



Financial Results for the Three Months Ended June 30, 2022 (Japanese Accounting Standards) (Consolidated)

July 28, 2022

Company name : Nissan Motor Co., Ltd. <Tokyo Stock Exchange in Japan>
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 The additional materials of the Financial Results for the First Quarter : Yes
 The briefing session of the Financial Results for the First Quarter : Yes

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 through June 30, 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	%
Three Months Ended June 30, 2022	2,137,311	6.4	64,905	(14.2)	104,046	15.2	47,112	(58.9)
June 30, 2021	2,008,247	71.0	75,682	—	90,287	—	114,531	—

Note : Comprehensive income : 360,477 million yen for the three months ended June 30, 2022 , 120.7%

163,303 million yen for the three months ended June 30, 2021 , —%

	Basic earnings per share	Diluted earnings per share
Three Months Ended	yen	yen
June 30, 2022	12.04	12.04
June 30, 2021	29.26	29.26

<2> Consolidated financial position

	Total assets	Net assets	Net assets as a percentage of total assets
	Millions of yen	Millions of yen	%
FY2022 1st quarter	16,878,367	5,363,042	29.0
FY2021	16,371,481	5,029,584	28.0

Reference: Net assets excluding share subscription rights and non-controlling interests: 4,898,420 million yen as of June 30, 2022,

4,580,601 million yen as of March 31, 2022

2. Dividends

	Annual cash dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
FY2021	—	0.00	—	5.00	5.00
FY2022	—	—	—	—	—
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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2022 1st half	—	—	—	—	—	—	—
FY2022	10,000,000	18.7	250,000	1.1	150,000	(30.4)	38.32

Note: Changes in forecast of consolidated operating results for FY2022 from the latest disclosure : No

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

※ Notes

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

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

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

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

<3>-1 Changes in accounting policies due to the revision of the accounting standards. : None

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

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

<3>-4 Restatement : None

<4> Number of shares issued

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

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

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

FY2022 1st quarter	4,220,715,112 shares	FY2021	4,220,715,112 shares
FY2022 1st quarter	306,393,479 shares	FY2021	306,252,046 shares
FY2022 1st quarter	3,914,427,674 shares	FY2021 1st quarter	3,913,823,015 shares

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

※ Explanation regarding the appropriate use of forecast of operating results

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

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

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

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1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(in millions of yen)

	Prior fiscal year (As of March 31, 2022)	Current first quarter (As of June 30, 2022)
Assets		
Current assets		
Cash on hand and in banks	1,432,047	1,259,876
Trade notes and accounts receivable, and contract assets	402,489	321,213
Sales finance receivables	6,274,750	6,565,846
Securities	360,645	209,322
Merchandise and finished goods	645,620	721,046
Work in process	83,939	121,196
Raw materials and supplies	634,922	738,268
Other	620,368	688,750
Allowance for doubtful accounts	(138,771)	(148,553)
Total current assets	10,316,009	10,476,964
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	599,682	613,455
Machinery, equipment and vehicles, net	2,650,597	2,790,536
Land	585,217	589,292
Construction in progress	140,056	108,296
Other, net	390,401	401,909
Total property, plant and equipment	4,365,953	4,503,488
Intangible fixed assets	119,187	133,750
Investments and other assets		
Investment securities	1,054,886	1,166,685
Other	516,008	598,762
Allowance for doubtful accounts	(6,959)	(7,323)
Total investments and other assets	1,563,935	1,758,124
Total fixed assets	6,049,075	6,395,362
Deferred assets		
Bond issuance costs	6,397	6,041
Total deferred assets	6,397	6,041
Total assets	16,371,481	16,878,367

(in millions of yen)

	Prior fiscal year (As of March 31, 2022)	Current first quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,395,642	1,354,998
Short-term borrowings	1,050,036	1,103,115
Current portion of long-term borrowings	1,251,998	1,009,933
Commercial papers	185,705	147,226
Current portion of bonds	471,460	514,964
Lease obligations	48,395	49,091
Accrued expenses	841,386	879,801
Accrued warranty costs	98,367	104,754
Other	800,219	810,218
Total current liabilities	6,143,208	5,974,100
Long-term liabilities		
Bonds	2,263,336	2,393,749
Long-term borrowings	1,775,221	1,865,112
Lease obligations	86,173	90,517
Accrued warranty costs	112,804	118,218
Net defined benefit liability	191,073	205,555
Other	770,082	868,074
Total long-term liabilities	5,198,689	5,541,225
Total liabilities	11,341,897	11,515,325
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	816,472	816,469
Retained earnings	3,843,479	3,871,214
Treasury stock	(138,061)	(137,996)
Total shareholders' equity	5,127,704	5,155,501
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	3,428	3,412
Unrealized gain and loss from hedging instruments	17,230	(53,139)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(38,109)	(47,316)
Translation adjustments	(512,770)	(142,070)
Remeasurements of defined benefit plans	(16,882)	(17,968)
Total accumulated other comprehensive income	(547,103)	(257,081)
Non-controlling interests	448,983	464,622
Total net assets	5,029,584	5,363,042
Total liabilities and net assets	16,371,481	16,878,367

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

Three month period ended June 30
Quarterly consolidated statement of income

	(in millions of yen)	
	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Net sales	2,008,247	2,137,311
Cost of sales	1,676,260	1,796,947
Gross profit	331,987	340,364
Selling, general and administrative expenses		
Advertising expenses	56,202	57,334
Provision for warranty costs	25,144	25,108
Other selling expenses	6,261	18,021
Salaries and wages	95,661	104,024
Retirement benefit expenses	1,745	3,014
Provision for doubtful accounts	(9,637)	(3,064)
Other	80,929	71,022
Total selling, general and administrative expenses	256,305	275,459
Operating income	75,682	64,905
Non-operating income		
Interest income	3,069	6,620
Dividends income	2,929	29
Equity in earnings of affiliates	18,283	33,571
Derivative gain	—	59,947
Exchange gain	5,788	—
Miscellaneous income	5,366	2,826
Total non-operating income	35,435	102,993
Non-operating expenses		
Interest expense	14,087	14,981
Derivative loss	2,162	—
Exchange loss	—	41,763
Miscellaneous expenses	4,581	7,108
Total non-operating expenses	20,830	63,852
Ordinary income	90,287	104,046
Special gains		
Gain on sales of fixed assets	5,009	1,972
Gain on step acquisition	—	879
Other	83,209	429
Total special gains	88,218	3,280
Special losses		
Loss on sales of fixed assets	1,494	146
Loss on disposal of fixed assets	1,144	1,395
Other	5,328	175
Total special losses	7,966	1,716
Income before income taxes	170,539	105,610
Income taxes	48,835	53,231
Net income	121,704	52,379
Net income attributable to non-controlling interests	7,173	5,267
Net income attributable to owners of parent	114,531	47,112

Quarterly consolidated statement of comprehensive income

	(in millions of yen)	
	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Net income	121,704	52,379
Other comprehensive income		
Unrealized holding gain and loss on securities	(60,181)	339
Unrealized gain and loss from hedging instruments	3,906	(71,927)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	196	3,493
Translation adjustments	66,524	303,671
Remeasurements of defined benefit plans	(1,420)	(3,125)
The amount related to equity method companies	32,574	75,647
Total other comprehensive income	41,599	308,098
Comprehensive income	163,303	360,477
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	147,759	337,002
Comprehensive income attributable to non-controlling interests	15,544	23,475

(3) Quarterly consolidated statement of cash flows

	(in millions of yen)	
	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Cash flows from operating activities		
Income before income taxes	170,539	105,610
Depreciation and amortization (for fixed assets excluding leased vehicles)	69,677	80,227
Depreciation and amortization (for long term prepaid expenses)	9,488	12,015
Depreciation and amortization (for leased vehicles)	92,065	83,928
Increase (decrease) in allowance for doubtful accounts	(16,739)	(1,826)
Interest and dividends income	(5,998)	(6,649)
Interest expense	45,972	44,705
Equity in losses (earnings) of affiliates	(18,283)	(33,571)
Loss (gain) on sales of fixed assets	(3,515)	(1,826)
Loss on disposal of fixed assets	1,144	1,395
Decrease (increase) in trade notes and accounts receivable, and contract assets	216,537	103,936
Decrease (increase) in sales finance receivables	242,001	208,178
Decrease (increase) in inventories	16,322	(111,673)
Increase (decrease) in trade notes and accounts payable	(443,031)	(140,597)
Retirement benefit expenses	(2,895)	(5,159)
Payments related to net defined benefit assets and liabilities	(6,289)	(6,058)
Other	(103,754)	(103,641)
Subtotal	263,241	228,994
Interest and dividends received	3,771	5,814
Proceeds from dividends income from affiliates accounted for by equity method	412	220
Interest paid	(34,277)	(31,510)
Income taxes paid	(21,415)	(29,012)
Net cash provided by (used in) operating activities	211,732	174,506
Cash flows from investing activities		
Net decrease (increase) in short-term investments	317	401
Purchase of fixed assets	(89,366)	(96,670)
Proceeds from sales of fixed assets	13,266	5,584
Purchase of leased vehicles	(257,972)	(162,602)
Proceeds from sales of leased vehicles	204,334	178,928
Payments of long-term loans receivable	(14)	(12)
Collection of long-term loans receivable	49	724
Purchase of investment securities	(6,504)	(1,395)
Proceeds from sales of investment securities	149,987	—
Purchase of subsidiaries' shares resulting in changes in the scope of consolidation	—	(1,660)
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	154	—
Net decrease (increase) in restricted cash	(94,040)	6,668
Other	567	7,738
Net cash provided by (used in) investing activities	(79,222)	(62,296)

(in millions of yen)

	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(207,917)	(95,389)
Proceeds from long-term borrowings	293,229	228,064
Proceeds from issuance of bonds	31,705	—
Repayments of long-term borrowings	(372,539)	(604,967)
Redemption of bonds	(25,000)	(57,310)
Repayments of lease obligations	(12,131)	(14,564)
Cash dividends paid	—	(19,573)
Cash dividends paid to non-controlling interests	(463)	(462)
Payments from changes in ownership interests in subsidiaries that do not result in change in the scope of consolidation	—	(4)
Net cash provided by (used in) financing activities	(293,116)	(564,205)
Effects of exchange rate changes on cash and cash equivalents	25,229	128,074
Increase (decrease) in cash and cash equivalents	(135,377)	(323,921)
Cash and cash equivalents at beginning of the period	2,034,026	1,792,692
Increase due to inclusion in consolidation	4,799	427
Cash and cash equivalents at end of the period	1,903,448	1,469,198

(4) Notes to quarterly consolidated financial statements

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

None

(Note to significant changes in shareholders' equity)

None

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

Calculation of tax expense

Income taxes are determined based on the amount of income before income taxes for the current first quarter ended June 30, 2022 multiplied by the effective tax rate, after adoption of tax-effect accounting, estimated for the entire fiscal year ending March 31, 2023.

Deferred income taxes are included in income taxes.

(Additional information)

Adoption of the group tax sharing system

The Company and some of its domestic subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the current first quarter ended June 30, 2022. Accordingly, corporate, local corporate income taxes, and tax-effect accounting are accounted for and disclosed in accordance with “*Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System*” (PITF No. 42, August 12, 2021. Hereinafter “PITF 42”). In addition, based on Article 32 (1) of PITF 42, the effects of the change in accounting policies due to the adoption of PITF 42 are deemed negligible.

(Segment information)

【Current first quarter segment information】

[Net sales and profits or losses by reportable segments]

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

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

Current first quarter (From April 1, 2022 To June 30, 2022)

	Reportable segments			Elimination of inter-segment transactions	(in millions of yen) Current first quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	1,882,660	254,651	2,137,311	—	2,137,311
Inter-segment sales or transfers	14,246	4,352	18,598	(18,598)	—
Total	1,896,906	259,003	2,155,909	(18,598)	2,137,311
Segment profits (losses)	(27,536)	86,817	59,281	5,624	64,905

Notes: 1. Main products of each business segment

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

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

[Consolidated financial statements by business segments]

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

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

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

1) Summarized quarterly consolidated statements of income by business segments

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Net sales	1,737,172	1,878,308	271,075	259,003	2,008,247	2,137,311
Cost of sales	1,501,903	1,638,446	174,357	158,501	1,676,260	1,796,947
Gross profit	235,269	239,862	96,718	100,502	331,987	340,364
Operating income as a percentage of net sales	(1.3%)	(1.2%)	36.0%	33.5%	3.8%	3.0%
Operating income (loss)	(22,016)	(21,912)	97,698	86,817	75,682	64,905
Financial income / expenses, net	(8,081)	(8,324)	(8)	(8)	(8,089)	(8,332)
Other non-operating income and expenses, net	18,207	47,781	4,487	(308)	22,694	47,473
Ordinary income (loss)	(11,890)	17,545	102,177	86,501	90,287	104,046
Income before income taxes	64,893	17,738	105,646	87,872	170,539	105,610
Net income (loss) attributable to owners of parent	48,577	(9,622)	65,954	56,734	114,531	47,112

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

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)	Prior first quarter (From April 1, 2021 To June 30, 2021)	Current first quarter (From April 1, 2022 To June 30, 2022)
Cash flows from operating activities	(242,095)	(218,229)	453,827	392,735	211,732	174,506
Cash flows from investing activities	67,702	(86,322)	(146,924)	24,026	(79,222)	(62,296)
(Free Cash flow)	(174,393)	(304,551)	306,903	416,761	132,510	112,210
Cash flows from financing activities	(48,086)	(132,633)	(245,030)	(431,572)	(293,116)	(564,205)
Effects of exchange rate changes on cash and cash equivalents	20,951	123,238	4,278	4,836	25,229	128,074
Increase (decrease) in cash and cash equivalents	(201,528)	(313,946)	66,151	(9,975)	(135,377)	(323,921)
Cash and cash equivalents at beginning of the period	1,896,134	1,700,990	137,892	91,702	2,034,026	1,792,692
Increase due to inclusion in consolidation	4,799	427	—	—	4,799	427
Cash and cash equivalents at end of the period	1,699,405	1,387,471	204,043	81,727	1,903,448	1,469,198

[Net sales and profits or losses by region]

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

(in millions of yen)

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

Current first quarter (From April 1, 2022 To June 30, 2022)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	412,041	1,064,526	222,993	185,689	252,062	2,137,311	—	2,137,311
(2) Inter-segment sales	322,229	100,934	37,571	120,553	1,860	583,147	(583,147)	—
Total	734,270	1,165,460	260,564	306,242	253,922	2,720,458	(583,147)	2,137,311
Operating income (loss)	(51,695)	76,843	305	19,294	21,571	66,318	(1,413)	64,905

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

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

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

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

[Information about geographical area]

(Net sales)

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

(in millions of yen)

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

Current first quarter (From April 1, 2022 To June 30, 2022)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
360,874	1,023,811	801,406	247,273	216,728	288,625	2,137,311

Notes: 1. Regions represent customers' location.

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

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

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

2. Other Information

The former Representative Directors of the Company were indicted on suspicion of violating the Financial Instruments and Exchange Act (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 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.

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 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.

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 200,000,000 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 April 26, 2022, pursuant to the provisions of Article 185-8-6 of the FIEA, the FSA modified the penalty by deducting 200,000,000 yen, which is equal to the criminal penalty in the judgment, thereby making the total amount of the administrative penalty 2,224,895,000 yen. This administrative monetary penalty has been paid in full.

Also, in an unfair dismissal lawsuit filed in the Amsterdam District Court by Ghosn against NMBV and another Nissan's 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.

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 measures to recover damages, in order to account for the responsibility of the former chairman and others.

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.