



Financial Results Presentation

for Q1 of FY Ending March 31, 2022

August 6, 2021

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



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1. Summary of Financial Results for Q1



Highlights from Q1 of FY Ending March 31, 2022 (FY22)



- ✓ Both credit finance and automobile warranty businesses recorded **growth in volumes that exceeded the market and previous results**
- ✓ **Core business performance saw revenue and profit increase** on strong sales from the three core businesses

Market

- Number of new passenger vehicles registered Full-year: Up 21.4% YoY
- Number of used passenger vehicles registered Full-year: Up 6.7% YoY

(Statistical data from the Japan Automobile Dealers Association)

KPIs

- Total volume of new loans: **Up 31.9% YoY**
- Total volume of new warranties: **Up 24.6% YoY**

Performance

- Operating income: ¥4.9 billion (**up 21.6% YoY**)
- Profit before tax of core business excluding one-off factors totaled ¥832 million (**up 38.3% YoY**)
- Future expected earnings (deferred profit): ¥31,570 million stocked on B/S (**up 16.1% YoY**)

Credit finance business: ¥26,240 million, Automobile warranty business: ¥5,060 million. Other businesses: ¥270 million

Topics

- Confirmed **conformance** with listing criteria of new market category **Prime Market**
- **Changed reporting segment classification** from FY ending March 31, 2022 (FY22) because earnings outside of credit increased, raising the materiality of other segments

(Prior to change) Credit finance segment



(After change) Finance segment, automobile warranty segment, and auto mobility segment

[See p.9 for details](#)

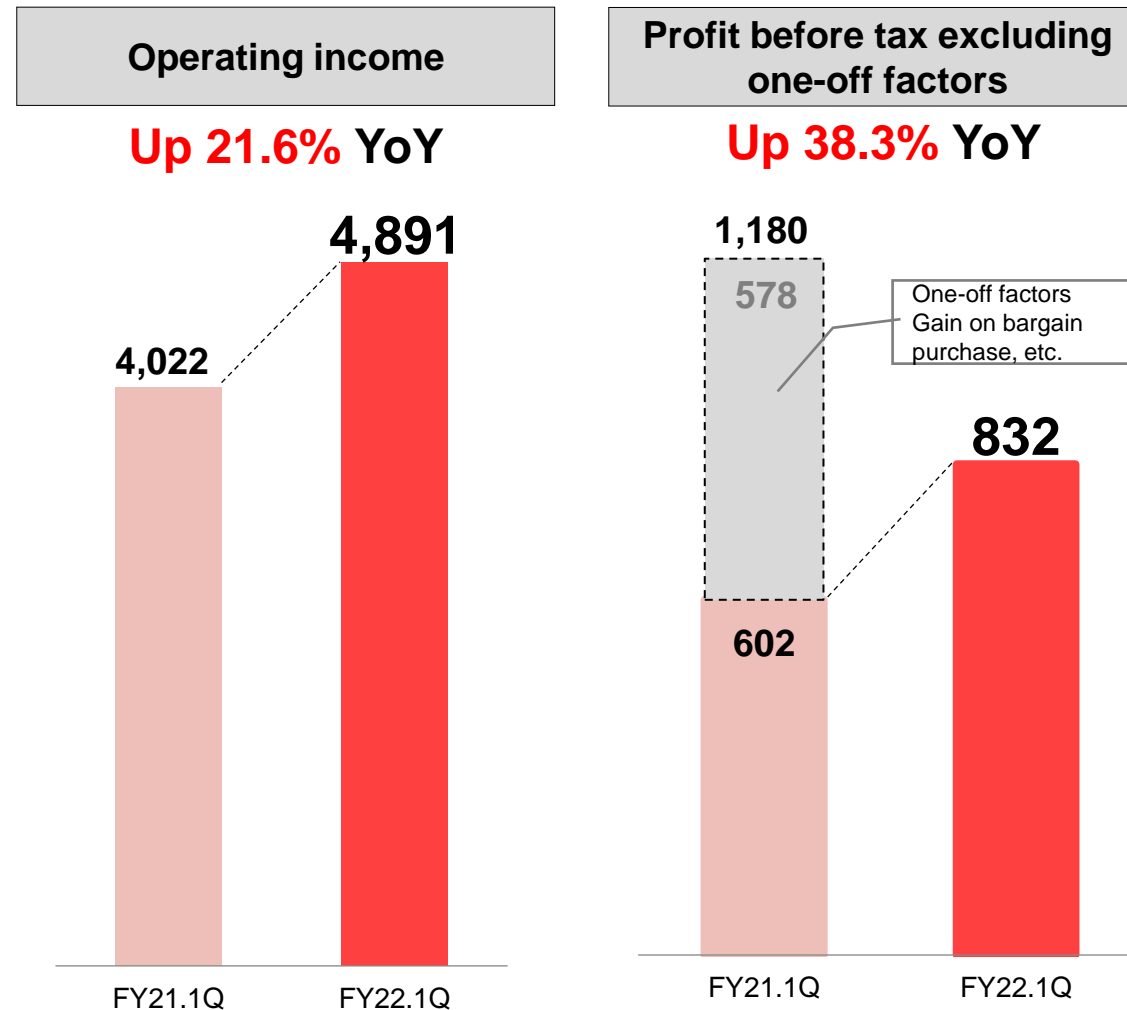
Consolidated Performance

(Graph/table unit: millions of yen)



- ✓ Operating income totaled ¥4,891 million (up 21.6% YoY) on generation of stock (deferred profit) from business growth
- ✓ Profit before tax of core business excluding one-off factors totaled ¥832 million (up 38.3% YoY)

	FY21 Q1	FY22 Q1	YoY change
Operating income	4,022	4,891	+21.6%
Other income	613	4	-99.4%
	<small>*Includes ¥594 million in gain on bargain purchase</small>		
Operating expenses	3,484	4,085	+17.2%
Profit before tax	1,180	832	-29.4%
Profit before tax of core business	602	832	+38.3%
Profit attributable to owners of parent	784	608	-22.4%
Basic earnings per share (yen)	61.46	47.45	-22.8%



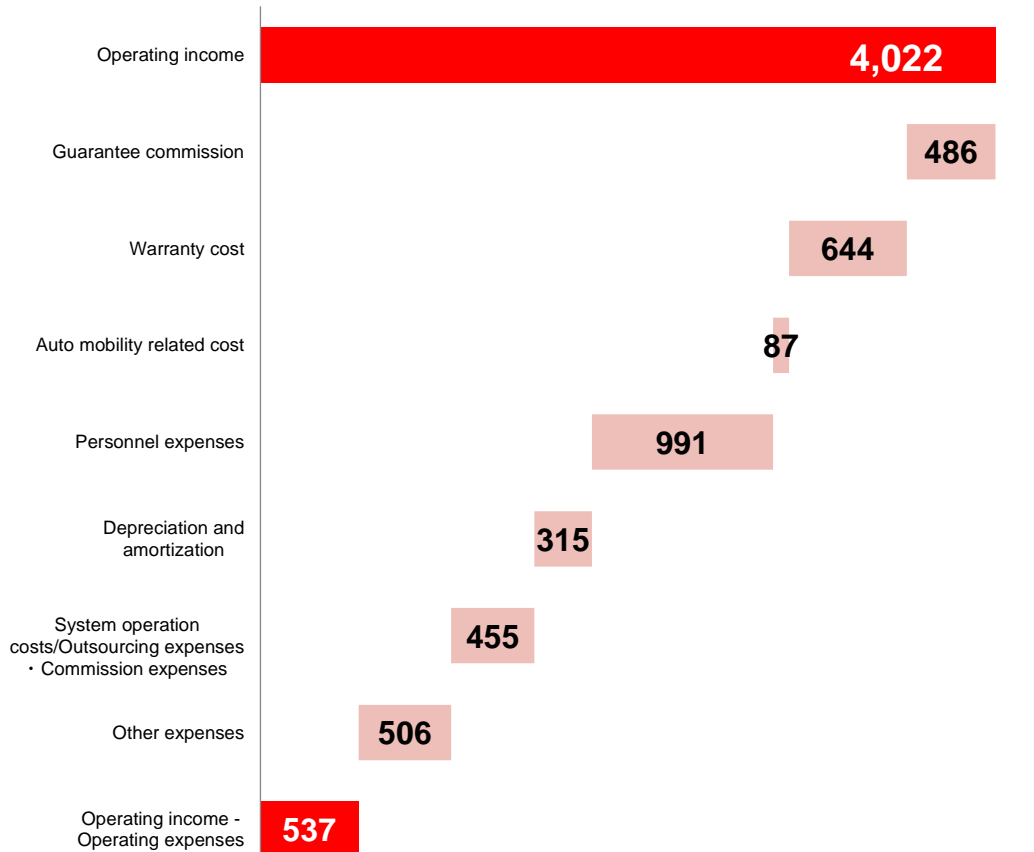
Operating expenses (consolidated)

(Graph unit: millions of yen)

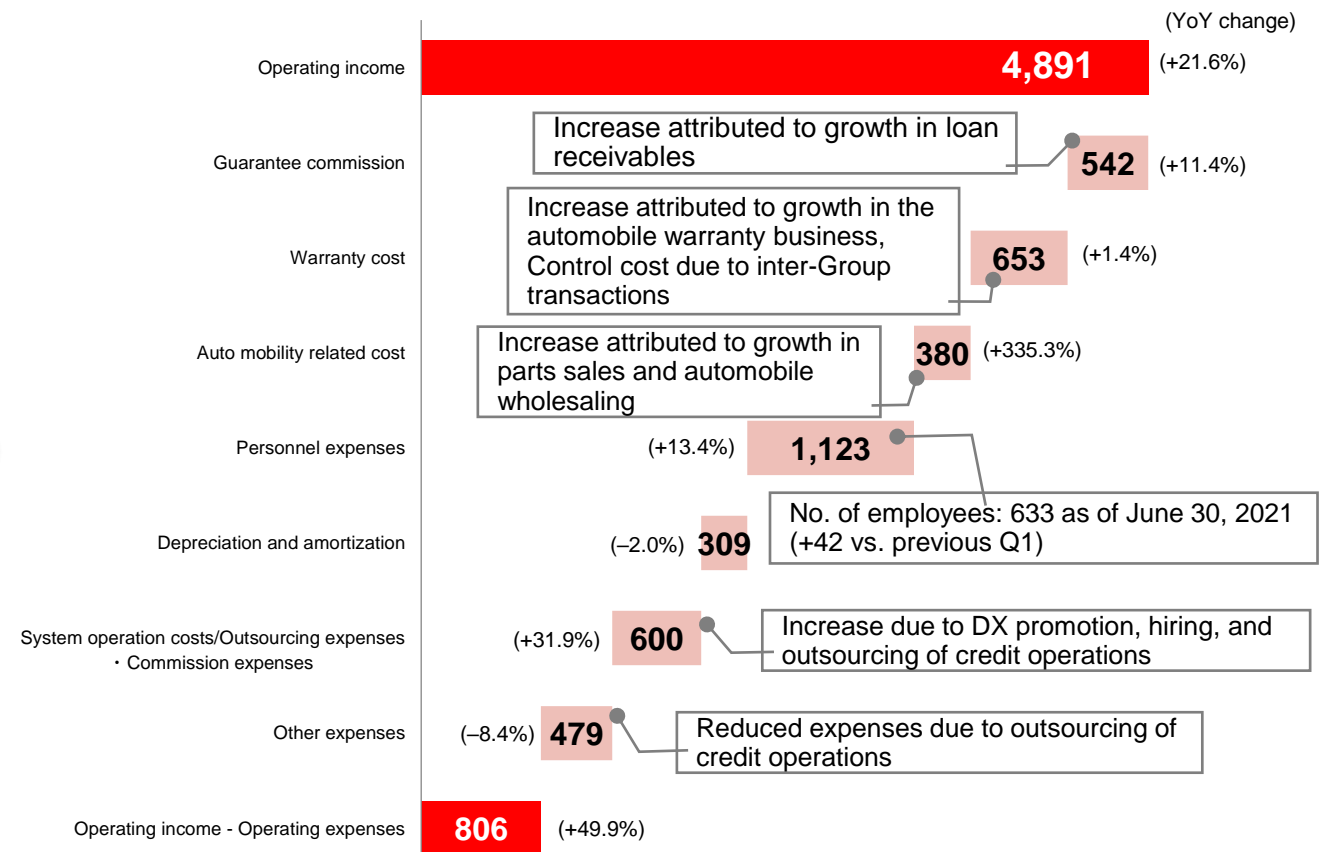


- ✓ Operating expenses totaled ¥4,085 million (up 17.2% YoY)
- ✓ Cost increased due to the growth of the auto mobility segment, but cost cutting measures, such as promoting inter-Group transactions and paperless services helped to control growth in operating expenses

FY21 Operating expenses ¥3,484 million



FY22 Operating expenses ¥4,085 million (up 17.2% YoY)



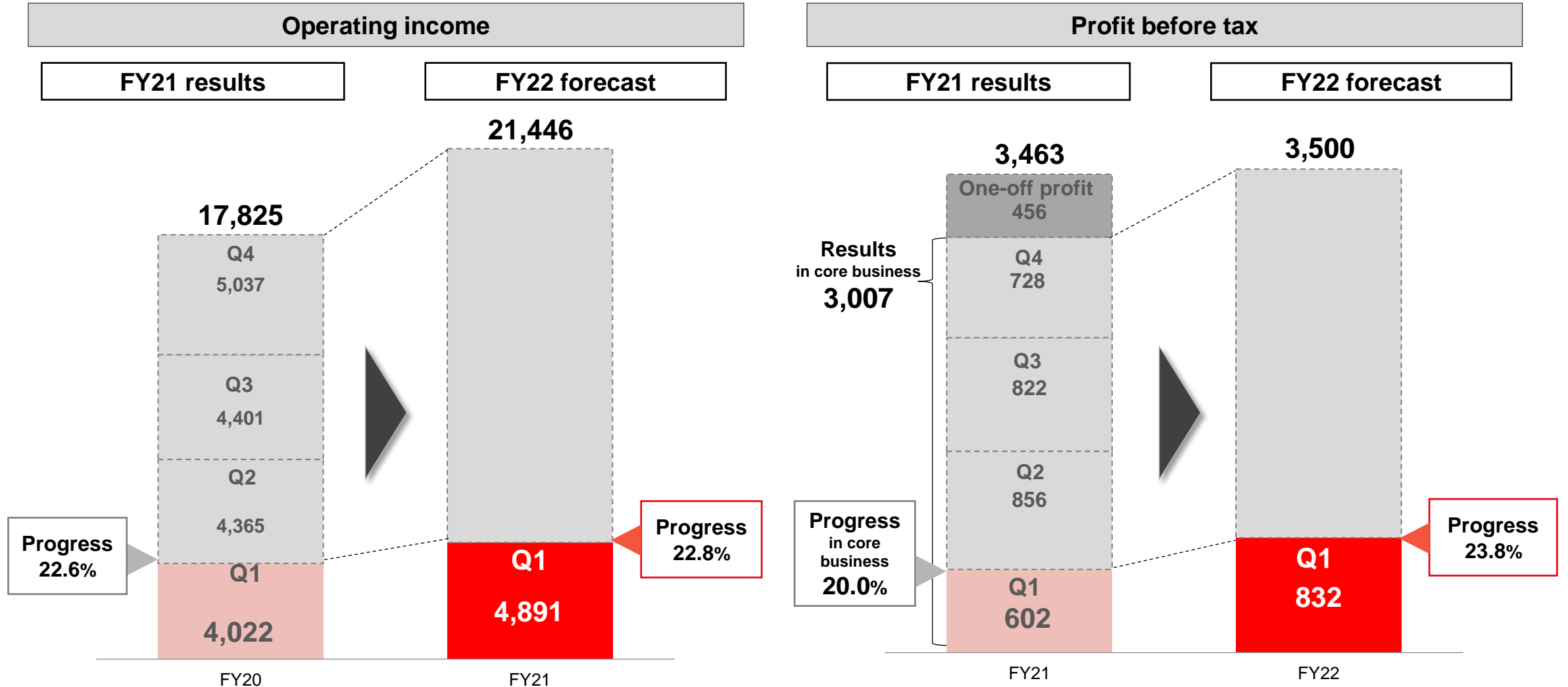
Note: Since it is a preliminary value, we will promptly notify you on our website when any corrections or changes occur.

Full-year performance outlook

(Graph unit: millions of yen)



- ✓ Revenue and profits both progressing according to plan heading toward FY22 forecast of increased revenue and profits
- ✓ Quarterly performance is expected to gradually improve with the accumulation of loan receivables



2. Segment Overview



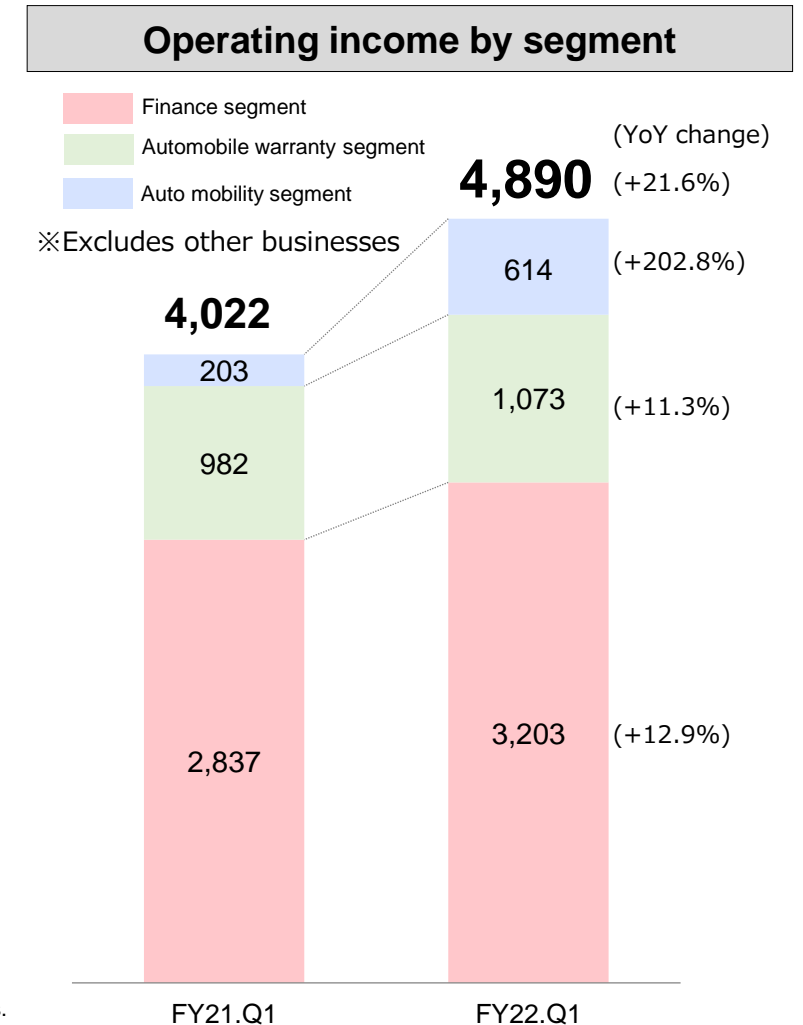
Performance by segment

(Graph/table unit: millions of yen)



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

	FY22 Q1	
	Operating income	Profit before tax
Finance segment -Composition- Credit, lease, servicer	3,203 Up 12.9% YoY Growth of loan receivables and performance of servicer contributed to revenue	657
Automobile warranty segment -Composition- Automobile warranty services	1,073 Up 11.3% YoY Warranty growth and control of cost due to inter-Group synergies contributed	197
Auto mobility segment -Composition- Parts sales, software sales, automobile wholesaling, automobile maintenance, etc.	614 Up 202.8% YoY Despite the business investment phase, losses improving from last year	(11)
Other businesses	0.5	15
Total	4,891	832



Notes: 1. Includes 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.

Credit Finance Segment: Total Volume of New Loans

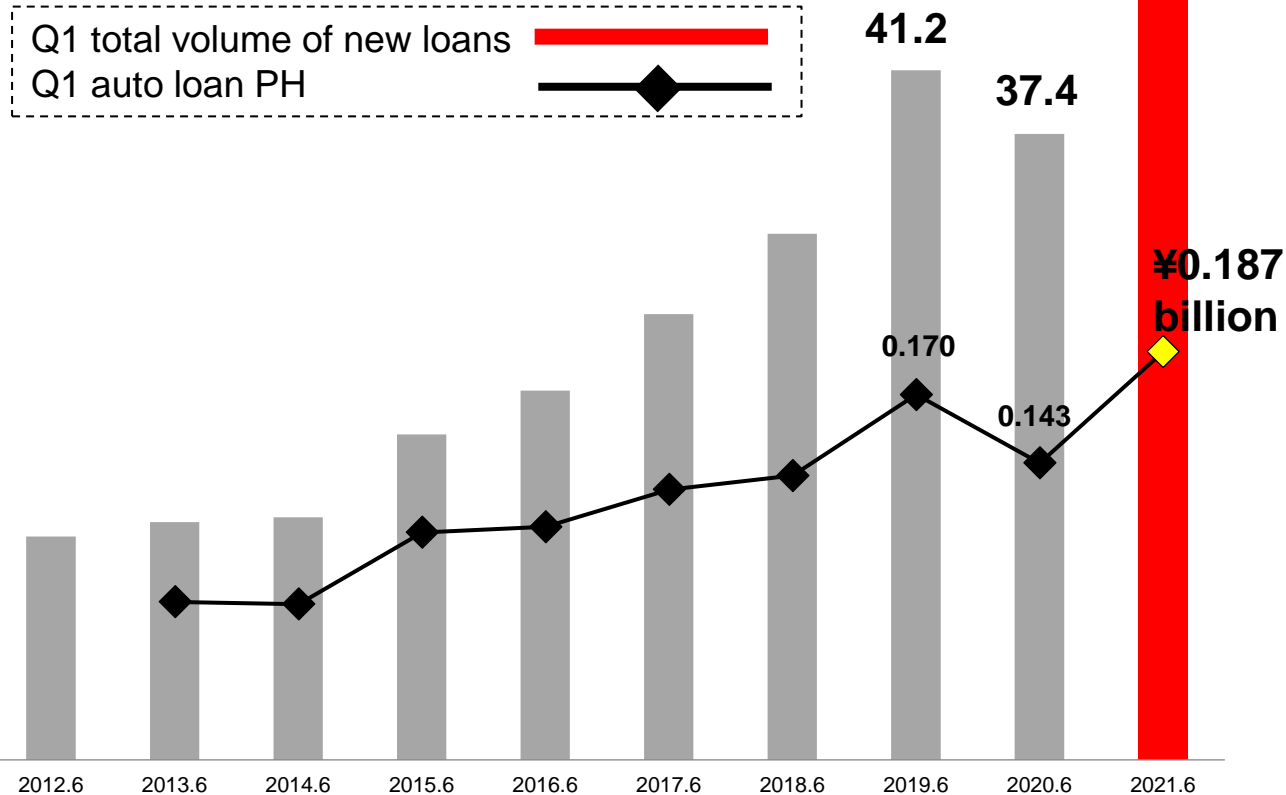
(Graph unit: billions of yen)



Total volume of new loans

Auto loan PH

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



Total volume of new loans:

+31.9% YoY

Auto loan PH:

+30.8% YoY

Factors driving change

- Achieved efficient sales operations through the promotion of **paperless credit contracts as part of our DX Strategy**
Paperless rate among total volume (as of end of Q1): 74%
Planned paperless rate at end of FY22: 100%
- Focus on sales combining face-to-face and non-face-to-face services (online meetings and telephone calls) and soliciting new members

Strategy

- Build a sales staff of 100 persons
Auto sales staff at Q1-end: 82 (+1 vs. previous Q1)
Increase in auto sales staff in August: +14 (mid-career and new graduates)
- 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

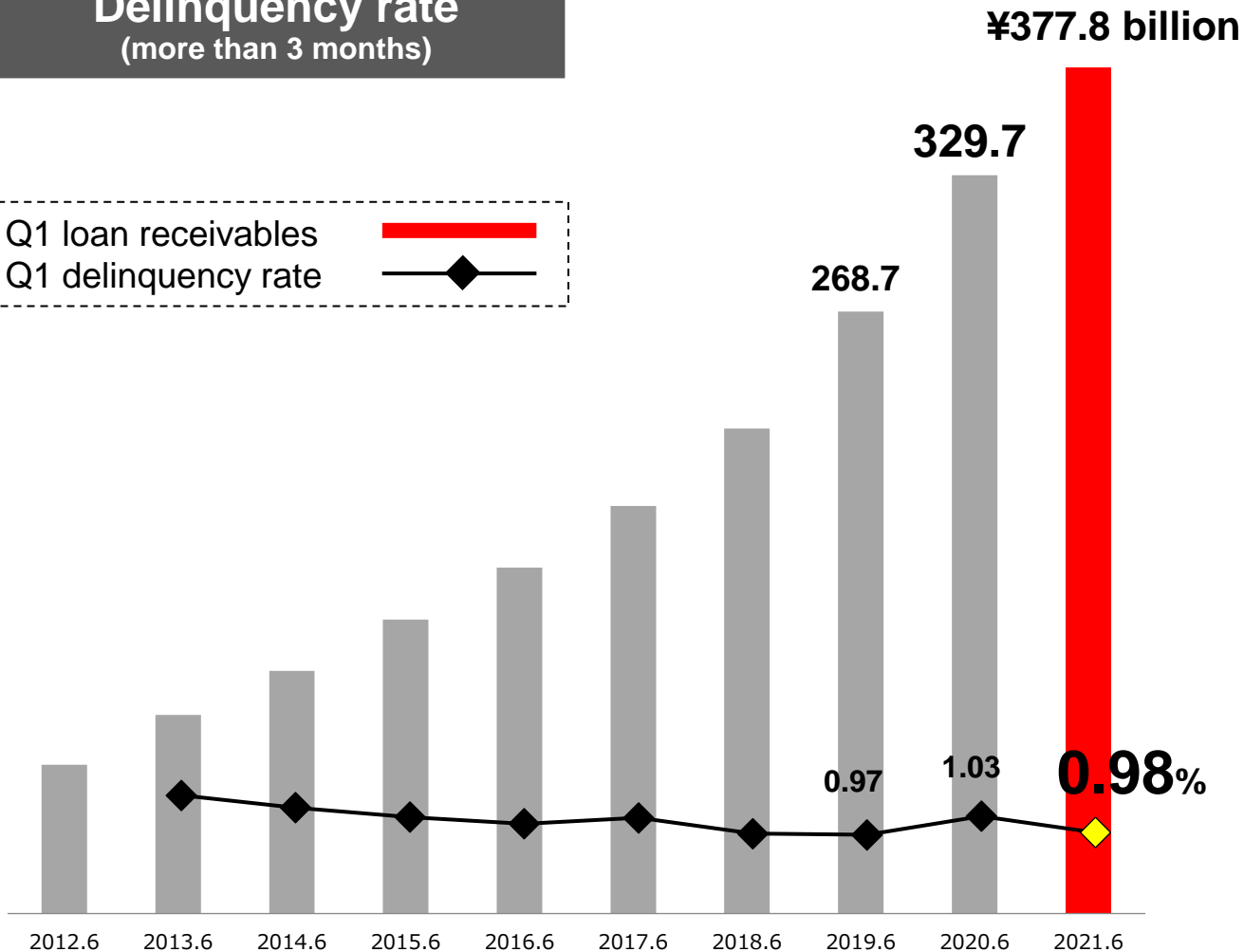
(Graph unit: billions of yen)



Loan receivables

Delinquency rate
(more than 3 months)

Q1 loan receivables
Q1 delinquency rate



Loan receivables:
+14.6% YoY

Delinquency rate:
0.98%

Factors driving change in delinquency rate

- Efficiently reduced initial arrears using IVR (auto calling system) introduced in Q1 and **achieved operational innovation using DX**
Collections of initial arrears broke the previous record
- Worked with Central Servicer Corporation**, which joined the Group in FY21, to continue collections of medium- to long-term delinquencies

Strategy for Loan Receivables Management

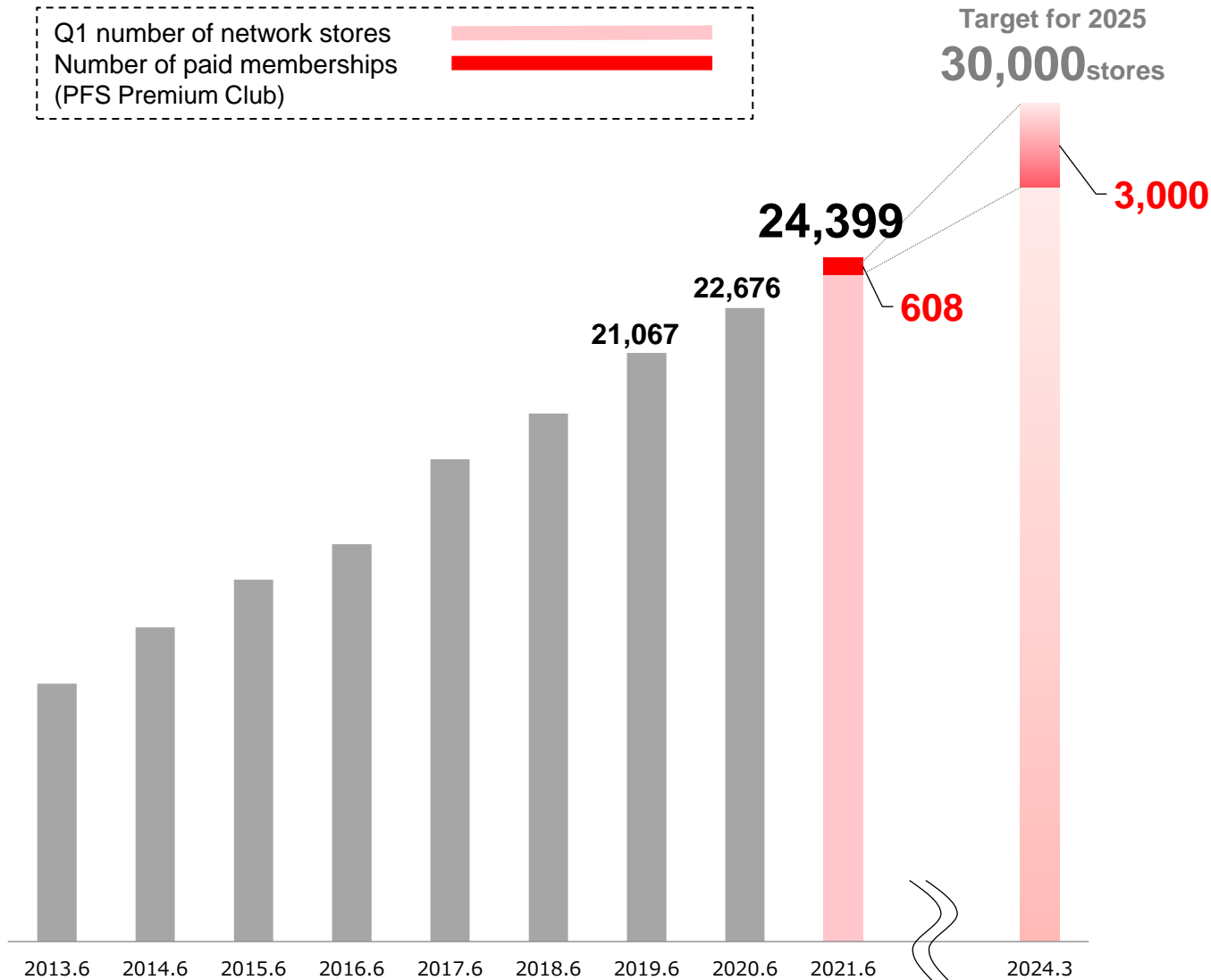
- Thoroughly control initial arrears
- Control medium- to long-term delinquencies through synergies with **Central Servicer Corporation**

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 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.

Finance Segment: Number of Network Stores

Number of credit network stores

Q1 number of network stores
Number of paid memberships
(PFS Premium Club)



Number of credit network stores:

+7.6% YoY

Factors driving change

- Increased share among existing network stores and promoted the utilization of newly tapped network stores

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: 70 companies (+8 companies vs. previous Q)
Gold members: 538 companies (+185 companies vs. previous Q)
- Simultaneously promote utilization of non-operating network stores using contact centers (outbound sales)

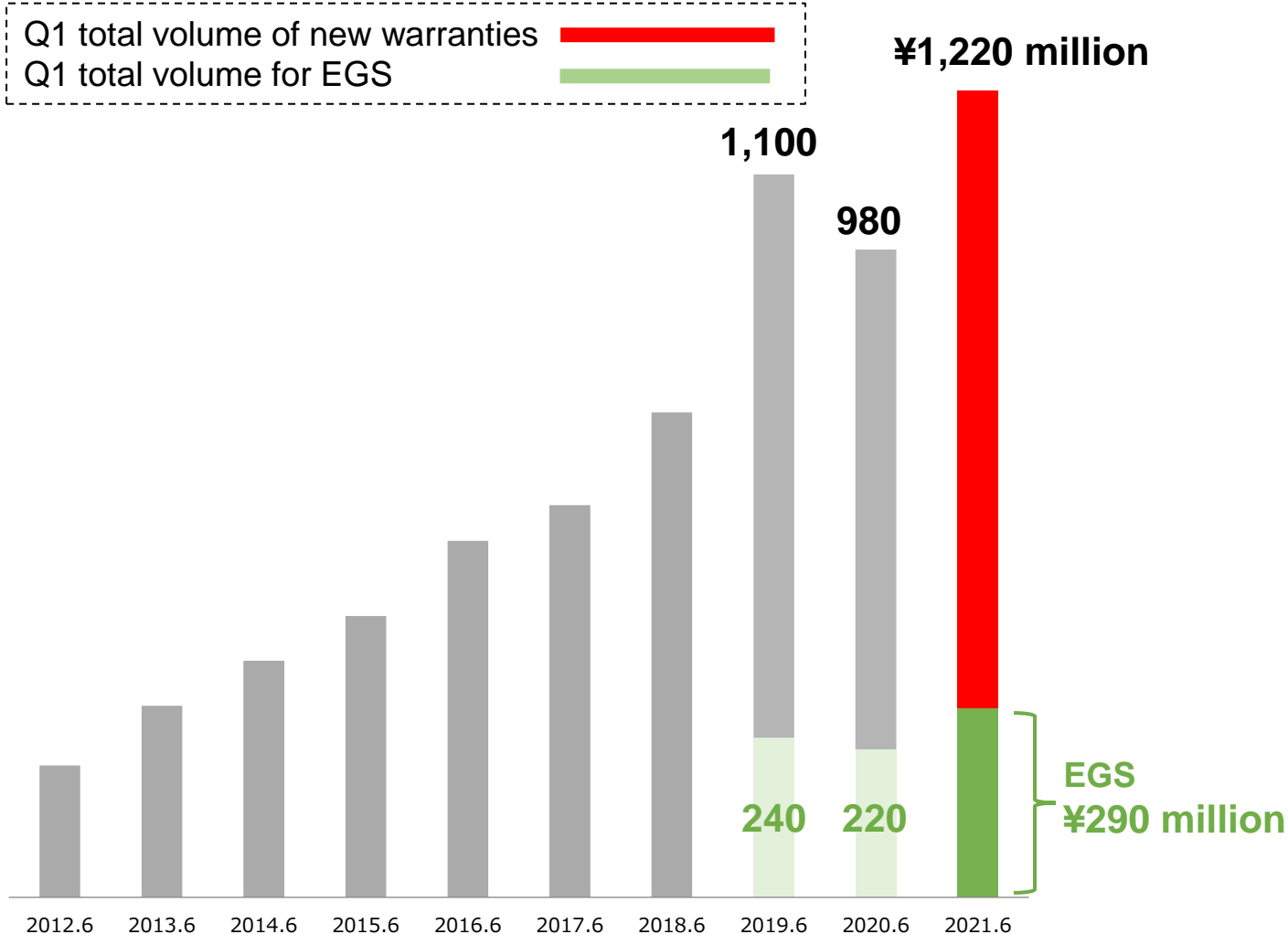
Note: "Number of network stores" refers to the number of companies that have signed a network store contract, counting company as one network store even if that company has several stores, and are the actual results of Premium Co., Ltd.

Automobile Warranty Segment: Total Volume of New Warranties

(Graph unit: millions of yen)



Total volume of new warranties



Automobile warranty: total volume of new warranties

+24.6% YoY

Total volume of Premium: +38.9% YoY
Total volume of EGS: +41.1% YoY

Factors driving change

- Introduced BIZ site format, **restructured organization** by subdividing departments, and strengthened the sales department structure
- Launched nationwide **campaign** aimed at expanding sales

Strategy

- Tap into new OEMs while promoting sales of existing product lines
- Open new automobile warranty business site in Kawaguchi City, Saitama Prefecture
Subdivide back-office departments to strengthen management system and improve efficiency
- Currently developing paperless application system, which will be rolled out in FY22**

Notes: 1. "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.
2. "Total volume of Premium" refers to the total volume of proper products by Premium.co.,Ltd.
3. "Total volume of EGS" refers to the total volume of proper products by EGS.co.,Ltd.

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

Q1 number of network stores
Number of paid memberships (FIXMAN Club)

Operating income:

+202.8% YoY

Number of maintenance network companies:

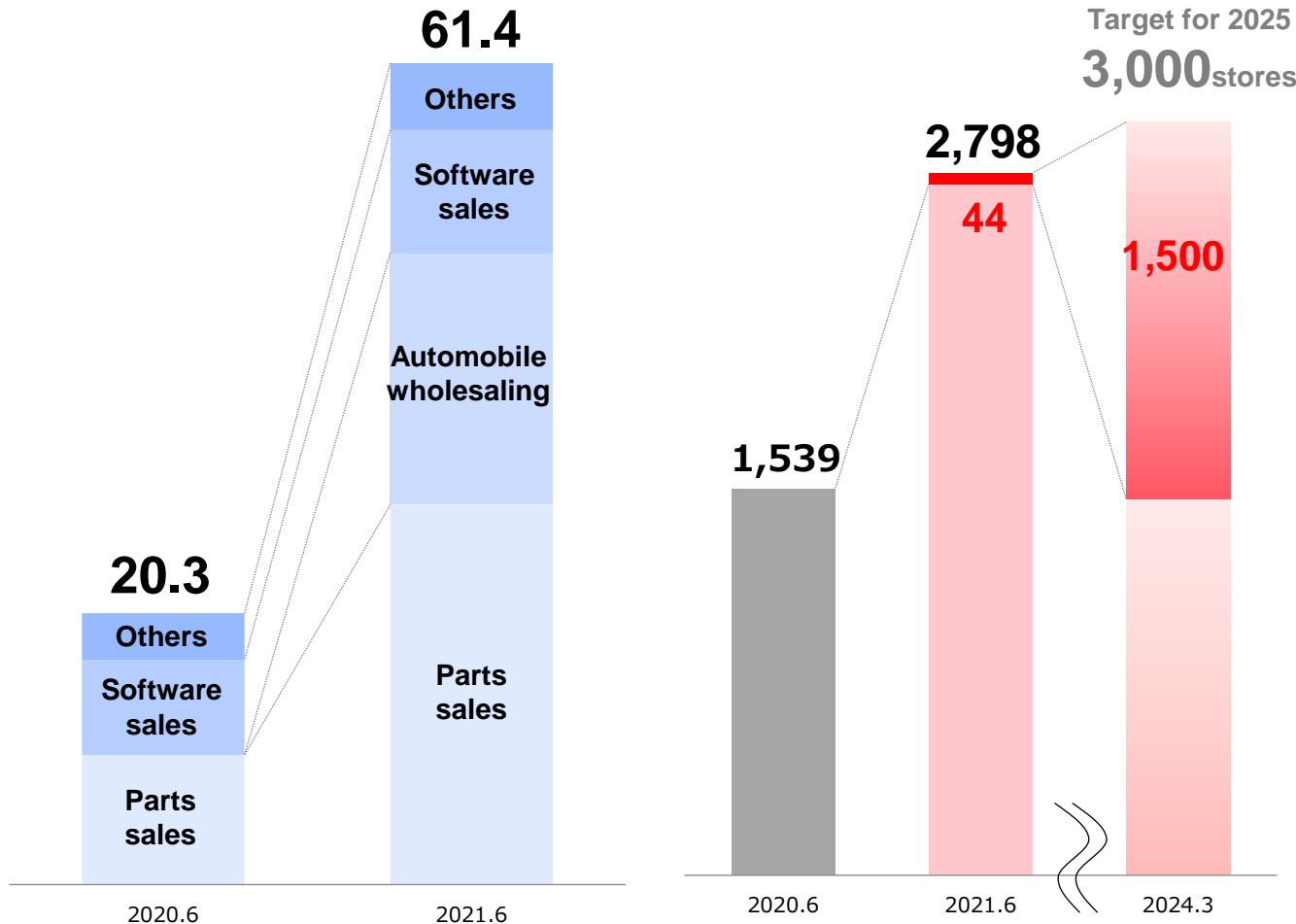
+81.8% YoY

Factors driving change

- The volume of each service is increasing following growth in the number of credit network stores, automobile maintenance network stores, and paid membership organizations
- Tapping into maintenance network using dedicated sales team with specializing in automobiles; Sales staff of automobile maintenance network at Q1-end: 13

Strategy

- Focus on soliciting new members for FIXMAN Club membership service while continuing to tap into new network stores
FIXMAN Club members: 44 companies (+6 companies vs. previous Q)
- Aim to acquire new members by expanding content for members
 - Auto lease product "Choisuma": Launched in April 2021
 - Online parts estimates: Launched in April 2021
 - Used car subscriptions "Choicar": Launched in June 2021
 - Support for driving customer traffic "Premium—the place for cars and financing": Plan to launch in FY23



3. Other Topics

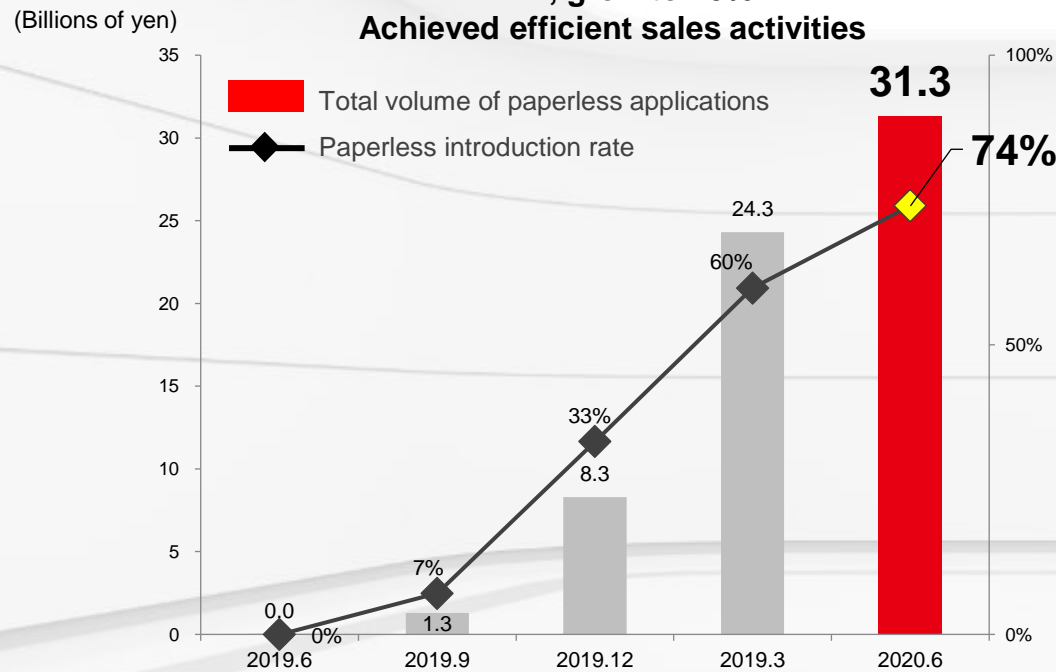


Progress of DX Strategy

- ✓ Transaction value of finance, automobile warranty and auto mobility services achieved through DX was set as KGI
- ✓ The introduction rate of paperless contracts, which were launched in FY21, **grew to 70%**

Finance Segment: Total Volume of Paperless Applications

The introduction rate of paperless contracts, which were launched in FY21, grew to 70%

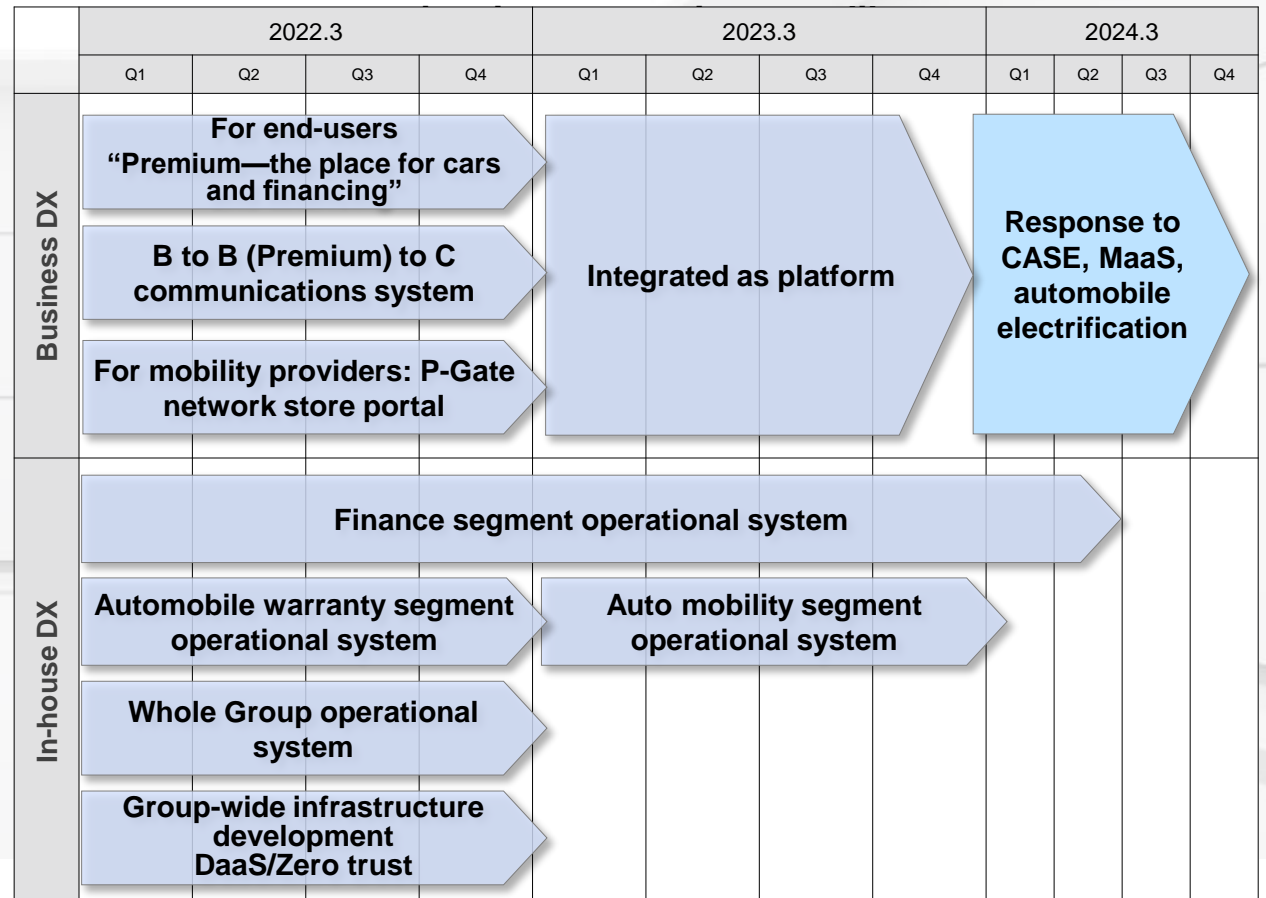


Managing total volume of each business online as KPI of DX Strategy *System currently under development

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

Timeline of DX Strategy

FY22/FY23 positioned as development phase; each development



April 2021

Introduced IVR aiming to strengthen collections capability (IVR: Auto calling system) DX

Introduced a system that further streamlines customer contact operations compared to before, enabling us to provide automated voice instructions and automated calling

Announced Digital Transformation (DX) Strategy and revised Medium-Term Management Plan (MTP) DX

Under our DX Strategy and MTP, we will seek to build a platform with DX that provides seamless services required when using used automobiles.



DX Strategy and MTP announcement

Publication of ESG Report

We published a report detailing the Group's management and business activities from an ESG perspective. We will expand into the used automobile related business and contribute to the formation of a recycling-oriented society.

June 2021

¥10,000 range all-in Launched used automobile subscription service "Choicar" DX

We launched the industry's lowest-cost used automobile subscription service, which are available in some regions of Japan. Going forward, we will seek to expand this service to 100 stores nationwide.



Introduced Next-Gen Onboard Telematics Device

We installed this onboard device on our nationwide fleet of sales vehicles to increase efficiency of sales activities and improve the fleet's fuel economy. In addition, part of the lease fee for this device will be donated to an NPO called KIDSDOOR.

July 2021

Began Accepting Online Estimates via "Premium—the place for cars and financing" a Website Supporting the Automobile Purchase Process DX

With total price labeling now the norm when looking for used automobiles, we launched a service that allows searches based on monthly budget.



Confirmed Conformance with Listing Criteria of New Market Category "Prime Market"

The finalization of this new market category will take place in 2022. We will continue efforts to earn the support of our shareholders and continue striving to contribute to environmental issues and society and strengthen governance.

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	13,334,390 (As of June 30, 2021)
Capital	¥1,640 million (non-consolidated: As of June 30, 2021)
Number of Employees	635 (consolidated; as of June 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): 7.42%• Coupland Cardiff Asset Management: 6.99%• BNY Mellon Asset Management Japan Limited: 6.09%• Sumitomo Mitsui Trust Asset Management Co., Ltd.: 5.05% (As of July 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**

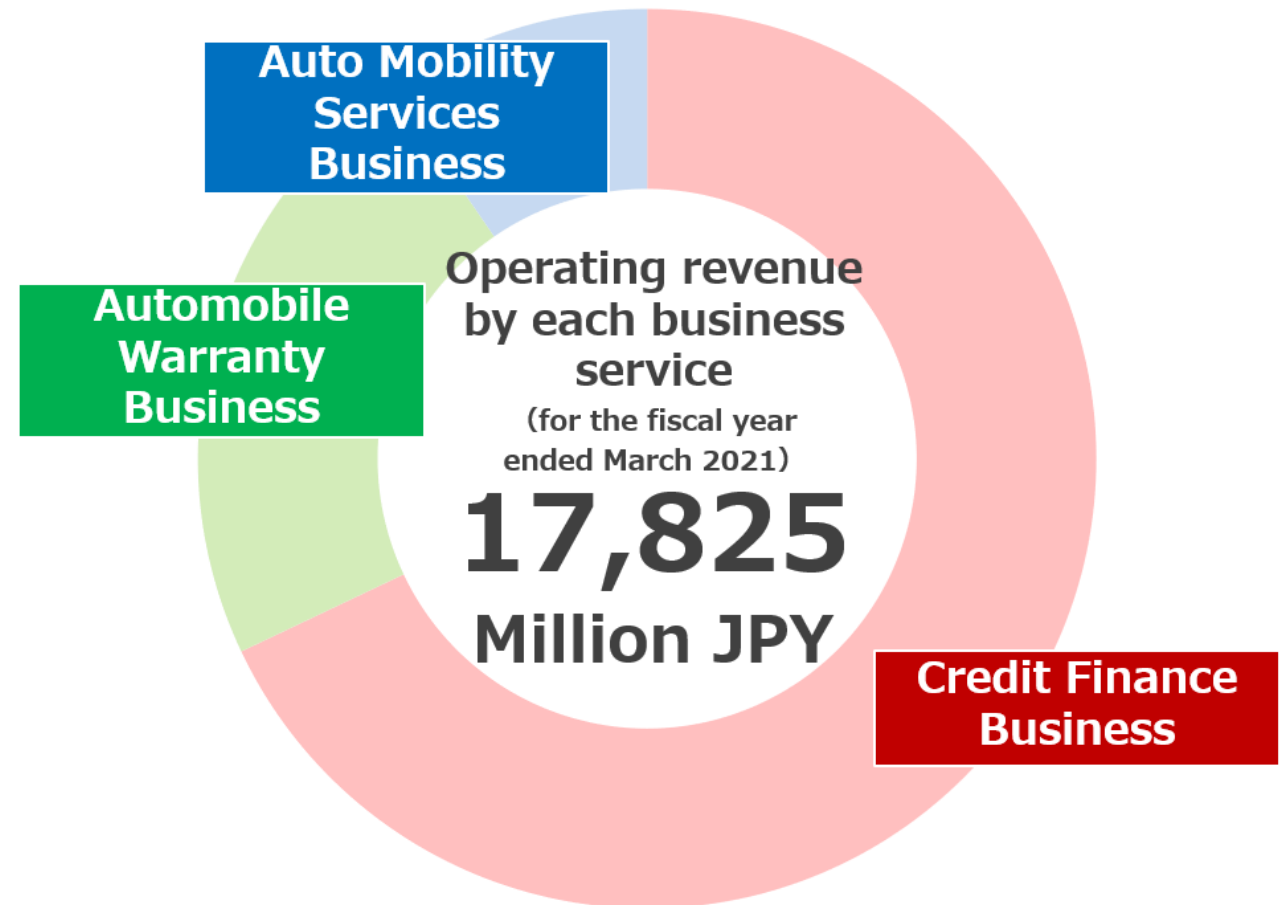
- Used car dealer

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)

	Q1.FY21 (As of June 30, 2020)	FY21 (As of March 31, 2021)	Q1.FY22 (As of June 30, 2021)	Compared to previous quarter	QoQ
Assets					
Cash and cash equivalents	10,236	8,054	6,962	68.0%	86.4%
Financing receivables	21,551	23,394	23,842	110.6%	101.9%
Other financial assets	7,321	9,829	11,027	150.6%	112.2%
Property, plant and equipment	3,551	3,644	3,613	101.7%	99.1%
Intangible assets	5,988	5,768	5,742	95.9%	99.5%
Goodwill	3,958	3,958	3,958	100.0%	100.0%
Investments accounted for using methc	1,297	1,434	1,348	103.9%	94.0%
Deferred tax assets	-	2	2	-	111.0%
Other assets	3,289	3,111	3,589	109.1%	115.4%
Insurance assets	6,039	8,961	8,231	136.3%	91.9%
Total assets	63,239	68,156	68,314	108.0%	100.2%
Liabilities			0		
Financial guarantee contracts	22,534	25,079	26,239	116.4%	104.6%
Borrowings	20,892	19,641	19,357	92.7%	98.6%
Other financial liabilities	5,724	6,703	6,111	106.7%	91.2%
Provisions	293	302	310	105.8%	102.5%
Income taxes payable	207	648	170	82.2%	26.3%
Deferred tax liabilities	1,580	1,404	1,438	91.0%	102.4%
Other liabilities	6,134	7,087	7,093	115.6%	100.1%
Total liabilities	57,365	60,865	60,718	105.8%	99.8%
Equity			0		
Equity attributable to owners of parent			0		
Share capital	1,549	1,612	1,627	105.0%	100.9%
Capital surplus	1,266	1,281	1,287	101.6%	100.5%
Treasury shares	-1,201	-1,201	-1,201	100.0%	100.0%
Retained earnings	4,090	5,403	5,709	139.6%	105.7%
Other components of equity	104	116	93	88.6%	79.6%
Total equity attributable to owners of parent	5,810	7,211	7,515	129.4%	104.2%
Non-controlling interests	65	79	80	123.8%	100.8%
Total equity	5,874	7,291	7,596	129.3%	104.2%
Total liabilities and equity	63,239	68,156	68,314	108.0%	100.2%

(Millions of yen)

(April 1 - June 30)	Q1.FY21 (April 1, 2020 - June 31, 2020)	Q4.FY21 (January 1, 2021 - March 31, 2021)	Q1.FY22 (April 1, 2021 - June 31, 2021)	YoY	QoQ
Operating income	4,022	4,722	4,891	121.6%	103.6%
Other finance income	38	6	1	1.7%	10.4%
Share of profit of investments accounted for using	13	4	63	484.6%	1771.4%
Other income	613	41	4	0.6%	9.2%
Total income	4,686	4,773	4,958	105.8%	103.9%
Operating expenses	3,484	3,940	4,085	117.2%	103.7%
Other finance costs	19	16	24	127.0%	154.5%
Share of loss of investments accounted for using	-	-	-	-	-
Other expenses	3	153	16	616.8%	10.5%
Total expenses	3,506	4,109	4,125	117.7%	100.4%
Profit (loss) before tax	1,180	664	832	70.6%	125.3%
Income tax expense	401	118	224	56.0%	190.1%
Profit (loss)	779	546	608	78.1%	111.3%
Profit (loss) attributable to:					
Owners of parent	784	548	608	77.5%	110.9%
Non-controlling interests	△ 5	△ 2	0	△5.7%	△15.0%

P/L (Operating Income and Operating Expenses)

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

(Millions of yen)



(April 1 - June 30)	Q1.FY21 (April 1, 2020 - June 31, 2020)	Q4.FY21 (January 1, 2021 - March 31, 2021)	Q1.FY22 (April 1, 2021 - June 31, 2021)	YoY	QoQ
Operating income					
Finance income	2,350	2,338	2,458	104.6%	105.1%
Warranty revenue	957	1,060	1,072	112.0%	101.1%
Other commission sales	455	532	530	116.4%	99.6%
Automobility-related sales	146	517	516	354.4%	99.9%
Software sales	71	123	92	129.3%	74.3%
Revenue from the exercise of insurance policies	-	83	-	-	0.0%
Impairment gain on financial assets				-	-
Other	42	△ 5	79	186.5%	△1643.6%
Total	4,022	4,722	4,891	121.6%	103.6%

(April 1 - June 30)	Q1.FY21 (April 1, 2020 - June 31, 2020)	Q4.FY21 (January 1, 2021 - March 31, 2021)	Q1.FY22 (April 1, 2021 - June 31, 2021)	YoY	QoQ
Operating expenses					
Finance costs	36	30	25	68.1%	83.6%
Guarantee commission	486	515	542	111.4%	105.3%
Impairment loss on financial assets	△ 40	-	-	0.0%	-
Employee benefit expenses	991	1,070	1,123	113.4%	105.0%
Warranty cost	644	602	653	101.4%	108.5%
Automobility-related costs	87	405	380	435.3%	93.9%
System operation costs	170	178	213	124.8%	119.5%
Depreciation	315	394	309	98.0%	78.4%
Taxes and dues	173	145	174	100.1%	120.1%
Commission expenses	206	243	250	121.5%	102.8%
Rent expenses on land and buildings	13	13	13	100.6%	98.3%
Outsourcing expenses	79	148	138	174.0%	92.9%
Other operating expenses	324	199	268	82.5%	134.3%
Total	3,484	3,940	4,085	117.2%	103.7%



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