COMPANY RESEARCH AND ANALYSIS REPORT

Nissan Tokyo Sales Holdings Co., Ltd.

8291

Tokyo Stock Exchange Prime Market

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Summary

Outpacing other companies with favorable EV sales

1. One-stop car life services as a frontrunner in the comprehensive mobility business

Nissan Tokyo Sales Holdings Co., Ltd. <8291> (hereafter, also "the Company") is a holding company under whose umbrella includes vehicle sales subsidiaries affiliated with Nissan Motor Corporation <7201>. Nissan Tokyo Sales Co., Ltd., a subsidiary under the the Company's umbrella, conducts businesses including sales of new Nissan and Renault brand vehicles, trade-ins and sales of used vehicles, and vehicle maintenance. The Company is one of the largest auto-dealerships in Japan, with a sales area covering nearly 90% of the population of metropolitan Tokyo, and provides one-stop car life services as a frontrunner in the comprehensive mobility business*. In peripheral businesses within the Group, the Company, also conducts original businesses that do not rely on the Nissan brand. In addition, TOKYO NISSAN COMPUTER SYSTEM CO., LTD. <3316>, a publicly listed subsidiary, is engaged in an information systems-related business, centered on a solutions-provider business.

* The mobility business encompasses services for facilitating smooth automotive travel and transport, in addition to sales and maintenance.

2. Strengths: EV pioneer, customer base of 350,000 transactions, dealership network, and best practices

It is believed that the automotive industry is currently in the midst of a period of significant transformation against a backdrop of rapidly developing cutting-edge technologies, environmental problems, and other such factors. Meanwhile, the Company maintains advantages as a frontrunner in the comprehensive mobility business, which enable it to adapt to this era. These advantages are underpinned by strengths that include the Company's industry-leading sales and service systems and expertise as a pioneer of EV sales, recurring business through its customer base of 350,000 transactions, its dominant dealership network in Tokyo, which includes 111 new vehicle dealerships (incl. five Renault dealerships), and its best practices entailing rapid sharing and. horizontal development of expertise and information, which have been continuously conducted up to the present time since the three Nissan sales companies joined the Group. In its mobility business, the Company leads other companies when it comes to personal leasing where it boasts a substantial market share of 40% in metropolitan Tokyo and provides advantages in terms of ensuring rapid vehicle replacement and securing premium-quality used vehicles.

3. Has formulated a new medium-term management plan for a period of significant transformation in the automotive industry and is targeting operating profit of ¥6.5bn in FY3/27

As a specific means of addressing the period of significant transformation in the automotive industry, the Company has set a new corporate philosophy of "We will accelerate the evolution of mobility to open up a whole new era. We will keep moving forward toward a future full of smiles." and it has identified four materialities (important issues), including responding to climate change and realizing a safe and secure society. To realize them, it has formulated a new four-year medium-term management plan (FY3/24 to FY3/27) and as the priority strategies, it intends to be a leader in vehicle electrification and to progress safety and driving-support technologies and the mobility business. Through these strategies, it is aiming to recover the number of new vehicle sales to the same level as before the novel coronavirus pandemic (hereafter, COVID-19), as well as to accumulate recurring business and to optimize equipment costs and other costs. For FY3/27, its financial targets including achieving operating profit of ¥6.5bn, while its non-financial targets include realizing a passenger vehicle electrification ratio of at least 90%.

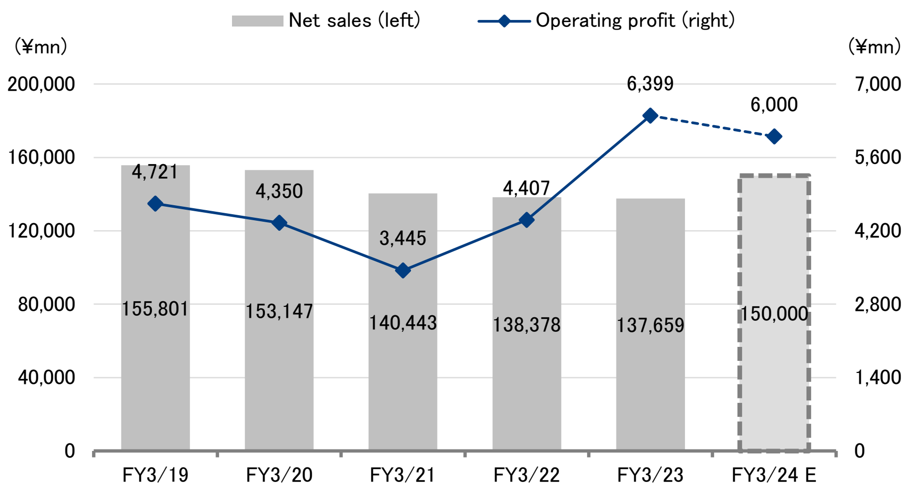
4. Significant operating profit increase in FY3/23 attributable to the Company outpacing other companies in EV sales

With respect to results of FY3/23 prior to launch of the medium-term management plan, net sales were ¥137,659mn (down 0.5% year-on-year (YoY)) and operating profit increased significantly to ¥6,399mn (up 45.2%; sales actually increased considering the notion that GTNET was removed from the scope of consolidation). These results are underpinned by mounting appetite for purchasing the Company's EVs amidst the trend of automotive electrification, thereby suggesting that the Company has outpaced other companies in EV sales. For the FY3/24 results outlook, the Company is forecasting net sales of ¥150,000mn (up 9.0% YoY) and operating profit of ¥6,000mn (down 6.2%). The Company projects a downturn in operating profit particularly given a likelihood that it will incur effects of higher costs due to rising prices and lack of vehicle-supply due to the semiconductor shortage, although that seems to be easing to some extent. However, the projected downturn in profit seems somewhat conservative given potential for the period of significant transformation to underpin steady progress and revenue growth under the medium-term management plan.

Key Points

- Strengths include that it is an EV pioneer and has a customer base of 350,000 transactions and a dealership network
- Significant operating profit increase in FY3/23 attributable to the Company outpacing other companies in EV sales
- Aiming for profit growth under the medium-term management plan, underpinned by a period of significant transformation that occurs once a century.

Results trends



Source: Prepared by FISCO from the Company's financial results

Company outline

Serving as a frontrunner in the comprehensive mobility business while encountering a major shift in the prevailing automotive industry landscape

1. Company outline and history

The Company is the holding company that supervises five consolidated subsidiaries, including Nissan Motor-affiliated auto-dealerships (Nissan Tokyo Sales) and three non-consolidated subsidiaries. The Company's subsidiary Nissan Tokyo Sales engages in the business of selling Nissan and Renault brand vehicles based in Tokyo, which is located in the center of Japan with a large population concentration. It boasts substantial scale as one of the largest dealerships among Tokyo's auto dealerships even among nationwide Nissan-affiliated dealerships. It mainly sells cutting edge-vehicles, such as the EV of Nissan Motor and its group companies, and purchased parts. Its businesses also includes trade-ins and sales of used vehicles and conducting vehicle body maintenance and mandatory vehicle inspections. It also provides customers with a full range of one-stop services related to car life, serving as a frontrunner in the comprehensive mobility business. TOKYO NISSAN COMPUTER SYSTEM, which is a listed company in the Group, provides support to Nissan Tokyo Sales in the DX area, such as an efficient sales system that utilizes big data. In addition, as a managed services* company, it conducts the information systems-related business, which is primarily a solutions provider business for clients outside the Group.

* Managed services: Outsourcing services to provide support to customer companies for situations like consolidating core work and improving work efficiency and productivity, not only by administering, managing and monitoring customer companies' information assets, but also by utilizing IT to continuously provide new value.

2. History

The Company was founded in Tokyo City in 1942 as Tokyo Prefecture Automobile Supply Co., Ltd., based on the Ministry of Commerce and Industry's Guidelines to Establish an Automobile and Automobile Parts Supply Structure. After the war in 1946, it changed its company name to Tokyo Nissan Auto Sales Co., Ltd., and subsequently its business scope gradually expanded alongside motorization, and in 1961, it was listed on the Tokyo Stock Exchange (TSE) 1st Section. In 1989, it established TOKYO NISSAN COMPUTER SYSTEM to enter the systems business; in 2002, it established Shakenkan to strengthen mandatory vehicle inspections; and then in 2004, TOKYO NISSAN COMPUTER SYSTEM was listed on the JASDAQ market. Also, in the same year, it transitioned to a holding company structure through a company split and changed the company name to East Japan Car Life Group Co., Ltd. In 2008, it conducted a capital increase through a third-party allocation for NISSAN NETWORK HOLDINGS COMPANY LIMITED, which is a subsidiary of Nissan Motor, and it became an equity-method affiliate of Nissan Motor. In 2011, it made the three Tokyo-based companies — Nissan Auto Sales Co, Ltd., Nissan Prince Tokyo Sales Co., Ltd., and Nissan Prince West Tokyo Sales Co., Ltd. — into Group companies, thereby significantly expanding its Nissan vehicles dealership business, including undertaking practically all sales of Nissan vehicles in Tokyo. Alongside the transition to the new holding company structure, it changed its company name to the current Nissan Tokyo Sales Holdings Co., Ltd. The Company integrated the three Nissan sales companies in July 2021, 10 years after they joined the Group, to establish Nissan Tokyo Sales Co., Ltd. to further improve efficiency and scale merits, thereby forming the largest auto-dealership in Japan in both name and reality. Against the backdrop of the rapid developments of cutting-edge technologies, environmental problems, and other factors, the automotive industry is currently undergoing dramatic changes to its business environment to the extent. The Company is presently conducting proactive management to respond to these changes to its business environment.

History

Date	Description
November 1942	Established as Tokyo Prefecture Automobile Supply Co., Ltd., in Kyobashi Ward, Tokyo City
October 1943	Changed company name to Metropolitan Tokyo Automobile Maintenance Supply Co., Ltd.
February 1946	Changed company name to Tokyo Auto Sales Co., Ltd.
December 1946	Changed company name to Tokyo Nissan Auto Sales Co., Ltd.
September 1955	Relocated the Head Office to Tameike, Minato Ward
October 1961	Listed on the TSE 1st Section
January 1971	Relocated Head Office to Roppongi, Minato Ward
March 1977	Made Tokyo Nissan Motor Co., Ltd., a base and accepted some personnel
April 1982	Established Tohnichi Services Co., Ltd.
July 1985	Acquired part of the sales of New Tokyo Nissan Auto Sales Co., Ltd.
March 1989	Established TOKYO NISSAN COMPUTER SYSTEM CO., LTD.
June 1999	Established Showajima Service Center Co., Ltd.
July 2000	Relocated the Head Office to Nishi Gotanda, Shinagawa Ward
October 2002	Established Shakenkan Co., Ltd.
August 2003	Tohnichi Services conducted an absorption merger of Showajima Service Center and changed the company name to Ace Auto Services Co., Ltd.
March 2004	TOKYO NISSAN COMPUTER SYSTEM was listed on the JASDAQ market
April 2004	Transitioned to a holding company structure through a company split and changed the company name to East Japan Car Life Group Co., Ltd.
February 2008	Conducted a capital increase through a third-party allocation of shares for NISSAN NETWORK HOLDINGS COMPANY LIMITED
April 2011	Made subsidiaries of Nissan Prince Tokyo Sales Co., Ltd., and Nissan Prince West Tokyo Sales Co., Ltd.
April 2011	Transitioned to a new holding company structure for the greatly expanded Nissan dealership business and changed the company name to Nissan Tokyo Sales Holdings Co., Ltd.
April 2012	Changed the company name of Ace Auto Services to NT AUTO SERVICE INC.
July 2021	Will integrate the three Nissan-affiliated vehicle sales subsidiaries (scheduled) Integrated the three Nissan-affiliated vehicle sales subsidiaries, established Nissan Tokyo Sales Co., Ltd.
April 2022	Listing was transferred to the TSE Prime Market

Source: Prepared by FISCO from the Company's securities report, etc.

Managing business aligned with the auto industry's period of significant transformation

3. Trends in the automotive industry

The global confusion in production and distribution due to COVID-19 and other factors remains, and on the one hand demand for semiconductors and parts is increasing for information devices, home appliances, vehicles and other products because of the economic recovery. Meanwhile, semiconductor volume per product has been trending higher due to increasing sophistication of product functions. As such, the manufacturing sector continues to encounter production disruptions due to shortages of semiconductors and various other components, albeit the shortages have been easing somewhat. Meanwhile, it is widely believed that vehicle-supply shortages will persist in the automotive industry again throughout 2023. Although this suggests the likelihood of a somewhat severe environment with respect to the automotive industry in the short term, the industry is poised to extend its reach over the medium to long term amid a shift to more advanced technologies and environmental measures including those for achieving lower CO_2 emissions. Such predictions have caused the automotive industry to turn its attention to trends involving CASE and MaaS. CASE is an acronym of C (Connected), A (Autonomous), S (Shared & Services) and EV (E: Electric) that expresses the great reforms that is occurring in the automotive industry. On the other hand, a trend occurring in parallel with CASE is MaaS (Mobility as a Service), which is a concept in which to respond to movement needs on the unit of the individual, the optimal combinations of various transport methods are planned, reserved, and paid for as a one-stop service. MaaS is based on the concept of approaching movement (mobility) itself as a service, and accordingly regarded as one means of adapting to the period of significant transformation in the automotive industry.

Whereas EVs are rapidly becoming more prevalent in Europe and China amidst this period of significant transformation, in Japan the focus on EVs seems to be more prominent than their actual widespread adoption. This is attributable to a situation where Nissan Motor is one of the few domestic automakers that have made full-fledged entry into the EV market, and the proportion of EVs with respect to the number of new vehicle sales remains very small. For this reason, retailers and gas stations with parking lots that could help with the build out of EV infrastructure such as chargers are unable to fully commit to investment in light of the cost and the prospects for recovery, thereby giving rise to a situation where the lack of a sufficient number of chargers makes consumers hesitate to purchase EVs. Amid these circumstances, the Company embraces the approach of achieving business growth by encouraging early adoption of EVs and other electrified vehicles. Therefore, as described later in this report, the Company is promoting business operations aligned with CASE technologies and strengthening the mobility business with respect to MaaS, which entails a shift to more advanced technologies with respect to IoT, Pro-PILOT driving-support and other technologies associated with autonomous driving, P.O.P personal car leasing and other services associated with shared mobility, and focusing on environmentally advantageous EV sales with respect to electric vehicles. Given the Company's position as a leading force in the realm of EVs in Japan, it continues to actively invest in infrastructure, which in part entails installing rapid chargers available for use by all EVs including those of other automakers at each of its dealerships.

Amid these circumstances, the Company integrated its three sales companies, which had maintained separate sales territories, in July 2021. This included the former Tokyo Nissan Auto Sales, the former Nissan Prince Tokyo Sales (including the virtual company Renault NT Sales), and the former Nissan Prince West Tokyo Sales. Whereas the Company's base encompasses all of the Tokyo area aside from its eight central wards* and covers nearly 90% of Tokyo's population of approximately 14mn people, it is building an operational framework aligned with developments with respect to CASE technologies and MaaS by more effectively leveraging this fertile ground and enlisting its capability for harnessing synergies in various areas, including sales, maintenance, and dealership management. Meanwhile, Toyota Motor Corporation <7203>, which is the automotive industry's largest manufacturer and had formerly been perceived as an automaker that focuses on hybrid vehicles and fuel cell vehicles (FCVs), has entered the EV sector with an expansive lineup of vehicles. Whereas this obviously exposes the Company to competition, it has also culminated in advantages in that expansion of EV options has had substantially energized the market, and has furthermore given rise to greater possibilities in terms of accelerating the development of domestic EV infrastructure amid reduced investment barriers such as those associated with charging equipment. This can be described as a. welcome development for the Company, which has served as a pioneer in the EV sector.

* Incidentally, the eight wards, which are Chiyoda, Chuo, Minato, Shinjuku, Bunkyo, Taito, Shibuya and Toshima wards, correspond to metropolitan Tokyo's city center, and this area is slated for a business being developed by a Nissan Motor consolidated subsidiary, mainly for corporate demand

Business description

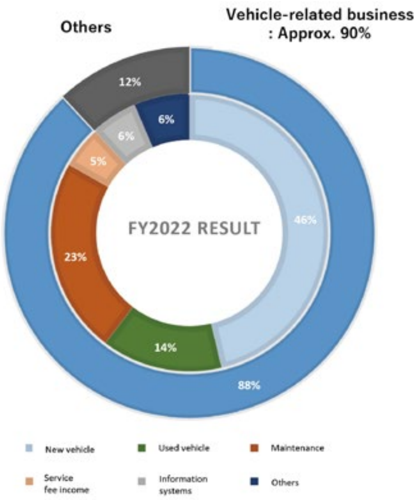
Business structure that strikes a favorable earnings balance

1. Business description

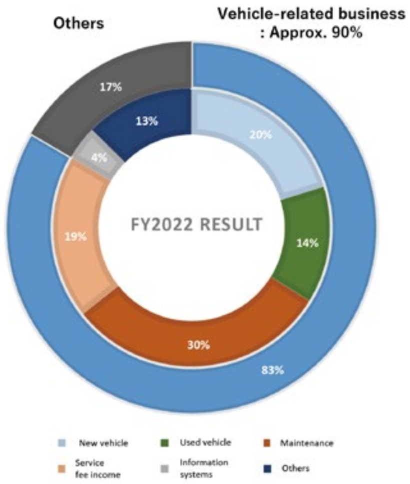
The Company provides one-stop solutions with respect to car life services with a focus on electrified vehicles*1, and its business is divided into three business segments: the vehicle-related business, the information systems-related business, and other businesses. The vehicle-related business is further subdivided into new vehicle sales, used vehicle sales, maintenance, and others. In FY3/23, the vehicle-related business contributed the majority of net sales, of approximately 88%, while new vehicle sales constituted more than half of these sales. Meanwhile, the Company has achieved a favorable balance in terms of profit across the realms of new vehicles, used vehicles, maintenance, service fee income, information systems, and other domains. The relationship between Nissan Motor and Nissan Tokyo Sales is mainly that Nissan Tokyo Sales purchases vehicles and parts from Nissan Motor and then sells them to general consumers and others. However, Nissan Tokyo Sales also plays the role of connecting Nissan Motor to the consumer, such as for conducting PR and holding test drive events for cutting-edge technologies like EV, Pro-PILOT, e-POWER*2, e-4ORCE (a four-wheel control technology), and expanding installations of rapid chargers.

*1 Electrified vehicles: Electric vehicles (EV), plug-in hybrid vehicles (PHEV, PHV), hybrid vehicles (HEV, HV), and fuel cell vehicles (FCEV, FCV). In the case of the Company, EV, e-POWER, and hybrid vehicles.
*2 e-POWER: used only for generating engine power in Nissan's proprietary hybrid unit, it has the same driving feel as an EV.

Breakdown of net sales



Breakdown of gross profit



* FY3/23
Source: Reprinted from the Company's financial results briefing materials

(1) The vehicle-related business

Nissan Tokyo Sales sells new Nissan vehicles and of course handles all Nissan vehicle models. Whereas Nissan Motor incurred a temporary period during which it launched few new models relative to brands of other companies, it has since revitalized its sales and is encountering a trend of rising new customer numbers as a result of having actively launched new models in recent years. Alongside this, the Company has introduced NISSAN TOKYO Virtual test drive*, which enables people to experience test driving vehicles with cutting-edge technologies. It has also been proceeding with renovations in transitioning to Nissan Retail Concept (NRC) new generation dealerships tailored to increasingly diverse expectations and lifestyles of its customers. For Renault vehicles, Nissan Tokyo Sales manages five sales dealerships that serve as virtual companies specializing in Renault vehicles, and in nationwide dealerships, it ranks No.1 for the number of vehicles sold (from a FY2022 Renault Japon Co., Ltd. survey).

* NISSAN TOKYO Virtual test drive: a joint development with Panasonic System Design Co., Ltd. and others, it is a system that enables you to take a virtual test drive using a large monitor without having to wear VR goggles. It has been installed in the permanent exhibition hall of a shopping mall. It is a system that enables you to experience virtually that excitement of driving cars that you could not normally experience, including with advanced technologies like the Intelligent Emergency Brake and Pro-PILOT, which is a driving-support technology that can be used on the expressway, and to drive the powerful NISSAN GT-R, a specialty sports car that Nissan is proud of.

(2) Personal leasing P.O.P

Against the backdrop of factors such as its declining birthrate and aging population, declining population, and the downward trend in the vehicle ownership rate, Japan is currently in an era when the number of new vehicle sales nationwide is trending unchanged at around 5mn vehicles. So in order for dealerships to grow as companies, they must increase the profitability of new and used vehicle sales through scale merits and consolidation and also develop proprietary strategies to promote growth other than from sales of new and used vehicles. For this, the Company is focusing on P.O.P personal car leasing service for which it has a history of more than 25 years and a high market share of about 40%. In particular, the “zero deposit, tax and charges included, and a fixed price” P.O.P is a service that is extremely convenient for contemporary consumers who consider it acceptable to use a vehicle without owning it. For the Company as well, P.O.P personal leasing is a business with excellent sales efficiency in part given that more than 70% of customers change over to a subsequent vehicle in three years compared to the usual purchase-replacement cycle of 10 years in general, and given that the business achieves a more than 90% rate of repeat business. At the same time, the P.O.P business brings the advantage of it serving as a source of premium-quality used vehicles given that customers leasing its vehicles hold them for a period that is less than half the average. In addition to these distinctive characteristics of personal leasing, the concept of sharing and leasing has also spread to consumers in the automotive industry, resulting in a situation where other companies have also started enhancing their personal leasing services in recent years. It seems likely that the Company’s personal leasing business will gain momentum from a situation of expanding options for consumers and expectations that this will stimulate the market.

The website of the personal leasing P.O.P. brand

Source: The Company’s website

(3) Vehicle-related other than new vehicles

The Company sells new vehicles, handles trade-ins and sales of used vehicles, and otherwise provides services such as maintenance and mandatory vehicle inspections. It furthermore facilitates turnover of used vehicle sales through its sales of new vehicles, and has formed a stable value chain by amassing sales from maintenance and other recurring business. Trade-ins and sales of used vehicles constitute one pillar of the Company’s earnings while simultaneously serving as a means of promoting new vehicle sales. Trade-ins are provided through Nissan Kauzo, a service managed by the Nissan dealership network including the Company, which offers trade-ins at high prices by eliminating the intermediary margin. For sales, it handles used vehicles that are certified by Nissan Motor at its Quality Shops after they clear the Company’s strict service levels, and they are provided with a full warranty and after-sales services. Meanwhile, the Nissan Motor official used vehicles website enables shoppers to compare and review nearly 20,000 used vehicles.

Maintenance is conducted as one of the pillars of Nissan Tokyo Sales' recurring business, and the subsidiary NT AUTO SERVICE, which is a large-scale, comprehensive vehicle maintenance company, plays the role of being the Group's concentrated center for services, including vehicle body panel work and painting, mandatory vehicle inspections, and maintenance of purchased vehicles through services with assured levels of quality and the latest equipment as its specialized business. It has 7 service centers in Tokyo and 1 in Saitama that are equipped with industry-leading technologies that can deal with the aluminum bodies of luxury imported vehicles, and they have a track record of conducting mandatory vehicle inspections for 40,172 vehicles and have conducted body panel work and painting for a total of 17,964 vehicles (FY3/23). Vehicle inspection work is also carried out by Nissan Tokyo Sales, as well as Shakenkan, an operator of specialist vehicle inspection workshops, including for non-brand vehicles. Shakenkan has a network of 12 specialist vehicle inspection workshops in Tokyo, Kanagawa, Saitama, and Chiba., and the selling points include that all of its workshops are designated plants with the latest equipment and that employees with national certification use assured technologies to inspect the vehicles.

It also conducts other businesses including a general insurance and life insurance agency business, a vehicle transportation and registration agency business, a dealership specialized in campervans that use a Nissan vehicle as the base vehicle, and real estate rentals, and diversifying to these businesses that are peripheral to vehicle sales is leading to increased Group synergies and acquisitions of a wide range of users.

(4) The information systems-related business

As a managed services company, TOKYO NISSAN COMPUTER SYSTEM sells hardware and software, including the "ITte" integrated management service, to auto-dealerships nationwide. It also manages information assets such as data centers and provides support for management and monitoring work and to improve work efficiency and productivity. TOKYO NISSAN COMPUTER SYSTEM is listed on the TSE Standard Market and is the Company's subsidiary (the Company's equity is 53.8%), but its reliance on the Nissan Tokyo Sales Group is extremely low and it can be basically said to be independent. The IT industry, to which TOKYO NISSAN COMPUTER SYSTEM belongs, is growing in the context of the shift to online due to COVID-19 and DX in society as a whole. In this sort of business environment, TOKYO NISSAN COMPUTER SYSTEM has established its vision of being an "ICT solutions company that considers the future of customers to co-create businesses" and aims to be the best partner that supports its customers' sustainable growth as a managed services company that creates value for customers. Also, the Company is being required to conduct DX, so this company is providing a framework so that the big data accumulated in the Group, such as on customers, vehicles sold, and various driving conditions and traffic conditions, can be utilized for business. Going forward, TOKYO NISSAN COMPUTER SYSTEM can have an extremely important presence for the Company in terms of improving its sales efficiency.

Competitive edge as a frontrunner in the comprehensive mobility business

2. Company strengths

The Company maintains a competitive edge in serving as a frontrunner in the comprehensive mobility business in this era of CASE technologies and MaaS. This competitive edge is underpinned by the Company's strengths particularly in terms its position as a (1) pioneer in EV sales, its (2) recurring business with a customer base of 350,000 transactions, its (3) network of dealerships based in local communities, and its (4) best practices.

(1) Pioneer in EV sales

As a pioneer of EV sales, the Company maintains industry-leading EV sales and service systems as well as expertise. In the domain of sales and leasing, the Company boasts a track record of sales exceeding 10,000 vehicles cumulatively over 12 years along with a full EV lineup that includes the LEAF, which was Japan's first mass-market EV, the ARIYA sports utility vehicle, and the SAKURA EV minicar. The Company also offers EV consultation that involves providing EV chargers for the home and vehicle-to-home (V2H) systems that make it possible to use electricity stored in EVs for household purposes. Its maintenance framework comprises a reliable maintenance system with 700 Nissan EV certified maintenance engineers along with three EV heavy machinery maintenance plants through NT AUTO SERVICE. The Company has installed approximately 100 rapid vehicle chargers in urban locations, which serve as an essential element of the EV infrastructure. The rapid chargers are available for use 24 hours a day, 365 days a year and have a track record exceeding 20,000 charging sessions per month. The Company has also deployed 83 portable Power Mover emergency power sources for use in the event of disaster.

(2) Recurring business with a customer base of 350,000 transactions

The Company achieves servicing volume amounting to approximately 700,000 vehicles annually, which is attributable to new and used vehicle sales. Through this, the Company has been developing its recurring business enlisting its customer base of 350,000 transactions. This includes personal leasing (approx. 10,000 vehicles owned), maintenance income-generating Maintenance Pack members (approx. 120,000 members), financial products (usage rate of approx. 50%), and insurance contracts (approx. 130,000 insurance contracts). The Company's consistent recurring revenue derived from transactions with its existing customers gives rise to a more robust earnings structure with an operating expenses coverage rate of approximately 90%.

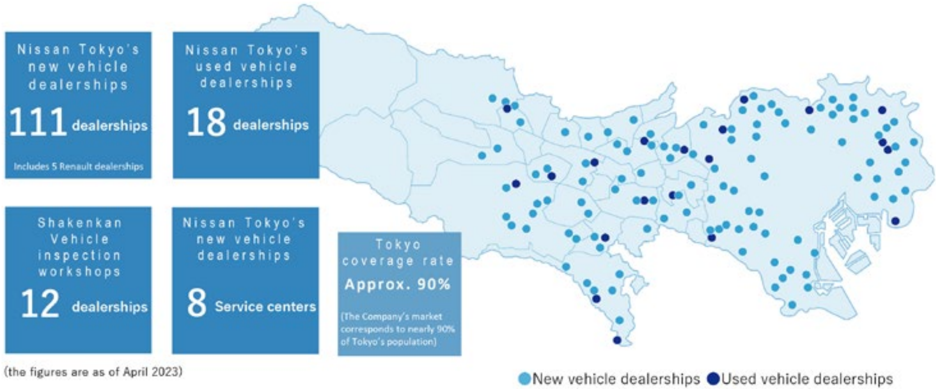
(3) Network of dealerships based in local communities

The Company deploys its network for the sake of its mobility business, with Tokyo as the dominant territory. It provides substantial convenience to Tokyo consumers who wield significant purchasing capacity through its operations encompassing 111 new vehicle dealerships (including five Renault dealerships), 18 used vehicle dealerships, 12 Shakenkan vehicle inspection workshops, and eight NT AUTO service centers, covering approximately 90% of the population of metropolitan Tokyo.

(4) "Best practices"

Another of the Company's strengths is considered to be its "best practices" of the rapid sharing and horizontal development of expertise and information, which it has continuously conducted up to the present time since the three Nissan sales companies joined the Group. The benefits generated by "best practices" include increasing the hit rate of the Company's sales promotions and sales, improving its ability to propose products tailored to meet customer needs, and increasing the sales unit price per vehicle. These benefits are the reason why its auto-dealerships are able to achieve a comparatively high operating profit margin even while being located in Tokyo, a high-cost area.

A network of dealerships based in local communities



Source: Reprinted from the Company's financial results briefing materials

The medium-term management plan

Engaging in efforts for business growth upon having overhauled the corporate philosophy

1. The corporate philosophy

The Company has been encountering a rapidly changing business environment as the concepts of CASE technologies and MaaS gain increasingly widespread acceptance, amid developments that include increasing awareness across society as a whole regarding carbon neutrality, a shift in customer mindset regarding vehicles from that of vehicle ownership to that of car sharing and car leasing, a shift in the customer purchasing process from dealerships to online sales, Japan's declining population, and increasingly diverse work styles. With regards to this, the issues that the Company needs to tackle include those of contributing to realizing a carbon neutral society through more widespread use of EVs and EV-peripheral products, conducting sales that utilize the Company's expertise in personal leasing and developing the mobility business so that it utilizes its dealership network and test drive vehicles, building a network of dealerships that integrates physical and digital channels and that promotes brand experience, and improving work and management structures and enlisting digital transformation (DX) with sights set on workstyle reforms and greater productivity.

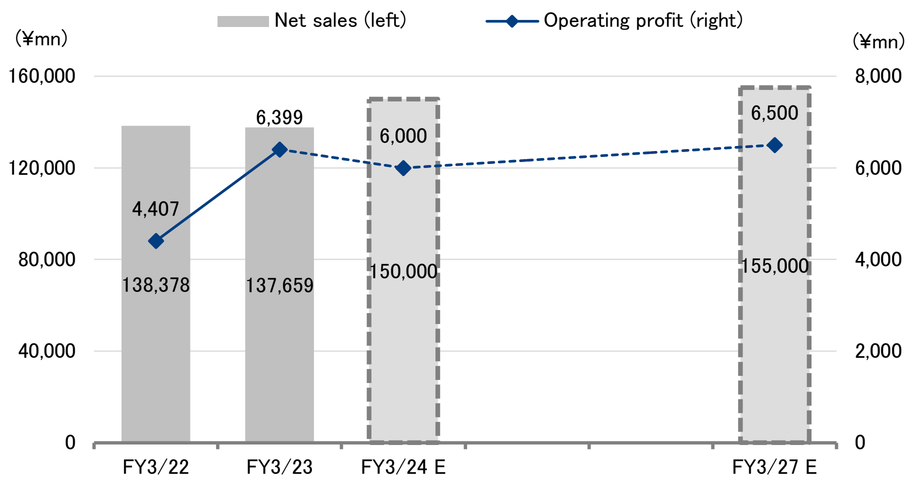
In addition to resolving these issues, the Company has set a new corporate philosophy of "We will accelerate the evolution of mobility to open up a whole new era. We will keep moving forward toward a future full of smiles," in seeking to keep providing universal values encompassing the pleasure of movement and safe and comfortable driving. In looking toward achieving objectives of that corporate philosophy, the Company is focusing on eight values that consist of making customers smile, making fellow workers smile, teamwork, being professional, challenging ourselves, acting while thinking, and social responsibilities. Meanwhile, the Company seeks to engage in sustainable management practices from a long-term perspective by enlisting its approach of identifying and addressing the four materialities of responding to climate change, realizing a safe and secure society, respecting human rights and enhancing human capital, and contributing to local communities. The Company has formulated its four-year medium-term management plan (FY3/24 to FY3/27) to provide milestones with respect to steadily implementing such initiatives.

In FY3/27, is targeting operating profit of ¥155bn and operating profit of ¥6.5bn

2. The medium-term management plan

The Company seeks to increase sales of electrified vehicles and Pro-PILOT vehicles premised on CASE technologies, while also contributing directly to the sustainability of society through its businesses. It plans to enlist priority strategies to such ends, which entails serving as an electrification leader, employing safety and driving-support technologies, and promoting the mobility business. For one, it accordingly aims to recover the number of new vehicle sales to the same level as before COVID-19 and to increase sales and profits in its dealership business, which is its main business. In recurring business as well, it intends to accumulate earnings, and for costs, on the one hand to strengthen investment in human resources and digital resources, and on the other hand, to optimize equipment expenses and other expenses. Moreover, it is progressing developments toward becoming carbon neutral. As a result, in FY3/27 it plans to achieve its medium-term financial targets, which include net sales of ¥155bn (¥137.6bn in FY3/23), operating profit of ¥6.5bn (¥6.3bn), and a dividend payout ratio of at least 30% (30.5%), and also the milestones for the long-term non-financial targets of maintaining a passenger vehicle electrification ratio of at least 90% (92.3%) and reducing CO_2 emissions by 16,000 tons (5,000 tons) through EV sales. Incidentally, the Company has already achieved its target with respect to the passenger vehicle electrification ratio and has otherwise generated favorable FY3/23 results exceeding its assumptions, as described later in this report. This consequently suggests that the targets set under the medium-term management plan were conservative.

Net sales and operating profit under the medium-term management plan



Source: Prepared by FISCO from the Company's medium-term management plan briefing materials

To achieve the medium-term management plan, in addition to investing in existing areas, the Company is also more actively investing in its focus areas, and it plans to conduct total investment of ¥30bn over four years. Breaking down this amount, it intends to invest ¥25bn to update the network, to respond to the environment, and to rebuild the business portfolio in order to strength the existing businesses for sustainable growth; to invest ¥2bn to improve efficiency and productivity through IT, to diversify its businesses and to strengthen best practices for human resources and DX that will be the driving force behind reforms; and to invest ¥3bn in mobility-related, EV-peripheral businesses, and other businesses in order to expand its business areas by launching new businesses and through capital and business alliances. Through such investment, the Company plans to increase its earnings and achieve ROE (Return on Equity) of 7.0% in FY3/27. It will achieve this by the stable earnings from value-added sales, one of its strengths, and also by updating the network, building customer touchpoints, and investing in efficiency improvements, as well as by conducting other initiatives, to increase the operating profit margin to 4.2% and to improve ROA (Return on Assets) to 3.4% through investments to increase earnings and by effectively utilizing assets (reducing unnecessary assets). By aiming to optimize the capital structure while securing financial stability, it plans to raise the D/E ratio to 0.26 times. This seems conservative, however, given that EVs and other operations have fueled the Company's momentum. As such, management probably should have set its targets somewhat higher.

3. The new medium-term management plan's priority strategies

To achieve objectives of the medium-term management plan, the Company will implement three priority strategies that involve serving as an electrification leader, employing safety and driving-support technologies, and promoting the mobility business.

(1) An electrification leader

An electrification leader means to utilize its strengths as a pioneer of EV and other electrified vehicles to spread around the world the excitement and emotions of driving electrified vehicles, and to contribute directly to the promotion of carbon neutrality. In Japan, despite the fact that there have been hardly any fully fledged entrants in the EV sector other than Nissan Motor, consumers' interest in EV is high. So the Company intends to utilize what it has accumulated in more than 10 years in this field, of EV sales expertise and systems, a complete lineup, a maintenance system and facilities, and an infrastructure (100 rapid charging stations), and it is aiming to achieve an electrified vehicles ratio of at least 90% (this can be revised upward) and annual EV sales of 10,000 vehicles. Therefore, the Company's policy is to actively sell EV, but as Nissan Motor is also planning to globally launch 15 new EV models by 2030, the EV lineup will become even more complete and it is forecast that sales will grow at an accelerated pace. Also, by aiming to reduce CO_2 emissions by 16,000 tons through EV sales and building a network of dealerships that can respond to emergencies through providing an EV power supply and that use renewable energy, it intends to strengthen its direct contributions to the environment and to society.

(2) Safety and driving-support technologies

The Company's policy is to provide many customers with safety and security through its advanced driving-support technologies and to supports customers' safety and security every day through its maintenance system that supports these advanced driving-support technologies. Specifically, its dealerships utilize test drives, VR driving experiences, "e-share mobi" and other services to widen opportunities for customers to experience its advanced driver-support systems like Pro-PILOT. Also, it seems that it is introducing maintenance equipment toward acquisitions of specified maintenance system certification, further improving the technical skills of the maintenance engineers who are already skilled and experienced, and constructing an "electronic control system maintenance" structure that directly connects to customers' safe and secure car lives.

(3) The mobility business

The Company's policy is to respond precisely to the trend of changing from owning to sharing by increasing the use of personal leasing and strengthening the mobility business. For personal leasing, which it started in 1997, it intends to improve the usage rate and retention rate by utilizing its expertise in personal leasing as best practices throughout the Group and appealing to customers for its benefits, which is consider will promote vehicle replacements. As previously explained, through replacement purchases at an early stage, this business is expected to grow in the future and contribute to improving the Company's new vehicle sales. It also intends to deploy rental cars at all its dealership and at the same time, to increase the number of vehicles managed, to expand deployments of e-share mobi*, and to strengthen the mobility business. Through these initiatives, it is aiming to improve customer convenience, and also to promote understanding of electrified vehicles by increasing opportunities for EV test drives and touch points.

* e-share mobi: A car sharing service that enables users to experience the advanced technologies of Nissan Motor, such as the EV SAKURA and the AURA e-POWER.

Business trends

Operating profit achieved significant increase amid vehicle-supply shortage

1. FY3/23 results

In the FY3/23 results, net sales decreased but profits increased significantly. Net sales were ¥137,659mn (down 0.5% YoY), operating profit was ¥6,399mn (up 45.2%), ordinary profit was ¥6,090mn (up 45.4%), and profit attributable to owners of parent was ¥3,261mn (up 55.3%). However, net sales effectively increased given that the decrease in net sales was attributable to removal of a subsidiary from the scope of consolidation (FY2/22 net sales of ¥6,213mn, operating profit of ¥75mn).

FY3/23 results

(¥mn)

	FY3/22		FY3/23		
	Result	% of sales	Result	% of sales	% change
Net sales	138,378	100.0%	137,659	100.0%	-0.5%
Gross profit	32,793	23.7%	33,544	24.4%	2.3%
SG&A expenses	28,386	20.5%	27,145	19.7%	-4.4%
Operating profit	4,407	3.2%	6,399	4.6%	45.2%
Ordinary profit	4,188	3.0%	6,090	4.4%	45.4%
Profit attributable to owners of parent	2,100	1.5%	3,261	2.4%	55.3%

Source: Prepared by FISCO from the Company's financial results

Vehicle-supply shortages persisted in the first half due to shortages of semiconductors and parts, but the vehicle-supply shortages eased somewhat in the second half. In FY3/23, the number of new vehicle sales nationwide having increased 4.0% YoY and the number of new vehicle sales in Tokyo, which is the Company's base, having gained by 0.2%. In this environment, the Company worked to secure orders and profits by proposing sales, with such efforts centered on EVs such as ARIYA sports utility vehicles, and SAKURA minicars, and the long-popular LEAF, as well as e-POWER models such as the NOTE, NOTE AURA, new model X-TRAIL and KICKS. As a result, the Company performed extremely well with its number of new vehicle sales having increased 4.1% YoY, despite models such as the SAKURA and X-TRAIL, which were more popular than anticipated, having been subject to a temporary suspension of orders in part due to the semiconductor shortage, which later eased somewhat. Meanwhile, the sales price per vehicle also increased given the Company's high vehicle electrification ratio. The new models in FY3/23 were the SAKURA EV in June, the X-TRAIL sports utility vehicle in July, and the SERENA gasoline vehicle in December. Meanwhile, nine dealerships, including the Yahara dealership, the Machida Tsurukawa dealership, and the New Vehicles Hiroba Murayama dealership introduced the Nissan Retail Concept (cumulative total of 16 dealerships).

Among the new vehicles, new models such as the SAKURA, the first EV minicars launched in June 2022 and awarded a triple crown of awards including that of Car of the Year Japan 2022-2023, as well as the X-TRAIL, which was launched in July and is equipped with the third-generation e-Power, were very well received. This is seemingly attributable to the rising popularity of the new vehicles in alignment with the appeal of their cutting-edge image as portrayed through TV commercials. Against a backdrop of mounting awareness of environmental concerns and the increased lineup of such vehicles, the particularly favorable performance of EVs is seemingly attributable to rapidly intensifying desire to purchase EVs amid growing understanding among consumers that EV benefits have greatly improved. For instance, their driving range has been extended, they accelerate faster than gasoline engine vehicles (SAKURA in particular offers a driving experience that is not typical of minicars), they are powerful but also very quiet, they are highly compatible with advanced safety technologies such as Pro-PILOT, and they are eligible for subsidies. As a result, the Company achieved a 92.3% electrified vehicle sales ratio with respect to passenger cars, whilst the national average is less than 50%. This constitutes a high level of sales of such vehicles exceeding that of the Company's target under its medium-term management plan. It also achieved a 13.1% EV sales ratio, thereby constituting substantial growth relative to its EV sales ratio of 3.9% in the previous fiscal year. With 2022 having been deemed "the first year of the EV," the Company's results seemingly reflect the notion that it is more than one decade ahead of other companies when it comes to EV manufacturing and sales.

In profits, the gross profit margin improved greatly as a result of the Company having more thoroughly conducted proposal-based sales tailored to customer needs, growth in sales of highly profitable new vehicles, a higher proportion of sales of EVs and other high-priced vehicles, and improvement in profitability of used vehicles given an increase in unit prices due to scarcity of supplies amid the COVID-19 pandemic. In addition, although it incurred increases in certain costs such as personnel expenses for the sake of preemptively strengthening the workforce and energy costs due to surging fuel prices, the Company managed to reduce its SG&A expenses overall amid a scenario where it achieved growth in net sales and streamlined operating expenses by reducing both direct sales expenses and equipment costs by 15% each. Accordingly reducing direct sales expenses partially entailed unifying advertising against a backdrop of synergies derived from the business integration of the three Nissan sales companies implemented in July 2021. Meanwhile, reducing equipment costs entailed optimally allocating test drive vehicles. The Company steadily carried out investment with its sights set on sustainable growth. It accordingly proceeded with major renovations of nine of its key dealerships based on the Nissan Retail Concept and also forged ahead in optimizing its network by integrating its dealerships beyond the framework of the former sales companies. Compared to the initial forecast, net sales fell short of the forecast by ¥2,341mn amid persisting effects of the vehicle-supply shortage on new car sales. Conversely, operating profit exceeded the forecast by ¥1,899mn due to factors that include strong sales of profitable new electrified vehicle models, excellent market prices of used vehicles, and greater-than-anticipated effects of improving productivity and reducing SG&A expenses by integrating the three Nissan sales companies.

The new model X-TRAIL that is equipped with the third-generation e-POWER

The new kei car (minicar) EV SAKURA that won the Japan Car of the Year Award for the first time

Source: Reprinted from the Company's financial results briefing materials

Increase in number of vehicles sold and sales price per vehicle in new vehicle segment amid favorable results from electrified vehicles

2. Trends by segments

By segment, in the vehicle-related business, net sales were ¥129,673mn (down 1.4% YoY) and segment profit (operating profit) was ¥6,667mn (up 40.4%). Breaking down net sales, sales of new vehicles were ¥71,099mn (up 8.6%), of used vehicles were ¥20,922mn (down 25.0%), of maintenance were ¥29,911mn (down 1.5%), and of other businesses were ¥7,740mn (down 0.9%). In the information systems-related business, net sales were ¥7,605mn (up 17.3%) and segment profit was ¥612mn (up 44.7%).

FY3/23 results by segment (before adjustments)

(¥mn)

Net sales	FY3/22		FY3/23		
	Result	% of sales	Result	% of sales	% change
Vehicle-related business	131,533	95.1%	129,673	94.2%	-1.4%
New vehicle	65,475	47.3%	71,099	51.6%	8.6%
Used vehicle	27,896	20.2%	20,922	15.2%	-25.0%
Maintenance	30,352	21.9%	29,911	21.7%	-1.5%
Other	7,809	5.6%	7,740	5.6%	-0.9%
Information systems-related business	6,486	4.7%	7,605	5.5%	17.3%
Other businesses	358	0.3%	380	0.3%	6.1%

Segment profit	FY3/22		FY3/23		
	Result	Profit margin	Result	Profit margin	% change
Vehicle-related business	4,748	3.6%	6,667	5.1%	40.4%
Information systems-related business	423	6.5%	612	8.0%	44.7%
Other businesses	144	40.2%	153	40.3%	6.3%

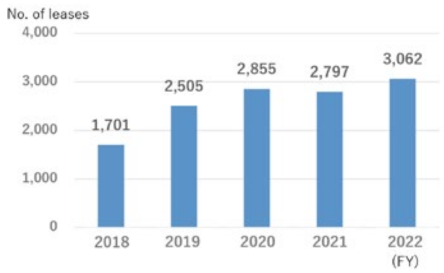
Note: Results for new vehicle, used vehicle and other are disclosed starting from FY2/22.
Source: Prepared by FISCO from the Company's financial results

(1) New vehicle

The new vehicle segment achieved favorable results in terms of both the number of vehicles sold and sales price per vehicle centered on EVs and e-POWER models, as previously noted (the increases ostensibly would have been even better if not for a temporary suspension of orders with respect to certain popular car models). These results emerged against a backdrop of consumers shifting to EVs and synergies of the business integration, and were attributable to various factors. For one, new high-end electrified vehicle models such as the X-TRAIL have come to make up a higher share of the Company's mix of vehicle models. Also, the Company has made smooth progress in terms of its proposals for services and options such as those involving coatings and anti-theft locks for license plates given that the business integration of the three Nissan sales companies has enabled swifter and more reliable sharing of best practices. Finally, the Company achieved growth in its sales of highly profitable personal leases (9,813 vehicles held through personal leases as of March 31, 2023). Rapid progress achieved by the Company in sharing best practices due to the business integration seems to have been a major factor with respect to these results, particularly when it comes to personal leasing.

EV sales ratio (passenger cars)

Personal leasing sales (Nissan Tokyo Sales)



Source: Reprinted from the Company's financial results briefing materials

(2) Other than new vehicle

The Company's used vehicle sales fell sharply as a result of it having sourced fewer used vehicles amid a supply shortage of new vehicles. However, profit was positively affected by an increase in sales price per vehicle due to the Company having focused on retail sales to end users in addition to the tight used vehicle supply relative to demand attributable to the lack of availability. With respect to its maintenance services, the Company maintained net sales and profits on par with those of the previous fiscal year amid a scenario where such services generate consistent earnings given that they are based on a recurring business model. The Maintenance Pack program serves as the driving force in this regard, given that the 122,000 Maintenance Pack members account for 47.3% of the customer base, which is a high figure relative to other companies in the Nissan Motor Group. Shakenkan also generated favorable results in maintenance services, having achieved an increase of 9.3% YoY in the number of vehicles undergoing mandatory vehicle inspection. Shakenkan adopted a reservation system and implemented other such digital transformation (DX) initiatives, thereby enabling it to gain more new and repeat customers while also increasing productivity by improving working conditions. As a result, Shakenkan recorded record high profits. In the information systems-related business, the Company's subsidiary TOKYO NISSAN COMPUTER SYSTEM posted record-high profits upon having achieved substantial gains in sales and profits amid a scenario where its managed platform services business performed well amid brisk IT investment.

3. Topics

The Company has been renovating dealerships based on the Nissan Retail Concept. In FY3/23, it accordingly renovated nine dealerships, which is a higher number of such renovations than in previous years. This indicates that the Company is making up for investment that had been postponed due to the COVID-19 pandemic during the period of the previous medium-term management plan. It has accordingly engaged in substantial renovation encompassing 10% of its dealerships Results for new vehiclesin hopes of swiftly providing an exhilarating experience extending from a customer's store visit through to vehicle delivery, while also meeting the diverse needs of its customers. Meanwhile, the Company has embarked on a joint initiative with Nissan Motor to explore new customer touchpoints through launch of the Nissan Hype Lab proof-of-concept virtual showroom where customers are able to engage in a range of tasks from reviewing and selecting Nissan car models and trim levels to test driving vehicles and arranging purchase contracts in the metaverse. Through its involvement in this initiative, the Company seeks to explore new approaches to selling vehicles using digital and metaverse technologies. Such virtual showrooms seemingly have potential to serve as a major sales channel, albeit probably not in the near future.

The Company's environment-related initiatives looking toward the notion of a carbon-neutral society have entailed rolling out a system for storing electricity generated by sunlight in reused EV batteries, which the Company seeks to use for lighting in its dealerships and as an emergency power source in the event of a disaster. Meanwhile, the Company has switched over to renewable energy with respect to 15% of the Group's overall power consumption. This is expected to result in an annual reduction of approximately 1,250 tons of CO_2 emissions. Going forward, the Company aims to gradually increase its proportion of renewable energy consumption in seeking to achieve full renewable energy use in the future. Meanwhile, in seeking to contribute to local communities enlisting EVs, the Company entered into disaster cooperation agreements with local governments and law enforcement authorities, such that involve use of EVs in conjunction with the Blue Switch project, which Nissan Motor has established with an aim to realize a zero emission society. Moreover, The Company has set up systems for supplying evacuation shelters and other such sites with electricity during power outages caused by disasters and other such events. This involves use of portable Power Mover power sources, which have been equipped at approximately 80% of its new vehicle dealerships, and the EVs lent by Nissan Tokyo Sales. In September 2022, the Company established the Sustainability Committee, which is chaired by an independent outside director. In March 2023, the Company released its Integrated Report for 2022.

Initiatives for greater use of renewable energy

Red Station Machida

Use of reused EV batteries

Source: Reprinted from the Company's financial results briefing materials

The Company projects lower profits based on cautious assumptions, but the forecast seems conservative

4. FY3/24 results outlook

For the FY3/24 results outlook, the Company is forecasting net sales of ¥150,000mn (up 9.0% YoY), operating profit of ¥6,000mn (down 6.2%), ordinary profit of ¥5,700mn (down 6.4%), and profit attributable to owners of parent of ¥3,300mn (up 1.2%). Although the Company seeks to achieve business growth through steady implementation of initiatives under its medium-term management plan, it has projected a downturn in operating profit and ordinary profit based on the likelihood of vehicle-supply shortages caused by semiconductor shortages, which have eased somewhat, and the likelihood of cost increases due to price hikes and other such factors.

FY3/24 results outlook

(¥mn)

	FY3/23		FY3/24		
	Result	% of sales	Forecast	% of sales	% change
Net sales	137,659	100.0%	150,000	100.0%	9.0%
Gross profit	33,544	24.4%	-	-	-
SG&A expenses	27,145	19.7%	-	-	-
Operating profit	6,399	4.6%	6,000	4.0%	-6.2%
Ordinary profit	6,090	4.4%	5,700	3.8%	-6.4%
Profit attributable to owners of parent	3,261	2.4%	3,300	2.2%	1.2%

Source: Prepared by FISCO from the Company's financial results

When it comes to used vehicles, sales volume is poised to increase amid recovery of new vehicle sales, but sales price per vehicle is likely to decline and level off. Meanwhile, results of maintenance services are likely to remain on par with typical levels of the previous fiscal year. As such, new car sales and personal leasing are expected to serve as the driver of net sales. With respect to new vehicle sales, the Company anticipates increases in the number of new vehicle sales and sales price per vehicle bolstered by contributions throughout the year from the new mainstay SERENA e-Power model launched in April, and the popular SAKURA electric vehicle and X-TRAIL e-POWER models. In addition, the Company will offer customer proposals with personal leasing added to its menu of new vehicle options, thereby rigorously implementing shared best practices. Furthermore, the Company plans to fully introduce personal leasing of used vehicles by leveraging the personal leasing expertise it has amassed in new vehicle sales. In so doing, it seeks to achieve a 20% personal leasing sales ratio (passenger cars), for an increase of 3pp YoY. With respect to the Nissan Retail Concept dealerships, the Company plans to embark on rebuilding of five dealerships with a focus on its key locations.

In terms of profits, the Company forecasts decreases in operating profit and ordinary profit considering certain upfront costs. This includes personnel expenses incurred for securing human resources by fortifying investment in human capital such as new graduates and mid-career hires and by implementing workstyle reforms. It also includes equipment costs incurred for introducing maintenance equipment for deploying new SERENA e-Power and SAKURA EV minicar test drive vehicles at all dealerships and maintenance equipment compatible with driving-support technologies. Given that Nissan Motor's outlook for domestic retail sales volume in FY3/23 projects an increase of 12.1% YoY, the Company's net sales growth generally seems to be holding to a reasonable trajectory if one takes into account the notion that net sales from used vehicles and maintenance is not significantly increasing. However, the Company's forecast envisioning a decrease in profit seems somewhat conservative because it is likely that the Company will generate results from measures under the medium-term management plan and from higher net sales. This seemingly holds true even if one takes into account the notion that the shift to more optimal operating expenses as a result of integrating the three Nissan sales companies ran its course in FY3/23, and the notion that the Company is incurring higher upfront costs for personnel expenses and equipment costs.

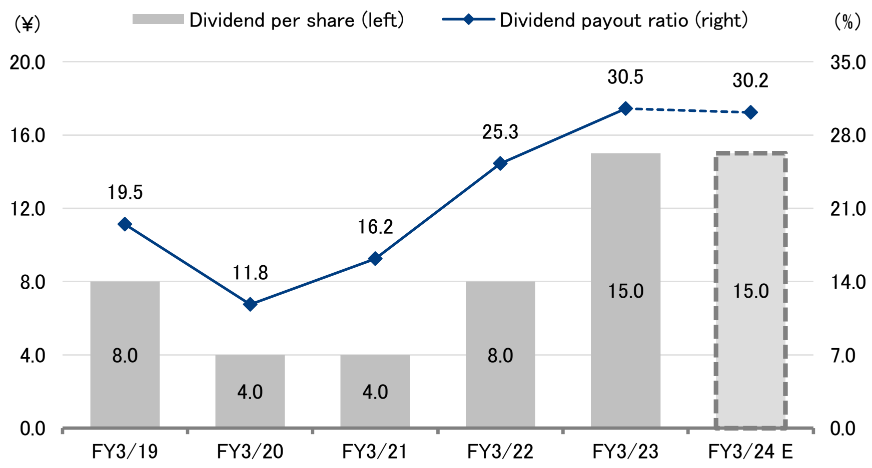
Shareholder return policy

Taking a flexible approach to dividends in alignment with results, targeting a dividend payout ratio in the 30% range

1. Dividend policy

The Company is aware that returning profits to shareholders is one of its most important management issues, and its basic policy is to stably pay dividends while considering retaining internal reserves to secure growth potential. Accordingly, the Company has revised its period-end dividend to ¥10 per share, increasing it by ¥3 per share from the previous forecast of ¥7 per share, upon having taken into account gains achieved with respect to operating profit, ordinary profit, and profit attributable to owners of parent for FY3/23. This results in an annual dividend of ¥15 per share for an increase of ¥3 from the ¥12 per share of the initial forecast (interim dividend ¥5, period-end dividend ¥10). For FY3/24, the Company intends to provide an annual dividend of ¥15 per share (interim dividend ¥7, period-end dividend ¥8). The Company has left in place its target of maintaining a dividend payout ratio in the 30% range and will take a flexible approach in alignment with results. Going forward, we hope to see the Company fortify its shareholder returns derived from improvement of its business results.

Trends in the dividend per share and the dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Gives an original QUO card

2. Shareholder benefits program

The Company has introduced a shareholder benefits program in order to express its gratitude to its investors for their support, and also to increase the appeal of investing in its shares and to encourage as many investors as possible to hold its shares over the medium- to long-term. The shareholders eligible for the shareholder benefit program are those who hold at least 5 units (500 shares) of the Company shares and who were recorded or registered in the shareholders' registry as of the date of record (March 31). In this program, the Company plans to give an original QUO card featuring a design of the Company's popular car models and worth ¥1,000 to shareholders holding 500 to 999 shares and worth ¥2,000 to those holding 1,000 to 4,999 shares. It will give a card worth ¥3,000 to shareholders continuously holding 5,000 or more shares for less than 2 years, and a card worth ¥5,000 to those continuously holding them for 2 years or longer. As the gift-giving period, the Company plans to give the cards once a year after the end of the ordinary general meeting of shareholders (sometime in the second half of June).

Gift to shareholders of original QUO cards

109th period

110th period

Source: The Company's website

Information security

The Company complies with all relevant laws and ordinances, including the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (My Number Act), as well as in-Company regulations. It appropriately collects and uses the personal information handled by each Group Company and information that can be used to identify specific individuals, including personal numbers and other information that identifies an individual (personal information including the personal number and its content). It also appropriately manages and handles personal information securely and in an up-to-date condition, protects the personal information of customers, business partners, and Company employees, and works to respond to the trust they place in it.

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