

98th Ordinary General Shareholders Meeting: Notice of Convocation

Date and Time: Thursday, June 24, 2021, 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 3, 2021

NISSAN SHATAI CO., LTD.

2-1 Tsutsumicho, Hiratsuka, Kanagawa

Dear shareholders:

98th Ordinary General Shareholders Meeting: Notice of Convocation

Notice is hereby given that the 98th 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 Wednesday, June 23, 2021.

Yours sincerely,

Haruhiko Yoshimura
President

Particulars

1. Date and Time
Thursday, June 24, 2021, 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. 98th fiscal Business Report (April 1, 2020 to March 31, 2021), Consolidated Financial Statements, and Audit Reports by Accounting Auditor and the Board of Statutory Auditors
2. 98th fiscal Financial Statements (April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of six directors as the terms of office of all current directors expire
- 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/EN/IR/NEWS/>

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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: 880,444,838 yen
- (2) Effective date of distribution of surplus:
 - June 25, 2021

Proposal 2: Election of six directors as the terms of office of all current directors expire

The terms of office of all current directors will expire at the close of the shareholders meeting. Therefore, the Company proposes to elect six 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
Haruhiko Yoshimura (June 25, 1959) Male Reappointment	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. Jun 2020: President, Nissan Shatai Co., Ltd. (Current position) Responsibilities at Nissan Shatai: Internal Audit Office. Division General Manager Corporate Quality Assurance Div. Important positions at other companies: President, Nissan Shatai Kyushu Co., Ltd.	3,600 shares
Reason for selection as a director candidate Mr. Yoshimura, who is currently a director and the President of Nissan Shatai, oversees all business operations by using his strong leadership and many years of experience and extensive knowledge involving corporate management. Since Mr. Yoshimura is well suited for implementing measures for the sustained growth of Nissan Shatai, the medium to long-term growth of corporate value and the improvement of corporate governance, he is a candidate for re-election as a director.		
Notes: 1. There is no special interest between Nissan Shatai and Mr. Yoshimura. 2. Within the past 10 years, Mr. Yoshimura was an employee and executive officer of		

Nissan Motor, which is the parent company of Nissan Shatai. Information about Mr. Yoshimura's titles and duties at Nissan Motor during the past 10 years are shown above in "Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies."

3. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability insurance that covers the liability of Mr. Yoshimura. A summary of the terms of this policy is on page 27 of this report. If Mr. Yoshimura is re-elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Yoshimura's term of office.

<p>Shin Kotaki (January 12, 1963)</p> <p>Male</p> <p>Reappointment</p>	<p>Apr 1985: Joined Nissan Shatai Co., Ltd.</p> <p>Apr 2006: Assigned by Nissan Shatai to be a Deputy General Manager at Renault-Nissan Purchasing Organization Nissan Motor Co., Ltd.</p> <p>Apr 2009: Supplier Account Officer, Nissan Motor Co., Ltd.</p> <p>Apr 2014: General Manager, Purchasing Dept., Nissan Shatai Co., Ltd.</p> <p>Apr 2015: Corporate Vice President, Nissan Shatai Co., Ltd.</p> <p>Jun 2018: Director and Senior Vice President (Current Position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of General & Administration Div.; Internal Control Office; Secretariat; Administration Dept.</p>	<p>9,200 shares</p>
<p>Reason for selection as a director candidate</p> <p>Mr. Kotaki is currently a director and senior vice president of Nissan Shatai who oversees administrative operations. He has used his many years of experience and extensive knowledge involving corporate management to oversee activities for building a stronger foundation for supporting all business activities, which is a goal of the current medium-term management plan. Since Mr. Kotaki is well suited for implementing measures for the sustained growth of Nissan Shatai and the medium to long-term growth of corporate value, he is a candidate for re-election as a director.</p>		
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Kotaki 2. Within the past 10 years, Mr. Kotaki was a seconded employee of Nissan Motor, which is the parent company of Nissan Shatai. Information about Mr. Kotaki's titles and duties at Nissan Motor during the past 10 years are shown above in "Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies." 3. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Kotaki. A summary of the terms of this policy is on page 27 of this report. If Mr. Kotaki is re-elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Kotaki's term of office. 		

<p>Masayuki Yabe (July 23, 1962)</p> <p>Male</p> <p>New candidate</p>	<p>Apr 1986: Joined Nissan Motor Co., Ltd.</p> <p>Apr 2002: Platform Project Manager, Renault Group</p> <p>Apr 2005: DCVE, Vehicle Planning Dept. No. 3, Nissan Motor Co., Ltd.</p> <p>Apr 2008: Duputy General Manager, Renault Nissan Purchasing Organization, Project Purchasing Vehicle Group, Nissan Motor Co., Ltd</p> <p>Apr 2012: SVP, Dongfeng Motor Co Ltd.</p> <p>Apr 2015: SVP, Nissan Motor Asia Pacific Co., Ltd.</p> <p>Apr 2017: General Manager, Nissan Product Development No. 3, Nissan Motor Co., Ltd</p> <p>Apr 2018: General Manager, Nissan Product Development No. 2, Nissan Motor Co., Ltd.</p> <p>Apr 2020: Corporate Vice President, Nissan Shatai Co., Ltd.</p> <p>Apr 2021: Senior Vice President(Current Position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of Research and Development Div. ; Project Engineering Center</p>	<p>1,200 shares</p>
<p>Reason for selection as an outside director candidate</p> <p>Mr. Yabe is currently a senior vice president of Nissan Shatai who oversees research and development. He has used his many years of experience and extensive knowledge involving corporate management to oversee activities for more competitive vehicles and more competitive technologies and skills, which are goals of the current medium-term management plan. Since Mr. Yabe is well suited for implementing measures for the sustained growth of Nissan Shatai and the medium to long-term growth of corporate value, he is a candidate for re-election as a director.</p>		
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Yabe 2. Within the past 10 years, Mr. Yabe was a seconded employee of Nissan Motor, which is the parent company of Nissan Shatai. Information about Mr. Kotaki's titles and duties at Nissan Motor during the past 10 years are shown above in "Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies." 3. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai 		

has purchased officer liability limitation insurance that limits the liability of Mr. Yabe. A summary of the terms of this policy is on page 27 of this report. If Mr. Yabe is elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Yabe's term of office.		
<p>Takuya Nakamura (July 6, 1962)</p> <p>Male</p> <p>New candidate</p>	<p>Apr 1988: Joined Nissan Motor Co., Ltd.</p> <p>Apr 2011: Deputy General Manager, Vehicle Production Engineering and Development Div., Vehicle Production Engineering Control Dept., Nissan Motor Co., Ltd.</p> <p>Apr 2013: General Manager, Vehicle Production Engineering and Development Div., Vehicle Production Engineering Control Dept., Nissan Motor Co., Ltd.</p> <p>Aug 2015 Alliance Global Director, Vehicle Process Engineering No.2 , Nissan Motor Co., Ltd.</p> <p>Apr 2017: VP, Plant Manager of Tochigi Plant, Nissan Motor Co., Ltd.</p> <p>Apr 2021: Senior Vice President, Nissan Shatai Co.,Ltd. (Current Position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of Production Div. ; Safety and Environment Administration Dept., Quality Administration Dept., Production Administration Dept.</p>	<p>0 share</p>
<p>Reason for selection as an outside director candidate</p> <p>Mr. Nakamura is currently a senior vice president of Nissan Shatai who oversees manufacturing. He has used his many years of experience and extensive knowledge of production technologies and factory operations that were acquired at Nissan Motor to oversee activities for more competitive vehicles and more competitive technologies and skills, which are goals of the current medium-term management plan. Since Mr. Nakamura is well suited for implementing measures for the sustained growth of Nissan Shatai and the medium to long-term growth of corporate value, he is a candidate for re-election as a director.</p>		
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Nakamura. 2. Within the past 10 years, Mr. Nakamura was a seconded employee of Nissan Motor, which is the parent company of Nissan Shatai. Information about Mr. Nakamura's titles and duties at Nissan Motor during the past 10 years are shown above in "Brief Personal Record, Positions, Responsibilities, and Important Positions at Other 		

Companies.		
3. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Nakamura. A summary of the terms of this policy is on page 27 of this report. If Mr. Nakamura is elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Nakamura's term of office.		
Seiichiro Ichikawa (December 8, 1953) Male Reappointment / Outside director/ Independent director	Apr 1976: Joined Sapporo Breweries Ltd. Mar 2005: Managing Officer, Sapporo Breweries Ltd. Mar 2008: Managing Executive Officer, Sapporo Breweries Ltd. Mar 2009: Director and Managing Executive Officer, Sapporo Breweries Ltd. Mar 2013: Senior Managing Director, Sapporo Breweries Ltd. Mar 2015: Resigned Sapporo Breweries Ltd. Jun 2016: Outside Director, Nissan Shatai Co. Ltd. (Current position) Important positions at other companies: Outside Director, SWCC SHOWA HOLDINGS CO., LTD. (Scheduled to be submitted to the general shareholders meeting will be held in June 2021)	0 share
Reason for selection as an outside director candidate Mr. Ichikawa is an outside director who provides valuable opinions from an independent and objective standpoint concerning Nissan Shatai's management. He has many years of management experience at a company outside the automobile industry and considerable knowledge concerning corporate governance. Mr. Ichikawa is a candidate for re-election as an outside director based on the judgment that he can continue to sufficiently perform his roles for decisions about important items concerning management and for the oversight of how business operations are conducted. In addition, if Mr. Ichikawa is re-elected at the shareholders meeting as proposed, Nissan Shatai plans to have him serve as a member of the Nominations and Remuneration Committee and the Business Monitoring Committee. He will be an objective and neutral participant in these committees, which examine candidates for election as officers, remuneration of officers and significant transactions with related parties.		
Notes: 1. There is no special interest between Nissan Shatai and Mr. Ichikawa		

<p>2. Mr. Ichikawa is a candidate for an outside director post.</p> <p>3. Mr. Ichikawa is currently a Nissan Shatai outside director who will complete his fifth year in this position at the end of this shareholders meeting.</p> <p>4. If shareholders approve the re-election of Mr. Ichikawa, he will continue to be an independent director as stipulated by Tokyo Stock Exchange, Inc.</p> <p>5. In accordance with the Articles of Incorporation, there is a contractual agreement between Company and Mr. Ichikawa that limits his liability. In addition, if Mr. Ichikawa 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 terms of this contract are as follows:</p> <p>(1) If directors (excluding directors conducting the Company's business operations) 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.</p> <p>(2) The limit of liability in the above paragraph will apply only in cases where the director (excluding directors conducting the Company's business operations) concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.</p> <p>6. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Ichikawa. A summary of the terms of this policy is on page 27 of this report. If Mr. Ichikawa is re-elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Ichikawa's term of office.</p>		
<p>Masayuki Imai (August 7, 1968)</p> <p>Male</p> <p>Reappointment / Outside director/ Independent director</p>	<p>Apr 1992: Joined Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2016: General Manager, Corporate Planning Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2017: Director; Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2019: Outside Director, Nissan Shatai Co., Ltd.(Current position)</p> <p>Apr 2020 Director and Senior Vice President, Kanagawa Chuo Kotsu Co., Ltd. (Current Position)</p> <p>Important positions at other companies: Director and Senior Vice President, Kanagawa Chuo Kotsu Co., Ltd.</p>	<p>0 share</p>
<p>Reason for selection as an outside director candidate</p> <p>Mr. Imai is currently an outside director who provides valuable opinions from an independent and objective standpoint concerning Nissan Shatai's management. He has many years of management experience and considerable knowledge concerning corporate finance and accounting as the executive officer of Kanagawa Chuo Kotsu Co.,</p>		

Ltd. Mr. Imai is a candidate for re-election as an outside director based on the judgment that he can continue to sufficiently perform his roles for decisions about important items concerning management and for the oversight of how business operations are conducted. In addition, if Mr. Imai is re-elected at the shareholders meeting as proposed, Nissan Shatai plans to have him serve as a member of the Nominations and Remuneration Committee and the Business Monitoring Committee. He will be an objective and neutral participant in these committees, which examine candidates for election as officers, remuneration of officers and examine significant transactions with related parties.

Notes:

1. There is no special interest between Nissan Shatai and Mr. Imai.
2. Mr. Imai is a candidate for an outside director post.
3. Mr. Imai is currently a Nissan Shatai outside director who will complete his second year in this position at the end of this shareholders meeting.
4. If shareholders approve the election of Mr. Imai, he will be an independent director as stipulated by Tokyo Stock Exchange, Inc.
5. If Mr. Imai is elected a director at the shareholders meeting as proposed, the Company plans to conclude a limited liability contract with Mr. Imai that limits his liability regarding Nissan Shatai to a certain level. The main terms of this contract are as follows.
 - (1) If directors (excluding directors conducting the Company's business operations) 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 director (excluding directors conducting the Company's business operations) concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.
6. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Imai. A summary of the terms of this policy is on page 27 of this report. If Mr. Imai is re-elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Imai's term of office.

Proposal 3: Election of one Statutory Auditor

The term of office of Statutory Auditor Tetsunobu Ikeda will expire at the close of this General Meeting. Therefore, the Company proposes to elect one statutory auditor.

As stipulated in Article 34, Paragraph 2 of the Nissan Shatai Articles of Incorporation, the term of office of a statutory auditor elected at this shareholders meeting will end upon the completion of the term of office of the resigning statutory auditor that the newly elected statutory auditor replaces.

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
Tomonori Ito (February 29, 1964) Male New candidate/ 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 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 Jun 2020: Substitute Statutory Auditor, Nissan Shatai Co., Ltd (Current position) Important positions at other companies: Director, Kanagawa Association of Corporate Executives Statutory Auditor, JATCO Ltd.	0 share

Reason for selection as a substitute statutory auditor candidate

Due to his long career at a financial institution and other companies outside the automobile industry, Mr. Ito has considerable experience and knowledge concerning finance and accounting and corporate management. As the outside statutory auditor of a Nissan Motor Group company, Mr. Ito is properly auditing the performance of the company's directors. He is a candidate for election as a statutory auditor based on the judgment that he can sufficiently perform auditing duties at Nissan Shatai too. In addition, if Mr. Ito is re-elected at the shareholders meeting as proposed, Nissan Shatai plans to have him serve as a member of the Business Monitoring Committee. He will be an objective and neutral participant in this committee, which examines significant transactions with a related party.

Notes:

1. There is no special interest between Nissan Shatai and Mr. Ito.
2. Mr. Ito is a candidate for an outside statutory auditor post.
3. If Mr. Ito is elected a 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 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.
 - (1) If a statutory auditor becomes 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.
5. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Ito. A summary of the terms of this policy is on page 27 of this report. If Mr. Ito is elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Ito's term of office.

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
Kazuhiro Okada (December 29, 1961) Male Outside Statutory Auditor/ Independent statutory auditor	Apr 1986: Joined The Bank of Yokohama, Ltd. Sep 2005: General Manager, Omori Branch, The Bank of Yokohama, Ltd. Apr 2007: General Manager, Jiyugaoka Branch, The Bank of Yokohama, Ltd. Apr 2009: General Manager, Credit Dept. , The Bank of Yokohama, Ltd. Feb 2010: General Manager, Noborito Branch, The Bank of Yokohama, Ltd. May 2012: General Manager, Chigasaki Branch, The Bank of Yokohama, Ltd. Apr 2013: Executive Officer, The Bank of Yokohama Ltd. Apr 2015: Managing Executive Officer, The Bank of Yokohama Ltd. Jun 2018: Director and Managing Executive Officer, The Bank of Yokohama Ltd. Apr 2021: Director, The Bank of Yokohama Ltd. (Current position)	0 share
Reason for selection as a substitute statutory auditor candidate Due to his long career at a financial institution, Mr. Okada has considerable experience and knowledge concerning finance and accounting as well as corporate management. As Mr. Okada 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.		

Notes:

- 1, There is no special interest between Nissan Shatai and Mr. Okada
2. Mr. Okada is a candidate for a substitute outside statutory auditor post.
3. If Mr. Okada 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. Okada 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. Okada that limits his liability regarding 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.
5. In accordance with Article 430-3, Paragraph 1 of the Companies Act, Nissan Shatai has purchased officer liability limitation insurance that limits the liability of Mr. Okada. A summary of the terms of this policy is on page 27 of this report. If Mr. Okada is elected at the shareholders meeting as proposed, he will continue to be covered by this policy. Furthermore, Nissan Shatai plans to renew this policy during Mr. Okada's term of office.

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			○	
Shin Kotaki	Director				
Masayuki Yabe	Director				
Takuya Nakamura	Director				
Seiichiro Ichikawa	Director	○	○	○	○
Masayuki Imai	Director	○	○	○	○
Toshikatsu Hamaji	Statutory Auditor (Full-time)				
Izumi Inoue	Statutory Auditor	○	○		○
Tomonori Ito	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, 2020 to March 31, 2021)

1. Current State of Corporate Group

(1) Operations and results

In the fiscal year that ended in March 2021, the COVID-19 pandemic had an impact of an unprecedented magnitude on the economies of countries worldwide. In the fiscal year's first quarter, the crisis severely limited consumer spending and business activities, resulting in a sharp economic downturn. During the remainder of the fiscal year, the Japanese economy has been recovering slowly as exports increased along with the resumption of economic activity and improvements in economies worldwide.

Automobile production in Japan fell to the lowest point of the fiscal year in the first quarter and then began to recover as demand for new cars rebounded in Japan and other countries. However, the business climate for automakers is still extremely challenging. Major issues include the downturn in consumer sentiment caused by the COVID-19 pandemic and concerns about suspensions of motor vehicle production due to the global shortage of semiconductors. As a result, this extremely uncertain environment is likely to continue.

Although the volume of orders from Nissan Motor Co., Ltd. has been recovering slowly, the big decline in the first half production resulted in a 26.3% decrease year-on-year in the number of vehicles sold to 134,410 units and a 27.3% decrease in sales to 362.8 billion yen. Due to a big decrease in gross profit caused mainly by the smaller number of vehicles sold and a less favorable vehicle mix, operating income fell 8.8 billion yen to 0.4 billion yen and ordinary income was down 7.8 billion yen to 1.9 billion yen. Profit attributable to owners of parent declined 3.9 billion yen to 1.9 billion yen. Special gains increased because of the sale of real estate but special losses also increased due to the impairment of fixed assets and other reasons.

Sales Breakdown

Category	Volume (Units)	Amount (Million yen)	Year-on-year change (%)
Passenger vehicles	60,784	216,009	(32.6)
Commercial vehicles	65,520	104,553	(2.1)
Microbuses	8,106	18,298	(59.3)
Vehicle parts, etc.	6	24,007	(10.3)
Total	134,410	362,869	(27.3)

(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 6.8 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 2020, Nissan Shatai started producing a new model of the Elgrand with a revised exterior and advanced safety equipment, a special version of the NV350 Caravan called the Premium GX Black Gear, and the Armada with minor changes including a large navigation monitor and revised exterior.

Regarding the final vehicle inspection issue that was discovered in 2017, all countermeasures for preventing a reoccurrence of this problem are in the implementation phase. Once every year, we hold a compliance day when assembly lines are stopped and there are other measures to prevent this type of problem and strengthen compliance activities.

Although there is progress with vaccines, the outlook for the COVID-19 pandemic is still unclear because of the emergence of new variants and other reasons. 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 these vehicle while implementing a rigorous program to prevent COVID-19 infections.

As we respond to these changes in the business climate, we reaffirmed our recognition of the importance of environmental, social and other sustainability measures by defining sustainability as our corporate purpose. 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 centred 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.

(5) Financial performance highlights

Item \ Fiscal term		95th Fiscal term (Ended March 31, 2018)	96th Fiscal term (Ended March 31, 2019)	97th Fiscal term (Ended March 31, 2020)	98th Fiscal term (Ended March 31, 2021)
Net sales	(Million yen)	558,600	602,882	498,831	362,869
Ordinary income	(Million yen)	1,756	8,174	9,802	1,973
Profit (loss) attributable to owners of parent	(Million yen)	(2,297)	5,585	5,827	1,917
Earnings (loss) per share	(Yen)	(16.38)	41.23	43.02	14.16
Total assets	(Million yen)	273,320	268,514	264,709	261,052
Net assets	(Million yen)	161,713	166,025	168,792	175,176
Book value per share	(Yen)	1,193.87	1,225.70	1,246.13	1,293.27

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 Kyushu Office	Hiratsuka, Kanagawa Prefecture 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
4,074	21

b) Nissan Shatai employees

Number of employees	Decrease from end of previous fiscal year
1,768	(43)

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 21,786,639 shares of treasury stock)
- (3) Number of shareholders at fiscal year-end 4,292
- (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	16,544	12.2
Nissan Shatai Supplier Stock Ownership Plan	2,690	2.0
ECM MF	2,182	1.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,985	1.5
Custody Bank of Japan, Ltd. (Trust Account)	948	0.7
State Street Bank West Client-Treaty 505234	751	0.6
JP Morgan Chase Bank 3851781	739	0.5
JPMBL RE UBS AG London Branch Coll Equity	561	0.4

Note: Nissan Shatai holds 21,786,639 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, 2021)

Title	Name	Responsibilities	Important positions at other companies
President*	Haruhiko Yoshimura	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.; Quality Administration Dept. ; Production Administration Dept.	
Director	Hiroyuki Otsuka	Overall supervision of Research and Development Div.; Vehicle Evaluation & Test Dept.	
Director	Shin Kotaki	Overall supervision of General & Administration Div.; Internal Control Office, Secretariat; Administration Dept.; Conversion Business Promotion Office; Corporate IT Promotion Dept.	
Director (Outside)	Seiichiro 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	Tetsunobu Ikeda	Full-time	Outside Statutory

Auditor (Outside)			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. Ikeda, who is a statutory auditor, has considerable knowledge concerning finance and accounting due to many years of experience at financial institutions.
6. President Mr. Kimura Shohei resigned at the close of the 97th General Meeting that was held on June 24, 2020.
7. Mr. Yoshimura was newly elected as a director at the 97th General Meeting that was held on June 24, 2020.
8. Mr. Mabuchi and Mr. Otsuka resigned as directors on March 31, 2021.
9. 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 FY2020.
10. AUTECH JAPAN, Inc. and NISSAN NETWORK HOLDINGS COMPANY LIMITED are subsidiaries of Nissan Shatai's parent company Nissan Motor Co., Ltd.
11. There are no capital ties and business relations between Nissan Shatai and Japan Risk Solution Co., Ltd.

(2) Remuneration of directors and statutory auditors

1) Total amount of remuneration of directors and statutory auditors

Office	Total amount of remuneration (Thousand yen)	Total amount of remuneration (Thousand yen)			No. of persons
		Base salary	Remuneration linked to results of operations, etc.	Non-monetary Remuneration, etc.	
Directors	117,855	93,582	24,273	0	7
Statutory Auditors	50,424	50,424	0	0	3
Total	168,279	144,006	24,273	0	10

Notes:

1. This table includes one director who resigned at the end of the 97th General Meeting that was held on June 24, 2020.
2. The remuneration paid to two outside directors and two outside statutory auditors during the fiscal year under review totaled 50,016 thousand yen.
3. Remuneration linked to results of operations, etc. is the amount of this remuneration for FY2019 that was confirmed in July 2020. Remuneration linked to results of operations, etc. for FY2020 had not been confirmed when this publication was prepared. Consequently, the remuneration linked to results of operations for FY2020 is not included in the table shown above.
4. Outside directors and outside statutory auditors of Nissan Shatai received aggregate remuneration of 16,004 thousand yen for duties performed as directors or statutory auditors at Nissan Motor or a subsidiary of Nissan Motor.

2) Remuneration linked to results of operations

Remuneration linked to results of operations ratio is calculated by multiplying the payment ratio that is established for each title of directors who are also Nissan Shatai corporate officers (40% of FY base salary for the president and 30% for other directors) by the degree to which each individual's targets concerning financial indicators and other performance were achieved in the applicable fiscal year. Financial indicators used for remuneration linked to results of operations are major indicators for the preservation of a sound foundation for business operations for many more years and include consolidated operating income, consolidated free cash flows and other items. Furthermore, these indicators are consistent with the current medium-term management plan and are reexamined as needed to reflect changes in the business climate. To evaluate personal accomplishments, targets for quality and productivity improvements and other items are established that reflect each individual's duties. These items are selected in each fiscal year upon agreement by the president and each director who is also a corporate officer.

Major performance indicators and results of operations in FY2020 for remuneration linked to results of operations, etc.

Performance indicators	Target (Billion yen)	Actual (Billion yen)	Achievement rate (%)
Operating income	(37.0)	4.8	ô
Free cash flow	(55.0)	39.0	ô

Note: This table shows the major targets for results of operations and actual results of operations that have been confirmed concerning FY2020 remuneration linked to results of operations, etc. As there are other indicators for which results of operations had not been confirmed when this publication was prepared, FY2020 performance-based remuneration, etc. has not yet been confirmed.

3) Shareholders meeting resolutions concerning remuneration, etc. of directors and statutory auditors

At the 59th General Meeting that was held on June 30, 1982, shareholders approved resolutions to limit total monthly remuneration to 30 million yen for directors and 5 million yen for statutory auditors. At the end of this meeting, there were 15 directors and 2 statutory auditors.

4) Method for determining remuneration for individual directors

1. Policy and method for determining remuneration for individual directors

On February 23, 2021, the Board of Directors approved a resolution concerning the policy for determining remuneration for individual directors. Before this resolution was approved, the Nominations and Remuneration Committee discussed the proposed policy and submitted their findings to the Board of Directors.

2. Summary of the remuneration policy

There are two components of remuneration, both monetary, for directors. One is a fixed base salary. The other is remuneration linked to results of operations that is determined in accordance with the achievement of major Nissan Shatai performance targets and the performance of each director. Outside directors receive only the base salary.

- The base salary is a fixed monthly payment that is determined by taking into consideration executive titles, duties, Nissan Shatai's results of operations, the accomplishments of each director and other factors.
- Remuneration linked to results of operations is monetary remuneration that reflects performance indicators for results of operations in each fiscal year. This remuneration is paid in addition to the monthly base salary.
- Remuneration linked to results of operations is determined by using companies in similar industries as benchmarks and establishing a standard ratio of the base salary for each executive title. These standard ratios are determined by the Board of Directors after taking into account the results of a discussion of this matter by the Nominations and Remuneration Committee.

3. Reason for the Board of Directors' judgment that FY2020 remuneration for individual directors is consistent with the remuneration determination policy
The Board of Directors has concluded that FY2020 remuneration for individual directors is consistent with the remuneration determination policy because the method used to determine this remuneration and the content of this remuneration are consistent with the policy and because the Nominations and Remuneration Committee confirmed compliance with the policy.
- 5) Delegation by the Board of Directors of authority for determination of remuneration for individual directors
The Board of Directors has given Nissan Shatai President Haruhiko Yoshimura the authority to determine the base salary and remuneration linked to results of operations of individual directors. The reason is the judgment of directors that this delegation of authority is appropriate because, with the involvement of the Nominations and Remuneration Committee, the company president is able to evaluate the performance of the business units supervised by individual directors. The president prepares an initial proposal for remuneration and submits the proposal to the Nominations and Remuneration Committee. The president then takes the results of the committee's discussions into consideration and makes final decisions concerning remuneration.

(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) Summary of terms of liability insurance policies for executives and other

Nissan Shatai has purchased liability insurance policies as stipulated in Article 430, Paragraph 3-1 of the Companies Act for directors, statutory auditors, executive officers and important employees (including individuals who were at a Nissan Shatai group company during the applicable fiscal year) of Nissan Shatai and the subsidiaries listed in Article 6-c Principal subsidiaries. Nissan Shatai pays all premiums for these policies. These policies provide payments for losses incurred by an insured individual who has been required to pay damages due to an activity (including neglect) associated with the individual's job. These policies are purchased every year.

This liability insurance does not cover payments resulting from actions by Nissan Shatai demanding the payment of damages and does not cover losses caused by a criminal act or intentionally illegal activity of an insured individual. These exemptions are provided for the purpose of ensuring that liability insurance does not have a detrimental effect on the proper performance of duties by individuals who are insured.

(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	Summary of attendance, participation and expected roles
Director	Seiichiro Ichikawa	Mr. Ichikawa attended all 19 meetings of the Board of Directors during the fiscal year (excluding meetings for written resolutions). He adequately performed the role required of an outside director with activities including stating many opinions that used his many years of management experience in a different industry and his knowledge of corporate governance. In addition, he attended all 8 meetings during the fiscal year of the Nominations and Remuneration Committee and the Business Monitoring Committee, and was chairman of both committees, which are voluntary advisory committees for the Board of Directors. Mr. Ichikawa used his independent and objective perspective to play a central role in the oversight function concerning the selection of director and statutory auditor candidates, the determination of remuneration for directors and statutory auditors, and the determination of terms for business transactions with Nissan Motor.
Director	Masayuki Imai	Mr. Imai attended all 19 meetings of the Board of Directors during the fiscal year (excluding meetings for written resolutions). He adequately performed the role required of an outside director with activities including stating many opinions that used his knowledge of corporate finance and accounting acquired at a company in a different industry. In addition, he attended all 8 meetings during the fiscal year of the Nominations and Remuneration Committee and the Business Monitoring Committee, which are voluntary advisory committees for the Board of Directors. Mr. Imai used his independent and objective perspective to perform the oversight function concerning the selection of director and statutory auditor candidates, the determination of

		remuneration for directors and statutory auditors, and the determination of terms for business transactions with Nissan Motor.
Statutory Auditor	Tetsunobu Ikeda	Mr. Ikeda attended all 19 meetings of the Board of Directors (excluding meetings for written resolutions) and all 16 meetings of the Board of Statutory Auditors during the fiscal year. He performed the functions of an outside statutory auditor by using his experience in financial institution management and knowledge of finance and accounting to provide advice.
Statutory Auditor	Izumi Inoue	Mr. Inoue attended all 19 meetings of the Board of Directors (excluding meetings for written resolutions) and all 16 meetings of the Board of Statutory Auditors during the fiscal year. He provided advice from an independent perspective by using his experience as a manager in the non-life insurance and other industries and particularly his knowledge concerning business risk management and corporate governance. In addition, he attended both meetings during the fiscal year of the Business Monitoring Committee as a member of this committee, which is a voluntary advisory committee for the Board of Directors. At this committee, he performed the functions of an outside statutory auditor by making statements from an independent and objective perspective concerning the determination of terms for business transactions with Nissan Motor.

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:
35 million yen

b) Total amount of monetary or other property benefits to be paid by Nissan Shatai or its subsidiaries: 45 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. Outline of the contents of the resolution on the establishment of a system to ensure the appropriateness of business

(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 Control Office performs all activities involving internal controls in order to ensure that these controls are used and to make improvements. 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.

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 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.

Regarding the final vehicle inspection issues discovered in September 2017 at vehicle assembly plants of Nissan Shatai and group companies, all 93 items of the preventive measures had been implemented by the end of March 2020. Since April 2020, we have been monitoring the use of these measures. Nissan Shatai will continue to strictly supervise operations in order to prevent this type of problem 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 (12 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 final 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 and continued in fiscal 2020. 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 2020, activities were performed to confirm that business operations are conducted properly in compliance with the standards thoroughly established.

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. This committee met 6 times during the fiscal year. 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. This committee held 2 meetings during the fiscal year. 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, 2021)

			(Million yen)
Assets	261,052	Liabilities	85,875
Current assets	210,810	Current liabilities	79,306
Cash on hand and in banks	391	Trade notes and accounts payable	49,789
Trade notes and accounts receivable	76,638	Electronically recorded obligations-operating	11,131
Work in process	2,611	Lease obligations	3,100
Raw materials and supplies	2,862	Accounts payable-other	733
Accounts receivable-other	2,731	Accrued expenses	8,686
Deposits paid	125,387	Income taxes payable	220
Other	187	Deposits received	250
Fixed assets	50,242	Deposits received from employees	2,915
Property, plant and equipment	45,723	Accrued warranty costs	203
Buildings and structures	10,353	Other	2,274
Machinery, equipment and vehicles	13,022	Long-term liabilities	6,569
Tools, furniture and fixtures	6,180	Lease obligations	1,328
Land	14,278	Accrued warranty costs	241
Construction in progress	1,888	Net defined benefit liabilities	3,368
Intangible fixed assets	1,006	Asset retirement obligations	1,122
Investments and other assets	3,512	Other	508
Investment securities	324	Net assets	175,176
Long-term prepaid expenses	69	Shareholders' equity	171,351
Deferred tax assets	2,756	Common stock	7,904
Other	362	Capital surplus	8,517
		Retained earnings	177,564
		Treasury stock	(22,635)
		Accumulated other comprehensive income	3,825
		Remeasurements of defined benefit plans	3,825
Total assets	261,052	Total liabilities and net assets	261,052

Consolidated Statement of Income (From April 1, 2020 to March 31, 2021)

	(Million yen)
Net sales	362,869
Cost of sales	355,190
Gross profit	7,678
Selling, general and administrative expenses	7,195
Operating income	483
Non-operating income	
Interest income and dividends income	721
Subsidies for employment adjustment	716
Other	278
Total non-operating income	1,716
Non-operating expenses	
Interest expense	61
Other	165
Total non-operating expenses	226
Ordinary income	1,973
Special gains	
Gain on sales of fixed assets	1,784
Total special gains	1,784
Special losses	
Loss on sales of non-current assets	192
Impairment loss	1,253
Other	0
Total special losses	1,447
Income before income taxes	2,311
Income taxes-current	618
Income taxes-deferred	(225)
Total income taxes	393
Net income	1,917
Profit attributable to owners of parent	1,917

Consolidated Statement of Changes in Net Assets
(From April 1, 2020 to March 31, 2021)

(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	177,407	(22,635)	171,194
Changes of items during the period					
Cash dividends paid			(1,760)		(1,760)
Profit attributable to owners of parent			1,917		1,917
Purchase of treasury stock				(0)	(0)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	-	-	157	(0)	157
Balance at the end of current period	7,904	8,517	177,564	(22,635)	171,351

(Million yen)		
	Accumulated other comprehensive income	Total net assets
	Remeasurements of defined benefit plans	
Balance at the beginning of current period	(2,401)	168,792
Changes of items during the period		
Cash dividends paid		(1,760)
Profit attributable to owners of parent		1,917
Purchase of treasury stock		(0)
Net changes of items other than those in shareholders' equity	6,227	6,227
Total changes of items during the period	6,227	6,384
Balance at the end of current period	3,825	175,176

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. Note concerning change in presentation method

(Application of “Accounting Standard concerning Disclosure of Accounting Estimates”)

“Accounting Standard concerning Disclosure of Accounting Estimates”(ASBJ Statement No. 31, March 31, 2020) becomes effective with the consolidated financial statements for the fiscal year that ended on March 31, 2021. As a result, this note concerning accounting estimates in the consolidated financial statements is presented.

3. Note concerning accounting estimates

The following is a list of items based on accounting estimates that are included in the consolidated financial statements for the fiscal year that ended on March 31, 2021 and that may have a significant effect on the consolidated financial statements for the following fiscal year.

(1) Impairment of fixed assets: 1,253 million yen

The Nissan Shatai Group owns a large volume of plants, machinery and other assets in order to conduct its manufacturing operations. In addition, capital expenditures are required continuously in order to develop new products and upgrade equipment used for manufacturing. As a result, there is large amount of fixed assets on the consolidated balance sheet. The Nissan Shatai Group monitors these assets for indications of the need for impairment by using business segments (motor vehicles, equipment maintenance, information processing, temporary staffing) grouping assets. If the decision is made that impairment is needed, the book values of the applicable

assets are reduced to the recoverable amounts, which are based on estimated future cash flows or, for idle assets, the net sales proceeds of each asset.

In the consolidated financial statements for the fiscal year that ended on March 31, 2021, estimates and other items used to estimate future cash flows for the calculation of recoverable amounts are believed to be reasonable. However, there are potential risks and uncertainties concerning these estimates. For example, an extended negative impact on markets of the COVID-19 pandemic or an unforeseen event may significantly reduce the number of vehicles sold. This could lower future cash flows and recoverable amounts, resulting in the need for asset impairment that could have a significant effect on the consolidated financial statements for the fiscal year ending on March 31, 2022.

(2) Deferred tax assets: 2,756 million yen

Deferred tax assets are recognized in accordance with estimates, based on certain assumptions, of the amount and timing of future taxable income. However, there are potential risks and uncertainties concerning these estimates. For example, an extended negative impact on markets of the COVID-19 pandemic or an unforeseen event may significantly reduce the number of vehicles sold. The resulting decline in profitability could result in differences between these estimates and the actual amounts and timing of taxable income. This could have a significant effect on the amount of deferred tax assets in the consolidated financial statements in the following fiscal years.

(Additional information concerning the COVID-19 pandemic)

The COVID-19 pandemic is currently the risk factor that is having the greatest impact on the consolidated financial statements. In the motor vehicles business segment, Nissan Shatai Group plants suspended operations in the first half of the fiscal year that ended on March 31, 2021 because of a decline in the demand for vehicles and supply chain disruptions. Although demand for new vehicles slowly began to return to normal situation in the fiscal year, this recovery is still under way as sales remain sluggish. Due to this situation, the outlook for growth is the primary assumption with relatively high uncertainty concerning the determination of estimates for future cash flows and taxable income. Accounting estimates for the impairment of fixed assets, the recoverability of deferred tax assets and other items are based on the forecast for consolidated operating results in the fiscal year ending on March 31, 2022 that was disclosed on May 12, 2021 with the earnings announcement for the previous fiscal year (operating income of 7,800 million yen and profit attributable to owners of parent of 5,260 million yen, based on Japanese accounting principles). Actual results of operations may differ from these assumptions because of uncertainty about estimates about the upcoming severity of the COVID-19 pandemic and when this crisis will end.

4. Notes to consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment: 232,450 million yen

(2) Contingent liabilities

As guarantor of employees' housing loans from banks and others:
869 million yen

5. Notes to consolidated statement of changes in net assets

(1) Shares issued and outstanding (as of March 31, 2021)

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 24, 2020	Common stock	880	6.50	March 31, 2020	June 25, 2020
Meeting of the Board of Directors on November 12, 2020	Common stock	880	6.50	September 30, 2020	December 1, 2020
Total	-	1,760	-	-	-

2) Dividend with a record date in the fiscal year ended March 31, 2021 and a payment date after the end of the fiscal year

Nissan Shatai plans to submit the following resolution for approval at the 98th

Ordinary General Shareholders Meeting to be held on June 24, 2021

- Total dividend payments: 880 million yen
- Source of dividends: Retained earnings
- Dividend per share: 6.50 yen
- Record date: March 31, 2021
- Effective date: June 25, 2021

6. 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, 2021.

	Carrying value* (million yen)	Estimated fair value* (million yen)	Unrealized gain (loss) (million yen)
(1) Cash on hand and in banks	391	391	-
(2) Trade notes and accounts receivable	76,638	76,638	-
(3) Deposits paid	125,387	125,387	-
(4) Trade notes and accounts payable	(49,789)	(49,789)	-
(5) Electronically recorded obligations-operating	(11,131)	(11,131)	-
(6) Lease obligations	(4,429)	(4,357)	(72)

* 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.

7. Notes to per share information

(1) Net assets per share: 1,293.27 yen

(2) Net income per share: 14.16 yen

8. Notes to significant subsequent events

Not applicable

9. 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)
Assets planned to be disposed	Buildings and structures	Uji, Kyoto and other	567
	Machinery and carriers		426
	Tools, equipment and fixtures		22
	Construction in progress		81
Idle assets, etc.	Buildings and structures	Ashigara, Kanagawa	5
	Land		150

The Nissan Shatai Group uses business segments (motor vehicles, equipment maintenance, information processing, temporary staffing) 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 extraordinary losses an impairment loss of 1,253 million yen due to the reduction of the book values of assets that are to be disposed in the future and idle assets that are not expected to be used in the future to the recoverable amounts. This is the sum of impairment losses of 572 million yen for buildings and structures, 426 million yen for machinery, equipment and vehicles, 22 million yen for tools, furniture and fixtures, 150 million yen for land, and 81 million yen for construction in progress.

Measurements of the recoverable amounts of assets to be disposed are based on the utilization value of these assets. As estimated future cash flows for these assets are negative, there is no utilization value. Measurements of the recoverable amounts of idle assets are based on net sales proceeds in accordance with real estate appraisals.

10. Other

Amounts less than one million yen are rounded down.

Nonconsolidated Balance Sheet (As of March 31, 2021)

			(Million yen)
Assets	293,636	Liabilities	133,540
Current assets	244,510	Current liabilities	123,677
Cash on hand and in banks	18	Trade notes payable	372
Accounts receivable	74,493	Electronically recorded obligations-operating	11,131
Work in process	1,969	Trade accounts payable	89,695
Raw materials and supplies	605	Short-term borrowings payable to subsidiaries and affiliates	7,382
Accounts receivable-other	41,876	Lease obligations	3,108
Deposits paid	125,387	Accounts payable-other	1,110
Other	160	Accrued expenses	6,275
Fixed assets	49,125	Income taxes payable	66
Property, plant and equipment	43,752	Deposits received	99
Buildings	9,013	Deposits received from employees	2,915
Structures	782	Accrued warranty costs	51
Machinery and equipment	12,599	Other	1,468
Vehicles	200	Long-term liabilities	9,863
Tools, furniture and fixtures	6,094	Lease obligations	1,327
Land	13,191	Accrued warranty costs	93
Construction in progress	1,870	Accrued retirement benefits	6,853
Intangible fixed assets	906	Asset retirement obligations	1,097
Software	891	Other	491
Other	15		
Investments and other assets	4,466	Net assets	160,095
Investment securities	323	Shareholders' equity	160,095
Investments in subsidiaries and affiliates	1,282	Common stock	7,904
Deferred tax assets	2,563	Capital surplus	8,517
Other	297	Legal capital surplus	8,317
		Other capital surplus	200
		Retained earnings	166,308
		Legal reserve	1,976
		Other retained earnings	164,332
		Reserve for reduction entry of replaced property	3,031
		Reserve for reduction entry	26
		General reserve	22,848
		Retained earnings brought forward	138,426
		Treasury stock	(22,635)
Total assets	293,636	Total liabilities and net assets	293,636

Nonconsolidated Statement of Income (From April 1, 2020 to March 31, 2021)

	(Million yen)
Net sales	354,927
Cost of sales	348,504
Gross profit	6,422
Selling, general and administrative expenses	6,125
Operating income	297
Non-operating income	
Interest income and dividend income	731
Rent income on fixed assets	432
Subsidies for employment adjustment	123
Other	28
Total non-operating income	1,315
Non-operating expenses	
Interest expense	95
Rent expenses on fixed assets	270
Other	27
Total non-operating expenses	393
Ordinary income	1,220
Special gains	
Gain on sales of fixed assets	749
Total Special gains	749
Special losses	
Loss on retirement of fixed assets	192
Impairment loss	1,129
Total special losses	1,322
Loss before income taxes	646
Income taxes-current	98
Income taxes-deferred	(70)
Total income taxes	27
Net income	619

Nonconsolidated Statement of Changes in Net Assets
(From April 1, 2020 to March 31, 2021)

(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	3,090
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties					(58)
Reversal of reserve for reduction entry					
Cash dividends paid					
Net income					
Purchase of treasury stock					
Total changes of items during the period	-	-	-	-	(58)
Balance at the end of current period	7,904	8,317	200	1,976	3,031

(Million yen)

	Shareholders' equity					Total net assets
	Retained earnings			Treasury stock	Total shareholders' equity	
	Other retained earnings					
	Reserve for reduction entry	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	27	22,848	139,508	(22,635)	161,237	161,237
Changes of items during the period						
Reversal of reserve for reduction entry of replaced properties			58		-	-
Reversal of reserve for reduction entry	(0)		0		-	-
Cash dividends paid			(1,760)		(1,760)	(1,760)
Net income			619		619	619
Purchase of treasury stock				(0)	(0)	(0)
Total changes of items during the period	(0)	-	(1,082)	(0)	(1,141)	(1,141)
Balance at the end of current period	26	22,848	138,426	(22,635)	160,095	160,095

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. Note concerning change in presentation method

(Application of “Accounting Standard concerning Disclosure of Accounting Estimates”)

“Accounting Standard concerning Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) becomes effective with the nonconsolidated financial statements for the fiscal year that ended on March 31, 2021. As a result, this note concerning accounting estimates in the nonconsolidated financial statements is presented.

3. Note concerning accounting estimates

The following is a list of items based on accounting estimates that are included in the nonconsolidated financial statements for the fiscal year that ended on March 31, 2021 and that may have a significant effect on the nonconsolidated financial statements for the following fiscal year.

(1) Impairment of fixed assets: 1,129 million yen

Information concerning the reasons for this estimate is the same as the information provided in “Notes to Consolidated Financial Statements, 3. Note concerning accounting estimates.”

(2) Deferred tax assets: 2,563 million yen

Information concerning the reasons for this estimate is the same as the information provided in “Notes to Consolidated Financial Statements, 3. Note concerning accounting estimates.”

(Additional information concerning the COVID-19 pandemic)

This information is the same as the information in provided in öNotes to Consolidated Financial Statements, 3. Note concerning Accounting Estimates.ö

4. Notes to nonconsolidated balance sheet

- (1) Accumulated depreciation of property, plant and equipment: 204,987million yen
- (2) Contingent liabilities
 - As guarantor of employees' housing loans from banks and others: 869 million yen
- (3) Monetary receivables from and payables to subsidiaries and affiliates
 - Short-term monetary receivables: 113,495 million yen
 - Long-term monetary receivables: 206 million yen
 - Short-term monetary payables: 62,906 million yen

5. Notes to nonconsolidated statement of income

- (1) Transactions with subsidiaries and affiliates
 - Sales: 354,253 million yen
 - Purchase: 418,536 million yen
 - Transactions other than operating transactions: 1,103 million yen

6. Notes to nonconsolidated statement of changes in net assets

Treasury stock (as of March 31, 2021)
Common stock: 21,786 thousand shares

7. Note to deferred tax assets and liabilities

Major components of deferred tax assets and deferred tax liabilities

	(Million yen)
Deferred tax assets	
Accrued bonuses	515
Warranty costs	439
Securities valuation losses	284
Excess depreciation	416
Allowance for retirement benefits	2,059
Asset retirement obligations	328
Loss on valuation of inventories	260
Other	270
Sub-total	4,573
Valuation allowance	(693)
Total	3,880
Deferred tax liabilities	
Reserve for reduction of replacement cost of specified properties	(1,302)
Other	(14)
Total	(1,317)
Net deferred assets	2,563

8. Note to related party transactions

(1) Parent company and major corporate shareholders

(1) Parent company and major corporate shareholders										
Category	Name	Address	Capital	Activities	Voting rights held by the parent company		Relationship			
							Shared directors, etc.		Business relation	
Parent company	Nissan Motor Co., Ltd.	Kanagawa-ku, Yokohama, Kanagawa	(Million yen)	Manufacture and sale of automobiles and others	(%)		(Persons)		Nissan Shatai purchases engine and other components from Nissan Motor and sells automobiles to Nissan Motor.	
			605,813		Direct	50.0	Transferred	4		
					Indirect	0.0				
				Description of transactions				Amount	Item	FY-end balance
				Business transactions		Sale of automobiles, etc.		(Million yen)	Accounts receivable-trade	
				Purchase of parts, etc.			Payables			
		Non-business transactions		Purchase of fixed assets			Payable-other			

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

- 1) Prices of automobiles sold to Nissan Motor are determined by negotiations while taking into account the total cost. The Nissan Shatai board of directors confirms the progress and contents of these negotiations.
- 2) In principle, prices for parts purchased from Nissan Motor are determined by negotiations based on prices calculated by using the cost of Nissan Motor.
- 3) Fixed assets are purchased from Nissan Motor by using the same terms as for ordinary transactions.
- 4) 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	(Persons) 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) 244,262	Accounts receivable- other		(Million yen) 35,546			
						Purchase of parts		265,415	Payables		38,645	
		Non-business transactions		Group financing loans receivable		1,222	Short-term loans receivable		417			
	Auto Works Kyoto Co., Ltd.	Uji, Kyoto	(Million yen) 480	Manufacture of automobile chassis	(%) Direct 100.0	Relationship						
						Shared directors, etc.		Business relation				
		(Persons) Concurrent 4				Sale of parts and purchase of vehicles						
								Transferred 1				
		Description of transactions				Amount	Item		FY-end balance			
		Business transactions				Supply of parts, etc.		(Million yen) 8,355	Accounts receivable- other		(Million yen) 844	
								Purchase of parts		13,010	Payables	
		Non-business transactions				Group financing loans payable		610	Short-term loans payable		2,160	
								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) The rent of fixed assets is decided in consideration of expenses such as depreciation.
- 4) Consumption taxes are excluded from transactions but included in fiscal year-end balances.
- 5) 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) 2,189	Deposits paid	(Million yen) 125,387
		Interest income			700	Accounts receivable-other	40

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.

9. Notes to amounts per share

- (1) Net assets per share: 1,181.93 yen
- (2) Net income per share: 4.57 yen

10. Notes to significant subsequent events

Not applicable.

11. 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)
Assets planned to be disposed	Buildings and structures	Uji, Kyoto and other	507
	Machinery and equipment		355
	Tools, equipment and fixtures		22
	Construction in progress		81
	Other		7
Idle assets, etc.	Land	Ashigara, Kanagawa	150
	Other		5

Additional information about the impairment losses is in 89. Note concerning impairment losses in the notes to the consolidated financial statements.

12. Other

Amounts less than one million yen are rounded down.

Copy of Independent Auditors' Report on Consolidated Financial Statements

Report of Independent Auditors

May 13, 2021

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Mika Nezu
Designated and Engagement Partner
Certified Public Accountant Masanori Enomoto

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, 2020 through March 31, 2021.

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, 2021 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 13, 2021

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Mika Nezu
Designated and Engagement Partner
Certified Public Accountant Masanori Enomoto

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 98th fiscal year from April 1, 2020 through March 31, 2021

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, 2021 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 98th business year beginning April 1, 2020, and ending March 31, 2021, 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, 2021. 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, 2021, the statutory auditors communicated effectively, including through online channels, 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 assets of the head office and other major business sites, 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 of the final vehicle inspections issue at assembly plants of the Nissan Shatai Group, we have confirmed that all the measures to prevent reoccurrence of this problem were implemented by the end of fiscal 2019, that these activities were reported to the Board of Directors quarterly, and that Nissan Shatai is taking actions to ensure that everyone at the group continues to keep this incident in mind.
- (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 20, 2021

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



CARAVAN
NV350



ELGRAND



NV150
AD



NV200
VANETTE



PATROL Y61



PATROL PICKUP

Direction for the Meeting

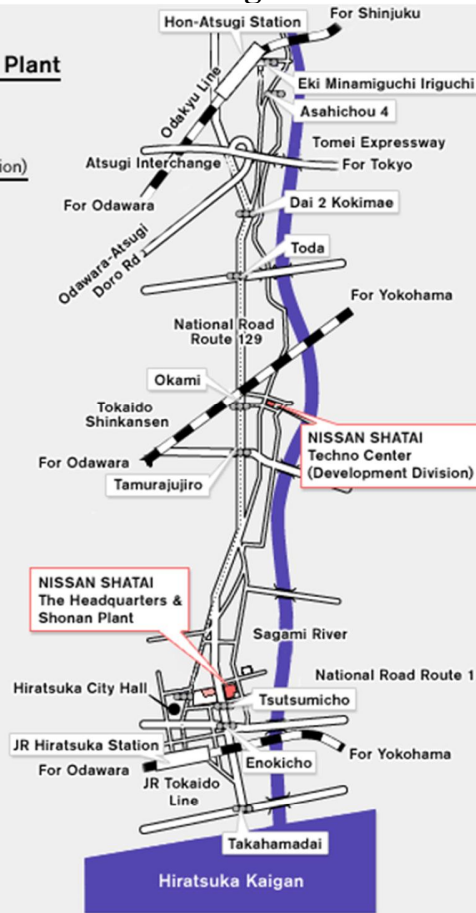
NISSAN SHATAI

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.