

# FY2019 Consolidated Financial Results (Japanese Accounting Standards)



May 28, 2020

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 The additional materials of the Financial Results for FY2019 : Yes  
 The briefing session of the Financial Results for FY2019 : Yes

(Amounts less than one million yen are rounded)

## 1. Consolidated Financial Results for FY2019 (April 1, 2019 through March 31, 2020)

### <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	%
FY2019	9,878,866	(14.6)	(40,469)	—	44,049	(91.9)	(671,216)	—
FY2018	11,574,247	(3.2)	318,224	(44.6)	546,498	(27.2)	319,138	(57.3)

Note: Comprehensive income : (1,084,147) million yen for FY2019, —% : 195,999 million yen for FY2018, (73.5)%

	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	%	%	%
FY2019	(171.54)	—	(14.3)	0.2	(0.4)
FY2018	81.59	81.59	6.0	2.9	2.7

Reference: Equity in earnings (losses) of affiliates :86,547 million yen for FY2019, 218,565 million yen for FY2018

### <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
FY2019	16,976,709	4,424,773	23.9	1,038.95
FY2018	18,952,345	5,623,510	28.0	1,355.18

Reference: Net assets excluding share subscription rights and non-controlling interests: 4,064,289 million yen as of March 31, 2020, 5,302,675 million yen as of March 31, 2019

### <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
FY2019	1,185,854	(708,687)	(155,494)	1,642,981
FY2018	1,450,888	(1,133,547)	(127,140)	1,359,058

## 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	%	%
FY2018	—	28.50	—	28.50	57.00	222,994	69.9	4.2
FY2019	—	10.00	—	—	10.00	39,132	—	0.8

Note: FY2020 dividends forecast has not yet been determined.

## 3. Forecast of consolidated operating results for FY2020 (April 1, 2020 through March 31, 2021)

While we continue to evaluate the impact of the COVID-19 pandemic on our business, given this uncertainty, it is difficult to reasonably forecast an outlook for fiscal year 2020 at this time. We will issue the FY20 outlook as soon as we are able to calculate.

**※ 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 page14 "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

FY2019	4,220,715,112 shares	FY2018	4,220,715,112 shares
FY2019	308,801,374 shares	FY2018	307,810,623 shares
FY2019	3,912,975,326 shares	FY2018	3,911,715,666 shares

**(Reference) Non-Consolidated Financial Results****Results of FY2019 (April 1, 2019 through March 31, 2020)**

1. Results of non-consolidated operations for the year ended March 31, 2020

(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	%
FY2019	3,157,540	(13.4)	(130,060)	—	26,571	(90.2)	(342,745)	—
FY2018	3,644,483	(2.8)	47,405	(70.3)	271,869	37.3	168,552	30.6

	Net income per share - basic
FY2019	yen (81.76)
FY2018	40.21

**※ 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**

While we continue to evaluate the impact of the COVID-19 pandemic on our business, given this uncertainty, it is difficult to reasonably forecast an outlook for fiscal year 2020 at this time. We will issue the FY20 outlook as soon as we are able to calculate.

For other remarks, please refer to "Other Information" on page 23.

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## 1. BUSINESS PERFORMANCE AND FINANCIAL POSITION

### **(1) Fiscal Year 2019 Business Performance**

In fiscal year 2019, the global industry volume decreased by 6.9% to 85.73 million units. The main reason of this decrease was the slowdown in the China market and stagnation of global markets due from the impact of the COVID-19 in the 4th quarter. The Nissan Group (the "Group")'s global sales amounted to 4,930,000 units, a 10.6% decrease from the prior fiscal year, given the significant slowdown in the total industry volume ("TIV") in the 4th quarter, as well as the decrease in sales primarily in North America and Europe in the first 3 quarters. As a result, the Group's market share decreased by 0.2 points to 5.8% from the prior fiscal year.

In Japan, TIV decreased by 4.2% to 5.04 million units. The Group's sales volume decreased by 10.3% to 534,000 units and the Group's market share decreased by 0.7 points to 10.6% from the prior fiscal year.

In China, TIV decreased by 8.6% to 24.31 million units. The Group's sales volume decreased by 1.1% to 1,547,000 units and the Group's market share increased by 0.5 points to 6.4% from the prior fiscal year.

In North America, including Mexico and Canada, TIV decreased by 4.3% to 19.67 million units. The Group's sales volume in North America decreased by 14.6% to 1,620,000 units from the prior fiscal year.

In the United States of America, TIV decreased by 3.6% to 16.55 million units. The Group's sales volume decreased by 14.3% to 1,237,000 units and the Group's market share decreased by 0.9 points to 7.5% from the prior fiscal year.

In Europe, TIV decreased by 4.6% to 19.12 million units. The Group's sales volume in Europe, excluding Russia, decreased by 19.4% to 432,000 units. Also, sales volume in Russia decreased by 17.6% to 88,000 units from the prior fiscal year.

In other markets, the Group's sales volume decreased by 13.1% to 708,000 units. Sales volume in Asia and Oceania decreased by 15.4% to 274,000 units, sales volume in Latin America decreased by 8.6% to 205,000 units, sales volume in Middle East decreased by 11.9% to 145,000 units and sales volume in Africa decreased by 18.0% to 83,000 units from the prior fiscal year.

Net sales in fiscal year 2019 decreased by ¥1,695.3 billion (14.6%) to ¥9,878.9 billion from the prior fiscal year. As a result, operating loss totaled ¥40.5 billion, which deteriorated by ¥358.7 billion from the prior fiscal year. Major deteriorating factors were external factors including foreign exchange fluctuations, regulatory compliance expenses and product enrichment costs, and rising commodity prices, as these continue to pressure the automotive industry. Also, the decrease in sales volume continues to weigh on our profit as we suffer from an aging product portfolio and limited profit contribution from our efforts to normalize sales.

Net non-operating income of ¥84.5 billion was recorded, decreased by ¥143.8 billion from the prior fiscal year. This result was primarily due to the decrease in equity in earnings of affiliates. Ordinary income of ¥44.0 billion was recorded, decreased by ¥502.5 billion (91.9%) from the prior fiscal year. Net special losses of ¥617.0 billion were recorded, deteriorated by ¥548.2 billion from the prior fiscal year, due to costs associated with restructuring as measures to improve the company's profitability and impairments based on the future volume projections of ¥603.0 billion in total.

Loss before income taxes of ¥573.0 billion was recorded, deteriorated by ¥1,050.7 billion from the prior fiscal year. Net loss attributable to owners of parent of ¥671.2 billion was recorded, deteriorated by ¥990.3 billion from the prior fiscal year.

For fiscal year 2019, automotive free cash flow deteriorated to ¥641.0 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 ¥1,064.6 billion, despite the impact of the COVID-19 and resulting decline in performance.

## (2) Fiscal Year 2019 Financial Position

### ■ Assets

Current assets have decreased by 8.1% to ¥10,675.9 billion compared to March 31, 2019. This was mainly due to decreases in sales finance receivables of ¥926.3 billion, trade notes and accounts receivable of ¥156.0 billion despite an increase in cash on hand and in banks of ¥162.9 billion.

Fixed assets have decreased by 14.1% to ¥6,300.8 billion compared to March 31, 2019. This was mainly due to decreases in machinery, equipment and vehicles, net of ¥500.1 billion and investment securities of ¥161.7 billion.

As a result, total assets have decreased by 10.4% to ¥16,976.7 billion compared to March 31, 2019.

### ■ Liabilities

Current liabilities have increased by 4.3% to ¥8,065.2 billion compared to March 31, 2019. This was mainly due to increases in short-term borrowings of ¥489.0 billion and current portion of long-term borrowings of ¥196.1 billion despite a decrease in trade notes and accounts payable of ¥223.4 billion.

Long-term liabilities have decreased by 19.9% to ¥4,486.7 billion compared to March 31, 2019. This was mainly attributable to decreases in bonds of ¥648.9 billion and long-term borrowings of ¥440.6 billion.

As a result, total liabilities have decreased by 5.8% to ¥12,551.9 billion compared to March 31, 2019.

### ■ Net Assets

Net assets have decreased by 21.3% to ¥4,424.8 billion compared to ¥5,623.5 billion as of March 31, 2019. This was mainly due to decreases in retained earnings of ¥836.9 billion and translation adjustments (loss) of ¥256.0 billion.

## (3) Fiscal Year 2019 Cash Flows

Cash and cash equivalents at the end of fiscal year 2019 increased by ¥283.9 billion or 20.9% to ¥1,643.0 billion, due to a decrease in outflows from investing activities, despite a decrease in inflows from operating activities and an increase in cash outflows from financing activities.

### ■ Operating Activities

Cash and cash equivalents provided by operating activities amounted to ¥1,185.9 billion in fiscal year 2019, a decrease of ¥265.0 billion from ¥1,450.9 billion provided in the prior fiscal year. This was mainly due to income before income taxes turned into loss, an increased decline in trade notes and a shift from a decrease to an increase in inventories, despite a decline in sales finance receivables.

### ■ Investing Activities

Cash and cash equivalents used in investing activities amounted to ¥708.7 billion in fiscal year 2019, a decrease of ¥424.8 billion from ¥1,133.5 billion used in the prior fiscal year. This was mainly attributable to a shift from an increase to a decrease in restricted cash and a decrease in net payment (net difference between the payment for purchase and the proceeds from sales) of leased vehicles.

### ■ Financing Activities

Cash and cash equivalents used in financing activities amounted to ¥155.5 billion in fiscal year 2019, an increase of ¥28.4 billion from the outflows of ¥127.1 billion in the prior fiscal year. This was mainly due to an increase in repayments of long-term borrowings, despite a net increase in short-term borrowings.

#### **(4) Fiscal Year 2020 Financial Forecast**

For fiscal year 2020, we currently estimate global TIV to decline by approximately 15 to 20% from the prior year due to the COVID-19. However, uncertainty remains. While we continue to evaluate the impact of the COVID-19 on our business and operations, given this uncertainty, it is difficult to reasonably forecast an outlook for fiscal year 2020 at this time.

We will issue the FY20 forecast as soon as we are able to reasonably calculate an outlook for the fiscal year.

## **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 Sheets

	(in millions of yen)	
	FY2018	FY2019
	(As of March 31, 2019)	(As of March 31, 2020)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	1,219,588	1,382,471
Trade notes and accounts receivable	512,164	356,156
Sales finance receivables	7,665,603	6,739,336
Securities	139,470	260,510
Merchandise and finished goods	827,289	881,940
Work in process	64,386	67,865
Raw materials and supplies	366,248	390,618
Other	945,449	739,307
Allowance for doubtful accounts	(127,092)	(142,264)
Total current assets	11,613,105	10,675,939
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	590,717	582,716
Machinery, equipment and vehicles, net	3,436,437	2,936,316
Land	595,776	589,064
Construction in progress	233,070	227,165
Other, net	449,698	183,589
Total property, plant and equipment	5,305,698	4,518,850
Intangible fixed assets	134,471	114,932
Investments and other assets		
Investment securities	1,338,875	1,177,184
Long-term loans receivable	13,983	13,658
Net defined benefit assets	8,499	10,397
Deferred tax assets	326,759	228,012
Other	213,313	241,622
Allowance for doubtful accounts	(2,358)	(3,885)
Total investments and other assets	1,899,071	1,666,988
Total fixed assets	7,339,240	6,300,770
Total assets	18,952,345	16,976,709



	(in millions of yen)	
	FY2018	FY2019
	(As of March 31, 2019)	(As of March 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,580,452	1,357,047
Short-term borrowings	850,995	1,339,949
Current portion of long-term borrowings	1,630,771	1,826,904
Commercial papers	697,549	726,017
Current portion of bonds	583,457	765,532
Lease obligations	19,846	35,572
Accrued expenses	1,183,888	1,031,284
Accrued warranty costs	116,492	104,297
Other	1,067,081	878,644
Total current liabilities	7,730,531	8,065,246
Long-term liabilities		
Bonds	1,691,844	1,042,954
Long-term borrowings	2,539,186	2,098,558
Lease obligations	16,038	72,494
Deferred tax liabilities	339,991	243,428
Accrued warranty costs	116,425	108,751
Net defined benefit liability	378,967	454,068
Other	515,853	466,437
Total long-term liabilities	5,598,304	4,486,690
Total liabilities	13,328,835	12,551,936
<b>Net assets</b>		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	814,682	818,056
Retained earnings	4,961,980	4,125,043
Treasury stock	(139,457)	(139,262)
Total shareholders' equity	6,243,019	5,409,651
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	30,004	(16,420)
Unrealized gain and loss from hedging instruments	4,762	(20,352)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(30,882)	( 35,632)
Translation adjustments	(790,131)	(1,046,160)
Remeasurements of defined benefit plans	(154,097)	( 226,798)
Total accumulated other comprehensive income	(940,344)	(1,345,362)
Non-controlling interests	320,835	360,484
Total net assets	5,623,510	4,424,773
Total liabilities and net assets	18,952,345	16,976,709

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated statements of income

	(in millions of yen)	
	FY2018	FY2019
	(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)
Net sales	11,574,247	9,878,866
Cost of sales	9,670,402	8,442,905
Gross profit	1,903,845	1,435,961
Selling, general and administrative expenses		
Advertising expenses	302,472	280,801
Service costs	146,851	66,509
Provision for warranty costs	122,818	122,991
Other selling expenses	221,536	220,981
Salaries and wages	409,222	387,757
Retirement benefit expenses	19,105	21,438
Supplies	2,780	2,348
Depreciation and amortization	55,685	63,465
Provision for doubtful accounts	82,356	109,659
Amortization of goodwill	1,118	1,681
Other	221,678	198,800
Total selling, general and administrative expenses	1,585,621	1,476,430
Operating income (loss)	318,224	(40,469)
Non-operating income		
Interest income	30,206	21,263
Dividends income	8,132	7,287
Equity in earnings of affiliates	218,565	86,547
Derivative gain	24,751	59,757
Miscellaneous income	29,532	9,970
Total non-operating income	311,186	184,824
Non-operating expenses		
Interest expense	13,478	10,874
Exchange loss	38,293	63,244
Credit liquidation costs	12,888	10,458
Miscellaneous expenses	18,253	15,730
Total non-operating expenses	82,912	100,306
Ordinary income	546,498	44,049

	(in millions of yen)	
	FY2018	FY2019
	(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)
<b>Special gains</b>		
Gain on sales of fixed assets	17,712	11,246
Compensation income	—	32,813
Other	10,604	8,303
<b>Total special gains</b>	<b>28,316</b>	<b>52,362</b>
<b>Special losses</b>		
Loss on sales of fixed assets	2,960	6,026
Loss on disposal of fixed assets	15,941	17,914
Impairment loss	13,339	540,642
Compensation for suppliers and others	16,998	63,992
Special addition to retirement benefits	39,832	15,422
Other	8,036	25,437
<b>Total special losses</b>	<b>97,106</b>	<b>669,433</b>
Income (loss) before income taxes	477,708	(573,022)
Income taxes-current	156,115	64,487
Income taxes-deferred	(20,322)	28,669
<b>Total income taxes</b>	<b>135,793</b>	<b>93,156</b>
Net income (loss)	341,915	(666,178)
Net income attributable to non-controlling interests	22,777	5,038
Net income (loss) attributable to owners of parent	319,138	(671,216)

Consolidated statements of comprehensive income

	(in millions of yen)	
	FY2018	FY2019
	(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)
Net income(loss)	341,915	(666,178)
Other comprehensive income		
Unrealized holding gain and loss on securities	(28,964)	(43,401)
Unrealized gain and loss from hedging instruments	(4,648)	(24,671)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(17,966)	(5,470)
Translation adjustments	(9,892)	(239,385)
Remeasurements of defined benefit plans	(19,676)	(64,492)
The amount for equity method company portion	(64,770)	(40,550)
Total other comprehensive income	(145,916)	(417,969)
Comprehensive income	195,999	(1,084,147)
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	177,385	(1,076,234)
Comprehensive income attributable to non-controlling interests	18,614	(7,913)

### (3) Consolidated Statements of Changes in Net Assets

FY 2018 (From April 1, 2018 To March 31, 2019)

(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	815,913	4,921,722	(139,970)	6,203,479	68,179	9,537
Cumulative effects of changes in accounting policies			(63,628)		(63,628)	(449)	
Restated balance	605,814	815,913	4,858,094	(139,970)	6,139,851	67,730	9,537
Changes of items during the period							
Cash dividends paid			(215,101)		(215,101)		
Net income attributable to owners of parent			319,138		319,138		
Purchase of treasury stock				(392)	(392)		
Disposal of treasury stock				905	905		
Change in subsidiaries' interests by purchase of its treasury stock		(1)			(1)		
Changes in the scope of consolidation			(151)		(151)		
Change in an affiliated company's interests in its subsidiary		(1,230)			(1,230)		
Net changes of items other than those in shareholders' equity						(37,726)	(4,775)
Total changes of items during the period		(1,231)	103,886	513	103,168	(37,726)	(4,775)
Balance at the end of current period	605,814	814,682	4,961,980	(139,457)	6,243,019	30,004	4,762

	Accumulated other comprehensive income				Share subscription rights	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	(13,945)	(733,571)	(135,967)	(805,767)	84	303,914	5,701,710
Cumulative effects of changes in accounting policies		7,625		7,176		(752)	(57,204)
Restated balance	(13,945)	(725,946)	(135,967)	(798,591)	84	303,162	5,644,506
Changes of items during the period							
Cash dividends paid							(215,101)
Net income attributable to owners of parent							319,138
Purchase of treasury stock							(392)
Disposal of treasury stock							905
Change in subsidiaries' interests by purchase of its treasury stock							(1)
Changes in the scope of consolidation							(151)
Change in an affiliated company's interests in its subsidiary							(1,230)
Net changes of items other than those in shareholders' equity	(16,937)	(64,185)	(18,130)	(141,753)	(84)	17,673	(124,164)
Total changes of items during the period	(16,937)	(64,185)	(18,130)	(141,753)	(84)	17,673	(20,996)
Balance at the end of current period	(30,882)	(790,131)	(154,097)	(940,344)	—	320,835	5,623,510

FY 2019 (From April 1, 2019 To March 31, 2020)

(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	814,682	4,961,980	(139,457)	6,243,019	30,004	4,762
Cumulative effects of changes in accounting policies			(14,353)		(14,353)		
Restated balance	605,814	814,682	4,947,627	(139,457)	6,228,666	30,004	4,762
Changes of items during the period							
Cash dividends paid			(150,652)		(150,652)		
Net loss attributable to owners of parent			(671,216)		(671,216)		
Purchase of treasury stock				(2)	(2)		
Disposal of treasury stock		5		197	202		
Changes in the scope of consolidation			(108)		(108)		
Changes in the scope of equity method			(608)		(608)		
Changes in interests by purchase of subsidiaries' shares		(2)			(2)		
Changes in interests by sales of subsidiaries' shares		3,620			3,620		
Change in an affiliated company's interests in its subsidiary		(249)			(249)		
Net changes of items other than those in shareholders' equity						(46,424)	(25,114)
Total changes of items during the period		3,374	(822,584)	195	(819,015)	(46,424)	(25,114)
Balance at the end of current period	605,814	818,056	4,125,043	(139,262)	5,409,651	(16,420)	(20,352)

	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	(30,882)	(790,131)	(154,097)	(940,344)	320,835	5,623,510
Cumulative effects of changes in accounting policies					(79)	(14,432)
Restated balance	(30,882)	(790,131)	(154,097)	(940,344)	320,756	5,609,078
Changes of items during the period						
Cash dividends paid						(150,652)
Net loss attributable to owners of parent						(671,216)
Purchase of treasury stock						(2)
Disposal of treasury stock						202
Changes in the scope of consolidation						(108)
Changes in the scope of equity method						(608)
Changes in interests by purchase of subsidiaries' shares						(2)
Changes in interests by sales of subsidiaries' shares						3,620
Change in an affiliated company's interests in its subsidiary						(249)
Net changes of items other than those in shareholders' equity	(4,750)	(256,029)	(72,701)	(405,018)	39,728	(365,290)
Total changes of items during the period	(4,750)	(256,029)	(72,701)	(405,018)	39,728	(1,184,305)
Balance at the end of current period	(35,632)	(1,046,160)	(226,798)	(1,345,362)	360,484	4,424,773

**(4) Consolidated Statements of Cash Flows**

	(in millions of yen)	
	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	477,708	(573,022)
Depreciation and amortization (for fixed assets excluding leased vehicles)	385,737	384,116
Depreciation and amortization (for long term prepaid expenses)	33,954	43,311
Depreciation and amortization (for leased vehicles)	479,850	438,488
Impairment loss	13,339	540,642
Increase (decrease) in allowance for doubtful receivables	3,028	21,110
Provision for residual value risk of leased vehicles (net changes)	31,828	39,775
Interest and dividends income	(38,338)	(28,550)
Interest expense	208,074	200,816
Equity in losses (earnings) of affiliates	(218,565)	(86,547)
Loss (gain) on sales of fixed assets	(14,752)	(5,220)
Loss on disposal of fixed assets	15,941	17,914
Loss (gain) on sales of investment securities	(1,483)	(3,026)
Decrease (increase) in trade notes and accounts receivable	228,010	141,882
Decrease (increase) in sales finance receivables	87,606	667,270
Decrease (increase) in inventories	13,098	(118,578)
Increase (decrease) in trade notes and accounts payable	(43,721)	(255,686)
Other	(51,523)	(101,555)
Subtotal	1,609,791	1,323,140
Interest and dividends received	41,706	29,195
Proceeds from dividends income from affiliates accounted for by equity method	144,376	173,796
Interest paid	(202,757)	(204,120)
Income taxes paid	(142,228)	(136,157)
Net cash provided by (used in) operating activities	1,450,888	1,185,854
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investments	675	874
Purchase of fixed assets	(422,569)	(464,219)
Proceeds from sales of fixed assets	46,433	49,242
Purchase of leased vehicles	(1,298,702)	(1,114,850)
Proceeds from sales of leased vehicles	666,375	743,759
Payments of long-term loans receivable	(372)	(607)
Collection of long-term loans receivable	3,390	735
Purchase of investment securities	(31,328)	(11,776)
Proceeds from sales of investment securities	178	2,648
Purchase of shares of subsidiaries' resulting in changes in the scope of consolidation	—	(933)
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	440	1,746
Net decrease (increase) in restricted cash	(134,474)	85,579
Proceeds from transfer of business	46,176	—
Other	(9,769)	(885)
Net cash provided by (used in) investing activities	(1,133,547)	(708,687)

	(in millions of yen)	
	FY2018	FY2019
	(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	213,577	509,217
Proceeds from long-term borrowings	1,313,294	1,655,629
Proceeds from issuance of bonds	363,868	160,124
Repayments of long-term borrowings	(1,344,303)	(1,718,635)
Redemption of bonds	(416,059)	(571,399)
Proceeds from share issuance to non-controlling shareholders	—	9,560
Purchase of treasury stock	(5)	(2)
Repayments of lease obligations	(27,044)	(37,261)
Cash dividends paid	(215,101)	(150,652)
Cash dividends paid to non-controlling interests	(15,354)	(17,086)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(13)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	5,011
Net cash provided by (used in) financing activities	(127,140)	(155,494)
Effects of exchange rate changes on cash and cash equivalents	(38,258)	(43,954)
Increase (decrease) in cash and cash equivalents	151,943	277,719
Cash and cash equivalents at beginning of the period	1,206,000	1,359,058
Increase due to inclusion in consolidation	1,115	6,204
Cash and cash equivalents at end of the period	1,359,058	1,642,981



## (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: 197 companies (Domestic 67, Overseas 130)

(2) Companies Accounted for by the Equity Method

Unconsolidated subsidiaries: 17 companies (Domestic 12, Overseas 5)

Affiliates: 32 companies (Domestic 18, Overseas 14)

(3) Change in the Scope of Consolidation and Equity Method

Number of companies newly included in the scope of consolidation; 9 companies

Number of companies excluded from the scope of consolidation; 4 companies

Number of companies newly accounted for by the equity method; 3 companies

Number of companies ceased to be accounted for by the equity method; 3 companies

JATCO (Suzhou) Automatic Transmission Ltd. and Alliance Automotive Research & Development (Shanghai) Co., Ltd. have been included in the scope of consolidation and equity method, respectively from this fiscal year, mainly due to new establishment. Nissan Canada Financial Services Inc. has been excluded from the scope of consolidation due to merger in the current fiscal year.

(Changes in accounting policies)

1) International Financial Reporting Standards (IFRS) 16, “Leases” and Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, “Leases”

At foreign subsidiaries and affiliates, IFRS 16, “Leases” (January 13, 2016) and ASU 2016-02 “Leases” (February 25, 2016) have been adopted from the beginning of the fiscal year ended March 31, 2020.

In line with this adoption, the Company generally recognizes all leases as a lessee as assets or liabilities on the consolidated balance sheet.

In adopting the accounting standards, in accordance with the transitional treatment, the Company recognizes the cumulative effect of initially applying the accounting standards at the date of initial application as an adjustment to the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020.

As a result, mainly, the balance of property, plant and equipment, lease obligations included in current liabilities, and lease obligations included in long-term liabilities at the beginning of the fiscal year ended March 31, 2020 increased by ¥77,412 million, ¥12,319 million, and ¥72,158 million, respectively, while retained earnings decreased by ¥3,864 million and non-controlling interests included in net assets decreased by ¥79 million.

The effects of these revisions on the quarterly consolidated statements of income for the fiscal year ended March 31, 2020 are immaterial.

2) International Financial Reporting Interpretations Committee (IFRIC) 23, “Uncertainty over Income Tax Treatments”

At some foreign subsidiaries and affiliates, IFRIC 23 “Uncertainty over Income Tax Treatments” (June 7, 2017) has been adopted from the beginning of the fiscal year ended March 31, 2020.

In line with this adoption, if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Company reflects the effect of uncertainty in income taxes.

In adopting the accounting standard, in accordance with the transitional treatment, the Company recognizes the cumulative effect of initially applying the accounting standards at the date of initial application as an adjustment to the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020.

As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020 decreased by ¥10,489 million. In addition, net loss for the fiscal year ended March 31, 2020 decreased by ¥9,045 million.

(For consolidated statements of income)

Impairment loss

In response to the updated future volume projections, the Group conducted impairment testing for asset groups for which there were indications of impairment at the end of current consolidated fiscal year. As a result, the book value of the following business assets of the automobile segment were written down to the recoverable amount, and an extraordinary loss was recorded as an impairment loss.

The impact of the spread of COVID-19 was considered in the estimation of future cash flows.

The Group bases its grouping for assessing the impairment loss on fixed assets both on its business segments (automobiles and sales financing) and on the regional segments that are complementary with each other, and the grouping was partly reconsidered at the impairment testing at the end of the current fiscal year.

Usage	Type	Location	Amount (in millions of yen)
Business assets	Machinery, equipment and vehicles, and others	Americas	321,708
Business assets	Machinery, equipment and vehicles, and others	Europe	148,533
Business assets	Machinery, equipment and vehicles, and others	Asia	51,764
		Total	522,005

The Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of, and the following loss on impairment of fixed assets was recorded.

Usage	Type	Location	Amount (in millions of yen)
Idle assets	Machinery, equipment and vehicles and others	Japan, Europe and Asia (Total 13 locations)	14,468
Assets to be sold	Machinery, equipment and vehicles	Europe (Total 1 location)	1,345
Assets to be disposed of	Land, Buildings and structures, intangible fixed assets and others	Japan and Other overseas countries (Total 13 locations)	2,824

(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 feature of products and services. The Automobile business includes manufacturing and sales of vehicles and parts. The Sales Financing business provides sales finance service and leasing to support sales activities of the above business.

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

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

The Year Ended March 31, 2019 (From April 1, 2018 To March 31, 2019)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2019
	Automobile	Sales Financing	Total		
Net sales					
Sales to third parties	10,426,158	1,148,089	11,574,247	—	11,574,247
Inter-segment sales or transfers	157,922	49,540	207,462	(207,462)	—
Total	10,584,080	1,197,629	11,781,709	(207,462)	11,574,247
Segment profits	65,997	227,993	293,990	24,234	318,224

The Year Ended March 31, 2020 (From April 1, 2019 To March 31, 2020)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2020
	Automobile	Sales Financing	Total		
Net sales					
Sales to third parties	8,766,016	1,112,850	9,878,866	—	9,878,866
Inter-segment sales or transfers	149,894	50,427	200,321	(200,321)	—
Total	8,915,910	1,163,277	10,079,187	(200,321)	9,878,866
Segment profits (loss)	(264,182)	210,530	(53,652)	13,183	(40,469)

**[Consolidated Financial Statements by Business Segments]**

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

\*Regarding summarized consolidated statements of income and summarized 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 Corporation (U.S.A.), NR FINANCE MEXICO, S.A. de C.V. (Mexico), other 11 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 statements of income by business segments**

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)
<b>Net sales</b>	10,376,618	8,715,589	1,197,629	1,163,277	11,574,247	9,878,866
Cost of sales	8,850,866	7,671,103	819,536	771,802	9,670,402	8,442,905
<b>Gross profit</b>	1,525,752	1,044,486	378,093	391,475	1,903,845	1,435,961
Operating income as a percentage of net sales	0.9%	(2.9%)	19.0%	18.1%	2.7%	(0.4%)
<b>Operating income (loss)</b>	90,231	(250,999)	227,993	210,530	318,224	(40,469)
Financial income / expenses, net	24,881	17,697	(21)	(21)	24,860	17,676
Other non-operating income and expenses, net	203,431	68,450	(17)	(1,608)	203,414	66,842
<b>Ordinary income (loss)</b>	318,543	(164,852)	227,955	208,901	546,498	44,049
<b>Income (loss) before income taxes</b>	252,855	(776,081)	224,853	203,059	477,708	(573,022)
<b>Net income (loss) attributable to owners of parent</b>	163,650	(815,709)	155,488	144,493	319,138	(671,216)

2) Summarized consolidated statements of cash flows by business segments

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)
<b>Cash flows from operating activities</b>	646,842	(212,474)	804,046	1,398,328	1,450,888	1,185,854
<b>Cash flows from investing activities</b>	(455,700)	(428,541)	(677,847)	(280,146)	(1,133,547)	(708,687)
<b>(Free Cash flow)</b>	191,142	(641,015)	126,199	1,118,182	317,341	477,167
<b>Cash flows from financing activities</b>	13,031	847,555	(140,171)	(1,003,049)	(127,140)	(155,494)
Effects of exchange rate changes on cash and cash equivalents	(36,329)	(27,774)	(1,929)	(16,180)	(38,258)	(43,954)
Increase (decrease) in cash and cash equivalents	167,844	178,766	(15,901)	98,953	151,943	277,719
Cash and cash equivalents at beginning of the period	1,140,621	1,309,580	65,379	49,478	1,206,000	1,359,058
Increase due to inclusion in consolidation	1,115	6,204	—	—	1,115	6,204
<b>Cash and cash equivalents at end of the period</b>	1,309,580	1,494,550	49,478	148,431	1,359,058	1,642,981

[Net sales and profits or losses by region]

The Year Ended March 31, 2019 (From April 1, 2018 To March 31, 2019)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,305,327	5,631,892	1,576,267	1,028,699	1,032,062	11,574,247	—	11,574,247
(2) Inter-segment sales	2,269,621	465,403	261,788	544,685	30,612	3,572,109	(3,572,109)	—
Total	4,574,948	6,097,295	1,838,055	1,573,384	1,062,674	15,146,356	(3,572,109)	11,574,247
Operating income (loss)	167,901	72,063	(16,702)	71,092	(5,425)	288,929	29,295	318,224

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

The Year Ended March 31, 2020 (From April 1, 2019 To March 31, 2020)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,143,357	4,713,660	1,283,945	890,274	847,630	9,878,866	—	9,878,866
(2) Inter-segment sales	1,841,139	426,895	195,009	464,557	36,280	2,963,880	(2,963,880)	—
Total	3,984,496	5,140,555	1,478,954	1,354,831	883,910	12,842,746	(2,963,880)	9,878,866
Operating income (loss)	(51,671)	(15,937)	(29,040)	39,097	(3,965)	(61,516)	21,047	(40,469)

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 area]

The Year Ended March 31, 2019 (From April 1, 2018 To March 31, 2019)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,904,712	5,492,142	4,533,029	1,657,339	1,318,704	1,201,350	11,574,247

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, and Central & South America excluding Mexico, etc.

The Year Ended March 31, 2020 (From April 1, 2019 To March 31, 2020)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,727,634	4,612,528	3,786,604	1,429,733	1,101,675	1,007,296	9,878,866

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)

	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)
Net assets per share	1,355.18	1,038.95
Basic earnings (loss) per share	81.59	(171.54)
Diluted earnings per share	81.59	—

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

	FY2018 (From April 1, 2018 To March 31, 2019)	FY2019 (From April 1, 2019 To March 31, 2020)
Basic earnings (loss) per share:		
Net income (loss) attributable to owners of parent (Millions of yen)	319,138	(671,216)
Net income (loss) attributable to owners of parent relating to common stock (Millions of yen)	319,138	(671,216)
Average number of shares of common stock during the fiscal year (Thousands of shares)	3,911,716	3,912,975
Diluted earnings per share:		
Increase in shares of common stock (Thousands of shares)	4	—
(Exercise of share subscription rights (Thousands of shares))	4	—

(Significant subsequent events)

Notes to Significant Subsequent Events Taking into consideration its funding plans, which take into account the risk that COVID-19 will have a prolonged impact, and market trends, the Company and its subsidiaries raised funds in an aggregate amount of ¥712,577 million (including £597 million and \$500 million) with multiple financial institutions after April 2020. The interest rates under funding agreements are approximately the same as prevailing market rates, and the tenors of the funding are, on average, around two years. None of these agreements have collateral or other material covenant provisions.



## 4. Other Information

The former Representative Directors of the Company were indicted on suspicion of violating the Financial Instruments and Exchange Law (charged with submitting false Securities Reports) and a former Representative Director and Chairman was additionally indicted on suspicion of violating the Corporate Law (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 Law. 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 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 the joint venture, despite the fact that no contract had been approved by the joint venture's board of directors.

### 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.