

Briefing for Institutional Investors

June 2022

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 99th fiscal Business Report and Consolidated Financial Statements for the period between April 1, 2021 and March 31, 2022, which will be followed by Item Number 2, the 99th fiscal Financial Statements for the period between April 1, 2021 and March 31, 2022.

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.

In the fiscal year that ended in March 2022, the Japanese economy continued to recover. However, there was a risk of an economic downturn throughout the year because of an increase in COVID-19 cases due to the coronavirus variant, shortages of semiconductors and other parts, and other issues.

In the automobile industry, although there was a recovery in demand for new cars, production was limited by the pandemic, the shortage of semiconductors and other problems.

Furthermore, the Ukraine crisis has created uncertainty and prices of raw materials are increasing rapidly. This extremely uncertain environment for the Nissan Shatai Group is likely to continue.

Net sales

In this environment, the volume of orders from Nissan Motor Co., Ltd. was affected by production reductions caused by the semiconductor shortage and other reasons. As a result, the number of vehicles sold decreased 15.4% year-on-year to 113,775 units. Sales decreased 147.5 billion yen to 215.3 billion yen mainly because of the decline in the number of units and the application of the Accounting Standard for Revenue Recognition to component parts supplied by Nissan Motor and other transactions.

Next, looking at profit and loss, due to the lower sales volume, there was an operating loss of 3.5 billion yen, down 4.0 billion yen from the operating income in the previous fiscal year, and an ordinary loss of 2.5 billion yen, down 4.5 billion yen year-on-year.

Furthermore, there was a net income attributable to shareholders of the parent company of 2.2 billion yen, down 4.1 billion yen year-on-year.

Regarding financing

Next, there were no funding activities to be reported during the fiscal 2021.

Capital expenditure

Next, I will report on capital expenditures for fiscal 2021.

The total amount of capital expenditures was approximately 8.0 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, 2022.

Our total assets reached 231.2 billion yen.

This consisted of 110.7 billion yen in liquid assets and 120.5 billion yen in fixed assets for a year-on-year decrease of 29.8 billion yen.

Meanwhile, our total liabilities reached 59.0 billion yen.

This consisted of 54.8 billion yen in liquid liabilities and 4.2 billion yen in fixed liabilities for a year-on-year decrease of 26.8 billion yen.

The total amount of net assets reached 172.1 billion yen.

This consisted of 167.3 billion yen in shareholder's equity, while accumulated other comprehensive income was 4.8 billion yen for a year-on-year decrease of 3.0 billion yen.

Consolidated statement of income

Next, I would like to give an overview of our consolidated statement of income for our 99th fiscal year.

As for the result of the business activities of our company and consolidated subsidiaries that I already explained, ordinary loss for the fiscal period reached 2.5 billion yen.

For special losses, 500 million yen including a loss due to retirement of fixed assets was registered, with the result of the losses attributable to the owners of the parent company for the fiscal period being 2.2 billion yen after deducting corporate taxes.

3. Initiatives to address major challenges

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

Review of FY 2021

First, regarding fiscal 2021 production results, production decreased to 114,000 units, compared to the 134,000 units in fiscal 2020 and the 182,000 units in fiscal 2019. This was because component supply problems occurred due to a decline in semiconductor production capacity and other factors, and because production was greatly reduced, including the suspension of operations in some cases.

Next, I would like to talk about the issue of improper handling of final vehicle inspections, which was discovered in 2017. We are continuing our efforts to prevent reoccurrence, and in the previous fiscal year we held “Compliance Day” so that our memories of this issue do not fade. During this day, we held viewings of a video to prevent memories of the final inspection issue from fading and carried out an inspection of standard work manuals, and each employee renewed their determination regarding this issue by making a declaration of action. In the future as well, we will stop all production lines on Compliance Day and have all employees participate.

New models of vehicles

Next, as for the results of fiscal 2021, I will introduce the vehicles with minor changes.

We launched many vehicles with minor changes, including higher fuel efficiency, lower emissions, and compliance with the LCV Corporate Average Fuel Efficiency standards, commonly known as CAFÉ, and also minor changes for making the AD, NV200 Vanette and Caravan (gasoline/diesel) even more appealing. These vehicles have been very well received by the market and we are receiving a lot of orders.

Furthermore, in the previous fiscal year our company’s Patrol, which commenced production in 1951, celebrated the 70th anniversary of its birth, so we released a commemorative model at the Dubai Expo. The Patrol receives tremendous support in the Middle East region, and is enhancing the value of the Nissan brand. It is an important model for our company, so going forward we will continue to produce it with care.

Efforts for FY2022

With that, we conclude our review of fiscal 2021.

Next, we will explain our main efforts for fiscal 2022 according to the main pillars of the medium-term management plan, which started in 2017.

More competitive vehicles

First is “More Competitive Vehicles”.

First, I will introduce MOOW. This is a mobile office car which enables comfortable telework in the rear seat space of the NV200 Vanette, which our company has jointly developed with Itoki Corporation.

A lithium-ion battery is installed inside the vehicle, enabling supply of the electricity necessary for the air conditioner and telework even when the engine is stopped. We are continuing reviews aimed at launching it during the current fiscal year.

Next, is the 2022 model of the Paramedic ambulance. In addition to enhancement of its advanced safety features and equipment and improvement of its environmental performance, we improved the interior and exterior textures and functions. Due to this, we have completed a vehicle which is even more useful to ambulance crews than before, so we are promoting it to the fire departments in each region.

In addition to the above, in Japan, the Middle and Near East, Africa, Southeast Asia, etc., the major markets for our company's products, we are expanding sales by continuing to tackle activities to support local sales and proposals for product specifications which satisfy the demand which arises from the local sales. For example, in Japan we participate in events for exchanges of views with the customers, and overseas we are providing product explanations, etc. remotely.

More Competitive Plants

Next I will discuss "More Competitive Plants".

First is topics related to quality.

In the initial quality evaluation for the Nissan group domestic market models in FY2021, our AD, NV200 Vanette, and Caravan took first to third place in the rankings. Our vehicles continue to maintain this top level every year, and during this fiscal year as well we will continue working to maintain our top level in the Nissan group.

Furthermore, at the Shonan Plant, we are advancing the reconfiguration of equipment process in line with the number of units produced. At Nissan Shatai Kyushu, we are working on improving the productivity of frame vehicles. Moreover, we will continue to focus on quality, through the utilization of quality survey results, enhancement of the quality of endurance over time, etc., and we will minimize loss costs, optimize both fixed and variable costs, and improve overall equipment efficiency. We will flexibly respond to demands from the global market and will aim to strengthen the competitiveness of factory quality, cost, and speed.

More Competitive Technologies and Skills

Next is "More Competitive Technologies and Skills".

This shows the main technical themes that we will work on during this fiscal year and the registration status of issues for this fiscal year that we will address in the future with our own technologies. This fiscal year, for the next model vehicles, we will move the items we developed in the previous fiscal year into the mass production phase. Furthermore, in addition to enhancement of the LCV product attractiveness, we are continuing the buildup of new items in anticipation of the technologies required for next model vehicles and for when electrification progresses going forward.

Foundation to support all of our initiatives

Finally is “Foundation to Support All of Our Activities”.

Our company is proceeding with workplace vaccinations for COVID-19, and we have completed the third vaccination at Shonan and Kyushu. Due to this, we have reduced the risk and are continuing our business operation. Furthermore, in this initiative, we are not limiting the recipients of the vaccinations to the employees and their families; we also opened them up to the region and as a result many people have received their vaccinations and we have been able to contribute to the local community.

Furthermore, for our work style reforms, we are proceeding with the development of IT solutions to promote the streamlining of our operations. We are also holding seminars, etc. to instill these solutions inside the company and endeavoring to make improvements.

As part of our social contributions, we were accepting fifth-year elementary school students for social studies tours, but due to the impacts of COVID-19 it has become difficult to conduct conventional factory tours so we have proceeded with the acceptance of online factory tours. Last year we installed a specialized studio and since then we have expanded the coverage nationwide, and as a result the number of students accepted has become No.1 among Nissan’s domestic factories.

In this fiscal year too, we have accepted a lot of tours, contributing to the region and society.

That is the end of the explanation of our efforts in fiscal 2022. It is the final fiscal year of the current medium-term management plan, so we are proceeding with the formulation of the next medium-term management plan to respond to societal demands and changes in society. We are proceeding with Nissan Ambition 2030, the policy of the Nissan group, and initiatives to meet the demands of the SDGs and ESG, to respond to CASE, With Corona, and After Corona, and to achieve carbon neutral. The next medium-term management plan will be published on our website, etc. going forward.

That concludes the explanation of our initiatives to address challenges.

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

4. Business Outlook for fiscal 2022

Now, I will explain our business outlook for fiscal 2022.

First, we expect net sales of 314.3 billion yen.

Additionally, we expect operating income and ordinary income of 9.5 billion yen and 9.9 billion yen, respectively, and we expect profit attributable to owners of parent of 6.4 billion yen.

That concludes the business outlook for fiscal 2022.

5.Dividends

Regarding dividends, based on our dividend policy of continuously paying stable dividends, then the annual dividend for fiscal 2021 will be 13 yen.

For fiscal 2022, we plan to continue paying a dividend of 13 yen.

6. Closing Speech

We would like to ask you, to give us even more support and advice going forward.