Premium Group Co., Ltd. (7199, TSE PRM)

Leveraging Its Financial Core to Expand into a Platform Player

November 11, 2026

Alphaterra Advisory View

Growth Story

Premium Group Co., Ltd. (hereinafter, "the company") is a unique Japanese company that, building on the strengths of its independent auto credit business, has expanded into automobile warranties, membership services, and mobility services, thereby advancing the recurring nature of its earnings structure. Its record profit in FY3/26, strong performance in 1H FY3/27, and planned dividend increase demonstrate the company's current ability to execute its growth story.

Valuation Criteria and Medium-Term Targets

Going forward, the criteria for valuing the company will shift from simple revenue and profit growth to the quality of its membership ecosystem, the proportion of stock-based recurring revenue, management of warranty costs and credit costs, and the return on DX investments. Its medium-term management targets for FY3/30—operating revenue of ¥84.0 billion, pre-tax profit of ¥21.0 billion, and a market capitalization of ¥300 billion—are ambitious. However, the likelihood of achieving these targets can be assessed with greater precision by monitoring progress against KPIs such as expansion in transaction volume, maintaining a delinquency rate of 1.5% or below, and growth in membership numbers and membership fee revenue.

Evolution into a Platform Company

The company is in a phase of expansion from finance (auto finance) into non-financial businesses, including membership, automobile warranty, and auto mobility services. As its medium-term management plan progresses and profitability metrics improve, there is scope for the company to be re-rated as a platform company that transcends the traditional framework of a financial institution.

Macro Environment

Japan's auto finance market continues to expand and become more sophisticated, supported by rising vehicle prices, stable demand for used cars, longer vehicle ownership periods, and the growing adoption of subscription-based services. On the other hand, in a rising interest rate environment, although the used-car market is relatively less sensitive to interest rates, higher funding costs and increased repayment burdens on customers make lending competitiveness and credit management increasingly important.

KEY STATISTICS

Premium

Major Stock Price Indexes	
Stock Price (26/11/10, Closing)	¥2,227
52-week High/Low	¥2,328/¥1,609
No. of Shares Issued	40,762,864 shares
Market Capitalization	90,779 million yen
P/E Ratio (CoE)	12.46 times
P/B Ratio (Actual)	3.21 times
Dividend Yield (CoE)	2.87 (%)

Sector	
TSE	Other Financing Business

Key Financial Metrics (FY3/27 CoE)	
Operating Revenue	51,000 million yen
Pre-tax Profit Margin (%)	20.8 (%)
ROE (FY3/26)	27.5 (%)

Management	
CEO	Yohichi Shibata

URL https://ir.premium-group.co.jp/en/index.html

Note 1: EPS is presented on a non-diluted basis

Note 2: Starting from 2Q FY3/27, the company transitioned to new segments (finance and service). Essentially, this change simply combined the former automobile warranty and auto mobility services segments into the service segment. The servicer business was transferred from the finance segment to the service segment, and each overseas business (overseas finance and overseas warranty) was transferred to adjustments and corporate.
The core framework (finance and non-finance) remains unchanged. To track historical trends and ensure consistency, this report bases its analysis, text, and figures on the previous segment structure.

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Valuation

The company's current P/E ratio of 12x is low relative to its historical range of around 17x. The company targets a total payout ratio of 50% (with a dividend payout ratio above 30%) and has been raising its dividend for consecutive years. While the company has set a medium-term market capitalization target of ¥300 billion, achieving this would require both a 2.3x increase in net profit from the current level and a P/E ratio of 22x.

FY end (Consolidated)	Revenue (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	PRTX (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	PER (times)	DPS (¥)	DOE (%)
FY3/23	25,465	21.9%	4,245	9.9%	5,344	33.0%	3,994	35.8%	103.2	22.0	21.0	7.1%
FY3/24	31,546	23.9%	6,195	45.9%	6,241	16.8%	4,608	15.4%	119.4	19.0	28.0	7.5%
FY3/25	36,409	15.4%	6,815	10.0%	6,851	9.8%	4,651	0.9%	122.6	18.5	40.0	8.9%
FY3/26	44,042	21.0%	8,398	23.2%	8,619	25.8%	6,069	30.5%	157.2	14.5	54.0	9.4%
FY3/27 1Q	12,174	18.2%	2,514	58.6%	2,524	47.8%	1,742	43.5%	44.9	-	-	-
FY3/27 2Q	12,291	16.0%	2,077	5.4%	2,343	15.8%	1,563	13.7%	40.4	-	-	-
FY3/27 CoE	51,000	15.8%	-	-	10,600	23.0%	6,900	13.7%	178.7	12.7	64.0	-

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Executive Summary

Opinion

Company overview

Premium Group Co., Ltd. (hereinafter, "the company") is an auto mobility services company that aims to become "a company that provides one-stop automotive services" by combining independent auto finance (auto credit) as its core business with extended warranties, maintenance and roadside assistance, vehicle inspections, and support for used-car transactions. Building on an independent funding and distribution network that is not affiliated with any financial institution group, the company connects participating auto dealers, its membership organization "Car Premium Club," and warranty, maintenance, and roadside-assistance services to build an ecosystem that captures customers throughout the entire vehicle ownership period.

Financial results

For FY3/26, the company reported consolidated operating revenue of ¥44.0 billion (+21.0% year on year), operating profit of ¥8.4 billion (+23.2%), pre-tax profit of ¥8.6 billion (+25.8%), profit attributable to owners of the parent of ¥6.1 billion (+30.5%), and annual dividends of ¥54 per share (+¥14 from the previous fiscal year), all of which reached record highs. This marked the ninth consecutive fiscal year of revenue and profit growth since listing. The company maintained high growth despite incurring one-time costs related to responding to a system failure, demonstrating the resilience of its business foundation.

For FY3/27, the company forecasts operating revenue of ¥51.0 billion (+15.8%), pre-tax profit of ¥10.6 billion (+23.0%), profit attributable to owners of the parent of ¥6.9 billion (+13.7%), and annual dividends of ¥64 per share (+¥10 from the previous fiscal year), expecting its tenth consecutive fiscal year of revenue and profit growth since listing. In 1H, operating revenue rose to ¥24.5 billion (+17.1% YoY), operating profit to ¥4.6 billion (+29.1% YoY), pre-tax profit to ¥4.9 billion (+30.5% YoY), and interim profit attributable to owners of the parent to ¥3.3 billion (+27.6% YoY), achieving a strong start to the year, supported by expansion of its membership base and the lapse of system-failure-related costs.

Catalyst

Alphaterra believes that the company's growth story and catalysts comprise the following three points:

Expansion of the earnings structure: Expanding from finance income dependent on interest rates and loan origination volume to stock-based, recurring revenue from membership fees, extended warranties, maintenance, vehicle wholesaling, etc.

Expansion of the membership ecosystem: Growth in Car Premium Club membership and improvement in customer lifetime value (LTV) are expected to have ripple effects, including growth in its proprietary warranty products, greater use of maintenance and roadside services, and greater stability in credit origination.

Execution capability under the medium-term management plan: Whether the company can achieve "Change & Prove 2030," which targets operating revenue of ¥84.0 billion and pre-tax profit of ¥21.0 billion for FY3/30. The key focus will be balancing profit growth at a CAGR of around 25% in existing businesses with active investment in new business areas.

Key risks

The company's key risks include interest rate fluctuations and credit costs, weakness in the used-car market and declines in new vehicle registrations, higher-than-expected warranty costs, system and cybersecurity risks, rising member-acquisition costs, delays in recovering investments in new businesses, leakage of customer information due to cyber-attacks, and litigation risk.

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Equity Story

Business model

The company's business model is built around the following cyclical flow:

- Dealers and other sales outlets propose the company's auto credit, extended warranty, and various services to individual customers (users).
- Individual users purchase vehicles using credit and use extended warranties, inspections and maintenance, roadside assistance, statutory vehicle inspections (shaken), and trade-in appraisal services.
- Users' usage data and satisfaction lead to repeat purchases, refinancing, and renewed warranties when contracts are renewed or vehicles are replaced.
- Sales outlets gain additional sales opportunities and higher customer satisfaction, become Car Premium Club members, and continue to utilize the services provided by the company.

Through this cycle, the company has an earnings structure that enables it not only to acquire new members and users, but also to generate continuing revenue from existing members and users and expand their lifetime value (LTV).

Core equity story

The company's equity story lies in its transformation "from an independent auto finance company into an auto mobility platform company with a membership base." What investors should focus on is not simply year-on-year revenue and profit growth, but the following three points:

- An increase in the proportion of platform-business revenue that is not dependent on credit origination volume and interest rates
- The number of Car Premium Club members, the churn rate, and growth in revenue per member (ARPU)
- Whether the company can recover its growth investments while maintaining its operating profit margin and ROE

Path to shareholder value creation

In its medium-term management plan, the company has stated its intention to expand operating revenue and profit, maintain and improve ROE, increase dividends, and conduct flexible share buybacks. The dividend for FY3/26 was ¥54 per share, while the forecast for FY3/27 is ¥64 per share, clearly demonstrating its commitment to raising the dividend for an eighth consecutive fiscal year.

The key drivers of shareholder value creation can be summarized as follows:

- Profit growth in existing businesses: Organic growth in finance, extended warranty, and auto mobility services
- Increased stock-based revenue: Improvement in the quality of earnings through expansion of membership fees, extended warranties, and service revenue
- DX and AI investment: Improved operational efficiency, credit and cost management, and customer experience
- Capital efficiency: Management of the dividend payout ratio, ROE, and investment payback periods

Valuation considerations

For the valuation of the company's shares, the key issue is how to assess the growth potential of its membership and auto mobility services businesses as a "non-financial" platform company, in addition to conventional P/E and P/B ratio valuations under the TSE "Other Financing Business" category. In fact, the operating revenue CAGR of these businesses from FY3/23 to FY3/26 was 42.6%, significantly exceeding the growth rates of the finance business (18.2%) and the automobile warranty business (6.5%) over the same period.

- Finance business: Valuation should focus on loan balances, credit costs, interest rate spreads, and ROE.
- Automobile warranty business: Valuation should focus on transaction volume, the proportion of proprietary warranties, loss ratio,

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and underwriting profit margin.

- Car Premium Club membership and auto mobility services business: Valuation should focus on the number of members, ARPU (average revenue per user), churn rate, LTV/CAC (customer lifetime value/customer acquisition cost), and the proportion of recurring revenue.

Accordingly, the central points of discussion will be a sum-of-the-parts (SOTP) approach and the appropriateness of a P/E ratio premium reflecting the rising proportion of recurring revenue. The company's current P/E ratio of 12x is low relative to its historical range of around 17x. While the company has set a medium-term market capitalization target of ¥300 billion, achieving this would require both a 2.3x increase in net profit from the current level and a P/E ratio of 22x.

Financial Strategy and Governance

High ROE

The company's return on equity (ROE) is in the 20%–30% range, significantly exceeding the average for all TSE Prime-listed companies (approximately 9%–10%) and the levels of major consumer finance companies, demonstrating highly efficient capital deployment. In addition to controlling financial leverage, the company's ability to maintain a high ROE is supported by its fee-based business model and its distinctive low-risk, asset-light structure.

Major shareholders

As of the end of FY3/26, the company's major shareholders (as a percentage of shares outstanding, excluding treasury shares) included Recruit Holdings at 4.63%, the Government of Norway at 2.40%, ITOCHU Corporation at 2.06%, and Yohichi Shibata (Representative Director, President and CEO) at 2.03% (Note: As of the end of Sept. 2026, Recruit Holdings at 4.65%, Yohichi Shibata at 2.14%, and ITOCHU Corporation at 2.07%). According to large-shareholding reports, Nomura Asset Management (5.17%), Capital Research and Management Company (3.11%), and Nomura Securities (1.67%) also appear among major shareholders (as a percentage of shares outstanding, including treasury shares). These holders are not included in the major-shareholder composition above because their actual shareholdings as of March 31, 2026 could not be confirmed. The shareholder composition was 24.86% foreign investors, 34.80% individuals and others, and 4.48% treasury shares (as of the end of March 2026, as a percentage of shares outstanding, including treasury shares).

Note: On October 28, 2026, Dalton Investments, Inc. announced that it holds 2,060,500 shares of the company's stock (a 5.05% stake based on 40,762,864 total shares issued as of October 21, 2026).

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Figure 1 Key financial and non-financial data

Key financial and non-financial data (IFRS) Consolidated	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR 3/22-3/26
Consolidated performance (¥ mn)						
Operating revenue	20,888	25,465	31,546	36,409	44,042	20.5%
YoY	16.7%	21.9%	23.9%	15.4%	21.0%	
Operating profit	3,864	4,245	6,195	6,815	8,398	21.4%
YoY	35.7%	9.9%	45.9%	10.0%	23.2%	
Operating profit margin	18.5%	16.7%	19.6%	18.7%	19.1%	
Profit before tax	4,017	5,344	6,241	6,851	8,619	21.0%
YoY	16.0%	33.0%	16.8%	9.8%	25.8%	
Profit before taxt margin	19.2%	21.0%	19.8%	18.8%	19.6%	
Profit attributable to owners of parent	2,941	3,994	4,608	4,651	6,069	19.9%
YoY	23.4%	35.8%	15.4%	0.9%	30.5%	
Net profit margin	14.1%	15.7%	14.6%	12.8%	13.8%	
Equity attributable to owners of parent	9,710	13,322	15,310	18,923	25,270	27.0%
Total assets	81,800	101,431	125,274	184,988	198,965	24.9%
Cash flows from operating activities	1,608	-449	2,489	-7,761	-21,283	
Cash flows from investing activities	-1,028	-2,320	-3,093	-2,456	-1,931	
Cash flows from financing activities	2,797	6,181	6,892	6,220	32,148	
ROA (Return on assets)	4.9%	5.8%	5.5%	4.4%	4.5%	
ROE (Return on equity attributable to owners of parent)	30.3%	34.7%	32.2%	27.2%	27.5%	
Equity attributable to owners of parent ratio (Equity ratio)	11.9%	13.1%	12.2%	10.2%	12.7%	
Depreciation	1,294	1,419	1,640	1,854	2,151	13.5%
Capex	1,892	2,743	2,563	4,989	2,323	5.3%
Annual dividend (yen)	17.0	21.0	28.0	40.0	54.0	33.5%
Non-financial data						
Number of employees (persons)	679	700	740	814	899	7.3%
Turnover rate (%)		8.3%	8.6%	7.8%	6.6%	
Average age (year-olds)	36.9	37.5	36.4	37.2	36.7	-0.1%
Average length of service (years)	6.2	6.9	7.2	6.8	7.9	6.2%
Ratio of female directors (%)		33.3%	33.3%	33.3%	33.3%	
Ratio of female managers (%)	-	13.9%	13.8%	11.0%	14.4%	
KPI						
Total volume of new loans	202,300	243,800	303,800	354,300	355,400	15.1%
Monthly transaction volume per head (PH)	180	210	240	280	300	13.6%
Sales staff (persons)	91	97	99	98	96	1.3%
Car Premium Club dealers' new loans ratio (%)		35.9%	39.5%	48.1%	68.3%	
Loan receivables	422,300	507,800	632,600	778,600	887,100	20.4%
Delinquency rate (%)	0.78%	0.81%	1.00%	1.83%	2.73%	
Total volume of automobile warranties	5,150	5,760	6,890	7,530	8,790	14.3%
Car premium members (dealers+facilities)	1,776	2,951	3,370	4,326	5,943	35.3%
Market environment						
Number of new vehicles sold (mn units)		3.61	3.81	3.86	3.78	
Number of used passenger vehicles registered (mn units)	5.49	5.26	5.42	5.44	5.46	
Credit supply and amount (¥ trillion) CY	4.7	5.6	5.5			
Unit price of credit (¥ mn) CY	2.25	2.45	2.63			

Source: Compiled by Alphaterra based on company materials.
Note 1: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra
Note 2: The delinquency rate rose temporarily due to a system failure; it is normally around 1.5%.

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Business Model

Company Overview

Premium Group Co., Ltd. (hereinafter, "the company") is a holding company that manages the group companies, including Premium Co., Ltd. (hereinafter, "Premium"), which operates a finance business providing auto loans and leasing, an automobile warranty business, and an auto mobility services business. It is an independent corporate group effectively founded and established by Yohichi Shibata, the current Representative Director and President. Mr. Shibata holds a stake of slightly over 2% in the company and is not a controlling shareholder.

Corporate History (Listed on the Tokyo Stock Exchange within 10 Years of Establishment)

July 2007: G-One Credit Service, the predecessor of the company, was established as a wholly owned second-tier subsidiary responsible for a new business of Gulliver International (now IDOM), a used-car wholesaler.

July 2010: G-One Credit Service became a wholly owned subsidiary of SBI Holdings and changed its name to SBI Credit.

March 2013: SBI Credit became a wholly owned subsidiary of a fund managed and operated by I-Sigma Capital, a wholly owned subsidiary of Marubeni Corporation, and changed its name to Premium Financial Service (now Premium).

May 2015: The current Premium Group was established under the name AZS No. 1 as a special-purpose company to receive investment from AZ-Star No. 1 Investment Limited Partnership. In June of the same year, AZS No. 1 made Premium Financial Service a wholly owned subsidiary, and in July it changed its name to Premium Group, which it retains today.

February 2016: Premium entered into a business outsourcing agreement with Eastern Commercial Leasing p.l.c. of Thailand (now an equity-method affiliate; hereinafter, "EAST").

July 2016: The company transitioned to a holding company structure, with Premium Group as the holding company and operating companies such as Premium placed under its umbrella.

December 2017: The company listed its shares on the Second Section of the Tokyo Stock Exchange.

December 2018: The company moved to the First Section of the Tokyo Stock Exchange.

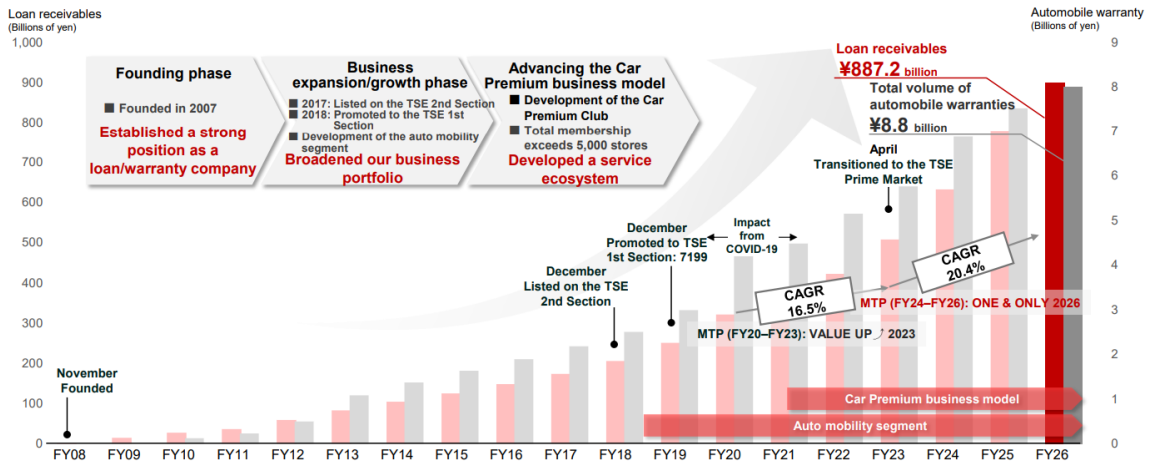
April 2020: The company acquired CENTRAL SERVICER CORPORATION (now a consolidated subsidiary).

April 2022: The company transitioned to the Prime Market of the Tokyo Stock Exchange.

December 2025: The company entered into a joint-venture agreement with Bike O & Company and established the joint venture RIDE&LINK.

July 2026: The four companies—Premium, Premium Warranty Services, Premium Mobility Services, and Car Premium—were integrated into Premium.

Figure 2 Growth trajectory



Source: Company materials

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Profile of the Top Management

Mr. Yohichi Shibata, the current Representative Director, President and CEO, was born on December 25, 1959, and is 66 years old. After joining Sato Shoji Co., Ltd. in April 1982, he joined Daishinpan (now APLUS) in April 1985 and then joined Gulliver International (now IDOM) in December 2003. In August 2007, he became Representative Director and President of G-One Credit Service (now Premium), the predecessor of the company. In April 2016, Mr. Shibata became Representative Director and President of Premium Financial Service (now Premium; currently Representative Director, Chairman and CEO), and in July of the same year, he became Representative Director, President and CEO of Premium Group, a position he has held to this day.

Figure 3 Profile of Mr. Yohichi Shibata



President and Representative Director
Yohichi Shibata

Biography

Leveraging expertise in finance and mobility, he leads the Group as its founder

1982	Joined Sato Shoji Corporation
1985	Joined Aplus Co., Ltd.
2003	Joined IDOM Inc.
2007	**Established Premium Co., Ltd. and assumed the position of President and Representative Director**
2016	**Established Premium Group Co., Ltd. and assumed the position of President and Representative Director**

Source: Company materials

Corporate DNA

The roots of independence

The company's corporate DNA is rooted in its origin as an independent entity unaffiliated with any financial group, based on the underlying philosophy of growing together with used car dealerships and repair shops as equal partners. Its independence means it is not subject to the constraints of the Banking Act and is not bound by the interests of any particular bank, manufacturer, or dealer group, enabling it to flexibly partner with a wide range of dealers, financial institutions, and service providers.

The benefits of this independence extend beyond funding and the development of ancillary services. For dealers, it is easier to propose the company as an alternative to affiliated finance companies; for individual customers, it provides the benefit of access to a broad range of services tailored to their vehicle type, purchase channel, and ownership arrangement. As a result, the company has expanded its positioning from a mere "financial-product sales company" to a platform that solves issues arising throughout the automobile ownership life cycle.

Maximizing LTV

The company's value proposition lies in supporting customers not only at the time of vehicle purchase, but throughout the ownership period—including breakdowns, accidents, maintenance, inspections, vehicle sales, and replacement. It supports purchases through auto loans, assumes breakdown risk through warranties, supports the ownership experience through roadside assistance and maintenance services, and facilitates vehicle replacement through appraisal and sales support.

Through this end-to-end, one-stop service model, the company has shifted toward a business design that maximizes the lifetime value (LTV) per member dealership, rather than relying solely on one-time loan fees or warranty income. Car Premium Club serves as the touchpoint for this LTV strategy, functioning as a hub that generates membership fee revenue and cross-referrals among breakdown warranties, maintenance, roadside assistance, and credit services.

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Speed and competitiveness through digital transformation

The company has digitized processes such as underwriting, credit management, warranty underwriting, repair coordination, membership management, and dealer support, thereby strengthening its speed and cost competitiveness. DX is not merely a means of operational efficiency; it creates competitive advantage in three ways:

- Enhanced dealer sales support through shortened screening and contracting processes
- Advanced risk pricing and cost management through the accumulation of repair and warranty data
- More sophisticated cross-selling, churn prevention, and product development based on individual user behavioral data

Corporate culture and human capital

The company has an organizational culture that emphasizes sales capability, negotiation skills, and field responsiveness. Daily relationship-building with dealers, management of the repair shop network, and the quality of member services are intangible assets that systems alone cannot easily replace. On the other hand, as the business scales, standardization, internal controls, human resource development, and system stability are becoming increasingly important — and organizational scalability will be a key determinant of medium-term success. Furthermore, another key challenge is to move away from a management structure dependent on the founder's leadership, evolving into a corporate organization capable of sustainable growth driven by next-generation leaders and autonomous talent.

Business Overview

A one-stop service focused on the used car market

The company is engaged primarily in auto finance (auto credit) and breakdown warranties (extended warranties) for used cars. By offering a one-stop service focused on the used car market, it has built a distinctive position that sets it apart from major consumer credit companies and bank-affiliated financial institutions, which are its competitors. Its business activities and specific features compared with industry peers are as follows.

Principal business activities

The company's business is deeply involved in every stage of the automobile distribution process (purchase, ownership and repair, and trade-in or replacement). Slightly more than half of its operating revenue comes from the financial business (finance business), and slightly less than half from the non-financial businesses (automobile warranty business and auto mobility services business). Each of these businesses is highly profitable (with an operating margin of around 20%), and the revenue mix is well balanced.

Finance business (auto credit): 56.3% of operating revenue, 19.1% operating margin (FY3/26)

This is the company's founding business and its core operation. It provides auto loans (auto credit) to individual customers purchasing used cars.

Automobile warranty (extended warranty) business: 18.2% of operating revenue, 16.7% operating margin (FY3/26)

This service covers repair costs when a purchased vehicle breaks down. Because used cars carry a higher risk of breakdown than new cars, this product is highly valued by dealerships as a way to enhance buyers' peace of mind.

Auto mobility services business: 25.1% of operating revenue, 20.3% operating margin (FY3/26)

This business encompasses wholesale distribution of used cars, network building for dealerships and repair shops (Car Premium Club), sales of automotive parts, and the sale of DX and software solutions to car dealerships.

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Figure 4 Business overview

Business field	Finance	Non-finance (Service business)	
Segment	**Finance business**	**Automobile warranty**	**Auto mobility services**
Revenue breakdown OP breakdown	56.3% 57.0%	18.2% 16.0%	25.1% 27.0%
OP margin	**19.1%**	**16.7%**	**20.3%**
Key business	Automobile loans (individual credit purchase) Servicer* Overseas finacne*	Automobile warranty Overseas warranty*	Membership operation Subscription (lease) Car garage operation Car wholesaling & brokerage Software sales Auto parts sales
Growth Revenue CAGR (FY3/23~FY3/26)	**Stable growth** 18.2%	**Stable growth** 6.5%	**High growth** 42.6%
Platform	**Car Premium Club（Memberships : 6,309 stores, as of the end of June 2026)**		
Service contents	Provision of payment methods at the time of vehicle purchase [Functions] User: Payment methods Mobility provider: Customer touchpoints Sales opportunities	Providing peace of mind after purchase Fostering continuous loyalty [Functions] User: Guarantee of peace of mind Mobility provider: Customer retention	Providing parts supply and SaaS, etc. Supporting business operations from the infrastructure level [Functions] User: Infrastructure provision Mobility provider: Business support

Source: Compiled by Alphaterra based on company materials.
Note 1: The composition of operating revenue, the composition of operating profit, and the operating profit margin are based on data for FY3/26.
Note 2: Under the new segment classification, the servicer* business has been transferred from the finance segment to the service segment, and each overseas business (overseas finance* and overseas warranty*) has been transferred to adjustments and corporate.

Four distinctive features and strengths compared with industry peers (major consumer credit companies, etc.)

The company's competitors in auto loans include major consumer credit and finance companies such as Orient Corporation (Orico) and JACCS, but it differs from them in the following clear ways.

① Diversified services enabled by its "independent" status

Leveraging its position as an "independent" player — not affiliated with any bank or specific automaker — the company flexibly develops peripheral businesses beyond finance. Whereas competitors tend to limit themselves to proposing auto loans alone, the company can offer "loan + breakdown warranty + parts supply + dealer-facing software" as a one-stop packaged proposition. This has established its status as an "indispensable partner" for used car dealerships.

② High degree of specialization in "used cars × auto credit"

Major consumer credit companies handle a broad range of financial products, including credit cards, mortgage loans, and consumer loans for home appliances. In contrast, the company is almost entirely specialized in auto credit (centered on used cars). As a result, its sales staff possess exceptionally deep expertise and know-how, giving it the strength to respond quickly to the fine-grained needs of used car dealerships.

③ A structure less exposed to interest rate competition

Intense rate competition often plagues new car and bank auto loans. However, in the used car loan market—the company's main market—buyers focus more on monthly payments than interest rates. This makes it easier for the company to secure stable margins, and as a result, it has achieved a robust earnings structure that does not depend on low rates (with stability close to that of a recurring-revenue business).

④ High productivity and a low delinquency ratio

The company has thoroughly pursued DX investment and operational efficiency, giving it a distinctive strength: "by increasing loan

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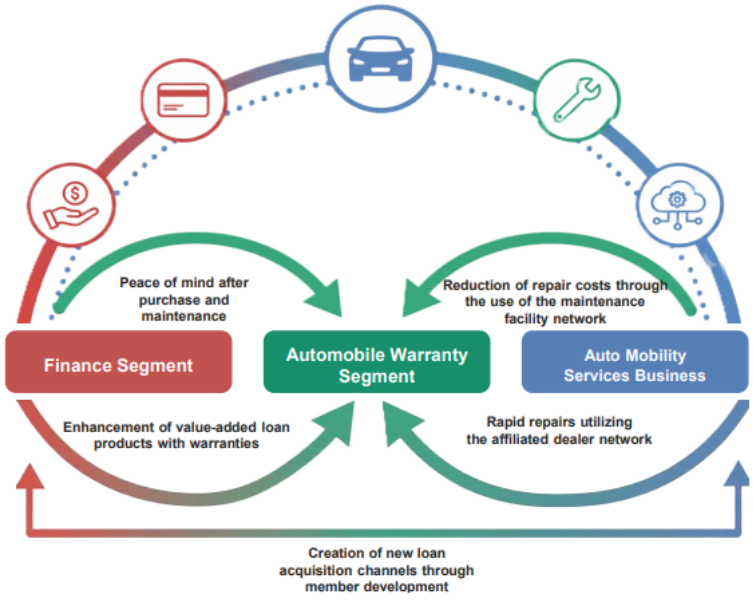
volume per salesperson (productivity), it can restrain headcount growth." In addition, through its proprietary screening know-how and collaboration with a loan servicer (debt collection company, CENTRAL SERVICER CORPORATION, now a consolidated subsidiary), it keeps the ratio of receivables three or more months past due at an extremely low level of around 1.5% (in normal times), making it second to none in terms of risk management. In other words, the company's greatest difference from its peers is that it is not merely a "company that lends money (a consumer credit company)," but has established a unique position as "a platform provider offering comprehensive support for used car dealerships' businesses through finance, breakdown warranties, and IT."

Figure 5 Building the "Car Premium Ecosystem": A dedicated one-stop platform for the used car market



Source: Company materials

Positioning

Position within the industry

In Japan's auto finance and vehicle warranty market, the company has carved out a distinctive position as an independent player. While major banks, manufacturer-affiliated finance companies, consumer credit companies, warranty companies, maintenance chains, and used car distribution companies are both its competitors and partners, the company's defining characteristic is its ability to connect "finance × warranty × membership × mobility services" on its own, within the group.

Perspective:	The group's positioning

- Customer touchpoints: Covering everything from credit at the time of purchase to warranty, maintenance, and roadside services during ownership, and even sale/trade-in support
- Sales network: An extensive dealer network and Car Premium Club, unique to an independent player
- Revenue structure: Expanding recurring (stock-type) revenues such as membership fees, warranty, and service revenues, in addition to credit income
- Competitive advantage: Independence, member base, repair and warranty data, and one-stop services
- Medium-term perspective: Completing the Auto Mobility Ecosystem and evolving into a platform company

Sources of differentiation

The company's differentiation lies not in "the breadth of its product lineup" but in the relationship assets connecting users, dealers, and repair shops. The Car Premium Club is not merely a points program but a member economy that bundles warranty, maintenance,

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roadside service, vehicle appraisal, and purchase support. In the warranty business, in addition to OEM warranties, the company is expanding its proprietary (in-house) warranty offerings, driving in-house development and differentiation of its product portfolio. This not only improves profitability but also leads to the formation of entry barriers consisting of its repair network, cost data, and underwriting know-how.

Brand and recognition

"Car Premium" is a brand that signals the reliability and convenience of vehicle-related services to both dealers and users. The expansion of the membership organization enables customer acquisition through its own organization without relying on advertising spend, forming the foundation for low-cost growth through referrals and repeat usage by existing members.

Adaptability to the Macro Environment

Low interest rate sensitivity

It is a well-known characteristic of the auto finance world that "borrowers tend not to pay much attention to interest rates on used car loans, compared with new cars or housing (i.e., interest rate sensitivity is low)." There are four major reasons for this, rooted in the psychology unique to used car buyers and the mechanics of the sales floor.

① Speed of the purchase process is the top priority

Every used car is a one-of-a-kind item. Because a car can sell as soon as a buyer shows interest, purchasers are strongly driven by the psychology of wanting to secure it quickly before someone else takes it. Banks' auto loans offer lower rates, but the pre-screening and paperwork typically take several days to a week. By contrast, consumer credit-type auto loans such as the company's can be approved on the spot at the dealership counter, allowing an immediate decision. For the buyer, "the speed of securing this car right now with certainty" takes precedence over "getting a lower rate," so even if the rate is somewhat higher, the in-store loan tends to be chosen.

② Budgets are framed around "monthly payment amounts"

People buying used cars tend to focus less on the total price or the interest rate (what the annual rate is) and more on "how much can I afford to pay each month, given my salary." For example, even if rates differ by a few percentage points, if the difference in the monthly payment is only "about ¥2,000–¥3,000 per month," many buyers will accept it, thinking "if it's only that much, I'd rather buy it right now."

② The power of the dealership's "one-stop proposal" is strong

The process of buying a used car — vehicle inspection, registration, and verifying maintenance history — is surprisingly cumbersome. Buyers prefer to leave all of this to the dealership staff. In that flow, when the staff member says, "with this loan partner of ours, we can get you approved with today's screening and sign the contract right away," the psychological hurdle of going out of one's way to research and apply for a cheaper loan elsewhere becomes high. The buyer's trust in the dealership and the preference for "getting all the procedures done at once" (time-saving orientation) lower buyers′ concern about interest rates.

④ Buyer attributes and limited options

The used car buyer segment includes a certain number of lower-credit customers who, compared with new car buyers, "don't have substantial cash on hand," "have minor blemishes on their credit history," or "have short employment tenures," making it difficult for them to pass banks' strict screening. What matters to them is not "how low the rate is" but "whether they can get approved at all." Therefore, consumer credit-type used car loans (which are different from subprime loans) with relatively flexible screening criteria have guaranteed demand (with few alternative options) even at somewhat higher rates. This is precisely why the company provides dealerships with a "fast, easy-to-pass screening system" and "breakdown warranties" as a package, creating a screening environment that makes it easy for dealers to recommend the company to their customers. This is the company's greatest strength — the ability

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to maintain high profitability without being drawn into fierce interest rate competition.

Impact of declining car ownership and the rise of car sharing

While the recent trend of “declining car ownership” among younger urban populations and the growing number of non-owners is certainly real, this does not necessarily mean the domestic used car market will suffer a straightforward, structural decline. Rather, against the backdrop of soaring new car prices and shifting lifestyles, Alphaterra believes the used car market remains highly resilient and is likely to survive—or even expand—by shifting its underlying structure. This resilience is driven primarily by the following four mechanisms:

① Savvy Consumers Increasingly Opting for Used Cars Due to Prohibitive New Car Prices

While the segment of non-owners expands, the "must-own" segment—such as rural residents and families—is shifting its replacement demand from new to used vehicles. In recent years, new car prices have skyrocketed due to advanced safety features (such as autonomous braking), hybridization, and surging raw material costs. Today, it is common for even minicars (kei cars), let alone standard vehicles, to exceed ¥2 million in total cost. This pragmatic demand—driven by consumers who find new cars out of reach and instead seek high-quality used cars—underpins the used car market.

② From Ownership to Usership: Used Cars as the Supply Source for Car Sharing and Subscriptions

The growing population of non-owners has fueled rapid growth in the markets for car sharing, car rentals, and monthly flat-rate car subscriptions (leasing). At first glance, this appears to be a negative factor for used car sales. However, many vehicles used in these sharing services and low-cost leases are actually sourced from the used car market, or re-enter circulation as used cars after the service term ends. Alphaterra believes that as long as the absolute number of automobiles as a means of transportation remains necessary, the total volume of used car circulation—including BtoB (business-to-business) channels—is highly likely to be sustained, even if individuals stop purchasing cars.

③ Global Competition for Japanese Used Cars

The explosive demand for overseas exports fully offsets domestic population decline and the shift away from car ownership. Because Japanese cars have low mileage and are maintained in excellent condition thanks to the stringent shaken (mandatory vehicle inspection) system, they enjoy immense popularity abroad (in regions such as Africa, the Middle East, Asia, and Russia) as highly reliable, "unbreakable" brand vehicles. Backed by a weak yen trend, the volume of Japanese used car exports continues to hit record highs. Even if domestic consumption slows down, overseas buyers will absorb the inventory, creating a market structure that prevents the overall transaction scale (both in value and volume) from shrinking.

④ The Critical "One Car Per Person" Need in Rural Areas

While a "car-free life" is entirely feasible in major metropolitan areas like Tokyo, automobiles are not a luxury but essential infrastructure, akin to water and electricity in rural regions, where maintaining public transportation has become difficult. Although there is some decline due to elderly drivers returning their licenses, the bedrock demand of "multiple vehicles per household" (or one car per person) in rural areas remains exceptionally firm. Here, too, consumers continue to choose affordable used cars and minicars to protect their household budgets.

Implications for the Company

Taking this market environment into account, it becomes clear that declining car ownership and the rise of car sharing are by no means a simple headwind for the company.

• Increase in Average Unit Prices (Positive): As demand for used cars rises and vehicle prices remain elevated, the average loan (credit) amount per contract increases. This creates a virtuous cycle that boosts the company’s transaction volume and commission revenue.

• Growing Demand for Breakdown Warranties (Positive): As buyers opt to drive a single vehicle longer (extended ownership) or

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purchase slightly older used cars to fit their budgets, the company's core strength—breakdown warranties—becomes even easier to sell as a safeguard against repair risks.

Medium- to Long-Term Risks and Strategic Countermeasures

The sole medium- to long-term concern is a potential supply shortage (and subsequent spike in procurement costs) caused by a decline in domestic vehicle circulation. If new car sales stagnate, the volume of trade-in vehicles flowing into the used car market in the future will decrease, making it difficult for dealerships to secure high-quality used cars and potentially squeezing their operations. The company's focus on overseas expansion, the auto parts business, and DX (digital transformation) support is designed to preemptively mitigate this risk of domestic volume contraction. At the same time, international expansion and M&A are positioned as aggressive growth strategies to propel the company into its next stage of growth.

Finance Business (share of operating revenue: 56.3%; operating margin: 19.1% (FY3/26))

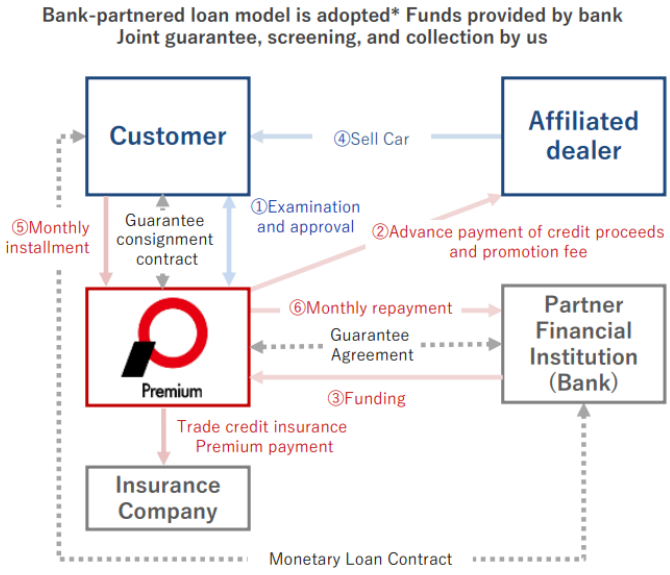
The first earnings pillar

The finance business centers on auto credit. It provides vehicle purchase funds to buyers through dealerships, earning interest income and related fees. Finance business operating revenue for FY3/26 was ¥24.8 billion (up 23.1% year on year), driven by credit operating revenue of ¥23.6 billion (up 19.6% year on year), and it remains the company's largest earnings base. On the other hand, delinquent receivables, credit costs, and system-related expenses can affect profitability, so balancing growth in loan volume with asset quality management is critical.

Mechanics of auto credit (bank-partnered loan scheme)

Within this business, bank-partnered loans account for approximately 90% of both the volume of new loans and the credit receivables balance. The volume of new loans generally represents the total amount of goods purchased by individual customers using individual installment plans. According to the company, the average amount borrowed by individual customers using auto credit is approximately ¥2.3 million, the interest rate typically set by consumer credit companies for auto credit is 7-8%, and the average repayment period per auto credit receivable is five years. The balance of credit receivables refers to the total amount of credit contract balances and lease guarantee contract balances that have not yet been repaid by purchasers or for which the guarantee period has not expired, out of the cumulative transaction volume (the sum of the credit principal and installment fees).

Figure 6 Structure of auto credit (bank-partnered loan model)



Source: Company materials

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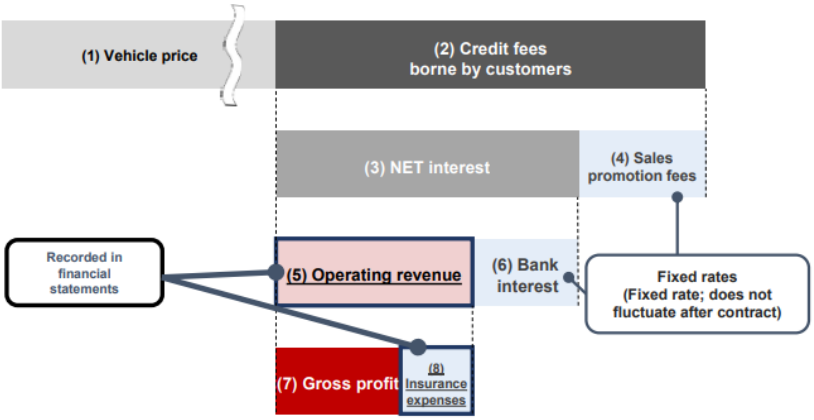
Earnings image

The operating revenue and gross profit of auto credit are recorded through the following process. Auto credit users borrow an amount equal to the vehicle price plus the credit fee. The credit fee is set independently by the dealership, taking into account the applicable interest rate and sales promotion fees. The NET interest rate — the company's share — is the credit fee minus the sales promotion fees. The amount obtained by deducting from the NET interest rate the interest paid to partner financial institutions becomes the company's operating revenue, and further deducting from the operating revenue the insurance premiums paid to non-life insurance companies and other costs yields the company's gross profit.

Figure 7 Revenue and gross profit structure

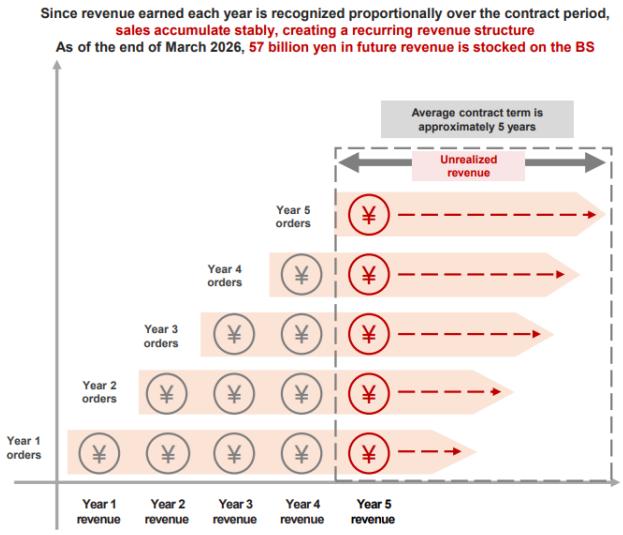


Source: Company materials

Stock-type business image

The finance business's operating revenue has characteristics close to a stock-type business: the total future operating revenue is fixed at the time the auto credit contract is concluded, and it is recorded proportionally over the contract period (average contract period: approximately 5 years). As a result, increases or decreases in monthly contract volume do not immediately cause fluctuations in the current month's performance, and future revenues arising from contracts acquired in the past (deferred revenues) accumulate steadily as operating revenue — a stock-type structure.

Figure 8 Business model image of recurring revenue



Source: Company materials

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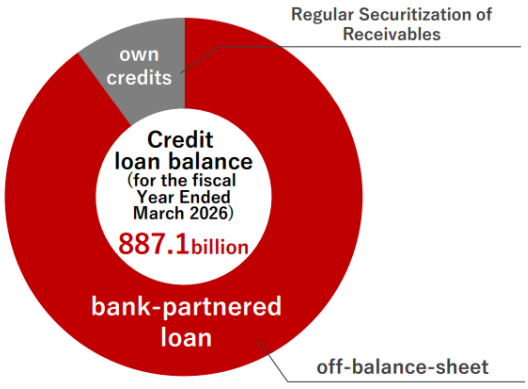
Funding methods

In funding, the company has entered into term loans with multiple financial institutions (formerly SBI Sumishin Net Bank, now Docomo SMTB Net Bank; ORIX Bank; Rakuten Bank; GMO Aozora Bank; and au Jibun Bank), raising the majority of its funds at fixed interest rates. The company's core finance business is fundamentally structured so that the loan is executed using "partner banks' funds" while the company assumes the "guarantee (screening and receivables management)." This funding strategy, centered on bank-partnered loans, keeps the vast majority of receivables off the balance sheet, minimizing its size. The company also raises funds through loan securitization and bond issuance. For receivables already contracted, the company applies fixed rates on most of the lending and funding sides, thereby hedging (mitigating) the risk of negative spreads arising from rising interest rates. For newly contracted receivables, it flexibly passes funding costs through to lending rates, keeping the impact of rising rates minimal. Alphaterra believes the company is resilient to interest rate risk because its cost structure is not predicated on low rates.

Figure 9 Funding methods



Source: Company materials

Receivables collection risk

Against collection risk, the company hedges the risk of booking a large allowance for doubtful accounts by entering into credit insurance contracts with non-life insurance companies. If defaults increase, losses are compensated by insurance proceeds paid under the credit insurance contracts. This eliminates the need to book a large allowance for doubtful accounts in a lump sum in a particular fiscal period, with the benefit of smoothing profit at each level below operating profit over time. While the company takes risk in its credit screening, it manages the balance between underwriting and collection by enhancing its collection capabilities. Through collaboration with CENTRAL SERVICER CORPORATION (acquired in April 2020, a consolidated subsidiary), the company constantly monitors and analyzes approximately 50 proprietary KPIs, keeping the delinquency rate at around 1.5% in normal times.

Flexible credit standards and robust collection capabilities

Because the company possesses both flexible credit standards and the collection capabilities needed to suppress delinquencies, member used car dealerships are motivated to prioritize recommending the company's auto credit — over other consumer credit companies — to individual purchasers. For member dealerships, offering the company's auto credit to individual buyers reduces lost sales opportunities due to loan denials and the hassle of switching to other methods, thereby improving sales efficiency. Alphaterra believes that the company's flexible credit standards and robust collection capabilities are the primary drivers of its rising share of transaction volume.

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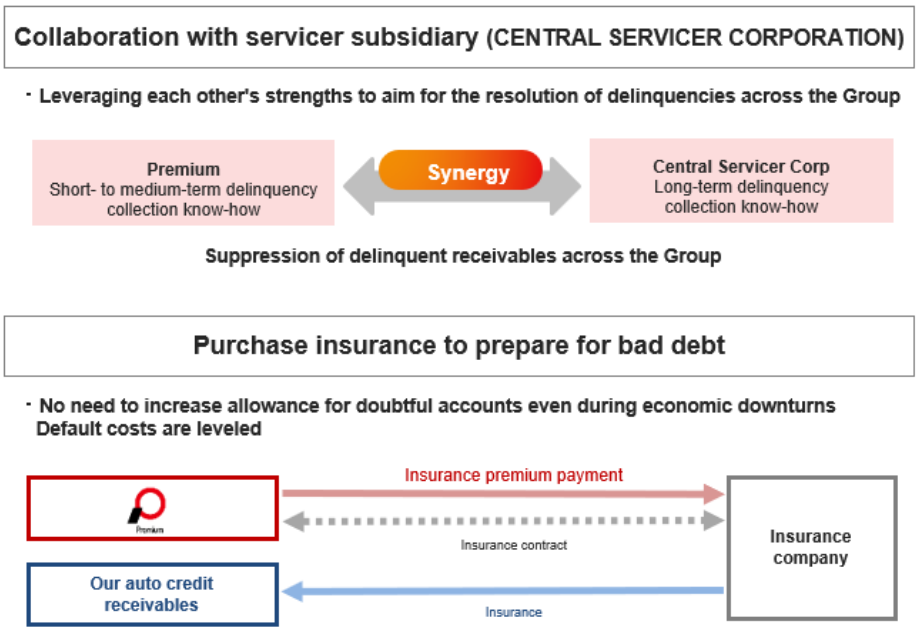
Figure 10 Debt collection and provision for bad debts



Source: Company materials

Automobile Warranty Business (share of operating revenue: 18.2%; operating margin: 16.7% (FY3/26))

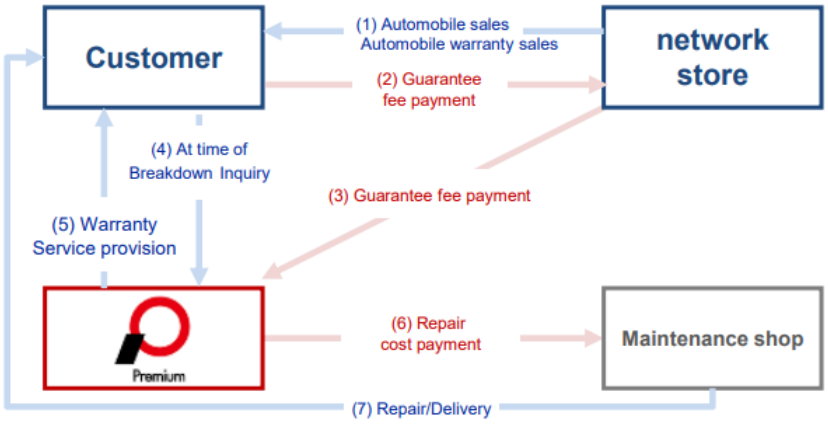
The second earnings pillar

The automobile warranty business handles the sale and management of vehicle warranties. In addition to OEM warranties sold through dealerships, the company is expanding its own-brand proprietary warranties. The volume of new warranties in FY3/26 grew 16.8% year on year, with proprietary warranties recording high growth of +34.8%. Cumulative contracted vehicles have surpassed 2 million units, and the warranty business has evolved from a mere ancillary product into a differentiated source of earnings for the company.

Mechanics of breakdown warranty

Breakdown warranty is a service under which, when a vehicle owned by a member who has paid the warranty fee suffers a mechanical failure, the company provides repairs free of charge. Whereas auto insurance mainly covers damage arising from accidents, breakdown warranty covers repairs resulting from mechanical failure. In the automobile warranty business, the vast body of data on repair track records — built on cumulative contracted volumes exceeding 2 million vehicles since the company's founding — constitutes an entry barrier deterring new entrants among independent companies. The company has long accumulated data on failure occurrence probabilities by condition, such as vehicle model, year, mileage, and maintenance history. Based on this data, the company performs its own actuarial calculations and sets warranty fees commensurate with the risk, thereby achieving stable profitability in this business. Furthermore, within the company group, it realizes cost containment by utilizing repair parts procured from its subsidiary dealing in automotive parts, which contributes to maintaining the business's high margin. This cost competitiveness also functions as an entry barrier in this business.

Figure 11 Breakdown warranty system



Source: Company materials

Stock-type business image

Since revenue acquired each year is recorded proportionally over the contract period (average contract term: approximately 2 years), the business has a stock-type revenue structure in which sales accumulate steadily. Warranty fees are collected upfront while revenue is deferred, so both the cash position and profitability remain stable.

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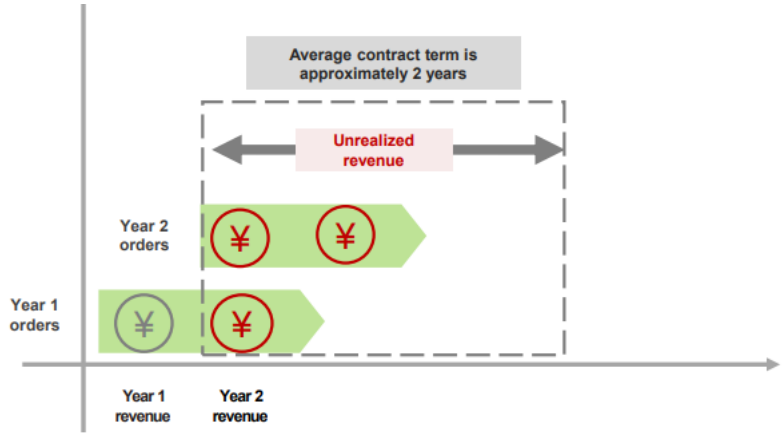
Figure 12 Business model image of recurring breakdown warranty



Source: Company materials

Room for share expansion in the used car sales market

In Japan's automobile market, the take-up rate for paid vehicle repair warranty services is approximately 27% overall — 30% for new cars and 21% for used cars (Source: "Aucnet Research Institute" survey, published in October 2020). According to that survey, "roughly 70% of both new and used car owners said the repair warranty service is necessary, indicating that there is still considerable room to develop new demand for paid vehicle repair warranty services."

The company holds approximately an 11% share of the overall breakdown warranty industry (Source: company research). Currently, in-house warranties independently offered by car dealerships account for the majority of the market. However, by leveraging its advantages in convenience and data integration, the company is promoting the replacement of these in-house warranties with third-party warranties. It intends to further expand its market share by developing this vast potential market. It should also be noted that automobile warranties can also be purchased with cash vehicle purchases, so the market is directly linked to trends in the used car retail market.

Auto Mobility Services Business (share of operating revenue: 25.1%; operating margin: 20.3% (FY3/26))

The third earnings pillar

The auto mobility services business provides vehicle sales and maintenance, parts sales, membership services, software sales, leasing, and other offerings. In addition to offering exclusive services to members of Car Premium Club (automotive dealerships and repair shops), the business serves as a touchpoint for the warranty and credit businesses, creating synergies across the group.

Although the business is smaller in direct profit scale than the finance business, it has significant strategic value in preventing member attrition, driving cross-selling, and enhancing brand credibility. Its revenue CAGR from FY3/23 to FY3/26 was 42.6%, substantially exceeding the finance business's 18.2% and the extended warranty business's 6.5% over the same period.

Car Premium Club

Car Premium Club is a paid membership organization that provides a one-stop service including warranties, maintenance, roadside assistance, vehicle appraisals, inspections, and vehicle purchase support. Membership-fee revenue is a recurring, stock-based revenue stream that is relatively unaffected by the interest-rate environment, and it is positioned as a key initiative under the medium-term management plan.

The strength of the member ecosystem should be assessed not only by the number of members but also by the following KPIs:

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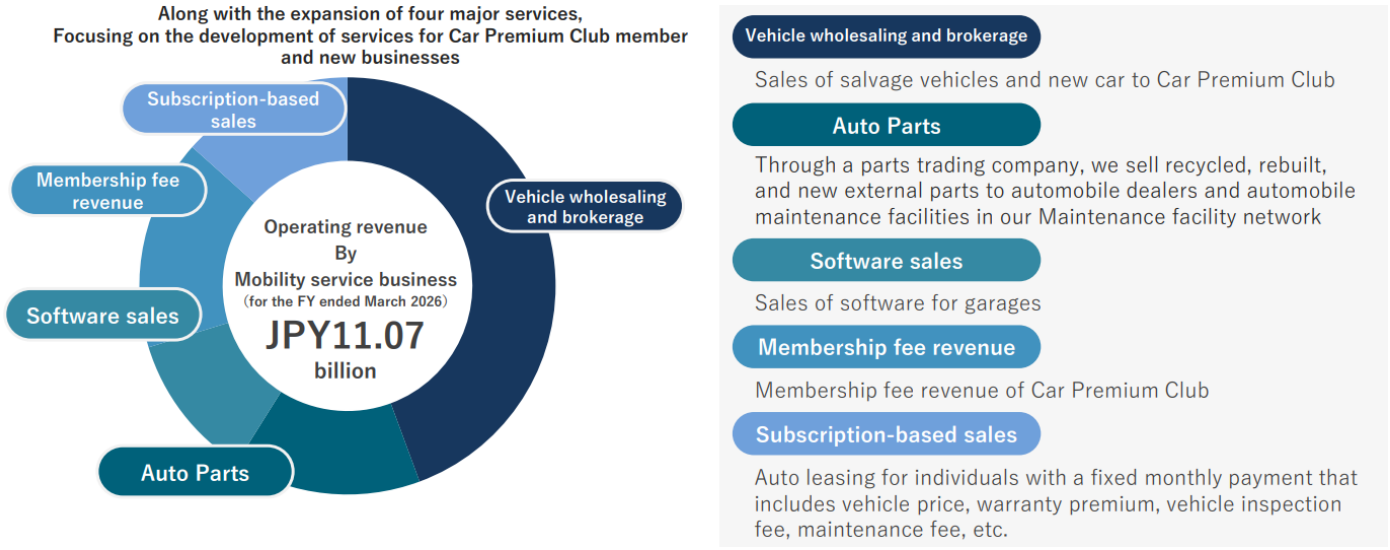
- Number of members and net member growth
- Retention and churn rates
- Annual revenue per member (ARPU)
- Customer acquisition cost and lifetime value (LTV)

Service portfolio

The business consists of five distinct businesses, listed in order of revenue composition: (1) vehicle sales and maintenance, (2) membership fees, (3) automotive parts, (4) subscription services, and (5) software.

1. Vehicle sales and maintenance: The company operates its own maintenance facilities. It also supports procurement by selling vehicles repossessed through the finance business to members of Car Premium Club, its dealer membership organization.
2. Membership fees: These are fees paid by member businesses of Car Premium Club. This is the most profitable business within the auto mobility services segment.
3. Automotive parts: Through its subsidiary parts trading company, the group sells repair parts to member shops and other customers. It also internalizes parts procurement for the group's extended warranty business. This internalization helps reduce costs in the extended warranty business and generates synergies within the group.
4. Subscription services: This refers to auto leases for individuals paid in fixed monthly installments.
5. Software: The company sells business software to automotive dealerships and repair shops, helping improve operational efficiency in areas such as quote and invoice issuance, inventory management, and parts management.

Figure 13 Portfolio of auto mobility services



Source: Company materials

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Figure 14 Segments & KPIs (on a former segment basis)

Segment (¥ mn, %), Consolidated	FY3/23	FY3/24	FY3/25	FY3/26	CAGR 3/23-3/26
Revenues from external customers	**25,465**	**31,546**	**36,409**	**44,042**	**20.0%**
YoY	21.9%	23.9%	15.4%	21.0%	
Finance	**15,020**	**17,810**	**20,151**	**24,801**	**18.2%**
YoY	14.3%	18.6%	13.1%	23.1%	
Ratio to total revenues	59.0%	56.5%	55.3%	56.3%	
Total volume of new loans	243,800	303,800	354,300	355,400	13.4%
Monthly transaction volume per head (PH)	210	240	280	300	12.6%
Loan receivables	507,800	632,600	778,600	887,100	20.4%
Delinquency rate (%)	0.81%	1.00%	1.83%	2.73%	
Credit finance revenue	13,998	16,991	19,755	23,624	19.1%
Credit finance gross margin	61.5%	63.1%	60.5%		
Automobile Warranty	**6,624**	**5,990**	**6,986**	**8,010**	**6.5%**
YoY	17.3%	-9.6%	16.6%	14.7%	
Ratio to total revenues	26.0%	19.0%	19.2%	18.2%	
Domestic automobile warranty business	5,026	5,801	6,793	7,766	15.6%
Total volume of new warranties	5,760	6,890	7,530	8,790	15.1%
Volume of new warranties	4,470	5,170	5,290	5,770	8.9%
Proprietary warranties	1,300	1,730	2,240	3,030	32.6%
Auto Mobility Services	**3,815**	**7,735**	**9,254**	**11,066**	**42.6%**
YoY	113.3%	102.8%	19.6%	19.6%	
Ratio to total revenues	15.0%	24.5%	25.4%	25.1%	
Adjustments and companywide	6	11	17	165	
Operating profit by segment	**4,245**	**6,195**	**6,815**	**8,398**	**25.5%**
YoY	9.9%	45.9%	10.0%	23.2%	
Operating profit margin	16.7%	19.6%	18.7%	19.1%	
Finance	**3,353**	**4,699**	**4,570**	**4,735**	**12.2%**
YoY	-	40.1%	-2.7%	3.6%	
Operating profit margin	22.3%	26.4%	22.7%	19.1%	
Ratio to total operating profit	79.0%	75.4%	66.6%	57.0%	
Automobile Warranty	**511**	**774**	**1,122**	**1,334**	**37.7%**
YoY	-	51.5%	45.0%	18.9%	
Operating profit margin	7.7%	12.9%	16.1%	16.7%	
Ratio to total operating profit	12.0%	12.4%	16.3%	16.0%	
Auto Mobility Services	**379**	**757**	**1,174**	**2,243**	**80.9%**
YoY	-	99.7%	55.1%	91.1%	
Operating profit margin	9.9%	9.8%	12.7%	20.3%	
Ratio to total operating profit	8.9%	12.2%	17.1%	27.0%	
Adjustments and companywide	2	-35	-51	85	

Source: Compiled by Alphaterra based on company materials.
Note 1: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra
Note 2: The delinquency rate rose temporarily due to a system failure; it is normally around 1.5%.

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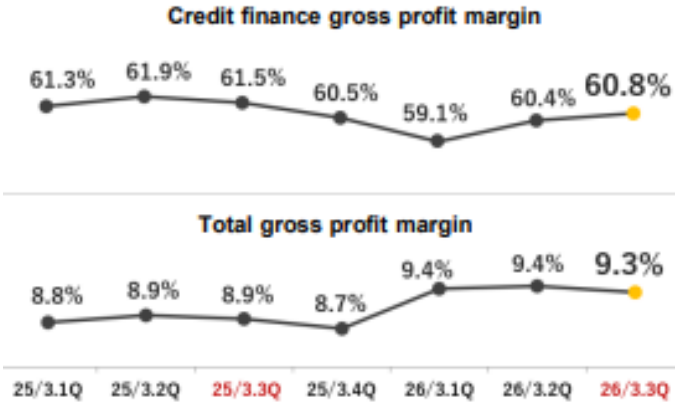
Growth Scenario

Composition of Operating Revenue and Gross Profit

In FY3/26, operating revenue of ¥44.0 billion comprised finance income (46.2%), automobile warranty revenue (18.0%), automobility-related sales (18.0%), other commission income (7.0%), automotive parts sales (3.7%), reversal of impairment loss on financial assets (4.4%), insurance revenue (1.3%), and other (1.5%).

Finance income represents operating revenue from the auto credit business within the finance segment. Operating revenue and gross profit from auto credit are recognized through the following process. Auto credit customers borrow an amount equal to the vehicle purchase price plus a credit fee. Affiliated dealers independently determine the credit fee, taking into account the applicable interest rate and sales promotion fees. The credit fee less sales promotion fees constitutes the company's share, referred to as "NET interest." Deducting interest paid to partner financial institutions from NET interest yields the company's operating revenue. Further deducting insurance premiums paid to non-life insurance companies etc. from operating revenue yields the company's gross profit. The insurance premium corresponds to the "guarantee commission" (¥4,758 million in FY3/26) under the operating expenses item (Figure 17) disclosed by the company. The credit finance gross profit margin recovered to 60.8% in 3Q FY3/26, returning to the 60.5% level recorded in 4Q FY3/25, and appears to have continued improving thereafter (this figure has not been disclosed since 4Q FY3/26). The lump-sum gross profit margin on new transaction volume improved significantly due to the effect of interest rate increases and has been running in the 9% range, reaching 9.3% in 3Q FY3/26. The lump-sum gross profit margin is calculated by dividing lump-sum gross profit—customer fees less various fees and charges—by transaction volume. This metric covers only bank-partnered loans and was disclosed temporarily to illustrate the effect of interest rate increases.

Figure 15 Credit finance gross profit margin trend (1Q FY3/25-3Q FY3/26)



Source: Company materials

Automobile warranty revenue has a recurring revenue structure in which revenue builds up steadily, as revenue from contracts secured each year is recognized on a pro rata basis over the contract period, which averages approximately two years. Since warranty fees are collected upfront while revenue recognition is deferred, both the cash position and profitability are stable.

The auto mobility services business primarily comprises five independent businesses, listed in descending order of their share of operating revenue: (1) vehicle sales and maintenance, (2) membership fees, (3) automotive parts, (4) subscriptions, and (5) software. Membership fees generate the highest profit margin. In the automotive parts business, the company sells repair parts to affiliated dealers and other customers through its automotive parts trading subsidiary, while also bringing parts procurement for the group's automobile warranty business in-house. This in-house procurement creates synergies within the group, including lower costs in the

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automobile warranty business.

Cost Structure

The company's cost structure comprises funding costs and credit costs in the finance business, repair claim costs in the warranty business, personnel and outsourcing expenses in the auto mobility services business, and company-wide system investment and sales promotion expenses. During the growth phase, upfront investment is required to acquire members, develop systems, expand the repair network, and launch new services. Accordingly, a short-term increase in expenses is not necessarily a negative factor; the key criterion for assessment is whether such spending leads to higher LTV and future earnings.

The cost structure differs by business. In the finance business, operating profit is calculated by deducting primarily fixed costs—such as personnel expenses, system operating expenses, and depreciation and amortization—from the gross profit described above. In the automobile warranty business, gross profit is calculated by deducting warranty cost from automobile warranty revenue. The gross profit margin for FY3/26 was 43.4%, compared with 44.6% in the previous fiscal year. In the auto mobility services business, gross profit is calculated by deducting automobility-related costs from automobility-related sales. The gross profit margin for FY3/26 was 45.6%, compared with 43.1% in the previous fiscal year. In the parts business, gross profit is calculated by deducting the cost of automotive parts from automotive parts sales. The gross profit margin for FY3/26 was 25.0%, compared with 22.9% in the previous fiscal year.

Labor Productivity

The company's employee count increased from 679 at the end of FY3/22 to 899 at the end of FY3/26, representing a CAGR of 7.3%. The number of temporary employees also increased at a CAGR of 7.3%. Meanwhile, operating revenue per employee rose approximately 1.6-fold from ¥28.2 million to ¥45.2 million over the same period, representing a CAGR of 12.6%. Operating profit per employee also rose approximately 1.7-fold from ¥5.2 million to ¥8.6 million, representing a CAGR of 13.4%.

Through operational efficiency improvements, including digital transformation (DX), the company substantially increased monthly transaction volume per sales employee (PH) from ¥180 million to ¥300 million over the same period, while the number of auto credit sales personnel rose only slightly, from 91 to 96. This contributed to the improvement in the company's labor productivity.

KPIs

Key KPIs

The key KPIs disclosed by the company include the volume of new loans, auto PH, credit receivables balance, the delinquency rate, the volume of new warranties (with separate disclosure for proprietary warranties), and the number of Car Premium Club members. In addition, the company began disclosing Car Premium Club membership fees and the churn rate from 1Q FY3/27.

To assess the membership ecosystem, other important KPIs include total membership and net member additions, retention and churn rates, annual revenue per member (ARPU), utilization rates for warranty, maintenance, and roadside assistance services, credit and warranty transaction volumes generated through members, and member acquisition costs and LTV.

The company manages the balance between credit underwriting and collections by improving its receivables collection capabilities while taking risks in credit screening. According to the company, it continuously monitors and analyzes approximately 50 proprietary KPIs internally, keeping the delinquency rate at around 1.5% under normal conditions.

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Figure 16 KPIs (on a former segment basis)

KPI (¥ mn)	FY3/25 1Q	2Q	3Q	4Q	FY3/26 1Q	2Q	3Q	4Q	FY3/27 1Q	2Q
Market KPI (Thousands of units)										
Number of new vehicles sold	830	980	950	1,100	890	930	910	1,040	950	970
Number of used passenger vehicles registered	1,320	1,300	1,330	1,490	1,320	1,330	1,300	1,500	1,320	1,310
Key KPI										
Finance business										
Operating revenue (Cumulative)	4,812	10,245	15,464	20,151	5,797	11,787	17,733	24,801	6,366	-
Credit finance revenue (Cumulative)	4,567	9,521	14,479	19,755	5,354	11,012	16,655	23,624	5,277	-
Operating revenue	4,812	5,433	5,219	4,687	5,797	5,990	5,946	7,068	6,366	-
Credit finance revenue	4,567	4,954	4,958	5,276	5,277	5,735	5,643	6,970	5,277	-
Total volume of new loans	79,900	94,100	85,400	94,900	91,900	89,300	81,300	92,900	95,700	91,700
Monthly transaction volume per head (PH)	250	297	274	306	314	296	271	315	308	298
Car Premium Club dealer ratio (%)	41.9%	41.9%	44.5%	48.1%	63.8%	65.4%	66.6%	68.3%	75.8%	76.2%
Loan receivables (Q-end)	664,200	704,500	736,500	778,600	814,900	842,000	860,000	887,100	918,000	938,900
Delinquency rate (%)	1.13%	1.06%	1.15%	1.83%	3.72%	4.29%	4.08%	2.73%	2.52%	2.20%
Automobile warranty business										
Operating revenue (Cumulative)	1,673	3,398	5,169	6,986	1,889	3,860	5,904	8,010	2,327	-
Operating revenue	1,673	1,725	1,771	1,817	1,889	1,971	2,044	2,106	2,327	-
Total volume of new warranties	1,800	1,890	1,840	2,000	2,130	2,250	2,150	2,260	2,470	2,560
Volume of new warranties	1,301	1,340	1,270	1,370	1,400	1,490	1,410	1,480	1,580	1,650
Proprietary warranties	490	550	580	630	730	770	740	790	890	910
Auto mobility services business										
Operating revenue (Cumulative)	2,186	4,441	6,786	9,254	2,485	5,104	7,577	11,066	3,475	-
Operating revenue	2,186	2,255	2,345	2,468	2,485	2,619	2,473	3,489	3,475	-
Car Premium Club										
Membership fee revenue					403	429			563	607
Memberships (Q-end)	3,511	3,707	3,923	4,326	4,556	4,908	5,403	5,943	6,309	6,678
Car dealer members (stores)	2,728	2,892	3,090	3,468	3,690	3,990	4,412	4,918	-	-
Car garage members (facilities)	783	815	833	858	866	918	991	1,025	-	-
Churn rate (%)	1.66%	1.52%			1.34%	1.08%			1.15%	1.11%

Source: Compiled by Alphaterra based on company materials.
Note 1: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra
Note 2: The delinquency rate rose temporarily due to a system failure; it is normally around 1.5%.

Figure 17 Operating revenue/expenses breakdown by quarter (cumulative)

Revenue/expenses breakdown (¥ mn, %) (Cumulative)	FY3/25 1Q	1-2Q	1-3Q	1-4Q	FY3/26 1Q	1-2Q	1-3Q	1-4Q	FY3/27 1Q	1-2Q
Operating revenue (¥ mn)	8,674	18,092	27,429	36,409	10,296	20,888	31,366	44,042	12,174	24,465
Finance income	4,145	8,488	12,973	17,659	5,020	9,887	15,127	20,337	5,403	10,980
Warranty revenue	1,646	3,346	5,093	6,889	1,864	3,811	5,831	7,930	2,304	4,468
Automobility-related sales	1,493	2,966	4,634	6,423	1,724	3,529	5,303	7,912	2,569	5,253
Other commission sales	725	1,485	2,304	2,894	705	1,434	2,240	3,089	930	1,863
Automotive parts sales	447	957	1,338	1,690	442	913	1,268	1,611	454	883
Impairment gain on financial assets	147	459	523	-	322	771	895	1,959	381	491
Revenue from the exercise of insurance policies		164	164	364		255	255	556		284
Other	70	227	400	490	219	288	447	649	133	243
Operating expenses (¥ mn)	6,852	14,042	21,420	29,594	8,711	17,331	25,705	35,644	9,661	19,874
Finance costs	111	229	352	497	229	467	741	1,048	336	685
Warranty cost	886	1,930	2,911	3,819	977	2,167	3,311	4,491	1,395	2,855
Automobility-related costs	816	1,583	2,577	3,657	1,020	1,934	2,807	4,305	1,551	3,043
Guarantee commission	908	1,868	2,878	3,947	1,153	2,311	3,523	4,758	1,291	2,617
Cost of automotive parts external sales	340	746	1,030	1,303	328	682	965	1,208	329	617
Impairment losses on financial assets				225						
Employee benefit expenses	1,594	3,220	4,925	6,629	1,796	3,620	5,449	7,400	1,969	4,046
Depreciation	453	869	1,339	1,854	534	1,076	1,620	2,151	513	1,042
Commission expenses	342	703	1,079	1,438	358	788	1,182	1,685	444	1,032
Taxes and dues	257	510	779	1,101	357	701	1,038	1,406	374	801
System operation cost	243	501	780	1,134	663	1,206	1,592	1,909	335	719
Outsourcing expenses	202	429	653	933	357	713	1,039	1,356	349	745
Other operating expenses	698	1,454	2,116	3,057	937	1,667	2,437	3,928	775	1,672
Operating profit (¥ mn)	1,822	4,050	6,009	6,815	1,585	3,557	5,661	8,398	2,513	4,591
Gross profit (¥ mn)										
Warranty	760	1,416	2,182	3,070	887	1,644	2,520	3,439	909	1,613
Automobility-related	677	1,383	2,057	2,766	704	1,595	2,496	3,607	1,018	2,210
Automotive parts	107	211	308	387	114	231	303	403	125	266
Gross profit margin (%)										
Warranty	46.2%	42.3%	42.8%	44.6%	47.6%	43.1%	43.2%	43.4%	39.5%	36.1%
Automobility-related	45.3%	46.6%	44.4%	43.1%	40.8%	45.2%	47.1%	45.6%	39.6%	42.1%
Automotive parts	23.9%	22.0%	23.0%	22.9%	25.8%	25.3%	23.9%	25.0%	27.5%	30.1%

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

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Figure 18 Operating revenue/expenses breakdown by quarter (3 months)

Revenue/expenses breakdown (¥ mn, %) (3 months)	FY3/25				FY3/26				FY3/27	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue (¥ mn)	8,674	9,418	9,337	8,980	10,296	10,592	10,479	12,676	12,174	12,291
Finance income	4,145	4,342	4,486	4,686	5,020	4,867	5,240	5,210	5,403	5,577
Warranty revenue	1,646	1,700	1,747	1,796	1,864	1,946	2,021	2,098	2,304	2,164
Automobility-related sales	1,493	1,473	1,668	1,789	1,724	1,805	1,774	2,608	2,569	2,684
Other commission sales	725	760	819	590	705	729	806	849	930	933
Automotive parts sales	447	510	381	351	442	472	354	343	454	429
Impairment gain on financial assets	147	312	63	-523	322	448	124	1,064	381	110
Revenue from the exercise of insurance policies		164		200		255		301		284
Other	70	157	173	90	219	69	160	202	133	110
Operating expenses (¥ mn)	6,852	7,190	7,378	8,174	8,711	8,620	8,374	9,940	9,661	10,213
Finance costs	111	117	124	145	229	238	274	307	336	349
Warranty cost	886	1,044	981	908	977	1,190	1,144	1,180	1,395	1,461
Automobility-related costs	816	766	994	1,080	1,020	914	873	1,499	1,551	1,492
Guarantee commission	908	960	1,011	1,069	1,153	1,158	1,212	1,235	1,291	1,326
Cost of automotive parts external sales	340	406	285	273	328	354	283	243	329	288
Impairment losses on financial assets				225					-	
Employee benefit expenses	1,594	1,625	1,706	1,703	1,796	1,824	1,829	1,951	1,969	2,076
Depreciation	453	416	470	515	534	542	544	530	513	529
Commission expenses	342	360	376	359	358	430	394	504	444	589
Taxes and dues	257	252	269	322	357	343	337	368	374	427
System operation cost	243	257	279	354	663	542	386	317	335	383
Outsourcing expenses	202	228	224	280	357	356	326	317	349	396
Other operating expenses	698	757	660	941	937	729	771	1,491	775	894
Operating profit (¥ mn)	1,822	2,228	1,959	806	1,585	1,972	2,106	2,736	2,513	2,078
Operating revenue breakdown (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Finance income	47.8%	46.1%	48.0%	52.2%	48.8%	45.9%	50.0%	41.1%	44.4%	45.4%
Warranty revenue	19.0%	18.1%	18.7%	20.0%	18.1%	18.4%	19.3%	16.6%	18.9%	17.6%
Automobility-related sales	17.2%	15.6%	17.9%	19.9%	16.7%	17.0%	16.9%	20.6%	21.1%	21.8%
Other commission sales	8.4%	8.1%	8.8%	6.6%	6.8%	6.9%	7.7%	6.7%	7.6%	7.6%
Automotive parts sales	5.2%	5.4%	4.1%	3.9%	4.3%	4.5%	3.4%	2.7%	3.7%	3.5%
Impairment gain on financial assets	1.7%	3.3%	0.7%	-	3.1%	4.2%	1.2%	8.4%	3.1%	0.9%
Revenue from the exercise of insurance policies	0.0%	1.7%	0.0%	2.2%	0.0%	2.4%	0.0%	2.4%	0.0%	2.3%
Other	0.8%	1.7%	1.9%	1.0%	2.1%	0.7%	1.5%	1.6%	1.1%	0.9%
Operating expenses breakdown (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Finance costs	1.6%	1.6%	1.7%	1.8%	2.6%	2.8%	3.3%	3.1%	3.5%	3.4%
Warranty cost	12.9%	14.5%	13.3%	11.1%	11.2%	13.8%	13.7%	11.9%	14.4%	14.3%
Automobility-related costs	11.9%	10.7%	13.5%	13.2%	11.7%	10.6%	10.4%	15.1%	16.1%	14.6%
Guarantee commission	13.3%	13.4%	13.7%	13.1%	13.2%	13.4%	14.5%	12.4%	13.4%	13.0%
Cost of automotive parts external sales	5.0%	5.6%	3.9%	3.3%	3.8%	4.1%	3.4%	2.4%	3.4%	2.8%
Impairment losses on financial assets	0.0%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee benefit expenses	23.3%	22.6%	23.1%	20.8%	20.6%	21.2%	21.8%	19.6%	20.4%	20.3%
Depreciation	6.6%	5.8%	6.4%	6.3%	6.1%	6.3%	6.5%	5.3%	5.3%	5.2%
Commission expenses	5.0%	5.0%	5.1%	4.4%	4.1%	5.0%	4.7%	5.1%	4.6%	5.8%
Taxes and dues	3.8%	3.5%	3.6%	3.9%	4.1%	4.0%	4.0%	3.7%	3.9%	4.2%
System operation cost	3.5%	3.6%	3.8%	4.3%	7.6%	6.3%	4.6%	3.2%	3.5%	3.8%
Outsourcing expenses	2.9%	3.2%	3.0%	3.4%	4.1%	4.1%	3.9%	3.2%	3.6%	3.9%
Other operating expenses	10.2%	10.5%	8.9%	11.5%	10.8%	8.5%	9.2%	15.0%	8.0%	8.8%
Operating revenue YoY (%)	19.9%	20.4%	17.9%	4.8%	18.7%	12.5%	12.2%	41.2%	18.2%	16.0%
Finance income	18.6%	17.9%	16.5%	18.1%	21.1%	12.1%	16.8%	11.2%	7.6%	14.6%
Warranty revenue	18.7%	16.8%	15.5%	17.5%	13.2%	14.5%	15.7%	16.8%	23.6%	11.2%
Automobility-related sales	23.7%	11.9%	37.3%	32.7%	15.5%	22.5%	6.4%	45.8%	49.0%	48.7%
Other commission sales	19.8%	23.2%	28.6%	-14.9%	-2.8%	-4.1%	-1.6%	43.9%	31.9%	28.0%
Automotive parts sales	5.9%	11.8%	-27.4%	-20.8%	-1.1%	-7.5%	-7.1%	-2.3%	2.7%	-9.1%
Impairment gain on financial assets	110.0%	2736.4%	1.6%	-249.9%	119.0%	43.6%	96.8%	-303.4%	18.3%	-75.4%
Revenue from the exercise of insurance policies	-	20.6%	-	30.7%	-	55.5%	-	50.5%	-	11.4%
Other	48.9%	5.4%	49.1%	2.3%	212.9%	-56.1%	-7.5%	124.4%	-39.3%	59.4%
Operating expenses YoY (%)	16.8%	11.9%	17.6%	20.5%	27.1%	19.9%	13.5%	21.6%	10.9%	18.5%
Finance costs	63.2%	60.3%	42.5%	34.3%	106.3%	103.4%	121.0%	111.7%	46.7%	46.6%
Warranty cost	7.8%	11.8%	10.2%	11.4%	10.3%	14.0%	16.6%	30.0%	42.8%	22.8%
Automobility-related costs	4.7%	-8.9%	50.8%	35.8%	25.0%	19.3%	-12.2%	38.8%	52.1%	63.2%
Guarantee commission	24.6%	24.8%	25.7%	26.2%	27.0%	20.6%	19.9%	15.5%	12.0%	14.5%
Cost of automotive parts external sales	11.5%	17.3%	-32.6%	-24.6%	-3.5%	-12.8%	-0.7%	-11.0%	0.3%	-18.6%
Impairment losses on financial assets	-	-	-	-	-	-	-	-	-	-
Employee benefit expenses	17.6%	16.6%	19.1%	16.2%	12.7%	12.2%	7.2%	14.6%	9.6%	13.8%
Depreciation	23.4%	8.9%	16.0%	5.7%	17.9%	30.3%	15.7%	2.9%	-3.9%	-2.4%
Commission expenses	12.9%	1.7%	11.2%	2.3%	4.7%	19.4%	4.8%	40.4%	24.0%	37.0%
Taxes and dues	8.0%	8.2%	13.5%	37.0%	38.9%	36.1%	25.3%	14.3%	4.8%	24.5%
System operation cost	5.7%	-2.3%	15.8%	45.7%	172.8%	110.9%	38.4%	-10.5%	-49.5%	-29.3%
Outsourcing expenses	8.0%	18.8%	8.7%	31.5%	76.7%	56.1%	45.5%	13.2%	-2.2%	11.2%
Other operating expenses	44.2%	17.5%	19.1%	9.2%	34.2%	-3.7%	16.8%	58.4%	-17.3%	22.6%

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

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Financial Performance

Historical Performance

FY3/26 results: ninth consecutive year of revenue and profit growth since listing

For FY3/26, the company reported consolidated operating revenue of ¥44.0 billion (+21.0% year on year), operating profit of ¥8.4 billion (+23.2%), pre-tax profit of ¥8.6 billion (+25.8%), profit attributable to owners of the parent of ¥6.1 billion (+30.5%), and annual dividends of ¥54 per share (+¥14 from the previous fiscal year), all of which reached record highs. This marked the ninth consecutive fiscal year of revenue and profit growth since listing. The company maintained high growth despite incurring one-time costs related to responding to a system failure, demonstrating the resilience of its business foundation.

Figure 19 Financial performance trends: past 10 fiscal years (FY3/17-FY3/26)

Key financial data (IFRS) Consolidated	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR 3/17-3/26
Consolidated performance (¥ mn)											
Operating revenue	7,900	9,065	10,759	14,016	17,906	20,888	25,465	31,546	36,409	44,042	21.0%
YoY	49.1%	14.8%	18.7%	30.3%	27.5%	16.7%	21.9%	23.9%	15.4%	21.0%	
Operating profit				1,501	2,847	3,864	4,245	6,195	6,815	8,398	-
YoY	-	-	-	-	89.7%	35.7%	9.9%	45.9%	10.0%	23.2%	
Operating profit margin	-	-	-	10.7%	15.9%	18.5%	16.7%	19.6%	18.7%	19.1%	
Profit before tax	1,297	1,979	2,097	2,604	3,463	4,017	5,344	6,241	6,851	8,619	23.4%
YoY	123.8%	52.6%	6.0%	24.2%	33.0%	16.0%	33.0%	16.8%	9.8%	25.8%	
Profit before taxt margin	16.4%	21.8%	19.5%	18.6%	19.3%	19.2%	21.0%	19.8%	18.8%	19.6%	
Profit attributable to owners of parent	847	1,293	1,388	1,466	2,383	2,941	3,994	4,608	4,651	6,069	24.5%
YoY	156.2%	52.7%	7.3%	5.6%	62.6%	23.4%	35.8%	15.4%	0.9%	30.5%	
Net profit margin	10.7%	14.3%	12.9%	10.5%	13.3%	14.1%	15.7%	14.6%	12.8%	13.8%	
Equity attributable to owners of parent	4,280	5,710	5,464	5,242	7,211	9,710	13,322	15,310	18,923	25,270	21.8%
Total assets	29,517	35,932	43,540	58,203	68,156	81,800	101,431	125,274	184,988	198,965	23.6%
Cash flows from operating activities	2,769	1,043	-1,015	-1,246	1,321	1,608	-449	2,489	-7,761	-21,283	
Cash flows from investing activities	-1,393	-852	-706	-1,618	-1,172	-1,028	-2,320	-3,093	-2,456	-1,931	
Cash flows from financing activities	-2,223	1,790	1,563	2,967	1,617	2,797	6,181	6,892	6,220	32,148	
ROA (Return on assets)	4.5%	6.0%	5.3%	5.1%	5.5%	5.4%	5.8%	5.5%	4.4%	4.5%	
ROE (Return on equity attributable to owners of parent)	22.3%	25.9%	24.8%	27.4%	38.3%	34.8%	34.7%	32.2%	27.2%	27.5%	
Equity attributable to owners of parent ratio	14.5%	15.9%	12.5%	9.0%	10.6%	11.9%	13.1%	12.2%	10.2%	12.7%	
Depreciation	335	339	323	855	1,316	1,294	1,419	1,640	1,854	2,151	22.9%
Capex	274	286	490	3,376	1,666	1,892	2,743	2,563	4,989	2,323	26.8%
Annual dividend (yen)		14.2	14.2	14.7	15.3	17.0	21.0	28.0	40.0	54.0	
Number of employees (persons)	296	324	386	482	627	679	700	740	814	899	13.1%

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

Earnings Forecast for FY3/27

Continued growth in revenue and profit

For FY3/27, the company forecasts operating revenue of ¥51.0 billion (+15.8%), pre-tax profit of ¥10.6 billion (+23.0%), profit attributable to owners of the parent of ¥6.9 billion (+13.7%), and annual dividends of ¥64 per share (+¥10 from the previous fiscal year), expecting its tenth consecutive fiscal year of revenue and profit growth since listing. In 1Q, the company recorded operating revenue of ¥12.2 billion (+18.2%), operating profit of ¥2.5 billion (+58.6%), pre-tax profit of ¥2.5 billion (+47.8%), and quarterly profit attributable to owners of the parent of ¥1.7 billion (+43.5%), achieving a strong start to the year, supported by expansion of its membership base and the lapse of system-failure-related costs.

In 1H, operating revenue rose to ¥24.5 billion (+17.1% YoY), operating profit to ¥4.6 billion (+29.1% YoY), pre-tax profit to ¥4.9 billion (+30.5% YoY), and interim profit attributable to owners of the parent to ¥3.3 billion (+27.6% YoY), maintaining steady growth following 1Q. Excluding one-off impacts such as system failures, operating profit grew by +7.5% YoY (finance: +14% YoY, service: +5% YoY). The sluggish growth in the service segment is due to rising repair costs for automobile warranty (with gross profit for domestic automobile warranty decreased by -3.3% YoY), and the company plans to curb these costs by further leveraging its network of automobile maintenance facilities, including Car Premium Garage and strengthening in-house parts procurement. 1H progress against

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the full-year forecasts was 48.0% for operating revenue, 45.9% for pre-tax profit, and 47.9% for interim profit attributable to owners of the parent. The full-year company forecast remains unchanged.

Transition to new segments

The company transitioned to a new segment structure comprising the finance business and the services business from 2Q FY3/27. Essentially, the former automobile warranty and auto mobility services businesses were combined to form the service business, leaving the underlying framework of financial and non-financial businesses unchanged. More specifically, the servicer business (debt collection), previously included in the finance business, was transferred to the service business, while the overseas businesses—overseas finance and overseas automobile warranty—were transferred to "adjustments and corporate." The segment change reflects a review of management units undertaken to optimize business operations.

The background to this change includes: (1) the integration of four major subsidiaries into Premium Co., Ltd. in July 2026, bringing their customer bases together; (2) a transition from optimization at the individual operating-company level to an integrated management structure; and (3) alignment between internal management and external disclosure, in accordance with the management approach. The segment names were also aligned with the company's mission: "We contribute to building a richer society by providing the best finance and services to people around the world."

The change has no impact on the consolidated financial statements, as it only involves a change in segment classification. The finance business now reports figures solely for the auto credit business, while the servicer and automobile warranty businesses have been added to the former auto mobility services business to form the service business.

Under the new structure, the respective shares of the finance and service businesses in 1H of FY3/27 were 49.5% and 49.7% of operating revenue, 53.0% and 50.0% of operating profit, and 49.0% and 48.8% of pre-tax profit.

Figure 20 Quarterly financial results trend

Quarterly Financial Results (¥ mn, %) (Cumulative)	FY3/25				FY3/26				FY3/27		Progress
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	vs CoE
Operating revenue	8,674	18,092	27,429	36,409	10,296	20,888	31,366	44,042	12,174	24,465	48.0%
YoY	19.9%	20.2%	19.4%	15.4%	18.7%	15.5%	14.4%	21.0%	18.2%	17.1%	
Operating expenses	6,852	14,042	21,420	29,594	8,711	17,331	25,705	35,644	9,661	19,874	
YoY	16.8%	14.2%	15.4%	16.7%	27.1%	23.4%	20.0%	20.4%	10.9%	14.7%	
Operating expenses to sales	79.0%	77.6%	78.1%	81.3%	84.6%	83.0%	82.0%	80.9%	79.4%	81.2%	
Operating profit	1,823	4,050	6,009	6,815	1,585	3,556	5,662	8,398	2,514	4,591	
YoY	33.6%	46.6%	36.3%	10.0%	-13.1%	-12.2%	-5.8%	23.2%	58.6%	29.1%	
Operating profit margin	21.0%	22.4%	21.9%	18.7%	15.4%	17.0%	18.1%	19.1%	20.7%	18.8%	
Profit before tax	1,876	4,076	6,048	6,851	1,707	3,730	5,897	8,619	2,524	4,867	45.9%
YoY	33.2%	44.3%	35.8%	9.8%	-9.0%	-8.5%	-2.5%	25.8%	47.9%	30.5%	
Profit before tax margin	21.6%	22.5%	22.0%	18.8%	16.6%	17.9%	18.8%	19.6%	20.7%	19.9%	
Profit attributable to owners of parent	1,274	2,771	4,111	4,651	1,214	2,589	4,061	6,069	1,742	3,305	47.9%
YoY	18.8%	34.3%	28.3%	0.9%	-4.7%	-6.6%	-1.2%	30.5%	43.5%	27.7%	
Net profit margin	14.7%	15.3%	15.0%	12.8%	11.8%	12.4%	12.9%	13.8%	14.3%	13.5%	
Quarterly Financial Results (¥ mn, %) (3 months)	**FY3/25**				**FY3/26**				**FY3/27**		
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	
Operating revenue	8,674	9,418	9,337	8,980	10,296	10,592	10,479	12,676	12,174	12,291	
YoY	19.9%	20.4%	17.9%	4.8%	18.7%	12.5%	12.2%	41.2%	18.2%	16.0%	
Operating expenses	6,852	7,190	7,378	8,174	8,711	8,620	8,374	9,940	9,661	10,213	
YoY	16.8%	11.9%	17.6%	20.5%	27.1%	19.9%	13.5%	21.6%	10.9%	18.5%	
Operating expenses to sales	79.0%	76.3%	79.0%	91.0%	84.6%	81.4%	79.9%	78.4%	79.4%	83.1%	
Operating profit	1,823	2,227	1,959	806	1,585	1,971	2,106	2,736	2,514	2,077	
YoY	33.6%	59.3%	19.1%	-54.9%	-13.1%	-11.5%	7.5%	239.5%	58.6%	5.4%	
Operating profit margin	21.0%	23.6%	21.0%	9.0%	15.4%	18.6%	20.1%	21.6%	20.7%	16.9%	
Profit before tax	1,876	2,200	1,972	803	1,707	2,023	2,167	2,722	2,524	2,343	
YoY	33.2%	55.4%	20.9%	-55.0%	-9.0%	-8.0%	9.9%	239.0%	47.9%	15.8%	
Profit before tax margin	21.6%	23.4%	21.1%	8.9%	16.6%	19.1%	20.7%	21.5%	20.7%	19.1%	
Profit attributable to owners of parent	1,274	1,497	1,340	540	1,214	1,375	1,472	2,008	1,742	1,563	
YoY	18.8%	50.9%	17.6%	-61.6%	-4.7%	-8.1%	9.9%	271.9%	43.5%	13.7%	
Net profit margin	14.7%	15.9%	14.4%	6.0%	11.8%	13.0%	14.0%	15.8%	14.3%	12.7%	

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

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Figure 21 Segment Information: Quarterly financial results (on a former segment basis)

Segment (¥ mn, %) (Cumulative)	FY3/25				FY3/26				FY3/27	
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q
Revenues from external customers	8,674	18,092	27,429	36,409	10,296	20,888	31,366	44,042	12,174	24,465
YoY	19.9%	20.2%	19.4%	15.4%	18.7%	15.5%	14.4%	21.0%	18.2%	17.1%
Finance	4,812	10,245	15,464	20,151	5,797	11,787	17,733	24,801	6,366	-
YoY	19.3%	21.7%	20.4%	13.1%	20.5%	15.1%	14.7%	23.1%	9.8%	-
Automobile Warranty	1,673	3,398	5,169	6,986	1,889	3,860	5,904	8,010	2,327	-
YoY	19.7%	18.5%	17.6%	16.6%	12.9%	13.6%	14.2%	14.7%	23.2%	-
Auto Mobility Services	2,186	4,441	6,786	9,254	2,485	5,104	7,577	11,066	3,475	-
YoY	21.4%	18.0%	18.6%	19.6%	13.7%	14.9%	11.7%	19.6%	39.8%	-
Adjustments and companywide	3	8	11	18	125	137	152	165	6	-
Operating profit	1,823	4,050	6,009	6,815	1,585	3,556	5,662	8,398	2,514	4,591
YoY	33.6%	46.6%	36.3%	10.0%	-13.1%	-12.2%	-5.8%	23.2%	58.6%	29.1%
Operating profit margin	21.0%	22.4%	21.9%	18.7%	15.4%	17.0%	18.1%	19.1%	20.7%	18.8%
Finance	1,220	3,020	4,335	4,570	843	1,998	3,164	4,735	1,380	-
YoY	19.4%	42.3%	32.0%	-2.7%	-30.9%	-33.8%	-27.0%	3.6%	63.7%	-
Operating profit margin	25.4%	29.5%	28.0%	22.7%	14.5%	17.0%	17.8%	19.1%	21.7%	-
Automobile Warranty	312	475	768	1,122	358	599	978	1,334	419	-
YoY	82.5%	84.8%	70.7%	45.0%	14.7%	26.1%	27.3%	18.9%	17.0%	-
Operating profit margin	18.6%	14.0%	14.9%	16.1%	19.0%	15.5%	16.6%	16.7%	18.0%	-
Auto Mobility Services	297	582	928	1,174	264	839	1,387	2,243	722	-
YoY	69.7%	49.6%	31.1%	55.1%	-11.1%	44.2%	49.5%	91.1%	173.5%	-
Operating profit margin	13.6%	13.1%	13.7%	12.7%	10.6%	16.4%	18.3%	20.3%	20.8%	-
Adjustments and companywide	-7	-28	-21	-51	120	121	132	85	-7	-

Segment (¥ mn, %) (3 months)	FY3/25				FY3/26				FY3/27	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Revenues from external customers	8,674	9,418	9,337	8,980	10,296	10,592	10,478	12,676	12,174	12,291
YoY	19.9%	20.4%	17.9%	4.8%	18.7%	12.5%	12.2%	41.2%	18.2%	16.0%
Finance	4,812	5,433	5,219	4,687	5,797	5,990	5,946	7,068	6,366	-
YoY	19.3%	23.8%	17.9%	-5.5%	20.5%	10.3%	13.9%	50.8%	9.8%	-
Automobile Warranty	1,673	1,725	1,771	1,817	1,889	1,971	2,044	2,106	2,327	-
YoY	19.7%	17.4%	15.9%	13.9%	12.9%	14.3%	15.4%	15.9%	23.2%	-
Auto Mobility Services	2,186	2,255	2,345	2,468	2,485	2,619	2,473	3,489	3,475	-
YoY	21.4%	14.8%	19.6%	22.7%	13.7%	16.1%	5.5%	41.4%	39.8%	-
Adjustments and companywide	3	5	3	7	125	12	15	13	6	-
Operating profit	1,823	2,227	1,959	806	1,585	1,971	2,106	2,736	2,514	2,077
YoY	33.6%	59.3%	19.1%	-54.9%	-13.1%	-11.5%	7.5%	239.5%	58.6%	5.4%
Operating profit margin	21.0%	23.6%	21.0%	9.0%	15.4%	18.6%	20.1%	21.6%	20.7%	16.9%
Finance	1,220	1,800	1,315	235	843	1,155	1,166	1,571	1,380	-
YoY	19.4%	63.5%	13.2%	-83.4%	-30.9%	-35.8%	-11.3%	568.5%	63.7%	-
Operating profit margin	25.4%	33.1%	25.2%	5.0%	14.5%	19.3%	19.6%	22.2%	21.7%	-
Automobile Warranty	312	163	293	354	358	241	379	356	419	-
YoY	82.5%	89.5%	51.8%	9.3%	14.7%	47.9%	29.4%	0.6%	17.0%	-
Operating profit margin	18.6%	9.4%	16.5%	19.5%	19.0%	12.2%	18.5%	16.9%	18.0%	-
Auto Mobility Services	297	285	346	246	264	575	548	856	722	-
YoY	69.7%	33.2%	8.5%	402.0%	-11.1%	101.8%	58.4%	248.0%	173.5%	-
Operating profit margin	13.6%	12.6%	14.8%	10.0%	10.6%	22.0%	22.2%	24.5%	20.8%	-
Adjustments and companywide	-7	-21	7	-	120	1	11	-47	-7	-

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

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Medium-Term Management Plan

“Change & Prove 2030”

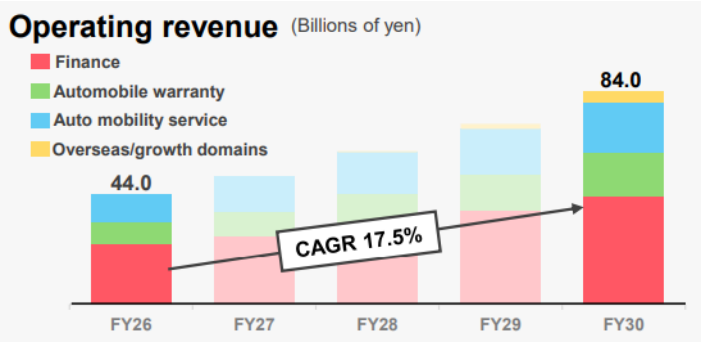
A key question is whether the company can achieve Change & Prove 2030, which targets operating revenue of ¥84.0 billion and profit before tax of ¥21.0 billion for FY3/30. The focus will be on balancing profit growth at a CAGR of approximately 25% in existing businesses with aggressive investment in new areas. The company has set a medium-term market capitalization target of ¥300.0 billion, achieving which would require both a 2.3x increase in net profit from the current level and a P/E ratio of 22x. The company’s current P/E ratio of 12x is low compared with its historical range of around 17x. The company targets a total shareholder return ratio of 50%, including a dividend payout ratio of over 30%, and has been raising its dividend consecutively.

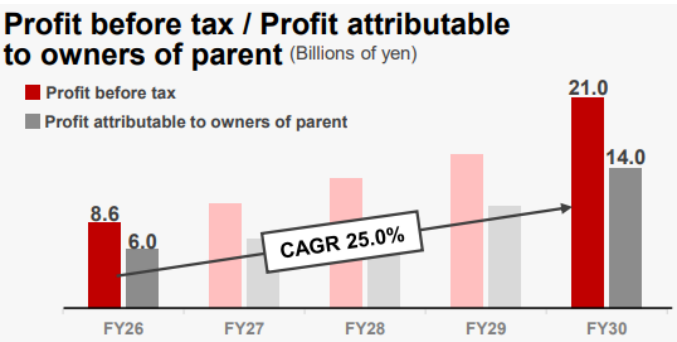
Figure 22 Medium-term management plan

Medium-term management plan (¥ mn, %)	FY3/26 Actual	FY3/27 CoE	FY3/30 Mid target	Changes FY3/26 ~ FY3/30	CAGR FY3/26 ~ FY3/30
Operating revenue (¥ mn)	44,042	51,000	84,000	39,958	17.5%
Profit before tax (¥ mn)	8,619	10,600	21,000	12,381	24.9%
Profit before tax margin	19.6%	20.8%	25.0%		
Profit attributable to owners of parent (¥ mn)	6,069	6,900	14,000	7,931	23.2%
Profit margin	13.8%	13.5%	16.7%		
PER (times)	11	-	22		18.9%
Market cap. (¥ mn)	67,800	-	300,000	23,220	45.0%
Total return ratio	34.3%	-	50%		
Payout ratio	34.3%	35.2%	over 30%		
Car Premium Club memberships (stores)	5,943	-	12,000	6,057	19.2%
Membership revenue (¥ mn)	1,800	-	5,000	3,200	29.1%
Churn rate	1.3%~1.2%	-	1.0% or less		
LTV of existing members		-	2.5 times		25.7%
Rating (JCR)	A-	-	A+		

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra

Figure 23 Medium-term management plan: revenue and growth image by business segment





Source: Company materials

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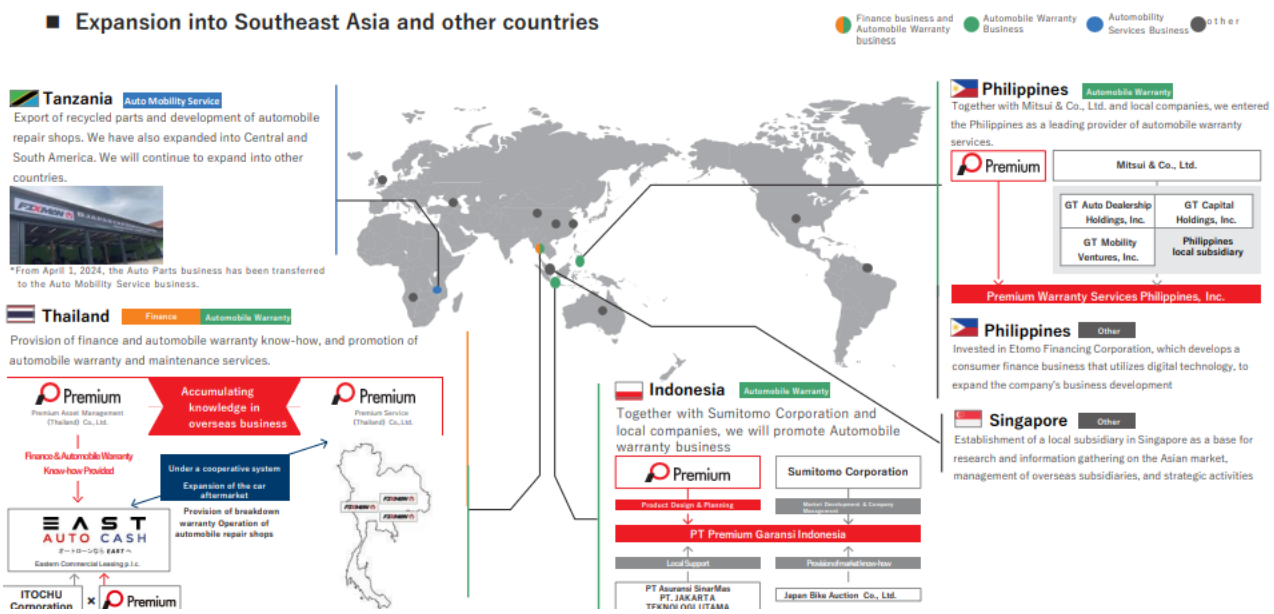
Overseas Markets and New Business Areas

The company plans to cultivate its next growth pillars in overseas markets and new domains. This strategy focuses on enhancing existing business areas while preparing for the contraction of the domestic used car market, aiming for further business expansion and evolution into the next stage of growth. It will optimally allocate management resources between existing businesses with a short- to medium-term focus and new businesses with a medium- to long-term focus.

In overseas markets, the company will make a full-scale entry into the Southeast Asian finance business, leveraging the expertise gained through EAST in Thailand to accelerate expansion under its own leadership. In areas with growth potential, it will invest from a long-term perspective without being constrained by the boundaries of its existing businesses, incorporating a sustainability perspective that pursues both social value and economic returns. In existing business areas, it will advance the sophistication of its operations in fields such as mobility and fintech through investment in digital transformation (DX), human capital, facilities, and technology.

Specific initiatives going forward include strengthening the execution structure by placing overseas businesses directly under the holding company; recruiting and developing global and local human resources; promoting domestic and international expansion through business collaboration with ITOCHU Corporation; and screening and prioritizing investment opportunities through the Strategic Growth Investment Committee. The company targets operating revenue of ¥4.0 billion and profit before tax of ¥0.5 billion from overseas markets and areas with growth potential.

Figure 24 Overseas network: as of Dec. 2025



Source: Company materials

Capital Policy

Finance

The company's financial policy is to appropriately allocate the cash generated over the four years of its medium-term management plan—from FY3/27 through FY3/30—to growth investment, shareholder returns, and maintaining financial soundness. It will allocate ¥20.0 billion to growth investment aimed at expanding its core businesses and supporting sustainable growth. Specifically, this includes M&A and new business investment in Japan and overseas, as well as investment in digital transformation (DX), human capital, and facilities.

The company targets a total shareholder return ratio of 50% for FY3/30 and plans to continue increasing dividends, with a dividend payout ratio of over 30%, while also conducting ongoing share repurchases. To maintain financial soundness, it aims to improve financial stability and raise its credit rating from the current "A−" to "A+," thereby strengthening its funding capabilities. The company has also announced a policy of making flexible decisions on share repurchases in light of the business environment and its financial position, and periodically canceling treasury shares held in excess of 5% of issued shares.

Factors Behind the Company's High ROE

The company's ROE, in the 20%-30% range, demonstrates a level of investment efficiency significantly above both the average for all companies listed on the TSE Prime Market at approximately 9-10% and the levels of major consumer credit companies. In addition to its control of financial leverage, the company's ability to maintain a high ROE is underpinned by its fee-based business model and distinctive low-risk, asset-light structure. The following examines these factors through the lens of DuPont analysis: profitability, asset efficiency, and financial leverage.

1. High profitability from a fee-based business that does not accumulate assets

Typical financial institutions and consumer credit companies raise substantial funds themselves to provide loans, resulting in large amounts of loan receivables being held as assets on their balance sheets. As assets expand, returns on assets and equity (ROA and ROE) can decline even when the business remains profitable. By contrast, the company's core auto credit business is primarily structured so that loans are funded by partner banks, while the company provides guarantees, including credit screening and receivables management.

- Off-balance-sheet structure: Most receivables are not recorded as assets on the company's own balance sheet, preventing total assets from expanding.
- Recurring fee income: The company continues to receive stable guarantee fees throughout the installment payment period.

This structure—generating earnings efficiently through low-cost fees while keeping the asset base small—enables the company to achieve both high profit margins and high capital efficiency.

2. Automobile warranties as a highly profitable second pillar

The automobile warranty business, the company's most distinctive feature relative to its peers, contributes to its high ROE. Under the used-car breakdown warranty model, the company receives warranty fees from customers at the time of purchase, pools those funds, and uses them to pay repair costs when breakdowns occur.

Because the company has a network of repair shops and a used-parts supply network within its own group, it can keep repair costs lower than those of competitors. This cost differential translates directly into a high operating profit margin, contributing to growth in net profit, the numerator of ROE.

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3. High asset turnover through extensive systemization and DX

The company focuses on IT investment, including the development of systems for affiliated dealers—used-car dealerships—and the introduction of AI-based automated credit screening. Its ability to process large volumes of credit and warranty applications with limited manual intervention enables it to achieve high asset turnover: transaction volume and revenue can increase severalfold while fixed assets and personnel expenses remain contained.

4. Appropriate use of financial leverage

Although the company operates a fee-based business, it also uses debt financing for certain receivables purchases and business expansion. Through its proprietary credit screening expertise, the company can keep credit defaults—as measured by the delinquent receivables ratio—at low level of normally around 1.5%, allowing it to employ leverage safely while containing risk. By efficiently deploying debt capital in its businesses without allowing equity to become unnecessarily large, it maintains an appropriately sized equity base, the denominator of ROE.

Summary: why the company's ROE is high

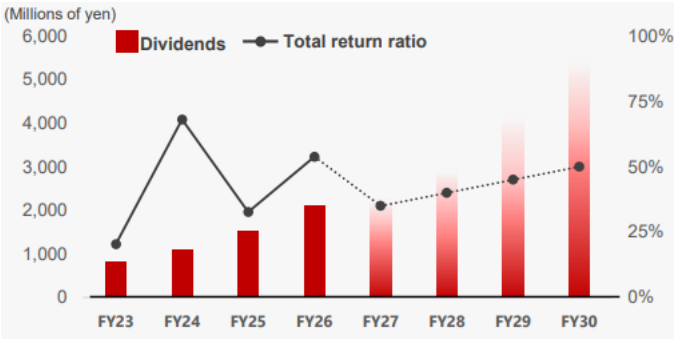
1. By using bank funding, the company can generate earnings without expanding its own asset base, maintaining an asset-light structure.
2. It offers a distinctive, high-margin service through its in-house automobile warranty business.
3. IT and DX enable it to process large transaction volumes with limited staffing and facilities.

In short, the company achieves its high ROE by efficiently capturing earnings in high-margin niche markets through a low-risk business structure.

Shareholder Returns

The company targets a total shareholder return ratio of 50%, including a dividend payout ratio of over 30%, and has been increasing its dividend consecutively.

Figure 25 Shareholder returns



Source: Company materials

Cost of Capital

As the finance business is its core business, the company is highly dependent on interest-bearing debt, with a net debt-to-equity ratio of 2.86 times. While its ROE is 27.5%, its ROIC is 6.6% (both figures for FY3/26; Alphaterra estimates). The company operates a finance business (auto loans), a business model in which interest-bearing debt (borrowings and corporate bonds) expands significantly alongside the growth of credit receivables. Consequently, compared to traditional manufacturing industries, its invested capital—the denominator—tends to be larger, resulting in a structurally lower ROIC.

With rising interest rates and the cost of capital attracting greater attention, the company needs to disclose trends in its equity spread

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and economic value added (EVA). In the Integrated Report 2026, CFO Tomohiro Kanazawa states: “We will rigorously enforce financial discipline with a strict focus on return on investment (ROI) and the cost of capital (WACC)”; “Achieving sustainable growth in shareholder value requires not merely an increase in profit, but investment returns that exceed the cost of capital”; and “We recognize that two-way, constructive dialogue with investors is extremely important, particularly in reducing the cost of capital (WACC).”

Based on standard market data and the company's disclosed IFRS consolidated financial statements, its WACC for FY3/26 (as of March 31, 2026) is calculated to be approximately 3.6% (Alphaterra estimate). Because the company’s core operations center on financing businesses such as auto credit, its business structure inherently carries a high ratio of interest-bearing debt, which allows the low after-tax cost of debt to pull down the overall WACC. The share price at the end of March 2026 (¥1,671) was near its low for the year; reflecting the subsequent share price appreciation (bringing market capitalization to the ¥80–90 billion range) increases the equity ratio and raises WACC to approximately 4.0%-4.3%. Furthermore, as the company diversifies its funding sources—including the issuance of its inaugural domestic unsecured public corporate bonds (coupon rate: 2.536%) between July and August 2026—its future marginal cost of debt should be assumed to be higher than the historical figure (1.54%) amid rising market interest rates.

Impact of Higher Interest Rates

If market interest rates rise going forward, both negative effects—higher costs—and positive effects—maintaining profit margins and increased demand—are expected for the used-car loan market and the company’s earnings. Although it is often assumed that higher interest rates make conditions more difficult for loan providers, the company has defensive measures and strengths specific to its business model, meaning that the effects are multifaceted. The potential implications are examined below from four perspectives.

1. Higher funding costs: negative in the short term

Some of the company’s funding from banks and other institutions consists of floating-rate borrowings. Consequently, higher interest rates increase its finance costs, or funding costs.

- Existing loans: Because these loans carry fixed lending rates, there is a risk that higher funding rates will compress the company’s interest margin.
- New loans: The company needs to raise interest rates on newly originated loans to cover the increase in funding costs.

2. Passing higher interest rates on to individual buyers: a positive defensive measure

This is where one of the company’s most distinctive characteristics—low customer sensitivity to interest rates—comes into play. When funding costs rise, the company increases lending rates on new loans. In the case of mortgages or new-car loans, individuals react sensitively to higher rates and may postpone purchases. As noted above, however, individual used-car loan users prioritize their immediate need for a vehicle and the amount of their monthly payments. As a result, contract volumes are less likely to decline even if interest rates rise by 1–2 percentage points.

In its earnings announcements, the company has also stated that it has been able to maintain a high gross profit margin by flexibly passing increases in market interest rates through to lending rates, demonstrating its resilience in a rising interest rate environment.

3. A tailwind for the used-car market: positive from a macroeconomic perspective

Higher interest rates could support demand in the used-car market itself. As interest rates rise, more people may abandon plans to purchase new vehicles costing several million yen to more than ¥10 million. Consequently, vehicle replacement demand may shift from new cars to used cars as buyers seek to limit their budgets—a phenomenon known as trading down. For the company, which primarily handles used-car loans, this could create an opportunity to expand its addressable market and transaction volume.

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4. Managing credit default and delinquency risks: a longer-term consideration

Higher interest rates imply tighter economic conditions and a greater financial burden on individuals. As interest rates on loans rise generally, borrowers' monthly repayment burdens increase, creating a risk of a broader increase in borrowers falling behind on payments and, consequently, delinquent receivables.

The company keeps its delinquent receivables ratio low through its proprietary, rigorous credit screening expertise and its group debt collection company, or servicer. Nevertheless, a rising interest rate environment requires more cautious risk management, particularly in credit underwriting and monitoring.

Summary: impact of higher interest rates

In the short term, the company faces pressure from increased funding costs. However, Alphaterra believes that the company's business structure makes it relatively well positioned, compared with financial institutions in other business lines, to withstand the headwinds from higher interest rates and maintain stable earnings and a high ROE. This reflects both the characteristics of the used-car market, which make it easier to pass higher interest rates on to individual buyers, and the potential shift in demand from new cars to used cars.

The company has also indicated that, in response to higher market interest rates, it will prioritize securing gross profit and collecting receivables, even if doing so temporarily moderates transaction volume growth. This demonstrates a flexible approach to managing the business in line with prevailing conditions.

Figure 26 Key metrics

Key metrics Consolidated (¥ mn)	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Stock metrics					
Shares outstanding at period-end (thousands of shares)	**40,185**	**40,328**	**40,471**	**40,540**	**40,711**
Treasury shares (thousands of shares)	1,587	1,438	2,584	2,509	1,825
EPS (¥)	76.5	103.2	119.4	122.6	157.2
Diluted EPS (¥)	75.8	102.5	118.9	122.0	156.9
PER (times)	17.6	16.4	17.3	17.0	10.6
DPS (¥)	17.0	21.0	28.0	40.0	54.0
Payout ratio	22.2%	20.4%	23.5%	32.6%	34.3%
DOE (Dividend on equity)	7.7%	7.1%	7.5%	8.9%	9.4%
BPS (¥)	251.6	342.5	404.1	497.6	649.9
Profitability ratios					
EBITDA (Operating profit + Depreciation and amortization)	5,158	5,664	7,835	8,669	10,549
EBITDA margin	24.7%	22.2%	24.8%	23.8%	24.0%
Operating profit margin	18.5%	16.7%	19.6%	18.7%	19.1%
Net profit margin	14.1%	15.7%	14.6%	12.8%	13.8%
Investment efficiency ratios					
Return on assets (ROA)	4.9%	5.8%	5.5%	4.4%	4.5%
Return on equity (ROE)	30.3%	34.7%	32.2%	27.2%	27.5%
Financial leverage	842.4%	795.5%	791.8%	906.3%	868.8%
(Equity ratio)	11.9%	12.6%	12.6%	11.0%	11.5%
Total asset turnover	25.5%	27.8%	27.8%	23.5%	22.9%
Net profit margin	14.1%	15.7%	14.6%	12.8%	13.8%
Cash and cash equivalents	11,433	14,857	21,150	17,159	26,111
Total interest-bearing debt	23,759	31,682	42,333	51,188	85,009
Net debt	12,326	16,825	21,183	34,029	58,898
Net D/E ratio	1.27	1.26	1.38	1.80	2.33
Invested capital: IC (= interest-bearing debt + equity)	30,161	39,237	51,324	63,877	90,195
NOPAT (= Operating profit × (1 - tax rate 29.5%))	2,724	2,993	4,367	4,805	5,921
ROIC (= NOPAT ÷ IC)	9.0%	7.6%	8.5%	7.5%	6.6%
Employee metrics					
Number of employees (persons)	679	700	740	814	899
Number of temporary employees (annual average, persons)	89	95	97	98	118
Operating revenue per employee	28.15	32.46	38.61	41.61	45.19
Operating profit per employee	5.21	5.41	7.58	7.79	8.62

Source: Compiled by Alphaterra based on company materials.
Note 1: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra
Note 2: As an IFRS adopter, the company includes lease liabilities within 'Other financial liabilities' on its balance sheet; however, this calculation aggregates only 'Borrowings,' which represent its primary interest-bearing debt. If a definition that includes lease liabilities were adopted, the denominator would be slightly larger, resulting in a marginally lower ROIC than the figure shown above.

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Governance

Management Philosophy

The company has established two mission statements: “We contribute to building a richer society by providing the best finance and services to people around the world.” and “We will develop and nurture enriched human capital who consistently approach their work with a positive mindset and diligently build upon every process.” The company aims to fulfill these missions by building the “Car Premium Ecosystem.” This is a comprehensive ecosystem that leverages synergies among its businesses to provide seamless, end-to-end support throughout the vehicle ownership lifecycle, from purchase through maintenance, repair, and distribution. The initiative's ultimate goal is not merely to increase membership or fee revenue; rather, it envisions building a platform that enhances the competitiveness of small and medium-sized mobility operators, which in turn drives growth across finance, warranties, and services.

Management Team

The company’s board and audit structure comprises three internal directors—CEO Yohichi Shibata, Yoshiyuki Tsuchiya, and CFO Tomohiro Kanazawa—three outside directors—Tsuguhiro Nakagawa, Yuka Horikoshi, and Hiromi Oshima—one Full-time Audit & Supervisory Board Member, and two Outside Audit & Supervisory Board Members. Women account for 33.3% of Directors and Audit & Supervisory Board Members. The company is driving a transformation from a founder-led management structure to an organization capable of sustainable growth, powered by its next-generation leadership team and autonomous talent.

Major Shareholders

As of the end of March 2026, the company’s major shareholders included Recruit Holdings (4.63%), the Government of Norway (2.40%), ITOCHU Corporation (2.06%), and Yohichi Shibata, Representative Director, President and CEO (2.03%). These ownership percentages are based on the number of issued shares excluding treasury shares. Note: As of the end of Sept. 2026, Recruit Holdings (4.65%), Yohichi Shibata (2.14%), ITOCHU Corporation (2.07%).

According to large shareholding reports, Nomura Asset Management (5.17%), Capital Research and Management Company (3.11%), and Nomura Securities (1.67%) also appear as major shareholders. These percentages are based on the number of issued shares including treasury shares. However, these shareholders are not included in the major shareholder composition above because their actual shareholdings as of March 31, 2026 could not be confirmed.

As of the end of March 2026, foreign shareholders held 24.86%, individuals and others held 34.80%, and treasury shares accounted for 4.48% of issued shares (including treasury shares).

Note: On October 28, 2026, Dalton Investments, Inc. announced that it holds 2,060,500 shares of the company's stock (a 5.05% stake based on 40,762,864 total shares issued as of October 21, 2026).

Risks

The company’s principal risks are credit risk, liquidity risk, interest rate risk, warranty underwriting risk, system risk, regulatory risk, and human capital risk. In particular, credit management in the finance business, loss ratio management in the warranty business, and system stability have a significant impact on earnings and the company’s brand. To strengthen credit management and loss ratio management in the warranty business, the company acquired CENTRAL SERVICER CORPORATION, now a consolidated subsidiary, in April 2020.

In both FY3/25 and FY3/26, costs associated with responding to a system failure affected earnings. This experience provides an important basis for assessing the company’s governance, particularly in terms of system investment, business continuity planning (BCP), monitoring arrangements, customer support during system failures, and the timeliness of disclosure.

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Background to the system failure and litigation

The litigation is currently at the stage where proceedings have commenced at the Tokyo District Court. DTS filed a lawsuit seeking payment of unpaid outsourcing fees and other amounts, while Premium Group, through its consolidated subsidiary Premium, filed a counterclaim seeking approximately ¥5.0 billion in damages. No judgment or settlement has been reached.

Structure of the dispute

Party	Arguments and Claims	Current Status
DTS	Seeks payment of unpaid outsourcing fees, additional work charges, and other amounts relating to the core system migration project.	Filed a lawsuit with the Tokyo District Court on July 6, 2026.
Premium Group / Premium	Seeks damages from DTS, alleging that the core system failed to operate properly after migration, disrupting operations and requiring a reversion to the legacy system.	Filed a counterclaim on September 10, 2026, seeking ¥5.015 billion in damages.

Current progress

DTS explains that it filed the lawsuit after good-faith discussions failed to produce a settlement, and maintains that Premium's claim for damages is without basis. Following DTS's lawsuit seeking payment of unpaid outsourcing fees, Premium filed a counterclaim seeking damages under the contract. Both companies state that the amounts claimed and the impact on their financial results may change as proceedings progress. The financial impact therefore remains undetermined at this stage.

Next points of focus

The issues in dispute are the obligation to pay for the development and additional work that DTS claims to have completed, and the causal relationship and scope of compensation for the damages that Premium alleges arose from system defects and operational disruptions. In procedural terms, the case is at the stage where examination of evidence and written submissions will advance the proceedings toward a judgment, settlement, or revision of the amounts claimed. However, no court ruling has been publicly announced at this stage.

Details of the core system problems

Based on Premium's disclosures, the central problem was that, following the switchover to the new core system in November 2024, programming defects triggered a series of failures in the registration and provision of credit information and in billing operations. Ultimately, the reliability of the new system could not be assured, and Premium fully reverted to the legacy system in September 2025.

What happened

- Premium upgraded its core system and switched to the new system on November 13, 2024.
- Following the switchover, programming defects in the new system caused inconsistencies during data migration and billing data generation.
- As a result, the provision of information on payment status under credit agreements and other information required to be registered with and provided to designated credit information agencies under the Installment Sales Act was delayed.
- Some customers received incorrect bills or had incorrect amounts debited from their accounts.

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Impact and response

Premium established a response task force to identify the scope of the failures, modify the system, and hold discussions with credit information agencies. The company states that no personal information leakage occurred. Customers for whom billing errors were confirmed were contacted individually and provided with correct billing information. A dedicated customer service center was also established.

The delays in providing credit information were initially scheduled to be resolved in March 2025. Premium subsequently explained that, from April 2025 onward, all such delays had been resolved and all customers affected by billing errors had been provided with correct billing information.

Why the company reverted to the legacy system

Although the major deficiencies had largely been resolved, Premium determined that it could not ensure sufficient reliability across the new system as a whole. Accordingly, Premium discontinued operation of the new system in September 2025 and fully reverted to the legacy system. In other words, the issue went beyond fixing isolated bugs. The company abandoned operation of the replacement core system itself, prioritizing business continuity and data accuracy. This forms a significant part of the background to its claim for damages against DTS.

Financial impact

- Data inconsistencies delayed receivables collection, leading the company to recognize an additional ¥1.02 billion in provisions for credit losses beyond its expectations in FY3/25.
- The disclosed negative impact of the system failure on profit before tax was ¥1.31 billion in FY3/25 and ¥1.13 billion in FY3/26.
- Subsequently, the company wrote off ¥610 million of software associated with the new core system that was considered unlikely to be reused. The carrying amount following the write-off was approximately ¥2.2 billion.

Current status of the litigation

DTS has filed suit seeking payment of unpaid outsourcing fees and other amounts relating to the migration project. Premium, meanwhile, has filed a counterclaim seeking ¥5.015 billion in damages from DTS in connection with the defects in the new system and the reversion to the legacy system.

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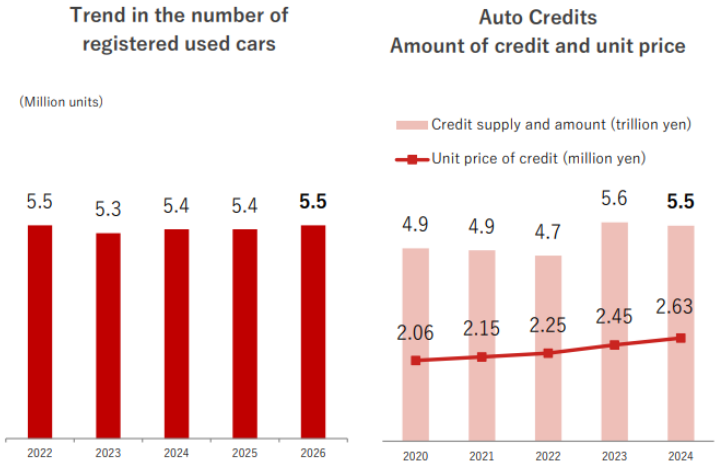
Market and Competitive Environment

Growth in Auto Credit Extended and the Average Amount per Contract

Even when domestic sales volumes of new and used vehicles remain flat, the total amount of auto credit extended and the average amount per contract can rise because credit growth is being driven not simply by "sales volume × price," but by vehicle prices, the vehicle mix, and the structure of financing products. In fiscal 2024, auto loan credit extended increased by 2.5% year on year to ¥5.6617 trillion, the highest level since fiscal 2013, the earliest year for which comparable data are available.

Figure 27 Used car market, and auto credit lending volume/unit price



Source: Company materials

Main driver: rising vehicle prices

The most direct driver is the rise in new-vehicle prices. New-vehicle prices have risen by approximately 25% over the past decade, increasing the financing required even for the same number of vehicles sold. Compliance with safety and environmental regulations, electrification, higher semiconductor and parts costs, and increases in imported parts and vehicle prices due to yen depreciation are pushing vehicle prices higher.

For used vehicles, rising new-vehicle prices generate substitution demand, while supply tends to be constrained by longer vehicle replacement cycles and exports of high-quality used vehicles. This creates a structure in which prices are less likely to decline. In 2026, observers have noted that recovering supply at used-vehicle auctions has not readily translated into lower average prices, with export demand and a higher proportion of high-priced vehicles supporting market prices.

A shift toward higher-priced vehicles

Even if sales volumes remain flat, a shift in the sales mix toward higher-priced vehicles increases both the total amount financed and the average amount per contract. A rising proportion of higher-priced vehicles—including SUVs, larger vehicles, imported vehicles, and electric vehicles—has also been identified as a factor supporting average used-vehicle transaction prices.

In other words, even with flat sales volumes, credit extended will increase if sales shift from predominantly kei cars (Japanese micro/light car category) to higher-priced vehicles. This represents an expansion in the value, rather than the volume, of the automotive market.

Structural changes in payment methods

Payment methods are also pushing up the amount of credit extended. In addition to conventional auto loans, the use of residual-value

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loans and auto leases is expanding. These products spread vehicle costs over installments, generating financing demand.

- Residual-value loans: By setting a deferred final payment, these loans reduce the monthly payment burden and facilitate purchases of higher-priced vehicles.
- Auto leases: An increasing number of products bundle maintenance, insurance, taxes, and other expenses with the vehicle itself, pushing up the nominal amount of credit extended and the average contract value.
- Even if the number of credit contracts does not increase, larger individual loan or lease contracts raise both the total amount financed and the average amount per contract.

Factors supporting used-vehicle prices

Used vehicles benefit from stable demand as an essential part of daily life, as well as substitution demand arising from higher new-vehicle prices. Meanwhile, longer vehicle ownership periods and exports of high-quality used vehicles reduce the number of vehicles circulating domestically. The resulting tight supply-demand balance maintains or pushes up prices.

Consequently, even if used-vehicle sales volumes remain flat, the amount financed per used vehicle increases, pushing up both the total amount of auto credit extended and the average amount per contract.

Additional consideration: recent countervailing pressure

However, in fiscal 2025, auto loan credit extended by member companies of the Japan Consumer Credit Association declined by 1.4% year on year to ¥5.5838 trillion. A shift back toward cash purchases due to higher interest rates has been cited as a factor.

Accordingly, it is more accurate and consistent with current conditions to view periods in which credit extended and the average amount per contract rise despite flat vehicle sales as the outcome of competing forces: structural support from higher prices, a shift toward higher-priced vehicles, and the spread of residual-value financing products, counterbalanced by the restraining effect of the interest rate environment.

Summary

Factor	Impact on Credit Extended and the Average Amount per Contract
Rising new-vehicle prices	Directly increase the amount financed per vehicle.
Support for used-vehicle prices	Substitution demand, supply constraints, and export demand sustain prices.
A higher proportion of luxury vehicles, SUVs, EVs, and other higher-priced vehicles	Increases the total amount financed even when sales volumes remain flat.
Expansion of residual-value loans and leases	Lowers barriers to purchasing higher-priced vehicles and increases financing demand.
Rising interest rates	Can instead constrain credit extended by encouraging cash purchases or discouraging purchases altogether.

In conclusion, auto credit growth can be explained not by growth in vehicle sales volumes, but by rising vehicle prices, support for used-vehicle prices, a shift in the mix toward higher-priced vehicles, and the spread of residual-value and lease-based financing.

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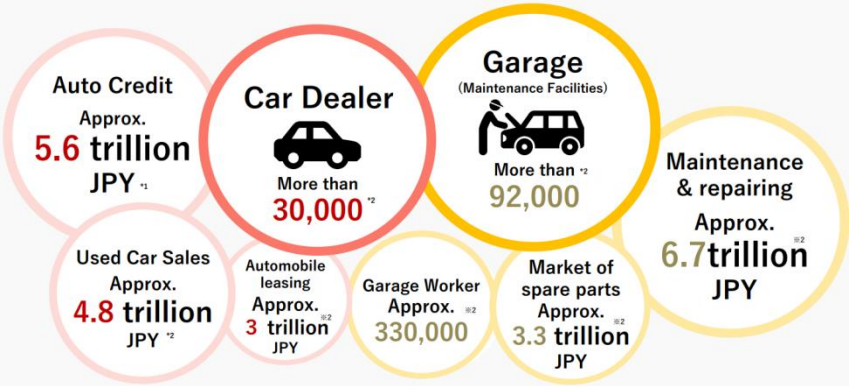
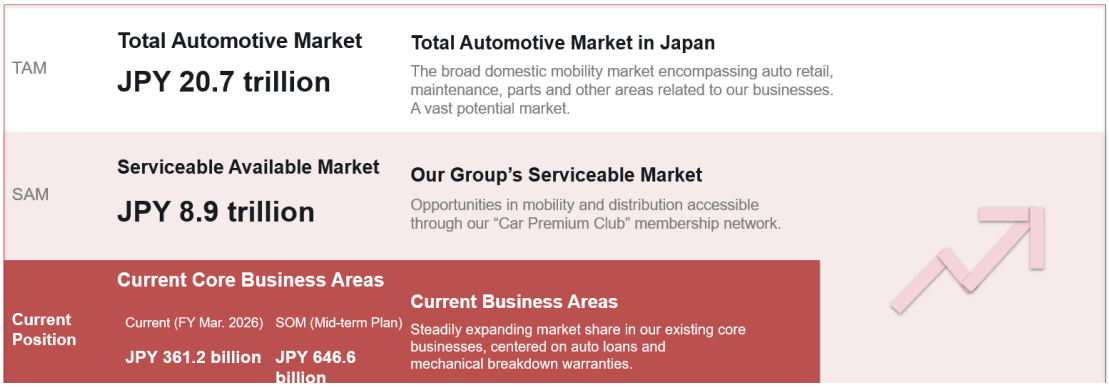
Figure 28 Market size and the company's business field



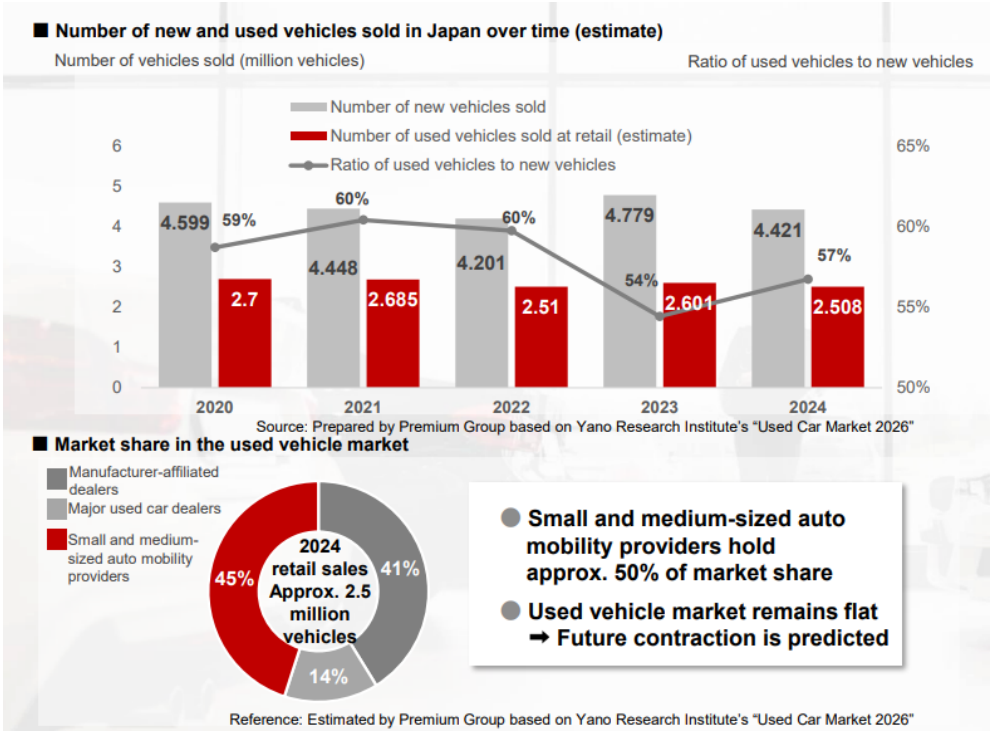
Source: Company materials

Figure 29 Business Expansion Areas (TAM, SAM)



Source: Company materials

Figure 30 The domestic automotive market for new and used cars



Source: Company materials

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Competitive Landscape

Overview

In its finance business, the company positions itself as an independent non-bank challenger catching up with two major consumer credit companies, Orient Corporation (Orico) and JACCS, while its competitive domains partially differ from those of automotive manufacturer-affiliated captives. Despite being a latecomer, the company has expanded its share among the three listed consumer credit companies to approximately 15% (as of FY3/26, according to company research) in terms of auto credit transaction volume in just over 15 years since its founding. While Orico and JACCS account for the majority of the share among the three listed consumer credit companies, the company targets a medium-term share of roughly 30% within these three companies.

Overall competitive environment

The auto credit market is broadly divided into "independent/consumer credit non-banks" and "automotive manufacturer-affiliated captive finance." In the former category, the three major players—Orico, JACCS, and the company—account for approximately 75%, with the remaining roughly 25% shared by unlisted, mid-tier non-banks such as APLUS. The latter includes automaker-affiliated groups such as Toyota Finance, which deploy financing integrated with sales promotion and brand strategy for new car sales.

Figure 31 Competitive segment

Competitive Category	Major Companies	Competitive Characteristics
Major Listed Consumer Credit Companies	Orico, JACCS, Premium Group	Compete on affiliated dealer networks, credit evaluation, and funding capabilities. Premium is expanding its share despite being a latecomer.
Unlisted / Mid-tier Non-banks	APLUS, etc.	Secures roughly 25% share through regional focus, specific channels, and flexible credit screening.
Manufacturer-affiliated Captives	Toyota Finance, etc.	Linked with new car sales, aiming to promote the purchase of in-house brand vehicles.
Banks / Shinkin Banks, etc.	Regional banks, Shinkin banks, etc.	While leveraging low interest rates, their expertise in used cars and higher-risk customers is relatively limited.

Source: Created by Alphaterra Advisory

Characteristics of the two major listed consumer credit companies

Orico engages in individual installment businesses including auto loans, housing-related, and education-related financing, demonstrating an industry-leading scale with ¥1,235.5 billion in individual installment transaction volume. In FY3/26, its settlement and guarantee business—including auto loans—expanded, resulting in operating profit increasing by 17.0% year-on-year to ¥14.4 billion. JACCS also positions auto loans as a growth area, boasting an auto loan transaction volume of ¥984.7 billion for FY3/26. While its domestic business for the same period was driven by auto loans and housing loans pushing up operating revenue, rising interest rates increased financial expenses, putting pressure on profits. In other words, while Orico and JACCS hold advantages in scale and funding bases, they share common cost pressures stemming from changes in the interest rate environment.

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The company's differentiating factors

The company's strength lies in a business structure modeled after a "company that provides one-stop automotive services," combining not only auto credit but also breakdown warranties, maintenance and repairs, reuse, and roadside assistance. The finance business is a core operation accounting for about half of operating revenue, with auto credit at its center.

- **Concentration on Used Cars and Independent Channels:** While Orico and JACCS handle a wide range of affiliated dealers and products backed by bank-affiliated capital, the company specializes in auto credit centered around used car dealerships as an independent entity.
- **Mutual Customer Referrals with Warranties and After-Sales Services: Breakdown warranties**, membership services, and maintenance support underpin loan acquisition and customer retention, also leading to revenue sources outside of finance.
- **Higher Productivity per Affiliated Dealer:** The company manages sales and dealer-support efficiency using KPIs such as "monthly transaction volume per auto sales representative (PH)," supporting share expansion through investment in human capital and higher utilization rates.
- **Rebound in the Recovery Phase:** Amid an overall flat market in FY3/26, the company recovered its volume of new loans to the previous year's level in the fourth quarter, expecting a return to growth in FY3/27.

Relationship with manufacturer-affiliated captives

Manufacturer-affiliated entities such as Toyota Finance possess strong influence in pricing competition and terms because they serve the strategic objective of promoting new car sales for their own brands, rather than pursuing pure lending profitability. Toyota's financial service receivables reached ¥38,966.6 billion as of March 31, 2026, of which Japan accounted for 10%. However, while the main battlefield for manufacturer-affiliated entities is brand-new vehicles, the company's core is used car auto credit. Therefore, rather than a direct competitor, it is more accurate to view them as competing in an adjacent market for the customer’s vehicle purchase funds.

Risks and future issues

For the company to approach its medium-term target of approximately 30%, it must capture market share from the existing affiliated dealer networks of Orico and JACCS. This will be a contest of overall strength encompassing screening speed, approval rates, rebates/service quality, delinquency management, and funding costs.

- **Interest Rate Rise Risk:** Similar to JACCS and Orico, rising procurement costs squeeze profit margins.
- **Credit and Delinquency Risk:** The wider the affiliated dealer network is expanded to gain market share, the more critical credit quality control and debt collection systems become.
- **Market Growth Constraints:** Although used car registrations have partially recovered, the overall market remains flat against the backdrop of stagnant new car sales, making market share gains the main driver of growth.
- **Captive Competitive Pressure:** When manufacturer-affiliated companies offer advantageous loan terms for sales promotion purposes, independents must counter with flexibility and dealer support.
- **Risk of Failing to Adapt to Advanced Automotive Technologies:** Autonomous vehicles and Software-Defined Vehicles (SDVs) will emerge from 2030 onward. Maintenance of these vehicles is software- and data-based rather than traditional mechanical work, requiring completely different approaches and additional equipment. Alphaterra projects that many small- and medium-sized maintenance shops, which are one of the elements that form the Car Premium Ecosystem, will drop out, unable to keep pace with this advancement in maintenance. Similarly, while large-scale used car dealers capable of producing refurbished used cars through advanced maintenance should be able to cope, smaller ones remain vulnerable. Manufacturer-affiliated sales companies possess the know-how and capital to do this and are likely to make recapturing customers previously lost to outside channels a strategic priority. The challenge lies in how to form and strengthen the Car Premium Ecosystem in a scenario in

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which these key players decline.

Overall, the company is positioned as a rising challenger rapidly increasing its presence among the three listed companies, armed with "independence, used-car specialization, and synergies with warranties and other services," although it falls short of the top two players in scale. The focal points of competition are not merely interest rates or transaction volumes, but merchant acquisition capabilities, credit quality, customer lock-in via after-services, maintaining profitability under rising interest rates, and the capacity to adapt to advanced automotive technologies.

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SWOT Analysis

Strengths

- Ability to leverage its independence from any financial institution group to expand business domains into non-financial areas (membership, mobility services, etc.)
- One-stop service focusing on the used car market: end-to-end proposals of "loans + breakdown warranties + parts supply + dealer-oriented software"
- Extremely high professional knowledge and know-how of sales personnel, enabling a speedy response to the detailed needs of used car dealerships
- Improvement of the earnings structure through the expansion of stock-type membership, breakdown warranty, and mobility services revenues (9 consecutive fiscal years of increased revenue and profit since listing)
- Business efficiency, credit/cost management, and customer experience enhancement through DX and AI investments
- Achievement of consecutive dividend increases through capital efficiency measures such as high ROE and investment payback period management

Weaknesses

- Disparities in transaction volume scale, capital strength, and technological capabilities compared to major competing credit/installment companies and manufacturer-affiliated credit companies (especially affiliated small- and medium-sized maintenance shops)
- Global expansion centered primarily on Southeast Asia, with delayed entry into other regions
- Low recognition in the stock market (low P/E ratio, small market capitalization)

Opportunities

- Cultivating the potential market for dealer-originated independent warranties (which account for approximately 90% of the entire automotive warranty market) to expand market share
- Expanding market share in the domestic auto credit market through roll-up M&A
- Expansion of Japanese used car exports: developing overseas markets (mainly in Southeast Asia) through business alliances and strategic M&A

Threats

- Interest rate hikes and increased credit costs
- Attrition of small- and medium-sized maintenance shops due to advanced automotive technologies (EVs, hybrids, autonomous driving, SDVs, etc.)
- Slump in the used car market and automobile registration volume
- Higher-than-expected warranty costs
- Customer information leakage due to cyber-attacks
- Delayed recovery of investments in overseas businesses and new ventures
- Litigation risks (system failures, etc.)

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Challenges

- Strengthening the Car Premium Ecosystem (specifically, improving the technical capabilities of maintenance shops in response to advanced automotive technologies and increasing penetration of the Car Premium brand)
- Securing human resources, education and training, and successor development
- Infrastructure investments in advanced technologies, AI utilization, etc.
- Strengthening profitability (top-line growth rate, margin improvement and stability)
- Capital policy (ROE/ROIC improvement, strategic investment/M&A, shareholder returns)

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Appendix

Figure 32 Profit and loss statement (IFRS)

Profit and loss statement (IFRS) Consolidated (¥ mn)	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR 3/22-3/26
Operating revenue	**20,888**	**25,465**	**31,546**	**36,409**	**44,042**	20.5%
YoY	17.2%	21.9%	23.9%	15.4%	21.0%	
Operating expenses	**17,024**	**21,220**	**25,351**	**29,594**	**35,644**	20.3%
Operating expenses ratio to sales	81.5%	83.3%	80.4%	81.3%	80.9%	
Operating profit	**3,864**	**4,245**	**6,195**	**6,815**	**8,398**	21.4%
YoY	31.7%	9.9%	45.9%	10.0%	23.2%	
Operating profit margin	18.5%	16.7%	19.6%	18.7%	19.1%	
Share of profit of investments accounted for using equity method	213	1,075	119	22	114	
Other finance income	3	59	13	61	192	
Other finance costs	63	35	86	46	86	
Profit before tax	**4,017**	**5,344**	**6,241**	**6,851**	**8,619**	21.0%
YoY	16.0%	33.0%	16.8%	9.8%	25.8%	
Profit before tax margin	19.2%	21.0%	19.8%	18.8%	19.6%	
Income tax expense	1,053	1,341	1,623	2,203	2,543	
Tax rate	26.2%	25.1%	26.0%	32.2%	29.5%	
Profit	**2,964**	**4,003**	**4,617**	**4,648**	**6,075**	19.7%
YoY	23.9%	35.1%	15.3%	0.7%	30.7%	
Profit margin	14.2%	15.7%	14.6%	12.8%	13.8%	
Non-controlling interests	23	9	10	-3	6	
Profit attributable to owners of parent	**2,941**	**3,994**	**4,608**	**4,651**	**6,069**	19.9%
YoY	23.4%	35.8%	15.4%	0.9%	30.5%	
Profit margin	14.1%	15.7%	14.6%	12.8%	13.8%	

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra.

Figure 33 Balance sheet (IFRS)

Balance Sheet (IFRS) Consolidated (¥ mn)	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Assets					
Cash and cash equivalents	11,433	14,857	21,150	17,159	26,111
Financial receivables	35,733	45,003	56,419	74,719	91,122
Other financial assets	5,786	6,281	7,524	8,366	10,150
Property, plant and equipment	3,648	3,074	2,837	5,396	5,046
Intangible assets	6,279	7,930	8,914	9,201	8,697
Goodwill	3,958	3,958	3,958	3,958	4,197
Investments accounted for using equity method	1,600	2,624	3,173	4,085	4,894
Deferred tax assets	3	5	14	50	424
Insurance assets	3,284	4,465	6,893	42,130	32,681
Other assets	10,075	13,234	14,393	19,924	15,642
Total assets	**81,800**	**101,431**	**125,274**	**184,988**	**198,965**
Liabilities					
Financial guarantee contracts	30,065	36,818	45,726	81,245	56,913
Deferred warranty revenue	-	6,030	7,184	8,055	9,247
Borrowings	23,759	31,682	42,333	51,188	85,009
Other financial liabilities	7,248	7,855	8,063	16,686	13,390
Provisions	366	363	383	436	468
Income taxes payable	720	603	1,164	1,821	1,716
Deferred tax liabilities	1,238	1,360	1,236	836	899
Other liabilities	8,590	3,367	3,835	5,773	6,028
Total liabilities	**71,987**	**88,078**	**109,923**	**166,039**	**173,670**
Equity					
Equity attributable to owners of parent					
Share capital	1,700	1,700	1,700	1,700	1,817
Capital surplus	1,295	1,415	1,534	1,585	2,574
Retained earnings	7,722	10,952	14,626	17,949	22,204
Treasury shares	-1,201	-1,088	-3,109	-3,046	-2,303
Other components of equity	194	343	559	734	977
Equity attributable to owners of parent	9,710	13,322	15,310	18,923	25,270
Non-controlling interests	103	31	40	26	24
Total equity	**9,814**	**13,353**	**15,351**	**18,948**	**25,295**
Total liabilities and equity	**81,800**	**101,431**	**125,274**	**184,988**	**198,965**

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra.

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Figure 34 Statement of cash flows

Statement of cash flows Consolidated (¥ mn)	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Cash flow from operating activities (1)	1,608	-449	2,489	-7,761	-21,283
Profit before tax	4,017	5,344	6,241	6,851	8,619
Depreciation	1,294	1,419	1,640	1,854	2,151
Other loss (profit)	185	158	396	476	1,447
Decrease (increase) in financial receivables	-7,619	-9,270	-11,136	-18,297	-16,398
Increase (decrease) in financial guarantee contracts	4,986	6,751	8,908	35,516	-24,331
Decrease (increase) in other financial assets	-504	-458	-1,147	-398	-1,573
Increase (decrease) in other financial liabilities	369	922	772	6,282	-2,806
Decrease (increase) in other assets	-1,251	-4,264	-3,699	-40,625	14,340
Increase (decrease) in other liabilities	1,428	1,208	1,633	2,835	1,335
Share of loss (profit) of investments accounted for using equity method	-213	-1,075	-119	-22	-114
Cash flow from investing activities (2)	-1,028	-2,320	-3,093	-2,456	-1,931
Purchases of tangible and intangible fixed assets	-819	-2,155	-2,133	-1,407	-1,626
Proceeds from sales of property, plant and equipment	-	82	11	21	356
FCF (1 + 2)	580	-2,769	-604	-10,217	-23,214
Cash flow from financing activitie	2,797	6,181	6,892	6,220	32,148
Net change in short-term borrowings	-900	900	-1,000	500	-500
Net change in long-term borrowings	4,985	7,009	11,620	8,337	33,778
Proceeds from long-term borrowings	11,048	13,358	21,004	19,867	53,448
Repayment of long-term borrowings	-6,063	-6,349	-9,384	-11,530	-19,670
Net issuance and redemption of corporate bonds	-	-	-	-	-
Dividends paid	-621	-722	-934	-1,327	-1,816
Depreciation (A)	1,294	1,419	1,640	1,854	2,151
Capital expenditures (B)	1,892	2,743	2,563	4,989	2,323

Source: Compiled by Alphaterra based on company materials.
Note: Amounts are rounded to the nearest ¥1 million; ratios are rounded to one decimal place. * Calculated by Alphaterra.

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