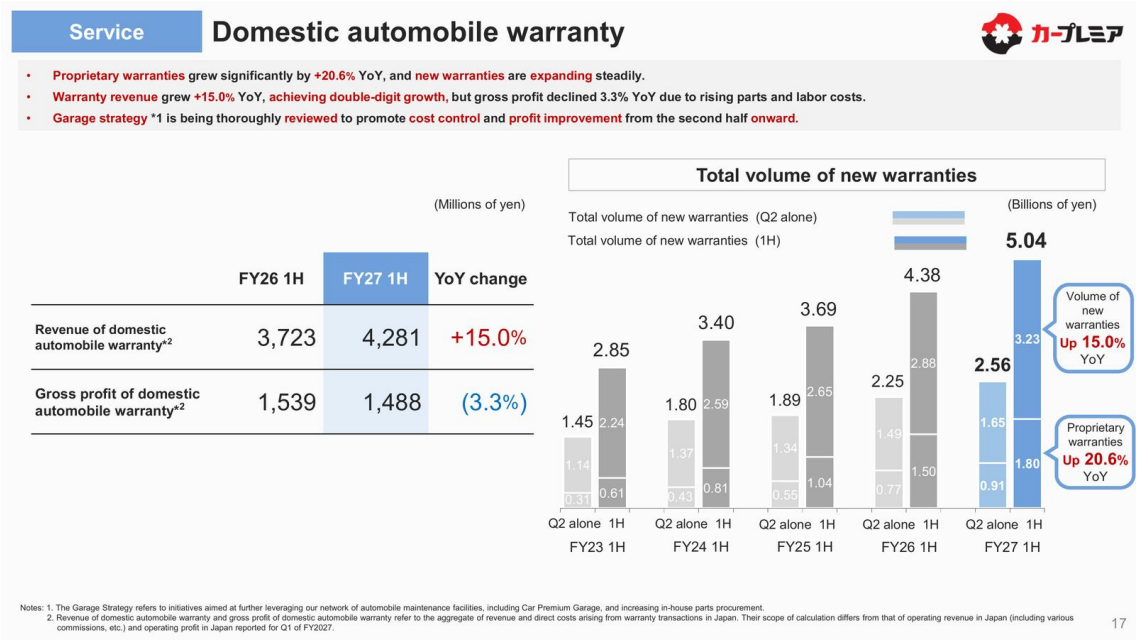
Operating revenue increased substantially by 22.9% YoY to JPY 12.159 billion. However, operating profit increased only 5.4% YoY to JPY 2.298 billion. The operating profit margin also declined from 22.0% to 18.9%.

While we view the growth in membership services and automobile wholesaling and maintenance services positively, we recognize the need to address rising costs in the automobile warranty business and declining revenue in our servicer operations. We intend to continue balancing business growth with profitability.



Next, I will discuss Car Premium Club.

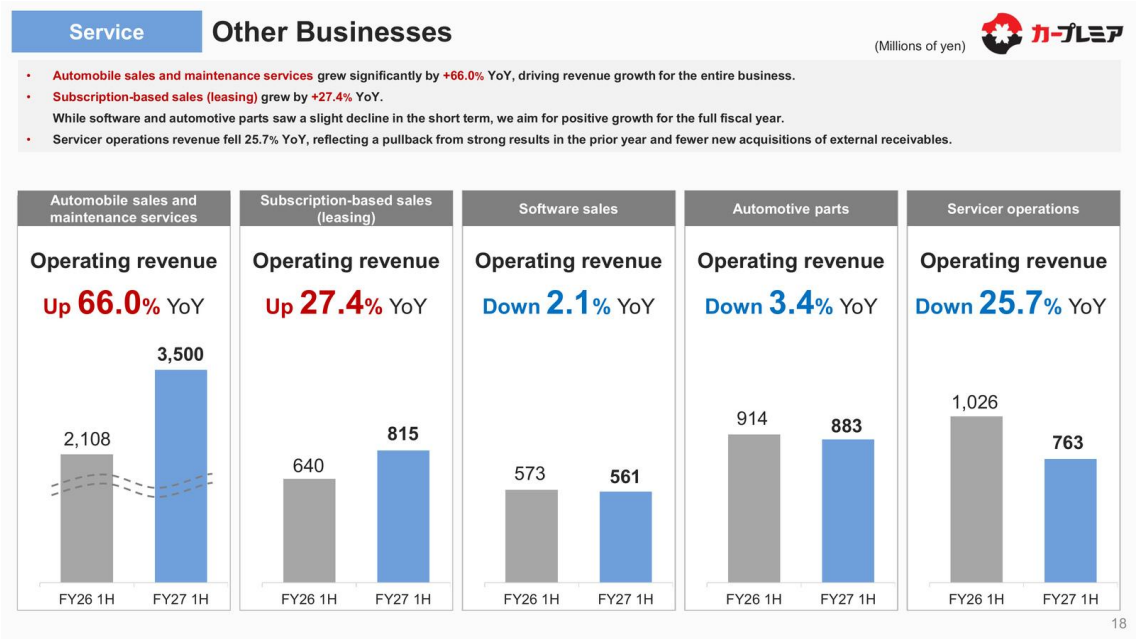
Membership has continued to grow steadily. The number of member stores at the end of H1 increased 36.1% YoY to 6,678, while membership fee revenue reached JPY 1.17 billion. Converting affiliated dealers and maintenance facilities into members does more than generate stable membership fee income. It also establishes a foundation for encouraging them to use multiple services, including finance, warranties, and maintenance. We intend to promote continued service usage among members and increase transaction volume per affiliated dealer and maintenance facility.



Next is our domestic automobile warranty business.

Domestic automobile warranty revenue increased 15.0% YoY to JPY 4.281 billion. However, gross profit decreased 3.3% YoY to JPY 1.488 billion. The increase in cost per repair had a greater impact than the number of repairs. In particular, higher parts prices and labor costs have affected profitability.

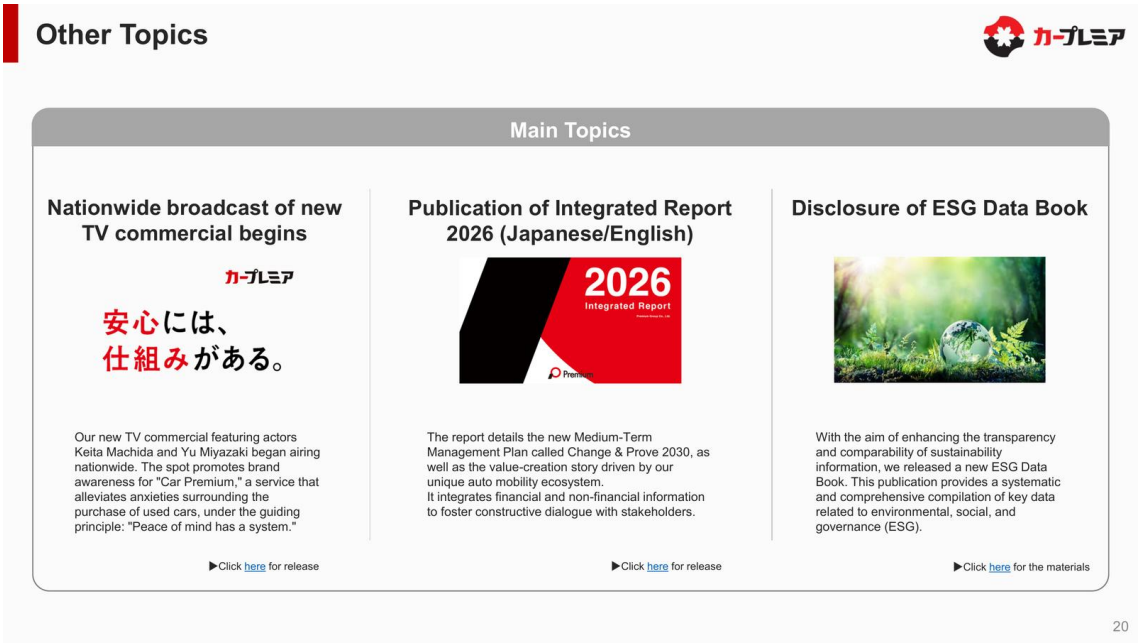
Alongside revisions to warranty fees, we will encourage customers to use our affiliated maintenance facilities and strengthen parts procurement. In H2, we will focus on improving the effectiveness of cost management and restoring the profit margin of the warranty business.



Next, I will discuss automobile wholesaling, servicer operations, and other businesses.

Revenue from automobile wholesaling and maintenance services increased 66.0% YoY, partly reflecting higher used car prices in the market. Revenue from subscription and leasing services increased 27.4% YoY. However, automobile wholesaling includes certain temporary sales associated with one-off transactions. We therefore need to carefully assess whether the current rate of growth is sustainable.

Meanwhile, revenue from our servicer operations decreased 25.7% YoY. This reflected the rebound from exceptionally strong performance in the previous year, as well as a decline in newly acquired external receivables. Going forward, we will place greater emphasis on the profitability of each business and its contribution to overall group earnings.



Finally, I would like to discuss several other topics.

In September, we launched a new nationwide television commercial for Car Premium. In October, we published our Integrated Report 2026 and ESG Data Book. We intend to translate greater brand recognition into increased customer referrals to affiliated dealers and maintenance facilities and greater usage of our services. We will also continue enhancing our disclosure of both financial and non-financial information.

Our H1 results demonstrated that the earnings bases of both the Finance Business and the Service Business are expanding. At the same time, we clearly recognize rising repair costs in the automobile warranty business and the need to improve profitability in the Service Business as important challenges. We intend to address these issues firmly in H2. Furthermore, as interest rates continue to rise, we will prioritize profitability over volume.

Through the expansion of the Car Premium ecosystem, we aim to achieve sustainable profit growth.

Thank you very much for your attention.

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