



Premium Group (TSE Code: 7199)

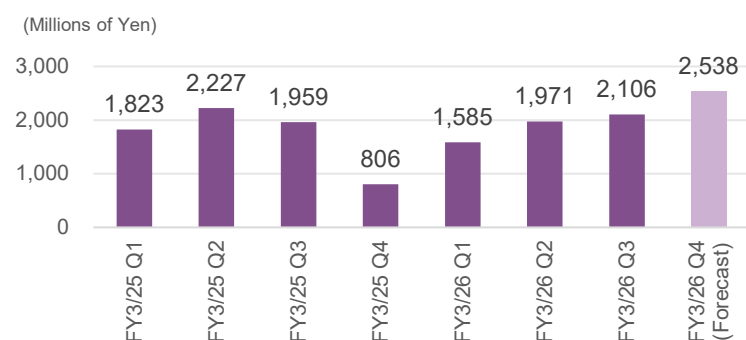
A Used Vehicle Platform Company in a State of Transition

GIR View

Returning to Growth as One-off Costs Subside

For the third quarter of the fiscal year ended March 31, 2026, profit returned to year-on-year growth for the first time in three quarters. As the impact of one-off costs related to system issues diminished, operating profit increased by 7.5% year-on-year. Looking at operating profit by segment, while the Finance Segment was impacted by the recognition of one-off costs and saw an 11.3% year-on-year decrease to ¥1.166 billion, the Automobile Warranty Segment achieved a 29.4% increase, and the Auto Mobility Services Segment a notable 58.4% increase, driving overall growth.

Actual and Forecast Quarterly Operating Profit for FY3/25 and FY3/26



Note: Figures are rounded to the nearest million yen, or to the first decimal place.
Source: Prepared by Global IR, Inc. based on financial results briefing materials and financial results summaries.

In the Finance Segment, the total volume of new loans, which had temporarily declined, is now on a recovery track. Delinquency rates are also showing signs of improvement, and Premium Group is making progress towards its year-end target of less than 3%. Gross profit margins remain at a high level even amid rising interest rates. There are no signs of structural erosion in profitability. In the Automobile Warranty Segment, the total volume of automobile warranties expanded by 18%, and both sales and profits continue to grow at double-digit rates.

KEY STATISTICS



Key Share Statistics

Recent Price (03/26/2026)	¥1,685
52-week High/Low	¥2,468/¥1,683
Shares Outstanding	40,710,663 shares
Market Cap	¥68,597 million
PER	11.18 times
PSR	1.63 times
Dividend (Dividend Yield)	¥54.00 (3.24%)

Sector Overview

Sector	Other Finance
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Financials (FY3/26 Forecast)

Operating Revenue	¥42,000 million
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Management

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



In the Auto Mobility Services Segment, the number of Car Premium Club members surpassed 5,000, and profit before tax increased by over 51%. Membership fee revenue is gradually gaining momentum due to the increase in membership.

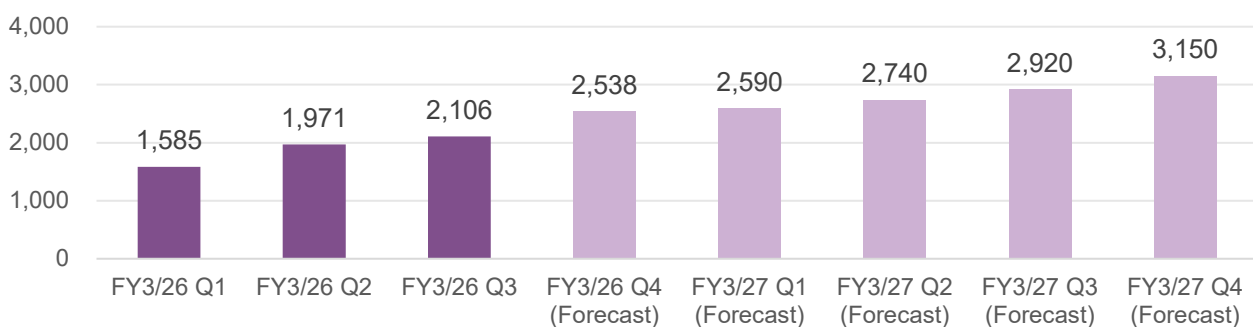
System operations have stabilized following a rollback to the legacy system in response to the system failure touched on in our previous report on the company. While Premium Group’s digital transformation (DX) strategy has temporarily stalled, it is currently in the process of system redevelopment with a new vendor. The company has also filed a claim for damages against the former vendors, and depending on the outcome, they may recognize revenue from this claim.

For the full fiscal year ended March 31, 2026, Premium Group expects to offset one-off costs in the Finance Segment through sales growth and cost containment, resulting in record-high operating profit and profit attributable to owners of parent. The Automobile Warranty Segment and the Auto Mobility Services Segment will both continue to expand, creating a structure that drives overall company profits.

Looking to the fiscal year ending March 31, 2027, an operating profit target of ¥10 billion is within reach. This is owing to subsiding one-off costs coupled with the full-year contribution from the expansion of the Car Premium strategy. While increased investments in DX and sales promotion expenses may put pressure on profits in the short term, these can be viewed as reasonable upfront investments from the perspective of strengthening the company’s revenue base over the medium to long term.

Actual and Forecast Quarterly Operating Profit for FY3/26 and FY3/27

(Millions of Yen)

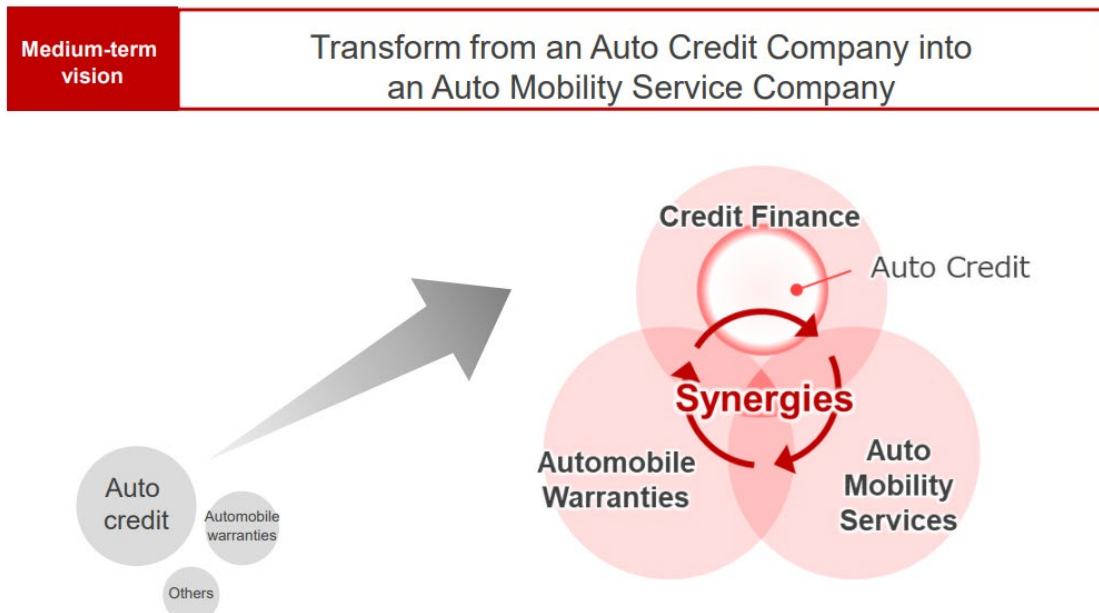


Note: Figures are rounded to the nearest million yen, or to the first decimal place.
Source: Prepared by Global IR, Inc. based on financial results briefing materials and financial results summaries.

Focusing on the Next Medium-Term Management Plan to be Announced in May 2026

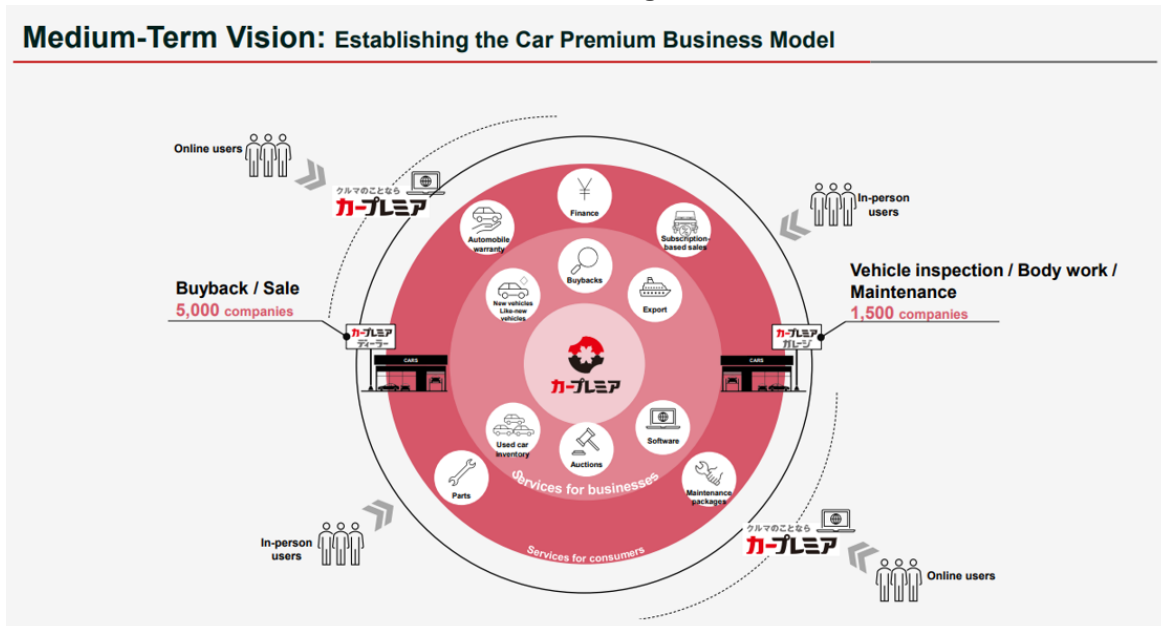
With the current Medium-Term Management Plan concluding at the end of the fiscal year ended March 31, 2026, the next Medium-Term Management Plan is set to be announced with the financial results in May 2026. One of the most significant factors affecting the company’s share price in the near term will be the persuasiveness of this next Medium-Term Management Plan, which is expected to redefine the company’s competitive advantages.

Medium-Term Vision of the Previous Medium-Term Management Plan



Source: “Medium-Term Management Plan: VALUE UP 2023” company materials.

Medium-Term Vision of the Current Medium-Term Management Plan



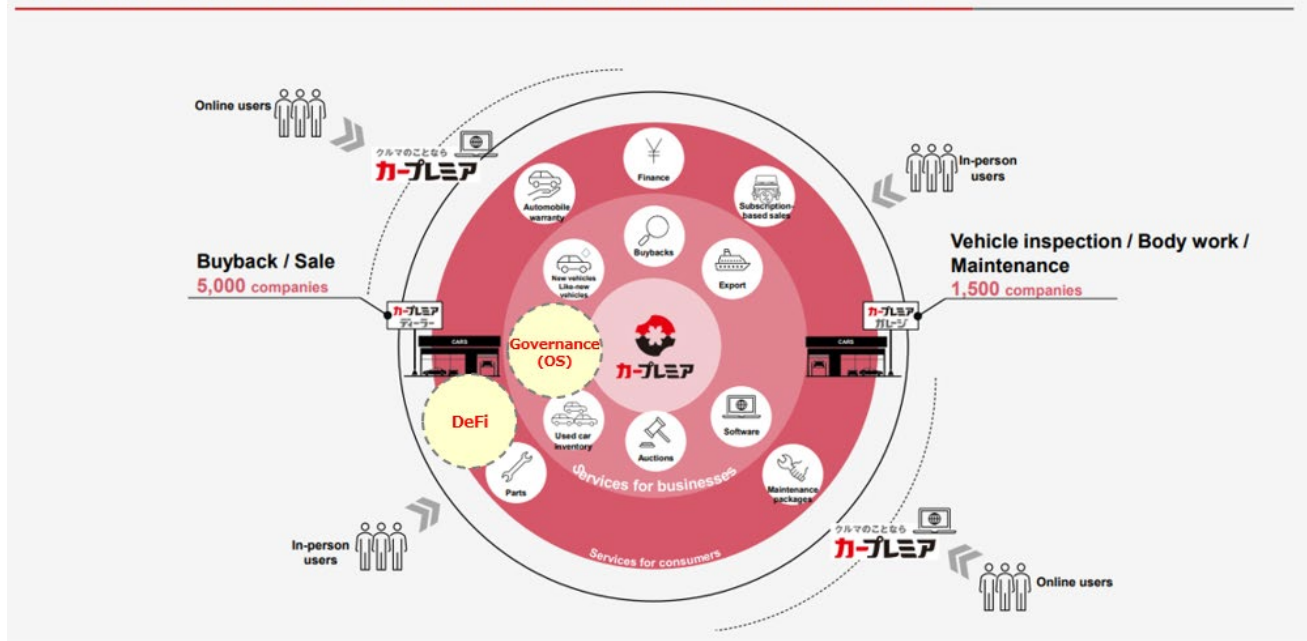
Source: “Medium-Term Management Plan: ONE & ONLY 2026” company materials.

Premium Group’s competitive advantage lies not in finance alone but rather in a three-pillar structure of automobile finance, warranties, and services. While manufacturer-affiliated finance is bolstered by integrated operations within manufacturer sales networks, it is highly dependent on in-house vehicle sales. Similarly, although consumer finance commands advantages in capital and funding capabilities, the automotive sector accounts for merely a portion of the extensive business portfolio. In contrast, Premium Group is involved across the entire used vehicle distribution chain and has formed an ecosystem based on its network of affiliated dealers. Its vision is not simply to provide finance services as a non-bank institution but instead to “transform used vehicle distribution into a financial operating system.” While the new vehicle market is maturing amid a declining population, the used vehicle market is expected to expand structurally. The company’s positioning is fully aligned with this trend.

The next Medium-Term Management Plan has two major points. First is the restructuring of digital transformation (DX). Through system redevelopment, the key will be whether the company can build a credit data integration platform that goes beyond mere operational efficiency. It will be essential for the company to secure IT talent and strengthen its governance. Second is overseas expansion. Collaboration with financial institutions in emerging markets, including investments in Mongolia, holds potential, but credit risk management capabilities will ultimately determine the level of success. The key likely lies in how effectively this model can be adapted for the Japanese domestic market.

Projected Medium-Term Vision for the Next Medium-Term Management Plan

Medium-Term Vision: Establishing the Car Premium Business Model



Source: Prepared by Global IR, Inc. using the company materials “Medium-Term Management Plan: ONE&ONLY 2026”



Towards Becoming a Unique “OS Company” of the Used Vehicle Distribution Market

Global IR, Inc. holds the following hypotheses on Premium Group’s potential future strategies, which we hope can serve as a helpful reference. These are positioned independently of the extent to which they may or may not be covered by Premium Group’s upcoming Medium-Term Management Plan.

1. **M&A Strategy**

For Premium Group, vertical integration is more realistic than large-scale acquisitions. Investments are expected in areas that complement its ecosystem, such as maintenance, parts, appraisals, and data companies. This aligns with the management policy prioritizing ROE and can be characterized as “structural reinforcement M&A.”

2. **Data Tokenization Strategy**

Decentralized finance (DeFi) itself is not the company’s primary objective. Rather, the key points are the advancement of credit data and the potential for future Real-World Asset (RWA) integration. However, while the tokenization of loan receivables and the diversification of guarantee risks are theoretically sound, given the regulatory environment, it is reasonable to expect that short-term implementation will be limited.

3. **Governance DX**

Traceability management of resolution logs and credit model change histories, as well as ensuring the authenticity of ESG data, are feasible at the operational level and are highly likely to contribute to improved investor ratings. This can be considered a realistic area for digital transformation (DX).

4. **Risk Factors**

We have identified three major potential risks:

1. A prolonged period of rising interest rates
2. Uncertainty regarding the residual value of EVs
3. Increased credit costs

Based on our current hypotheses, we consider that the company’s ability to manage credit risks and leverage data will be the true test of its long-term value. The company is currently in a phase of both business recovery and strategic restructuring. In the short term, it is returning to profit growth driven by the elimination of one-off costs, while in the medium term, it is rebuilding its DX strategy and entering a period of steady expansion for its Car Premium strategy. Furthermore, following the announcement of its next Medium-Term Management Plan, the company is expected to evolve into a long-term data infrastructure provider for the used vehicle finance sector—essentially, an “OS” (operating system) company within the used vehicle distribution market. Therefore, it is no exaggeration to say that the essence of Premium Group’s *raison d’être* lies in the integration and utilization of credit data. The extent to which the next Medium-Term Management Plan can bring this vision to fruition could be the decisive factor in the company’s stock valuation over the medium to long term, making it a development worth watching closely.



Consolidated Financial Forecast for FY3/26										
Millions of Yen	Q1		Q2		Q3		Q4 (Forecast)		Full Year (Forecast)	
Operating Revenue	10,296	18.7%	10,592	12.5%	10,478	12.2%	10,634	18.4%	42,000	15.4%
Operating Profit	1,585	-13.1%	1,971	-11.5%	2,106	7.5%	2,538	214.9%	8,200	20.3%
Profit Before Tax	1,707	-9.0%	2,023	-8.0%	2,167	9.9%	2,603	224.2%	8,500	24.1%
Profit Attributable to Owners of Parent	1,216	-4.7%	1,376	-8.0%	1,473	9.9%	1,735	223.7%	5,800	24.8%

Consolidated Financial Forecast for FY3/27										
Millions of Yen	Q1 (Forecast)		Q2 (Forecast)		Q3 (Forecast)		Q4 (Forecast)		Full Year (Forecast)	
Operating Revenue	11,000	6.8%	11,400	7.6%	11,800	12.6%	12,300	15.7%	46,500	10.7%
Operating Profit	2,590	63.4%	2,740	39.0%	2,920	38.7%	3,150	24.1%	11,400	39.0%
Profit Before Tax	2,600	52.3%	2,800	38.4%	3,000	38.4%	3,200	22.9%	11,600	36.5%
Profit Attributable to Owners of Parent	1,700	39.8%	1,900	38.1%	2,000	35.8%	2,200	26.8%	7,800	34.5%

Source: Prepared by Global IR, Inc. based on company financial results summaries.

Note: Figures are rounded to the nearest million yen, or to the first decimal place.

Finance Segment Forecast for FY3/26										
Millions of Yen	Q1		Q2		Q3		Q4 (Forecast)		Full Year (Forecast)	
Operating Revenue	5,929	20.8%	6,121	10.6%	6,092	14.3%	6,158	28.0%	24,300	18.1%
Operating Profit	843	-30.9%	1,155	-35.8%	1,166	-11.3%	1,386	489.8%	4,550	-0.4%

Finance Segment Forecast for FY3/27										
Millions of Yen	Q1 (Forecast)		Q2 (Forecast)		Q3 (Forecast)		Q4 (Forecast)		Full Year (Forecast)	
Operating Revenue	6,300	6.3%	6,500	6.2%	6,700	10.0%	7,000	13.7%	26,500	9.1%
Operating Profit	1,470	74.4%	1,500	29.9%	1,560	33.8%	1,650	19.0%	6,180	35.8%

Source: Prepared by Global IR, Inc. based on company financial results summaries.

Note: Figures are rounded to the nearest million yen, or to the first decimal place.



Management Indicators

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

Accounting Period	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26		
					Q1	Q2	Q3
Operating Revenue	20,888	25,465	31,546	36,409	10,296	10,592	10,478
YoY (%)	+16.7%	+21.9%	+23.9%	+15.4%	+18.7%	+12.5%	+12.2%
Profit Before Tax	4,017	5,344	6,241	6,851	1,707	2,023	2,167
YoY (%)	+16.0%	+33.0%	+16.8%	+9.8%	-9.0%	-8.0%	+9.9%
Profit Before Tax Ratio (%)	19.2%	21.0%	19.8%	18.8%	16.6%	19.1%	20.7%
Net Profit	2,964	4,003	4,617	4,648	1,216	1,376	1,473
YoY (%)	+23.9%	+35.1%	+15.3%	+0.7%	-4.7%	-8.0%	+9.9%
Net Profit Margin (%)	14.2%	15.7%	14.6%	12.8%	11.8%	13.0%	14.1%

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

Note: Figures are rounded to the nearest million yen, or to the first decimal place.

Figures for "Operating Revenue" and "Operating Expenses" for FY3/22 Q1 have been partially restated (including historical data) to reflect the new PL operating profit classification.

In FY3/23 Q2, due to a reversal of approximately ¥870 million 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 FY3/24 Q1 led to a change in the accounting method for "Operating Revenue." (Results before the change are shown for FY3/22 and earlier.)

Per Share Data (Consolidated)

Accounting Period	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
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 the company's annual securities reports and IR materials.

Note: Figures are rounded to the nearest million yen, or to the first decimal place.

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 FY3/20, resulting in differences from the figures in this table, which are calculated based on the total number of issued shares for each period. (Results before the change are shown for FY3/22 and earlier.)

A change in accounting policy in FY3/24 Q1 led to a change in the accounting method for "Operating Revenue."

**Cash Flows (Millions of Yen)**

Accounting Period	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Depreciation and Amortization	1,316	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 the company's annual securities reports and IR materials.

Note: Figures are rounded to the nearest million yen, or to the first decimal place.

Financial Data (%)

Accounting Period	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
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 the company's annual securities reports and IR materials.

Note: Figures are rounded to the nearest million yen, or to the first decimal place.

A change in accounting policy in FY3/24 Q1 led to a change in the accounting method for "Operating Revenue."



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