

Quarterly Securities Report

Second Quarter of FY2021

(From July 1, 2021 To September 30, 2021)

(The English translation of the Quarterly Securities Report “Shihanki-Houkokusho”)

Nissan Motor Co., Ltd.

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【Document Submitted】	Quarterly Securities Report (“Shihanki-Houkokusho”)
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Part I Information on the Company

1. Overview of the Company

1. Key financial data and trends

Fiscal year		122nd Six months ended September 30, 2020	123rd Six months ended September 30, 2021	122nd
Accounting period		(From April 1, 2020 To September 30, 2020)	(From April 1, 2021 To September 30, 2021)	(From April 1, 2020 To March 31, 2021)
Net sales	(Millions of yen)	3,092,687	3,946,997	7,862,572
[Current second quarter]		[1,918,493]	[1,938,750]	
Ordinary income (loss)	(Millions of yen)	(231,838)	184,527	(221,230)
Net income (loss) attributable to owners of parent	(Millions of yen)	(329,959)	168,646	(448,697)
[Current second quarter]		[(44,370)]	[54,115]	
Comprehensive income	(Millions of yen)	(372,125)	240,995	(41,928)
Net assets	(Millions of yen)	3,993,302	4,566,770	4,339,826
Total assets	(Millions of yen)	16,461,043	15,583,288	16,452,068
Basic earnings (loss) per share	(Yen)	(84.33)	43.09	(114.67)
[Current second quarter]		[(11.34)]	[13.83]	
Diluted earnings per share	(Yen)	—	43.09	—
Net assets as a percentage of total assets	(%)	22.1	26.7	24.0
Cash flows from operating activities	(Millions of yen)	730,888	315,190	1,322,789
Cash flows from investing activities	(Millions of yen)	(289,348)	(309,812)	(369,121)
Cash flows from financing activities	(Millions of yen)	399,212	(544,374)	(639,692)
Cash and cash equivalents at end of the period	(Millions of yen)	2,479,063	1,532,795	2,034,026

Notes: 1. Non-consolidated financial data is not presented as Nissan Motor Co., Ltd. (the “Company”) prepares quarterly consolidated financial statements.

2. Diluted earnings per share for the six months ended September 30, 2020 and the 122nd fiscal year is not presented because a net loss per share was recorded although potential dilutive stock existed.

3. “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the first quarter of the current fiscal year. Key financial data, etc. concerning the six months ended September 30, 2021 and the current second quarter is presented as figures after the adoption of these accounting standards, etc.

2. Description of business

There have been no significant changes in the business in which the Company and its subsidiaries and affiliates (collectively, the “Group”) operate during the six months ended September 30, 2021. No changes were made to major subsidiaries and affiliates.

2. Business Overview

1. Business and other risks

During the six months ended September 30, 2021, there were no unusual fluctuations with regard to financial position, operating results and cash flows or important changes in the “Business and other risks,” which are described in the Securities Report of the prior fiscal year.

2. Management’s analysis of financial position, operating results and cash flows

Any future forecasts included in the following descriptions are based on the best estimates or judgment of the Group as of September 30, 2021, the end of the current second quarter.

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and related guidelines have been adopted from the beginning of the first quarter of the current fiscal year. For details, please refer to “4. Financial Information [Notes to Quarterly Consolidated Financial Statements] (Changes in accounting policies).”

(1) Financial position and operating results

The global industry volume totaled 39.39 million units for the six months ended September 30, 2021, an increase of 20.0% from the corresponding period of the last year (the “last year”). Global sales of the Group for the six months ended September 30, 2021 increased by 17.8% year on year to 2,002 thousand units and net sales of the Group for the six months ended September 30, 2021, totaled ¥3,947.0 billion, which represents an increase of ¥854.3 billion (27.6%) relative to net sales for the last year. An operating income of ¥139.1 billion was recorded, improving by ¥297.9 billion from the last year.

Net non-operating income of ¥45.4 billion was recorded for the six months ended September 30, 2021, improving by ¥118.4 billion from the last year. As a result, an ordinary income of ¥184.5 billion was recorded, improving by ¥416.3 billion compared with the last year. Net special income of ¥76.9 billion was recorded, improving by ¥166.0 billion from the last year. An income before income taxes of ¥261.4 billion was recorded, improving by ¥582.3 billion from the last year. Finally, a net income attributable to owners of parent for the six months ended September 30, 2021 of ¥168.6 billion was recorded, an improvement of ¥498.6 billion from the last year.

(2) Cash flows

Cash and cash equivalents at September 30, 2021 decreased by ¥501.2 billion (24.6%) from the end of the prior fiscal year to ¥1,532.8 billion. This reflected ¥315.2 billion in net cash provided by operating activities, ¥309.8 billion in net cash used in investing activities and ¥544.4 billion in net cash used in financing activities, as well as an increase of ¥32.4 billion in the effects of foreign exchange rate movements on cash and cash equivalents and an increase of ¥5.4 billion due to change in the scope of consolidation.

(3) Production and sales

Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Six months ended September 30, 2020	Six months ended September 30, 2021		
Japan	171,961	216,262	44,301	25.8
The United States of America	157,583	185,034	27,451	17.4
Mexico	180,810	235,755	54,945	30.4
The United Kingdom	80,043	73,400	(6,643)	(8.3)
Spain	596	12,105	11,509	1,931.0
Russia	12,558	20,100	7,542	60.1
Thailand	34,983	57,173	22,190	63.4
Philippines	1,741	—	(1,741)	—
India	33,885	92,630	58,745	173.4
South Africa	5,006	11,338	6,332	126.5
Brazil	15,872	21,962	6,090	38.4
Argentina	3,803	12,089	8,286	217.9
Egypt	5,402	9,607	4,205	77.8
Total	704,243	947,455	243,212	34.5

Note: The figures represent the production figures for the six month period from April 1 to September 30, 2021.

Actual sales

Sales to	Number of vehicles sold (on a consolidated basis: units)		Change (units)	Change (%)
	Six months ended September 30, 2020	Six months ended September 30, 2021		
Japan	193,085	195,185	2,100	1.1
North America	402,504	443,346	40,842	10.1
(The United States of America included therein)	299,499	334,911	35,412	11.8
Europe	125,800	135,516	9,716	7.7
Asia	70,392	115,168	44,776	63.6
Other overseas countries	96,637	200,007	103,370	107.0
Total	888,418	1,089,222	200,804	22.6

Note: The figures in China and Taiwan, which are included in “Asia” represent the sales figures for the six month period from January 1 to June 30, 2021. Those sold in Japan, North America, Europe, Other overseas countries and Asia (excluding China and Taiwan) represent vehicles sold for the six month period from April 1 to September 30, 2021.

(4) Results of segments

(Business segments)

a. Automobiles

The Group’s worldwide automobile sales (on a retail basis) for the six months ended September 30, 2021, increased by 303 thousand units (17.8%) from the last year to 2,002 thousand units. The number of vehicles sold in Japan decreased by 4.1% to 196 thousand units. Vehicles sold in China increased by 18.4% to 706 thousand units. Those sold in North America including Mexico and Canada increased by 25.0% to 652 thousand units, those sold in Europe increased by 0.1% to 172 thousand units and those sold in other overseas countries increased by 34.5% to 276 thousand units.

Net sales in the automobile business (including intersegment sales) for the six months ended September 30, 2021 increased by ¥812.0 billion (30.6%) from the last year to ¥3,462.6 billion. An operating loss of ¥90.2 billion was recorded, an improvement of ¥214.1 billion from the last year. Major profit-improving factors were an increase in the number of vehicles sold, net revenue improvement and various cost and expense reductions.

b. Sales finance

Net sales in the sales finance business (including intersegment sales) for the six months ended September 30, 2021 increased by ¥10.8 billion (2.1%) from the last year to ¥531.9 billion. Operating income increased by ¥79.1 billion (57.9%) from the last year to ¥215.7 billion. Major profit-increasing factors were improvement in quality of asset portfolio and lower cost of funds.

(Geographic segments)

a. Japan

For the six months ended September 30, 2021, in the Japan market, the total industry volume (“TIV”) increased by 1.1% year on year to 2.05 million units. The Group’s sales decreased by 4.1% from the last year to 196 thousand units. The Group’s market share decreased to 9.5%, down 0.5 percentage points year on year.

Meanwhile, net sales in Japan (including intersegment sales) for the six months ended September 30, 2021 increased by ¥316.7 billion (26.1%) from the last year to ¥1,530.5 billion. The Group recorded an operating loss of ¥92.4 billion, improving by ¥77.3 billion from the last year. Major profit-improving factors were an increase in the number of export units as well as net revenue improvement through model mix and cost and expense reductions.

b. North America

For the six months ended September 30, 2021, in the North America market, including Mexico and Canada, TIV increased by 14.8% to 9.24 million units. The Group’s sales in North America increased by 25.0% to 652 thousand units.

As a result, net sales in North America (including intersegment sales) for the six months ended September 30, 2021 increased by ¥470.2 billion (30.5%) to ¥2,009.4 billion. The Group recorded operating income of ¥186.8 billion, an increase of ¥167.7 billion (878.7%) from the last year. Major factors were an increase in the number of vehicles sold, net revenue improvement and various cost and expense reductions.

In the United States of America market, TIV increased by 14.0% to 7.82 million units. The Group sold 497 thousand units, up 24.8% from the last year. The Group’s market share increased by 0.6 percentage points to 6.4%.

c. Europe

For the six months ended September 30, 2021, in the Europe market, TIV increased by 13.9% to 8.30 million units. The Group sold 149 thousand units in the Europe market, excluding Russia, up 5.2% from the last year. The Group's market share decreased by 0.3 percentage points to 2.0%. In addition, the Group's sales in Russia decreased by 23.8% to 23 thousand units.

As a result, net sales in Europe (including intersegment sales) for the six months ended September 30, 2021 were ¥515.1 billion, an increase of ¥112.2 billion (27.9%) from the last year. An operating loss of ¥24.3 billion was recorded, deteriorating by ¥1.2 billion from the last year. Although the number of vehicles sold has increased, model mix was unfavorable due to less "Qashqai" sold as a result of model transitioning and semiconductor issue.

d. Asia

For the six months ended September 30, 2021, sales volume in the Asia market, excluding China, increased by 8.8% to 66 thousand units. Net sales in Asia (including intersegment sales) for the six months ended September 30, 2021 increased by ¥157.8 billion (33.6%) from the last year to ¥626.9 billion. Operating income for the six months ended September 30, 2021 was ¥39.2 billion, an increase of ¥18.7 billion (92.1%) from the last year.

For the six months ended September 30, 2021, in the China market, TIV increased by 25.4% to 11.70 million units. The Group's sales in China increased by 18.4% from the last year to 706 thousand units, accounting for a market share of 6.0%, down 0.4 percentage points year on year while Nissan branded Passenger Vehicle improved market share in its segment. The operating results of Chinese joint venture, Dongfeng Motor Co., Ltd., are reflected as equity in earnings or losses of affiliates in non-operating income or expenses.

e. Other overseas countries

For the six months ended September 30, 2021, in other markets, consisting of Oceania, Middle East, South Africa, and Central and South America excluding Mexico, etc., the Group's sales volume increased by 45.4% to 209 thousand units.

As a result, net sales in other markets consisting of the aforementioned regions (including intersegment sales) for the six months ended September 30, 2021 increased by ¥225.9 billion (118.1%) from the last year to ¥417.2 billion. Operating income of ¥23.5 billion was recorded, improving by ¥33.6 billion from the last year.

(5) Analysis of sources of capital and liquidity

a. Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities decreased by ¥415.7 billion to ¥315.2 billion in the six months ended September 30, 2021 from ¥730.9 billion provided in the last year. This was mainly due to a smaller decrease in sales finance receivables in the sales finance business.

(Cash flows from investing activities)

Net cash used in investing activities increased by ¥20.5 billion to ¥309.8 billion in the six months ended September 30, 2021 from ¥289.3 billion used in the last year. This was mainly attributable to an increase in restricted cash related to asset backed securities in the sales financing business despite an increase in proceeds from sales of investment securities in the automobile business.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥544.4 billion in the six months ended September 30, 2021, the difference is ¥943.6 billion compared to ¥399.2 billion net cash inflow in the last year. This was mainly due to a decrease in proceeds from issuance of bonds and an increase in repayment of loans.

As the cash and cash equivalents in the automobile business as of September 30, 2021 exceeded interest-bearing debt, the Group had a net cash position of ¥552.3 billion, and the free cash flows in the automobile business for the six months ended September 30, 2021 were negative ¥349.0 billion.

Information by segments is as follows:

Six month period ended September 30,2020 (From April 1, 2020 To September 30, 2020)

	Automobile & Eliminations	Sales financing	Consolidated total
Cash flows from operating activities	(324,374)	1,055,262	730,888
Cash flows from investing activities	(180,294)	(109,054)	(289,348)
Cash flows from financing activities	1,342,230	(943,018)	399,212

(Millions of yen)

Six month period ended September 30,2021 (From April 1, 2021 To September 30, 2021)

	Automobile & Eliminations	Sales financing	Consolidated total
Cash flows from operating activities	(340,228)	655,418	315,190
Cash flows from investing activities	(8,813)	(300,999)	(309,812)
Cash flows from financing activities	(185,802)	(358,572)	(544,374)

(Millions of yen)

Year-on-Year Comparison

	Automobile & Eliminations	Sales financing	Consolidated total
Cash flows from operating activities	(15,854)	(399,844)	(415,698)
Cash flows from investing activities	171,481	(191,945)	(20,464)
Cash flows from financing activities	(1,528,032)	584,446	(943,586)

(Millions of yen)

b. Financial policies

The Group had ¥1,397.0 billion of cash and cash equivalents in the automobile business and the Group had approximately ¥1.8 trillion of committed lines available for drawing as of September 30, 2021. In addition to securing funding in the normal course of its business, the Company and its subsidiaries secured additional funds to meet cash needs due to the impact of COVID-19 in an aggregate amount of ¥2,385.1 billion with multiple financial institutions after April 2020 including issuing USD and EUR denominated bonds, and ¥449.4 billion has been repaid. It is necessary to pay careful attention to the liquidity of the Group in view of the global semiconductor shortage and the recent cash usage in the automotive business. However, as the Group has entered into loan commitment agreements with major international banks in addition to the cash and cash equivalents as above, the Group believes that a level of liquidity sufficient to meet the Group's funding requirements is being maintained.

(6) Management policy and business strategies

The Group defined its corporate purpose as “Driving Innovation to Enrich People’s Lives”. This stated clearly the Company’s raison d’être, the question of why we exist and the role we play for the society, based on “Enriching People’s Lives” that has been a Nissan’s corporate vision for years, keeping the founder’s spirit of “Do what others don’t dare to do”. Meanwhile, the Group will strengthen its relationships with suppliers and dealers and work with them to bolster our business model.

As it develops as a Company through its full range of global activities, Nissan seeks to not only create economic value but also contribute solutions to society as a leading global automaker. Nissan is committed to all stakeholders—including customers, shareholders, employees and the communities where it does business—and to delivering valuable and sustainable mobility for all. Furthermore, we pursue the realization of a zero-emission, zero-fatality society by actively contributing to the sustainable development of society. To be specific, the Group has set the goal to achieve carbon neutrality across the Company’s operations and the life cycle of its products by 2050. In addition, by the early 2030s every all-new Nissan vehicle offering in key markets will be electrified. The Group will pursue further innovations in electrification and manufacturing technology to make progress on the Company’s carbon neutrality goal. To achieve this goal, the Company implemented a production line at its Tochigi Plant in Japan featuring the Nissan Intelligent Factory initiative, which would support the manufacture of next-generation vehicles using innovative technologies and scheduled to start production of the all-new “Nissan ARIYA” crossover EV. In Europe, the Company unveiled the “EV36Zero”, an EV Hub creating a world-first EV manufacturing ecosystem. Also, under the “Electrify Japan = Blue Switch” action, the Group is making efforts to solve local issues and realize a sustainable society by using electric vehicles as mobile storage batteries in collaboration with local governments and companies across the country.

The Group announced on May 28, 2020, a four-year plan, NISSAN NEXT, to achieve sustainable growth, financial stability and profitability by the end of fiscal-year 2023.

Over the years, the Company expanded its business scale (production capacity) centered on emerging markets with the assumption that demand will increase. The Company adopted a stretched growth strategy that placed the highest priority on sales volume. While this strategy resulted in temporary success, it postponed necessary investments in products and technologies. As a result, the Company was forced to rely on excessive incentives for sales, thus resulting in a damaged brand. Promoting a sales expansion strategy without properly allocating management resources led to the current poor business performance.

In order for the Company to recover, it is necessary to fundamentally revise the way in which its conventional businesses proceed and many strict efforts are required. At the same time, it means that all employees must work together to devote themselves to creating a brand that fits Nissan’s name. By the end of fiscal year 2023, the Company’s major mission is to rebuild its business foundation to compete in the next decade and move the Company to a new stage.

The Company needs to be reformed to achieve this goal. The Company devised a powerful strategy to bring out its true strengths of potential, diversity and manufacturing. The Company will concentrate its efforts on building a solid financial foundation and globally competitive products. The Company will bring out its true value through major changes to recover a sustainable business. To that end, the Company is focusing on two priority areas.

The first is optimization. The Company is executing a solid plan aimed at structural reforms in the business, cost reduction and efficiency improvement. The Company is focusing on expanding profits, improving profitability and extending its strengths, regardless of scale and market share, to become leaner. As a concrete measure, the Company is optimizing its production capacity and organizing its global product lineup. Both of these involve tough decisions but they are important activities that enable significant reductions in fixed costs.

The second is priority and focus. The Company is refocusing its efforts on core competencies in priority markets, main products and priority technologies while leveraging the power of the Alliance. Through creation of products that change the perspective of customers, the Company will establish a business foundation that allows it to challenge the competition more strongly than ever.

By implementing the plan, Nissan aims to achieve a 5% operating profit margin and a sustainable global market share of 6% by the end of fiscal year 2023, including proportionate contributions from its 50% equity joint venture in China. Our transformation plan aims to ensure steady growth instead of excessive sales expansion. We are now concentrating on our core competencies and enhancing the quality of our business, while maintaining financial discipline and focusing on net revenue per unit to achieve profitability. This coincides with the restoration of a culture defined by “Nissan-ness” for a new era.

The road to recovery is not easy but the Company will put forth its entire power to overcome it. Although the automobile industry has reached a major turning point, the Company aims to become a company of great value, which is needed by society, by fulfilling its role while maximizing its strengths toward the realization of a future mobility society.

The Company, Renault and MITSUBISHI MOTORS CORPORATION (hereinafter the “member companies”), the members of one of the world’s leading automotive alliances, announced on May 27, 2020, several initiatives as part of a new cooperation business model to enhance the competitiveness and profitability of the member companies. The member companies plan to build on existing Alliance benefits in areas such as joint purchasing by leveraging their respective leadership positions and geographic strengths to support their partners’ business development. This new business model will enable members companies to bring out the most of their expertise and competitiveness to reinforce the Alliance as a whole in a radically changing global automotive environment.

Nissan will recover by the end of FY2023 and generate healthy free cash flows in the automobile segment. Nissan must deliver value for customers around the world. To do this, we must make breakthroughs in the products, technologies and markets where we are competitive. This is Nissan’s DNA. In this new era, Nissan remains people-focused, to deliver technologies for all people and to continue addressing challenges as only Nissan can.

(7) FY2021 business environment and major Key Performance Indicators

Automotive industry for the six months ended September 30, 2021, saw an ongoing adverse impact from supply-chain volatility caused by the spread of COVID-19 and global semiconductor shortage. Consequently, the Company could not produce as much as planned, but the Company continues to improve quality of sales.

Based on the latest visibility, the Company revised FY2021 forecast from the one previously announced on July 28, 2021. The Company anticipated the Group's global sales of 3,800 thousand units, a decline of 13.6%, net sales of ¥8.80 trillion, a decline of 9.7% from the previous one. On the other hand, the Company revised up for operating income to ¥180.0 billion and net income attributable to owners of parent to ¥180.0 billion. This is due to improved profitability resulting from decrease in incentives, cost and expense reduction and better than expected performance of the sales finance business.

The NISSAN NEXT, the four-year plan to achieve sustainable growth, financial stability and profitability by the end of fiscal-year 2023 is in progress as planned.

(8) Operating and financial issues to be addressed

Operating and financial issues to be addressed by the Group occurring during the six months ended September 30, 2021, are as follows.

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

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

A) Ghosn’s personal use of the Company’s assets

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

- purchase of residences for exclusive personal use in Beirut and Rio de Janeiro using roughly 27 million U.S. dollars in investment funds from Zi-A Capital, a Nissan subsidiary established under the guise of investing in promising technology start-ups, and further misuse of other company funds to purchase or rent additional residences for personal use;
- payment of sums totaling more than 750,000 U.S. dollars to Ghosn’s sister on the basis of a fictitious consulting contract, starting in 2003 and extending for over 10 years with no evidence of any services having been rendered;
- personal use of the corporate jets by Ghosn and members of his family;
- improper use of expenses toward family vacations and gifts of a personal nature;
- instruction of donations totaling more than 2 million U.S. dollars of company funds to universities in Ghosn’s ancestral home country of Lebanon with no legitimate business purpose;

- transfer to Nissan in 2008 of foreign exchange swap contracts bearing unrealized losses of roughly 1.85 billion yen, based on a deceptive explanation to the Company's board regarding the nature of the transaction (in 2009, the swap contracts were secretly transferred back to a company related to Ghosn after being flagged as improper by Japan's financial authorities);
- improper payments totaling roughly 7.8 million Euros to Ghosn from Nissan-Mitsubishi B.V. ("NMBV"), which is a joint venture established by Nissan and MITSUBISHI MOTORS CORPORATION, paid from April 2018 onward under the pretext of a salary and an employment contract with NMBV, despite the fact that no contract had been approved by the NMBV's board of directors.

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

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

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

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

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

The Company has filed a provisional disposition order in the British Virgin Islands against Ghosn and related parties for a luxury yacht and has filed a lawsuit based on the order seeking damages, etc. Also, 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.

(9) Research-and-development activities

The Group has been active in conducting research-and-development activities in the environment, safety and various other fields toward the realization of a sustainable, motorized society in the future.

The research-and-development costs of the Group amounted to ¥225.5 billion for the six months ended September 30, 2021.

3. Important business contracts

No important business contracts were determined or entered into during the current second quarter.

3. Corporate Information

1. Information on the Company's shares

(1) Number of shares and other

1) Number of shares

Type	Number of shares authorized to be issued
Common stock	6,000,000,000
Total	6,000,000,000

2) Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of September 30, 2021	As of November 11, 2021 (filing date of this Quarterly Securities Report)		
Common stock	4,220,715,112	4,220,715,112	First Section of the Tokyo Stock Exchange	The number of shares constituting a standard unit is 100
Total	4,220,715,112	4,220,715,112	—	—

(2) Status of the share subscription rights

1) Stock option plans
Not applicable

2) Other share subscription rights
Not applicable

(3) Exercise status of bonds with share subscription rights containing a clause for exercise price adjustment

Not applicable

(4) Changes in the number of shares issued and the amount of common stock and other

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From July 1, 2021 To September 30, 2021	—	4,220,715	—	605,813	—	804,470

(5) Principal shareholders

(As of September 30, 2021)

Name	Address	Number of shares held (Thousands)	Number of shares (excluding treasury stock) held as a percentage of total shares issued (%)
Renault S.A. (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	13-15 QUAI ALPHONSE LE GALLO 92100 BOULOGNE BILLANCOURT, FRANCE (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	1,831,837	43.7
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	311,353	7.4
THE CHASE MANHATTAN BANK, N.A., LONDON (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.) (Note)	WOOLGATE HOUSE, COLEMAN STREET, LONDON EC2P 2HD, ENGLAND (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	126,374	3.0
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	103,740	2.5
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	37,856	0.9
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (Nippon Life securities management portion) (2-11-3 Hamamatsu-cho, Minato-ku, Tokyo)	37,820	0.9
Custody Bank of Japan, Ltd. (Trust account 9)	1-8-12 Harumi, Chuo-ku, Tokyo	37,144	0.9
SSBTC CLIENT OMNIBUS ACCOUNT (Standing agent: Custody Operations Dept., Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	31,957	0.8
Custody Bank of Japan, Ltd. (Trust account 7)	1-8-12 Harumi, Chuo-ku, Tokyo	28,207	0.7
Moxley and Co LLC (Standing agent: Debt Finance Department, Sumitomo Mitsui Banking Corporation)	270 PARK AVENUE, NEW YORK, N.Y. 10017-2070 U.S.A. (1-1-2 Marunouchi, Chiyoda-ku, Tokyo)	27,884	0.7
Total	—	2,574,172	61.5

Note: Daimspain, S.L. and Daimspain DAG, S.L. substantially hold 126,313 thousand shares of the Company, with an individual distribution of Daimspain, S.L. holding 100,505 thousand shares and Daimspain DAG, S.L. holding 25,808 thousand shares, although these shares are in custody of THE CHASE MANHATTAN BANK, N.A. LONDON on the shareholders' register. In addition, Daimspain DT, S.L. substantially holds 13,829 thousand shares of the Company in the custody of THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO. 1, and the total of these accounts are 140,142 thousand shares.

(6) Status of voting rights

1) Shares issued

(As of September 30, 2021)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 27,261,900	—	—
	(Crossholding stock) Common stock 201,100	—	—
Shares with full voting rights (Others)	Common stock 4,192,423,400	41,924,234	—
Stocks of less than a standard unit	Common stock 828,712	—	—
Total shares issued	4,220,715,112	—	—
Total voting rights held by all shareholders	—	41,924,234	—

Note: “Stocks of less than a standard unit” include 27 shares of treasury stock and 30 crossholding shares.

Crossholding stocks of less than a standard unit (As of September 30, 2021)

Shareholder	Number of shares
Kai Nissan Motor Co., Ltd.	30

2) Treasury stock, etc.

(As of September 30, 2021)

Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the names of others	Total	% of interest
		Shares	Shares	Shares	%
Treasury stock: Nissan Motor Co., Ltd.	2 Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	27,261,900	—	27,261,900	0.65
Crossholding stock: Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho, Kochi-shi, Kochi	105,600	—	105,600	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho, Kofu-shi, Yamanashi	37,800	52,700	90,500	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	100	4,900	0.00
Total		27,410,100	52,900	27,463,000	0.65

Note: The shares included in “Number of shares held under the names of others” represents those held by Nissan’s crossholding share association (address: 1-1-1 Takashima, Nishi-ku, Yokohama-shi, Kanagawa).
(Fractional numbers under 100 have been omitted.)

2. Members of the Board of Directors and Executive Officers

Changes in Members of the Board of Directors and Executive Officers since the filing date of the securities report of the prior fiscal year are as follows:

(1) Executive Officers

1) Executive Officer who retired

Position	Name	Date of retirement
Executive Officer, Chief Quality Officer / Vice-Chief Performance Officer	Christian Vandenhende	August 1, 2021

2) Change of position

New position	Former position	Name	Date of change
Representative Executive Officer, Chief Operating Officer	Representative Executive Officer, Chief Operating Officer / Chief Performance Officer	Ashwani Gupta	August 1, 2021

(2) Number of male and female Members of the Board of Directors and Executive Officers and female ratio

12 males and 3 females (female ratio of 20%), 8 Japanese and 7 foreigners.

4. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 64, 2007 “Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (“Regulations for Quarterly Consolidated Financial Statements”).

The quarterly consolidated statement of income and the quarterly consolidated statement of comprehensive income are prepared pursuant to Article 64, Paragraph 3 and Article 83-2, Paragraph 3 of the Regulations for Quarterly Consolidated Financial Statements.

2. Quarterly review report

The quarterly consolidated financial statements for the current second quarter (from July 1, 2021 to September 30, 2021) and for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021) were reviewed by Ernst & Young ShinNihon LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current second quarter (As of September 30, 2021)
Assets		
Current assets		
Cash on hand and in banks	1,871,794	1,360,031
Trade notes and accounts receivable	518,451	—
Trade notes and accounts receivable, and contract assets	—	315,180
Sales finance receivables	6,213,797	5,875,105
Securities	162,232	172,764
Merchandise and finished goods	647,583	627,830
Work in process	66,171	86,732
Raw materials and supplies	425,817	603,943
Other	624,347	791,332
Allowance for doubtful accounts	(180,533)	(138,847)
Total current assets	10,349,659	9,694,070
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	590,016	589,754
Machinery, equipment and vehicles, net ※1	2,704,640	2,609,473
Land	589,613	586,177
Construction in progress	228,101	142,238
Other, net	266,184	348,189
Total property, plant and equipment	4,378,554	4,275,831
Intangible fixed assets	121,221	113,826
Investments and other assets		
Investment securities	1,129,007	1,039,269
Other	470,167	459,517
Allowance for doubtful accounts	(3,764)	(6,015)
Total investments and other assets	1,595,410	1,492,771
Total fixed assets	6,095,185	5,882,428
Deferred assets		
Bond issuance costs	7,224	6,790
Total deferred assets	7,224	6,790
Total assets	16,452,068	15,583,288

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current second quarter (As of September 30, 2021)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,501,972	1,137,726
Short-term borrowings	1,016,504	875,879
Current portion of long-term borrowings	1,721,797	1,684,134
Commercial papers	6,749	79,791
Current portion of bonds	514,893	573,036
Lease obligations	43,542	37,108
Accrued expenses	1,034,305	847,222
Accrued warranty costs	101,624	94,302
Other	784,996	750,298
Total current liabilities	6,726,382	6,079,496
Long-term liabilities		
Bonds	2,046,620	2,105,555
Long-term borrowings	2,173,677	1,726,898
Lease obligations	75,450	67,138
Accrued warranty costs	102,303	99,225
Net defined benefit liability	257,521	247,890
Other	730,289	690,316
Total long-term liabilities	5,385,860	4,937,022
Total liabilities	12,112,242	11,016,518
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,071	816,886
Retained earnings	3,629,938	3,795,871
Treasury stock	(139,259)	(138,088)
Total shareholders' equity	4,913,564	5,080,483
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	61,902	2,682
Unrealized gain and loss from hedging instruments	(10,639)	(5,190)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(36,498)	(36,738)
Translation adjustments	(906,200)	(804,307)
Remeasurements of defined benefit plans	(77,536)	(76,695)
Total accumulated other comprehensive income	(968,971)	(920,248)
Non-controlling interests	395,233	406,535
Total net assets	4,339,826	4,566,770
Total liabilities and net assets	16,452,068	15,583,288

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Six month period ended September 30
Quarterly consolidated statement of income

	(Millions of yen)	
	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
Net sales	3,092,687	3,946,997
Cost of sales	2,731,017	3,288,255
Gross profit	361,670	658,742
Selling, general and administrative expenses		
Advertising expenses	90,066	112,830
Provision for warranty costs	33,623	44,696
Other selling expenses	59,429	21,688
Salaries and wages	177,489	194,557
Retirement benefit expenses	8,287	3,881
Provision for doubtful accounts	17,240	(34,743)
Other	134,295	176,702
Total selling, general and administrative expenses	520,429	519,611
Operating income (loss)	(158,759)	139,131
Non-operating income		
Interest income	6,441	7,139
Dividends income	1,929	2,950
Equity in earnings of affiliates	—	63,101
Derivative gain	—	5,939
Exchange gain	23,773	—
Miscellaneous income	11,633	11,153
Total non-operating income	43,776	90,282
Non-operating expenses		
Interest expense	8,561	27,528
Equity in losses of affiliates	78,041	—
Derivative loss	19,279	—
Exchange loss	—	3,966
Miscellaneous expenses	10,974	13,392
Total non-operating expenses	116,855	44,886
Ordinary income (loss)	(231,838)	184,527
Special gains		
Gain on sales of fixed assets	10,767	8,425
Gain on sales of investment securities	—	76,115
Other	7,043	7,180
Total special gains	17,810	91,720
Special losses		
Loss on sales of fixed assets	443	2,862
Loss on disposal of fixed assets	2,637	3,414
Special addition to retirement benefits	53,985	4,240
Other	49,839	4,348
Total special losses	106,904	14,864
Income (loss) before income taxes	(320,932)	261,383
Income taxes	3,963	79,349
Net income (loss)	(324,895)	182,034
Net income attributable to non-controlling interests	5,064	13,388
Net income (loss) attributable to owners of parent	(329,959)	168,646

Quarterly consolidated statement of comprehensive income

	(Millions of yen)	
	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
Net income (loss)	(324,895)	182,034
Other comprehensive income		
Unrealized holding gain and loss on securities	33,862	(59,919)
Unrealized gain and loss from hedging instruments	773	5,071
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(22)	(234)
Translation adjustments	(30,378)	70,493
Remeasurements of defined benefit plans	(11,694)	(2,327)
The amount related to equity method companies	(39,771)	45,877
Total other comprehensive income	(47,230)	58,961
Comprehensive income	(372,125)	240,995
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(374,361)	217,322
Comprehensive income attributable to non-controlling interests	2,236	23,673

Three month period ended September 30
Quarterly consolidated statement of income

(Millions of yen)

	Prior second quarter (From July 1, 2020 To September 30, 2020)	Current second quarter (From July 1, 2021 To September 30, 2021)
Net sales	1,918,493	1,938,750
Cost of sales	1,655,443	1,611,995
Gross profit	263,050	326,755
Selling, general and administrative expenses		
Advertising expenses	58,962	56,628
Provision for warranty costs	19,530	19,552
Other selling expenses	19,315	15,427
Salaries and wages	86,808	98,896
Retirement benefit expenses	4,181	2,136
Provision for doubtful accounts	1,228	(25,106)
Other	77,859	95,773
Total selling, general and administrative expenses	267,883	263,306
Operating income (loss)	(4,833)	63,449
Non-operating income		
Interest income	2,557	4,070
Dividends income	1,812	21
Equity in earnings of affiliates	6,614	44,817
Derivative gain	301	8,100
Miscellaneous income	4,059	5,789
Total non-operating income	15,343	62,797
Non-operating expenses		
Interest expense	5,590	13,440
Exchange loss	1,148	9,752
Miscellaneous expenses	3,330	8,814
Total non-operating expenses	10,068	32,006
Ordinary income	442	94,240
Special gains		
Gain on sales of fixed assets	8,222	3,416
Other	872	86
Total special gains	9,094	3,502
Special losses		
Loss on sales of fixed assets	75	1,368
Loss on disposal of fixed assets	1,768	2,271
Special addition to retirement benefits	13,900	1,674
Other	10,126	1,585
Total special losses	25,869	6,898
Income (loss) before income taxes	(16,333)	90,844
Income taxes	24,266	30,514
Net income (loss)	(40,599)	60,330
Net income attributable to non-controlling interests	3,771	6,215
Net income (loss) attributable to owners of parent	(44,370)	54,115

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Prior second quarter (From July 1, 2020 To September 30, 2020)	Current second quarter (From July 1, 2021 To September 30, 2021)
Net income (loss)	(40,599)	60,330
Other comprehensive income		
Unrealized holding gain and loss on securities	14,846	262
Unrealized gain and loss from hedging instruments	1,594	1,165
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(712)	(430)
Translation adjustments	(21,507)	3,969
Remeasurements of defined benefit plans	(16,189)	(907)
The amount related to equity method companies	1,717	13,303
Total other comprehensive income	(20,251)	17,362
Comprehensive income	(60,850)	77,692
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(63,994)	69,563
Comprehensive income attributable to non-controlling interests	3,144	8,129

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	(320,932)	261,383
Depreciation and amortization (for fixed assets excluding leased vehicles)	123,189	143,053
Depreciation and amortization (for long term prepaid expenses)	26,045	19,932
Depreciation and amortization (for leased vehicles)	215,664	181,123
Increase (decrease) in allowance for doubtful accounts	(13,605)	(41,000)
Interest and dividends income	(8,370)	(10,089)
Interest expense	84,474	89,475
Equity in losses (earnings) of affiliates	78,041	(63,101)
Loss (gain) on sales of fixed assets	(10,324)	(5,563)
Loss on disposal of fixed assets	2,637	3,414
Loss (gain) on sales of investment securities	—	(76,115)
Decrease (increase) in trade notes and accounts receivable	(28,373)	—
Decrease (increase) in trade notes and accounts receivable, and contract assets	—	203,852
Decrease (increase) in sales finance receivables	737,372	398,978
Decrease (increase) in inventories	241,692	(76,774)
Increase (decrease) in trade notes and accounts payable	(337,978)	(546,850)
Retirement benefit expenses	18,876	(5,822)
Payments related to net defined benefit assets and liabilities	(13,880)	(12,440)
Other	(29,505)	(48,631)
Subtotal	765,023	414,825
Interest and dividends received	11,008	9,974
Proceeds from dividends income from affiliates accounted for by equity method	47,105	37,777
Interest paid	(84,030)	(92,307)
Income taxes paid	(8,218)	(55,079)
Net cash provided by (used in) operating activities	730,888	315,190
Cash flows from investing activities		
Net decrease (increase) in short-term investments	(268)	2,098
Purchase of fixed assets	(201,348)	(172,584)
Proceeds from sales of fixed assets	30,183	17,498
Purchase of leased vehicles	(366,413)	(456,250)
Proceeds from sales of leased vehicles	326,474	373,545
Payments of long-term loans receivable	(51)	(39)
Collection of long-term loans receivable	193	96
Purchase of investment securities	(24)	(6,504)
Proceeds from sales of investment securities	674	150,491
Proceeds from sales of subsidiaries resulting in change in scope of consolidation	—	154
Net decrease (increase) in restricted cash	(78,075)	(220,522)
Other	(693)	2,205
Net cash provided by (used in) investing activities	(289,348)	(309,812)

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(733,399)	(94,077)
Proceeds from long-term borrowings	1,248,539	505,401
Proceeds from issuance of bonds	1,175,363	337,901
Repayments of long-term borrowings	(864,938)	(1,001,294)
Redemption of bonds	(389,660)	(255,171)
Proceeds from non-controlling shareholders	2,877	—
Purchase of treasury stock	—	(1)
Repayments of lease obligations	(24,152)	(23,335)
Cash dividends paid to non-controlling interests	(14,454)	(13,798)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(964)	—
Net cash provided by (used in) financing activities	399,212	(544,374)
Effects of exchange rate changes on cash and cash equivalents	(4,670)	32,411
Increase (decrease) in cash and cash equivalents	836,082	(506,585)
Cash and cash equivalents at beginning of the period	1,642,981	2,034,026
Increase due to inclusion in consolidation	—	5,354
Cash and cash equivalents at the end of the period	※1 2,479,063	※1 1,532,795

[Notes to Quarterly Consolidated Financial Statements]

(Changes in accounting policies)

Six months ended September 30, 2021
(From April 1, 2021 To September 30, 2021)

(1) Accounting Standards Board of Japan (ASBJ) Statement No. 29 “*Accounting Standard for Revenue Recognition*” “*Accounting Standard for Revenue Recognition*” (ASBJ Statement No. 29, March 31, 2020. Hereinafter “Revenue Recognition Standard”) and related guidelines have been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022. In line with this adoption, revenue is recognized upon the transfer of controls for promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

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

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

As a result, for the six months ended September 30, 2021, net sales and cost of sales decreased by ¥6,746 million and ¥11,693 million, respectively, and income before income taxes increased by ¥4,851 million. For the current second quarter, net sales and cost of sales decreased by ¥19,145 million and ¥18,387 million, respectively, and income before income taxes decreased ¥820 million. In addition, the balance of retained earnings at the beginning of the six months ended September 30, 2021 decreased by ¥8,828 million.

As a result of the adoption of the Revenue Recognition Standard, “Trade notes and accounts receivable” which was presented in “Current assets” of the consolidated balance sheet for the previous fiscal year, is included in “Trade notes and accounts receivable, and contract assets” from the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Article 89-2 of the Revenue Recognition Standard, consolidated financial statements for past periods have not been reclassified using the new presentation method. Also, information about the breakdown of revenue from contracts with customers for the six months ended September 30, 2020, and the second quarter of the prior fiscal year has not been presented in accordance with the transitional treatment set forth in Article 28-15 of “*Accounting Standard for Quarterly Financial Reporting*” (ASBJ Statement No. 12, March 31, 2020).

(2) Accounting Standards Board of Japan (ASBJ) Statement No. 30 “*Accounting Standard for Fair Value Measurement*” “*Accounting Standard for Fair Value Measurement*” (ASBJ Statement No. 30, July 4, 2019) and other standards have been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022, and in accordance with the transitional treatment set forth in Article 19 of “*Accounting Standard for Fair Value Measurement*” and Article 44-2 of “*Accounting Standard for Financial Instruments*” (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by “*Accounting Standard for Fair Value Measurement*” and other standards into the future. The effects of this adoption on the quarterly consolidated financial statements are immaterial.

(Specific accounting policies adopted in preparing quarterly consolidated financial statements)

Six months ended September 30, 2021
(From April 1, 2021 To September 30, 2021)

(Calculation of tax expense)

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

Deferred income taxes are included in income taxes.

(Additional information)

Six months ended September 30, 2021
(From April 1, 2021 To September 30, 2021)

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

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

(Litigation for damages related to vehicle distribution agreement dispute)

On July 4, 2019, Al Dahana filed a lawsuit against the Company, its consolidated subsidiary, Nissan Middle East FZE and its equity-method affiliate, Nissan Gulf FZCO, in the Dubai Court of First Instance in relation to a vehicle distribution agreement dispute.

On September 29, 2021, the Dubai Court of First Instance ruled that the Company and Nissan Middle East FZE must pay AED 1,159,777,806.50 plus interest.

Although the Company maintains that it has fully complied with its contractual obligations and has filed an appeal against this court judgment, the Company has recorded the amount of judgement plus interest totaling to ¥38,758 million under "Selling, general and administrative expenses" considering the ruling.

(For quarterly consolidated balance sheets)

1 ※1 “Machinery, equipment and vehicles, net” includes the following assets leased to others under lease agreements.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current second quarter (As of September 30, 2021)
Assets leased to others under lease agreements (lessor)	2,163,875	2,063,922

2 Guarantees and others

Prior fiscal year (As of March 31, 2021)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	(*1) 19,154	Guarantees for employees' housing loans and others
1 foreign rental car company	(*2) 624	Guarantees for loans and others
Total	19,778	

(*1) Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(*2) The guarantee balance of ¥624 million is the guarantees made by a foreign subsidiary to a financial institution who financed vehicles sold to a foreign rental car company. If the foreign rental car company defaults on its obligations, the foreign subsidiary needs to compensate the financial institution for the contractual repurchase price and take possession of the vehicles. The amount stated does not consider monetary amounts the foreign subsidiary could potentially recover from subsequently selling the repossessed vehicles.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	15	Commitments to provide guarantees for loans

Current second quarter (As of September 30, 2021)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	(*1) 17,384	Guarantees for employees' housing loans and others
1 foreign rental car company	(*2) 658	Guarantees for loans and others
	18,042	

(*1) Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(*2) The guarantee balance of ¥658 million is the guarantees made by a foreign subsidiary to a financial institution who financed vehicles sold to a foreign rental car company. If the foreign rental car company defaults on its obligations, the foreign subsidiary needs to compensate the financial institution for the contractual repurchase price and take possession of the vehicles. The amount stated does not consider monetary amounts the foreign subsidiary could potentially recover from subsequently selling the repossessed vehicles.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	10	Commitments to provide guarantees for loans

3 Contingent Liabilities

- Lawsuits related to Takata’s airbag inflators

Mainly in the United States (“U.S.”) and Canada various putative class action lawsuits, civil lawsuits and lawsuits by states related to Takata’s airbag inflator have been filed against the Company, consolidated subsidiaries and other Original Equipment Manufacturers. The lawsuits allege that the subject airbag inflators did not function properly, and seek, among others, damages for economic losses, incurred costs, decline in the value of vehicles, and, in certain cases, personal injury as well as punitive damages. Most of the class action lawsuits in the U.S. were transferred to the U.S. District Court for the Southern District of Florida and consolidated into a multi-district litigation (“MDL”). The Company and Nissan North America, Inc. (“NNA”) have agreed to a proposed settlement that would resolve the US class actions that are pending against them in the MDL, through a number of customer-focused programs. In September 2017, the court in the MDL granted preliminary approval to the proposed settlement, and in February 2018, the court granted final approval to the proposed settlement. The settlement of \$87.9 million has been fully paid off. Although there are some ongoing lawsuits other than the above, management has not recognized a provision for loss contingencies because as of the date of this report it is not possible to reasonably estimate the amount, if any, of any potential future losses because there are some uncertainties, such as these lawsuits are still in progress.

- Lawsuits related to misstatements in Annual Securities Reports (“Yukashoken-Houkokusho”)

As a consequence of misstatements in Annual Securities Reports for each fiscal year in the past, there are some ongoing domestic and foreign lawsuits.

The consolidated financial results may be affected by the progress of legal proceedings.

(For quarterly consolidated statements of cash flows)

※1 Cash and cash equivalents as of the end of the quarter are reconciled to the accounts reported in the quarterly consolidated balance sheets as follows.

	(Millions of yen)	
	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
Cash on hand and in banks	2,127,952	1,360,031
Time deposits with maturities of more than three months	—	—
Cash equivalents included in securities (*)	351,111	172,764
Cash and cash equivalents	2,479,063	1,532,795

*These represent short-term, highly liquid investments readily convertible into cash held by foreign subsidiaries.

(For net assets)

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

1. Dividends paid

Not applicable.

2. Dividends for which the record date fell in the period from April 1 to September 30, 2020, and the effective date was after September 30, 2020

Not applicable.

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

1. Dividends paid

Not applicable.

2. Dividends for which the record date fell in the period from April 1 to September 30, 2021, and the effective date was after September 30, 2021

Not applicable.

(For financial instruments)

Securities and investment securities underwent significant changes in value compared to the end of the prior fiscal year, but the footnote is omitted because the differences between the amount recorded in the consolidated balance sheet and fair value are immaterial both for the current second quarter and at the end of prior fiscal year.

(For securities)

Prior fiscal year (As of March 31, 2021)

Other securities

(Millions of yen)

Types of securities	Acquisition cost	Carrying value	Difference
Stock	106,865	196,297	89,432
Others	163,037	164,632	1,595
Total	269,902	360,929	91,027

Current second quarter (As of September 30, 2021)

Other securities underwent significant changes in value compared to the end of the prior fiscal year as follows.

Other securities

(Millions of yen)

Types of securities	Acquisition cost	Carrying value	Difference
Stock	36,178	37,401	1,223
Others	172,981	176,268	3,287
Total	209,159	213,669	4,510

(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 decisions about resource allocation and to assess their performance.

Businesses of the Group are segmented into Automobile and Sales financing based on features 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

In principle, the accounting method for the reportable segments is the same as the 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-length transactions.

3. Changes to reportable segments and others

(1) Accounting Standards Board of Japan (ASBJ) Statement No. 29 “*Accounting Standard for Revenue Recognition*”

As stated in “Changes in accounting policies,” the “*Accounting Standard for Revenue Recognition*” (ASBJ Statement No. 29, March 31, 2020. Hereinafter, “Revenue Recognition Standard”) and related guidelines have been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022.

As a result, the retained earnings in the summarized quarterly consolidated balance sheets by business segments at the beginning of the six months ended September 30, 2021 decreased by ¥8,155 million in Automobile & Eliminations and ¥673 million in Sales financing, respectively. In Automobile & Eliminations, for the six months ended September 30, 2021, net sales decreased by ¥6,584 million, cost of sales decreased by ¥11,502 million, and income before income taxes increased by ¥4,822 million. For the current second quarter, net sales, cost of sales and income before income taxes decreased by ¥19,057 million, ¥18,293 million and ¥826 million, respectively. The effects of this change on the summarized consolidated income statement for the Sales finance are immaterial.

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

(2) Accounting Standards Board of Japan (ASBJ) Statement No. 30 “*Accounting Standard for Fair Value Measurement*”

As stated in “Changes in accounting policies,” “*Accounting Standard for Fair Value Measurement*” (ASBJ Statement No. 30, July 4, 2019) and other standards have been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022, and in accordance with the transitional treatment set forth in Article 19 of “*Accounting Standard for Fair Value Measurement*” and Article 44-2 of “*Accounting Standard for Financial Instruments*” (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by “*Accounting Standard for Fair Value Measurement*” and other standards into the future. The effects of this adoption on the quarterly consolidated financial statements are immaterial.

4. Net sales and profits or losses by reportable segments

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Six months ended September 30, 2020
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	2,592,889	499,798	3,092,687	—	3,092,687
Inter-segment sales or transfers	57,713	21,273	78,986	(78,986)	—
Total	2,650,602	521,071	3,171,673	(78,986)	3,092,687
Segment profits (losses)	(304,378)	136,632	(167,746)	8,987	(158,759)

Prior second quarter (From July 1, 2020 To September 30, 2020)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Prior second quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	1,673,131	245,362	1,918,493	—	1,918,493
Inter-segment sales or transfers	32,875	11,838	44,713	(44,713)	—
Total	1,706,006	257,200	1,963,206	(44,713)	1,918,493
Segment profits (losses)	(82,353)	73,587	(8,766)	3,933	(4,833)

Note 1: Quarterly consolidated financial statements by business segments

- The Sales financing segment consists of NISSAN FINANCIAL SERVICES CO., LTD. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR FINANCE MEXICO, S.A. de C.V. (Mexico), Dongfeng Nissan Auto Finance Co., Ltd. (China), 10 other companies and the sales finance operations of Nissan Canada, Inc. (Canada).
- The financial data on Automobile & Eliminations represents the differences between the consolidated figures and those for the Sales financing segment.

(1) Summarized quarterly consolidated balance sheets by business segments

Accounts	(Millions of yen)		
	Prior second quarter (As of September 30, 2020)		
	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	1,980,722	147,230	2,127,952
Trade notes and accounts receivable	379,419	1,797	381,216
Sales finance receivables	(102,640)	6,048,992	5,946,352
Inventories	1,078,120	38,213	1,116,333
Other current assets	655,253	196,856	852,109
Total current assets	3,990,874	6,433,088	10,423,962
II. Fixed assets			
Property, plant and equipment, net	2,101,323	2,196,098	4,297,421
Investment securities	1,047,608	4,654	1,052,262
Other fixed assets	466,111	213,415	679,526
Total fixed assets	3,615,042	2,414,167	6,029,209
III. Deferred assets			
Bond issuance costs	7,872	—	7,872
Total deferred assets	7,872	—	7,872
Total assets	7,613,788	8,847,255	16,461,043
Liabilities			
I. Current liabilities			
Trade notes and accounts payable	1,087,172	43,887	1,131,059
Short-term borrowings	379,845	3,340,863	3,720,708
Lease obligations	40,349	485	40,834
Other current liabilities	1,368,451	431,302	1,799,753
Total current liabilities	2,875,817	3,816,537	6,692,354
II. Long-term liabilities			
Bonds	1,248,281	720,998	1,969,279
Long-term borrowings	72,370	2,419,566	2,491,936
Lease obligations	74,003	797	74,800
Other long-term liabilities	723,112	516,260	1,239,372
Total long-term liabilities	2,117,766	3,657,621	5,775,387
Total liabilities	4,993,583	7,474,158	12,467,741
Net assets			
I. Shareholders' equity			
Common stock	380,713	225,101	605,814
Capital surplus	644,316	172,756	817,072
Retained earnings	2,729,911	1,018,283	3,748,194
Treasury stock	(139,285)	—	(139,285)
Total shareholders' equity	3,615,655	1,416,140	5,031,795
II. Accumulated other comprehensive income			
Translation adjustments	(967,294)	(143,892)	(1,111,186)
Others	(254,200)	(24,378)	(278,578)
Total accumulated other comprehensive income	(1,221,494)	(168,270)	(1,389,764)
III. Non-controlling interests	226,044	125,227	351,271
Total net assets	2,620,205	1,373,097	3,993,302
Total liabilities and net assets	7,613,788	8,847,255	16,461,043

Notes: 1. The sales finance receivables of Automobile & Eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥511,084 million.

(2) Summarized quarterly consolidated statements of income by business segments

(Millions of yen)

Accounts	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	2,571,616	521,071	3,092,687
Cost of sales	2,393,849	337,168	2,731,017
Gross profit	177,767	183,903	361,670
Operating income as a percentage of net sales	(11.5%)	26.2%	(5.1%)
Operating income (loss)	(295,391)	136,632	(158,759)
Financial income / expenses, net	(258)	67	(191)
Other non-operating income and expenses, net	(73,402)	514	(72,888)
Ordinary income (loss)	(369,051)	137,213	(231,838)
Income (loss) before income taxes	(460,413)	139,481	(320,932)
Net income (loss) attributable to owners of parent	(422,541)	92,582	(329,959)

(3) Summarized quarterly consolidated statements of cash flows by business segments

(Millions of yen)

Accounts	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income (loss) before income taxes	(460,413)	139,481	(320,932)
Depreciation and amortization	136,877	228,021	364,898
Decrease (increase) in sales finance receivables	(11,616)	748,988	737,372
Others	10,778	(61,228)	(50,450)
Net cash provided by (used in) operating activities	(324,374)	1,055,262	730,888
II. Cash flows from investing activities			
Purchase of investment securities	(24)	—	(24)
Proceeds from sales of investment securities	674	—	674
Purchase of fixed assets	(200,995)	(353)	(201,348)
Proceeds from sales of fixed assets	20,901	9,282	30,183
Purchase of leased vehicles	—	(366,413)	(366,413)
Proceeds from sales of leased vehicles	—	326,474	326,474
Others	(850)	(78,044)	(78,894)
Net cash provided by (used in) investing activities	(180,294)	(109,054)	(289,348)
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(37,965)	(695,434)	(733,399)
Net change in long-term borrowings and redemption of bonds	244,998	(251,057)	(6,059)
Proceeds from issuance of bonds	1,152,451	22,912	1,175,363
Others	(17,254)	(19,439)	(36,693)
Net cash provided by (used in) financing activities	1,342,230	(943,018)	399,212
IV. Effect of exchange rate changes on cash and cash equivalents	(11,478)	6,808	(4,670)
V. Increase (decrease) in cash and cash equivalents	826,084	9,998	836,082
VI. Cash and cash equivalents at the beginning of the period	1,494,550	148,431	1,642,981
VII. Cash and cash equivalents at the end of the period	2,320,634	158,429	2,479,063

Notes:1. The net increase (decrease) in short-term borrowings of Automobile & Eliminations includes the amount of ¥159,866 million eliminated for a net increase in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥90,728 million eliminated for a net decrease in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	811,110	1,425,237	342,513	325,918	187,909	3,092,687	—	3,092,687
(2) Inter-segment sales	402,686	113,949	60,413	143,192	3,398	723,638	(723,638)	—
Total	1,213,796	1,539,186	402,926	469,110	191,307	3,816,325	(723,638)	3,092,687
Operating income (loss)	(169,659)	19,087	(23,054)	20,404	(10,119)	(163,341)	4,582	(158,759)

Prior second quarter (From July 1, 2020 To September 30, 2020)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	471,245	886,208	249,022	186,808	125,210	1,918,493	—	1,918,493
(2) Inter-segment sales	269,424	79,311	46,769	78,440	2,093	476,037	(476,037)	—
Total	740,669	965,519	295,791	265,248	127,303	2,394,530	(476,037)	1,918,493
Operating income (loss)	(46,358)	44,881	(5,643)	12,618	(5,399)	99	(4,932)	(4,833)

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

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Six months ended September 30, 2021
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	3,431,494	515,503	3,946,997	—	3,946,997
Inter-segment sales or transfers	31,150	16,402	47,552	(47,552)	—
Total	3,462,644	531,905	3,994,549	(47,552)	3,946,997
Segment profits (losses)	(90,212)	215,703	125,491	13,640	139,131

Current second quarter (From July 1, 2021 To September 30, 2021)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Current second quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	1,685,969	252,781	1,938,750	—	1,938,750
Inter-segment sales or transfers	12,616	8,049	20,665	(20,665)	—
Total	1,698,585	260,830	1,959,415	(20,665)	1,938,750
Segment profits (losses)	(62,134)	118,004	55,870	7,579	63,449

Note 1: Quarterly consolidated financial statements by business segments

- 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 on Automobile & Eliminations represents the differences between the consolidated figures and those for the Sales financing segment.

(1) Summarized quarterly consolidated balance sheets by business segments

(Millions of yen)

Accounts	Current second quarter (As of September 30, 2021)		
	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	1,244,400	115,631	1,360,031
Trade notes and accounts receivable, and contract assets	311,893	3,287	315,180
Sales finance receivables	(95,184)	5,970,289	5,875,105
Inventories	1,304,185	14,320	1,318,505
Other current assets	477,373	347,876	825,249
Total current assets	3,242,667	6,451,403	9,694,070
II. Fixed assets			
Property, plant and equipment, net	2,191,624	2,084,207	4,275,831
Investment securities	1,034,836	4,433	1,039,269
Other fixed assets	419,043	148,285	567,328
Total fixed assets	3,645,503	2,236,925	5,882,428
III. Deferred assets			
Bond issuance costs	6,589	201	6,790
Total deferred assets	6,589	201	6,790
Total assets	6,894,759	8,688,529	15,583,288
Liabilities			
I. Current liabilities			
Trade notes and accounts payable	1,100,577	37,149	1,137,726
Short-term borrowings	(559,585)	3,772,425	3,212,840
Lease obligations	36,412	696	37,108
Other current liabilities	1,317,497	374,325	1,691,822
Total current liabilities	1,894,901	4,184,595	6,079,496
II. Long-term liabilities			
Bonds	1,253,617	851,938	2,105,555
Long-term borrowings	48,186	1,678,712	1,726,898
Lease obligations	66,116	1,022	67,138
Other long-term liabilities	575,547	461,884	1,037,431
Total long-term liabilities	1,943,466	2,993,556	4,937,022
Total liabilities	3,838,367	7,178,151	11,016,518
Net assets			
I. Shareholders' equity			
Common stock	387,345	218,469	605,814
Capital surplus	637,495	179,391	816,886
Retained earnings	2,790,913	1,004,958	3,795,871
Treasury stock	(138,088)	—	(138,088)
Total shareholders' equity	3,677,665	1,402,818	5,080,483
II. Accumulated other comprehensive income			
Translation adjustments	(762,841)	(41,466)	(804,307)
Others	(107,222)	(8,719)	(115,941)
Total accumulated other comprehensive income	(870,063)	(50,185)	(920,248)
III. Non-controlling interests	248,790	157,745	406,535
Total net assets	3,056,392	1,510,378	4,566,770
Total liabilities and net assets	6,894,759	8,688,529	15,583,288

Notes: 1. The sales finance receivables of Automobile & Eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥893,183 million.

(2) Summarized quarterly consolidated statements of income by business segments

(Millions of yen)

Accounts	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	3,415,092	531,905	3,946,997
Cost of sales	2,950,609	337,646	3,288,255
Gross profit	464,483	194,259	658,742
Operating income as a percentage of net sales	(2.2%)	40.6%	3.5%
Operating income (loss)	(76,572)	215,703	139,131
Financial income / expenses, net	(17,436)	(3)	(17,439)
Other non-operating income and expenses, net	56,055	6,780	62,835
Ordinary income (loss)	(37,953)	222,480	184,527
Income before income taxes	34,078	227,305	261,383
Net income attributable to owners of parent	20,811	147,835	168,646

(3) Summarized quarterly consolidated statements of cash flows by business segments

(Millions of yen)

Accounts	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes	34,078	227,305	261,383
Depreciation and amortization	141,032	203,076	344,108
Decrease (increase) in sales finance receivables	(13,935)	412,913	398,978
Others	(501,403)	(187,876)	(689,279)
Net cash provided by (used in) operating activities	(340,228)	655,418	315,190
II. Cash flows from investing activities			
Purchase of investment securities	(6,504)	—	(6,504)
Proceeds from sales of investment securities	150,491	—	150,491
Purchase of fixed assets	(170,732)	(1,852)	(172,584)
Proceeds from sales of fixed assets	10,744	6,754	17,498
Purchase of leased vehicles	—	(456,250)	(456,250)
Proceeds from sales of leased vehicles	—	373,545	373,545
Others	7,188	(223,196)	(216,008)
Net cash provided by (used in) investing activities	(8,813)	(300,999)	(309,812)
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(239,760)	145,683	(94,077)
Net change in long-term borrowings and redemption of bonds	(161,010)	(590,054)	(751,064)
Proceeds from issuance of bonds	(8)	337,909	337,901
Others	214,976	(252,110)	(37,134)
Net cash provided by (used in) financing activities	(185,802)	(358,572)	(544,374)
IV. Effect of exchange rate changes on cash and cash equivalents	30,401	2,010	32,411
V. Increase (decrease) in cash and cash equivalents	(504,442)	(2,143)	(506,585)
VI. Cash and cash equivalents at the beginning of the period	1,896,134	137,892	2,034,026
VII. Increase due to inclusion in consolidation	5,354	—	5,354
VIII. Cash and cash equivalents at the end of the period	1,397,046	135,749	1,532,795

Notes: 1. The net increase (decrease) in short-term borrowings of Automobile & Eliminations includes the amount of ¥6,684 million eliminated for a net increase in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥49,301 million eliminated for a net increase in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	858,398	1,851,063	435,728	392,802	409,006	3,946,997	—	3,946,997
(2) Inter-segment sales	672,067	158,313	79,429	234,127	8,173	1,152,109	(1,152,109)	—
Total	1,530,465	2,009,376	515,157	626,929	417,179	5,099,106	(1,152,109)	3,946,997
Operating income (loss)	(92,421)	186,796	(24,292)	39,192	23,494	132,769	6,362	139,131

Current second quarter (From July 1, 2021 To September 30, 2021)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	441,982	861,264	233,838	192,969	208,697	1,938,750	—	1,938,750
(2) Inter-segment sales	335,547	78,892	37,439	114,607	2,563	569,048	(569,048)	—
Total	777,529	940,156	271,277	307,576	211,260	2,507,798	(569,048)	1,938,750
Operating income (loss)	(42,215)	76,976	(5,247)	18,555	12,453	60,522	2,927	63,449

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

5. Information about the impairment loss on fixed assets by reportable segments

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

There were no significant impairment losses on fixed assets in the reportable segments for the six months ended September 30, 2020.

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

There were no significant impairment losses on fixed assets in the reportable segments for the six months ended September 30, 2021.

6. Information about goodwill by reportable segments

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

There were no significant changes in the reported amounts of goodwill in the reportable segments for the six months ended September 30, 2020.

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

There were no significant changes in the reported amounts of goodwill in the reportable segments for the six months ended September 30, 2021.

7. Information about the gain recognized on negative goodwill by reportable segments

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

There were no significant gains recognized on negative goodwill in the reportable segments for the six months ended September 30, 2020.

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

There were no significant gains recognized on negative goodwill in the reportable segments for the six months ended September 30, 2021.

8. Information about geographical areas

Net sales

Six month period ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
667,752	1,410,061	1,157,107	385,612	419,241	210,021	3,092,687

Prior second quarter (From July 1, 2020 To September 30, 2020)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
388,469	875,303	710,687	274,281	240,518	139,922	1,918,493

- 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.

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
731,118	1,786,079	1,417,425	485,635	468,646	475,519	3,946,997

Current second quarter (From July 1, 2021 To September 30, 2021)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
372,500	827,067	649,636	259,554	238,038	241,591	1,938,750

- 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.

(Revenue recognition)

Information about breakdown of revenue from contracts with customers

Six month period ended September 30, 2021 (From April 1, 2021 To September 30, 2021)

(Millions of yen)

	Reportable segments		Total
	Automobile	Sales financing	
Japan	669,736	19,321	689,057
North America	1,389,878	47,189	1,437,067
of which U.S.A.	1,143,814	566	1,144,380
Europe	483,693	—	483,693
Asia	417,709	1,159	418,868
Other overseas countries	459,190	1,816	461,006
Revenue from contracts with customers	3,420,206	69,485	3,489,691
Revenue from the other sources	11,288	446,018	457,306
Sales to third parties	3,431,494	515,503	3,946,997

Current second quarter (From July 1, 2021 To September 30, 2021)

(Millions of yen)

	Reportable segments		Total
	Automobile	Sales financing	
Japan	341,949	9,754	351,703
North America	633,609	21,158	654,767
of which U.S.A.	515,234	566	515,800
Europe	258,973	—	258,973
Asia	212,555	688	213,243
Other overseas countries	233,838	898	234,736
Revenue from contracts with customers	1,680,924	32,498	1,713,422
Revenue from the other sources	5,045	220,283	225,328
Sales to third parties	1,685,969	252,781	1,938,750

Note: Revenue from the other sources consists mainly of proceeds from interest, etc. based on Accounting Standards Board of Japan (ASBJ) Statement No. 10 "Accounting Standard for Financial Instruments" and lease revenue based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions." These include revenue based on standards adopted by foreign subsidiaries and affiliates, which are International Financial Reporting Standards (IFRS) 9 "Financial Instruments" and IFRS 16 "Leases," as well as standards for financial instruments such as Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 310 "Receivables" and ASC 842 "Leases."

(Amounts per share)

Basic earnings (loss) per share, diluted earnings per share and the basis for calculation thereof are as follows.

	Six months ended September 30, 2020 (From April 1, 2020 To September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 To September 30, 2021)
(1) Basic earnings (loss) per share	(¥84.33)	¥43.09
(Basis for calculation)		
Net income (loss) attributable to owners of parent (Millions of yen)	(329,959)	168,646
Net income (loss) attributable to owners of parent relating to common stock (Millions of yen)	(329,959)	168,646
Average number of shares of common stock during the period (Thousands of shares)	3,912,576	3,913,849
(2) Diluted earnings per share	—	¥43.09
(Basis for calculation)		
Adjustment in net income attributable to owners of parent (Millions of yen)	—	—
Increase in shares of common stock (Thousands of shares)	—	—
Any significant changes from the prior fiscal year-end in potential securities excluded from the computation of diluted earnings per share because they do not have dilutive effects	—	—

Note: The information on “Diluted earnings per share” for the six months ended September 30, 2020, is not presented because a net loss per share was recorded although potential dilutive stock existed.

(Significant subsequent events)

Not applicable

2. Other

Significant lawsuits, etc. relating to operations and other matters

- Lawsuits related to Takata's airbag inflators

Mainly in the United States ("U.S.") and Canada various putative class action lawsuits, civil lawsuits and lawsuits by states related to Takata's airbag inflator have been filed against the Company, consolidated subsidiaries and other Original Equipment Manufacturers. The lawsuits allege that the subject airbag inflators did not function properly, and seek, among others, damages for economic losses, incurred costs, decline in the value of vehicles, and, in certain cases, personal injury as well as punitive damages. Most of the class action lawsuits in the U.S. were transferred to the U.S. District Court for the Southern District of Florida and consolidated into a multi-district litigation ("MDL"). The Company and Nissan North America, Inc. ("NNA") have agreed to a proposed settlement that would resolve the US class actions that are pending against them in the MDL, through a number of customer-focused programs. In September 2017, the court in the MDL granted preliminary approval to the proposed settlement, and in February 2018, the court granted final approval to the proposed settlement. The settlement of \$87.9 million has been fully paid off. At present, there are some ongoing lawsuits other than the above.

- Lawsuits related to misstatements in Annual Securities Reports ("Yukashoken-Houkokusho")

As a consequence of misstatements in Annual Securities Reports for each fiscal year in the past, there are some ongoing domestic and foreign lawsuits.

- 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 maintains that it has fully complied with its contractual obligations and has filed an appeal against this court judgment.

Part II Information on Guarantors for the Company

Not applicable

(For Translation Purposes Only)

Independent Auditor's Quarterly Review Report

November 10, 2021

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Designated and Engagement Partner Certified Public Accountant	Koki Ito
Designated and Engagement Partner Certified Public Accountant	Masanori Enomoto
Designated and Engagement Partner Certified Public Accountant	Takayuki Ando
Designated and Engagement Partner Certified Public Accountant	Masao Yamamoto

Auditor's Conclusion

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have reviewed the accompanying quarterly consolidated financial statements of Nissan Motor Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the quarterly consolidated balance sheet as of September 30, 2021, the quarterly consolidated statements of income, comprehensive income, and cash flows for the three-month and six-month periods then ended, and the related notes included in "Financial Information".

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group at September 30, 2021, and the consolidated results of their operations for the three-month and six-month periods then ended and their cash flows for the six-month period then ended in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for quarterly financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained evidence to provide a basis for our conclusion.

Management's and the Audit Committee's Responsibilities for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these quarterly consolidated financial statements in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles for quarterly consolidated financial statements generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for monitoring the performance of duties of executive officers and directors in implementing and maintaining the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our objective is to issue an auditor's quarterly review report that includes our conclusion from an independent standpoint.

As part of a review in accordance with review standards for quarterly financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the quarterly review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- If we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, then we conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not presented fairly in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's quarterly review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's quarterly review report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the quarterly consolidated financial statements, including the disclosures, and whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan.
- Obtain evidence regarding the financial information of the entities or business activities within the Group to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the quarterly review and significant review findings.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes:

1. The above is a digitization of the text contained in the original copy of the Quarterly Review Report of Independent Auditors, which is in the custody of the Company—the submitter of this Quarterly Securities Report.
2. The XBRL data is not included in the scope of Quarterly Review.

【Cover】

【Document Submitted】 Confirmation Note

【Article of the Applicable Law Requiring Submission of This Document】 Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act

【Filed to】 Director, Kanto Local Finance Bureau

【Date of Submission】 November 11, 2021

【Company Name】 Nissan Jidosha Kabushiki-Kaisha

【Company Name (in English)】 Nissan Motor Co., Ltd.

【Position and Name of Representative】 Makoto Uchida, Representative Executive Officer, President and Chief Executive Officer

【Position and Name of Chief Financial Officer】 Stephen Ma, Executive Officer, Chief Financial Officer

【Location of Head Office】 2, Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa

【Place Where Available for Public Inspection】 Tokyo Stock Exchange, Inc.
2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

1. Accuracy of the Descriptions in This Quarterly Securities Report

Makoto Uchida, Representative Executive Officer, President and Chief Executive Officer of Nissan Motor Co., Ltd., and Stephen Ma, Executive Officer, Chief Financial Officer have confirmed that this Quarterly Securities Report “Shihanki-Houkokusho” for the second quarter (from July 1, 2021 to September 30, 2021) of the 123rd Fiscal Term is reasonably and fairly described in accordance with the Financial Instruments and Exchange Act.

2. Special Affairs

There are no noteworthy matters that are pertinent to this Quarterly Securities Report.