

Financial Results Presentation for 1H of FY Ending March 31, 2021

November 6, 2020

TSE First Section: 7199

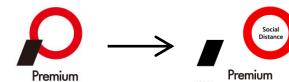
Premium Group Co., Ltd.

**(1) Summary of Financial Results for 1H of FY Ending
March 31, 2021**

(2) Impacts of External Environment

(3) Appendix

(1) Summary of Financial Results for 1H of FY Ending March 31, 2021



Highlights from 1H of FY Ending March 31, 2021

- ✓ The automobile market is **bouncing back** from its downturn following the COVID-19 pandemic, but our total volume was down year on year due to **special factors**, such as Japan's consumption tax hike last year, along with the **decline in new sales activities** from refraining from in-person sales in Q1.

Market	<ul style="list-style-type: none">■ Number of new passenger vehicles registered: 24% decrease YoY■ Number of used passenger vehicles registered: 3.2% decrease YoY <p>Both the new car and used car markets are bouncing back from the bottom in Q1</p> <p><small>(Statistical data from the Japan Automobile Dealers Association)</small></p>
Performance	<ul style="list-style-type: none">■ Operating income: ¥8,386 million (up 26% YoY) The credit finance business and automobile warranty business, both stock businesses, steadily maintained increases in revenue despite COVID-19■ Future expected earnings (deferred profit): ¥28,000 million stocked on B/S (up 16.5% YoY) Credit finance business: ¥23,090 million Automobile warranty business: ¥4,710 million Other businesses: ¥200 million
KPIs	<ul style="list-style-type: none">■ Impacts of special factors from previous Q2 (Japan's consumption tax hike, etc.) caused total volume to fall year on year, but this was generally within expectations Credit finance business: Total volume down 15.5% YoY (excluding special factors: down 0.9%) Automobile warranty business: Total volume down 0.1% (excluding special factors: up 7.8%)
Topics	<ul style="list-style-type: none">■ On Oct. 2 established Premium Warranty Services Co., Ltd. as a new company responsible for the automobile warranty segment This will centralize our know-how of in the automobile warranty business and allow us to focus on increasing visibility and expanding the market

Consolidated Performance for 1H of FY Ending March 31, 2021

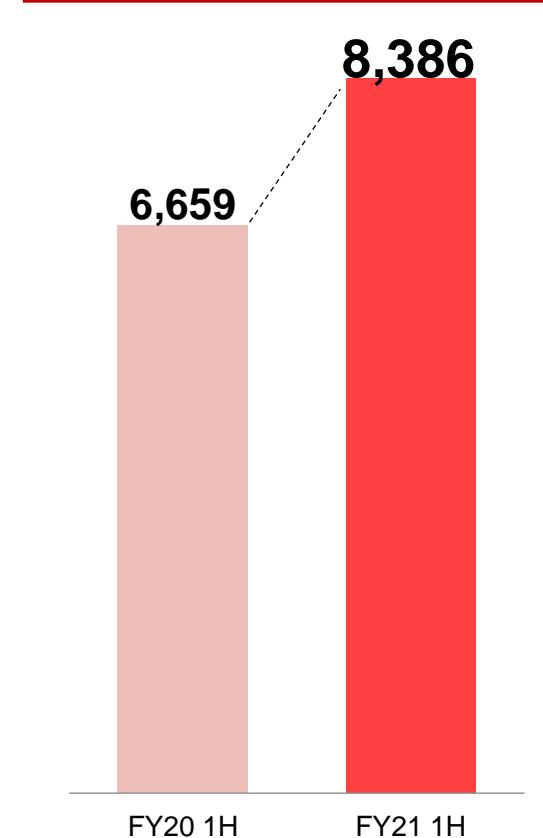
(Graph/table unit: millions of yen)



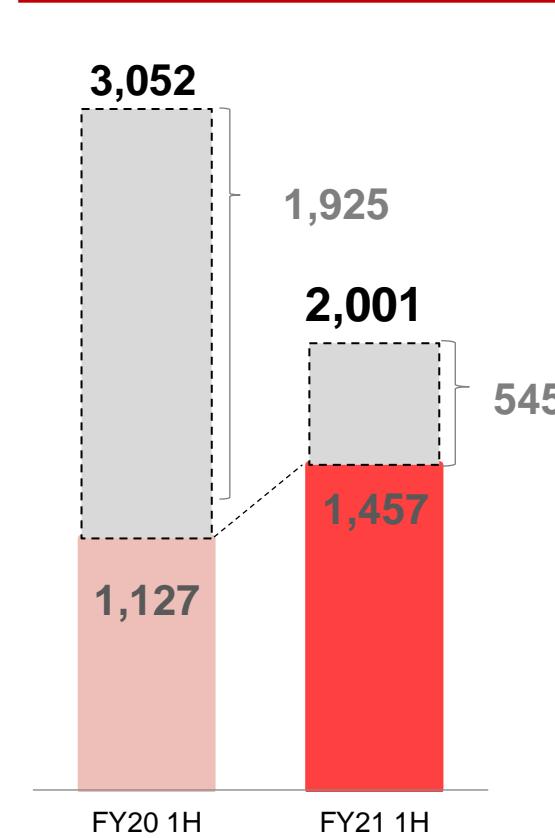
- ✓ Operating income totaled ¥8,386 million (up 26% YoY) on reversal of stock from business growth (future expected earnings)
- ✓ Profit before tax of core business excluding one-off factors totaled ¥1,457 million (up 29.3% YoY)

	FY20 1H	FY21 1H	YoY change
Operating income	6,659	8,386	+26.0%
Other income	2,095	625	-70.2%
Operating expenses	5,742	6,944	+20.9%
Profit before tax	3,052	2,001	-34.4%
Profit attributable to owners of parent	1,845	1,313	-28.8%
Basic earnings per share (yen)	139.77	102.89	-26.4%

Operating income
Up 26.0% YoY



Profit before tax*
Down 34.4% YoY

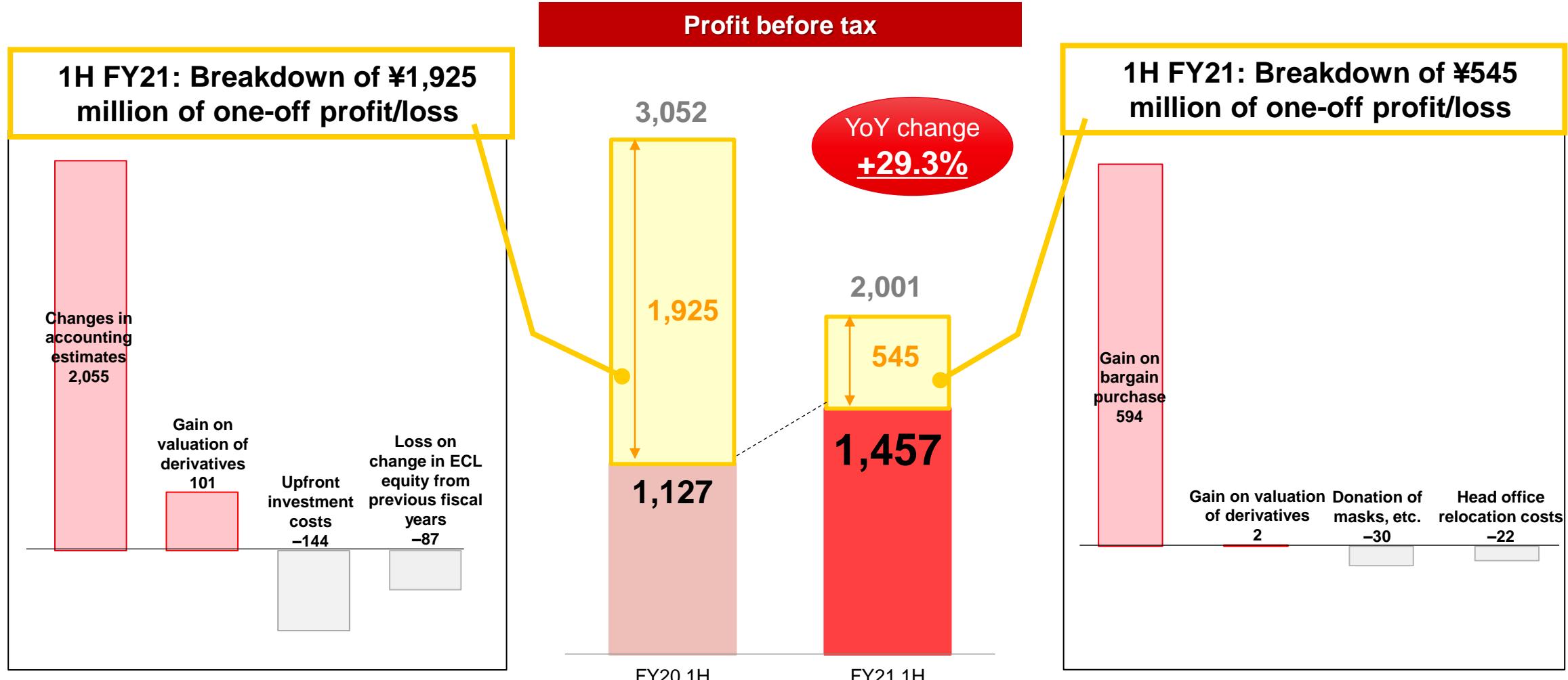


About Profit before Tax of Core Business

(Graph unit: millions of yen)



- ✓ Booked one-off profits of ¥1,925 million for 1H of FY ended March 31, 2020 and ¥545 million for 1H of FY ending March 31, 2021
- ✓ Income before tax of core business increased from ¥1,127 million to ¥1,457 million year on year, up 29.3%



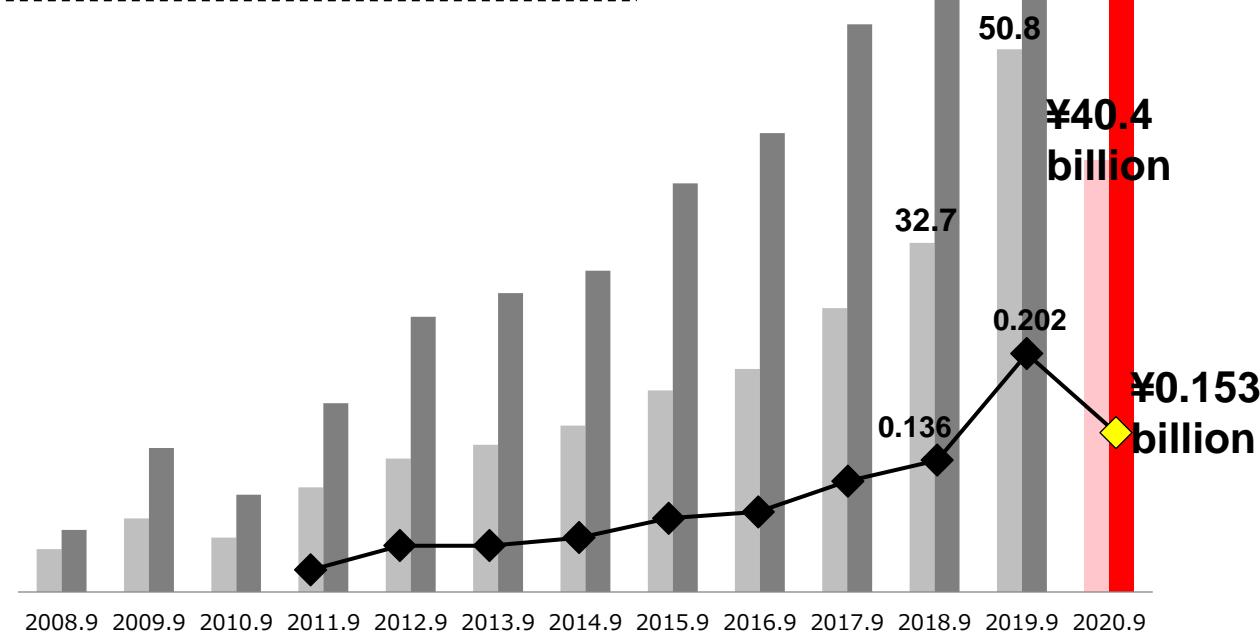
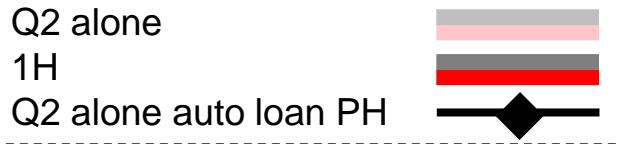
Credit Finance Business: Total Volume of New Loans

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)

Q2 alone
1H
Q2 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 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 or warranties refers to the total of the amount of credit contracts or amount of warranty 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.

Total volume of new loans

Down
15.5% YoY

Total volume of new loans
1H forecast

Down 13.9% YoY

Credit profit

Down
4.4% YoY

Total volume of new loans
2H forecast

±0%

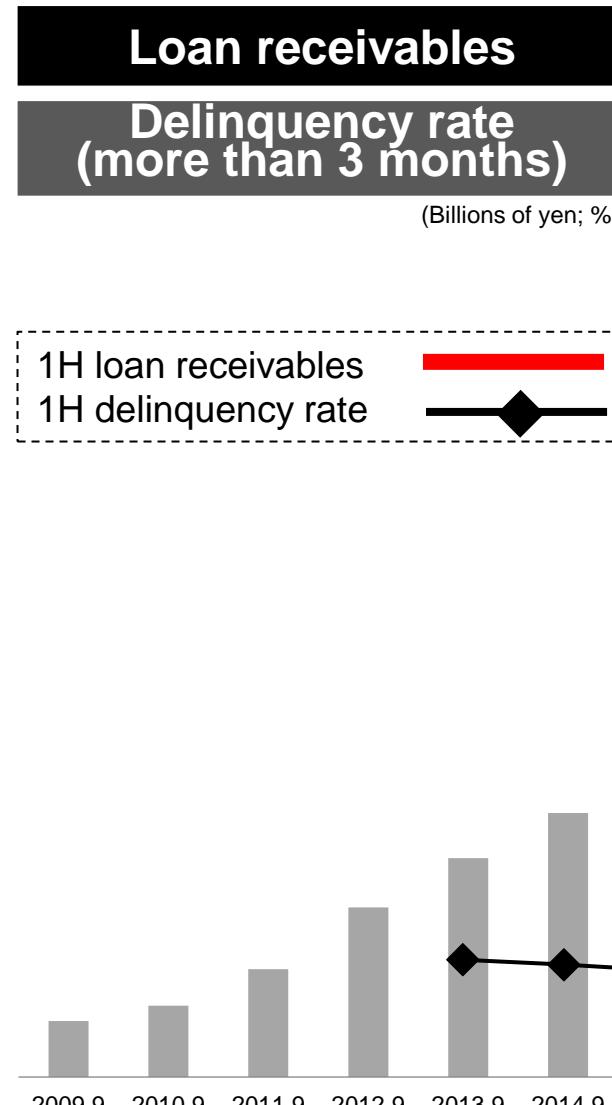
Factors driving change

- Delayed recovery due to refraining from in-person sales due to COVID-19
 - Sales staff: 82 (previous 1H: 80); Recruitment activities resumed in Q2
- Downturn in number of new passenger vehicles registered caused soaring wholesale prices for used cars, impacting retail prices of used cars
- Down year on year due to special factors from previous Q2 (consumption tax hike, etc.)
YoY excluding impact from tax hike: Down 0.9%

Strategy

- Continue to maintain and improve profit margin (gross profit) by focusing on credit quality and maintaining credit screening levels
- Promote digital transformation (DX)
 - Paperless contracts, advancements in automated credit screening, release of portal site for network stores
- Begin recruiting members for Premium Club membership service for automobile dealers to establish new monetization platform

Credit Finance Business: Loan Receivables



Total volume of new loans

+14.5% YoY

Delinquency rate

0.92%

Factors driving change

- The delinquency rate has risen slightly due to delays in collection activities from the stoppage of court operations caused by COVID-19 and due to a downturn in total volume and sluggish growth in credit balances

Delinquency rate excluding impacts of stoppage of court operations and sluggish growth in credit balances: 0.85%

Strategy

- Mitigate long-term delinquencies through initial delinquency resolution
Initial delinquency resolution rate: Record high for the Company
- Carry out collection activities jointly with Central Servicer Corporation, which newly joined the Group this fiscal year

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 (Ecology Credit, etc.), and are the actual results of Premium Co., Ltd.

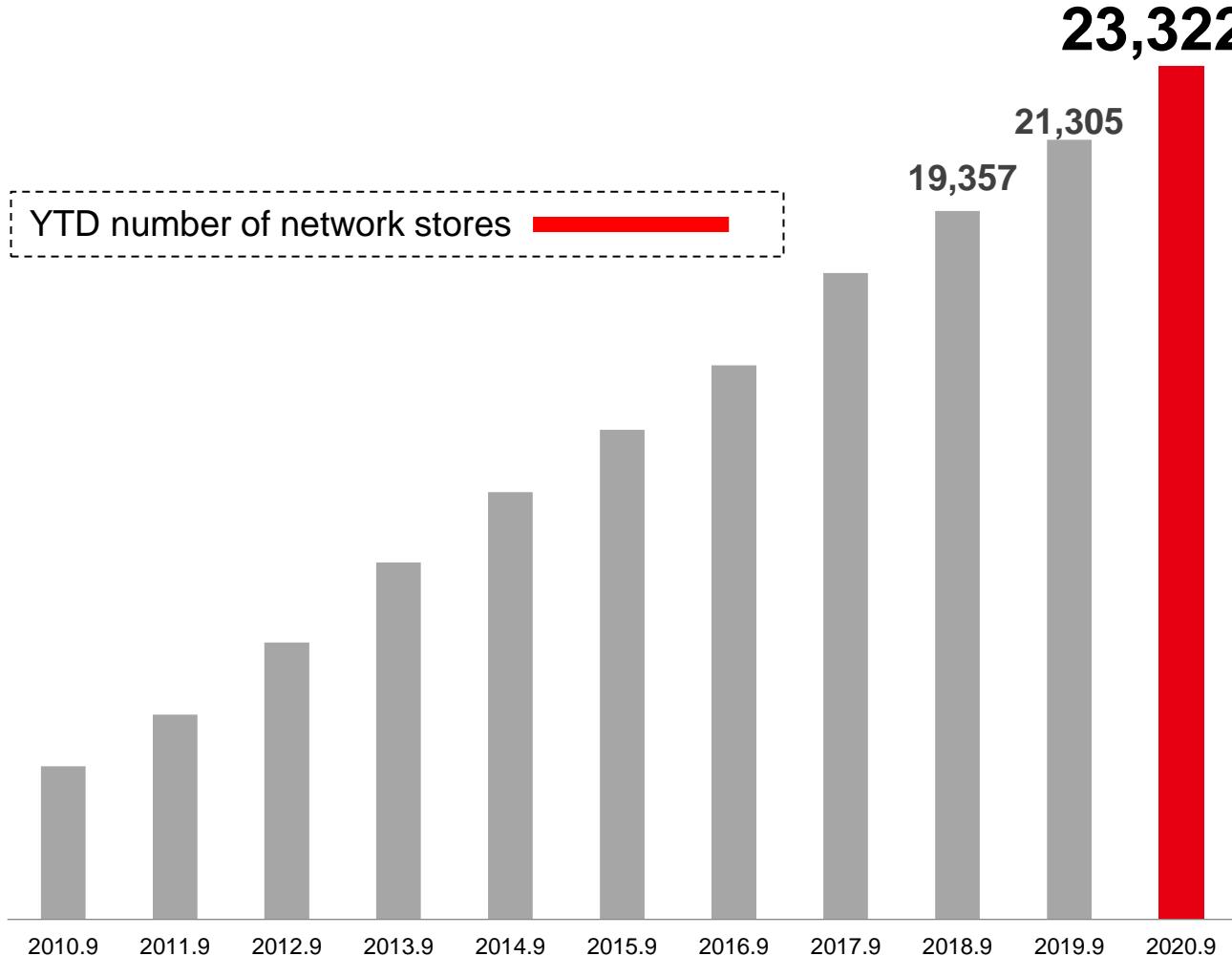
2. "Delinquency rate" refers to the total amount of receivables that are more than 3 months in arrears and special loan receivables (with judicial intervention), expressed as a percentage of the loan receivables at the end of the period. Figures are the actual results for the periods subsequent to when the receivables collection index definition was revised in the fiscal year ended March 31, 2013, and are the actual results of Premium Co., Ltd.

Credit Finance Business: Number of Network Stores

Number of credit network stores

(Companies)

YTD number of network stores



Number of credit network stores:

+9.5% YoY

Factors driving change

- Restarted efforts to establish new network stores from Q2
Will now shift to promoting utilization of new network stores
 - Number of new network stores
Year on year (1H): Down 22.8%
Year on year (Q2 only): Up 42.7%

Strategy

- Continue with composite transaction proposals to existing network stores at the same time as promoting the utilization of new network stores
- Simultaneously promote utilization of non-operating network stores using contact centers (outbound sales)
- Release P-Gate portal site for network stores providing the Group's various services to increase network store convenience

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, 2010.

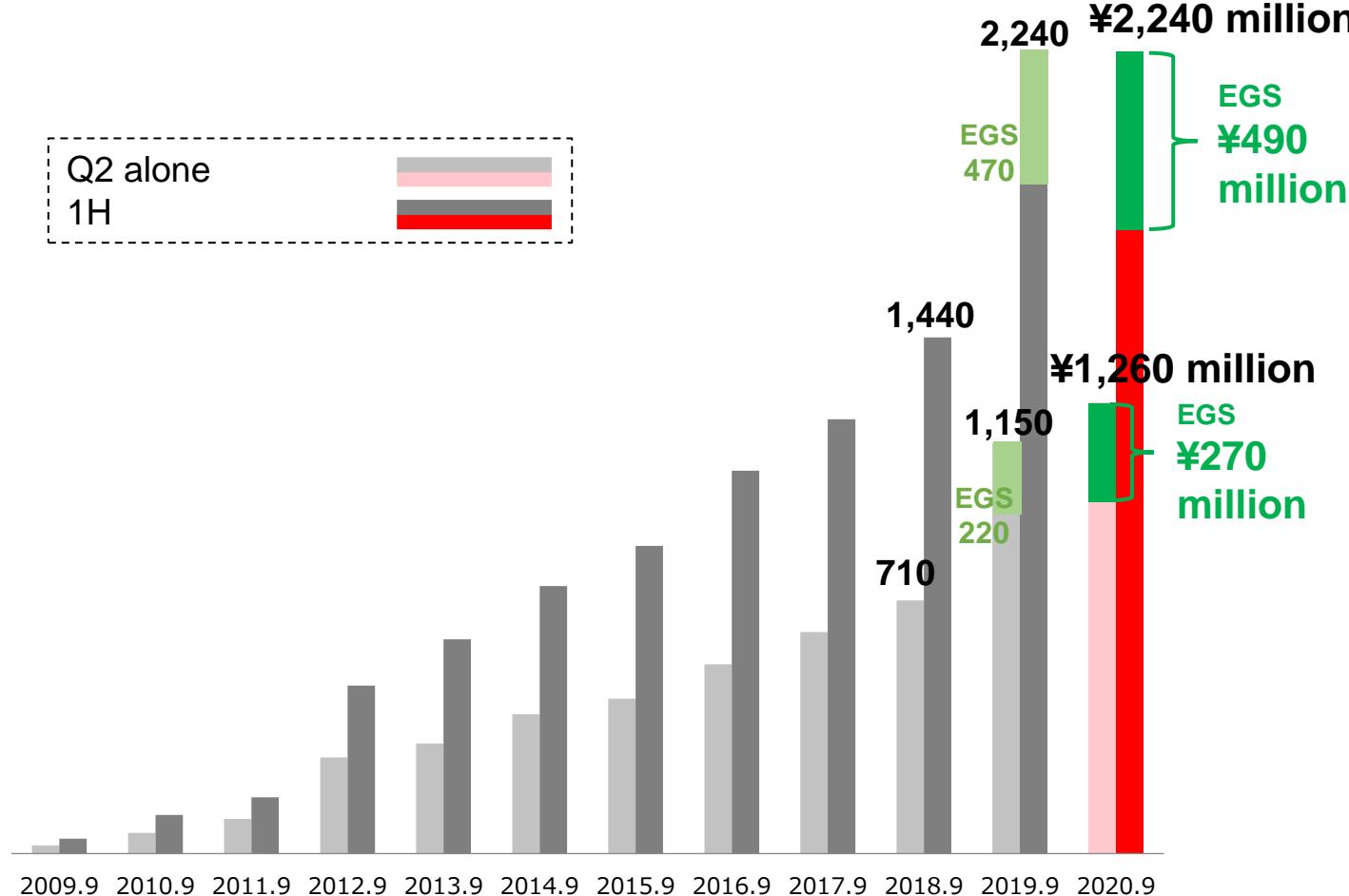
Automobile Warranty Business: Total Volume of New Warranties



Total volume of new warranties

(Millions of yen)

Q2 alone
1H



Automobile warranty: total volume of new warranties

-0.1% YoY

Total volume of Premium Group: -1.7% YoY

Total volume of EGS: +5.7% YoY

Factors driving change

- Range of downturn was small thanks to the size of market share, despite delays in recovery due to restraining from in-person sales activities due to COVID-19
- Decrease in supply of new passenger vehicles caused soaring wholesale prices for used cars, impacting retail prices of used cars
- Down year on year due to special factors from previous Q2 (consumption tax hike, etc.)

YoY excluding impact from tax hike: Up 7.8%

Strategy

- Continue to deploy composite services for network stores by cross-selling with other products, including credit
- Increase network stores and customer understanding of products and improve our visibility by promoting sales using video presentations of our products
- Launch limited edition plans on Premium Club membership service for automobile dealers to increase membership**

Notes: 1. EGS refers to EGS, Inc. (an automobile warranty company we acquired in April 2019).

2. "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period. The actual results of Premium Co., Ltd. includes EGS from April 2019.

Operating Income (P/L) by Segment

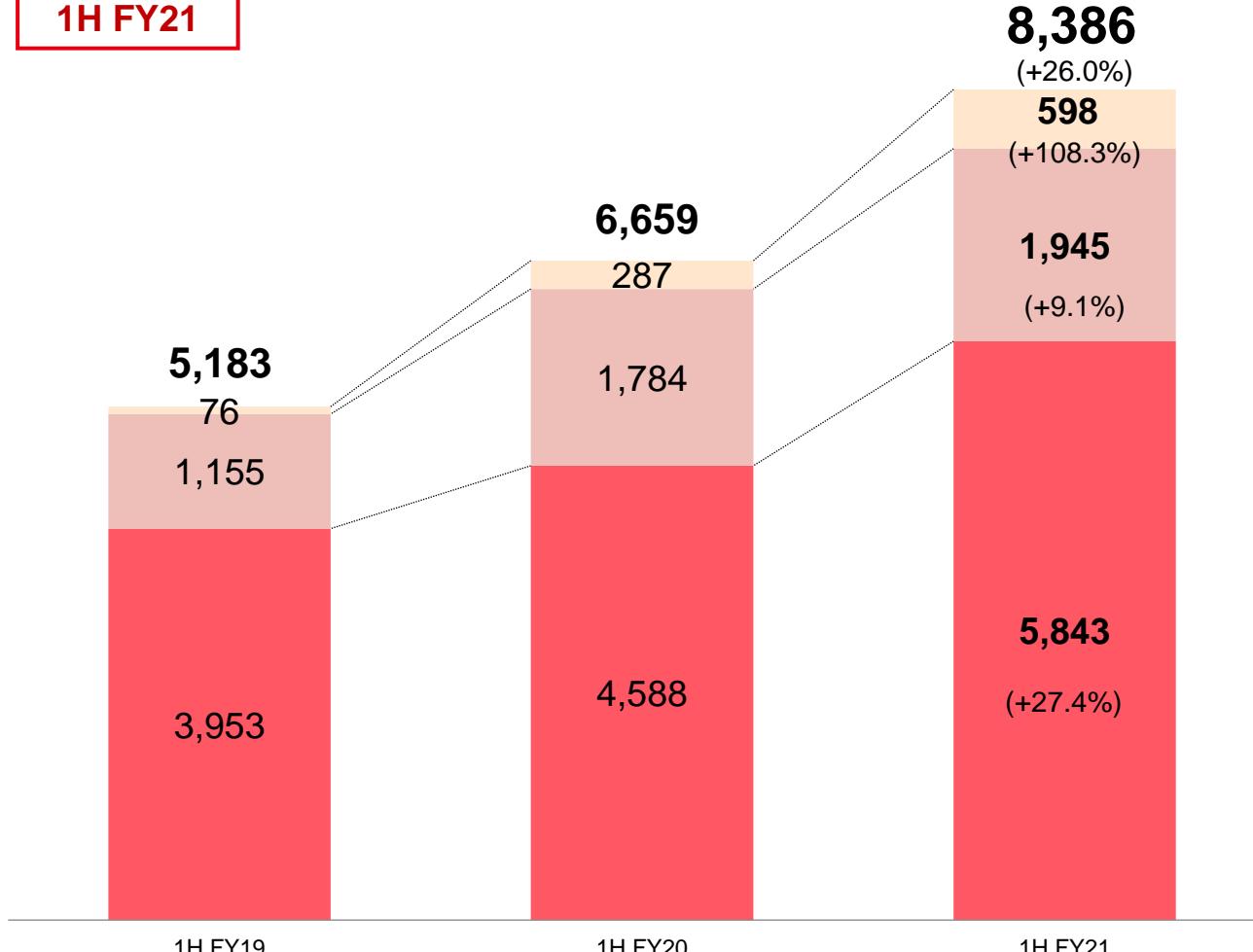
(Graph unit: millions of yen)

(Figures in parentheses in graph indicate YoY change)



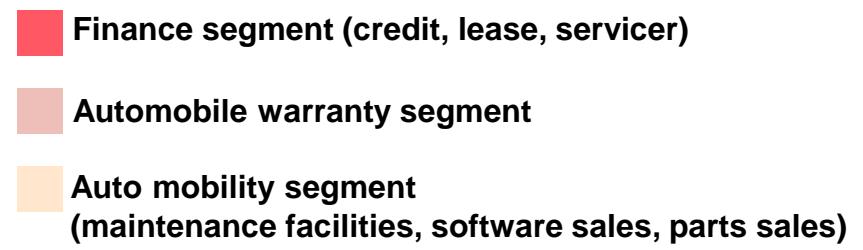
- ✓ Operating income hit ¥8,386 million (up 26% YoY)
- ✓ The auto mobility services segment saw profits rise significantly, with the segment expected to account for around 10% of operating income in FY ending March 31, 2021

1H FY21



Profit characteristics of each segment

- The finance and automobile warranty segments are asset businesses building balances
 - Stable profits
 - Less susceptible to economy and seasonality
 Future expected earnings: ¥28,000 million stocked on B/S
 (Credit finance business: ¥2,309 million, automobile warranty business: ¥4,710 million, and other businesses: ¥200 million)
- The new auto mobility services segment will also see strong growth going forward mainly in the fee business



Trends in Operating Expenses (P/L)

(Graph unit: millions of yen)

(Parentheses in graph indicate percentage versus operating income)

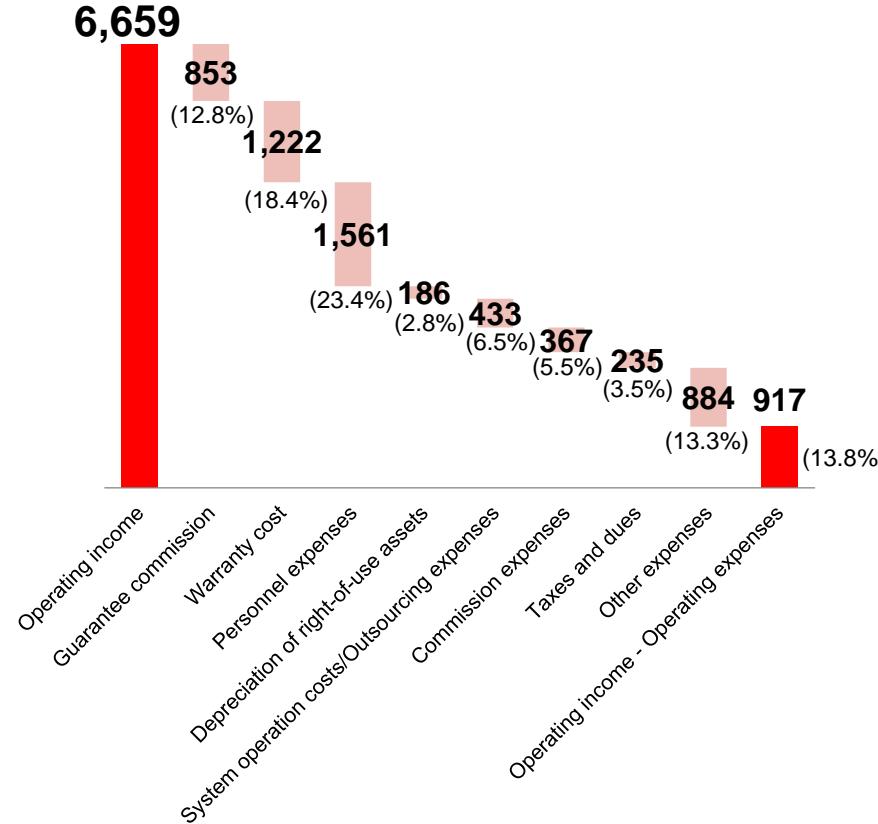


- ✓ Operating expenses totaled ¥6,944 million (up 20.9% YoY)
- ✓ Costs increased by approx. ¥430 million from the inclusion of three subsidiaries in the Group (operating expenses excluding the three subsidiaries were up 13.4% year on year)

1H FY20

Operating expenses ¥5,742 million

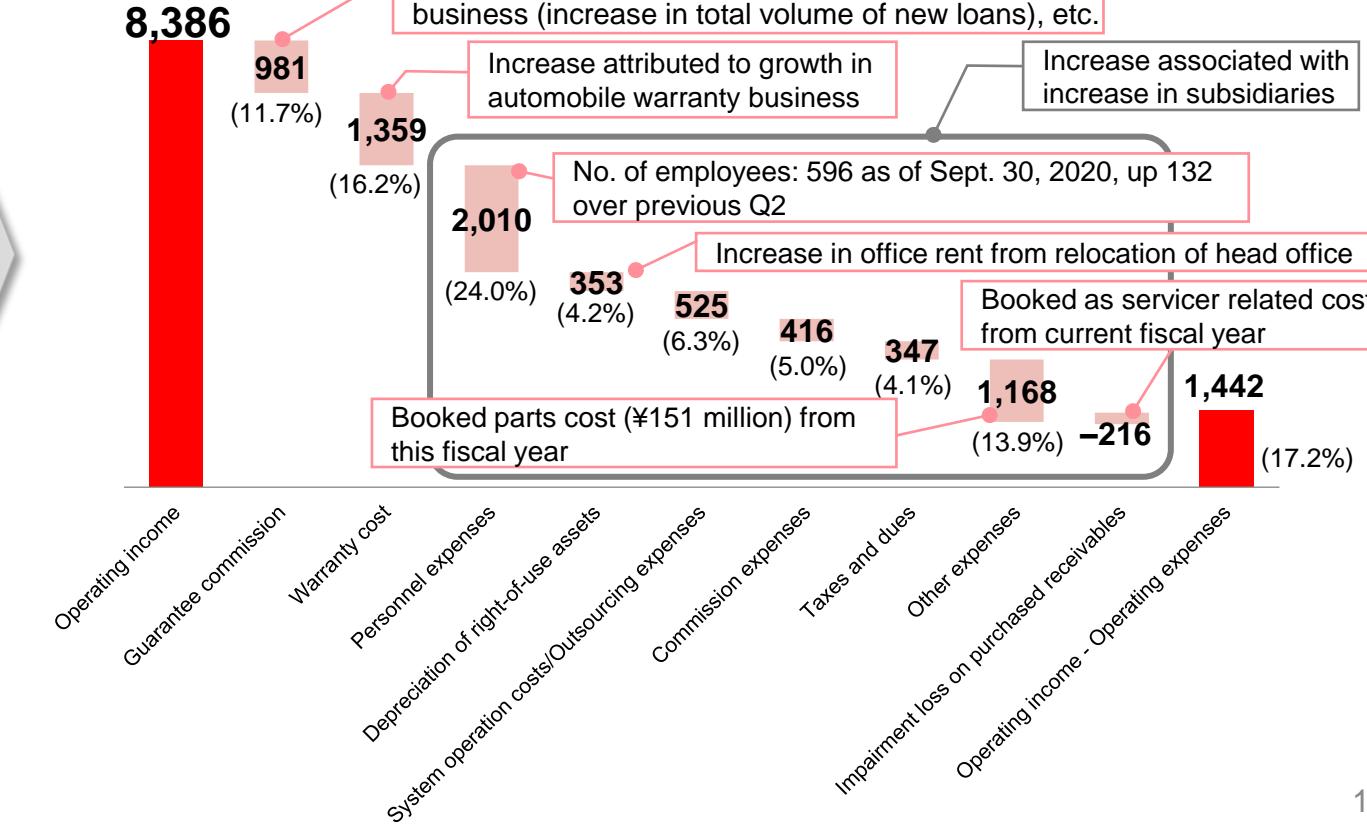
Operating income



1H FY21

Operating expenses ¥6,944 million (up 20.9% YoY)

Operating income

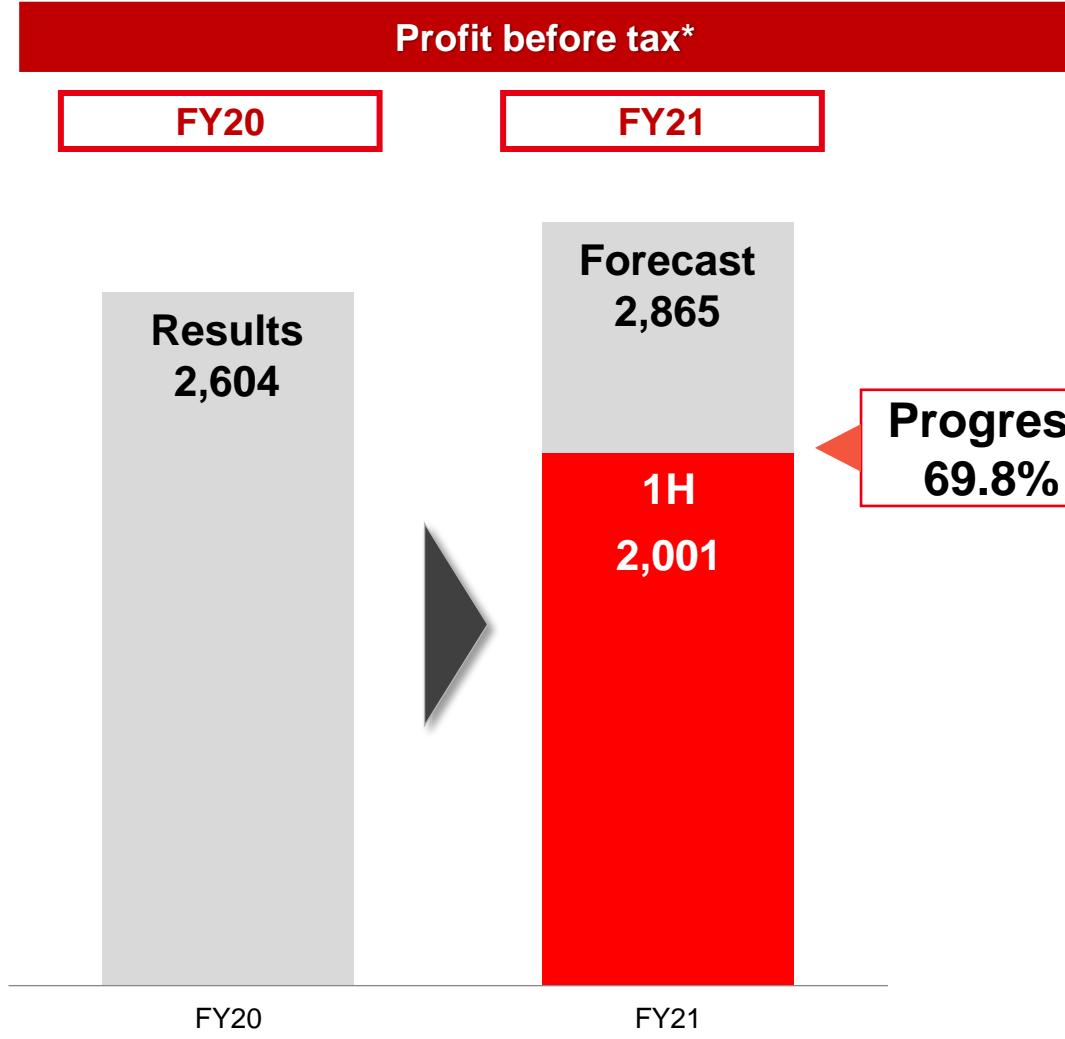
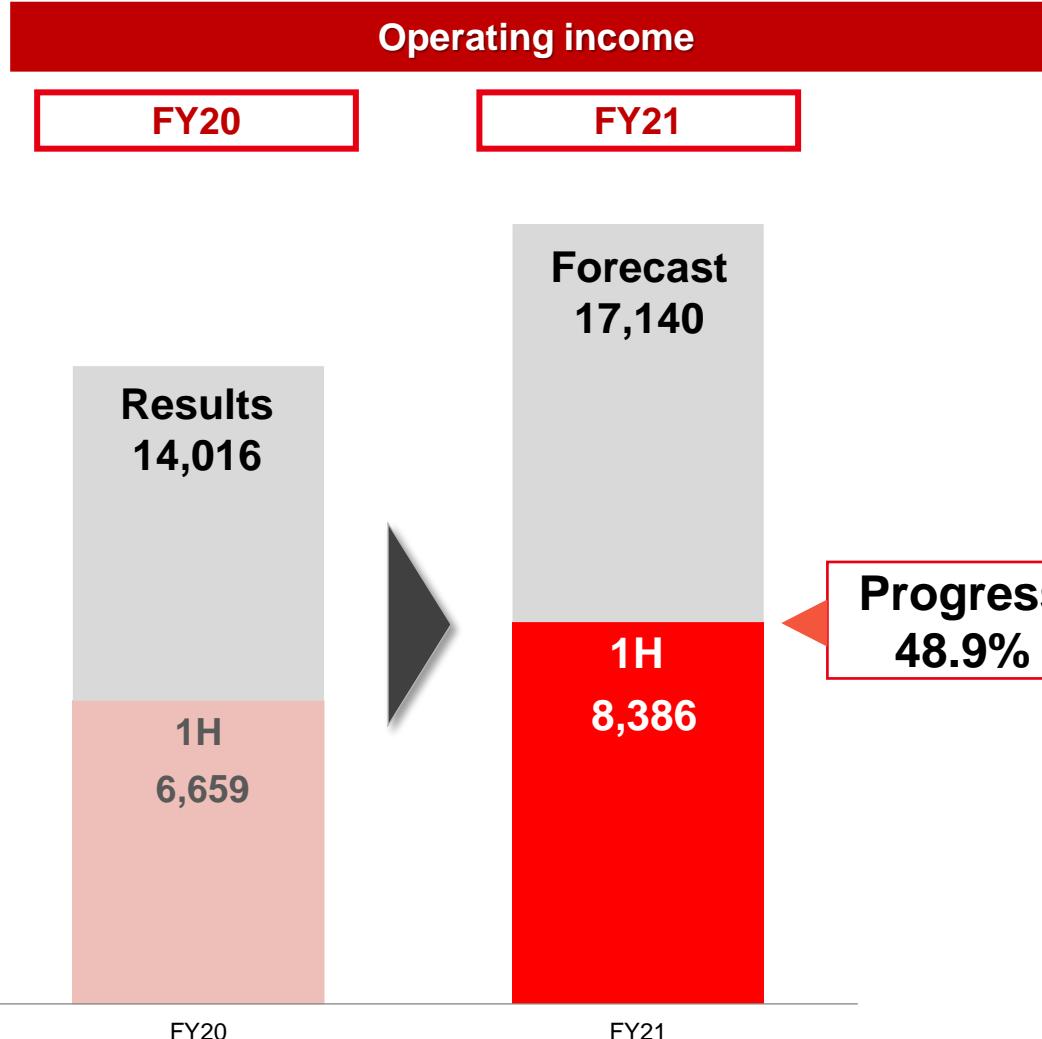


Full-Year Earnings Forecast

(Graph unit: millions of yen)



- ✓ Revenue and profit both trending steadily toward YoY increases
- ✓ The market growth rate in 2H is expected to be negative YoY, but our total volume is expected to remain on par with the previous 1H



Other Topics

August 2020	Opened FIXMAN maintenance facility in Saitama Prefecture We opened a maintenance facility in Saitama Prefecture under our original FIXMAN brand using the Brand Provision Service, part of the FIXMAN Club membership service for maintenance facilities.
September 2020	Began affiliated loan transactions with GMO Aozora Net Bank We concluded an affiliated loan transaction agreement for auto credit, our core business, with GMO Aozora Net Bank, Ltd. This partnership will enable stable funding, which is expected to lower financing costs, provide risk hedging against interest rate volatility, and reinforce product strengths, etc.
October 2020	Introduced flex time system We aim to utilize a diverse workforce through mitigation of risk of COVID-19 infection by enabling employees to avoid peak rush hour times and provision of flexible work styles tailored to the lifestyle of individual employees.
October 2020	Established Premium Warranty Services Co., Ltd. We established a system where we can further focus on the automobile warranty segment by consolidating Group companies in Japan and overseas engaged in the same segment.
October 2020	Ranked 30th in the top 100 companies for high ratio of female managers by Toyo Keizai Online Aimed at the advancement of female employees, we continue to carry out multifaceted initiatives for creating a workplace environment where employees can fully demonstrate their abilities and skills and feel a sense of pride, while balancing work and childcare.
October 2020	Opened P-Gate portal site for network stores We released the P-Gate portal site for network stores providing the Group's various services. This is expected not only to increase the convenience for network stores, but also improve services handled by the Group and boost productivity using systemization.
November 2020	Promoted active disclosure by moving forward financial results announcement We moved up the announcement date for financial results starting with Q2. Looking ahead, we will strive to actively disclose information in order to provide investors with the financial information they require in a prompt manner.

(2) Impacts of External Environment



External Environment and Our Situation

- ✓ The external environment is seeing a **steady recovery** from COVID-19, despite the downturn in total volume of new auto credit compared to the market, which is **largely in line with our expectations**.
- ✓ **Payment deferrals** caused by deteriorating economic conditions due to COVID-19 have **declined**.
- ✓ Both cash on hand and internal reserves are more than sufficient

YoY change		Q1 alone	Q2 alone
External environment	Number of new passenger vehicles registered	-31.8%	-17.2%
	Number of used passenger vehicles registered	-8.2%	+1.6%
Our situation	Total volume of new auto credit	-11.6%	-22.6%
	Auto credit gross margin	+8.4%	+22.3%
	Payment deferrals (Number/value)	110/¥172 million	27/¥37 million
	Cash position (As of September 30, 2020)	¥10,236 million (+88.8% YoY)	¥9,468 million (+39.5% YoY)
	Short-term borrowing facilities	¥13,000 million (+73.3% YoY)	¥13,000 million (+73.3% YoY)
Internal reserves (As of September 30, 2020)	Retained earnings	¥4,090 million (+3.3% YoY)	¥4,620 million (+8.5% YoY)
	Future expected earnings	¥27,161 million (+20.5% YoY)	¥27,994 million (+16.5% YoY)

Note: Auto credit gross margin 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).

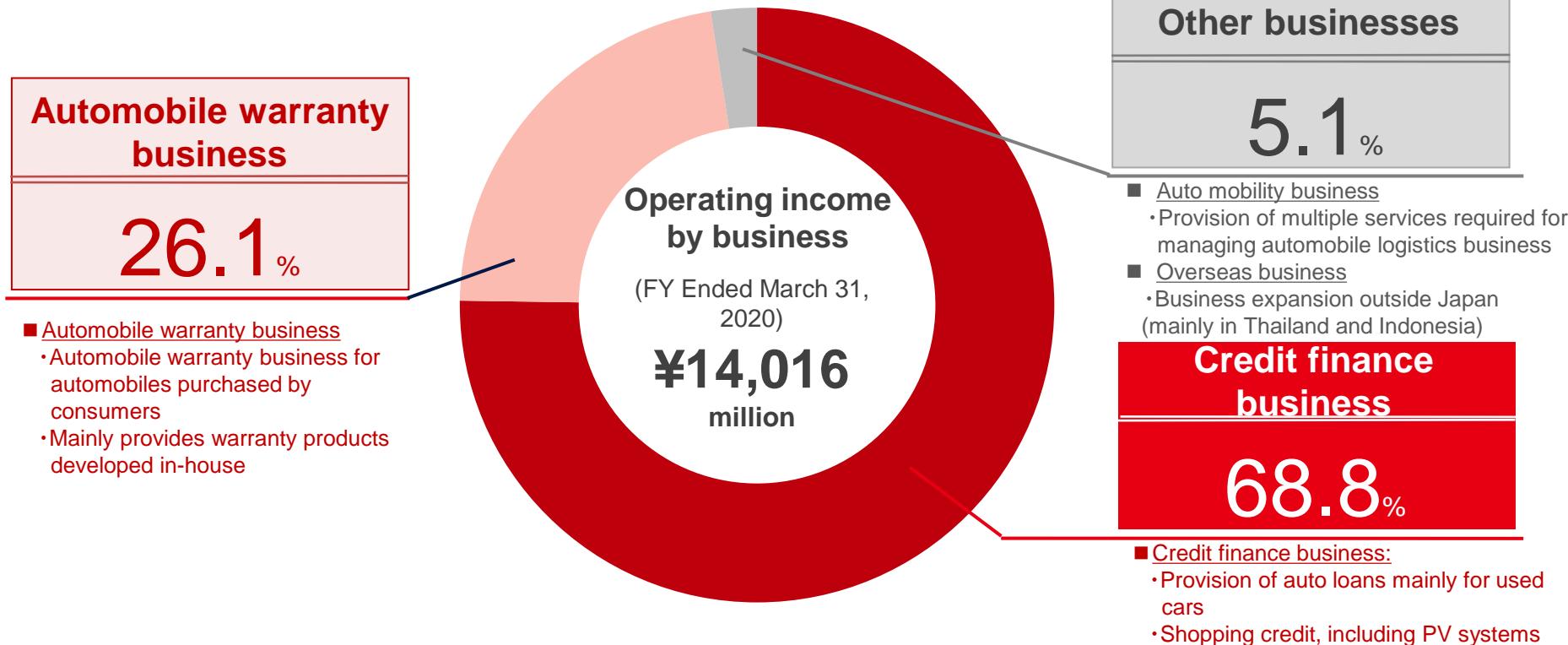
(3) APPENDIX



Company Profile

Name	Premium Group Co., Ltd.
Securities Code / Exchange	7199 / First Section of Tokyo Stock Exchange
Established	May 25, 2015 Note: G-ONE Credit Services Co., Ltd. (currently, Premium Co., Ltd.) was established in 2007.
Head Office	The Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo
President and Representative Director	Yohichi Shibata
Number of Issued Shares	13,286,390 (As of September 30, 2020)
Capital	¥1,634,000,000 (Non-consolidated; as of September 30, 2020)
Number of Employees	596 (consolidated; as of September 30, 2020) (Note) Number of persons employed by the Group excluding temporary workers
Main Shareholders	BNY Mellon Investment Management Japan Limited: 7.59% Russell Investments Implementation Services, LLC: 7.16% Coupland Cardiff Asset Management LLP: 6.99% Recruit Co., Ltd.: 4.52% Mitsubishi UFJ Financial Group, Inc.: 4.21% (As of October 31, 2020; referencing the report on changes in large volume holdings, etc.)
Description of Business	<ul style="list-style-type: none">• Finance in Japan• Development and marketing of automotive warranty products• Provision of auto mobility services• Credit consulting business and warranty business outside Japan (Thailand, etc.)

Overview of Premium Group



Stock-type business

Stock-type profit structure for both credit finance and automobile warranty businesses where profit is deferred

Business model expected to see consistent growth

Cash rich

Stable cash position for both credit finance and automobile warranty businesses underpinned by “lump-sum advance” of funds and guarantee commission payments

Business model with robust cash flows

	FY20 (As of March 31, 2020)	Q1_FY21 (As of June 30, 2020)	Q2_FY21 (As of September 30, 2020)	Compared to previous quarter	QoQ
Assets					
Cash and cash equivalents	6,286	10,236	9,468	150.6%	92.5%
Financing receivables	20,011	21,551	21,554	107.7%	100.0%
Other financial assets	6,408	7,321	7,905	123.3%	108.0%
Property, plant and equipment	3,092	3,551	3,464	112.0%	97.6%
Intangible assets	5,950	5,988	5,950	100.0%	99.4%
Goodwill	3,958	3,958	3,958	100.0%	100.0%
Investments accounted for using equity method	1,224	1,297	1,262	103.1%	97.3%
Deferred tax assets	0	9	22	-	246.4%
Other assets	2,965	3,289	3,334	112.5%	101.4%
Insurance assets	8,309	6,039	6,624	79.7%	109.7%
Total assets	58,203	63,239	63,541	109.2%	100.5%
Liabilities					
Financial guarantee contracts	22,063	22,534	23,088	104.6%	102.5%
Borrowings	16,421	20,892	19,618	119.5%	93.9%
Other financial liabilities	6,340	5,724	5,488	86.6%	95.9%
Provisions	327	293	293	89.8%	100.1%
Income taxes payable	386	207	561	145.4%	271.4%
Deferred tax liabilities	1,355	1,580	1,505	111.1%	95.2%
Other liabilities	5,999	6,134	6,591	109.9%	107.5%
Total liabilities	52,891	57,365	57,144	108.0%	99.6%
Equity					
Equity attributable to owners of parent					
Share capital	1,534	1,549	1,569	102.3%	101.3%
Capital surplus	1,260	1,266	1,267	100.5%	100.0%
Treasury shares	-1,201	-1,201	-1,201	100.0%	100.0%
Retained earnings	3,587	4,090	4,620	128.8%	113.0%
Other components of equity	62	104	65	104.4%	62.0%
Total equity attributable to owners of parent	5,242	5,810	6,320	120.5%	108.8%
Non-controlling interests	70	65	77	110.3%	119.3%
Total equity	5,312	5,874	6,397	120.4%	108.9%
Total liabilities and equity	58,203	63,239	63,541	109.2%	100.5%

P/L (Consolidated cumulative period)

(Millions of yen)



(April 1 - September 30)	1Q-2Q_FY20 (April 1, 2019 - September 30, 2019)	FY20 (April 1, 2019 - March 31, 2020)	1Q-2Q_FY21 (April 1, 2020 - September 30, 2020)	YoY	Compared to previous quarter
Operating income	6,659	14,016	8,386	126.0%	59.8%
Other finance income	105	5	3	3.2%	62.1%
Share of profit of investments accounted for using equity method	-	-	-	-	-
Other income	2,095	2,110	625	29.8%	29.6%
Total income	8,859	16,132	9,015	101.8%	55.9%
Operating expenses	5,742	12,458	6,944	120.9%	55.7%
Share of loss of investments accounted for using equity method	20	844	46	236.2%	5.5%
Other finance costs	43	151	12	28.5%	8.2%
Other expenses	2	75	11	642.0%	14.4%
Total expenses	5,807	13,528	7,014	120.8%	51.8%
Profit (loss) before tax	3,052	2,604	2,001	65.6%	76.9%
Income tax expense	1,202	1,152	680	56.6%	59.1%
Profit (loss)	1,850	1,452	1,321	71.4%	91.0%
Profit (loss) attributable to:			-		
Owners of parent	1,845	1,466	1,313	71.2%	89.6%
Non-controlling interests	5	△ 14	8	151.0%	△ 54.7%

P/L (Consolidated cumulative period)

(Millions of yen)



(April 1 - September 30)	1Q-2Q_FY20 (April 1, 2019 - September 30, 2019)	FY20 (April 1, 2019 - March 31, 2020)	1Q-2Q_FY21 (April 1, 2020 - September 30, 2020)	YoY	Compared to previous quarter
Operating income					
Finance income	3,860	8,158	4,725	122.4%	57.9%
Warranty revenue	1,784	3,661	1,945	109.1%	53.1%
Other commission sales	612	1,300	935	152.9%	72.0%
Software sales	193	349	223	115.1%	63.7%
Revenue from the exercise of insurance policies	102	189	88	86.1%	46.2%
Other	108	358	470	434.9%	131.3%
Total	6,659	14,016	8,386	126.0%	59.8%

(April 1 - September 30)	1Q-2Q_FY20 (April 1, 2019 - September 30, 2019)	FY20 (April 1, 2019 - March 31, 2020)	1Q-2Q_FY21 (April 1, 2020 - September 30, 2020)	YoY	Compared to previous quarter
Operating expenses					
Finance costs	47	102	68	145.8%	66.9%
Guarantee commission	853	1,854	981	115.0%	52.9%
Impairment loss on financial assets	23	79	△ 216	△935.9%	△271.4%
Employee benefit expenses	1,561	3,307	2,010	128.7%	60.8%
Warranty cost	1,222	2,421	1,359	111.3%	56.1%
System operation costs	322	611	350	108.5%	57.3%
Depreciation	56	151	129	230.9%	85.8%
Amortization	129	262	134	104.4%	51.2%
Right-of-use asset depreciation	186	442	353	189.3%	79.7%
Taxes and dues	235	576	347	147.7%	60.3%
Commission expenses	367	811	416	113.3%	51.3%
Rent expenses on land and buildings	19	38	29	148.9%	75.8%
Outsourcing expenses	111	325	175	158.0%	53.9%
Other operating expenses	610	1,479	807	132.3%	54.6%
Total	5,742	12,458	6,944	120.9%	55.7%

P/L (Consolidated accounting period)

(Millions of yen)



(July 1 - September 30)	2Q_FY20 (July 1, 2019 - September 30, 2019)	1Q_FY21 (April 1, 2020 - June 30, 2020)	2Q_FY21 (July 1, 2020 - September 30, 2020)	YoY	QoQ
Operating income	3,510	4,022	4,365	124.3%	108.5%
Other finance income	98	38	1	0.8%	2.2%
Share of profit of investments accounted for using equity method	19	13	-	0.0%	0.0%
Other income	31	613	12	38.9%	1.9%
Total income	3,658	4,686	4,377	119.7%	93.4%
Operating expenses	2,958	3,484	3,460	116.9%	99.3%
Share of loss of investments accounted for using equity method	-	-	25	-	-
Other finance costs	11	19	63	596.6%	325.9%
Other expenses	1	3	8	997.7%	319.2%
Total expenses	2,969	3,506	3,556	119.7%	101.4%
Profit (loss) before tax	688	1,180	822	119.4%	69.6%
Income tax expense	382	401	279	73.1%	69.6%
Profit (loss)	306	779	542	177.3%	69.6%
Profit (loss) attributable to:					
Owners of parent	300	784	530	176.7%	67.6%
Non-controlling interests	6	△ 5	12	202.9%	△252.5%

P/L (Consolidated accounting period)

(Millions of yen)



(July 1 - September 30)	2Q_FY20 (July 1, 2019 - September 30, 2019)	1Q_FY21 (April 1, 2020 - June 30, 2020)	2Q_FY21 (July 1, 2020 - September 30, 2020)	YoY	QoQ
Operating income					
Finance income	1,982	2,350	2,375	119.8%	101.1%
Warranty revenue	907	957	988	108.9%	103.2%
Other commission sales	332	455	480	144.7%	105.4%
Software sales	125	71	152	121.7%	214.0%
Revenue from the exercise of insurance policies	102	-	88	86.1%	-
Other	63	188	282	449.8%	150.1%
Total	3,510	4,022	4,365	124.3%	108.5%

(July 1 - September 30)	2Q_FY20 (July 1, 2019 - September 30, 2019)	1Q_FY21 (April 1, 2020 - June 30, 2020)	2Q_FY21 (July 1, 2020 - September 30, 2020)	YoY	QoQ
Operating expenses					
Finance costs	19	36	32	168.5%	87.9%
Guarantee commission	470	486	495	105.3%	101.7%
Impairment loss on financial assets	△ 11	△ 40	△ 175	1567.3%	434.5%
Employee benefit expenses	818	991	1,020	124.7%	102.9%
Warranty cost	633	644	716	113.1%	111.2%
System operation costs	170	170	179	105.5%	105.2%
Depreciation	33	64	65	196.4%	102.4%
Amortization	64	65	69	107.6%	107.2%
Right-of-use asset depreciation	94	186	166	175.9%	89.1%
Taxes and dues	123	173	174	141.6%	100.4%
Commission expenses	189	206	211	111.7%	102.6%
Rent expenses on land and buildings	11	13	16	143.9%	125.1%
Outsourcing expenses	64	79	96	150.3%	121.0%
Other operating expenses	281	411	396	140.8%	96.2%
Total	2,958	3,484	3,460	116.9%	99.3%