Premium Group (TSE Code: 7199)
Steady Revenue Growth Regardless of Recorded One-off Costs

GIR View

Operating profit for FY ended March 31, 2025 amounted to 6,815 million yen, an increase of 10.0% year-on-year due to a loss of approximately 1.3 billion yen resulting from a system failure at a subsidiary. Excluding the impact of the one-off costs related to the system failure, operating profit for the period would have increased by at least 31% year-on-year to 8.1 billion yen, representing a significant increase.

The underlying growth in performance, excluding the impact of temporary profit-reducing factors, stems from the significant increase in the number of Car Premium Club members driven by the company's continuous proactive efforts in developing its in-house products and promotions.

For FY ending March 31, 2026, operating revenue is expected to increase by 15.4% year-on-year to 42 billion yen, and profit before tax is expected to increase by 31.4% year-on-year to 9 billion yen. Taking into account the estimated impact of the system failure on FY ending March 31, 2026 of approximately 1.2 billion yen, profit before tax is expected to have reached the 10 billion yen mark for the first time. This target is highly likely to be achieved in the following FY ending March 31, 2027, when the impact of the system failure is expected to be virtually eliminated.

Notably, the performance of the auto mobility services segment, underpinned by the Car Premium Club, has shown significant growth. With a 19.6% increase in operating revenue and a 55.0%

KEY STATISTICS

Key Stock Statistics

Recent Price (06/20/2025)	¥2,094.00
52-week High/Low	¥2,668.00/¥1,570.00
Shares Outstanding	40,540,170 shares
Market Cap	¥79.60 billion
PER	13.04 times
PSR	1.90 times
Dividend (Dividend Yield)	¥40.00 (1.9%)

Sector Overview

Sector	Other Finance

Financials (FY03/2026 forecast)

Operating Revenue	¥42,000 million

Management

President	Yohichi Shibata
URL	https://www.premium-group.co.jp/en/

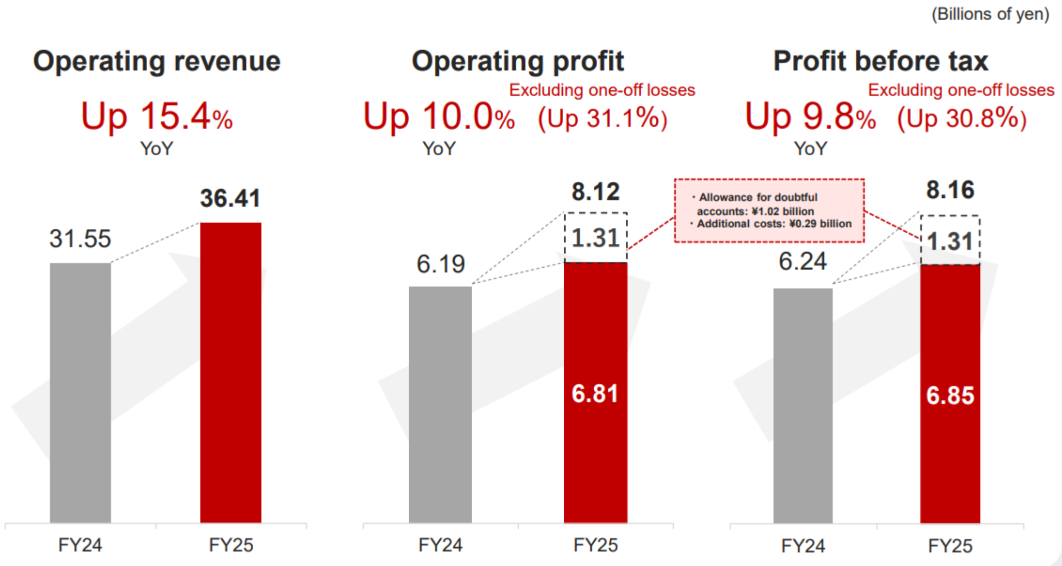
increase in operating profit, this segment not only leads all of the company's segments in growth, but also significantly contributes to the expansion of revenue from existing businesses.

On the other hand, it would not be an overstatement to say that the key to future growth lies in DX investment. As part of its measures to address the recent system failure, the company has revamped its human resources and appointed external advisors. Going forward, the challenges in the company's DX strategy are expected to become clearer. This will not only strengthen risk management capabilities but also enhance the granularity of the company's approach to a future society, potentially accelerating further proactive investment in DX areas. Indeed, as the Japanese proverb goes, "after the rain falls, the ground hardens," or in other words, "adversity strengthens the foundations." The new Medium-Term Management Plan, scheduled to be announced in about a year, is highly anticipated. In addition, Premium Group has been selected as a Digital Transformation Stock ("DX Stock") in the Digital Transformation Stock (DX Stock) 2025 program, and it will be crucial to monitor how concrete its DX strategy becomes as the company prepares for the coming Web 3.0 era.

Overview

FY Ended March 31, 2025 Results

In FY ended March 31, 2025, operating revenue increased by 15.4% year-on-year to 36,409 million yen, marking significant growth. On the other hand, operating profit increased by 10.0% year-on-year to 6,815 million yen, due to the occurrence of approximately 1.3 billion yen in one-off costs related to a system failure at a subsidiary, as well as a time lag in passing on the increase in long-term prime rates in the fourth quarter to the company's interest rates and related costs. When excluding the impact of these one-off costs related to the system failure, operating profit shows a substantial increase of 31% year-on-year to 8.1 billion yen. Profit before tax also increased by 9.8% year-on-year, which would have risen significantly by 30.8% if it were not for the recognition of 1.3 billion yen in one-off costs.



Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

The growth in performance, excluding temporary impacts, is attributable to an increase in Car Premium Club members, which has been actively promoted through the company's in-house product development and promotional activities. Driven by the growth of the Car Premium Club business, future earnings are expected to increase steadily as the current performance continues to expand.

Consolidated Results for FY Ended March 31, 2025										
Millions of yen	Q1		Q2		Q3		Q4		Full Year	
Operating revenue	8,674	19.9%	9,418	20.4%	9,337	17.9%	8,980	4.8%	36,409	15.4%
Operating profit	1,823	33.6%	2,227	59.3%	1,959	19.1%	806	-54.9%	6,815	10.0%
Profit before tax	1,876	33.2%	2,200	55.4%	1,972	20.9%	803	-55.0%	6,851	9.8%
Profit attributable to owners of parent	1,276	18.7%	1,496	50.4%	1,340	17.3%	536	-61.9%	4,648	0.7%

Source: Prepared by Global IR, Inc. based on company securities reports.

Millions of yen	Q1		Q2		Q3		Q4		Full Year	
Operating revenue	4,908	21.7%	5,536	26.2%	5,330	20.4%	4,810	-12.1%	20,584	12.4%
Operating profit	1,220	19.4%	1,800	63.5%	1,315	13.2%	235	-83.4%	4,570	-2.7%

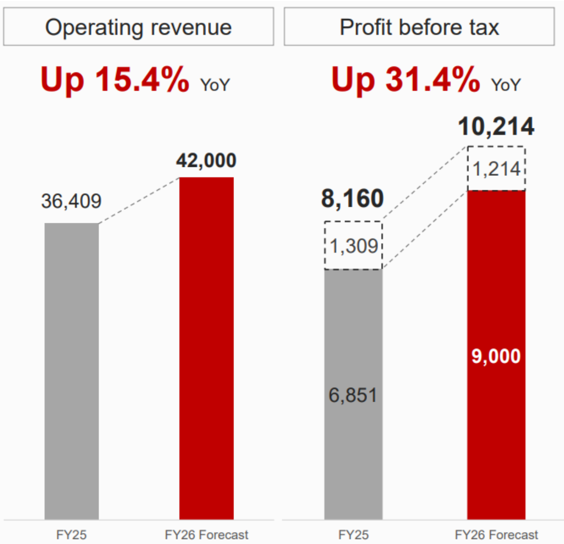
Finance Segment Results for FY Ended March 31, 2025

Source: Prepared by Global IR, Inc. based on company financial results summary.
Note: Regarding "Operating revenue," the calculation has been changed from "Revenue from external customers" to the 'Total' figure after adjusting for internal transactions by adding or subtracting "Inter-segment revenue" (March 17, 2026)

Forecast for FY Ending March 31, 2026

In terms of FY ending March 31, 2026 performance outlooks, operating revenue is expected to increase by 15.4% year-on-year to 42 billion yen, and profit before tax is projected to rise by 31.4% year-on-year to 9 billion yen. The impact of the system failure on FY ending March 31, 2026 is estimated at approximately 1.2 billion yen. Excluding this impact, profit before tax is expected to have reached the 10 billion yen mark for the first time. It should be noted, however, that this mark is highly likely to be reached during the following FY ending March 31, 2027, when the impact of the system failure is expected to be mostly eliminated.

	FY25	Forecast for FY26	YoY net change	YoY change
Operating revenue	36,409	42,000	+5,591	+15.4%
Profit before tax	6,851	9,000	+2,149	+31.4%
Profit attributable to owners of parent	4,651	6,100	+1,449	+31.1%
Basic earnings per share (yen)	122.61	160.79	+38.18	+31.1%
Annual dividend (yen)	40	54	+14	—



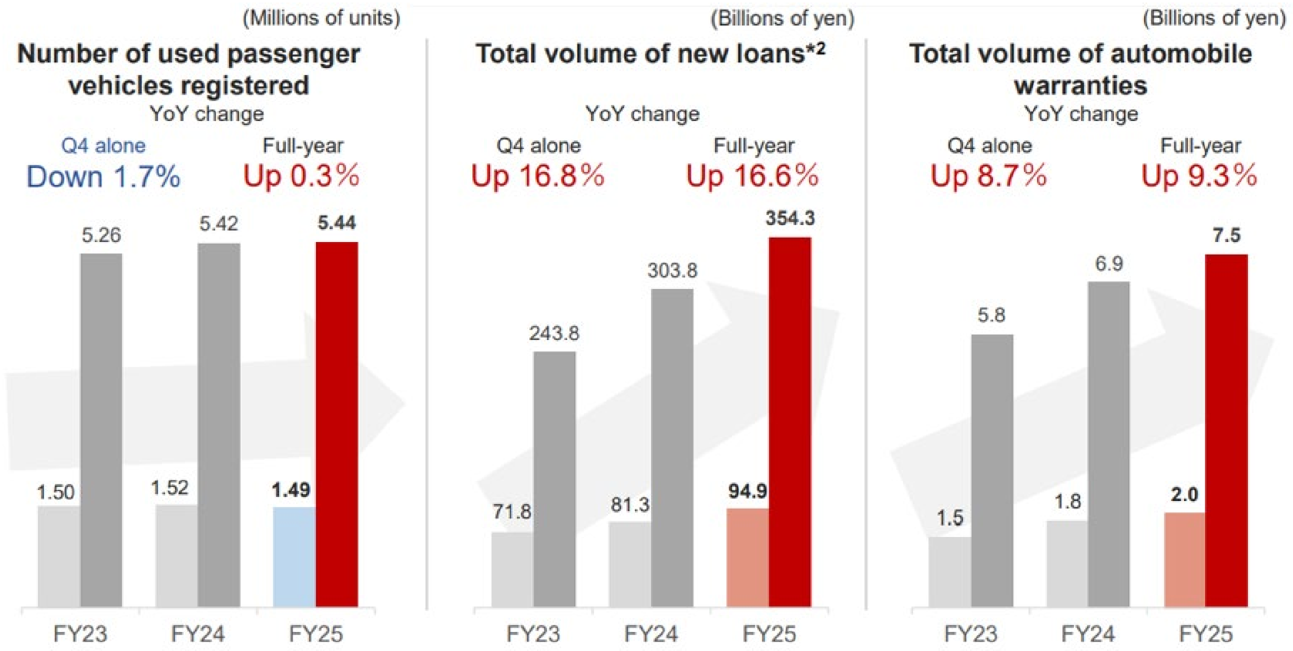
Notes: The above consolidated performance forecast was prepared based on information that can be obtained by the Company and on certain assumptions judged to be reasonable as of the publication date of this document. Actual figures may differ from the forecast due to various factors.
(*) The breakdown of 1.92 billion yen is the sum of 1.66 billion yen in additional system costs and 0.26 billion yen in outsourcing costs. (See page 5).

Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

The impact of the system failure on profit before tax at the company's subsidiary finance company is approximately 1.3 billion yen for FY ended March 31, 2025 and approximately 1.2 billion yen for the current FY ending March 31, 2026. However, no additional costs related to the system failure are expected to arise. The main expenses are allowance for doubtful accounts for FY ended March 31, 2025 and expenses for strengthening system maintenance for FY ending March 31, 2026. Additionally, the company expects to recover the majority of the allowance for doubtful accounts. We plan to address further details regarding the system failure in a separate report alongside the company's DX strategy at a later date.

Key Points of the Financial Results

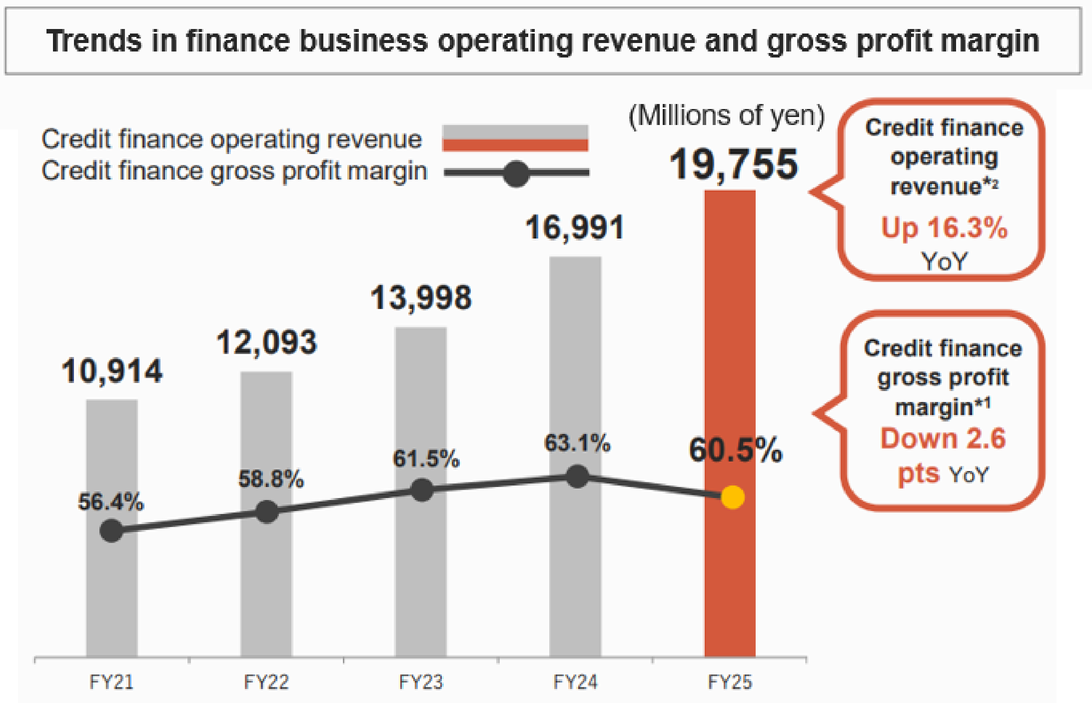
Of particular note is the strong growth in the company's current total volume of new loans and automobile warranties. Despite a 1.7% year-on-year decrease in the number of used vehicles registered in Japan during the fourth quarter of FY ended March 31, 2025, the company's total volume of new loans increased by 16.8% year-on-year, and the total volume of automobile warranties rose by 8.7% year-on-year, both showing robust performance. This growth is attributed to the rapid expansion of the company's newly launched Car Premium brand, which was strategically introduced to the market.



Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

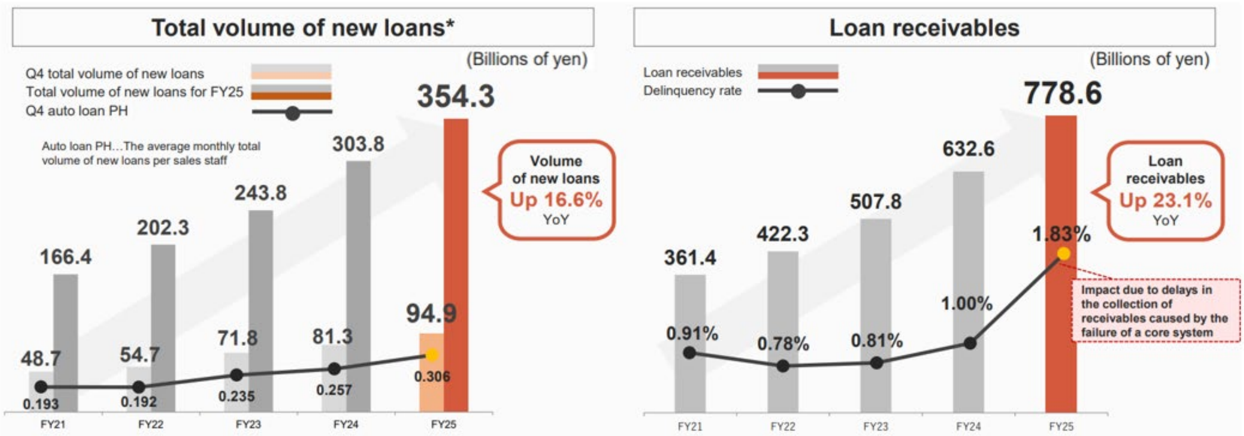
Finance Segment

Operating profit for the finance segment decreased by 2.7% year-on-year to 4,570 million yen. While the segment maintained steady profit growth through the third quarter, the impact of one-off costs related to the system failure was significant. Additionally, the increase in the long-term prime rate from 1.85% to 2.20% in the fourth quarter caused a time lag in passing on interest rate increases, resulting in a decrease in the gross margin from 63.1% in the same period of the previous year to 60.5% in the fourth quarter, which also affected the full-year performance. However, excluding the impact of the system failure, even when considering the interest rate hike at the end of the fiscal year, we see solid performance with an increase in the operating profit of 24%.



Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

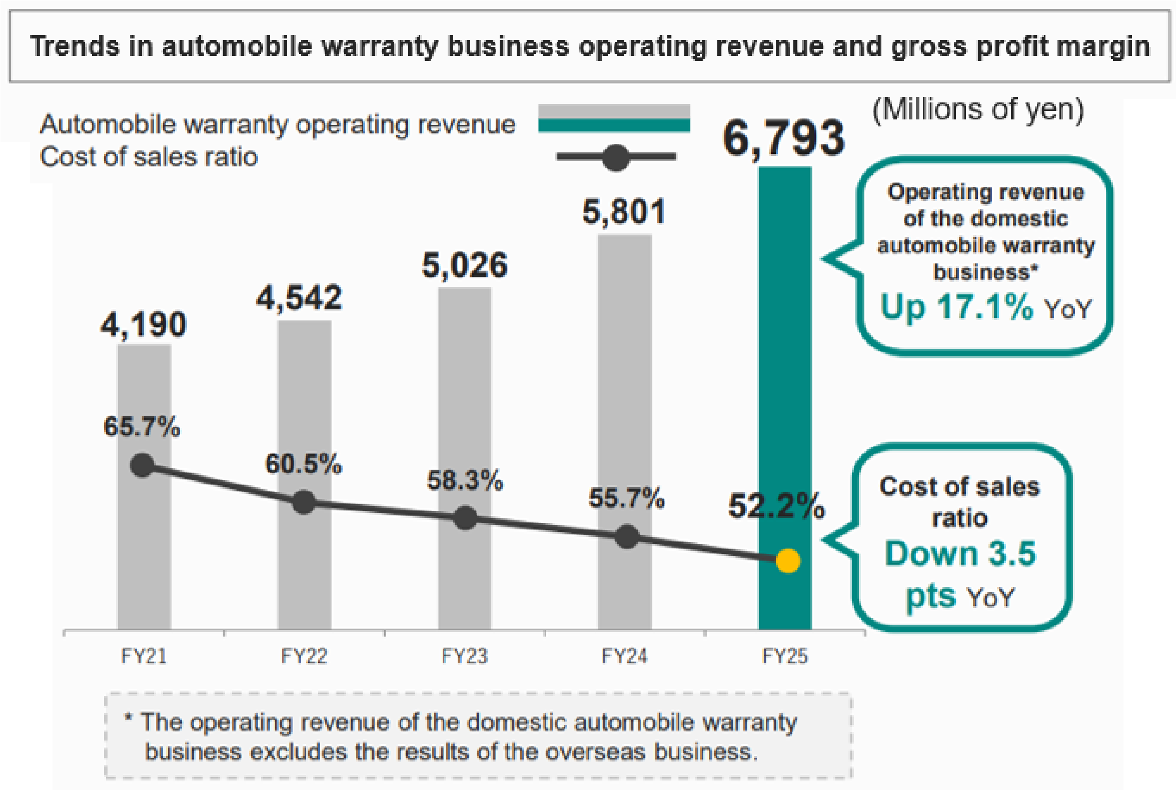
For FY ended March 31, 2025, the total volume of new loans in the finance segment increased significantly by 16.6% year-on-year to 354.3 billion yen, driven by growth from Car Premium Dealers, despite a market environment where both new and used car sales remained largely flat. As a result, loan receivables, which represent future revenue, also reached a record high of 778.6 billion yen, up 23.1% year-on-year. Although the delinquency rate increased to 1.83%, this was due to temporary impacts from the system failure, and with the expected reversal of allowance for doubtful accounts, recovery is anticipated during FY ending March 31, 2026.



Source: “Financial Results Presentation for FY Ended March 31, 2025” company materials.

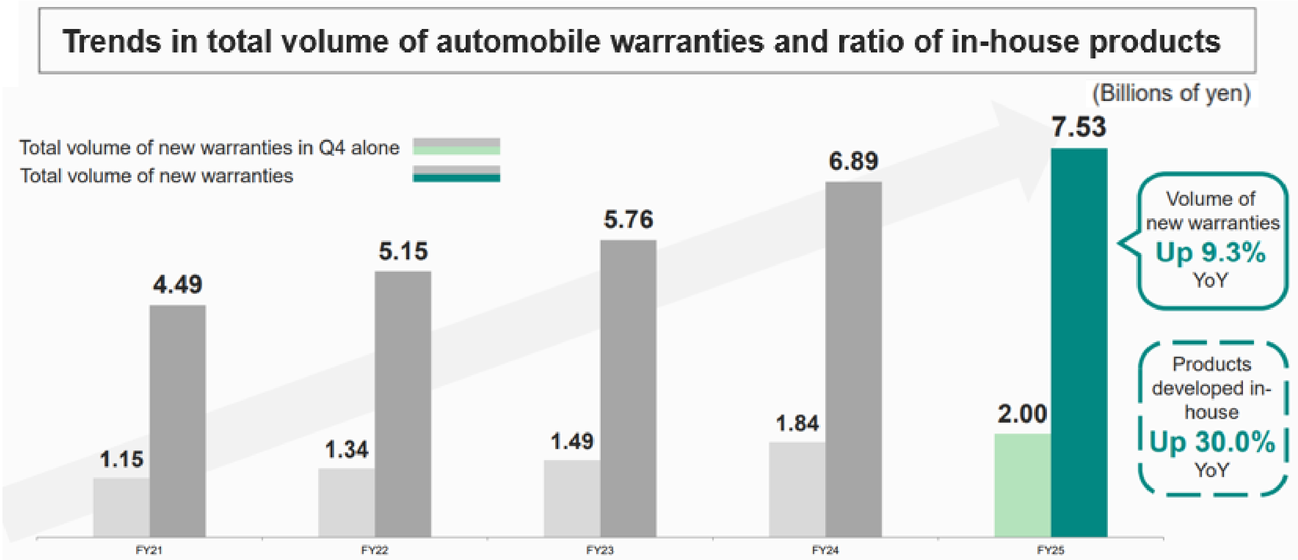
Automobile Warranty Segment

The performance of the automobile warranty segment saw operating revenue increase 16.6% year-on-year to 6,986 million yen, and operating profit increase 44.9% to 1,122 million yen. The high profit margin for the company's in-house products contributed to a significant improvement in the cost of sales ratio, which fell from 55.7% in the previous fiscal year to 52.2% in the current fiscal year, directly contributing to profits.



Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

In the automobile warranty segment for FY ended March 31, 2025, the total volume of automobile warranties increased 9.3% year-on-year. The slowdown in growth compared to previous periods appears to be due to diminishing effects of the fee hikes implemented during FY ended March 31, 2024. However, driven by the market penetration of the Car Premium brand, sales of high-margin in-house products increased 30%, demonstrating robust growth and an improving product mix.



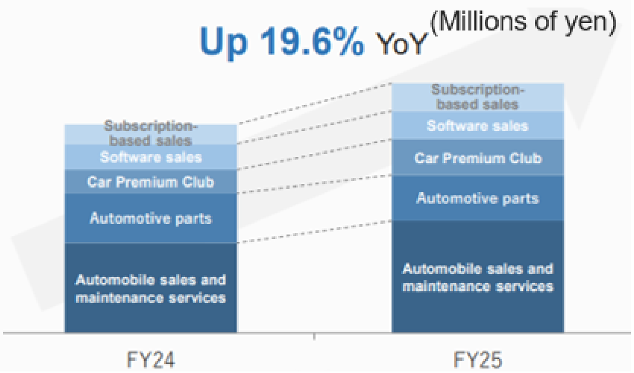
Source: “Financial Results Presentation for FY Ended March 31, 2025” company materials.

Auto Mobility Services Segment

FY ended March 31, 2025 performance of the auto mobility services segment, centered on the Car Premium Club, was driven by a steady increase in Car Premium Club membership, resulting in segment operating revenue growing by 19.6% year-on-year to 9,254 million yen, the highest growth rate among the three segments. The high profit margin of the company's own Car Premium Club brand contributed to the business performance, with the most significant improvement in product mix driven by the expansion of the segment's Car Premium brand. As a result, the operating profit growth rate compared to the previous fiscal year reached an astonishing 55.0%. While the increase in operating revenue for the segment was 1,519 million yen, the increase in operating profit was 417 million yen. However, when looking at the operating profit margin, it improved significantly from 9.8% in the previous fiscal year to 12.7%.

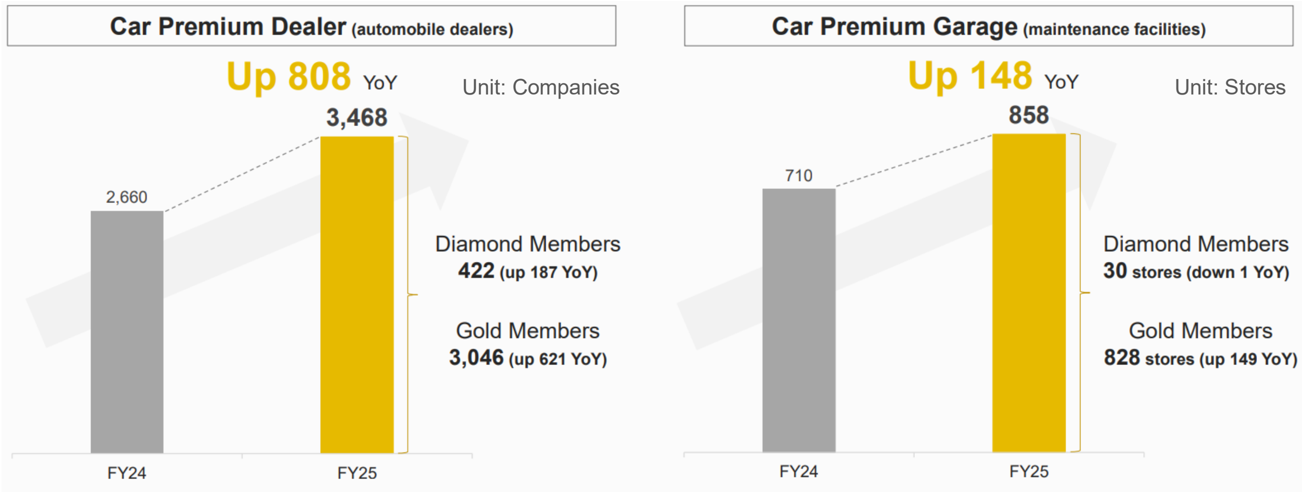
Auto mobility services business operating revenue

	FY24	FY25	YoY change
Operating revenue	7,735	9,254	+19.6%
Operating profit	757	1,174	+55.0%
Profit before tax	734	1,161	+58.3%



Source: "Financial Results Presentation for FY Ended March 31, 2025" company materials.

The Car Premium Club, which has seen significant growth in membership, forms the foundation of the auto mobility service segment. The number of Car Premium Dealers, which are automobile dealers, increased from 2,660 companies in the previous fiscal year to 3,468, an increase of 808 companies. Among these, the number of Diamond Members, who generate the largest membership fees, increased by 187 to 422 companies, remarkably accounting for over 10% of the total. As a result, the number of Car Premium Anshin Shops has expanded to over 300. The number of member Car Premium Garages, which are automotive maintenance facilities, increased by 148 to 858 stores compared to the previous fiscal year. This brings the total number of members in the Car Premium Club to 4,326, an increase of 956 members year-on-year, indicating steady progress toward building the largest network in the country.



Source: “Financial Results Presentation for FY Ended March 31, 2025” company materials.

DX Strategy: The Key to Growth

The recent system failure clearly demonstrates the company's high-risk response capabilities. At the same time, it also highlights challenges in its DX strategy. The company is optimistic about short-term profit growth and stock prices, as it is confident that its recent risk responses demonstrate that "after the rain falls, the ground hardens." At any rate, it is reassuring from a long-term perspective that the underlying challenges have been brought to light.

The company has been selected as a Digital Transformation Stock ("DX Stock") in the Digital Transformation Stock (DX Stock) 2025 program jointly by Japan's Ministry of Economy, Trade and Industry; the Tokyo Stock Exchange; and the Information-technology Promotion Agency, Japan. The company plans to announce its next Medium-Term Management Plan following the release of its FY ending March 31, 2026 results. The extent to which the company's DX strategy becomes more concrete in this plan, set to be formulated by the end of the current fiscal year, will be a key focus as the company prepares for the approaching Web 3.0 era.

Management Indicators

Financial Data (Consolidated): Quarterly (Millions of yen)

Accounting Period	FY03/ 2021	FY03/ 2022	FY03/ 2023	FY03/ 2024	FY03/2025				
					Q1	Q2	Q3	Q4	Full Year
Operating revenue	17,825	20,827	25,465	31,546	8,674	9,418	9,337	8,980	36,409
YoY (%)	+27.2%	+16.8%	+22.3%	+23.9%	+19.9%	+20.4%	+17.9%	+4.8%	+15.4%
Profit before tax	3,463	4,017	5,344	6,241	1,876	2,200	1,972	803	6,851
YoY (%)	+33.0%	+16.0%	+33.0%	+16.8%	+33.2%	+55.4%	+20.9%	-55.0%	+9.8%
Profit before tax ratio (%)	19.42%	19.3%	21.0%	19.8%	21.6%	23.4%	21.1%	8.9%	18.8%
Net profit	2,393	2,964	4,003	4,617	1,276	1,496	1,340	536	4,648
YoY (%)	+64.8%	+23.9%	+37.1%	+15.3%	+18.7%	+50.3%	+17.3%	-61.9%	+0.7%
Net profit margin (%)	13.4%	14.2%	15.7%	14.6%	14.7%	15.9%	14.4%	6.0%	12.8%

Source: Prepared by Global IR, Inc. based on company securities reports.
Note: Rounded to the nearest million yen, and rounded to the first decimal place. Calculated by Global IR, Inc.
FY ended March 31, 2022 Q1 figures for “Operating Revenue” and “Operating Expenses” have been partially restated (including historical data) to reflect the new PL operating profit classification.
In Q2 of FY ended March 31, 2023, due to a reversal of approximately 870 million yen of a previous-year impairment loss on Eastern Commercial Leasing p.l.c., an equity-method affiliate in Thailand, profit before taxes and net profit increased.
A change in accounting policy in Q1 of FY ended March 31, 2024 Q1 led to a change in the accounting method for “Operating Revenue.” (Results before the change are shown for FY ended March 31, 2022 and earlier.)

Per Share Data (Consolidated)

Accounting Period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Total number of shares issued and outstanding (thousand shares)	13,334	13,395	40,328	40,471	40,540
EPS	186.74	229.39	103.17	119.39	122.61
EPS adjusted	184.55	227.36	102.50	118.89	121.99
BPS	546.78	732.66	342.54	404.11	497.57
DPS	46.08	51.08	21.05	27.85	40.07

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.
Note: Rounded to the nearest million yen, and rounded to the first decimal place. *Calculated by Global IR, Inc.
A stock split was implemented on September 1, 2022 at a ratio of 3 shares for every 1 share of common stock. In the current securities report, the per-share indicators are based on figures assuming that the stock split was implemented at the beginning of FY ended March 31, 2020, resulting in differences from the figures in this table, which are calculated based on the total number of issued shares for each period. (Prior to FY ended March 31, 2022, the figures before the change are stated.)
A change in accounting policy in Q1 of FY ended March 31, 2024 Q1 led to a change in the accounting method for “Operating Revenue.”

Cash Flows (Millions of yen)

Accounting Period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Depreciation and amortization	1316	1,294	1,419	1,640	1,854
Cash flow from operating activities	1,321	1,608	(449)	2,489	(7,761)
Cash flow from investing activities	(1,172)	(1,028)	(2,320)	(3,093)	(2,456)
Cash flow from financing activities	1,617	2,797	6,181	6,892	6,220

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.
Note: Rounded to the nearest million yen, and rounded to the first decimal place. *Calculated by Global IR, Inc.

Financial Data (%)

Accounting Period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Return on assets (ROA)	3.5%	3.6%	3.9%	3.7%	2.5%
Return on equity (ROE)	33.0%	30.3%	30.0%	30.1%	24.6%
Equity capital ratio	10.6%	11.9%	13.1%	12.2%	10.2%

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.
Note: Rounded to the nearest million yen, and rounded to the first decimal place. *Calculated by Global IR, Inc.
A change in accounting policy in Q1 of FY ended March 31, 2024 Q1 led to a change in the accounting method for “Operating Revenue.”

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