



Premium Group Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2021

May 10, 2021

Event Summary

[Company Name]	Premium Group Co., Ltd.
[Company ID]	7199-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2021
[Fiscal Period]	FY2020 Annual
[Date]	May 10, 2021
[Number of Pages]	19
[Time]	16:00 – 16:44 (Total: 44 minutes, Presentation: 30 minutes, Q&A: 14 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	1 Yohichi Shibata President, Representative Director, and CEO

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Presentation

Shibata: Good evening, everyone. I am Shibata from Premium Group Co., Ltd. Thank you for taking time out of your busy schedule to watch today's briefing.

I would now like to quickly announce our financial results for the FY2020. As this is the fiscal year ending March 31, 2021, I would like to provide an overview of the financial results, the figures for the previous fiscal year, as well as the earnings and dividend forecasts for the current fiscal year.

Highlights from FY Ended March 31, 2021	
<ul style="list-style-type: none"> ✓ Automobile market recovered ✓ Operating income saw soaring growth amid rising revenue for both loans and warranties and other revenue from subsidiaries 	
Market	<ul style="list-style-type: none"> ■ Number of new passenger vehicles registered Full-year: Down 8.7% YoY; Q4 alone: Up 2.2% YoY ■ Number of used passenger vehicles registered Full-year: Up 0.9% YoY; Q4 alone: Up 2.3% YoY <p>Both the new and used passenger vehicle markets are recovering <small>(Statistical data from the Japan Automobile Dealers Association)</small></p>
KPIs	<ul style="list-style-type: none"> ■ YoY of total volume in core businesses <p>Total volume of new loans Full-year: Down 6.2% YoY (down 9.2% in Q1 alone, down 20.5% in Q2 alone, up 1.9% in 3Q alone and up 5.3% in Q4 alone) Total volume of new warranties Full-year: Up 3.1% (down 10.5% in Q1 alone, up 9.8% in Q2 alone, up 9.7% in Q3 alone and up 3.6% in Q4 alone)</p>
Performance	<ul style="list-style-type: none"> ■ Operating income: ¥17,825 million (up 27.2% YoY) ■ Future expected earnings (deferred profit): ¥30,240 million stocked on B/S (up 14.6% YoY) <p>Operating income was up 22.9% YoY for Q4 alone (¥4,722 million) Credit finance business: ¥25,080 million Automobile warranty business: ¥4,880 million Other businesses: ¥280 million</p>
Topics	<ul style="list-style-type: none"> ■ Announcement of Revision of Dividend Forecast for Fiscal Year Ended March 31, 2021 (Dividend Increase) ■ Revisions to Medium-Term Management Plan "VALUE UP^ 2023" ■ Announcement of Digital Transformation (DX) Strategy ■ Announcement of ESG Report <p>May 13</p>

First, this is the overview of our financial results for FY2020.

In the automobile market, due to the coronavirus crisis, sales of new cars were 91% of the previous year's level, and sales of used cars were approximately 100% of the previous year's level, with significant growth in 1Q, 2Q, and 3Q. If we look at 4Q alone, sales of both new & used cars were approximately 102%. The market is recovering to the same level as the previous year and the year before. However, if we look at 4Q alone, we still feel that the market growth is weak because we were in a state of emergency for almost three months.

On the other hand, in terms of the transaction volume in the main businesses, the credit card business in 4Q was 105%, which is a little higher than the 102% in 3Q. The market was very good in 3Q, and we have been able to grow steadily since entering the second half of the year.

With regard to our warranty business, we have a very large market share, and for 4Q, we feel that the growth was slightly in excess of the growth in used cars.

As a result, the business results were the highest ever, with operating revenue of JPY17.8 billion. The original plan was JPY17.3 billion, but we were able to add JPY500 million to the original plan, resulting in JPY17.8 billion. This is 127% compared to the same period last year.

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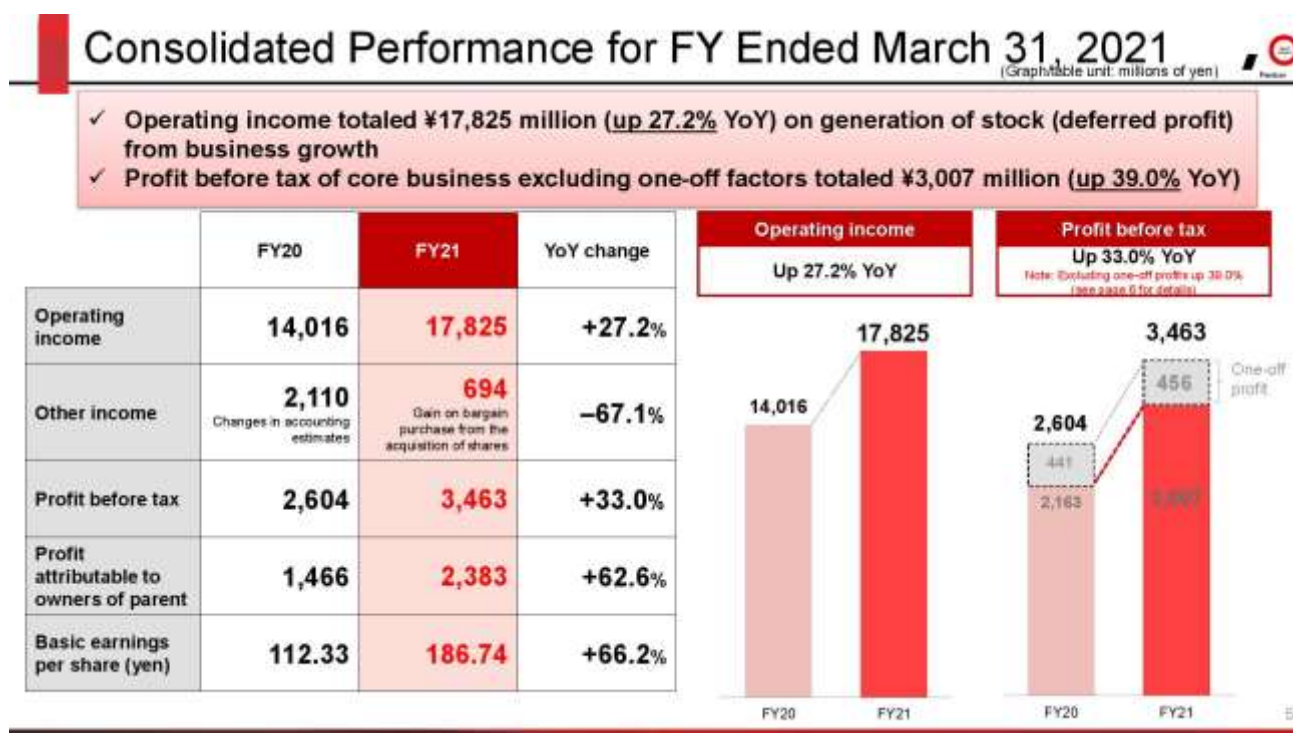


Operating income for 4Q alone was JPY4.72 billion, which is 122%, a solid double-digit growth rate and more than 120% growth.

In addition, since profits have been deferred, the stock has increased to JPY30 billion, and as you can see here, the breakdown is JPY25 billion for credit, JPY4.8 billion for warranty, and JPY300 million for others. While firmly securing future profits of JPY30 billion, we have achieved more than 120% of our business performance.

As for topics, we have revised the dividend forecast for FY2021, and have increased the year-end dividend by JPY1.

We also promised to announce the figures for the review of the mid-term management plan, and we will do this on May13. In addition, we have many other announcements to make in addition to this earnings announcement, such as the strategy of DX and the report on ESG.



As for the contents of the report, operating revenue grew steadily from JPY14 billion in the previous fiscal year to JPY17.8 billion. In addition, other income, which is a transient income, was JPY2.1 billion in the previous fiscal year, but this fiscal year it is less than JPY700 million, which is a significant decrease.

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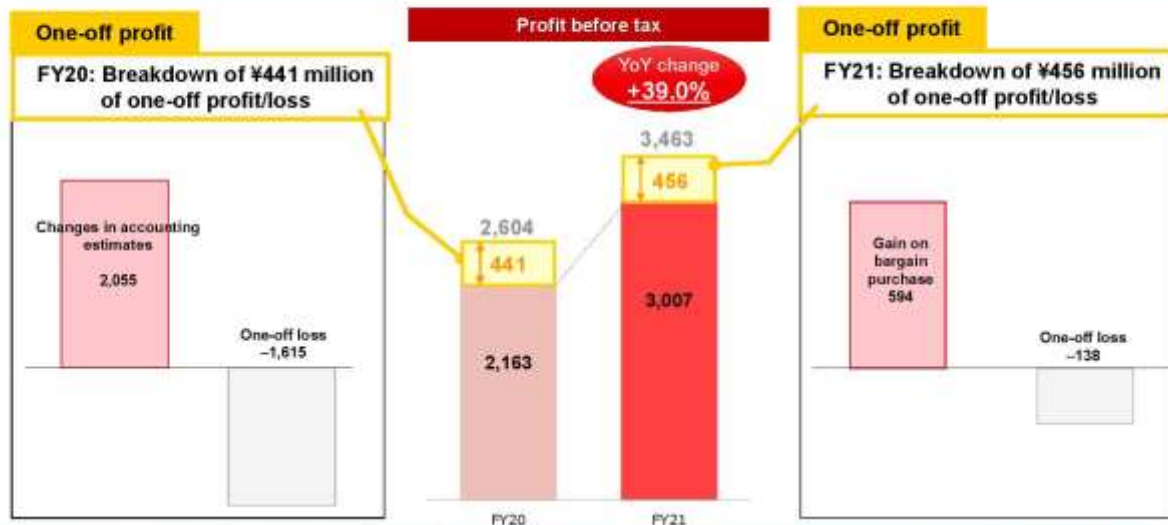
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About Profit before Tax of Core Business

(Graph unit: millions of yen)



- ✓ Booked one-off profits of ¥441 million in FY20 and ¥456 million for FY21
- ✓ Profit before tax of core business excluding one-off factors totaled ¥3,007 million (up 39.0% YoY)



This was a one-time event, so in terms of earnings before tax, we achieved JPY3.463 billion for this fiscal year, though we had planned for JPY3.3 billion. Thus, we ended up an upward revision of about JPY160 million.

The transient income was JPY456 million compared to JPY440 million in the previous fiscal year, which in turn is almost on the same level as the year before that. Thus, you can say that the numbers in our core business are improving, since we have more than 130% growth.

Current net income for this fiscal year was just under JPY2.4 billion, an increase of nearly 160%, and I believe that we were able to nearly double the current net income per share.

Earning before tax, as I have just explained in detail, was JPY3.463 billion compared to JPY2.604 billion in the previous fiscal year, which is an increase of nearly 140%. The one-time profit is around JPY450 million, so compared to the previous fiscal years, I think that you can see stable financial results in this area.

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Credit Finance Business: Total Volume of New Loans

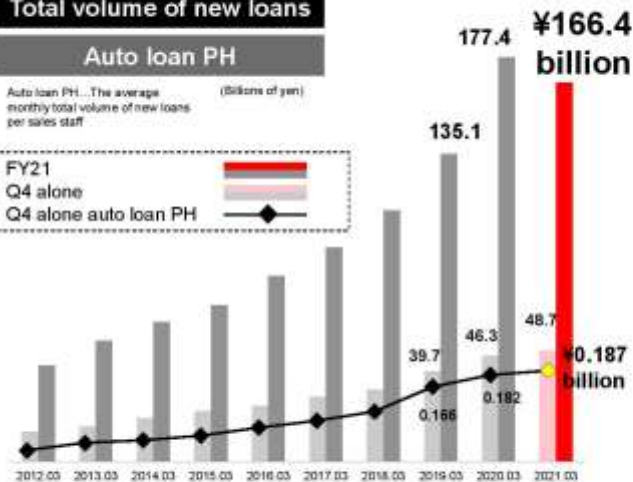


Total volume of new loans

Auto loan PH

Auto loan PH... The average monthly total volume of new loans per sales staff (Billions of yen)

FY21
Q4 alone
Q4 alone auto loan PH



Notes: 1. "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 Pioneer Co., Ltd.
2. Credit profit is the amount from the split commission received from customers, minus costs for procuring, sales promotion costs and advances, included in the total amount of credit contracts (total volume).
3. "PH" stands for "Per Head", which refers to the average monthly total volume of new loans or sales per sales staff. The monthly total volume of new loans refers to the total of the amount of credit contracts newly signed in a month. The amount of credit contracts refers to the total amount of the balance of charges for the product and the split commission. Furthermore, PH represents the actual results of Pioneer Co., Ltd.

FY21 Total volume of new loans: Down 6.2% YoY

Q4 alone Total volume of new loans: Up 5.3% YoY

FY21 Credit profit: Up 2.2% YoY

Factors driving change

- In 2H the market and volume recovered, but the impacts from the downturn in 1H resulted in full-year figures down 6.2% YoY
- Began initiatives in Q4 for expanding sales aimed at Q1 FY2022 (increased sales staff by two persons between Q3 and Q4)
⇒ Hiring is progressing steadily ahead of FY2022 (Hired five persons between January and April 30 assigned to sales)

Strategy

- Building a 100-person sales staff for expansion
- Expanding sales area using a BIZ site format* and appointing young managers
⇒ Strive to boost motivation
*BIZ site format refers to an approach to expand sales not by establishing branches in each sales area, but instead by setting up headquarters in major cities and assigning staff to sales areas as needed.
- Begin review for introducing AI-driven credit screening, seeking to further increase operational streamlining and improve convenience for individual customers
- Promote DX to improve convenience of network stores and efficiency of sales activities

Next is the change in the volume of finance transactions.

In the current fiscal year, the total transaction volume was JPY166.4 billion, and due to the impact of the coronavirus, the total transaction volume was 94% of the previous year's total. In 4Q alone, the transaction volume grew by 105%.

In addition, we have the concept of gross profit in our management accounting, and although we thought that operating profit would be a little lower this time, we are determined to secure a solid profit, so the absolute amount of gross profit earned increased slightly to 102% compared to the previous year. Although the transaction volume has slightly decreased, the profit amount has remained at the same level as the previous year, which means that we have been able to maintain a solid profit margin and increase the profit margin slightly.

In addition, the coronavirus crisis continues since early spring of last year, so the number of sales personnel has remained almost flat. In this sense, we are maintaining the efficiency of the power head at approximately JPY190 million.

In addition, we have started to expand our sales activities from 3Q to 4Q, towards the current fiscal year. As a result of these efforts, we had a slight increase in 4Q. In this fiscal year, we would like to establish a sales team of 100 people and take a major expansion path. I would like to explain this in detail in the last section of this fiscal year's policy.

We are also trying to reduce the number of branch offices as much as possible, expand the sales area, and actively put young salespeople into top positions to increase motivation.

We have already released AI screening, and we believe that we will be able to gradually introduce AI screening from the second half of this fiscal year.

In addition, we are making great progress in DX during the coronavirus crisis, which has greatly improved the convenience of our member stores and our business efficiency.

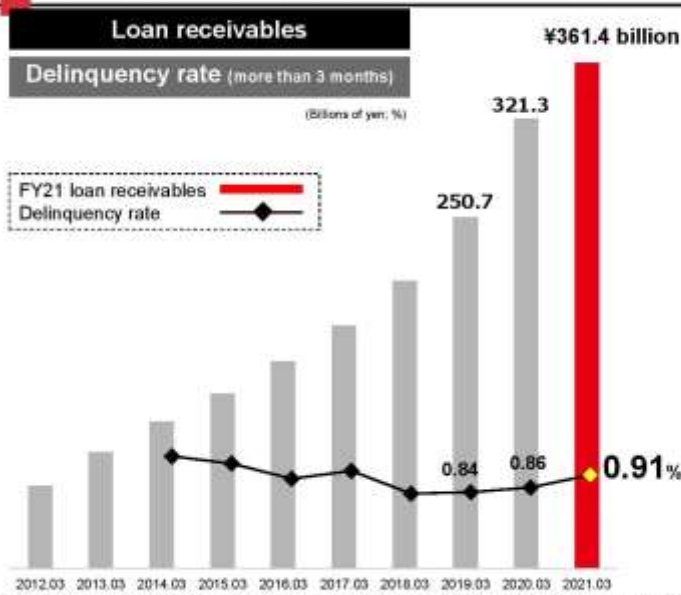
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Credit Finance Business: Loan Receivables



Loan receivables
+12.5% YoY
Delinquency rate
0.91%

Topics related to delinquency rate

- The nature of loans did not deteriorate; rather the delinquency rate increased slightly because loan receivables did not increase following a temporary stoppage in sales activities during H1.
- There is no impact on rising insurance rates for loan receivables, as the insurance rate will remain the same in the FY ending March 31, 2022.

Strategy

- Continue to focus on mitigating initial delinquencies to curtail long-term delinquencies
- Promote operational innovation using DX
 - ⇒ Began introducing IVR in collections from April 2021
- Began contracting out collections of medium- to long-term delinquencies by utilizing the know-how of Central Servicer Corporation, which joined the Group in April 2020

Notes: 1. "Loan receivables" refers to the total amount that has not been repaid or for which the warranty period has not elapsed at the end of the period out of the cumulative total volume of new loans from the commencement of operations to the end of the period. The figures are inclusive of the receivables balance of products other than automotive credit financing (e.g. Credit, etc.), and are the actual results of Premium Co., Ltd.
2. "Delinquency rate" refers to the total amount of receivables that are more than 3 months in arrears and special loan receivables (with judicial intervention), expressed as a percentage of the loan receivables at the end of the period. Figures are the actual results for the periods shown, and to which the receivables collections under collection contracts entered in the fiscal year ended March 31, 2021, and are the actual results of Premium Co., Ltd.

The balance of receivables has grown by 112% to over JPY360 billion, and the balance is steadily increasing.

The ratio of delinquent loans to total loans outstanding was 0.91%, up slightly from 0.86% in the previous fiscal year, but there was no deterioration in the content of loans. The growth rate of the balance is slightly higher than the previous term, although the top line was lower than the previous term and its growth has become a little more moderate. Since all of our receivables are insured by non-life insurance, this has no effect on the calculation of the insurance premium rate for credit receivables. If the situation worsens, the premium rate will increase, but even if the percentage increases, if the representation decreases, the premium rate will not be calculated because the representation has not increased that much. There has been no increase in the amount of the so-called allowance for doubtful accounts.

In addition, we will continue our existing policy of firmly resolving the initial stage of delinquency in order to curb long-term delinquency, and we would like to introduce a more efficient debt collection system through DX. In addition, in April, we acquired 100% of a servicer that specializes in the collection of medium- to long-term receivables, and we believe that the collection of medium- to long-term receivables will increase in the future.

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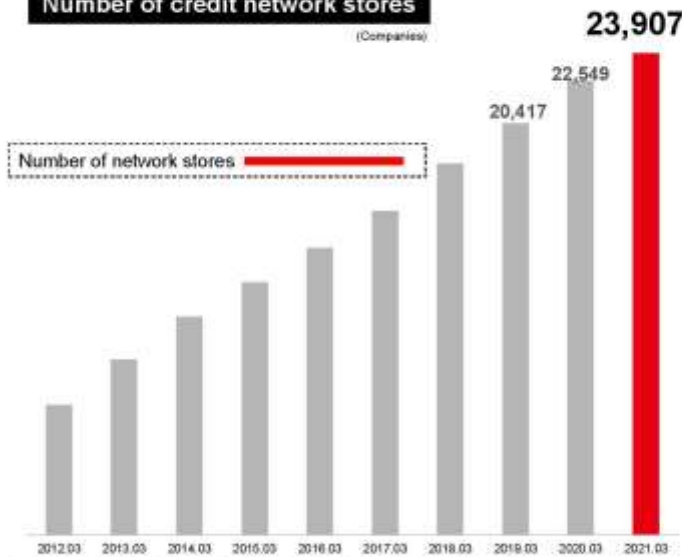


Credit Finance Business: Number of Network Stores



Number of credit network stores

(Companies)



Note: "Number of network stores" refers to the number of companies that have signed a network store contract, counting company as one network store even if that company has several stores, and are the actual results of Premium Co., Ltd. The figures are the actual results for the periods subsequent to when the Group's ERP system was renewed in the fiscal year ended March 31, 2015.

Number of credit network stores

+6.0% YoY

Factors driving change

- In FY ended March 31, 2021, focused on increasing share among existing network stores and promoting the utilization of newly tapped network stores

Strategy

- Continue to focus on tapping into new network stores and promoting their utilization
- Simultaneously promote utilization of non-operating network stores using contact centers (outbound sales)
- Release P-Gate portal site for network stores and seek to maintain and increase share of Premium Co., Ltd. by improving convenience for existing network stores

The growth in the number of member stores was 106% compared to the same period last year. There was a growth rate of almost 110% every year. Growth is slowing down a bit this fiscal year. This is still due to the effects of the coronavirus crisis and refraining from business. However, when we traveled from the heart of the city to the countryside for business development, people in the countryside were very worried about us visiting from the heart of the city.

Thus, we didn't do a lot of sales activities. However, we are taking various measures in different ways to increase our market share and to improve the convenience of our portal site for member stores. In the previous fiscal year, we implemented a cutover for the member store portal site, so we hope to increase the number of new member stores by making it more convenient.

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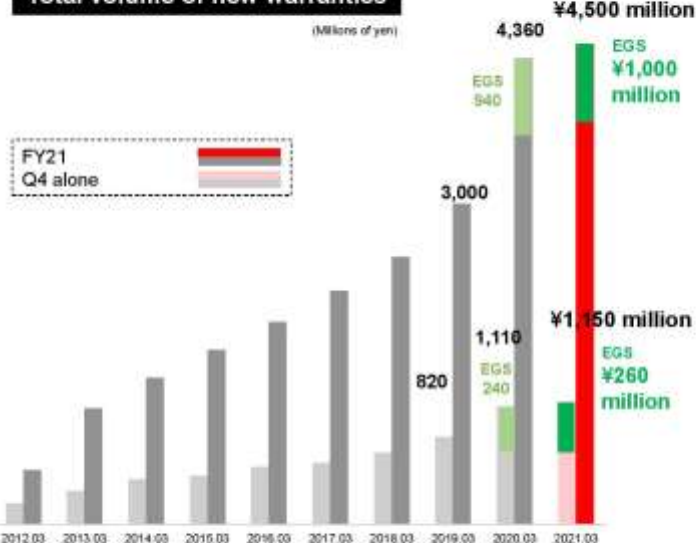
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Automobile Warranty Business: Total Volume of New Warranties



Total volume of new warranties



Automobile warranty: total volume of new warranties

+3.1% YoY

Total volume of Premium Group: +2.1% YoY*

Total volume of EGS: +6.6% YoY*

* FY ended March 31, 2021

Factors driving change

- Total volume recovered buoyed by the recovery
- YoY growth was only in the single digit range due to a shortfall in in-person sales activities, despite the success of sales activities using video presentations of our products during the COVID-19 pandemic

Strategy

- Lower cost of sales by repairing vehicles at maintenance facilities within the Group's network.
 - ⇒ Focus on reducing cost of sales ratio. (Reduced by 1.9 points YoY in the FY ended March 31, 2021)
- Continue recruitment for PFS Premium Club membership service for automobile dealers. Promote cross-selling.
- Focus on sales of high margin original products.

Notes: 1. EGS is a new company established in October 2020. Premier Warranty Service outsources its sales operations.
 2. Premier Warranty Service also outsources sales to Premier Co., Ltd. in order to promote cross-selling across the Group.
 3. "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period. The actual results of Premier Co., Ltd. includes EGS from April 2019.

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On the other hand, the trading volume of troubleshooting warranties increased slightly to 103% for the full year. This is also the extent of market growth. We have an overwhelming market share in this area, and we are currently expanding our business under two brands, Premier and EGS. While we are refraining from sales activities, we would like to step on the gas pedal to increase our sales from this fiscal year by making various explanatory product videos and increasing online business negotiations.

In addition, the network of maintenance factories is progressing well, and we now have a network of about 2,500 companies. We used to outsource the repair work, but now we can use our own network, which has the advantage of actually lowering our costs.

In this sense, the cost of goods sold has decreased by about 2% or 2 points compared to the previous year, and profits have increased steadily. We would like to work on this part and the part where we can add sales to our business while formulating a new strategy.

In addition, we have been working hard since the previous fiscal year on the Premium Club, which is an organization for so-called paid members, paying a membership fee. In this sense, we are steadily building a foundation to increase our market share by using the Premium Club brand. The number of companies that have paid membership fees and become member stores has already exceeded 400.

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Operating Income (P/L) by Segment

(Graph unit: millions of yen)
(Figures in parentheses in graph indicate YoY change)

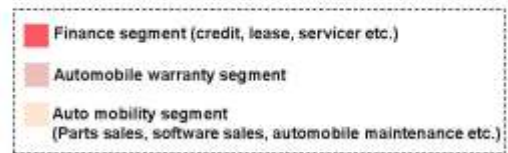


- ✓ Operating income hit ¥17,825 million (up 27.2% YoY)
- ✓ In addition to rising revenue from the finance and automobile warranty segments, the new auto mobility services segment also recorded strong growth



Profit characteristics of each segment

- The finance and automobile warranty segments are asset businesses building balances
 - (1) Stable profits
 - (2) Less susceptible to economy and seasonality
 Future expected earnings: ¥30,240 million (stocked on B/S)
 Credit finance business: ¥25,080 million, automobile warranty business: ¥4,880 million, and other businesses: ¥260 million)
- The new auto mobility segment experienced revenue growth driven by sales of parts and software



Note: Since it is a preliminary value, we will promptly notify you on our website when any corrections or changes occur.

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The following is a breakdown of operating revenue by division.

We have three main businesses: the finance business, the warranty business, and the newly-launched automobile service business.

What I want you to see here is the automobile services segment, which has grown by almost 270%, and is now about 10% of the total portfolio. I was expecting a little more growth in this area, but the auto loan and finance business grew much faster than expected, and although we are slightly short by 10%, it is firmly established as a business now. I would like to explain this in detail at the time of the mid-term business plan on May 13, but we are firmly of the opinion that we can maintain earnings here.

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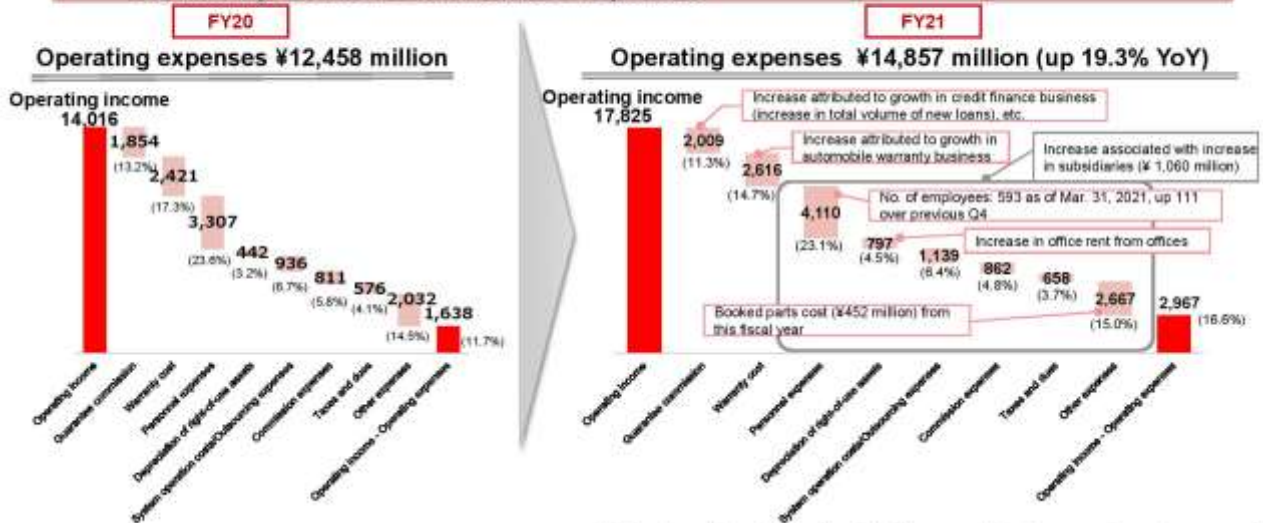


Trends in Operating Expenses (P/L)

(Graph unit: millions of yen)

(Parentheses in graph indicate percentage versus operating income)

✓ Operating expenses totaled ¥14,857 million (up 19.3% YoY)
 ⇒ YoY growth slowed compared to normal years due to cutbacks in sales activities caused by COVID-19 and reduced expenses



Note: Since it is a preliminary value, we will promptly notify you on our website when any corrections or changes occur.

Operating expenses are about JPY14.8 billion for this fiscal year. JPY14.8 billion compared to JPY12.4 billion in the previous two fiscal years, a growth of nearly 120%. Due to the voluntary restraint of activities and cost-cutting during the coronavirus crisis, the YoY growth has been smaller than usual. However, we have increased the number of group companies this fiscal year, so there is an increase of about JPY1 billion due to the increase in the number of subsidiaries, so in that sense, the growth is expected to be a little large. Using this as an example, from this fiscal year onward, we will continue to keep expenses under control, spending funds on effective areas and eliminating wasteful areas.

For example, until now, we have sent documents by courier every day between the headquarters and the 20 or so branches we have throughout Japan. This costs nearly JPY100 million per year. However, if this were to become 100% paperless, there would be no need to send any paper from the branches. We can save about JPY100 million by doing this, but we can't do it all at once, so we are doing it gradually. For example, from this term, we are reducing the frequency, from delivering every day to once or twice a week. In that sense, I think we can eliminate more and more of these expenses, so-called wasteful expenses, in the future. We want to invest in the positive aspects of the Company.

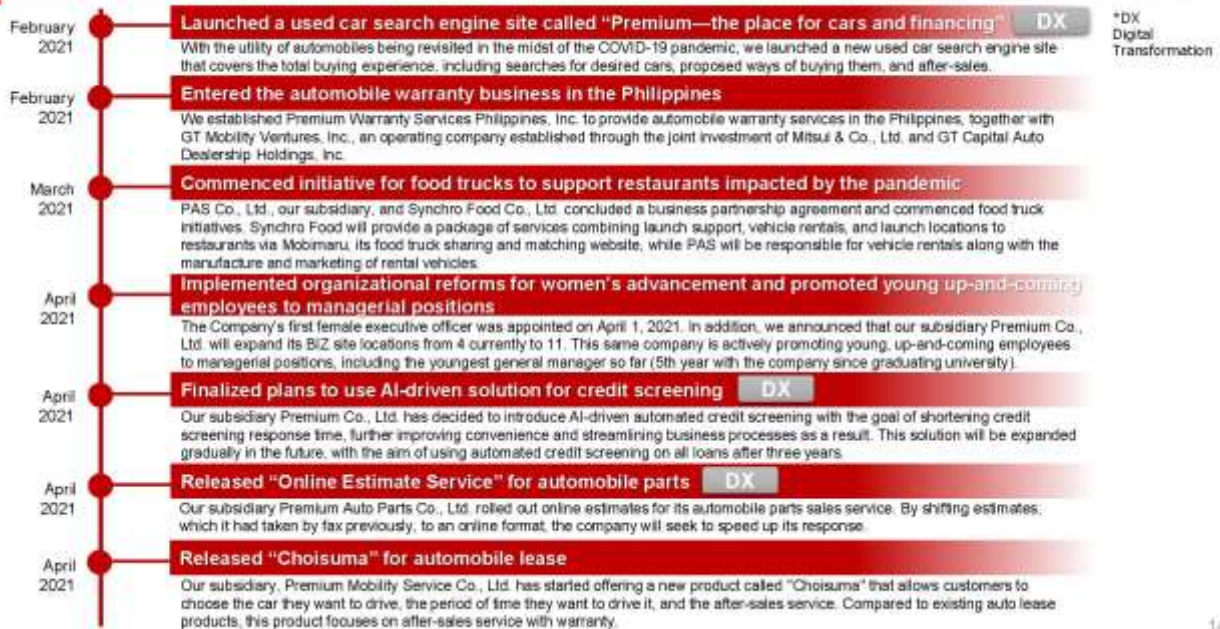
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Other Topics



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As for other topics for this fiscal year, first of all, we opened a used car search site for customers in February.

We will gradually start investing in this site in various ways from this fiscal year onward, and we will post the inventory of member stores, who pay membership fees, on this site in order to attract customers. We would like to develop this kind of thing in the future.

In the warranty business, we have established a joint venture with MITSUI & CO., LTD. and GT Capital in the Philippines, and are now preparing to launch the business. This will be our third expansion after Thailand and Indonesia.

Also, we have a kitchen car for restaurant support. We bought a used truck, converted it into a kitchen car, and will start business partnerships by renting it out to people who want to start their own restaurants.

In addition, as part of our ESG activities, we made a major organizational reform in April, including young managers, in order to promote the advancement of women. This is the first time that a woman has been appointed as an executive officer, and we are also implementing organizational reforms, such as entrusting employees, who have graduated from university five years ago, to be managers at sales branches. We are appointing managers, including young people and women, without any restrictions.

We have also decided to introduce AI automated screening, which will also take about three years to be 100% automated.

What's most beneficial about this is that the screening criteria remains almost the same. I'm not saying that the introduction of AI and automated screening will make the screening process more difficult or reduce sales. Since it is AI, the database we have been working on will be converted to AI so that we can respond immediately without changing the screening criteria. The point is, in the end, instead of taking half an hour or an hour to judge an order, we can immediately get the inspection results in one or two minutes. This will be possible by introducing AI screening. We believe that this will make us more competitive and increase our usage.

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But it's the auto parts that are the main business in the auto mobility service. We have established our own company, Premium Auto Parts, to provide auto parts, mainly for used cars, and we are engaged in M&As with parts dealers. In this industry, most of the orders were delivered by fax or phone, but we can now provide online quotation services.

We also announced a new product in April, which is auto leasing. We named it Choisuma, and it is an auto mobility service branded as FIXMAN Club. We are going to network this. In the same way, we are going to charge a membership fee to set up a network at maintenance shops throughout Japan. By offering our finance products and auto lease products to this network, maintenance shops will be able to sell cars in addition to doing maintenance. We are now offering these products as needed.

Initiatives for FY ending March 31, 2022 (progress)



		Progress to date
1	Build 100-person sales staff for core business eyeing FY2022	<p>Actively recruit sales staff for loans and warranties in order to regain high growth rate</p> <p>Aim to increase market share by eliminating regions without sales coverage using our proprietary BIZ site format, without opening new physical offices.</p> <ul style="list-style-type: none"> • Already hired five sales staff (January 2021 to present) • Announced increase in BIZ sites to 11 • Total volume of new loans in April was up 24.3% YoY, signaling a shift once again toward growth from FY2021
2	Reinforce and expand auto mobility segment	<p>Further expand the FIXMAN Club network by providing contents to our unique network of maintenance facilities</p> <p>Focus on expanding into automobile logistics-related businesses with an eye toward M&A</p> <p>⇒ Through these efforts, aim to increase share of operating income to 20% next fiscal year and secure a profit margin of 10%</p> <ul style="list-style-type: none"> • Number of FIXMAN Club members as of March 31, 2021: 38 companies • PFS Premium Club membership: 82 companies are diamond and 353 companies are gold
3	Increase profit contributions by promoting DX (operational innovations)	<p>Focus on recruiting and developing specialists in various fields aimed at building a platform</p> <p>Announce the Group's DX strategy in order to clarify our strategy related to DX and aim for selection as a DX company</p> <ul style="list-style-type: none"> • Announced the Group's DX strategy today (May 13, 2021) (Visit "Management Policy" on our IR website for details)
4	Take a non-asset approach to expanding overseas business	<p>Given rising demand for automobile warranties in Thailand and Indonesia, promote expansion of automobile warranty business mainly in Asia</p> <p>Also, expand export business centered on used automobile parts targeting Africa and Latin America.</p> <ul style="list-style-type: none"> • In February 2021, launched the automobile warranty business in the Philippines by establishing a joint venture with Mitsui & Co., Ltd. and GT Mobility Ventures, Inc., which is based in the Philippines. and

Notes: 1. BIZ site format refers to an approach to expand sales not by establishing branches in each sales area, but instead by setting up headquarters in major cities and assigning staff to sales areas as needed.
2. Proprietary network refers to locations regularly contracted to perform repair work on automobiles under warranty, which differs from partners that accept spot repair requests.

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First of all, I would like to talk about our activities towards FY2021. April is already over, and the May holidays have passed. We will firmly implement our core business and sales for this and next fiscal year with a team of 100 people. In the previous fiscal year, we had a rather defensive sales structure with the coronavirus crisis, but we have been accelerating since the second half of the previous fiscal year.

We have hired 5 sales personnel since January, so our 80 employees are now 85. This is in addition to the 29 new graduates we hired in April. Probably about 10 out of the 29 will be in sales. The idea is to increase it all at once here, and then increase it through various means.

Thanks to your support, our credit transaction volume in April was about 125% of the same month last year. We believe that we will be able to grow and expand again from this fiscal year. Regarding the question if April of the previous fiscal year was a bad month: April of the previous fiscal year was actually 100% compared to the year before that. Therefore, last April was not so bad, and our current figure was 124% compared to that, so I think we can say that we are growing.

In addition, we would like to expand the auto mobility service business, which is the business we want to focus on the most this fiscal year, and which has become about 10% of our portfolio. The basic strategy for this is building a network. With the FIXMAN brand, we would like to further expand our network development. There are probably many different brands being used in the network of maintenance shops. For example, I'm

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sure you have heard of Kobac and Car Convent Club, but I think we will have the third largest network after these two companies this fiscal year. We have 38 companies now, but we would like to increase the number to three digits. We think that we will have the third largest maintenance network in Japan with a unified brand.

As I mentioned earlier, the number of PFS Premium Club customers has already exceeded 400, and we are aiming to reach 1,000 customers this fiscal year.

Regarding DX, I will announce the details on May 13, but I believe that this will be a major strategy for this fiscal year, and that it will contribute to business innovation and profit growth.

In our overseas business, it is difficult to exit or enter Japan due to the coronavirus, and it is difficult for people to exchange themselves. It has taken a long time for sales to increase in Southeast Asia even though there was a need for warranty services. However, sales have been increasing extremely since the last fiscal year. I believe that both Thailand and Indonesia are finally starting to see an increase in business.

In this sense, although this is a non-asset, we believe that we will be able to expand our business overseas with a focus on warranties, and as I explained at the beginning of this report in the previous year's topics, we are also expanding into the Philippines as our third country.

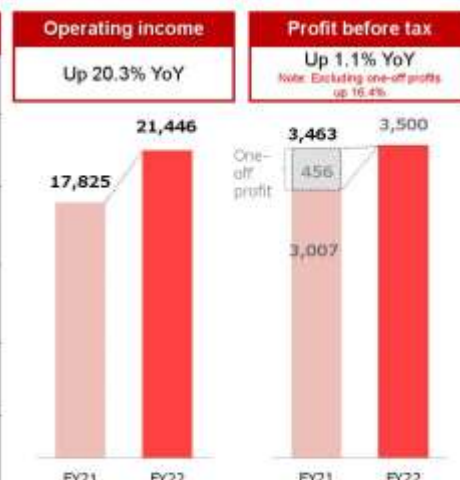
Also, since we have a dismantling plant in our group since last year, we are planning to expand our business by exporting used parts to Africa, Central and South America, and other regions.

Earnings Forecast for FY Ending March 31, 2022

- ✓ Operating income is expected to be more than **+10.0% YoY** in each three segments
- ✓ Profit before tax (Excluding One-off profit) is expected to be **+16.4% YoY**
- ✓ Annual dividend is expected to be **+4 yen YoY**

(unit: millions of yen)

	Results for FY ended March 31, 2021	Forecast for FY ending March 31, 2022	
		YoY net Change	YoY Change (%)
Operating income	17,825	21,446	120.3%
Profit before tax (Excluding One-off profit)	3,463 (3,007)	3,500	101.1% (116.4%)
Profit attributable to owners of parent	2,383	2,409	101.1%
Basic earnings per share (yen)	186.74	186.99	100.1%
Annual dividend (yen)	46 (yoy +2)	50	108.7%



*The dividend amount for the fiscal year ended March 31, 2021 (to be resolved on May 27, 2021) has been revised from the forecast disclosed on February 5, 2021. For details, please refer to "Revision of Dividend Forecast for Fiscal Year Ended March 31, 2021 (Dividend Increase)" disclosed on May 10, 2021.

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In this context, our forecast for the full year is that all three businesses will grow by more than 110% compared to the same period of the previous years, and we believe that operating revenue will exceed JPY21 billion.

Income before income taxes was also JPY3.5 billion. In the previous fiscal year, we had a one-time profit, but we do not plan to have a one-time profit this fiscal year, so we would like to post a solid JPY3.5 billion pre-tax profit based on our core business figures alone. The idea is to increase revenue and profit. Current net income

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for the year will be JPY2.4 billion, which is a slight increase, but we hope you will consider it as a large increase in reality, and earnings per share will remain at the same level.

As for the annual dividend amount, we paid JPY46 in the previous fiscal year, and we would like to increase the dividend by JPY4 to JPY50 this fiscal year.

These are the details of the financial results for the previous fiscal year and the summary of the financial results for the current fiscal year.

Now, I would like to proceed with a question-and-answer session.

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Question & Answer

Moderator: We will now move on to the question-and-answer period.

Shibata: Now that we have your questions, I would like to answer them.

First of all, you asked us to explain the details of the transient loss recorded in 4Q.

The transient loss recorded in 4Q is JPY63 million. This is the original state of the office. If we were to move out of this office, we would have to pay for restoring it to its original state, so we are using depreciation to cover that cost. In this regard, we have slightly shortened the original depreciation period. As a result of this change, we have incurred an expense of approximately minus JPY63 million, which we have recorded as a one-time loss. We just moved here, so we have no plans to leave at all. This is how the situation is now.

Secondly, I would like to explain the breakdown of operating revenue by business segment for the current fiscal year and the concept behind it. Of the three businesses I mentioned earlier, the finance business grew 114%. Then there is the 117% growth in the warranty business. In addition, we believe that the auto mobility service will grow by 168%.

In terms of composition, finance accounts for 65%, warranty for 22%, and auto mobility services for 13%. The above is our approach to operating revenue by business segment.

Next, we aim to re-expand the trading volume of credits this term. As I explained earlier, our sales in April increased by nearly 125% compared to the previous fiscal year, and we are determined to recover and expand our market share from this fiscal year, so we will firmly return to the expansion path.

As for specific strategies, we are already working on strategies that include various details. The first is to increase the number of locations by making them smaller, and of course to increase the number of salespeople. There is also the idea of changing sales methods. Also, by introducing DX, we will increase convenience for member stores.

Also, it is organized as a club, with membership fees. If they pay the membership fee and join our organization, the chances of them using the loan and guarantee are extremely high. If they join our club and pay the membership fee, they will be able to mainly use our loans, so we believe that networking will contribute to this development.

Next, for FY2021, we are forecasting a pre-tax profit of JPY3.5 billion, while I think the medium-term plan was JPY3.6 billion. Thus, it is almost at the same level. Since there were views during the middle of the fiscal year and during the previous fiscal year that it would be difficult to achieve this goal, it is all about finding favorable factors. There are a couple of favorable factors, so one thing is to accelerate the expansion of the credits. Transferring warranty will be a major point.

In that sense, we have made upward revisions to the top line of credit card transactions, and since the cost of warranties has come down by 2%, we believe that the cost ratio of warranties, which was originally set at

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JPY3.6 billion, will also come down slightly. In addition, the coronavirus crisis has enabled us to cut costs considerably, and we can now see a way to reduce waste.

Although there is a slight shortfall of about JPY100 million, we believe that we will be able to achieve the figures close to those announced in the original medium-term management plan, with increased sales and profits, thanks in part to the very successful growth of auto mobility. I think that we will be able to achieve the figures close to the original medium-term management plan.

As for the background to the revision of the year-end dividend, previous year's results were revised upward to JPY3.3 billion, but we even surpassed that by recording JPY3.46 billion. From that point, we have increased the dividend by JPY1 for the current term and the previous term.

In line with this, we believe that we will be able to achieve solid growth in the current fiscal year as well. For the previous fiscal year, we paid a dividend of JPY50, which is an increase of nearly 9%.

Next, I would like to talk about the state of emergency, which was declared in May again and has now been extended, and how the business environment compares to the same period last year. Compared to the restaurant industry, the travel industry, or the apparel industry, the car industry itself has not been greatly affected by the coronavirus. We realized that by gaining a lot of experience over the last year.

In this sense, we have been able to hedge the risk of infection within the Company to a certain extent over the past year, and we will continue to conduct sales activities with methods such as web-based negotiations as part of our sales system.

For those departments that are able to work from home, they will actively work from home. This has become the norm in a sense, and I don't think there will be any major changes here. I think it would be better if you consider that we are operating as usual, including the current situation, even under the declared state of emergency.

Regarding the question of what we think are the risks in the business plan for this fiscal year, I think I can say that there are no major risks.

For example, there are some mutant strains that are reported about in the media right now, but if something different happens and the number of infected people increases tenfold, or if a lockdown occurs, the entire industry could shut down. However, I think it's hard to imagine such a thing happening, but if it did, all business activities would come to a halt, so I'm sure we're not alone in this. As long as that doesn't happen, I don't think there will be too much risk if what we experienced last year continues in the same way.

In a sense, we are in a stock business, so it is unlikely that we will deviate greatly from our plan, and we have insurance to hedge against default, so we will not suddenly incur a large loss or have to make provisions for bad debts. I think that we will be able to announce stable financial results.

As for the recovery and growth of the new car market and the used car market, I'm sure there will be a lot of my own opinions and predictions involved in this. As for the new car market, I think it will return to normal from this April onwards. Although last year was bad, I think it will return to normal.

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There have been some cases where new car production lines have been halted due to semiconductor shortages, but I believe that these are only temporary and will not have a major impact on the market over the course of the year. In the used car market, I believe that the status of used cars has risen slightly over the past year.

The growth of used cars is also increasing, so in that sense, we do not think that recovery means that the market is suddenly going to double in size. Rather, we think that it is a market that is going to increase slightly, steadily and gradually. In this sense, we believe that the market itself will remain stable.

The above is the answer to your question. Also, on May 13, we will announce the review of the five-year medium-term business plan until FY25, as well as the strategy for DX.

That's it for the financial results briefing for FY2020. Thank you very much for taking time out of your busy schedule to listen to my presentation today.

Moderator: This concludes the financial results briefing for FY2020. On Thursday, May 13, we will also be releasing a review of our mid-term management plan, our DX strategy, and our ESG report, so please check back for those as well. For any other inquiries, please contact our Corporate Communications & Investor Relations Office. We also offer individual interviews, so please feel free to contact us for more information.

Thank you very much for watching today's briefing.

[END]

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