



Financial Results Presentation

for 1H of FY Ending March 31, 2022

November 5, 2021

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



- 1. Summary of Financial Results for 1H** [P. 3](#)
- 2. Segment Overview** [P. 8](#)
- 3. Other Topics** [P. 15](#)
- 4. Appendix** [P. 18](#)

1. Summary of Financial Results for 1H



Highlights from 1H of FY Ending March 31, 2022



- ✓ The downturn in production of new cars has resulted in **used car inventory shortages and soaring prices**
- ✓ Both credit finance and automobile warranty segments recorded **growth in volume that outpaced the market**
- ✓ The steady performance of our three main segments helped drive performance of **core businesses to higher revenue and profit**

Market

- Number of new passenger vehicles registered: 1H: Up 2.3% YoY / 2Q alone: Down 11.3% YoY
- Number of used passenger vehicles registered: 1H: Down 2.9% YoY / 2Q alone: Down 11.0% YoY (Statistical data from the Japan Automobile Dealers Association)

KPIs

- Total volume of new loans: 1H: **Up 29.2% YoY** / 2Q alone: Up 26.6% YoY
- Total volume of automobile warranties: 1H: **Up 12.3% YoY** / 2Q alone: Up 2.7% YoY
Total volume of products developed in-house (automobile warranties): 1H: Up 29.0% YoY / 2Q alone: Up 21.6% YoY

Performance

- Operating income: ¥10,104 million (**up 20.5% YoY**)
- Profit before: ¥1,915 million (down 4.3% YoY) **✖excluding one-off factors (up 31.5% YoY)**
- Future expected earnings (deferred profit): ¥33,124 million stocked on B/S (**up 18.2% YoY**)
Credit finance business: ¥27,566 million, Automobile warranty business: ¥5,272 million, Other businesses: ¥285 million

Topics

- Selected for inclusion in **JPX-Nikkei Mid and Small Cap Index**
- Confirmed **conformance** with listing criteria of **Prime Market**, and resolution passed by Board of Directors for transition application to **Prime Market**

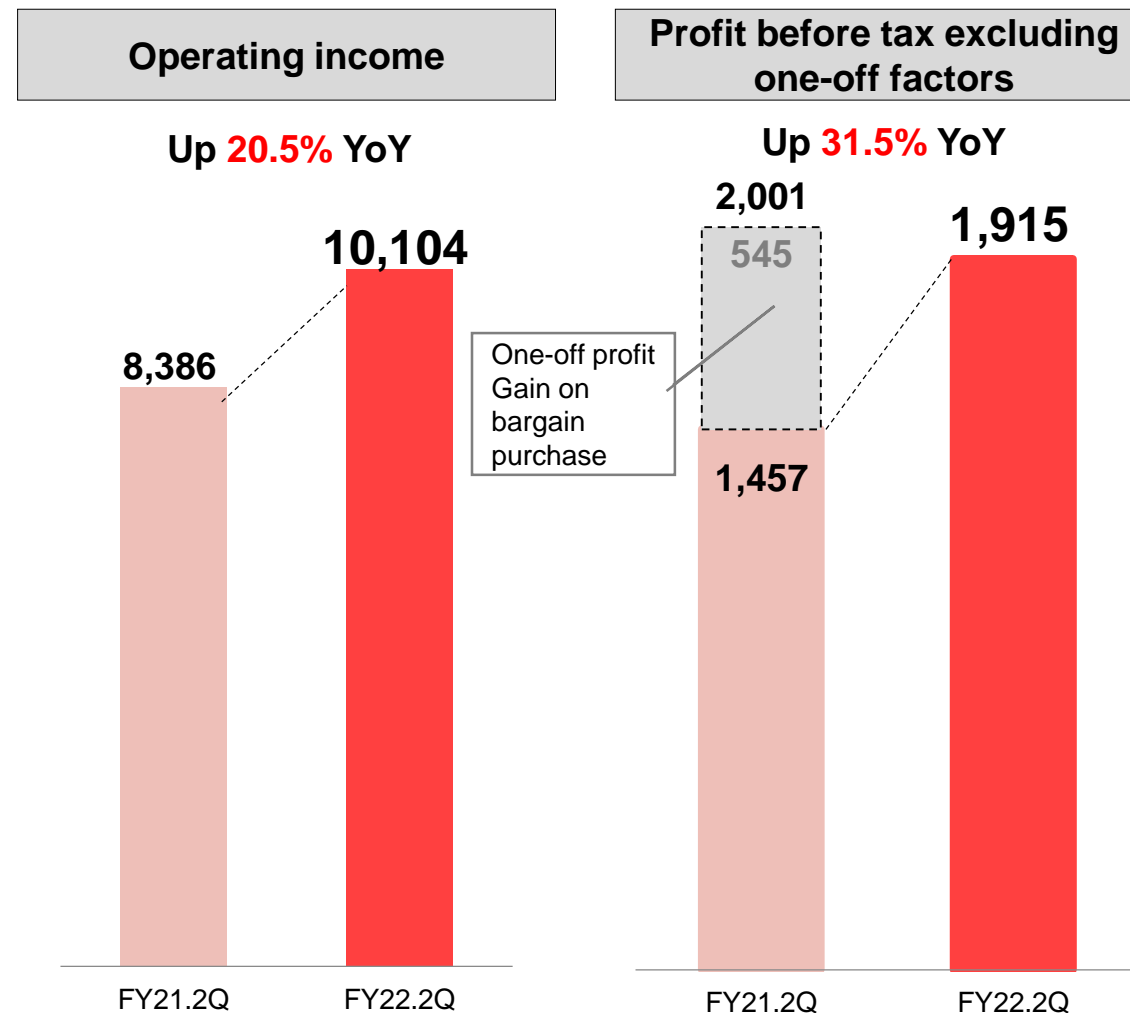
Consolidated Performance

(Graph/table unit: millions of yen)



- ✓ Expansion of the three main businesses drove operating income higher by 20.5% YoY
- ✓ Even when factoring in one-off profit (gain on bargain purchase, etc.) in FY2020, **profit attributable to owners of parent increased**

	FY21 1H	FY22 1H	YoY change
Operating income	8,386	10,104	+20.5%
Other income	625	16	-97.5%
	<small>Includes gain on bargain purchase of ¥594 million</small>		
Operating expenses	6,944	8,216	+18.3%
Profit before tax	2,001	1,915	-4.3%
Profit before tax of core business	1,457	1,915	+31.5%
Profit attributable to owners of parent	1,313	1,358	+3.4%
Basic earnings per share (yen)	102.89	106.02	+3.0%

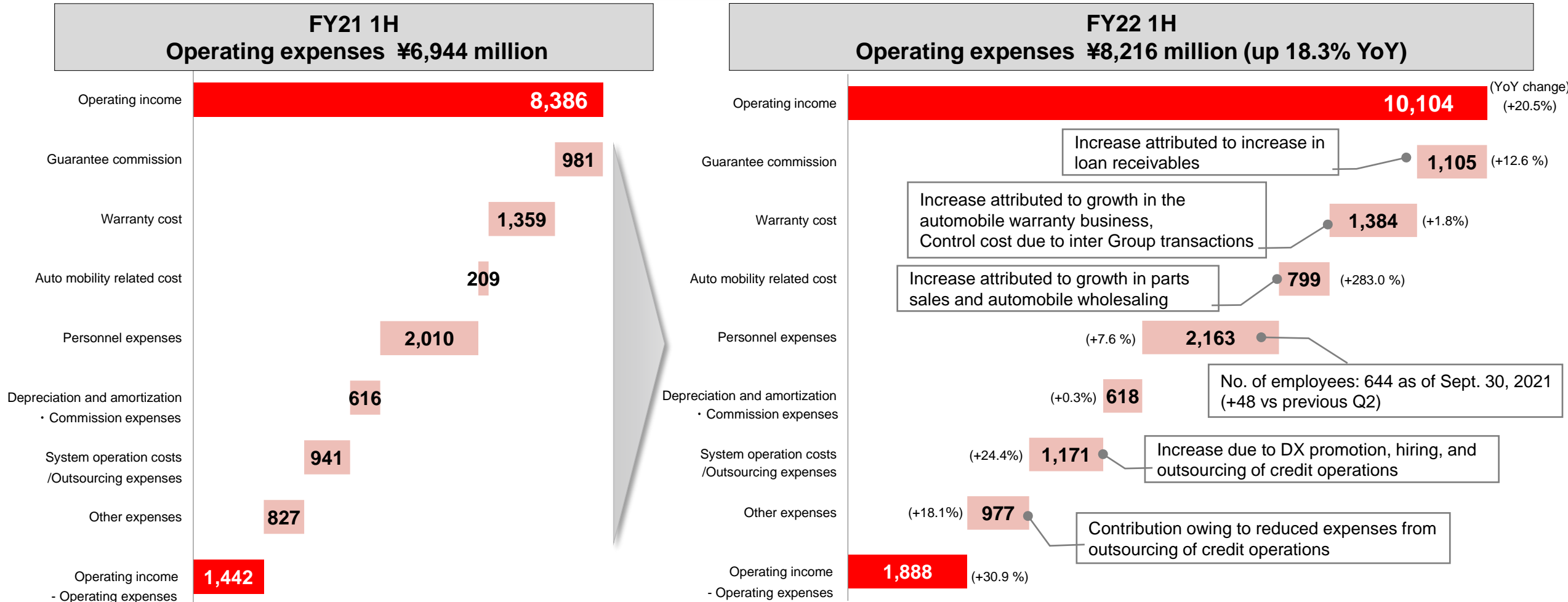


Operating Expenses (Consolidated)

(Graph unit: millions of yen)



- ✓ Operating expenses totaled ¥8,216 million (up 18.3% YoY)
- ✓ Cost increased due to the growth of the auto mobility segment, but **cost cutting measures**, such as promoting inter Group transactions and paperless services **helped to control growth in operating expenses**



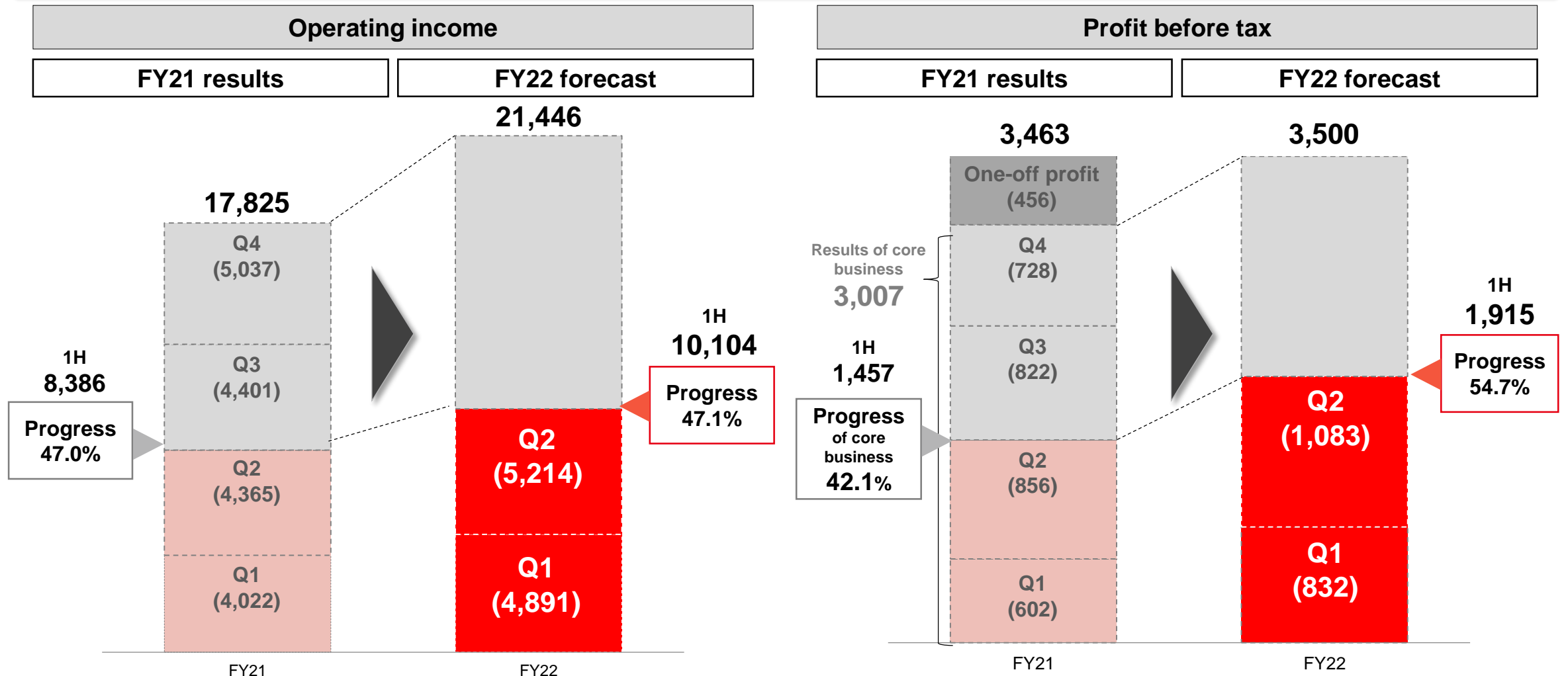
Note: Since it is a preliminary value, we will promptly notify you on our website when any corrections or changes occur.

Full-Year Performance Outlook

(Graph unit: millions of yen)



- ✓ Both revenue and profits surpassing the FY21 forecast (higher revenue and profits)
- ✓ The full-year forecast has been left unchanged because of future uncertainty due to the impacts on the automobile market caused by the semiconductor shortage



Note: 1. "the impacts on the automobile market" refers to the impact of stagnant production of new vehicles due to semiconductor shortages on the distribution of used vehicles.
 2. Operating income for Q4FY21 includes the transfer of impairment loss on financial assets for Q1-Q3 FY21 to operating income.

2. Segment Overview



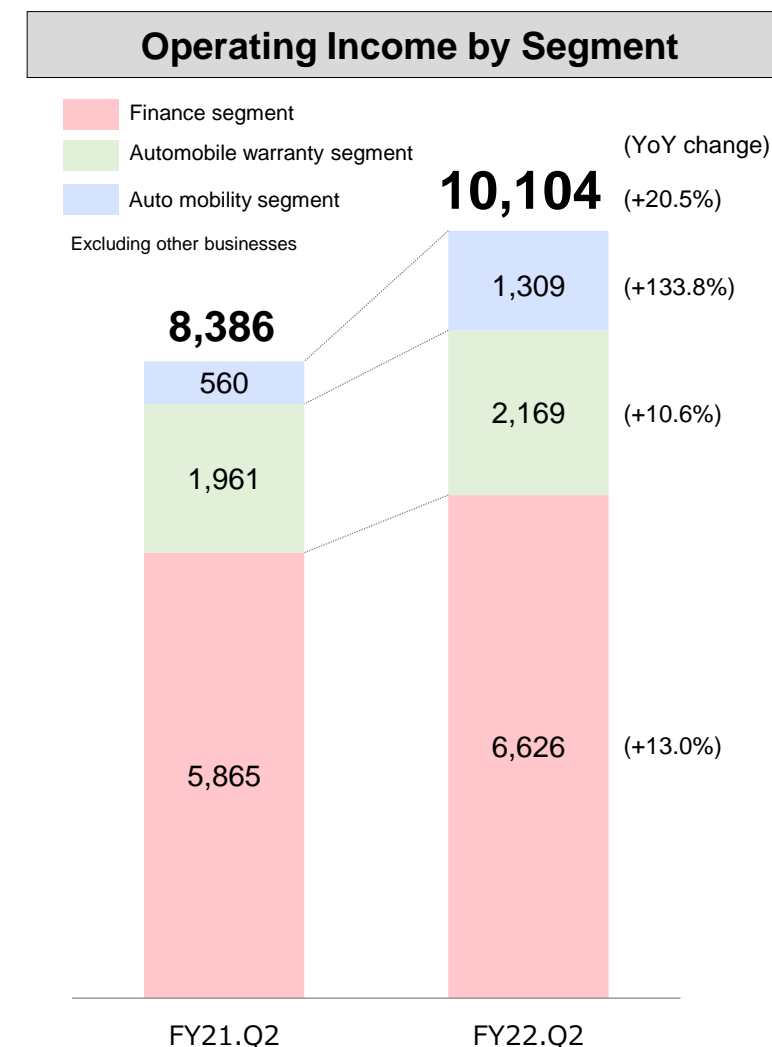
Performance by Segment

(Graph/table unit: millions of yen)



- ✓ Each segment steadily setting **new record highs for revenue and profits**
- ✓ The new auto mobility segment **posted a profit** driven by sales of parts and revenue growth of automobile wholesaling

	FY22 1H	
	Operating income	Profit before tax
Finance segment –Composition– Credit, lease, servicer	6,626 Up 13.0% YoY Growth of loan receivables and performance of servicer contributed to revenue	1,533
Automobile warranty segment –Composition– Automobile warranty services	2,169 Up 10.6% YoY Warranty growth and control of cost due to inter-Group synergies contributed	236
Auto mobility segment –Composition– Parts sales, software sales, automobile wholesaling, automobile maintenance, etc.	1,309 Up 133.8% YoY Turned profit despite being in business investment phase. Contribution of parts business.	16 (Q1 FY21: –11)
Other businesses	0.5	130
Total	10,104	1,915



Notes: 1. Other businesses include profits and losses from other businesses not included in reporting segments, netting of inter-Group transactions and company wide profits and losses.

2. Segment classification was changed from FY22. Profits and losses for each segment in FY21 is reflected only to the extent practicable.

Finance Segment: Total Volume of New Loans

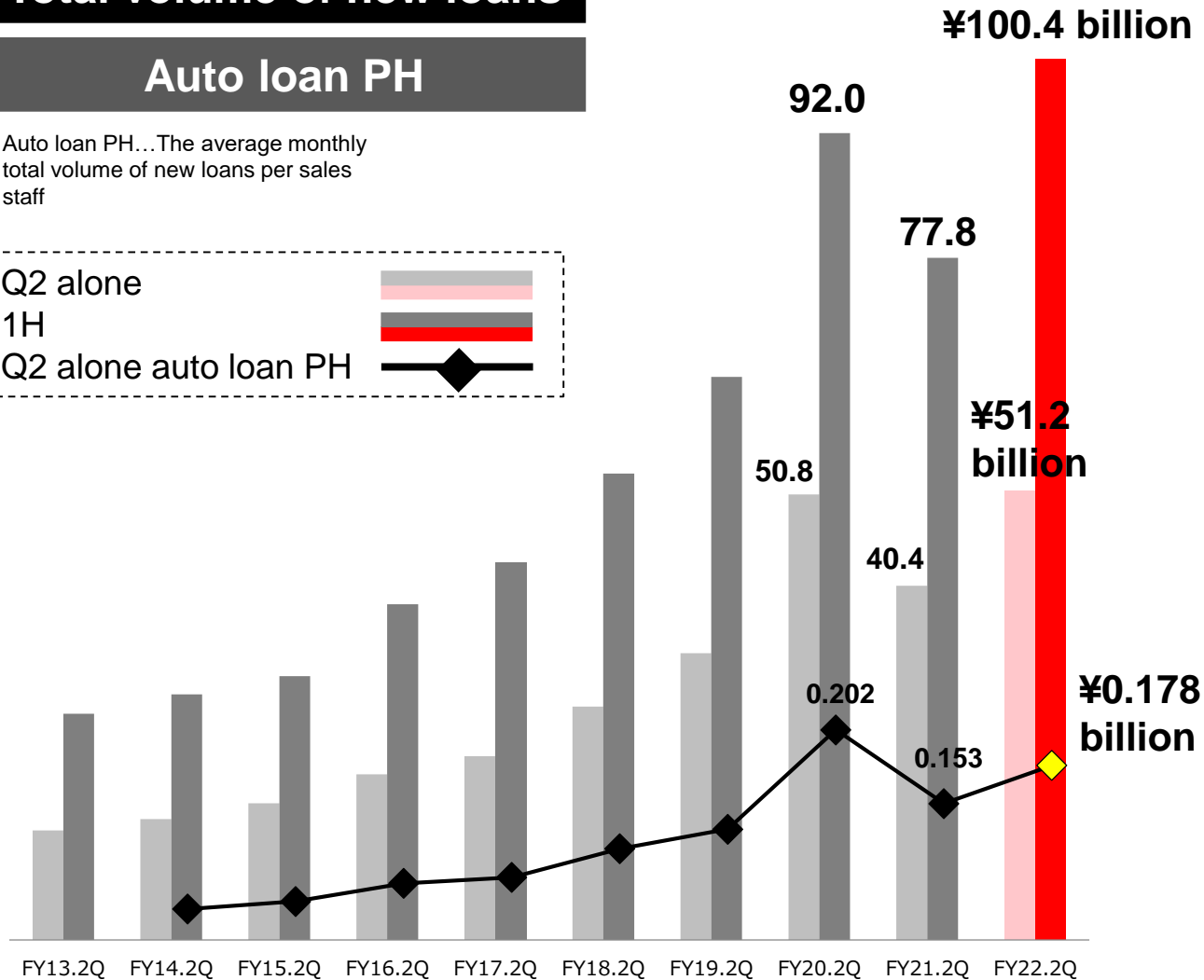
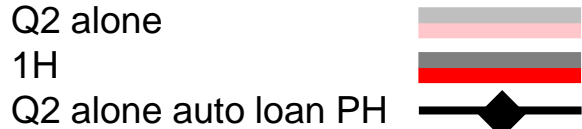
(Graph unit: billions of yen)



Total volume of new loans

Auto loan PH

Auto loan PH...The average monthly total volume of new loans per sales staff



Total volume of new loans:

+29.2% YoY

Auto loan PH:

+16.7% YoY

Factors driving change

- **Achieved efficient sales operations by using DX measures and reorganizing sales organizations**
 Paperless rate among total volume (as of end of 1H FY22: 79%)
 Number of sales offices: 24 (+9 YoY)
- **Generally reached a sales staff of 100**
 Sales staff at end of Q2: 94 (+10 vs Q1)

Strategy

- **Solicit new members for PFS Premium Club membership service**
Seek to enhance loyalty and increase loan receivables

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. "PH" stands for "Per Head," which refers to the average monthly total volume of new loans or warranties 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 Premium Co., Ltd.

Finance Segment: Loan Receivables

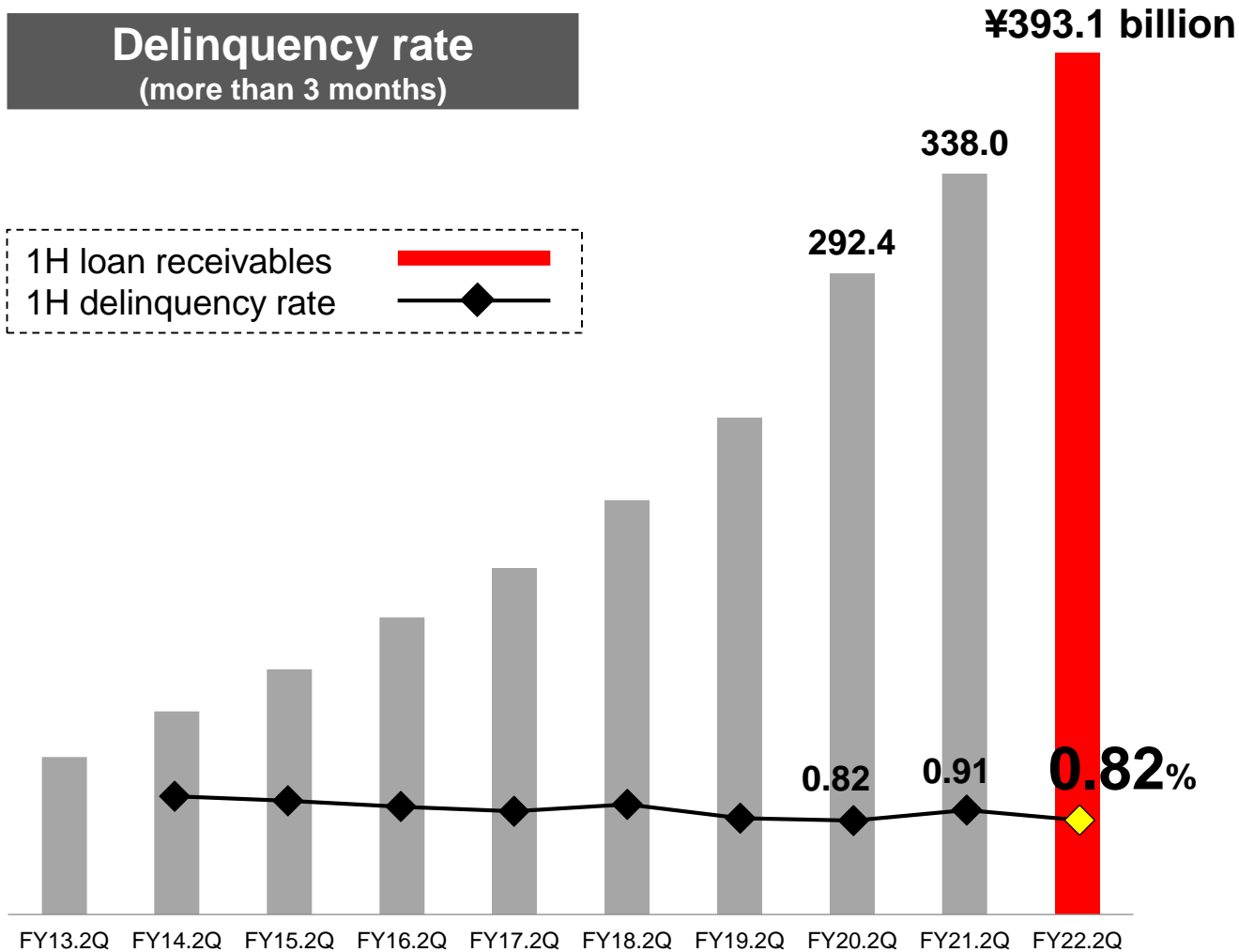
(Graph unit: billions of yen)



Loan receivables

Delinquency rate
(more than 3 months)

1H loan receivables
1H delinquency rate



Loan receivables:
+16.3% YoY

Delinquency rate:
0.82%

Factors driving change in delinquency rate

- **Achieved operational innovation through DX measures**
Efficiently eliminated initial arrears by introducing IVR (auto calling system)
- **Continuing collection activities for medium- to long-term delinquencies jointly with Central Servicer Corporation**

Strategy

- **Thoroughly control initial arrears**
- **Control medium- to long-term delinquencies through synergies with Central Servicer Corporation**
- **Plan to introduce additional DX measures for even more efficient collection of receivables**

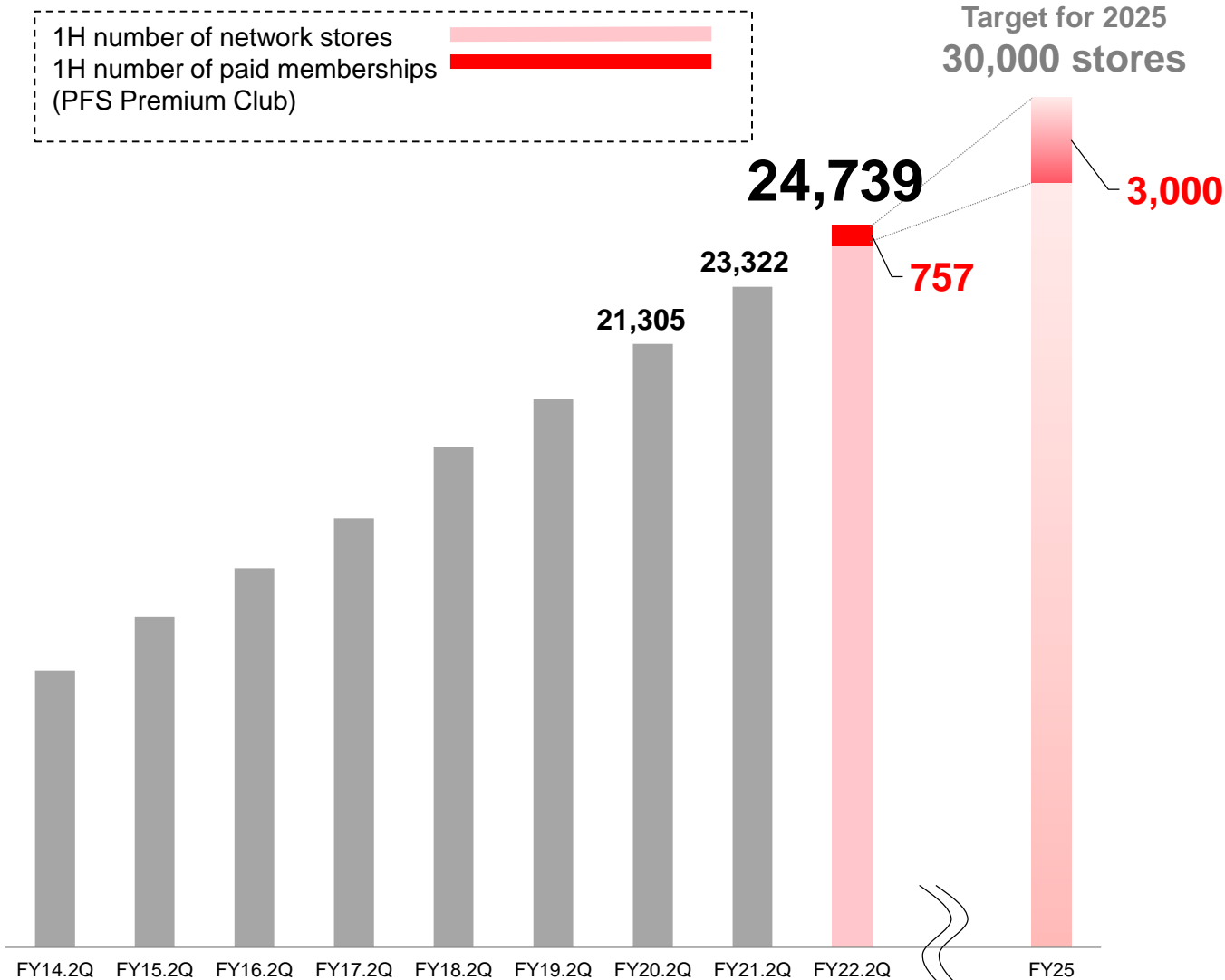
Notes: 1. "Loan receivables" refers to the total amount of credit and lease contracts that has not been repaid or for which the warranty period has not elapsed from the end of the period. The figures are inclusive of the receivables balance of products other than automotive credit financing (Ecology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

Finance Segment: Number of Network Stores

Number of credit network stores

1H number of network stores
1H number of paid memberships
(PFS Premium Club)



Number of credit network stores:

+6.1% YoY

Factors driving change

- Prioritizing efforts to encourage existing network stores to become paid members
- Cultivation of new network stores progressing generally as planned

Strategy

- Focus on promoting utilization and soliciting new members for PFS Premium Club membership service while continuing to tap into new network stores
Diamond members: 85 companies (+15 companies vs. previous Q)
Gold members: 672 companies (+135 companies vs. previous Q)
- Newly established contact center (outbound sales) in Osaka in August 2021; now promoting utilization of non-operating network stores using three offices nationwide

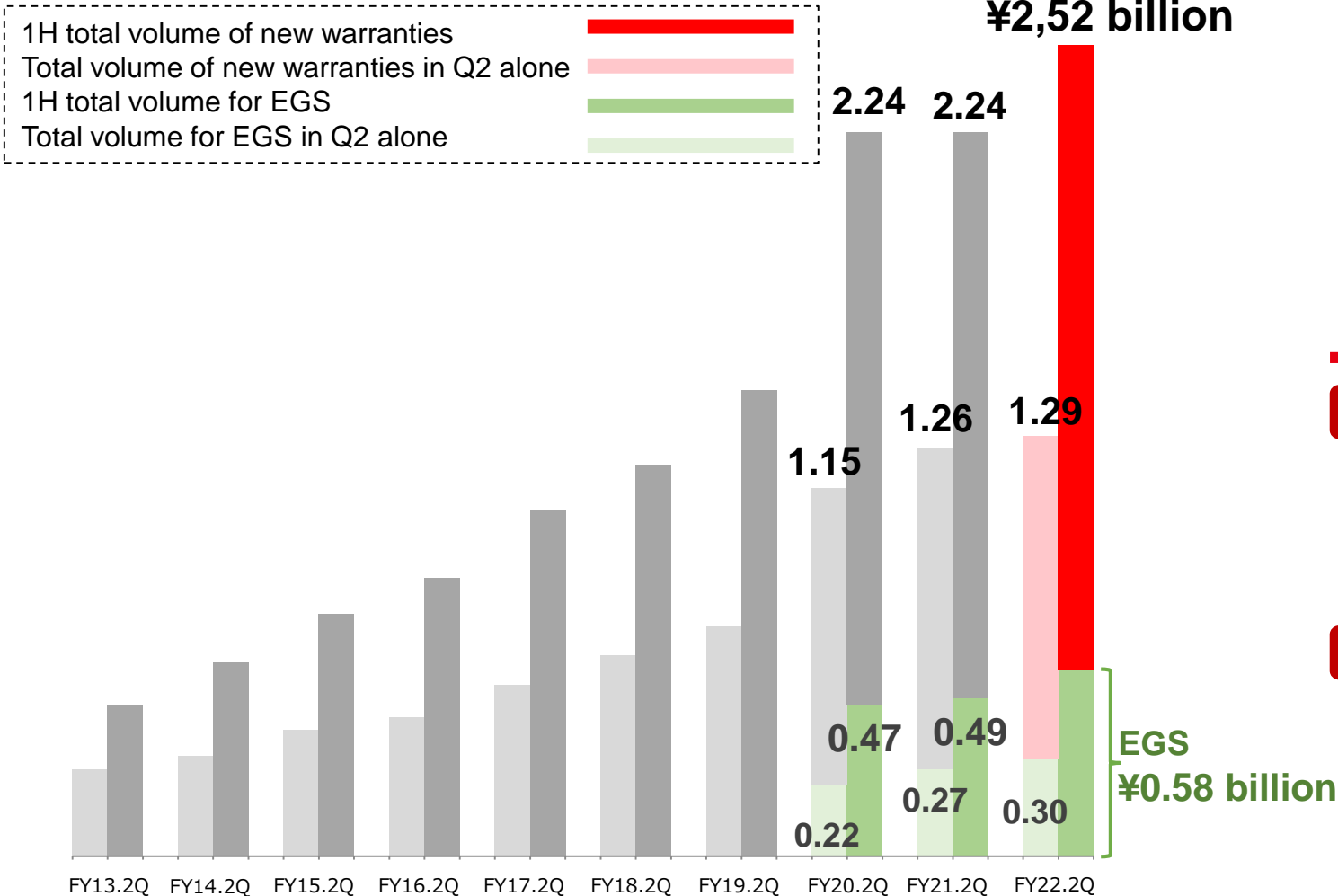
Note: "Number of network stores" refers to the number of companies that have signed a network store contract, counting company as one network store even if that company has several stores, and are the actual results of Premium Co., Ltd.

Automobile Warranty Segment: Total Volume of New Warranties

(Graph unit: billions of yen)



Total volume of new warranties



Automobile warranty: total volume of new warranties

Up 12.3% YoY

Total volume of products developed in-house: +29.0% YoY

Factors driving change

- Focused on growing sales of products developed in-house leading to growth as planned
- Affiliated products saw weaker growth amid the market downturn

Strategy

- Increase sales staff specializing in affiliated products
- Strengthen new products (step up sales promotion of extended warranties and warranties attached to maintained services)
- Promote use of maintenance network and used parts procurement in-house aimed at further cost reductions
- Plan to release **new system using DX measures** in FY22

Notes: 1. "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period.
 2. "Total volume of Premium" refers to the total volume of Premium warranties among total automobile warranty volume.
 "Total volume of EGS" refers to the total volume of EGS warranties among total automobile warranty volume.
 3. BIZ site is an abbreviation for "business site" and refers to sales offices without a physical office.

Performance in the Auto Mobility Segment

(Graph unit: billions of yen)



Operating income

Others: Directly managed maintenance facilities and membership organizations, etc.

Number of maintenance network companies

1H number of network stores
Number of paid memberships (FIXMAN Club)

Operating income:

+133.8% YoY

Number of maintenance network companies:

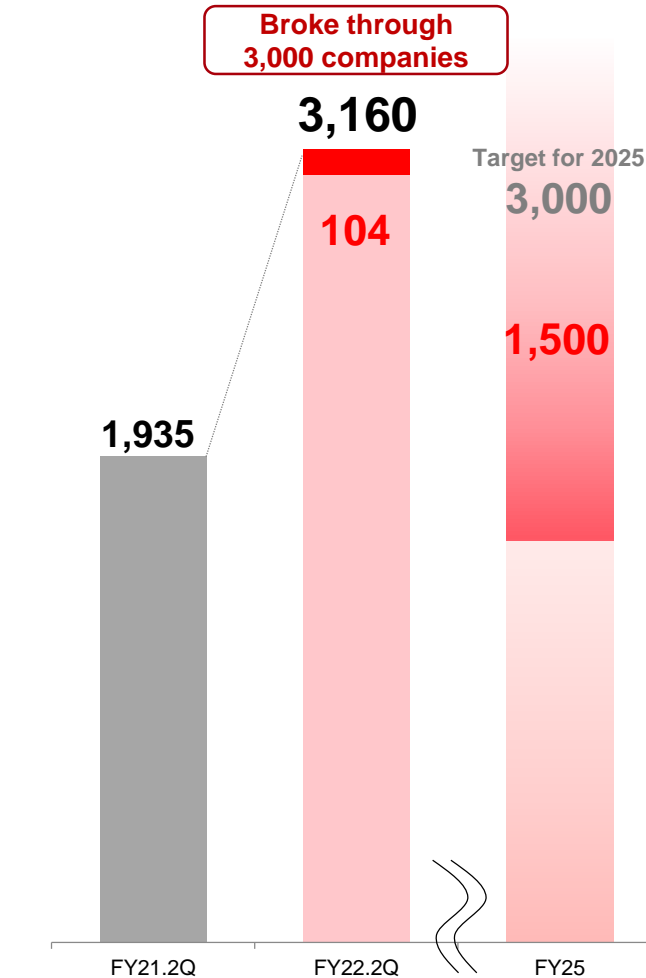
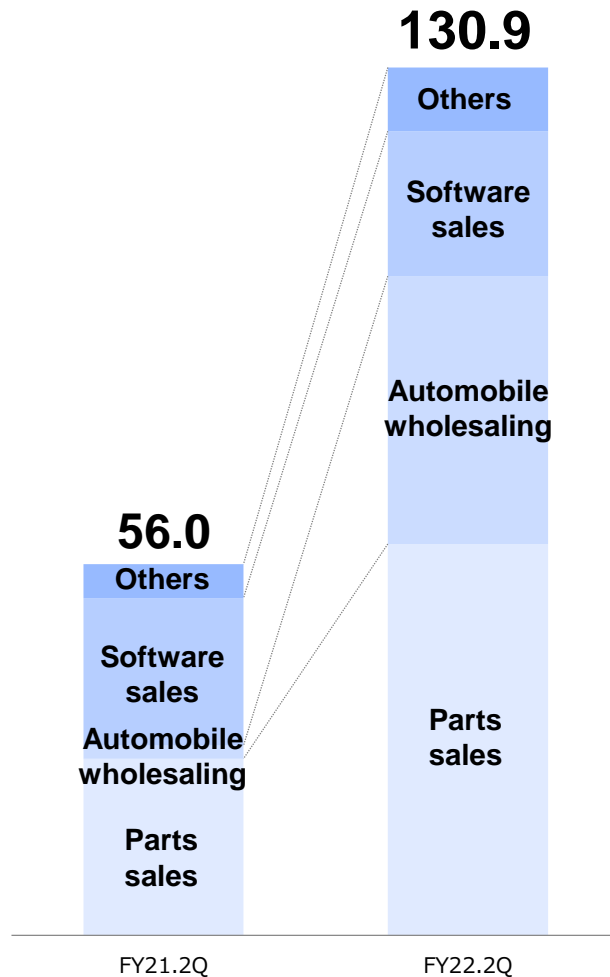
+63.3% YoY

Factors driving change

- The volume of each service is increasing following expansion of paid membership organizations
- **Number of maintenance network companies broke through target ahead of schedule**
Focus on cultivating FIXMAN Club members going forward

Strategy

- **Add new membership types for FIXMAN Club**
- **Aim to acquire new members by expanding content for members**
 - Automobile leasing: Launched in October 2021
 - Support for driving customer traffic "Premium—the place for cars and financing": Plan to launch in FY23



3. Other Topics

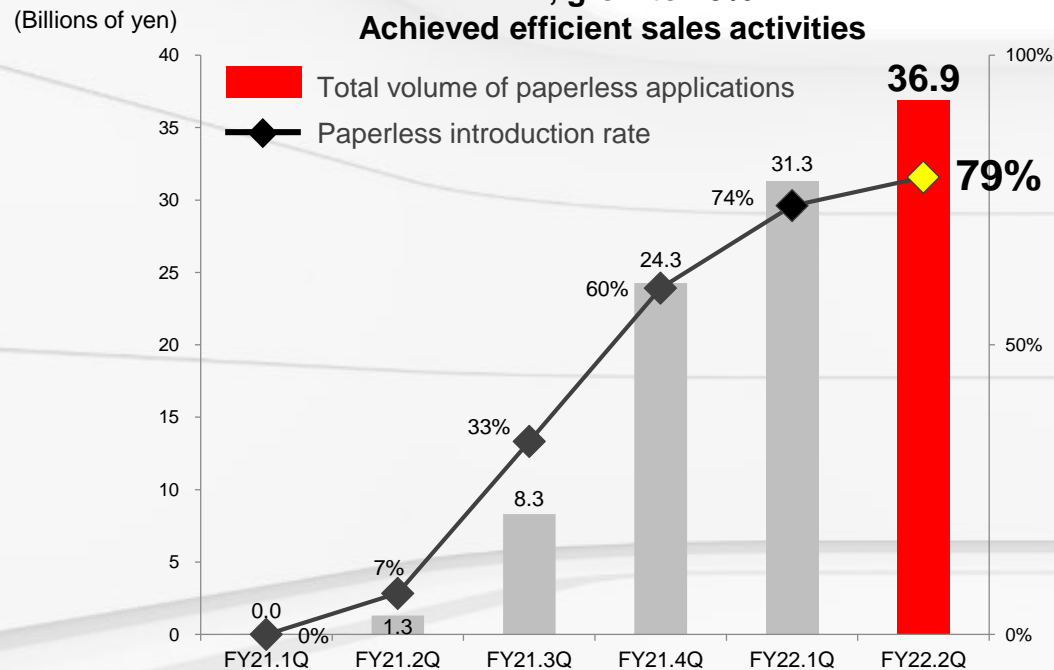


Progress of DX Strategy

- ✓ Transaction value of finance, automobile warranty and auto mobility services achieved through DX was set as KGI
- ✓ The **introduction rate** of paperless contracts **grew**, which were launched in FY21

Finance Segment: Total Volume of Paperless Applications

The introduction rate of paperless contracts, which were launched in FY21, grew to 79%

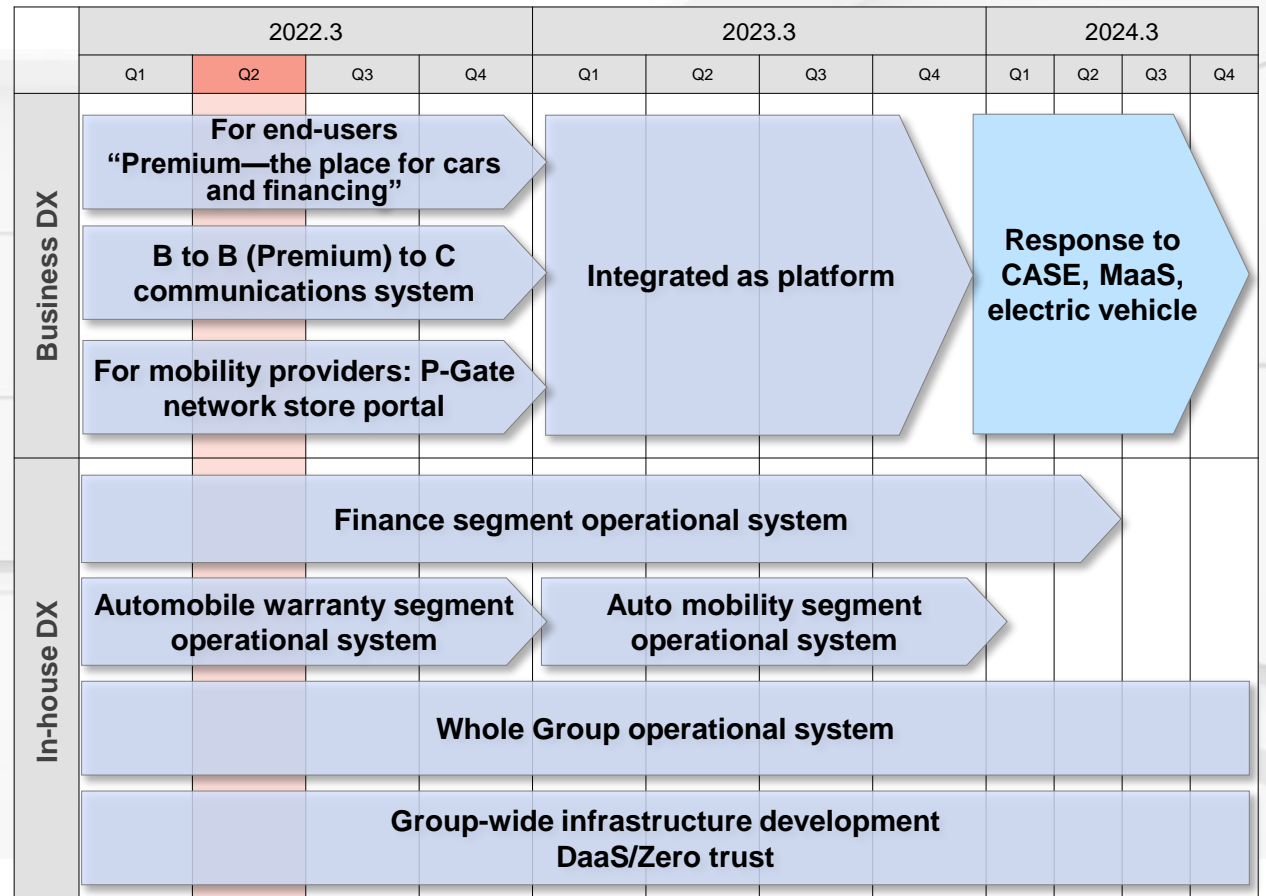


Managing total volume of each business online as KPI of DX Strategy *System currently under development

Finance segment	Automobile warranty segment	Auto mobility segment
Total volume of new auto credit Total volume of auto leases*	Total volume of new warranties*	Total volume of each transaction through platforms*

Timeline of DX Strategy

FY22/FY23 positioned as development phase; each development



July 2021

Opened New Kawaguchi Office aimed at Further Growth of Automobile Warranties

We established a new back office team for the Automobile Warranty business in Kawaguchi City, Saitama Prefecture. We will continue to contribute to the market growth of third-party automobile warranties.

Held Our First IR Day

We established another venue to explain about our business and growth strategy. For details of the event, see the IR page on our corporate website.



IR Day

August 2021

Selected for inclusion JPX-Nikkei Mid and Small Cap Index

This index selects companies with management practices mindful of capital efficiency and investors. We will continue to further enhance corporate value and build a sustainable business foundation.



Passed resolution for transition application to Prime Market

The Board of Directors passed a resolution for our transition application to the new market segment called Prime Market following our qualification of maintaining our listing on Prime Market.

August 2021

Toyo Keizai Online “High Percentage of Female Managers” Ranked Two Years Running

Going forward, the Group will promote the active participation of our diverse workforce, regardless of gender, age or nationality, and aim to sustainably increase corporate value.

Newly Opened Osaka Contact Center to Strengthen Outbound Sales

With the opening of this new center in Osaka, we have established a structure whereby we can further promote the cultivation of network stores nationwide and operation of various services.

Launched Automobile Leasing for Mobility Providers

We launched automobile leasing with the industry’s lowest rates as part of our FIXMAN Club offerings.

October 2021

Revamped Corporate Website



We revamped our corporate website in terms of design and viewability for a more stakeholder-friendly viewing experience. Going forward, we will continue to disseminate information for promoting understanding and increasing the visibility of our various services.

4. Appendix



Company Profile



Name	Premium Group Co., Ltd.
Securities Code / Exchange	7199 / First Section 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	13,346,990 (As of September 30, 2021)
Capital	¥1,662 million (non-consolidated: As of September 30, 2021)
Number of Employees	644 (consolidated; as of September 30, 2021) (Note) Number of persons employed by the Group excluding temporary workers
Main Shareholders	<ul style="list-style-type: none">• Nomura Securities Co., Ltd. (Nomura Asset Management Co., Ltd. and Nomura International PLC): 8.61%• Coupland Cardiff Asset Management: 6.99%• BNY Mellon Investment Management Japan Limited: 6.09%• Sumitomo Mitsui Trust Asset Management Co., Ltd.: 5.05% (As of October 7, 2021; referencing the report on changes in large volume holdings, etc.)
Description of Business	<ul style="list-style-type: none">• Finance• Automobile warranty• Auto mobility• Finance, automobile warranty, auto mobility overseas (Thailand, Indonesia, the Philippines)

Premium Group is **“Auto Mobility Company”**
We (contain car dealers and garages) providing rich car life with customers

Main Business

Credit Finance Business

▷ **Main business**

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

▷ **Main business connection**

- Used car dealer

Automobile Warranty Business

▷ **Main business**

- Automobile warranty
- Overseas expansion of automobile warranty (Thailand, Indonesia, Philippines)

▷ **Main business connection**

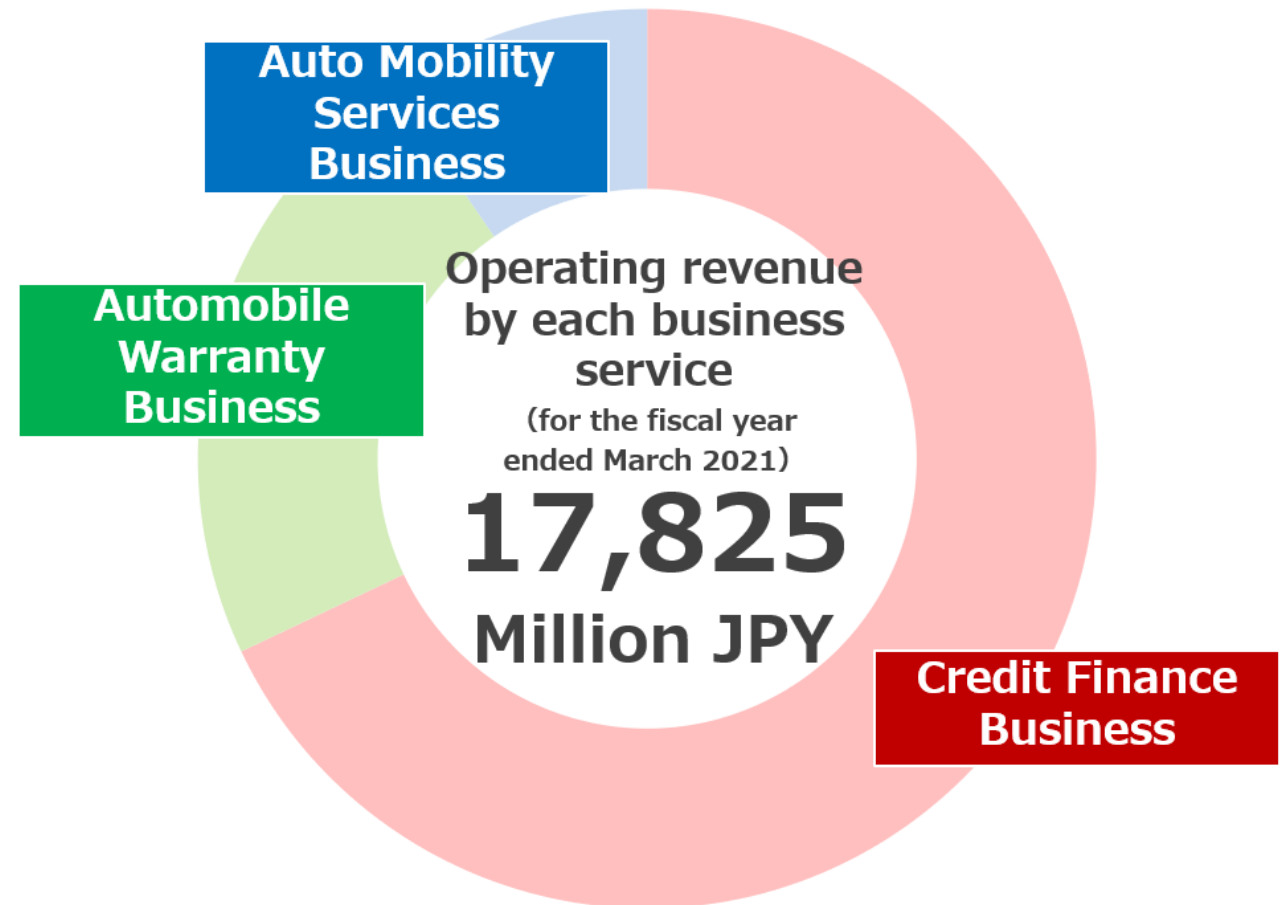
- Used car dealer

Auto Mobility Services Business

▷ **Main business**

- Sales of used parts to domestic and overseas
- Sales of software
- Wholesale of automobiles
- Maintenance and sheet metal

Diversified Business Portfolio as an Independent Company



(Millions of yen)

	FY21 (As of March 31, 2021)	Q1.FY22 (As of June 30, 2021)	Q2.FY22 (As of September 30, 2021)	Compared to previous quarter	QoQ
Assets					
Cash and cash equivalents	8,054	6,962	8,181	101.6%	117.5%
Financing receivables	23,394	23,842	24,860	106.3%	104.3%
Other financial assets	9,829	11,027	11,961	121.7%	108.5%
Property, plant and equipment	3,644	3,613	3,553	97.5%	98.4%
Intangible assets	5,768	5,742	5,859	101.6%	102.0%
Goodwill	3,958	3,958	3,958	100.0%	100.0%
Investments accounted for using equity methc	1,434	1,348	1,317	91.8%	97.7%
Deferred tax assets	2	2	4	243.0%	219.0%
Other assets	3,111	3,589	3,262	104.9%	90.9%
Insurance assets	8,961	8,231	7,785	86.9%	94.6%
Total assets	68,156	68,314	70,739	103.8%	103.6%
Liabilities					
Financial guarantee contracts	25,079	26,239	27,566	109.9%	105.1%
Borrowings	19,641	19,357	18,972	96.6%	98.0%
Other financial liabilities	6,703	6,111	6,158	91.9%	100.8%
Provisions	302	310	310	102.5%	100.1%
Income taxes payable	648	170	562	86.7%	330.4%
Deferred tax liabilities	1,404	1,438	1,378	98.2%	95.8%
Other liabilities	7,087	7,093	7,447	105.1%	105.0%
Total liabilities	60,865	60,718	62,393	102.5%	102.8%
Equity					
Equity attributable to owners of parent					
Share capital	1,612	1,627	1,651	102.4%	101.4%
Capital surplus	1,281	1,287	1,287	100.5%	100.0%
Treasury shares	-1,201	-1,201	-1,201	100.0%	100.0%
Retained earnings	5,403	5,709	6,460	119.6%	113.1%
Other components of equity	116	93	63	54.2%	68.1%
Total equity attributable to owners of parent	7,211	7,515	8,260	114.5%	109.9%
Non-controlling interests	79	80	86	108.1%	107.2%
Total equity	7,291	7,596	8,346	114.5%	109.9%
Total liabilities and equity	68,156	68,314	70,739	103.8%	103.6%

P/L (Consolidated cumulative period)

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



(Millions of yen)

(Consolidated cumulative period)	Q1-Q2.FY21 (April 1,2020-September 30,2020)	FY21 (April 1,2020-March 31,2021)	Q1-Q2.FY22 (April 1,2021-September 30,2021)	YoY	Compared to the end of previous fiscal year
Operating income	8,386	17,825	10,104	120.5%	56.7%
Other finance income	3	9	1	40.0%	15.5%
Share of profit of investments accounted for using	-	59	78	-	131.1%
Other income	625	694	16	2.5%	2.2%
Total income	9,015	18,586	10,199	113.1%	54.9%
Operating expenses	6,944	14,857	8,216	118.3%	55.3%
Other finance costs	46	98	54	116.3%	55.3%
Share of loss of investments accounted for using	12	-	-	0.0%	-
Other expenses	11	168	13	117.8%	7.6%
Total expenses	7,014	15,123	8,283	118.1%	54.8%
Profit (loss) before tax	2,001	3,463	1,915	95.7%	55.3%
Income tax expense	680	1,070	551	81.0%	51.5%
Profit (loss)	1,321	2,393	1,365	103.3%	57.0%
Profit (loss) attributable to:					
Owners of parent	1,313	2,383	1,358	103.4%	57.0%
Non-controlling interests	8	10	6	85.6%	62.2%

P/L (Consolidated cumulative period)

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



(Millions of yen)

(Consolidated cumulative period)	Q1-Q2.FY21 (April 1,2020-September 30,2020)	FY21 (April 1,2020-March 31,2021)	Q1-Q2.FY22 (April 1,2021-September 30,2021)	YoY	Compared to the and of previous fiscal year
Operating income					
Finance income	4,725	9,428	4,991	105.6%	52.9%
Warranty revenue	1,945	4,024	2,167	111.4%	53.9%
Other commission sales	935	1,922	1,063	113.6%	55.3%
Automobility-related sales	372	1,281	1,078	289.6%	84.2%
Software sales	223	441	218	98.1%	49.6%
Revenue from the exercise of insurance policies	88	171	109	124.3%	63.8%
Impairment gain on financial assets	-	388	302	-	77.7%
Other	98	172	177	180.5%	102.8%
Total	8,386	17,825	10,104	120.5%	56.7%

(Consolidated cumulative period)	Q1-Q2.FY21 (April 1,2020-September 30,2020)	FY21 (April 1,2020-March 31,2021)	Q1-Q2.FY22 (April 1,2021-September 30,2021)	YoY	Compared to the and of previous fiscal year
Operating expenses					
Finance costs	68	119	45	65.7%	37.6%
Guarantee commission	981	2,009	1,105	112.6%	55.0%
Impairment loss on financial assets	△ 216	-	-	0.0%	-
Employee benefit expenses	2,010	4,110	2,163	107.6%	52.6%
Warranty cost	1,359	2,616	1,384	101.8%	52.9%
Automobility-related costs	209	910	799	383.0%	87.8%
System operation costs	350	698	417	119.3%	59.7%
Depreciation	616	1,316	618	100.3%	47.0%
Taxes and dues	347	658	342	98.5%	52.0%
Commission expenses	416	862	465	111.7%	54.0%
Rent expenses on land and buildings	29	54	25	86.3%	46.0%
Outsourcing expenses	175	440	288	164.8%	65.5%
Other operating expenses	599	1,065	565	94.4%	53.0%
Total	6,944	14,857	8,216	118.3%	55.3%

P/L (Consolidated accounting period)

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



(Millions of yen)

(Consolidated accounting period)	Q2.FY21 (July 1,2020-September 30,2020)	Q1.FY22 (April 1,2021-June 30,2021)	Q2.FY22 (July 1,2021-September 30,2021)	YoY	QoQ
Operating income	4,365	4,891	5,214	119.5%	106.6%
Other finance income	1	1	1	87.2%	113.3%
Share of profit of investments accounted for using	-	63	15	-	23.5%
Other income	12	4	15	124.8%	388.8%
Total income	4,377	4,958	5,244	119.8%	105.8%
Operating expenses	3,460	4,085	4,131	119.4%	101.1%
Other finance costs	63	24	30	47.3%	121.3%
Share of loss of investments accounted for using	25	-	-	0.0%	-
Other expenses	8	16	-	0.0%	0.0%
Total expenses	3,556	4,125	4,161	117.0%	100.9%
Profit (loss) before tax	822	832	1,083	131.8%	130.1%
Income tax expense	279	224	326	116.8%	145.4%
Profit (loss)	542	608	757	139.5%	124.5%
Profit (loss) attributable to:					
Owners of parent	530	608	751	141.7%	123.5%
Non-controlling interests	12	0	6	49.4%	2172.1%

P/L (Consolidated accounting period)

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



(Millions of yen)

(Consolidated accounting period)	Q2.FY21 (July 1,2020-September 30,2020)	Q1.FY22 (April 1,2021-June 30,2021)	Q2.FY22 (July 1,2021-September 30,2021)	YoY	QoQ
Operating income					
Finance income	2,375	2,458	2,533	106.6%	103.1%
Warranty revenue	988	1,072	1,095	110.8%	102.2%
Other commission sales	480	530	533	111.0%	100.5%
Automobility-related sales	227	516	562	247.9%	108.8%
Software sales	152	92	127	83.6%	138.3%
Revenue from the exercise of insurance policies	88	-	109	124.3%	-
Impairment gain on financial assets	-	144	158	-	109.8%
Other	56	79	98	175.9%	124.0%
Total	4,365	4,891	5,214	119.5%	106.6%
(Consolidated accounting period)	Q2.FY21 (July 1,2020-September 30,2020)	Q1.FY22 (April 1,2021-June 30,2021)	Q2.FY22 (July 1,2021-September 30,2021)	YoY	QoQ
Operating expenses					
Finance costs	32	25	20	63.0%	81.4%
Guarantee commission	495	542	563	113.9%	104.0%
Impairment loss on financial assets	△ 175	-	-	0.0%	-
Employee benefit expenses	1,020	1,123	1,040	102.0%	92.6%
Warranty cost	716	653	731	102.2%	112.0%
Automobility-related costs	121	380	419	345.4%	110.3%
System operation costs	179	213	204	114.1%	96.1%
Depreciation	301	309	309	102.7%	100.1%
Taxes and dues	174	174	169	96.9%	97.2%
Commission expenses	211	250	215	102.1%	86.2%
Rent expenses on land and buildings	16	13	12	74.9%	93.2%
Outsourcing expenses	96	138	151	157.2%	109.3%
Other operating expenses	274	268	297	108.3%	111.1%
Total	3,460	4,085	4,131	119.4%	101.1%



IR information in this material is for providing financial data and economic condition of Premium Group Co., Ltd. (Hereinafter “Company”). However, this information should not announce and guarantee its contents. Statements contained herein that relate to the future operating performance and strategy of the Company are forward looking statements. Forward looking statements are based on judgments made by the Company’s management based on information that is available to it as of the date those statements were made. Forward looking statements involve inherent known and unknown risks, uncertainties and contingencies. Many of these risks and uncertainties relate to factors such as future market conditions, currency fluctuations, the behavior of other market participants, the exchange rate, tax system and so on. Therefore, it is possible that business performance will change and the Company is not responsible for loss resulted from this change. The Company puts information in this material with meticulous care. However, the Company is not responsible for any information errors, manipulations by outsider computer system errors, and so on. Copyrighted materials in this are under copyright protection. It is prohibited to reproduce, reorganize, translate, distribute or exhibit this material. This material is not for the purpose of investment invitation. Any investment decision with respect to the shares of common stock of the Company should not be based on this material fully but be made solely.