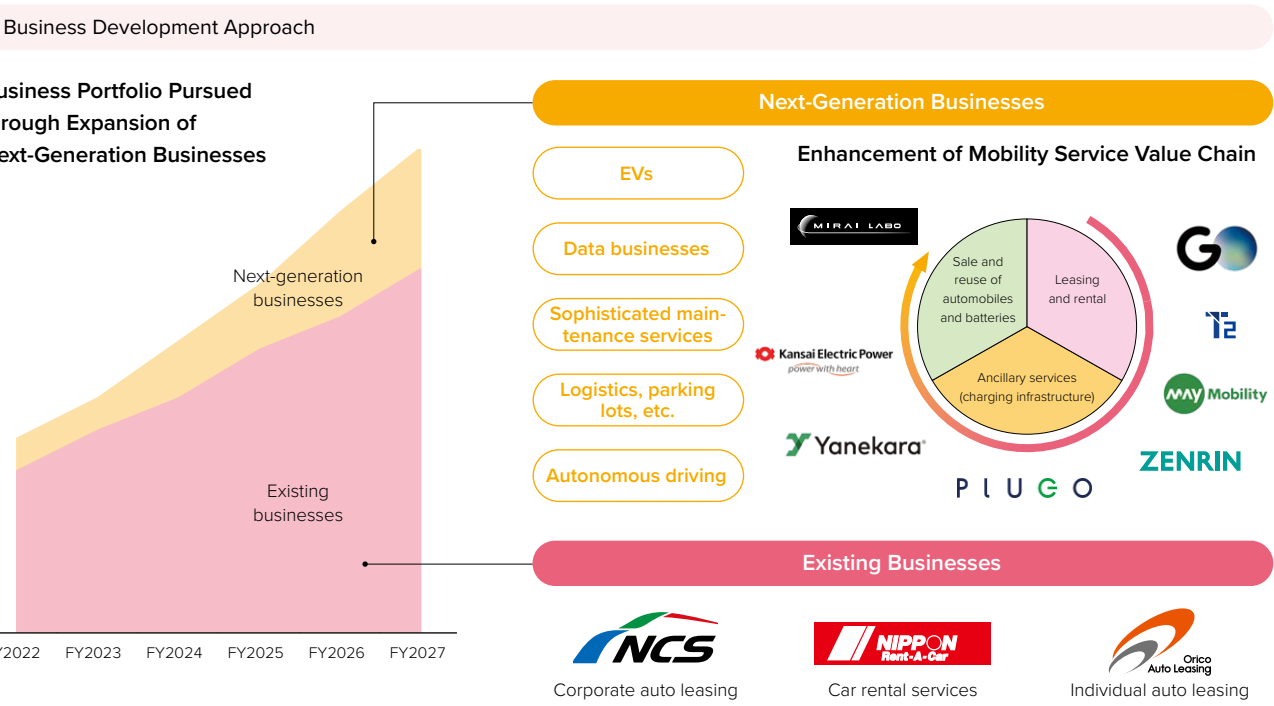
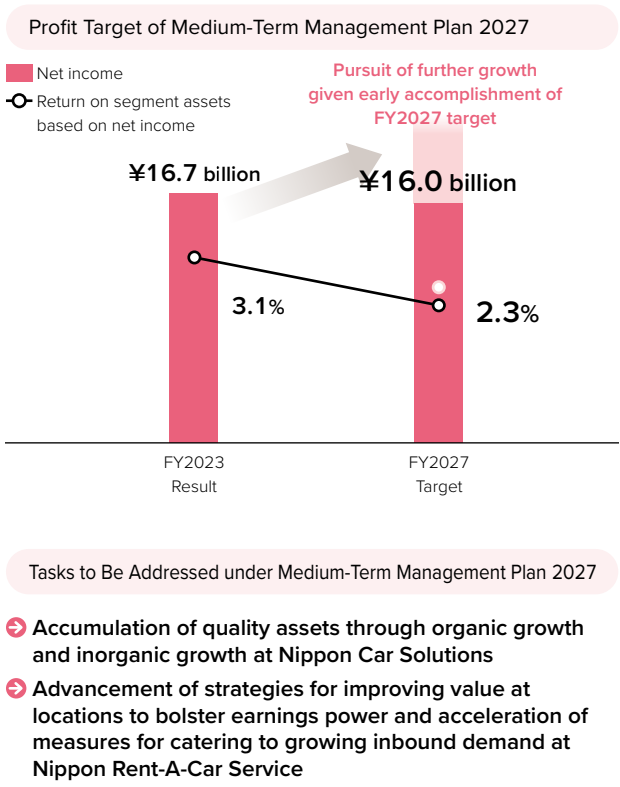





Growth Strategies by Operating Segment



Growth Strategies

Evolution of Existing Businesses and Promotion of Next-Generation Businesses

Existing Businesses	 Nippon Car Solutions Co., Ltd.	<ul style="list-style-type: none"><li>➔ Carbon-neutrality strategies will be accelerated through means such as developing and proposing new EV-related businesses.</li><li>➔ Strategies will be evolved by utilizing a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group.</li><li>➔ M&amp;A activities and other non-organic growth methods will be used to expand strategic businesses.</li><li>➔ The development and dissemination of a new brand for Nippon Car Solutions will be promoted alongside efforts to reform processes using digital technologies and strategically foster human resources.</li></ul>
	 Nippon Rent-A-Car Service, Inc.	<ul style="list-style-type: none"><li>➔ Our location network will be enhanced to situate locations in more favorable places, grow earnings, improve environments, and heighten customer satisfaction.</li><li>➔ IT will be employed to improve operational efficiency and enhance customer services (membership services, inbound demand response, etc.).</li><li>➔ Trials of EV rentals will be conducted as part of decarbonization initiatives, and other new business ventures will be undertaken.</li><li>➔ The development of systems and workplace environments that emphasize people will be promoted to create a highly efficient organization.</li></ul>
	 Orico Auto Leasing Co., Ltd.	<ul style="list-style-type: none"><li>➔ Closer alignment with Orient Corporation will be sought to mutually bolster sales capabilities and grow businesses.</li><li>➔ The enhancement of business earnings will be pursued by exploring new sales channels and augmenting vehicle supply support for agents and other unique functions.</li><li>➔ Efforts will be made to cater to demand for changing vehicles in response to lease maturity or cancellation, and contract continuation rates will be heightened via re-leasing (contract extensions).</li></ul>
Next-Generation Businesses		<ul style="list-style-type: none"><li>➔ Initiatives will be ramped up based on defined focus areas, including EVs, data businesses, sophisticated maintenance services, and autonomous driving.</li><li>➔ Synergies will be generated through increased coordination with existing capital and business alliance partners.</li><li>➔ New businesses will be created through new investment in focus areas and joint initiatives with new partners.</li></ul>

Interview



**Masato Osugi**  
Senior Managing Executive Officer  
President, Automobility Business Development Unit

- Q** Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?
- A** In fiscal 2023, the Automobility segment posted record-breaking earnings due to higher financing revenues at Nippon Car Solutions (NCS), increased car rental revenues at Nippon Rent-A-Car Service (NRS), and brisk market conditions for used vehicles.
- The market is undergoing a shift in focus from car ownership to car use while also suffering from opaque conditions pertaining to new vehicle supply and a lack of maintenance mechanics.
- We are currently faced with obstacles to improving profitability in the forms of higher financing costs amid rising interest rates and increases in cost of sales due to higher material prices and maintenance costs, which stem from operating environment changes such as inflation and yen depreciation. The Automobility segment is thus pressed to implement new measures for overcoming these issues.
- Q** What initiatives should be accelerated to overcome the issues faced by the Automobility segment?
- A** I would like to address this question by talking about existing businesses and next-generation businesses separately.
- With regard to existing businesses, the Automobility segment prides itself on the strength of its comprehensive lineup

of industry-leading corporate auto leasing, individual auto leasing, and car rental services. Leveraging this foundation, we are working to accumulate quality operating assets. NCS is implementing new sales measures that utilize a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group. The company is also striving to offer comprehensive value-added proposals that contribute to the decarbonization and sustainability of society. Meanwhile, NRS is catering to rising inbound demand to grow earnings while enhancing the environments and functions of its locations to improve profitability.

As for next-generation businesses, we are setting aside our preconceptions to explore possibilities for creating new businesses with an eye to a decade from now. One proponent of this undertaking is the Next Generation Automobility Business Division, which was established with the Automobility Business Development Unit in the spring of 2023. Our efforts on this front began by shifting from a product-oriented perspective to a market-oriented perspective and thoroughly entrenching this perspective within our organization. We then went on to pursue new initiatives to complement our existing functions. At the same time, we are working to develop a fourth pillar of business that provides new functions and earnings and can stand alongside the existing businesses of NCS, NRS, and Orico Auto Leasing. In the new technology fields of EVs and autonomous driving, we are branching out from leasing to enhance our lineup of functions that accommodate customer needs. We thereby aim to provide value-added services in peripheral fields like charging infrastructure, fleet management, energy management, and battery reuse.