Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act)

Fiscal Year	From April 1, 2025
(11th Term)	To March 31, 2026

Premium Group Co., Ltd.

Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo

(E33624)

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[Cover]

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[Filing to]	Director-General of the Kanto Local Finance Bureau
[Date of filing]	June 23, 2026
[Fiscal Year]	11th Term (From April 1, 2025 To March 31, 2026)
[Company Name]	Premium Group Co., Ltd.
[English Name]	Premium Group Co., Ltd.
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[Name of Contact Person]	Tomohiro Kanazawa, Director, Executive Officer, CFO
[Place for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I [Information on the Group]

1 [Overview of the Group]

(Introduction)

The Company is a holding company that manages the business of its subsidiaries, including Premium Co., Ltd., which oversees the Finance Business; Premium Warranty Services Co., Ltd., which oversees the Automobile Warranty Business; and Premium Mobility Services Co., Ltd., which oversees the Auto Mobility Services Business. The Company was established on May 25, 2015, under the trade name AZS No. 1 Co., Ltd., as a vehicle for accepting investment from the AZ-Star No. 1 Investment Limited Partnership. Subsequently, on June 19, 2015, the Company acquired all shares of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.) and made it a wholly owned subsidiary. On July 8 of the same year, the Company changed its trade name to Premium Group Co., Ltd., and it continues to operate under this name.

In addition, Premium Co., Ltd., a major subsidiary, was established on July 31, 2007, as a wholly owned sub-subsidiary to handle new business for Gulliver International Co., Ltd. (currently IDOM Inc., Chiyoda-ku, Tokyo; President and Representative Director: Yusuke Hatori), which operates a used car wholesale business. To improve its financing capabilities and expand its Finance and Automobile Warranty Businesses, it became a wholly owned subsidiary of SBI Holdings, Inc. (Minato-ku, Tokyo; Representative Director, Chairman, President & CEO: Yoshitaka Kitao) in July 2010, and in March 2013, it became a wholly owned subsidiary of a fund managed and operated by i-Sigma Capital Co., Ltd. (Chiyoda-ku, Tokyo; President and Representative Director: Susumu Takayama), which is a wholly owned subsidiary of Marubeni Corporation (Chiyoda-ku, Tokyo; President and CEO: Masayuki Omoto). Subsequently, it became a subsidiary of the Company in pursuit of further growth opportunities, and it continues to operate as such.

At the Board of Directors meeting held on January 23, 2026, the Company resolved to merge Premium Warranty Services Co., Ltd., Premium Mobility Services Co., Ltd., and Car Premium Co., Ltd. into Premium Co., Ltd., with an effective date of July 1, 2026.

1 [Trends in Principal Management Benchmarks]

(1) Consolidated Management Benchmarks, etc.

Term		IFRS				
		7th term	8th term	9th term	10th term	11th term
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Operating revenue	(million yen)	20,888	25,465	31,546	36,409	44,042
Operating profit	(million yen)	3,864	4,245	6,195	6,815	8,398
Profit before tax	(million yen)	4,017	5,344	6,241	6,851	8,619
Profit attributable to owners of parent	(million yen)	2,941	3,994	4,608	4,651	6,069
Comprehensive income attributable to owners of parent	(million yen)	2,988	4,079	4,734	4,749	6,334
Equity attributable to owners of parent	(million yen)	9,710	13,322	15,310	18,923	25,270
Total assets	(million yen)	81,800	101,431	125,274	184,988	198,965
Equity per share attributable to owners of parent	(yen)	251.57	342.54	404.11	497.57	649.87
Basic earnings per share	(yen)	76.46	103.17	119.39	122.61	157.22
Diluted earnings per share	(yen)	75.79	102.50	118.89	121.99	156.86
Equity attributable to owners of parent ratio	(%)	11.87	13.13	12.22	10.23	12.70
Return on equity attributable to owners of parent	(%)	34.76	34.75	32.19	27.17	27.47
Price earnings ratio	(times)	17.63	16.43	17.26	16.96	10.60
Cash flows from operating activities	(million yen)	1,608	(449)	2,489	(7,761)	(21,283)
Cash flows from investing activities	(million yen)	(1,028)	(2,320)	(3,093)	(2,456)	(1,931)
Cash flows from financing activities	(million yen)	2,797	6,181	6,892	6,220	32,148
Cash and cash equivalents at end of period	(million yen)	11,433	14,848	21,139	17,147	26,099
Number of employees (Average number of temporary employees)	(people)	679 (89)	700 (95)	740 (97)	814 (98)	899 (118)

(Note) 1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS").

2. "Operating revenue" for the 7th term has been partially reclassified due to a change in presentation method.

3. The Company has applied IFRS 17 "Insurance Contracts" and IAS 12 "Income Taxes" from the 9th term. Accordingly, the major consolidated financial indicators for the 8th term are presented after retrospective application of these accounting standards.

4. The scope of "Number of employees" has been changed from the 9th term.

5. The number of employees represents the number of working personnel (excluding those seconded from the Group to outside the Group, and including those seconded from outside the Group to the Group), and the average annual number of temporary employees (including part-time workers and temporary staff from staffing agencies) is indicated in parentheses as an addendum.

6. The Company conducted a 3-for-1 stock split of its common stock effective September 1, 2022. Equity per share attributable to owners of parent, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split was conducted at the beginning of the 7th term.

(2) Financial Indicators of the Filing Company

Term		Japanese GAAP				
		7th term	8th term	9th term	10th term	11th term
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Operating revenue	(million yen)	3,098	3,716	4,571	7,180	6,843
Operating profit	(million yen)	1,514	1,955	2,125	3,939	3,204
Ordinary profit	(million yen)	1,470	1,914	2,045	3,882	3,114
Profit	(million yen)	1,423	1,916	1,841	3,829	3,029
Share capital	(million yen)	1,668	1,674	1,680	1,683	1,817
Total number of shares issued	(shares)	13,394,990	40,327,770	40,470,570	40,540,170	40,710,663
Net assets	(million yen)	5,380	6,850	5,894	8,645	11,713
Total assets	(million yen)	12,635	14,197	14,414	19,145	29,540
Net assets per share	(yen)	139.38	176.15	155.58	227.31	301.22
Dividend per share (of which interim dividend per share)	(yen)	51.00 (25.00)	21.00 (10.00)	28.00 (13.00)	40.00 (20.00)	54.00 (27.00)
Earnings per share	(yen)	36.99	49.48	47.70	100.93	78.46
Diluted earnings per share	(yen)	36.67	49.16	47.50	100.42	78.28
Equity ratio	(%)	42.3	47.6	39.6	43.7	38.8
Return on equity	(%)	28.9	31.7	29.6	54.4	30.5
Price earnings ratio	(times)	36.45	34.26	43.21	20.61	21.25
Dividend payout ratio	(%)	46.0	42.4	58.7	39.6	68.8
Number of employees (Average number of temporary employees)	(people)	77 (17)	84 (18)	87 (9)	121 (12)	128 (13)
Total shareholder return (Comparative index: TOPIX including dividends)	(%) (%)	169.8 (102.0)	215.5 (107.9)	264.6 (152.5)	271.9 (150.2)	227.2 (202.2)
Highest stock price	(yen)	4,345	1,983 (5,949)	2,091	2,668	2,468
Lowest stock price	(yen)	2,387	1,179 (3,537)	1,350	1,570	1,609

(Note) 1. The number of employees represents the number of working personnel (excluding those seconded from the Company to other companies, and including those seconded from other companies to the Company), and the average annual number of temporary employees (including part-time workers and temporary staff from staffing agencies) is indicated in parentheses as an addendum.

2. The Company conducted a 3-for-1 stock split of its common stock effective September 1, 2022. Net assets per share, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split was conducted at the beginning of the 7th term. In addition, the highest and lowest stock prices for the 8th term are those after the stock split, with the highest and lowest stock prices before the stock split shown in parentheses.

3. The highest and lowest stock prices are those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and those prior to that date are on the First Section of the Tokyo Stock Exchange.

2. History

May 2015	Established AZS No. 1 Co., Ltd. (currently Premium Group Co., Ltd.) with a share capital of 500 thousand yen
June 2015	Increased share capital to 1.5 billion yen
	Acquired shares of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd., a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director, COO: Yoshiyuki Tsuchiya; hereinafter referred to as "Premium")
July 2015	Changed trade name from AZS No. 1 Co., Ltd. to Premium Group Co., Ltd.
September 2015	Reduced share capital to 50 million yen
February 2016	Premium concluded a business alliance agreement with Eastern Commercial Leasing p.l.c. (currently an equity-method affiliate; location: Bangkok, Thailand; CEO: Danucha Verapong; hereinafter referred to as "EAST") regarding the underwriting of a third-party allotment of shares implemented by EAST and the Auto Finance Business (Note 1), etc.
March 2016	Issued the 1st series of stock acquisition rights A and B
April 2016	Premium established PFS (Thailand) Co., Ltd. (currently a consolidated subsidiary, currently Premium Asset Management (Thailand) Co., Ltd.; location: Bangkok, Thailand; President: Naoyuki Nozawa; hereinafter referred to as "PAMT")
May 2016	Premium completed the third-party allotment of shares by EAST, making it an affiliated company
July 2016	Transitioned to a holding company structure with the Company as the holding company
August 2016	Established corporate functions and group company management functions within the Company
	Made PAMT a subsidiary through share transfer
	Established PAS Co., Ltd. (currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Kanji Sato) with a share capital of 25 million yen
November 2016	Established Eastern Premium Services Co., Ltd. (currently Premium Service (Thailand) Co., Ltd., currently a consolidated subsidiary; location: Bangkok, Thailand; President: Seiichiro Koshihara; hereinafter referred to as "PST") as a joint venture with EAST and Rising Sun Shoji Co., Ltd. (location: Yokohama City, Kanagawa Prefecture; President and Representative Director: Kunio Shinohara)
April 2017	Acquired warrants (stock acquisition rights) issued by EAST
July 2017	Established Premium Lease Co., Ltd. (currently PLS Co., Ltd., currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Yoshiyuki Tsuchiya) with a share capital of 40 million yen
	Established CIFUT Co., Ltd. (currently an equity-method affiliate; location: Itako City, Ibaraki Prefecture; President and Representative Director: Tatsuya Osaki) as a joint venture with Itako Automobile Sales Co., Ltd. (location: Itako City, Ibaraki Prefecture; President and Representative Director: Tatsuya Osaki)
September 2017	Opened PST's first maintenance factory in Bangkok, Thailand, and commenced the automobile maintenance business in Thailand
November 2017	Established PT Premium Garansi Indonesia (currently an equity-method affiliate; location: Jakarta, Indonesia; Representative: Heriyanto Lim)
December 2017	Listed shares on the Second Section of the Tokyo Stock Exchange
April 2018	Joined the Japan Business Federation (Keidanren)
June 2018	Established Premium System Service Co., Ltd. (consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Toru Onuki; hereinafter referred to as "PSS") with a share capital of 20 million yen as a joint venture with U-Car Service Co., Ltd. (location: Asahikawa City, Hokkaido; President and Representative Director: Mitsunori Suzuki)
October 2018	Acquired shares of Soft Planner Co., Ltd. (currently Premium Soft Planner Co., Ltd., currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Toru Onuki; hereinafter referred to as "PSP") and made it a subsidiary
December 2018	Market change to the First Section of the Tokyo Stock Exchange
April 2019	Acquired shares of Loperaio Solutions Co., Ltd. (currently Premium Warranty Services Co., Ltd., currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Wataru Ota) and made it a subsidiary
August 2019	Made PST a subsidiary through share transfer
	Changed trade name from Loperaio Solutions Co., Ltd. to EGS Co., Ltd.

January 2020	Established VALUE Co., Ltd. (currently a consolidated subsidiary; location: Chuo-ku, Saitama City, Saitama Prefecture; President and Representative Director: Kumi Kondo) with a share capital of 5 million yen Established Premium Mobility Services Co., Ltd. (currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Yoshiyuki Tsuchiya) with a share capital of 20 million yen
April 2020	Acquired shares of CENTRAL SERVICER CORPORATION (currently a consolidated subsidiary; location: Chuo-ku, Tokyo; President and Representative Director: Ken Horinouchi) and made it a subsidiary Relocated headquarters to Minato-ku, Tokyo
October 2020	Changed trade name from EGS Co., Ltd. to Premium Warranty Services Co., Ltd. and relocated the head office to Minato-ku, Tokyo
February 2021	Established Premium Warranty Services Philippines, Inc. (currently an equity-method affiliate; location: Manila, Philippines; President and Representative Director: Gaku Matsuda)
March 2022	Established Car Premium Co., Ltd. (currently a consolidated subsidiary; location: Minato-ku, Tokyo; President and Representative Director: Yohichi Shibata) with a share capital of 5 million yen
April 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange
June 2022	Made PSP a wholly owned subsidiary through a share exchange
April 2024	Premium acquired shares of AND Financing Corporation (currently Etomo Financing Corporation, currently a consolidated subsidiary (Note 2), location: Manila, Republic of the Philippines, CEO: Katsuhiko Madono, hereinafter referred to as 'AFC') and made it an affiliated company
February 2025	Premium underwrote a third-party allotment of shares by EAST AFC, an affiliated company of Premium, changed its trade name to Etomo Financing Corporation (hereinafter referred to as 'EFC') Liquidated PSS
December 2025	Concluded a joint venture agreement with Bike O & Company Ltd. (location: Setagaya-ku, Tokyo, Representative Director and CEO: Atsushi Sawa) and established a joint venture company, RIDE&LINK Co., Ltd. (currently an equity-method affiliated company, location: Minato-ku, Tokyo, Representative Directors: Yoshiyuki Tsuchiya and Yuji Usui)

(Note) 1. The business operated by EAST in the Kingdom of Thailand is described as the "Auto Finance Business" because it differs from the "Finance Business" operated by the Group under the Installment Sales Act of Japan.

2. EFC is an equity-method affiliate as of the end of the current consolidated fiscal year, but the Board of Directors resolved to make it a consolidated subsidiary at a meeting held on May 26, 2026.

The history of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.), which became a wholly owned subsidiary of the Company on June 19, 2015, is as follows.

(Premium Co., Ltd.)

July 2007	Established G-One Credit Service Co., Ltd. (currently Premium Co., Ltd.) in Minato-ku, Tokyo, with a capital of 100 million yen, for the purpose of providing finance services, primarily auto credit, and automobile warranty services.
November 2007	Acquired a portion of the business from Gakken Credit Co., Ltd. (currently JACCS Co., Ltd.) and commenced operations at the Tokyo Head Office in Minato-ku, Tokyo, and the Osaka Branch (currently Osaka Division) in Suita City, Osaka Prefecture.
August 2008	Increased the capital of G-One Credit Service Co., Ltd. to 490 million yen.
November 2008	Opened the East Kanto Branch in Matsudo City, Chiba Prefecture.
December 2008	Opened the Kobe Office in Kobe City, Hyogo Prefecture.
April 2010	Received registration as an "Individual Credit Purchase Agency" (Registration No.: Kanto (Ko) No. 11) from the Kanto Bureau of Economy, Trade and Industry of the Ministry of Economy, Trade and Industry to engage in individual credit purchase agency business (Note 1). Opened the Saitama Branch (currently Kanto Chuo Branch) in Kawaguchi City, Saitama Prefecture, and the West Kanto Branch in Machida City, Tokyo. Opened the Nagoya Office in Nagoya City, Aichi Prefecture.
July 2010	Shareholders changed from G-One Financial Service Co., Ltd. to SBI Holdings, Inc.

August 2010	Increased the capital of G-One Credit Service Co., Ltd. to 1,250 million yen.
	Relocated the Kobe Office to Akashi City, Hyogo Prefecture.
October 2010	Changed the trade name from G-One Credit Service Co., Ltd. to SBI Credit Co., Ltd.
	Opened the North Kanto Office (currently North Kanto Branch) in Ota City, Gunma Prefecture.
March 2011	Increased the capital of SBI Credit Co., Ltd. to 1,500 million yen.
	Opened the Fukuoka Office in Fukuoka City, Fukuoka Prefecture.
July 2011	Opened the Okayama Office (currently Chugoku Branch) in Okayama City, Okayama Prefecture, and the Keiji Office (currently Kansai Chuo Branch) in Kyoto City, Kyoto Prefecture.
August 2011	Opened the Sapporo Office in Sapporo City, Hokkaido.
March 2012	Increased the capital of SBI Credit Co., Ltd. to 1,515 million yen.
	Expanded and relocated the North Kanto Office within Ota City, Gunma Prefecture.
July 2012	Opened the West Tokyo Office in Kokubunji City, Tokyo.
August 2012	Relocated the West Kanto Branch to Yokohama City, Kanagawa Prefecture.
March 2013	Shareholders changed from SBI Holdings, Inc. to a fund managed and operated by I-Sigma Capital Co., Ltd., a subsidiary of Marubeni Corporation.
May 2013	Opened the Sendai Office in Sendai City, Miyagi Prefecture.
July 2013	Changed the trade name from SBI Credit Co., Ltd. to Premium Financial Services Co., Ltd.
August 2013	Expanded and relocated the Nagoya Branch (currently Nagoya Office) within Nagoya City, Aichi Prefecture.
	Integrated the Kobe Office into the Osaka Branch.
	Split the East Kanto Branch to establish the East Tokyo Office (currently East Tokyo Branch) and the East Kanto Office (currently North Kanto Branch).
	Relocated the East Tokyo Office to Chiba City, Chiba Prefecture.
September 2013	Obtained "Privacy Mark" certification from the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) (Registration No.: 10670054).
October 2013	Relocated the East Kanto Office (currently North Kanto Branch) to Kashiwa City, Chiba Prefecture.
July 2014	Expanded and relocated the Osaka Branch within Suita City, Osaka Prefecture, and changed its name to Osaka Division.
	Expanded and relocated the Kanto Chuo Branch to Saitama City, Saitama Prefecture.
October 2014	Relocated the East Kanto Office (currently North Kanto Branch) to Tsukuba City, Ibaraki Prefecture.
	Split the West Tokyo Office and integrated it into the Kanto Chuo Branch and the West Kanto Branch.
April 2015	Expanded and relocated the West Kanto Branch to Yokohama City, Kanagawa Prefecture, and established corporate functions.
May 2015	AZ-Star Co., Ltd., established through investments by Aozora Bank, Ltd., Kanematsu Corporation, S-Networks Co., Ltd., and The Tokyo Star Bank, Ltd. (Note 2), established AZS No. 1 Co., Ltd. (currently Premium Group Co., Ltd.) in Chiyoda-ku, Tokyo, with a capital of 500 thousand yen as a vehicle for accepting investments.
	Shareholders changed to a fund managed and operated by AZ-Star Co., Ltd.
June 2015	AZS No. 1 Co., Ltd. becomes the parent company of Premium following the transfer of shares from a fund managed and operated by i-Sigma Capital Co., Ltd. to a fund managed and operated by AZ-Star Co., Ltd.
February 2016	Underwrote a third-party allotment of shares issued by EAST and concluded a business alliance agreement with EAST regarding the Auto Finance Business, etc.
April 2016	Established PAMT in Bangkok, Thailand, with a share capital of 2 million baht.
May 2016	Completed the third-party allotment of shares by EAST, making it an affiliated company.
July 2016	Transitioned to a holding company structure with the Company as the holding company
October 2016	Co-located the Utsunomiya Branch (currently North Kanto Branch) with the North Kanto Branch and opened an office in Ota City, Gunma Prefecture.
November 2016	Expanded and relocated the Kanto Chuo Branch (currently Kanto Chuo Division) to Saitama City, Saitama Prefecture, and established corporate functions.
December 2016	Relocated the North Kanto Branch to Maebashi City, Gunma Prefecture.
	Relocated the Utsunomiya Branch (currently North Kanto Branch) to Utsunomiya City, Tochigi Prefecture.
May 2017	Joined the Japan Warranty Association.
August 2017	Expanded and relocated the Sapporo Branch (currently Sapporo Office) to Sapporo City, Hokkaido.
September 2018	Expanded and relocated the Fukuoka Branch (currently Fukuoka Office) to Fukuoka City, Fukuoka Prefecture.

February 2019	Opened the Hiroshima Business Site (currently Chugoku Branch) in Hiroshima City, Hiroshima Prefecture.
April 2019	Expanded and relocated the East Tokyo Branch to Chiba City, Chiba Prefecture.
October 2019	Integrated with the Mikawa Branch and opened the Shizuoka Branch (currently West Kanto Branch) in Shizuoka City, Shizuoka Prefecture.
February 2020	Expanded and relocated the Nagoya Office to Nagoya City, Aichi Prefecture. Changed the trade name from Premium Financial Services Co., Ltd. to Premium Co., Ltd. Relocated the head office to Minato-ku, Tokyo.
March 2020	Opened the Shibuya Office in Shibuya-ku, Tokyo.
April 2020	Opened the Harumi Office in Chuo-ku, Tokyo.
June 2020	Opened the Hokuriku Branch in Kanazawa City, Ishikawa Prefecture.
October 2020	Split the Osaka Branch (currently Osaka Division) into the Osaka No. 1 Branch and Osaka No. 2 Branch.
January 2021	Transferred the Automobile Warranty Business to the consolidated subsidiary Premium Warranty Services Co., Ltd. through an absorption-type company split.
April 2021	Opened the Senri-Chuo Office in Toyonaka City, Osaka Prefecture. Integrated the Osaka No. 1 Branch and Osaka No. 2 Branch into the Osaka Branch (currently Osaka Division). Split the Kanto Chuo Branch into the Kanto Chuo No. 1 Branch and Kanto Chuo No. 2 Branch.
April 2022	Integrated the Kanto Chuo No. 1 Branch and Kanto Chuo No. 2 Branch, and expanded and relocated the Kanto Chuo Division to Saitama City, Saitama Prefecture.
November 2022	Expanded and relocated the West Kanto Office to Yokohama City, Kanagawa Prefecture.
April 2024	Acquired shares of AFC (currently EFC) and made it an affiliated company.
June 2024	Expanded and relocated the Osaka Division to Osaka City, Osaka Prefecture
December 2024	Expanded and relocated the Chugoku Branch to Okayama City, Okayama Prefecture
February 2025	Underwrote a third-party allotment of shares by EAST
June 2025	Opened the Tokyo Division in Minato-ku, Tokyo
September 2025	Integrated the Sendai Branch into the East Japan Business Site
February 2026	Opened the Honmachi No. 2 Office in Osaka City, Osaka Prefecture

(Note) 1. This registration was made because, with the enforcement of the amended Installment Sales Act on December 1, 2009, registration with the Ministry of Economy, Trade and Industry became mandatory for individual credit purchase agents.

2. The investment by The Tokyo Star Bank, Limited was made in October 2015.

3. Description of Business

The Group has established the mission: "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." As a holding company, the Company manages the Group's business and performs duties incidental or related thereto.

The Group consists of the Company, 16 consolidated subsidiaries (in addition to 3 trusts for the purpose of securitizing receivables), and 7 equity-method affiliates, etc., and provides a variety of services centered on the Finance Business, Automobile Warranty Business, and Auto Mobility Services Business.

The Company is a "specified listed company, etc." as defined in Article 49, Paragraph 2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. Accordingly, the materiality criteria for material facts under insider trading regulations are determined based on consolidated figures.

(1) Finance Business

The Group provides credit services that allow customers to choose installment payments when purchasing products or services through affiliated dealers.

Our main products include auto credit for new and used cars, as well as ecology credit for solar power generation systems and all-electric home appliances.

Furthermore, we are leveraging the knowledge and know-how cultivated in domestic automotive sales finance overseas. We provide management and business expertise to Eastern Commercial Leasing p.l.c., an equity-method affiliate in the Kingdom of Thailand, and Etomo Financing Corporation, an equity-method affiliate in the Republic of the Philippines, to enhance the corporate value of both companies.

The credit provided by the Group is credit for which customers apply to the credit company and undergo a screening process each time they intend to purchase a product or service. This is classified as "individual credit purchase brokerage" as defined in Article 2, Paragraph 4 of the Installment Sales Act. It differs from credit cards ("comprehensive credit purchase brokerage" as defined in Article 2, Paragraph 3, Item 1 of the Installment Sales Act), where customers apply to the credit company for issuance, undergo a screening process, and once issued, can purchase products or services within the set limit and validity period without undergoing further screening.

(Transaction Flow in the Finance Business)

There are two service provision methods: the "advance payment method," in which the Company conducts screening and approval, makes advance payments to affiliated dealers, and collects payments from customers; and the "bank-partnered loan method," in which partner financial institutions provide loans while the Company handles screening, settlement administration, and joint guarantees.

In the Group, the "bank-partnered loan method" accounts for the majority of the total credit receivables balance (Note) at the end of the current consolidated fiscal year. However, we will describe them here in the order of "advance payment method" and "bank-partnered loan method."

(Note) The credit receivables balance refers to the total amount of credit contracts and lease guarantee contracts that have not been repaid by customers or for which the guarantee period has not expired at a certain point in time, out of the cumulative transaction volume (total of credit principal and installment fees) from the start of business to the end of each consolidated fiscal year, etc.

i) Advance Payment Method

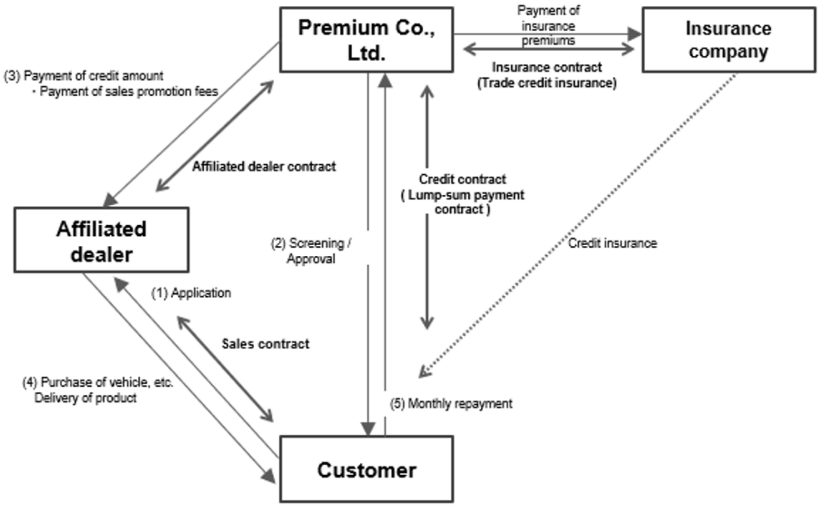
The advance payment method refers to a system in which, conditional on the sale of products, etc., by an affiliated dealer to a customer, the Group makes an advance payment to the dealer equivalent to all or part of the price, and receives installment repayments from the customer.

In the advance payment method, the amount obtained by deducting sales promotion fees paid to affiliated dealers from the total installment fees paid by customers is recorded as operating revenue. On the other hand, procurement costs paid to financial institutions are recorded as operating expenses, similar to procurement costs for general working capital. In other words, procurement costs paid to financial institutions are deducted from operating revenue as operating expenses to calculate profit before tax. Therefore, there is no difference between the bank-partnered loan method and the advance payment method in terms of the amount obtained by deducting operating expenses from operating revenue. In addition, insurance premiums (Note) paid to insurance companies are recorded as operating expenses.

(Breakdown of Fees)

Installment commissions paid by customers			
Operating revenue			Sales promotion fees
Profit before tax	Insurance premiums	Funding costs	

(Flow of transactions under the advance payment method)



The flow of transactions is as follows.

(1) Customer applies for credit with an affiliated dealer for the purpose of purchasing products, etc.
(Thereafter, the application information is linked from the affiliated dealer to Premium Co., Ltd.)

(2) Premium Co., Ltd. screens and approves the customer's credit information, etc.

(3) Premium Co., Ltd. remits the credit amount and sales promotion fees to the affiliated dealer.

(4) The affiliated dealer delivers the vehicle or other purchased product to the customer.

(5) The customer repays the credit amount to Premium Co., Ltd. (monthly repayments)

ii) Bank-partnered loan method

The bank-partnered loan method refers to a system in which a financial institution provides financing to a customer, while entrusting the entire administrative process to the Group, including customer screening, settlement of advance payments to affiliated dealers, and monthly installment repayments from customers. The Group provides a joint and several guarantee to the financial institution for the customer's debt.

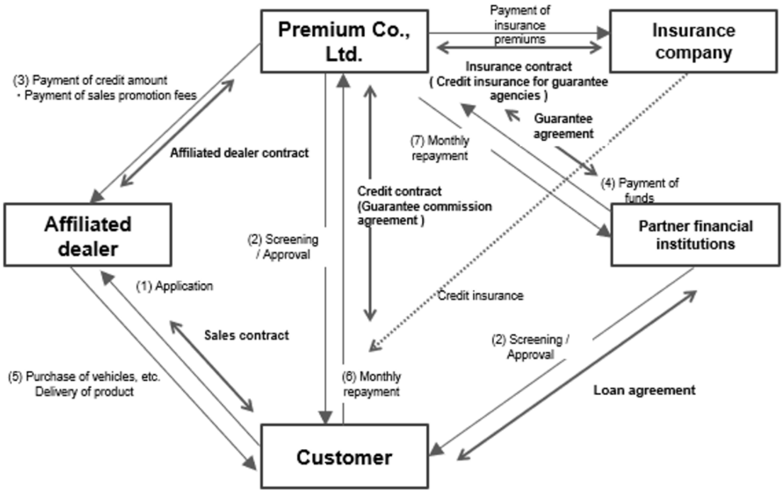
Specifically, on the condition that the affiliated dealer sells products, etc., to the customer, the partner financial institution pays the amount equivalent to all or part of the price to the affiliated dealer through the Group. In providing financing, the Group conducts a prescribed screening, which is performed using the same criteria as the advance payment method. In addition, monthly installment repayments from customers are also repaid to the partner financial institution through the Group.

Under the bank-partnered loan method, only the portion of the installment fee paid by the customer that ultimately becomes the Group's revenue (profit before tax), equivalent to the credit guarantee fee, is recorded as operating revenue. In other words, of the installment fees paid by the customer, the procurement costs paid to the partner financial institution and the sales promotion fees paid to the affiliated dealer are not included in operating revenue. Also, similar to the advance payment method, insurance premiums (Note) paid to insurance companies are recorded as operating expenses.

(Breakdown of Fees)

Installment commissions paid by customers			
Operating revenue		Funding costs	Sales promotion fees
Profit before tax	Insurance premiums		

(Flow of transactions under the bank-partnered loan method)



The flow of transactions is as follows.

(1) Customer applies for credit with an affiliated dealer for the purpose of purchasing products, etc.
(Thereafter, the application information is linked from the affiliated dealer to Premium Co., Ltd.)

(2) The partner financial institution conducts a credit check on the customer, and Premium Co., Ltd. conducts a guarantee review of the customer's credit information, etc., and approves it.

(3) Premium Co., Ltd. remits the credit amount and sales promotion fees to the affiliated dealer.

(4) The partner financial institution remits the credit amount to Premium Co., Ltd.

(5) The affiliated dealer delivers the vehicle, etc., or the purchased product to the customer.

(6) The customer repays the credit amount to Premium Co., Ltd. (monthly repayment).

(7) Premium Co., Ltd. repays the credit amount to the partner financial institution (monthly repayment).

(Note) To reduce the risk of uncollectible credit receivables, the Group has entered into comprehensive trade credit insurance agreements (covering credit receivables under the advance payment method) and comprehensive guarantee institution-type credit insurance agreements (covering credit receivables under the bank-partnered loan method) with multiple non-life insurance companies. These insurance agreements are intended to avoid damages incurred by the Group due to customer default, and cover credit receivables generated based on credit agreements concluded between the Group and customers when customers purchase auto credit products (including four-wheeled vehicles, motorcycles, parts, and auto-related products such as maintenance fees) from affiliated dealers. Under these insurance agreements, insurance premiums are paid in the following month by multiplying the balance of insured receivables at the end of each month by the insurance premium rate. Furthermore, insurance claims are processed and received on a semi-annual basis. Note that specific requirements are set for receivables subject to insurance claims.

(2) Automobile Warranty Business

The Group provides an automobile warranty service to customers who purchase vehicles through our partners, offering free repairs within a specified scope in the event of a breakdown in exchange for a fixed warranty fee.

In this business, similar to the Finance Business, we are leveraging the knowledge and know-how of automobile warranties, maintenance, and sheet metal work cultivated in Japan to expand widely, primarily in Southeast Asia. In the Kingdom of Thailand, we operate an Automobile Warranty and maintenance business through Premium Service (Thailand) Co., Ltd., and in the Republic of Indonesia, we provide consulting services related to the development and design of automobile warranty products through PT Premium Garansi Indonesia, a joint venture with Sumitomo Corporation (Note) and the local Sinar Mas Group. Furthermore, in the Republic of the Philippines, we are promoting the Automobile Warranty Business through Premium Warranty Services Philippines, Inc., a joint venture with Mitsui & Co., Ltd. and a group company of the local conglomerate GT Capital Holdings, aiming for global business expansion.

(Note) The entity operating the business locally is "PT Summit Auto Group," a subsidiary of Sumitomo Corporation.

The Group provides different products tailored to the needs of our partners, taking into account their sales strategies, vehicle models handled, and customer convenience. Representative automobile warranty products provided by the Group are described below.

a. Premium's Automobile Warranty

This is an in-house brand automobile warranty product developed by the Group, and it serves as the basic model for the development of "Car Sensor After-Warranty" and "Other OEM" products described below. In October 2019, the product was revised and renamed "Premium's Automobile Warranty" (formerly "Prime Warranty").

b. Car Premium Automobile Warranty

This is a newly developed automobile warranty product for the paid membership organization "Car Premium Club" within the Group. Compared to the aforementioned "Premium's Automobile Warranty," it offers a significantly expanded scope of warranty coverage, broader warranty coverage, and more affordable pricing.

The Car Premium Automobile Warranty covers up to 437 parts, with representative mechanisms including engine mechanisms, brake mechanisms, air conditioning mechanisms, and electrical equipment. Advanced mechanisms such as automatic braking systems are also included in the warranty coverage, and enrollment for EV vehicles is also possible. A "Concierge Service" is also included, allowing customers to easily consult about any issues with their vehicles.

c. Car Sensor After-Warranty

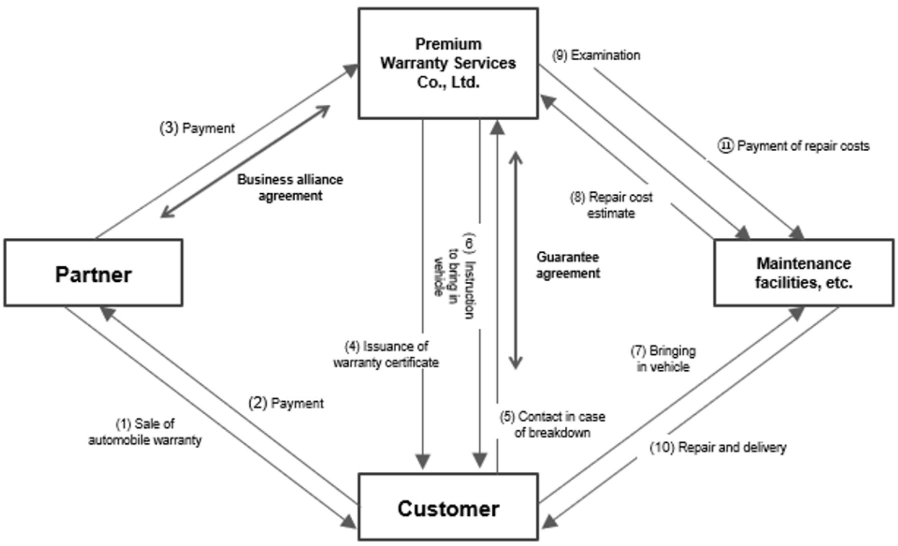
This is an OEM product that partially customizes the automobile warranty product developed by the Group according to the needs of partners affiliated with Recruit Co., Ltd. The Car Sensor After-Warranty is provided to partners using "Car Sensor," a used car information medium operated by Recruit Co., Ltd., and is attached to vehicles listed on Car Sensor.

d. Other OEM

This is an OEM product that partially customizes the automobile warranty product developed by the Group for partners with a monthly sales track record of a certain number of units or more. By customizing the eligible vehicle models and warranty coverage scope according to the vehicle lineup sold by large partners, we provided approximately 150 types of OEM products across three basic plan categories as of the end of the current consolidated fiscal year.

(Transaction Flow in the Automobile Warranty Business)

In the Automobile Warranty Business, the automobile warranty fees received by the Group from partners are first recorded as "Deferred warranty revenue" and are recognized as revenue as the warranty period elapses. In addition, repair costs paid by the Group to automobile repair shops, etc., are recorded as operating expenses.



The flow of transactions is as follows.

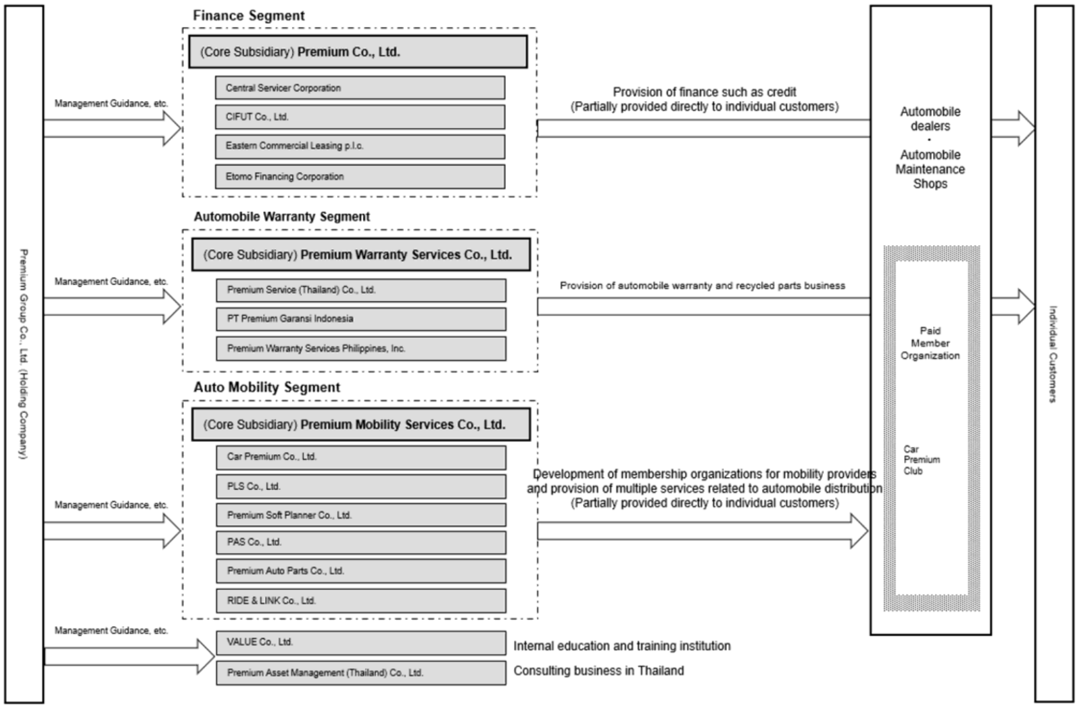
(1) Partners sell automobile warranties to customers
(2) Customers pay automobile warranty fees to partners
(3) Partners pay automobile warranty fees to Premium Warranty Services Co., Ltd.
(4) Issuance of warranty certificate from Premium Warranty Services Co., Ltd. to the customer
(5) Customer contacts Premium Warranty Services Co., Ltd. in the event of a breakdown
(6) Premium Warranty Services Co., Ltd. directs the vehicle to an automobile maintenance facility, etc.
(7) Customer brings the vehicle to the automobile maintenance facility, etc.
(8) Premium Warranty Services Co., Ltd. obtains a repair estimate from the automobile maintenance facility, etc.
(9) Premium Warranty Services Co., Ltd. and the automobile maintenance facility, etc. review and negotiate the repair estimate
(10) After repairs, the automobile maintenance facility, etc. delivers the vehicle to the customer
(11) Premium Warranty Services Co., Ltd. pays the repair costs based on the invoice from the automobile maintenance facility, etc.

(3) Auto Mobility Services Business

The Group develops multifaceted services that are essential for the operation of the automobile distribution business. Specifically, we engage in vehicle wholesaling (reuse business) that reuses vehicles recovered in the Finance Business within the Group, sales of "GATCH," business software that streamlines the management of customers, parts inventory, and maintenance processes as well as document creation, provision of subscription (auto leasing) products through affiliated dealers, and the recycling business that handles the distribution of used parts, etc.

In addition, aiming for further development of the automobile market, we operate the "Car Premium Club," which organizes the network of automobile dealers and maintenance facilities built through our Finance and Automobile Warranty Businesses, and provide a variety of exclusive services to members, including management support. Furthermore, through our own operation of automobile maintenance facilities, we identify the challenges faced by automobile providers and conduct tests for new services, thereby promoting optimal product planning that meets the needs of business operators.

[Business System Diagram]



(Note) At the Board of Directors meeting held on January 23, 2026, it was resolved to absorb and merge Premium Warranty Services Co., Ltd., Premium Mobility Services Co., Ltd., and Car Premium Co., Ltd. into Premium Co., Ltd., with an effective date of July 1, 2026.

4 [Status of Affiliated Companies]

Name	Address	Share capital (million yen)	Core Business	Ownership percentage of voting rights (%)	Relationship
(Consolidated subsidiary)					
Premium Co., Ltd. (Note 3, 6)	Minato-ku, Tokyo	1,515	Finance	100.0	Management guidance from the Company Secondment Concurrent holding of officers
Premium Warranty Services Co., Ltd. (Note 6)	Minato-ku, Tokyo	100	Automobile Warranty	100.0	Management guidance from the Company Secondment Concurrent holding of officers
Premium Mobility Services Co., Ltd.	Minato-ku, Tokyo	20	Auto Mobility Services	100.0	Management guidance from the Company Secondment Concurrent holding of officers
Car Premium Co., Ltd.	Minato-ku, Tokyo	5	Auto Mobility Services	100.0	Management guidance from the Company Concurrent holding of officers
PLS Co., Ltd. (Note 3)	Minato-ku, Tokyo	225	Auto Mobility Services	100.0 (100.0)	Management guidance from the Company
CENTRAL SERVICER CORPORATION (Note 3)	Chuo-ku, Tokyo	1,000	Finance	100.0 (100.0)	Management guidance from the Company Secondment
Premium Service (Thailand) Co., Ltd.	Bangkok, Thailand	33 million baht	Automobile Warranty (Overseas)	85.0 (85.0)	
PAS Co., Ltd.	Minato-ku, Tokyo	60	Auto Mobility Services	100.0 (100.0)	Management guidance from the Company
Premium Soft Planner Co., Ltd.	Minato-ku, Tokyo	20	Auto Mobility Services	100.0 (100.0)	Management guidance from the Company
Premium Auto Parts Co., Ltd. (Note 8)	Nagahama-shi, Shiga	10	Auto Mobility Services	100.0 (100.0)	Management guidance from the Company Secondment Concurrent holding of officers
VALUE Co., Ltd.	Chuo-ku, Saitama-shi, Saitama	5	Other	100.0	
Premium Asset Management (Thailand) Co., Ltd. (Note 4)	Bangkok, Thailand	2 million baht	Other (Overseas)	49.0 (1.0) [51.0]	
4 other companies and 3 trusts					

Name	Address	Share capital (million yen)	Core Business	Ownership percentage of voting rights (%)	Relationship
(Affiliated companies accounted for by the equity method, etc.) CIFUT Co., Ltd.	Itako, Ibaraki	30	Finance	49.0	
PT Premium Garansi Indonesia	Jakarta, Indonesia	10,000 million Indonesian Rupiah	Automobile Warranty (Overseas)	33.0	
Premium Warranty Services Philippines, Inc.	Manila, Philippines	70 million Pesos	Automobile Warranty (Overseas)	30.0	
Eastern Commercial Leasing p.l.c.	Bangkok, Thailand	1,664 million Baht	Other (Overseas)	25.2 (25.2)	
Etomo Financing Corporation	Manila, Philippines	611 million Pesos	Other (Overseas)	45.4 (45.4)	
RIDE&LINK Co., Ltd.	Minato-ku, Tokyo	60	Auto Mobility Services	49.0	Concurrent holding of officers
Other 1 company					

(Note) 1. The "Principal Business" column lists the names of the business services.

2. Figures in parentheses ( ) for the ownership percentage of voting rights indicate indirect ownership percentages included in the total, and figures in brackets [ ] indicate ownership percentages of closely related persons or persons who have agreed to vote in concert, which are excluded from the total.

3. This is a specified subsidiary.

4. Although the equity interest is 50% or less, it is classified as a subsidiary because it is effectively controlled.

5. Equity-method affiliates include joint ventures.

6. For Premium Co., Ltd. and Premium Warranty Services Co., Ltd., sales (excluding internal sales between consolidated companies) exceed 10% of consolidated sales. However, as the sales of the Group's Finance Business, Automobile Warranty Business, and Auto Mobility Services Business account for more than 90% of total sales, the disclosure of major profit and loss information, etc., is omitted.

7. There are no companies that have submitted a securities registration statement or an annual securities report.

8. SAE Remax Co., Ltd. (currently Premium Auto Parts Co., Ltd.) absorbed and merged with the former Premium Auto Parts Co., Ltd. and Mag Fukuoka Co., Ltd. on July 1, 2025. In conjunction with this merger, the company changed its trade name from SAE Remax Co., Ltd. to Premium Auto Parts Co., Ltd. on the same date.

Part 2 [Business Overview]

1 [Management Policy, Business Environment, and Issues to be Addressed, etc.]

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Management Policy

Based on the premise of thorough compliance with changes in the external business environment, including legal amendments, the Group aims to realize its mission: "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." By balancing the realization of this mission with the development of human resources who will inherit these values into the future, we aim to "complete the Auto Mobility Ecosystem" by 2030 and strive to improve corporate value over the medium to long term.

(2) Business Environment

(1) Market Conditions

In the domestic used car market, which is the target market for the Group's core Finance Business and Automobile Warranty Business, the number of private registrations for used cars is trending flat. Although automobiles are a mature market with strong characteristics as daily necessities, we believe that demand will continue to remain firm and stable.

In particular, regarding the competitive environment of the Finance Business, we believe that it is not a business that new companies can easily enter, as it requires significant capital and system investment to start operations. On the other hand, the Group's share in the auto credit market is still at a low level, which we believe indicates room for future growth in the Finance Business.

Even in the current rising interest rate environment, we are appropriately mitigating the impact through means such as primarily using fixed interest rates for both credit lending and funding, as well as through the securitization of receivables.

(2) Strengths of the Group

a. Independence

As the Group is independent (Note), we are able to provide multiple services other than auto credit to automobile dealers (hereinafter referred to as "auto business partners"), who are our main auto credit clients, without being subject to legal restrictions.

We believe that by providing these multiple services, increasing "opportunities" = "points of contact for transactions" that can meet the needs of each automotive business partner, and promoting "improvement in the number of transactions and frequency of use" = "deepening of transactions" through combined service discounts are key points in making our relationships with automotive business partners stronger, deeper, longer-lasting, and more sustainable.

(Note) The Group uses the term "independent" to mean that it is not a subsidiary or affiliate of a bank.

b. Strengths in sales activities

The Group provides multiple services, and for our main products, "auto credit" and "automobile warranty," the same sales representative conducts sales activities. On the other hand, some competitors assign dedicated sales representatives for each service to conduct sales activities toward automobile dealers. We believe that by selling "auto credit" and "automobile warranty" in parallel, the Group can reduce sales costs compared to competitors, and as a result, increase profitability.

c. Strengths in the Finance Business

In the Group, auto credit sales representatives conduct sales activities specialized for automotive business partners, which we refer to as "automotive-specialized." Although the Group also handles credit other than auto credit, sales representatives other than those for auto credit conduct those sales activities.

Depending on the competitor, sales representatives may also be in charge of merchants other than auto credit affiliated dealers (for example, retail stores handling kimono or jewelry, etc.) and conduct sales activities in parallel.

On the other hand, the Group has automotive-specialized sales representatives conducting sales activities for automotive business partners. Therefore, sales representatives conduct their daily sales activities in an environment where it is easier to gain knowledge and understanding not only of auto credit and the characteristics of automotive business partners, but also of the automobile sales industry and automobiles themselves. Based on the insights into the automobile sales industry as a whole cultivated in such an environment, they are able to communicate smoothly with the owners and employees of automotive business partners. In addition, by understanding and grasping the funding situation of automotive business partners in the same way, we believe it is possible to conduct sales activities that take into account the position and situation of automotive business partners, such as not only transferring advance payments but also scheduling visits in consideration of used car auction dates.

Furthermore, while we have shifted most of our operations, such as the collection of various documents including credit contracts and copies of vehicle inspection certificates, online to improve efficiency, we continue to provide meticulous support by paying attention to the quality and frequency of communication with automotive business partners, such as following up via telephone and SNS.

We believe that building trust with automotive business partners through such understanding of the automobile sales industry as a whole and sales activities that take into account the position and situation of automotive business partners is a strength of the Group.

d. Strengths in the Automobile Warranty Business

a. Alliance with Recruit

The Group has a business alliance with Recruit Co., Ltd., a wholly-owned subsidiary of Recruit Holdings Co., Ltd. that operates "Car Sensor," a service that publishes automobile information in paper and web media, for the purpose of promoting the sales of the "Car Sensor After-Warranty," a used car repair warranty system.

Car Sensor After-Warranty is an OEM product that is a partially customized version of the automobile warranty product developed by the Group, and it is attached to vehicles listed on the used car information media "Car Sensor" operated by Recruit Co., Ltd. While Recruit Co., Ltd. conducts sales promotion activities toward the Group's business partners, the Group is entrusted with automobile warranty operations (concluding business alliance contracts related to Car Sensor After-Warranty with automotive business partners, concluding warranty contracts with customers, fulfilling warranties, etc.), which contributes to an increase in the number of automobile warranties handled by the Group.

b. Possession of data related to broken-down vehicles

Since the Automobile Warranty Business is a scheme in which we receive payment from customers and perform repairs for customers whose vehicles have broken down, we can design and price more appropriate automobile warranty products by accumulating and analyzing performance data such as the mileage, age, and repair details of broken-down vehicles. In this regard, the cumulative number of automobile warranty contracts of the Group has exceeded 2.2 million (cumulative from April 2010 to March 2026), and we possess data related to broken-down vehicles backed by this number of contracts.

c. Repair response capability

To ensure that customers can use our services with peace of mind, the Group assigns employees with mechanic qualifications to our call center, which handles the reception and screening of automobile warranties. By directly confirming the details of breakdowns and the scope of repairs, and by cross-referencing them with past maintenance records and statistical information, we prevent unnecessary repairs and provide accurate and prompt vehicle repair responses. In addition, we thoroughly reduce repair costs by utilizing recycled and rebuilt parts, promoting priority entry into the maintenance factory network built by the Group, and owning our own automobile maintenance factories.

e. Strengths in the Auto Mobility Services Business

a. Construction of a maintenance factory network and paid membership organization

The Group has built a maintenance factory network and a paid membership organization. By prioritizing the entry of repair vehicles generated in the Automobile Warranty Business into the maintenance factory network and paid membership organization, we consolidate repair orders and reduce repair costs. In addition, since automobile maintenance factories can acquire customers from the Group by joining our maintenance factory network and paid membership organization, we have built a mutually beneficial relationship. As the maintenance factory network and paid membership organization expand, it leads to an increase in sales destinations for the Group's automotive parts, vehicle wholesaling, software, and subscription-based sale (leasing), enabling further expansion of the Auto Mobility Services Business.

b. Effective utilization of vehicles within the Group

The Group repossesses vehicles from customers who have been in arrears for a certain period in the Finance Business and sells them to apply the proceeds to the customer's loan receivables. In the Auto Mobility Services Business, we purchase the repossessed vehicles after obtaining competitive quotes and sell them to our paid members at a price lower than normal procurement, thereby building a relationship that is beneficial to both the Group, which earns a profit, and the paid members.

c. Provision of a wide range of products and services

The Group provides a wide range of services, including the sale of business software for automobile maintenance factories, the provision of subscription-based sale (leasing), and parts sales, enabling us to propose products and services that meet the needs of automobile providers. Since automobile providers can receive a variety of services from the Group, they can reduce the burden of contracting with multiple companies.

f. Strengths in the Car Premium business model

Based on the network of automobile dealers and automobile maintenance facilities built through the Finance Business and Automobile Warranty Business, the Group has formed a membership organization called the "Car Premium Club," and provides various services developed by the Group, such as vehicle procurement support and management support, exclusively to members. The Group has established a structure to provide services tailored to member needs and to conduct specialized sales organizations and planning operations for members, thereby aiming to improve the LTV (Customer Lifetime Value) of each member. We are building stronger relationships of trust with our members, which is leading to higher utilization rates of the services we offer and the creation of synergies across our businesses.

(3) Medium- to Long-Term Management Strategy and Priority Business and Financial Issues

In addition to the business environment described in "2. Business Overview, 1. Management Policy, Business Environment, and Issues to be Addressed, (2) Business Environment," the automotive industry is entering a transition period of mobility revolution, represented by CASE and MaaS. To respond to this new era, we believe it is extremely important in the medium to long term to further expand the network we have built with automobile dealers and automobile maintenance facilities, which could become hubs for car sharing and maintenance in the future, and to maximize the utilization and deepening of these relationships.

Against this backdrop, in our new medium-term management plan "Change & Prove 2030," announced in May 2026 and covering the period up to the fiscal year ending March 31, 2030, we have set a basic policy of transforming the Group from a financial company into a "platform company," based on the Car Premium business model established in the previous medium-term management plan. We will accelerate our structural transformation into a high-profit model centered on "membership fees," which are not affected by interest rate trends, and "automobile warranties," which are a stock-based business. Through the utilization of our expanded network, we will complete an "Auto Mobility Ecosystem" that provides the best peace of mind to users and essential infrastructure for management to automobile providers, thereby realizing a transformation into a "one-of-a-kind Car Premium Economic Domain."

The financial indicators emphasized in the medium-term management plan "Change & Prove 2030" are as shown in the table below.

Key Financial Indicators	FY2026/3 (Actual)	FY2030/3 (Final Year Plan)	Growth Rate (vs. FY2026/3)
Operating revenue	44 billion yen	84 billion yen	+90.9%
Profit before tax	8.6 billion yen	21 billion yen	+144.2%
Profit	6 billion yen	14 billion yen	+133.3%

(Note) For the table above only, actual figures are rounded down to the nearest hundred million yen.

Based on the above direction, the priority business and financial issues to be addressed by the Group are as follows.

(1) Completion of the Auto Mobility Ecosystem

The Group has formulated a new medium-term management plan, "Change & Prove 2030," with the fiscal year ending March 31, 2030, as the final year. As the management infrastructure for small and medium-sized automobile providers, which account for approximately 50% of the used car retail market, we aim to complete the "Auto Mobility Ecosystem" through the following priority measures.

1. Strengthening the Car Premium Club Membership Organization

We will reorganize the membership organization into a three-tier structure and aim to improve brand value through invitation-only premium members. We will strive to strengthen our organizational foundation and improve the value for existing members to achieve our goals.

2. Essential Infrastructure for Automobile Providers

To solve the management issues of small and medium-sized automobile providers, we will support their management by providing a "platform that increases revenue" and aim to establish our position as essential infrastructure that maximizes the competitiveness of these providers.

3. Incorporating Users into the Economic Domain

To expand brand awareness and generate customer referrals to members, we will develop brand strategies through multifaceted PR investments and the enhancement of online services, thereby establishing the "Car Premium" brand as the one chosen by users and promoting their incorporation into our economic domain.

4. IT Enhancement and Data Strategy Supporting Services

We will promote system development and optimization of data utilization based on AI, and accelerate cost reduction and the development of high-value-added services through "Human Resources x Data x AI," thereby focusing on building a robust management foundation that supports our unique ecosystem.

Through these transformations, we have set important management goals of achieving 84 billion yen in operating revenue, 21 billion yen in profit before tax, and 300 billion yen in market capitalization by the fiscal year ending March 31, 2030, and we will strive to dramatically increase our corporate value.

(2) Deepening the Finance Business

In the Finance Business, we will strengthen our management foundation by increasing the volume of auto credit and steadily improving our market share. As a core measure, we will promote the systematization of our sales structure through the expansion of the Car Premium Club membership organization, and thoroughly pursue the development of affiliated dealer areas and the improvement of operating rates. In addition, for debt collection operations, we will strengthen the back-office structure of our servicer subsidiary, accelerate collaboration with automobile wholesaling and the use of DX and AI, and aim to improve operational efficiency and ensure asset soundness across the entire Group. Furthermore, we will focus on overseas expansion, starting with Southeast Asia, based on the know-how accumulated in Japan. We have already commenced operations in the Kingdom of Thailand and the Republic of the Philippines, and we will maximize our business alliance with ITOCHU Corporation to aim for the creation of new revenue pillars in the global market.

(3) Expansion of the Automobile Warranty Business

In the Automobile Warranty Business, we believe that further development of this market is the key to sustainable growth. Therefore, we will continue to strengthen our sales activities and strive to improve the awareness of the services themselves among both affiliated dealers and individual customers. In addition, aiming to improve not only revenue but also profit, we will work to reduce costs by increasing the number of proprietary products handled, prioritizing the induction of repair vehicles with failures to Car Premium Garage member dealers, and utilizing used parts procured within our Group for repairs. Also, similar to the Finance Business, we will focus on overseas expansion. We have already commenced operations in the Kingdom of Thailand, the Republic of Indonesia, and the Republic of the Philippines, and we will strive to monetize existing operations and capture new needs.

(4) Expansion of the Auto Mobility Services Business

In the Auto Mobility Services Business, we are working on the construction of new revenue pillars to solidify the Car Premium Economic Domain and stable monetization through our platform as our top priority. Therefore, while strengthening our existing revenue base, we will actively enter new business areas where high synergies with the finance and Automobile Warranty Businesses can be expected, and expand our service lineup. Through this, we will enhance our solution-providing capabilities for automobile providers, accelerate cross-selling centered on the Car Premium Club, and strive to increase the customer unit price of the entire Group and maximize the value of the "Auto Mobility Ecosystem."

(5) Strengthening Organizational Capabilities

We believe it is necessary to continue active recruitment of new graduates and experienced professionals, while also promoting diversity, accumulating individual employee experience, maintaining a sense of organizational unity, and further strengthening management capabilities. To this end, we will continue to provide training for all employees, including Executive Officers, based not only on knowledge and practical internal training and OJT, but also on the concept of "VALUE," which is our Group's code of conduct. By doing so, we will foster an organizational culture where all employees can embody their roles in their respective duties, characterized by "aiming high," "never giving up until the end," and "breaking through established concepts."

(6) Management of Group Companies

As our Group diversifies with business expansion, we believe that in addition to building excellent business strategies, it is important to create synergies aimed at "overall optimization" for the entire Group. Therefore, we will thoroughly grasp the progress of each business and manage figures, while clarifying the execution structure and the location of responsibility to realize agile management decisions. In addition, we will strengthen our monitoring system for key KPIs and maintain compliance and appropriate risk management, thereby striving to enhance governance across the entire Group and continuously improve corporate value.

(7) Initiatives for Sustainable Growth

We believe that promoting ESG management that appropriately addresses issues related to "Environment," "Social," and "Governance," and achieving the Sustainable Development Goals (SDGs) formulated in our business activities are important for the continuous improvement of corporate value. We have established a Sustainability Committee and will address the following issues.

・E: Initiatives for climate change, initiatives for a resource-recycling society, and initiatives for a decarbonized society
・S: (Social Capital) Thorough protection of customer privacy and data, and implementation of appropriate transaction and sales processes
(Human Capital) Fostering employee job satisfaction and human resource development, and protecting the health and safety of employees
・G: Expansion of corporate governance systems, strengthening of compliance and risk management, and development of regulations
・Other: Initiatives to strengthen competitiveness, innovation, and supply chain management

(8) DX Promotion and AI Utilization

We believe it is important to promote the digitalization of transaction processes and operations to transition to safe and highly efficient methods, optimize back-office operations for each business, and strengthen competitiveness by promoting profit growth through DX and establishing new business models. In September 2024, we updated our Group's "DX Strategy." Based on our DX vision of "co-creating a 'Premium' car life with end-users and automobile providers as a platformer consisting of teams where individuals shine," we will continue cross-subsidiary and cross-business initiatives led by specialized organizations with management as the responsible parties, aiming to strengthen competitiveness and further enhance corporate value. Furthermore, by promoting system sophistication and data strategies premised on AI utilization, we will strive for fundamental improvements in operational efficiency and the establishment of new business models, pushing forward to acquire overwhelming competitiveness and achieve sustainable corporate value improvement as a one-of-a-kind platformer.

(9) Stabilization of Core Systems and Reconstruction of New Core Systems

Regarding the response to system failures at our consolidated subsidiary, we have completed the rollback to the old system and have now established a structure that operates stably. The Group positions the stable operation of systems as the highest priority in management and will promote the renewal of our infrastructure foundation under a robust IT governance structure. Specifically, we will continuously incorporate professional expertise through collaboration with IT advisors to build an advanced management and operational structure capable of supporting future business expansion, while ensuring thorough safety and reliability.

Moving forward, we will accelerate the reconstruction of our next-generation core system based on the premise of AI utilization, in accordance with our DX strategy, which is a key issue in our new medium-term management plan. By establishing an industry-leading, robust system infrastructure that realizes faster processing and automated screening, we will strive to continuously enhance our corporate value as a "one-of-a-kind platformer" that provides the highest level of convenience to our affiliated dealers and users.

2. Sustainability-related concepts and initiatives

Forward-looking statements in this document are based on certain assumptions that the Group deems reasonable as of the date of submission of the Annual Securities Report, and actual results may differ significantly due to various factors.

1. Sustainability

To achieve our purpose of "contributing to building a richer society by providing the best finance and services together with our enriched members (employees), and by contributing to the formation of a circular society," the Group considers solving social issues, environmental considerations, and governance initiatives to be important, and we have established a structure to promote sustainability management. We aim to achieve the realization of a sustainable society and the enhancement of corporate value through the businesses and initiatives provided by the Group.

We established the "Sustainability Committee" in the fiscal year ended March 31, 2024, to promote initiatives aimed at solving issues surrounding the sustainability of society and companies, such as consideration for global environmental problems including climate change, respect for human rights, and fair and appropriate business activities for all stakeholders including employees, by viewing these as business opportunities. The activities of the Sustainability Committee and the policies and issues discussed and deliberated are submitted or reported to the Management Meeting and the Board of Directors.

2. Environmental Basic Policy

The Company has established the following "Environmental Basic Policy." This policy has been approved by the Company's Board of Directors.

Scope of Application	• The Company applies this policy to all of its Group companies. In addition, the Company expects all business partners involved in its services to support this policy and requests that they understand and comply with it.
Compliance with Laws and Fulfillment of International Responsibilities	• The Company complies with laws and regulations related to environmental conservation and supports international environmental initiatives promoted by United Nations agencies and others.
Realization of a Decarbonized and Circular Society Through Business	• The Company contributes to the realization of a decarbonized and circular society through the provision of environmentally friendly services and business activities aimed at solving social and environmental issues. • The Company positions environmental issues as a key management priority and strives to reduce risks associated with climate change and environmental pollution. • The Company promotes a phased transition toward the use of 100% renewable energy and is committed to its realization. • The Company aims to achieve net-zero GHG emissions by FY2051/3 and is working to improve energy efficiency and introduce renewable energy. At the same time, we will strengthen our response to climate change through science-based target setting and information disclosure. • The Company emphasizes dialogue with stakeholders in its environmental initiatives and seeks to promote sustainable efforts and raise environmental awareness through environmental education for employees and collaboration with interested parties. • The Company respects scientific knowledge regarding climate change and will not provide funding, cooperate with, or participate in any activities that deny its existence or lobbying activities that oppose related regulations. When participating in industry associations, etc., we will ensure that our involvement is consistent with our environmental policy.
Setting Company-wide Environmental Goals	• The Company sets environmental goals to minimize GHG and waste generated by its business activities, and promotes and continuously improves its efforts.
Building a Supply Chain for a Circular Society	• The Company considers the impact on the environment and ecosystems, promotes the use of used cars through the expansion of its core business, and promotes the 4R business for automobiles (Automobile Warranty Business 《Reduce》, Recycled Parts Business 《Recycle》, Reuse Business 《Reuse》, Repair Business 《Repair》) to contribute to the formation of a circular society.

Disclosure to External Stakeholders	• The Company discloses its environmental conservation efforts to business partners such as affiliated dealers and aims to work together to realize a decarbonized and circular society. • To support customers (end users) who are engaged in environmental conservation efforts, the Company promotes the introduction of environmentally friendly products and promotes the provision of products that enhance environmental value toward the realization of a sustainable society. • The Company strengthens cooperation with government agencies, etc., to respond to natural disasters caused by climate change and to realize a decarbonized society.

<<1>> Governance

(1) Oversight structure of the Board of Directors

Regarding important issues (risks and opportunities) surrounding the sustainability of society and companies, such as consideration for global environmental problems including climate change, the Board of Directors receives reports from the Sustainability Committee at least once a year, and monitors, deliberates, and oversees the goals and progress of initiatives in each field.

(2) Execution structure of the Sustainability Committee

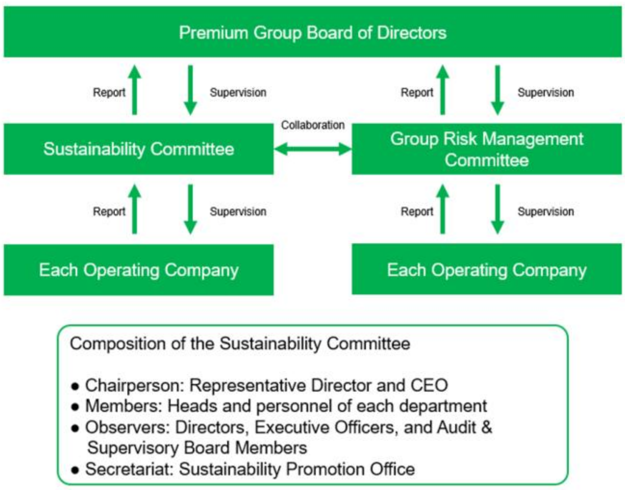
The President and CEO of Premium Group, who is the officer in charge of sustainability, serves as the Chair of the Sustainability Committee. The Sustainability Committee is composed of the Chair, members, observers, and a secretariat, and is responsible for formulating policies and strategies, including responses to climate change, as well as evaluating and managing important issues (risks and opportunities).

Centered on the Sustainability Committee, we will actively disclose the status of our initiatives regarding climate change, which is our most important theme, and conduct management reviews of the results while continuously making improvements by managing data through mechanisms such as environmental management systems.

(3) Governance Structure Chart

The Board of Directors oversees the Sustainability Committee and the Group Risk Management Committee, while the Sustainability Committee and the Group Risk Management Committee oversee each operating company. The Sustainability Committee primarily manages risks that take into account climate change from the short to long term, as well as opportunities associated with climate change. Meanwhile, the Group Risk Management Committee primarily manages risks related to business operations themselves, such as investment risks and credit risks.

The Sustainability Committee and the Group Risk Management Committee hold joint meetings at least once a year to share information.



<<2>> Strategy

(1) Time Horizons for Short, Medium, and Long Term

The time horizons for the short, medium, and long term have been set as follows, based on consistency with the time horizons of our "GHG Reduction Targets" and the target years set by the Paris Agreement and the Japanese government. To achieve carbon neutrality by 2050, we have set a target to reduce GHG emissions within our Group by 58.8% by the fiscal year ending March 31, 2035, compared to the fiscal year ended March 31, 2024.

Short term: FY2028/3 Medium term: FY2035/3 Long term: FY2051/3

(2) Assessment of Climate-Related Risks and Opportunities

1. Scenario Setting

In analyzing climate-related risks and opportunities, we refer to internationally recognized scenarios.

4°C Scenario	RCP8.5 Physical Risks	RCP8.5 is one of the GHG emission scenarios used by the Intergovernmental Panel on Climate Change (IPCC) and is classified as the highest emission scenario. This scenario predicts the impact of climate change if GHG emissions increase significantly and global warming progresses.
2°C Scenario	IEA NZE2050 Transition Risks	IEA NZE2050 is a scenario presented by the International Energy Agency (IEA) that shows a path to achieving net-zero emissions by 2050 to limit the global average temperature rise to 1.5°C compared to pre-industrial levels. This scenario serves a normative role in encouraging concrete actions toward decarbonization, such as setting goals for energy policy and technological development.

(Reference) Overview of Scenarios for EV Sales

It is anticipated that the EV market will expand due to the promotion of the decarbonization market. We conduct our analysis of risks and opportunities using the EV sales volume forecast values from IEA scenarios.

2. Scenario Analysis Procedure

The procedure for analyzing climate-related risks and opportunities is conducted in the following order.

(1) Listing of Climate-Related Risk and Opportunity Items
・Extraction of climate change risks and opportunities
・Setting evaluation axes for risks and opportunities
・Evaluation of risks and opportunities

(2) Qualitatively assessing business impact
・Listing highly relevant items from existing scenarios
・Setting climate change scenarios

(3) Quantifying financial impact
・Based on each scenario, identified significant climate-related risks and opportunities, and relevant parameters, analyzing the financial impact under each scenario

(4) Considering countermeasures
・Evaluating the resilience of our strategy against climate change risks and opportunities
・Considering countermeasures based on current status evaluation

3. Scenario analysis results

In conducting scenario analysis, we identified the classification, content, and time horizon of our major risks and opportunities. We then individually evaluated the quantitative impact (calculation of financial impact, etc.), qualitative impact (impact by stakeholder, etc.), and likelihood of occurrence in accordance with the evaluation criteria below to determine the overall rank of risks and opportunities.

(1) Evaluation criteria

We identify risks associated with the transition to a decarbonized society and the expansion of the EV market, and conduct quantitative evaluations of the financial impact they may have on our business. Based on the analysis results, we classify them into large, medium, and small categories according to the assumed scale, and consider countermeasures for each.

1) Likelihood of Occurrence

Probability of occurrence: 80% or more	3.0
Probability of occurrence: 50% or more and less than 80%	2.0
Probability of occurrence: Less than 50%	1.0

2) Impact

<Quantitative Impact>

High	3.0
Medium	2.0
Low	1.0

<Qualitative Impact>

Customers	Interest: High	3.0
	Interest: Medium	2.0
	Interest: Low	1.0
The Group	Issue for the entire organization	3.0
	Issue for multiple business divisions	2.0
	Issue for a single business division	1.0
Suppliers	Impact: High	3.0
	Impact: Medium	2.0
	Impact: Low	1.0
Government	Interest: High	3.0
	Interest: Medium	2.0
	Interest: Low	1.0
Investors	Interest: High	3.0
	Interest: Medium	2.0
	Interest: Low	1.0
Local communities	Interest: High	3.0
	Interest: Medium	2.0
	Interest: Low	1.0

*Qualitative impact is assessed individually for each stakeholder and calculated as an average value.

3) Risk/Opportunity Rank

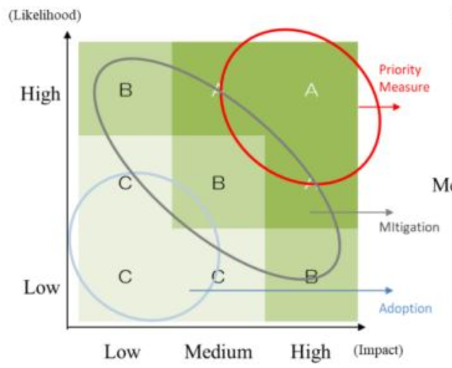
・Likelihood 3.0 and Impact ≧1.5 ・Likelihood 2.0 and Impact ≧2.0	A
・Likelihood 3.0 and 1.5 > Impact ≧1.0 ・Likelihood 2.0 and 2.0 > Impact ≧1.5 ・Likelihood 1.0 and Impact ≧2.0	B
・Likelihood 2.0 and 1.5 > Impact ・Likelihood 1.0 and 2.0 > Impact	C

*Impact is evaluated by the average of quantitative and qualitative impacts.

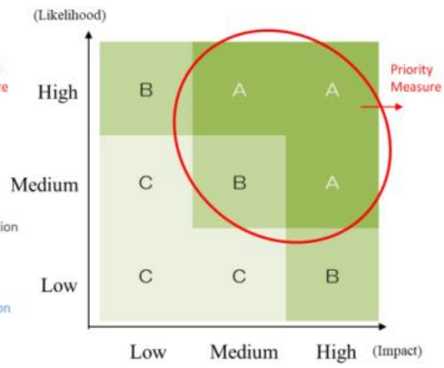
4) Risk/Opportunity Matrix

The Risk/Opportunity Matrix is prepared as follows based on the results of the scenario analysis. In particular, for risk assessment, A, and for opportunity assessment, evaluations of A and B, are defined as priority response items.

<Risk Assessment>



<Opportunity Assessment>



(2) Evaluation results

a. Risks

<1.5°C scenario>

#	Category	Type	Content	Target	Time Horizon	Financial Impact Scope	Degree of Impact	Occurrence Likelihood	Risk Rank
1	Transition Risk	New Regulation	Market contraction of gasoline vehicles (Market contraction of gasoline vehicles due to legal amendments and stricter regulations related to climate issues)	Direct Operations	Medium-term	Net Sales	1.8	2.0	B
2	Transition Risk	Market	Procurement of EVs (Shift from gasoline vehicles to EVs)	Value Chain (Upstream)	Medium-term	Expenses	1.5	2.0	B
3	Transition Risk	Market	Sales of EVs (Shift from gasoline vehicles to EVs)	Value Chain (Downstream)	Medium-term	Net Sales	1.7	2.0	B

#	Content	Quantitative Degree of Impact	Qualitative Degree of Impact	Customers	Company	Suppliers	Government	Investors	Communities
1	Market contraction of gasoline vehicles	2.0	1.7	1.0	3.0	1.0	3.0	1.0	1.0
2	Sales of EVs	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
3	Procurement of EVs	2.0	1.3	2.0	2.0	1.0	1.0	1.0	1.0

<4°C scenario>

#	Category	Type	Content	Target	Time Horizon	Financial Impact Scope	Degree of Impact	Occurrence Likelihood	Risk Rank
1	Transition Risk	New Regulation	Changes in energy mix, rise in electricity rates	Direct Operations	Medium-term	Expenses	1.3	3.0	B
2	Transition Risk	Current regulations	Increase in costs due to soaring crude oil prices and gasoline prices	Direct Operations	Medium-term	Expenses	1.1	2.0	C
3	Physical Risk	Chronic Risk	Sea level rise, damage to facilities and equipment in coastal areas Delays or suspension of transportation due to damage	Direct Operations	Long-term	Expenses	1.2	3.0	B

#	Content	Quantitative Degree of Impact	Qualitative Degree of Impact	Customers	Company	Suppliers	Government	Investors	Communities
1	Changes in energy mix, rise in electricity rates	1.0	1.5	1.0	2.0	1.0	3.0	1.0	1.0
2	Soaring crude oil prices, soaring gasoline prices Increase in costs due to	1.0	1.2	1.0	2.0	1.0	1.0	1.0	1.0
3	Sea level rise, damage to facilities and equipment in coastal areas Delays or suspension of transportation due to damage	1.0	1.3	1.0	2.0	2.0	1.0	1.0	1.0

The following measures are assumed for risks.

#	Category	Type	Content	Countermeasures
1	Transition Risk	New Regulation	Market contraction of gasoline vehicles (Market contraction of gasoline vehicles due to legal amendments and stricter regulations related to climate issues)	Product development for EVs and business expansion into peripheral areas
2	Transition Risk	Market	Procurement of EVs (Shift from gasoline vehicles to EVs)	Securing a stable and efficient procurement base
3	Transition Risk	Market	Sales of EVs (Shift from gasoline vehicles to EVs)	Developing an environment where customers can purchase with peace of mind
4	Transition Risk	New Regulation	Changes in energy mix, rise in electricity rates	Consideration of specific measures for energy-saving operations and raising awareness of energy conservation
5	Transition Risk	Current regulations	Increase in costs due to soaring crude oil prices and gasoline prices	Optimization of fuel usage, introduction of electric vehicles and review of operational efficiency
6	Physical Risk	Chronic Risk	Sea level rise, damage to facilities and equipment in coastal areas Delays or suspension of transportation due to damage	Relocation of business bases to areas unaffected by sea-level rise

b. Opportunities

<1.5°C scenario>

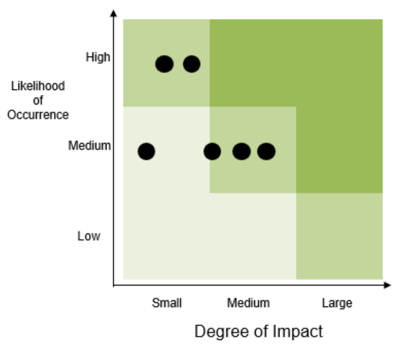
#	Category	Content	Target	Time Horizon	Financial Impact Scope	Degree of Impact	Occurrence Likelihood	Opportunity Rank
1	New services	EV new vehicle brokerage sales	Direct Operations	Medium-term	Net Sales	1.7	2.0	B
2	New services	EV after-sales service provision	Direct Operations	Medium-term	Net Sales	2.0	2.0	A
3	New market expansion	EV sales	Direct Operations	Medium-term	Net Sales	1.7	1.0	C
4	New market expansion	Provision of EV charging infrastructure	Direct Operations	Medium-term	Net Sales	1.8	1.0	C

#	Content	Quantitative Degree of Impact	Qualitative Degree of Impact	Customers	Company	Suppliers	Government	Investors	Communities
1	EV new vehicle brokerage sales	2.0	1.3	2.0	2.0	1.0	1.0	1.0	1.0
2	EV after-sales service provision	2.0	2.0	3.0	3.0	3.0	1.0	1.0	1.0
3	EV sales	2.0	1.7	2.0	2.0	1.0	1.0	1.0	1.0
4	Provision of EV charging infrastructure	2.0	1.8	3.0	3.0	1.0	1.0	1.0	1.0

c. Risk and Opportunity Distribution

The shift to EVs is a significant theme that can be both a risk and an opportunity for the Company. In terms of risk, the expansion of the EV market may lead to stricter regulations and a decline in demand for existing internal combustion engine businesses, which could impact earnings. On the other hand, in terms of opportunities, we are considering the growth potential, such as the development of new EV-related services.

<Risk Assessment>



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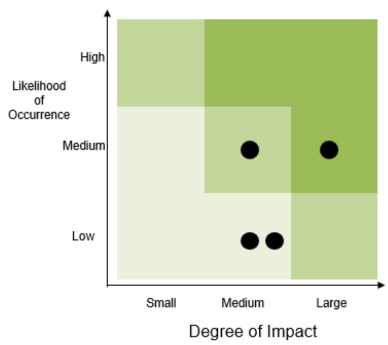


<<3>> Risk Management System

a. Risk Identification and Assessment Process

The Company's Sustainability Committee re-evaluates current risks and identifies and assesses new risks, taking into account the impact of climate change on management, finance, and business operations, to identify and review material risks. Material risks are reported to the Board of Directors for management and oversight.

b. Risk Mitigation Process

For identified risks, the Sustainability Committee examines and determines response policies to mitigate those risks, deploys them to relevant departments, and monitors the status of the responses.

c. Prioritization Process

For identified risks, we determine their materiality based on the degree of impact and frequency of occurrence, and for material risks, we examine and implement countermeasures.

d. Integration into Company-wide Risk Management

The Sustainability Committee, which examines climate change-related risks considering time horizons, and the Group Risk Management Committee, which examines company-wide risks, regularly coordinate their risk perceptions. For risks that are short-term and require urgency, the Group Risk Management Committee implements and monitors countermeasures from the perspective of company-wide risk management.

<<4>> Indicators and Targets

(1) Indicators

The Company calculates GHG emissions for all group consolidated companies listed in the Annual Securities Report in accordance with the GHG Protocol (an international standard for calculating and reporting GHG emissions). The CO2 emissions for the fiscal year ended March 31, 2025, are as follows.

Companies subject to calculation: 20 companies in total (Premium Group Co., Ltd., 16 domestic subsidiaries, and 3 overseas subsidiaries)

Calculation period: April 1, 2024, to March 31, 2025

Calculation results:

Energy-related GHG emissions (Unit: t-CO2)

Scope1 direct emissions		1,063
Scope2 energy-related indirect emissions	(Location-based)	588
	(Market-based)	652

Other indirect GHG emissions occurring in the company's value chain (Unit: t-CO2)

Scope 3 emissions from other companies related to the company's business activities		36,796

Breakdown (Unit: t-CO2):

Category 1: Purchased goods and services	8,193	Category 9: Transportation and distribution (downstream)	0
Category 2: Capital goods	2,411	Category 10: Processing of sold products	16,651
Category 3: Fuel- and energy- related activities not included in Scope 1 and 2	396	Category 11: Use of sold products	2,476
Category 4: Transportation and distribution (upstream)	943	Category 12: End-of-life treatment of sold products	24
Category 5: Waste generated In operations	52	Category 13 Leased assets (downstream)	4,477
Category 6: Business travel	893	Category 14: Franchises	0
Category 7: Employee commuting	273	Category 15: Investments	7
Category 8: Leased assets (upstream)	0		

* Categories 8, 9, and 14 are not applicable.

(Reference) Utilization of non-fossil fuel energy certificates

Fiscal year ended March 31, 2025	Non-fossil fuel value: 221,730 kWh (Certificate number: A022309)

(2) Targets

To achieve carbon neutrality by the fiscal year ending March 31, 2051, we have set a target to reduce GHG emissions within the Group by 58.8% by the fiscal year ending March 31, 2035, compared to the fiscal year ended March 31, 2024.

Target companies	Premium Group Co., Ltd. and its consolidated subsidiaries
Target scope	Scope 1 and Scope 2
Target setting (medium-term)	Fiscal year ending March 31, 2035: 58.8% reduction (compared to the fiscal year ended March 31, 2024)
Target setting (long-term)	Fiscal year ending March 31, 2051: Carbon Neutrality

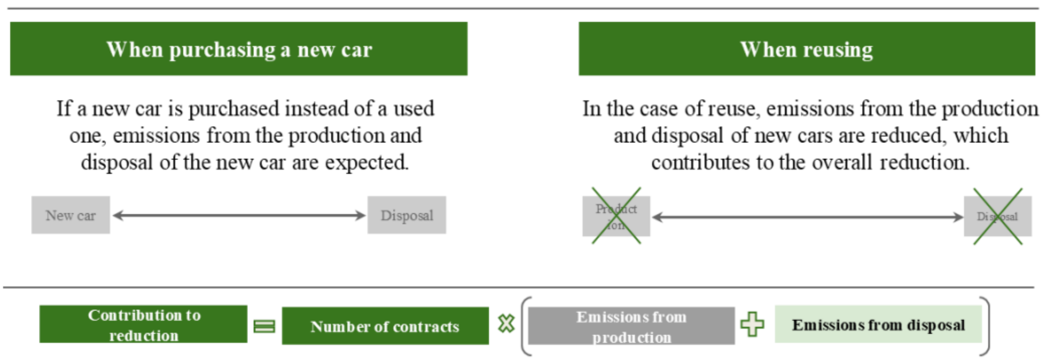
(Reference)

The Group has calculated its contribution to GHG reduction from its businesses (finance business, automobile warranty business, and automotive parts sales business).

■ Finance Business (Reuse): (Reduction contribution) approx. 137,338 t-CO2

In the Finance Business, it is expected that promoting the distribution of used cars will suppress the use of energy and resources generated in new car production. Specifically, GHG emissions generated during the manufacturing of new cars and the disposal of end-of-life vehicles are included in the reduction contribution. We believe that since the production of a new car becomes unnecessary for every used car distributed, we can significantly reduce the environmental burden.

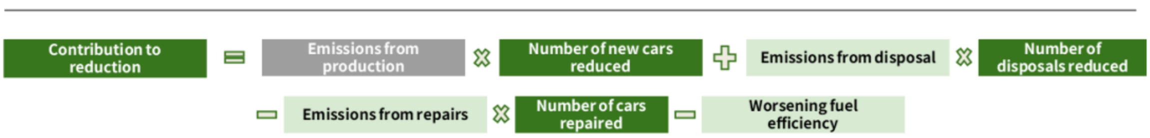
CO_2 Reduction through Reuse Business



■ Automobile Warranty Business (Reduce): (Reduction contribution) approx. 736 t-CO2

The Automobile Warranty Business is expected to extend the life of vehicles by providing repair services in the event of a breakdown, thereby suppressing GHG emissions associated with vehicle disposal and new car purchases. By extending the life of vehicles, energy consumption related to the mining and manufacturing of new resources is reduced, which ultimately leads to a reduction in GHG emissions. Therefore, it is possible to calculate the life-extension effect per vehicle using the automobile warranty and calculate the reduction contribution based on the total number of vehicles.

Premium Group's total contribution to reduction



※Note: The calculation methodology for the Contribution to GHG Reduction in the automobile warranty business has been revised as of fiscal year 2023.

■Prerequisites

- The contribution to reduction is calculated by subtracting the increase in emissions from repairs and the increase in emissions due to worsening fuel efficiency from the reduction in new car sales and the reduction in the number of disposals resulting from the automobile warranty business.
- This calculation does not take into account differences in emissions due to minor differences in vehicle models.

■ Automotive Parts Sales Business (Recycle): (Reduction contribution) approx. 1,435 t-CO2

The Automotive Parts Sales Business suppresses emissions associated with the manufacturing of new parts by reusing recycled parts (parts from end-of-life vehicles). Based on data published by the Japan Automobile Recycled Parts Council, we can determine the reduction contribution per recycled part, and by multiplying this by the volume of parts used by our Group companies, we calculate the total reduction contribution.

	Rebuilt			Used		
Parts	Emissions (kg-CO2/unit)	Quantity	Emissions (t-CO2)	Emissions (kg-CO2/unit)	Quantity	Emissions (t-CO2)
Engine	641.7	339	217.5	681.3	829	564.8
Automatic transmission	368.4	341	125.6	516.3	446	230.3
Cooler	39.4	26	1.0	43.8	24	1.1
Compressor	39.4	4,900	193.1	43.8	1,382	60.5
Front windshield	46.1	0	0.0	46.1	2	0.1
Front strut	131.7	0	0.0	131.7	14	1.8
Front door	157.4	0	0.0	157.4	119	18.7
Front knuckle	85.2	0	0.0	85.2	18	1.5
Front bumper	37.2	25	0.9	37.2	51	1.9
Muffler	74.9	23	1.7	74.9	184	13.8
Radiator	26.3	0	0.0	34.9	21	0.7
Total		5,654	540		3,090	895

3. Human Capital

The Group has established a mission for human resource development: "We will develop and nurture enriched human capital who consistently approach their work with a positive mindset and diligently build upon every process." Based on the belief that it is "people" who create our business and future, we consider people to be our "assets" and use the term "human capital" (Jinzai). Together with our enriched members (employees), we will contribute to building a richer society through the provision of the best finance and services, as well as by contributing to the formation of a circular society.

<<1>> Governance

As an execution system for human capital management, we have established a governance system for human resources by defining prior approval and reporting items for important personnel assignments and revisions to personnel systems at group companies, and by discussing policies from a management perspective. The Premium Group's human resources system is composed of three organizations to professionally handle each human resources-related task: the "Human Resources Recruitment Group," which is responsible for recruitment functions; the "Group Education Department," which is responsible for education and development functions; and the "Personnel Management Group," which is responsible for labor and welfare functions. For organizational development and human resource development in each business and function, we provide opportunities for opinion exchange and consultation with the heads of departments and teams within the Premium Group to share and discuss placement policies and issues aimed at organizational revitalization and the right person in the right place.

In addition, the Premium Group recognizes that it may directly or indirectly affect human rights in the course of conducting business, and in April 2024, we established the "Premium Group Human Rights Policy" to respect the human rights of all people involved in our business.

<<Premium Group Human Rights Policy (Summary)>>

Scope of Application	Applies to all officers and employees of the Premium Group, and we expect all business partners involved in our services to support this policy and request that they understand and comply with it.
Human Rights to be Respected	As human rights standards, we respect the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.
Human Rights Due Diligence	We identify, prevent, or mitigate negative impacts on human rights through a human rights due diligence mechanism.
Remediation	If it becomes clear that we have caused or contributed to negative impacts on human rights, we will work to provide remediation through appropriate procedures.
Education and Training	To ensure this policy is embedded throughout our corporate activities, we will reflect it in necessary procedures and conduct appropriate education and training for all officers and employees to ensure this policy is understood and effectively implemented.
Dialogue and Consultation	We will consult with relevant stakeholders regarding our responses to potential and actual impacts on human rights.
Information Disclosure	We will disclose the progress of our human rights initiatives on our website and through other channels.
Responsible Officer	We will clarify the officer responsible for the execution of the Human Rights Policy to ensure its effectiveness.
Priority Human Rights Issues	(1) Elimination of discrimination and harassment (2) Prohibition of child labor and forced labor (3) A corporate culture that encourages taking on challenges (4) A comfortable working environment (5) A compassionate working environment

<<2>> Strategy

We believe that the diverse human resources of the Premium Group demonstrating their individual abilities will lead to the growth of each business and, furthermore, to the achievement of the mission set forth by the Premium Group. Therefore, it is necessary to strive to improve employee happiness, or "Well-being," so that employees can work energetically, and to foster an environment where employees can maximize their individual performance.

To achieve this, we are engaged in the following initiatives. All of the Premium Group's initiatives are linked to "Well-being," and the Premium Group's turnover rate is 6.6%, which is significantly lower than the average of 14% (Source: 2024 Survey on Employment Trends).

We intend to continue the following initiatives, pursue the improvement of employee happiness, or "Well-being," and steadily realize sustainable growth.

A. Recruitment and Diversity & Inclusion

The Premium Group recruits human resources who agree with our values—"Toughness mind," "Positive mind," and "Gratitude"—which are common to all officers and employees, and who can grow together with the Premium Group. We will secure excellent human resources who fit our values by conducting continuous new graduate recruitment and year-round career recruitment. Furthermore, we will actively recruit professionals such as global human resources and DX human resources, and by having them demonstrate their expertise, we will enable the early launch and steady progress of each business.

In addition, the Premium Group positions diversity management as part of our growth strategy. We are creating opportunities for various human resources to play an active role in order to strengthen diversity, such as women and foreign nationals, through the continuous implementation of the Women's Empowerment Project (Lean in Premium), the encouragement of male employees to take childcare leave, and the strengthening of the recruitment of foreign human resources. Furthermore, we have established a recruitment quota for challenged individuals and a system for soliciting tasks from each department where people with disabilities can demonstrate their abilities. We will build a gender-neutral workplace environment where all employees can find their work rewarding and demonstrate their strengths.

B. Human Resource Development

To foster enriched human capital capable of creating a new society, we conduct a wide range of training programs by level, in addition to the on-the-job training (OJT) we have provided since our founding. Centered on our training subsidiary, VALUE Co., Ltd., we plan, design, and operate a variety of unique training programs not only for new graduates and young career employees but also for mid-level and executive staff, with the aim of further enhancing our training system. Furthermore, to accelerate DX promotion for sustainable growth and enhanced competitiveness, we will expand our educational programs, ranging from raising the digital literacy of the entire company to developing next-generation leaders who can transform our business model. We will continue to invest in human capital with a strong desire for growth to navigate the uncertain times ahead. Moreover, by providing our training services not only within the Group but also externally, we are contributing to human resource development for society as a whole.

Target	Training	Main Objectives
New Employees	Value Training / Value Workshop	・Foster human resources who can shift their mindset to that of a business professional, deeply understand the values shared by all officers and employees, and embody them.
Young Employees	Follow-up Training	・Foster human resources who can perceive situations from multiple perspectives and act proactively for the organization.
	Value Musical Training	・Foster human resources who can challenge themselves to reach greater heights by setting growth goals to "break out of their shell" through deep reflection on their past work processes, thinking, and attitudes.
	Next-Generation Leader Training	・Foster human resources who can recognize the roles and missions required of next-generation leaders based on role definitions and practice specific management actions that drive the growth of their own organizations.
Management Candidates	Management Training	・Foster human resources who can deeply understand the roles expected in a diversifying organization, reflect on their own management styles, and continue to update them as appropriate.
	Leadership Training	・Foster human resources who can contribute to the organization and deliver results by considering the flexible use of leadership according to the environment and situation, and the way of acting in line with required roles.
Executive Candidates	Public Training	・Foster human resources who can cultivate a broad perspective unconstrained by existing frameworks through interaction with talented individuals from other industries, and who can conceive and execute the company's future from a management perspective.
	Business Conflict Training	・Foster human resources who can face complex management issues encountered in the business field and make appropriate decisions from both "emotion" and "logic" even in situations where conflicts arise.

C. Pursuit of Employee Well-being

With the goal of enabling diverse human capital to thrive, we are promoting the development of various work styles so that all employees can fully demonstrate their potential. The Group has introduced initiatives such as promoting the use of paid leave (a long-term leave system twice a year), a flextime system, and shortened working hours. We continue to actively consider improvements to the working environment, such as expanding the conditions for shortened working hours, adding a shortened-hour flextime system, and considering extensions to eligibility. In addition, we have implemented measures to ensure that diverse employees can continue to work long-term and healthily, such as establishing a health consultation desk and raising awareness of support for balancing work and nursing care.

<<3>> Risk Management System

A risk associated with the Group's human capital initiatives is retention risk, where employees, as a result of our focus on career development support and human capital investment, may find opportunities to excel outside the Group and leave the company. We will continue to create an environment where employees can feel growth and fulfillment from various perspectives by implementing a self-reporting system and daily dialogues to ensure we do not miss employee feedback, and by conducting planned human capital investment.

Furthermore, if the competition for talent intensifies or a shortage of specialized talent, such as global or DX talent, becomes apparent, it could affect the development and continuity of our business. We will strive to secure talent by constantly discussing the provision of a comfortable working environment and incorporating social demands.

In a political, economic, and social climate that is difficult to foresee and rapidly changing, the Group will monitor the emergence of new risks and implement appropriate responses. We will work to grasp risks comprehensively, both qualitatively and quantitatively, going beyond conventional risk management aimed solely at risk mitigation and avoidance.

<<4>> Indicators and Targets

The Group has set the 'completion of an Auto Mobility Ecosystem' as our vision for 2030. To achieve this, we believe it is important to formulate, promote, and measure the effectiveness of unified human resource policies across the entire Group. We will strive to expand human capital management by monitoring various human capital indicators, while also considering periodic reviews to ensure flexible responses to the management environment and social demands.

<<Human Capital Indicators>>

	FY2024/03 Results	FY2025/03 Results	FY2026/03 Results	FY2030/03 Target
Human Capital ROI (%)	1.40	1.32	1.46	2.27
Training expenses per capita (yen)	128,753	106,429	76,118	130,000
Ratio of female directors (%)	33.3	33.3	33.3	30-50
Ratio of female managers (%)	20.4	18.1	19.0	30.0
Male childcare leave uptake rate (%)	50.0	77.8	80.0	100.0
Gender wage gap (%)	58.6	73.9	76.8	85.0
Paid leave utilization rate (%)	76.7	74.0	77.2	75% or more
Turnover rate (%)	8.6	7.8	6.6	8.0% or less
Human rights training attendance rate (%)	-	-	-	100.0

* The "Human Rights Training Completion Rate" is a newly established indicator starting from the fiscal year ending March 31, 2027, and therefore, past performance is not provided.

3. [Business and Other Risks]

Among the matters related to the status of business, accounting, etc., described in the Annual Securities Report, the following are the primary risks that management recognizes as having the potential to significantly impact the Group's operating results, financial position, etc.

Note that forward-looking statements in the text are based on the Group's judgment as of the end of the current consolidated fiscal year and do not cover all risks that may arise in the future.

(1) Changes in the Economic Environment

The Group's core businesses—the Finance Business, Automobile Warranty Business, and Auto Mobility Services Business—may be affected by changes in the economic environment, tax reforms, or deterioration in employment conditions. Such factors could lead to a decline in personal consumption, resulting in a decrease in New loan volume and adverse effects on debt collection in the Finance Business, a decrease in New warranty volume in the Automobile Warranty Business, and a decline in sales of various products in the Auto Mobility Services Business. Furthermore, regarding the impact of consumption suppression due to rising prices, we anticipate that the effect on the Group's business, operating results, and financial position will be limited.

(2) Large-scale Disasters, etc.

In the event of a large-scale disaster or the spread of an infectious disease, the Group has established regulations and a Business Continuity Plan (BCP) related to business continuity systems, and conducts education and training to ensure the continuation of critical operations and to fulfill our responsibilities to customers and society as smoothly as possible. However, if an unforeseen situation occurs, it may affect the Group's operating results and financial position.

(3) System Risks

The Group uses computer systems, communication networks, and cloud services, such as core credit systems, web application systems, automated screening systems, debt management systems, automobile warranty management systems, and mobility platforms. We process important and large volumes of information, including personal attribute information collected during credit and automobile warranty applications, and personal credit information necessary for credit screening. For this reason, we strive to strengthen system security and maintain stable operation of servers and networks on a daily basis. We also implement measures such as system redundancy, data center duplication, and the use of multiple carriers for communication networks to prepare for unforeseen circumstances. However, if the Group's operations are disrupted due to computer system outages caused by natural disasters, accidents, or cyberattacks, or due to communication network disconnections, malfunctions, unauthorized use, unauthorized access, or computer viruses, or if system development plans are significantly revised, it may affect the Group's operating results and financial position.

(4) Legal Regulations, etc.

The Group's businesses are subject to regulations under the "Installment Sales Act," the "Secondhand Articles Dealer Act," the "Road Transport Vehicle Act," and various other related laws and regulations. The credit business is required to be registered as an "Individual Credit Purchase Facilitator" under the "Installment Sales Act," and we have registered as such and renew this registration every three years. In addition, for the maintenance business, auto leasing business, and some businesses in the auto mobility services field, a secondhand dealer license is required under the "Secondhand Articles Dealer Act," and we have obtained such license in accordance with the act. Furthermore, for the disassembly and maintenance of automobiles in the maintenance business, certification as an automobile disassembly and maintenance business is required under the "Road Transport Vehicle Act," and we have obtained such certification and operate certified factories.

The Group conducts its business in compliance with the "Installment Sales Act," the "Secondhand Articles Dealer Act," the "Road Transport Vehicle Act," and, of course, the "Act on the Protection of Personal Information," the "Act against Unjustifiable Premiums and Misleading Representations," and the "Act on Special Measures Concerning the Management and Collection of Claims." At present, no events have occurred that would lead to the revocation of such licenses or certifications. However, if such licenses or certifications are revoked or renewal is not granted for any reason in the future, if changes occur in laws, regulations, policies, or industry practices, if compliance costs increase, or if contracts are found to be subject to cancellation or invalidation under the "Consumer Contract Act," the "Act on Specified Commercial Transactions," etc., in addition to the aforementioned laws, it may affect the Group's operating results and financial position.

In addition, the introduction or changes of new accounting standards or tax systems may affect the Group's business performance and financial position.

The status of major licenses and permits obtained by the Group as of the end of the current consolidated fiscal year is as follows.

Acquirer/Registrant Name	Premium Co., Ltd.	
Name of License/Registration	Individual Credit Purchase Business Operator	Secondhand Dealer Permit
Competent Authority, etc.	Kanto Bureau of Economy, Trade and Industry	Tokyo Metropolitan Public Safety Commission
Date of Registration and Registration Number, etc.	April 20, 2010 Kanto (Indiv.) No. 11	October 24, 2008 No. 3011110808929
Date of Renewal and Registration Number, etc.	April 20, 2013 Kanto (Indiv.) No. 11-1 April 20, 2016 Kanto (Indiv.) No. 11-2 April 20, 2019 Kanto (Indiv.) No. 11-3 April 20, 2022 Kanto (Indiv.) No. 11-4 April 20, 2025 Kanto (Indiv.) No. 11-5	None
Expiration Date	April 19, 2028	No expiration date
Requirements for Violation of Laws and Main Reasons for Revocation of License/Registration	Violation of business improvement orders regarding various conduct rules such as prevention of excessive credit, falling below statutory net assets (50 million yen), etc.	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.

Acquirer/Registrant Name	Premium Mobility Service Co., Ltd.	PLS Co., Ltd.
Name of License/Registration	Secondhand Dealer Permit	Secondhand Dealer Permit
Competent Authority, etc.	Tokyo Metropolitan Public Safety Commission	Tokyo Metropolitan Public Safety Commission
Date of Registration and Registration Number, etc.	March 2, 2021 No. 301122115943	October 26, 2018 No. 301111806570
Date of Renewal and Registration Number, etc.	None	None
Expiration Date	No expiration date	No expiration date
Requirements for Violation of Laws and Main Reasons for Revocation of License/Registration	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.

Acquirer/Registrant Name	PAS Co., Ltd.	Premium Auto Parts Co., Ltd.
Name of License/Registration	Secondhand Dealer Permit	Secondhand Dealer Permit
Competent Authority, etc.	Tokyo Metropolitan Public Safety Commission	Shiga Prefectural Public Safety Commission
Date of Registration and Registration Number, etc.	December 28, 2016 No. 301111607310	January 6, 2012 No. 60111H230021
Date of Renewal and Registration Number, etc.	None	None
Expiration Date	No expiration date	No expiration date
Requirements for Violation of Laws and Main Reasons for Revocation of License/Registration	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.

Acquirer/Registrant Name	Car Premium Co., Ltd.
Name of License/Registration	Secondhand Dealer Permit
Competent Authority, etc.	Tokyo Metropolitan Public Safety Commission
Date of Registration and Registration Number, etc.	July 8, 2022 No. 301122218530
Date of Renewal and Registration Number, etc.	None
Expiration Date	No expiration date
Requirements for Violation of Laws and Main Reasons for Revocation of License/Registration	Cases where it is recognized that the prevention or prompt discovery of the sale and purchase of stolen goods, etc., is significantly hindered, etc.

Acquirer/Registrant Name	PAS Co., Ltd. FIXMAN		
Name of License/Registration	Automobile Disassembly and Repair Business (Certified)	Automobile Specialized Maintenance Business (Certified)	Designated Automobile Maintenance Business (Designated)
Competent Authority, etc.	Ministry of Land, Infrastructure, Transport and Tourism	Ministry of Land, Infrastructure, Transport and Tourism	Ministry of Land, Infrastructure, Transport and Tourism
Certification Date and Certification Number	April 14, 2016 No. 1-2933	April 14, 2016 No. 1-2933	May 2, 2024 No. 1-1374
Date of Renewal and Registration Number, etc.	None	Certification Date December 25, 2020	None
Expiration Date	No expiration date	No expiration date	No expiration date
Requirements for Violation of Laws and Main Reasons for Revocation of License/Registration	Cases of violation of the Road Vehicle Act, etc., violation of certification conditions, or violation of disqualification clauses for officers, etc., etc.	Cases of violation of the Road Vehicle Act, etc., violation of certification conditions, or violation of disqualification clauses for officers, etc., etc.	Cases of violation of the Road Vehicle Act, etc., violation of certification conditions, or violation of disqualification clauses for officers, etc., etc.

(5) Risks related to financing

The Group's primary methods of financing include bank borrowings, bank partnered loans, and the securitization of financial receivables. For bank borrowings, we mitigate financing risk by securing liquidity through commitment lines and other means; however, some of these agreements include financial covenants, and there is a risk that financing may not be continued if the Group's business performance declines. Furthermore, if the financing environment deteriorates due to factors such as sluggish business performance or a decline in creditworthiness resulting from inadequate corporate governance, or turmoil in the financial markets, there is a risk that new financing may be restricted. If these issues are not addressed, it could affect the continuation of the Group's business.

(6) Risks related to interest rate fluctuations

In the Group's financing, while we use fixed interest rates for most of our borrowings, we use variable interest rates for some. In addition, the terms and conditions for future new borrowings or refinancing may be affected by market interest rate trends. Therefore, if financing costs increase due to a rise in market interest rates, it could affect the Group's business performance and financial position.

Regarding the interest margin (spread) on auto credit due to rising market interest rates, the direct impact of rising market interest rates is limited because credit fees for customers under existing contracts are set at fixed interest rates; however, for future new auto credit business, an increase in procurement costs may affect profitability. In response, the Group strives to secure interest margins by appropriately reflecting these costs in credit fees for customers based on procurement conditions.

(7) Risks related to compliance

The Group positions compliance as one of its most important management issues. We have established compliance regulations, built a compliance promotion system, and conduct various training programs to encourage voluntary actions based on our code of conduct, thereby striving to improve corporate ethics and strengthen legal compliance. However, if a compliance-related issue occurs, such as a major scandal due to a compliance violation, it could affect the Group's business performance and financial position due to disciplinary actions by regulatory authorities or a loss of social trust.

(8) Risks related to personal information

Due to the nature of our business, the Group acquires, holds, and uses a large volume of personal information, primarily personal credit information. For this reason, our major subsidiaries, Premium Co., Ltd. and Premium Warranty Services Co., Ltd., have received Privacy Mark certification from the Japan Institute for Promotion of Digital Economy and Community (Premium Co., Ltd., registration number 10670054(07) (renewal date: September 4, 2025), and Premium Warranty Services Co., Ltd., registration number 17001612(07) (renewal date: July 30, 2025)). In addition, the Group has established a "Personal Information Protection Policy (Privacy Policy)" and other policies, identifies the personal information handled by each company and department, clarifies the risks associated with its acquisition, use, and storage, and has built a system to prevent accidents such as leaks by determining measures to mitigate those risks. In addition, we strive to ensure effectiveness by strengthening network security, confirming and evaluating subcontractors that handle personal information, conducting employee training, and performing audits by our employees certified as Privacy Mark internal auditors. However, if a leak, loss, or unauthorized use of personal information occurs at the Group or our business partners, it could lead to damage to the Group's reputation and liability for damages, which may affect our business performance. Furthermore, if we violate laws and regulations as a business operator handling personal information, we may be subject to administrative actions such as recommendations or orders. In such a case, it could affect the Group's operating results and financial position.

(9) Human Resources

As the Group lists human resource development as one of its missions, we recognize that human resources are the source of our competitiveness and our greatest strength. Therefore, we devote passion to everything from the recruitment, education, and training of talented human resources to personnel evaluations, and we are committed to maintaining strong organizational capabilities. However, if the Group becomes unable to recruit and retain talented human resources or provide them with education, the Group's business performance and financial position may be affected. Similar risks may also arise if the declining birthrate, intensifying competition for talent, delays in successor development, or the promotion of active participation by human resources do not proceed as planned. The Group strives to reduce these risks through the development of education and training systems, reviews of compensation, and diversity and inclusion initiatives such as promoting the active participation of women. However, if these initiatives do not produce sufficient effects, the Group's business performance and financial position may be affected.

(10) Intensifying Market Competition

Sales trends in the used car sales market surrounding the Company remained flat for the full fiscal year ending March 31, 2026. This was due to factors such as price hikes accompanying used car inventory shortages, as well as production adjustments and supply restrictions by some manufacturers.

If the number of used cars sold remains sluggish in the future, intensifying competition in the Finance Business and Automobile Warranty Business is expected. Accordingly, if profitability or market share declines, it may affect the Group's business performance and financial position.

(11) Reputation

The Group's reputation is important for building and maintaining good relationships of trust with stakeholders, including customers, investors, and regulatory authorities. It could be damaged by various causes, such as violations of laws and regulations, misconduct by employees, or system failures. If we are unable to avoid these or fail to take appropriate measures, the Group may lose the trust of stakeholders such as customers, investors, and regulatory authorities, which may affect the Group's business performance and financial position.

(12) Goodwill and Intangible Assets

The Company recorded goodwill and intangible assets at the time of acquiring all shares of Premium Co., Ltd. on June 19, 2015, and these assets account for a large portion of the Company's items in this category. We believe that these assets appropriately reflect future earning potential; however, if future profitability declines, we may be required to recognize impairment losses. The Group's consolidated financial statements are prepared in accordance with IFRS, and since some of these goodwill and intangible assets are non-amortizable, they are not subject to periodic amortization. For reference, as of the end of the current consolidated fiscal year, we have recorded 4,197 million yen in goodwill and 4,581 million yen in non-amortizable intangible assets, which have not been amortized since the acquisition date. If impairment losses are recognized for these assets, it could affect the Group's operating results and financial position.

(13) Credit Risk

To prepare for credit losses on installment accounts receivable and accounts receivable, the Group hedges against bad debt risk by entering into trade credit insurance and other agreements as described in (14). With the application of IFRS 9 "Financial Instruments" from the fiscal year ended March 31, 2019, we recognize an allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost. However, due to economic trends, an increase in personal bankruptcy filings, or other unforeseen reasons, there is a possibility of an increase in insurance premiums and the allowance for doubtful accounts. In such a case, it could affect the Group's operating results and financial position.

(14) Credit Insurance Contracts

The Group has entered into trade credit insurance and guarantee-type credit insurance with multiple non-life insurance companies to hedge against bad debt risk in our credit finance and auto leasing businesses. If bad debt losses exceeding the insurance payment limits stipulated in these credit insurance contracts occur, it could affect the Group's operating results and financial position. Furthermore, if credit insurance contracts cannot be continued due to factors such as increased insurance premiums resulting from higher bad debt losses, revisions to the Insurance Business Act, or changes in the stance of non-life insurance companies, it could affect the Group's operating results and financial position.

(15) Repair Costs

In the Automobile Warranty Business operated by the Group, customers who wish to receive warranty services pay a fixed fee, and in return, we provide repairs free of charge within a predetermined scope if a mechanical failure occurs in the purchased vehicle. Therefore, if repair costs significantly exceed initial projections due to an increase in high-priced vehicle failures or a surge in vehicle parts prices, it could affect the Group's operating results and financial position.

(16) New Businesses

The Group is actively promoting the expansion and growth of the Auto Mobility Services Business as a new pillar of revenue, following our core Finance Business and Automobile Warranty Business. If this business fails to achieve its initial business plan and is unable to generate sufficient earnings in the future, it could affect the Group's operating results and financial position.

(17) Overseas Business

The Group operates auto finance, automobile warranty, and automobile maintenance businesses in the Kingdom of Thailand and the Republic of the Philippines, as well as automobile warranty and warranty-related consulting businesses in the Kingdom of Thailand, the Republic of Indonesia, and the Republic of the Philippines. While there is a possibility of expanding business into other countries and regions in the future, business expansion into overseas markets inherently involves the following risks. If these events occur, they may affect the Group's operating results and financial position.

(1) Establishment, revision, or abolition of laws and regulations, such as unexpected changes in tax systems or regulations on foreign capital.
(2) Occurrence of unexpected economic or political events.
(3) Social unrest caused by unexpected terrorism, conflicts, infectious diseases, etc.
(4) Unexpected and rapid changes in the labor environment.
(5) Adverse effects on the Group's activities due to underdeveloped social infrastructure.

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Operating Results, etc.

An overview of the Group's financial position, operating results, and cash flows (hereinafter referred to as "operating results, etc.") for the current consolidated fiscal year is as follows.

The results presented exclude internal operating revenue between segments.

(1) Financial Position and Operating Results

During the current consolidated fiscal year (from April 1, 2025 to March 31, 2026), the Japanese economy showed signs of recovery in personal consumption and capital investment against the backdrop of improvements in the employment and income environment. Meanwhile, production and exports remained generally flat. Regarding the outlook, it is necessary to closely monitor the impact of trends in U.S. trade policy, fluctuations in financial and capital markets, and the worsening situation in the Middle East, which has become a new concern since the beginning of 2026, on the real economy and personal consumption through future energy prices and logistics costs. The situation remains highly uncertain. Under these economic conditions, the used vehicle market, which is the Group's main target, saw the total number of used vehicle registrations in Japan (ordinary passenger vehicles, compact passenger vehicles, and mini four-wheeled passenger vehicles combined) from April 2025 to March 2026 reach 5,457,772 units (a 0.4% increase compared to the previous consolidated fiscal year), slightly exceeding the previous year's results. (Source: Statistical data from the Japan Automobile Dealers Association and the Japan Mini Vehicle Association)

Based on the assumption of thoroughgoing compliance tailored to changes in the external business environment, including regulatory changes, our Group seeks to realize our mission of "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." In addition to credit finance and automobile warranty services, to expand business interactions and accelerate growth in the scope of our operations and earnings, we provide a comprehensive line of auto mobility services that assist automobile dealers and automobile maintenance facilities, our major client base, in related vehicle procedures they undertake. We are also tackling the challenge of implementing various initiatives to realize a new growth model.

a. Financial Position

Total equity at the end of the current consolidated fiscal year increased by 6,346 million yen from the end of the previous consolidated fiscal year to 25,295 million yen. This was due mainly to an increase of 4,255 million yen in retained earnings. Total equity attributable to owners of parent grew 6,347 million yen from the end of the previous consolidated fiscal year to 25,270 million yen.

b. Operating Results

The status of each business during the current consolidated fiscal year is as follows.

In the Finance Business, volume of new loans continued to exceed the previous year's results, supported by an increase in paid members (Car Premium Club members) at automobile dealers. In addition, the business has recovered steadily from the impact of system failures, and in addition to an improving trend in the delinquency rate, we have also achieved a convergence of costs associated with responding to system failures. As a result, operating revenue was 24,801 million yen (up 23.1% year-on-year) and operating profit was 4,735 million yen (up 3.6% year-on-year).

In the Automobile Warranty Business, measures to attract customers to become paid members (Car Premium Club members) at automobile dealers have yielded steady results, and New warranty volume have expanded steadily. In particular, proprietary warranties, which are high-margin, in-house developed products, grew significantly by 34.8% year-on-year, further shifting the product mix toward higher profitability, resulting in operating revenue of 8,010 million yen (up 14.7% year-on-year). In addition, we have continuously worked to reduce costs by guiding repair vehicles with failures to our Group's Maintenance Facility Network and using used parts procured from Group companies for repairs, resulting in an operating profit of 1,334 million yen (up 18.9% year-on-year).

In the Auto Mobility Services Business, in addition to the continuous increase in paid members (Car Premium Club members) at automobile dealers and automobile maintenance facilities, we focused on deepening our paid membership services. As a result of the stable growth of each business contributing significantly to the strengthening of our earnings base, operating revenue was 11,066 million yen (up 19.6% year-on-year) and operating profit was 2,243 million yen (up 91.1% year-on-year).

Operating expenses were 35,644 million yen (up 20.4% year-on-year) due to an increase in various expenses related to business expansion, rising market interest rates, and costs associated with responding to system failures, but we implemented cost-reduction measures such as cost-reduction initiatives in the Automobile Warranty Business and the systemization of various business processes through DX promotion.

As a result, operating revenue for the current consolidated fiscal year was 44,042 million yen (up 21.0% year-on-year), operating profit was 8,398 million yen (up 23.2% year-on-year), profit before tax was 8,619 million yen (up 25.8% year-on-year), and Profit attributable to owners of parent was 6,069 million yen (up 30.5% year-on-year).

c. Status of Key Management Indicators

As key management indicators that affect the Group's operating results, we consider volume of new loans, loan receivables, and the 3-month or more delinquency rate for the Finance Business; New warranty volume for the Automobile Warranty Business; and the number of paid members at automobile dealers and the number of paid members at automobile maintenance facilities for the Auto Mobility Services Business. We constantly grasp the trends of each management indicator and, as a result of planning and implementing measures to improve the figures for each management indicator using the PDCA cycle, we believe that we are contributing to the expansion of the Group's earnings, reduction of expenses, and improvement of the quality of receivables. The relationship between each management indicator and revenue, the Group's initiatives regarding these management indicators, and the trends of each management indicator are as follows.

(Finance Business)

Revenue in the Finance Business operated by the Group is mainly composed of the credit business centered on auto credit, and the total amount of installment fees paid by customers based on individual credit contracts is recorded using the effective interest method. Individual credit contracts are provided to customers after screening, etc., upon receiving credit applications from customers through affiliated dealers, such as used car retailers that have concluded dealer agreements with the Group, and through the paid membership organization for which recruitment began in the fiscal year ended March 31, 2021, leading to an increase in the volume of new loans (Note 1) and loan receivables (Note 2). Therefore, in the credit business, expanding the network of affiliated dealers and the paid membership organization to increase individual credit contracts and accumulate the volume of new loans and loan receivables leads to revenue growth. In addition, by expanding the paid membership organization, we will increase the utilization rate of the auto credit provided by the Group at automobile dealers.

The Group has established sales offices and contact centers specializing in outbound sales in major cities nationwide, and continues to develop new affiliated dealer contracts and cultivate existing affiliated dealers, as well as promote membership in the paid membership organization, targeting automobile dealers, primarily used car retailers. Furthermore, due to various measures such as handling long-term credit, streamlining sales routes through system utilization, and promoting paperless contracts, the number of individual credit contracts applied for by customers continues to increase. As a result, the volume of new loans and loan receivables have trended as shown in the table below.

On the other hand, in order to expand revenue, it is necessary not only to increase the volume of new loans and loan receivables but also to maintain and manage the quality of the credit receivables as a whole. We have set the delinquency rate (Note 3) as a key indicator for managing the quality of receivables, and by focusing on collection operations for delinquent receivables to prevent the figures from deteriorating, we are working to suppress the occurrence of default receivables and expand revenue. The delinquency rate for the fiscal years ended March 31, 2025 and March 31, 2026 rose temporarily due to delays in debt collection caused by failures in the core system. However, in the current consolidated fiscal year, as these delays were gradually resolved, the rate has passed its peak and has turned toward a downward trend.

		FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3
Volume of New Loans	million yen	202,302	243,799	303,793	354,319	355,390
Of which: auto credit volume of new loans (Note 4)	million yen	187,982	224,579	271,447	319,547	327,234
Of which: shopping credit volume of new loans	million yen	8,823	9,859	18,819	20,155	12,031
Credit loan receivables	million yen	422,289	507,830	632,632	778,617	887,104

Of which: auto credit loan receivables (Note 4)	million yen	383,895	456,200	557,569	681,125	772,570
Of which: shopping credit loan receivables	million yen	27,675	33,827	48,204	62,008	72,706
Delinquency rate (Note 5)	%	0.78	0.81	1.00	1.83	2.73

(Note) 1. The volume of new loans is the total amount of credit contracts and lease guarantee contracts newly concluded during the period, and includes the volume of products other than auto credit (such as ecology credit).
2. Loan receivables is the total amount of credit contracts and lease guarantee contracts that have not been repaid or for which the guarantee period has not expired at that point in time, out of the cumulative volume of new loans from the start of business to the end of the period, and includes the balance of products other than auto credit (such as ecology credit).
3. The delinquency rate refers to the ratio of the total amount of receivables with a delinquency period exceeding 3 months and special receivables (receivables for which the customer has entrusted debt consolidation procedures, etc., to an attorney, etc.) to the loan receivables at the end of the period.
4. The volume of new auto loans and the balance of auto loan receivables do not include lease guarantee contract amounts.
5. The delinquency rate for the fiscal year ended March 31, 2024 has been retroactively adjusted due to a change in the calculation method.
6. This table shows the performance of Premium Co., Ltd., which handles the credit business.

(Automobile Warranty Business)

Revenue in the Automobile Warranty Business operated by the Group is recognized by allocating the automobile warranty fees paid by customers over the warranty contract period and recording the portion equivalent to the automobile warranty revenue, which ultimately becomes the Group's revenue. Individual automobile warranty contracts are provided to customers through partners, such as used car retailers that have concluded business alliance agreements with the Group regarding automobile warranty sales, and through the paid membership organization for which recruitment began in the fiscal year ended March 31, 2021, leading to an increase in New warranty volume (Note 1). Therefore, in the Automobile Warranty Business, expanding the network of warranty partners and the paid membership organization to increase individual automobile warranty contracts and accumulate New warranty volume leads to revenue growth. In addition, by expanding the paid membership organization, we will increase the utilization rate of the automobile warranty provided by the Group at automobile dealers.

The Group has established sales offices in major cities nationwide and, similar to our auto credit affiliated dealers, continues to develop new partnerships and cultivate existing ones among automobile dealers, primarily used car retailers, while promoting paid membership. In addition, through various measures such as promoting the sales of proprietary products and products for paid members, assigning sales personnel specializing in affiliated products, and strengthening management systems and efficiency through the subdivision of back-office organizations, the number of individual automobile warranty contracts applied for by customers continues to increase. As a result, the trend in New warranty volume is as shown in the table below.

		FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3
New warranty volume	million yen	5,147	5,761	6,891	7,530	8,792

(Note) 1. New warranty volume refers to the total amount of newly concluded automobile warranty contracts during a certain period in each consolidated fiscal year, etc.
2. This table shows the performance of Premium Warranty Services Co., Ltd., which handles the Automobile Warranty Business.
3. New warranty volume for the fiscal year ended March 31, 2024, have been partially retroactively adjusted due to a change in the aggregation method.

(Auto Mobility Services Business)

Revenue in the Auto Mobility Services Business operated by the Group is primarily recorded based on the transaction amounts of various services provided to automobile providers, such as automobile dealers and automobile maintenance facilities. Specific service offerings include membership fee income through paid membership organizations (Note) for automobile dealers and automobile maintenance facilities, sales of repossessed vehicles generated in the Finance Business, sales of business software for automobile maintenance facilities, parts sales, and the provision of subscription-based sale (leasing) services. By expanding our paid membership organizations, the utilization rate of the various services we offer increases, leading to revenue growth.

The Group has established a sales department specializing in automobile dealers and automobile maintenance facilities to develop paid members and expand our maintenance facility network. Furthermore, due to various measures such as the development of paid membership services and the expansion of new businesses, the number of members continues to increase. As a result, the trends in the number of paid members and the network are as shown in the table below.

		FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3
Number of paid members (automobile dealers)	Companies	1,525	2,581	2,660	3,468	4,918
Number of paid members (automobile maintenance facilities)	Stores	251	370	710	858	1,025

(Note) The number of paid members among automobile dealers and automobile maintenance facilities refers to the number of individual automobile dealers and automobile maintenance facilities that have concluded membership agreements with the Group.

(2) Cash Flow Position

Cash flows for the current consolidated fiscal year resulted in expenditures of 21,283 million yen from operating activities (expenditures of 7,761 million yen in the previous consolidated fiscal year), expenditures of 1,931 million yen from investing activities (expenditures of 2,456 million yen in the previous consolidated fiscal year), and revenue of 32,148 million yen from financing activities (revenue of 6,220 million yen in the previous consolidated fiscal year). As a result, cash and cash equivalents (hereinafter "funds") at the end of the current consolidated fiscal year increased by 8,951 million yen compared to the end of the previous consolidated fiscal year, reaching 26,099 million yen.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)	Increase/Decrease
Cash flows from operating activities (million yen)	(7,761)	(21,283)	(13,522)
Cash flows from investing activities (million yen)	(2,456)	(1,931)	+525
Cash flows from financing activities (million yen)	6,220	32,148	+25,928

(Cash flow from operating activities)

Funds used in operating activities during the current consolidated fiscal year totaled 21,283 million yen. Major sources of revenue included a decrease of 14,340 million yen in other assets and profit before tax of 8,619 million yen, while major expenditures included a decrease of 24,331 million yen in financial guarantee contracts and an increase of 16,398 million yen in Financing receivables.

(Cash flow from investing activities)

Funds used in investing activities during the current consolidated fiscal year totaled 1,931 million yen. Major expenditures included 869 million yen for the acquisition of intangible assets, 757 million yen for the acquisition of property, plant and equipment, and 343 million yen for payments for guarantee deposits.

(Cash flow from financing activities)

Funds acquired through financing activities during the current consolidated fiscal year totaled 32,148 million yen. Major revenues included 53,448 million yen from long-term borrowings, while major expenditures included 19,670 million yen for the repayment of long-term borrowings and 2,000 million yen for the repayment of short-term borrowings.

(3) Production, Orders Received, and Sales

a. Production

As the Group does not engage in production activities, this is not applicable.

b. Orders Received

As the Group does not engage in order-based production, this is not applicable.

c. Sales

(Operating Revenue by Business Service)

Operating revenue by business service for the current consolidated fiscal year is as follows.

Business service name (million yen)	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)	Year-on-year change (%)
Finance Business	20,151	24,801	+23.1
Automobile Warranty Business	6,986	8,010	+14.7
Auto Mobility Services Business	9,254	11,066	+19.6
Other	17	166	+869.2
Total	36,409	44,042	+21.0

(Note) 1. Operating revenue excludes intersegment revenue.
2. The amounts above do not include consumption taxes.
3. Sales to major customers and their percentage of total sales for the last two consolidated fiscal years are omitted as no single customer accounts for 10% or more of total sales.

(Transaction Volume by Business Service)

Transaction Volume by Business Service for the current consolidated fiscal year are as follows.

Business service name (million yen)	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)	Year-on-year change (%)
Finance Business	354,319	355,390	+0.3
Automobile Warranty Business	7,530	8,792	+16.8

(Note) 1. Transaction volume for the Finance Business represent the total amount of newly concluded credit contracts and lease guarantee contracts during a certain period (from April 1, 2025 to March 31, 2026 for the fiscal year ending March 31, 2026).
2. New warranty volume for the Automobile Warranty Business represent the total amount of newly concluded automobile warranty contracts during a certain period (from April 1, 2025 to March 31, 2026 for the fiscal year ending March 31, 2026).

(2) Analysis and Discussion of Operating Results from Management's Perspective

The management's recognition and analysis of the Group's operating results and other matters are as follows.

Forward-looking statements in the text are based on the Group's judgment as of the end of the current consolidated fiscal year.

(1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with IFRS. In preparing these consolidated financial statements, the Group requires accounting estimates and judgments that affect the financial position, operating results, and cash flows as of the closing date. The Group makes accounting estimates based on premises deemed reasonable in light of past performance and circumstances; however, due to the uncertainty of estimates, actual results may differ from these estimates.

Items requiring accounting estimates and judgments that could have a material impact on the financial position or operating results of the Company and its consolidated subsidiaries are as follows:

a. Valuation of goodwill and intangible assets with indefinite useful lives
b. Impairment of financial assets measured at amortized cost
c. Recognition of insurance assets
d. Valuation of investments accounted for using equity method
e. Recoverability of deferred tax assets
f. Revenue recognition

Although the situation remains uncertain due to concerns about economic recession caused by soaring resource prices resulting from volatile global conditions and fluctuations in financial and capital markets, the impact on the Group's domestic business performance is minimal as operating activities in core businesses continue. Therefore, regarding a. and e., we believe the possibility of impairment losses on goodwill and intangible assets or the reversal of deferred tax assets is limited. Regarding b. and c., the impact of deterioration in the quality of receivables in the Finance Business is also minimal, and therefore, there are no changes to the insurance contract policy regarding credit receivables. Regarding d., the performance of Eastern Commercial Leasing p.l.c., an equity-method affiliate, has remained steady, and the share of profit of investments accounted for using equity method for the current consolidated fiscal year was 114 million yen.

Significant accounting estimates and assumptions used by the Group that involve risks that could have a material impact on the carrying amounts of assets and liabilities in the following consolidated fiscal year are described in "Section 5: Financial Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 4. Use of Significant Estimates and Judgments."

(2) Recognition, analysis, and examination of operating results for the current consolidated fiscal year

a. Analysis of financial position

The status of assets, liabilities, and equity at the end of the current consolidated fiscal year is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Increase/Decrease
Total Assets (million yen)	184,988	198,965	+13,978
Total Liabilities (million yen)	166,039	173,670	+7,631
Total Equity (million yen)	18,948	25,295	+6,346
Equity attributable to owners of parent (million yen)	18,923	25,270	+6,347

(Assets)

Total assets at the end of the current consolidated fiscal year increased by 13,978 million yen from the end of the previous consolidated fiscal year to 198,965 million yen. This was mainly due to an increase of 16,403 million yen in financing receivables and 8,953 million yen in cash and cash equivalents.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year increased by 7,631 million yen from the end of the previous consolidated fiscal year to 173,670 million yen. This was mainly due to an increase of 33,821 million yen in borrowings.

(Equity)

Total equity at the end of the current consolidated fiscal year increased by 6,346 million yen from the end of the previous consolidated fiscal year to 25,295 million yen. This was due mainly to an increase of 4,255 million yen in retained earnings. Total equity attributable to owners of parent grew 6,347 million yen from the end of the previous consolidated fiscal year to 25,270 million yen.

b. Analysis of Operating Results

The status of operating revenue, total expenses, and profit attributable to owners of parent at the end of the current consolidated fiscal year is as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)	Increase/Decrease
Operating revenue (million yen)	36,409	44,042	+7,633
Total expenses (million yen)	29,594	35,644	+6,050
Profit attributable to owners of parent (million yen)	4,651	6,069	+1,418

(Operating revenue)

Operating revenue for the current consolidated fiscal year increased by 7,633 million yen from the previous consolidated fiscal year to 44,042 million yen. Operating revenue by business service is described in "(1) Overview of Business Results (1) Financial Position and Operating Results."

(Total expenses)

Total expenses for the current consolidated fiscal year increased by 6,050 million yen from the previous consolidated fiscal year to 35,644 million yen. The main factors for the increase were the rise in various expenses related to business expansion, the increase in market interest rates, and the occurrence of costs related to system failure responses.

(Profit attributable to owners of parent)

Profit attributable to owners of parent for the current consolidated fiscal year increased by 1,418 million yen from the previous consolidated fiscal year to 6,069 million yen. The primary reason for the increase is the implementation of cost-reduction measures, such as cost-reduction initiatives in the Automobile Warranty Business and the systemization of various business processes through DX promotion.

c. Analysis of Capital Resources and Liquidity of Funds

The analysis of cash flows is described in "(1) Overview of Business Results, etc. (2) Status of Cash Flows."

The Group's funding requirements are broadly divided into two categories: working capital requirements and funding requirements for advances in the credit business. The primary component of working capital requirements is the payment of operating expenses. Furthermore, funding requirements for advances arise from the credit business, where the Group makes payments on behalf of customers to affiliated dealers when customers purchase products.

Currently, the Group funds its working capital requirements from internal funds, and in the event of a shortfall, it procures funds through short-term borrowings. Regarding funding for advances, the Group utilizes internal funds and executes securitization once a certain level of receivables has accumulated.

d. Factors Having a Material Impact on Operating Results

For factors having a material impact on operating results, please refer to "Part 2. Business Overview, 3. Business and Other Risks."

e. Management's Recognition of Issues and Future Policies

While it is expected that uncertain conditions will continue, such as the impact of soaring global resource prices and significant fluctuations in exchange rates, the Group recognizes that in order to continue providing better products and services while expanding its business scale within this economic environment, it is necessary to address the various issues described in "Part 2. Business Overview, 1. Management Policy, Business Environment, and Issues to be Addressed." In addressing these issues, management's policy is to continuously obtain and analyze information regarding changes in the external environment, grasp the current and future business environment, recognize the issues associated with it, and simultaneously implement optimal solutions.

5. Important Contracts, etc.

(1) At the Board of Directors meeting held on January 23, 2026, the Company resolved to conduct an absorption-type merger (hereinafter, the "Merger") in which the Company's consolidated subsidiary, Premium Co., Ltd. (Minato-ku, Tokyo; President: Yoshiyuki Tsuchiya), will be the surviving company, and the Company's consolidated subsidiaries, Premium Warranty Services Co., Ltd. (Minato-ku, Tokyo; President: Wataru Ota), Premium Mobility Services Co., Ltd. (Minato-ku, Tokyo; President: Yoshiyuki Tsuchiya), and Car Premium Co., Ltd. (Minato-ku, Tokyo; President: Yohichi Shibata), will be the absorbed companies, and concluded a merger agreement on April 22, 2026. The effective date of the Merger is scheduled for July 1, 2026.

The outline of the merger is as follows.

(1) Purpose of the Merger

Through the integration of each business via this Merger, the Company aims to innovate customer experience (CX) by deepening the "Car Premium Economic Domain," create new value through the consolidation of management resources and data utilization, and strengthen the management foundation and enhance group governance.

(2) Method of the Merger

This is an absorption-type merger in which Premium Co., Ltd. will be the surviving company, and Premium Warranty Services Co., Ltd., Premium Mobility Services Co., Ltd., and Car Premium Co., Ltd. will be the absorbed companies.

(3) Effective date of the merger

July 1, 2026 (scheduled)

(4) Details of allotment related to the merger

As this merger is a transaction between consolidated subsidiaries, there will be no issuance of new shares or delivery of cash, etc.

(5) Handling of stock acquisition rights and bonds with stock acquisition rights in connection with the merger

Not applicable.

(6) Status of assets and liabilities to be succeeded

Premium Co., Ltd. plans to succeed to all rights and obligations of the absorbed companies on the effective date of the merger.

(7) Overview of the company that will become the surviving company in the absorption-type merger

Representative: Yoshiyuki Tsuchiya, President and Representative Director

Address: Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo

Share capital: 1,515 million yen (scheduled)

Business description: Provision of comprehensive services related to automobiles, centered on Finance, Automobile Warranties, Auto Mobility Services, and the operation of membership organizations for automobile providers, as well as the management of group businesses.

(2) Our subsidiary, Premium Co., Ltd. (Minato-ku, Tokyo; President and Representative Director: Yoshiyuki Tsuchiya), has concluded a "Basic Agreement on Partnership for Auto Credit (bank-partnered loan)" and a "Basic Agreement on Partnership for Solar Loan (bank-partnered loan)" as follows.

Details of loan agreements with financial covenants are as described in "Section 5: Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 31. Paid-in Capital and Other Capital."

Name of counterparty	SBI Sumishin Net Bank, Ltd.		ORIX Bank Corporation	Rakuten Bank, Ltd.
Location	Minato-ku, Tokyo		Minato-ku, Tokyo	Minato-ku, Tokyo
Representative	Noriaki Maruyama		Yuichi Nishigori	Hiroyuki Nagai
Industry of counterparty	Banking		Banking	Banking
Contract name	Auto Credit (bank-partnered loan) Basic agreement on partnership	Solar Loan (bank-partnered loan) Basic agreement on partnership	Auto Credit (bank-partnered loan) Basic agreement on partnership	Auto Credit (bank-partnered loan) Basic agreement on partnership
Contract date	February 26, 2010	October 1, 2010	October 1, 2014	June 17, 2016
Matters concerning renewal of contract	The term of validity is one year from the date of conclusion. If neither party provides written notice of refusal to renew by two months prior to the expiration of the term, the contract is deemed to have been extended for one year, and the same applies thereafter.			
Target items	Automobiles, etc.	Solar power generation equipment, etc.	Automobiles, etc.	Automobiles, etc.

Name of counterparty	GMO Aozora Net Bank, Ltd.	au Jibun Bank Corporation
Location	Shibuya-ku, Tokyo	Chuo-ku, Tokyo
Representative	Takeshi Yamane	Kenji Tanaka
Industry of counterparty	Banking	Banking
Contract name	Basic Agreement Regarding Partnership for Partnered Loans (auto loan method)	Basic Agreement Regarding Partnership for Partnered Loans (auto loan method)
Contract date	September 30, 2020	December 18, 2024
Matters concerning renewal of contract	The term of validity is one year from the date of conclusion. If neither party provides written notice of refusal to renew by two months prior to the expiration of the term, the contract is deemed to have been extended for one year, and the same applies thereafter.	
Target items	Automobiles, etc.	Automobiles, etc.

6. Research and Development Activities

Not applicable.

Section 3: Status of Facilities

1. [Overview of Capital Expenditures, etc.]

The Group continuously carries out equipment upgrades associated with business operations.

The total amount of capital expenditures during the current consolidated fiscal year was 2,323 million yen. Of this amount, 1,165 million yen was invested in property, plant and equipment, which is mainly due to an increase in right-of-use assets associated with the expansion of bases and renewal of contracts. In addition, 1,158 million yen was invested in intangible assets, which is mainly due to the development of the core credit system.

Since equipment investments are shared across each segment and their materiality by segment is low, the description by segment is omitted.

2. [Status of Major Facilities]

The major facilities of the Group are as follows.

Note that major facilities are shared by each segment, and since their importance by segment is minimal, the description by segment is omitted.

(1) Filing Company

As of March 31, 2026

Company name	Office name (Location)	Description of facilities	Book value (million yen)					Number of employees
			Buildings and structures	Right-of-use assets	Software	Other	Total	
Premium Group Co., Ltd.	Minato-ku, Tokyo	Head office, offices, etc.	4	52	-	12	69	128 (13)

(Note) 1. Right-of-use assets mainly relate to lease agreements for office buildings.
2. The carrying amount "Other" is the total for vehicles.
3. The number of employees in parentheses ( ) indicates the average annual number of temporary employees as an addendum.
4. The number of temporary employees includes part-time and casual workers.

(2) Major Domestic Subsidiaries

As of March 31, 2026

Company name	Office name (Location)	Description of facilities	Book value (million yen)					Number of employees
			Buildings and structures	Right-of-use assets	Software	Other	Total	
Premium Co., Ltd.	Minato-ku, Tokyo and others	Head office, offices, etc.	920	2,693	2,699	388	6,700	356 (72)

(Note) 1. Right-of-use assets mainly relate to lease agreements for office buildings.
2. The carrying amount "Other" is the total for tools, furniture, and fixtures.
3. The number of employees in parentheses ( ) indicates the average annual number of temporary employees as an addendum.
4. The number of temporary employees includes part-time and casual workers.
5. Premium Co., Ltd. belongs to the Finance segment, but the Group's facilities belonging to other segments are leased from Premium Co., Ltd.

3. [Plan for New Installation, Removal, etc. of Facilities]

The Group formulates plans for capital investment by comprehensively considering market trends, investment efficiency, and other factors. Significant plans for the new installation, removal, etc. of facilities as of the end of the consolidated fiscal year are as follows.

Note that major facilities are shared by each segment, and since their importance by segment is minimal, the description by segment is omitted.

(1) Significant New Installation of Facilities

Not applicable.

(2) Significant Renovation of Facilities

Company name	Office name (Location)	Description of facilities	Planned investment amount		Financing method	Start date	Scheduled completion date	Increased capacity after completion
			Total amount (million yen)	Amount already paid (million yen)				
Premium Co., Ltd.	Head office, etc. (Minato-ku, Tokyo and others)	Major renovation of credit core system	9,000	365	Own funds	May 2025	August 2029	(Note)
Premium Co., Ltd.	Head office, etc. (Minato-ku, Tokyo and others)	Hardware equipment renewal for credit core system	828	0	Own funds	May 2026	June 2027	(Note)
Premium Co., Ltd.	Head office, etc. (Minato-ku, Tokyo and others)	Renovation of online credit system in conjunction with joint business with Bike O & Company Ltd.	20	0	Own funds	October 2026	March 2027	(Note)
Premium Co., Ltd.	Head office, etc. (Minato-ku, Tokyo and others)	Renovation of online credit system in conjunction with business alliance with ITOCHU Corporation	30	22	Own funds	November 2025	June 2026	(Note)
Premium Co., Ltd.	Head office, etc. (Minato-ku, Tokyo and others)	Renewal of warranty core system	250	0	Own funds	October 2026	November 2027	(Note)
PLS Co., Ltd.	Head office (Minato-ku, Tokyo)	Enhancement of paperless functions for leasing system	13	0	Own funds	July 2026	June 2027	(Note)

(Note) The increase in capacity after completion is difficult to calculate, so the description is omitted.

(3) Significant Removal of Facilities

Not applicable.

Part 4. [Information on the Filing Company]

1. [Information on the Company’s Shares, etc.]

(1) [Total Number of Shares Authorized, etc.]

(1) [Total Number of Shares Authorized]

Class	Total number of authorized shares (shares)
Ordinary shares	144,000,000
Total	144,000,000

(2) [Number of Shares Issued]

Class	Number of shares issued at end of fiscal year (shares) (March 31, 2026)	Number of shares issued at date of submission (shares) (June 23, 2026)	Name of financial instruments exchange or authorized financial instruments firms association	Description
Ordinary shares	40,710,663	40,710,663	Tokyo Stock Exchange Prime Market	These are shares with full voting rights and are the standard shares of the Company with no limitations on the rights thereof. The number of shares constituting one unit is 100.
Total	40,710,663	40,710,663	-	-

(Note) The number of shares issued as of the date of submission does not include the number of shares issued from the exercise of stock options between June 1, 2026 and the submission date of this Annual Securities Report.

(2) [Status of Subscription Rights to Shares, etc.]

(1) [Details of Stock Option Plan]

Subscription rights to shares issued pursuant to the Companies Act are as follows.

a. Third Series of Subscription Rights to Shares (Board of Directors Resolution)

Date of resolution	June 29, 2021, July 13, 2021
Classification and number of grantees (persons)	Employees of the Company and Directors of the Company's subsidiaries (excluding Outside Directors) 38
Number of stock acquisition rights (units) *	63,169
Class of shares to be issued upon exercise of stock acquisition rights *	Ordinary shares
Number of shares to be issued upon exercise of stock acquisition rights (shares) *	189,507 (Notes 1, 7)
Amount to be paid upon exercise of stock acquisition rights (yen) *	1,213 (Notes 2, 7)
Exercise period of stock acquisition rights *	From July 31, 2025 To July 31, 2029
Issue price and amount of capital incorporation upon issuance of shares upon exercise of stock acquisition rights (yen) *	(Notes 3, 7)
Conditions for exercise of stock acquisition rights *	(Note 5)
Matters concerning transfer of stock acquisition rights *	Approval of the Board of Directors of the Company is required.
Matters concerning issuance of stock acquisition rights in connection with organizational restructuring *	(Notes 4, 6)

* The information provided is as of the end of the current fiscal year (March 31, 2026). As of the end of the month preceding the filing date (May 31, 2026), there were no changes to the information from the end of the current fiscal year; therefore, the information as of the end of the month preceding the filing date is omitted.

(Note) 1. Details and number of shares underlying the stock acquisition rights

In the event that the Company conducts a stock split or stock consolidation after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the number of shares subject to the stock acquisition rights that have not yet been exercised at that time shall be adjusted according to the following formula, and any fractional shares of less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of stock split or consolidation}$$

In addition to the above, in the event that the Company conducts a gratis allotment of shares, or if an adjustment to the number of subject shares is necessary due to a merger, company split, share exchange, share transfer, or other organizational restructuring, or in any other case where an adjustment to the number of subject shares is necessary, the Company shall appropriately adjust the number of subject shares within a reasonable range.

2. Amount of assets to be contributed upon exercise of stock acquisition rights

The exercise price shall be the amount obtained by multiplying the average of the closing prices of the Company's common stock in regular trading on the Tokyo Stock Exchange for each day (excluding days on which no trading is concluded) of the month preceding the month in which the allotment date falls, by 1.05, with any fraction of less than 1 yen rounded up. However, if that amount is lower than the closing price on the allotment date (if there is no closing price on that day, the most recent closing price prior thereto; the same shall apply hereinafter), the closing price on the allotment date shall be the exercise price.

In the event that the Company issues common stock at a price below the market price or disposes of treasury shares related to common stock (excluding cases involving the exercise of stock acquisition rights) after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than 1 yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

The "market price" used in the above formula shall be the price determined as follows.
The average of the closing prices (including quotes) of the Company's common stock in regular trading on the Tokyo Stock Exchange for the 30 trading days (excluding days on which there is no closing price) starting on the 45th trading day prior to the day on which the adjusted exercise price is applied. The same shall apply hereinafter. The average value shall be calculated to two decimal places, with the second decimal place rounded off.
In addition, the "number of issued shares" used in the above formula shall be the total number of issued common shares of the Company minus the total number of treasury shares held by the Company related to common stock. In the case of disposing of treasury shares related to common stock, "number of newly issued shares" shall be read as "number of treasury shares to be disposed of," and "paid-in amount" shall be read as "disposal price."
Furthermore, in the event that the Company conducts a stock split or stock consolidation related to common stock after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than 1 yen resulting from the adjustment shall be rounded up.

$$\begin{array}{c}\text{Exercise price}\\ \text{after adjustment}\end{array} = \begin{array}{c}\text{Exercise price}\\ \text{before adjustment}\end{array} \times \frac{1}{\text{Ratio of split/consolidation}}$$

In addition to the above, in the event that the Company conducts a merger, company split, share exchange, or share transfer with another company, conducts a gratis allotment of shares, or in any other case where an adjustment to the exercise price is necessary after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the Company shall make appropriate adjustments within a necessary and reasonable range.

3. Amount of increase in share capital and capital reserve when shares are issued upon exercise of stock acquisition rights
   a. The amount of increase in share capital when issuing common stock of the Company upon the exercise of stock acquisition rights shall be one-half of the maximum amount of increase in share capital, etc., calculated in accordance with the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction of less than 1 yen resulting from the calculation shall be rounded up.
   b. The amount of increase in capital reserve when issuing common stock of the Company upon the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of increase in share capital determined in 'a' above from the maximum amount of increase in share capital, etc., specified in 'a' above.

4. Grounds for Acquisition of Stock Acquisition Rights
   a. If a person who has accepted stock acquisition rights (hereinafter referred to as the "Stock Acquisition Right Holder") becomes unable to exercise the stock acquisition rights pursuant to the provisions set forth in Note 5 below before exercising such rights, the Company may acquire all of the stock acquisition rights held by the Stock Acquisition Right Holder without consideration on a date separately determined by the Company's Board of Directors.
   b. In the event of a merger in which the Company is the disappearing company, or a share transfer or share exchange in which the Company becomes a wholly-owned subsidiary, the Company may acquire all of the stock acquisition rights held by the Stock Acquisition Right Holder without consideration on a date separately determined by the Company's Board of Directors.

5. Conditions for Exercise of Stock Acquisition Rights
   a. If a Stock Acquisition Right Holder falls under any of the following events, the Stock Acquisition Right Holder may not exercise the stock acquisition rights.
      (a) If the holder loses all positions as an officer or employee of the Company or its subsidiary (excluding cases where the holder ceases to hold such positions due to being dismissed as an officer without justifiable cause).
      (b) If the holder commits a serious breach of duty or negligence in their duties as an officer or employee of the Company or its subsidiary, or if the holder is subject to dismissal, disciplinary retirement, or equivalent disciplinary action based on the work rules of the Company or its subsidiary.
      (c) If the holder is sentenced to imprisonment or a heavier punishment.
      (d) If a petition for the commencement of bankruptcy proceedings, civil rehabilitation proceedings, or other similar legal insolvency proceedings or private liquidation proceedings is filed.
      (e) If the holder falls under the category of anti-social forces (meaning organized crime groups, members of organized crime groups, yakuza, mafia, or other forces generally considered to seek to achieve specific political, religious, or other ideological or economic objectives through violence, coercion, intimidation, threats, or other actions contrary to social norms), provides funds, assistance, or other benefits to anti-social forces directly or indirectly, or if the holder receives such benefits from anti-social forces, or has any business relationship, friendly relationship, or other similar relationship with anti-social forces, or if the existence of such facts is reasonably suspected.
      (f) If the holder waives the stock acquisition rights.
   b. Notwithstanding the provisions of a.(a) above, the heir of a Stock Acquisition Right Holder may exercise the stock acquisition rights.
   c. A Stock Acquisition Right Holder may not exercise one stock acquisition right in part.

6. Treatment of Stock Acquisition Rights in the Event of Organizational Restructuring
   In the event that the Company conducts a merger (limited to cases where the Company is the disappearing company), absorption-type company split, incorporation-type company split, share exchange, or share transfer (hereinafter collectively referred to as "Organizational Restructuring"), the Company shall deliver to the Stock Acquisition Right Holders who hold stock acquisition rights immediately prior to the effective date of the Organizational Restructuring, stock acquisition rights of the joint-stock companies listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Company") based on the following conditions. In this case, the remaining stock acquisition rights shall be extinguished, and the Reorganized Company shall issue new stock acquisition rights. However, this is limited to cases where the delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

   a. Number of stock acquisition rights of the Reorganized Company to be delivered
      The number shall be the same as the number of stock acquisition rights held by the Stock Acquisition Right Holder immediately prior to the effective date of the Organizational Restructuring.
   b. Class of shares to be issued upon exercise of stock acquisition rights
      It shall be the common stock of the company subject to the reorganization.
   c. Number of shares to be issued upon exercise of stock acquisition rights
      Determined in accordance with (Note) 1. above, taking into account the terms and conditions of the organizational restructuring.
   d. Value of property to be contributed upon exercise of stock acquisition rights
      The amount shall be the exercise price after the reorganization, obtained by adjusting the exercise price stipulated in (Note) 2. above, taking into account the terms and conditions of the organizational restructuring, multiplied by the number of shares of common stock of the company subject to the reorganization to be issued upon exercise of the stock acquisition rights, determined in accordance with c. above.
   e. Exercise period of stock acquisition rights
      From the later of the commencement date of the exercise period of the stock acquisition rights stipulated above or the effective date of the organizational restructuring, to the expiration date of the exercise period of the stock acquisition rights stipulated above.
   f. Amount of increase in share capital and capital reserve upon issuance of shares through exercise of stock acquisition rights
      Determined in accordance with (Note) 3. above.
   g. Reasons for acquisition of stock acquisition rights
      Determined in accordance with (Note) 4. above.
   h. Conditions for exercise of stock acquisition rights
      Determined in accordance with (Note) 5. above.
   i. Restriction on acquisition of stock acquisition rights by transfer
      Acquisition of stock acquisition rights by transfer requires the approval of the company subject to the reorganization (or the board of directors of such company if it is a company with a board of directors).

7. Pursuant to the resolution of the Board of Directors held on July 20, 2022, a 3-for-1 stock split of common stock was conducted effective September 1, 2022. As a result, the "number of shares to be issued upon exercise of stock acquisition rights," "amount to be paid upon exercise of stock acquisition rights," and "issue price and amount of capital incorporation upon issuance of shares through exercise of stock acquisition rights" have been adjusted.

b. The 4th Series of Stock Acquisition Rights (Board of Directors Resolution)

Date of resolution	September 20, 2022, October 20, 2022
Classification and number of grantees (persons)	Employees of the Company and Directors of the Company's subsidiaries (excluding Outside Directors) 101
Number of stock acquisition rights (units) *	256,000
Class of shares to be issued upon exercise of stock acquisition rights *	Ordinary shares
Number of shares to be issued upon exercise of stock acquisition rights (shares) *	256,000 (Note 1)
Amount to be paid upon exercise of stock acquisition rights (yen) *	1,839 (Note 2)
Exercise period of stock acquisition rights *	From July 31, 2026 To July 31, 2031
Issue price and amount of capital incorporation upon issuance of shares upon exercise of stock acquisition rights (yen) *	(Note 3)
Conditions for exercise of stock acquisition rights *	(Note 5)
Matters concerning transfer of stock acquisition rights *	Approval of the Board of Directors of the Company is required.
Matters concerning issuance of stock acquisition rights in connection with organizational restructuring *	(Notes 4, 6)

* The information provided is as of the end of the current fiscal year (March 31, 2026). As of the end of the month preceding the filing date (May 31, 2026), there were no changes to the information from the end of the current fiscal year; therefore, the information as of the end of the month preceding the filing date is omitted.

(Note) 1. Details and number of shares underlying the stock acquisition rights

In the event that the Company conducts a stock split or stock consolidation after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the number of shares subject to the stock acquisition rights that have not yet been exercised at that time shall be adjusted according to the following formula, and any fractional shares of less than one share resulting from the adjustment shall be rounded down.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, in the event that the Company conducts a gratis allotment of shares, or if an adjustment to the number of subject shares is necessary due to a merger, company split, share exchange, share transfer, or other organizational restructuring, or in any other case where an adjustment to the number of subject shares is necessary, the Company shall appropriately adjust the number of subject shares within a reasonable range.

2. Amount of assets to be contributed upon exercise of stock acquisition rights

The exercise price shall be the amount obtained by multiplying the average of the closing prices of the Company's common stock in regular trading on the Tokyo Stock Exchange for each day (excluding days on which no trading is concluded) of the month preceding the month in which the allotment date falls, by 1.05, with any fraction of less than 1 yen rounded up. However, if that amount is lower than the closing price on the allotment date (if there is no closing price on that day, the most recent closing price prior thereto; the same shall apply hereinafter), the closing price on the allotment date shall be the exercise price. In the event that the Company issues common stock at a price below the market value or disposes of treasury shares related to common stock (excluding cases resulting from the exercise of stock acquisition rights) after the date on which the Board of Directors of the Company resolves to solicit stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than 1 yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

The "market price" used in the above formula shall be the price determined as follows.
The average of the closing prices (including quotes) of the Company's common stock in regular trading on the Tokyo Stock Exchange for the 30 trading days (excluding days on which there is no closing price) starting on the 45th trading day prior to the day on which the adjusted exercise price is applied. The same shall apply hereinafter. The average value shall be calculated to two decimal places, with the second decimal place rounded off.
In addition, the "number of issued shares" used in the above formula shall be the total number of issued common shares of the Company minus the total number of treasury shares held by the Company related to common stock. In the case of disposing of treasury shares related to common stock, "number of newly issued shares" shall be read as "number of treasury shares to be disposed of," and "paid-in amount" shall be read as "disposal price."
Furthermore, in the event that the Company conducts a stock split or stock consolidation related to common stock after the date on which the Board of Directors resolves the issuance of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than 1 yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split/consolidation}}$$

In addition to the above, in the event that the Company conducts a merger, company split, share exchange, or share transfer with another company, conducts a gratis allotment of shares, or in any other case where an adjustment of the exercise price is required after the date on which the Board of Directors of the Company resolves to solicit stock acquisition rights, the Company shall appropriately adjust the exercise price within a necessary and reasonable range.

3. Amount of increase in share capital and capital reserve when shares are issued upon exercise of stock acquisition rights
   a. The amount of increase in share capital when issuing common stock of the Company upon the exercise of stock acquisition rights shall be one-half of the maximum amount of increase in share capital, etc., calculated in accordance with the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction of less than 1 yen resulting from the calculation shall be rounded up.
   b. The amount of increase in capital reserve when issuing common stock of the Company upon the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of increase in share capital determined in 'a' above from the maximum amount of increase in share capital, etc., specified in 'a' above.

4. Grounds for Acquisition of Stock Acquisition Rights
   a. If a person who has accepted stock acquisition rights (hereinafter referred to as the "Stock Acquisition Right Holder") becomes unable to exercise the stock acquisition rights pursuant to the provisions set forth in Note 5 below before exercising such rights, the Company may acquire all of the stock acquisition rights held by the Stock Acquisition Right Holder without consideration on a date separately determined by the Company's Board of Directors.
   b. In the event of a merger in which the Company is the disappearing company, or a share transfer or share exchange in which the Company becomes a wholly-owned subsidiary, the Company may acquire all of the stock acquisition rights held by the Stock Acquisition Right Holder without consideration on a date separately determined by the Company's Board of Directors.
5. Conditions for Exercise of Stock Acquisition Rights
   a. If a holder of stock acquisition rights falls under any of the following events, the holder of stock acquisition rights may not exercise the stock acquisition rights.
      (a) If the holder loses all positions as an officer or employee of the Company or its subsidiary (excluding cases where the holder ceases to hold such positions due to dismissal as an officer without justifiable reason).
      (b) If the holder commits a material breach of duty or negligence in their duties as an officer or employee of the Company or its subsidiary, or is subject to dismissal, disciplinary retirement, or equivalent disciplinary action based on the work rules of the Company or its subsidiary.
      (c) If the holder is sentenced to imprisonment or a heavier penalty.
      (d) If a petition for the commencement of bankruptcy proceedings, civil rehabilitation proceedings, or other similar legal insolvency proceedings or private liquidation proceedings is filed.
      (e) If the holder is found to be an antisocial force (meaning organized crime groups, members of organized crime groups, yakuza, mafia, or other forces generally considered to seek to achieve specific political, religious, or other ideological or economic objectives through violence, coercion, intimidation, threats, or other actions contrary to social norms), provides funds, assistance, or other benefits to antisocial forces directly or indirectly, or if the holder receives such benefits from antisocial forces, has any business relationship, friendly relationship, or other similar relationship with antisocial forces, or if the existence of such facts is reasonably suspected.
      (f) If the holder waives the stock acquisition rights.
   b. Notwithstanding the provisions of (a) above, the heir of a holder of stock acquisition rights may exercise the stock acquisition rights.
   c. A holder of stock acquisition rights may not exercise a single stock acquisition right in part.

6. Treatment of Stock Acquisition Rights in the Event of Organizational Restructuring
In the event that the Company conducts a merger (limited to cases where the Company is the absorbed company), absorption-type company split, incorporation-type company split, share exchange, or share transfer (hereinafter collectively referred to as "Organizational Restructuring"), the Company shall, immediately prior to the effective date of the Organizational Restructuring, deliver to the holders of stock acquisition rights who hold stock acquisition rights at that time, stock acquisition rights of the joint-stock companies listed in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (hereinafter referred to as the "Restructured Company"), based on the following conditions. In this case, the remaining stock acquisition rights shall be extinguished, and the Reorganized Company shall issue new stock acquisition rights. However, this is limited to cases where the delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

a. Number of stock acquisition rights of the Restructured Company to be delivered
The number shall be the same as the number of stock acquisition rights held by the Stock Acquisition Right Holder immediately prior to the effective date of the Organizational Restructuring.

b. Class of shares to be issued upon exercise of stock acquisition rights
It shall be the common stock of the company subject to the reorganization.

c. Number of shares to be issued upon exercise of stock acquisition rights
Determined in accordance with Note (1) above, taking into account the conditions of the organizational restructuring.

d. Value of property to be contributed upon exercise of stock acquisition rights
The amount shall be the exercise price after the restructuring, obtained by adjusting the exercise price stipulated in Note (2) above in consideration of the conditions of the organizational restructuring, multiplied by the number of shares of common stock of the company subject to the restructuring that are the subject of the stock acquisition rights, determined in accordance with C above.

e. Period during which stock acquisition rights may be exercised
From the later of the commencement date of the period stipulated above or the effective date of the organizational restructuring, to the expiration date of the period stipulated above.

f. Amount of increase in share capital and capital reserve when shares are issued upon exercise of stock acquisition rights
Determined in accordance with Note (3) above.

g. Reasons for acquisition of stock acquisition rights
Determined in accordance with Note (4) above.

h. Conditions for exercise of stock acquisition rights
Determined in accordance with Note (5) above.

i. Restriction on acquisition of stock acquisition rights by transfer
Acquisition of stock acquisition rights by transfer requires the approval of the company subject to the reorganization (or the board of directors of such company if it is a company with a board of directors).

(2) [Details of Rights Plan]

Not applicable.

(3) [Status of Other Stock Acquisition Rights, etc.]

Not applicable.

(3) [Status of Exercise of Bond Certificates with Subscription Rights to Shares with Exercise Price Amendment Clause, etc.]

Not applicable.

(4) [Trends in Total Number of Issued Shares, Share Capital, etc.]

Date	Change in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Change in share capital (million yen)	Balance of share capital (million yen)	Change in capital reserve (million yen)	Balance of capital reserve (million yen)
July 28, 2021 (Note 1)	12,000	13,346,390	21	1,662	21	459
September 1, 2021 - February 28, 2022 (Note 2)	48,600	13,394,990	6	1,668	6	465
September 1, 2022 (Note 3)	26,789,980	40,184,970	-	1,668	-	465
September 1, 2022 - February 28, 2023 (Note 2)	142,800	40,327,770	6	1,674	6	471
April 1, 2023 - January 31, 2024 (Note 2)	142,800	40,470,570	6	1,680	6	477
April 1, 2024 - January 31, 2025 (Note 2)	69,600	40,540,170	3	1,683	3	480
April 1, 2025 - February 28, 2026 (Note 2)	170,493	40,710,663	135	1,817	135	615

(Note) 1. Issuance of new shares as restricted stock compensation
Allottees: Directors of the Company (excluding Outside Directors)
Issue price: 3,575 yen
Amount incorporated into capital: 1,787.5 yen
Total payment amount: 43 million yen
2. Exercise of warrants
3. Stock split
Pursuant to the resolution of the Board of Directors meeting held on July 20, 2022, a stock split was conducted at a ratio of 3 shares for each share of common stock, effective September 1, 2022.
4. Amounts in the table above are rounded down to the nearest unit indicated.

(5) [Status by Owner]

As of March 31, 2026

Category	Status of shares (1 unit of shares: 100 shares)								Status of shares less than one unit (shares)
	Government and local public organizations	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	18	28	77	94	36	7,020	7,273	-
Number of shares owned (units)	-	105,647	25,099	33,340	100,897	259	141,574	406,816	29,063
Percentage of shares owned (%)	-	25.969	6.169	8.195	24.801	0.063	34.800	100.000	-

(Note) 1,825,234 shares of treasury stock are included in "Individuals and others" as 18,252 units and in "Status of shares less than one unit" as 34 shares.

(6) [Status of Major Shareholders]

As of March 31, 2026

Name	Address	Number of shares owned (shares)	Percentage of shares owned to total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	4,677,700	12.03
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	3,359,200	8.64
Recruit Co., Ltd.	1-9-2 Marunouchi, Chiyoda-ku, Tokyo	1,800,000	4.63
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	932,000	2.40
STATE STREET BANK AND TRUST COMPANY 505301 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	931,938	2.40
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	800,000	2.06
Yohichi Shibata	Midori-ku, Saitama-shi, Saitama	790,248	2.03
Aozora Bank, Ltd.	6-1-1 Kojimachi, Chiyoda-ku, Tokyo	775,800	2.00
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	775,800	2.00
RE FUND 107-CLIENT AC (Standing proxy: Citibank, N.A., Tokyo Branch)	MINISTRIES COMPLEX ALMURQAB AREA KUWAIT KW 13001 (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	764,300	1.97
Total	-	15,606,986	40.13

(Note) 1. The ratio of shares held to the total number of issued shares (excluding treasury shares) is rounded to the third decimal place.

2. Reports of Large Volume Holdings (or Changes) from the following corporations were made available for public inspection on the submission dates listed below. Although we received reports that these corporations owned Company shares as of the reporting obligation dates listed below, we are unable to confirm the actual number of shares held as of March 31, 2026, and therefore they are not included in the "Status of Major Shareholders" above.

Name	Address	Date of submission	Date of reporting obligation	Number of shares owned (shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, California, U.S.A.	March 6, 2026	February 27, 2026	1,263,500	3.11
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	April 7, 2026	March 31, 2026	680,195	1.67
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	April 7, 2026	March 31, 2026	(29,679)	(0.07)
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	April 7, 2026	March 31, 2026	2,103,900	5.17

(7) [Status of Voting Rights]

(1) [Issued Shares]

As of March 31, 2026

Category	Number of shares (shares)		Number of voting rights (units)	Description
Non-voting shares		-	-	-
Shares with limited voting rights (treasury shares, etc.)		-	-	-
Shares with limited voting rights (other)		-	-	-
Shares with full voting rights (treasury shares, etc.)	Ordinary shares	1,825,200	-	-
Shares with full voting rights (other)	Ordinary shares	38,856,400	388,564	-
Shares less than one unit	Ordinary shares	29,063	-	-
Total number of shares issued		40,710,663	-	-
Total shareholders' voting rights		-	388,564	-

(2) [Treasury Shares, etc.]

As of March 31, 2026

Name of owner	Address of owner	Number of shares held in own name (shares)	Number of shares held in the name of others (shares)	Total number of shares held (shares)	Ratio of shares held to total number of shares issued (%)
Premium Group Co., Ltd.	Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo	1,825,200	-	1,825,200	4.48
Total	-	1,825,200	-	1,825,200	4.48

(Note) The ratio of shares held to the total number of issued shares is rounded to the third decimal place.

2 [Status of Acquisition of Treasury Shares, etc.]

[Class of shares, etc.]

Acquisition of common stock pursuant to Article 155, Item 3 and Item 13 of the Companies Act

(1) [Status of acquisition by resolution of the General Meeting of Shareholders]

Not applicable.

(2) [Status of acquisition by resolution of the Board of Directors]

Category	Number of shares (shares)	Total value (yen)
Resolution at the Board of Directors meeting (February 10, 2026) (Acquisition period: February 12, 2026 to December 30, 2026)	700,000	1,000,000,000
Treasury shares acquired prior to the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	164,800	299,848,400
Total number and total value of remaining authorized shares	535,200	700,151,600
Unexercised ratio as of the end of the current fiscal year (%)	76.46	70.02
Treasury shares acquired during the current period	14,200	25,058,200
Unexercised ratio as of the filing date (%)	74.43	67.51

(Note) Treasury shares acquired during the current period do not include acquisitions from June 1, 2026, to the filing date of the Annual Securities Report.

(3) [Status of acquisitions not based on resolutions of the General Meeting of Shareholders or the Board of Directors]

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year (Note)	18,100	-
Treasury shares acquired during the current period	-	-

(Note) Treasury shares acquired during the current fiscal year are due to the acquisition of restricted stock without consideration.

(4) [Status of disposal and holding of acquired treasury shares]

Category	Fiscal year		Period	
	Number of shares (shares)	Total disposal value (yen)	Number of shares (shares)	Total disposal value (yen)
Treasury shares acquired through public offering	800,000	1,764,000,000	-	-
Treasury shares retired	-	-	-	-
Treasury shares transferred due to merger, share exchange, share delivery, or company split	-	-	-	-
Other (Granting of restricted stock)	67,000	141,638,000	-	-
Number of treasury shares held	1,825,234	-	1,839,434	-

(Note) 1. Treasury shares acquired through a public offering to subscribers were due to a third-party allotment to ITOCHU Corporation.

2. Treasury shares held during the current period do not include acquisitions from June 1, 2026, to the filing date of the Annual Securities Report.

3 [Dividend Policy]

The Company recognizes the return of profits to shareholders as an important issue and aims to implement stable and continuous dividends, while comprehensively considering business performance and the need to secure internal reserves to meet funding requirements for business expansion.

The Company's Articles of Incorporation stipulate that, pursuant to the provisions of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act, the Company may distribute dividends of surplus twice a year, at the interim and year-end, by resolution of the Board of Directors, and it is our basic policy to pay dividends of surplus twice a year.

Internal reserves will be effectively utilized to strengthen our financial position through the repayment of borrowings, as well as for business funds for the Group's various operations and growth investments necessary for new businesses and overseas expansion.

For the current fiscal year, we have set the year-end dividend at 27.0 yen per share. Combined with the interim dividend of 27.0 yen already paid, the annual dividend is 54.0 yen per share.

The dividends of surplus for the current fiscal year are as follows.

Date of resolution	Total dividends (million yen)	Dividend per share (yen)
November 21, 2025 Board of Directors resolution	1,054	27.0
May 26, 2026 Board of Directors resolution	1,050	27.0

4 [Corporate Governance, etc.]

(1) [Overview of Corporate Governance]

(1) Basic approach to corporate governance

Based on the premise of thorough compliance with changes in the external business environment, including legal amendments, the Group has established the mission: "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." We position whether or not a decision contributes to the achievement of this mission as the primary criterion for our management decision-making.

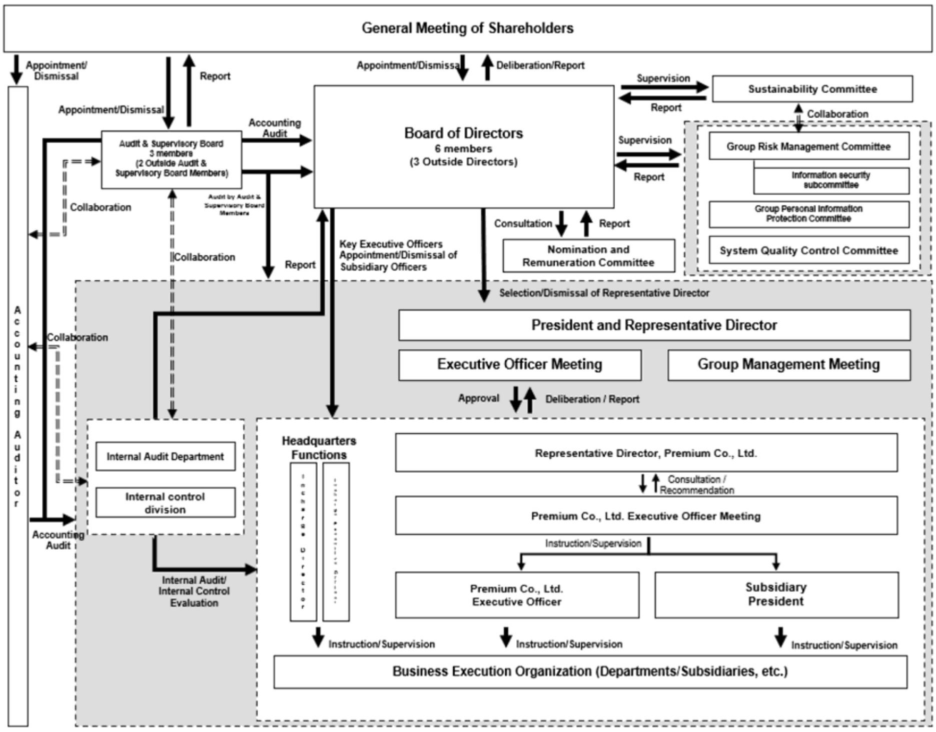
To achieve the Group's mission, it is essential to build and maintain positive relationships with all stakeholders surrounding the Group, including shareholders, customers, business partners, employees, and society, and to earn their trust. Recognizing that strengthening corporate governance is one of our key management issues, we strive for corporate management that ensures transparency and soundness while pursuing the Group's continuous growth and improved profitability.

(2) Overview of Corporate Governance System and Reasons for Adopting the System

We have chosen the structure of a company with an Audit & Supervisory Board, which provides a dual-check function consisting of supervision of business execution by the Board of Directors, including outside directors, and audits of legality and appropriateness by Audit & Supervisory Board members. As of the filing date (June 23, 2026), the Company has 6 directors (including 3 outside directors) and 3 Audit & Supervisory Board members (including 2 outside Audit & Supervisory Board members).

* The Company has proposed the "Election of 6 Directors" as an agenda item (resolution) for the Ordinary General Meeting of Shareholders scheduled for June 24, 2026. If this proposal is approved and passed, the Company will have 6 directors (including 3 outside directors).

An overview of the Company's management organization and corporate governance system regarding management decision-making, execution, and auditing is as follows.



(3) Evaluation of the Effectiveness of the Board of Directors

To improve the functionality of the Board of Directors, the Company conducts an evaluation of the effectiveness of the Board of Directors every year. The analysis and evaluation methods and results for the fiscal year ended March 31, 2026, are as follows.

Participants

All members of the Board of Directors (9 members in total)

・6 Directors (including 3 outside directors)
・3 Audit & Supervisory Board members (including 2 outside Audit & Supervisory Board members)

Evaluation Method

Anonymous questionnaire utilizing a third-party organization

Implementation Period

January 28, 2026 to February 13, 2026

Implementation Method

Responses were collected via a questionnaire format using a 5-point scale and free-text comments for individual questions related to the following 8 major categories.

・Role and Function of the Board of Directors
・Composition and Operation of the Board of Directors
・Management Strategy and Management Plan
・Internal Control and Risk Management
・Performance of Internal and Outside Directors
・Support System and Training for Directors and Audit & Supervisory Board Members
・Dialogue with Shareholders (Investors)
・Operation of the Nomination and Compensation Committee

Response Status

All target individuals have responded

Results of Effectiveness Evaluation

・For FY2026/03, we continued to utilize a third-party organization and reviewed the questionnaire items based on the issues identified in the previous fiscal year.
・The results of this evaluation highlighted the need for more robust discussions regarding budget allocation, project management, and appropriate oversight of various initiatives aimed at realizing DX promotion.
・Continuing from the previous fiscal year, we received high evaluations regarding the organizational support system for Directors and Audit & Supervisory Board Members, as well as our dialogue with shareholders (investors).
・We will continue to work on further improvements regarding the operation of the Nomination and Compensation Committee and the follow-up system by the secretariat.

b. Management and Execution Structure

(Board of Directors)

The Company's Board of Directors consists of 6 Directors, including 3 Outside Directors (as of the filing date of the Annual Securities Report).

In principle, regular Board of Directors meetings are held once a month, with additional meetings held as necessary to facilitate communication among Directors. Furthermore, the Board of Directors, including Outside Directors, supervises the execution of duties by the Representative Director, establishing a system to prevent violations of laws, regulations, and the Articles of Incorporation. In addition, 3 Audit & Supervisory Board Members also attend the Board of Directors meetings.

The Board of Directors held 18 meetings during the current consolidated fiscal year. The attendance rate for the Board of Directors meetings that each officer was required to attend was 100.0% for both Directors (including Outside Directors) and Audit & Supervisory Board Member (including Outside Audit & Supervisory Board Member). In addition to resolving individual proposals based on the Company's approval standards, the Board discussed and resolved important management matters (such as the medium-term management plan, investment and capital policies, and sustainability-related matters) and the content of reports from the Nomination and Compensation Committee.

The term of office for Directors is set at one year.

(Note) 1. Number of Directors

The Articles of Incorporation stipulate that the number of Directors shall be no more than 10.

2. Resolution requirements for the election of Directors

The Articles of Incorporation stipulate that resolutions for the election of Directors shall be adopted by a majority of the voting rights of the shareholders present at the General Meeting of Shareholders, where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are in attendance. The Articles of Incorporation also stipulate that the election of Directors shall not be conducted by cumulative voting.

3. Matters to be resolved by the Board of Directors that are otherwise subject to General Meeting of Shareholders resolutions

(Acquisition of Treasury shares)

The Articles of Incorporation stipulate that the Company may acquire Treasury shares by resolution of the Board of Directors, pursuant to the provisions of each item of Article 459, Paragraph 1 of the Companies Act, in order to implement flexible capital policies and return profits to shareholders.

(Exemption from liability)

The Articles of Incorporation stipulate that, pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) and Audit & Supervisory Board Member (including former Audit & Supervisory Board Member) from liability for damages under Article 423, Paragraph 1 of the Companies Act to the extent permitted by law, so that they can fully perform their expected roles.

(Dividends of surplus)

The Articles of Incorporation stipulate that, in order to implement flexible capital policies and return profits to shareholders, matters stipulated in Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by resolution of the Board of Directors, unless otherwise provided by law. The Articles of Incorporation also stipulate that the record dates for dividends of surplus shall be September 30 for interim dividends and March 31 for year-end dividends, and that the Company may also pay dividends other than interim and year-end dividends by setting a record date.

4. Special resolution requirements for the General Meeting of Shareholders

The Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the voting rights of the shareholders present at the General Meeting of Shareholders, where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are in attendance. The purpose of this provision is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

The members of the Board of Directors as of the filing date of the Annual Securities Report are as follows.

Chairperson	Position	Name	Board of Directors attendance Total 18 meetings
◎	President and Representative Director	Yohichi Shibata	18 meetings
	Director	Yoshiyuki Tsuchiya (Note)	14 meetings
	Director	Tomohiro Kanazawa	18 meetings
	Outside Director	Tsuguhiro Nakagawa	18 meetings
	Outside Director	Yuka Horikoshi	18 meetings
	Outside Director	Hiromi Oshima	18 meetings

(Note) Attended all Board of Directors meetings held since assuming office on June 25, 2025.

(Nomination and Compensation Committee)

The Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of enhancing the fairness, transparency, and objectivity of procedures related to the nomination and compensation of Directors, and to strengthen corporate governance.

During the consolidated fiscal year under review, the Nomination and Compensation Committee held 6 meetings, and all members attended all meetings. In addition to discussing the successor plan for the Chief Executive Officer, which is a matter for consultation from the Board of Directors, and examining the nomination policy and procedures for executive management (Executive Officers), the committee deliberated on the agenda for the election of officers (including the skill matrix) to be submitted to the Ordinary General Meeting of Shareholders held in June 2026, and the individual compensation for Directors (excluding Outside Directors), and reported its findings to the Board of Directors.

The members of the Nomination and Compensation Committee as of the filing date of the Annual Securities Report are as follows.

Chairperson	Position	Name
◎	President and Representative Director	Yohichi Shibata
	Outside Director	Tsuguhiro Nakagawa
	Outside Director	Yuka Horikoshi

(Group Executive Officer Meeting)

The Company has adopted an Executive Officer system and has established a Group Executive Officer Meeting as a body to conduct multifaceted examinations of important matters related to business execution, contributing to the speed and efficiency of decision-making by the Board of Directors.

The Group Executive Officer Meeting is composed primarily of the Company's Executive Officers, with the Representative Directors of business unit-controlling subsidiaries also participating as observers. It functions effectively as an advisory body for the Representative Director's decision-making on important matters, as well as a forum for information sharing and discussion. The Group Executive Officer Meeting is chaired by the Company's Representative Director, who is the Representative Executive Officer, and is held in principle once a month. In addition, one full-time Audit & Supervisory Board Member attends the meetings.

During the consolidated fiscal year under review, the Group Executive Officer Meeting was held 29 times.

The term of office for Executive Officers is one year.

The members of the Group Executive Officer Meeting as of the filing date of the Annual Securities Report are as follows.

Chair: Yohichi Shibata, President and Representative Director, CEO

Members: Tomohiro Kanazawa, Fumiya Nakamura, Sosuke Okada, Kumi Kondo, Masahiro Matsuoka

Taihei Ikeda, Maya Yugami

(Audit & Supervisory Board)

The Company's Audit & Supervisory Board consists of 3 Audit & Supervisory Board Members (as of the filing date of the Annual Securities Report), including 2 Outside Audit & Supervisory Board Member.

The Audit & Supervisory Board meets once a month in conjunction with the Board of Directors to establish audit policies and audit plans, and to receive reports from each Audit & Supervisory Board Member on important matters related to audits for discussion and resolution. Based on the Audit & Supervisory Board Audit Standards and audit plans, the Audit & Supervisory Board Members conduct operational audits regarding the status of the execution of duties by Directors and Executive Officers, as well as audits of accounting and audits of the corporate group for group companies, and audits of the appropriateness of the audits performed by the Accounting Auditor, and report the audit results to the Board of Directors. In addition, the audit policy, key audit items, and annual audit plan approved by the Audit & Supervisory Board are also reported to the Board of Directors.

In the current consolidated fiscal year, the Audit & Supervisory Board held 14 meetings, and the attendance rate of full-time Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings they were required to attend was 100%.

The term of office for Audit & Supervisory Board Members is set at four years.

The members of the Audit & Supervisory Board as of the filing date of the Annual Securities Report are as follows.

Chairperson	Position	Name
◎	Audit & Supervisory Board Member	Toshihiro Kametsu
	Outside Audit & Supervisory Board Member	Setsuo Higuchi
	Outside Audit & Supervisory Board Member	Yukari Narita (Note)

(Note) Attended all meetings of the Board of Directors and the Audit & Supervisory Board held since their appointment on June 25, 2025.

b. Reasons for adopting the current system

The Company has adopted the Audit & Supervisory Board system based on the judgment that the combination of appropriate decision-making and supervisory functions by the Board of Directors and the legality and appropriateness audits by the Audit & Supervisory Board is effective as a management monitoring function for the entire Group.

In addition, the Company has adopted an Executive Officer system to respond to changes in the business environment surrounding the Group and to enable agile business execution and rapid decision-making. The Board of Directors appropriately delegates authority to Directors and Executive Officers to ensure compatibility with corporate governance.

(4) Other matters concerning corporate governance

a. Status of development of internal control systems

The Company resolved to revise the "Basic Policy on Internal Control Systems" at the Board of Directors meeting held on September 14, 2018, and began applying it on October 1, 2018.

(Basic Policy on Internal Control Systems)

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
   a. In accordance with the Board of Directors Regulations, the Company holds regular Board of Directors meetings in principle once a month and holds extraordinary meetings as necessary to facilitate communication among Directors, and supervises the execution of duties by the Representative Director through members of the Board of Directors, including Outside Directors, to prevent violations of laws, regulations, and the Articles of Incorporation.
   b. The Director in charge of compliance strives to identify compliance issues and problems based on the "Compliance Regulations" and promotes the compliance system of the Company and its subsidiaries (hereinafter referred to as the "Group"). In addition, based on the "Basic Regulations for Management," the Director in charge of compliance conducts compliance training within the company for the purpose of ensuring thorough awareness of the Group's code of conduct, improving awareness and interest in compliance, providing correct knowledge, and raising the ethical awareness of Directors and employees.
   c. The Internal Audit Department audits the execution of duties by Directors and employees to prevent violations of laws, regulations, and the Articles of Incorporation.
   d. Audit & Supervisory Board Members audit the execution of duties by Directors based on the Audit & Supervisory Board Audit Standards and audit plans.
   e. The Company operates a whistleblowing system based on the Internal Reporting Regulations as a means for directors and employees to directly report violations of laws, articles of incorporation, or other important compliance-related facts.
   f. The Group has established a "Basic Policy for the Exclusion of Anti-Social Forces" to sever all relationships with anti-social forces, which are groups or individuals that pursue economic benefits through violence, force, or fraudulent means. Based on the "Regulations for the Exclusion of Anti-Social Forces" and the "Manual for Responding to Anti-Social Forces," the Group has built an appropriate management system, including the establishment of a specialized department.
   g. To ensure the appropriateness of financial reporting, the Group has established the "Internal Control Regulations for Financial Reporting" and the "Regulations for Disclosure of Important Information, etc.," and has built a system to appropriately disclose financial and non-financial information.

2. System for the storage and management of information related to the execution of duties by the Company's directors
   a. Information related to the execution of duties by directors is recorded or documented in documents or electromagnetic records (hereinafter referred to as "documents, etc.") and is stored and managed as important confidential documents for management in accordance with the Document Management Regulations.
   b. The documents, etc., mentioned in the preceding paragraph are managed in a state that allows directors and Audit & Supervisory Board to inspect them as necessary.

3. Regulations and other systems for managing the risk of loss for the Group
   a. The Board of Directors regularly receives reports related to the Group's risk management through the "Group Risk Management Committee" and other bodies, and ensures appropriate risk management.
   b. To identify, appropriately evaluate, and manage risks that could hinder the achievement of the Group's management goals, the Group, in accordance with the "Risk Management Regulations," appoints a director in charge of risk management by resolution of the Board of Directors and establishes a Group Risk Management Committee. The Group actively engages in risk mitigation and the prevention of the occurrence of loss.
   c. In the event that the risks mentioned in the preceding paragraph materialize, the corporate management department will immediately determine a crisis response policy based on the "Emergency Crisis Response Regulations," and will conduct investigations into the facts, address the crisis, and formulate and implement measures to prevent recurrence. Furthermore, in situations where particularly serious risks materialize, the Company will build a system to minimize the deterioration of the situation and the expansion of losses by having the Representative Director establish a task force and taking prompt action based on the advice of external experts such as lawyers.

4. System to ensure that the execution of duties by the Company's directors is performed efficiently
   a. Regarding the execution of duties based on resolutions of the Board of Directors, the Company will build a system for efficient and smooth execution of duties by defining responsibilities and authority based on internal regulations, etc.
   b. The Company will develop information systems to enable appropriate and prompt decision-making.
   c. In addition to regular Board of Directors meetings held once a month in principle, the Board of Directors will be held as needed to resolve issues arising in each department in a timely and appropriate manner. Through this, the Company will strive to improve the efficiency of assigned duties and the efficiency of company-wide operations.
   d. To enhance the validity of the Board of Directors' decision-making, the Company will invite Outside Directors.
   e. The Company will formulate a medium-term management plan and annual budgets, and the directors, including the Representative Director, will perform their duties toward achieving them and report on their progress and results at Board of Directors meetings.

5. System to ensure the appropriateness of operations within the Group
   a. The Company has established the "Affiliated Company Management Regulations." Based on these regulations, the Company has established a department that oversees the overall management of subsidiaries, etc., receives reports from subsidiaries, etc., regarding important matters related to their business operations, holds discussions, and provides guidance and support for the development of systems to ensure the compliance and appropriateness of the operations of subsidiaries, etc.

   b. Based on the "Regulations for Management of Affiliated Companies," the Company requires approval from or reporting to the Company regarding important management matters such as business operations, risk management, and compliance of subsidiaries, etc. In addition, particularly important matters shall be submitted to the Company's Board of Directors, thereby establishing a system to ensure the appropriateness and efficiency of operations.

   c. The Company's internal audit department shall audit the appropriateness of the operations of subsidiaries, etc., and prevent violations of laws, regulations, and the Articles of Incorporation.

   d. The Company's Audit & Supervisory Board Members shall conduct audits of subsidiaries, including on-site audits, from the perspective of consolidated management.

6. Matters concerning employees who should assist the Audit & Supervisory Board Members in their duties, matters concerning the independence of such employees from the Directors, and matters concerning ensuring the effectiveness of instructions to such employees

a. If an Audit & Supervisory Board Member requests, the Representative Director shall appoint an employee to assist the Audit & Supervisory Board Member in their duties.
b. The Audit & Supervisory Board Member shall have the right to consent to the appointment, transfer, and evaluation of employees who are to assist the Audit & Supervisory Board Member, and such decisions shall be made after an exchange of opinions between the Directors and the Audit & Supervisory Board Members.
c. Employees who have received a request from an Audit & Supervisory Board Member to assist in their duties shall not be subject to the direction and orders of the Directors regarding such requests.

7. Systems for Directors and employees of the Group to report to the Audit & Supervisory Board Members, and other systems for reporting to the Audit & Supervisory Board Members
a. Directors and employees of the Group shall promptly report to the Company's Audit & Supervisory Board Members if they discover any facts that could cause significant damage to the Group, important facts related to management and internal audits, serious violations of laws, regulations, or the Articles of Incorporation, or other facts that the Directors or employees deem important. In addition, regardless of the above, the Company's Audit & Supervisory Board Members may request reports from Directors and employees of the Group as necessary. Furthermore, based on the "Internal Reporting Regulations," the aforementioned reporters shall not be subject to any unfair treatment for having made such reports.
b. To grasp the process of important decision-making and the status of business execution, the Company's Audit & Supervisory Board Members shall attend Board of Directors meetings and other important meetings, and may request explanations from Directors and employees as necessary.
c. Important approval documents shall be made available for inspection by the Audit & Supervisory Board Members.
d. Directors, Audit & Supervisory Board Members, and employees of the Group's subsidiaries shall promptly report to the Company's Audit & Supervisory Board Members if they discover any facts that could cause significant damage to the Group, important facts related to management and internal audits, serious violations of laws, regulations, or the Articles of Incorporation, or other facts that the Directors, Audit & Supervisory Board Members, or employees of the Company's subsidiaries deem important. In addition, regardless of the above, the Company's Audit & Supervisory Board Members may request reports from Directors, Audit & Supervisory Board Members, and employees of the Group's subsidiaries as necessary. Furthermore, based on the "Internal Reporting Regulations," the aforementioned reporters shall not be subject to any unfair treatment for having made such reports.

8. Other systems to ensure that audits by the Audit & Supervisory Board Members are conducted effectively
a. The Company's Audit & Supervisory Board Members shall attend Board of Directors meetings as well as other important meetings deemed necessary.
b. The Company's Audit & Supervisory Board Members and the Representative Director shall hold regular meetings to exchange opinions to facilitate mutual communication.
c. In principle, the Company's Audit & Supervisory Board Members shall attend the regular Audit & Supervisory Board meetings held once a month, and shall also hold Audit & Supervisory Board meetings as needed to exchange information and discuss the status of audit implementation. They shall also receive regular reports on accounting audits from the Accounting Audit & Supervisory Board Member and exchange opinions.
d. To ensure the effectiveness of audits, Audit & Supervisory Board Member may utilize the Internal Audit Department, as well as external experts such as audit firms and attorneys, as necessary.
e. When an investigation is required, Audit & Supervisory Board Member shall request cooperation and assistance from the Internal Audit Department, etc., to establish a system for efficient auditing.
f. The Company shall bear reasonable expenses incurred by Audit & Supervisory Board Member in the execution of their duties upon their request.

b. Status of Risk Management System

The status of the Company's risk management system is as described in "3. Regulations and Other Systems for Managing Risk of Loss to the Group" under the "Basic Policy on Internal Control Systems."

c. Status of Systems to Ensure Proper Business Operations of Subsidiaries

The status of the Company's risk management system is as described in "5. Systems to Ensure Proper Business Operations within the Group" under the "Basic Policy on Internal Control Systems."

d. Overview of Liability Limitation Agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may limit the liability for damages set forth in Article 423, Paragraph 1 of the same Act for Directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Member.

Based on the provisions of the Articles of Incorporation, the Company has entered into liability limitation agreements with three Outside Directors, one full-time Audit & Supervisory Board Member, and two Outside Audit & Supervisory Board Member. The maximum amount of liability for damages under these agreements is the amount predetermined as 1 million yen or more, or the amount stipulated by laws and regulations, whichever is higher, for both Directors and Audit & Supervisory Board Member. Such limitation of liability is permitted only when the Director or Audit & Supervisory Board Member has performed their duties in good faith and without gross negligence regarding the cause of the liability.

e. Overview of Directors and Officers Liability Insurance Contracts

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company.

Under this insurance contract, the Company covers damages incurred by the insured officers resulting from claims for damages arising from their actions in the course of their duties. Directors and Audit & Supervisory Board Member are included as insured persons under this insurance contract, and the Company plans to renew the contract with the same terms during their terms of office.

1. Substantial insurance premium burden of the insured

   The Company bears the full amount of the insurance premiums, including those for special riders, and there is no substantial premium burden on the insured.

2. Overview of insurance incidents covered

   The insurance covers damages incurred by the insured officers resulting from claims for damages arising from their actions in the course of their duties. However, there are certain exemptions, such as cases where the insured person performs an act while aware that it violates laws and regulations.

(2) Status of Officers

(1) List of Officers

6 males, 3 females (percentage of female officers: 33.3%)

Position	Name	Date of Birth	Biography	Term of Office	Number of shares owned (shares)
President and Representative Director	Yohichi Shibata	Born December 25, 1959	April 1982 Joined Sato Shoji Corporation April 1985 Joined Daishinpan Co., Ltd. (currently Aplus Co., Ltd.) December 2003 Joined Gulliver International Co., Ltd. (currently IDOM Inc.) April 2007 Appointed Executive Managing Director, G-One Financial Services Co., Ltd. Appointed Executive Officer, Gulliver International Co., Ltd. (currently IDOM Inc.) August 2007 Appointed President and Representative Director, G-One Credit Services Co., Ltd. (currently Premium Co., Ltd.) April 2016 Appointed President and Representative Director, Representative Executive Officer, Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.) May 2016 Appointed Director, Eastern Commercial Leasing p.l.c. Appointed Director, PFS (Thailand) Co., Ltd. (currently Premium Asset Management (Thailand) Co., Ltd.) July 2016 Appointed President and Representative Director, Representative Executive Officer of the Company November 2016 Appointed Director, Eastern Premium Services Co., Ltd. (currently Premium Service (Thailand) Co., Ltd.) April 2018 Appointed President, PFS (Thailand) Co., Ltd. (currently Premium Asset Management (Thailand) Co., Ltd.) April 2021 Appointed President and Representative Director, Representative Executive Officer, Premium Co., Ltd. October 2022 Appointed President and Representative Director, Premium Co., Ltd. April 2024 Appointed President and Representative Director, Representative Executive Officer, Group CEO and COO of the Company October 2024 Appointed Head of Group Management Strategy Division of the Company February 2026 Appointed President and Representative Director, CEO, Head of Group Growth Strategy Division of the Company (current position) April 2026 Appointed Chairman and Representative Director, CEO, Premium Co., Ltd. (current position)	(Note 3)	790,248

Position	Name	Date of Birth	Biography		Term of Office	Number of shares owned (shares)
Director	Yoshiyuki Tsuchiya	Born September 22, 1968	April 1994	Joined Gakken Credit Co., Ltd. (currently JACCS Co., Ltd.)	(Note 3)	314,134
			November 2007	Joined G-One Credit Service Co., Ltd. (currently Premium Co., Ltd.)		
			July 2012	Appointed Executive Officer of the same company		
			April 2016	Appointed Managing Executive Officer of the same company		
			July 2016	Appointed Executive Officer of the Company Appointed Director and Managing Executive Officer of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.)		
			June 2017	Appointed Director of the Company		
			August 2017	Appointed Director and Managing Executive Officer of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.)		
			April 2019	Appointed Director, Managing Executive Officer, and General Manager of Group Executive Division of the Company Appointed Director, Managing Executive Officer, and General Manager of Credit Risk Management Division of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.) Appointed Director of PFS (Thailand) Co., Ltd. (currently Premium Asset Management (Thailand) Co., Ltd.)		
			April 2022	Appointed Director of Premium Service (Thailand) Co., Ltd. (current position)		
			April 2023	Appointed Senior Executive Officer of the Company		
			April 2025	Appointed Managing Executive Officer, General Manager of Group Business Strategy Division, and General Manager of Group Overseas Business Strategy Department of the Company Appointed Director of Premium Co., Ltd.		
			June 2025	Appointed Director, Managing Executive Officer, General Manager of Group Business Strategy Division, and General Manager of Group Overseas Business Strategy Department of the Company		
			February 2026	Director of the Company (current position) Appointed Director, Executive Officer, COO, Product Strategy Division, and General Manager of Group Overseas Business Strategy Department of Premium Co., Ltd.		
			April 2026	Appointed Representative Director, President, Executive Officer, COO, and General Manager of Operations Management Department of Premium Co., Ltd. (current position)		

Position	Name	Date of Birth	Biography	Term of Office	Number of shares owned (shares)
Director	Tomohiro Kanazawa	Born July 14, 1974	April 1999 Joined Sato Certified Public Accountant Office December 2002 Joined Next Gate Co., Ltd. October 2003 Joined Gulliver International Co., Ltd. (currently IDOM Inc.) March 2006 Joined G-One Financial Service Co., Ltd. (transferred) July 2010 Appointed Outside Audit & Supervisory Board Member of SBI Credit Co., Ltd. (currently Premium Co., Ltd.) March 2011 Joined Gulliver International Co., Ltd. (currently IDOM Inc.) (transferred) August 2011 Joined SBI Credit Co., Ltd. (currently Premium Co., Ltd.) April 2014 Appointed Executive Officer of the same company July 2016 Appointed Executive Officer of the Company Appointed Audit & Supervisory Board Member of Premium Financial Services Co., Ltd. (currently Premium Co., Ltd.) July 2017 Appointed Senior Executive Officer and General Manager of Corporate Planning Division of the Company April 2018 Appointed Senior Executive Officer and General Manager of Corporate Division of the Company April 2020 Appointed Managing Executive Officer, General Manager of Finance and Accounting Department, and General Manager of Public Relations/IR Department of the Company October 2020 Appointed Managing Executive Officer and General Manager of Finance Department of the Company Appointed Director of Premium Asset Management (Thailand) Co., Ltd. June 2021 Appointed Director, Managing Executive Officer, and General Manager of Finance Department of the Company July 2021 Appointed Director, Managing Executive Officer, and General Manager of Corporate Division of the Company April 2024 Appointed Director, Managing Executive Officer, Group CFO, and General Manager of IR/Accounting Division of the Company April 2025 Appointed Director, Managing Executive Officer, General Manager of Internal Audit Department, and General Manager of Business Administration Department of the Company September 2025 Appointed Director, Managing Executive Officer, General Manager of Group Administration Division, General Manager of Internal Audit Department, and General Manager of Finance Department of the Company February 2026 Appointed Director, Executive Officer, CFO, General Manager of Finance and Accounting Division, and General Manager of Finance Department of the Company (current position)	(Note 3)	316,950

Position	Name	Date of Birth	Biography		Term of Office	Number of shares owned (shares)
Outside Director	Tsuguhiro Nakagawa	Born April 8, 1960	April 1984 October 1998 June 1999 April 2003 April 2006 October 2012 June 2013 October 2014 April 2016 June 2017 June 2019 December 2025	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.) President and Representative Director, Tokai Car Sensor Co., Ltd. (currently Recruit Car Sensor Co., Ltd.) President and Representative Director, Kyushu Car Sensor Co., Ltd. (currently Recruit Car Sensor Co., Ltd.) President and Representative Director, Recruit HR Marketing Kansai Co., Ltd. (currently Recruit Co., Ltd.) Executive Officer, Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.) and Managing Executive Officer, Recruit Staffing Co., Ltd. Executive Officer, Recruit Marketing Partners Co., Ltd. (currently Recruit Co., Ltd.) Director, JCM Co., Ltd. President and Representative Director, Recruit Car Sensor Co., Ltd. Advisor, Recruit Marketing Partners Co., Ltd. (currently Recruit Co., Ltd.) Outside Director of the Company (current) Outside Director, Synchro Food Co., Ltd. Director of the same company Executive Officer of the same company (current)	(Note 3)	13,600
Outside Director	Yuka Horikoshi	Born October 6, 1975	April 2001 October 2006 April 2012 April 2015 June 2019 June 2021	Joined Iwate Prefectural Government Registered with Tokyo Bar Association (59th term) Joined Sakai & Mimura Law Office (currently Anderson Mori & Tomotsune) Seconded to Financial Companies Office, Supervisory Bureau, Financial Services Agency (concurrently served in Credit System Office) Joined Chuo Sogo Law Office (current) Outside Director of the Company (current) Outside Director, Regional Economy Vitalization Corporation of Japan (current) Outside Director, WealthPark Co., Ltd.	(Note 3)	-
Outside Director	Hiromi Oshima	Born August 24, 1976	April 2003 January 2006 June 2011 April 2015 June 2019 June 2020	Joined the Institute for International Cooperation, Japan International Cooperation Agency (currently Japan International Cooperation Agency) Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Joined Marubeni Corporation Joined Panasonic Corporation (currently Panasonic Holdings Corporation) Appointed General Manager of Business Development Department, Connected Solutions Company (CNS) of Panasonic Corporation (currently Panasonic Connect Co., Ltd.) Outside Director of the Company (current)	(Note 3)	-

			October 2021	Appointed General Manager of Business Strategy Department, Company Strategy Planning Office, Connected Solutions Company (CNS) of Panasonic Corporation (currently Panasonic Connect Co., Ltd.)		
			April 2022	Appointed General Manager of Policy Planning Department, Strategic Planning Division, Panasonic Connect Co., Ltd.		
			July 2022	General Manager of Strategic Planning Division, Panasonic Connect Co., Ltd.		
			April 2023	Joined MonotaRO Co., Ltd.		
			March 2024	Joined IHI Corporation		
			April 2024	Appointed Director and Deputy General Manager of Corporate Planning Department of the same company		
			April 2025	Appointed Executive Officer and General Manager of Finance Department of the same company		
			April 2026	Appointed Managing Executive Officer and General Manager of Finance Department of the same company (current)		

Position	Name	Date of Birth	Biography		Term of Office	Number of shares owned (shares)
Audit & Supervisory Board Member	Toshihiro Kametsu	Born December 10, 1953	March 1976 February 1981 April 2004 November 2007 April 2008 August 2009 July 2011 July 2016	Joined Home Study Center Co., Ltd. Joined Gakken Credit Co., Ltd. (currently JACCS Co., Ltd.) (transferred) Appointed Executive Officer and General Manager of Business Administration Department of the same company Joined G-One Credit Service Co., Ltd. (currently Premium Co., Ltd.) Appointed Executive Officer and General Manager of Sales Division of the same company Appointed Executive Officer and General Manager of Administration Division of the same company Appointed Audit & Supervisory Board Member of SBI Credit Co., Ltd. (currently Premium Co., Ltd.) (part-time since July 2016) Appointed Audit & Supervisory Board Member of the Company (current)	(Note 4)	-
Outside Audit & Supervisory Board Member	Setsuo Higuchi	Born October 9, 1948	April 1974 June 1988 August 2007 July 2008 June 2011 July 2011 June 2015 June 2017 December 2022	Joined Chuo Audit Corporation Representative Partner, Chuo Audit Corporation Representative Partner, Shin Nihon Audit Corporation (currently EY ShinNihon LLC) Senior Partner, EY ShinNihon LLC Head, Setsuo Higuchi Certified Public Accountant Office (current) Outside Audit & Supervisory Board Member, Socialwire Co., Ltd. (current) Outside Director, Fukoku Co., Ltd. Outside Audit & Supervisory Board Member of the Company (current) Outside Audit & Supervisory Board Member, Land Business Co., Ltd. (current)	(Note 4)	7,500
Outside Audit & Supervisory Board Member	Yukari Narita	Born October 24, 1964	October 1990 January 2001 May 2010 November 2013 February 2015 June 2025	Joined Asahi Shinwa Audit Corporation (currently KPMG AZSA LLC) Representative, Yukari Narita Certified Public Accountant Office (current) Professor, Graduate School of Economics and Management, Tohoku University (current) Outside Director, Cyber Solutions Inc. (current) Outside Director, Welcia Holdings Co., Ltd. Outside Audit & Supervisory Board Member of the Company (current)	(Note 4)	-
Total						1,442,432

(Notes) 1. Directors Tsuguhiro Nakagawa, Yuka Horikoshi, and Hiromi Oshima are Outside Directors.

2. Audit & Supervisory Board Member Setsuo Higuchi and Yukari Narita are Outside Audit & Supervisory Board Member.

3. The term of office for Directors is until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one year from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2025.

4. The term of office for Audit & Supervisory Board Member is until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within four years from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2025.

5. The Company has appointed one Substitute Audit & Supervisory Board Member in accordance with Article 329, Paragraph 3 of the Companies Act to prepare for cases where the number of Audit & Supervisory Board Member falls below the number required by law. The status of the Substitute Audit & Supervisory Board Member is as follows.

Name	Date of Birth	Biography		Number of shares owned (shares)
Takeshi Kitada	Born August 27, 1968	April 1990	Joined Gakken Credit Co., Ltd. (currently JACCS Co., Ltd.)	74,400
		November 2007	Joined G-One Credit Service Co., Ltd. (currently Premium Co., Ltd.)	
		July 2017	Appointed Executive Officer of the same company	
		April 2018	Executive Officer of the Company	
		February 2019	Executive Officer, Premium Co., Ltd.	
		October 2020	Executive Officer, General Manager of After-Sales Center Management Division of the same company	
		June 2021	Substitute Audit & Supervisory Board Member of the Company (current)	
		July 2021	Deputy General Manager of Corporate Division of the Company	
		July 2022	Executive Officer, General Manager of Internal Audit Department and General Manager of Business Administration Department of the Company	
		July 2024	Executive Officer, General Manager of Corporate Department, Premium Co., Ltd.	
		April 2025	Director, Senior Executive Officer, General Manager of Business Management Department of the same company	
		June 2025	Substitute Audit & Supervisory Board Member of Premium Group Co., Ltd.	
		February 2026	Substitute Audit & Supervisory Board Member, General Manager of Internal Audit Department of the same company (current) Director, Premium Co., Ltd.	

The term of office for the Substitute Audit & Supervisory Board Member is from the time of assumption of office until the expiration of the term of office of the Audit & Supervisory Board Member who retired. The resolution for the appointment of the Substitute Audit & Supervisory Board Member is effective until the commencement of the Annual General Meeting of Shareholders for the fiscal year 2026.

6. The Company has introduced an Entrusted Executive Officer system for the purpose of strengthening the functions of management decision-making and supervision, as well as further accelerating management decision-making. The names and titles of the Executive Officers are as follows.

(As of March 31, 2026)

Position	Name	Title
Executive Officer, CFO	Tomohiro Kanazawa	General Manager, Group Finance and Accounting Division
Executive Officer, CCO	Fumiya Nakamura	General Manager, Group Administration Division General Manager, Internal Control Department
Executive Officer, CIO	Sosuke Okada	In charge of Group DX Promotion Division General Manager, DX Innovation Division
Executive Officer, CHRO	Kumi Kondo	General Manager, Group Human Resources Development Division General Manager, Group Human Resources Department
Executive Officer, Deputy CIO	Masahiro Matsuoka	General Manager, Group DX Promotion Division
Executive Officer	Taihei Ikeda	General Manager, Accounting Department Deputy General Manager, Group Finance and Accounting Division
Executive Officer	Maya Yugami	General Manager, Public Relations and IR Department Deputy General Manager, Group Growth Strategy Division

(2) Status of Outside Officers

The Company has 3 Outside Directors and 2 Outside Audit & Supervisory Board Member (as of the filing date of the Securities Registration Statement).

a. Outside Directors

Mr. Tsuguhiro Nakagawa, an Outside Director, possesses extensive experience and insight gained through many years of involvement in business and management within the Recruit Group. He is appointed because he is expected to fulfill a sufficient role in deciding important matters of the Company's management and supervising business execution as an Outside Director, and to participate in the selection of officer candidates and the determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee. He holds 13,600 shares of the Company's common stock.

Ms. Yuka Horikoshi, Outside Director, possesses professional knowledge and extensive experience in legal affairs cultivated through her duties as an attorney. She is appointed as an Outside Director because she is expected to fulfill a sufficient role in deciding important management matters and supervising business execution, and as a member of the Nomination and Compensation Committee, she is expected to participate in the selection of officer candidates and the determination of officer compensation from an objective and neutral standpoint.

Ms. Hiromi Oshima, Outside Director, is appointed as an Outside Director because she is expected to fulfill a sufficient role in deciding important management matters and supervising business execution by leveraging her professional knowledge in finance cultivated through her duties as a certified public accountant, her expertise in public relations, IR, M&A, and new business development cultivated at the Panasonic Group, and her experience as a member of the management team at IHI Corporation.

Except for the shareholdings mentioned above, there are no special interests between the Outside Directors and the Company.

b. Outside Audit & Supervisory Board Member

Mr. Setsuo Higuchi, Outside Audit & Supervisory Board Member, possesses professional knowledge and extensive experience in finance, accounting, and internal control cultivated through his duties as a certified public accountant. He is appointed as an Outside Audit & Supervisory Board Member because he is expected to fulfill a sufficient role in auditing the execution of duties by Directors. He holds 7,500 shares of the Company's common stock.

Ms. Yukari Narita, Outside Audit & Supervisory Board Member, possesses professional knowledge and extensive experience in finance, accounting, and internal control cultivated through her duties as a certified public accountant. She is appointed as an Outside Audit & Supervisory Board Member because she is expected to fulfill a sufficient role in auditing the execution of duties by Directors.

Except for the shareholdings mentioned above, there are no special interests between the Outside Audit & Supervisory Board Member (including candidates) and the Company.

c. Criteria for Judging the Independence of Outside Officers

The Company has established its own criteria regarding the independence of Outside Directors and Outside Audit & Supervisory Board Member. In making appointments, we select candidates based on the premise that they meet the independence criteria set by the Tokyo Stock Exchange and our own independence criteria. We consider their backgrounds and relationships with the Group, and evaluate whether they can be expected to protect minority shareholders and actively provide proposals and raise issues regarding the Group's business challenges from a position independent of the Company's management.

(Independence Criteria for Outside Officers)

Outside Directors and Outside Audit & Supervisory Board Member (or candidates for these positions) are judged to have independence if, based on an investigation conducted by the Company to a reasonably possible extent, they do not fall under any of the following categories:

1. A person related to the Group

   A person related to the Group refers to an executive director, executive officer, operating officer, or any other person equivalent thereto, or an employee (hereinafter collectively referred to as an "Executive") of the Company or its subsidiaries (hereinafter collectively referred to as the "Group").

2. A person related to a business partner

   a. A person who has the Group as a major business partner or an Executive thereof

      A person who has the Group as a major business partner refers to a person who has received payments from the Group exceeding 2% of that person's consolidated net sales or consolidated operating revenue in the most recent fiscal year.

   b. A major business partner of the Group or an Executive thereof

      A major business partner of the Group refers to a person who has made payments to the Group exceeding 2% of the Company's consolidated operating revenue in the most recent fiscal year.

   c. Major lenders to the Group or their executive officers

      Major lenders to the Group refer to financial institutions, etc., whose outstanding loan balance at the end of the most recent fiscal year exceeds 2% of the Company's consolidated total assets.

3. Providers of professional services

   a. Persons or their executive officers who, in the most recent fiscal year, have received remuneration of 10 million yen or more annually from the Group, excluding officer remuneration, as consultants in legal, accounting, tax, management, financial, technical, or marketing fields.

   b. Employees, partners, or staff of the audit firm that serves as the Group's accounting auditor.

4. Parties receiving donations or grants

   This refers to directors or other executive officers of organizations, etc., to which the Group has provided donations or grants of 10 million yen or more annually in the most recent fiscal year.

5. Parties with voting rights holdings

   a. Shareholders who directly or indirectly hold 10% or more of the Company's voting rights in the most recent fiscal year, or their executive officers.

   b. Executive officers of the Company where the Group directly or indirectly holds 10% or more of the voting rights of the target entity in its most recent fiscal year.

6. Persons who have previously met the criteria

   a. Persons who have met the criteria in 1. at any time in the past.

   b. Persons who have met any of the criteria in 2. through 5. at any time during the past three years.

7. Close relatives

   Close relatives refer to spouses or relatives within the second degree of kinship of persons who meet the criteria in 1. through 6. and who are directors (excluding outside directors), Audit & Supervisory Board Member, executive officers, or key employees equivalent to these positions.

(3) Coordination between supervision by outside directors and audits by outside Audit & Supervisory Board Member, and internal audits, audit & supervisory board member audits, and accounting audits, as well as the relationship with internal control divisions

Outside directors of the Company attend Board of Directors meetings, receive reports on internal audits, audit & supervisory board member audits, accounting audits, and internal controls, and provide recommendations and advice as appropriate to supervise the Company's management.

Outside audit & supervisory board members of the Company attend Board of Directors meetings and Audit & Supervisory Board meetings, and receive reports on the status of internal audits, audit & supervisory board member audits, accounting audits, and the status of internal controls, thereby striving to implement efficient audits in mutual coordination with these functions.

If the accounting auditor discovers fraud and requests appropriate action, or points out deficiencies or issues, the Company, under the direction of the Representative Director, ensures that the relevant director or executive officer takes the lead in promptly investigating and correcting the matter. In addition, the Audit & Supervisory Board, led by the full-time Audit & Supervisory Board Member, requests the responsible director to report on countermeasures based on investigation results following reports from the external accounting auditor.

In addition, the Company has established a system that allows Outside Directors and Outside Audit & Supervisory Board Member to appropriately obtain necessary information from various internal departments as needed, through the relevant Directors, full-time Audit & Supervisory Board Member, or executive secretaries.

(3) [Audit Status]

(1) Status of Audit by Audit & Supervisory Board Member

a. Organization, Personnel, and Procedures for Audit by Audit & Supervisory Board Member

The Company has appointed one full-time Audit & Supervisory Board Member and two Outside Audit & Supervisory Board Member (as of the filing date of the Securities Report).

Full-time Audit & Supervisory Board Member Toshihiro Kametsu was enrolled in the accounting department of Premium Co., Ltd., a consolidated subsidiary of the Company, from April 2008 to July 2011, and possesses extensive experience and insight regarding finance and accounting at a business corporation.

Outside Audit & Supervisory Board Member Setsuo Higuchi possesses specialized knowledge and extensive experience in finance and accounting cultivated through his duties as a certified public accountant.

Outside Audit & Supervisory Board Member Yukari Narita possesses specialized knowledge and extensive experience in finance and accounting cultivated through her duties as a certified public accountant.

As for audit procedures by Audit & Supervisory Board Member, based on the Audit Standards for Audit & Supervisory Board Member and the audit plan formulated at the beginning of the fiscal year, in addition to attending Board of Directors meetings, Audit & Supervisory Board Member strive to prevent inappropriate accounting practices in cooperation with the accounting auditor, and also conduct regular coordination with the internal audit department and perform on-site audits of each department.

Furthermore, in addition to attending Board of Directors meetings, the full-time Audit & Supervisory Board Member grasps the status of the Company through attendance at important meetings such as the Group Executive Officer meetings and confirmation of internal approval documents, confirms the process of important decision-making, and confirms that the status of business execution complies with laws, the Articles of Incorporation, and internal regulations through on-site audits of each department.

b. Activities of the Audit & Supervisory Board and Audit & Supervisory Board Member

The Audit & Supervisory Board, in conjunction with the Board of Directors, is held in principle once a month to establish audit policies and audit plans, as well as to receive reports from each Audit & Supervisory Board Member regarding important matters related to audits, and to conduct discussions or make resolutions. Based on the Audit Standards for Audit & Supervisory Board Member and the audit plan, the Audit & Supervisory Board conducts operational audits, accounting audits, and audits related to the corporate group for group companies, as well as audits on the appropriateness of the audits performed by the accounting auditor, who is an independent auditor, and reports the audit results to the Board of Directors. In addition, the audit policy, key audit items, and annual audit plan approved by the Audit & Supervisory Board are also reported to the Board of Directors.

During the consolidated fiscal year under review, the Audit & Supervisory Board was held 14 times to conduct discussions and make resolutions. In addition, Audit & Supervisory Board Member attended the Board of Directors meetings held 18 times during the consolidated fiscal year under review, and conducted audits regarding the process leading to the decision-making of Directors and the content of such decisions.

The attendance status of individual Audit & Supervisory Board Member at the Audit & Supervisory Board meetings and Board of Directors meetings during the consolidated fiscal year under review is as follows.

Name	Attendance at Audit & Supervisory Board Meetings (Total meetings)	Attendance at Board of Directors Meetings (Total meetings)
Toshihiro Kametsu	14 (14)	18 (18)
Setsuo Higuchi	14 (14)	18 (18)
Yukari Narita (Note 1)	10 (10)	14 (14)
Toshikazu Moriwaki (Note 2)	4 (4)	4 (4)

(Note) 1. Assumed the position of Outside Audit & Supervisory Board Member upon the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2025.

2. Retired from the position of Outside Audit & Supervisory Board Member upon the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2025.

Next, the specific details of the deliberations at the Audit & Supervisory Board during the consolidated fiscal year under review are as follows.

- Audit policy and audit plan
- Progress of key audit matters, etc.
- Status of execution of duties by full-time Audit & Supervisory Board Member

In addition, the activities of each Audit & Supervisory Board Member are as follows:

- Attendance at important meetings
  Attendance at Board of Directors meetings, Group Executive Officer meetings, etc. (Outside Audit & Supervisory Board Member, who are part-time, attend only Board of Directors meetings)
- Review of important approval documents, etc.
  Contracts, approval requests, minutes of important meetings, etc. (Full-time Audit & Supervisory Board Member)
- Regular meetings with Directors
  Quarterly reports on audit implementation status and audit results (Full-time Audit & Supervisory Board Member)
- On-site audits
  Important consolidated subsidiaries and business divisions of important consolidated subsidiaries (Full-time Audit & Supervisory Board Member)
- Coordination among the three types of audits
  Exchange of opinions regarding the audit plan at the beginning of the fiscal year, KAM (Key Audit Matters), and quarterly reports on audit results (All Audit & Supervisory Board Member)

(2) Status of internal audits

a. Organization, personnel, and procedures for internal audits

The Company has established an Internal Audit Department (consisting of 4 members as of the filing date of the Securities Report) directly under the Board of Directors as an internal audit organization independent of the business lines.

For the purpose of ensuring the appropriateness of business operations and the soundness of assets, internal Audit & Supervisory Board Member conduct internal audits on the status of business execution at each department of the Company and its Group companies based on an annual internal audit plan formulated for each fiscal year, from the perspectives of compliance, information management, business processes, etc. The results of these audits are reported to the Board of Directors, and when necessary, the audited departments are requested to formulate and implement recurrence prevention measures and fundamental improvement measures, thereby promoting effective internal audit activities aimed at optimization.

The results of internal audits are reported regularly to the Board of Directors and also directly to the Audit & Supervisory Board based on the audit policy in the annual audit plan, establishing a dual reporting line to ensure coordination with Auditor audits.

b. Mutual cooperation among internal audits, Audit & Supervisory Board member audits, and accounting audits, and the relationship between these audits and the internal control division

To improve the effectiveness and efficiency of the so-called three-way audits (internal audits, Audit & Supervisory Board member audits, and accounting audits), the Company ensures regular meeting opportunities for internal auditors, Audit & Supervisory Board members, and the accounting auditor to exchange and share useful information obtained through their respective operational and accounting audits, and exchanges opinions as necessary to improve the quality of audits covering all management activities.

In addition, the internal audit department strengthens its cooperation with Directors and Audit & Supervisory Board members to resolve internal issues at an early stage. Audit results from the internal audit department are reported to the Representative Director, the Director in charge, and the Audit & Supervisory Board as appropriate, and if there are any issues, instructions for improvement are given as needed.

Internal control over financial reporting at the Company is evaluated by the internal control division (consisting of 5 members as of the filing date of the Annual Securities Report) as an independent department, which compiles the evaluation of internal control and conducts reviews to reach a final assessment based on the internal control reporting system under the Financial Instruments and Exchange Act. The evaluation results are reported periodically to the Board of Directors and the Audit & Supervisory Board.

The internal control division holds regular meetings with the internal audit department to ensure appropriate cooperation. The internal control division also attends the aforementioned three-way audit meetings to exchange opinions.

(3) Status of accounting audits

Regarding accounting audits for the current fiscal year, the Company has concluded an audit contract with PwC Japan LLC, and in addition to regular accounting audits, we consult and discuss important accounting issues as needed. There are no special interests between the said audit firm and the designated limited liability partners/engagement partners of the said audit firm engaged in the Company's audit and the Company. Furthermore, no auditor has been engaged in the audit of the Company for more than seven years.

a. Name of the audit firm

PwC Japan LLC

b. Continuous audit period

7 years

c. Names of certified public accountants who executed the audit

Designated Limited Liability Partner, Engagement Partner: Ryutaro Otsuji

Designated Limited Liability Partner, Engagement Partner: Naoaki Kobayashi

d. Composition of assistants for audit services

The composition of assistants for audit services is determined based on the selection criteria of the audit firm.

Certified Public Accountants: 4

Other 22

(Note) "Other" refers to individuals who have passed the Certified Public Accountant examination, etc.

E. Policy and Reasons for Selection of Audit Firm

Our policy for selecting an audit firm is based on the firm possessing the expertise, review system, and quality control system—including the maintenance of independence—required to express an opinion on International Financial Reporting Standards (IFRS), and being capable of performing professional and appropriate audits to support the execution of our Group's growth strategy, including overseas operations. In addition, if it is determined that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed with the consent of all Audit & Supervisory Board Members. Furthermore, if it is determined that it is difficult for the accounting auditor to perform their duties appropriately, or if it is judged that a change of the accounting auditor is appropriate to further enhance the appropriateness of the audit, the Audit & Supervisory Board shall determine the content of the proposal regarding the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

F. Evaluation of the Audit Firm by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members and the Audit & Supervisory Board have confirmed the status of the accounting auditor's performance of duties, their independence, possession of necessary expertise, the establishment of an audit system, and the reasonableness and appropriateness of the audit plan, and have evaluated PwC Japan LLC as appropriate and suitable to serve as the accounting auditor.

(4) Details of Audit Fees, etc.

A. Details of Fees Paid to Certified Public Accountants, etc.

Category	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Filing Company	54	-	56	-
Consolidated Subsidiaries	69	-	106	-
Total	123	-	162	-

The details of non-audit services are as follows.

(Previous Consolidated Fiscal Year)

Not applicable.

(Current Consolidated Fiscal Year)

Not applicable.

B. Fees Paid to Organizations Belonging to the Same Network as Certified Public Accountants, etc. (Excluding A)

Category	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Filing Company	-	-	-	-
Consolidated Subsidiaries	-	-	-	-
Total	-	-	-	-

The details of non-audit services are as follows.

(Previous Consolidated Fiscal Year)
Not applicable.

(Current Consolidated Fiscal Year)
Not applicable.

c. Details of remuneration for other audit-related services
Not applicable.

d. Policy for determining audit remuneration
Although no specific policy has been established, audit remuneration for the Company's certified public accountants, etc., is determined through internal approval procedures, taking into account the number of audit days, audit performance, etc.
The Articles of Incorporation stipulate that remuneration, etc., for the Accounting Auditor shall be determined by the Representative Director with the consent of the Audit & Supervisory Board.

e. Reasons for the Audit & Supervisory Board's consent to the accounting auditor's remuneration, etc.
The reason for the consent given by the Company's Audit & Supervisory Board to the remuneration, etc., for the accounting auditor proposed by the Board of Directors, pursuant to Article 399, Paragraph 1 of the Companies Act, is that the Audit & Supervisory Board verified and evaluated the audit days in the audit plan and the previous year's audit performance, examined the appropriateness of the accounting auditor's audit execution, and scrutinized the basis for the calculation of the estimates underlying the remuneration, and concluded that the level of remuneration is appropriate for the accounting auditor to conduct an adequate audit.

(4) [Remuneration, etc., of Officers]

(1) Matters concerning the policy for determining the amount of remuneration, etc., of officers or the calculation method thereof

a. Method of determining the policy for determining the amount of remuneration, etc., of directors or the calculation method thereof

The Company consults with the Nomination and Remuneration Committee, an advisory body to the Board of Directors, in advance regarding the policy for determining the content of individual remuneration, etc., for officers, and resolves the matter at the Board of Directors meeting based on the report received. An overview of the content of this determination policy is as follows.

b. Policy for determining the amount of remuneration, etc., of directors or the calculation method thereof

The Company's director remuneration system is operated based on the following policies and composition as one of the management foundations important for the Company's sustainable growth.

(Basic Policy on Director Remuneration)

The Company's director remuneration is determined based on the following concepts.

1. To be a competitive remuneration system
   The compensation system and levels must be capable of attracting and retaining excellent human resources who contribute to the realization of the Company's mission and medium- to long-term vision.
2. A compensation system that emphasizes sustainable improvement of corporate value
   Compensation that can serve as an incentive to promote the Company's sustainable and continuous improvement of corporate value and shareholder value.
3. A fair and equitable compensation system
   A compensation system with high transparency, fairness, and rationality that can fulfill accountability to stakeholders, including shareholders.

(Structure of Director Compensation)

The Company's director compensation system consists of "base compensation (fixed compensation)," "short-term incentives (variable compensation)," and "long-term incentives (variable compensation)."

1. Base Compensation
   Designed to encourage the performance of duties according to the position, functions, and roles assumed.
2. Short-term Incentives
   Designed to accumulate results toward achieving performance targets for each fiscal year.
3. Long-term Incentives
   Designed to promote management that emphasizes medium- to long-term improvement of corporate value and shareholder value.

Type of compensation	Payment method・Fixed/Variable	Performance-linked indicators	Details of compensation	Composition ratio (%)	Directors (excluding Outside Directors)	Outside Director
Base compensation	Cash/Fixed	-	・Fixed compensation to encourage the performance of duties according to position, functions, and roles. ・Determined based on a base table created according to fixed compensation by position and the presence or absence of representative authority.	25-40	◎	◎

Type of compensation	Payment method・Fixed/Variable	Performance-linked indicators	Details of compensation	Composition ratio (%)	Directors (excluding Outside Directors)	Outside Director
Short-term incentive	Cash/Variable	Consolidated profit before tax for the fiscal year	・Performance-linked compensation to accumulate results toward achieving performance targets for each fiscal year. ・Indicators are "consolidated profit before tax," "consolidated profit before tax excluding one-time profit/loss," and "individual performance (company-wide targets for the President and Representative Director, and performance targets for the business/division under the jurisdiction of each Director)." ・Determined by multiplying the base compensation by a coefficient set for each of the above indicators, within a range of 0-140% of the base compensation depending on the degree of achievement for each fiscal year.	35-45	◎	-
Long-term incentive	Stock/Variable	-	・Stock-based compensation to promote management that emphasizes medium- to long-term corporate value improvement and shareholder value improvement.	25-45	◎	-

(Approach to Compensation Levels)

The compensation levels for the Company's directors are set based on the functions and roles each director should assume, and by utilizing external objective data and evaluation data as necessary, to ensure they are at a competitive level capable of attracting and retaining excellent human resources.

C. Method of Determining Compensation, etc. for Each Officer

To enhance the transparency and objectivity of the deliberation process, the compensation, etc., for each of the Company's directors is determined by the Board of Directors after consultation with and a report from the Nomination and Compensation Committee (of which independent outside directors constitute a majority), based on the compensation policy, compensation system, and the results of individual performance evaluations for each director (excluding outside directors) discussed in advance by the committee, and within the limits of the total compensation amount resolved at the General Meeting of Shareholders in accordance with the Articles of Incorporation.

Regarding the determination of the amount of compensation, etc., for each director for the current fiscal year, the compensation proposals for each director, which were discussed based on the above determination policy at the Nomination and Compensation Committee held in May 2025, were resolved at the Board of Directors meeting held in June 2025.

As described above, the compensation proposals for each director, discussed based on the above determination policy at the Nomination and Compensation Committee where independent outside directors constitute a majority, were resolved by the Company's Board of Directors, and these constitute the amounts of compensation, etc., for each director. Therefore, the Board of Directors has judged that the content is in line with the above determination policy.

The compensation, etc., for each of the Company's Audit & Supervisory Board is determined by the Audit & Supervisory Board, within the limits of the total compensation amount resolved at the General Meeting of Shareholders in accordance with the Articles of Incorporation, taking into consideration whether they are full-time or part-time and the status of their division of duties.

(Role and Activities of the Nomination and Compensation Committee)

The Company's Nomination and Compensation Committee is a voluntary advisory body to the Board of Directors, established with the purpose of enhancing the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors, and strengthening corporate governance.

In the current consolidated fiscal year, the Committee deliberated on the succession plan for the Chief Executive Officer, which was a matter referred by the Board of Directors, and submitted its report to the Board. In addition, the Committee conducted deliberations regarding executive compensation as follows:

• May 22, 2026: Proposals regarding director compensation and restricted stock compensation

(Members of the Nomination and Compensation Committee)

The members as of the filing date of the Annual Securities Report are as follows:

Chairperson	Position	Name
◎	President and Representative Director	Yohichi Shibata
	Outside Director	Tsuguhiro Nakagawa
	Outside Director	Yuka Horikoshi

(Activities of the Board of Directors)

The Board of Directors deliberates and decides on the content of executive compensation and the establishment or revision of compensation systems.

In the current consolidated fiscal year, the Board deliberated or resolved on executive compensation as follows:

• June 25, 2025: Determination of director compensation based on deliberations by the Nomination and Compensation Committee

In addition to the above, the Board plans to deliberate or resolve on executive compensation as follows:

• June 24, 2026 (scheduled): Determination of director compensation based on deliberations by the Nomination and Compensation Committee

2. Resolutions of the General Meeting of Shareholders

The total amount of compensation for the Company's officers was resolved at the 2nd Ordinary General Meeting of Shareholders held on June 28, 2017, and the 6th Ordinary General Meeting of Shareholders held on June 29, 2021, and the details are as follows: Note that the amounts below do not include the salary for the employee portion of directors who also serve as employees.

Total compensation for directors: Within 350 million yen per year (resolved at the 6th Ordinary General Meeting of Shareholders)

Total compensation for Audit & Supervisory Board: Within 20 million yen per year (resolved at the 2nd Ordinary General Meeting of Shareholders)

Furthermore, with the aim of providing incentives to promote the sustainable improvement of the Company's corporate value and to further share value with shareholders, the Company introduced a restricted stock compensation plan for directors at the 4th Ordinary General Meeting of Shareholders held on June 26, 2019, and plans to resolve the total amount of monetary compensation claims at the 11th Ordinary General Meeting of Shareholders to be held on June 24, 2026. The details are as follows: Note that the amounts below do not include the salary for the employee portion of directors who also serve as employees.

Total amount of monetary compensation receivables granted for the allotment of restricted stock: Within 500 million yen per year

Eligible Directors: Directors excluding Outside Directors

(2) Total amount of remuneration, etc., by category of officers of the filing company, total amount by type of remuneration, etc., and the number of eligible officers

The remuneration for Directors and Audit & Supervisory Board Members of the Company for the fiscal year ending March 31, 2026, is as follows.

Officer category	Total amount of compensation, etc. (million yen)	Total amount by type of compensation (million yen)			Number of eligible officers (persons)
		Monetary compensation		Non-monetary compensation	
		Base compensation	Short-term incentive	Long-term incentive	
Directors (excluding Outside Directors)	188	58	76	54	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	6	6	-	-	1
Outside Director	26	26	-	-	3
Outside Audit & Supervisory Board Member	9	9	-	-	3

(Note) 1. Amounts in the table above are rounded down to the nearest unit indicated.

2. As of March 31, 2026, the number of officers is 6 Directors and 3 Audit & Supervisory Board Members.

3. The table above includes 1 Director and 1 Audit & Supervisory Board Member who retired at the conclusion of the 10th Ordinary General Meeting of Shareholders held on June 25, 2025.

4. The amount of remuneration, etc., for Directors is stated based on the amount actually paid or to be paid by the Company during the fiscal year, regardless of whether it was paid during the fiscal year (including amounts expensed based on accounting estimates. The same applies hereinafter.)

5. Non-monetary remuneration stated in the table above is restricted stock remuneration resolved at the 4th Ordinary General Meeting of Shareholders held on June 26, 2019, the 6th Ordinary General Meeting of Shareholders held on June 29, 2021, and the 7th Ordinary General Meeting of Shareholders held on June 29, 2022. The limit for restricted stock remuneration is within 200 million yen per year, with an upper limit of 30,000 shares per year (Outside Directors are not eligible for the grant). The number of Directors (excluding Outside Directors) at the conclusion of the said General Meeting of Shareholders was 3. In the fiscal year under review, the Company granted monetary compensation

receivables to 3 Directors (excluding Outside Directors) and, by having them contribute all of said receivables to the Company as property contributed in kind, delivered 20,250 shares of the Company's common stock as stock-based remuneration. The delivery of said shares is subject to conditions such as not transferring them until the Director retires from their position as a Director of the Company or its subsidiary.

6. By resolution of the Board of Directors meeting held on July 20, 2022, the Company conducted a 3-for-1 stock split of common stock effective September 1, 2022, and the upper limit of the number of shares for restricted stock remuneration was changed from within 30,000 shares per year to within 90,000 shares per year.
7. Regarding matters concerning short-term incentives stated in the table above, please also refer to "(1) Matters concerning the policy for determining the amount of remuneration, etc., for officers or the calculation method thereof" (b). As a performance-linked indicator for short-term incentives, consolidated profit before tax is adopted from the perspective of raising awareness of performance improvement for each fiscal year, and its trends are as described in "Part 1: Information on the Group, 1. Overview of the Group, 1. Trends in Principal Management Benchmarks." For the fiscal year under review, for 3 Directors (excluding Outside Directors), as a short-term incentive, an amount calculated according to the achievement rate against "consolidated profit before tax," "consolidated profit before tax excluding one-time profit/loss," and "individual performance (all-company targets for the President and Representative Director, and performance targets for the business/department under their supervision for other Directors)" (80-150% of the basic remuneration (fixed remuneration)) was paid by dividing it into 12 equal parts and adding it to the monthly basic remuneration.

(3) Total amount of remuneration, etc., for persons whose total amount of remuneration, etc., is 100 million yen or more

Name	Officer category	Company category	Total amount of compensation, etc. (million yen)	Total amount by type of compensation (million yen)		
				Monetary compensation		Non-monetary compensation
				Base compensation	Short-term incentive	Long-term incentive
Yohichi Shibata	Director	Filing Company	104	31	46	27

(5) [Status of Shareholdings]

(1) Criteria and approach for classification of investment shares

Although the Company has not established specific criteria for classifying investment shares, we broadly categorize them as follows.

(Pure investment shares) Investment shares held solely for the purpose of gaining profit from changes in the value of the shares or from dividends related to the shares.

(Policy-oriented investment shares) Investment shares held primarily for purposes other than pure investment, such as building, maintaining, and strengthening business and collaborative relationships.

As a general rule, the Company's policy is not to hold listed shares for the purpose of pure investment or policy-oriented holding, and we do not hold any such shares as of the filing date of the Annual Securities Report. If it becomes necessary to hold such shares, regarding the exercise of voting rights related to those shares, we will specifically examine the content of the proposals at the Board of Directors meetings to determine whether the purpose of holding is appropriate and whether the benefits and risks associated with holding are commensurate with the cost of capital. We will then reasonably judge the appropriateness of holding and disclose it appropriately.

(2) Status of shareholdings

A. Investment shares held for pure investment purposes

Not applicable.

B. Investment shares held for purposes other than pure investment

・Holding policy, method of verifying the rationality of holdings, and details of verification by the Board of Directors, etc., regarding the appropriateness of holding individual stocks: Not applicable.

・Number of stocks and carrying amount on the balance sheet

Not applicable.

・Information regarding the number of shares and carrying amount on the balance sheet for each stock of specified investment shares and deemed holding shares

Not applicable.

C. Investment shares for which the purpose of holding was changed from pure investment to purposes other than pure investment during the current fiscal year

Not applicable.

D. Investment shares for which the purpose of holding was changed from purposes other than pure investment to pure investment during the current fiscal year

Not applicable.

5 [Status of Employees, etc.]

(1) [Basic Policy on Human Capital Strategy, etc.]

The Group has established a human resource development mission to "develop and nurture enriched human capital who consistently approach their work with a positive mindset and diligently build upon every process," and we position the "people" who create our business and future as our greatest asset (human capital). We believe it is essential to maximize the diverse capabilities of our enriched members (employees) and place them in the right positions, and we have established the following human resource strategy and policy for determining compensation, etc., in alignment with our management strategy.

(1) Human resource strategy linked to management policy and management strategy, etc.
We believe that the diverse human resources of the Premium Group demonstrating their individual abilities will lead to the growth of each business and, furthermore, to the achievement of the mission set forth by the Premium Group. For this reason, we are promoting a human resource strategy centered on "securing human capital" and "optimal placement and organizational development" in line with the progress of our management strategy.

a. Recruitment and securing specialized human capital
We are acquiring human capital who agree with our shared values—"Toughness mind," "Positive mind," and "Gratitude"—and who can grow together with the Group. In addition to continuous new graduate recruitment and year-round career recruitment, we are actively hiring professionals such as global human capital and DX human capital, thereby building a structure that enables the early launch and steady progress of each business.

b. Placement and organizational development
We provide an environment where employees can set medium- to long-term career goals and respect the career development of each individual. By utilizing a self-reporting system and engagement surveys conducted by third-party organizations, we grasp employee intentions and organizational issues in a timely manner, and we are clarifying our development policy through optimal human resource placement and talent management. As a result, the Group's turnover rate is 6.6%, maintaining a level significantly lower than the national average of 14% (Source: 2024 Survey on Employment Trends).

(2) Policy regarding the determination of the amount and content of employee salaries and other benefits
The policy for determining employee salaries, etc., within the Group is as follows.
Evaluation and treatment are determined after comprehensive and appropriate consideration and evaluation by the relevant department and the human resources department, based on the performance indicators required of employees and the performance expected according to each employee's job duties. In addition to results, the process by which our shared values—"Toughness mind," "Positive mind," and "Gratitude"—are demonstrated in daily work is also an important subject of evaluation.
Based on these appropriate evaluations, we implement regular base salary increases. Furthermore, we actively promote employees who demonstrate high performance, even if they are young, to responsible positions and provide appropriate treatment (salary and bonuses) commensurate with their roles, thereby aiming to improve employee motivation and strengthen engagement.

(2) [Status of Employees]

(1) Status of consolidated companies

As of March 31, 2026

Name of Business	Number of Employees
Finance Business	447 (79)
Automobile Warranty Business	118 (13)
Auto Mobility Services Business	194 (13)
Other Businesses	12 (0)
Other Administrative Departments	128 (13)
Total	899 (118)

(Note) The number of employees represents the number of working personnel (excluding those seconded from the Group to companies outside the Group, and including those seconded from outside the Group to the Group), and the number of temporary employees (including part-time workers, part-timers, and temporary staff from staffing agencies) is indicated in parentheses as the annual average number of personnel.

(2) Status of the Filing Company

As of March 31, 2026

Number of employees	Average age (years)	Average years of service (years)	Average annual salary (yen)	Year-on-year change in average annual salary (%)
128 (13)	36.7	7.9	8,020,992	5.9

Name of Business	Number of Employees
Other Administrative Departments	128 (13)
Total	128 (13)

(Note) 1. The number of employees represents the number of working personnel (excluding those seconded from the Company to other companies, and including those seconded from other companies to the Company), and the average annual number of temporary employees (including part-time workers and temporary staff from staffing agencies) is indicated in parentheses as an addendum.

2. Average length of service is calculated by carrying over the length of service within the Group.

3. Average annual salary includes bonuses and non-standard wages. For those whose employment period is less than one year, the salary is estimated based on the salary during their period of employment. In addition, secondment fees for seconded employees are not included.

(3) Status of the Company with the Largest Number of Personnel

a. Company with the largest number of employees in the current fiscal year

Premium Co., Ltd. As of March 31, 2026

Number of employees	Average age (years)	Average years of service (years)	Average annual salary (yen)	Year-on-year change in average annual salary (%)
356 (72)	33.2	4.8	6,711,037	2.2

(Note) 1. The number of employees represents the number of working personnel (excluding those seconded from the Company to other companies, and including those seconded from other companies to the Company), and the average annual number of temporary employees (including part-time workers and temporary staff from staffing agencies) is indicated in parentheses as an addendum.

2. Average length of service is calculated by carrying over the length of service within the Group.

3. Average annual salary includes bonuses and non-standard wages. For those whose employment period is less than one year, the salary is estimated based on the salary during their period of employment. In addition, secondment fees for seconded employees are not included.

b. Company with the next largest number of employees after a. above

Premium Warranty Services Co., Ltd. As of March 31, 2026

Number of employees	Average age (years)	Average years of service (years)	Average annual salary (yen)	Year-on-year change in average annual salary (%)
86 (13)	36.4	5.4	6,382,417	3.1

(Note) 1. The number of employees represents the number of working personnel (excluding those seconded from the Company to other companies, and including those seconded from other companies to the Company), and the average annual number of temporary employees (including part-time workers and temporary staff from staffing agencies) is indicated in parentheses as an addendum.
2. Average length of service is calculated by carrying over the length of service within the Group.
3. Average annual salary includes bonuses and non-standard wages. For those whose employment period is less than one year, the salary is estimated based on the salary during their period of employment. In addition, secondment fees for seconded employees are not included.

(4) Status of Labor Union

Although the Group has no labor union, labor-management relations remain harmonious.

(4) Percentage of female managers, rate of male employees taking childcare leave, and gender wage gap

(1) Filing Company

Fiscal year					Supplementary explanation
Percentage of female managers (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1)			
		All employees	Of which regular employees	Of which temporary employees	
35.1	80.0	80.3	89.0	42.7	-

(Note) 1. Calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).
2. Calculated as the percentage of employees who took childcare leave, etc., as defined in Article 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labour Ordinance No. 25 of 1991), in accordance with the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

(2) Consolidated Subsidiaries

Fiscal year						Supplementary explanation
Name	Percentage of female managers (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1)			
			All employees	Of which regular employees	Of which temporary employees	
Premium Co., Ltd.	13.1	77.8	75.6	85.7	61.4	-

(Note) 1. Calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).
2. Calculated as the percentage of employees who took childcare leave, etc., as defined in Article 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of

Workers Caring for Children or Other Family Members" (Ministry of Labour Ordinance No. 25 of 1991), in accordance with the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3. Disclosure is omitted for consolidated subsidiaries that are not subject to the disclosure requirements under the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015) and the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

Part 5 [Accounting]

1. Preparation of Consolidated Financial Statements and Financial Statements

(1) The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 312 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976; hereinafter referred to as the "Consolidated Financial Statements Regulations").

(2) The Company's financial statements are prepared in accordance with the "Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ministry of Finance Ordinance No. 59 of 1963; hereinafter referred to as the "Financial Statements Regulations").

The Company is classified as a company submitting special financial statements and prepares its financial statements in accordance with Article 127 of the Financial Statements Regulations.

2. Audit Certification

The Company has received an audit by PwC Japan LLC for the consolidated financial statements for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and the financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc., and the Development of a System to Properly Prepare Consolidated Financial Statements, etc. in Accordance with IFRS

The Company is engaged in special efforts to ensure the appropriateness of its consolidated financial statements, etc., and is developing a system to properly prepare consolidated financial statements, etc., in accordance with IFRS. The details are as follows.

(1) To establish a system capable of appropriately understanding the content of accounting standards, etc., or responding accurately to changes in accounting standards, etc., we have joined the Financial Accounting Standards Foundation (FASF) and participate in seminars, etc., hosted by the foundation and audit firms.

(2) Regarding the application of IFRS, we obtain press releases and standards published by the International Accounting Standards Board (IASB) as needed to keep abreast of the latest standards. In addition, to prepare appropriate consolidated financial statements based on IFRS, we have established group accounting policies and accounting guidelines in accordance with IFRS and perform accounting procedures based on them.

1. [Consolidated Financial Statements, etc.]

(1) [Consolidated Financial Statements]

(1) [Consolidated Statement of Financial Position]

(Millions of yen)

	Notes	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Assets			
Cash and cash equivalents	6,12	17,159	26,111
Financing receivables	7,10,12	74,719	91,122
Other financial assets	8,10,12	8,366	10,150
Property, plant and equipment	13,16	5,396	5,046
Intangible assets	14,15	9,201	8,697
Goodwill	14,15	3,958	4,197
Investments accounted for using equity method	15,34	4,085	4,894
Deferred tax assets	20	50	424
Insurance assets	11	42,130	32,681
Other assets	9	19,924	15,642
Total Assets		184,988	198,965
Liabilities			
Financial guarantee contracts	10,12	81,245	56,913
Deferred warranty revenue	17	8,055	9,247
Borrowings	12,18,31	51,188	85,009
Other financial liabilities	10,12,16,21	16,686	13,390
Provisions	19	436	468
Income taxes payable	20	1,821	1,716
Deferred tax liabilities	20	836	899
Other liabilities	22	5,773	6,028
Total Liabilities		166,039	173,670
Equity			
Equity attributable to owners of parent			
Share capital	31	1,700	1,817
Capital surplus	31	1,585	2,574
Retained earnings	31	17,949	22,204
Treasury shares		(3,046)	(2,303)
Other components of equity		734	977
Equity attributable to owners of parent		18,923	25,270
Non-controlling interests		26	24
Total Equity		18,948	25,295
Total liabilities and equity		184,988	198,965

(2) [Consolidated Statement of Profit or Loss]

(Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Operating revenue	23,25	36,409	44,042
Operating expenses	24,25	29,594	35,644
Operating profit		6,815	8,398
Share of profit of investments accounted for using equity method	34	22	114
Other finance income	26	61	192
Other finance costs	26	46	86
Profit before tax		6,851	8,619
Income tax expense	20	2,203	2,543
Profit		4,648	6,075
Attributable to:			
Owners of parent		4,651	6,069
Non-controlling interests		(3)	6
Profit		4,648	6,075
Earnings per share attributable to owners of parent			
Basic earnings per share (yen)	28	122.61	157.22
Diluted earnings per share (yen)	28	121.99	156.86

(3) [Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Profit		4,648	6,075
Other comprehensive income			
Items that may be reclassified to net profit or loss			
Exchange differences on translation of foreign operations	36	(1)	(6)
Share of other comprehensive income of investments accounted for using equity method	34,36	104	263
Other comprehensive income (net of tax)		103	258
Comprehensive income for the period		4,751	6,333
Attributable to:			
Owners of parent		4,749	6,334
Non-controlling interests		2	(1)
Comprehensive income for the period		4,751	6,333

(4) [Consolidated Statement of Changes in Equity]

(Millions of yen)

	Notes	Equity attributable to owners of parent					
						Other components of equity	
		Share capital	Capital surplus	Retained earnings	Treasury shares	Exercise of warrants	Share of other comprehensive income of investments accounted for using equity method
Balance as of April 1, 2024		1,700	1,534	14,626	(3,109)	195	357
Comprehensive income for the period							
Profit		-	-	4,651	-	-	-
Other comprehensive income		-	-	-	-	-	104
Total comprehensive income for the period		-	-	4,651	-	-	104
Transactions with owners, etc.							
Issuance of new shares	31	-	7	-	-	(2)	-
Purchase of treasury shares		-	-	-	(0)	-	-
Dividends	32	-	-	(1,328)	-	-	-
Increase (decrease) due to liquidation of consolidated subsidiaries		-	-	-	-	-	-
Share-based payment transactions	29,31	-	43	-	63	79	-
Total transactions with owners, etc.		-	51	(1,328)	63	78	-
Balance as of March 31, 2025		1,700	1,585	17,949	(3,046)	273	462
Comprehensive income for the period							
Profit		-	-	6,069	-	-	-
Other comprehensive income		-	-	-	-	-	263
Total comprehensive income for the period		-	-	6,069	-	-	263
Transactions with owners, etc.							
Issuance of new shares	31	117	153	-	-	(70)	-
Purchase of treasury shares		-	(0)	-	(300)	-	-
Disposal of treasury shares		-	801	-	963	-	-
Dividends	32	-	-	(1,815)	-	-	-
Share-based payment transactions	29,31	-	36	-	80	48	-
Total transactions with owners, etc.		117	989	(1,815)	743	(22)	-
Balance as of March 31, 2026		1,817	2,574	22,204	(2,303)	251	725

(Millions of yen)

	Notes	Equity attributable to owners of parent			Non-controlling interests	Total Equity
		Other components of equity		Total		
		Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2024		7	559	15,310	40	15,351
Comprehensive income for the period						
Profit		-	-	4,651	(3)	4,648
Other comprehensive income		(7)	97	97	6	103
Total comprehensive income for the period		(7)	97	4,749	2	4,751
Transactions with owners, etc.						
Issuance of new shares	31	-	(2)	6	-	6
Purchase of treasury shares		-	-	(0)	-	(0)
Dividends	32	-	-	(1,328)	-	(1,328)
Increase (decrease) due to liquidation of consolidated subsidiaries		-	-	-	(17)	(17)
Share-based payment transactions	29,31	-	79	186	-	186
Total transactions with owners, etc.		-	78	(1,136)	(17)	(1,153)
Balance as of March 31, 2025		0	734	18,923	26	18,948
Comprehensive income for the period						
Profit		-	-	6,069	6	6,075
Other comprehensive income		2	265	265	(7)	258
Total comprehensive income for the period		2	265	6,334	(1)	6,333
Transactions with owners, etc.						
Issuance of new shares	31	-	(70)	200	-	200
Purchase of treasury shares		-	-	(300)	-	(300)
Disposal of treasury shares		-	-	1,764	-	1,764
Dividends	32	-	-	(1,815)	-	(1,815)
Share-based payment transactions	29,31	-	48	164	-	164
Total transactions with owners, etc.		-	(22)	13	-	13
Balance as of March 31, 2026		2	977	25,270	24	25,295

(5) [Consolidated Statement of Cash Flows]

	Notes	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
		(Millions of yen)	
Cash flows from operating activities			
Profit before tax		6,851	8,619
Depreciation		1,854	2,151
Other loss (profit)		476	1,447
Decrease (increase) in financial receivables		(18,297)	(16,398)
Increase (decrease) in financial guarantee contracts		35,516	(24,331)
Decrease (increase) in other financial assets		(398)	(1,573)
Increase (decrease) in other financial liabilities		6,282	(2,806)
Decrease (increase) in other assets		(40,625)	14,340
Increase (decrease) in other liabilities		2,835	1,335
Share of loss (profit) of investments accounted for using equity method		(22)	(114)
Other		202	110
Subtotal		(5,325)	(17,221)
Interest received		14	47
Interest paid		(518)	(1,056)
Dividends received		58	40
Income taxes paid		(2,032)	(3,133)
Income taxes refunded		41	39
Cash flows from operating activities		(7,761)	(21,283)
Cash flows from investing activities			
Purchase of property, plant and equipment		(442)	(757)
Proceeds from sales of property, plant and equipment		21	356
Purchase of intangible assets		(965)	(869)
Purchase of investment securities		(1)	-
Purchase of subsidiaries		-	(172)
Purchase of investments accounted for using equity method		(802)	(320)
Payments for loans receivable		(208)	(182)
Collection of loans receivable		36	61
Payments for guarantee deposits		(482)	(343)
Proceeds from collection of guarantee deposits		292	295
Other		95	1
Cash flows from investing activities		(2,456)	(1,931)
Cash flows from financing activities			
Proceeds from short-term borrowings	35	3,000	1,500
Repayments of short-term borrowings	35	(2,500)	(2,000)
Proceeds from long-term borrowings	35	19,867	53,448
Repayments of long-term borrowings	35	(11,530)	(19,670)
Repayments of lease liabilities	35	(995)	(1,078)
Purchase of treasury shares		(0)	(300)
Proceeds from disposal of treasury shares		-	1,764
Proceeds from exercise of warrants		-	204
Dividends paid	32	(1,327)	(1,816)
Other		(295)	97

Cash flows from financing activities		6,220	32,148
Net increase (decrease) in cash and cash equivalents		(3,997)	8,934
Cash and cash equivalents at beginning of period		21,139	17,147
Effect of exchange rate changes on cash and cash equivalents		5	17
Cash and cash equivalents at end of period	6	17,147	26,099

[Notes to Consolidated Financial Statements]

1. Reporting Entity

Premium Group Co., Ltd. (hereinafter, the "Company") is a joint-stock company located in Japan. The registered address of the Company's head office is Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo. The consolidated financial statements for the fiscal year ending March 31, 2026, comprise the Company and its subsidiaries (hereinafter, the "Group"), as well as the Company's interests in associates and joint ventures.

The Group's principal businesses are the "Finance Business," "Automobile Warranty Business," and "Auto Mobility Services Business." The details of the Group's main businesses are described in "Note 3. Significant Accounting Policies (15) Revenue."

2. Basis of Preparation

(1) Statement of Compliance with IFRS

The Group's consolidated financial statements are prepared in accordance with IFRS, pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, as the Company meets the requirements for a "Designated International Financial Reporting Standards specified company" as set forth in Article 1-2 of the same Ordinance.

(2) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and amounts are rounded to the nearest million yen.

(3) Approval of Consolidated Financial Statements

These consolidated financial statements were approved by Yohichi Shibata, President and Representative Director, on June 19, 2026.

(4) New Standards and Interpretations Not Yet Applied

The main new or revised standards and interpretations that have been published by the approval date of the consolidated financial statements but have not been applied in the current consolidated fiscal year are as follows. The impact of applying these standards and interpretations on the consolidated financial statements is currently under review.

Standard	Name of standard	Mandatory application date (fiscal years beginning on or after)	Application date for the Group	Overview of new/revised standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Revisions to presentation and disclosure in financial statements

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces the content of the previous IAS 1 "Presentation of Financial Statements."

(5) Changes in Accounting Policies

Not applicable.

(6) Changes in Presentation Methods

Not applicable.

3. Material Accounting Policies

(1) Basis of Consolidation

(1) Subsidiaries

Subsidiaries are entities controlled by the Group. These consolidated financial statements consolidate the financial statements of the Company and the entities (including structured entities) controlled by the Group. Control is achieved when all of the following are met:

• The Company has power over the investee • The Company has exposure or rights to variable returns from its involvement with the investee • The Company has the ability to use its power over the investee to affect the amount of those returns

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In order to align the accounting policies of the Group with those of its subsidiaries, adjustments are made to the financial statements of such consolidated subsidiaries as necessary. Intragroup assets and liabilities, equity, revenue, expenses, and cash flows relating to transactions between Group companies are eliminated in full in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control of a subsidiary, the gain or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests, and is recognized in profit or loss.

(2) Affiliated companies

Affiliated companies are entities over which the Group has significant influence. In determining whether significant influence exists, the Group considers various factors comprehensively, including not only the status of voting rights held, but also the existence of potentially exercisable voting rights and the proportion of directors and employees dispatched from the Company and its subsidiaries to the total number of directors.

Investments in affiliated companies are recognized at acquisition cost at the time of acquisition and are subsequently accounted for using the equity method. Investments in affiliated companies include goodwill recognized at the time of acquisition (net of accumulated impairment losses).

If the accounting policies applied by an affiliated company differ from those applied by the Group, adjustments are made to the financial statements of such affiliated company as necessary.

(3) Joint arrangements

A joint arrangement is a contractual arrangement in which two or more parties have joint control. Since the Group has rights only to the net assets of the arrangement in its involvement in the joint arrangement, it classifies the joint arrangement as a joint venture and accounts for it using the equity method.

(2) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized as expenses as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their acquisition-date fair values, except for the following:

・Deferred tax assets (or deferred tax liabilities) and assets (or liabilities) related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively.

• Liabilities or equity financial instruments related to "share-based payment agreements of the acquiree" or "share-based payment agreements of the Group issued to replace the acquiree's share-based payment agreements" are measured at the acquisition date in accordance with IFRS 2 "Share-based Payment."

• Assets or disposal groups classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If this difference is a negative amount, it is recognized immediately in profit or loss.

(3) Foreign Currency Translation

(1) Foreign currency transactions

In preparing the financial statements of individual entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are retranslated at the exchange rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost in a foreign currency are not retranslated.

(2) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Japanese yen at the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. In cases where there are significant fluctuations, the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity under the caption "Exchange differences on translation of foreign operations."

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits.

(5) Financial instruments

(1) Recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the financial instrument.

(2) Classification and measurement

(a) Financial assets

The overview of the classification and measurement model for financial assets held by the Group is as follows.
In addition, advances are classified as financial assets measured at amortized cost.

(i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

・The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value, including transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at amortized cost using the effective interest method. Interest income using the effective interest method and gains or losses upon derecognition are recognized in profit or loss.

(ii) Financial assets measured at fair value through profit or loss

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value through profit or loss.
Transaction costs related to financial assets measured at fair value through profit or loss are recognized in profit or loss when incurred and are not included in the initial recognition amount.
After initial recognition, they are measured at fair value, and subsequent changes are recognized in profit or loss.

(b) Financial liabilities

Financial liabilities held by the Group, excluding financial guarantee contracts, are all classified as financial liabilities measured at amortized cost. The Group initially recognizes financial liabilities at fair value (after deducting transaction costs directly attributable to the acquisition of the financial asset). Financial liabilities other than financial guarantee contracts are measured at amortized cost using the effective interest method after initial recognition.
Deposits received are classified as financial liabilities measured at amortized cost.

(c) Financial guarantee contracts
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
These financial guarantee contracts are measured at fair value at the time of initial contract. After initial recognition, these liabilities are measured at the higher of the amount of the allowance for doubtful accounts calculated in accordance with IFRS 9 "Financial Instruments" and the amount initially recognized less, when appropriate, the cumulative amount of revenue recognized in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers."

(3) Derecognition of financial assets and financial liabilities
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

(4) Impairment of financial assets measured at amortized cost
Regarding impairment of financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts for expected credit losses on such financial assets.
The Group assesses at each quarter-end and fiscal year-end whether the credit risk on a financial asset has increased significantly since initial recognition.
If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the allowance for doubtful accounts at an amount equal to the expected credit losses that result from default events that are possible within 12 months after the reporting date (12-month expected credit losses).
In principle, if more than 30 days have passed since the contractual payment due date, the Group considers that there has been a significant increase in credit risk. If there has been a significant increase in credit risk, or for credit-impaired financial assets originated or purchased, the Group measures the allowance for doubtful accounts at an amount equal to the expected credit losses that result from all possible default events over the expected life of the financial instrument (lifetime expected credit losses).
In assessing whether credit risk has increased significantly, the Group considers information that is reasonably available and supportable, in addition to information on past due status. If the credit risk on a financial asset is determined to be low as of the fiscal year-end, the Group determines that the credit risk on the financial asset has not increased significantly since initial recognition. However, for trade receivables that do not contain a significant financing component, the Group always measures the allowance for doubtful accounts at an amount equal to lifetime expected credit losses, regardless of whether there has been a significant increase in credit risk since initial recognition. In addition, if it is determined that the collectability of a financial asset is particularly concerning due to significant financial difficulty of the debtor, etc., among financial assets that have been past due for a certain number of days, the Group determines that a credit impairment has occurred. The Group's definition of "default" for financial assets is consistent with the definition of credit impairment and is also consistent with the definition used for internal risk management purposes.

Expected credit losses are measured on a collective basis using an estimation technique that incorporates the probability of default (hereinafter, "PD"), loss given default (hereinafter, "LGD"), and the amount of the receivable, corresponding to the rating and the loss measurement period. PD and LGD are determined based on historical credit loss experience, after removing the effects of conditions in past periods that are not relevant to future contractual cash flows, and taking into account the most recent changes and forward-looking information.
In addition, expected credit losses on financial assets are estimated in a manner that reflects the following:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions that is available at the reporting date without undue cost or effort
- Although concerns such as economic recession caused by rising prices and changes in the interest rate environment due to fluctuations in the unstable international situation are spreading, and the situation remains uncertain, as a result of analyzing the occurrence of delinquencies and credit losses in the current consolidated fiscal year, no events indicating a deterioration in expected credit losses occurred throughout the year; therefore, we have determined that no additional adjustments are necessary as of the end of the current consolidated fiscal year.

As described above, the estimation of expected credit losses is performed based on numerous assumptions and estimates, such as forecasts of PD and LGD, and discount rates, and there is a risk that the amount of impairment loss could be significantly affected by future uncertain changes in economic conditions.

The amount related to the initial measurement of the allowance for doubtful accounts is recognized in profit or loss. In addition, the amount of expected credit losses (or reversals) required to adjust the allowance for doubtful accounts recognized as of the consolidated closing date is recognized in profit or loss as impairment gain or impairment loss. If there is a favorable change in the lifetime expected credit losses for purchased or originated credit-impaired financial assets that exceeds the amount of the allowance for doubtful accounts included in the estimated cash flows at initial recognition, it is recognized as an impairment gain.
The Group directly writes off the gross carrying amount of a financial asset when it has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

(6) Insurance assets

The Group enters into trade credit insurance and warranty-period credit insurance with multiple non-life insurance companies to hedge credit risk in the credit finance business (advance payment method and bank-partnered loan method) and the auto leasing business, thereby providing credit enhancement. Such credit insurance becomes effective from the time the Group enters into a credit agreement or lease agreement with a customer, and all financial assets arising from such agreements or contingent liabilities related to bank-partnered loan transactions during the term of the credit insurance are covered by the insurance.
Based on the above, for credit losses expected to arise from such agreements, the Group recognizes an asset related to the reimbursement in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" for the amount that is virtually certain to be covered by the credit insurance. The asset related to such reimbursement is recorded as "Insurance assets" in the consolidated statement of financial position, and as a hedge effect for credit risk, the same amount is recorded as "Impairment gain on financial assets" in operating revenue or deducted from "Impairment loss on financial assets" in operating expenses in the consolidated statement of profit and loss.

(7) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized primarily on a straight-line basis over the useful life of the asset to depreciate the cost less the residual value.

The estimated useful lives of major property, plant and equipment are as follows.

・Buildings　27–39 years
・Building improvements　8–18 years
・Tools, furniture and fixtures　4–8 years
・Vehicles　3–5 years
・Right-of-use assets　1–7 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period, and the effect of any changes in estimates is accounted for on a prospective basis.

Items of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from the continued use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is calculated as the difference between the net disposal proceeds and the carrying amount of the item, and is recognized in profit or loss.

(8) Goodwill and intangible assets

(1) Goodwill

Goodwill arising from the acquisition of a business is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually at the same time each year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are recognized directly in profit or loss and are not reversed in subsequent periods.

(2) Intangible assets

Intangible assets are measured using the cost model and are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired separately are measured at cost upon initial recognition. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful lives of major intangible assets with finite useful lives are as follows:

・Software: 5 to 10 years
・Contract-related assets: 7 to 20 years. The estimated useful lives and amortization methods are reviewed at the end of each reporting period, and the effect of any changes in estimates is accounted for on a prospective basis.

Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.
The recognition of an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in profit or loss when the asset is derecognized.

(9) Leases

(As a lessee)

Under IFRS 16 "Leases," a lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration," and it is required to determine whether a contract contains a lease based on the following steps:
Step 1: Is the asset identified?
Step 2: Does the lessee have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use?
Step 3: Does the lessee have the right to direct the use of the asset throughout the period of use?
Leases are recognized as lease liabilities and right-of-use assets at the lease commencement date.

<u>Lease liabilities</u>

Lease liabilities are initially recognized at the present value of the total lease payments that have not been paid at the lease commencement date, discounted using the interest rate implicit in the lease.
If the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used, and the Group generally uses the incremental borrowing rate as the discount rate. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made, and are included in other financial liabilities in the consolidated statement of financial position.

<u>Right-of-use assets</u>

Right-of-use assets are initially measured at cost, which comprises the initial measurement of the lease liability, initial direct costs, and an initial estimate of the costs of dismantling and removing the underlying asset and restoring the site on which it is located.
The Group adopts the cost model for the subsequent measurement of right-of-use assets. Right-of-use assets are presented at cost less accumulated depreciation and accumulated impairment losses, and are included in the same line items in the consolidated statement of financial position as those in which the corresponding underlying assets would be presented if they were owned by the Group.
After initial recognition, right-of-use assets are depreciated using the straight-line method over the estimated useful life of the underlying asset if the ownership of the underlying asset is transferred to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, and over the shorter of the lease term or the estimated useful life of the right-of-use asset in all other cases. In estimating the lease term, the contractual lease term is used, and extension options that are reasonably certain to be exercised are not included as there are no applicable cases.

(Lessor)

The Group classifies leases that transfer substantially all the risks and rewards of ownership of an asset as finance leases. For finance leases, the net investment in the lease, which is the gross investment in the lease discounted at the interest rate implicit in the lease, is included in financial receivables and recognized in the consolidated statement of financial position.
Lease income is recognized in operating revenue in the consolidated statement of profit and loss based on the net investment in the lease and the interest rate implicit in the lease.

There are no leases classified as operating leases.

(10) Impairment of non-financial assets

The Group reviews the carrying amounts of property, plant and equipment, intangible assets, and right-of-use assets at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For investments in associates accounted for using the equity method, an impairment test is performed when there is objective evidence of impairment.

For intangible assets with indefinite useful lives and goodwill, an impairment test is performed annually at the same time.

In the impairment tests described above, the recoverable amount is calculated primarily based on value in use. Value in use is calculated by discounting the estimated future operating cash flows of each cash-generating unit group using a pre-tax discount rate.

Future operating cash flows are calculated based on business plans approved by management. For the period after the planning period, we have estimated a growth rate of 0% in consideration of future uncertainty. This growth rate does not exceed the long-term average growth rate of the market.

For the discount rate, we use the weighted average cost of capital, etc., which incorporates a risk premium for each cash-generating unit group.

If the recoverable amount of an asset (or cash-generating unit) falls below its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

(11) Insurance Contracts

(1) Level of Classification and Aggregation

The Group classifies contracts under which it accepts significant insurance risk as insurance contracts. For measurement purposes, insurance contracts are aggregated into groups of insurance contracts, and groups of insurance contracts are determined by identifying portfolios of insurance contracts.

Each portfolio consists of multiple contracts that are exposed to similar risks and managed together, and is divided into three groups based on the profitability of the contracts.

・Groups of contracts that are onerous at initial recognition
・Groups of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently
・Remaining contracts in the portfolio

(2) Recognition

Insurance contracts issued by the Group are recognized from the earliest of the following:

・The beginning of the coverage period
・The date when the first payment from the policyholder becomes due, or if there is no contractual due date, when the first payment is received from the policyholder
・The date when facts and circumstances indicate that the contract is onerous

Insurance contracts acquired through a transfer of insurance contracts or a business combination are recognized on the acquisition date.

(3) Insurance Acquisition Cash Flows

The Group defines cash flows arising from the sale, underwriting, and commencement of a group of insurance contracts that are directly attributable to the insurance contract portfolio to which the group belongs as insurance acquisition cash flows, and allocates them to the group of insurance contracts using a systematic and rational method, amortizing them over the coverage period of the group of insurance contracts.

When insurance acquisition cash flows are directly attributable to a group of insurance contracts and it is expected that a portion of the related insurance acquisition cash flows will be recovered through these renewals, the insurance acquisition cash flows are allocated to that group and the groups that will include these contract renewals.

(4) Measurement

(a) Liability for remaining coverage

For the insurance contracts issued by the Group, the premium allocation approach is applied to the measurement of the group of insurance contracts, as it is reasonably expected that there will be no material difference from the measurement using the general approach stipulated in IFRS 17, or because the coverage period of the insurance contracts is one year or less.

The carrying amount of the liability for remaining coverage for each group of insurance contracts at initial recognition is measured as the premiums received at initial recognition, minus the insurance acquisition cash flows allocated to the group on that date.

The carrying amount of the liability for remaining coverage after initial recognition increases by the premiums received and the amortization of insurance acquisition cash flows recognized as expenses, and decreases by the insurance revenue for the services provided and any additional insurance acquisition cash flows allocated after initial recognition. Insurance revenue for each period is allocated to each period based on the expected premium receipts for the provision of coverage during the period, in principle, based on the passage of time.

No adjustments are made for the effects of the time value of money and financial risk for the liability for remaining coverage, as they are not material.

If facts and circumstances arise at any point during the coverage period that suggest that a group of insurance contracts is onerous, the Group recognizes a loss in profit or loss to the extent that the current estimate of the fulfillment cash flows for the remaining coverage exceeds the carrying amount of the liability for remaining coverage, and increases the liability for remaining coverage.

(b) Liability for incurred claims

The Group recognizes the liability for incurred claims for a group of insurance contracts at the amount of the fulfillment cash flows related to the incurred claims.

Since the future cash flows are expected to be paid within one year from the date of the claim occurrence, no adjustments are made for the effects of the time value of money and financial risk.

(5) Presentation and disclosure

From the perspective of clearly representing the legal substance and business practices of the Group's Automobile Warranty Business, the liability for remaining coverage and the liability for incurred claims are presented as "Deferred warranty revenue" in the consolidated statement of financial position, and insurance revenue and insurance service expenses are disclosed as "Automobile warranty revenue" and "Cost of automobile warranty" in the notes to the breakdown of "Operating revenue" and "Operating expenses" in the consolidated statement of profit and loss.

For details, please refer to "Note 23. Operating revenue" and "Note 24. Operating expenses."

(12) Employee benefits

(1) Defined contribution pension plans

The Company and some of its subsidiaries have adopted defined contribution pension plans. A defined contribution pension plan is a post-employment benefit plan under which an employer pays fixed contributions into a separate independent entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to the defined contribution pension plan are recognized as profit or loss in the period during which the employee provides the service.

(2) Short-term employee benefits

Liabilities recognized for short-term employee benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the related service.

(13) Provisions

The Group recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

(14) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

(15) Revenue

The Group is divided into three reporting segments: "Finance Business," "Automobile Warranty," and "Auto Mobility Services." The main revenue recognition criteria for each segment are as follows.

(a) Finance Business

(1) Bank-partnered loan

This is a fee associated with the Group's guarantee of debt regarding loans provided by partner financial institutions, and revenue is recognized in accordance with IFRS 9 "Financial Instruments."

(2) Advance payment method

This is a fee associated with the Group's lending of money to customers, and revenue is recognized using the effective interest method in accordance with IFRS 9 "Financial Instruments."

(3) Administrative fees

Among the credit services mentioned above, administrative fees related to the retention of vehicle ownership or early repayment are recognized as revenue at the time the administrative procedures are performed, as the performance obligation is satisfied at that point.

(b) Automobile Warranty Business

Automobile Warranty

In accordance with IFRS 17 "Insurance Contracts," the amount received in a lump sum at the time of contract as a warranty fee corresponding to the warranty period is deferred as Deferred warranty revenue in liabilities, and is recognized as revenue as the warranty period elapses.

(c) Auto Mobility Services Business

(1) Automobile wholesaling

Regarding automobile wholesaling, in which repossessed vehicles generated in the Finance Business are mainly sold at auto auctions, revenue is recognized at the time the transaction with the customer is completed, as the performance obligation is satisfied at that point.

(2) Parts sales

Regarding the sale of used automobile parts, revenue is recognized at the time the parts are delivered to the customer, as the performance obligation is satisfied at that point.

(3) Software sales

Regarding business software for repair shops, revenue is recognized at the time the software is delivered to the customer. Regarding the provision of software maintenance and update services, revenue is recognized over the contract period, as the performance obligation is satisfied over the contract period.

In addition, regarding the collection of consideration for installment sales of products, since the contract period exceeds one year, it includes a significant financing component, and the time value of money is adjusted.

(4) Auto Leasing

Revenue is recognized in accordance with IFRS 16.

In addition, regarding initial sales profit or loss when the Group acts as a manufacturer or dealer and becomes a lessor of a finance lease, revenue is recognized on the lease commencement date.

(5) Membership-based network business

We operate a paid membership organization for automobile sales and repair businesses, and provide members with services such as member-exclusive finance services and management and customer attraction support. Regarding membership fee revenue in the paid membership organization Car Premium Club, revenue is recognized over a certain period, as the performance obligation is satisfied over the contract period.

Of the above, for contracts with customers excluding interest and credit guarantee revenue based on IFRS 9, automobile warranty revenue based on IFRS 17, and lease revenue based on IFRS 16, revenue is recognized by applying the following steps.

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Regarding the transaction price, excluding the software sales mentioned above, the Group does not adjust for the effects of the time value of money because the period between the satisfaction of performance obligations to customers and customer payment is short and does not contain significant financing components.

There are no significant obligations for returns, refunds, or other similar obligations.

(16) Income taxes

(1) Current tax

Current income tax is based on taxable income for the period. Taxable income differs from profit before tax reported in the consolidated statement of profit and loss due to items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(2) Deferred tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which those deductible temporary differences and unused tax losses can be utilized. Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of assets and liabilities in a transaction (other than a business combination) that affects neither the accounting profit nor the taxable income and does not give rise to equal taxable and deductible temporary differences at the time of the transaction. Furthermore, deferred tax liabilities are not recognized for temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures. However, they are not recognized if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax liabilities against current tax assets and they relate to income taxes levied by the same taxation authority on the same taxable entity.

(17) Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares. Diluted earnings per share is calculated by adjusting for the effects of all dilutive potential ordinary shares.

(18) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. The operating results of all operating segments are those for which discrete financial information is available and are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

4. Use of significant estimates and judgments

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. However, by their nature, actual results may differ from these estimates and assumptions in the future.

Estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods.

Although the situation remains uncertain due to concerns such as economic downturns caused by rising prices and changes in the interest rate environment resulting from fluctuations in the unstable international situation, we have made reasonable estimates based on the situation as of the end of the reporting period. If uncertainty increases further, the carrying amounts of assets or liabilities may be revised in future accounting periods.

The estimates and judgments made by management that have a significant impact on the amounts in the consolidated financial statements are as follows.

(1) Valuation of goodwill and intangible assets with indefinite useful lives (Note 3. Material accounting policies (8), Note 14. Goodwill and intangible assets, and Note 15. Impairment of non-amortizable assets)

Goodwill and intangible assets with indefinite useful lives recognized by the Group are tested for impairment annually at the same time, and additionally whenever there is an indication of impairment.

The recoverable amount of goodwill and intangible assets with indefinite useful lives is calculated based on value in use. In this calculation, we use future cash flows based on business plans formulated by the Group's management, taking into account the business and market environment, with New loan volume as a key assumption. Since the calculation results of the recoverable amount could differ significantly if the assumed conditions change, the Group considers this estimate to be significant.

(2) Impairment of financial assets measured at amortized cost (Note 3. Material Accounting Policies (5) and Note 10. Financial Risk Management)

The Group evaluates whether the credit risk of each financial asset measured at amortized cost has increased significantly since initial recognition at each reporting date, and estimates 12-month or lifetime expected credit losses. The estimation of expected credit losses is based on numerous assumptions and estimates, including the probability of default, future forecasts regarding loss given default, and discount rates, and the Group's management determines the possibility that actual losses may be greater or less than the expected credit losses. Since the amount of impairment loss on financial assets measured at amortized cost could differ significantly if the assumed conditions change, the Group considers this estimate to be significant.

(3) Recognition of insurance assets (Note 3. Material Accounting Policies (6) and Note 11. Insurance Assets)

To hedge against default risk in the credit business (advance payment method and bank-partnered loan method) and the auto leasing business, the Group enters into trade credit insurance and guarantee institution-type credit insurance with multiple non-life insurance companies to provide credit enhancement.

Based on the Group's current policy of maintaining credit insurance contracts effectively throughout the expected period of default occurrence, the amount expected to be recovered through such credit insurance is recognized as an insurance asset based on the following factors. In the business plan, future defaults and insurance premium payments based on credit insurance contracts are incorporated into the plan, and the plan is designed to maintain the insurance coverage limit for compensating for defaults.

・Credit insurance contracts are concluded with insurance companies with low credit risk.

・All insurance claims have been paid as requested.

・Future expected credit losses are appropriately estimated, and sufficient insurance coverage is set to cover them.

Since these estimates and assumptions could affect the recovery of insurance assets due to changes in the stance of non-life insurance companies or changes in contract terms, the Group considers this estimate to be significant.

(4) Valuation of investments accounted for using the equity method (Note 34. Investments Accounted for Using the Equity Method)

If there is objective evidence that a net investment in an affiliated company or joint venture is impaired, an impairment test is performed. The recoverable amount of a net investment is the higher of its fair value less costs of disposal and its value in use.

Value in use is calculated by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the risks specific to the asset. If estimated future cash flows decline due to deterioration in the performance of the investee, etc., impairment losses may be recognized in the future. In addition, if events such as a decline in market prices occur, we consider indications of impairment, and if we determine that such events do not have a reliably measurable impact on estimated future cash flows, no impairment loss is recognized. Therefore, the Group determines that this estimate is significant.

(5) Recoverability of deferred tax assets (Note 3. Material Accounting Policies (16) and Note 20. Deferred Taxes and Income Tax Expense)

The Group recognizes deferred tax assets and deferred tax liabilities for temporary differences arising between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases. The calculation of these deferred tax assets and deferred tax liabilities uses tax rates expected to be applied when the related deferred tax assets are realized or deferred tax liabilities are settled, based on laws and regulations enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable income will be available. Estimates of future taxable income are calculated based on business plans approved by management and are based on subjective judgments and assumptions made by the Group's management. Since changes in the assumed conditions or future amendments to tax laws could have a significant impact on the amounts of deferred tax assets and deferred tax liabilities, the Group determines that this estimate is significant.

(6) Revenue recognition (Note 3. Material Accounting Policies (15))

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is recognized on an accrual basis using the effective interest method, which refers to the effective interest rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the asset at initial recognition. Since these estimates and assumptions could result in significantly different amounts of revenue recognition if the assumed conditions change, the Group determines that this estimate is significant.

5. Segment Information

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of making decisions about the allocation of resources and assessing performance.

The Group has three reportable segments: the Finance Business, the Automobile Warranty Business, and the Auto Mobility Services Business.

An overview of each reportable segment is as follows.

The Finance Business consists mainly of the credit business, which provides financial services that allow customers to pay for products and services in installments, and debt collection services.

The Automobile Warranty Business consists of automobile warranty services that enable customers who choose to add automobile warranty plans when they purchase vehicles through Group partners to obtain repairs free of charge, within the scope specified in advance, for mechanical problems affecting their purchased vehicles, in exchange for payment of a fixed warranty fee.

The Auto Mobility Services Business consists mainly of providing multiple services necessary for operating the automobile distribution business (membership-based network business, auto leasing business, vehicle wholesaling, automotive parts sales, software sales, etc.).

The Group does not allocate assets and liabilities to the business segments employed by the Board of Directors.

(2) Profit or loss by reporting segment

The Group’s figures for profit or loss by segment are, in principle, prepared using the same standards as those for consolidated financial statements. Adjustments include elimination entries for internal transactions between segments. Prices of internal transactions between segments are based on actual market prices.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment				Adjustments and Companywide (Note)	Consolidated
	Finance	Automobile Warranty	Auto Mobility Services	Total		
Revenues						
Revenues from external customers	20,151	6,986	9,254	36,392	17	36,409
Inter-segment revenue	433	7	1,841	2,281	(2,281)	-
Total	20,584	6,993	11,096	38,673	(2,264)	36,409
Segment profit/loss						
Operating profit (loss)	4,570	1,122	1,174	6,866	(51)	6,815
Other items						
Finance income	17,061	-	955	18,016	(357)	17,659
(Of which interest income)	2,007	-	955	2,962	(15)	2,947
Interest expenses	165	-	332	497	-	497
Depreciation	1,165	245	401	1,811	43	1,854

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment				Adjustments and Companywide (Note)	Consolidated
	Finance	Automobile Warranty	Auto Mobility Services	Total		
Revenues						
Revenues from external customers	24,801	8,010	11,066	43,877	166	44,042
Inter-segment revenue	589	52	2,122	2,764	(2,764)	-
Total	25,390	8,062	13,188	46,640	(2,598)	44,042
Segment profit/loss						
Operating profit (loss)	4,735	1,334	2,243	8,313	85	8,398
Other items						
Finance income	19,565	-	1,270	20,835	(498)	20,337
(Of which interest income)	3,216	-	1,270	4,486	(13)	4,473
Interest expenses	542	-	506	1,048	(0)	1,048
Depreciation	1,527	226	356	2,109	41	2,151

Note: Adjustments and Companywide consists mainly of offsets of internal transactions between segments.

Reconciliation of operating profit to profit for the term before tax

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
operating profit	6,815	8,398
Share of profit of investments accounted for using equity method	22	114
Other finance income	61	192
Other finance costs	46	86
Profit before tax	6,851	8,619

(3) Information by region

The Group omits the disclosure of operating revenue by region because operating revenue from external customers attributed to Japan accounts for the majority of operating revenue in the consolidated statement of profit and loss.
In addition, the Group omits the disclosure of non-current assets by region because the carrying amount of non-current assets attributed to locations in Japan accounts for the majority of non-current assets in the consolidated statement of financial position.

(4) Information about major customers

The Group operates a business for general consumers, and there is no single external customer (group) that accounts for 10% or more of the Group's operating revenue; therefore, the disclosure of information about major customers is omitted.

(5) Information about products and services

Since the classification of products and services is the same as the reporting segments, this information is omitted.

6. Cash and cash equivalents

Breakdown of cash and cash equivalents

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Cash and deposits	17,159	26,111
Cash and cash equivalents in the Consolidated Statement of Financial Position	17,159	26,111

Items included in the ending balance of cash and cash equivalents in the consolidated statement of cash flows are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Cash and cash equivalents in the Consolidated Statement of Financial Position	17,159	26,111
Time deposits with maturities of more than 3 months	(11)	(13)
Cash and cash equivalents in the Consolidated Statement of Cash Flows	17,147	26,099

7. Financing receivables

Breakdown of Financing receivables

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Installment accounts receivable	49,780	54,673
Purchased receivables	4,431	4,471
Bankruptcy and reorganization claims, etc.	1,446	6,429
Lease investment assets	26,276	29,948
Allowance for doubtful accounts	(7,214)	(4,399)
Total	74,719	91,122
Amount expected to be recovered or settled within 12 months after the reporting period	12,969	17,941
Amount expected to be recovered or settled after 12 months from the reporting period	61,750	73,181
Total	74,719	91,122

8. Other financial assets

Breakdown of Other financial assets

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Deposits in banks	505	408
Accounts receivable	262	283
Accounts receivable - other	1,857	2,654
Uncollected warranty fees	3,390	3,465
Guarantee deposits paid	1,298	1,351
Short-term loans receivable	12	16
Long-term loans receivable	305	422
Investment securities	397	513
Other	340	1,038
Total	8,366	10,150
Amount expected to be recovered or settled within 12 months after the reporting period	3,378	4,833
Amount expected to be recovered or settled after 12 months from the reporting period	4,988	5,317
Total	8,366	10,150

9. Other assets

Breakdown of Other assets

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Advances (Note)	17,898	13,465
Prepaid expenses	561	643
Long-term prepaid expenses	21	40
Inventories	681	824
Accounts receivable - consumption tax, etc.	433	242
Income taxes receivable	17	47
Other (current)	45	80
Other (non-current)	267	300
Total	19,924	15,642
Amount expected to be recovered or settled within 12 months after the reporting period	19,636	15,303
Amount expected to be recovered or settled after 12 months from the reporting period	288	339
Total	19,924	15,642

(Note) Advances

This arises in bank partnered loan transactions in the credit finance business because remittances to affiliated dealers are made in advance, and payments from partner financial institutions are received subsequently

10. Financial risk management

In the course of its business activities, the Group is exposed to the following risks arising from financial instruments:

・Credit risk
・Liquidity risk
・Market risk (interest rate risk)

This note describes the impact of these risks on the Group and the Group's policies for identifying, analyzing, and evaluating these risks.

Risk management system for risks arising from financial instruments

To keep risks that affect the Group's management within an acceptable range, the Group appropriately identifies, analyzes, and evaluates risks and has established an appropriate management system for each risk.

The Group has established regulations to manage all risks that affect the Group's management. Each risk, including risks arising from financial instruments, is managed in accordance with specific management policies and systems determined by the executive officer in charge of the department responsible for that risk. The Group also provides guidance to each subsidiary on the development of risk management policies and systems. The Company appoints a Chief Risk Management Officer, who monitors the development and operational status of risk management systems at the Company and its major subsidiaries and reports periodically to the Company's Board of Directors.

(1) Credit risk

Credit risk is the risk of financial loss arising from the failure of a counterparty to a contract to perform its obligations or for other reasons, and consists mainly of counterparty risk related to the Group's customers. The carrying amount of financial assets after impairment, as presented in the consolidated financial statements, represents the Group's maximum exposure to credit risk for financial assets, without taking into account the valuation of related collateral. Other than what is described in (Risks related to customer transactions), we do not accept collateral.

(Risks related to customer transactions)

In the Finance Business and Automobile Warranty Business, which are the core businesses of the Group, excessive credit risk to specific customers does not arise because we have a large and diversified customer base and the value of the underlying assets, such as used cars, serves as the transaction limit. Regarding receivables from customers, we have special provisions for retention of ownership until payment from the customer is completed, and the credit risk regarding receivables from customers is limited.

The credit risk exposure by internal rating grade based on the aging of financial receivables and financial guarantee contracts is as follows.

Previous consolidated fiscal year (March 31, 2025) (Unit: million yen)

	Financing receivables			Financial guarantee contracts	
Internal rating	12-month expected credit losses	Lifetime expected credit losses	Purchased or originated credit-impaired financial assets	12-month expected credit losses	Lifetime expected credit losses
0-1 month overdue	69,526	-	-	609,304	-
2-3 months overdue	-	5,264	-	-	44,406
Over 3 months overdue	-	851	5,442	-	4,986
Special receivables	-	831	-	-	2
Total	69,526	6,945	5,442	609,304	49,395

Current consolidated fiscal year (March 31, 2026) (Unit: million yen)

	Financing receivables			Financial guarantee contracts	
Internal rating	12-month expected credit losses	Lifetime expected credit losses	Purchased or originated credit-impaired financial assets	12-month expected credit losses	Lifetime expected credit losses
0-1 month overdue	82,578	-	-	739,211	-
2-3 months overdue	-	307	-	-	2,280
Over 3 months overdue	-	1,486	10,595	-	705
Special receivables	-	554	-	-	19
Total	82,578	2,348	10,595	739,211	3,003

The Group sets an allowance for doubtful accounts by considering the collectability based on the recent status of business partners, payment status, and the status of collateral acquisition.

The changes in the allowance for doubtful accounts for financial receivables and financial guarantee contracts are as follows.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Unit: million yen)

Allowance for doubtful accounts for financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
April 1, 2024	528	79	832	560	1,998
Changes in financing receivables recognized as of April 1, 2024					
Transfer to lifetime expected credit losses	(90)	90	-	-	-
Transfer to credit-impaired financial assets	-	(77)	77	-	-
Transfer to 12-month expected credit losses	13	(13)	-	-	-
Financial assets derecognized during the period	(136)	(5)	(23)	(7)	(171)
New financial assets originated or purchased	351	2,144	114	-	2,609
Direct write-offs	-	-	(180)	-	(180)
Changes in models/risk parameters	27	(79)	11	-	(42)
Other changes (Note)	25	2,161	710	103	2,999
March 31, 2025	717	4,300	1,541	656	7,214

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Unit: million yen)

Allowance for doubtful accounts for financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
April 1, 2025	717	4,300	1,541	656	7,214
Changes due to financing receivables recognized as of April 1, 2025					
Transfer to lifetime expected credit losses	(42)	42	-	-	-
Transfer to credit-impaired financial assets	-	(632)	632	-	-
Transfer to 12-month expected credit losses	3,324	(3,324)	-	-	-
Financial assets derecognized during the period	(703)	(569)	(211)	(65)	(1,548)
New financial assets originated or purchased	267	40	30	-	336
Direct write-offs	-	-	(598)	-	(598)
Changes in models/risk parameters	4	(11)	(54)	-	(61)
Other changes (Note)	(2,737)	405	423	966	(943)

Allowance for doubtful accounts for financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
March 31, 2026	830	251	1,761	1,557	4,399

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Unit: million yen)

Allowance for doubtful accounts for financial guarantee contracts	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial guarantee contracts (lifetime expected credit losses)	Total
April 1, 2024	4,646	837	272	5,755
Changes in financial guarantee contracts recognized as of April 1, 2024				
Transfer to lifetime expected credit losses	(809)	809	-	-
Transfer to credit-impaired financial guarantee contracts	-	(744)	744	-
Transfer to 12-month expected credit losses	155	(155)	-	-
Financial guarantee contracts derecognized during the period	(901)	(112)	(61)	(1,074)
New financial guarantee contracts originated or purchased	2,575	11,602	965	15,142
Direct write-offs	-	-	(1,015)	(1,015)
Changes in models/risk parameters	220	174	62	455
Other changes (Note)	(67)	18,155	2,610	20,697
March 31, 2025	5,819	30,565	3,576	39,960

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Unit: million yen)

Allowance for doubtful accounts for financial guarantee contracts	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial guarantee contracts (lifetime expected credit losses)	Total
April 1, 2025	5,819	30,565	3,576	39,960
Changes in financial guarantee contracts recognized as of April 1, 2025				
Transfer to lifetime expected credit losses	(350)	350	-	-
Transfer to credit-impaired financial guarantee contracts	-	(7,501)	7,501	-
Transfer to 12-month expected credit losses	18,763	(18,763)	-	-
Financial guarantee contracts derecognized during the period	(5,826)	(4,166)	(1,022)	(11,014)
New financial guarantee contracts originated or purchased	2,109	436	142	2,687
Direct write-offs	-	-	(9,980)	(9,980)
Changes in models/risk parameters	57	(12)	19	63
Other changes (Note)	(14,539)	616	288	(13,636)
March 31, 2026	6,034	1,523	524	8,080

(Note) Other changes in the total allowance for doubtful accounts are mainly due to increases or decreases in the allowance for doubtful accounts resulting from stage transfers during the current consolidated fiscal year for financial receivables and financial guarantee contracts originated or purchased before the previous consolidated fiscal year. In the previous consolidated fiscal year, the total amount of the allowance for doubtful accounts increased, but in the current consolidated fiscal year, the total amount of the allowance for doubtful accounts decreased as the payment delays, which were the cause of the increase, were gradually resolved along with the normalization of debt collection activities.

The factors for significant changes in exposure due to financial receivables and financial guarantee contracts that caused changes in the allowance for doubtful accounts are as follows.

In addition, the impairment amounts at initial recognition for credit-impaired financial assets originated or purchased in the previous consolidated fiscal year and the current consolidated fiscal year were 5,070 million yen and 34,429 million yen, respectively.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Unit: million yen)

Financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
April 1, 2024	55,410	101	935	1,970	58,416
Changes in financing receivables recognized as of April 1, 2024					
Transfer to lifetime expected credit losses	(4,296)	4,296	-	-	-
Transfer to credit-impaired financial assets	-	(1,157)	1,157	-	-
Transfer to 12-month expected credit losses	16	(16)	-	-	-
Financial assets derecognized	(12,364)	(446)	(107)	(922)	(13,840)
New financial assets originated or purchased	30,791	2,489	133	4,365	37,777
Direct write-offs	-	-	(511)	-	(511)
Other changes	(10)	(3)	75	29	90
March 31, 2025	69,546	5,264	1,681	5,442	81,933

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Unit: million yen)

Financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
April 1, 2025	69,546	5,264	1,681	5,442	81,933
Changes due to financing receivables recognized as of April 1, 2025					
Transfer to lifetime expected credit losses	(1,625)	1,625	-	-	-
Transfer to credit-impaired financial assets	-	(1,986)	1,986	-	-
Transfer to 12-month expected credit losses	3,905	(3,905)	-	-	-
Financial assets derecognized	(18,117)	(736)	(343)	(5,010)	(24,206)
New financial assets originated or purchased	28,884	46	46	10,164	39,140
Direct write-offs	-	-	(1,197)	-	(1,197)
Other changes	(16)	0	(134)	-	(149)

Financing receivables	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
March 31, 2026	82,578	307	2,041	10,595	95,521

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Unit: million yen)

Financial guarantee contracts	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial guarantee contracts (lifetime expected credit losses)	Total
April 1, 2024	540,731	1,224	318	542,272
Changes in financial guarantee contracts recognized as of April 1, 2024				
Transfer to lifetime expected credit losses	(43,550)	43,550	-	-
Transfer to credit-impaired financial guarantee contracts	-	(11,662)	11,662	-
Transfer to 12-month expected credit losses	227	(227)	-	-
Financial guarantee contracts derecognized	(133,136)	(5,586)	(766)	(139,488)
New financial guarantee contracts originated or purchased	245,030	17,102	1,118	263,250
Direct write-offs	-	-	(7,343)	(7,343)
Other changes	2	5	0	7
March 31, 2025	609,304	44,406	4,989	658,699

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Unit: million yen)

Financial guarantee contracts	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial guarantee contracts (lifetime expected credit losses)	Total
April 1, 2025	609,304	44,406	4,989	658,699
Changes in financial guarantee contracts recognized as of April 1, 2025				
Transfer to lifetime expected credit losses	(15,954)	15,954	-	-
Transfer to credit-impaired financial guarantee contracts	-	(24,672)	24,672	-
Transfer to 12-month expected credit losses	27,657	(27,657)	-	-
Financial guarantee contracts derecognized	(159,046)	(6,394)	(1,561)	(167,001)
New financial guarantee contracts originated or purchased	277,224	668	164	278,055
Direct write-offs	-	-	(27,540)	(27,540)
Other changes	26	(25)	(1)	0

Financial guarantee contracts	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial guarantee contracts (lifetime expected credit losses)	Total
March 31, 2026	739,211	2,280	724	742,214

(2) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group currently funds its working capital from internal funds, and if a shortfall occurs, it procures funds through borrowings. In addition, funds for advances in the credit business are covered by internal funds, and securitization is carried out once a certain level of receivables has accumulated. Based on this situation, the Group monitors its cash flow status and outlook at all times, and mitigates liquidity risk by entering into commitment line agreements and overdraft agreements with financial institutions. The unexecuted amount of short-term borrowing facilities at the end of the fiscal year was 9,000 million yen (8,500 million yen at the end of the previous fiscal year).

Regarding financial guarantee contracts, these are contracts to compensate for losses based on a request for performance if the debtor is unable to repay the debt covered by the guarantee obligation, and they are included in the earliest period in which the maximum amount of guarantee performance could be required.

The balances of major financial liabilities by maturity at the end of each fiscal year are as follows.

Previous consolidated fiscal year (March 31, 2025)

	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Borrowings	51,188	52,892	14,661	12,007	10,024	6,973	4,379	4,848
Accounts payable	1,145	1,145	1,145	-	-	-	-	-
Accrued expenses	12,155	12,155	12,155	-	-	-	-	-
Lease liabilities	3,386	3,602	987	819	742	631	420	3
Financial guarantee contracts	-	655,320	655,320	-	-	-	-	-
Deposits received	3,446	3,446	3,446	-	-	-	-	-
Total	71,320	728,561	687,715	12,826	10,767	7,604	4,799	4,851

Current consolidated fiscal year (March 31, 2026)

	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Borrowings	85,009	89,269	23,261	20,564	18,137	14,384	9,116	3,806
Accounts payable	1,375	1,375	1,375	-	-	-	-	-
Accrued expenses	9,104	9,104	9,104	-	-	-	-	-
Lease liabilities	2,911	3,065	1,048	866	685	441	13	12
Financial guarantee contracts	-	725,403	725,403	-	-	-	-	-
Deposits received	3,060	3,060	3,060	-	-	-	-	-
Total	101,459	831,276	763,252	21,430	18,822	14,826	9,128	3,818

(3) Market risk (interest rate risk)

When procuring funds, the Group gives full consideration to the borrowing amount and terms and conditions at the time of contract conclusion and future economic conditions, and manages interest rate risk by continuously verifying the effectiveness of the contracts after conclusion.

Interest rate sensitivity analysis

The following table shows the impact on profit after tax in the consolidated statement of profit or loss if interest rates were to rise by 100bp in the previous fiscal year and the current fiscal year. This analysis is calculated by multiplying the balance of variable-rate long-term borrowings held by the Group at the end of the previous fiscal year and the end of the current fiscal year by 100bp. It does not consider future changes in balances, the impact of exchange rate fluctuations, or the diversification effect of refinancing and interest rate revision timing for variable-rate borrowings, and is calculated assuming all other variables remain constant.

(Sensitivity Analysis Table)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	million yen	million yen
Profit after tax	(23)	(17)

11. Insurance assets

The changes in insurance assets corresponding to the allowance for doubtful accounts are as follows.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Millions of yen)

Financing receivables					
	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
Insurance assets					
April 1, 2024	476	74	477	4,857	5,883
Amount of provision	-	-	(130)	(2,578)	(2,708)
Changes for the period	135	3,821	676	5,551	10,183
Other	8	-	-	-	8
March 31, 2025	619	3,895	1,023	7,830	13,365

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Millions of yen)

Financing receivables					
	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Purchased or originated credit-impaired financial assets	Total
Insurance assets					
April 1, 2025	619	3,895	1,023	7,830	13,365
Amount of provision	-	-	(258)	(3,546)	(3,804)
Changes for the period	165	(3,651)	667	23,861	21,042
Other	(1)	-	-	-	(1)
March 31, 2026	782	243	1,432	28,144	30,602

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Millions of yen)

Financial guarantee contracts				
	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Total
Insurance assets				
April 1, 2024	816	153	41	1,010
Changes for the period	3,183	21,987	2,585	27,755
March 31, 2025	3,999	22,140	2,626	28,765

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Millions of yen)

Financial guarantee contracts				
	12-month expected credit losses	Lifetime expected credit losses (collectively assessed)	Credit-impaired financial assets (lifetime expected credit losses)	Total
Insurance assets				
April 1, 2025	3,999	22,140	2,626	28,765
Changes for the period	(2,444)	(21,750)	(2,492)	(26,686)
March 31, 2026	1,554	390	134	2,079

We provide credit enhancement through credit insurance contracts against expected future credit losses on financing receivables and financial guarantee contracts.

Due to this credit enhancement, we have determined that it is virtually certain that expected future credit losses will be covered by insurance proceeds, and we recognize insurance assets within the limits of the insurance coverage.

The insurance coverage limit is set annually by the Company in agreement with the insurance company after estimating the occurrence of insurance claim events for the following year.

Expected future credit losses for the current consolidated fiscal year were 38,787 million yen (previous consolidated fiscal year: 53,967 million yen), which is below the total insurance coverage limit of 53,800 million yen (previous consolidated fiscal year: 68,200 million yen). Furthermore, even when compared on a per-credit-insurance-contract basis, expected future credit losses remained below the insurance coverage limits in both the previous and current consolidated fiscal years.

12. Financial instruments

(1) Classification of financial instruments

Financial assets and financial liabilities are classified as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial assets	million yen	million yen
Financial assets measured at amortized cost		
Cash and cash equivalents	17,159	26,111
Financing receivables	74,719	91,122
Other financial assets (excluding investment securities)	7,969	9,637
Advances	17,898	13,465
Financial assets measured at fair value through profit or loss		
Investment securities	397	513
Total	118,141	140,849
Financial liabilities		
Financial liabilities measured at amortized cost		
Borrowings	51,188	85,009
Other financial liabilities	16,686	13,390
Deposits received	3,446	3,060
Financial guarantee contracts	81,245	56,913
Total	152,564	158,373

(2) Fair value measurement method

The fair value of financial assets and financial liabilities is determined as follows.

The definition of the fair value hierarchy used for fair value measurement is as follows.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Fair value calculated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly but used to calculate fair value

Level 3 - Fair value calculated using unobservable inputs for the asset or liability

The level in the fair value hierarchy is determined by the lowest level of input that is significant to the fair value measurement.

The Group recognizes transfers between levels of assets and liabilities at the end of the reporting period in which the transfer occurred. The only financial instruments that the Group measures at fair value on a recurring basis are investment securities.

a. Financial assets and financial liabilities measured at amortized cost

The measurement method for financial assets and financial liabilities measured at amortized cost is as follows.

For instruments with a short period to maturity, the carrying amount approximates their fair value.

(i) Financial assets

Financing receivables

<u>Installment accounts receivable</u>

Calculated by discounting contractual future cash flows at the market interest rate, taking into account the credit risk of counterparties.

<u>Bankruptcy and reorganization claims, etc.</u>

Calculated based on the expected recovery of bankruptcy and reorganization claims by discounting contractual future cash flows at the market interest rate, taking into account the credit risk of counterparties, or by using the carrying amount after deducting the allowance for doubtful accounts at the end of the period as the fair value.

Purchased receivables

Calculated by discounting estimated future cash flows that incorporate credit risk at a discount rate based on the initial effective interest rate adjusted for market interest rate fluctuations, etc.

Other financial assets (excluding investment securities)

Uncollected warranty fees, guarantee deposits paid, and long-term loans receivable

Calculated by discounting contractual future cash flows at the market interest rate, taking into account the credit risk of counterparties.

(ii) Financial liabilities

Borrowings

For long-term borrowings with variable interest rates, the carrying amount is assumed to approximate fair value because market interest rates are reflected in a short period of time, and this amount is therefore considered to be the fair value.

For long-term borrowings with fixed interest rates, the fair value is calculated by discounting the contractual future cash flows at a discount rate based on the market interest rate adjusted for the Group's credit risk.

b. Financial assets and financial liabilities measured at fair value through profit or loss

Investment securities

Unlisted stocks, which are the main component of investment securities, are valued using the multiple method and the book value net asset method. Since their fair value is calculated using valuation techniques that include unobservable inputs, they are classified as Level 3 fair value. In the multiple method, comparable companies are selected, and fair value is calculated using stock indicators such as the sales multiple of those comparable companies.

c. Financial guarantee contracts

These are calculated by discounting expected future cash flows using a discount rate that reflects the Group's credit risk.

(3) Financial instruments not measured at fair value

The fair value and the breakdown by level of the fair value hierarchy for financial instruments not measured at fair value in the Consolidated Statement of Financial Position are as follows. Disclosure is omitted when the carrying amount of such financial instruments approximates their fair value.

In the previous consolidated fiscal year, the fair value of financial assets and financial liabilities approximated their carrying amounts in the Consolidated Statement of Financial Position. However, due to the impact of rising market interest rates and interest rate hikes for business partners, a divergence arose between the carrying amounts and fair values, so fair value is disclosed starting from the current consolidated fiscal year.

(Millions of yen)

	FY2026/03				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Financing receivables	91,122	-	29,948	62,021	91,969
Other financial assets (excluding investment securities)	9,637	-	5,989	3,167	9,156
Total	100,760	-	35,937	65,187	101,124
Financial liabilities measured at amortized cost					
Borrowings	85,009	-	84,787	-	84,787
Financial guarantee contracts	56,913	-	-	56,874	56,874
Total	141,922	-	84,787	56,874	141,661

(4) Financial instruments measured at fair value

The classification by level based on the fair value hierarchy of financial instruments measured at fair value on the Consolidated Statement of Financial Position is as follows.

Previous consolidated fiscal year (March 31, 2025) (Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Investment securities	-	-	397	397

Current consolidated fiscal year (March 31, 2026) (Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Investment securities	-	-	513	513

(5) Fair value measurement of financial instruments classified as Level 3

(1) Valuation process for financial instruments classified as Level 3

For assets and liabilities classified as Level 3, the appropriate valuation staff conducts valuations and analyzes the valuation results in accordance with the valuation policies and procedures approved by the Accounting Department. The valuation results are reviewed and approved by the head of the Accounting Department.

(2) Reconciliation of beginning and ending balances of financial instruments classified as Level 3

The changes in financial instruments classified as Level 3 from the beginning to the end of the period are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
	million yen	million yen
Balance at beginning of period	468	397
Total gains and losses		
Profit or loss (Note)	(4)	120
Acquisitions	29	0
Sales	(96)	(4)
Balance at end of period	397	513
Unrealized gains and losses on assets and liabilities held at the end of the period included in profit or loss (Note)	(4)	120

(Note) Net profit or loss is included in "Other finance income" and "Other finance costs" in the consolidated statement of profit and loss.

The main unobservable input is the revenue multiple. No significant changes in fair value are expected if the unobservable inputs are changed to reasonably possible alternative assumptions.

The fair value of assets classified as Level 3 and measured at fair value on a recurring basis would increase (decrease) due to an increase (decrease) in the revenue multiple.

(6) Collateral

The carrying amounts of assets pledged as collateral by the Group are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Financing receivables	35,986	36,343
Total	35,986	36,343

The Group conducts securitization of receivables using trusts, and has the right to direct the collection activities of assets held by the trusts. In addition, the Group consolidates these trusts because it holds rights to variable returns from the trusts through the holding of subordinated beneficiary interests backed by the trust assets. The carrying amounts of the related liabilities secured by the trust assets were 36,872 million yen and 37,873 million yen for the previous consolidated fiscal year and the current consolidated fiscal year, respectively.

13. Property, plant and equipment

The changes in the acquisition cost, accumulated depreciation, and accumulated impairment losses of property, plant and equipment are as follows.

	Buildings	Building facilities	Tools, furniture and fixtures	Vehicles	Right-of-use assets	Other	Total
Acquisition cost	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance at beginning of previous consolidated fiscal year (April 1, 2024)	257	898	729	288	3,186	486	5,844
Acquisitions	-	7	33	53	3,677	319	4,089
Disposal	-	(56)	(36)	(14)	(2,266)	-	(2,373)
Reclassifications	-	204	103	0	-	(314)	(6)
Effect of exchange rate changes	-	1	1	0	-	0	3
Other	-	0	0	0	0	(0)	0
Balance at end of previous consolidated fiscal year (March 31, 2025)	257	1,054	830	327	4,597	491	7,556
Acquisitions	49	11	58	26	465	556	1,165
Disposal	(2)	(118)	(100)	(40)	(596)	(218)	(1,073)
Reclassifications	-	371	149	-	-	(540)	(20)
Effect of exchange rate changes	-	2	2	0	-	0	5
Other	-	12	3	1	143	17	176
Balance at end of current consolidated fiscal year (March 31, 2026)	304	1,331	942	314	4,610	307	7,809

	Buildings	Building facilities	Tools, furniture and fixtures	Vehicles	Right-of-use assets	Other	Total
Accumulated depreciation and accumulated impairment losses	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance at beginning of previous consolidated fiscal year (April 1, 2024)	27	238	403	84	2,177	77	3,007
Disposal	-	(56)	(31)	(5)	(2,077)	-	(2,169)
Depreciation (Note 1)	8	101	115	50	1,024	6	1,304
Reclassifications	-	-	-	0	-	-	0
Effect of exchange rate changes	-	1	1	0	-	0	2
Other	0	0	1	(0)	(0)	15	16
Balance at end of previous consolidated fiscal year (March 31, 2025)	36	284	488	130	1,125	98	2,160
Disposal	(0)	(95)	(90)	(30)	(595)	(1)	(811)
Depreciation (Note 1)	8	135	119	46	1,098	7	1,414
Reclassifications	-	-	0	-	-	-	0
Effect of exchange rate changes	-	1	2	0	-	0	4
Other	0	(6)	(1)	(0)	0	3	(3)
Balance at end of current consolidated fiscal year (March 31, 2026)	44	319	519	147	1,628	107	2,763

Carrying amount	Buildings	Building facilities	Tools, furniture and fixtures	Vehicles	Right-of-use assets	Other	Total
	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance at end of previous consolidated fiscal year (March 31, 2025)	221	769	342	197	3,472	394	5,396
Balance at end of current consolidated fiscal year (March 31, 2026)	261	1,012	423	167	2,982	200	5,046

(Note) 1. Depreciation is included in "Operating expenses" in the consolidated statement of profit and loss.
2. There were no property, plant and equipment subject to restrictions on ownership or pledged as collateral at the end of the previous consolidated fiscal year and the current consolidated fiscal year.
There were no commitments for the acquisition of property, plant and equipment at the end of the previous consolidated fiscal year and the current consolidated fiscal year.
There were no impairment losses or reversals of impairment losses in the previous consolidated fiscal year and the current consolidated fiscal year.

14. Goodwill and intangible assets

The changes in the acquisition cost, accumulated amortization, and accumulated impairment losses of goodwill and intangible assets are as follows.

	Goodwill	Software	Software in progress	Contract-related assets	Brand and know-how	Other	Total
Acquisition cost	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance at beginning of previous consolidated fiscal year (April 1, 2024)	3,958	3,303	2,892	459	4,581	38	15,231
Acquisitions	-	262	639	-	-	-	901
Disposal	-	(66)	(8)	-	-	-	(74)
Reclassifications	-	3,257	(3,263)	-	-	-	(7)
Effect of exchange rate changes	-	0	-	-	-	-	0
Other	-	0	0	-	-	-	0
Balance as of March 31, 2025	3,958	6,755	260	459	4,581	38	16,051
Acquisitions	-	267	582	-	-	-	849
Disposal	-	(778)	(2)	-	-	-	(781)
Reclassifications	-	326	(326)	-	-	-	-
Effect of exchange rate changes	-	0	-	-	-	-	0
Other	238	(0)	(0)	-	-	0	238
Balance as of March 31, 2026	4,197	6,570	513	459	4,581	38	16,358

	Goodwill	Software	Software in progress	Contract-related assets	Brand and know-how	Other	Total
Accumulated amortization and accumulated impairment losses	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance at beginning of previous consolidated fiscal year (April 1, 2024)	-	2,124	-	207	-	27	2,358
Disposal	-	(17)	-	-	-	-	(17)
Amortization (Note 1)	-	518	-	25	-	7	550
Reclassifications	-	-	-	-	-	-	-
Effect of exchange rate changes	-	0	-	-	-	-	0
Other	-	0	-	-	-	-	0
Balance as of March 31, 2025	-	2,625	-	232	-	34	2,892
Disposal	-	(166)	-	-	-	-	(166)
Amortization (Note 1)	-	713	-	23	-	0	737
Reclassifications	-	-	-	-	-	-	-
Effect of exchange rate changes	-	0	-	-	-	-	0
Other	-	1	-	-	-	0	1
Balance as of March 31, 2026	-	3,173	-	256	-	34	3,464

	Goodwill	Software	Software in progress	Contract-related assets	Brand and know-how	Other	Total
Carrying amount	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Balance as of March 31, 2025	3,958	4,130	260	227	4,581	4	13,159
Balance as of March 31, 2026	4,197	3,397	513	203	4,581	3	12,894

(Note)1. Amortization is included in "Operating expenses" in the consolidated statement of profit and loss.

2. The significant intangible asset is related to the credit core system, with a carrying amount of 2,221 million yen (remaining amortization period of 9 years).

Of the above intangible assets, contract-related assets are contracts that the acquiree has concluded with affiliated dealers in acquiring credit contracts, and are assets that arose from contracts that existed at the time of the business combination.

The carrying amounts of assets with indefinite useful lives among the above intangible assets (excluding goodwill) are as follows.

	Balance at beginning of previous consolidated fiscal year (April 1, 2024)	Balance as of March 31, 2025	Balance as of March 31, 2026
	million yen	million yen	million yen
Brand and know-how	4,581	4,581	4,581

Brand and know-how encompass the know-how, value chain, and operating organization of the acquiree's business operations in the Finance Business and Automobile Warranty Business, and form the foundation of the Premium Group's future excess earning power. As these assets are expected to basically continue as long as the business continues, we have determined that there is no foreseeable limit to the period over which future economic benefits are expected, and have classified them as intangible assets with indefinite useful lives.

As of the end of the current consolidated fiscal year, after considering the market environment, competitive environment, and the Premium Group's business performance, we have determined that the useful lives of brand and know-how remain indefinite.

There were no intangible assets restricted as to title or pledged as collateral as of the end of the previous consolidated fiscal year and the end of the current consolidated fiscal year.

15. Impairment of Non-amortizable Assets

The Premium Group performs impairment tests for goodwill and intangible assets with indefinite useful lives annually at the same time, and also performs impairment tests whenever there is an indication of impairment.

The major goodwill and intangible assets with indefinite useful lives in the Premium Group relate to Premium Co., Ltd. and Premium Warranty Services Co., Ltd.

The recoverable amount for impairment tests of goodwill and intangible assets with indefinite useful lives is calculated based on value in use. Goodwill arising from business combinations is allocated to the cash-generating unit groups that are expected to benefit from the business combination as of the acquisition date. For impairment testing, the carrying amounts of goodwill and intangible assets with indefinite useful lives before considering impairment losses as of the end of each consolidated fiscal year are allocated to cash-generating unit groups as follows.

Cash-generating unit group	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
(Goodwill)	million yen	million yen
Premium Co., Ltd.	2,174	2,174
Premium Warranty Services Co., Ltd.	1,474	1,474
Other (Note 1)	310	548
Total	3,958	4,197
(Intangible assets with indefinite useful lives)		
Premium Co., Ltd.	4,044	4,044
Premium Warranty Services Co., Ltd.	537	537
Total	4,581	4,581

Value in use is calculated by discounting the estimated future operating cash flows of each cash-generating unit group to their present value.

Future operating cash flows are calculated based on business plans approved by management. For the period after the planning period, we have estimated a growth rate of 0% in consideration of future uncertainty. This growth rate does not exceed the long-term average growth rate of the market. The major assumptions used in the estimates included in the business plans are New loan volume, etc., which affect future revenue.

For the discount rate, we use a pre-tax discount rate that incorporates an appropriate risk premium into the weighted average cost of capital, etc., for each cash-generating unit group. The pre-tax discount rates used to calculate the value in use for each cash-generating unit group are as follows.

Cash-generating unit group	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	%	%
Premium Co., Ltd.	3.98	4.63
Premium Warranty Services Co., Ltd.	7.34	7.57
Other (Note 1)	5.86-21.16	5.34-22.50

(Note) In the current consolidated fiscal year, cash-generating units with low monetary significance have been aggregated into "Other" to improve the clarity of presentation.

For Premium Co., Ltd. and Premium Warranty Services Co., Ltd., the recoverable amount sufficiently exceeds the carrying amount; therefore, we have determined that it is unlikely that an impairment loss will occur even if the key assumptions are changed within a reasonably possible range.

16. Leases

As a lessee

(1) Nature of leasing activities

The Group mainly leases buildings for its head office and branches, and vehicles for company use. The lease terms for buildings and tools, furniture, and fixtures are 1 to 7 years, and the lease terms for vehicles are 2 to 5 years. Some contracts include options to extend the lease for the same period after the contract term ends.

(2) Right-of-use assets

Right-of-use assets are included in "Property, plant and equipment" in the Group's consolidated statement of financial position.

The acquisition cost of right-of-use assets is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Buildings	4,496	4,546
Tools, furniture and fixtures	64	30
Vehicles	35	34
Other	2	0
Total	4,597	4,610

The carrying amount of right-of-use assets is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Buildings	3,394	2,933
Tools, furniture and fixtures	55	31
Vehicles	23	19
Other	0	0
Total	3,472	2,982

The increases in right-of-use assets for the previous consolidated fiscal year and the current consolidated fiscal year were 3,677 million yen and 465 million yen, respectively.

(3) Profit or loss related to lease transactions

The amounts recognized in profit or loss related to lease transactions are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Depreciation of right-of-use assets	million yen	million yen
Buildings	958	1,038
Tools, furniture and fixtures	55	53
Other	11	7
Total depreciation	1,024	1,098
Finance costs on lease liabilities	14	20

(4) Lease liabilities

Lease liabilities are included in "Other financial liabilities" in the Group's consolidated statement of financial position.

The total cash outflows for leases for the previous consolidated fiscal year and the current consolidated fiscal year were 995 million yen and 1,078 million yen, respectively.

(5) Extension options and termination options

In the Group, each Group company is responsible for managing its lease contracts, and lease terms are negotiated individually, resulting in a wide variety of contractual terms.

Extension options and termination options are mainly included in real estate leases for the head office and branches. Most of these are extension options for one year or for the same period as the original contract, or options for early termination upon written notice to the counterparty at least 6 months in advance. Since there are no extension options that are reasonably certain to be exercised as of the end of the current consolidated fiscal year, the contractual lease term is used in estimating the lease term.

<u>Lessor</u>

(6) Nature of leasing activities

The Group primarily provides auto leasing to individuals. Auto leasing is classified as finance leases, in which substantially all risks and economic rewards are transferred, with the exception of the lease term (primary lease terms are 3 to 7 years), and all are single contracts. In addition, the contracts include re-lease options and vehicle purchase options that can be exercised after the contract term ends.

For finance income on net investment in leases, please refer to "Lease income" in "Note 25. Finance income and finance costs." The amount of profit or loss on sales of finance leases is not material.

(7) Maturity analysis

The Group primarily leases vehicles. The maturity analysis of the balances of lease investment assets by due date is as follows. The net investment in leases has increased from the end of the previous consolidated fiscal year due to growth in transaction volume.

Previous consolidated fiscal year (March 31, 2025) (Unit: million yen)

	Lease payments before discount	Unearned finance income	Net investment in leases
Within 1 year	6,984	735	6,249
Over 1 year to 2 years	5,960	580	5,380
Over 2 years to 3 years	5,683	423	5,260
Over 3 years to 4 years	3,506	284	3,223
Over 4 years to 5 years	3,246	171	3,075
Over 5 years	3,210	121	3,089
Total	28,590	2,315	26,276

Current consolidated fiscal year (March 31, 2026) (Unit: million yen)

	Lease payments before discount	Unearned finance income	Net investment in leases
Within 1 year	7,812	901	6,911
Over 1 year to 2 years	7,079	711	6,368
Over 2 years to 3 years	6,027	511	5,516
Over 3 years to 4 years	4,512	345	4,167
Over 4 years to 5 years	3,786	200	3,586
Over 5 years	3,543	143	3,400
Total	32,758	2,810	29,948

(8) Risk management strategy

We implement thorough credit management at the time of contract to ensure the reliable collection of lease payments. In addition, to mitigate the risk of fluctuations in residual value at the end of the lease contract, we attach purchase guarantees by the contractor or a third party.

17. Insurance contracts

(1) Regulatory framework for the Automobile Warranty Business

The Group's automobile warranty subsidiaries are not subject to capital regulations stipulated by the Insurance Business Act.

(2) Risk management system for automobile warranty contracts

The Group strives to accurately grasp, analyze, evaluate, and appropriately manage and operate the risks associated with automobile warranty contracts, thereby ensuring management stability.

The main initiatives of the Group regarding risks associated with automobile warranty contracts are as follows.

(1) Insurance risk

The Group's exposure to insurance risk is the balance of Deferred warranty revenue.

The primary risk of automobile warranty contracts is the uncertainty regarding the occurrence of repair costs due to natural breakdowns. We conduct risk analysis from the perspectives of vehicle model, elapsed years, mileage, and warranty rates, and primarily monitor the occurrence of repair costs by product plan on a regular basis. In addition, when paying for repairs, the review department checks the details of the repair request against the automobile warranty contract to determine whether payment is appropriate.

In the Group's Automobile Warranty Business, if an increase in repair costs due to natural breakdowns, which is the primary risk, is anticipated, it is expected that future profit or loss and equity will decrease through an increase in future cash outflows.

Even if a reasonably possible change in insurance risk were to occur at the reporting date, the impact on profit or loss and equity would not be material.

(2) Liquidity risk

Liquidity risk is the risk that the Group will have difficulty fulfilling its obligation to pay repair costs based on automobile warranty contracts. The Group manages liquidity risk by preparing appropriate settlement funds and continuously monitoring cash flow plans and actual results.

(3) Concentration of insurance risk

The Group's insurance contract portfolio consists of numerous warranties for general customers, and there is no concentration in specific vehicle models, regions, etc., and we do not have excessively concentrated insurance risk.

(4) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfill its contractual obligations, resulting in a financial loss.

In the Group's Automobile Warranty Business, as a general rule, warranty fees are collected in a lump sum from the contractor at the time of the automobile warranty contract, so there is no significant credit risk.

(3) Reconciliation of the beginning and ending balances of Deferred warranty revenue measured using the premium allocation approach

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Other than onerous contracts		
Deferred warranty revenue at beginning of period	7,160	24	7,184
Warranty revenue	(6,889)	-	(6,889)
Warranty costs	243	3,577	3,819
Incurred repair costs, etc.	-	3,577	3,577
Amortization of new contract costs	243	-	243
Cash flows			
Receipt of warranty premiums	7,708	-	7,708
Payment of repair costs, etc.	-	(3,575)	(3,575)
Payment of insurance acquisition cash flows	(193)	-	(193)
Deferred warranty revenue at end of period	8,030	26	8,055

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Other than onerous contracts		
Deferred warranty revenue at beginning of period	8,030	26	8,055
Warranty revenue	(7,930)	-	(7,930)
Warranty costs	201	4,290	4,491
Incurred repair costs, etc.	-	4,290	4,290
Amortization of new contract costs	201	-	201
Cash flows			
Receipt of warranty premiums	9,015	-	9,015
Payment of repair costs, etc.	-	(4,212)	(4,212)
Payment of insurance acquisition cash flows	(172)	-	(172)
Deferred warranty revenue at end of period	9,144	103	9,247

18. Borrowings

(1) Breakdown of borrowings

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Average interest rate (Note 1)	Repayment deadline (Note 2)
	million yen	million yen	%	
Short-term borrowings	500	90	1.65	-
Current portion of long-term borrowings	12,927	21,468	1.67	-
Long-term borrowings	37,761	63,451	1.76	2027–2034
Floating-rate borrowings	2,001	933	1.76	2027–2030
Fixed-rate borrowings	35,760	62,518	1.76	2027–2034
Total borrowings	51,188	85,009	-	-

(Note)1. The average interest rate represents the weighted average interest rate on the balance at the end of the fiscal year.

2. The repayment due date represents the repayment due date for the balance at the end of the fiscal year.

3. All borrowings are measured at amortized cost.

In addition, long-term borrowings and long-term borrowings due within one year include borrowings for which the transfer of financial receivables is accounted for as a financial transaction. For an analysis of the maturity profile of borrowings based on contractual cash flows, including these borrowings, please refer to "Note 10. Financial Risk Management (2) Liquidity Risk."

19. Provisions

Provisions consist of asset retirement obligations, and the changes are as follows.

	million yen
Balance at beginning of previous consolidated fiscal year (April 1, 2024)	383
Increase during the period (provision)	70
Interest expense for the period from discounting	2
Decrease during the period (utilization)	(19)
Decrease during the period (other)	-
Balance as of March 31, 2025	436
Increase during the period (provision)	89
Interest expense for the period from discounting	4
Decrease during the period (utilization)	(52)
Decrease during the period (other)	(9)
Balance as of March 31, 2026	468

Asset retirement obligations

To prepare for the restoration obligations for building facilities, etc., of leased offices, asset retirement obligations are estimated, recognized, and measured by considering the actual costs of similar properties and the useful lives of internal improvements made to the offices, based on the expected usage period determined by considering the specific circumstances of each property. The discount rate used for the calculation is the risk-free rate.

The timing of the expected outflow of economic benefits in the future is primarily after one year from the end of each fiscal year. The estimates of the amounts and timing of payments for these restoration costs are based on current business plans, etc., and may be subject to change in the future due to changes in business plans, etc.

20. Deferred Taxes and Income Tax Expense

(1) Deferred taxes

The main components of and changes in deferred tax assets and deferred tax liabilities are as follows.

	Balance at beginning of previous consolidated fiscal year (April 1, 2024)	Recognized in profit or loss	Other (Note)	Balance as of March 31, 2025
Deferred tax assets	million yen	million yen	million yen	million yen
Financing receivables	1,838	2,306	-	4,144
Financial guarantee contracts	531	8,892	-	9,423
Lease liabilities	284	827	-	1,111
Tax loss carryforwards	-	6	-	6
Other	611	87	-	697
Total deferred tax assets	3,264	12,117	-	15,382
Deferred tax liabilities				
Insurance assets	(2,087)	(10,808)	-	(12,895)
Brand and know-how	(1,403)	(41)	-	(1,444)
Property, plant and equipment	(430)	(825)	-	(1,255)
Other	(567)	39	(46)	(574)
Total deferred tax liabilities	(4,486)	(11,635)	(46)	(16,167)

	Balance as of April 1, 2025	Recognized in profit or loss	Other (Note 1)	Balance as of March 31, 2026
Deferred tax assets	million yen	million yen	million yen	million yen
Financing receivables	4,144	5,206	-	9,351
Financial guarantee contracts	9,423	(8,370)	-	1,053
Lease liabilities	1,111	(194)	-	917
Tax loss carryforwards	6	68	-	74
Other	697	976	-	1,673
Total deferred tax assets	15,382	(2,314)	-	13,068
Deferred tax liabilities				
Insurance assets	(12,895)	2,594	-	(10,301)
Brand and know-how	(1,444)	-	-	(1,444)
Property, plant and equipment	(1,255)	194	-	(1,061)
Other	(574)	(47)	(116)	(737)
Total deferred tax liabilities	(16,167)	2,741	(116)	(13,542)

(Note) "Other" primarily includes exchange differences on translation of foreign operations in affiliated companies.

The deductible temporary differences and unused tax losses for which deferred tax assets are not recognized are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Tax loss carryforwards	280	201
Deductible temporary differences	1,433	1,228
Total	1,713	1,429

The expiration periods for unused tax losses for which deferred tax assets are not recognized are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
1st year	8	-
2nd year	-	-
3rd year	-	-
4th year	-	-
5th year and thereafter	271	201

In the previous fiscal year and the current fiscal year, the taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities are not recognized were 9,921 million yen and 13,089 million yen, respectively. The Company does not recognize deferred tax liabilities for these items because the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(2) Income tax expense

Current tax expense, deferred tax expense, and income tax expense are as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Current tax expense:	million yen	million yen
Current period	2,685	2,971
Total current tax expense	2,685	2,971

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Deferred tax expense:	million yen	million yen
Origination and reversal of temporary differences	(433)	(452)
Changes in tax rates, etc.	(49)	25
Total deferred tax expense	(482)	(427)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Income tax expense:	million yen	million yen
Current tax expense	2,685	2,971
Deferred tax expense	(482)	(427)
Total income tax expense	2,203	2,543

The factors causing the difference between the statutory effective tax rate and the average actual tax burden rate in the consolidated statement of profit and loss are as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	%	%
Statutory effective tax rate	30.6	30.6
Permanent differences	0.3	0.3
Unrecognized deferred tax	(2.5)	(2.1)
Tax rate differences with affiliates	2.1	1.2
Impact of tax rate changes	0.7	(0.3)
Other	0.9	(0.2)
Average actual tax burden	32.2	29.5

The Company is subject to corporate tax, inhabitant tax, and enterprise tax, which is deductible for tax purposes, and the statutory effective tax rate calculated based on these taxes for the previous consolidated fiscal year and the current consolidated fiscal year is 30.6%. However, overseas subsidiaries are subject to corporate and other taxes in their respective jurisdictions.

(3) Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was promulgated on March 31, 2025, and the special corporate tax for defense will be imposed from fiscal years beginning on or after April 1, 2026.

Due to this revision, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities expected to be reversed in consolidated fiscal years beginning on or after April 1, 2026, has been changed from 30.6% to 31.5%. The impact of this change in tax rate is immaterial.

21. Other financial liabilities

Breakdown of other financial liabilities

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Accounts payable	1,145	1,375
Lease liabilities (current)	1,005	1,023
Lease liabilities (non-current)	2,381	1,888
Accrued expenses	12,155	9,104
Total	16,686	13,390
Amount expected to be recovered or settled within 12 months after the reporting period	14,282	11,482
Amount expected to be recovered or settled after 12 months from the reporting period	2,404	1,908
Total	16,686	13,390

22. Other liabilities

Breakdown of other liabilities

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Deposits received	3,446	3,060
Contract liabilities	840	994
Accrued bonuses	738	896
Accrued consumption taxes (Note 1)	279	445
Other (Note 2)	470	632
Total	5,773	6,028
Amount expected to be recovered or settled within 12 months after the reporting period	5,197	5,321
Amount expected to be recovered or settled after 12 months from the reporting period	576	707
Total	5,773	6,028

(Note)1. "Accrued consumption taxes," which was previously included in "Other," is presented as a separate line item from the current consolidated fiscal year due to its increased quantitative materiality. To reflect this change in presentation, 279 million yen, which was included in "Other" in the previous consolidated fiscal year, has been reclassified to "Accrued consumption taxes."

2. "Deposits received for entrusted debt collection," which was presented as a separate line item in the previous consolidated fiscal year, is included in "Other" from the current consolidated fiscal year due to its lack of quantitative materiality. To reflect this change in presentation, 37 million yen, which was presented as "Deposits received for entrusted debt collection" in the previous consolidated fiscal year, has been reclassified to "Other."

23. Operating revenue

(1) Breakdown of operating revenue

The breakdown of operating revenue is as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Operating revenue	million yen	million yen
Finance income (Note)	17,659	20,337
Automobile warranty revenue (Note)	6,889	7,930
Automobility-related sales	6,423	7,912
Other commission sales	2,894	3,089
Automotive parts sales	1,690	1,611
Impairment gain on financial assets	-	1,959
Revenue from the exercise of insurance policies	364	556
Other	490	649
Total	36,409	44,042

(Note) Details of "Finance income" and "Automobile warranty revenue" are described in "Note 25. Finance income and finance costs" and "Note 17. Insurance contracts," respectively.

(2) Disaggregation of revenue

The breakdown of revenue recognized from contracts with customers and other sources is as follows.
Revenue recognized from other sources includes interest and credit guarantee revenue based on IFRS 9, automobile warranty revenue based on IFRS 17, and lease revenue based on IFRS 16.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025) (Unit: million yen)

	Revenue recognized from contracts with customers	Revenue recognized from other sources	Total
Finance Business	2,847	17,305	20,151
Automobile Warranty Business	88	6,898	6,986
Auto Mobility Services Business (Note)	7,757	1,497	9,254
Other and Companywide	13	4	17
Total	10,705	25,704	36,409

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026) (Unit: million yen)

	Revenue recognized from contracts with customers	Revenue recognized from other sources	Total
Finance Business	3,016	21,784	24,801
Automobile Warranty Business	81	7,929	8,010
Auto Mobility Services Business (Note)	8,901	2,165	11,066
Other and Companywide	21	144	166
Total	12,020	32,022	44,042

(Note) Revenue recognized from contracts with customers in the Auto Mobility Services Business over a certain period of time was 1,500 million yen and 2,020 million yen for the previous consolidated fiscal year and the current consolidated fiscal year, respectively.

(3) Contract balances

The balances of contract liabilities arising from contracts with customers are as follows.

Previous consolidated fiscal year (Unit: million yen)

	April 1, 2024	March 31, 2025
Contract liabilities	683	840

Current consolidated fiscal year (Unit: million yen)

	April 1, 2025	March 31, 2026
Contract liabilities	840	994

In the Group, items recorded as contract liabilities are mainly deferred revenue for software maintenance and update services.

Of the revenue recognized in the previous consolidated fiscal year and the current consolidated fiscal year, the amounts included in the contract liability balances at the beginning of the period were 277 million yen and 282 million yen, respectively.

There was no revenue recognized in the previous consolidated fiscal year and the current consolidated fiscal year that related to performance obligations satisfied (or partially satisfied) in previous periods.

(4) Transaction price allocated to the remaining performance obligations

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Within 1 year	279	307
Over 1 year	561	688
Total	840	994

24. Operating expenses

The breakdown of operating expenses is as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Operating expenses	million yen	million yen
Finance costs	497	1,048
Warranty costs	3,819	4,491
Automobility-related costs	3,657	4,305
Guarantee commission	3,947	4,758
Cost of automotive parts external sales	1,303	1,208
Impairment loss on financial assets	225	-
Employee benefit expenses (Note)	6,629	7,400
Depreciation	1,854	2,151
Commission expenses	1,438	1,685
Taxes and dues	1,101	1,406
System operation costs	1,134	1,909
Outsourcing expenses	933	1,356
Other operating expenses	3,057	3,928
Total	29,594	35,644

(Note) The amounts recognized as expenses for defined contribution plans in employee benefit expenses are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
	million yen	million yen
Amount recognized as expenses for defined contribution plans	458	510

The Group contributes to defined contribution pension plans that provide pension benefits to employees after retirement. Under the system, retired employees are entitled to receive an amount corresponding to each period of service.

25. Finance income and finance costs

The breakdown of finance income and finance costs, which are included in operating revenue and operating expenses, is as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Finance income	million yen	million yen
Credit guarantee income	14,712	15,865
Interest income	2,007	3,239
Lease income	941	1,234
Total	17,659	20,337
Finance costs		
Interest expense	497	1,048
Total	497	1,048

"Interest income," "Lease income," and "Interest expense" relate to financial assets and financial liabilities measured at amortized cost, while credit guarantee income relates to "Financial guarantee contracts."

26. Other finance income and other finance costs

The breakdown of other finance income and other finance costs is as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Other finance income	million yen	million yen
Interest income	31	57
Dividends received (Note)	1	3
Other	29	132
Total	61	192

(Note) "Dividend income" relates to financial assets measured at fair value through profit or loss.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Other finance costs	million yen	million yen
Interest expense	32	80
Interest expense on asset retirement obligations	2	4
Other	13	2
Total	46	86

27. Business combinations

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

The information is omitted as it is immaterial.

28. Earnings per share

The basis for calculating basic earnings per share and diluted earnings per share is as follows.

(1) Basic earnings per share

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Profit attributable to owners of parent (million yen)	4,651	6,069
Weighted average number of shares of common stock (shares)	37,937,417	38,603,735
Basic earnings per share (yen)	122.61	157.22

(2) Diluted earnings per share

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Profit attributable to owners of parent (million yen)	4,651	6,069
Profit used to calculate diluted earnings per share (million yen)	4,651	6,069
Basic weighted average number of shares (shares)	37,937,417	38,603,735
Adjustments related to stock options issued by parent (shares)	193,257	88,698
Weighted average number of shares used to calculate diluted earnings per share (shares)	38,130,674	38,692,433
Diluted earnings per share (yen)	121.99	156.86

29. Share-based payment

Stock options

The Company has adopted an equity-settled share-based payment plan (stock option plan) for its officers and employees. The purpose of this plan is to increase the morale of officers and employees toward improving the corporate value of the Group.

Stock options are granted based on resolutions of the Board of Directors in accordance with the terms approved at the General Meeting of Shareholders.

The outline of the stock option plan is as follows.

(1) Contractual conditions for stock options

Name of plan	Grant date	Exercise price (yen) (Note 1)	Unexercised options balance (shares) (Note 1)	Exercise period	Vesting conditions
1st Series of Stock Acquisition Rights B	March 23, 2016	84	-	From December 20, 2018 to February 28, 2026	(Note 2)
3rd Series of Stock Acquisition Rights	July 30, 2021	1,213	189,507	From July 31, 2025 to July 31, 2029	(Note 3)
4th Series of Stock Acquisition Rights	November 24, 2022	1,839	256,000	From July 31, 2026 to July 31, 2031	(Note 3)

(Note)1. The Company conducted a 3-for-1 stock split of its common stock effective September 1, 2022. Accordingly, the exercise price and the balance of unexercised options are presented based on the number of shares after the stock split.

2. The exercise of rights is subject to the condition that existing shareholders transfer Company shares to a third party or that the Company's shares are listed on a financial instruments exchange, and the rights have vested.

3. Grantees are required to remain in office from the grant date to the vesting date, and the plan is designed so that rights cannot be exercised if the grantee leaves the Company, even after the rights have vested.

(2) Changes in the number of stock options

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	Shares	Shares
Balance at beginning of period	779,800	661,200
Granted	-	-
Exercised	69,600	170,493
Forfeited	49,000	45,200
Balance at end of period	661,200	445,507
Exercisable balance at end of period	661,200	445,507

The weighted average remaining contractual life of unexercised stock options at the end of the period was 5.06 years for the previous consolidated fiscal year and 4.48 years for the current consolidated fiscal year.

The weighted average share price at the time of exercise for stock options exercised during the previous consolidated fiscal year and the current consolidated fiscal year was 2,156 yen and 2,209 yen, respectively.

Restricted Stock Compensation

The Company has introduced an incentive plan utilizing restricted stock (the "Plan") for its directors and employees (the "Eligible Officers and Employees") for the purpose of providing incentives to further enhance the Company's corporate and shareholder value, and to foster a sense of participation in management by sharing the benefits and risks of share price fluctuations with shareholders.

Under the Plan, Eligible Officers and Employees will pay in all of the monetary compensation claims provided by the Company as property contributed in kind to receive the issuance or disposal of the Company's common stock. In addition, for the issuance or disposal of the Company's common stock under the Plan, the Company and the Eligible Officers and Employees will enter into a restricted stock allotment agreement (the "Allotment Agreement"), which includes provisions that: (1) Eligible Officers and Employees shall not transfer, create a security interest in, or otherwise dispose of the new shares allotted under the Allotment Agreement (the "Subject Shares") for a certain period; and (2) the Company shall acquire the Subject Shares without consideration if certain events occur. The details of the restricted stock are as follows.

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)
Number of restricted shares granted	75,000 shares
Fair value at grant date	2,181 yen per share
Calculation method for fair value measurement	The grant date is the date of the agreement with the directors (June 26, 2024), and the fair value is calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the grant date.
Restriction period	For eligible directors, until the time immediately following their retirement from any of the positions of director, executive officer, executive officer not concurrently serving as director, Audit & Supervisory Board Member, employee (including non-regular employees), advisor, or consultant of the Company or its subsidiaries. For employees, the period is from July 26, 2024 to July 25, 2029.

	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Number of restricted shares granted	67,000 shares
Fair value at grant date	2,114 yen per share
Calculation method for fair value measurement	The grant date is the date of the agreement with the directors (June 25, 2025), and the fair value is calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the grant date.
Restriction period	For eligible directors, until the time immediately following their retirement from any of the positions of director, executive officer, executive officer not concurrently serving as director, Audit & Supervisory Board Member, employee (including non-regular employees), advisor, or consultant of the Company or its subsidiaries. For employees, the period is from July 24, 2025 to July 23, 2030.

Share-based payment expenses

Expenses related to stock options included in "Operating expenses" in the consolidated statement of profit and loss were 79 million yen for the previous consolidated fiscal year and 48 million yen for the current consolidated fiscal year. Expenses related to restricted stock compensation included in "Operating expenses" in the consolidated statement of profit and loss were 107 million yen for the previous consolidated fiscal year and 116 million yen for the current consolidated fiscal year.

30. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed in the table below.

(1) Transactions with related parties

Transactions with related parties are as follows.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

Class	Name	Description of transaction	Transaction amount	Outstanding balance
Affiliated company	Eastern Commercial Leasing p.l.c	Guarantee of liabilities (Note 1)	2,640	-
		Underwriting of capital increase (Note 2)	806	-

(Note 1) We provide debt guarantees for the company's borrowings from financial institutions.
The transaction amount includes the year-end balance of debt guarantees.

(Note 2) This represents the underwriting of a third-party allotment by the company at 1.3 THB per share.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

Class	Name	Description of transaction	Transaction amount	Outstanding balance
Affiliated company	Eastern Commercial Leasing p.l.c	Guarantee of liabilities (Note 1)	2,916	-

(Note 1) We provide debt guarantees for the company's borrowings from financial institutions.
The transaction amount includes the year-end balance of debt guarantees.

(2) Remuneration for key management personnel

Remuneration for key management personnel (directors of the Company) is as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
	million yen	million yen
Short-term employee benefits	178	162
Share-based payment	43	49
Total	221	211

The total amount of remuneration for key management personnel is determined by the general meeting of shareholders based on individual performance and market trends. Details of share-based remuneration are described in 'Note 29. Share-based payment'.

31. Paid-in capital and other capital

The total number of authorized shares and the total number of issued shares of the Company are as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	Shares	Shares
Total number of authorized shares		
Ordinary shares	144,000,000	144,000,000
Total number of shares issued		
Beginning of period	40,470,570	40,540,170
Exercise of warrants	69,600	170,493
End of period	40,540,170	40,710,663

Common stock: All shares are no-par value shares, and all issued shares are fully paid. Shareholders of common stock have the right to receive dividends whenever a resolution for dividends is made, and have one voting right per 100 shares at the general meeting of shareholders. Regarding the Company's shares (treasury shares) held by the Group, all rights are suspended until those shares are reissued.

Capital surplus: Under the Companies Act, capital surplus consists of capital reserves and other capital surplus. It is stipulated that the amount not incorporated into share capital upon the issuance of shares shall be incorporated into capital reserves. Capital reserves may be incorporated into share capital by resolution of the General Meeting of Shareholders. Other capital surplus includes surplus arising from the reduction of share capital and capital reserves, as well as gains on the disposal of treasury shares.

Retained earnings: Retained earnings consist of legal retained earnings and other retained earnings. The Companies Act stipulates that when paying dividends from surplus, one-tenth of the amount to be paid out must be set aside as capital reserves or legal retained earnings until the total of capital reserves and legal retained earnings reaches one-fourth of the share capital.

Increase in share capital and capital surplus

The increase in capital surplus in the previous consolidated fiscal year was due to the exercise of stock options of 7 million yen and restricted stock compensation of 43 million yen.

The increase in share capital and capital surplus in the current consolidated fiscal year was due to the exercise of stock options of 270 million yen, restricted stock compensation of 36 million yen, and a gain on the disposal of treasury shares of 801 million yen associated with the capital and business alliance with ITOCHU Corporation.

The Group manages its equity with the objective of maximizing corporate value through sustainable growth. To achieve this objective, the basic policy for equity management is to secure sufficient equity to implement flexible capital investments and to maintain a financially sound capital structure. The key indicator used for equity management is the debt-to-equity ratio, which is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Total Liabilities	166,039	173,670
Deduct: Cash and cash equivalents	17,159	26,111
Net debt	148,880	147,559
Total Equity	18,948	25,295

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Debt-to-equity ratio	7.86x	5.83x

Premium Co., Ltd. is required to maintain its net assets (the amount obtained by deducting total liabilities from total assets) at or above a certain level in accordance with the Installment Sales Act and other relevant laws and regulations. Specifically, 50 million yen is the minimum amount of net assets that must be maintained.

Some of the loan agreements that the Group has entered into with financial institutions (borrowing balance of 43,807 million yen as of March 31, 2026) include financial covenants, and the Group is in compliance with these covenants. The main borrowings are as follows.

(Millions of yen)

Contract name	Contract date	Lender	Balance of borrowings	Interest rate	Repayment deadline
Term loan	April 30, 2025	Aozora Bank, Ltd.	4,250	Fixed	Repayment every 3 months starting from July 2025; final repayment date: April 30, 2030
Term loan	March 31, 2026	Aozora Bank, Ltd.	5,000	Fixed	Repayment every 3 months starting from June 2026; final repayment date: March 31, 2031
Term loan	April 25, 2025	Mizuho Bank, Ltd.	4,250	Fixed	Repayment every 3 months starting from July 2025; final repayment date: April 30, 2030
Term loan	October 29, 2025	Mizuho Bank, Ltd.	4,750	Fixed	Repayment every 3 months starting from January 2026; final repayment date: October 31, 2030
Term loan	April 30, 2025	Rakuten Bank, Ltd.	3,825	Fixed	Repayment every 3 months starting from July 2025; final repayment date: April 30, 2030
Term loan	November 28, 2025	Rakuten Bank, Ltd.	4,750	Fixed	Repayment every 3 months starting from February 2026; final repayment date: November 29, 2030
Term loan	April 25, 2025	Sumitomo Mitsui Banking Corporation	3,400	Fixed	Repayment every 3 months starting from July 2025; final repayment date: April 30, 2030

The main financial covenants at the end of the current consolidated fiscal year are as follows.

(1) Maintain "Equity attributable to owners of parent" or "Total Equity" on the consolidated statement of financial position at 75% or more of the amount for the same period of the previous year in both the consolidated fiscal year and the interim consolidated accounting period.

(2) No loss before tax shall be recorded in the consolidated statement of profit or loss for two consecutive periods in each consolidated fiscal year and interim consolidated accounting period.

32. Dividends

Dividends paid are as follows.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Date of resolution	Class of shares	Source of dividends	Total dividends (million yen)	Dividend per share (yen)	Record Date	Effective date
Board of Directors meeting on May 27, 2024	Ordinary shares	Retained earnings	568	15.0	March 31, 2024	June 6, 2024
Board of Directors meeting on November 22, 2024	Ordinary shares	Retained earnings	759	20.0	September 30, 2024	December 5, 2024

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Date of resolution	Class of shares	Source of dividends	Total dividends (million yen)	Dividend per share (yen)	Record Date	Effective date
Board of Directors meeting on May 30, 2025	Ordinary shares	Retained earnings	761	20.0	March 31, 2025	June 11, 2025
Board of Directors meeting on November 21, 2025	Ordinary shares	Retained earnings	1,054	27.0	September 30, 2025	December 5, 2025

Dividends with a record date in the current consolidated fiscal year and an effective date in the following fiscal year

Date of resolution	Class of shares	Source of dividends	Total dividends (million yen)	Dividend per share (yen)	Record Date	Effective date
Board of Directors meeting on May 26, 2026	Ordinary shares	Retained earnings	1,050	27.0	March 31, 2026	June 4, 2026

33. Subsidiaries

The status of major subsidiaries at the end of the current consolidated fiscal year is as follows.

Name	Location	Principal business	Voting rights ratio (%) Previous consolidated fiscal year (March 31, 2025)	Voting rights ratio (%) Current consolidated fiscal year (March 31, 2026)
Premium Co., Ltd.	Japan	Credit Finance Business	100	100
Premium Warranty Services Co., Ltd.	Japan	Automobile Warranty Business	100	100
Premium Mobility Service Co., Ltd.	Japan	Auto Mobility Services Business	100	100

34. Investments accounted for using equity method

(1) Investments in affiliated companies

The carrying amounts of investments in individually immaterial affiliated companies are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Carrying amount	3,818	4,552

(Note) In the previous consolidated fiscal year, the Company acquired additional shares of Eastern Commercial Leasing p.l.c. for 806 million yen through the underwriting of a third-party allotment of shares.

The Group's share of comprehensive income of individually immaterial affiliated companies is as follows. These amounts are calculated after considering the Group's ownership interest.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	million yen	million yen
Share of profit for the period	138	279
Share of other comprehensive income	110	266
Share of comprehensive income for the period	248	545

(2) Investments in joint ventures

The carrying amounts of investments in individually immaterial joint ventures are as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
	million yen	million yen
Carrying amount	267	342

The Group's share of comprehensive income of individually immaterial joint ventures is as follows. These amounts are calculated after considering the Group's ownership interest.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	million yen	million yen
Share of profit for the period	(116)	(165)
Share of other comprehensive income	(6)	(3)
Share of comprehensive income for the period	(122)	(168)

35. Supplementary information to the consolidated statement of cash flows

(1) Non-cash transactions

Property, plant and equipment acquired through leases are as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	million yen	million yen
Right-of-use assets acquired through leases	3,677	465

(2) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows.

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025) (Millions of yen)

	April 1, 2024	Cash flows from financing activities	Changes not involving cash flows			March 31, 2025
			Acquisition of right-of-use assets	Changes due to amortized cost method	Other	
Short-term borrowings	-	500	-	-	-	500
Long-term borrowings	42,333	8,337	-	18	-	50,688
Lease liabilities	876	(995)	3,608	-	(102)	3,386
Total:	43,209	7,841	3,608	18	(102)	54,573

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026) (Millions of yen)

	April 1, 2025	Cash flows from financing activities	Changes not involving cash flows			March 31, 2026
			Acquisition of right-of-use assets	Changes due to amortized cost method	Other	
Short-term borrowings	500	(500)	-	-	90	90
Long-term borrowings	50,688	33,777	-	38	416	84,919
Lease liabilities	3,386	(1,078)	377	-	227	2,911
Total:	54,573	32,199	377	38	733	87,920

(3) Proceeds or expenditures from acquisition of subsidiaries

There are no significant proceeds or expenditures from the acquisition of subsidiaries.

36. Other comprehensive income

The amount arising during the period, reclassification adjustments to profit or loss, and tax effects for each item of other comprehensive income are as follows. For both the previous consolidated fiscal year and the current consolidated fiscal year, all items of other comprehensive income arise from items that may be reclassified to profit or loss.

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

	Amount for the period	Before tax effect	Tax effect	After tax effect
Items that may be reclassified to net profit or loss	million yen	million yen	million yen	million yen
Exchange differences on translation of foreign operations	(1)	(1)	-	(1)
Share of other comprehensive income of investments accounted for using equity method	150	150	(46)	104
Total items that may be reclassified to profit or loss	149	149	(46)	103
Total other comprehensive income	149	149	(46)	103

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

	Amount for the period	Before tax effect	Tax effect	After tax effect
Items that may be reclassified to net profit or loss	million yen	million yen	million yen	million yen
Exchange differences on translation of foreign operations	(6)	(6)	-	(6)
Share of other comprehensive income of investments accounted for using equity method	379	379	(116)	263
Total items that may be reclassified to profit or loss	374	374	(116)	258
Total other comprehensive income	374	374	(116)	258

37. Contingent liabilities

Except for financial guarantee contracts described in "Note 10. Financial Risk Management," there are no applicable items.

38. Subsequent events

Not applicable.

(2) [Other]

Quarterly information, etc. for the current consolidated fiscal year

(Cumulative period)	First quarter	Interim consolidated accounting period	Third quarter	Current Consolidated Fiscal Year
Operating revenue (million yen)	10,296	20,888	31,366	44,042
Interim (quarterly) profit before tax or Profit before tax (million yen)	1,707	3,730	5,897	8,619
Interim (current) (quarterly) profit attributable to owners of parent (million yen)	1,214	2,589	4,061	6,069
Basic interim (current) (quarterly) earnings per share (yen)	31.93	67.75	105.52	157.22

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic quarterly earnings per share (yen)	31.93	35.81	37.71	51.55

(Note) The Group prepares quarterly financial information for the first and third quarters in accordance with the rules stipulated by the financial instruments exchange, but such quarterly financial information has not been subject to a quarterly review.

2. [Financial Statements, etc.]

(1) [Financial Statements]

(1) [Balance Sheet]

(Millions of yen)

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
Assets		
Current assets		
Cash and deposits	1,499	4,453
Prepaid expenses	299	236
Accounts receivable	505	653
Other	59	765
Total current assets	2,363	6,106
Non-current assets		
Property, plant and equipment		
Buildings	5	4
Vehicles	20	12
Total property, plant and equipment	25	17
Intangible assets		
Trademark rights	3	2
Total intangible assets	3	2
Investments and other assets		
Investment securities	7	7
Shares of subsidiaries and associates	9,537	9,568
Long-term loans receivable from employees	305	422
Long-term loans receivable from subsidiaries and associates	6,797	13,260
Long-term prepaid expenses	43	41
Deferred tax assets	48	97
Other	18	20
Total investments and other assets	16,755	23,414
Total non-current assets	16,783	23,433
Total Assets	19,145	29,540
Liabilities		
Current liabilities		
Current portion of long-term borrowings	686	2,086
Lease obligations	8	2
Accrued expenses	173	189
Accrued expenses	39	55
Income taxes payable	50	144
Deposits received	56	32
Provision for bonuses	127	180
Other	24	87
Total current liabilities	1,161	2,775
Non-current liabilities		
Long-term borrowings	1,907	6,371
Long-term borrowings from subsidiaries and associates	7,420	8,670
Lease obligations	12	10
Total non-current liabilities	9,340	15,052
Total Liabilities	10,501	17,827

(Millions of yen)

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
Net assets		
Shareholders' equity		
Share capital	1,683	1,817
Capital surplus		
Capital reserve	480	615
Other capital surplus	1,209	2,071
Total capital surplus	1,690	2,686
Retained earnings		
Other retained earnings		
Retained earnings brought forward	8,019	9,233
Total retained earnings	8,019	9,233
Treasury shares	(3,019)	(2,275)
Total shareholders' equity	8,372	11,462
Exercise of warrants	272	251
Total net assets	8,645	11,713
Total liabilities and net assets	19,145	29,540

(2) [Statement of Income]

(Millions of yen)

	Previous Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Fiscal Year (From April 1, 2025 To March 31, 2026)
Operating revenue	7,180	6,843
Operating expenses		
General and administrative expenses	3,241	3,638
Operating profit	3,939	3,204
Non-operating income		
Interest income	49	161
Foreign exchange gains	3	4
Dividends from subsidiaries and associates	22	-
Other	2	8
Total non-operating income	76	173
Non-operating expenses		
Interest expense	118	262
Other	14	2
Total non-operating expenses	133	264
Ordinary profit	3,882	3,114
Profit before income taxes	3,882	3,114
Income taxes - current	44	134
Income taxes - deferred	8	(49)
Total income taxes	53	85
Profit	3,829	3,029

(3) [Statement of Changes in Equity]

Previous Fiscal Year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus: Capital reserve	Capital surplus: Other capital surplus	Capital surplus: Total capital surplus	Retained earnings: Other retained earnings: Retained earnings brought forward	Retained earnings: Total retained earnings	Treasury shares	Total shareholders' equity	Exercise of warrants	Total net assets
Balance at beginning of period	1,680	477	1,136	1,613	5,517	5,517	(3,109)	5,701	193	5,894
Changes for the period										
Dividends	-	-	-	-	(1,328)	(1,328)	-	(1,328)	-	(1,328)
Share-based payment transactions	3	3	73	76	-	-	90	169	-	169
Profit	-	-	-	-	3,829	3,829	-	3,829	-	3,829
Changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	79	79
Total changes during period	3	3	73	76	2,502	2,502	90	2,671	79	2,750
Balance at end of period	1,683	480	1,209	1,690	8,019	8,019	(3,019)	8,372	272	8,645

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus: Capital reserve	Capital surplus: Other capital surplus	Capital surplus: Total capital surplus	Retained earnings: Other retained earnings: Retained earnings brought forward	Retained earnings: Total retained earnings	Treasury shares	Total shareholders' equity	Exercise of warrants	Total net assets
Balance at beginning of period	1,683	480	1,209	1,690	8,019	8,019	(3,019)	8,372	272	8,645
Changes for the period										
Dividends	-	-	-	-	(1,815)	(1,815)	-	(1,815)	-	(1,815)
Share-based payment transactions	135	135	61	196	-	-	81	412	-	412
Profit	-	-	-	-	3,029	3,029	-	3,029	-	3,029
Purchase of treasury shares	-	-	-	-	-	-	(300)	(300)	-	(300)
Disposal of treasury shares	-	-	801	801	-	-	963	1,764	-	1,764
Changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	(22)	(22)
Total changes during period	135	135	862	997	1,214	1,214	744	3,090	(22)	3,068
Balance at end of period	1,817	615	2,071	2,686	9,233	9,233	(2,275)	11,462	251	11,713

[Notes]

(Significant Accounting Policies)

1. Valuation basis and valuation method for securities

Shares of subsidiaries and shares of affiliated companies

Stated at cost determined by the moving-average method.

2. Depreciation method for fixed assets

Property, plant and equipment

Buildings are depreciated using the straight-line method.

Vehicles are depreciated using the declining-balance method.

The principal useful lives are as follows:

Buildings 22 years

Vehicles 3 years

Intangible assets

Trademark rights are amortized using the straight-line method.

The principal useful lives are as follows.

Trademark rights 10 years

3. Basis for recording provisions

Provision for bonuses

To provide for the payment of employee bonuses, the Company records the amount of the estimated bonus payments attributable to the current fiscal year.

4. Basis for recording revenue and expenses

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., and recognizes revenue at the amount expected to be received in exchange for the promised goods or services at the time when control of such goods or services is transferred to the customer.

The details of the main contents of the principal businesses and the timing of revenue recognition are as described in the notes on revenue recognition.

(Significant accounting estimates)

Items for which amounts were recorded in the financial statements for the current fiscal year based on significant accounting estimates and which may have a significant impact on the financial statements for the following fiscal year are as follows.

1. Valuation of shares of subsidiaries and associates

(1) Amount recorded in the financial statements for the current fiscal year 9,568 million yen (9,537 million yen in the previous fiscal year)

The above includes 8,902 million yen (8,902 million yen in the previous fiscal year) of shares of subsidiaries and associates acquired at a price higher than the net assets per share derived from the financial statements, reflecting the excess earning power of the acquired companies.

(2) Information that contributes to the understanding of the content of significant accounting estimates related to the identified items

(1) Calculation method

For the above shares of subsidiaries and associates, if applicable, the excess earning power is reflected in the valuation of the real value. After acquisition, if the real value of the shares declines by approximately 50% or more, it is determined that the real value has declined significantly. If there is a significant decline, an impairment test is conducted by evaluating the recoverability within approximately five years. In the current fiscal year, there was no significant decline in the real value of shares of subsidiaries and associates acquired at a price reflecting excess earning power.

(2) Key assumptions

The key assumptions are the presence or absence of a significant decline in real value and its recoverability. The presence of a significant decline in the real value is examined by comparing the recent business conditions of the affiliated company with its business plan, etc., to determine if there are any indications of impairment in excess earning power, and for shares of affiliated companies whose real value has declined significantly, whether their recoverability is sufficiently supported by business plans, etc.

(3) Impact on financial statements for the following fiscal year

If the real value or its recoverability changes due to changes in the performance of affiliated companies, etc., it may have a significant impact on the impairment judgment in the following fiscal year.

(Changes in accounting policies)

Not applicable.

(Changes in presentation methods)

Not applicable.

(Notes to the balance sheet)

1. Monetary receivables from or payables to affiliated companies

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
	million yen	million yen
Short-term monetary receivables	528	670
Short-term monetary payables	49	62

2. Accumulated depreciation of property, plant and equipment

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
	million yen	million yen
Accumulated depreciation	12	4

3. Guarantee obligations

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
	million yen	million yen
Guarantee obligations for long-term borrowings of subsidiaries	1,875	9,550
Guarantee obligations for loan guarantees of subsidiaries	330,027	305,090

(Notes to the statement of income)

1. The following amounts related to transactions with affiliated companies are included:

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Net sales to affiliated companies	million yen	million yen
Operating revenue	7,180	6,843
Operating expenses related to affiliated companies		
Secondment charges (Note)	(3,784)	(4,033)
Other (Note)	208	223
Non-operating income related to affiliated companies		
Interest income	45	151
Dividends	22	-
Non-operating expenses related to affiliated companies		
Interest expense	103	147

(Note) Income from secondment contributions from affiliated companies and receipts for advanced expenses are presented as negative (△) in secondment contributions and other under operating expenses.

2. Major items and amounts of general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
	million yen	million yen
Salaries and allowances (Note)	661	821
Rent expenses	288	395
Advertising expenses	703	634

(Note) Salaries and allowances are presented after deducting income from secondment contributions from affiliated companies.

(Securities)

All securities held by the Company are shares of subsidiaries and affiliated companies without market prices, and their balance sheet carrying amounts are as follows.

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
	Million yen	Million yen
Shares of subsidiaries	9,493	9,493
Shares of associates	44	75

(Revenue recognition)

The Company records 3,777 million yen (3,284 million yen in the previous fiscal year) in management guidance fees from affiliated companies as revenue. Regarding management guidance fees, the performance obligation is to provide entrusted services in accordance with the contract details, and since the Company's performance obligation is satisfied at the time the services are performed, revenue is recognized at that time.

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
Deferred tax assets	million yen	million yen
Provision for bonuses	45	66
Share-based payment expenses	109	155
Other	18	46
Total deferred tax assets	172	267
Valuation allowance for total deductible temporary differences, etc.	(124)	(170)
Subtotal of valuation allowance	(124)	(170)
Net deferred tax assets	48	97

2. Breakdown by major items of the cause of significant differences between the statutory effective tax rate and the burden rate of corporate tax, etc. after the application of tax effect accounting

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
	%	%
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Non-taxable dividend income (Note)	(30.1)	(29.8)
Changes in valuation allowance	1.1	1.5
Other	(0.3)	0.4
Effective tax rate after application of tax effect accounting	1.4	2.7

(Note) Dividend income is primarily due to dividends from Premium Co., Ltd. to the Company.

3. Changes in corporate tax rates, etc. after the fiscal year-end

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was promulgated on March 31, 2025, and the special corporate tax for defense will be imposed from fiscal years beginning on or after April 1, 2026.

Due to this revision, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities expected to be realized in fiscal years beginning on or after April 1, 2026, has been changed from 30.6% to 31.5%. The impact of this change in tax rate is immaterial.

(Significant Subsequent Events)

Not applicable.

(4) [Supplementary Schedules]

[Schedule of Property, Plant and Equipment, etc.] (Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Depreciation during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	5	-	-	0	4	2
	Vehicles	20	-	6	2	12	2
	Total	25	-	6	2	17	4
Intangible assets	Trademark rights	3	-	-	0	2	1
	Total	3	-	-	0	2	1

[Schedule of Provisions] (Millions of yen)

Category	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Provision for bonuses	127	180	127	180

(2) [Details of Major Assets and Liabilities]

Since consolidated financial statements are prepared, this information is omitted.

(3) [Other]

Not applicable.

6. [Overview of Share Handling of the Filing Company]

Fiscal Year	From April 1 of each year to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
Record Date	March 31 of each year
Record Date for Dividend of Surplus	September 30 and March 31 of each year
Number of Shares per Unit	100 shares
Purchase of Shares Less Than One Unit	
Handling Office	Securities Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Shareholder Register Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Handling Office	-
Purchase Fee	Free of charge
Method of Public Notice	The Company's public notices are provided by electronic public notice. However, in the event that electronic public notice is unavailable due to accidents or other unavoidable circumstances, public notices will be published in the Nihon Keizai Shimbun. The URL for the Company's public notices is as follows: https://ir.premium-group.co.jp/ja/public_notice.html
Shareholder Benefits	None

(Note) The Company's Articles of Incorporation stipulate that shareholders may not exercise any rights other than those listed below with respect to their shares less than one unit.

(1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act

(2) Rights to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act

(3) Rights to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder

7. [Reference Information of the Filing Company]

1. [Information on the Parent Company, etc. of the Filing Company]

The Company has no parent company, etc. as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. [Other Reference Information]

The following documents have been filed between the beginning of the current fiscal year and the date of submission of the Annual Securities Report.

(1) Annual Securities Report and its attachments, and Confirmation Letter

Fiscal Year (10th term) (from April 1, 2024 to March 31, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on June 24, 2025

(2) Internal Control Report and its attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 24, 2025

(3) Semi-annual Securities Report and Confirmation Letter

(11th term, first half) (from April 1, 2025 to September 30, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on November 14, 2025

(4) Extraordinary Report

(1) Filed with the Director-General of the Kanto Local Finance Bureau on June 25, 2025
This is an Extraordinary Report pursuant to Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (events that have a significant impact on financial position, operating results, and cash flows).

(2) Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Results of Exercise of Voting Rights at General Meeting of Shareholders).

(3) Submitted to the Director-General of the Kanto Local Finance Bureau on October 31, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(4) Submitted to the Director-General of the Kanto Local Finance Bureau on October 31, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(5) Submitted to the Director-General of the Kanto Local Finance Bureau on October 31, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(6) Submitted to the Director-General of the Kanto Local Finance Bureau on October 31, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(7) Submitted to the Director-General of the Kanto Local Finance Bureau on November 28, 2025
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(8) Submitted to the Director-General of the Kanto Local Finance Bureau on January 6, 2026
This is an extraordinary report based on Article 19, Paragraph 2, Item 12-4 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants).

(9) Submitted to the Director-General of the Kanto Local Finance Bureau on January 23, 2026
This is an extraordinary report based on Article 19, Paragraph 2, Item 19 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Events Having a Material Impact on the Financial Position, Operating Results, and Cash Flows of Consolidated Companies).

(10) Submitted to the Director-General of the Kanto Local Finance Bureau on March 31, 2026
This is an extraordinary report based on Article 19, Paragraph 2, Item 20 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Financial Covenants of Consolidated Subsidiaries).

(11) Submitted to the Director-General of the Kanto Local Finance Bureau on May 26, 2026

This is an extraordinary report based on Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Change in Parent Company or Specified Subsidiary).

(5) Securities Registration Statement (Reference Method) and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2025

(6) Amended Extraordinary Report

(1) Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2026

This is an amendment to the Extraordinary Report (events having a material impact on the financial position, operating results, and cash flows of the consolidated company) submitted on January 27, 2025.

(2) Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2026

This is an amendment to the Extraordinary Report (events having a material impact on the financial position, operating results, and cash flows) submitted on June 25, 2025.

(3) Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2026

This is an amendment to the Extraordinary Report (events having a material impact on the financial position, operating results, and cash flows of the consolidated company) submitted on January 23, 2026.

(7) Report on Status of Purchase of Treasury Shares

Reporting period (from February 1, 2026 to February 28, 2026) Submitted to the Director-General of the Kanto Local Finance Bureau on March 13, 2026

Reporting period (from March 1, 2026 to March 31, 2026) Submitted to the Director-General of the Kanto Local Finance Bureau on April 13, 2026

Reporting period (from April 1, 2026 to April 30, 2026) Submitted to the Director-General of the Kanto Local Finance Bureau on May 15, 2026

Reporting period (from May 1, 2026 to May 31, 2026) Submitted to the Director-General of the Kanto Local Finance Bureau on June 12, 2026

(8) Shelf Registration Statement (Share Certificates, Bond Certificates, etc.) and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on May 29, 2026

Part II: Information on Guarantor Companies, etc. of the Filing Company

Not applicable