

Briefing for Institutional Investors

June2020

NISSAN SHATAI CO., LTD.

1. Greeting

Now, we will take up the first objective of this meeting and give a report on the Items to Be Reported, that is, Item Number 1, the 97th fiscal Business Report and Consolidated Financial Statements for the period between April 1, 2019 and March 31, 2020, which will be followed by Item Number 2, the 97th fiscal Financial Statements for the period between April 1, 2019 and March 31, 2020.

2. The current status of the Nissan corporate group

First, out of the items pertaining to the current state of the corporate group, I will explain our operations and business results.

The domestic economic environment up until the third quarter of the fiscal year under review continued to recover moderately. Corporate production and exports continued to be sluggish due to the effects of weakening external demand as a result of the slowdown in overseas economies and prolonged trade frictions. The employment and income environment for individuals continued to improve, and personal consumption also gradually recovered on an upward trend despite the negative impacts of typhoons and a consumption tax increase.

On the other hand, the infection from the novel coronavirus outbreak progressed to pandemic. The business climate for automobile production in Japan, to which the Company's Group belongs, is becoming more challenging. Production activities for the domestic automobile production business, it is anticipated that extremely uncertain circumstances, such as stagnated production activities due to direct impacts to supply chains and a sharp drop in global demand for new vehicles will continue.

Net sales

Amidst such economic conditions, the volume of orders from Nissan Motor Co., Ltd. decreased. Due to slowing down of overall demand, sales volume decreased by 20.7% year-on-year to 182,286 units and net sales decreased by 17.3% to 498.8 billion yen.

Earnings increased despite the decrease in sales because of swift efforts to reduce costs and improve productivity. Operating income increased by 19.5% to 9.3 billion yen and ordinary income increased by 19.9% to 9.8 billion yen.

Profit attributable to owners of parent was 5.8 billion yen, an improvement of 4.3% year-on-year when a 900 million yen impairment loss was recorded as an extraordinary loss for dedicated equipment as a result of the completing supplementary "Armada" production at the Shonan plant.

Regarding financing

Next, there were no funding activities to be reported during the fiscal 2019.

Capital expenditure

Next, I will report on capital expenditures for fiscal 2019.

The total amount of capital expenditures was approximately 8.4 billion yen. This was for the improvement of product attractiveness through the new products and minor changes of existing products, as well as for the enhancement of plant and equipment by streamlining manufacturing facilities, the improvement of welfare facilities, and environmental improvements.

Consolidated financial statements

Consolidated balance sheet

Next, regarding internal controls at our company and at corporate group companies.

First, I would like to give an overview of the consolidated balance sheet as of March 31, 2020.

Our total assets reached 264.7 billion yen.

This consisted of 207.7 billion yen in liquid assets and 56.9 billion yen in fixed assets for a 3.8 billion yen decrease.

Meanwhile, our total liabilities reached 95.9 billion yen.

This consisted of 80.8 billion yen in liquid liabilities and 15.1 billion yen in fixed liabilities for a year-on-year decrease of 6.5 billion yen.

The total amount of net assets reached 168.7 billion yen.

This consisted of 171.1 billion yen in shareholder's equity, while accumulated. other comprehensive income was minus 2.4 billion yen for a year-on-year increase of 2.7 billion yen.

Consolidated statement of income

Next, I would like to give an overview of our consolidated statement of income for our 97th fiscal year.

As for the result of the business activities of our company and consolidated subsidiaries that I already explained, ordinary income for the fiscal period reached 9.8 billion yen.

For special losses, a 1.2 billion yen including a loss on sales of non-current assets was registered, with the result of the profit attributable to the owners of the parent company for the fiscal period being 5.8 billion yen after deducing corporate taxes.

3. Initiatives to address major challenges

Continuing, we will report on our initiatives to address challenges.

Review of FY 2019

First, regarding fiscal 2019 production results, production decreased significantly to 182,000 units in fiscal 2019, compared to the 230,000 units in fiscal 2018 and the 212,000 units in fiscal 2017, because of decreases in sales in the Middle East and the impact of the COVID-19 pandemic, etc.

Next is our factory production lines.

Since June 2019, Nissan Shatai Kyushu changed from the previous three-team, three-shift production system to the two-team, two-shift production system.

The Shonan plant finished supplemental Armada production at the end of January 2020, and both Nissan Shatai Kyusyu and the Shonan plant have switched to an optimal production system for the optimal number of vehicles in response to the market's changing demands.

The issue of improper handling of final vehicle inspections was discovered in 2017, and efforts to prevent reoccurrence have been progressing smoothly, such as constructing an optimal final inspection line and training final inspectors. All of the 93 items of 14 categories to prevent reoccurrence finished shifting to the execution phase. Going forward we will continue efforts at maintenance and improvement without forgetting the issue.

New models of vehicles

Next, I would like to introduce the new models that were commercially launched last year. First, the Patrol for the Middle East received a large minor change with a new front and rear exterior. In addition, the Patrol has adopted Nissan's first new navigation system, which consists of two screens, one 8 inches and one 7 inches.

The NV200 Vanette is equipped with advanced safety features such as collision damage reduction brakes that detect pedestrians.

As a result of this minor change, all vehicles manufactured by Nissan Shatai for the domestic market are eligible for the "support car subsidy system" for elderly drivers.

Efforts for FY2020

With that, we conclude our review of fiscal 2019. Next, we will explain our main efforts for fiscal 2020 according to the main pillars of the new medium-term management plan, which started in 2017.

More competitive vehicles

Let's begin with the new models for fiscal 2020. We plan to make minor changes to vehicles and are proceeding with development as planned. The number of units being sold is currently sluggish due to the influence of the COVID-19 pandemic, but we are aiming to regain sales of vehicles as the market recovers and economic activity resumes.

Local dealers also have high expectations and we will continue making preparations to deliver high quality vehicles through integrated development and production in order to meet dealers' expectations.

More Competitive Plants

Next, I would like to explain our more competitive plants.

First is the topic concerning quality. In the Nissan Group Japanese Market Initial Quality Assessments, for FY2019, the NV150AD was ranked first for three consecutive years, the NV200 Vanette was ranked second for three consecutive years, and the NV350 Caravan was also ranked third. Our products resulted in a monopolization of the Top 3.

Our products have continued to maintain top levels including the period prior to that, and we will continue working to maintain the top level in the Nissan Group.

Furthermore, both Shonan and Nissan Shatai Kyushu will continue working to improve overall equipment efficiency and to optimize fixed costs, aiming to strengthen competitiveness of the factory's quality, cost, and speed.

We are currently reducing production mainly of export vehicles in the first half of the fiscal year, while we are also preparing personnel, equipment, and production systems, etc. so that we can flexibly respond to fluctuations in the number of vehicles in the second half when the situation has settled.

More Competitive Technologies and Skills

Next, our more competitive technologies and skills.

This shows our record for technology development themes we have worked on as our own proprietary technology up until the last fiscal year and the challenges that we will tackle going forward.

Adding to this, we will steadily accumulate technologies for future new vehicles, such as technological development of more advanced safety devices,

improvements in off-road driving performance for SUVs, the development of new frame structures, and the backdoor assembly automation.

Foundation to support all of our initiatives

Finally, I would like to explain the foundation to support all of our activities.

Our company promotes continued activities in order to realize an appropriate work-life balance according to one's life stage and enable all worker to fully exert their capabilities.

Since the previous fiscal year, we have been working to create an environment that enables the employees to easily use various systems in place, and we will continue this effort this year.

In particular, in the current fiscal year we are expanding telework as part of the measures to prevent COVID-19 related infections, centered around departments at the HQ.

So far, our teleworking rate has been 70% or high, which we intend to maintain. In addition, we will continue this initiative even when things return to normal after COVID-19 and will strive towards work style reforms while trying to improve remote communication methods.

And as I mentioned in the beginning, in conjunction with the COVID-19 pandemic, we are doing our utmost to support medical and health care facilities that have insufficient tools.

In April, we made these face shields in-house and provided them to Hiratsuka City and Kanagawa Prefecture.

We also donated spare dust masks used in our factory to medical and health care facilities. In addition, at the request of university research institutions, we manufactured and delivered a prototype vehicle for transporting mildly ill people.

Furthermore, upon request from the government, we also manufactured gowns for medical staff and health care workers in-house and delivered them to Kanagawa and Fukuoka Prefectures.

Utilizing experience and knowledge we cultivated through manufacturing, we were able to efficiently produce high-quality sealed gowns through repeated trial production while listening to the opinions and requests of users.

We began shipping these gowns from June 2 and have already received favorable comments from medical and health care staff. We will continue these support activities in the future.

We are also continuing production in compliances with national and Japan Business Federation guidelines on preventing coronavirus infections at our business locations. Specifically, we are continuing our thorough efforts to check temperatures, wear masks, wash hands, sterilize, and ventilate. We have also implemented measures such as expanding telework for HQ departments, remote conferences, and staggered working hours so as to avoid the 'Three Cs.' Furthermore, we have set up droplet prevention partitions in offices and cafeterias. We will continue production while thoroughly implementing these infection prevention measures and ensuring safety so that we can meet market needs for our vehicles, which are essential for social lives in many industries.

That concludes the explanation of our initiatives to address challenges.

I have reported on the contents of the business report and the consolidated financial statement.

4. Business Outlook for fiscal 2020

In a normal year, we would explain our business outlook for fiscal 2020, but at this point in time the outlook is "Undecided" because of the difficulty in making reasonable calculations due to the effects of the COVID-19 pandemic. We will promptly disclose the outlook when it becomes possible to calculate it.

5. Closing Speech

Despite the uncertain environment surrounding us, we would like to ask you, to give us even more support and advice going forward.