

# **Quarterly Securities Report**

Second Quarter of FY2020

(From July 1, 2020 To September 30, 2020)

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

# **Nissan Motor Co., Ltd.**

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<b>【Document Submitted】</b>	Quarterly Securities Report (“Shihanki-Houkokusho”)
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<b>【Company Name】</b>	Nissan Jidosha Kabushiki-Kaisha
<b>【Company Name (in English)】</b>	Nissan Motor Co., Ltd.
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# Part I Information on the Company

## 1. Overview of the Company

### 1. Key financial data and trends

Fiscal Year		121st Six months ended September 30, 2019	122nd Six months ended September 30, 2020	121st
Accounting period		(From April 1, 2019 To September 30, 2019)	(From April 1, 2020 To September 30, 2020)	(From April 1, 2019 To March 31, 2020)
Net sales	Millions of yen	5,003,075	3,092,687	9,878,866
[Current Second Quarter]		[2,630,653]	[1,918,493]	
Ordinary income (loss)	Millions of yen	115,642	(231,838)	44,049
Net income (loss) attributable to owners of parent	Millions of yen	65,365	(329,959)	(671,216)
[Current Second Quarter]		[58,988]	[(44,370)]	
Comprehensive income	Millions of yen	(83,674)	(372,125)	(1,084,147)
Net assets	Millions of yen	5,452,232	3,993,302	4,424,773
Total assets	Millions of yen	18,052,901	16,461,043	16,976,709
Basic earnings (loss) per share	Yen	16.70	(84.33)	(171.54)
[Current Second Quarter]		[15.07]	[(11.34)]	
Diluted earnings per share	Yen	16.70	—	—
Net assets as a percentage of total assets	%	28.2	22.1	23.9
Cash flows from operating activities	Millions of yen	584,191	730,888	1,185,854
Cash flows from investing activities	Millions of yen	(296,531)	(289,348)	(708,687)
Cash flows from financing activities	Millions of yen	(280,788)	399,212	(155,494)
Cash and cash equivalents at end of the period	Millions of yen	1,348,156	2,479,063	1,642,981

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

2. Net sales are presented exclusive of consumption tax.

3. Diluted earnings per share for the first six months of the 122nd fiscal year and the 121st fiscal year is not presented because a net loss per share was recorded although potential dilutive stock existed.

### 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, 2020. No changes were made to major subsidiaries and affiliates.

## 2. Business Overview

### 1. Business and other risks

During the six months ended September 30, 2020, 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, 2020, the end of the current second quarter.

#### (1) Financial position and operating results

Due to the impact of COVID-19 globally, the global industry volume totaled 32.82 million units for the six months ended September 30, 2020, a decrease of 25.2% from the corresponding period of the last year (the “last year”). Global sales of the Group for the six months ended September 30, 2020 also decreased by 32.1% year on year to 1,699 thousand units. In addition, due to the decline in the global market and sales volume, net sales of the Group for the six months ended September 30, 2020, totaled ¥3,092.7 billion, which represents a decrease of ¥1,910.4 billion (38.2%) relative to net sales for the last year. Operating loss of ¥158.8 billion was recorded, a deterioration of ¥190.4 billion from the last year.

Net non-operating loss of ¥73.0 billion was recorded for the six months ended September 30, 2020, deteriorating by ¥157.0 billion from the last year. As a result, ordinary loss amounted to ¥231.8 billion, deteriorating by ¥347.4 billion compared with the last year. Net special losses of ¥89.1 billion were recorded, deteriorating by ¥78.2 billion from the last year. Loss before income taxes of ¥320.9 billion was recorded, deteriorating by ¥425.6 billion from the last year. Finally, net loss attributable to owners of parent for the six months ended September 30, 2020 of ¥330.0 billion was recorded, a deterioration of ¥395.4 billion from the last year.

#### (2) Cash flows

Cash and cash equivalents at September 30, 2020 increased by ¥836.1 billion (50.9%) from the end of the prior fiscal year to ¥2,479.1 billion. This reflected ¥730.9 billion in net cash provided by operating activities, ¥289.3 billion in net cash used in investing activities and ¥399.2 billion in net cash provided by financing activities, as well as a decrease of ¥4.7 billion in the effects of foreign exchange rate movements on cash and cash equivalents.

#### (3) Production and sales

##### Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Six months ended September 30, 2019	Six months ended September 30, 2020		
Japan	390,131	171,961	(218,170)	(55.9)
The United States of America	379,295	157,583	(221,712)	(58.5)
Mexico	308,399	180,810	(127,589)	(41.4)
The United Kingdom	161,608	80,043	(81,565)	(50.5)
Spain	32,288	596	(31,692)	(98.2)
Russia	28,406	12,558	(15,848)	(55.8)
Thailand	75,365	34,983	(40,382)	(53.6)
Indonesia	1,770	—	(1,770)	—
Philippines	2,737	1,741	(996)	(36.4)
India	93,152	33,885	(59,267)	(63.6)
South Africa	19,530	5,006	(14,524)	(74.4)
Brazil	55,288	15,872	(39,416)	(71.3)
Argentina	5,625	3,803	(1,822)	(32.4)
Egypt	7,705	5,402	(2,303)	(29.9)
Total	1,561,299	704,243	(857,056)	(54.9)

Note: The figures represent the production figures for the 6-month period from April 1 to September 30, 2020.

## Actual sales

Sales to	Number of vehicles sold (on a consolidated basis: units)		Change (units)	Change (%)
	Six months ended September 30, 2019	Six months ended September 30, 2020		
Japan	266,974	193,085	(73,889)	(27.7)
North America	782,721	402,504	(380,217)	(48.6)
(The United States of America included therein)	600,115	299,499	(300,616)	(50.1)
Europe	250,321	125,800	(124,521)	(49.7)
Asia	147,235	70,392	(76,843)	(52.2)
Other overseas countries	243,127	96,637	(146,490)	(60.3)
Total	1,690,378	888,418	(801,960)	(47.4)

Note: The figures in China and Taiwan, which are included in “Asia,” represent the sales figures for the 6-month period from January 1 to June 30, 2020. Those sold in Japan, North America, Europe, Other overseas countries and Asia (excluding China and Taiwan) represent vehicles sold for the 6-month period from April 1 to September 30, 2020.

### (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, 2020, decreased by 802 thousand units (32.1%) from the last year to 1,699 thousand units. This was mainly due to the impact of COVID-19 globally. The number of vehicles sold in Japan decreased by 27.5% to 204 thousand units. Vehicles sold in China decreased by 17.0% to 596 thousand units. Those sold in North America including Mexico and Canada decreased by 40.5% to 522 thousand units, those sold in Europe decreased by 35.1% to 172 thousand units and those sold in other overseas countries decreased by 43.1% to 205 thousand units.

Net sales in the automobile business (including intersegment sales) for the six months ended September 30, 2020 decreased by ¥1,869.3 billion (41.4%) from the last year to ¥2,650.6 billion. Operating loss of ¥304.3 billion was recorded, a deterioration of ¥213.1 billion from the last year. A major profit-deteriorating factor was a decrease in the number of vehicles sold despite the favorable effect of a reduction in fixed costs.

##### b. Sales finance

Net sales in the sales finance business (including intersegment sales) for the six months ended September 30, 2020 decreased by ¥65.5 billion (11.2%) from the last year to ¥521.1 billion. Operating income increased by ¥18.6 billion (15.8%) from the last year to ¥136.6 billion. A major profit-increasing factor was an increase in profit of sales finance companies in the United States of America and China.

#### (Geographic segment)

##### a. Japan

Due to the impact of COVID-19, in Japan market, the total industry volume (“TIV”) decreased by 22.6% year on year to 2,030 thousand units. The Group’s sales decreased by 27.5% from the last year to 204 thousand units. The Group’s market share decreased to 10.0%, down 0.7 percentage point year on year.

As a result, net sales in Japan (including intersegment sales) for the six months ended September 30, 2020 decreased by ¥803.0 billion (39.8%) from the last year to ¥1,213.8 billion. The Group recorded an operating loss of ¥169.7 billion, deteriorating by ¥161.1 billion from the last year. A major profit-deteriorating factor was a decrease in the number of vehicles sold (including exports).

##### b. North America

In North America market, including Mexico and Canada, TIV decreased by 23.1% to 8.05 million units. The Group’s sales in North America decreased by 40.5% to 522 thousand units.

As a result, net sales in North America (including intersegment sales) for the six months ended September 30, 2020 decreased by ¥1,121.5 billion (42.2%) to ¥1,539.2 billion. Operating income was ¥19.1 billion, decreasing by ¥17.4 billion from the last year. A major profit-decreasing factor was a decrease in the number of vehicles sold.

In the United States of America market, TIV decreased by 21.6% to 6.86 million units due the impact of COVID-19. The Group sold 398 thousand units, down 41.3% from the last year. The Group’s market share decreased by 2.0 percentage points to 5.8%.

c. Europe

In Europe market, TIV decreased by 28.9% to 7.29 million units due to the impact of COVID-19. The Group sold 142 thousand units in Europe, excluding Russia, down 36.5% from the last year. The Group's market share decreased by 0.1 percentage point to 2.3%. In addition, the Group's sales in Russia market decreased by 27.8% to 30 thousand units.

As a result, net sales in Europe (including intersegment sales) for the six months ended September 30, 2020 were ¥402.9 billion, a decrease of ¥315.5 billion (43.9%) from the last year. Operating loss of ¥23.1 billion was recorded, deteriorating by ¥1.7 billion from the last year. A major deteriorating factor was a decrease in the number of vehicles sold.

d. Asia

Sales volume in Asia market, excluding China, decreased by 46.6% to 61 thousand units. Net sales in Asia (including intersegment sales) for the six months ended September 30, 2020 decreased by ¥218.3 billion (31.8%) from the last year to ¥469.1 billion. Operating income for the six months ended September 30, 2020 was ¥20.5 billion, a decrease of ¥1.3 billion (6.5%) from the last year.

In China market, TIV decreased by 19.1% to 9.33 million units due to the impact of COVID-19. The Group's sales in China decreased by 17.0% from the last year to 596 thousand units, accounting for a market share of 6.4%, up 0.2 percentage point year on year. The operating results of Chinese joint venture, Dongfeng Motor Co., Ltd., is reflected as an equity in earnings or losses of affiliates in Non-operating income or expenses.

e. Other overseas countries

In other markets, consisting of Oceania, Middle East, South Africa and Central and South America excluding Mexico, the Group's sales volume decreased by 41.5% to 144 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, 2020 decreased by ¥224.9 billion (54.0%) from the last year to ¥191.3 billion. An operating loss of ¥10.1 billion was recorded, deteriorating by ¥6.1 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 increased by ¥146.7 billion to ¥730.9 billion in the six months ended September 30, 2020 from ¥584.2 billion provided in the last year. This was mainly attributable to an increase in net cash from the sales finance business on a consolidated basis despite a decrease in revenue resulting from a decline in sales volume due to the impact of COVID-19 and intensifying competition, and loss in the automobile business.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥7.2 billion to ¥289.3 billion in the six months ended September 30, 2020 from ¥296.5 billion used in the last year. This was mainly due to a decrease in purchase of fixed assets in the automobile business and a decrease in net payment (net difference between the payment for purchase and the proceeds from sales) of leased vehicles in the sales finance business despite a shift from net decrease to net increase in restricted cash related to asset backed securities in the sales finance business. The Group continued to invest in the automobile business, including in new products and the development of new technologies such as advanced driver assistance.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥399.2 billion in the six months ended September 30, 2020, an increase in cash inflows of ¥680.0 billion compared with ¥280.8 billion used in the last year. This was mainly attributable to aggressive fundraising such as the issuance of foreign currency denominated bonds taking into consideration the impact of COVID-19.

As cash and cash equivalents at September 30, 2020 exceeded interest-bearing debt, the Group had a net cash position of ¥505.8 billion. Free cash flows in the automobile business for the current second quarter improved significantly from the first quarter to a positive ¥311.0 billion primarily due to improvements in working capital. For the six months ended September 30, 2020, free cash flows in the automobile business were negative ¥504.6 billion reflecting impacts from the profit decline due to the impact of COVID-19 and negative working capital impact due to the decrease in production volume.

Information by segments is as follows:

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

(Millions of yen)

	Automobile & Eliminations	Sales financing	Consolidated total
Cash flows from operating activities	(187,076)	771,267	584,191
Cash flows from investing activities	(227,837)	(68,694)	(296,531)
Cash flows from financing activities	409,118	(689,906)	(280,788)

The Six-Month Period Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

(Millions of yen)

	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

Year-on-Year Comparison

(Millions of yen)

	Automobile & Eliminations	Sales financing	Consolidated total
Cash flows from operating activities	(137,298)	283,995	146,697
Cash flows from investing activities	47,543	(40,360)	7,183
Cash flows from financing activities	933,112	(253,112)	680,000

#### b. Financial policies

It is necessary to pay careful attention to the liquidity of the Group in view of the recent cash usage in the automobile business, credit rating downgrade and the impact of COVID-19. However, as the Group has entered into loan commitment agreements with major international banks in addition to the cash and cash equivalents noted above, the Group believes that a level of liquidity sufficient to meet the Group's funding requirements is being maintained. The Group had ¥2,320.7 billion of cash and cash equivalents in the automobile business as of September 30, 2020. 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 ¥895.0 billion with multiple financial institutions after April 2020. The Company also issued USD denominated bonds in an aggregate amount of \$8.0 billion and EUR denominated bonds in an aggregate amount of €2.0 billion. The Group had approximately ¥2,000 billion of committed lines available for drawing as of September 30, 2020.

#### (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.

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 will be necessary to fundamentally revise the way in which its conventional businesses proceed and many strict efforts will be 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 will focus on two priority areas.

The first is optimization. The Company will implement a solid plan aimed at structural reforms in the business, cost reduction and efficiency improvement. The Company will become leaner by focusing on expanding profits, improving profitability and extending its strengths, regardless of scale and market share. As a concrete measure, the Company will optimize its production capacity and organize 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 selection and concentration. The Company will refocus 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.

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 will aim 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.

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 will now concentrate 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 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) FY2020 business environment and major Key Performance Indicators

As to the global economy for the six months ended September 30, 2020, it has fallen into an economic downturn due to the widespread of COVID-19 globally and has deeply impacted financial activities. Total industry volume was reduced to three fourths of the last year and consequently the Group saw a decline in sales. In addition, the Group suspended production at many plants globally and the plants that resumed operations also suffered from low utilization rates due to declining sales. As a result, the Company's performance has been impacted by this challenging business climate.

As to the three months period ended September 30, 2020, total industry volume is gradually recovering. Based on that assumption, the Group's global sales are expected to be 4,165 thousand units, a decline of 15.5% from the last year. Given the current circumstances, the Company revised net sales to ¥7.94 trillion, operating loss to ¥340 billion and net loss attributable to owners of parent to ¥615 billion as the outlook for FY2020. The anticipated year-over-year change in operating loss are due to negative impact of ¥396 billion from volume related items, positive impact of ¥15 billion from sales expenses and positive impact of ¥81.5 billion from monozukuri, fixed cost and other items. On the other hand, given that the market outlook remains uncertain due to the COVID-19 pandemic, it is necessary to keep a close watch on the market evolution.

The four-year plan, NISSAN NEXT, which was announced on May 28, 2020, aimed fixed costs reduction by ¥300 billion from FY2018 through FY2020. The activity is in progress as planned.

The Group announced in September 2020, a realignment of its geographic regional structure along with senior management appointments that will be effective October 1, 2020. As part of NISSAN NEXT, the Company aims to transform into a leaner, agile organization focused on achieving sustainable growth. To this end, the Company is realigning its operations from the current seven regions into four key regions. This realignment and change of senior management appointments enables to be more competitive by improving the speed of our operations and represents a positive shift in the way the Company operates with better global and regional integration.

The Group revisited the four categories of the prior fiscal year's target and decided to use the six categories for the current fiscal year, which are marginal profit, free cash flows in the automobile business, fixed cost, market share, quality and employee engagement. These six categories were selected because they are the drivers contributing to NISSAN NEXT.

(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, 2020, 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 Corporate Law (charged with aggravated breach of trust). In conjunction with these indictments, the Company itself was indicted on suspicion of violating the Financial Instruments and Exchange 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 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 a joint venture established by Nissan and MITSUBISHI MOTORS CORPORATION, paid from April 2018 onward under the pretext of a salary and an employment contract with the joint venture, despite the fact that no contract had been approved by the joint venture's board of directors.

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

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

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

The Company has filed a provisional disposition order in the British Virgin Islands against Ghosn and related parties for a luxury yacht and has filed a lawsuit based on the order seeking damages, etc. Also, on February 12, 2020, the Company has filed a lawsuit against Carlos Ghosn in Japan, seeking recovery of damages. Going forward, the Company will continue to take necessary measures based on the findings of the Company’s internal investigation, including legal action to claim damages, in order to account for the responsibility of the former chairman and others.

The Company has received a written notice of commencement of trial procedures dated December 13, 2019, from the Commissioner of the FSA. In response to this written notice, on December 23, 2019, the Company has submitted a written answer not disputing the alleged facts and the amount of the administrative monetary penalty. After that, the Company has received the administrative monetary penalty payment order, dated February 27, 2020, of 2,424,895,000 yen from the Commissioner of the FSA. In accordance with the administrative monetary penalty payment order and payment notice, the Company has made the penalty payment of 1,406,250,000 yen, which became due.

In December 2019, new management has been established, whose members have been selected by the Nomination Committee. As demonstrated by the establishment of new management, strengthening of the supervisory function of internal audit, and so on, the Company is working on various countermeasures to prevent recurrence.

The Company continues its efforts to improve its governance, including ongoing implementation of the improvement measures stated in the Improvement Measures Status Report submitted to Tokyo Stock Exchange on January 16, 2020, as well as reviewing necessary improvements from time to time going forward. The Company also continues to reform its corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management.

(9) Significant accounting policies and estimates

There was a significant change made to allowance for doubtful accounts of the “Significant accounting policies and estimated” of “Analysis of financial position, operating results and cash flows by management,” which is described in the Securities Report of the prior fiscal year. From the beginning of the six months ended September 30, 2020, the allowance is measured as the present value of credit losses expected over the entire life of the asset at foreign subsidiaries and affiliates that apply US GAAP.

This is the change in accounting policy which has been adopted from the beginning of the six months ended September 30, 2020, and please refer to (1) of the section “Change in accounting policies” in 4. “Financial Information.”

(10) 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 ¥238.4 billion for the six months ended September 30, 2020.

(11) Major equipment and facilities

The details of the capital investment plan of the Group for the current fiscal year, which were not determined as of the filing date of the Securities Report of the prior fiscal year, have been formulated as follows.

During fiscal year 2020 (From April 2020 to March 2021), the Group plans to invest ¥440.0 billion in capital expenditures, which will be financed out of its own funds.

**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, 2020	As of November 13, 2020 (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, 2020 To September 30, 2020	—	4,220,715	—	605,813	—	804,470

## (5) Principal shareholders

(As of September 30, 2020)

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	157,217	3.8
THE CHASE MANHATTAN BANK, N.A., LONDON SPECIAL ACCOUNT NO. 1 (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)	142,502	3.4
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	58,175	1.4
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)	54,029	1.3
Custody Bank of Japan, Ltd. (Trust account 5)	1-8-12 Harumi, Chuo-ku, Tokyo	49,179	1.2
Custody Bank of Japan, Ltd. (Trust account 9)	1-8-12 Harumi, Chuo-ku, Tokyo	47,140	1.1
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)	32,733	0.8
JP Morgan Chase Bank 385781 (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	32,016	0.8
Moxley & Co. LLC (Standing agent: Debt Finance Department, Sumitomo Mitsui Banking Corporation)	270 PARK AVENUE, NEW YORK, N.Y. 10017-2070 U.S.A. (1-3-2 Marunouchi, Chiyoda-ku, Tokyo)	26,505	0.6
Total	—	2,431,333	58.0

Notes: 1 In addition to the above, there are 28,435 thousand shares of treasury stock held by the Company.

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

## (6) Status of voting rights

## 1) Shares issued

(As of September 30, 2020)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 28,435,400	—	—
	(Crossholding stock) Common stock 199,900	—	—
Shares with full voting rights (Others)	Common stock 4,191,255,000	41,912,550	—
Stocks of less than a standard unit	Common stock 824,812	—	—
Total shares issued	4,220,715,112	—	—
Total voting rights held by all shareholders	—	41,912,550	—

Note: “Stocks of less than a standard unit” include 98 shares of treasury stock and 30 crossholding shares.

## Crossholding stocks of less than a standard unit (As of September 30, 2020)

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

## 2) Treasury stock, etc.

(As of September 30, 2020)

Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the names of others	Total	% of interest
Treasury stock: Nissan Motor Co., Ltd.	2 Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Shares 28,435,400	Shares —	Shares 28,435,400	% 0.67
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	51,600	89,400	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	100	4,900	0.00
Total		28,583,600	51,700	28,635,300	0.68

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**

Not applicable

#### **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 statements of income and the quarterly consolidated statements 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, 2020 to September 30, 2020) and for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020) 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, 2020)	Current Second Quarter (As of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	1,382,471	2,127,952
Trade notes and accounts receivable	356,156	381,216
Sales finance receivables	6,739,336	5,946,352
Securities	260,510	351,111
Merchandise and finished goods	881,940	661,785
Work in process	67,865	81,309
Raw materials and supplies	390,618	373,239
Other	739,307	691,416
Allowance for doubtful accounts	(142,264)	(190,418)
Total current assets	10,675,939	10,423,962
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	582,716	576,819
Machinery, equipment and vehicles, net	※1 2,936,316	※1 2,688,738
Land	589,064	588,301
Construction in progress	227,165	215,351
Other, net	183,589	228,212
Total property, plant and equipment	4,518,850	4,297,421
Intangible fixed assets	114,932	110,515
Investments and other assets		
Investment securities	1,177,184	1,052,262
Other	493,689	572,920
Allowance for doubtful accounts	(3,885)	(3,909)
Total investments and other assets	1,666,988	1,621,273
Total fixed assets	6,300,770	6,029,209
Deferred assets		
Bond issuance costs	—	7,872
Total deferred assets	—	7,872
Total assets	16,976,709	16,461,043



(Millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current Second Quarter (As of September 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,357,047	1,131,059
Short-term borrowings	1,339,949	994,112
Current portion of long-term borrowings	1,826,904	1,785,743
Commercial papers	726,017	325,232
Current portion of bonds	765,532	615,621
Lease obligations	35,572	40,834
Accrued expenses	1,031,284	933,311
Accrued warranty costs	104,297	95,535
Other	878,644	770,907
Total current liabilities	8,065,246	6,692,354
Long-term liabilities		
Bonds	1,042,954	1,969,279
Long-term borrowings	2,098,558	2,491,936
Lease obligations	72,494	74,800
Accrued warranty costs	108,751	91,386
Net defined benefit liability	454,068	455,578
Other	709,865	692,408
Total long-term liabilities	4,486,690	5,775,387
Total liabilities	12,551,936	12,467,741
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	818,056	817,072
Retained earnings	4,125,043	3,748,194
Treasury stock	(139,262)	(139,285)
Total shareholders' equity	5,409,651	5,031,795
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	(16,420)	14,489
Unrealized gain and loss from hedging instruments	(20,352)	(19,722)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(35,632)	(35,448)
Translation adjustments	(1,046,160)	(1,111,186)
Remeasurements of defined benefit plans	(226,798)	(237,897)
Total accumulated other comprehensive income	(1,345,362)	(1,389,764)
Non-controlling interests	360,484	351,271
Total net assets	4,424,773	3,993,302
Total liabilities and net assets	16,976,709	16,461,043

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
The Six-Month Period Ended September 30  
Quarterly consolidated statement of income

	(Millions of yen)	
	Six Months Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)	Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
Net sales	5,003,075	3,092,687
Cost of sales	4,234,883	2,731,017
Gross profit	768,192	361,670
Selling, general and administrative expenses		
Advertising expenses	143,054	90,066
Provision for warranty costs	59,544	33,623
Other selling expenses	92,715	59,429
Salaries and wages	191,917	177,489
Retirement benefit expenses	10,520	8,287
Provision for doubtful accounts	44,503	17,240
Other	194,331	134,295
Total selling, general and administrative expenses	736,584	520,429
Operating income (loss)	31,608	(158,759)
Non-operating income		
Interest income	11,961	6,441
Dividends income	6,748	1,929
Equity in earnings of affiliates	84,266	—
Exchange gain	—	23,773
Miscellaneous income	4,791	11,633
Total non-operating income	107,766	43,776
Non-operating expenses		
Interest expense	5,692	8,561
Equity in losses of affiliates	—	78,041
Derivative loss	573	19,279
Exchange loss	6,013	—
Miscellaneous expenses	11,454	10,974
Total non-operating expenses	23,732	116,855
Ordinary income (loss)	115,642	(231,838)
Special gains		
Gain on sales of fixed assets	6,818	10,767
Subsidy income and others	—	6,900
Other	3,187	143
Total special gains	10,005	17,810
Special losses		
Loss on sales of fixed assets	3,237	443
Loss on disposal of fixed assets	6,141	2,637
Special addition to retirement benefits	6,129	53,985
Loss on shutdowns and others due to COVID-19	—	41,972
Other	5,421	7,867
Total special losses	20,928	106,904
Income (loss) before income taxes	104,719	(320,932)
Income taxes	31,219	3,963
Net income (loss)	73,500	(324,895)
Net income attributable to non-controlling interests	8,135	5,064
Net income (loss) attributable to owners of parent	65,365	(329,959)

Quarterly consolidated statement of comprehensive income

	(Millions of yen)	
	Six Months Ended September 30, 2019  (From April 1, 2019 To September 30, 2019)	Six Months Ended September 30, 2020  (From April 1, 2020 To September 30, 2020)
Net income(loss)	73,500	(324,895)
Other comprehensive income		
Unrealized holding gain and loss on securities	(12,495)	33,862
Unrealized gain and loss from hedging instruments	(11,381)	773
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(5,408)	(22)
Translation adjustments	(112,522)	(30,378)
Remeasurements of defined benefit plans	12,533	(11,694)
The amount for equity method company portion	(27,901)	(39,771)
Total other comprehensive income	(157,174)	(47,230)
Comprehensive income	(83,674)	(372,125)
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(85,143)	(374,361)
Comprehensive income attributable to non-controlling interests	1,469	2,236

The Three-Month Period Ended September 30  
Quarterly consolidated statement of income

(Millions of yen)

	Prior Second Quarter (From July 1, 2019 To September 30, 2019)	Current Second Quarter (From July 1, 2020 To September 30, 2020)
Net sales	2,630,653	1,918,493
Cost of sales	2,199,482	1,655,443
Gross profit	431,171	263,050
Selling, general and administrative expenses		
Advertising expenses	70,523	58,962
Provision for warranty costs	31,925	19,530
Other selling expenses	50,736	19,315
Salaries and wages	100,890	86,808
Retirement benefit expenses	4,679	4,181
Provision for doubtful accounts	19,374	1,228
Other	123,045	77,859
Total selling, general and administrative expenses	401,172	267,883
Operating income (loss)	29,999	(4,833)
Non-operating income		
Interest income	6,167	2,557
Dividends income	38	1,812
Equity in earnings of affiliates	51,144	6,614
Derivative gain	1,778	301
Miscellaneous income	4,439	4,059
Total non-operating income	63,566	15,343
Non-operating expenses		
Interest expense	2,857	5,590
Exchange loss	5,585	1,148
Miscellaneous expenses	4,809	3,330
Total non-operating expenses	13,251	10,068
Ordinary income	80,314	442
Special gains		
Gain on sales of fixed assets	3,611	8,222
Other	3,009	872
Total special gains	6,620	9,094
Special losses		
Loss on sales of fixed assets	3,193	75
Loss on disposal of fixed assets	2,141	1,768
Special addition to retirement benefits	704	13,900
Other	3,052	10,126
Total special losses	9,090	25,869
Income (loss) before income taxes	77,844	(16,333)
Income taxes	14,584	24,266
Net income (loss)	63,260	(40,599)
Net income attributable to non-controlling interests	4,272	3,771
Net income (loss) attributable to owners of parent	58,988	(44,370)

Quarterly consolidated statement of comprehensive income

	(Millions of yen)	
	Prior Second Quarter	Current Second Quarter
	(From July 1, 2019 To September 30, 2019)	(From July 1, 2020 To September 30, 2020)
Net income(loss)	63,260	(40,599)
Other comprehensive income		
Unrealized holding gain and loss on securities	(7,063)	14,846
Unrealized gain and loss from hedging instruments	(3,915)	1,594
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(11,126)	(712)
Translation adjustments	(51,793)	(21,507)
Remeasurements of defined benefit plans	4,910	(16,189)
The amount for equity method company portion	(31,420)	1,717
Total other comprehensive income	(100,407)	(20,251)
Comprehensive income	(37,147)	(60,850)
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	(35,254)	(63,994)
Comprehensive income attributable to non-controlling interests	(1,893)	3,144

## (3) Quarterly consolidated statement of cash flows

	(Millions of yen)	
	Six Months Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)	Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	104,719	(320,932)
Depreciation and amortization (for fixed assets excluding leased vehicles)	187,357	123,189
Depreciation and amortization (for long term prepaid expenses)	22,099	26,045
Depreciation and amortization (for leased vehicles)	224,161	215,664
Increase (decrease) in allowance for doubtful accounts	(2,917)	(13,605)
Interest and dividends income	(18,709)	(8,370)
Interest expense	104,334	84,474
Equity in losses (earnings) of affiliates	(84,266)	78,041
Loss (gain) on sales of fixed assets	(3,581)	(10,324)
Loss on disposal of fixed assets	6,141	2,637
Decrease (increase) in trade notes and accounts receivable	25,044	(28,373)
Decrease (increase) in sales finance receivables	399,664	737,372
Decrease (increase) in inventories	(155,740)	241,692
Increase (decrease) in trade notes and accounts payable	(132,310)	(337,978)
Retirement benefit expenses	15,726	18,876
Payments related to net defined benefit assets and liabilities	(13,875)	(13,880)
Other	5,413	(29,505)
<b>Subtotal</b>	<b>683,260</b>	<b>765,023</b>
Interest and dividends received	17,158	11,008
Proceeds from dividends income from affiliates accounted for by equity method	81,339	47,105
Interest paid	(103,714)	(84,030)
Income taxes paid	(93,852)	(8,218)
<b>Net cash provided by (used in) operating activities</b>	<b>584,191</b>	<b>730,888</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investments	269	(268)
Purchase of fixed assets	(244,080)	(201,348)
Proceeds from sales of fixed assets	27,448	30,183
Purchase of leased vehicles	(602,189)	(366,413)
Proceeds from sales of leased vehicles	379,898	326,474
Payments of long-term loans receivable	(260)	(51)
Collection of long-term loans receivable	541	193
Purchase of investment securities	(8,419)	(24)
Proceeds from sales of investment securities	154	674
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	1,746	—
Net decrease (increase) in restricted cash	148,499	(78,075)
Other	(138)	(693)
<b>Net cash provided by (used in) investing activities</b>	<b>(296,531)</b>	<b>(289,348)</b>

	(Millions of yen)			
	Six Months Ended September 30, 2019		Six Months Ended September 30, 2020	
	(From April 1, 2019 To September 30, 2019)		(From April 1, 2020 To September 30, 2020)	
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term borrowings		103,384		(733,399)
Proceeds from long-term borrowings		835,969		1,248,539
Proceeds from issuance of bonds		97,544		1,175,363
Repayments of long-term borrowings		(954,036)		(864,938)
Redemption of bonds		(231,906)		(389,660)
Proceeds from non-controlling shareholders		8,551		2,877
Purchase of treasury stock		(1)		—
Repayments of lease obligations		(17,686)		(24,152)
Cash dividends paid		(111,520)		—
Cash dividends paid to non-controlling interests		(16,098)		(14,454)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation		—		(964)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation		5,011		—
Net cash provided by (used in) financing activities		(280,788)		399,212
Effects of exchange rate changes on cash and cash equivalents		(23,825)		(4,670)
Increase (decrease) in cash and cash equivalents		(16,953)		836,082
Cash and cash equivalents at beginning of the period		1,359,058		1,642,981
Increase due to inclusion in consolidation		6,051		—
Cash and cash equivalents at end of the period	※1	1,348,156	※1	2,479,063

## [Notes to Quarterly Consolidated Financial Statements]

(Changes in accounting policies)

Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
<p>(1) Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 326, “<i>Financial Instruments—Credit Losses</i>”</p> <p>At foreign subsidiaries and affiliates that apply US GAAP, Financial Accounting Standards Board (FASB) ASC No. 326, “<i>Financial Instruments—Credit Losses</i>” has been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2021.</p> <p>With this adoption, the method for measurement of financial instruments was reviewed and impairment losses were recognized on financial assets using the current expected credit loss model.</p> <p>In adopting the accounting standard, in accordance with the transitional treatment, the cumulative effect of adoption of the standard was recognized on the date of the start of adoption, and was added to or subtracted from retained earnings at the beginning of the six months ended September 30, 2020.</p> <p>As a result, for the effects of this revision based on the requirement of the standard as transition disclosures, the balance at the beginning of the six months ended September 30, 2020 of allowance for doubtful accounts increased by ¥62,965 million (decrease of current assets), deferred tax liabilities (included in long-term liabilities) and retained earnings decreased by ¥16,121 million and ¥46,844 million, respectively.</p>
<p>(2) Accounting treatment of bond issuance costs</p> <p>The Group issued bonds in the current second quarter with the purpose of securing medium- to long-term funding in order to flexibly respond to COVID-19 and other changes in the internal and external environment.</p> <p>As a result, from the current second quarter, bond issuance costs associated with the bonds issued by the Company and its domestic subsidiaries, which had been previously fully charged to expenses when incurred, are amortized using the effective interest method over the term of redemption. This is because bond issuance costs are financing costs in nature like bond interest, and that the effective interest method of amortization applied in international accounting standards will more appropriately reflect the Group’s current financing activities in the Consolidated Financial Statements.</p> <p>Due to this change, ordinary loss and loss before income taxes for the six months ended September 30, 2020 and the current second quarter each decreased by ¥7,872 million. This change in the accounting policy is not applied retrospectively as there is no material effect on the Consolidated Financial Statements for past periods.</p>

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

Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
<p>(Calculation of tax expense)</p> <p>Income taxes are determined based on the amount of income before income taxes for the current second quarter ended September 30, 2020 multiplied by the effective tax rate, after adoption of tax-effect accounting, estimated for the entire fiscal year ending March 31, 2021.</p> <p>Deferred income taxes are included in income taxes.</p>

(Additional information)

Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
<p>(Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)</p> <p>The Company and some of its domestic subsidiaries have been adopted “<i>Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System</i>” (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).</p>
<p>(Accounting estimates of the impact of COVID-19)</p> <p>There were no significant changes in the assumption including the duration of the pandemic and accounting estimates with regard to impact of COVID-19, which are described in the Securities Report of the prior fiscal year.</p>



(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, 2020)	Current Second Quarter (As of September 30, 2020)
Assets leased to others under lease agreements (lessor)	2,452,585	2,197,939

## 2 Guarantees and others

Prior Fiscal Year (As of March 31, 2020)

### (1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※23,025	Guarantees for employees’ housing loans and others
13 foreign dealers	269	Guarantees for loans and others
Total	23,294	

※ Allowance for doubtful accounts is provided for these loans mainly based on past experience.

### (2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	26	Commitments to provide guarantees for loans

Current Second Quarter (As of September 30, 2020)

### (1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※20,935	Guarantees for employees’ housing loans and others

※ Allowance for doubtful accounts is provided for these loans mainly based on past experience.

### (2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	20	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. The total payment amount for the settlement will be \$87.9 million to be paid over four years. In February 2018, the court in MDL granted final approval to the proposed settlement. Regarding the 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.

(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, 2019 (From April 1, 2019 To September 30, 2019)	Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
Cash on hand and in banks	1,090,845	2,127,952
Time deposits with maturities of more than three months	—	—
Cash equivalents included in securities (*)	257,311	351,111
Cash and cash equivalents	1,348,156	2,479,063

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

(For net assets)

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual general meeting of the shareholders on June 25, 2019	Common Stock	111,520	28.5	March 31, 2019	June 26, 2019	Retained earnings

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

2. Dividends which the record date fell in the period from April 1 to September 30, 2019, and the effective date of which was after September 30, 2019

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Meeting of the Board of Directors on November 12, 2019	Common Stock	39,132	10.0	September 30, 2019	November 27, 2019	Retained earnings

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

The Six-Month Period Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)

1. Dividends paid

Not applicable.

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

There were no applicable items during the second quarter ended September 30, 2020.

(For financial instruments)

Prior Fiscal Year (As of March 31, 2020)

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Fair value	Difference	Calculation method of the fair value
Bonds (*)	1,808,486	1,773,322	35,164	(Note)

(\*) Bonds include the current portion of bonds under current liabilities.

Note: Fair value of marketable bonds is based on the market prices, and that of non-marketable bonds is based on the present value estimated by discounting the total principal and interest, using discount rates reflecting the remaining term and credit risk.

Current Second Quarter (As of September 30, 2020)

Bonds are significant for the management of the Group's business operations and underwent significant changes in value compared to the end of the prior fiscal year as follows.

(Millions of yen)

	Amount recorded in the quarterly consolidated balance sheet	Fair value	Difference	Calculation method of the fair value
Bonds (*)	2,584,900	2,587,060	(2,160)	(Note)

(\*) Bonds include the current portion of bonds under current liabilities.

Note: Fair value of marketable bonds is based on the market prices, and that of non-marketable bonds is based on the present value estimated by discounting the total principal and interest, using discount rates reflecting the remaining term and credit risk.

(Segments of an enterprise and related information)

Segment information

1. General information about reportable segments

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

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

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

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

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

3. Changes to reportable segments and others

(1) Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 326, “*Financial Instruments—Credit Losses*”

As stated in “Changes in accounting policies,” at foreign subsidiaries and affiliates that apply US GAAP, Financial Accounting Standards Board (FASB) ASC No. 326, “*Financial Instruments—Credit Losses*” has been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2021.

With this adoption, the method for measurement of financial instruments was reviewed and impairment losses were recognized on financial assets using the current expected credit loss model.

In adopting the accounting standard, in accordance with the transitional treatment, the cumulative effect of adoption of the standard was recognized on the date of the start of adoption, and was added to or subtracted from retained earnings for business segments at the beginning of the six months ended September 30, 2020.

As a result, for the effects of this revision based on the requirement of the standard as transition disclosures, the balance at the beginning of the six months ended September 30, 2020 of allowance for doubtful accounts increased by ¥62,965 million (decrease of current assets), deferred tax liabilities (included in long-term liabilities) and retained earnings decreased by ¥16,121 million and ¥46,844 million, respectively in Sales financing on the summarized quarterly consolidated balance sheets by business segments.

(2) Accounting treatment of bond issuance costs

As stated in “Changes in accounting policies,” the Group issued bonds in the current second quarter with the purpose of securing medium- to long-term funding in order to flexibly respond to COVID-19 and other changes in the internal and external environment.

As a result, from the current second quarter, bond issuance costs associated with the bonds issued by the Company and its domestic subsidiaries, which had been previously fully charged to expenses when incurred, are amortized using the effective interest method over the term of redemption. This is because bond issuance costs are financing costs in nature like bond interest, and that the effective interest method of amortization applied in international accounting standards will more appropriately reflect the Group’s current financing activities in the Consolidated Financial Statements.

Due to this change, ordinary loss and loss before income taxes each decreased by ¥7,872 million under Automobile & Eliminations in the summarized quarterly consolidated statements of income by business segments for the six months ended September 30, 2020. This change in the accounting policy is not applied retrospectively as there is no material effect on the Consolidated Financial Statements for past periods.

#### 4. Net sales and profits or losses by reportable segments

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Six Months Ended September 30, 2019
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	4,442,237	560,838	5,003,075	—	5,003,075
Inter-segment sales or transfers	77,625	25,805	103,430	(103,430)	—
Total	4,519,862	586,643	5,106,505	(103,430)	5,003,075
Segment profits (loss)	(91,206)	118,018	26,812	4,796	31,608

Prior Second Quarter (From July 1, 2019 To September 30, 2019)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Prior Second Quarter
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	2,355,493	275,160	2,630,653	—	2,630,653
Inter-segment sales or transfers	39,325	13,011	52,336	(52,336)	—
Total	2,394,818	288,171	2,682,989	(52,336)	2,630,653
Segment profits (loss)	(33,769)	61,667	27,898	2,101	29,999

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), 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	Prior Second Quarter (As of September 30, 2019)		
	Automobile & Eliminations	Sales financing	Consolidated total
<b>Assets</b>			
I. Current assets			
Cash on hand and in banks	1,035,258	55,587	1,090,845
Trade notes and accounts receivable	477,023	1,173	478,196
Sales finance receivables	(122,464)	7,203,340	7,080,876
Inventories	1,334,092	49,054	1,383,146
Other current assets	671,277	186,161	857,438
Total current assets	3,395,186	7,495,315	10,890,501
II. Fixed assets			
Property, plant and equipment, net	2,614,985	2,554,037	5,169,022
Investment securities	1,294,566	5,665	1,300,231
Other fixed assets	574,166	118,981	693,147
Total fixed assets	4,483,717	2,678,683	7,162,400
Total assets	7,878,903	10,173,998	18,052,901
<b>Liabilities</b>			
I. Current liabilities			
Trade notes and accounts payable	1,493,518	43,338	1,536,856
Short-term borrowings	(80,157)	3,937,706	3,857,549
Lease obligations	32,649	475	33,124
Other current liabilities	1,597,684	448,221	2,045,905
Total current liabilities	3,043,694	4,429,740	7,473,434
II. Long-term liabilities			
Bonds	145,000	1,214,211	1,359,211
Long-term borrowings	(32,269)	2,429,824	2,397,555
Lease obligations	81,168	1,231	82,399
Other long-term liabilities	693,168	594,902	1,288,070
Total long-term liabilities	887,067	4,240,168	5,127,235
Total liabilities	3,930,761	8,669,908	12,600,669
<b>Net assets</b>			
I. Shareholders' equity			
Common stock	385,958	219,856	605,814
Capital surplus	645,551	172,756	818,307
Retained earnings	3,751,602	1,149,860	4,901,462
Treasury stock	(139,275)	—	(139,275)
Total shareholders' equity	4,643,836	1,542,472	6,186,308
II. Accumulated other comprehensive income			
Translation adjustments	(783,360)	(135,127)	(918,487)
Others	(161,076)	(11,289)	(172,365)
Total accumulated other comprehensive income	(944,436)	(146,416)	(1,090,852)
III. Non-controlling interests			
Total net assets	3,948,142	1,504,090	5,452,232
Total liabilities and net assets	7,878,903	10,173,998	18,052,901

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 ¥724,074 million.

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

(Millions of yen)

Accounts	Six Months Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	4,416,432	586,643	5,003,075
Cost of sales	3,844,002	390,881	4,234,883
Gross profit	572,430	195,762	768,192
Operating income as a percentage of net sales	(2.0%)	20.1%	0.6%
Operating income (loss)	(86,410)	118,018	31,608
Financial income / expenses, net	13,033	(16)	13,017
Other non-operating income and expenses, net	71,481	(464)	71,017
Ordinary income (loss)	(1,896)	117,538	115,642
Income (loss) before income taxes	(10,635)	115,354	104,719
Net income (loss) attributable to owners of parent	(16,579)	81,944	65,365

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

(Millions of yen)

Accounts	Six Months Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income (loss) before income taxes	(10,635)	115,354	104,719
Depreciation and amortization	180,743	252,874	433,617
Decrease (increase) in sales finance receivables	(13,525)	413,189	399,664
Others	(343,659)	(10,150)	(353,809)
Net cash provided by (used in) operating activities	(187,076)	771,267	584,191
II. Cash flows from investing activities			
Purchase of investment securities	(8,419)	—	(8,419)
Proceeds from sales of investment securities	154	—	154
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	1,746	—	1,746
Purchases of fixed assets	(239,186)	(4,894)	(244,080)
Proceeds from sales of fixed assets	17,463	9,985	27,448
Purchases of leased vehicles	—	(602,189)	(602,189)
Proceeds from sales of leased vehicles	—	379,898	379,898
Others	405	148,506	148,911
Net cash provided by (used in) investing activities	(227,837)	(68,694)	(296,531)
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	208,007	(104,623)	103,384
Net change in long-term borrowings and redemption of bonds	97,214	(447,187)	(349,973)
Proceeds from issuance of bonds	—	97,544	97,544
Others	103,897	(235,640)	(131,743)
Net cash provided by (used in) financing activities	409,118	(689,906)	(280,788)
IV. Effect of exchange rate changes on cash and cash equivalents	(21,650)	(2,175)	(23,825)
V. Increase (decrease) in cash and cash equivalents	(27,445)	10,492	(16,953)
VI. Cash and cash equivalents at the beginning of the period	1,309,580	49,478	1,359,058
VII. Increase due to inclusion in consolidation	6,051	—	6,051
VIII. Cash and cash equivalents at the end of the period	1,288,186	59,970	1,348,156

Notes: 1. The net increase (decrease) in short-term borrowings of Automobile & Eliminations includes the amount of ¥776 million eliminated for net decrease 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 ¥110,086 million eliminated for net decrease in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	1,106,991	2,432,619	616,344	447,099	400,022	5,003,075	—	5,003,075
(2) Inter-segment sales	909,844	228,034	102,060	240,254	16,227	1,496,419	(1,496,419)	—
Total	2,016,835	2,660,653	718,404	687,353	416,249	6,499,494	(1,496,419)	5,003,075
Operating income (loss)	(8,648)	36,538	(21,438)	21,824	(3,994)	24,282	7,326	31,608

Prior Second Quarter (From July 1, 2019 To September 30, 2019)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	589,546	1,265,917	312,486	226,902	235,802	2,630,653	—	2,630,653
(2) Inter-segment sales	469,597	115,179	57,134	128,116	11,371	781,397	(781,397)	—
Total	1,059,143	1,381,096	369,620	355,018	247,173	3,412,050	(781,397)	2,630,653
Operating income (loss)	(26,718)	35,850	(10,040)	11,179	1,126	11,397	18,602	29,999

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

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

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

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



The 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 (loss)	(304,378)	136,632	(167,746)	8,987	(158,759)

Current Second Quarter (From July 1, 2020 To September 30, 2020)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Current 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 (loss)	(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), 11 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, 2020)		
	Automobile & Eliminations	Sales financing	Consolidated total
<b>Assets</b>			
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
<b>Liabilities</b>			
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
<b>Net assets</b>			
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 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 net decrease in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

The 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)

Current 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

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

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

There were no significant impairment losses on fixed assets in the reportable segments for the six months ended September 30, 2019.

The 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.

6. Information about goodwill by reportable segments

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

There were no significant changes in the reported amounts of goodwill in the reportable segments for the six months ended September 30, 2019.

The 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.

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

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

There were no significant gains recognized on negative goodwill in the reportable segments for the six months ended September 30, 2019.

The 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.

## 8. Information about geographical area

### Net sales

The Six-Month Period Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
885,170	2,378,407	1,958,898	695,448	571,051	472,999	5,003,075

Prior Second Quarter (From July 1, 2019 To September 30, 2019)

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
472,282	1,240,740	1,000,988	350,708	287,004	279,919	2,630,653

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.

The 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

Current 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.

(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, 2019 (From April 1, 2019 To September 30, 2019)	Six Months Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
(1) Basic earnings (loss) per share	¥16.70	(¥84.33)
(Basis for calculation)		
Net income (loss) attributable to owners of parent (Millions of yen)	65,365	(329,959)
Net income (loss) attributable to owners of parent relating to common stock (Millions of yen)	65,365	(329,959)
Average number of shares of common stock during the period (Thousands of shares)	3,913,019	3,912,576
(2) Diluted earnings per share	¥16.70	—
(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

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. 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. The total payment amount for the settlement will be \$87.9 million to be paid over four years. In February 2018, the court in MDL granted final approval to the proposed settlement. At present, lawsuits other than the above are still in progress.



## **Part II Information on Guarantors for the Company**

Not applicable

(For Translation Purposes Only)

## Independent Auditor's Quarterly Review Report

November 13, 2020

The Board of Directors  
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner Certified Public Accountant	Koki Ito
Designated and Engagement Partner Certified Public Accountant	Koji Fujima
Designated and Engagement Partner Certified Public Accountant	Masanori Enomoto
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, 2020, 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, 2020, 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 the 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 the 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.

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### 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 13, 2020

**【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, 2020 to September 30, 2020) of the 122nd 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.