

97th Ordinary General Shareholders Meeting: Notice of Convocation

Date and Time: Wednesday, June 24, 2020, at 10:00 a.m.

Venue: Head Office Main Building, Nissan Shatai Co., Ltd.
2-1 Tsutsumicho, Hiratsuka, Kanagawa



NISSAN SHATAI CO., LTD.

Code no.: 7222
June 5, 2020

NISSAN SHATAI CO., LTD.
2-1 Tsutsumicho, Hiratsuka, Kanagawa

Dear shareholders:

97th Ordinary General Shareholders Meeting: Notice of Convocation

Notice is hereby given that the 97th Ordinary General Shareholders Meeting of the Company (the “Meeting”) will be held as described below. You are cordially invited to attend the Meeting.

COVID-19 is having a variety of effects on our lives, including the need to stay home as much as possible. After carefully examining how to hold this year’s shareholders meeting, Nissan Shatai has decided to hold the meeting along with appropriate protective measures concerning COVID-19. In order to prevent the spread of COVID-19, Nissan Shatai asks shareholders to submit their votes by using the voting form prior to the meeting as much as possible and also to refrain from attending the shareholders meeting irrespective of their current health conditions.

If you are unable to attend the Meeting in person, you may exercise your voting right in writing. After reviewing the Reference Materials for General Shareholders Meeting below, please indicate your votes for or against the proposal on the enclosed voting form and return it to the Company so that it arrives no later than 5:30 p.m. on Tuesday, June 23, 2020.

Yours sincerely,

Shohei Kimura
President

Particulars

1. Date and Time

Wednesday, June 24, 2020, at 10:00 a.m.

2. Venue

Head Office Main Building
Nissan Shatai Co., Ltd.
2-1 Tsutsumicho, Hiratsuka, Kanagawa

In order to prevent the spread of the COVID-19, the spacing between seats will be expanded. Therefore, the number of seats available for the General Shareholders Meeting will be much less compared to the usual year. Shareholders are requested to be aware that

there is a possibility you will not be able to attend the meeting because capacity will be limited.

Thank you in advance for your understanding.

3. Agenda Items

Matters to be reported:

1. 97th fiscal Business Report (April 1, 2019 to March 31, 2020), Consolidated Financial Statements, and Audit Reports by Accounting Auditor and the Board of Statutory Auditors
2. 97th fiscal Financial Statements (April 1, 2019 to March 31, 2020)

Matters to be resolved:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of one Director
- Proposal 3: Election of one Statutory Auditor
- Proposal 4: Election of One Substitute Statutory Auditor

Requests to shareholders

Nissan Shatai may revise the COVID-19 preventive measures explained above depending on the growth in the number of infections, government announcements and other events. Please check for the latest information on the Nissan Shatai website (<https://www.nissan-shatai.co.jp/EN/IR/NEWS/>).

- Shareholders who attend the meeting are asked to wear a mask.
 - Alcohol-based hand sanitizers for shareholders will be placed near the reception desk.
 - The temperature of shareholders will be checked at the entrance to the meeting.
 - Shareholders who have an elevated temperature, are not feeling well, or who have returned from a trip to another country within the past 14 days will not be allowed to enter the meeting room and will be asked to leave. Shareholders who have returned from a trip to another country within the past 14 days are requested to provide this information to personnel at the reception desk.
 - All Nissan Shatai personnel at the shareholders meeting will wear masks and will participate in the operation of this meeting only after a confirmation of their current health, including their temperature.
 - To facilitate the efficient operation of this shareholders meeting, shareholders are asked to look at the information in this notice of convocation prior to the meeting.
- When attending the Meeting in person, please present the enclosed voting form at reception.
 - If any revisions are made to the Reference Materials for General Shareholders Meeting, the Business Report, or the Consolidated or Nonconsolidated Financial Statements, amended versions will be posted on the corporate website:
<http://www.nissan-shatai.co.jp/IR/NEWS/>

Reference Materials for General Shareholders Meeting

Proposal and Matters for Reference

Proposal 1: Appropriation of Surplus

Taking into account business performance in this fiscal year and the Company policy of paying stable dividends on an ongoing basis, it is proposed to pay a year-end dividend as detailed below.

Including the interim dividend already paid, this will result in a total dividend for this fiscal year of 13 yen per share, the same as in the previous fiscal year.

Details of Year-End Dividend

- (1) Distribution of year-end dividend to shareholders and total amount:
 - 6.5 yen per share of common stock in the Company
 - Total amount: 880,445,339 yen
- (2) Effective date of distribution of surplus:
 - June 25, 2020

Proposal 2: Election of one Director

Shohei Kimura is resigning as a director at the close of this General Meeting. Therefore, shareholders are asked to elect one substitute director to take his place.

In accordance with Article 22, Paragraph 2 of the Articles of Incorporation, the term of office of the director elected at this shareholders meeting will end at the same time as the terms of the current directors.

Candidate for a director is as follows:

Name (Date of Birth)	Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies	Number of Shares of the Company Owned
<p>Haruhiko Yoshimura (June 25, 1959)</p> <p>Male</p> <p>New appointment</p>	<p>Apr 1983: Joined Nissan Motor Co., Ltd. Apr 2011: Plant Manager, Oppama Plant, Nissan Motor Co., Ltd. Apr 2014: Alliance Global Director, Vehicle Process Engineering No.2 / VP, Vehicle Production Engineering, Nissan Motor Co., Ltd. Aug 2015: Alliance Global VP, Vehicle Production Engineering , Nissan Motor Co., Ltd. Apr 2016: Corporate Vice President, Alliance Global VP Vehicle Production Engineering , Nissan Motor Co., Ltd. Apr 2020: Executive Vice President Nissan Shatai Co., Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai: Assistant to the President</p>	<p>200 shares</p>
<p>Reason for selection as a director candidate</p> <p>Mr. Yoshimura has considerable knowledge and many accomplishments involving all aspects of manufacturing due to his experience in the manufacturing operations of Nissan Motor. As Executive Vice President of Nissan Shatai, he has used his strong leadership and management experience to oversee all business operations. Since Mr. Yoshimura is well suited for implementing measures for the sustained growth of corporate value and the improvement of corporate governance, he is a candidate for election as a director.</p>		
<p>Note: There is no special interest between Nissan Shatai and Mr. Yoshimura.</p>		

Proposal 3: Election of one Statutory Auditor

The term of office of Statutory Auditor Toshikatsu Hamaji will expire at the close of this General Meeting. Therefore, the Company proposes to elect one statutory auditor. The Board of Statutory Auditors has agreed to this proposal.

Candidate for an auditor is as follows:

Name (Date of Birth).	Brief Personal Record, Positions, and Important Positions at Other Companies	Number of Shares of the Company Owned
<p>Toshikatsu Hamaji (November 7, 1957)</p> <p>Male</p> <p>Reappointment</p>	<p>Apr 1981: Joined Nissan Shatai Co., Ltd. Apr 2006: General Manager, Corporate Plan Promotion Office, Corporate Management Dept., Nissan Shatai Co., Ltd. Assigned by Nissan Shatai to be a Senior Manager, Administration Department for Affiliated Companies Dept., Nissan Motor Co., Ltd. (positions held concurrently) Apr 2008: Senior General Manager; General Manager, Corporate Management Dept., Nissan Shatai Co., Ltd. Apr 2010: Corporate Vice President, Nissan Shatai Co., Ltd. Jun 2012: Director and Corporate Vice President, Nissan Shatai Co., Ltd. Apr 2015: Director and Senior Vice President, Nissan Shatai Co., Ltd. Jun 2018: Statutory Auditor (Full-time), Nissan Shatai Co., Ltd (Current Position)</p> <p>Important positions at other companies: Statutory Auditor, Nissan Shatai Kyushu Co., Ltd. Statutory Auditor, Auto Works Kyoto Co., Ltd.</p>	<p>11,300 shares</p>
<p>Reason for selection as a statutory auditor candidate</p> <p>Mr. Hamaji has considerable experience and knowledge concerning corporate management, including experience as a manager of Nissan Shatai's administrative operations and an executive at a Nissan Shatai Group company. As a statutory auditor of Nissan Shatai, he properly performs audits concerning the performance of the directors. Since Mr. Hamaji is well suited for further strengthening auditing functions, he is a</p>		

candidate for re-election as a statutory auditor.

Notes:

1. There is no special interest between Nissan Shatai and Mr. Hamaji
2. In accordance with the Articles of Incorporation, there is a contractual agreement between Company and Mr. Hamaji that limits his liability. In addition, if Mr. Hamaji is re-elected, the Company plans to renew this liability limitation contract in order to limit the liability for damages vis-à-vis Nissan Shatai to a certain level. The main terms of this contract are as follows.
 - (1) If a statutory auditors become liable for damages to the Company due to neglect of their duties, the liability will be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
 - (2) The limit of liability in the above paragraph will apply only in cases where the statutory auditor concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.

Proposal 4: Election of One Substitute Statutory Auditor

To be prepared in the event that the number of statutory auditors falls below the number designated by laws and regulations, the Company proposes to elect one substitute statutory auditor.

This substitute statutory auditor will become a statutory auditor only if the number of statutory auditors falls below the legally designated number and the term of office will be the remainder of the term of office of the statutory auditor who is replaced.

The Board of Statutory Auditors has agreed to this proposal.

Candidate for a substitute statutory auditor is as follows:

Name (Date of Birth)	Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies	Number of Shares of the Company Owned
Tomonori Ito (February 29, 1964) Male Reappointment/ Outside Statutory Auditor/ Independent statutory auditor	Apr 1986: Joined The Bank of Yokohama, Ltd. Apr 2008: General Manager, Credit Dept. II, The Bank of Yokohama, Ltd. Apr 2009: General Manager, Corporate Planning:, Association Business, The Bank of Yokohama, Ltd. Jun 2011: General Manager, Corporate Administration Dept., The Bank of Yokohama, Ltd. May 2012: Executive Officer, The Bank of	None

	<p>Yokohama Ltd. Apr 2016: Managing Director Yokohama Stadium Co., Ltd. Aug 2017: Corporate Advisor, Yokohama Guarantee Co., Ltd. May 2018: Director, Kanagawa Association of Corporate Executives (Current position) Jun 2019: Statutory Auditor, JATCO Ltd. (Current position) Jun 2019: Substitute Statutory Auditor, Nissan Shatai Co., Ltd (Current position)</p> <p>Important positions at other companies: Director, Kanagawa Association of Corporate Executives Statutory Auditor, JATCO Ltd.</p>	
<p>Reason for selection as a substitute statutory auditor candidate</p> <p>Due to his long career at a financial institution and other companies outside the automobile industry, Mr. Ito has considerable experience and knowledge concerning corporate management, finance and accounting. As Mr. Ito is well suited to perform auditing operations if the number of auditors at Nissan Shatai falls below the number required by laws and regulations, he is a candidate for election as a substitute statutory auditor.</p>		
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Ito. 2. Mr. Ito is a candidate for a substitute outside statutory auditor post. 3. If Mr. Ito is elected a substitute statutory auditor at the shareholders meeting as proposed and subsequently becomes a statutory auditor, he will be an independent statutory auditor as stipulated by Tokyo Stock Exchange, Inc. 4. If Mr. Ito is elected a substitute statutory auditor at the shareholders meeting as proposed and subsequently becomes a statutory auditor, the Company plans to conclude a limited liability contract with Mr. Ito that limits his liability regarding Nissan Shatai to a certain level. The main terms of this contract are as follows. <ol style="list-style-type: none"> (1) If a statutory auditors become liable for damages to the Company due to neglect of their duties, the liability will be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. (2) The limit of liability in the above paragraph will apply only in cases where the statutory auditor concerned acted in good faith and there was no gross negligence concerning the duties liable for damages. 		

Reference

Composition of the Board of Directors and advisory committees after the meeting

The planned composition of the Nominations and Remuneration Committee and the Business Monitoring Committee is as follows if shareholders approve proposals 2 and 3 with no revisions.

Name	Positions at Nissan Shatai	Outside director	Independent director	Nominations and Remuneration Committee	Business Monitoring Committee
Haruhiko Yoshimura	President			○	
Yuichi Mabuchi	Director				
Hiroyuki Otsuka	Director				
Shin Kotaki	Director				
Seiichiro Ichikawa	Director	○	○	○	○
Masayuki Imai	Director	○	○	○	○
Toshikatsu Hamaji	Statutory Auditor (Full-time)				
Tetsunobu Ikeda	Auditor (Full-time)	○			
Izumi Inoue	Statutory Auditor	○	○		○

Roles of the committees

1) Nominations and Remuneration Committee

In response to requests from the Board of Directors for advice, the members of this committee discuss the following items concerning nominations and remuneration and submit their advice to the Board of Directors

- (1) Policies and procedures for the selection or termination of a representative director and for selections of directors and statutory auditor candidates
- (2) Proposals at shareholders meetings for the election or termination of directors and statutory auditors
- (3) Succession plan for the president (chief executive officer)
- (4) Policy for determining the remuneration of directors
- (5) Remuneration for individual directors
- (6) Other items as required by the Board of Directors concerning the preceding items

2) Business Monitoring Committee

In response to requests from the Board of Directors for advice, the members of this committee discuss significant transactions with related parties and submit their advice to the Board of Directors.

(Attached Documents)

Business Report

(From April 1, 2019 to March 31, 2020)

1. Current State of Corporate Group

(1) Operations and results

In the first three quarters of the fiscal year that ended in March 2020, the Japanese economy continued to recover slowly. Manufacturing and exports remained sluggish due to weak overseas demand caused by slowing economic growth in other countries, prolonged trade friction and other reasons. However, consumer spending slowly returned to an upward trend as the labor market and personal income continued to improve, although there were downturns due to typhoons and a consumption tax hike.

In the fourth quarter, as COVID-19 spread rapidly worldwide, automakers in Japan began to suspend production because of the direct impact of this crisis on supply chains. Furthermore, global demand for new cars fell sharply. This extremely uncertain environment is likely to continue, resulting in an even more challenging business climate for the Nissan Shatai Group.

Due to weaker overall demand for automobiles and other reasons, the volume of orders from Nissan Motor Co., Ltd. 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 decline in sales mainly because of rapid measures for lowering expenses and raising productivity. Operating income increased by 19.5% to 9.3 billion yen and ordinary income increased by 19.9% to 9.8 billion yen. There was a special loss of 0.9 billion yen for the impairment of equipment used exclusively for producing the Armada due to the end of supplementary production of this vehicle at the Shonan Plant. As a result, profit attributable to owners of parent increased by 4.3% to 5.8 billion yen.

Sales Breakdown

Category	Volume (Units)	Amount (Million yen)	Year-on-year change (%)
Passenger vehicles	93,438	320,320	(21.4)
Commercial vehicles	67,152	106,768	(17.2)
Microbuses	21,696	44,970	16.6
Vehicle parts, etc.	—	26,772	(4.0)
Total	182,286	498,831	(17.3)

(2) Funding activities

There were no funding activities to be reported during the fiscal year under review.

(3) Capital expenditures

Capital expenditures during the fiscal year under review totalled 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 such means as the rationalization of manufacturing facilities, the improvement of welfare facilities, and environmental improvements.

(4) Issues and outlook for the year ahead

In fiscal 2017, Nissan Shatai started a Medium-Term Management Plan covering fiscal years 2017 to 2022. The plan's fundamental direction is building a powerful and long-lasting foundation for success by focusing on LCV and frame-vehicle technological expertise to supply vehicles with outstanding quality and appeal to customers. This plan has three major goals: (1) Produce highly appealing vehicles to increase production and sales; (2) Operate plants with the best quality that can earn the trust of customers; and (3) Establish global technology bases for LCV and frame-vehicle manufacturing.

In fiscal 2019, Nissan Shatai started producing the Patrol with minor changes that include a next-generation navigation system and revised exterior and the NV200 which has minor changes and variety of advanced safety equipments. Regarding the final vehicle inspection issue that was discovered in 2017, countermeasures concerning all items involving this issue have advanced to the implementation phase, including the training of finished vehicle inspectors, in order to prevent a reoccurrence of this problem.

We will continue to take full advantage of the integrated manufacturing infrastructure extending from development to production that is our greatest strength. There will also be measures to establish manufacturing operations that can adapt with flexibility to market trends and to build a stronger foundation centered on workforce diversity that can support all operations. By taking these actions, we are determined to earn even greater confidence among customers, shareholders, business partners, communities, employees and all other stakeholders.

There are still no signs of an end to the COVID-19 pandemic. Commercial and special-purpose vehicles, which are the main products of Nissan Shatai, are vital in the logistics, food, household products, health care, infrastructure and many other industries. We will continue our manufacturing operations in order to meet the need for our vehicles while implementing a rigorous program to prevent COVID-19 infections. In addition, we will use our technologies in order to contribute to society by producing special vehicles required by health care professionals as well as face shields, medical gowns and other items and supplying these products to local governments and other users.

(5) Financial performance highlights

Item	Fiscal term	94th Fiscal term (Ended March 31, 2017)	95th Fiscal term (Ended March 31, 2018)	96th Fiscal term (Ended March 31, 2019)	97th Fiscal term (Ended March 31, 2020)
Net sales	(Million yen)	565,822	558,600	602,882	498,831
Ordinary income	(Million yen)	12,709	1,756	8,174	9,802
Profit (loss) attributable to owners of parent	(Million yen)	8,223	(2,297)	5,585	5,827
Earnings (loss) per share	(Yen)	55.59	(16.38)	41.23	43.02
Total assets	(Million yen)	294,476	273,320	268,514	264,709
Net assets	(Million yen)	179,376	161,713	166,025	168,792
Book value per share	(Yen)	1,212.58	1,193.87	1,225.70	1,246.13

Notes:

1. Earnings (loss) per share is calculated on the basis of the average number of shares outstanding during each fiscal term, after deduction of treasury stock.

(6) Principal parent company and subsidiaries

a) Parent company

Nissan Shatai's parent company Nissan Motor Co., Ltd. holds 67,726 thousands shares (50.0% of all voting rights) of the total number of Nissan Shatai's shares outstanding, and accounts for 99.8% of Nissan Shatai's net sales.

b) Transactions with the parent company

- 1) Points considered to prevent detrimental effects to Nissan Shatai's interest as a result of these transactions and reason for judgement by the Board of Directors if these transactions are detrimental to Nissan Shatai's interest or not

Transaction prices for automobile to the parent company are determined by negotiations that take into account the total cost of manufacturing. Nissan Shatai's Board of Directors confirms the process and contents of these negotiations.

- 2) Opinion concerning transactions with the parent company in the event that the decision of the Board of Directors differs from the opinion of the outside director

Not applicable.

c) Principal subsidiaries

Company name	Capital (Million yen)	Share of voting rights (%)	Main business
Nissan Shatai Kyushu Co., Ltd.	10	100	Vehicle manufacture
Nissan Shatai Manufacturing Co., Ltd.	432	100	Pressing and assembly of auto parts, molding and assembly of resin products
Nissan Shatai Engineering Co., Ltd.	40	100	Machinery maintenance and servicing, equipment installation, logistics
Auto Works Kyoto Co., Ltd.	480	100	Vehicle manufacture
Nissan Shatai Computer Service Co., Ltd.	100	100	System and program development
Pro Staff Co., Ltd.	90	100	Temporary staff placement

Note: Shares of voting rights include those held indirectly.

(7) Principal business operations The Nissan Shatai Group's principal business is the manufacture and sale of motor vehicles and auto parts, other business activities including servicing related to the aforesaid.

Its principal products are as follows:

Category	Product names
Passenger vehicles	NV200 Vanette, NV350 Caravan, Elgrand, Patrol (Y61/Y62), Armada, Infiniti QX80
Commercial vehicles	NV150AD, NV200 Vanette, NV350 Caravan, Patrol Pickup, Atlas F24
Microbuses	NV350 Caravan, Civilian
Vehicle parts, etc.	Vehicle parts and other items

(8) Principal offices, facilities, and plants

a) Nissan Shatai

Office / facility / plant	Location
Head Office	Hiratsuka, Kanagawa Prefecture
Kyushu Office	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Development Division	Hiratsuka, Kanagawa Prefecture
Hadano Office	Hadano, Kanagawa Prefecture
Tochigi Office	Kaminokawa-machi, Kawachi-gun, Tochigi Prefecture
Production Division	Hiratsuka, Kanagawa Prefecture
Shonan Plant	Hiratsuka, Kanagawa Prefecture
Quality Assurance Kyushu, Quality Administration Group	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Kyoto Office	Uji, Kyoto Prefecture

b) Subsidiaries

Nissan Shatai Kyushu Co., Ltd.	Head Office and plant: Kanda-machi, Miyako-gun, Fukuoka Prefecture
Nissan Shatai Manufacturing Co., Ltd.	Head Office: Hiratsuka, Kanagawa Prefecture Plants: Hiratsuka and Hadano, Kanagawa Prefecture
Nissan Shatai Engineering Co., Ltd.	Head Office: Hiratsuka, Kanagawa Prefecture Plants: Hiratsuka, Kanagawa Prefecture; Kanda-machi, Miyako-gun, Fukuoka Prefecture
Auto Works Kyoto Co., Ltd.	Head Office: Uji, Kyoto Prefecture Plants: Uji, Kyoto Prefecture; Hiratsuka, Kanagawa Prefecture; Kanda-machi, Miyako-gun, Fukuoka Prefecture

(9) Employee information

a) Group employees

Number of employees	Increase from end of previous fiscal year
4,053	21

b) Nissan Shatai employees

Number of employees	Increase from end of previous fiscal year
1,811	14

2. Share Data

- (1) Total number of shares authorized to be issued 400,000,000
- (2) Total number of shares issued 157,239,691
(including 21,786,562 shares of treasury stock)
- (3) Number of shareholders at fiscal year-end 3,943
- (4) Ten largest shareholders

Name	Number of shares (Thousands)	Ratio of issued shares (%)
Nissan Motor Co., Ltd.	67,726	50.0
MLI for Client General Omni Non Collateral Non Treaty-PB	21,000	15.5
Goldman Sachs International	11,583	8.6
ECM MF	7,182	5.3
Nissan Shatai Supplier Stock Ownership Plan	2,842	2.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,016	1.5
Japan Trustee Services Bank, Ltd. (Trust Account)	1,138	0.8
J.P. Morgan Chase Bank 385151	976	0.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	840	0.6
Japan Trustee Services Bank, Ltd. (Trust Account 5)	804	0.6

Note: Nissan Shatai holds 21,786,562 shares of treasury stock, but has been excluded from the above list of ten largest shareholders. The ratios of issued shares have been calculated after excluding treasury stock.

3. Directors and Statutory Auditors

(1) List of directors and statutory auditors (at March 31, 2018)

Title	Name	Responsibilities	Important positions at other companies
President*	Shohei Kimura	Internal Audit Office, General Manager Corporate Quality Assurance Div.	President, Nissan Shatai Kyushu Co. Ltd.
Director	Yuichi Mabuchi	Overall supervision of Production Div.; Safety and Environment Administration Dept.; Production Administration Dept.; Shonan Plant	
Director	Hiroyuki Otsuka	Overall supervision of Development Div.; Product Development Administration Dept; Conversion Development Dept., Vehicle Evaluation & Test Dept.	
Director	Shin Kotaki	Overall supervision of General & Administration Div.; Corporate Management Dept.; Human Resources Dept.; Secretariat; Finance Dept.; Vehicle Cost Management Dept.; Purchasing Dept.; Conversion Business Promotion Office	
Director (Outside)	Seichiro Ichikawa		
Director (Outside)	Masayuki Imai		Director and Executive Officer, Kanagawa Chuo Kotsu Co., Ltd.
Statutory Auditor	Toshikatsu Hamaji	Full-time	Statutory Auditor, Nissan Shatai Kyushu Co., Ltd., Statutory Auditor, Auto Works Kyoto Co., Ltd.

Statutory Auditor (Outside)	Tetsunobu Ikeda	Full-time	Outside Statutory Auditor, AUTECH JAPAN, Inc. Outside Statutory Auditor, NISSAN NETWORK HOLDINGS COMPANY LIMITED
Statutory Auditor (Outside)	Izumi Inoue		Chief Executive Officer, Japan Risk Solution Co., Ltd.

Notes:

1. * indicates a representative director.
2. Mr. Ichikawa and Mr. Imai are an outside directors.
3. Mr. Ikeda and Mr. Inoue are outside statutory auditors.
4. Mr. Ichikawa, Mr. Imai and Mr. Inoue are independent directors or statutory auditor as stipulated by Tokyo Stock Exchange, Inc.
5. Mr. Imai was newly elected as a director at the 96th General Meeting that was held on June 26, 2019.
6. Mr. Ikeda was newly elected as a statutory auditor at the 96th General Meeting that was held on June 26, 2019.
7. There are no capital ties between Nissan Shatai and Kanagawa Chuo Kotsu Co., Ltd. Nissan Shatai uses Kanagawa Chuo Kotsu's bus, taxi and hotel services as a general customer. Sales of Kanagawa Kotsu to Nissan Shatai were insignificant (less than 1% of annual consolidated sales) in FY2019.
8. AUTECH JAPAN, Inc. and NISSAN NETWORK HOLDINGS COMPANY LIMITED are subsidiaries of Nissan Shatai's parent company Nissan Motor Co., Ltd.
9. There are no capital ties and business relations between Nissan Shatai and Japan Risk Solution Co., Ltd.

(2) Total amount of remuneration of directors and statutory auditors

Office	No. of persons	Payment	Remuneration ceiling stipulated by general shareholders meeting
Directors	7	131,280 thousand yen	The ceiling for remuneration of directors is 30 million yen per month (resolution of June 30, 1982)
Statutory Auditors	4	45,924 thousand yen	The ceiling for remuneration of statutory auditors is 5 million yen per month (resolution of June 30, 1982).
Total	11	177,204 thousand yen	

Notes:

1. At the end of the fiscal year under review, there were six directors and three statutory auditors.
2. The remuneration paid to three outside directors and three outside statutory auditors during the fiscal year under review totaled 45,516 thousand yen.
3. Outside directors and outside statutory auditors of Nissan Shatai received aggregate remuneration of 12,003 thousand yen for duties performed as directors or statutory auditors at Nissan Motor or a subsidiary of Nissan Motor.

(3) Outline of limited liability contract

Under Article 423, Paragraph 1 of the Companies Act, the Company has concluded limited liability contracts with outside directors and statutory auditors, with limits as prescribed in Article 425, Paragraph 1 of the Companies Act.

(4) Matters related to outside directors and outside statutory auditors

- 1) Outside directors and outside statutory auditors' material concurrent employments and relationships between the Company and the Company's concurrent counterparties
As stated in "(1) List of directors and statutory auditors"

2) Principal activities in the term under review

Category	Name	Principal contributions	Attendance record	
			Board of Directors	Board of Statutory Auditors
Director	Seiichiro Ichikawa	As necessary based on experience and insights	100% (19/19 times)	—
Director	Masayuki Imai	As necessary based on experience and insights	100% (14/14 times)	—
Statutory Auditor	Tetsunobu Ikeda	As necessary based on experience and insights	100% (14/14 times)	100% (11/11 times)
Statutory Auditor	Izumi Inoue	As necessary based on experience and insights	95% (18/19 times)	95% (14/15 times)

4. Accounting Auditor

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc., of accounting auditor for the fiscal year under review

- a) Amount of remuneration as accounting auditor for the fiscal year under review: 32 million yen
- b) Total amount of monetary or other property benefits to be paid by Nissan Shatai or its subsidiaries: 41 million yen

Note: In the audit agreement between Nissan Shatai and the accounting auditor, there is no demarcation of the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and since in essence it is not possible to demarcate them, the amount in a) above represents the combined sum of the two.

(3) Services other than audits

Nissan Shatai asked Ernst & Young ShinNihon LLC to provide advice and information concerning a new accounting standard for the recognition of revenue that Nissan Shatai will start using on April 1, 2021.

(4) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

When accounting auditors are recognized as meeting the conditions of Article 340, Paragraph 1 of the Companies Act, the accounting auditors are dismissed by the Board of Statutory Auditors with the concurrence of all statutory auditors.

Further, if in addition it is adjudged that there are obstacles to execution of proper audits by the accounting auditors from the standpoints of independence and professionalism, the decision may be made by the Board of Statutory Auditors to dismiss or deny reappointment, and based on a Board of Directors resolution the relevant proposal is presented by the Board of Directors to the General Shareholders Meeting.

(5) Reason that Board of Statutory Auditors consent for remuneration, etc. for the accounting auditor

The Board of Statutory Auditors used documents and reports obtained as needed from associated Company departments and the accounting auditor to perform an examination of the auditing plan, the services provided in the previous fiscal year, the basis for calculating estimated remuneration and other items concerning the accounting auditor. This examination resulted in the decision that the remuneration, etc. for the accounting

auditor was suitable and consent was given as stated in Article 399, Paragraph 1 of the Companies Act.

5. Policy regarding Internal Control Systems

(1) Systems to ensure that directors and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties

Recognizing the importance of directors and employees of Nissan Shatai acting with sound judgment as members of society, Nissan Shatai develops the Nissan Shatai Code of Conduct—Our Promise in the aim of ensuring legal compliance and proper execution of duties. In-house training and other courses promote dissemination of the Code of Conduct, and all directors and employees submit written oaths of compliance with the Code of Conduct. Furthermore, each Nissan Shatai group company develops own code of conduct based on Nissan Shatai's code and promote dissemination of their respective code. The Internal Audit Office also conducts audits of Nissan Shatai and its group companies, primarily to check compliance with laws, ordinances, and the Articles of Incorporation.

Nissan Shatai and its group companies introduce hotline system(internal and external) so that employees of Nissan Shatai and its group companies can freely and directly submit opinions, questions or requests and provide information about suspected actions of none compliance, and such issues are promptly identified and rectified. If a matter that could contravene the Code of Conduct is reported, a solution is immediately discussed at meeting of the Nissan Shatai Compliance Committee or its group companies' Compliance Committees and implemented. The Compliance Committee provides monthly reports to the Executive Committee on its activities.

Nissan Shatai and its group companies are resolute in its opposition to anti-social forces. In the event that directors or employees are approached in any way by members of antisocial groups, they quickly report the matter to their superiors and relevant divisions and follow their instructions. Directors and employees shall not, directly or indirectly, engage in dishonest or criminal conduct such as fraud or blackmail in the course of their business activities. If they encounter such situation, they shall act resolutely against it and they quickly report such matter to their superiors and relevant divisions, and follow their instructions.

Furthermore, Nissan Shatai and its group companies strive to enhance internal control mechanisms to ensure the reliability of financial reporting in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.

(2) Systems for storage and management of information relating to the exercise of directors' duties

Nissan Shatai and its group companies' minutes of general shareholders meetings and of Board of Directors meetings, together with records of decisions made pursuant to the authority criteria and documentation on other decisions, are stored and managed in accordance with laws and internal regulations at Nissan Shatai and its group companies

respectively. Directors, statutory auditors and some others have access to such documentation for the purpose of performing their business activities.

Nissan Shatai and its group companies implement Information Security Policy respectively to enhance proper and strict retention and management of information and to prevent improper use of information and unintended disclosure of such information. Furthermore, Nissan Shatai and its group companies have Information Security Committee respectively, which is engaged in overall management of information security and make decisions with respect to information security matters.

(3) Risk management regulations and systems

Nissan Shatai and its group companies prevent the occurrence of risks that could hinder business continuity or threaten stakeholder safety or security and, if they occur, mitigate the magnitude of losses and prevent recurrence by sensing such risks as early as possible and implementing appropriate countermeasures.

The Risk Management Committee chaired by Nissan Shatai's president is responsible for the management of Nissan Shatai and its group companies' risk, which implements necessary measures and monitor the progress of such measures.

Key risks for Nissan Shatai and its group companies include environmental, quality, and safety issues. Nissan Shatai regularly convenes meetings of specialist committees including Environmental Committee, Quality Committee, and Safety Council, and develops regulations, standards, manuals and other rules and conduct rigorous training programs in order to prevent the occurrence and, if they occur, mitigate the magnitude of losses and prevent recurrence.

(4) Systems to ensure efficient execution of duties by directors

Nissan Shatai has Board of Directors, which decides material business activities of Nissan Shatai and monitors the activities of individual directors. In addition, statutory auditors who comprise Board of Auditors audit the activities of the directors.

Nissan Shatai's Board of Directors is relatively small, so it is structured with a transparent and logical system of delegation, by which the authority to perform business activities is properly delegated to corporate officers and other employees.

The Executive Committee consisting of corporate officers and other key managers meets once a week in principle to discuss specific management issues.

Nissan Shatai enacts Responsibilities of Each Department for the purpose of defining the responsibilities of each department and enacts Delegation of Authority for the purpose of clarifying the deciders and decision making processes, and speeding up the execution of business activities. Likewise, its group companies enact objective and transparent Responsibilities of Each Department and Delegation of Authority. Nissan Shatai and its

group companies periodically review those Responsibilities of Each Department and Delegation of Authority to assure prompt and efficient decision making.

Nissan Shatai ensures the efficient and effective management of its business by determining and sharing management policy and business direction in Nissan Shatai and its group companies through establishment of the mid-term management plan and the annual business plan.

(5) Systems to ensure proper conduct of work in the corporate group consisting of Nissan Shatai and its parent company and subsidiaries

1) Systems to ensure efficient execution of duties by subsidiaries' directors and the like

To achieve consistency and efficiency in group management, Nissan Shatai holds regular meetings with the parent company and Nissan Shatai group companies respectively and shares with management policies and other important information. Each department of Nissan Shatai enhances cooperation with corresponding function of the group companies and achieves consistency and efficiency in group management.

2) Systems to ensure that directors and the like and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties

To ensure that directors and employees of Nissan Shatai group companies' comply with laws, ordinances, and the Articles of Incorporation, Nissan Shatai implements the measures described in "(1) Systems to ensure that directors and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties". Nissan Shatai's code of conduct is made in compliance with the parent company's code of conduct and sets out consistent philosophies on matters such as compliance and information security. In addition, Nissan Shatai implements hot line system by which employees of Nissan Shatai group companies are able to submit information directly to its parent company.

When necessary, directors and employees of Nissan Shatai are appointed concurrently as directors or auditors in its group companies and supervise execution of duties and accounting practices on an ongoing basis.

Furthermore, statutory auditors of Nissan Shatai and its group companies periodically have Group Statutory Auditors Meeting for the purpose of ensuring effective auditing of group companies and share information and exchange opinions from the viewpoint of consolidated management.

3) Risk management regulations and systems of the subsidiaries

To manage risk of Nissan Shatai group companies, Nissan Shatai implements the measures described in "(3) Risk management regulations and systems".

- 4) Systems for reporting from directors and the like to the company about the execution of their duties

Nissan Shatai requests its group companies to report about important information of their duty executions.

- (6) Matters relating to employees appointed to assist Nissan Shatai's statutory auditors in their duties and the independence of such employees from directors, and systems to ensure the effectiveness of instruction by statutory auditors

To improve the effectiveness of audits by Nissan Shatai's statutory auditors and enable the statutory auditors to perform audits smoothly, Auditors Office has been established and staffed with managers and/or other employees and perform its duties under the instruction and supervision of statutory auditors.

To ensure the independence of the managers and other employees, their appointment, dismissal, appraisal, transfer to another department and disciplinary action require prior consent from the Board of Statutory Auditors.

- (7) Systems for reporting to Nissan Shatai's statutory auditors and systems to ensure that a person who reported to the statutory auditors is not unfairly treated because of making such report

- 1) Systems for reporting to Nissan Shatai's statutory auditors from its directors and employees

When Nissan Shatai's directors or employees find any issues that had or may have a material impact on the management of Nissan Shatai or its group companies, and caused or may cause material violation of code of conduct, they promptly report such issues to the Nissan Shatai's statutory auditors. In addition, Nissan Shatai's directors and employees are required to make an ad-hoc report to the statutory auditors regarding the situation of business activities when so requested.

In accordance with annual audit plan, Nissan Shatai's statutory auditors attend meetings of the Board of Directors and representative of statutory auditors attends Executive Committee meetings to identify important decisions made by Nissan Shatai and its group companies and to ascertain the execution status of such decisions. Progress with implementation and issues under consideration are also reported to statutory auditors during regular business hearings of divisions. Moreover, the Internal Audit Office provides reports regularly about audit plan and audit result to the Board of Statutory Auditors.

- 2) Systems for reporting to Nissan Shatai's statutory auditors from directors, statutory auditors, the like, and employees of subsidiaries or a person who received information from them

Directors and statutory auditors, other executives, and employees of Nissan Shatai group companies report promptly to directors and employees of Nissan Shatai when any issues that should be reported to Nissan Shatai's statutory auditors occur. And then directors and employees who are reported about such issues report them to Nissan Shatai's statutory auditors. In addition, directors and statutory auditors, other executives, and employees of Nissan Shatai group companies are required to make an ad-hoc report to Nissan Shatai's statutory auditors regarding the situation of business activities and any other issues when so requested.

- 3) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in 1) and 2) above on the basis of making such report

Nissan Shatai prohibits disadvantageous treatment of those who made a report as stated in 1) and 2) above on the basis of making such report. Nissan Shatai takes necessary measures to protect those who made such report and takes strict actions, including disciplinary actions, against directors and employees of Nissan Shatai and its group companies who gave disadvantageous treatment to those who made such report.

- (8) System for advance payment or settlement of expenses arising from the execution of the duties of Nissan Shatai's statutory auditors and the policy for settlement of expenses arising from the execution of their duties

Nissan Shatai promptly processes advance payment or settlement of expenses and liabilities arising from the execution of their duties when statutory auditors so requests. In accordance with Companies Law, except when it is proven that the expenses and liabilities are unnecessary. Appropriate amount of budget for audit activities is secured.

- (9) Other systems to ensure effective audits by statutory auditors

At least 50% of the statutory auditors are outside statutory auditors. The statutory auditors hold meetings of the Board of Statutory Auditors and Statutory Auditors Meeting periodically in order to share tasks by exchanging information and opinions. Ad-hoc meetings are also held whenever necessary.

Nissan Shatai's statutory auditors and president periodically hold meetings to exchange information and views about the financial condition, tasks to be tackled and risks associated with Nissan Shatai's business activities. Statutory auditors receive periodic audit reports from the accounting auditor.

6. Overview of Operations of Internal Control System

This section presents an overview of the status of the operations in the 97th fiscal term of the systems to ensure appropriate business conduct (hereinafter “Internal Control System”) of Nissan Shatai and its group companies. The Internal Audit Office confirms the status and operations of the Internal Control System on a regular basis and submits reports to the Board of Directors.

In September 2017, the final vehicle inspection issues was discovered at vehicle assembly plants of the Company and the group companies. In 2018, Nissan Shatai announced the discovery of and countermeasures for the improper handling of emission measurements and selected vehicle inspection. Nissan Shatai also announced that its initial preventive measures concerning these issues, which focused on the process for inspecting all vehicles, were insufficient and that internal controls had been also insufficient in prior years. Progress reports concerning preventive measures were submitted at the Executive Committee and Board of Directors and discussions were held. By the end of March 2020, all 93 items of the preventive measures had been implemented and these activities had advanced to the stage of monitoring the use of these measures. Nissan Shatai will continue to strictly monitor and supervise operations in order to prevent these types of problems from happening again.

(1) Compliance

Nissan Shatai maintains a code of conduct for directors and employees that complies with the parent company code of conduct. The Compliance Committee was established as a body to oversee matters pertaining to compliance and meetings are convened regularly (14 times in the current fiscal year). In order to improve compliance in Nissan Shatai and its group companies, the Compliance Committee has developed and implemented action plans, including provision of regular compliance education for employees of Nissan Shatai and its group companies. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in activities to improve compliance. The discovery of the finished vehicle inspection issue showed that there is a need to expand compliance activities throughout the Nissan Shatai Group. A comprehensive inspection of compliance programs was performed in fiscal 2018 and continued in fiscal 2019. The suitable functioning of all systems that have been established has been confirmed.

Nissan Shatai and its group companies have an internal reporting system for submitting reports to the Nissan Shatai Human Resources Dept. or to a designated third party. Furthermore, the Code of Conduct states that individuals who submit reports will be protected and this provision is strictly enforced.

(2) Risk management

The Risk Management Committee was established as a body to oversee matters pertaining to risk and meetings are convened regularly (3 times in the current fiscal year). The Risk Management Committee has specified major risks concerning Nissan Shatai and its group companies and implemented activities to prevent the occurrence and minimize the impact

of risk. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in risk management activities. In fiscal 2019, activities were performed to confirm that business operations are conducted properly in compliance with the standards thoroughly established in fiscal 2018. The Information Security Committee was established to oversee matters pertaining to information security and meetings are held regularly (12 times in the current fiscal year). The committee creates and implements action plans that include activities such as regular education programs about the Information Security Policy at Nissan Shatai and its group companies, the strict handling of information according to its classification, and periodic self-assessments. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in activities to improve information security. The Environmental Committee, Quality Committee, and Safety Council were established as bodies to oversee matters pertaining to environment, quality and safety, respectively, and meetings have been convened regularly, in which the status of progress on risk management promotion activities was reviewed. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in related activities.

(3) Execution of duties by Directors

With the objective of strengthening the monitoring functions of the Board of Directors and incorporating an external perspective on management, two outside directors are elected. In the current fiscal year the Board of Directors met 19 times, where important company matters were reported, deliberated and decided.

Nissan Shatai established a Nominations and Remuneration Committee for the purpose of increasing the transparency and objectivity of the procedure used for decisions concerning nominations of director and statutory auditor candidates and remuneration for directors. Nissan Shatai also established a Business Monitoring Committee for the purpose of increasing the transparency and objectivity of the procedure used for decisions concerning significant transactions between Nissan Shatai and a related party in order to prevent these transactions from harming Nissan Shatai and the interests of its shareholders.

In the current fiscal year the Executive Committee met weekly in principle, and engaged in discussions on specific individual management-related matters arising from the conduction of business.

To ensure the efficient execution of the duties of the Directors, reviews of the Delegation of Authority and Responsibilities of Each Department were conducted and necessary revisions were implemented. In addition, similar revisions were made as necessary at Nissan Shatai group companies.

(4) Execution of duties by Statutory Auditors

Through attendance of Statutory Auditors, including outside Statutory Auditors, at meetings of the Board of Directors, attendance of a representative of Statutory Auditors at important meetings of the Executive Committee and others, and through regular reports from the accounting auditor and the Internal Audit Office, the Statutory Auditors perform

an audit of the execution of duties by Directors and confirm the maintenance and status of operations of Internal Control Systems.

The Auditor's Office was established as a body to assist in the duties of the Statutory Auditors, and in order to ensure independence from Directors, personnel matters such as the appointment and dismissal and appraisal of manager in the Auditor's Office are implemented with the consent of the Board of Statutory Auditors.

(5) Internal audit

Based on the Internal Audit Plan, an internal audit of the entire operations of Nissan Shatai and its group companies was conducted.

In September 2017, the final vehicle inspection issue was discovered at vehicle assembly plants of Nissan Shatai and its group companies. In 2018, misconduct was discovered concerning emission measurements and an improper procedure was discovered concerning sampling inspections for finished vehicles. As in fiscal 2018, there were internal audits during fiscal 2019 concerning measures to prevent the reoccurrence of these problems, to check the operations of the department responsible for final vehicle inspections, and to check other items.

Consolidated Balance Sheet (As of March 31, 2020)

			(Million yen)
Assets	264,709	Liabilities	95,917
Current assets	207,798	Current liabilities	80,812
Cash on hand and in banks	440	Trade notes and accounts payable	47,546
Trade notes and accounts receivable	74,457	Electronically recorded obligations-operating	11,801
Work in process	4,547	Lease obligations	3,172
Raw materials and supplies	2,970	Accounts payable-other	1,213
Accounts receivable-other	1,971	Accrued expenses	8,796
Deposits paid	123,197	Income taxes payable	2,464
Other	213	Deposits received	227
Fixed assets	56,911	Deposits received from employees	3,066
Property, plant and equipment	49,929	Accrued warranty costs	185
Buildings and structures	11,188	Other	2,337
Machinery, equipment and vehicles	14,722	Long-term liabilities	15,105
Tools, furniture and fixtures	6,269	Lease obligations	1,415
Land	15,684	Accrued warranty costs	216
Construction in progress	2,064	Net defined benefit liabilities	11,726
Intangible fixed assets	1,022	Asset retirement obligations	1,121
Investments and other assets	5,959	Other	624
Investment securities	324	Net assets	168,792
Long-term prepaid expenses	14	Shareholders' equity	171,194
Deferred tax assets	5,248	Common stock	7,904
Other	373	Capital surplus	8,517
		Retained earnings	177,407
		Treasury stock	(22,635)
		Accumulated other comprehensive income	(2,401)
		Remeasurements of defined benefit plans	(2,401)
Total assets	264,709	Total liabilities and net assets	264,709

Consolidated Statement of Income (From April 1, 2019 to March 31, 2020)

	(Million yen)
Net sales	498,831
Cost of sales	482,149
Gross profit	16,681
Selling, general and administrative expenses	7,378
Operating income	9,303
Non-operating income	
Interest income and dividends income	336
Other	413
Total non-operating income	749
Non-operating expenses	
Interest expense	59
Other	190
Total non-operating expenses	250
Ordinary income	9,802
Special gains	
Gain on sales of fixed assets	0
Total special gains	0
Special losses	
Loss on sales of non-current assets	293
Impairment loss	926
Other	0
Total special losses	1,220
Income before income taxes	8,582
Income taxes-current	3,143
Income taxes-deferred	(387)
Total income taxes	2,755
Net income	5,827
Profit attributable to owners of parent	5,827

Consolidated Statement of Changes in Net Assets
(From April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,904	8,517	173,340	(22,635)	167,127
Changes of items during the period					
Cash dividends paid			(1,760)		(1,760)
Profit attributable to owners of parent			5,827		5,827
Purchase of treasury stock				(0)	(0)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	-	-	4,066	(0)	4,066
Balance at the end of current period	7,904	8,517	177,407	(22,635)	171,194

(Million yen)

	Accumulated other comprehensive income	Total net assets
	Remeasurements of defined benefit plans	
Balance at the beginning of current period	(1,102)	166,025
Changes of items during the period		
Cash dividends paid		(1,760)
Profit attributable to owners of parent		5,827
Purchase of treasury stock		(0)
Net changes of items other than those in shareholders' equity	(1,298)	(1,298)
Total changes of items during the period	(1,298)	2,767
Balance at the end of current period	(2,401)	168,792

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(1) Scope of consolidation

Consolidated subsidiaries: 6

Nissan Shatai Kyushu Co., Ltd., Nissan Shatai Manufacturing Co., Ltd., Nissan Shatai Engineering Co., Ltd., Auto Works Kyoto Co., Ltd., Nissan Shatai Computer Service Co., Ltd., Pro Staff Co., Ltd.

(2) Significant Accounting Policies

1) Valuation methods for assets

- Securities

 - Other securities

 - Non-marketable securities

 - Cost calculated by the moving average method

- Inventories

 - Work in process, raw materials and supplies

 - Primarily stated at cost determined by the first-in and first-out method (cost of inventories is written-down when their carrying amounts become unrecoverable).

2) Depreciation

- Property, plant and equipment (excluding leased assets)

 - Primarily the straight-line method using the estimated life as the useful life and an effective residual value for the residual value

- Intangible fixed assets (excluding leased assets)

 - Straight-line method, but software for internal use is depreciated using the straight-line method over a 5-year period, which is the time that software can be used internally.

- Leased assets

 - Straight-line method using the estimated life as the useful life and an effective residual value for the residual value

- Long-term prepaid expenses

 - Depreciated in equal installments

3) Basis for reserves and allowances

- Allowance for doubtful accounts

 - Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

- Accrued warranty costs

 - Accrued warranty costs are provided to cover the cost of all complaints about products anticipated to be incurred during the period based on past experience.

4) Accounting for retirement benefits

- Method for calculating the retirement benefit obligation

 - For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.

- Actuarial gains and losses and past service cost

Actuarial gain and loss are amortized in the year following the year in which actuarial gain and loss are recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (Principally 12 to 15 years).

Past service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (15 years).

5) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

6) Adoption of consolidated taxation system

For the transition to the group tax sharing system that was newly established by the Act for Partial Amendments to the Income Tax Act (Act No. 8 of 2020) and for items involving the non-consolidated taxation system that were reexamined in conjunction with this transition, pursuant to Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020), Nissan Shatai and its consolidated subsidiaries are not applying the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018). Consequently, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the Income Tax Act before these amendments.

2. Notes to consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment: 230,900 million yen

(2) Contingent liabilities

As guarantor of employees' housing loans from banks and others:
1,086 million yen

3. Notes to consolidated statement of changes in net assets

(1) Shares issued and outstanding (as of March 31, 2019)

Common stock: 157,239 thousand shares

(2) Dividend from retained earnings

1) Cash dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Shareholders Meeting on June 26, 2019	Common stock	880	6.50	March 31, 2019	June 27, 2019
Meeting of the Board of Directors on November 12, 2019	Common stock	880	6.50	September 30, 2019	December 2, 2019
Total	-	1,760	-	-	-

2) Dividend with a record date in the fiscal year ended March 31, 2020 and a payment date after the end of the fiscal year

Nissan Shatai plans to submit the following resolution for approval at the 97th Ordinary General Shareholders Meeting to be held on June 24, 2020

- Total dividend payments: 880 million yen
- Source of dividends: Retained earnings
- Dividend per share: 6.50 yen
- Record date: March 31, 2020
- Effective date: June 25, 2020

4. Notes to financial instruments

(1) Overview of financial instruments

The Nissan Shatai Group places cash only in short-term deposits, etc. Internal resources are used to fund working capital and capital expenditures; no funds are procured from external sources for these requirements.

For notes and accounts receivable, financial information is received from counterparties for the purpose of managing credit risk. Deposits paid are funds placed with Nissan Group finance companies for the purpose of earning a return on a temporary surplus of cash. Investment securities are stocks of companies that are not listed.

Notes and accounts payable and electronically recorded debt, which are obligations involving business operations, are all due within one year. In addition, lease obligations associated with finance leases are mainly the balance due to suppliers for metal dies.

Notes and accounts receivable, which are receivables associated with business operations, are vulnerable to credit risk involving customers.

(2) Fair value of financial instruments

The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2020.

	Carrying value* (million yen)	Estimated fair value* (million yen)	Unrealized gain (loss) (million yen)
(1) Cash on hand and in banks	440	440	-
(2) Trade notes and accounts receivable	74,457	74,457	-
(3) Deposits paid	123,197	123,197	-
(4) Trade notes and accounts payable	(47,546)	(47,546)	-
(5) Electronically recorded obligations-operating	(11,801)	(11,801)	-
(6) Lease obligations	(4,587)	(4,531)	(56)

* Liabilities are in parentheses.

(Note 1) Calculation method for fair value of financial instruments

(1) Cash on hand and in banks, (2) Trade notes and accounts receivable, (3) Deposits paid, (4) Trade notes and accounts payable and (5) Electronically recorded obligations-operating:

Book values are used because fair value and book value are virtually the same due to the short terms of these instruments.

(6) Lease obligations

The fair value of lease obligations is the total of principal and interest that is discounted to present value by using the interest rate that would most likely be used for a new lease with the same terms.

(Note 2) Non-listed stocks (324 million yen on the balance sheet) do not have market prices and it is not possible to estimate future cash flows. Due to the extreme difficulty of determining fair values, these stocks are not included in this table.

5. Notes to per share information

(1) Net assets per share: 1,246.13 yen

(2) Net income per share: 43.02 yen

6. Notes to significant subsequent events

Not applicable

7. Note concerning impairment losses

In the current fiscal year, the Nissan Shatai Group recorded impairment losses in the following asset group

Applications	Categories	Location	Impairment losses (million yen)
Idle assets, etc.	Machinery and carriers	Hiratsuka, Kanagawa	696
Idle assets, etc.	Tools, equipment and fixtures	Hiratsuka, Kanagawa	230

The Nissan Shatai Group uses business segments (motor vehicles segment and others segment) for grouping assets. Decisions regarding the need for impairment are made for individual assets, including idle assets that are not expected to be used in the future, assets that are to be sold or disposed of in other ways, etc.

Nissan Shatai and some of its consolidated subsidiaries posted as an extraordinary loss an impairment loss of 926 million yen due to the reduction of the book values of idle assets that are not expected to be used in the future and other assets to the recoverable amounts. Measurements of the recoverable amounts of these assets are based on net sales proceeds.

8. Other

Amounts less than one million yen are rounded down.

Nonconsolidated Balance Sheet (As of March 31, 2020)

			(Million yen)
Assets	291,830	Liabilities	130,593
Current assets	239,316	Current liabilities	120,960
Cash on hand and in banks	24	Trade notes payable	165
Accounts receivable	72,015	Electronically recorded obligations-operating	11,801
Work in process	3,684	Trade accounts payable	85,366
Raw materials and supplies	611	Short-term borrowings payable to subsidiaries and affiliates	5,575
Short-term borrowings receivable to subsidiaries and affiliates	805	Lease obligations	3,190
Accounts receivable-other	38,784	Accounts payable-other	1,371
Deposits paid	123,197	Accrued expenses	6,480
Other	193	Income taxes payable	2,265
Fixed assets	52,514	Deposits received	96
Property, plant and equipment	47,265	Deposits received from employees	3,066
Buildings	9,620	Accrued warranty costs	48
Structures	847	Other	1,532
Machinery and equipment	14,148	Long-term liabilities	9,632
Vehicles	247	Lease obligations	1,421
Tools, furniture and fixtures	6,190	Accrued warranty costs	83
Land	14,164	Accrued retirement benefits	6,569
Construction in progress	2,046	Asset retirement obligations	1,095
Intangible fixed assets	891	Other	462
Software	876	Net assets	161,237
Other	15	Shareholders' equity	161,237
Investments and other assets	4,358	Common stock	7,904
Investment securities	323	Capital surplus	8,517
Investments in subsidiaries and affiliates	1,282	Legal capital surplus	8,317
Deferred tax assets	2,492	Other capital surplus	200
Other	259	Retained earnings	167,450
		Legal reserve	1,976
		Other retained earnings	165,474
		Reserve for reduction entry of replaced property	3,090
		Reserve for reduction entry	27
		General reserve	22,848
		Retained earnings brought forward	139,508
		Treasury stock	(22,635)
Total assets	291,830	Total liabilities and net assets	291,830

Nonconsolidated Statement of Income (From April 1, 2019 to March 31, 2020)

	(Million yen)
Net sales	489,723
Cost of sales	474,853
Gross profit	14,869
Selling, general and administrative expenses	6,310
Operating income	8,559
Non-operating income	
Interest income and dividend income	340
Rent income on fixed assets	457
Other	103
Total non-operating income	901
Non-operating expenses	
Interest expense	71
Rent expenses on fixed assets	326
Other	17
Total non-operating expenses	416
Ordinary income	9,044
Special gains	
Gain on sales of fixed assets	0
Total Special gains	0
Special losses	
Loss on retirement of fixed assets	275
Impairment loss	858
Total special losses	1,134
Loss before income taxes	7,911
Income taxes-current	2,515
Income taxes-deferred	(63)
Total income taxes	2,451
Net income	5,459

Nonconsolidated Statement of Changes in Net Assets
(From April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Legal reserve	Other retained earnings
					Reserve for reduction entry of replaced property
Balance at the beginning of current period	7,904	8,317	200	1,976	3,124
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties					(34)
Reserve for reduction entry					
Reversal of reserve for reduction entry					
Cash dividends paid					
Net income					
Purchase of treasury stock					
Total changes of items during the period	-	-	-	-	(34)
Balance at the end of current period	7,904	8,317	200	1,976	3,090

(Million yen)

	Shareholders' equity					Total net assets
	Retained earnings			Treasury stock	Total shareholders' equity	
	Other retained earnings		Retained earnings brought forward			
	Reserve for reduction entry	General reserve				
Balance at the beginning of current period	-	22,848	135,802	(22,635)	157,539	157,539
Changes of items during the period						
Reversal of reserve for reduction entry of replaced properties			34		-	-
Reserve for reduction entry	28		(28)			
Reversal of reserve for reduction entry	(0)		0			
Cash dividends paid			(1,760)		(1,760)	(1,760)
Net income			5,459		5,459	5,459
Purchase of treasury stock				(0)	(0)	(0)
Total changes of items during the period	27	-	3,706	(0)	3,698	3,698
Balance at the end of current period	27	22,848	139,508	(22,635)	161,237	161,237

Notes to Nonconsolidated Financial Statements

1. Significant Accounting Policies

- (1) Valuation method for assets
 - 1) Securities
 - Equity securities issued by subsidiaries: Cost calculated by the moving average method
 - Other securities
 - Non-marketable securities: Cost calculated by the moving average method
 - 2) Inventories
 - Work in process, raw materials and supplies: Primarily stated at cost determined by the first-in and first-out method (cost of inventories is written-down when their carrying amounts become unrecoverable).
- (2) Depreciation
 - 1) Property, plant and equipment (excluding leased assets)
 - Straight-line method using the estimated life as the useful life and an effective residual value for the residual value
 - 2) Intangible fixed assets (excluding leased assets)
 - Straight-line method, but software for internal use is depreciated using the straight-line method over a 5-year period, which is the time that software can be used internally.
 - 3) Leased assets
 - Straight-line method using the estimated life as the useful life and an effective residual value for the residual value
- (3) Basis for reserves and allowances
 - 1) Allowance for doubtful accounts
 - Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.
 - 2) Accrued warranty costs
 - Accrued warranty costs are provided to cover the cost of all complaints about products anticipated to be incurred during the period based on past experience.
 - 3) Accrued retirement benefits
 - Accrued retirement benefits or prepaid pension costs are recorded at an amount calculated based on the retirement benefit obligation and the fair value of pension plan assets at the end of current fiscal year.
 - Method for calculating the retirement benefit obligation
 - For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.
 - Actuarial gains and losses and past service cost
 - Actuarial gain and loss are amortized in the year following the year in which actuarial gain and loss are recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (12 to 15 years).
 - Past service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (15 years).

- 4) Accounting for retirement benefits
The accounting method used for unrecognized actuarial gains and losses and unrecognized past service cost is not the same as the accounting method used for these items in the consolidated financial statements.
- 5) Accounting for consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.
- 6) Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system
For the transition to the group tax sharing system that was newly established by the Act for Partial Amendments to the Income Tax Act (Act No. 8 of 2020) and for items involving the non-consolidated taxation system that were reexamined in conjunction with this transition, pursuant to Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020), Nissan Shatai and its consolidated subsidiaries are not applying the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018). Consequently, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the Income Tax Act before these amendments.

2. Notes to nonconsolidated balance sheet

- (1) Accumulated depreciation of property, plant and equipment: 200,603million yen
- (2) Contingent liabilities
As guarantor of employees' housing loans from banks and others: 1,086 million yen
- (3) Monetary receivables from and payables to subsidiaries and affiliates
Short-term monetary receivables: 108,826 million yen
Long-term monetary receivables: 223 million yen
Short-term monetary payables: 59,829 million yen
Long-term monetary payables: 9 million yen

3. Notes to nonconsolidated statement of income

- (1) Transactions with subsidiaries and affiliates
Sales: 488,790 million yen
Purchase: 577,555 million yen
Transactions other than operating transactions: 1,087 million yen

4. Notes to nonconsolidated statement of changes in net assets

- Treasury stock (as of March 31, 2020)
Common stock: 21,786 thousand shares

5) Consumption taxes are excluded from transactions but included in fiscal year-end balances.

(2) Subsidiaries

Category	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship		
						Shared directors, etc.	Business relation	
Subsidiary	Nissan Shatai Kyushu Co., Ltd.	Miyako-gun, Fukuoka	(Million yen) 10	Manufacture of automobile chassis	Direct 100.0	(%)	Concurrent 5	Sale of parts and purchase of chassis
		Description of transactions				Amount	Item	FY-end balance
		Business transactions	Sale of parts, etc.		(Million yen)	342,340	Accounts receivable-other	33,258
		Non-business transactions	Purchase of parts		(Million yen)	365,260	Payables	36,682
					1,132	Short-term loans receivable	805	
	Name		Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship	
							Shared directors, etc.	Business relation
				(Million yen)		(%)	(Persons)	
			Uji, Kyoto	480	Manufacture of automobile chassis	Direct 100.0	Concurrent 3	Sale of parts and purchase of vehicles
							Transferred 3	
Description of transactions				Amount	Item	FY-end balance		
				(Million yen)		(Million yen)		
Business transactions		Supply of parts, etc.		9,148	Accounts receivable-other	799		
		Purchase of parts		14,030	Payables	1,318		
Non-business transactions		Group financing loans payable		70	Short-term loans payable	1,550		
		Rental of fixed assets		167	-	-		

Terms and conditions of transactions and policies on deciding terms and conditions

- 1) For prices of parts purchased from subsidiaries, Nissan Shatai submits a requested price based on the market price and, after negotiations, a price is determined that is the same as for ordinary transactions.
- 2) For loans payable and receivable, a reasonable interest rate is determined based on market interest rates.
- 3) Consumption taxes are excluded from transactions but included in fiscal year-end balances.
- 4) Figures for group financing loans receivable and payable are the differences from the end of the previous fiscal year.

(3) Other companies with affiliations

Category	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship	
						Shared directors, etc.	Business relation
Subsidiary of parent company	Nissan Group Finance Co., Ltd.	Nishi-ku, Yokohama, Kanagawa	(Million yen) 90	Finance business	(%) -	(Persons) -	Manages funds of the Nissan Shatai Group
		Description of transactions			Amount	Item	FY-end balance
		Fund management	(Million yen) 2,494	Deposits paid	(Million yen) 123, 197		
Interest income	315	Accounts receivable-other	27				

Terms and conditions of transactions and policies on deciding terms and conditions.

- 1) For terms for the management of funds, Nissan Group Finance submits terms (interest rate and other items) and the final terms are determined after taking into account ordinary short-term market interest rates.
- 2) Figures for fund management are the differences from the end of the previous fiscal year.

7. Notes to amounts per share

- (1) Net assets per share: 1,190.36 yen
- (2) Net income per share: 40.31 yen

8. Notes to significant subsequent events

Not applicable.

7. Note concerning impairment losses

In the current fiscal year, the Nissan Shatai recorded impairment losses in the following asset group

Applications	Categories	Location	Impairment losses (million yen)
Idle assets, etc.	Machinery and carriers	Hiratsuka, Kanagawa	628
Idle assets, etc	Tools, equipment and fixtures	Hiratsuka, Kanagawa	230

Additional information about the impairment losses is in “7. Note concerning impairment losses” in the notes to the consolidated financial statements.

9. Other

Amounts less than one million yen are rounded down.

Copy of Independent Auditors' Report on Consolidated Financial Statements

Report of Independent Auditors

May 18, 2020

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Koji Fujima
Designated and Engagement Partner
Certified Public Accountant Mika Nezu

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Nissan Shatai Co., Ltd applicable to the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the Nissan Shatai Group, which consisted of Nissan Shatai and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in conformity with accounting principles generally accepted in Japan.

Basis for this opinion

We performed this audit in conformity with auditing standards generally accepted in Japan. Our responsibility concerning the audit standards is prescribed in "Responsibilities of Auditors for Audits of Consolidated Financial Statements." We are independent of Nissan Shatai and its consolidated subsidiaries in accordance with rules in Japan concerning business ethics. In addition, we fulfilled other ethical responsibilities in our role as an auditor. We believe that we received sufficient and suitable audit evidence for the basis of our opinion.

Responsibility of Management, Statutory Auditors and the Board of Statutory Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes the design and operation of internal controls that management determines necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management must determine if it is appropriate to prepare the statements based on the going concern assumption. Management has a responsibility to disclose information regarding this assumption if there is a need for this disclosure based on accounting principles generally accepted in Japan.

The statutory auditors and Board of Statutory Auditors are responsible for supervising the performance of the directors regarding the design and operation of the financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion in the audit report, from an independent standpoint, on the consolidated financial statements based on our audit. This opinion is based on a reasonable assurance about if the consolidated financial statements are free from material misstatements, whether due to fraud or error. Misstatements can occur due to fraud or error. We judge these misstatements to be material if they, either singularly or collectively, can be reasonably expected to influence decisions by users of the consolidated financial statements.

For this audit, we used an audit process in conformity with auditing standards generally accepted in Japan. We used this process to make judgments as business ethics professionals and to perform the following tasks while retaining professional skepticism.

- We identify and evaluate the risk of material misstatements due to fraud or errors and create proposals for audit procedures to deal with the risk of material misstatements and implement those procedures. The procedures selected and implemented depend on the auditor's judgment. Furthermore, we obtain sufficient and appropriate audit evidence for use as the basis of our opinion.

- The purpose of the audit of the consolidated financial statements is not to express an opinion about the effectiveness of internal controls. For making these risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate for current circumstances.

- We evaluate the suitability of accounting policies used by management and how those policies are applied. We also evaluate the rationality of accounting estimates made by management as well as the validity of the associated notes.

- We reached conclusions about whether it is appropriate for management to prepare the consolidated financial statements based on the going concern assumption and whether there are any material uncertainties regarding events or conditions that create significant doubt about the going concern assumption. If we believed there were material uncertainties about the going concern assumption, we would ask management in the audit report to include a precautionary statement in the notes to the consolidated financial statements. If the inclusion of this note about the material uncertainty would not be appropriate, we would be obligated to submit a modified opinion. Our conclusions are based on audit evidence obtained by the date of the audit report. Future events or conditions may prevent the company from remaining a going concern.

- We evaluated whether the presentation and notes of the consolidated financial statements conform with accounting principles generally accepted in Japan and whether the presentation, composition and contents of the consolidated financial statements, including the associated notes, and the transactions and accounting activities that are the basis for the consolidated financial statements are presented properly.

- We obtain sufficient and appropriate audit evidence concerning the financial information of Nissan Shatai and its consolidated subsidiaries in order to form an opinion concerning the consolidated financial statements. We are responsible for instructions, supervision and execution of audits of the consolidated financial statements. Our responsibility is to submit an audit opinion of our own.

We report to the statutory auditors and the Board of Statutory Auditors the scope of the audit we have planned, when the audits will be performed, significant items discovered during audits, including significant problems involving internal controls that were identified during an audit, and other items required by the audit standards.

We report to the statutory auditors and the Board of Statutory Auditors that we are complying with rules concerning business ethics in Japan regarding our independence. If there are any items that could reasonably have an effect on our independence or any safeguards for eliminating or reducing obstacles concerning our independence, we report this information as well to the statutory auditors and the Board of Statutory Auditors.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

Copy of Independent Auditors' Report on Financial Statements

Report of Independent Auditors

May 18, 2020

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner	
Certified Public Accountant	Koji Fujima
Designated and Engagement Partner	
Certified Public Accountant	Mika Nezu

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the related supplementary schedules of Nissan Shatai Co., Ltd. applicable to the 97th fiscal year from April 1, 2019 through March 31, 2020

In our opinion, these financial statements present fairly, in all material respects, the financial position and results of operations of the Nissan Shatai applicable to the fiscal year ended March 31, 2020 in conformity with accounting principles generally accepted in Japan.

Basis for this opinion

We performed this audit in conformity with auditing standards generally accepted in Japan. Our responsibility concerning the audit standards is prescribed in "Responsibilities of Auditors for Audits of the Financial Statements." We are independent of Nissan Shatai in accordance with rules in Japan concerning business ethics. In addition, we fulfilled other ethical responsibilities in our role as an auditor. We believe that we received sufficient and suitable audit evidence for the basis of our opinion.

Responsibility of Management, Statutory Auditors and the Board of Statutory Auditors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes the design and operation of internal controls that management determines are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, management must determine if it is appropriate to prepare the statements based on the going concern assumption. Management has a responsibility to disclose information regarding this assumption if there is a need for this disclosure based on accounting principles generally accepted in Japan.

The statutory auditors and Board of Statutory Auditors are responsible for supervising the performance of the directors regarding the design and operation of the financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion in the audit report, from an independent standpoint, on the financial statements based on our audit. This opinion is based on a reasonable assurance about if the financial statements are free from material misstatements, whether due to fraud or error. Misstatements can occur due to fraud or error. We judge these misstatements to be material if they, either singularly or collectively, can be reasonably expected to influence decisions by users of the financial statements. For this audit, we used an audit process in conformity with auditing standards generally accepted in Japan. We used this process to make judgments as business ethics professionals and to perform the following tasks while retaining professional skepticism.

- We identify and evaluate the risk of material misstatements due to fraud or errors and create proposals for audit procedures to deal with the risk of material misstatements and implement those procedures. The procedures selected and implemented depend on the auditor's judgment. Furthermore, we obtain sufficient and appropriate audit evidence for use as the basis of our opinion.

- The purpose of the audit of the financial statements is not to express an opinion about the effectiveness of internal controls. For making these risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate for current circumstances.

- We evaluate the suitability of accounting policies used by management and how those policies are applied. We also evaluate the rationality of accounting estimates made by management as well as the validity of the associated notes.

- We reached conclusions about whether it is appropriate for management to prepare the financial statements based on the going concern assumption and whether there are any material uncertainties regarding events or conditions that create significant doubt about the going concern assumption. If we believed there were material uncertainties about the going concern assumption, we would ask management in the audit report to include a precautionary statement in the notes to the financial statements. If the inclusion of this note about the material uncertainty would not be appropriate, we would be obligated to submit a modified opinion. Our conclusions are based on audit evidence obtained by the date of the audit report. Future events or conditions may prevent the company from remaining a going concern.

- We evaluated whether the presentation and notes of the financial statements conform with accounting principles generally accepted in Japan and whether the presentation, composition and contents of the financial statements, including the associated notes, and the transactions and accounting activities that are the basis for the financial statements are presented properly.

We report to the statutory auditors and the Board of Statutory Auditors the scope of the audit we have planned, when the audits will be performed, significant items discovered during audits, including significant problems involving internal controls that were identified during an audit, and other items required by the audit standards.

We report to the statutory auditors and the Board of Statutory Auditors that we are complying with rules concerning business ethics in Japan regarding our independence. If there are any items that could reasonably have an effect on our independence or any safeguards for eliminating or reducing obstacles concerning our independence, we report this information as well to the statutory auditors and the Board of Statutory Auditors.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Copy of Audit Report of Board of Statutory Auditors

Audit Report

Regarding the performance of duties by directors for the 97th business year beginning April 1, 2019, and ending March 31, 2020, the Board of Statutory Auditors hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective statutory auditors, as follows:

1. Methods and Contents of Audit by the Statutory Auditors and the Board of Statutory Auditors
 - 1) The Board of Statutory Auditors determined, among other things, the auditing policies and plan, the division of responsibilities and other matters for the fiscal year that ended on March 31, 2018. The board received reports from individual statutory auditors concerning the performance of audits and results. In addition, the board received reports from directors, employees and the independent auditors concerning the performance of their duties and, when necessary, asked them to provide explanations.
 - 2) In accordance with the statutory auditors' auditing standards specified by the Board of Statutory Auditors, and in conformity with the auditing policies and plan and the division of responsibilities for the fiscal year that ended on March 31, 2020, the statutory auditors communicated effectively with the directors, employees in the internal audit division and other relevant employees for the purposes of collecting information and maintaining a proper auditing environment. The statutory auditors also used the following methods to conduct audits.
 - (i) To examine business operations and the financial condition, the statutory auditors attended meetings of the Board of Directors and other important meetings; received reports from the directors and relevant employees regarding the performance of their duties; asked them to provide explanations when necessary; and examined important decision documents and associated information. For subsidiaries, the statutory auditors communicated effectively with directors, statutory auditors and other individuals at subsidiaries and exchanged information with these individuals. When necessary, the statutory auditors received business reports from subsidiaries.
 - (ii) The statutory auditors expressed an opinion concerning the framework needed to ensure that the performance of duties by the directors, as listed in the business report, comply with laws, regulations and the Articles of Incorporation. This opinion also covered resolutions by the Board of Directors and the establishment of frameworks (internal control system) based on these resolutions concerning the maintenance of systems prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act to ensure that the Nissan Shatai Group (Nissan Shatai Co., Ltd. and its subsidiaries) operates properly. For this purpose, statutory auditors regularly received regular reports from directors, employees and others regarding the status and implementation of these systems and asked them to provide explanations when necessary.
 - (iii) The statutory auditors used the status of the Board of Directors and other meetings to examine the precautionary items of Companies Act Ordinance of Enforcement Article 118 5-a that are listed in the business report as well as the judgments and reasons for item 5-b of this article.
 - (iv) The statutory auditors monitored and verified whether the independent auditors were maintaining their independence and properly performing audits; received reports from the independent auditors about the performance of their duties and asked them for explanations when necessary. The statutory auditors also received a notice from the independent auditors confirming the establishment of a "system to ensure proper performance of duties" (items stipulated in all paragraphs of Article 131 of Corporate Accounting Rules) in accordance with Standards on Quality Control for Audit (October 28, 2015, Business Accounting Deliberation Council) and other relevant standards.

By using these methods, the statutory auditors examined the business report and supplementary schedules, the nonconsolidated financial statements (nonconsolidated balance sheet, income statement, statement of changes in net assets and notes to these statements) and supplementary schedules, and the consolidated financial statements (consolidated balance sheet, income statement, statement of changes in net assets and notes to consolidated financial statements).

2. Audit results

1) Audit results concerning business reports, etc.

- (i) In our opinion, the business reports and supplementary schedules fairly represent the condition of Nissan Shatai in accordance with the related laws and regulations and the Articles of Incorporation.
- (ii) With regard to the performance of duties by the directors, we found no evidence of wrongful actions or material violations of related laws and regulations or the Articles of Incorporation.
- (iii) We acknowledge that the resolutions of the Board of Directors regarding the internal control system are appropriate. We found no matters requiring attention concerning the execution of duties by the directors regarding the internal control system. Concerning the discovery in fiscal 2017 and 2018 of the final vehicle inspections issue at assembly plants of the Nissan Shatai Group, we have been monitoring the preventive measures by the Board of Directors and the effectiveness of them. At the end of fiscal 2019, we confirmed that all the measures to prevent this problem that were formulated were implemented and an internal control system was established.
- (iv) For business report information about parent company, etc. transactions, there were no items requiring attention concerning precautions to prevent negative effects on Nissan Shatai's interests from these transactions or concerning judgments by the Board of Directors, and reasons for those judgments, about whether or not these transactions had a negative effect on Nissan Shatai's interests.

2) Results of audits of nonconsolidated financial statements and supplementary schedules

In our opinion, the auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

3) Audit results concerning consolidated financial statements

In our opinion, the auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 23, 2020

The Board of Statutory Auditors Nissan Shatai Co., Ltd.

Full-time Statutory Auditor

Full-time Statutory Auditor (Outside Statutory Auditor)

Statutory Auditor (Outside Statutory Auditor)

Toshikatsu Hamaji

Tetsunobu Ikeda

Izumi Inoue

Memorandum to Shareholders

Fiscal year		From April 1 to March 31 of the following year
Ordinary general shareholders meeting		June of each year
	Ordinary general shareholders meeting	March 31 each year
Record Date	Year-end dividends	March 31 each year.
	Interim dividends	September 30 each year.
Administrator of shareholder register and special account		Sumitomo Mitsui Trust Bank, Limited
Administrator of shareholder register management office		Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Postal address (Telephone inquiries)		Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
Internet home page URL		https://www.smtb.jp/tools/english/

Notices

Change of address, request for purchase of shares fewer than one unit and other procedures

Shareholders who have an account at a securities company should ask the securities company to perform the procedure. Sumitomo Mitsui Trust Bank, Limited is unable to perform these procedures if shares are held in a securities company account. Shareholders who do not have a securities company account should contact Sumitomo Mitsui Trust Bank by using the above telephone number. Information about performing shareholder procedures and answers to frequently asked questions are available on the Sumitomo Mitsui Trust Bank frequently asked questions website.

Payment of unpaid dividends

Please contact Sumitomo Mitsui Trust Bank, Limited, the administrator of the shareholder register.

Trade name	<i>Nissan Shatai Kabushikikaisha</i>
English version of name	Nissan Shatai Co., Ltd.

Principal Products



ARMADA



PATROL Y62



Infiniti QX80



**NV350
CARAVAN**



ELGRAND



**NV150
AD**



**NV200
VANETTE**



PATROL Y61



PATROL PICKUP



NV200



CIVILIAN



ATLAS F24

Direction for the Meeting

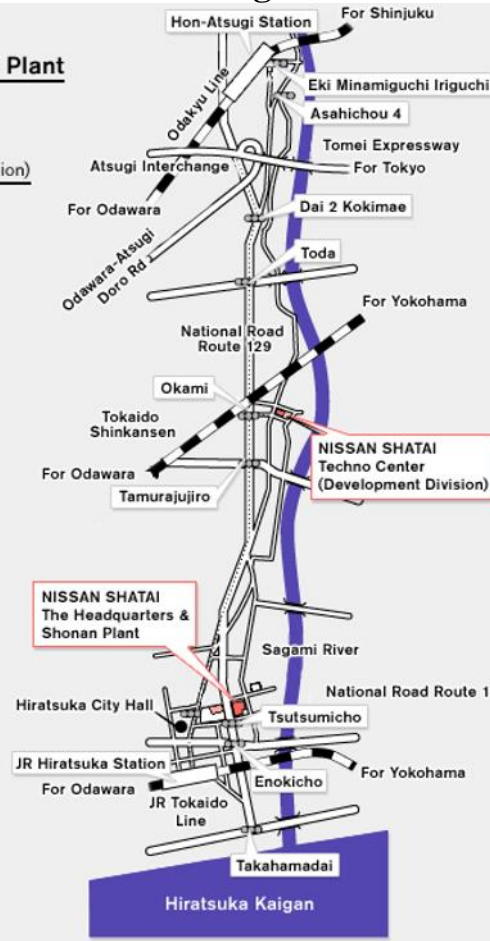
NISSAN SHATAI

The Headquarters & Shonan Plant

2-1, Tsutsumicho, Hiratsuka,
Kanagawa, 254-8610

Techno Center (Development Division)

2909, Okami, Hiratsuka,
Kanagawa, 254-0012



The Headquarters & Shonan Plant

Public transportation:

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 30 min.}]{\text{on foot}}$ NISSAN SHATAI The Headquarters & Shonan Plant

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 5 min.}]{\text{Kanachu Bus for Hiratsuka Eki Kitaguchi Iki Junkan}}$ Kogyo Danchi Iriguchi Bus Stop $\xrightarrow[\text{about 1 min.}]{\text{on foot}}$ NISSAN SHATAI The Headquarters & Shonan Plant

By car:

About 30 min. from Tomei Expressway "Atsugi Interchange".

Techno Center

Public transportation:

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 25 min.}]{\text{Kanachu Bus for Hon-Atsugi Minamiguchi}}$ Yanaginouchi Bus stop $\xrightarrow[\text{about 2 min.}]{\text{on foot}}$ Techno Center

Hon-Atsugi Station (Odakyu Line) $\xrightarrow[\text{about 25 min.}]{\text{Kanachu Bus for Hiratsuka Kitaguchi}}$ Yanaginouchi Bus stop $\xrightarrow[\text{about 2 min.}]{\text{on foot}}$ Techno Center

By car:

About 10min. from Tomei Expressway "Atsugi Interchange".

NISSAN SHATAI CO., LTD.