



Financial Results for the Three Months Ended June 30, 2021 (Japanese Accounting Standards) (Consolidated)

July 28, 2021

Company name : Nissan Motor Co., Ltd. <Tokyo Stock Exchange in Japan>
 Code no : 7201 (URL <https://www.nissan-global.com/EN/IR/>)
 Representative : Makoto Uchida, Representative Executive Officer, President and Chief Executive Officer
 Contact person : Tsuyoshi Tatsumi, Corporate Vice President, IR Department Tel. (045) 523 - 5523
 Scheduled date of filing Shihanki-Houkokusho : July 30, 2021
 Scheduled date of payment of cash dividends : —
 The additional materials of the Financial Results for the First Quarter : Yes
 The briefing session of the Financial Results for the First Quarter : Yes

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 through June 30, 2021)

<1> Consolidated operating results

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended June 30, 2021	2,008,247	71.0	75,682	—	90,287	—	114,531	—
June 30, 2020	1,174,194	(50.5)	(153,926)	—	(232,280)	—	(285,589)	—

Note : Comprehensive income : 163,303 million yen for the three months ended June 30, 2021 , —%
 (311,275) million yen for the three months ended June 30, 2020 , —%

	Basic earnings per share	Diluted earnings per share
Three Months Ended June 30, 2021	yen 29.26	yen 29.26
June 30, 2020	(73.00)	—

<2> Consolidated financial position

	Total assets	Net assets	Net assets as a percentage of total assets
	Millions of yen	Millions of yen	%
FY2021 1st quarter	15,888,380	4,488,577	25.7
FY2020	16,452,068	4,339,826	24.0

Reference: Net assets excluding share subscription rights and non-controlling interests: 4,090,126 million yen as of June 30, 2021,
 3,944,593 million yen as of March 31, 2021

2. Dividends

	Annual cash dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
FY2020	—	0.00	—	0.00	0.00
FY2021	—	—	—	—	—
FY2021 forecast	—	—	—	—	—

Note : FY2021 dividends forecast has not yet been determined.

3. Forecast of consolidated operating results for FY2021 (April 1, 2021 through March 31, 2022)

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	Net sales		Operating income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2021 1st half	—	—	—	—	—	—	—
FY2021	9,750,000	24.0	150,000	—	60,000	—	15.33

Note: Changes in forecast of consolidated operating results for FY2021 from the latest disclosure : Yes

Forecast of consolidated operating results for FY2021 1st half is not prepared.

※ Notes

<1> Significant changes in scope of consolidated subsidiaries : None

<2> Adoption of specific accounting policies for quarterly consolidated financial statements : Applicable

Note: See attached page 8 "(4) Notes to quarterly consolidated financial statements - (Adoption of specific accounting policies for quarterly consolidated financial statements) "

<3> Changes in accounting policies, accounting estimation change and restatement

<3>-1 Changes in accounting policies due to the revision of the accounting standards. : Applicable

<3>-2 Changes in accounting policies except for those in <3>-1 : None

<3>-3 Changes due to accounting estimation change : None

<3>-4 Restatement : None

Note: See attached page 8 "(4) Notes to quarterly consolidated financial statements - (Changes in accounting policies) "

<4> Number of shares issued

<4>-1 Number of shares issued at the end of the period (including treasury stocks)

FY2021 1st quarter	4,220,715,112 shares	FY2020	4,220,715,112 shares
FY2021 1st quarter	307,616,183 shares	FY2020	306,650,569 shares
FY2021 1st quarter	3,913,823,015 shares	FY2020 1st quarter	3,912,205,119shares

<4>-2 Number of treasury stocks at the end of the period

<4>-3 The average number of shares issued during the three months ended June 30

※ This Quarterly Financial Results report is out of scope of review by certified public accountants or an audit firm

※ Explanation regarding the appropriate use of forecast of operating results

The financial forecast of operating results is based on judgements and estimates that have been made using currently available information.

By nature, such financial forecast is subject to uncertainty and risk. Therefore, the final results might be significantly different from the aforementioned forecast due to changes in economic environments related to our business, market trends, exchange rate, etc.

For other remarks, please refer to "2. Other Information" on page 13.

(in millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current first quarter (As of June 30, 2021)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,501,972	1,151,585
Short-term borrowings	1,016,504	724,372
Current portion of long-term borrowings	1,721,797	1,952,587
Commercial papers	6,749	107,481
Current portion of bonds	514,893	548,790
Lease obligations	43,542	39,833
Accrued expenses	1,034,305	957,104
Accrued warranty costs	101,624	99,736
Other	784,996	762,741
Total current liabilities	6,726,382	6,344,229
Long-term liabilities		
Bonds	2,046,620	2,035,035
Long-term borrowings	2,173,677	1,871,082
Lease obligations	75,450	69,681
Accrued warranty costs	102,303	101,677
Net defined benefit liability	257,521	254,065
Other	730,289	724,034
Total long-term liabilities	5,385,860	5,055,574
Total liabilities	12,112,242	11,399,803
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,071	817,071
Retained earnings	3,629,938	3,741,880
Treasury stock	(139,259)	(138,896)
Total shareholders' equity	4,913,564	5,025,869
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	61,902	2,170
Unrealized gain and loss from hedging instruments	(10,639)	(6,488)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(36,498)	(36,308)
Translation adjustments	(906,200)	(815,771)
Remeasurements of defined benefit plans	(77,536)	(79,346)
Total accumulated other comprehensive income	(968,971)	(935,743)
Non-controlling interests	395,233	398,451
Total net assets	4,339,826	4,488,577
Total liabilities and net assets	16,452,068	15,888,380

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Three month period ended June 30
Quarterly consolidated statement of income

	(in millions of yen)	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Net sales	1,174,194	2,008,247
Cost of sales	1,075,574	1,676,260
Gross profit	98,620	331,987
Selling, general and administrative expenses		
Advertising expenses	31,104	56,202
Provision for warranty costs	14,094	25,144
Other selling expenses	40,113	6,261
Salaries and wages	90,681	95,661
Retirement benefit expenses	4,107	1,745
Provision for doubtful accounts	16,011	(9,637)
Other	56,436	80,929
Total selling, general and administrative expenses	252,546	256,305
Operating income (loss)	(153,926)	75,682
Non-operating income		
Interest income	3,884	3,069
Dividends income	117	2,929
Equity in earnings of affiliates	—	18,283
Exchange gain	24,921	5,788
Miscellaneous income	8,373	5,366
Total non-operating income	37,295	35,435
Non-operating expenses		
Interest expense	2,970	14,087
Equity in losses of affiliates	84,655	—
Derivative loss	19,580	2,162
Miscellaneous expenses	8,444	4,581
Total non-operating expenses	115,649	20,830
Ordinary income (loss)	(232,280)	90,287
Special gains		
Gain on sales of fixed assets	2,545	5,009
Gain on sales of investment securities	—	76,094
Other	6,171	7,115
Total special gains	8,716	88,218
Special losses		
Loss on sales of fixed assets	368	1,494
Loss on disposal of fixed assets	870	1,144
Loss on sales of investment securities	—	1,822
Special addition to retirement benefits	40,085	2,565
Other	39,712	941
Total special losses	81,035	7,966
Income (loss) before income taxes	(304,599)	170,539
Income taxes	(20,303)	48,835
Net income (loss)	(284,296)	121,704
Net income attributable to non-controlling interests	1,293	7,173
Net income (loss) attributable to owners of parent	(285,589)	114,531

Quarterly consolidated statement of comprehensive income

	(in millions of yen)	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Net income (loss)	(284,296)	121,704
Other comprehensive income		
Unrealized holding gain and loss on securities	19,016	(60,181)
Unrealized gain and loss from hedging instruments	(821)	3,906
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	690	196
Translation adjustments	(8,871)	66,524
Remeasurements of defined benefit plans	4,495	(1,420)
The amount for equity method company portion	(41,488)	32,574
Total other comprehensive income	(26,979)	41,599
Comprehensive income	(311,275)	163,303
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(310,367)	147,759
Comprehensive income attributable to non-controlling interests	(908)	15,544

(3) Quarterly consolidated statement of cash flows

	(in millions of yen)	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	(304,599)	170,539
Depreciation and amortization (for fixed assets excluding leased vehicles)	60,495	69,677
Depreciation and amortization (for long term prepaid expenses)	13,325	9,488
Depreciation and amortization (for leased vehicles)	120,685	92,065
Increase (decrease) in allowance for doubtful accounts	(1,112)	(16,739)
Interest and dividends income	(4,001)	(5,998)
Interest expense	43,089	45,972
Equity in losses (earnings) of affiliates	84,655	(18,283)
Loss (gain) on sales of fixed assets	(2,177)	(3,515)
Loss on disposal of fixed assets	870	1,144
Loss (gain) on sales of investment securities	—	(74,272)
Decrease (increase) in trade notes and accounts receivable	45,841	—
Decrease (increase) in trade notes and accounts receivable, and contract assets	—	216,537
Decrease (increase) in sales finance receivables	521,271	242,001
Decrease (increase) in inventories	147,018	16,322
Increase (decrease) in trade notes and accounts payable	(636,065)	(443,031)
Retirement benefit expenses	7,324	(2,895)
Payments related to net defined benefit assets and liabilities	(4,078)	(6,289)
Other	(7,834)	(29,482)
Subtotal	84,707	263,241
Interest and dividends received	5,083	3,771
Proceeds from dividends income from affiliates accounted for by equity method	1,131	412
Interest paid	(40,718)	(34,277)
Income taxes paid	(29,664)	(21,415)
Net cash provided by (used in) operating activities	20,539	211,732
Cash flows from investing activities		
Net decrease (increase) in short-term investments	—	317
Purchase of fixed assets	(108,196)	(89,366)
Proceeds from sales of fixed assets	4,516	13,266
Purchase of leased vehicles	(146,901)	(257,972)
Proceeds from sales of leased vehicles	137,823	204,334
Payments of long-term loans receivable	(8)	(14)
Collection of long-term loans receivable	76	49
Purchase of investment securities	—	(6,504)
Proceeds from sales of investment securities	623	149,987
Proceeds from sales of subsidiaries resulting in change in scope of consolidation	—	154
Net decrease (increase) in restricted cash	(94,121)	(94,040)
Other	103	567
Net cash provided by (used in) investing activities	(206,085)	(79,222)

	(in millions of yen)	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(347,267)	(207,917)
Proceeds from long-term borrowings	896,849	293,229
Proceeds from issuance of bonds	22,912	31,705
Repayments of long-term borrowings	(404,864)	(372,539)
Redemption of bonds	(148,284)	(25,000)
Proceeds from non-controlling shareholders	2,877	—
Repayments of lease obligations	(11,575)	(12,131)
Cash dividends paid to non-controlling interests	(472)	(463)
Net cash provided by (used in) financing activities	10,176	(293,116)
Effects of exchange rate changes on cash and cash equivalents	(6,877)	25,229
Increase (decrease) in cash and cash equivalents	(182,247)	(135,377)
Cash and cash equivalents at beginning of the period	1,642,981	2,034,026
Increase due to inclusion in consolidation	—	4,799
Cash and cash equivalents at end of the period	1,460,734	1,903,448

(4) Notes to quarterly consolidated financial statements

(Notes to events and conditions which indicate there could be substantial doubt about going concern assumption)

None

(Note to significant changes in shareholders' equity)

None

(Adoption of specific accounting policies for quarterly consolidated financial statements)

Calculation of tax expense

Income taxes are determined based on the amount of income before income taxes for the current first quarter ended June 30, 2021 multiplied by the effective tax rate, after adoption of tax-effect accounting, estimated for the entire fiscal year ending March 31, 2022.

Deferred income taxes are included in income taxes.

(Changes in accounting policies)

(1) Accounting Standards Board of Japan (ASBJ) Statement No. 29 “*Accounting Standard for Revenue Recognition*” “*Accounting Standard for Revenue Recognition*” (ASBJ Statement No. 29, March 31, 2020. Hereinafter “Revenue Recognition Standard”) and related guidelines have been adopted from the beginning of the current first quarter. In line with this adoption, revenue is recognized upon the transfer of controls for promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

The main effects of the adoption of the Revenue Recognition Standard are as follows: the timing of revenue recognition for retail sales of vehicles at domestic sales subsidiaries was changed from the time of registration to the time of delivery to customers, and the transactions in which domestic subsidiaries act as agents, revenue was previously recognized at the total amount of consideration received from the customer, but has changed to recognizing revenue at the net amount received from the customer less the amount paid to the supplier.

In adopting the Revenue Recognition Standard, in accordance with the transitional treatment set forth in the proviso of Article 84 of the Revenue Recognition Standard, the cumulative effect of retrospective application of the standards prior to the beginning of the current first quarter was added to or subtracted from retained earnings at the beginning of the current first quarter.

As a result, net sales increased by ¥12,399 million, cost of sales increased by ¥6,694 million and income before income taxes for the current first quarter increased by ¥5,671 million. In addition, the balance of retained earnings at the beginning of the current first quarter decreased by ¥8,828 million.

As a result of the adoption of the Revenue Recognition Standard, "Trade notes and accounts receivable" which was presented in "Current assets" of the consolidated balance sheet for the previous fiscal year, is included in "Trade notes and accounts receivable, and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Article 89-2 of the Revenue Recognition Standard, consolidated financial statements for past periods have not been reclassified using the new presentation method.

(2) Accounting Standards Board of Japan (ASBJ) Statement No. 30 “*Accounting Standard for Fair Value Measurement*” “*Accounting Standard for Fair Value Measurement*” (ASBJ Statement No. 30, July 4, 2019) and other standards have been adopted from the beginning of the current first quarter, and in accordance with the transitional treatment set forth in Article 19 of “*Accounting Standard for Fair Value Measurement*” and Article 44-2 of “*Accounting Standard for Financial Instruments*” (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by “*Accounting Standard for Fair Value Measurement*” and other standards into the future. The effects of this adoption on the quarterly consolidated financial statements are immaterial.

(Additional information)

Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its domestic subsidiaries have adopted “*Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System*” (PITF No. 39, March 31, 2020) and deferred tax assets and liabilities are based on tax law provisions in place prior to the revision prescribing transition from the consolidated taxation system to the group tax sharing system (Act No. 8 of 2020).

(Segment information)

【Current first quarter segment information】

[Net sales and profits or losses by reportable segments]

Prior first quarter (From April 1, 2020 To June 30, 2020)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Prior first quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	919,758	254,436	1,174,194	—	1,174,194
Inter-segment sales or transfers	24,838	9,435	34,273	(34,273)	—
Total	944,596	263,871	1,208,467	(34,273)	1,174,194
Segment profits (losses)	(222,025)	63,045	(158,980)	5,054	(153,926)

Current first quarter (From April 1, 2021 To June 30, 2021)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Current first quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	1,745,525	262,722	2,008,247	—	2,008,247
Inter-segment sales or transfers	18,534	8,353	26,887	(26,887)	—
Total	1,764,059	271,075	2,035,134	(26,887)	2,008,247
Segment profits (losses)	(28,078)	97,698	69,620	6,062	75,682

Notes: 1. Main products of each business segment

- (1) Automobile : passenger cars, commercial vehicles, manufacturing parts for overseas production, etc.
- (2) Sales financing : credit, lease, etc.

2. In principle, the accounting method for the reportable segments is the same as basis of preparation for the quarterly consolidated financial statements. The segment profits are based on operating income. Inter-segment sales are based on the price in arms-lengths transaction.

[Consolidated Financial Statements by Business Segments]

*Regarding summarized quarterly consolidated statements of income and summarized quarterly consolidated statements of cash flows for the prior fiscal year, the Sales financing segment consists of NISSAN FINANCIAL SERVICES CO., LTD. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR FINANCE MEXICO, S.A. de C.V. (Mexico), Dongfeng Nissan Auto Finance Co., Ltd. (China), 10 other companies and the sales finance operations of Nissan Canada, Inc. (Canada).

*Regarding summarized quarterly consolidated statements of income and summarized quarterly consolidated statements of cash flows for the current fiscal year, the Sales financing segment consists of NISSAN FINANCIAL SERVICES CO., LTD. (Japan), Nissan Motor Acceptance Company LLC (U.S.A.), NR FINANCE MEXICO, S.A. de C.V. (Mexico), Dongfeng Nissan Auto Finance Co., Ltd. (China), 10 other companies and the sales finance operations of Nissan Canada, Inc. (Canada).

*The financial data in the Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales financing segment.

1) Summarized quarterly consolidated statements of income by business segments

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Net sales	910,323	1,737,172	263,871	271,075	1,174,194	2,008,247
Cost of sales	904,741	1,501,903	170,833	174,357	1,075,574	1,676,260
Gross profit	5,582	235,269	93,038	96,718	98,620	331,987
Operating income as a percentage of net sales	(23.8%)	(1.3%)	23.9%	36.0%	(13.1%)	3.8%
Operating income (loss)	(216,971)	(22,016)	63,045	97,698	(153,926)	75,682
Financial income / expenses, net	1,007	(8,081)	24	(8)	1,031	(8,089)
Other non-operating income and expenses, net	(80,462)	18,207	1,077	4,487	(79,385)	22,694
Ordinary income (loss)	(296,426)	(11,890)	64,146	102,177	(232,280)	90,287
Income (loss) before income taxes	(368,460)	64,893	63,861	105,646	(304,599)	170,539
Net income (loss) attributable to owners of parent	(325,747)	48,577	40,158	65,954	(285,589)	114,531

2) Summarized quarterly consolidated statements of cash flows by business segments

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)	Prior first quarter (From April 1, 2020 To June 30, 2020)	Current first quarter (From April 1, 2021 To June 30, 2021)
Cash flows from operating activities	(711,198)	(242,095)	731,737	453,827	20,539	211,732
Cash flows from investing activities	(104,489)	67,702	(101,596)	(146,924)	(206,085)	(79,222)
(Free Cash flow)	(815,687)	(174,393)	630,141	306,903	(185,546)	132,510
Cash flows from financing activities	599,560	(48,086)	(589,384)	(245,030)	10,176	(293,116)
Effects of exchange rate changes on cash and cash equivalents	(11,379)	20,951	4,502	4,278	(6,877)	25,229
Increase (decrease) in cash and cash equivalents	(227,506)	(201,528)	45,259	66,151	(182,247)	(135,377)
Cash and cash equivalents at beginning of the period	1,494,550	1,896,134	148,431	137,892	1,642,981	2,034,026
Increase due to inclusion in consolidation	—	4,799	—	—	—	4,799
Cash and cash equivalents at end of the period	1,267,044	1,699,405	193,690	204,043	1,460,734	1,903,448

[Net sales and profits or losses by region]

Prior first quarter (From April 1, 2020 To June 30, 2020)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	339,865	539,029	93,491	139,110	62,699	1,174,194	—	1,174,194
(2) Inter-segment sales	133,262	34,638	13,644	64,752	1,305	247,601	(247,601)	—
Total	473,127	573,667	107,135	203,862	64,004	1,421,795	(247,601)	1,174,194
Operating income (loss)	(123,301)	(25,794)	(17,411)	7,786	(4,720)	(163,440)	9,514	(153,926)

Current first quarter (From April 1, 2021 To June 30, 2021)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	416,416	989,799	201,890	199,833	200,309	2,008,247	—	2,008,247
(2) Inter-segment sales	336,520	79,421	41,990	119,520	5,610	583,061	(583,061)	—
Total	752,936	1,069,220	243,880	319,353	205,919	2,591,308	(583,061)	2,008,247
Operating income (loss)	(50,206)	109,820	(19,045)	20,637	11,041	72,247	3,435	75,682

Notes: 1. Regions represent the location of the Company and its group companies.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, and Central & South America excluding Mexico

[Information about geographical area]

(Net sales)

Prior first quarter (From April 1, 2020 To June 30, 2020)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
279,283	534,758	446,420	111,331	178,723	70,099	1,174,194

Current first quarter (From April 1, 2021 To June 30, 2021)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
358,618	959,012	767,789	226,081	230,608	233,928	2,008,247

Notes: 1. Regions represent customers' location.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, Central & South America excluding Mexico, etc.

2. Other Information

The former Representative Directors of the Company were indicted on suspicion of violating the Financial Instruments and Exchange Act (charged with submitting false Securities Reports) and a former Representative Director and Chairman was additionally indicted on suspicion of violating the Companies Act (charged with aggravated breach of trust). In conjunction with these indictments, the Company itself was indicted on suspicion of violating the Financial Instruments and Exchange Act. The Company took this situation very seriously and formed a Special Committee for Improving Governance (SCIG) consisting of several independent third parties and independent Outside Directors of the Company. On March 27, 2019, Nissan's board of directors received a report from the SCIG that summarizes the committee's proposals for governance improvements and recommends a framework for the best governance as a foundation for Nissan business operations in the future. The Company has made the transition to a three statutory committee format.

On September 9, 2019, the board of directors of the Company received a report from the Audit Committee on the internal investigation into misconduct led by the Company's former chairman and others. As stated in the timely disclosure released on September 9, 2019 "Nissan board receives report on misconduct led by former chairman and others", the report confirmed specific instances of misconduct. Among these instances, Ghosn's personal use of the company's assets and improper payments of financial "incentives" to Nissan distributors instructed by Ghosn are as follows. Since September 9, 2019, there have been no changes made to the following contents at the time of submission of this report. In the future, if significant progress occurs in the following contents, we will disclose in accordance with relevant laws and regulations.

A) Ghosn's personal use of the company's assets

The report confirms that Ghosn used the company's assets for personal benefit, including:

- purchase of residences for exclusive personal use in Beirut and Rio de Janeiro using roughly 27 million U.S. dollars in investment funds from Zi-A Capital, a Nissan subsidiary established under the guise of investing in promising technology start-ups, and further misuse of other company funds to purchase or rent additional residences for personal use;
- payment of sums totaling more than 750,000 U.S. dollars to Ghosn's sister on the basis of a fictitious consulting contract, starting in 2003 and extending for over 10 years with no evidence of any services having been rendered;
- personal use of the corporate jets by Ghosn and members of his family;
- improper use of expenses toward family vacations and gifts of a personal nature;
- instruction of donations totaling more than 2 million U.S. dollars of company funds to universities in Ghosn's ancestral home country of Lebanon with no legitimate business purpose;
- transfer to Nissan in 2008 of foreign exchange swap contracts bearing unrealized losses of roughly 1.85 billion yen, based on a deceptive explanation to the Company's board regarding the nature of the transaction (in 2009, the swap contracts were secretly transferred back to a company related to Ghosn after being flagged as improper by Japan's financial authorities);
- improper payments totaling roughly 7.8 million Euros to Ghosn from Nissan-Mitsubishi B.V. ("NMBV"), which is a joint venture established by Nissan and MITSUBISHI MOTORS CORPORATION, paid from April 2018 onward under the pretext of a salary and an employment contract with NMBV, despite the fact that no contract had been approved by the NMBV's board of directors.

In an unfair dismissal lawsuit filed in the Amsterdam District Court by Ghosn against NMBV and another Nissan subsidiary, NMBV brought a counterclaim against Ghosn for repayment of the sums Ghosn appropriated unlawfully from NMBV. On May 20, 2021, The Amsterdam District Court dismissed Ghosn's claims and ordered Ghosn to return roughly 5 million Euros.

B) Improper payments of financial "incentives" to Nissan distributors instructed by Ghosn

Ghosn instructed a Nissan subsidiary to make payments totaling 14.7 million U.S. dollars to a distributor managed by an acquaintance outside Japan who had previously offered him personal financial support (a fact Ghosn withheld from Nissan's board of directors and the relevant departments within the company). Payments were made under the pretext of covering expenses for special business projects and were approved through Nissan's CEO Reserve, an emergency budget over which only Ghosn and a selected few direct subordinates had approval authority.

Ghosn also instructed a Nissan subsidiary to make payments totaling 32 million U.S. dollars to a distributor outside Japan, an employee of which transferred tens of millions of dollars to Ghosn and a company related to Ghosn (a fact Ghosn withheld from Nissan's board of directors and the relevant departments within the company). Payments were made under the pretext of granting financial incentives to the distributor in question and were approved through the CEO Reserve.

The Company has filed a provisional disposition order in the British Virgin Islands against Ghosn and related parties for a luxury yacht and has filed a lawsuit based on the order seeking damages, etc. Also, on February 12, 2020, the Company has filed a lawsuit against Carlos Ghosn in Japan, seeking recovery of damages. Going forward, the Company will continue to take necessary measures based on the findings of the Company's internal investigation, including legal action to claim damages, in order to account for the responsibility of the former chairman and others.

The Company has received a written notice of commencement of trial procedures dated December 13, 2019, from the Commissioner of the FSA. In response to this written notice, on December 23, 2019, the Company has submitted a written answer not disputing the alleged facts and the amount of the administrative monetary penalty. After that, the Company has received the administrative monetary penalty payment order, dated February 27, 2020, of 2,424,895,000 yen from the Commissioner of the FSA. In accordance with the administrative monetary penalty payment order and payment notice, the Company has made the penalty payment of 1,406,250,000 yen, which became due.

In December 2019, new management has been established, whose members have been selected by the Nomination Committee. As demonstrated by the establishment of new management, strengthening of the supervisory function of internal audit, and so on, the Company is working on various countermeasures to prevent recurrence.

The Company continues its efforts to improve its governance, including ongoing implementation of the improvement measures stated in the Improvement Measures Status Report submitted to Tokyo Stock Exchange on January 16, 2020, as well as reviewing necessary improvements from time to time going forward. The Company also continues to reform its corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management.