

FY2021 Consolidated Financial Results (Japanese Accounting Standards)



May 12, 2022

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 Scheduled date of the general meeting of shareholders : To be determined Scheduled date of payment of cash dividends : To be determined
 Scheduled date of filing Yukashoken-Houkokusho : To be determined
 The additional materials of the Financial Results for FY2021 : Yes
 The briefing session of the Financial Results for FY2021 : Yes

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for FY2021 (April 1, 2021 through March 31, 2022)

<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	%
FY2021	8,424,585	7.1	247,307	—	306,117	—	215,533	—
FY2020	7,862,572	(20.4)	(150,651)	—	(221,230)	—	(448,697)	—

Note: Comprehensive income : 689,621 million yen for FY2021, — : (41,928) million yen for FY2020, —%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
	yen	yen	%	%	%
FY2021	55.07	55.07	5.1	1.9	2.9
FY2020	(114.67)	—	(11.2)	(1.3)	(1.9)

Reference: Equity in earnings (losses) of affiliates : 94,302 million yen for FY2021, (55,861) million yen for FY2020

<2> Consolidated financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2021	16,371,481	5,029,584	28.0	1,170.17
FY2020	16,452,068	4,339,826	24.0	1,007.80

Reference: Net assets excluding share subscription rights and non-controlling interests: 4,580,601 million yen as of March 31, 2022, 3,944,593 million yen as of March 31, 2021

<3> Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2021	847,187	(146,835)	(1,092,645)	1,792,692
FY2020	1,322,789	(369,121)	(639,692)	2,034,026

2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2020	—	0.00	—	0.00	0.00	0	—	—
FY2021	—	0.00	—	5.00	5.00	19,573	9.1	0.5
FY2022 forecast	—	—	—	5.00	—		—	

Note: FY2022 dividends forecast at 2nd quarter end has not yet been determined.

3. Forecast of consolidated operating results for FY2022 (April 1, 2022 through March 31, 2023)

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

	Net sales		Operating income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2022	10,000,000	18.7	250,000	1.1	150,000	(30.4)	38.32

Note: Forecast of consolidated operating results for FY2022 1st half is not prepared.

※ Notes

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

In : - (Company Name :) Out : - (Company Name :)

<2> Changes in accounting policies, accounting estimation change and restatement

<2>-1 Changes in accounting policies due to the revision of the accounting standards: Applicable

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

<2>-3 Changes due to accounting estimation change: None

<2>-4 Restatement: None

Note: See attached page15 "3. Consolidated Financial Statements (5) Notes to consolidated financial statements - Changes in accounting policies".

<3> Number of shares issued (common stock)

<3>-1 Number of shares issued at the fiscal year end (including treasury stocks)

<3>-2 Number of treasury stocks at the fiscal year end

<3>-3 The average number of shares issued during the fiscal year

FY2021	4,220,715,112 shares	FY2020	4,220,715,112 shares
FY2021	306,252,046 shares	FY2020	306,650,569 shares
FY2021	3,914,068,172 shares	FY2020	3,912,895,437 shares

(Reference) Non-Consolidated Financial Results**Results of FY2021 (April 1, 2021 through March 31, 2022)**

Results of non-consolidated operations for the year ended March 31, 2022

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	2,409,348	(3.2)	(345,235)	—	(208,445)	—	(114,387)	—
FY2020	2,489,676	(21.2)	(263,729)	—	99,034	272.7	(72,629)	—

	Net income per share - basic
	yen
FY2021	(27.28)
FY2020	(17.32)

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

※ Explanation regarding the appropriate use of forecasts of business results

The financial forecast is based on judgments and estimates that have been made on the basis of currently available information.

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

For other remarks, please refer to "Other Information" on page 22.

【Table of content of material】

1. Business Performance and Financial Position	2
(1) Fiscal year 2021 business performance	2
(2) Fiscal year 2021 financial position	3
(3) Fiscal year 2021 cash flows	3
(4) Fiscal year 2022 financial forecast	4
2. Basic Rationale on Selection of Accounting Standards	4
3. Consolidated Financial Statements	5
(1) Consolidated balance sheet	5
(2) Consolidated statement of income and consolidated statement of comprehensive income	7
Consolidated statement of income	7
Consolidated statement of comprehensive income	9
(3) Consolidated statement of changes in net assets	10
(4) Consolidated statement of cash flows	12
(5) Notes to consolidated financial statements	14
Notes to events and conditions which indicate there could be substantial doubt about going concern assumption	14
Basis of consolidated financial statements	14
Changes in accounting policies	15
Additional information	15
Segments of an enterprise and related information	16
Amounts per share	21
Significant subsequent events	21
4. Other Information	22

1. Business Performance and Financial Position

(1) Fiscal year 2021 business performance

In fiscal year 2021, the global industry volume increased by 1.8% to 78.36 million units. The Nissan Group (the "Group")'s global sales (on a retail basis) amounted to 3,876,000 units, a 4.3% decrease from the prior fiscal year mainly due to semiconductor supply shortage. As a result, the Group's market share decreased by 0.4 points to 4.9% from the prior fiscal year.

In Japan, TIV decreased by 9.5% to 4.22 million units. The Group's sales volume (on a retail basis) decreased by 10.3% to 428,000 units and the Group's market share decreased by 0.1 points to 10.2% from the prior fiscal year.

In China, TIV increased by 5.0% to 24.61 million units. On the other hand, the Group's sales volume (on a retail basis) decreased by 5.2% to 1,381,000 units and the Group's market share decreased by 0.6 points to 5.6% from the prior fiscal year.

In North America, including Mexico and Canada, TIV decreased by 2.4% to 17.07 million units. The Group's sales volume (on a retail basis) in North America decreased by 2.4% to 1,183,000 units from the prior fiscal year.

In the United States of America, TIV decreased by 3.4% to 14.47 million units. The Group's sales volume (on a retail basis) decreased by 3.7% to 893,000 units and the Group's market share was 6.2%, remaining nearly flat from the prior fiscal year.

In Europe, TIV decreased by 3.3% to 15.50 million units. The Group's sales volume (on a retail basis) in Europe, excluding Russia, decreased by 11.9% to 289,000 units. Also, sales volume (on a retail basis) in Russia decreased by 20.1% to 51,000 units from the prior fiscal year.

In other markets, the Group's sales volume (on a retail basis) increased by 5.9% to 543,000 units. Sales volume (on a retail basis) in Asia and Oceania decreased by 1.4% to 190,000 units, sales volume (on a retail basis) in Latin America increased by 19.7% to 169,000 units, sales volume (on a retail basis) in Middle East decreased by 0.9% to 116,000 units and sales volume (on a retail basis) in Africa increased by 10.0% to 68,000 units from the prior fiscal year.

Net sales in fiscal year 2021 increased by ¥562.0 billion (7.1%) to ¥8,424.6 billion from the prior fiscal year. As a result, operating income totaled ¥247.3 billion, which improved by ¥398.0 billion from the prior fiscal year. This was mainly due to an improvement in the quality of sales and exchange rate fluctuations despite a decrease in sales volume and increase in raw material prices.

Net non-operating income of ¥58.8 billion was recorded, improved by ¥129.3 billion from the prior fiscal year. This result was primarily due to the improvement in earnings of affiliates. Ordinary income of ¥306.1 billion was recorded, improved by ¥527.3 billion from the prior fiscal year. Net special gains of ¥78.1 billion were recorded, improved by ¥196.2 billion from the prior fiscal year. Income before income taxes of ¥384.2 billion was recorded, improved by ¥723.5 billion from the prior fiscal year. Net income attributable to owners of parent of ¥215.5 billion was recorded, improved by ¥664.2 billion from the prior fiscal year.

For fiscal year 2021, automotive free cash flow was ¥294.7 billion negative. However, the Group continues to maintain healthy levels of cash in the automotive business and ended the period with an automotive net cash position of ¥728.0 billion.

(2) Fiscal year 2021 financial position

■ Assets

Current assets have decreased by 0.3% to ¥10,316.0 billion compared to March 31, 2021. This was mainly due to a decrease in cash on hand and in banks of ¥439.7 billion despite increases in raw materials and supplies of ¥209.1 billion and securities of ¥198.4 billion.

Fixed assets have decreased by 0.8% to ¥6,049.1 billion compared to March 31, 2021. This was mainly due to a decrease in investment securities of ¥74.1 billion.

As a result, total assets have decreased by 0.5% to ¥16,371.5 billion compared to March 31, 2021.

■ Liabilities

Current liabilities have decreased by 8.7% to ¥6,143.2 billion compared to March 31, 2021. This was mainly due to decreases in current portion of long-term borrowings of ¥469.8 billion and accrued expenses of ¥192.9 billion despite an increase in commercial papers of ¥179.0 billion.

Long-term liabilities have decreased by 3.5% to ¥5,198.7 billion compared to March 31, 2021. This was mainly due to a decrease in long-term borrowings of ¥398.5 billion despite an increase in bonds of ¥216.7 billion.

As a result, total liabilities have decreased by 6.4% to ¥11,341.9 billion compared to March 31, 2021.

■ Net Assets

Net assets have increased by 15.9% to ¥5,029.6 billion compared to ¥4,339.8 billion as of March 31, 2021. This was mainly attributable to increases in translation adjustments of ¥393.4 billion and retained earnings of ¥213.5 billion.

(3) Fiscal year 2021 cash flows

Cash and cash equivalents at the end of fiscal year 2021 decreased by ¥241.3 billion or 11.9% to ¥1,792.7 billion, due to an increase in outflows from financing activities and a decrease in inflows from operating activities, despite a decrease in cash outflows from investing activities.

■ Operating Activities

Cash and cash equivalents provided by operating activities amounted to ¥847.2 billion in fiscal year 2021, a decrease of ¥475.6 billion from ¥1,322.8 billion provided in the prior fiscal year. This was mostly due to working capital deterioration mainly from the semiconductor supply shortage and smaller sales finance portfolio decrease partially offset by the improved profitability.

■ Investing Activities

Cash and cash equivalents used in investing activities amounted to ¥146.8 billion in fiscal year 2021, a decrease of ¥222.3 billion from ¥369.1 billion used in the prior fiscal year. This was mainly due to an increase in proceeds from sales of Daimler AG shares.

■ Financing Activities

Cash and cash equivalents used in financing activities amounted to ¥1,092.6 billion in fiscal year 2021, an increase of ¥452.9 billion from the outflows of ¥639.7 billion in the prior fiscal year. This was mainly due to a decrease in new funding.

(4) Fiscal year 2022 financial forecast

For fiscal year 2022, Nissan anticipates retail volume will increase by 3.2% to 4.0 million units.

Foreign exchange rate assumptions are ¥120.0 to the dollar and ¥130.0 to the euro for fiscal year 2022. We are forecasting net revenues increasing by 18.7% to ¥10.0 trillion, operating income increasing by 1.1% to ¥250.0 billion, and net income attributable to owners of parent decreasing by 30.4% to ¥150.0 billion, from the prior fiscal year, for the year ending March 31, 2023.

Looking at the year-over-year change in consolidated operating income, we anticipate:

- A positive impact from revenue and costs performance of ¥300.0 billion;
- A positive foreign exchange and other movement of ¥50.0 billion;
- A decrease of ¥257.0 billion due to the increase in raw material prices and logistics costs;
- A decrease of ¥90.0 billion due to the investment for new vehicles

Based on our outlook, the situation of cash on hand, and the business environment for fiscal year 2022, we are forecasting the dividend to ¥5 or more per share (dividends at 2nd quarter end is not determined, dividends at fiscal year end is ¥5).

2. Basic Rationale on Selection of Accounting Standards

We are currently in the process of studying the adoption of International Financial Reporting Standards (IFRS) for the purpose of disclosure of financial information.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

	(in millions of yen)	
	FY2020	FY2021
	(As of March 31, 2021)	(As of March 31, 2022)
Assets		
Current assets		
Cash on hand and in banks	1,871,794	1,432,047
Trade notes and accounts receivable	518,451	—
Trade notes and accounts receivable, and contract assets	—	402,489
Sales finance receivables	6,213,797	6,274,750
Securities	162,232	360,645
Merchandise and finished goods	647,583	645,620
Work in process	66,171	83,939
Raw materials and supplies	425,817	634,922
Other	624,347	620,368
Allowance for doubtful accounts	(180,533)	(138,771)
Total current assets	10,349,659	10,316,009
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	590,016	599,682
Machinery, equipment and vehicles, net	2,704,640	2,650,597
Land	589,613	585,217
Construction in progress	228,101	140,056
Other, net	266,184	390,401
Total property, plant and equipment	4,378,554	4,365,953
Intangible fixed assets	121,221	119,187
Investments and other assets		
Investment securities	1,129,007	1,054,886
Long-term loans receivable	11,572	7,640
Net defined benefit assets	29,840	56,491
Deferred tax assets	162,298	156,553
Other	266,457	295,324
Allowance for doubtful accounts	(3,764)	(6,959)
Total investments and other assets	1,595,410	1,563,935
Total fixed assets	6,095,185	6,049,075
Deferred assets		
Bond issuance costs	7,224	6,397
Total deferred assets	7,224	6,397
Total assets	16,452,068	16,371,481

	(in millions of yen)	
	FY2020	FY2021
	(As of March 31, 2021)	(As of March 31, 2022)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,501,972	1,395,642
Short-term borrowings	1,016,504	1,050,036
Current portion of long-term borrowings	1,721,797	1,251,998
Commercial papers	6,749	185,705
Current portion of bonds	514,893	471,460
Lease obligations	43,542	48,395
Accrued expenses	1,034,305	841,386
Accrued warranty costs	101,624	98,367
Other	784,996	800,219
Total current liabilities	6,726,382	6,143,208
Long-term liabilities		
Bonds	2,046,620	2,263,336
Long-term borrowings	2,173,677	1,775,221
Lease obligations	75,450	86,173
Deferred tax liabilities	264,301	321,380
Accrued warranty costs	102,303	112,804
Net defined benefit liability	257,521	191,073
Other	465,988	448,702
Total long-term liabilities	5,385,860	5,198,689
Total liabilities	12,112,242	11,341,897
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,071	816,472
Retained earnings	3,629,938	3,843,479
Treasury stock	(139,259)	(138,061)
Total shareholders' equity	4,913,564	5,127,704
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	61,902	3,428
Unrealized gain and loss from hedging instruments	(10,639)	17,230
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(36,498)	(38,109)
Translation adjustments	(906,200)	(512,770)
Remeasurements of defined benefit plans	(77,536)	(16,882)
Total accumulated other comprehensive income	(968,971)	(547,103)
Non-controlling interests	395,233	448,983
Total net assets	4,339,826	5,029,584
Total liabilities and net assets	16,452,068	16,371,481

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

	(in millions of yen)	
	FY2020	FY2021
	(From April 1, 2020 To March 31, 2021)	(From April 1, 2021 To March 31, 2022)
Net sales	7,862,572	8,424,585
Cost of sales	6,811,747	7,070,531
Gross profit	1,050,825	1,354,054
Selling, general and administrative expenses		
Advertising expenses	232,534	247,552
Service costs	113,863	72,184
Provision for warranty costs	94,797	97,274
Other selling expenses	101,764	68,759
Salaries and wages	365,551	393,877
Retirement benefit expenses	17,773	7,990
Supplies	1,548	1,481
Depreciation and amortization	54,161	56,368
Provision for doubtful accounts	33,234	(42,490)
Amortization of goodwill	1,058	1,022
Other	185,193	202,730
Total selling, general and administrative expenses	1,201,476	1,106,747
Operating income (loss)	(150,651)	247,307
Non-operating income		
Interest income	13,109	16,952
Dividends income	3,097	3,005
Equity in earnings of affiliates	—	94,302
Derivative gain	—	14,533
Exchange gain	42,428	—
Miscellaneous income	22,846	19,260
Total non-operating income	81,480	148,052
Non-operating expenses		
Interest expense	36,483	55,949
Equity in losses of affiliates	55,861	—
Derivative loss	34,158	—
Exchange loss	—	8,900
Miscellaneous expenses	25,557	24,393
Total non-operating expenses	152,059	89,242
Ordinary income (loss)	(221,230)	306,117

(in millions of yen)

	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Special gains		
Gain on sales of fixed assets	19,032	34,471
Gain on sales of investment securities	126	78,104
Other	7,778	21,428
Total special gains	26,936	134,003
Special losses		
Loss on sales of fixed assets	2,195	4,004
Loss on disposal of fixed assets	13,892	14,463
Impairment loss	9,109	16,973
Compensation for suppliers and others	1,161	6,530
Special addition to retirement benefits	57,466	6,802
Other	61,217	7,138
Total special losses	145,040	55,910
Income (loss) before income taxes	(339,334)	384,210
Income taxes-current	76,671	79,979
Income taxes-deferred	15,924	65,461
Total income taxes	92,595	145,440
Net income (loss)	(431,929)	238,770
Net income attributable to non-controlling interests	16,768	23,237
Net income (loss) attributable to owners of parent	(448,697)	215,533

Consolidated statement of comprehensive income

	(in millions of yen)	
	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Net income (loss)	(431,929)	238,770
Other comprehensive income		
Unrealized holding gain and loss on securities	81,335	(59,947)
Unrealized gain and loss from hedging instruments	9,752	26,958
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(1,309)	(140)
Translation adjustments	152,515	350,835
Remeasurements of defined benefit plans	149,925	58,794
The amount related to equity method companies	(2,217)	74,351
Total other comprehensive income	390,001	450,851
Comprehensive income	(41,928)	689,621
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(72,306)	637,354
Comprehensive income attributable to non-controlling interests	30,378	52,267

(3) Consolidated statement of changes in net assets

FY 2020 (From April 1, 2020 To March 31, 2021)

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	818,056	4,125,043	(139,262)	5,409,651	(16,420)	(20,352)
Cumulative effects of changes in accounting policies			(46,844)		(46,844)		
Restated balance	605,814	818,056	4,078,199	(139,262)	5,362,807	(16,420)	(20,352)
Changes of items during the period							
Net loss attributable to owners of parent			(448,697)		(448,697)		
Purchase of treasury stock				(494)	(494)		
Disposal of treasury stock				497	497		
Changes in the scope of consolidation			198		198		
Changes in the scope of equity method			238		238		
Changes in interests by purchase of subsidiaries' shares		(964)			(964)		
Changes in affiliated companies' interests in its subsidiaries		(21)			(21)		
Net changes of items other than those in shareholders' equity						78,322	9,713
Total changes of items during the period		(985)	(448,261)	3	(449,243)	78,322	9,713
Balance at the end of current period	605,814	817,071	3,629,938	(139,259)	4,913,564	61,902	(10,639)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	(35,632)	(1,046,160)	(226,798)	(1,345,362)	360,484	4,424,773
Cumulative effects of changes in accounting policies						(46,844)
Restated balance	(35,632)	(1,046,160)	(226,798)	(1,345,362)	360,484	4,377,929
Changes of items during the period						
Net loss attributable to owners of parent						(448,697)
Purchase of treasury stock						(494)
Disposal of treasury stock						497
Changes in the scope of consolidation						198
Changes in the scope of equity method						238
Changes in interests by purchase of subsidiaries' shares						(964)
Changes in affiliated companies' interests in its subsidiaries						(21)
Net changes of items other than those in shareholders' equity	(866)	139,960	149,262	376,391	34,749	411,140
Total changes of items during the period	(866)	139,960	149,262	376,391	34,749	(38,103)
Balance at the end of current period	(36,498)	(906,200)	(77,536)	(968,971)	395,233	4,339,826

FY 2021 (From April 1, 2021 To March 31, 2022)

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	817,071	3,629,938	(139,259)	4,913,564	61,902	(10,639)
Cumulative effects of changes in accounting policies			(8,828)		(8,828)	47	
Restated balance	605,814	817,071	3,621,110	(139,259)	4,904,736	61,949	(10,639)
Changes of items during the period							
Net income attributable to owners of parent			215,533		215,533		
Purchase of treasury stock				(385)	(385)		
Disposal of treasury stock		(185)	(345)	1,583	1,053		
Changes in the scope of consolidation			7,020		7,020		
Changes in the scope of equity method			161		161		
Changes in affiliated companies' interests in its subsidiaries		(414)			(414)		
Net changes of items other than those in shareholders' equity						(58,521)	27,869
Total changes of items during the period		(599)	222,369	1,198	222,968	(58,521)	27,869
Balance at the end of current period	605,814	816,472	3,843,479	(138,061)	5,127,704	3,428	17,230

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	(36,498)	(906,200)	(77,536)	(968,971)	395,233	4,339,826
Cumulative effects of changes in accounting policies				47	(268)	(9,049)
Restated balance	(36,498)	(906,200)	(77,536)	(968,924)	394,965	4,330,777
Changes of items during the period						
Net income attributable to owners of parent						215,533
Purchase of treasury stock						(385)
Disposal of treasury stock						1,053
Changes in the scope of consolidation						7,020
Changes in the scope of equity method						161
Changes in affiliated companies' interests in its subsidiaries						(414)
Net changes of items other than those in shareholders' equity	(1,611)	393,430	60,654	421,821	54,018	475,839
Total changes of items during the period	(1,611)	393,430	60,654	421,821	54,018	698,807
Balance at the end of current period	(38,109)	(512,770)	(16,882)	(547,103)	448,983	5,029,584

(4) Consolidated statement of cash flows

	(in millions of yen)	
	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Cash flows from operating activities		
Income (loss) before income taxes	(339,334)	384,210
Depreciation and amortization (for fixed assets excluding leased vehicles)	258,414	296,911
Depreciation and amortization (for long term prepaid expenses)	53,130	44,018
Depreciation and amortization (for leased vehicles)	397,162	348,074
Impairment loss	9,109	16,973
Increase (decrease) in allowance for doubtful receivables	(33,408)	(51,771)
Provision for residual value risk of leased vehicles (net changes)	(20,517)	(42,816)
Interest and dividends income	(16,206)	(19,957)
Interest expense	181,392	174,194
Equity in losses (earnings) of affiliates	55,861	(94,302)
Loss (gain) on sales of fixed assets	(16,837)	(30,467)
Loss on disposal of fixed assets	13,892	14,463
Loss (gain) on sales of investment securities	(126)	(78,104)
Decrease (increase) in trade notes and accounts receivable	(139,212)	—
Decrease (increase) in trade notes and accounts receivable, and contract assets	—	140,242
Decrease (increase) in sales finance receivables	773,543	476,338
Decrease (increase) in inventories	282,862	(12,498)
Increase (decrease) in trade notes and accounts payable	23,257	(414,416)
Other	(50,512)	(136,958)
Subtotal	1,432,470	1,014,134
Interest and dividends received	19,828	19,943
Proceeds from dividends income from affiliates accounted for by equity method	99,300	82,671
Interest paid	(180,315)	(174,732)
Income taxes paid	(48,494)	(94,829)
Net cash provided by (used in) operating activities	1,322,789	847,187
Cash flows from investing activities		
Net decrease (increase) in short-term investments	269	2,795
Purchase of fixed assets	(362,377)	(315,202)
Proceeds from sales of fixed assets	49,536	54,639
Purchase of leased vehicles	(819,928)	(808,684)
Proceeds from sales of leased vehicles	710,622	734,703
Payments of long-term loans receivable	(112)	(4,787)
Collection of long-term loans receivable	796	1,907
Purchase of investment securities	(778)	(13,803)
Proceeds from sales of investment securities	2,951	169,815
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	8,988	154
Net decrease (increase) in restricted cash	40,804	30,091
Other	108	1,537
Net cash provided by (used in) investing activities	(369,121)	(146,835)

	(in millions of yen)	
	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,055,807)	120,623
Proceeds from long-term borrowings	2,071,366	1,131,051
Proceeds from issuance of bonds	1,433,806	478,425
Repayments of long-term borrowings	(2,254,174)	(2,241,109)
Redemption of bonds	(772,585)	(524,920)
Proceeds from non-controlling shareholders	2,877	5,311
Purchase of treasury stock	(0)	(2)
Repayments of lease obligations	(49,191)	(47,785)
Cash dividends paid to non-controlling interests	(15,020)	(14,239)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(964)	—
Net cash provided by (used in) financing activities	(639,692)	(1,092,645)
Effects of exchange rate changes on cash and cash equivalents	76,934	145,033
Increase (decrease) in cash and cash equivalents	390,910	(247,260)
Cash and cash equivalents at beginning of the period	1,642,981	2,034,026
Increase due to inclusion in consolidation	135	5,926
Cash and cash equivalents at end of the period	2,034,026	1,792,692

(5) Notes to consolidated financial statements

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

None

(Basis of consolidated financial statements)

Number of consolidated subsidiaries and companies accounted for by the equity method

(1) Consolidated subsidiaries: 240 companies (Domestic 99, Overseas 141)

(2) Companies accounted for by the equity method

Unconsolidated subsidiaries: 1 company (Domestic 0, Overseas 1)

Affiliates: 36 companies (Domestic 21, Overseas 15)

(3) Change in the scope of consolidation and equity method

Number of companies newly included in the scope of consolidation; 37 companies

Number of companies excluded from the scope of consolidation; 7 companies

Number of companies newly accounted for by the equity method; 4 companies

Number of companies ceased to be accounted for by the equity method; 11 companies

The increases in the number of consolidated subsidiaries were mainly due to reexamination of the scope of the consolidated companies and companies to which the equity method is applied to strengthen governance and other decreases were mainly due to liquidation and sale of their shares.

(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 the “Revenue Recognition Standard”) and related guidelines have been adopted from the beginning of the fiscal year ended March 31, 2022. In line with this adoption, revenue is recognized upon the transfer of control of the 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 of a vehicle to the time of delivery to customers, and for transactions in which domestic subsidiaries act as agents, revenue was previously recognized at the total amount of consideration received from the customer, but is now recognized 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 fiscal year was added to or subtracted from retained earnings at the beginning of the current fiscal year ended March 31, 2022.

As a result, for the fiscal year ended March 31, 2022, net sales and cost of sales decreased by ¥50,254 million and ¥55,527 million, respectively, and income before income taxes increased by ¥4,909 million. In addition, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022 decreased by ¥8,828 million.

As a result of the adoption of the Revenue Recognition Standard, “Trade notes and accounts receivable” which was presented under “Current assets” in the consolidated balance sheet for the prior fiscal year, is included in “Trade notes and accounts receivable, and contract assets” from 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 fiscal year ended March 31, 2022, 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 impacts of this adoption on the consolidated financial statements are immaterial.

(Additional information)

1) 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 been 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).

2) Litigation for damages related to vehicle distribution agreement dispute

On July 4, 2019, Al Dahana filed a lawsuit against the Company, its consolidated subsidiary, Nissan Middle East FZE and its equity-method affiliate, Nissan Gulf FZCO, in the Dubai Court of First Instance in relation to a vehicle distribution agreement dispute. On September 29, 2021, the Dubai Court of First Instance ruled that the Company and Nissan Middle East FZE must pay AED 1,159,777,806.50 plus interest.

Although the Company maintains that it has fully complied with its contractual obligations and has filed an appeal against this court judgment, the Company has recorded the amount of judgment plus interest totaling ¥38,758 million under “Selling, general and administrative expenses” considering the ruling in the second quarter of the fiscal year ended March 31, 2022.

3) The impact of the geopolitical issues surrounding Russia and Ukraine

The Company and its subsidiaries assume that the impact of the geopolitical issues surrounding Russia and Ukraine will continue for a certain period of time. Based on our best estimate, the Company and its subsidiaries recorded the expenses related to Russia and Ukraine businesses of ¥15.2 billion in the fiscal year ended March 31, 2022. In addition, our share of the impact of a non-cash adjustment charge from Renault related to its Russia business announced on March 23, 2022, in the amount of ¥37.4 billion was recorded in Equity in earnings of affiliates.

However, there are many uncertainties over the impact of the geopolitical issues surrounding Russia and Ukraine, which may have a material impact on the Group’s financial position and operating results for the fiscal year ended March 31, 2023 and thereafter.

(Segments of an enterprise and related information)

【Segment information】

1. General information about reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decision about resource allocation and to assess their performance.

Businesses of the Group are segmented into Automobile and Sales financing based on the features of products and services. The Automobile business includes manufacturing and sales of vehicles and parts. The Sales financing business provides sales finance services and leasing to support the sales activities of the Automobile business.

2. Calculation method of net sales and profits or losses by reportable segments

In principle, the accounting method for the reportable segments is the same as basis of preparation for the consolidated financial statements.

The segment profits are based on operating income. Inter-segment sales are based on the price in arms-lengths transaction.

3. Net sales and profits or losses by reportable segments

Prior fiscal year (From April 1, 2020 To March 31, 2021)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2021
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	6,883,088	979,484	7,862,572	—	7,862,572
Inter-segment sales or transfers	105,940	40,540	146,480	(146,480)	—
Total	6,989,028	1,020,024	8,009,052	(146,480)	7,862,572
Segment profits (losses)	(437,021)	267,880	(169,141)	18,490	(150,651)

Current fiscal year (From April 1, 2021 To March 31, 2022)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2022
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	7,420,892	1,003,693	8,424,585	—	8,424,585
Inter-segment sales or transfers	54,756	28,036	82,792	(82,792)	—
Total	7,475,648	1,031,729	8,507,377	(82,792)	8,424,585
Segment profits (losses)	(155,059)	374,824	219,765	27,542	247,307

[Consolidated financial statements by business segments]

*Regarding summarized consolidated statement of income and summarized consolidated statement 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), other 11 companies and the sales finance operations of Nissan Canada, Inc. (Canada).

*Regarding summarized consolidated statement of income and summarized consolidated statement 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), other 10 companies and the sales finance operations of Nissan Canada, Inc. (Canada).

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

1) Summarized consolidated statement of income by business segments

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Net sales	6,842,548	7,392,856	1,020,024	1,031,729	7,862,572	8,424,585
Cost of sales	6,155,814	6,416,195	655,933	654,336	6,811,747	7,070,531
Gross profit	686,734	976,661	364,091	377,393	1,050,825	1,354,054
Operating income as a percentage of net sales	(6.1%)	(1.7%)	26.3%	36.3%	(1.9%)	2.9%
Operating income (loss)	(418,531)	(127,517)	267,880	374,824	(150,651)	247,307
Financial income / expenses, net	(20,603)	(35,729)	326	(263)	(20,277)	(35,992)
Other non-operating income and expenses, net	(52,445)	85,307	2,143	9,495	(50,302)	94,802
Ordinary income (loss)	(491,579)	(77,939)	270,349	384,056	(221,230)	306,117
Income (loss) before income taxes	(614,720)	(9,728)	275,386	393,938	(339,334)	384,210
Net income (loss) attributable to owners of parent	(636,943)	(46,917)	188,246	262,450	(448,697)	215,533

2) Summarized consolidated statement of cash flows by business segments

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Cash flows from operating activities	(76,490)	(182,183)	1,399,279	1,029,370	1,322,789	847,187
Cash flows from investing activities	(314,530)	(112,560)	(54,591)	(34,275)	(369,121)	(146,835)
(Free Cash flow)	(391,020)	(294,743)	1,344,688	995,095	953,668	700,352
Cash flows from financing activities	733,152	(40,069)	(1,372,844)	(1,052,576)	(639,692)	(1,092,645)
Effects of exchange rate changes on cash and cash equivalents	59,385	133,742	17,549	11,291	76,934	145,033
Increase (decrease) in cash and cash equivalents	401,517	(201,070)	(10,607)	(46,190)	390,910	(247,260)
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	67	5,926	68	—	135	5,926
Cash and cash equivalents at end of the period	1,896,134	1,700,990	137,892	91,702	2,034,026	1,792,692

[Net sales and profits or losses by region]

Prior fiscal year (From April 1, 2020 To March 31, 2021)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	1,881,589	3,685,479	921,479	763,852	610,173	7,862,572	—	7,862,572
(2) Inter-segment sales	1,326,418	289,719	173,663	392,747	13,747	2,196,294	(2,196,294)	—
Total	3,208,007	3,975,198	1,095,142	1,156,599	623,920	10,058,866	(2,196,294)	7,862,572
Operating income (loss)	(203,131)	46,338	(30,683)	23,180	1,533	(162,763)	12,112	(150,651)

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

Current fiscal year (From April 1, 2021 To March 31, 2022)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	1,785,246	4,021,733	955,548	808,271	853,787	8,424,585	—	8,424,585
(2) Inter-segment sales	1,336,810	323,466	151,723	471,598	12,763	2,296,360	(2,296,360)	—
Total	3,122,056	4,345,199	1,107,271	1,279,869	866,550	10,720,945	(2,296,360)	8,424,585
Operating income (loss)	(229,766)	330,695	(28,395)	94,424	55,681	222,639	24,668	247,307

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

【Related information】

[Information about net sales by geographical areas]

Prior fiscal year (From April 1, 2020 To March 31, 2021)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,571,624	3,608,509	2,969,154	1,029,274	951,736	701,429	7,862,572

- 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, and Central & South America excluding Mexico, etc.

Current fiscal year (From April 1, 2021 To March 31, 2022)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,528,568	3,897,556	3,129,321	1,058,842	962,498	977,121	8,424,585

- 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, and Central & South America excluding Mexico, etc.

(Amounts per share)

(Yen)

	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Net assets per share	1,007.80	1,170.17
Basic earnings (loss) per share	(114.67)	55.07
Diluted earnings per share	—	55.07

Notes: The basis for calculation of the basic earnings (loss) per share and the diluted earnings per share is as follows.

	FY2020 (From April 1, 2020 To March 31, 2021)	FY2021 (From April 1, 2021 To March 31, 2022)
Basic earnings (loss) per share:		
Net income (loss) attributable to owners of parent (Millions of yen)	(448,697)	215,533
Net income (loss) attributable to owners of parent relating to common stock (Millions of yen)	(448,697)	215,533
Average number of shares of common stock during the fiscal year (Thousands of shares)	3,912,895	3,914,068
Diluted earnings per share:		
Increase in shares of common stock (Thousands of shares)	—	—
(Exercise of share subscription rights (Thousands of shares))	—	—

(Significant subsequent events)

Not applicable.

4. Other Information

The former Representative Directors of the Company were indicted on suspicion of violating the Financial Instruments and Exchange Act (FIEA) (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 FIEA. 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 March 3, 2022, the Company received from the Tokyo District Court a guilty judgment regarding the violation of the FIEA (submission of annual securities reports containing false statements) and was ordered a penalty of 200 million yen (prosecutors' request: 200 million yen). The Company treats the judgment with utmost seriousness, and after careful consideration of the principal penalty and the findings in the judgment, the Company has decided not to appeal. Since the Company and the prosecutors did not appeal against the guilty judgment on the Company within the period determined by the Criminal Procedure Act, the judgement has been finalized.

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. On August 20, 2021, Ghosn submitted the statement of appeal to the Amsterdam Court of Appeal.

One of the residences purchased for personal use as a result of misuse of company funds by Ghosn has been sold.

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 in Japan, the Company has filed lawsuits against Carlos Ghosn on February 12, 2020, and Greg Kelly, the former Representative Director of the Company, on January 19, 2022, 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. The remaining portion corresponding to the same case as the violation of the FIEA (submission of annual securities reports containing false statements) criminal lawsuit (i.e., 1,018,645,000 yen) was modified by deducting the monetary penalty amount in this judgment, in accordance with Article 185-8-6 of the FIEA.

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.