COMPANY RESEARCH AND ANALYSIS REPORT

Nissan Tokyo Sales Holdings Co., Ltd.

8291

Tokyo Stock Exchange Standard Market

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Contents

Summary

New model launches provide a boost to the recovery in results

1. One of the largest Nissan auto dealerships in Japan with a sales area covering approximately 90% of the population of metropolitan Tokyo

Nissan Tokyo Sales Holdings Co., Ltd. <8291> (hereafter, also "the Company") is a holding company whose subsidiaries include vehicle sales subsidiaries affiliated with Nissan Motor <7201>. Nissan Tokyo Sales Co., Ltd., a consolidated subsidiary under the Company's umbrella, conducts businesses including sales of new Nissan and Renault brand vehicles, purchase and sales of used vehicles, and vehicle maintenance. The Company is one of the largest Nissan auto dealerships in Japan, and its sales area covers approximately 90% of the population of metropolitan Tokyo. As a frontrunner in the comprehensive mobility business*, the Company provides one-stop services covering all aspects of car life and also develops original businesses such as personal leasing. The spread of Electric Vehicles (EVs) has stalled in Europe, the United States, and China, due to factors such as the termination of subsidies and economic stagnation; however, Japan, which aims to raise its low adoption rate of 1.6% by continuing to provide subsidies, is still a fertile market.

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

2. Creating synergies across a broad range of businesses as a frontrunner in the comprehensive mobility business

The Company's strengths include being a pioneer of EV sales, a recurring revenue business with a customer base of 350,000, a dealership network of more than 100 locations closely tied to local communities, and best practices involving quickly sharing know-how and information and rolling it out horizontally across the organization. Backed by these strengths, the Company has secured an advantageous position as a frontrunner in the comprehensive mobility business and is creating synergies across a broad range of businesses, including recurring revenue business such as used vehicles and maintenance as well as new vehicles. For example, its personal leasing, launched ahead of other companies, grew rapidly through best practices, creating synergies such as earlier replacement purchases of new vehicles and securing high-quality used vehicles. Against a backdrop of advancing technologies and environmental problems, the automotive industry is said to be in the midst of a once-in-a-century major transition. The Company's policy is to overcome the time of major transition by using these strengths.

3. In FY3/26, net sales and profit declined, but results are expected to recover on the back of new model launches and new dealership openings

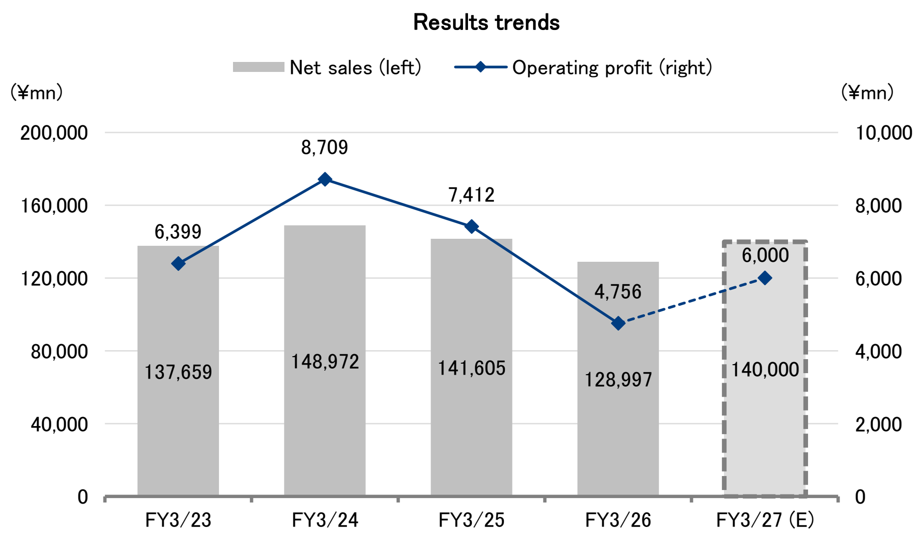
Results for FY3/26 were net sales of ¥128,997mn (down 8.9% YoY) and operating profit of ¥4,756mn (down 35.8%). The sales volume of new and used vehicles decreased for reasons such as the model changeover period for new models particularly in 1H, no new shops being launched, and reputation about the supplier Nissan Motor's workforce reduction affecting new customer acquisition. Maintenance posted higher net sales due to steady service intake, but recurring revenue business, including personal leasing, could not cover the decline in sales volume, resulting in lower net sales. Operating profit declined due to the impact of lower net sales although the Company worked to control costs while continuing investment for growth. However, from November onward, the Company launched three new models and reopened two dealerships after renovation, and this has made the trend toward a recovery in results increasingly clear, heading into 4Q.

4. A boost to the recovery in results from the effects of new models such as ELGRAND and a revamped dealership network

For its FY3/27 forecasts, the Company expects net sales of ¥140,000mn (up 8.5% YoY) and operating profit of ¥6,000mn (up 26.1%). In addition to the rebound from the previous fiscal year, when business conditions were tough, the three new models released in 2H of the previous fiscal year will contribute to full-year results; moreover, the Company is scheduled to release the much-anticipated luxury minivan ELGRAND and the compact SUV KICKS this fiscal year. In addition, the revamp effects from 10 dealerships renovated during the Mid-term Business Plan period are also becoming visible, likely giving further momentum to the recovery in results. Under the Mid-term Business Plan, as the Company steadily advanced investments such as revamping the dealership network, it achieved its targets ahead of schedule for operating profit and most other metrics. The operating profit forecast for FY3/27, the final fiscal year of the plan, is also at a level that can be considered achievable when excluding the impact of the sale of consolidated subsidiaries, indicating steady progress amid a harsh environment.

Key Points

- Operates one of the largest Nissan auto dealerships in Japan, with strengths including customer base and dealership network
- New vehicle sales struggled in FY3/26, but results trended toward recovery in 4Q due to new model introductions
- The new model introduction effect and the dealership network revamp effect are expected to give momentum to the recovery in results in FY3/27



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

Company profile

One of the largest Nissan auto dealerships in Japan with a strong base in Tokyo

1. Company profile

The Company is the holding company that supervises four 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, being one of the largest dealerships nationwide. It mainly sells the latest vehicles of Nissan Motor and its group companies, and purchased parts. Its businesses also include purchases 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.

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, and in 1961, it was listed on the Tokyo Stock Exchange (TSE) First Section. It entered the personal car leasing business in 1997 and diversified its business, including establishing Shakenkan Co., Ltd. in 2002 to strengthen vehicle inspections and maintenance. In 2004, 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—Tokyo Nissan Auto Sales Co., Ltd., Nissan Prince Tokyo Sales Co., Ltd., and Nissan Prince West Tokyo Sales Co., Ltd.—into Group companies, thereby 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.

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 Tokyo Stock Exchange (TSE) First Section
January 1971	Relocated Head Office to Roppongi, Minato Ward
March 1977	Accepted some bases and personnel of Tokyo Nissan Motor Co., Ltd.
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. 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	Integrated the three Nissan-affiliated vehicle sales subsidiaries, established Nissan Tokyo Sales Co., Ltd.
April 2022	Listing was transferred to the TSE Prime Market
October 2023	All shares in TOKYO NISSAN COMPUTER SYSTEM CO., LTD., a consolidated subsidiary, transferred to Canon Marketing Japan, Inc. Listed on the TSE Standard Market

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

Japan's EV market remains fertile

2. Trends in the automotive industry

The automotive industry faces an endless list of challenges, including advances in cutting-edge technology and reductions in CO_2 emissions. The CASE and Mobility as a Service (MaaS) trends are drawing attention for how they are causing a once-in-a-century major transition in the automotive industry. CASE represents the IoT-ization of automobile (C: Connected), autonomous driving (A: Autonomous), the shift from ownership to sharing (S: Shared & Services), electric vehicles (E: Electric). This series of evolving technologies is causing a major revolution in the automotive industry. At the same time, MaaS is based on the idea of mobility, which sees transportation itself as a service. It optimally combines various means of transport, provides search, reservation, and payment services on a one-stop basis, and meets the transportation needs of each individual.

Europe, the United States, and China rapidly spread EVs, which have strong affinity with this major transition, while in Japan the topic has tended to run ahead, but EVs have not necessarily become widespread. The reason is that only limited domestic automakers including Nissan have entered the EV market in a full-fledged manner, and sales of EVs account for a very small number of new vehicles sold in Japan, which is 1.6%. For this reason, there has been a lack of motivation throughout the entire industry to increase quick chargers, which is partly why consumers have been hesitant to buy an EV. Amid this environment, the Company has worked from an early stage to promote the spread of electrified vehicles*2 such as EVs and e-POWER*1, and has addressed IoT, which is said to work well with electrified vehicles, through advanced technologies such as Pro-PILOT driver assistance technology that leads to autonomous driving. The Company has installed quick chargers that can be used by other manufacturers' EVs at each dealership and is also strengthening its mobility business, including personal leasing and rental cars.

*1 e-POWER: Nissan's proprietary hybrid system. Since the engine is used only for power generation, the driving feel is similar to that of an EV.
*2 Electrified vehicles: A collective term for EVs, plug-in hybrid vehicles (PHEV, PHV), hybrid vehicles (HEV, HV), fuel cell vehicles (FCEV, FCV), etc. In the case of the Company, this refers to EVs, e-POWER, and hybrid vehicles.

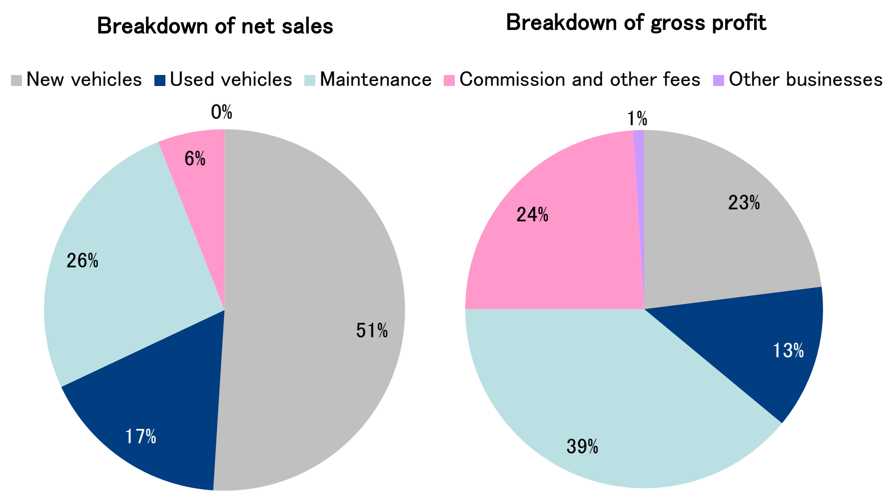
In recent years, the spread of EVs has stalled in Europe, the United States, and China, and there are doubts about EVs' environmental contributions, which have given a negative impression of EVs. However, sluggish EV demand in Europe, the United States, and China is due to factors such as termination of subsidies and economic stagnation, and the situation differs from that of Japan where the government intends to raise the low adoption rate of 1.6% by continuing to provide subsidies. There is also criticism of using fossil fuels to generate electricity for EVs, and of using solar power generation—where installation and disposal may risk environmental damage. However, this is true of all devices that use electricity. Rather, several nuclear power generation facilities plan to resume operation, and the means of power generation is being reviewed. In addition, solid-state batteries, which are superior to lithium-ion batteries in terms of safety and other aspects, will be commercialized soon. Therefore, unlike Europe, the United States, and China, the Japanese EV market still is a fertile market, and in fact the Company's EV SAKURA minicar is selling well. For this reason, demand for EVs is expected to expand over the medium to long term, and it is entirely conceivable that the Company will enjoy a first-mover advantage accordingly.

Business overview

Facilitating turnover of new vehicle sales and used vehicle sales and expanding recurring revenue business

1. Business description

The Company's business consists of new vehicle sales, which include personal leases, used vehicle sales, maintenance, and others. It provides one-stop services for car life across the entire business, maximizes customer Lifetime Value (LTV) through high value-added proposals and automobile-related services such as maintenance and financing products, and pursues group synergies by expanding into mobility businesses. Looking at the earnings structure, new vehicles account for at least 50% of net sales every year, while gross profit is balanced by recurring revenue business such as maintenance. In addition, the Company 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 revenue business. The relationship between Nissan Motor and Nissan Tokyo Sales is mainly that Nissan Tokyo Sales purchases new 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, as well as expanding installations of quick chargers.



Note: FY3/26
Source: Prepared by FISCO from the Company's results briefing materials

(1) New vehicle sales

Nissan Tokyo Sales, a consolidated subsidiary, offers a full lineup of EVs, e-POWER vehicles, and new gasoline models manufactured by Nissan, from minicars to commercial vehicles, and sells them through approximately 100 dealerships in Tokyo. These dealerships are currently continuing renovations into next-generation dealerships called the Nissan Retail Concept (NRC), aligned with the latest new models and the expectations and lifestyles of increasingly diverse customers. Regarding Renault cars, there is a virtual company within Nissan Tokyo Sales dedicated to Renault cars and it manages three dealerships, taking pride in the fact that they are No. 1 in sales volume nationwide (according to FY3/25 results). In an era where nationwide new vehicle sales volumes hover flat at around 4.5 million units amid a declining birthrate, aging population, population decline, and a downward trend in car ownership rates, for dealers to grow as companies they must enhance the profitability of new vehicle sales through scale merits and consolidation, while also developing unique strategies that position businesses other than new vehicle sales—such as personal leasing, used vehicle sales, and maintenance—as growth drivers.

(2) Personal leasing P.O.P

Personal leasing can be considered one form of new vehicle sales, as the Company sells vehicles to leasing companies, which then lease them to individuals. It is a convenient service for consumers who think of cars as something to be used rather than owned, and for those who want to reduce the hassles of procedures and ownership. As the personal leasing market is currently expanding, the Company holds a high share of about 40% in Tokyo, backed by its experience in offering services since 1997 and its proprietary brand, P.O.P. In addition, because car lease contracts require the same high level of skill as EVs to explain systems and mechanisms such as residual value and remaining term, the Company's experience and sales capabilities cultivated through EVs are a major strength. One-price sales characterized by no down payment, no hidden fees, and fixed prices, have a good reputation, and over 80% of customers change to a new vehicle in the third year, while normally, the cycle for buying a new car is said to be seven to eight years, and that for leasing a new car is said to be six to seven years. Moreover, the repeater rate is also above 90%. This is an extremely efficient business for the Company because it increases the turnover of new vehicle sales and also increases the number of used vehicles in good condition. In recent years, various industries such as gas stations have entered the market; this has broadened consumer choices and led to market revitalization, providing a strong tailwind for P.O.P. in which the Company has abundant experience.

(3) Used vehicle sales

Purchases and sales of used vehicles constitute one pillar of the Company's earnings while simultaneously serving as a means of promoting new vehicle sales. Used vehicles are mainly sourced through trade-ins by customers buying new vehicles, direct purchases, and auctions, and recently have been sourced increasingly through off-lease vehicles. For sales, the Company and other "Quality Shops" that have met strict certification standards specified by Nissan Motor handle used vehicles. These vehicles come with comprehensive warranties and after-sales services. While purchases and sales channels vary as described above, the Company's mainstay is retail sales, in which it directly sells its own high-margin inventory to end-users at its own dealerships. Inspired by the popularity of personal leases for new vehicles, the Company began personal leases for used vehicles in FY3/24 as a new form of used vehicle sales and is looking to expand it going forward.

(4) Maintenance business

The maintenance business is being developed around each shop as one of the pillars of Nissan Tokyo Sales' recurring revenue model. It boasts a maintenance package membership of over 130,000 and carried out inspections and maintenance on around 660,000 vehicles across the Group. (All are results for FY3/25.) Consolidated subsidiary NT Auto Service INC., 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 seven service centers in Tokyo and one in Saitama that are equipped with industry-leading technologies that can deal with the aluminum bodies of luxury imported vehicles. Vehicle inspection work is carried out by Nissan Tokyo Sales, as well as Shakenkan, which specializes in vehicle inspections independent of the Nissan brand. Shakenkan has a network of 13 locations in Tokyo and surrounding areas, including Kanagawa, Saitama, and Chiba. All locations are designated factories equipped with state-of-the-art facilities, can accept a wide range of vehicles regardless of manufacturer, and their selling point is inspections based on reliable skills performed by nationally certified inspectors. Shakenkan also has a strong reputation for price and service, with more than 80% of its customers being repeat customers, which is why it continues to perform strongly.

(5) Other businesses

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.

Strengths in areas such as recurring revenue business and best practices

2. Company strengths

In the era of CASE and MaaS, the Company can harness its competitive edge as a frontrunner in the comprehensive mobility business, because the Company has strengths such as being a pioneer of EV sales, recurring revenue business with a customer base of 350,000, network of dealerships rooted in local communities, and best practices.

(1) Pioneer of EV sales

As a pioneer of EV sales, the Company maintains industry-leading EV sales and service systems through expertise accumulated over many years. Backed by a robust lineup, the Company has a cumulative track record of selling more than 16,000 EVs and also provides consultation services, including sales of home chargers and offering Vehicle to Home (V2H) systems, which enable the use of electricity stored in EVs for household purposes. Its maintenance structure, which can also support cutting-edge technologies, includes about 700 Nissan-certified EV mechanics, three EV major repair facilities operated by NT Auto Service, and about 100 EV quick chargers deployed mainly at its dealerships.

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

Through new and used vehicle sales, personal leasing, over 130,000 maintenance package members for maintenance, financial products with a usage rate of about 50%, and approximately 130,000 insurance contracts, the Company has built a customer base of 350,000 transactions. Based on this customer base, the Company develops its recurring revenue business and secures recurring revenue enough to cover about 90% of its operating expenses. As a result, even in FY3/26, when new vehicle sales volume fell 13.2% YoY, the Company was able to secure a high level of profit on a company-wide basis.

(3) Network of dealerships rooted in local communities

The Company's geographic coverage is the entire Tokyo metropolitan area, excluding the eight wards of central metropolitan Tokyo*, covering about 90% of Tokyo's population of approximately 14 million people. The Company rolls out its mobility business around a network of 95 new vehicle dealerships (including 3 Renault dealerships), 18 used vehicle dealerships, 13 Shakenkan vehicle inspection workshops, and 8 NT Auto service centers. In particular, for new vehicle dealerships, the Company intends to further strengthen its dominance by continuing renovations into next-generation dealerships and becoming even more closely tied to consumers in Tokyo, who have strong purchasing power.

* This refers to the eight central wards of Tokyo: Chiyoda, Chuo, Minato, Shinjuku, Bunkyo, Taito, Shibuya, and Toshima. It is an area developed by a Nissan Motor consolidated subsidiary, which mainly targets corporate demand.

(4) Best practices

Another of the Company's strengths is its best practices of the rapid sharing and horizontal development of expertise and information. To date, through best practices, the Company has refined its ability to propose products tailored to customer needs and improved the hit rates of its promotions and sales efforts. As a result, the Company has developed a competitive edge over its rivals about EV sales and personal leases despite difficulty in explaining to customers in terms of scheme and specifications. Although it is based in Tokyo, a high-cost area, the Company also achieves a high operating profit margin for an auto dealership, largely due to profitability improvements driven by best practices.

Results trends

A recovery trend in 2H after a sharp decline in operating profit in 1H

1. Results trends for FY3/26

Results for FY3/26 were net sales of ¥128,997mn (down 8.9% YoY), operating profit of ¥4,756mn (down 35.8%), ordinary profit of ¥4,754mn (down 35.5%), and profit attributable to owners of parent of ¥2,682mn (down 37.8%). Recurring revenue business such as maintenance secured stable earnings throughout the fiscal year, and results trended toward recovery in 4Q due to new model launches; however, new vehicle sales volumes were sluggish due to the effect of model changeover period, resulting in lower net sales and profit, and the Company fell short of its initial forecast by ¥16,003mn in net sales and ¥2,244mn in operating profit. On the other hand, operating profit in 4Q turned to an increase YoY due to stable earnings from maintenance, ongoing cost reductions, and the start of new model launches. On a full-year basis, the Company was also able to exceed the revised forecast announced in February 2026.

FY3/26 Results

(¥mn)

	FY3/25		FY3/26		
	Result	% of net sales	Result	% of net sales	YoY
Net sales	141,605	-	128,997	-	-8.9%
Gross profit	35,405	25.0%	32,179	24.9%	-9.1%
SG&A expenses	27,993	19.8%	27,423	21.3%	-2.0%
Operating profit	7,412	5.2%	4,756	3.7%	-35.8%
Ordinary profit	7,367	5.2%	4,754	3.7%	-35.5%
Profit attributable to owners of parent	4,312	3.0%	2,682	2.1%	-37.8%

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

As key initiatives under its Mid-term Business Plan, the Company positioned three pillars—leader in electrification, safety and driver assistance technology, and mobility business—and worked to establish a sustainable and stable earnings structure, further strengthen relationships with customers, and enhance corporate value in a rapidly changing automotive industry. However, while nationwide new vehicle registrations in FY2025 fell 0.9% from the previous fiscal year and Tokyo, the Company's market, saw an increase of 0.2% YoY, the Company's registration volume fell 13.2%, which was a harsh result. This is thought to be due to new models and new dealership openings being concentrated in the latter half of the fiscal year, meaning the full fiscal year was in model changeover period, and negative reputation spreading due to supplier Nissan's restructuring, which impacted customer visits.

As a result, net sales declined; however, the Company launched three new models from November through January and opened the Karasuyama dealership in January and the Adachi dealership in February, and this made the recovery trend in 4Q rapidly more evident. On the profit side, maintenance continued stable growth and expenses such as advertising were restrained, but profit declined because of lower net sales. However, because recurring revenue business based on the 350,000 customer base provided support, the Company was able to secure profits at pre-COVID levels. It appears that the shortfall versus the initial forecast was because the impact of reputation about Nissan was larger than expected. In addition, it is assumed that a certain amount of purchase restraint for new vehicles and used vehicles occurred due to the FY2026 tax reform outline announced in 3Q, and there were also impacts such as delivery delays arising from concentrated demand for specific configurations, although orders for the new ROOX minicar were steady.

Recurring revenue business such as personal leasing and maintenance is steady

2. Net sales trends by business

Looking at net sales by business, personal leasing, maintenance, and the insurance business could not fully offset weak new vehicle sales and the associated decline in used vehicle sales and income from commissions and other fees. The share of gross profit accounted for by recurring revenue business exceeded 60%, a high ratio. In addition, while the amount is small, the reason other operating profit increased significantly was that the Company promoted the effective use of real estate.

FY3/26 net sales by business

(¥mn)

	FY3/25		FY3/26		
	Result	Composition ratio	Result	Composition ratio	YoY
New vehicle sales	77,775	54.9%	65,591	50.8%	-15.7%
Used vehicle sales	23,555	16.6%	21,996	17.1%	-6.6%
Maintenance	31,879	22.5%	32,916	25.5%	3.3%
Commission and other fees	8,235	5.8%	8,059	6.2%	-2.1%
Other businesses	161	0.1%	436	0.3%	170.8%

Note: Some values are FISCO estimates.
Source: Prepared by FISCO from the Company's results briefing materials

New vehicle sales saw a double-digit decline in registration volume due to the impact of reputation about Nissan and the overlap with model changeover period for new models and new dealership openings, resulting in lower net sales and profit. However, while continuing to strengthen personal leasing and proposal-based sales—areas in which it has strengths—the Company launched the new ROOX minicar as a full redesign in November, the new Nissan LEAF EV in January, and released SERENA in December as a minor change, gradually enhancing its product lineup; it also opened new dealerships in January and February. As a result, entering 4Q, new vehicle sales clearly improved as the market moved out of the model changeover period, and the recovery trend also became notable in terms of contributions to results. The ratio of electrified vehicles, which had been around 90%, fell to below 80%, but this is thought to be a temporary decrease due to the hit of the new ROOX minicar. For personal leasing, the number of vehicles under contract expanded steadily to 18,000 units (up 12.5% from the previous fiscal year-end), leveraging product appeal and proposal capabilities as strengths. As a recurring revenue business and with the personal leasing market itself expanding, it remained stable unlike trends in new vehicle sales, and appears to have covered new vehicle sales to a certain extent.

New Nissan LEAF

New ROOX

Source: The Company's results briefing materials

In used vehicle sales, by strengthening proposals for value-added sales such as high-margin premium body coating and reinforcing retail sales, the unit price of value-added sales rose to ¥73.0 thousand (up 8.1% YoY). However, due to the decline in trade-in vehicle intake associated with lower new vehicle sales volume, used vehicle sales volume fell to 21,667 (down 10.4%), resulting in lower net sales and profit overall. However, as with new vehicle sales, the recovery trend appears to have become clear in 4Q due to new model launches. In addition, personal leasing of used vehicles as a recurring revenue business is still in its third year, so absolute volume remains small, but it continues to grow at a double-digit rate. Maintenance continued to see increased service intake supported by the existing customer base of 350,000, and together with improved skills through enhanced training programs, higher productivity from introducing the latest equipment, and appropriate pricing reflecting rising prices, it achieved a third consecutive year of higher net sales and profit. Maintenance package membership also held steady at over 130,000, roughly the same level as the previous fiscal year, even amid a decline in new vehicle sales volume. Shakenkan strengthened marketing to acquire new customers because it has significant room to expand share, and it achieved a fourth consecutive year of higher net sales and profit.

Promoting initiatives toward sustainable growth

3. Topics

The Company took proactive action toward sustainable growth. In rebuilding the dealership network, based on the Mid-term Business Plan, the Company opened the Adachi shop in February 2026 as its 10th Nissan Retail Concept dealership. The Adachi shop is one of the Company's largest flagship dealerships, with capacity to display 7 vehicles in the showroom and maintenance facilities of 12 bays + 1 vehicle inspection line. In addition to improving convenience, ease of working, and enhanced functions, it is strengthening its role as a local mobility hub by expanding EV utilization facilities such as V2X. To enhance human capital, the Company participated in the All Nissan Service Technical Contest 2025 (NISSAN MASTERS Grand Prix 2025), held since 1966, and its team won second place in a competition of automobile maintenance skills and customer service skills. In addition, as part of Nissan's human resource development project, a total of 20 of the Company's mechanics, including foreign nationals, participated in the Nissan Mechanic Challenge, leveraging on-site experience gained as members of racing teams in SUPER GT and SUPER TAIKYU in their day-to-day work. In addition, the Company contributed to local communities by providing EVs as power sources for municipality-sponsored events and disaster preparedness drills, donating some disaster stockpiles stored at dealerships and offices to children's cafeterias and nursery schools, and participating in the TOKYO Children's Watchful Circle Project promoted by the Tokyo Metropolitan Government. In addition, Shakenkan won the first place for two consecutive years in the Kanto region vehicle inspection category of 2025 ORICON Customer Satisfaction® Survey conducted by Oricon <4800>.

Further momentum for recovery with more new models and more new dealerships

4. FY3/27 forecasts

For the FY3/27 forecasts, the final fiscal year of the Mid-term Business Plan, the Company expects net sales of ¥140,000mn (up 8.5% YoY), operating profit of ¥6,000mn (up 26.1%), ordinary profit of ¥5,500mn (up 15.7%), and profit attributable to owners of parent of ¥3,500mn (up 30.5%). In addition to the rebound from the previous fiscal year, when business conditions were harsh, the expansion of new models is likely to provide further momentum to the recovery in results.

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		
	Result	% of net sales	Forecast	% of net sales	YoY
Net sales	128,997	-	140,000	-	8.5%
Operating profit	4,756	3.7%	6,000	4.3%	26.1%
Ordinary profit	4,754	3.7%	5,500	3.9%	15.7%
Profit attributable to owners of parent	2,682	2.1%	3,500	2.5%	30.5%

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

The Company intends to steadily execute investments for sustainable growth, including enhancing human capital, promoting DX, and improving customer convenience through the dealership network, while promoting key initiatives such as leader in electrification, safety and driver assistance technology, and mobility business, and will continue to work to enhance corporate value. Only one new dealership is planned in the Tama area in October 2026, but the Company expects the network revamp effects from the 10 Nissan Retail Concept dealerships opened to date, including in the previous fiscal year. In addition to the three models released in 2H of the previous fiscal year, the Company also plans to release three more models this fiscal year, and it is expected to move beyond the model changeover period and enter a peak sales season. As a result, net sales are expected to increase by close to double digits. On the profit side, investments are planned in human capital—such as improved compensation, recruitment, training, and workplace environment—and in DX, such as introducing support systems; however, in addition to the net sales increase effect from new models, increases are also expected in used vehicle commissions and insurance commissions associated with new vehicle sales, so profit is expected to grow faster than net sales.

By business, new vehicle sales are expected to benefit from ROOX and Nissan LEAF contributing for the full year, and the release of the new compact SUV KICKS in June and the new high-profit luxury minivan ELGRAND in July. (In addition, the North American Nissan SUV MURANO is also scheduled to be launched in Japan in early 2027.) Both are third-generation e-POWER models with improved fuel efficiency at highway speeds, and by leveraging the effects of dealership renovations, the Company aims to maximize the net increase effect of new models. In particular, ELGRAND—once a popular model comparable to ALPHARD and VELLFIRE by Toyota <7203>—is expected to draw significant attention as it will undergo its first full redesign in 16 years. KICKS, being a mass-market SUV, appears to make it easier to secure volume. The pace of personal leasing is also likely to pick up, helped by the new model effect. As a result, the Company expects higher net sales and profit in new vehicle sales.

New ELGRAND

New KICKS

Source: The Company's results briefing materials

Used vehicle sales volume is expected to increase as trade-in vehicles that become saleable inventory will be more abundant along with increased new vehicle sales volume. Used vehicle market prices are also expected to remain high, due to factors such as the weak yen trend and the resulting revitalization of export markets. In addition, the Company will continue proposals for value-added sales and strengthening personal leasing for used vehicles this fiscal year, and expects higher sales unit prices. Therefore, used vehicle sales are expected to post higher net sales and profit. Maintenance is expected to post higher net sales and profit, backed by ongoing service intake supported by a stable customer base, a high repeat rate of about 80%, and improved productivity through continued investment in maintenance facilities. Shakenkan will promote the acquisition of new customers centered on new inspection workshops.

Mid-term Business Plan

Driving the future beyond mobility

1. Mid-term Business Plan

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 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 respect to this, the Company has set a corporate philosophy of "Driving the future beyond mobility. Delivering inspiration at every turn," in order to keep providing universal values encompassing the pleasure of movement and safe and comfortable driving. In order to realize the corporate philosophy, the Company has identified the following issues to be addressed: the popularization of EVs, expansion of personal lease sales, expansion of the mobility business, creation of shops that integrate physical and digital channels, and improvement of the business and operational structure, etc. As a milestone in the steady implementation of these initiatives, the Company has formulated its four-year Mid-term Business Plan (FY3/24 to FY3/27) that focuses on being a leader in electrification, safety and driver assistance technology, and the mobility business as outlined below and aims to achieve financial targets including net sales of ¥155.0bn, operating profit of ¥6.5bn, and a dividend payout ratio of 30% or higher.

Proactively executing investments to carry out key initiatives

2. Mid-term Business Plan's priority strategies

(1) Leader in electrification

Being a leader in electrification means to utilize its strengths as a pioneer of EV, e-POWER, 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. Given high consumer interest in such electrified vehicles, the Company decided to leverage its long-accumulated electrified vehicle know-how and infrastructure and aim early for milestones such as an electrified vehicle sales ratio of 90% or more (already achieved). By maintaining a high sales share of EVs and e-POWER, the Company intends to continue leading electrification as a frontrunner in the future as well. In addition, the Company aims to reduce CO_2 emissions by 16,000 tons through EV sales, manage energy in times of disaster, expand its recharging infrastructure, and build a network of stores that use renewable energy. As a result, it intends to develop a response to the mobility society ahead of the rest of the world.

(2) Safety and driver assistance technology

The Company has advanced driver assistance technology that provides peace of mind and safety, and a maintenance structure that supports it. To this end, the Company is increasing opportunities for customers to test-drive the 1,400 demonstration vehicles and rental cars deployed at its dealerships, expanding opportunities to experience advanced driver assistance systems such as Pro-PILOT. Pro-PILOT is standard or optional on most major models, contributing to a drop in accident rates. As well, the Company has further strengthened the already well-organized maintenance system to develop a human resource base capable of responding to technological innovation, and is streamlining work flows and improving work accuracy by promoting DX such as the automation of inspection lines. The Company is also deploying onboard fault detection and diagnostic services in all workshops, introducing the latest maintenance equipment to obtain certification under the specified maintenance system, and constructing an “electronic control system maintenance” structure that directly connects to customers’ safe and secure car lives.

(3) The mobility business

The Company is strengthening the mobility business to respond precisely to the trend of changing from owning to leasing and sharing. For personal leasing (P.O.P), which it started in 1997, it has been improving the usage rate and retention rate and promoting vehicle replacements by utilizing its sales expertise in personal leasing as best practices throughout the Group. As a result, P.O.P has grown rapidly as a business that contributes not only to the expansion of the Company’s new and used vehicle sales through early replacement purchases, but also to the expansion of recurring revenue from maintenance, insurance, and other areas. In the mobility business, the Company is also working to establish personal leasing for used vehicles, and to deploy rental cars at all dealerships and increase the number of vehicles in operation.

(4) Investment plan

To promote key initiatives, the Company is making active investments in focus areas in addition to continued investment in existing areas, and plans to execute total investment of more than ¥30.0bn over four years. Breaking down this amount, it intends to invest ¥25.0bn or more to update the store network, to respond to the environment, and to rebuild the business portfolio in order to strengthen existing businesses for sustainable growth; to invest ¥2.0bn or more to enhance human resources and DX that will be the driving force behind reforms, to improve efficiency and productivity through IT, to diversify its businesses, and to strengthen best practices; and to invest ¥3.0bn or more in new businesses and capital and business alliances for mobility-related, EV-peripheral businesses. Through such investment, the Company plans to increase its earnings and achieve return on equity (ROE) of 7.0% in FY3/27. To improve ROE, the Company aims for an operating margin of 4.2% through network renewal, new customer contact points, and efficiency investments; return on assets (ROA) of 3.4% through investments aimed at increasing earnings and effective use of assets (reduction of unnecessary assets); and D/E ratio of 0.26 times by optimizing the capital structure while ensuring financial security.

In the final fiscal year of the Mid-term Business Plan, the Company will benefit from a succession of new models

3. Progress of the Mid-term Business Plan

Under the Mid-term Business Plan, the Company aimed to return new vehicle sales volume to pre-pandemic levels, increase earnings in new vehicle sales and recurring revenue business, strengthen investment in human resources and digital, and optimize equipment expenses and other expenses. Based on the Mid-term Business Plan, the Company has been able to steadily advance investments in the dealership network of 10 locations and DX investments such as using AI to reduce internal workloads. As a result, the Company achieved its core financial target of operating profit in FY3/24, three years ahead of schedule, and has already achieved most targets in addition to operating profit. The operating profit forecast for FY3/27, the final fiscal year, can also be said to be at an almost achieved level when considering the earnings of the consolidated subsidiaries that were sold. Therefore, the Mid-term Business Plan can be said to be progressing smoothly.

By the way, FY3/26 saw tough results mainly because Nissan's restructuring coincided with model changeover period for new models, triggering negative reputation about Nissan. However, Nissan formulated "Re:Nissan," an action plan to aim for a recovery in performance by FY3/27 and rebuild management for long-term growth, and as it advanced improvements in cost structure, redefinition of market and product strategies, and stronger partnerships, negative reputation have also begun to subside. In particular, from 2H FY3/26, new model introductions followed one after another globally, and with strong orders for ROOX and Nissan LEAF, which led the new model rollout, the impact of reputation itself appears to have largely disappeared. The Company has weathered difficult periods through recurring revenue business and proprietary businesses, but in the final fiscal year of the Mid-term Business Plan it looks set to benefit from Nissan's new models such as ELGRAND.

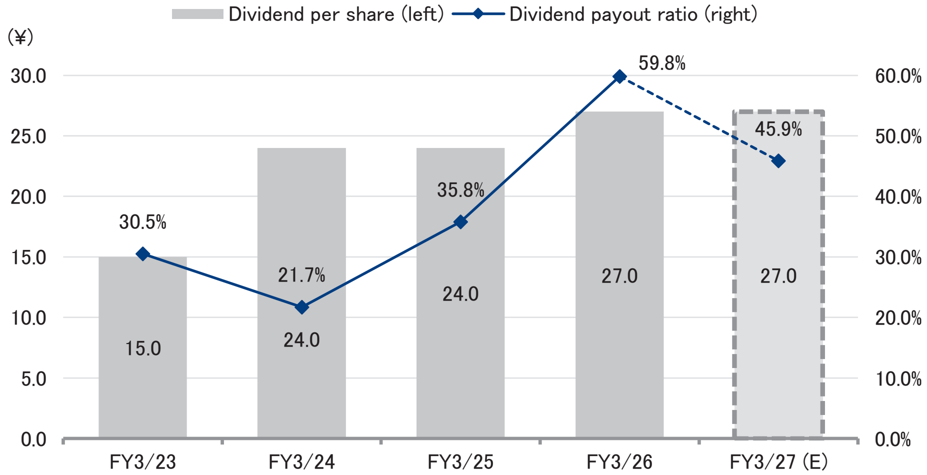
Shareholder return policy

Changed dividend policy to DOE of 3% or more, with further enhancement going forward

1. Dividend policy

The Company is aware that returning profits to shareholders is one of its most important management issues. The basic policy is to enhance shareholder returns while also considering internal reserves to secure growth potential, including making flexible responses in line with business performance. To further enhance shareholder returns and provide more stable dividends, the Company changed its dividend policy from maintaining a dividend payout ratio of 30% or more to a DOE of 3% or more. In addition, the Company plans to continue considering further enhancement of shareholder returns. Under this dividend policy, the annual dividend per share for FY3/26 was set at ¥27.0, an increase of ¥3.0 YoY (interim dividend ¥12.0, fiscal year-end dividend ¥15.0). For FY3/27, it plans ¥27.0 (interim dividend ¥13.0, fiscal year-end dividend ¥14.0). In November 2025, it cancelled 7,056,000 treasury shares to improve capital efficiency and enhance shareholder returns. (The ratio to the total number of shares issued before cancellation was 10.58%.)

Trends in dividend per share and dividend payout ratio



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

Offering original QUO cards featuring designs of popular car models

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 offer 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 provide 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 offer 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

112th period

113th period

Source: The Company's website

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