



TSE Prime Section: 7199 Premium Group Co., Ltd.

Financial Results Presentation for Q1 of FY Ending March 31, 2024

July 28, 2023



- 1. Financial Highlights**
- 2. Summary of Financial Results**
- 3. Car Premium**
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- 6. Auto Mobility Segment**
- 7. Appendix**

*Access videos of our financial results presentations on our IR website at <https://ir.premium-group.co.jp/en/library/movie.html>.

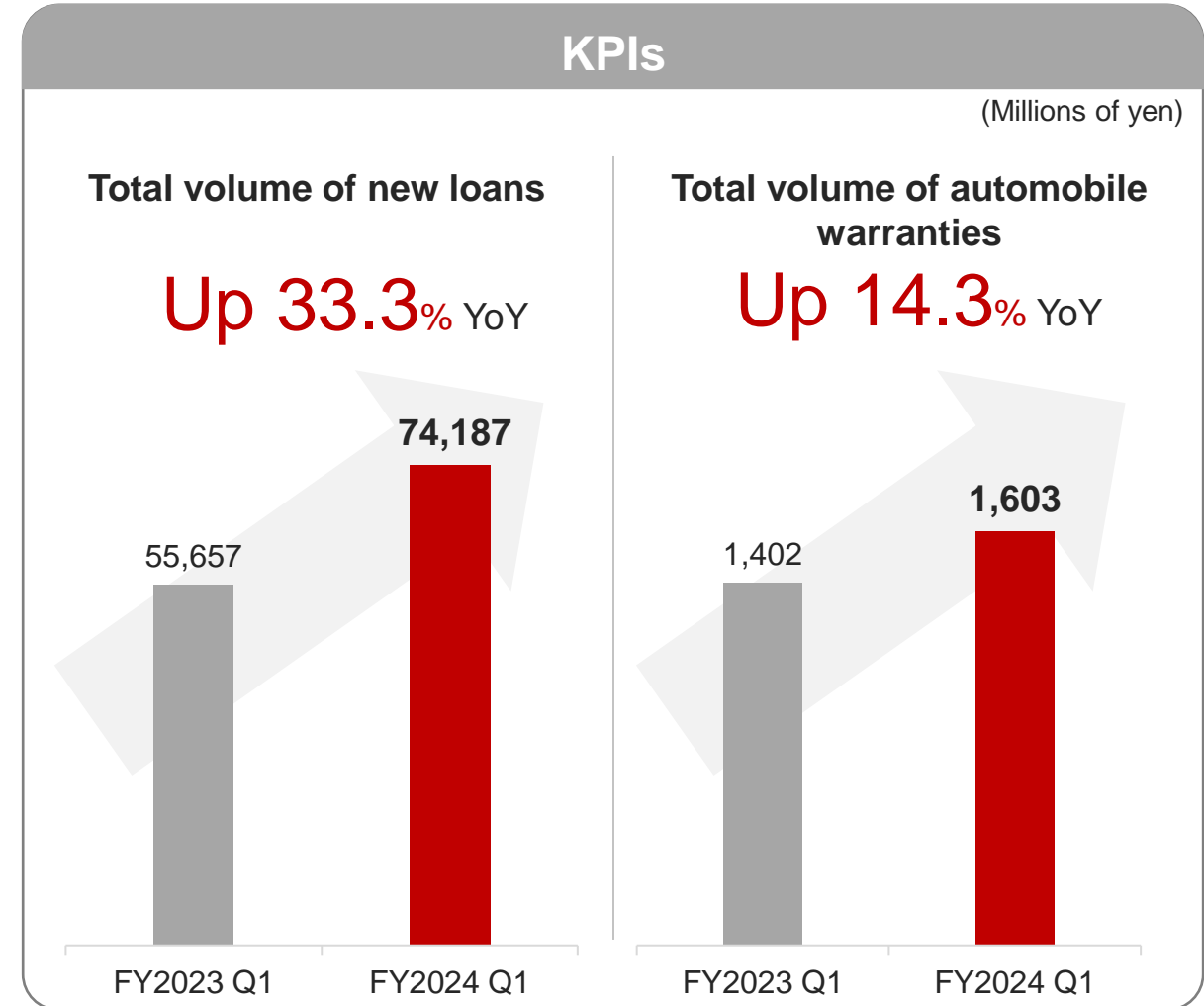
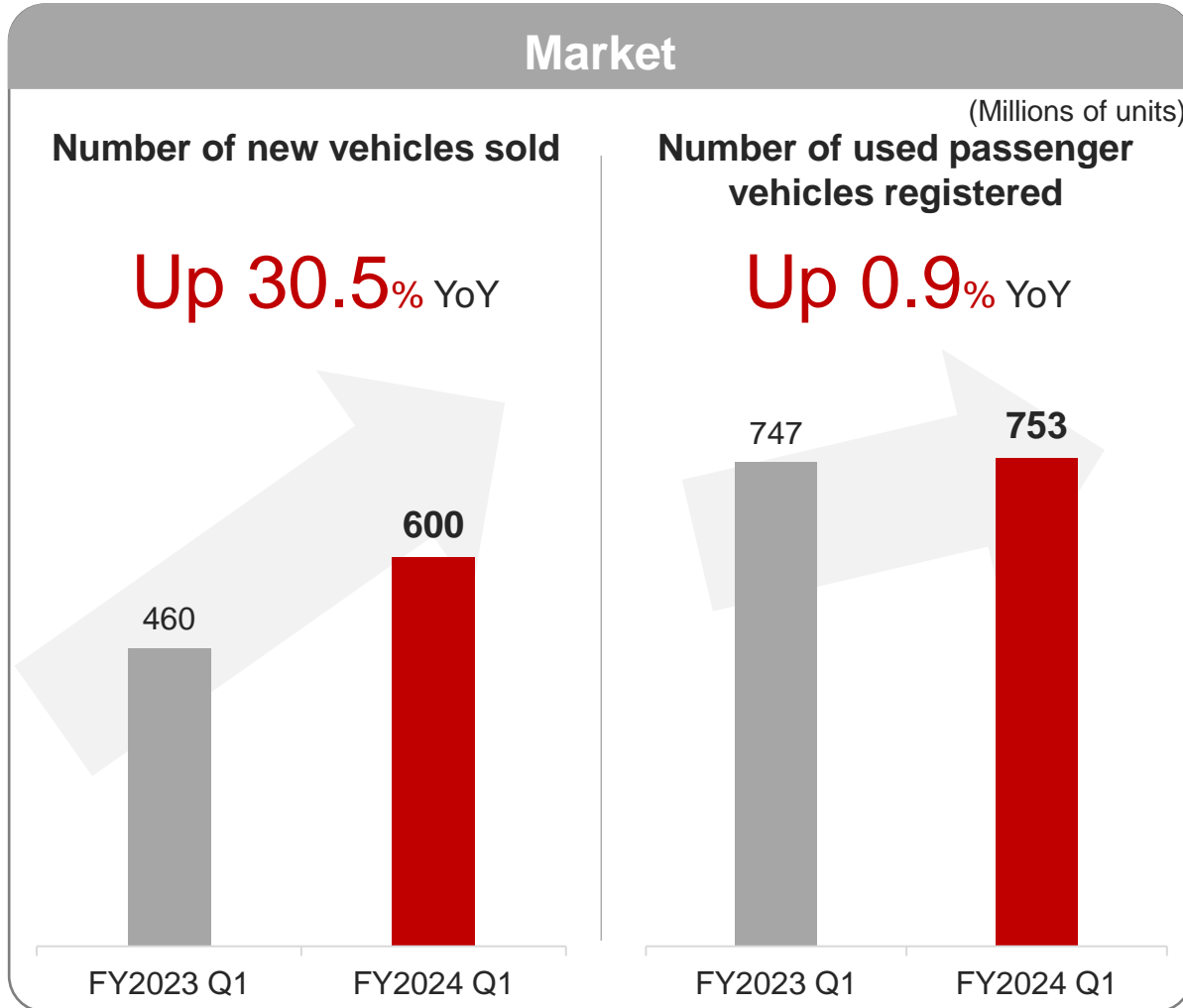


1. Financial Highlights

Highlights from Q1 of FY Ending March 31, 2024 (1)



- Used vehicle prices **remain elevated** despite signs of normalization Used vehicle market (vehicles registered) is trending **sideways**
- **Steady results** in credit finance and automobile warranty. **Double digit** topline (volume) growth.
- Interest rates **stable** despite expected upward trend over the long term (long-term prime rate: FY2023-end: 1.45% → FY2024 Q1-end: 1.30%)



Highlights from Q1 of FY Ending March 31, 2024 (2)



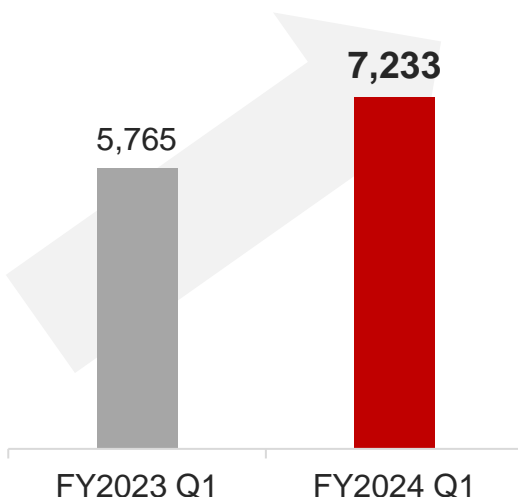
- Each segment grew steadily, resulting in **higher profits and sales**. Operating revenue up **25.5%** YoY and profit before tax up **21.7%** YoY.
- Future expected earnings (deferred profit) also **grew steadily**. **Stable earnings** in the next FY and beyond to be stocked on BS (¥46,300 million)
- Very few transactions with BIGMOTOR Co., Ltd. The impact of this on the earnings forecast is negligible.

Performance

(Millions of yen)

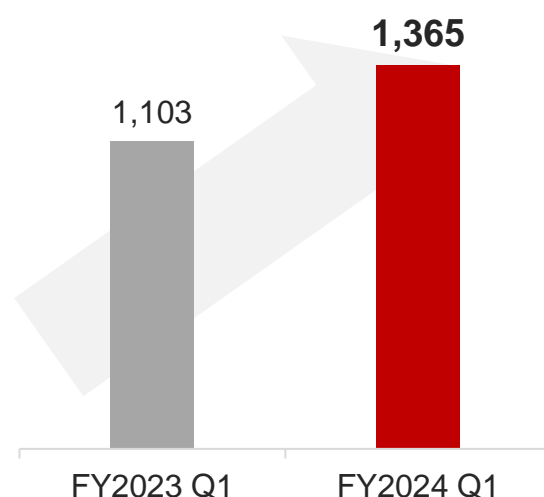
Operating revenue

Up **25.5%** YoY



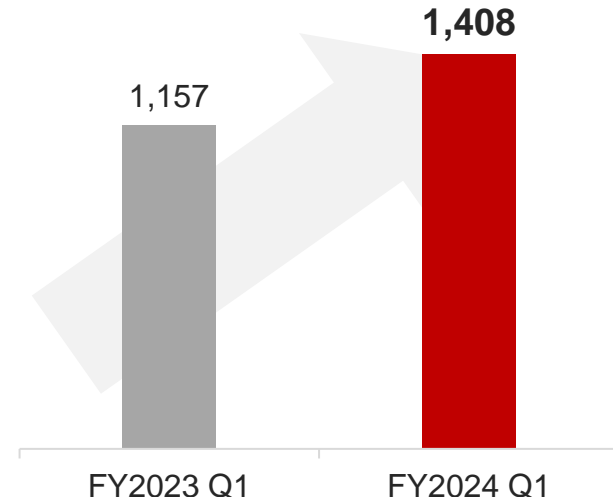
Operating profit

Up **23.8%** YoY



Profit before tax

Up **21.7%** YoY



Future expected earnings (deferred profit)

Whole Group

¥46,328 million
Up **23.2%** YoY

Finance

¥39,468 million
Up **24.4%** YoY

Automobile warranty

¥6,355 million
Up **15.3%** YoY

Other

¥505 million
Up **+30.6%** YoY

Medium-Term Management Plan (MTP) Progress

Announced new MTP, ONE & ONLY 2026, in May 2023

- Forecast calls for **operating revenue of ¥44.0 billion** and **profit before tax of ¥10.2 billion** in FY2026, the final fiscal year of the plan
- Establishment of **Car Premium business model** engaging in all types of mobility services
- Promoting **sustainable growth** of existing businesses, **growth** of each mobility business, and operational efficiency through **DX**

Other Topics



Selected as Noteworthy DX Company **two years running**

- ✓ 19 companies selected including Premium Group
- ✓ Promotion of digital transformation (DX) = Important growth strategy
- ✓ Promotion of **operational innovations** and **platform** building



Endorsement of TCFD recommendations

- ✓ Contribution to **decarbonization** and **recycling-oriented society** through business activities
- ✓ Promotion of **4R** business



Broke through 1.5 million automobile warranties cumulatively

- ✓ Achieved in two and a half years from cumulative sales exceed 1 million units in 2021
- ✓ Continuing to acquire new automobile warranties



2. Summary of Financial Results

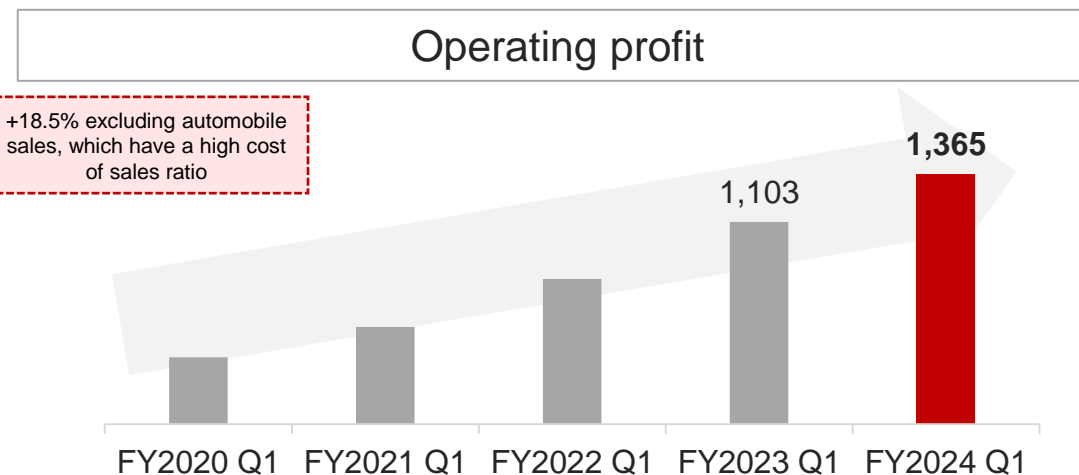
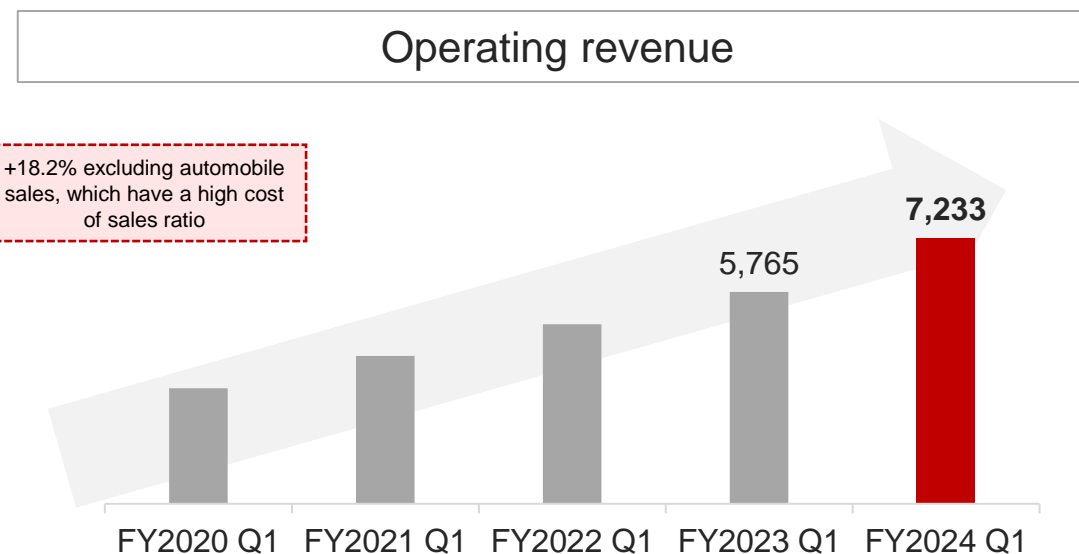
Consolidated Performance



(Millions of yen)

- **Operating revenue rose 25.5% YoY to ¥7,233 million** owing to the strong growth of each segment
- **Operating profit increased 23.8% YoY to ¥1,365 million and profit before tax rose 21.7% YoY to ¥1,408 million**

	FY2023 Q1	FY2024 Q1	YoY change
Operating revenue	5,765	7,233	+25.5%
Operating expenses	4,662	5,868	+25.9%
Operating profit	1,103	1,365	+23.8%
Profit before tax	1,157	1,408	+21.7%
Profit attributable to owners of parent	841	1,072	+27.5%
Basic earnings per share (yen)	21.77	27.56	+26.6%



Notes: 1. Operating revenue and operating expenses for the previous fiscal year have been partially reclassified due to a change in presentation methods.
 2. Gain on valuation of insurance assets (FY2020) and gain on bargain purchase (FY2021) due to a change in accounting estimates are not included in operating profit as they are non-recurring items.
 3. The Company conducted a 3-for-1 stock split of common shares effective September 1, 2022, and basic earnings per share for FY2023 Q1 is calculated assuming that the stock split had taken place.

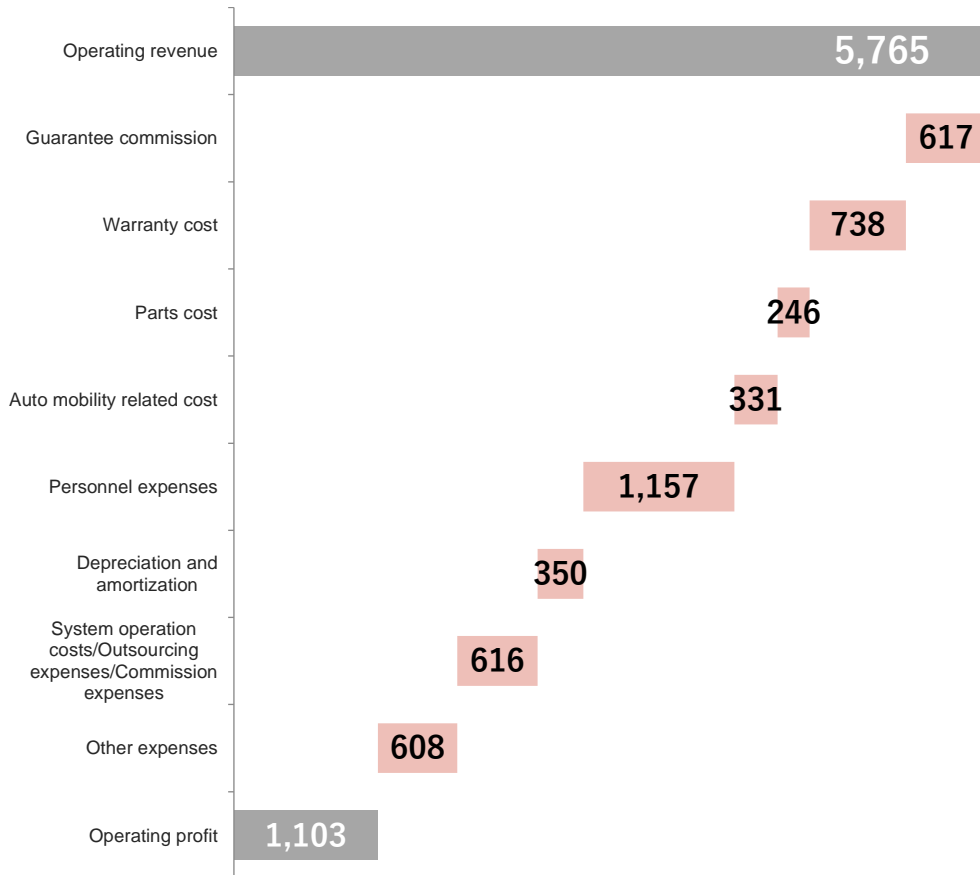
Operating Expenses (Breakdown)



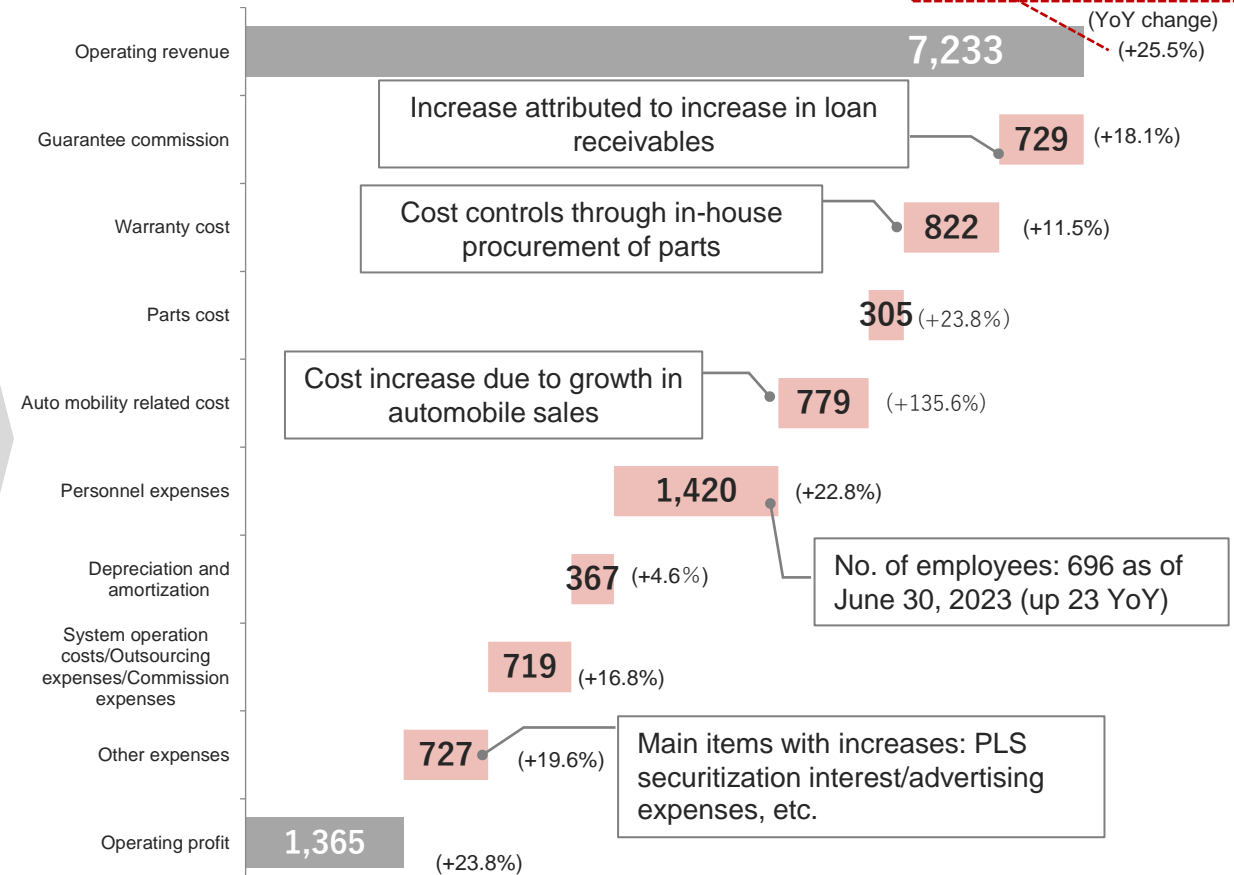
(Millions of yen)

■ Maintained rising profit margin despite impacts from increased automobile sales

FY2023 Q1 Operating expenses
¥4,662 million



FY2024 Q1 Operating expenses
¥5,868 million (up 25.9% YoY)



+17.7% excluding automobile sales, which have a high cost of sales ratio

+18.2% excluding automobile sales, which have a high cost of sales ratio

(YoY change)
(+25.5%)

(+18.1%)

(+11.5%)

(+23.8%)

(+135.6%)

(+22.8%)

(+4.6%)

(+16.8%)

(+19.6%)

(+23.8%)

Notes: 1. Operating revenue and operating expenses for the previous fiscal year have been partially reclassified due to a change in presentation methods.
2. Since it is a preliminary value, we will promptly notify you on our website when any corrections or changes occur.

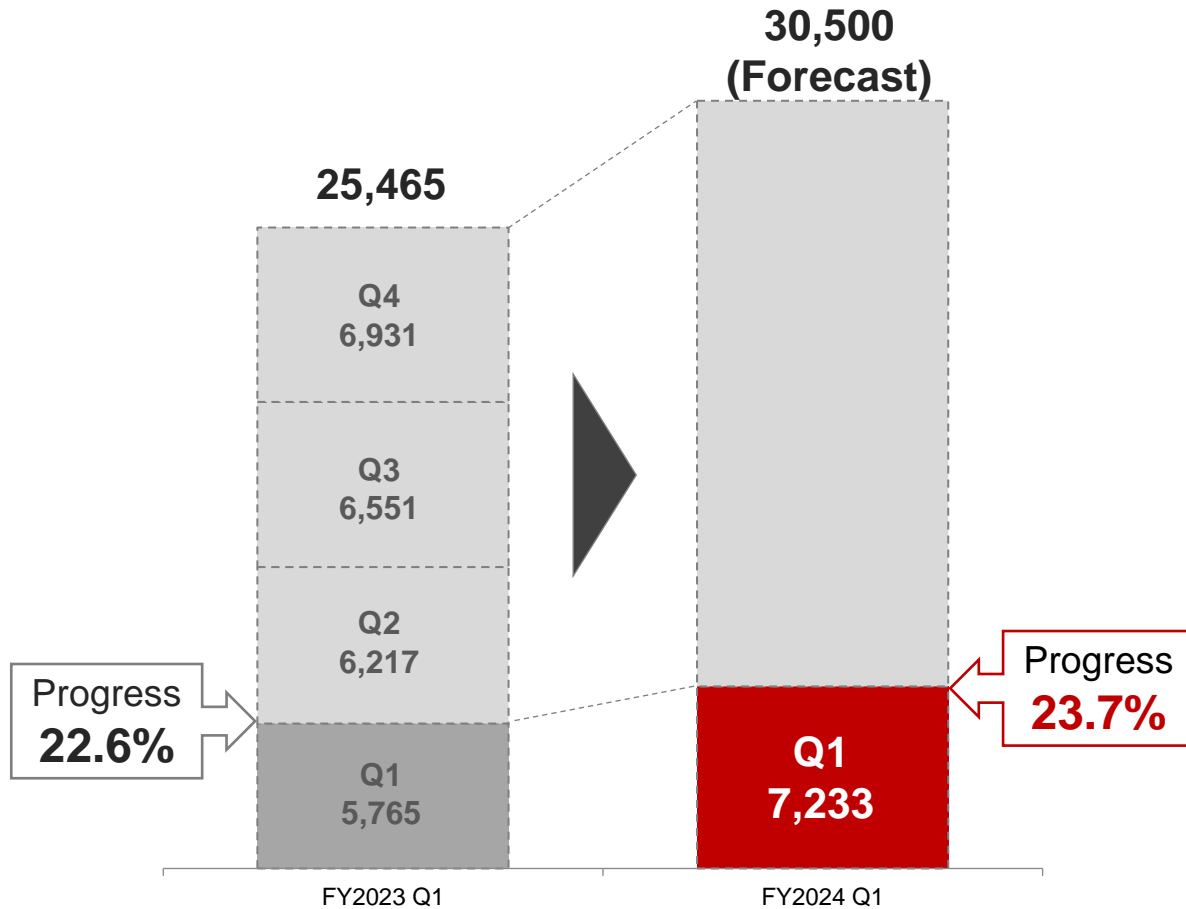
Full-Year Performance Outlook



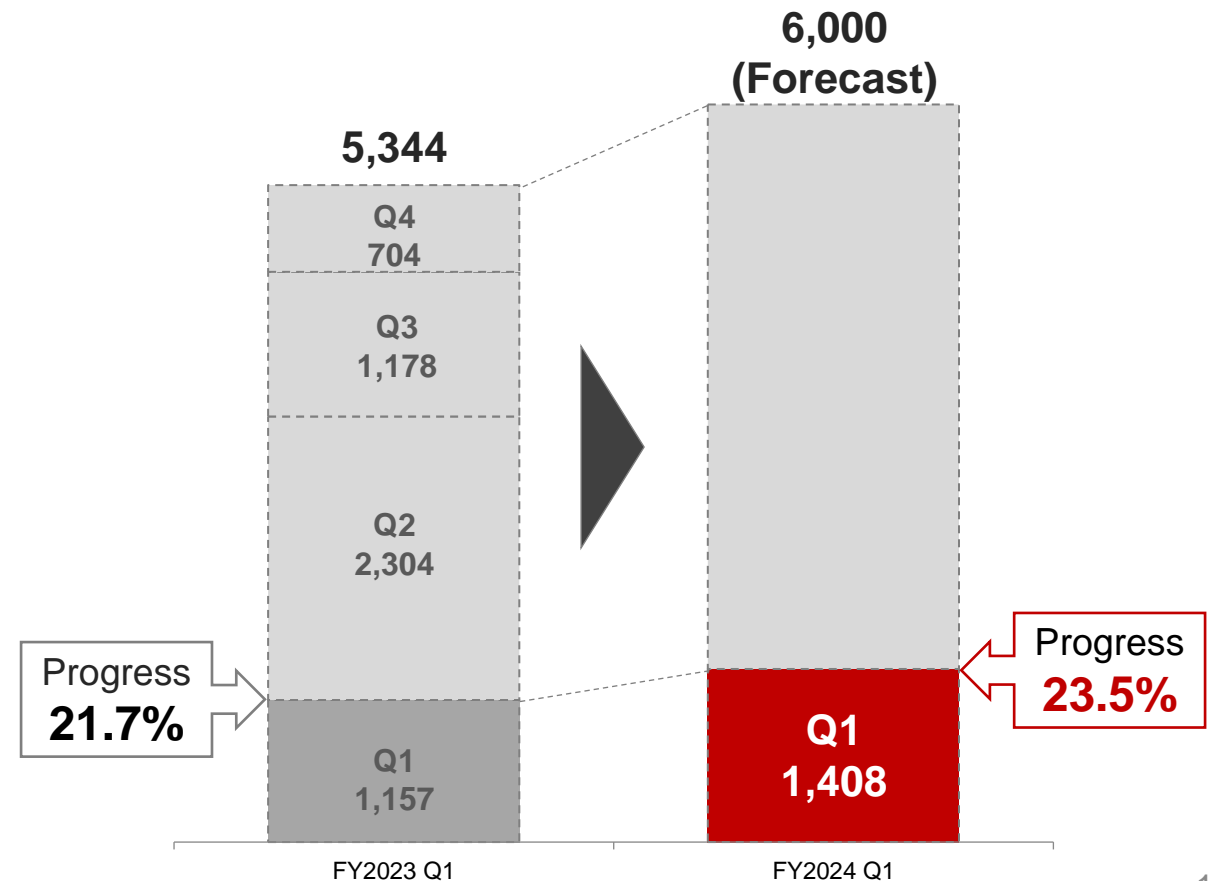
(Millions of yen)

- Both operating revenue and profit before tax progressing according to full-year forecast
- Quarterly performance set to **increase gradually** from the further **accumulation** of loan receivables/automobile warranties

Operating revenue



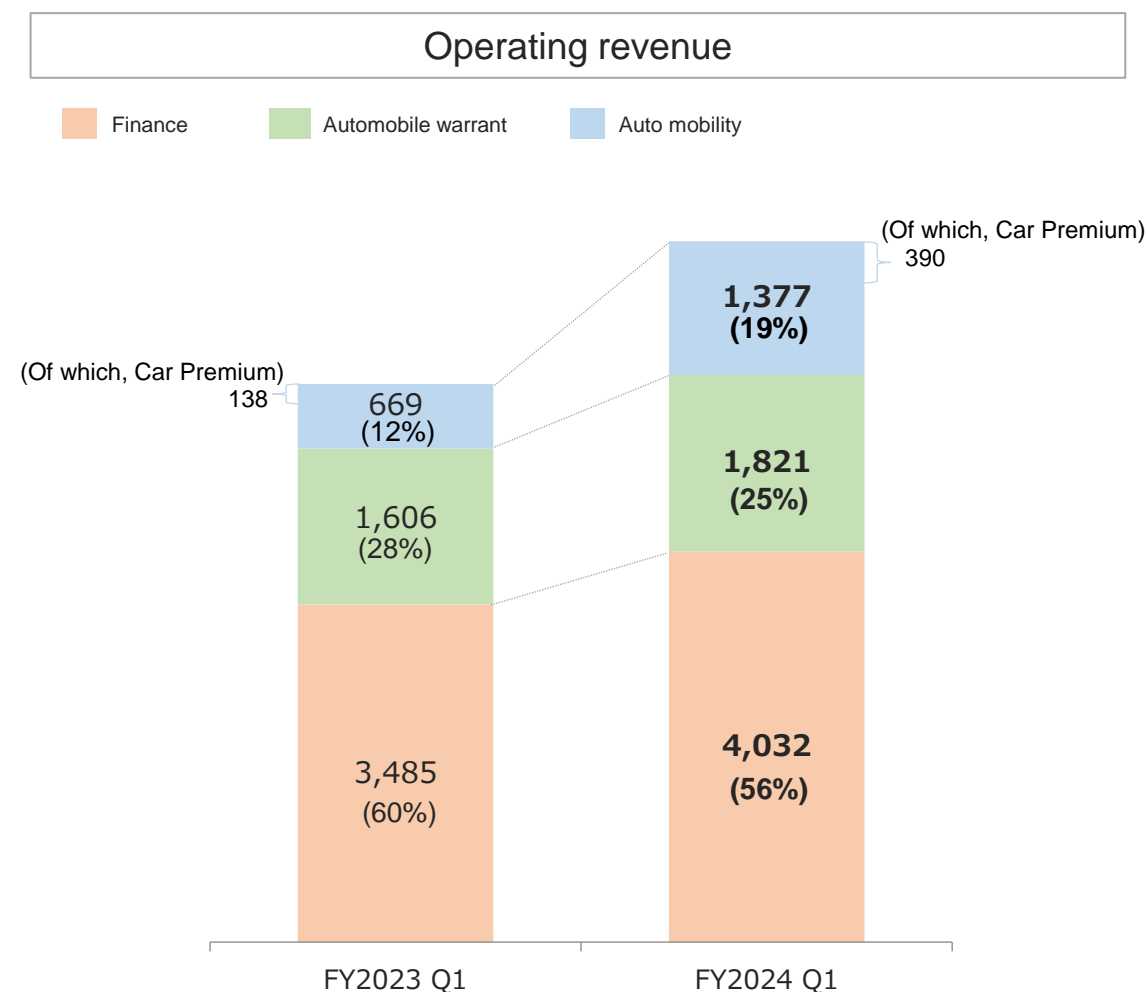
Profit before tax



Performance by Segment

- Operating revenue and profit before tax both **increased** over FY2023 Q1 as a result of the **steady growth** of each segment
- **Auto mobility and Car Premium segments provided greater share of operating revenue**

	FY2024 Q1	
	Operating revenue	Profit before tax
Finance segment	4,032 Up 15.7% YoY	1,041 Up 12.7% YoY
Automobile warranty segment	1,821 Up 13.4% YoY	223 Up 1.1% YoY
Auto mobility segment	1,377 Up 105.8% YoY	146 Up 669.7% YoY
(Of which, Car Premium)	390 Up 181.8% YoY	11 Up 44 YoY



Notes: 1. Segment classification was changed from FY2024. Profits and losses for each segment in FY2023 is reflected only to the extent practicable.
 2. "Of which, Car Premium" only shows difference in performance with previous fiscal year.
 3. Operating revenue for the previous fiscal year have been partially reclassified due to a change in presentation methods.



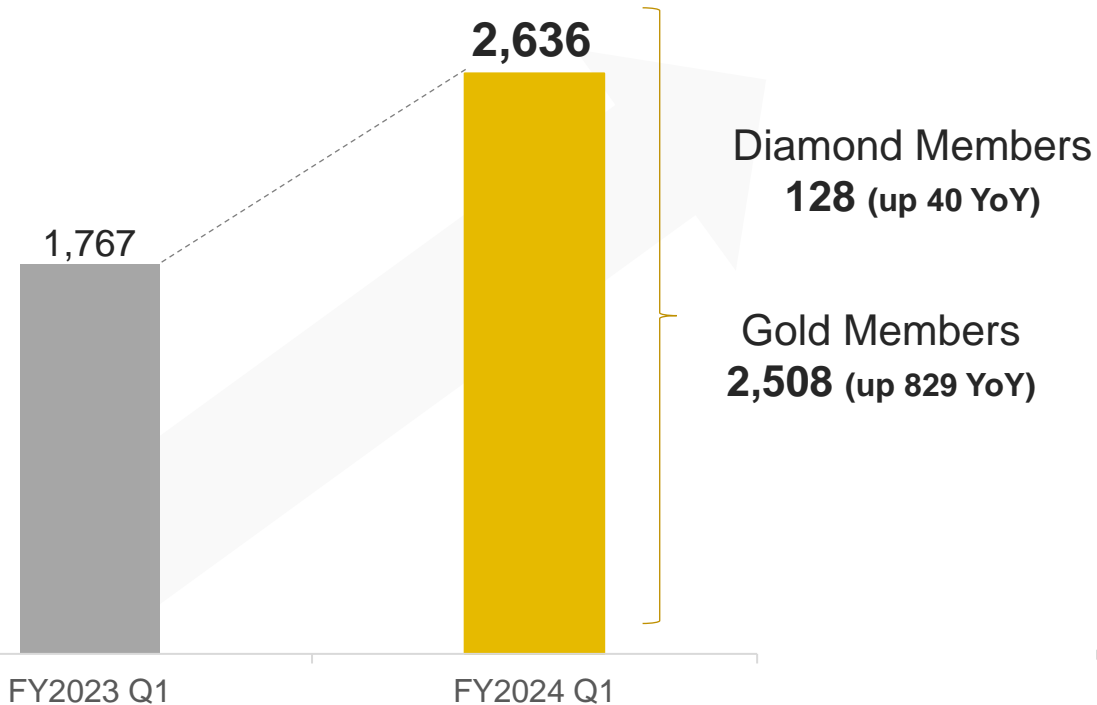
3. Car Premium

- **Steady progress in building** Car Premium Club, a paid membership organization for car dealers and maintenance facilities
- Aim to upsell to paid memberships, **increase membership growth and boost membership fee revenue** by reinforcing services

Car Premium Dealer

Up **869** YoY

(companies)

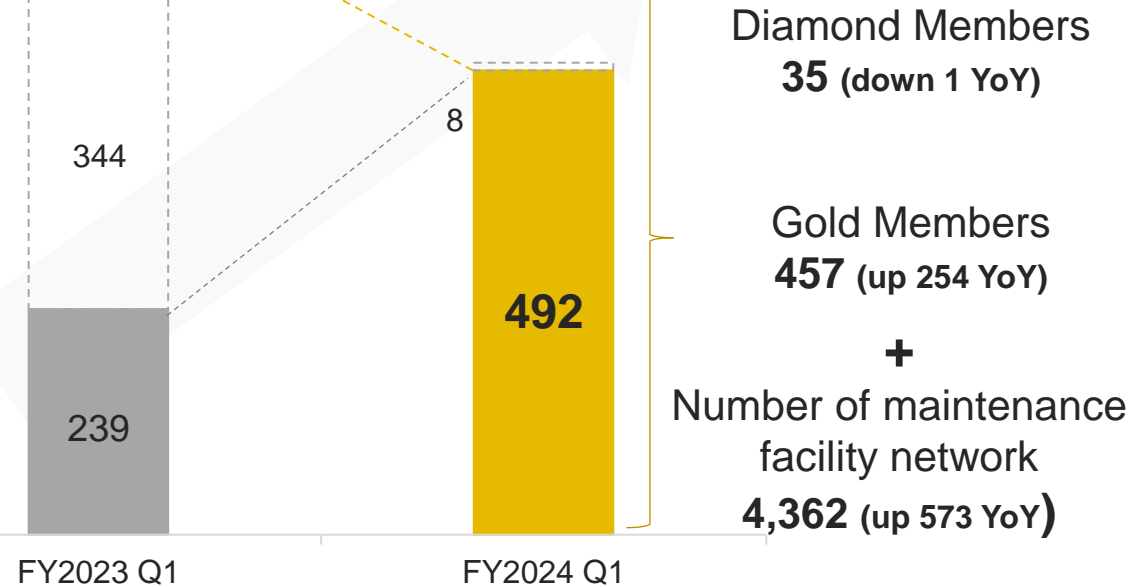


Car Premium Garage

Up **253** YoY

(stores)

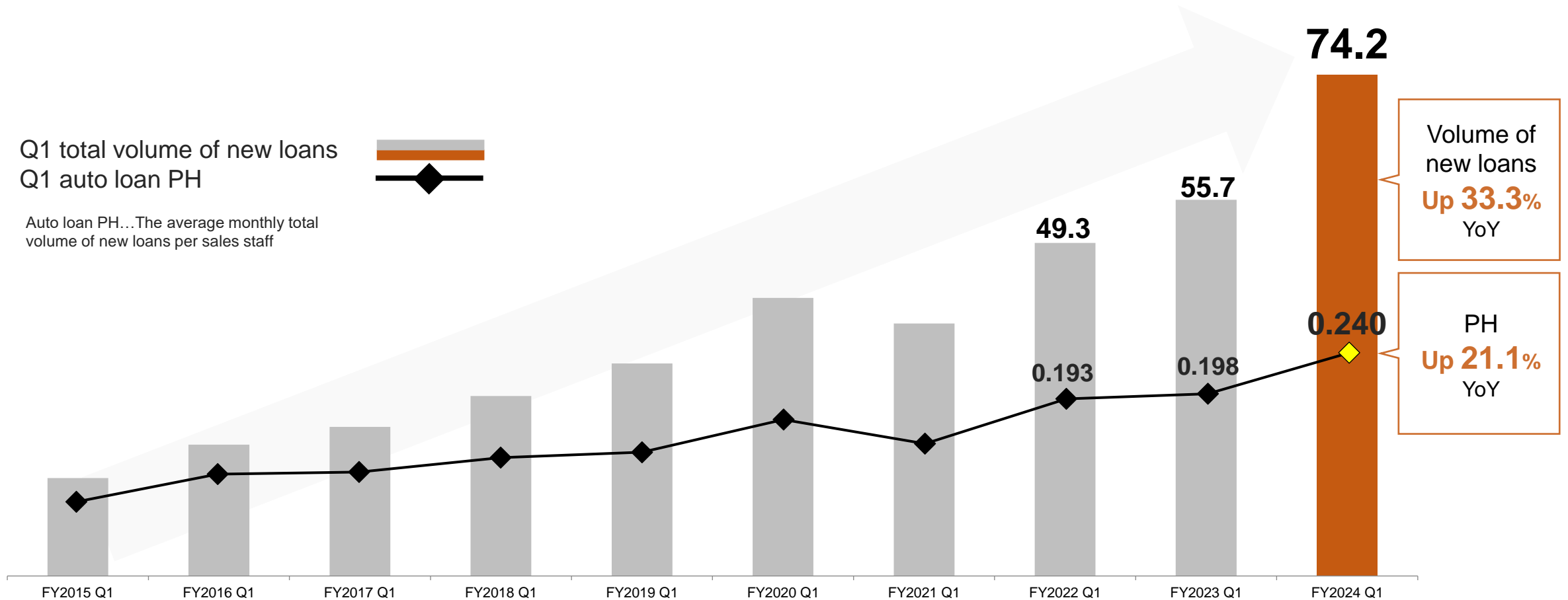
Silver Member category **will be eliminated** following organizational restructuring. Similar to Car Premium Dealer, **integrated into Diamond/Gold members**.





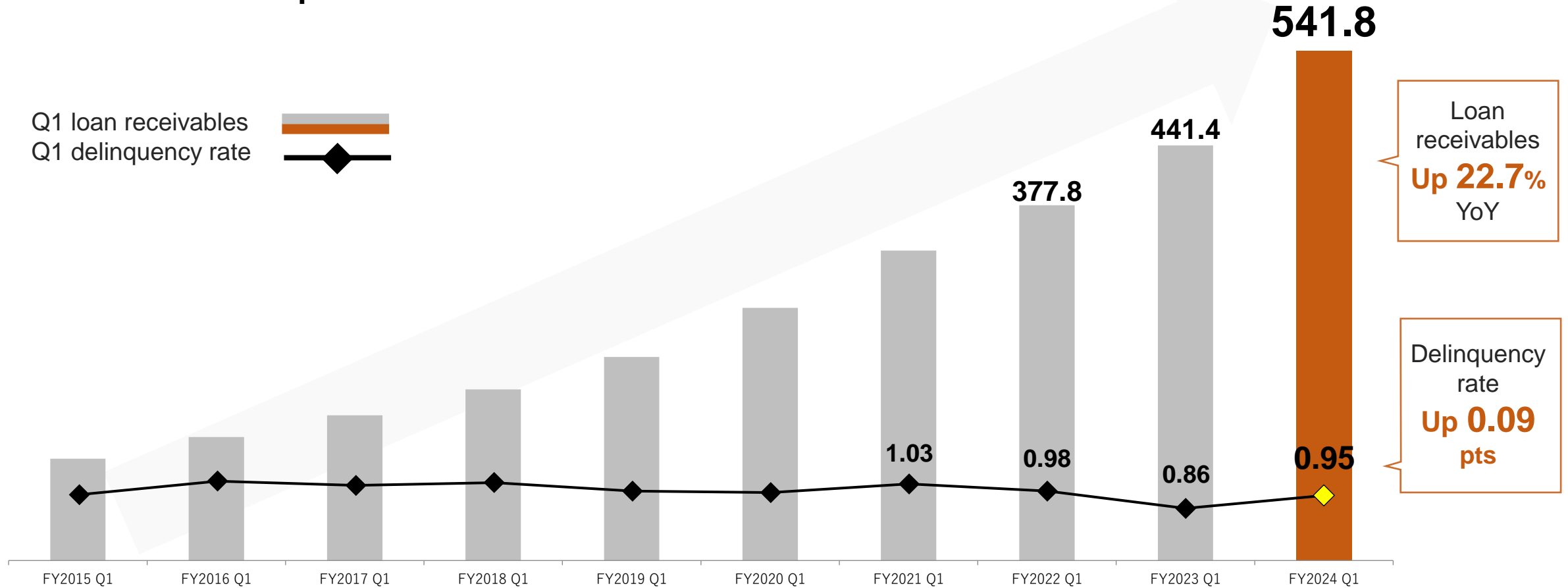
4. Finance Segment

- **Total volume increased by 33.3% YoY** despite the used vehicle market trending sideways
- **Auto loan PH broke through the ¥200 million mark.** Continued to promote sales **efficiency.** (Details on p.26)



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 Premium Co., Ltd.
 2. In the FY ended March 31, 2021, the volume of new loans temporarily decreased due to voluntary restraint of sales operations amid the COVID-19 pandemic.

- Loan receivables broke through the **¥500 billion** mark and **grew, up 22.7% YoY**
- Delinquency rate will remain **stable at a low level**
- **Bolster headcount, DX measures (auto calling), collaborate with servicer subsidiary, and increase collection of delinquent receivables**



Notes: 1. "Loan receivables" refers to the total amount of credit and lease contracts that has not been repaid or for which the warranty period has not elapsed from the end of the period. The figures are inclusive of the receivables balance of products other than automotive credit financing (Ecology 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 and lease receivables at the end of the period.

- Prioritized **conversion** of existing network stores **to paid memberships**, while also continuing to grow new network stores
→Disclosing **percentage** of paid memberships (=Car Premium Dealer) to auto loan volume
- Not planning to increase sales staff significantly but rising PH (establishing **mechanisms** and making **sales activities more efficient**)

Car Premium Dealer auto loan share

Up **10.4%** YoY

42.0%

Intend to continue increasing in the future given the **rising number of paid memberships**

Number of sales staff

Up **9** YoY

103

Prioritizing **conversion** of existing network stores **to paid memberships**

AI credit screening rate

Up **20.2 pts** YoY

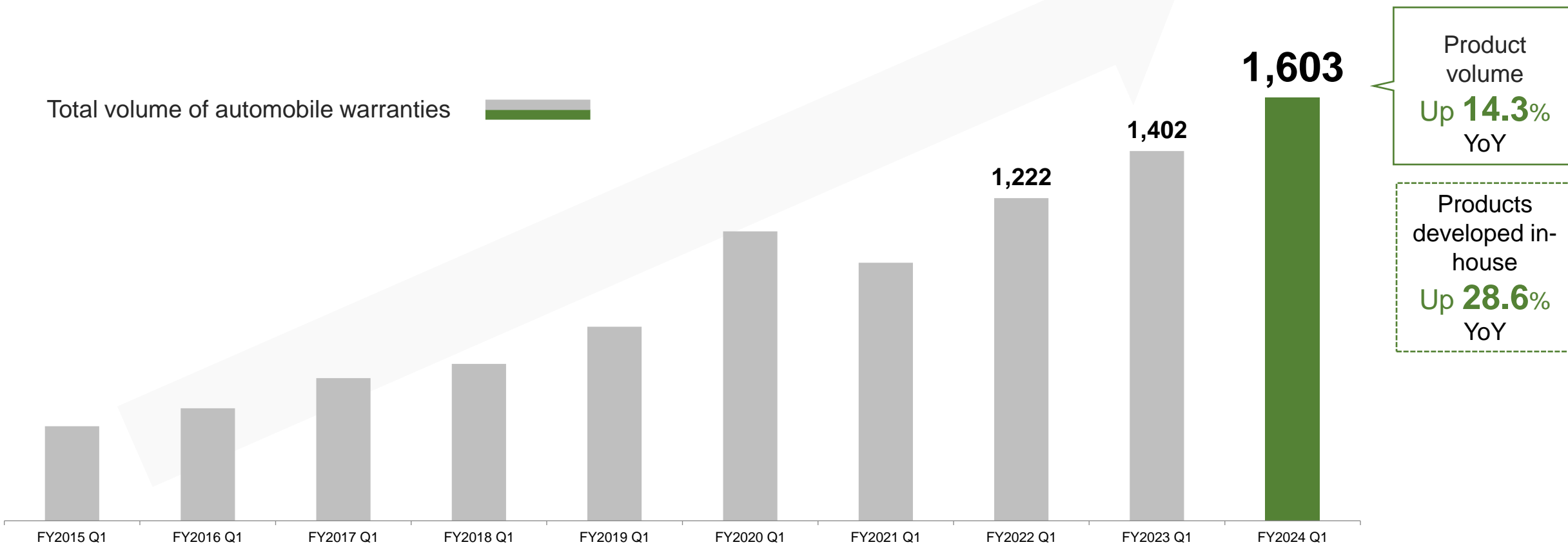
39.4%

Further increase screening **accuracy** to reduce screening time and standardize screening decisions



5. Automobile Warranty Segment

- Automobile warranty **volume up 14.3%** YoY despite the used vehicle market trending sideways
- Volume of **products developed in-house** continued to grow, **up 28.6%** YoY
- Began **encouraging conversion to Car Premium Club**, aiming to increase volume of warranty services



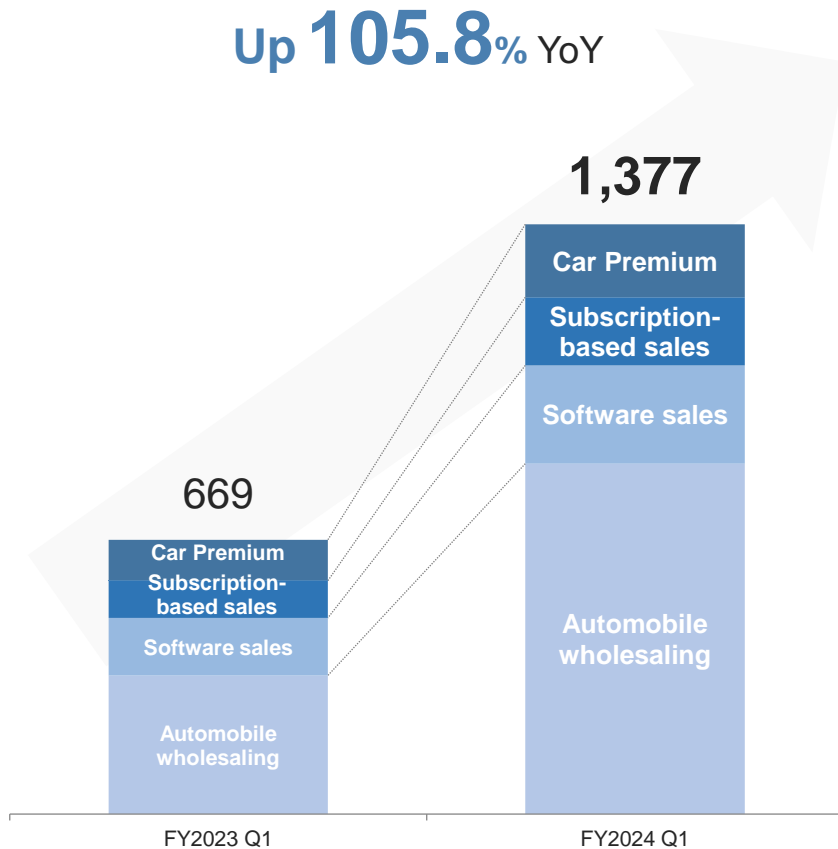
Notes: 1. "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period.
 2. The aggregation criteria for volume of certain products were reviewed in FY2022 Q3. Figures presented here were calculated using the new criteria.



6. Auto Mobility Segment

- Focused on **developing services for paid members** and **creating new businesses**.
Increased largely in unison with each service.

Auto Mobility Segment Operating revenue



Car Premium Club

Up **79.3%** YoY
Increased Car Premium membership fee income from the **growing number** of members

Subscription-based sales (leasing)

Up **83.7%** YoY
Increased operating revenue from original lease products by **boosting** Car Premium Club memberships

Software sales

Up **70.0%** YoY
Increased operating revenue by **bolstering sales** to Premium network stores

Automobile wholesaling

Up **153.1%** YoY
Car Premium internal **distribution volume** growing and operating revenue expanded



7. Appendix

Name	Premium Group Co., Ltd.
Securities Code / Exchange	7199 / Prime Market of Tokyo Stock Exchange
Established	May 25, 2015 Note: 2007: Established Premium Co., Ltd. (Former name: G-ONE Credit Services Co., Ltd.)
Head Office	The Okura Prestige Tower, 2-10-4 Toranomom, Minato-ku, Tokyo
President and Representative Director	Yohichi Shibata
Number of Issued Shares	40,327,770 (As of June 30, 2023)
Capital	¥1,674 million (non-consolidated: as of June 30, 2023)
Number of Employees	696 (consolidated; as of June 30, 2023) (Note) Number of persons employed by the Group excluding temporary workers
Major Shareholders	<ul style="list-style-type: none"> • Coupland Cardiff Asset Management: 5.97% • Nomura Securities Co., Ltd. (Nomura Asset Management Co., Ltd. and Nomura International PLC): 5.96% • Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset management Co.,Ltd.: 4.13% (As of June 7, 2023; referencing the report on changes in large volume holdings, etc.)
Description of Business	Businesses in Japan and overseas <ul style="list-style-type: none"> • Car Premium (Building a membership organization of auto dealers and garages) • Finance • Automobile warranty • Auto mobility Overseas (Thailand, Indonesia, Philippines)

Description of Business



- Premium Group is an **auto mobility company** offering customers a vibrant car life alongside our network of car dealers and garages.

Business Segment

Finance

▷ Main business

- Auto credit
- Ecology credit
- Shopping credit
- Collection Agency

▷ Main business partners

- Used car dealer

Automobile Warranty

▷ Main business

- Automobile warranty
- Overseas expansion of automobile warranty (Thailand, Indonesia, Philippines)
- Sales of used parts to domestic and overseas

▷ Main business partners

- Used car dealer, garage

Auto Mobility

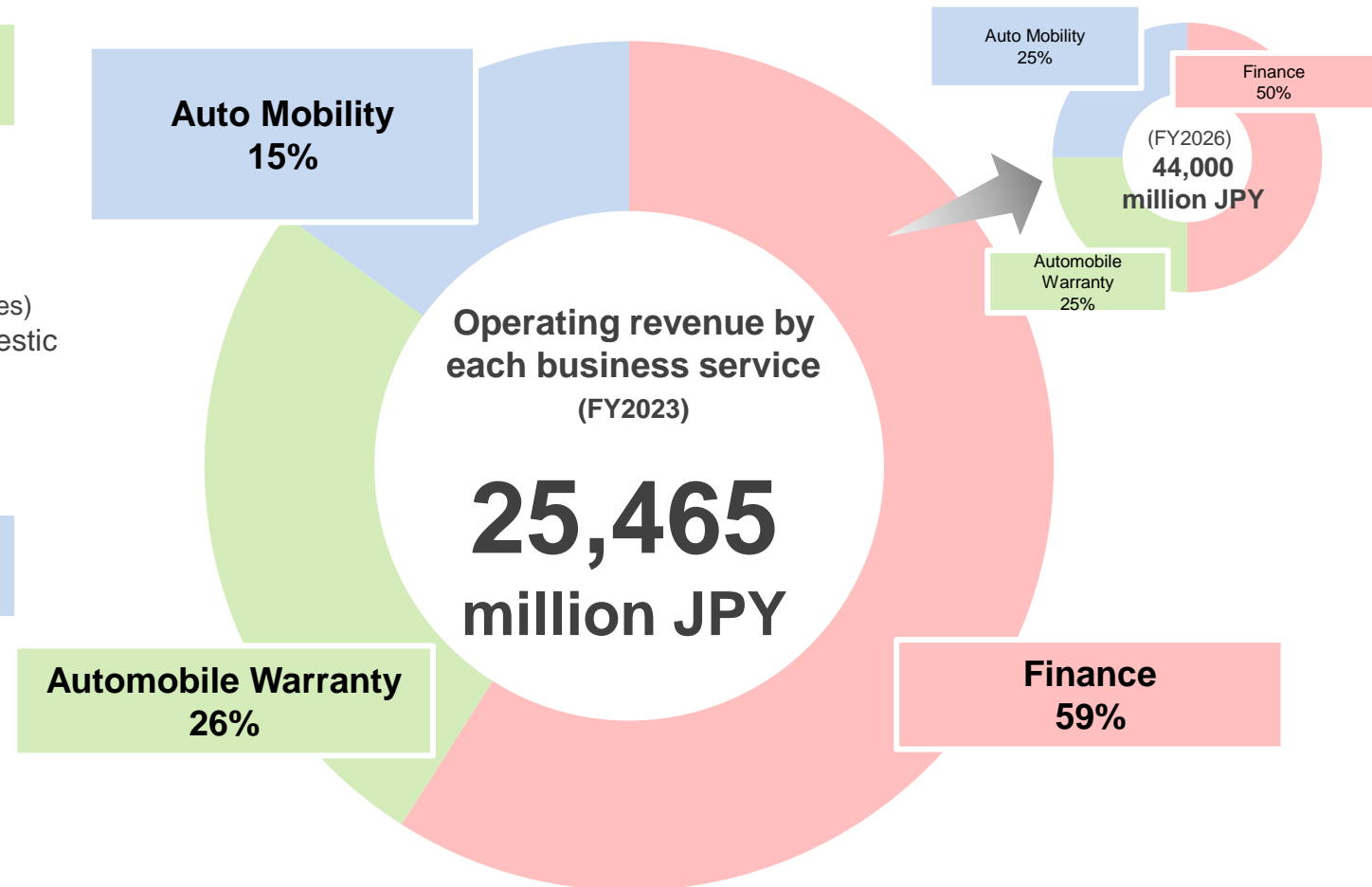
▷ Main business

- Operation of Car Premium Club membership organization
- Automobile wholesaling · Sales of software
- Subscription-based sales (leasing) · Operating garages

▷ Main business partners

- Used car dealer, garage

Portfolio by Segment



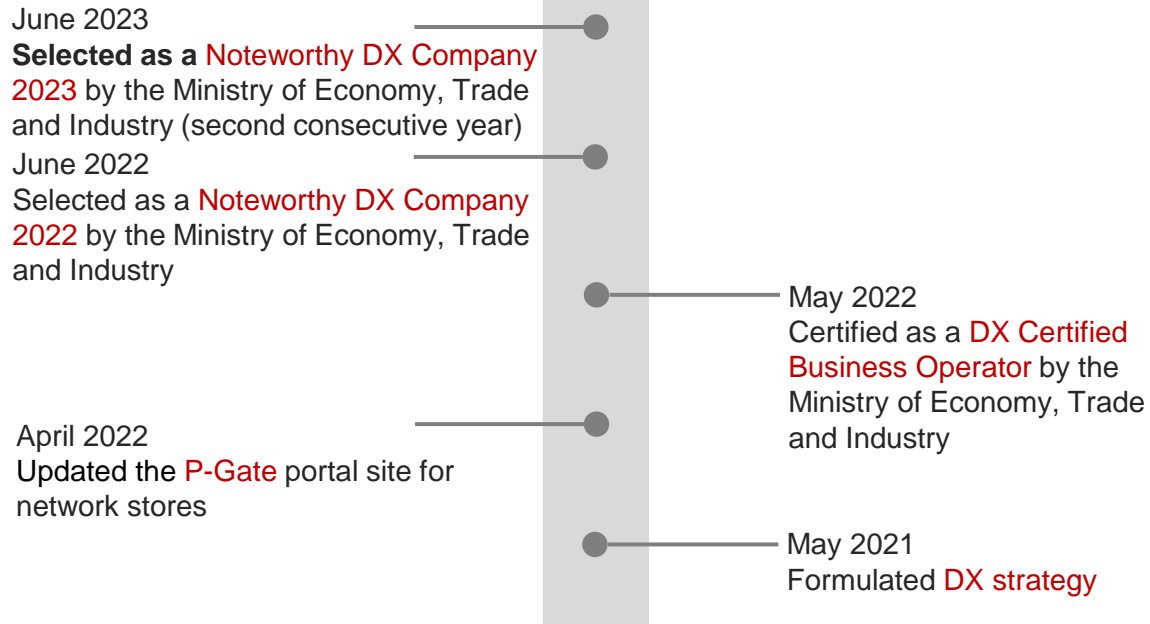
Our DX Strategy



In approximately one year from formulating our DX strategy, we **built** our DX initiative **platform** internally and externally and were recognized as Noteworthy **DX Company in 2022 and 2023** and became a **DX Certified Business Operator** in 2022

Seeking to **realize our concept as a platform provider** of connecting end-users and mobility providers

Achieving our DX Vision



DX for end-users

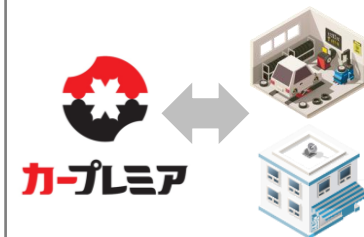


Website for individual customers launches on July 22, 2022

This site offers:

- Options to get the best out of our customers' cars using our wide range of services
- Extensive after-sales support

DX for auto mobility providers



Login rates for mobility provider portal sites:

As of June 30, 2023

- All network stores: 66.7%
- Car Premium Dealer: 99.4%

→ Functions as a tool for communication with dealers

Medium-Term Vision

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

Numerical Targets

Operating revenue	Profit before tax	Profit attributable to owners of parent	ROE	Market cap
¥44.0 billion vs. FY2023: +74.6%	¥10.2 billion vs. FY2023: +91.0%	¥7.0 billion vs. FY2023: +75.0%	30-39% FY2023 results: 34.7%	¥140-175 billion vs. FY2023: 204-255%

Key Issues

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

(FY2023 Q4) Segments in FY2024



Segments will be reorganized to establish the **Car Premium business model**
 Auto mobility and Car Premium segments will be merged to create further **Group synergies**



Finance

Premium Co., Ltd.

Operation and supervision of finance business, centered on automotive credit financing

Central Servicer Corporation

Servicer and vehicle repossession businesses



Eastern Commercial Leasing p.l.c. *

Automotive credit and warranty businesses (Listed on the Stock Exchange of Thailand)

Automobile Warranty

Premium Warranty Services Co., Ltd.

Operation and supervision of automotive warranty segment

Premium Auto Parts Co., Ltd.

Auto parts-related business



Premium Service (Thailand) Co., Ltd.

Automobile maintenance and automotive warranty businesses in Thailand



PT Premium Garansi Indonesia *

Automotive warranty business in Indonesia



Premium Warranty Services Philippines, Inc. *

Automotive warranty business in the Philippines

Auto Mobility

Premium Mobility Services Co., Ltd.

Operation and supervision of auto mobility segment

PLS Co., Ltd.

Auto leasing business for consumers

Premium soft planner Co., Ltd.

B2B software development and sales business

CIFUT Co., Ltd. *

Development and provision of automotive-related IoT devices

Car Premium Co., Ltd.

Development and operation of membership organizations for mobility providers

PAS Co., Ltd.

Automobile maintenance business, body work/paint business

(Notes) 1. “*” indicates an affiliate.

(FY2023 Q3) Our Actions to Address Changes in the External Environment



- **Exchange rates:** Very small number of transactions in foreign currency
 - **Agilely responding to rising interest rates and inflation**
- ➔ Little to no impact on earnings

(1) FX fluctuations



Small number of transactions denominated in foreign currency
→ Little to no impact

(2) Inflation



Agilely modify commissions and product pricing
→ Little to no impact

(3) Rising interest rates

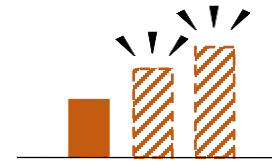
Interest rates for funding auto loans

> Loans under contract



Fixed rates for both funding and loans
→ No impact

> New loans to be contracted



Agilely pass on higher interest rates
→ Little to no impact

Financial strategy



- Increase share of **fixed rate** funding
- Promote **diversification** of funding methods (Accounts receivable securitization, corporate bonds, commercial paper, etc.)

Achieve funding at even **lower** interest rate and with more **stability**

	FY2023.Q1 (As of June 30, 2022)	FY2023 (As of March 31, 2023)	FY2024.Q1 (As of June 30, 2023)	Compared to previous quarter	QoQ
Assets					
Cash and cash equivalents	10,040	14,857	12,792	+27.4%	△13.9%
Financing receivables	37,314	45,003	48,233	+29.3%	+7.2%
Other financial assets	5,751	6,281	6,522	+13.4%	+3.8%
Property, plant and equipment	3,415	3,074	2,961	△13.3%	△3.7%
Intangible assets	6,678	7,930	8,317	+24.5%	+4.9%
Goodwill	3,958	3,958	3,958	△0.0%	+0.0%
Investments accounted for using equity method	1,647	2,624	2,716	+64.9%	+3.5%
Deferred tax assets	3	5	81	+2254.9%	+1626.0%
Insurance assets	3,814	4,465	5,529	+45.0%	+23.8%
Other assets	9,585	13,234	12,619	+31.7%	△4.6%
Total assets	82,207	101,431	103,728	+26.2%	+2.3%
Liabilities					
Financial guarantee contracts	31,718	36,818	39,468	+24.4%	+7.2%
Deferred warranty revenue	5,511	6,030	6,355	+15.3%	+5.4%
Borrowings	23,396	31,682	31,740	+35.7%	+0.2%
Other financial liabilities	6,796	7,855	6,854	+0.8%	△12.7%
Provisions	341	363	364	+6.7%	+0.1%
Income taxes payable	192	603	350	+82.2%	△41.9%
Deferred tax liabilities	1,414	1,360	1,489	+5.3%	+9.5%
Other liabilities	2,467	3,367	2,957	+19.9%	△12.2%
Total liabilities	71,836	88,078	89,577	+24.7%	+1.7%
Equity					
Equity attributable to owners of parent					
Share capital	1,700	1,700	1,700	△0.0%	+0.0%
Capital surplus	1,347	1,415	1,455	+8.0%	+2.8%
Retained earnings	8,185	10,952	11,596	+41.7%	+5.9%
Treasury shares	△ 1,150	△ 1,088	△ 1,088	△ 5.3%	+0.0%
Other components of equity	259	343	454	+75.1%	+32.5%
Total equity attributable to owners of parent	10,342	13,322	14,117	+36.5%	+6.0%
Non-controlling interests	28	31	35	+21.7%	+10.6%
Total equity	10,370	13,353	14,151	+36.5%	+6.0%
Total liabilities and equity	82,207	101,431	103,728	+26.2%	+2.3%

(April 1 - June 30)	FY2023.Q1	FY2023.Q4	FY2024.Q1	YoY	QoQ
	(April 1, 2022 - June 30, 2022)	(January 1, 2023 - March 31, 2023)	(April 1, 2023 - June 31, 2023)		
Operating revenue	5,765	6,931	7,233	+25.5%	+4.4%
Operating expenses	4,662	6,222	5,868	+25.9%	△5.7%
Operating profit	1,103	709	1,365	+23.8%	+92.4%
Share of profit of investments accounted for using equity methc	63	52	60	△5.4%	+16.0%
Other finance income	1	△ 44	4	+372.5%	△108.0%
Other finance costs	9	12	20	+114.0%	+65.0%
Profit (loss) before tax	1,157	704	1,408	+21.7%	+99.9%
Income tax expense	312	207	332	+6.4%	+60.9%
Profit (loss)	845	498	1,075	+27.3%	+116.1%
Profit (loss) attributable to:					
Owners of parent	841	497	1,072	+27.5%	+115.8%
Non-controlling interests	4	1	4	△15.3%	+254.3%

PL (Operating revenue/Operating expenses)



(Millions of yen)

(April 1 - June 30)	FY2023.Q1 (April 1, 2022 - June 30, 2022)	FY2023.Q4 (January 1, 2023 - March 31, 2023)	FY2024.Q1 (April 1, 2023 - June 31, 2023)	YoY	QoQ
Operating revenue					
Finance income	2,962	3,302	3,495	+18.0%	+5.8%
Warranty revenue	1,225	1,332	1,387	+13.3%	+4.1%
Automobility-related sales	589	1,176	1,207	+104.7%	+2.6%
Other commission sales	543	596	605	+11.4%	+1.5%
Automotive parts sales	353	338	422	+19.3%	+24.7%
Impairment gain on financial assets	55	8	70	+26.5%	+736.9%
Revenue from the exercise of insurance policies	-	125	-	-	-
Other	37	53	48	+29.3%	△9.1%
Total	5,765	6,931	7,233	+25.5%	+4.4%

(April 1 - June 30)	FY2023.Q1 (April 1, 2022 - June 30, 2022)	FY2023.Q4 (January 1, 2023 - March 31, 2023)	FY2024.Q1 (April 1, 2023 - June 31, 2023)	YoY	QoQ
Operating expenses					
Finance costs	47	50	68	+45.4%	+35.2%
Warranty cost	738	719	822	+11.5%	+14.4%
Automobility-related costs	331	836	779	+135.6%	△6.8%
Guarantee commission	617	692	729	+18.1%	+5.4%
Cost of automotive parts external sales	246	262	305		
Employee benefit expenses	1,121	1,326	1,356	+21.0%	+2.2%
Depreciation	350	368	367	+4.6%	△0.4%
Commission expenses	273	245	303	+10.8%	+23.6%
Taxes and dues	218	255	238	+9.1%	△6.9%
System operation costs	199	231	230	+15.7%	△0.2%
Outsourcing expenses	144	242	187	+29.4%	△22.9%
Other operating expenses	379	996	486	+28.3%	△51.2%
Total	4,662	6,222	5,868	+25.9%	△5.7%



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