

FY2023 Consolidated Financial Results (Japanese Accounting Standards)



May 9, 2024

Company name : Nissan Motor Co., Ltd.

<Tokyo Stock Exchange in Japan>

Code no : 7201

(URL <https://www.nissan-global.com/EN/IR/>)

Representative : Makoto Uchida, Representative Executive Officer, President and Chief Executive Officer

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Scheduled date of the general meeting of shareholders : Jun 25, 2024

Scheduled date of payment of cash dividends : Jun 26, 2024

Scheduled date of filing Yukashoken-Houkokusho : To be determined

The additional materials of the Financial Results for FY2023 : Yes

The briefing session of the Financial Results for FY2023 : Yes

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for FY2023 (April 1, 2023 through March 31, 2024)

<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	%
FY2023	12,685,716	19.7	568,718	50.8	702,161	36.2	426,649	92.3
FY2022	10,596,695	25.8	377,109	52.5	515,443	68.4	221,900	3.0

Note: Comprehensive income : 1,042,224 million yen for FY2023, 71.7% : 606,837 million yen for FY2022, (12.0)%

	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	%	%	%
FY2023	110.47	110.47	7.7	3.7	4.5
FY2022	56.67	56.67	4.6	3.0	3.6

Reference: Equity in earnings of affiliates : 113,487 million yen for FY2023, 171,275 million yen for FY2022

<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
FY2023	19,855,151	6,470,543	30.1	1,599.28
FY2022	17,598,581	5,615,140	29.2	1,310.74

Reference: Net assets excluding share subscription rights and non-controlling interests: 5,981,647 million yen as of March 31, 2024,

5,134,649 million yen as of March 31, 2023

<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
FY2023	960,899	(812,664)	(131,551)	2,126,206
FY2022	1,221,051	(447,041)	(670,607)	2,014,387

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	%	%
FY2022	—	0.00	—	10.00	10.00	39,174	17.6	0.8
FY2023	—	5.00	—	15.00	20.00	75,689	18.1	1.4
FY2024 forecast	—	—	—	—	25.00		24.6	

Note: For FY2024 forecast, allocation of cash dividends per share between 2nd quarter end and fiscal year end has not yet been determined.

3. Forecast of consolidated operating results for FY2024 (April 1, 2024 through March 31, 2025)

(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
FY2024	13,600,000	7.2	600,000	5.5	380,000	(10.9)	101.60

Note: Forecast of consolidated operating results for FY2024 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: None

<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

<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

FY2023	4,009,715,112 shares	FY2022	4,220,715,112 shares
FY2023	269,511,941 shares	FY2022	303,358,832 shares
FY2023	3,862,122,424 shares	FY2022	3,915,382,156 shares

(Reference) Non-Consolidated Financial Results**Results of FY2023 (April 1, 2023 through March 31, 2024)**

Results of non-consolidated operations for the year ended March 31, 2024

(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	%
FY2023	4,187,227	29.2	(11,843)	—	382,385	17.9	417,843	55.7
FY2022	3,240,618	34.5	(238,220)	—	324,336	—	268,296	—

	Net income per share - basic
	yen
FY2023	101.11
FY2022	63.96

※ 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 21.

FY 2023 (From April 1, 2023 To March 31, 2024)

(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	811,209	4,047,870	(136,172)	5,328,721	2,893	(3,346)
Changes of items during the period							
Cash dividends paid			(58,760)		(58,760)		
Net income attributable to owners of parent			426,649		426,649		
Purchase of treasury stock				(121,294)	(121,294)		
Disposal of treasury stock		(8)	(1,505)	17,343	15,830		
Cancellation of treasury stock			(128,746)	128,746			
Changes in interests by sales of subsidiaries' shares		10,790			10,790		
Changes in affiliated companies' interests in its subsidiaries		4,160			4,160		
Net changes of items other than those in shareholders' equity						607	16,505
Total changes of items during the period		14,942	237,638	24,795	277,375	607	16,505
Balance at the end of current period	605,814	826,151	4,285,508	(111,377)	5,606,096	3,500	13,159

	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	(51,079)	(111,694)	(30,846)	(194,072)	273	480,218	5,615,140
Changes of items during the period							
Cash dividends paid							(58,760)
Net income attributable to owners of parent							426,649
Purchase of treasury stock							(121,294)
Disposal of treasury stock							15,830
Cancellation of treasury stock							—
Changes in interests by sales of subsidiaries' shares							10,790
Changes in affiliated companies' interests in its subsidiaries							4,160
Net changes of items other than those in shareholders' equity	(52,056)	534,577	69,990	569,623	31	8,374	578,028
Total changes of items during the period	(52,056)	534,577	69,990	569,623	31	8,374	855,403
Balance at the end of current period	(103,135)	422,883	39,144	375,551	304	488,592	6,470,543

(4) Consolidated statement of cash flows

	(in millions of yen)	
	FY2022	FY2023
	(From April 1, 2022 To March 31, 2023)	(From April 1, 2023 To March 31, 2024)
Cash flows from operating activities		
Income before income taxes	402,436	599,225
Depreciation and amortization (for fixed assets excluding leased vehicles)	335,242	351,684
Depreciation and amortization (for long term prepaid expenses)	41,194	38,957
Depreciation and amortization (for leased vehicles)	317,304	287,312
Impairment loss	8,615	58,972
Increase (decrease) in allowance for doubtful accounts	9,905	(6,474)
Provision for residual value risk of leased vehicles (net changes)	(43,549)	(17,014)
Interest and dividends income	(39,359)	(63,702)
Interest expense	206,281	298,338
Equity in losses (earnings) of affiliates	(171,275)	(113,487)
Loss (gain) on sales of fixed assets	(17,199)	(11,538)
Loss on disposal of fixed assets	15,115	15,402
Loss (gain) on sales of shares of subsidiaries and affiliates	45,569	—
Decrease (increase) in trade notes and accounts receivable, and contract assets	(167,742)	(28,903)
Decrease (increase) in sales finance receivables	221,475	(243,605)
Decrease (increase) in inventories	(196,712)	(112,150)
Increase (decrease) in trade notes and accounts payable	543,424	280,483
Other	(134,191)	9,852
Subtotal	1,376,533	1,343,352
Interest and dividends received	32,902	60,234
Proceeds from dividends income from affiliates accounted for by equity method	163,385	69,492
Interest paid	(198,208)	(285,054)
Income taxes paid	(153,561)	(227,125)
Net cash provided by (used in) operating activities	1,221,051	960,899
Cash flows from investing activities		
Net decrease (increase) in short-term investments	2,209	(2,352)
Purchase of fixed assets	(322,725)	(368,273)
Proceeds from sales of fixed assets	33,968	36,797
Purchase of leased vehicles	(810,777)	(1,259,505)
Proceeds from sales of leased vehicles	679,146	796,697
Payments of long-term loans receivable	(1,533)	(85)
Collection of long-term loans receivable	3,083	22,981
Purchase of investment securities	(1,849)	(48,064)
Proceeds from sales of investment securities	310	8
Purchase of shares of subsidiaries resulting in changes in the scope of consolidation	(9,730)	—
Payments for sales of subsidiaries' shares resulting in changes in the scope of consolidation	(30,842)	—
Net decrease (increase) in restricted cash	(20,256)	(1,199)
Proceeds from sales of businesses	5,273	6,912
Other	26,682	3,419
Net cash provided by (used in) investing activities	(447,041)	(812,664)

	(in millions of yen)	
	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(149,413)	(380,759)
Proceeds from long-term borrowings	1,364,681	2,102,278
Proceeds from issuance of bonds	199,168	311,855
Repayments of long-term borrowings	(1,471,738)	(1,411,497)
Redemption of bonds	(526,076)	(487,489)
Proceeds from non-controlling shareholders	1,650	—
Purchase of treasury stock	(1)	(119,968)
Purchase of treasury shares of subsidiaries	(5,529)	—
Repayments of lease obligations	(55,315)	(53,271)
Cash dividends paid	(19,573)	(58,760)
Cash dividends paid to non-controlling interests	(8,457)	(58,460)
Payments from changes in ownership interests in subsidiaries that do not result in change in the scope of consolidation	(4)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in the scope of consolidation	—	24,520
Net cash provided by (used in) financing activities	(670,607)	(131,551)
Effects of exchange rate changes on cash and cash equivalents	112,435	95,135
Increase (decrease) in cash and cash equivalents	215,838	111,819
Cash and cash equivalents at the beginning of the period	1,792,692	2,014,387
Increase due to inclusion in consolidation	5,857	—
Cash and cash equivalents at the end of the period	2,014,387	2,126,206

(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: 233 companies (Domestic 95, Overseas 138)

(2) Companies accounted for by the equity method

Affiliates: 39 companies (Domestic 23, Overseas 16)

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

Number of companies newly included in the scope of consolidation; 1 company

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

Number of companies ceased to be accounted for by the equity method; 1 company

The increase in the number of consolidated subsidiaries was mainly due to establishment of a new company.
The decreases were mainly due to liquidation and merger.

(Additional information)

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. The Company had 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.

On June 8, 2022, the Dubai Court of Appeal reversed the judgment of the Dubai Court of First Instance. The Company, Nissan Middle East FZE, and Al Dahana filed further appeals to the Dubai Court of Cassation, but on September 14, 2022, the Dubai Court of Cassation overturned the Dubai Court of Appeal's June judgment and remitted the case back to the Dubai Court of Appeal for a new judgement upon further review. On November 29, 2022, the Dubai Court of Appeal reversed the judgment of the Dubai Court of First Instance. On January 25, 2023, Al Dahana filed an appeal to the Court of Cassation. On January 27, 2023, the Company and Nissan Middle East FZE also filed an appeal to the Court of Cassation.

On and effective April 30, 2024, the Dubai Court of Cassation, dismissed all the appeals before it, with the effect that previous Dubai Court of Appeal decision to reverse the Dubai Court of First instance decision stands. The Company reversed the previously recorded provision amount of ¥38,758 million and the related foreign exchange loss of ¥15,715 million within "Selling, general and administrative expenses" and "Exchange loss", respectively.

(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 management to make decisions 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 segment

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 segment

Prior fiscal year (From April 1, 2022 To March 31, 2023)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2023
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	9,591,859	1,004,836	10,596,695	—	10,596,695
Inter-segment sales or transfers	94,983	18,989	113,972	(113,972)	—
Total	9,686,842	1,023,825	10,710,667	(113,972)	10,596,695
Segment profits	42,952	311,908	354,860	22,249	377,109

Current fiscal year (From April 1, 2023 To March 31, 2024)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2024
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	11,582,863	1,102,853	12,685,716	—	12,685,716
Inter-segment sales or transfers	199,653	58,925	258,578	(258,578)	—
Total	11,782,516	1,161,778	12,944,294	(258,578)	12,685,716
Segment profits	221,574	308,718	530,292	38,426	568,718

[Consolidated financial statements by business segment]

*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 Company LLC (U.S.A.), NR Finance Mexico, S.A. de C.V. (Mexico), Dongfeng Nissan Auto Finance Co., Ltd. (China), 13 other 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), 13 other 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 segment

(in millions of yen)

	Automobile & Eliminations		Sales financing		Consolidated total	
	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)
Net sales	9,572,870	11,523,938	1,023,825	1,161,778	10,596,695	12,685,716
Cost of sales	8,251,043	9,885,975	631,803	732,827	8,882,846	10,618,802
Gross profit	1,321,827	1,637,963	392,022	428,951	1,713,849	2,066,914
Operating income as a percentage of net sales	0.7%	2.3%	30.5%	26.6%	3.6%	4.5%
Operating income	65,201	260,000	311,908	308,718	377,109	568,718
Financial income / expenses, net	(23,771)	(14,741)	85	411	(23,686)	(14,330)
Other non-operating income and expenses, net	177,027	148,666	(15,007)	(893)	162,020	147,773
Ordinary income	218,457	393,925	296,986	308,236	515,443	702,161
Income before income taxes	95,676	340,988	306,760	258,237	402,436	599,225
Net income attributable to owners of parent	27,241	256,422	194,659	170,227	221,900	426,649

2) Summarized consolidated statement of cash flows by business segment

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)
Cash flows from operating activities	492,095	698,060	728,956	262,839	1,221,051	960,899
Cash flows from investing activities	(305,347)	(375,028)	(141,694)	(437,636)	(447,041)	(812,664)
(Free Cash flow)	186,748	323,032	587,262	(174,797)	774,010	148,235
Cash flows from financing activities	(104,199)	(298,193)	(566,408)	166,642	(670,607)	(131,551)
Effects of exchange rate changes on cash and cash equivalents	110,788	89,320	1,647	5,815	112,435	95,135
Increase (decrease) in cash and cash equivalents	193,337	114,159	22,501	(2,340)	215,838	111,819
Cash and cash equivalents at the beginning of the period	1,700,990	1,900,184	91,702	114,203	1,792,692	2,014,387
Increase due to inclusion in consolidation	5,857	—	—	—	5,857	—
Cash and cash equivalents at the end of the period	1,900,184	2,014,343	114,203	111,863	2,014,387	2,126,206

[Net sales and profits or losses by region]

Prior fiscal year (From April 1, 2022 To March 31, 2023)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	1,888,240	5,547,730	1,204,658	804,119	1,151,948	10,596,695	—	10,596,695
(2) Inter-segment sales	2,050,014	401,358	192,044	634,771	13,992	3,292,179	(3,292,179)	—
Total	3,938,254	5,949,088	1,396,702	1,438,890	1,165,940	13,888,874	(3,292,179)	10,596,695
Operating income (loss)	(150,269)	356,024	(4,601)	85,937	84,457	371,548	5,561	377,109

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, 2023 To March 31, 2024)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,002,217	6,881,033	1,562,557	746,684	1,493,225	12,685,716	—	12,685,716
(2) Inter-segment sales	2,945,678	398,239	307,941	861,093	21,408	4,534,359	(4,534,359)	—
Total	4,947,895	7,279,272	1,870,498	1,607,777	1,514,633	17,220,075	(4,534,359)	12,685,716
Operating income (loss)	108,112	334,488	(17,326)	109,206	27,285	561,765	6,953	568,718

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.

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- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain 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]

Prior fiscal year (From April 1, 2022 To March 31, 2023)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,729,099	5,343,003	4,305,867	1,311,499	904,270	1,308,824	10,596,695

- 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, 2023 To March 31, 2024)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,935,148	6,591,399	5,049,687	1,643,258	818,525	1,697,386	12,685,716

- 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 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)

	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)
Net assets per share	1,310.74	1,599.28
Basic earnings per share	56.67	110.47
Diluted earnings per share	56.67	110.47

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

	FY2022 (From April 1, 2022 To March 31, 2023)	FY2023 (From April 1, 2023 To March 31, 2024)
Basic earnings per share:		
Net income attributable to owners of parent (Millions of yen)	221,900	426,649
Net income attributable to owners of parent relating to common stock (Millions of yen)	221,900	426,649
Average number of shares of common stock during the fiscal year (Thousands of shares)	3,915,382	3,862,122
Diluted earnings per share:		
Increase in shares of common stock (Thousands of shares)	—	—
(Exercise of share subscription rights (Thousands of shares))	—	—

(Significant subsequent events)

(Acquisition and cancellation of treasury shares)

The Company announced that the Board of Directors on March 27, 2024 resolved and implemented the following matters relating to the acquisition of treasury shares and the method of acquisition pursuant to Article 156 of the Companies Act as applied pursuant to Article 165(3) of the Companies Act, and the cancellation of treasury shares pursuant to Article 178 of the Companies Act.

1. Reasons for acquisition and cancellation of treasury shares

The Company received a notice from Renault offering to sell 280,690,000 Nissan shares (the “Offered Shares”) which are held in a French trust, and decided to acquire 100,242,900 shares by making use of its right of first offer as agreed with Renault under the New Alliance Agreement. The Company decided to cancel all the acquired shares. Renault has the option to sell the rest of the Offered Shares deducting the number of Nissan shares sold by Renault in this treasury share acquisition, within an orderly process pursuant to the New Alliance Agreement.

The transaction was funded using the Company’s net cash position. This decision is in line with the Company’s commitment to enhancing shareholder returns and capital efficiency whilst maintaining the necessary financial resources to deliver the Company’s ambitious business plans.

2. Contents of matters relating to the acquisition of treasury shares

(1) Class of shares to be acquired	Common stock
(2) Total number of shares to be acquired	100,242,900 shares
(3) Total amount of share acquisition cost	¥59,484 million
(4) Date of contract	March 28, 2024
(5) Date of acquisition	April 1, 2024
(6) Method of acquisition	Purchase through off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange

3. Contents of matters relating to the cancellation of treasury shares

(1) Class of shares to be cancelled	Common stock
(2) Total number of shares to be cancelled	100,242,900 shares
(3) Scheduled date of cancellation	April 3, 2024

(Lawsuit against a consolidated subsidiary of Mitsubishi Motors Corporation)

On October 30, 2023, a jury in the Philadelphia Court of Common Pleas has ordered Mitsubishi Motors North America, Inc. (hereinafter “MMNA”), a North American, wholly-owned subsidiary of Mitsubishi Motors Corporation, to pay USD 976 million in damages. Mitsubishi Motors Corporation is an equity method affiliate of the Company. MMNA received a judgment as of May 6, 2024, ordering MMNA to pay the amount of USD 1,010 million (damages in the amount of USD 976 million and delay damages in the amount of USD 33 million). MMNA plans to appeal to the higher court.

This case may have a material impact on the Group’s profits/losses from equity method companies.

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 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 judgment 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 a subsidiary of Nissan, NMBV brought a counterclaim against Ghosn for repayment of the sums Ghosn appropriated unlawfully from NMBV. While the Amsterdam District Court dismissed Ghosn's claims and ordered Ghosn to return roughly 5 million Euros in its decision rendered on May 20, 2021, Ghosn submitted the statement of appeal to the Amsterdam Court of Appeal on August 20, 2021. As a result of a cross-appeal and defense subsequently submitted by NMBV, the Amsterdam Court of Appeal rendered a decision on August 23, 2022, dismissing the vast majority of Ghosn's claims and ordering Ghosn to return roughly 4.2 million Euros. The decision has become final as a result of the expiration of the deadline for an 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 seeking damages, etc. based on the order. 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.