

To Shareholders

The items published on the Internet Website
concerning the convocation of the 121st Ordinary
General Meeting of Shareholders

June 10, 2020
NISSAN MOTOR CO., LTD.

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Pursuant to applicable laws and Article 15 of the Articles of Incorporation of the Company, the above items are provided to shareholders through the corporate website (<http://www.nissan-global.com/EN/IR/>).

1. "4. Status of Independent Auditors" of Business Report

(1) Name of independent auditors

Ernst & Young ShinNihon LLC

(2) Fees paid to the independent auditors regarding the current business year

- ① Fees etc. paid to the independent auditors for the current fiscal year and reasons for the consent of then Board of Statutory Auditors thereto
522 million yen

The Board of Statutory Auditors prior to the transition to a company with committees consented thereto in accordance with Article 399, Paragraph 1 of the Companies Act, based on its determination that the fees, etc. for the independent auditors were appropriate as a result of consideration of the contents of the independent auditors' audit plan, the status of their business execution during the previous fiscal year and the basis for calculating the fee estimate through the receipt of necessary materials and reports from internal departments and the independent auditors. The reasons for the consent above have been confirmed by the Audit Committee after the transition to a company with committees.

- ② Fees for audits of the financial statements and other assurance services to be paid by the Company and subsidiaries to the independent auditors
852 million yen

Notes: 1. Because the audit engagement contract between the Company and the independent auditors does not separately specify the fees for i) audits required by the Corporate Law and ii) audits required by the Financial Instruments and Exchange Law, the total fees for those audits have been disclosed.

2. The company paid the fees to the independent auditor for a comfort letter on issuance of bonds and so forth that are not the services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

- ③ All the overseas subsidiaries included in "(6) Principal Group Companies" in "1. Business Review of the Fiscal Year 2019" are audited by audit firms other than Ernst & Young ShinNihon LLC.

(3) Policy concerning the decision to dismiss or to deny reappointment of independent auditors

① Policy for decision of dismissal

- The Audit Committee dismisses an independent auditor upon the unanimous consent of all members of the Audit Committee in the case where such independent auditor is recognized to fall under any of the Items in Article 340, Paragraph 1 of the Companies Act and the Audit Committee decides that the independent auditor in question should be promptly dismissed. In such a case, the members of the Audit Committee designated by the Audit Committee will report the dismissal of the independent auditor in question and the reason for such dismissal at the first general meeting of shareholders called after such dismissal.
- The Audit Committee determines the content of proposals regarding the dismissal of an independent auditor to be submitted to the general meeting of shareholders in the case where it is expected that implementation of appropriate audit may be seriously affected by independent Auditor's actions; namely, where such independent Auditor is recognized to fall under any of the Items in Article 340, Paragraph 1 of the Companies Act and other matters that may affect the audit of financial statements or other items that may affect the audit of financial statements or other items.

② Policy for decision of non-reappointment

The Audit Committee determines the content of proposals regarding the non-reappointment of an independent auditor to be submitted to the general meeting of shareholders in the case where the Audit Committee, given the status of the independent auditor's performance of duties, decides that it is reasonable to change the independent auditor to another independent auditor who is more capable, in terms of independence, expertise, quality review system and audit capability to cover the company's global business operation.

2. "5. Business Management Systems, Processes and Internal Controls" of Business Report

- Systems to ensure compliance of executive officers' activities to laws and articles of associations, and other systems to ensure proper and legitimate business activities

The Board of Directors of Nissan determined Nissan's systems and policies to ensure appropriate management and execution of Nissan and its group companies' business, which is outlined below.

- i) Systems to ensure efficient and management of business activities by the Executive Officers
 - a. The Company chooses to be a company with three statutory committees as its legal organizational structure and its Board of Directors shall decide on basic management policies and important matters set forth under the law, articles of incorporation and the regulations of the Board of Directors.
 - b. The Company's Board of Directors delegates a great portion of its power to decide on business activities (excluding matters exclusive to the Board of Directors under law) to its Executive Officers, in order to carry out effective and flexible management.
 - c. The Company uses a proven system of an Executive Committee, in which Executive Officer President and Chief Executive Officer is a chair, where key issues such as business strategies, important transactions and investments are reviewed and discussed, as well as other committee meetings where operational business issues are reviewed and discussed.
 - d. For review and discussion of the regional and specific business area operations, the Company utilizes Management Committees.
 - e. In order to promote cross functional activities, cross functional teams - CFTs - are organized. CFTs detect problems and challenge and propose solutions to line organizations.
 - f. The Company implements an objective and transparent Delegation of Authority procedure which establishes the authority and responsibility of each Executive Officer and employee, for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions.
 - g. The Company ensures the efficient and effective management of its business by determining and sharing management policy and business direction through establishment of the mid-term management plan and the annual business plan.
- ii) Systems to ensure compliance of Executive Officers' and employees' activities with Laws and articles of association
 - a. The Company implements the "Global Code of Conduct", which explains acceptable behaviors of all employees working at the group companies of the Company worldwide and promotes understanding of our rules of conduct.
 - b. In order to ensure rigorous and strict compliance with the code of conduct, the Company and its group companies offer educational programs such as an e-learning system.
 - c. With regard to members of the Board of Directors as well as Executive Officers, etc. of the Company, the Company shall establish "Guidance for Directors, Executive Officers, etc.", which explains the acceptable behaviors of the members of the Board of Directors and Executive Officers.
 - d. The Company stands firm and take appropriate actions against anti-social forces or groups. If any Director, corporate officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.
 - e. All Directors, corporate officers and employees are encouraged to use good conduct, and to neither directly nor indirectly, be involved in any fraud blackmail or other improper or criminal conduct. In cases of becoming aware of any such impropriety or illegal activity, or the risk thereof, in addition to acting resolutely against it, he/she shall promptly report such matter to his/her respective superiors and specific committee, and shall follow their instructions.
 - f. For the purpose of monitoring and ensuring compliance with the code of conduct, the Company establishes the Global Compliance Committee. The compliance topics detected by the Global Compliance Committee, which are related to Executive Officers of the Global Head Quarters and the chair of the Management Committee are directly reported to the Audit Committee.
 - g. The Company implements a hotline system with internal and external points of contact, by which the employees are able to submit their opinions, questions and requests, as well as report an act that may be suspected as a violation of compliance, freely and directly to the Company's management. The Company has established the system where, as for the matters with doubt of involvement of the management such as Executive Officers, etc., related Executive Officers, etc. do not be able to gain knowledge of the whistleblower or the detail of the report by making the

Audit Committee the body to report to.

- h. The Company is committed to continually implementing relevant company rules. The Company continually offers education programs to employees as part of its program to promote the understanding and compliance with such corporate rules.
 - i. The Company is committed to improve and enhance the internal control systems to ensure accuracy and reliability of its financial reports in accordance with the Financial Instruments and Exchange Law together with its related rules and standards. This is accomplished through adherence to J-SOX testing, review, and reporting protocols (required under the Financial Instruments and Exchange Law). The Company designs and effectively operates processes. Further the Company addresses identified accounting and internal control findings.
 - j. The Board of Directors appoints Outside Directors that has independency (Independent Outside Director) for the majority of its members and for its chair and shall focus on supervising the status of execution of duties by Executive Officers by taking a number of measures such as periodically receive reports from Executive Officers, periodically hold meetings only with the Independent Outside Directors, establish a lead Independent Outside Director, enhance the secretariat's personnel and function, and secure independency and further, shall receive assessment from a third party evaluation organization in respect to its functionality once every three years.
 - k. The Audit Committee appoints Independent Outside Director for a majority of its member and as its chair and also appoint adequately qualified and able Director and shall perform audit of Executive Officers' status of business execution. In addition, the Audit Committee shall appropriately audit the effectiveness with regard to the monitoring function of the Board of Directors on an ongoing basis.
 - l. The Company shall establish a department under the Audit Committee specialized in internal audit for the purpose of regularly auditing group companies' business and their observance of processes, policies, laws, and other matters as appropriate. Regional internal audit departments have been established to perform internal audits under the supervision of Nissan's global internal audit department.
 - m. The Audit Committee shall, as necessary, cooperate with the Nomination Committee and the Compensation Committee.
 - n. Considering the possibilities of conflict of interest between Renault, other major shareholders or MITSUBISHI MOTORS CORPORATION, which is one of the other parties of the Alliance, and the Company, Representative Executive Officer must not concurrently serve as a Director, Executive Officer, or any other officer or other positions of Renault, other major shareholders or MITSUBISHI MOTORS CORPORATION and the subsidiaries and affiliates thereof. If an Executive Officer concurrently serves in such position upon assuming the office of Representative Executive Officer of the Company, he/she and the Company shall promptly take necessary measures to leave such position at the other company.
 - o. If a Director has held the position of Director, Executive Officer or other positions with a title at Renault, other shareholders or MITSUBISHI MOTORS CORPORATION or its subsidiaries and affiliates thereof, such Director shall not participate in the deliberation and resolution of an agenda raised at the Company's meeting of Board of Directors that may cause a conflict of interest between the company in which the Director has held a position and the Company.
 - p. The Company's activities relating to the Nissan-Renault- Mitsubishi Motors Alliance, including operational functions under common-management, are subject to direction, supervision and oversight by the company's Board of Directors, Executive Committee and relevant Executive Officers, etc. Decision-making occurs by the Company's Board of Directors, Executive Officers or employees in accordance with the Company's Delegation of Authority, and as otherwise necessary to comply with legal and regulatory requirements and also in consideration of the possibility of conflict of interest between the Company and Renault or the Company and Mitsubishi Motors.
 - q. Upon newly establishing or changing the organization internally, the Company shall not adopt a structure where the authority is divided in a way which may possibly inhibit the check function of the legal, accounting, financial and other managerial departments
- iii) Rules and systems for proper management of risk and loss
- a. The Company minimizes the possibility of occurrences of risk and, if they occur, mitigates the magnitude of losses by sensing such risks as early as possible and implementing appropriate countermeasures. In order to achieve such objectives, the Company and its Group companies implement the "Global Risk Management Policy."

- b. Management of material company-wide risks is assigned primarily to the members of the Risk Management Committee, who are responsible to implement necessary measures such as preparing relevant risk management manual.
 - c. Concerning the management of other specific business risks beyond those supervised directly by the Risk Management Committee, they are handled by each manager in the business function who will evaluate, prepare and implement the necessary measures to minimize such risks.
 - d. The internal audit department of the Company on behalf of the Audit Committee shall conduct auditing activities pursuant to the relevant audit standards in order to provide assurance on the state of internal controls pursuant to a risk based methodology and consulting when appropriate.
- iv) **Systems to ensure accurate records and the retention of information of Executive Officers' execution of business**
- a. The Company preserves and appropriately manages the documents and other information relating to Executive Officers' execution of business.
 - b. Results of all corporate decisions made by various divisions and department pursuant to Delegation of Authority are preserved and retained either electronically or in writing.
 - c. While the departments in charge are responsible for proper and strict retention and management of such information, , in particular, for materials related to important management councils, Directors and Executive Officers and other employees of the Company have access to any records within a reasonable range as required for the purpose of performing their business activities.
 - d. The Company has enacted a policy about the creation, use, management of information to enhance proper and strict retention and management of information and to prevent improper use of information and unintended disclosure of such information. Furthermore, the Company has established an Information Security Committee, which is engaged in overall management of information security in the Company and makes decisions on information security matters.
- v) **Systems to ensure proper and legitimate business activities of the group companies**
- (A) **Systems to ensure the efficient execution and management of business activities by Directors of the group companies**
- a. The Company establishes various Management Committees which are trans-group organizations in order to ensure proper, efficient and consistent Group management.
 - b. In management committee meetings, the Company provides group companies with important information and shares with them management policies; this ensures that the business decisions of all group companies are made efficiently and effectively.
 - c. The group companies implement an objective and transparent Delegation of Authority procedures in cooperation with the Company.
- (B) **Systems to ensure compliance of activities of Directors and employees of the group companies to laws and regulations and articles of association**
- a. Group companies implement each company's code of conduct in line with the Global Code of Conduct, establish a compliance committee and ensure full compliance with all laws and our corporate code of conduct. The Global Compliance Committee regularly monitors these companies and works to ensure further strict compliance with laws, the articles of association and the corporate behavior. In addition, group companies implement a hotline system which ensures that employees are able to directly communicate to the group company or to the Company directly their opinions, questions and requests.
 - b. The internal audit department of the Company carries out audits on the business of group companies for the purpose of evaluating and improving the effectiveness of risk management control and governance processes.
 - c. The Company's Audit Committee and group companies' Statutory Auditors shall have periodic meetings to share information and exchange opinion for the purpose of ensuring effective auditing of the group companies.
 - d. In particular, the scope and frequency of internal audits and other monitoring activities on the business of the group companies may vary reasonably because of, for example, risk identified as well as the size, nature of the business, and materiality of such group companies.
- (C) **Rules and systems for proper management of risk and loss of the group companies**
- a. The group companies implement the Global Risk Management Policy.
 - b. Management of risks related to the group companies that might have an impact on the entire Group is assigned mainly to the members of the Risk Management Committee, who

- are responsible to implement specific measures.
 - c. Concerning the management of other risks related to the group companies, each group company is responsible to monitor, manage and implement the necessary measures to minimize such risks.
- (D) Systems for Directors of the group companies to report business activities to the Company
- The Company requests the group companies to report and endeavors to maintain certain important business matters of the group companies, through multiple routes, including, (i) the systems stated in (A) through (C) above and (ii) relations and cooperation between each function of the Company and the corresponding function of the other group companies.
- vi) Directors and employees supporting the Company's Audit Committee, systems showing the Directors and employees' independence from the Company's Executive Officers, and systems to ensure effectiveness of the Company's Audit Committee's instruction to Directors and employees
 - a. The Company has Audit Committee secretariat as an organization to support the activities of the Company's Audit Committee. The required number of staff members shall be assigned to the Audit Committee secretariat and they carry out their duties under the direction of the Audit Committee member.
 - b. The evaluation of staff members in the Audit Committee secretariat shall be discussed among the Audit Committee members, and consent of the Audit Committee is necessary for personnel changes and disciplinary actions.
 - vii) Systems to report business issues to the Company's Audit Committee and systems to ensure to prevent disadvantageous treatment of those who made such report
 - (A) Systems for the Company's board members (excluding Audit Committee members), Executive Officers and employees to report business issues to the Company's Audit Committee
 - a. The Company's Audit Committee determine their annual audit plan and perform their audit activities in accordance with that plan. The annual audit plan includes schedules of reports by various divisions. Directors (excluding Audit Committee members), Executive Officers and employees make reports in accordance with the annual audit plan.
 - b. When the Company's Directors (excluding Audit Committee members), Executive Officers and employees detect any incident which could have a materially negative impact on Nissan's business performance or reputation, or are believed to be non-compliant with the global code of conduct or other standard for conduct, they are required to report such incidents to Nissan's Audit Committee.
 - c. In addition, the Company's Directors (excluding Audit Committee members), Executive Officers and employees are required to make an ad-hoc report to the Company's Audit Committee regarding the situation of business activities when so requested.
 - d. The internal audit department reports on an on-going basis to the Company's Audit Committee matters such as its risk based internal audit plan and audit findings identified through the internal audits performed.
 - (B) Systems for Directors, Statutory Auditors, other officers and employees of the group companies and those who received a report from the group companies to report business issues to the Company's Audit Committee
 - a. The Company's Audit Committee shall have periodic meetings of group companies' statutory auditors to share information and exchange opinions for the purpose of ensuring effective auditing of group companies and group companies' Statutory Auditors report the matters which could affect the entire group and other matters to the Company's Audit Committee.
 - b. Directors and employees of the group companies shall promptly make a report to the Company's Audit Committee regarding the situation of business activities when so requested by the Company's Audit Committee.
 - c. The Company's Directors (excluding Audit Committee members), Executive Officers and employees (including, those in the internal audit department), as stated in (A) of this Section, shall report to the Company's Audit Committee the business activities of each group company reported through the systems mentioned in Section v) above.
 - (C) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in (A) and (B) above on the basis of making such report

The Company prohibits disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report. The Company takes the necessary measures to protect those who made such report and takes strict actions, including,

disciplinary actions, against Directors and employees of the Company and its group companies who gave disadvantageous treatment to those who made such report.

viii) Policy for payment of expenses or debt with respect to the Company's Audit Committee members' execution of their duties, including the procedures of advancement or reimbursement of expenses

In accordance with Corporate Law, the Company promptly makes advance payment of expenses or makes payment of debt with regard to the Company's Audit Committee members' execution of their duties if so requested by the Audit Committee except where it proves that the expense or debt relating to such request is not necessary for the execution of the duties of the Audit Committee member. Every year the Company establishes a budget with regard to the Company's Audit Committee members' execution of their duties for the amounts deemed necessary.

ix) Systems to ensure effective and valid auditing by the Company's Audit Committee

- a. The Company's Audit Committee enhances its independence by appointing Independent Outside Directors for the majority of its members and for its chair. Further, in order to ensure that the audit by the Audit Committee is being carried out effectively, the Audit Committee appoints one or more full-time member of the Audit Committee.
- b. The Audit Committee shall, as necessary, cooperate with the internal audit department and accounting auditor upon conducting the Audit Committee's audits. The Audit Committee shall take charge of the department for internal audit and instruct the internal audit department with regard to auditing. The internal audit department obtains approval from the Audit Committee regarding basic policy of the internal audit and, annual plans, budgets and personnel plans for internal audits, and will report to the Audit Committee the status of the performance of duties and any findings therefrom on an ongoing basis. Approval of the Audit Committee shall be obtained for appointment/removal and performance assessment (incl. discipline) of persons responsible for the internal audit department.
- c. The Audit Committee shall have meetings periodically or upon request from the Audit Committee with Executive Officers (including the President and Chief Executive Officer) and exchange views and opinions.
- d. Audit Committee members may attend important meetings, etc. and state his/her opinions and further, may view documents giving approval and other important documents and may request, as necessary, explanations and reports from Executive Officers and employees.
- e. The Audit Committee shall, as necessary, cooperate with the Nomination Committee and the Compensation Committee if necessary, such as by exchanging information and opinions mutually.

● Outline of operation status of systems to ensure proper and legitimate business activities

The outline of operation status of the aforementioned systems is stated as follows. The Board of Directors fully commits to continually monitor and review implementation of the systems and policies, update and improve them whenever necessary. For this purpose, the Board of Directors appoints a director or directors who are in charge of the internal control system, and all related departments closely cooperate under the said director(s) in order to improve the internal control system.

i) Systems to ensure efficient execution and management of business activities by the directors

- The Board of Directors, consisting of twelve members (including seven outside directors) decides material business activities of the company and oversees the activities of the individual directors. It held 16 meetings in the fiscal year. The Company has established Executive Committee and other committees where important matters and daily operations were reviewed and discussed, in order to ensure an efficient and effective management.
- The Board of Directors is compact, enabling effective and flexible management, with authority regarding operations clearly entrusted to corporate officers and employees. Delegation of Authority procedure has been established for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions. Such Delegation of Authority procedures are regularly and as necessary reviewed and updated in order to ensure transparent, prompt and effective decision making.

ii) Systems to ensure compliance of directors' and employees' activities with laws and articles of association

- Under the oversight of Global Compliance Committee, the Company has established regional compliance committees in each of the regions in which it operates to form a system for detecting and deterring illegal and unethical behaviors. The Company is working with all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities. The regular Global Compliance Committees were held attended by the regional

compliance officers in May and November.

- To promote thorough understanding of compliance among all employees worldwide and to facilitate sound business practices, the Company has a globally integrated reporting system. The system, introduced under the name “SpeakUp”, facilitates anonymous reporting and two-way confidential communication for employees and other stakeholders. Employees are encouraged to report violations of the Code of Conduct or other company rules and are protected from retaliation by Nissan’s non-retaliation policy, which is a cornerstone of the Compliance Program.
- The Company provides global trainings to executives and employees to foster respects for compliance measures and the Code of Conduct.
- The Company continues to improve and enhance our internal control systems to ensure financial reporting accuracy in accordance with the Financial Instruments and Exchange Law. This is accomplished through testing, reviews and reporting under J-SOX standards (required under the Financial Instruments and Exchange Law) . Key control processes are well-documented so internal control effectiveness can be evaluated and thoroughly understood.
- The Company addresses all findings, both within J-SOX and other audit scope, that are identified by both internal and external auditors. The Central Global Controller’s team reviews remediation progress and efforts with the regional accounting and finance teams on a regular basis. Quarterly, a Steering Committee, chaired by the CVP-Control, is held with all regions that have open internal control issues. This allows our global teams to understand issues faced elsewhere and be aware of any potential risks to their areas. This data sharing is one way the Company does not only focus on addressing known issues, but also takes proactive steps to prevent future problems from occurring.
- The Company has the global internal audit function, as an independent group to conduct internal auditing tasks under the Audit Committee. Regional audit teams are in each regional headquarters, and for sales finance and IT auditing, global specialty audit leadership was set up to conduct related audits across the regions. Under the control of the Chief Internal Audit Officer, all audits are carried out efficiently and consistently on a global basis. Audits are conducted based on the audit plans which were approved by the Audit Committee. Audit results are regularly reported to the Audit Committee, and reported to the relevant department and corporate officers in a timely manner.
- The Board of Directors appoints outside directors (Independent Outside Directors) as majority of members and chairman and will take various measures such as receiving regular reports from executive officers, holding regular meetings of independent outside directors meetings, establishing a leading Independent Outside Director, and enhancing resource and functions of the secretariat and ensuring independence to focus on supervising the execution of duties by executive officers. BOD effectiveness is evaluated by a third-party evaluation institution every three years.

iii) Rules and systems for proper management of risk and loss

- Based on Global Risk Management Policy, the Company carries out activities on a comprehensive, group wide basis. In order to respond to changes in its business environment, the Company has set up a department in charge of risk management that carries out annual interviews of corporate officers, carefully assessing various potential risks and revising the Company’s “risk map” in line with impact, frequency and control level. The Risk Management Committee makes decisions on risk issues that must be handled at the corporate level and designate “risk owners” to manage the risks. Under the leadership of these owners, the Company designs appropriate countermeasures. The Risk Management Committee was held three times in the fiscal year.
- The group companies in Japan and overseas are strengthening communication in order to share basic processes and tools for risk management, as well as related information, throughout the group.

iv) Systems to ensure accurate records and the retention of information of directors’ execution of business

- The Company shares its Information Security Policy with the group companies worldwide as a basis for reinforced information security, implementing via the Information Security Committee measures enhanced through the PDCA cycle. The Company reliably addresses issues by identifying internal and external information leaks as they occur worldwide and reinforces information security on a timely basis. To thoroughly educate and motivate employees to adhere to relevant policy, the Company institutes regular in-house educational programs. The Information Security Committee was held 3 times in the fiscal year.

- v) Systems to ensure proper and legitimate business activities of the group companies
- The Company receives reports from the group companies on certain important business matters of the group companies, through multiple routes such as various management committees, Global Compliance Committee, Internal audit activities on the business of the group companies, meetings between the Company's statutory auditors and group companies' statutory auditors, and relations/ cooperation between each function of the Company and the corresponding function of the other group companies.
- vi) Directors and employees supporting Nissan's Audit Committee, systems showing the directors and employees' independence from Nissan's executive officers, and systems to ensure effectiveness of Nissan's Audit Committee's instruction to directors and employees
- Nissan has an Audit Committee secretariat as an organization to support the activities of the Audit Committee. The required number of dedicated staff members is assigned to the Audit Committee secretariat and they carry out their duties under the direction of the Audit Committee member.
 - The evaluation of staff members in the Audit Committee secretariat is discussed among the Audit Committee members, and consent of the Audit Committee is necessary for personnel changes and disciplinary actions.
- vii) Systems to report business issues to Nissan's Audit Committee and systems to ensure to prevent disadvantageous treatment of those who made such report
- As a part of audits on business execution including the organization and operation of Nissan's internal control systems, the Audit Committee receives reports from executive officers, corporate officers and employees on their business execution for Nissan and its group companies, in accordance with the Audit Committee's annual audit plan and on an ad-hoc basis as necessary.
 - The Audit Committee periodically receives reports from the internal audit department on audit results regarding business execution of Nissan and its group companies.
 - The Audit Committee receives reports from directors and executive officers of the group companies regarding business execution at the on-site audit periodically implemented by the Audit Committee. During such on-site audit, the Audit Committee has a meeting of group companies' statutory auditors to share information and exchange opinions.
 - In addition, the Audit Committee has been making efforts to strengthen Nissan's group governance by holding periodic meetings of group companies' statutory auditors to share information and exchange opinions, where group companies' statutory auditors report to Nissan's Audit Committee their annual audit plan and progress of key audit matters, etc., which facilitates mutual cooperation among the Audit Committee and group companies' statutory auditors. (such meetings were held twice in this fiscal year.)
- viii) Policy for payment of expenses or debt with respect to Nissan's Audit Committee members' execution of their duties, including the procedures of advancement or reimbursement of expenses
- In accordance with Companies Act, Nissan promptly makes advance payment of expenses or makes payment of debt with regard to Nissan's Audit Committee members' execution of their duties if so requested by the Audit Committee except where it proves that the expense or debt relating to such request is not necessary for the execution of the duties of the Audit Committee member. Every year Nissan establishes a budget with regard to Nissan's statutory auditors' execution of their duties for the amounts deemed necessary.
- ix) System to ensure effective and valid auditing by Nissan's Audit Committee
- The Audit Committee enhances its independence by appointing an independent outside director for the majority of its members and for its chair. Further, in order to ensure that the audit by the Audit Committee is being carried out effectively, the Audit Committee appoints one full-time member of the Audit Committee.
 - The Audit Committee, in conducting its audits, cooperates with the internal audit department and the accounting auditor in an appropriate manner. The Audit Committee supervises the internal audit department and gives them instruction regarding internal audit, while the internal audit department obtains approval from the Audit Committee regarding basic policy of the internal audit and, annual plans, budgets and personnel plans for internal audits, and reports to the Audit Committee the status of the performance of duties and any findings therefrom on an ongoing basis. Approval of the Audit Committee is obtained for appointment/removal and performance assessment (incl. discipline) of persons responsible for the internal audit department.
 - Mr. Motoo Nagai, the Chair of the Audit Committee, has meetings with executive officers

including the President and Chief Executive Officer periodically and exchanges opinions in various areas. Further, Mr. Nagai states his opinions at important meetings he attends, and reviews internal approval documents and other important documents and, when necessary, requests explanations or reports from executive officers and employees. Mr. Nagai shares his collected information with other members of the Audit Committee in a timely manner.

- The Audit Committee, as necessary, cooperates with the Nomination Committee and the Compensation Committee, among other things, by exchanging information and opinions mutually.

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

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	814,682	4,961,980	(139,457)	6,243,019	30,004	4,762
Cumulative effects of changes in accounting policies			(14,353)		(14,353)		
Restated balance	605,814	814,682	4,947,627	(139,457)	6,228,666	30,004	4,762
Changes of items during the period							
Cash dividends paid			(150,652)		(150,652)		
Net loss attributable to owners of parent			(671,216)		(671,216)		
Purchase of treasury stock				(2)	(2)		
Disposal of treasury stock		5		197	202		
Changes in the scope of consolidation			(108)		(108)		
Changes in the scope of equity method			(608)		(608)		
Changes in interests by purchase of subsidiaries' shares		(2)			(2)		
Changes in interests by sales of subsidiaries' shares		3,620			3,620		
Change in an affiliated company's interests in its subsidiary		(249)			(249)		
Net changes of items other than those in shareholders' equity						(46,424)	(25,114)
Total changes of items during the period		3,374	(822,584)	195	(819,015)	(46,424)	(25,114)
Balance at the end of current period	605,814	818,056	4,125,043	(139,262)	5,409,651	(16,420)	(20,352)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	(30,882)	(790,131)	(154,097)	(940,344)	320,835	5,623,510
Cumulative effects of changes in accounting policies					(79)	(14,432)
Restated balance	(30,882)	(790,131)	(154,097)	(940,344)	320,756	5,609,078
Changes of items during the period						
Cash dividends paid						(150,652)
Net loss attributable to owners of parent						(671,216)
Purchase of treasury stock						(2)
Disposal of treasury stock						202
Changes in the scope of consolidation						(108)
Changes in the scope of equity method						(608)
Changes in interests by purchase of subsidiaries' shares						(2)
Changes in interests by sales of subsidiaries' shares						3,620
Change in an affiliated company's interests in its subsidiary						(249)
Net changes of items other than those in shareholders' equity	(4,750)	(256,029)	(72,701)	(405,018)	39,728	(365,290)
Total changes of items during the period	(4,750)	(256,029)	(72,701)	(405,018)	39,728	(1,184,305)
Balance at the end of current period	(35,632)	(1,046,160)	(226,798)	(1,345,362)	360,484	4,424,773

(Reference information) Consolidated Statement of Comprehensive Income
(From April 1, 2019 To March 31, 2020)

		(in millions of yen)
Accounts	Amount	
Net loss		(666,178)
Other comprehensive income		
Unrealized holding gain and loss on securities		(43,401)
Unrealized gain and loss from hedging instruments		(24,671)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting		(5,470)
Translation adjustments		(239,385)
Remeasurements of defined benefit plans		(64,492)
The amount for equity method company portion		(40,550)
Total other comprehensive income		(417,969)
Comprehensive income		(1,084,147)
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent		(1,076,234)
Comprehensive income attributable to non-controlling interests		(7,913)

4. Notes to Consolidated Financial Statements

Basis of Consolidated Financial Statements

1. Number of consolidated subsidiaries and companies accounted for by the equity method

(1) Consolidated subsidiaries: 197 companies (Domestic 67, Overseas 130)

Domestic Car Dealers and Parts Distributors

Kanagawa Nissan Motor Co., Ltd, NISSAN MOTOR SALES CO.,LTD., Nissan Buhin Chuo Hanbai Co., Ltd. and 41 other companies

Domestic Vehicles and Parts Manufacturers

Nissan Shatai Co., Ltd., AICHI MACHINE INDUSTRY CO.,LTD., JATCO Ltd, and 5 other companies

Domestic Logistics and Services Companies

Nissan Trading Co., Ltd., NISSAN FINANCIAL SERVICES CO. , LTD. , Autech Japan, Inc. and 12 other companies

Overseas subsidiaries

Nissan North America, Inc., Nissan International SA, NISSAN MOTOR MANUFACTURING (UK) LTD., Nissan Mexicana, S.A. De C. V. and 126 other companies

Unconsolidated Subsidiaries: 67 companies (Domestic 47, Overseas 20)

Domestic NISSAN ARC, LTD and 46 other companies

Overseas JATCO Korea Engineering Corp. and 19 other companies

These unconsolidated subsidiaries are immaterial in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements.

As a result, they have been excluded from consolidation.

(2) Companies accounted for by the equity method: 49 companies

Unconsolidated subsidiaries: 17 companies (Domestic 12, Overseas 5)

NISSAN ARC, LTD and 16 other companies

Affiliates: 32 companies (Domestic 18, Overseas 14)

Renault, Dongfeng Motor Co., Ltd., MITSUBISHI MOTORS CORPORATION, NISSAN TOKYO SALES HOLDINGS CO., LTD. and 28 other companies

Companies not Accounted for by the Equity Method: 60 companies

Unconsolidated subsidiaries: 50 companies

Nissan Shatai Computer Service Co., Ltd. and 49 other companies

Affiliates: 10 companies

Nissan Car Techno Yamaguchi Co., Ltd and 9 other companies

These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings or others.

(3) Change in the scope of consolidation and equity method

The change in the scope of consolidation and equity method compared with that at the year ended March 31, 2020 was summarized as follows:

Number of companies newly included in the scope of consolidation: 9 companies

(JATCO (Suzhou) Automatic Transmission Ltd. and 8 other companies)

Number of companies excluded from the scope of consolidation: 4 companies

(Nissan Canada Financial Services Inc. and 3 other companies)

Number of companies newly accounted for by the equity method: 3 companies

(Alliance Automotive Research & Development (Shanghai) Co., Ltd. and 2 other companies)

Number of companies ceased to be accounted for by the equity method: 3 companies

(Nissan Prince Kumamoto Hanbai Co., Ltd. and 2 other companies)

The increases in the number of consolidated subsidiaries were mainly due to those that were newly established and the decreases were mainly due to sale of their shares.

2. Fiscal period of consolidated subsidiaries

(1) The fiscal year of the following consolidated subsidiaries is different from that of the Company (March 31)

December 31 year end Companies: Yulon Nissan Motor Co., Ltd., Nissan Mexicana, S.A. de C.V. and 25 other overseas subsidiaries

(2) Nissan Mexicana, S.A. de C.V. and 17 other companies whose fiscal year end is December 31 close their books of account at March 31 for consolidation reporting purpose.

With respect to Yulon Nissan Motor Co., Ltd. and 8 other companies, the necessary adjustments were made in consolidation to reflect any significant transactions from January 1 to March 31.

3. Significant accounting policies

(1) Valuation methods for assets

① Securities

Held-to-maturity securities:

Held-to maturity securities are stated at amortized cost.

Other securities:

Marketable securities:

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method.

Non-marketable securities:

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial Instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

② Derivative financial instruments

Derivative financial instruments are stated at fair value.

③ Inventories

Inventories are 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 of property, plant and equipment

Depreciation of self-owned property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the estimated residual value determined by the Company.

Depreciation of leased assets (including right-of-use assets) is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

(3) Basis for significant reserves

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. Some foreign subsidiaries and affiliates have adopted IFRS 9, "*Financial Instruments*", and recognized impairment losses on financial assets using the expected credit loss model.

② Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

(4) Accounting for retirement benefits

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

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 (principally 6 to 17 years).

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 8 to 26 years). Certain foreign consolidated subsidiaries have adopted the corridor approach for actuarial gain and loss, and amortize them over the average remaining years of services of the eligible employees or the average life expectancy of the eligible employees.

Actuarial gain and loss and past service cost that are yet to be recognized as gain or loss are recorded as remeasurements of defined benefit plans presented in accumulated other comprehensive income of the net assets section, after being adjusted for tax effects.

(5) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are recognized as gain or loss.

Assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, and revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and non-controlling interests in the net assets section.

- (6) Hedge accounting method
- ① Hedge accounting method
Primarily, deferred hedge accounting is applied for derivative instruments.
Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.
Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.
- ② Hedging instruments and hedged items
· Hedging instruments.....Derivative transactions
· Hedged items.....Mainly receivables and payables denominated in foreign currencies and others
- ③ Hedging policy
Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.
- ④ Assessment of hedge effectiveness
The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.
- (7) Amortization of goodwill
Goodwill is amortized over periods not exceeding 20 years determined based on their expected life.
However, immaterial differences are recognized as gain or loss in the year of acquisition.
Negative goodwill in consolidated subsidiaries and in companies accounted for by the equity method which had occurred after April 1, 2010 has been recorded as gain in the year of acquisition.
- (8) Accounting for consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.
- (9) Adoption of consolidated taxation system
The Company and some of its subsidiaries have been adopted the consolidated taxation system.
- (10) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
The Company and some of its domestic subsidiaries have been adopted "*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) and deferred tax assets and liabilities are based on tax law provisions in place prior to the revision prescribing transition from the consolidated taxation system to the group tax sharing system (Act No. 8 of 2020).

4. Changes in accounting policies

- (1) International Financial Reporting Standards (IFRS) 16, "*Leases*" and Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, "*Leases*"
At foreign subsidiaries and affiliates, IFRS 16, "*Leases*" (January 13, 2016) and ASU 2016-02 "*Leases*" (February 25, 2016) have been adopted from the beginning of the fiscal year ended March 31, 2020.
In line with this adoption, the Company generally recognizes all leases as a lessee as assets or liabilities on the consolidated balance sheet.
In adopting the accounting standards, in accordance with the transitional treatment, the Company recognizes the cumulative effect of initially applying the accounting standards at the date of initial application as an adjustment to the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020.
As a result, mainly, the balance of property, plant and equipment, lease obligations included in current liabilities, and lease obligations included in long-term liabilities at the beginning of the fiscal year ended March 31, 2020 increased by ¥77,412 million, ¥12,319 million, and ¥72,158 million, respectively, while retained earnings decreased by ¥3,864 million and non-controlling interests included in net assets decreased by ¥79 million.
The effects of these revisions on the quarterly consolidated statements of income for the fiscal year ended March 31, 2020 are immaterial.
- (2) International Financial Reporting Interpretations Committee (IFRIC) 23, "*Uncertainty over Income Tax Treatments*"
At some foreign subsidiaries and affiliates, IFRIC 23 "*Uncertainty over Income Tax Treatments*" (June 7, 2017) has been adopted from the beginning of the fiscal year ended March 31, 2020.
In line with this adoption, if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Company reflects the effect of uncertainty in income taxes.
In adopting the accounting standard, in accordance with the transitional treatment, the Company recognizes the cumulative effect of initially applying the accounting standards at the date of initial application as an adjustment to the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020.
As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2020 decreased by ¥10,489 million. In addition, net loss for the fiscal year ended March 31, 2020 decreased by ¥9,045 million.

5. Changes in presentations

(Consolidated Statement of Income)

- "Gain on sales of business" which was presented as a separate account under "Special gains" in the prior fiscal year, has been included in "Other" in the current fiscal year due to its decreased financial materiality.
"Expense for reorganization of sales business" which was presented as a separate account under "Special losses" in the prior fiscal year, has been included in "Other" in the current fiscal year due to its decreased financial materiality.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

(1) Assets pledged as collateral

	(in millions of yen)
Sales finance receivables	2,506,933
Property, plant and equipment	942,124
Total	3,449,057

(2) Liabilities secured by the above collateral

	(in millions of yen)
Short-term borrowings	606,470
Long-term borrowings (including the current portion)	1,840,540
Total	2,447,010

2. Accumulated depreciation of property, plant and equipment

(in millions of yen)
5,491,791

(The above amount includes depreciation of leased assets in the amount of 110,517 million yen.)

3. Guarantees and others

	(in millions of yen)
(1) As guarantor of employees' housing loans from banks and others	23,294
	(23,025 for employees, 269 for others)

(2) Commitments to provide guarantees	(in millions of yen) 26
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4. Contingent liabilities

▪ Lawsuits related to Takata's airbag inflators

Mainly in the United States ("U.S.") and Canada various putative class action lawsuits, civil lawsuits and lawsuits by states related to Takata's airbag inflator have been filed against the Company, consolidated subsidiaries and other Original Equipment Manufacturers. The lawsuits allege that the subject airbag inflators did not function properly, and seek, among others, damages for economic losses, incurred costs, decline in the value of vehicles, and, in certain cases, personal injury as well as punitive damages. Most of the class action lawsuits in the U.S. were transferred to the U.S. District Court for the Southern District of Florida and consolidated into a multi-district litigation ("MDL"). The Company and Nissan North America, Inc. ("NNA") have agreed to a proposed settlement that would resolve the US class actions that are pending against them in the MDL, through a number of customer-focused programs. In September 2017, the court in the MDL granted preliminary approval to the proposed settlement. The total payment amount for the settlement will be \$87.9 million to be paid over four years. In February 2018, the court in MDL granted final approval to the proposed settlement. Regarding the lawsuits other than the above, management has not recognized a provision for loss contingencies because as of the date of this report it is not possible to reasonably estimate the amount, if any, of any potential future losses because there are some uncertainties, such as these lawsuits are still in progress.

Notes to Consolidated Statement of Income

Impairment loss

In response to the updated future volume projections, the Group conducted impairment testing for asset groups for which there were indications of impairment at the end of current consolidated fiscal year. As a result, the book value of the following business assets of the automobile segment were written down to the recoverable amount, and an extraordinary loss was recorded as an impairment loss.

The impact of the spread of COVID-19 was considered in the estimation of future cash flows.

The Group bases its grouping for assessing the impairment loss on fixed assets both on its business segments (automobiles and sales financing) and on the regional segments that are complementary with each other, and the grouping was partly reconsidered at the impairment testing at the end of the current fiscal year.

Usage	Type	Location	Amount (in millions of yen)
Business assets	Machinery, equipment and vehicles, and others	Americas	321,708
Business assets	Machinery, equipment and vehicles, and others	Europe	148,533
Business assets	Machinery, equipment and vehicles, and others	Asia	51,764
		Total	522,005

The Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of, and the following loss on impairment of fixed assets was recorded.

Usage	Type	Location	Amount (in millions of yen)
Idle assets	Machinery, equipment and vehicles and others	Japan, Europe and Asia (Total 13 locations)	14,468
Assets to be sold	Machinery, equipment and vehicles	Europe (Total 1 location)	1,345
Assets to be disposed of	Land, Buildings and structures, intangible fixed assets and others	Japan and Other overseas countries (Total 13 locations)	2,824

Notes to Consolidated Statement of Changes in Net Assets

1. Shares issued and outstanding

Common stock 4,220,715 thousand shares

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (in millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual general meeting of the shareholders on June 25, 2019	Common stock	111,520	28.5	March 31, 2019	June 26, 2019
Meeting of the Board of Directors on November 12, 2019	Common stock	39,132	10.0	September 30, 2019	November 27, 2019

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

(2) Dividends, which the Record date was in the year ended March 31, 2020 and the effective date of which is in the year ending March 31, 2021
Not applicable.

Notes to Financial Instruments

1. Overview of financial instruments

The Group's cash is managed mainly through short-term deposits and appropriate repurchase agreement transactions for the purpose of efficient cash management at appropriate risk.

The financing has been diversified, such as bank loans, bond issues, commercial paper issues and liquidation of securities, to reduce the exposure to liquidity risk.

The Group holds trade notes and accounts receivables from sales of products and collects such receivables in accordance with the terms and conditions of relevant sales agreements. The Group also holds trade liabilities with various payment dates based on the payment conditions from purchasing diverse parts, materials and services, required for development and manufacture of products.

The Group utilizes derivative financial instruments based on the internal "Policies and Procedures for Risk Management" mainly for the purposes of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative purposes.

The sales finance business provides financial services to retail customers, such as auto loans and leases, and inventory financing, working capital loans, etc. to our dealers. Strict credit underwriting policies are followed before loans are advanced to the customers and dealers.

2. Fair Value of Financial Instruments

The following table indicates the carrying value in the consolidated balance sheets, the fair value and the unrealized gain (loss) as of March 31, 2020 Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the table below. (Refer to Note 2.)

	(in millions of yen)		
	Amount recorded in the consolidated balance sheets	Fair value	Difference
(1) Cash on hand and in banks	1,382,471	1,382,471	—
(2) Trade notes and accounts receivable Allowance for doubtful accounts (*1)	356,156 (7,626)		
	348,530	348,530	—
(3) Sales finance receivables (*2) Allowance for doubtful accounts (*1)	6,694,128 (127,282)		
	6,566,846	6,564,932	(1,914)
(4) Securities and Investment securities	868,921	572,950	(295,971)
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	13,658 (2,500)		
	11,158	12,056	898
Total assets	9,177,926	8,880,939	(296,987)
(1) Trade notes and accounts payable	1,357,047	1,357,047	—
(2) Short-term borrowings	1,339,949	1,339,949	—
(3) Commercial papers	726,017	726,017	—
(4) Bonds (*3)	1,808,486	1,773,322	35,164
(5) Long-term borrowings (*3)	3,925,462	3,921,878	3,584
(6) Lease obligations (*3)	108,066	107,916	150
Total liabilities	9,265,027	9,226,129	38,898
Derivative transactions (*4)	30,030	30,030	—

(*1) The allowance for doubtful accounts, which is individually reported as part of trade notes and accounts receivable, sales finance receivables and long-term loans receivable, is deducted.

(*2) The amount recorded in the consolidated balance sheets for sales finance receivables is presented with the amount after deducting ¥45,208 million of deferred installments income and others.

(*3) Bonds, long-term borrowings and lease obligations include the current portion of bonds, the current portion of long-term borrowings and lease obligations under current liabilities, respectively.

(*4) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note 1) Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets:

(1) Cash on hand and in banks and (2) Trade notes and accounts receivable

Fair value is calculated based on the book value as these assets are settled within a short time and the fair value is almost equal to the book value.

(3) Sales finance receivables

Fair value is calculated based on the discounted cash flows by collection period, using discount rates reflecting maturity and credit risk.

(4) Securities and Investment securities

Fair value of stocks is based on the prices traded at the stock exchange. Fair value of unlisted foreign investment trusts is based on the book value as these are settled within a short time and fair value is almost equal to the book value.

(5) Long-term loans receivable

Fair value is calculated based on the discounted cash flows of each individual loan, using discount rate which would be applicable for similar new loans.

Liabilities:

(1) Trade notes and accounts payable, (2) Short-term borrowings and (3) Commercial papers

Fair value is calculated based on the book value as these liabilities are settled within a short time and fair value is almost equal to the book value.

(4) Bonds

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

(5) Long-term borrowings and (6) Lease obligations

Fair value is calculated based on the present value estimated by discounting the total principal and interest, using discount rates which would be applicable for similar new borrowings or lease transactions.

Derivative transactions:

Fair value is calculated based on the discounted cash flows and others. Fair value of interest rate swaps which are accounted using special treatment, "Tokurei-Shori", is included in that of corresponding hedged long-term borrowings, as those interest rate swaps are recorded as an adjustment to interest expenses of hedged items under the special treatment.

(Note 2) Unlisted stocks (carrying value in the consolidated balance sheet: ¥568,773 million) are not included in (4) Securities and Investment securities, as it is deemed difficult to measure the fair value because they are non-marketable and future cash flows cannot be estimated.

Notes to Investment and Rental Property

1. The status of investment and rental property

The Company and certain consolidated subsidiaries own rental properties, mainly for vehicle and parts dealers, in Japan and overseas countries.

2. Fair value of investment and rental property

(in millions of yen)	
Carrying value	Fair Value
111,495	119,994

(Note 1) Carrying value deducted accumulated depreciation and impairment loss from acquisition cost of fixed assets.

(Note 2) The fair value was mainly based on real-estate appraisal value which was calculated by external real-estate appraisers.

Notes to Amounts Per Share

Net assets excluding share subscription rights and non-controlling interests per share	1,038.95 yen
Basic net loss per share	171.54 yen

Notes to Significant Subsequent Events

Notes to Significant Subsequent Events Taking into consideration its funding plans, which take into account the risk that COVID-19 will have a prolonged impact, and market trends, the Company and its subsidiaries raised funds in an aggregate amount of ¥712,577 million (including £597 million and \$500 million) with multiple financial institutions after April 2020. The interest rates under funding agreements are approximately the same as prevailing market rates, and the tenors of the funding are, on average, around two year. None of these agreements have collateral or other material covenant provisions.

Other

Not applicable.

Amounts less than one million yen are rounded off.

5. Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2019 To March 31, 2020)

(in millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for reduction of replacement cost of specified properties	Reserve for special depreciation	Unappropriated retained earnings	
Balance at the beginning of current period	605,813	804,470	184	804,654	53,838	54,416	9	991,381	1,099,646
Changes of items during the period									
Cash dividends paid								(161,402)	(161,402)
Provision of reserve for reduction of replacement cost of specified properties						6		(6)	—
Reversal of reserve for reduction of replacement cost of specified properties						(343)		343	—
Provision of reserve for special depreciation							3	(3)	—
Reversal of reserve for special depreciation							(2)	2	—
Net loss								(342,745)	(342,745)
Purchases of treasury stock									
Net changes of items other than those in shareholders' equity									
Total changes of items during the period						(337)	1	(503,812)	(504,148)
Balance at the end of current period	605,813	804,470	184	804,654	53,838	54,079	10	487,569	595,498

	Shareholders' equity		Valuation, translation adjustments and others			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments	Total valuation, translation adjustments and others	
Balance at the beginning of current period	(28,752)	2,481,362	24,752	(169)	24,583	2,505,945
Changes of items during the period						
Cash dividends paid		(161,402)				(161,402)
Provision of reserve for reduction of replacement cost of specified properties						—
Reversal of reserve for reduction of replacement cost of specified properties						—
Provision of reserve for special depreciation						—
Reversal of reserve for special depreciation						—
Net loss		(342,745)				(342,745)
Purchases of treasury stock	(2)	(2)				(2)
Net changes of items other than those in shareholders' equity			(43,354)	169	(43,184)	(43,184)
Total changes of items during the period	(2)	(504,150)	(43,354)	169	(43,184)	(547,335)
Balance at the end of current period	(28,754)	1,977,211	(18,601)	—	(18,601)	1,958,610

6. Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

1. Valuation methods for assets

(1) Securities

1) Held-to-maturity securities

Held-to-maturity securities are stated at amortized cost (straight-line method).

2) Equity securities issued by subsidiaries and affiliates

Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method.

3) Other securities

① Marketable securities:

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Cost of securities sold is calculated by the moving average method.

② Non-marketable securities:

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial Instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

(2) Derivative financial instruments

Derivative financial instruments are carried at fair value.

(3) Inventories

Inventories are 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 and amortization of fixed assets

(1) Property, plant and equipment

Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives and the estimated residual value determined by the Company.

(2) Intangible fixed assets

Amortization of intangible fixed assets is calculated by the straight-line method.

Amortization of software for internal use is calculated by the straight-line method over the estimated useful life (5 years).

(3) Leased assets

Depreciation of leased assets is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

3. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are recognized as gain or loss.

4. Basis for reserves

(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 services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and 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 the pension plan assets at the end of the current fiscal year.

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

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.

Actuarial gain and loss are amortized from the year following the year in which the 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.

(4) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is recorded in consideration of the financial condition of affiliated companies.

5. Other significant accounting policies

(1) Hedge accounting method

① Hedge accounting

Primarily, deferred hedge accounting is applied for derivative instruments. Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.

② Hedging instruments and hedged items

- Hedging instruments.....Derivative transactions
- Hedged items..... Mainly receivables and payables denominated in foreign currencies and others

③ Hedging policy

Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.

④ Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.

(2) Accounting for retirement benefit

The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost are different from those of the consolidated financial statements.

(3) Accounting for the consumption taxes

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

(4) Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

(5) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company has been adopted *"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) and deferred tax assets and liabilities are based on tax law provisions in place prior to the revision prescribing transition from the consolidated taxation system to the group tax sharing system (Act No. 8 of 2020).

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment amounted to ¥1,412,652 million.
(The above amount includes depreciation of leased assets in the amount of ¥50,142 million.)

2. Guarantees and others

(1) Guarantees (in millions of yen)

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	※ 21,606	Guarantees for employees' housing loans
NISSAN MOTOR MANUFACTURING (UK) LIMITED	5,639	Guarantees for loans to purchase fixed assets
Nissan (South Africa) Proprietary Limited	457	Guarantees for loans for working capital
Nissan North America, Inc.	130	Guarantees for loans to purchase fixed assets
Total	27,833	※Allowance for doubtful accounts is provided based on past experience.

(2) Commitments to provide guarantees (in millions of yen)

Guarantees	Balance of commitments to provide guarantees	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	25	Commitments to provide guarantees for loans

(3) Keepwell Agreements

In addition to the above, the Company entered into keepwell agreements with the following financial subsidiaries and others to enhance their credit worthiness.

Their balances of liabilities at the end of March 2020 were as follows.

(in millions of yen)

Company name	Balance of liabilities
Nissan Motor Acceptance Corporation	4,330,218
NISSAN FINANCIAL SERVICES CO., LTD	851,600
Nissan Canada, Inc.	384,959
Nissan Financial Services Australia Pty Ltd	321,726
Nissan Leasing (Thailand) Co., Ltd.	111,758
Nissan Financial Services New Zealand Pty Ltd.	24,285
Total	6,024,548

3. Monetary receivables from and payables to subsidiaries and affiliates (except for separately disclosed)

(in millions of yen)

Short-term monetary receivables:	308,226
Short-term monetary payables:	1,111,979
Long-term monetary payables:	9,819

Notes to Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions with subsidiaries and affiliates	(in millions of yen)
Sales:	2,566,095
Operating expenses:	1,291,563
Transactions with subsidiaries and affiliates other than operating transactions:	228,829

Notes to Non-Consolidated Statement of Changes in Net Assets

Treasury stock (as of March 31, 2020)	Common stock	28,435 thousand shares
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Notes to Deferred Tax Assets and Liabilities

Deferred tax assets mainly consist of those deriving from loss on valuation of investment securities, research and development expenses, accrued expenses, accrued retirement benefits and accrued carry forward losses.

Deferred tax liabilities mainly consist of those deriving from reserves under Special Taxation Measures Law and income enterprise tax receivable.

Valuation allowance provided against deferred tax assets amounted to ¥282,458 million.

Notes to Related Party Transactions

Subsidiaries, affiliates and others

(in millions of yen)

Attribute	Name	Percentage of voting right held by the company	Relation	Nature of transactions	Amount of the transactions	Account	Balance at the end of fiscal year
Subsidiary	Nissan North America, Inc.	Ownership Directly 100%	•Purchasing products manufactured by the Company	Sales	865,997	Trade accounts receivable	44,364
Subsidiary	Nissan Shatai Co., Ltd.	Ownership Directly 50.01% Indirectly 0.01%	•Manufacturing certain products on behalf of the Company	Purchase	299,225	Trade accounts payable Other (Advance payments ·trade) Accounts receivable · other Accrued expenses	71,468 11,477 7,256 3,279
Affiliate	MITSUBISHI MOTORS CORPORATION	Ownership Directly 34.04%	•Manufacturing certain products on behalf of the Company •Concurrent positions held by directors	Purchase	63,406	Trade accounts payable Electronically recorded obligations – operating Other (Advance payments ·trade) Accounts receivable · other Accrued expenses	41,114 26,844 23 25,909 181
Subsidiary	Nissan International SA	Ownership Directly 100%	•Purchasing products manufactured by the Company	Borrowing	72,223	Short-term borrowings Long-term borrowings from subsidiaries and affiliates	48,104 53,797
Subsidiary	Nissan Global Reinsurance, Ltd.	Ownership Indirectly 100%	•Reinsurance recipient of non-life insurance	Borrowing	78,032	Short-term borrowings	77,375
Subsidiary	Nissan Extended Services North America, G.P.	Ownership Indirectly 100%	•Recipient of extended warranty contracts for products of the Company	Borrowing	50,592	Short-term borrowings	49,725
Subsidiary	NISSAN FINANCE CO., LTD.	Ownership Directly 100%	•Lending and borrowing for the group loan provided for domestic subsidiaries	Borrowing Making loans	404,425 —	Short-term borrowings Long-term loans receivable from subsidiaries and affiliates	428,258 355,421
Subsidiary	Nissan International Holding B.V.	Ownership Directly 100%	•Holding investments in subsidiaries and affiliates	Making loans Capital increase	148,760 225,607	Short-term loans receivable from subsidiaries and affiliates —	110,545 —
Subsidiary	NR FINANCE MEXICO, S.A. de C.V.	Ownership Indirectly 100%	•Making loans for sales finance services for vehicles manufactured by the Company	Making loans	—	Long-term loans receivable from subsidiaries and affiliates	53,797
Subsidiary	NISSAN (CHINA) INVESTMENT CO., LTD.	Ownership Directly 100%	•Purchasing products manufactured by the Company	Borrowing Dividend income	48,924 137,796	Short-term borrowings —	125,896 —
Subsidiary	Nissan Motor Acceptance Corporation	Ownership Indirectly 100%	•Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	4,330,218	—	—

(in millions of yen)

Attribute	Name	Percentage of voting right held by the company	Relation	Nature of transactions	Amount of the transactions	Account	Balance at the end of fiscal year
Subsidiary	NISSAN FINANCIAL SERVICES CO., LTD.	Ownership	•Sales of trade accounts receivables and providing guarantees for sales finance services for vehicles manufactured by the Company	Sales of trade accounts receivable	1,102,476	—	—
		Directly 100%			Guarantees given and other (Keepwell Agreements)	851,600	—
Subsidiary	Nissan Financial Services Australia Pty Ltd	Ownership Indirectly 100%	•Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	321,726	—	—
Subsidiary	Nissan Canada, Inc.	Ownership Directly 90.91% Indirectly 9.09%	•Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	384,959	—	—
Subsidiary	Nissan Leasing (Thailand) Co., Ltd.	Ownership Directly 67.21% Indirectly 32.79%	•Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	111,758	—	—

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

- (1) Sales of products and parts are decided considering market prices and total costs.
- (2) Purchase of products is decided after investigation and negotiation considering bidding prices, existing prices and market price of our products.
Parts provided to subcontractors are offset against the purchase costs, and after negotiation, the amount is decided based on the price calculated using the cost.
- (3) The Company has borrowings and lendings with its group companies, and the interest rate is determined by reference to market rates.
- (4) Dividend income from subsidiaries of which the Company has all voting rights is decided considering its financial condition.
- (5) The discount rate for sales of trade accounts receivables is determined by reference to market rates and the usance period of each dealers.

Others

- (1) Borrowing from NISSAN FINANCE CO., LTD. is related to CMS (Cash Management System). The amount of the transactions represents the average balance during the period.
- (2) The capital increase to Nissan International Holding B.V. was executed through the debt-equity swap method.
- (3) The Company provides guarantees to the borrowings of its subsidiaries.
In addition, the Company provides keepwell agreements, as a part of guarantees, in order to complement the credits.

Notes to Amounts Per Share

Net assets excluding share subscription rights per share	467.19yen
Basic net loss per share	81.76yen

Notes to Significant Subsequent Events

Taking into consideration its funding plans, which take into account the risk that COVID-19 will have a prolonged impact, and market trends, the Company raised funds in an aggregate amount of ¥459,442 million (including £597 million) with multiple financial institutions after April 2020. The interest rates under the funding agreements are approximately the same as prevailing market rates, and the tenors of the funding are, on average, around two years. None of these agreements have collateral or other material covenant provisions.

In addition to above, the Company provided a guarantee for a ¥200,000 million loan that Nissan Motor Acceptance Corporation received.

Other

Not applicable.

Amounts less than one million yen are omitted.

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