To Shareholders

# The items published on the Internet Website concerning the convocation of the 123rd Ordinary General Meeting of Shareholders

June 9, 2022

NISSAN MOTOR CO., LTD.

# Contents



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

i) Fees paid to the independent auditors regarding the current business year and the reason for the Audit Committee to have agreed to fees, etc. to the independent auditors

521 million yen

The Audit Committee has reached a conclusion that remuneration & etc. of the independent auditors was appropriate and thus, agreed as specified in Article 399, Paragraph 1 of the Companies Act. To reach the conclusion, the Audit Committee reviewed details of an audit plan prepared by the independent auditors, the status of their performance of duties in the previous fiscal year and calculation basis and logics for estimation of the remuneration by scrutinizing necessary documents and reports from relevant inside departments, the independent auditors and interviews with them.

ii) Fees for audits of the financial statements and other assurance services to be paid by the Company and subsidiaries to the independent auditors

892 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 Companies Act and ii) audits required by the Financial Instruments and Exchange Act, 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.

iii)All the overseas subsidiaries included in “(6) Principal Group Companies” in “1. Business Review of the Fiscal Year 2020” 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

①Policy 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.

②Policy 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 directors’ 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 choses 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. One of the methods of the management is cross-functionality. Among others, Cross-functional teams – CFTs – address problems and challenge. CFTs are powerful management tools, developed within Nissan, that reach across the functions and 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 concerns of involvement of the management such as Executive Officers, etc., related Executive Officers, etc. are unable to obtain knowledge of the whistleblower or the details of the report by making the Audit Committee the reporting body.

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 Act 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 Act). 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 independence (Independent 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 directors, establish a lead Independent 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 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 CORPORATION 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 CORPORATION.

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 Companies Act, 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 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 internal control committee chaired by such director is held to continuously understand the execution and improvement status of 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 such as matters concerning basic policies for the management of the Group based on the Articles of incorporation and Regulations of the Board of Directors, and oversees the activities of the individual directors and executive officers. It held 14 meetings in the fiscal year. While the authority regarding business operations is delegated largely to executives, Board of Directors received reports from executive officers at all the Board of Directors meeting (11 out of 14 meetings) held in the fiscal year to ensure appropriate monitoring of business operation.

・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.

・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 July 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 has been making efforts to prevent recurrences related to the Company's nonconformities in the final vehicle inspection processes (kanken) at its plants in Japan.

By April 2020, the implementation of all 93 planned recurrence prevention measures were completed and their operations continues. In particular, the Company has been continuously striving to strengthen the compliance by implementing measures to prevent the weathering of final vehicle inspection issues, such as creating open working environment by factory visit of executive committee members and raising compliance awareness by holding compliance events and conducting compliance education.

・The Company continues to improve and enhance our internal control systems to ensure financial reporting accuracy in accordance with the Financial Instruments and Exchange Act. This is accomplished through testing, reviews and reporting under J-SOX standards (required under the Financial Instruments and Exchange Act) . 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. This activity is presented to the Chair of the Audit Committee.

・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, IT and monozukuri auditing which requires a higher level of expertise, global specialty audit leadership was set up to conduct related audits across the regions. Regional audit teams are in each regional headquarters, and for sales finance, IT auditing and monozukuri, 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 Company established the Board of Directors Office, where information is collected smoothly and appropriately so that directors can effectively fulfill their roles and responsibilities, and including independent directors meetings, necessary activities are carried out in order for directors to discuss a wide range of issues related to the Company's corporate governance and business matters from the viewpoint of supervising the execution. The Company conducted BOD effectiveness evaluation for this fiscal year and the overview of the evaluation results will be disclosed in the Corporate Governance Report. The Audit Committee audits the effectiveness of the Board of Directors appropriately and reports the results to the Board of Directors.

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 reviewed the risk management process as well as a department in charge of risk management carries out annual interviews of corporate officers/ each region's leader and each function which is in charge of risk management. Carefully assessing various potential risks by reflecting region's feedback. The Company's "risk map" is revised by evaluating those risks' impact, likelihood, and control level quantitatively and qualitatively. The Corporate Risk Management Committee chaired by CEO 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 two times in the fiscal year. The effectiveness of the process is confirmed by utilizing the expertise of internal audit.

In addition, we have established a system to comprehensively respond to business continuity risks by creating specialized department which deals with disasters and operational risks, to take prompt and coordinated responses when a crisis occurs.

・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, and monitoring of governing status through interactive communication with representative officers of each group company, and 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 (including the receipt of reports by utilizing on-line measures instead of on-site visit). During such audit, the Audit Committee has a meeting with group companies' statutory auditors to share information and exchange opinions (including implementation of information sharing and opinion exchange by utilizing on-line measures). In addition, the Audit Committee has been making efforts to strengthen Nissan's group governance by holding periodic meetings with group companies' statutory auditors (including meetings by utilizing on-line measures) 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.) Reports from directors and executive officers of the group companies as well as exchanges of opinions and regular meetings with group companies' statutory auditors were also conducted by utilizing on-line measures considering the spread of the new coronavirus infection.
- The Global Code of Conducts and Global whistleblowing policy stipulate that employees who suspect that a

violation of the Code of Conduct has occurred are obligated to report it as soon as possible and that employees are protected from retaliation, which is thoroughly informed among the employees.

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 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, 2021 To March 31, 2022)

(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 | 817,071 | 3,629,938 | (139,259) | 4,913,564 | 61,902 | (10,639) |
| Cumulative effects of changes in accounting policies | | | (8,828) | | (8,828) | 47 | |
| Restated balance | 605,814 | 817,071 | 3,621,110 | (139,259) | 4,904,736 | 61,949 | (10,639) |
| Changes of items during the period | | | | | | | |
| Net income attributable to owners of parent | | | 215,533 | | 215,533 | | |
| Purchase of treasury stock | | | | (385) | (385) | | |
| Disposal of treasury stock | | (185) | (345) | 1,583 | 1,053 | | |
| Changes in the scope of consolidation | | | 7,020 | | 7,020 | | |
| Changes in the scope of equity method | | | 161 | | 161 | | |
| Changes in affiliated companies' interests in its subsidiaries | | (414) | | | (414) | | |
| Net changes of items other than those in shareholders' equity | | | | | | (58,521) | 27,869 |
| Total changes of items during the period | | (599) | 222,369 | 1,198 | 222,968 | (58,521) | 27,869 |
| Balance at the end of current period | 605,814 | 816,472 | 3,843,479 | (138,061) | 5,127,704 | 3,428 | 17,230 |

| | 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 | (36,498) | (906,200) | (77,536) | (968,971) | 395,233 | 4,339,826 |
| Cumulative effects of changes in accounting policies | | | | 47 | (268) | (9,049) |
| Restated balance | (36,498) | (906,200) | (77,536) | (968,924) | 394,965 | 4,330,777 |
| Changes of items during the period | | | | | | |
| Net income attributable to owners of parent | | | | | | 215,533 |
| Purchase of treasury stock | | | | | | (385) |
| Disposal of treasury stock | | | | | | 1,053 |
| Changes in the scope of consolidation | | | | | | 7,020 |
| Changes in the scope of equity method | | | | | | 161 |
| Changes in affiliated companies' interests in its subsidiaries | | | | | | (414) |
| Net changes of items other than those in shareholders' equity | (1,611) | 393,430 | 60,654 | 421,821 | 54,018 | 475,839 |
| Total changes of items during the period | (1,611) | 393,430 | 60,654 | 421,821 | 54,018 | 698,807 |
| Balance at the end of current period | (38,109) | (512,770) | (16,882) | (547,103) | 448,983 | 5,029,584 |

## (Reference information) Consolidated Statement of Comprehensive Income

(From April 1, 2021 To March 31, 2022)

(in millions of yen)

| Accounts | Amount |
|---|---|
| Net income | 238,770 |
| Other comprehensive income | |
| Unrealized holding gain and loss on securities | (59,947) |
| Unrealized gain and loss from hedging instruments | 26,958 |
| Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting | (140) |
| Translation adjustments | 350,835 |
| Remeasurements of defined benefit plans | 58,794 |
| The amount related to equity method companies | 74,351 |
| Total other comprehensive income | 450,851 |
| Comprehensive income | 689,621 |
| (Breakdown of comprehensive income) | |
| Comprehensive income attributable to owners of parent | 637,354 |
| Comprehensive income attributable to non-controlling interests | 52,267 |

## 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; 240 companies (Domestic 99, Overseas 141)
Domestic Car Dealers and Parts Distributors
Kanagawa Nissan Motor Co., Ltd, NISSAN MOTOR SALES CO.,LTD., Nissan Buhin Chuo Hanbai Co., Ltd.
and 40 other companies
Domestic Vehicles and Parts Manufacturers
Nissan Shatai Co., Ltd., AICHI MACHINE INDUSTRY CO.,LTD., JATCO Ltd
and 7 other companies
Domestic Logistics and Services Companies
Nissan Trading Co., Ltd., NISSAN FINANCIAL SERVICES CO. , LTD. , Autech Japan, Inc.
and 43 other companies
Overseas subsidiaries
Nissan North America, Inc., Nissan International SA, NISSAN MOTOR MANUFACTURING (UK) LTD.,
Nissan Mexicana, S.A. De C. V.
and 137 other companies
Unconsolidated subsidiaries; 16 companies (Domestic 10, Overseas 6)
Domestic Yokoki Manufacturing Co., Ltd. and 9 other companies
Overseas Nissan Manufacturing Tanger Mediterranean and 5 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 impact on the consolidated financial statements.

(2) Companies accounted for by the equity method; 37 companies
Unconsolidated subsidiaries; 1 company (Domestic 0, Overseas 1)
ROSE KILN RETAIL LIMITED
Affiliates; 36 companies (Domestic 21, Overseas 15)
Renault S.A., Dongfeng Motor Co., Ltd., MITSUBISHI MOTORS CORPORATION,
NISSAN TOKYO SALES HOLDINGS CO., LTD. and 32 other companies

Companies not accounted for by the equity method; 20 companies
Unconsolidated subsidiaries; 15 companies
Yokoki Manufacturing Co., Ltd. and 14 other companies
Affiliates; 5 companies
Sun Co., Ltd. and 4 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, 2022 was summarized as follows:
Number of companies newly included in the scope of consolidation; 37 companies
(JATCO Tool Ltd and 36 other companies)
Number of companies excluded from the scope of consolidation; 7 companies
(Nissan Prince Gunma Hanbai Co., Ltd. and 6 other companies)
Number of companies newly accounted for by the equity method; 4 companies
(Nissan Car Techno Yamaguchi Co., Ltd and 3 other companies)
Number of companies ceased to be accounted for by the equity method; 11 companies
(JATCO Tool Ltd and 10 other companies)

The increases in the number of consolidated subsidiaries were mainly due to reexamination of the scope of the consolidated companies and companies to which the equity method is applied to strengthen governance and other decreases were mainly due to liquidation and 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)
January 31 year end company: Yokohama Marinos Ltd.

December 31 year end companies: Yulon Nissan Motor Co., Ltd., Nissan Mexicana, S.A. de C.V. and 33 other overseas subsidiaries

(2) Nissan Mexicana, S.A. de C.V. and 21 other companies whose fiscal year end is December 31 close their books of account at March 31 for consolidation reporting purpose. With respect to Yokohama Marinos Ltd. whose fiscal year end is January 31, and Yulon Nissan Motor Co., Ltd. and 12 other companies whose fiscal year end is December 31, the necessary adjustments were made in consolidation to reflect any significant transactions from February 1 to March 31 and January 1 to March 31.

## 3. Significant accounting policies

(1) Valuation methods for assets

①Securities

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 is 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 Act, 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.

②Derivative financial instruments

Derivative financial instruments are stated at fair value.

③Inventories

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

①Allowance 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 and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 326, and recognized impairment losses on financial assets using the expected credit loss model.

②Accrued 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 5 to 15 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 7 to 24 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) Reporting of significant revenue and expenses

Businesses of the Group are segmented into Automobile and Sales financing based on the features of products and services.

The Automobile business includes manufacturing and sales of vehicles and parts. The Sales financing business provides sales finance services and leasing to support the sales activities of the Automobile business.

Regarding the sales of vehicles and parts in the Automobile business, the Group usually recognizes revenue when products are delivered to customers, as control over products is considered to be transferred to customers when they can use and/or sell products at their own discretion. Transactions in which services are provided over a certain period of time primarily include paid extended warranties and maintenance services. Revenue is recognized over time in accordance with the progress of the performance obligation satisfied. Revenue is measured based on transaction price specified in a contract with customers, excluding the amounts collected on behalf of third parties such as tax authorities.

The Group provides incentives primarily to dealers which are calculated based on total vehicle volume or vehicle unit sales of certain models sold by dealers during a specified period of time. The Group accrues these incentives as revenue reductions upon the sale of a vehicle utilizing “the most likely amount method”.

Payments for products received from customers are collected in accordance with the terms and conditions of relevant sales agreements and amounts of financing component included in the payments are not material.

In addition, product sales contracts with customers include warranty clauses to cover free replacement or repair needed to correct defects in materials or workmanship of all parts and components and the Group recognizes provisions for product warranties to meet these guarantees. The provision is stated in the notes 3. Significant accounting policies (3) Basis for significant reserves ②Accrued warranty costs.

Interest income from sales finance services in the Sales financing business is recognized at an amount equivalent to interest over the contractual period. Interest income from finance lease transactions is recognized over the fiscal years concerned. Revenue from operating lease transactions is recognized by allocating the total of the lease payments over the lease term based on the contract.

(6) 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.

(7) Hedge accounting method

①Hedge accounting method

In principle, deferred hedge accounting is applied for derivative instruments.

If qualifies for specific conditions under J-GAAP, the following exceptional hedge treatments can be applied.

- Hedged items for foreign currency denominated transactions can be booked directly using the forward contract rate, except for accounts receivables to which deferred hedge accounting is applied.
- For interest rate swap, if interest paid or received can be netted against the interest of underlying hedged interest bearing debt, there is no need for fair value evaluation.

②Hedging instruments and hedged items

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

③Hedging 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.

④Assessment of hedge effectiveness

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

(8) 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.

(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) Accounting Standards Board of Japan (ASBJ) Statement No. 29 *"Accounting Standard for Revenue Recognition"*

*"Accounting Standard for Revenue Recognition"* (ASBJ Statement No. 29, March 31, 2020. Hereinafter the "Revenue Recognition Standard") and related guidelines have been adopted from the beginning of the fiscal year ended March 31, 2022. In line with this adoption, revenue is recognized upon the transfer of control of the promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

The main impacts of the adoption of the Revenue Recognition Standard are as follows: the timing of revenue recognition for retail sales of vehicles at domestic sales subsidiaries was changed from the time of registration of a vehicle to the time of delivery to customers, and for transactions in which domestic subsidiaries act as agents, revenue was previously recognized at the total amount of consideration received from the customer, but is now recognized at the net amount received from the customer less the amount paid to the supplier.

In adopting the Revenue Recognition Standard, in accordance with the transitional treatment set forth in the proviso of Article 84 of the Revenue Recognition Standard, the cumulative impact of retrospective application of the standards prior to the beginning of the fiscal year was added to or subtracted from retained earnings at the beginning of the current fiscal year ended March 31, 2022.

As a result, for the fiscal year ended March 31, 2022, net sales and cost of sales decreased by ¥50,254 million and ¥55,527 million, respectively, and income before income taxes increased by ¥4,909 million. In addition, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022 decreased by ¥8,828 million.

As a result of the adoption of the Revenue Recognition Standard, "Trade notes and accounts receivable" which was presented under "Current assets" in the consolidated balance sheet for the prior fiscal year, is included in "Trade notes and accounts receivable, and contract assets" from the current fiscal year.

(2) Accounting Standards Board of Japan (ASBJ) Statement No. 30 *"Accounting Standard for Fair Value Measurement"*

*"Accounting Standard for Fair Value Measurement"* (ASBJ Statement No. 30, July 4, 2019) and other standards have been adopted from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment set forth in Article 19 of *"Accounting*

*Standard for Fair Value Measurement"* and Article 44-2 of *"Accounting Standard for Financial Instruments"* (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by *"Accounting Standard for Fair Value Measurement"* and other standards into the future. The impacts of this adoption on the consolidated financial documentation are immaterial.
In addition, "Fair Value of Financial Instruments by levels" was represented in "Notes to Financial Instruments".

## 5. Changes in presentations

(Consolidated Statement of Income)
"Gain on sales of investment securities", which was included in "Other" under "Special gains" in the prior fiscal year, has been separately presented in the current fiscal year due to its increased financial materiality.
"Compensation for suppliers and others", which was included in "Other" under "Special losses" in the prior fiscal year, has been separately presented in the current fiscal year due to its increased financial materiality. "Loss on shutdowns and others due to COVID-19", 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.

## 6. Accounting estimates

(1) Impairment loss on fixed assets
After grouping fixed assets based on business segments (automobiles and sales financing) and regional classification, which are mutually complementary with each other, the Group determines whether there is any indication of impairment on fixed assets and then recognizes and measures impairment losses. The Group reasonably estimates future cash flows and net realizable value in recognizing and measuring impairment losses, and discount rates in measuring impairment losses.
The assumptions used to estimate future cash flows are based on the Company's business plan which is approved by the Management meeting considering historical market share conditions, profit margins, and third-party forecast data. Regional market growth rates, relevant market trends including the impact of COVID-19 and the semiconductor shortage, and expected changes in the business environment are also considered. Net realizable value is calculated based on the real estate appraisal value etc. and other publicly available information. The discount rate is calculated based on the weighted average cost of capital, taking into account country risk and other factors in each country.
The Group conducted impairment testing for asset groups for which there were indications of impairment at the end of the fiscal year 2021, and recorded impairment loss of ¥11,580 million on business-use assets of the automobile business for Europe and ¥5,393 million on idle and other assets. At the end of the fiscal year 2021, the balance of business-use assets of the automobile business in the consolidated financial statements are ¥2,452,478 million.
If market trends, economic environment or business plans change significantly in relation to the asset group, and the Company revises its estimates of future cash flows and net realizable value, then the Company may recognize or record new or additional impairment losses on fixed assets.

(2) Deferred tax assets
In assessing the recoverability of deferred tax assets, future taxable income is reasonably estimated based on the Company's business plan which is approved by the aforementioned Management meeting for any future deductible temporary differences that remain after taking into account the reversal of future taxable temporary differences and feasible tax planning strategies. The net amount of deferred tax assets recorded in the consolidated financial statements for the fiscal year 2021 is ¥156,553 million.
If market trends, economic environment or business plans change significantly and the Company revises its estimates of future taxable income, then this may affect to the valuation of deferred tax assets.

(3) Allowance for doubtful accounts
An allowance for doubtful accounts is provided to recognize bad debt losses for sales finance receivables, automotive trade receivables, etc. based on an estimate of their collectability calculated based on past experience. When estimating the collectability of receivables, the Group evaluates the credit risk of customers and the value of assets pledged as collateral. In addition, if the credit risk of receivables changes due to changes in the external environment, such as the expectation of a significant deterioration in economic indicators due to the impact of COVID-19 etc., the Company will additionally consider the relevant factors if necessary. For example, the Group may need to increase the allowance or incur bad debt losses if estimates based on past experience differ materially from market value forecasts, perceived individual credit risk, or a deterioration in the value of pledged collateral.
Certain foreign subsidiaries and affiliates which apply International Financial Reporting Standards (IFRS) 9 and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 326, recognize allowances for doubtful accounts based on financial asset impairment losses calculated using the expected credit loss model. Under IFRS 9, expected credit loss is calculated after classifying financial assets into stages according to their credit risk, while under ASC 326, expected credit loss over the remaining life is calculated for all financial receivables without classifying the stages. It is required to measure credit losses from future projected default events at the present value. Allowances under IFRS and ASC can increase or decrease based on the changes in assumptions that drive credit risk assessments, such as past experience, used car prices, and forecasts of macroeconomic factors, such as unemployment rates or inflation.
The allowance for doubtful accounts of the sales finance business recorded in the consolidated financial statements for the fiscal year 2021 is ¥118,592 million.

(4) Provision for residual value risk of leased vehicles
Subsidiaries, primarily in North America, estimate provisions for the residual value risk of leased vehicles to cover losses that arise when proceeds from leased vehicles that have been returned fall below the net book values of these assets at lease-end. Provision for loss on residual value of leased vehicles recorded in the machinery and equipment (net amount) of the consolidated financial statements for the fiscal year 2021 is ¥107,787 million.
Such provisions for residual value risk of leased vehicles are recognized as a change in estimate and their ending book value is further changed,

leading to higher or lower depreciation amounts. The estimate of residual value is updated mainly based on the expected sale price of the leased vehicle and the expected return rate. Assessment of updated vehicle residual values is affected by many factors, including, but not limited to sales results for used cars, trends in returns of leased vehicles, new vehicle sales trends, supplies of used cars, customer preferences, marketing strategies, and general economic conditions. Leased vehicles may be impaired if used car market price falls and impairment indicator exist and their recoverable amount is less than book value.

(5) Expenses for market measures such as recalls

The amount of estimated expenses for market measures is recognized as accrued expenses other than accrued warranty costs when market measures based on notifications to government authorities are deemed to be necessary. In estimating expenses, the estimated accrual is calculated based on the number of applicable model on the markets, the expected implementation rates of market measures, the cost of market measures and other cost per unit. The expected implementation rates of market measures are estimated based on historical results by sales region, brand, and age of product portfolio. Service cost recorded in the consolidated financial statements for the fiscal year 2021 is ¥72,184 million.

The Company checks trends in market measures every quarter, and additional accrued expenses may be recorded or reversed if actual accruals differ from estimates.

## 7. Additional information

(1) Litigation for damages related to vehicle distribution agreement dispute

On July 4, 2019, Al Dahana filed a lawsuit against the Company, its consolidated subsidiary, Nissan Middle East FZE and its equity-method affiliate, Nissan Gulf FZCO, in the Dubai Court of First Instance in relation to a vehicle distribution agreement dispute. On September 29, 2021, the Dubai Court of First Instance ruled that the Company and Nissan Middle East FZE must pay AED 1,159,777,806.50 plus interest.

Although the Company maintains that it has fully complied with its contractual obligations and has filed an appeal against this court judgment, the Company has recorded the amount of judgment plus interest totaling ¥38,758 million under “Selling, general and administrative expenses” considering the ruling at the time of this court judgment.

(2) The impact of the geopolitical issues surrounding Russia and Ukraine

The Company and its subsidiaries assume that the impact of the geopolitical issues surrounding Russia and Ukraine will continue for a certain period of time. Based on our best estimate, the Company and its subsidiaries recorded the expenses related to Russia and Ukraine businesses of ¥15.2 billion in the fiscal year ended March 31, 2022. In addition, our share of the impact of a non-cash adjustment charge from Renault related to its Russia business announced on March 23, 2022, in the amount of ¥37.4 billion was recorded in Equity in earnings of affiliates.

However, there are many uncertainties over the impact of the geopolitical issues surrounding Russia and Ukraine, which may have a material impact on the Group’s financial position and operating results for the fiscal year ended March 31, 2023 and thereafter.

**Notes to Consolidated Balance Sheet**

## 1. Assets pledged as collateral

(1) Assets pledged as collateral

| | (in millions of yen) |
|---|---|
| Sales finance receivables | 2,109,503 |
| Machinery, equipment and vehicles, net | 515,637 |
| Total | 2,625,140 |

(2) Liabilities secured by the above collateral

| | (in millions of yen) |
|---|---|
| Short-term borrowings | 508,391 |
| Long-term borrowings (including the current portion) | 1,167,263 |
| Total | 1,675,654 |

## 2. Accumulated depreciation of property, plant and equipment

(in millions of yen)

5,973,584

(The above amount includes depreciation of leased assets in the amount of 146,209 million yen.)

## 3. Guarantees and others

| | (in millions of yen) |
|---|---|
| (1) As guarantor of employees' housing loans from banks and others | 16,493 |
| | (15,720 for employees, 773 for others) |

| | (in millions of yen) |
|---|---|
| (2) Commitments to provide guarantees | 6 |

## 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, and in February 2018, the court granted final approval to the proposed settlement. The settlement of $87.9 million has been fully paid off. Although there are some ongoing 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.

・Lawsuits related to misstatements in Annual Securities Reports ("Yukashoken-Houkokusho")

As a consequence of misstatements in Annual Securities Reports for each fiscal year in the past, there are some ongoing domestic and foreign lawsuits.

The consolidated financial results may be affected by the progress of legal proceedings.

## 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

Not applicable.

(2) Dividends, which the Record date was in the year ended March 31, 2022 and the effective date of which is in the year ending March 31, 2023

| | |
|---|---|
| Type of shares | Common stock |
| Source of dividends | Retained earnings |
| Total dividends | ¥19,573 million (Dividends per share : ¥5) |
| Record date of dividends | March 31, 2022 |
| Expected effective date | June 29, 2022 |

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

## Notes to Financial Instruments

### 1. Overview of financial instruments

The Group's cash is managed mainly through short-term deposits and short-term investments with insignificant risk 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 securitization of assets, 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 payables 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, 2022.

(in millions of yen)

| | Amount recorded in the consolidated balance sheets | Fair value | Difference |
|---|---|---|---|
| (1) Sales finance receivables (*2) | 6,238,086 | | |
| Allowance for doubtful accounts (*3) | (119,291) | | |
| Subtotal (*4) | 6,118,795 | 6,034,293 | (84,502) |
| (2) Investment securities (*5) | 414,153 | 319,542 | (94,611) |
| (3) Long-term loans receivable | 7,640 | | |
| Allowance for doubtful accounts (*3) | (2,742) | | |
| Subtotal | 4,898 | 4,904 | 6 |
| Total assets | 6,537,846 | 6,358,739 | (179,107) |
| (1) Bonds (*6) | 2,734,796 | 2,680,968 | 53,828 |
| (2) Long-term borrowings (*6) | 3,027,219 | 2,995,406 | 31,813 |
| (3) Lease obligations (*6) | 134,568 | 134,434 | 134 |
| Total liabilities | 5,896,583 | 5,810,808 | 85,775 |
| Derivative transactions (*7) | 30,860 | 30,860 | — |

(*1) Cash on hand and in banks, trade notes and accounts receivable, and contract assets, securities, trade notes and accounts payable, short term borrowings and commercial papers are omitted because they are cash or are settled within a short time and the fair value is almost equal to the book value.
(*2) The amount recorded in the consolidated balance sheets for sales finance receivables is presented with the amount after deducting ¥36,664 million of deferred installments income and others.
(*3) 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.
(*4) The difference between amount recorded in the consolidated balance sheets and fair value is mainly due to the discount rate.
(*5) Unlisted stocks and investments in limited liability partnerships are not included in (2) Investment securities. The amounts of financial instruments recorded in the consolidated balance sheets are as follows:

(in millions of yen)

| Classification | Current fiscal year |
|---|---|
| Unlisted stocks | 637,133 |
| Investments in limited liability partnerships | 3,600 |

(*6) 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.
(*7) 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.

## 3. Fair Value of Financial Instruments by levels

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.
Level 2: Fair value derived from observable inputs that are not included in Level 1 inputs.
Level 3: Fair value derived from unobservable inputs.

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified at lower level category.

(1) Financial instruments that are measured at fair value

(in millions of yen)

| Classification | Fair Value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities<br>Other securities<br>Stock | 1,905 | — | — | 1,905 |
| Total assets | 1,905 | — | — | 1,905 |
| Derivative transactions (*1) | — | 30,860 | — | 30,860 |

(*1) 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.

(2) Financial instruments other than those measured at fair value

(in millions of yen)

| Classification | Fair Value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| (1) Sales finance receivables | — | — | 6,034,293 | 6,034,293 |
| (2) Investment securities<br>Other securities<br>Stock | 317,637 | — | — | 317,637 |
| (3) Long-term loans receivable | — | — | 4,904 | 4,904 |
| Total assets | 317,637 | — | 6,039,197 | 6,356,834 |
| (1) Bonds | — | 2,680,968 | — | 2,680,968 |
| (2) Long-term borrowings | — | 2,995,406 | — | 2,995,406 |
| (3) Lease obligations | — | 134,434 | — | 134,434 |
| Total liabilities | — | 5,810,808 | — | 5,810,808 |

(Notes) Valuation techniques and inputs are as follows:

Investment securities
Fair value of listed stocks is based on prices on the stock exchange. They are classified in Level 1, because they are traded in an active market.

Derivative transactions
Calculation of fair value is based on quoted prices obtained from third parties or based on discounted cash flows with observable inputs such as interest rates and foreign exchange rates and is classified as Level 2 fair value.
Fair value of interest rate swaps is included in that of corresponding hedged long-term borrowings, as those interest rate swaps are treated as underlying transactions of hedged items.

Sales finance receivables
Fair value is calculated based on the discounted cash flows by collection period, using discount rates reflecting maturity and credit risk and is classified as Level 3 fair value.

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 and is classified as Level 3 fair value.

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 observable in the market and is classified as Level 2 fair value.

Long-term borrowings and 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 based on the observable inputs in the market and is classified as Level 2 fair value.

## 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 |
|---|---|
| 109,650 | 117,322 |

(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 Revenue Recognition

### 1. Information about breakdown of revenue from contracts with customers

(in millions of yen)

| | Reportable segments | | Total |
|---|---|---|---|
| | Automobile | Sales financing | |
| Japan | 1,407,121 | 38,178 | 1,445,299 |
| North America | 3,131,777 | 87,632 | 3,219,409 |
| of which USA | 2,602,958 | 913 | 2,603,871 |
| Europe | 1,055,764 | — | 1,055,764 |
| Asia | 860,008 | 2,304 | 862,312 |
| Other overseas countries | 946,824 | 3,633 | 950,457 |
| Revenue from contracts with customers | 7,401,494 | 131,747 | 7,533,241 |
| Revenue from the other sources | 19,398 | 871,946 | 891,344 |
| Sales to third parties | 7,420,892 | 1,003,693 | 8,424,585 |

Note: Revenue from the other sources consists mainly of proceeds from interest, etc. based on Accounting Standards Board of Japan (ASBJ) Statement No. 10 *"Accounting Standard for Financial Instruments"* and lease revenue based on ASBJ Statement No. 13 *"Accounting Standard for Lease Transactions."* These include revenue recognized under International Financial Reporting Standards (IFRS) 9 *"Financial Instruments"* and IFRS 16 *"Leases"* as well as standards for financial instruments such as Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 310 *"Receivables"* and ASC 842 *"Leases"* that are adopted by foreign subsidiaries and affiliates.

### 2. Basic information to understand revenue from contracts with customers

For details, please refer to "Notes to Consolidated Financial Statements 3. Significant accounting policies (5) Reporting of significant revenue and expenses".

### 3. Information to understand the amount of revenue in the current and subsequent fiscal years

(1) Contract assets and contract liabilities

Receivables from contracts with customers (in millions of yen)

| | Current fiscal year (as of April 1 ,2021) | Current fiscal year (as of March 31 ,2022) |
|---|---|---|
| Trade notes | 60,944 | 36,741 |
| Accounts receivable | 441,075 | 363,125 |
| | 502,019 | 399,866 |

Receivables from contracts with customers are included in "Trade notes and accounts receivable, and contract assets".
In addition, the balances of contract assets are immaterial.

Contract Liabilities (in millions of yen)

| | Current fiscal year (as of April 1 ,2021) | Current fiscal year (as of March 31 ,2022) |
|---|---|---|
| Contract Liabilities | 257,960 | 287,592 |

Contract liabilities are included in "Other" in "Current liabilities" and "Long-term liabilities". Contract liabilities mainly include advances for vehicles, paid extended warranties and maintenance services, which are reversed upon revenue recognition.
The amounts of revenue recognized in the current fiscal year that were included in the contract liability balances at the beginning of the year are ¥100,232 million.
In addition, the amounts of revenue recognized in the current fiscal year from performance obligations satisfied (or partially satisfied) in previous years are immaterial.

(2) Transaction price allocated to the remaining performance obligations

The remaining performance obligations primarily consist of sales for vehicles and parts, and provision of paid extended warranties and maintenance services. The Group has excluded unsatisfied performance obligations for sales including vehicles and parts related to contracts that have an original expected duration of one year or less from this disclosure. The revenue expected to be recognized for each period is as follows:

(in millions of yen)

| | Current fiscal year |
|---|---|
| Due within one year | 77,799 |
| Due after one year but within five years | 138,445 |
| Due after five years | 9,031 |
| Total | 225,275 |

## Notes to Amounts Per Share

| | |
|---|---|
| Net assets excluding share subscription rights and non-controlling interests per share | 1,170.17 yen |
| Basic earnings per share | 55.07 yen |

## Notes to Significant Subsequent Events

Not applicable.

## Other

Not applicable.

Amounts less than one million yen are rounded off.

## 5. Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2021 To March 31, 2022)

(in millions of yen)

| | Shareholders' equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | | Retained earnings | | | | |
| | | | | | | Other retained earnings | | | |
| | Common stock | Legal capital surplus | Other capital surplus | Total capital surplus | Legal reserve | Reserve for reduction of replacement cost of specified properties | Reserve for special depreciation | Unappropriated retained earnings | Total retained earnings |
| Balance at the beginning of current period | 605,813 | 804,470 | 184 | 804,654 | 53,838 | 53,815 | 7 | 415,207 | 522,869 |
| Changes of items during the period | | | | | | | | | |
| Reversal of reserve for reduction of replacement cost of specified properties | | | | | | (199) | | 199 | — |
| Reversal of reserve for special depreciation | | | | | | | (3) | 3 | — |
| Net loss | | | | | | | | (114,387) | (114,387) |
| Purchases of treasury stock | | | | | | | | | |
| Disposal of treasury stock | | | (184) | (184) | | | | (344) | (344) |
| Net changes of items other than those in shareholders' equity | | | | | | | | | — |
| Total changes of items during the period | | | (184) | (184) | | (199) | (2) | (114,530) | (114,732) |
| Balance at the end of current period | 605,813 | 804,470 | 0 | 804,470 | 53,838 | 53,615 | 5 | 300,676 | 408,136 |

| | 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 | (28,756) | 1,904,581 | 62,771 | (30) | 62,741 | 1,967,322 |
| Changes of items during the period | | | | | | |
| Reversal of reserve for reduction of replacement cost of specified properties | | | | | | — |
| Reversal of reserve for special depreciation | | | | | | — |
| Net Loss | | (114,387) | | | | (114,387) |
| Purchases of treasury stock | (1) | (1) | | | | (1) |
| Disposal of treasury stock | 1,217 | 688 | | | | 688 |
| Net changes of items other than those in shareholders' equity | | | (59,782) | 3,520 | (56,261) | (56,261) |
| Total changes of items during the period | 1,216 | (113,701) | (59,782) | 3,520 | (56,261) | (169,962) |
| Balance at the end of current period | (27,539) | 1,790,880 | 2,989 | 3,490 | 6,479 | 1,797,360 |

## 6. Notes to Non-Consolidated Financial Statements

### Significant Accounting Policies

### 1. Valuation methods for assets

(1) Securities

Held-to-maturity securities

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

Equity securities issued by subsidiaries and affiliates

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

Other securities

①Marketable 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.

②Non-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 Act, 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 by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees at the time incurred.

Actuarial gain and loss are amortized by the straight-line method from the following year over periods which are shorter than the average remaining years of service of the eligible employees at the time incurred.

(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 subsidiaries and affiliated companies.

## 5. Revenue recognition

The Company's revenues are primarily from the sale of vehicles and parts. In addition, the Company recognizes royalty income from trademarks and technical know-how licensed to others for the manufacture and sale of products.
The Company generally recognizes revenue from the sale of vehicles and parts when the products are delivered based on terms agreed upon in contracts with customers. This is when legal title and the risk and rewards of ownership are transferred allowing the customer to dispose of the goods and the Company to request payment from the customer and is deemed to be the point at which control of the goods is transferred to the customer.
For domestic sales, vehicle sales are recognized when the vehicles are delivered to the destination agreed between the customers. Parts sales are recognized when the parts are shipped from the Company based on the application of alternative treatment allowed under paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition.
The Company provides incentives primarily to dealers calculated based on the total number of vehicles sold or the number of specific models sold by dealers during a specified period. The Company accrues these incentives as revenue reductions upon the sale of a vehicle using the most likely amount method.
For export sales, revenues are primarily recognized when goods are loaded on the vessel.
Royalty income is primarily recognized based on the amount of the licensee's (majorly Company's subsidiaries and affiliates) revenue and at the time their revenue is recognized.
Revenue is measured based on the transaction price specified in contracts with customers, excluding the amounts collected on behalf of third parties such as tax authorities.
Payments for products received from customers are collected in accordance with the terms and conditions of the relevant sales agreements and the amount of financing component included in the payment is not material.
In addition, product sales contracts with customers include warranty clauses to cover free replacement or repair needed to correct defects in materials or workmanship of all parts and components and the Group recognizes provisions for product warranties to meet these guarantees. The provision is stated in the notes Significant Accounting Policies 4. Basis for reserves (2) Accrued warranty costs.

## 6. Other significant accounting policies

(1) Hedge accounting method

①Hedge accounting

In principle, deferred hedge accounting is applied for derivative instruments.
If qualifies for specific conditions under J-GAAP, the following exceptional hedge treatments can be applied.

- Hedged items for foreign currency denominated transactions can be booked directly using the forward contract rate, except for accounts receivables to which deferred hedge accounting is applied.
- For interest rate swap, if interest paid or received can be netted against the interest of underlying hedged interest bearing debt, there is no need for fair value evaluation.

②Hedging instruments and hedged items

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

③Hedging 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.

④Assessment 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 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).

## 7. Changes in accounting policies

(1) Accounting Standards Board of Japan (ASBJ) Statement No. 29 *"Accounting Standard for Revenue Recognition"*

*"Accounting Standard for Revenue Recognition"* (ASBJ Statement No. 29, March 31, 2020. Hereinafter the "Revenue Recognition Standard") and related guidelines have been adopted from the beginning of the fiscal year ended March 31, 2022. In line with this adoption, revenue is recognized upon the transfer of control of the promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

In adopting the Revenue Recognition Standard, in accordance with the transitional treatment set forth in the proviso of Article 84 of the Revenue Recognition Standard, the cumulative impact of retrospective application of the standards prior to the beginning of the fiscal year was added to or subtracted from retained earnings at the beginning of the current fiscal year ended March 31, 2022. However, no impact was recognized to the beginning balance due to this transition.

As a result of the adoption of the Revenue Recognition Standard, of the amounts presented as "Advance received" in the prior fiscal year, the amount derived from contract with customers are presented as "Contract liabilities" in the current fiscal year.

(2) Accounting Standards Board of Japan (ASBJ) Statement No. 30 *"Accounting Standard for Fair Value Measurement"*

*"Accounting Standard for Fair Value Measurement"* (ASBJ Statement No. 30, July 4, 2019) and other standards have been adopted from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment set forth in Article 19 of *"Accounting Standard for Fair Value Measurement"* and Article 44-2 of *"Accounting Standard for Financial Instruments"* (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by *"Accounting Standard for Fair Value Measurement"* and other standards into the future. The impacts of this adoption on the Non-consolidated financial statements are nil.

## 8. Accounting estimates

(1) Impairment loss on fixed assets

Comments are omitted, since the same contents are already described in the notes to the consolidated financial statements (6. Accounting estimates, (1) Impairment loss on fixed assets). In assessing whether to recognize impairment, the Company determined that it was not necessary to recognize additional impairment loss on fixed assets for business-use. ¥1,027 million is recorded for the idle assets and the assets determined to be disposed of. The total of property, plant and equipment and intangible fixed assets recorded in the Non-consolidated Financial Statements for the current fiscal year is ¥831,989 million.

(2) Deferred tax assets

Comments are omitted since the same contents are already described in the notes to consolidated financial statements (6. Accounting estimates, (2) Deferred tax assets).

Deferred tax assets of ¥134,012 million is recorded in the current year's financial statements.

(3) Expenses for market measures such as recalls

Comments are omitted, since the same contents are already described in the notes to consolidated financial statements (6. Accounting estimates (5) Expenses for market measures such as recalls).

Service costs of ¥36,674 million is recorded in the current year's financial statements.

## 9. Additional information

(1) Litigation for damages related to vehicle distribution agreement dispute

On July 4, 2019, Al Dahana filed a lawsuit against the Company, its consolidated subsidiary, Nissan Middle East FZE and its equity-method affiliate, Nissan Gulf FZCO, in the Dubai Court of First Instance in relation to a vehicle distribution agreement dispute. On September 29, 2021, the Dubai Court of First Instance ruled that the Company and Nissan Middle East FZE must pay AED 1,159,777,806.50 plus interest.

Although the Company maintains that it has fully complied with its contractual obligations and has filed an appeal against this court judgment, the Company has recorded the amount of judgment plus interest totaling ¥38,758 million under "Selling, general and administrative expenses" considering the ruling at the time of this court judgment.

(2) The impact of the geopolitical issues surrounding Russia and Ukraine

The Company assumes that the impact of the geopolitical issues surrounding Russia and Ukraine will continue for a certain period of time. Based on our best estimate, the Company recorded the expenses related to Russia and Ukraine businesses mainly in Provision of allowance for doubtful accounts of subsidiaries and affiliates for the fiscal year ended March 31, 2022.

However, there are many uncertainties over the impact of the geopolitical issues surrounding Russia and Ukraine, which may have a material impact on the Company's financial position and operating results for the fiscal year ended March 31, 2023 and thereafter.

## Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment amounted to ¥1,438,199 million.
(The above amount includes depreciation of leased assets in the amount of ¥62,913 million.)

2. Guarantees and others

(1) Guarantees (in millions of yen)

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Nissan Motor Acceptance Corporation LLC | 150,000 | Guarantees for loans for captive finance |
| NISSAN MOTOR MANUFACTURING (UK) LTD. | 100,926 | Guarantees for loans to invest in plant facilities etc. |
| Nissan Canada, Inc. | 40,000 | Guarantees for loans for captive finance |
| Nissan (South Africa) Proprietary Limited | 190 | Guarantees for loans for working capital |
| Employees | ※ 14,853 | Guarantees for employees' housing loans |
| Total | 305,970 | ※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. | 6 | 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 2022 were as follows. (in millions of yen)

| Company name | Balance of liabilities |
|---|---|
| Nissan Motor Acceptance Corporation LLC | 2,962,710 |
| NISSAN FINANCIAL SERVICES CO., LTD. | 602,000 |
| Nissan Financial Services Australia Pty Ltd | 350,528 |
| Nissan Canada, Inc. | 325,676 |
| Nissan Leasing (Thailand) Co., Ltd. | 78,652 |
| Nissan Financial Services New Zealand Pty Ltd | 24,319 |
| Total | 4,343,886 |

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

| | (in millions of yen) |
|---|---|
| Short-term monetary receivables: | 322,581 |
| Short-term monetary payables: | 684,796 |
| Long-term monetary payables: | 7,899 |

4. Contingent Liabilities

・Lawsuits related to misstatements in Annual Securities Reports ("Yukashoken-Houkokusho")

As a consequence of misstatements in Annual Securities Reports for each fiscal year in the past, there are some ongoing lawsuits.
The Non-consolidated financial results may be affected by the progress of legal proceedings.

## Notes to Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

| | (in millions of yen) |
|---|---|
| Operating transactions with subsidiaries and affiliates | |
| Sales: | 1,950,954 |
| Operating expenses: | 1,056,205 |
| Transactions with subsidiaries and affiliates other than operating transactions: | 217,139 |

## Notes to Non-Consolidated Statement of Changes in Net Assets

| | | |
|---|---|---|
| Treasury stock (as of March 31, 2022) | Common stock | 27,236 thousand shares |

## 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 carry forward losses, carry forward foreign tax credit, etc. and accrued expenses.
Deferred tax liabilities mainly consist of those deriving from reserves under Special Taxation Measures Law.
Valuation allowance provided against deferred tax assets amounted to ¥438,471 million.

## Notes to Revenue Recognition

For basic information to understand revenue recognition, refer to 8. Notes to Non-Consolidated Financial Statements, Significant Accounting Policies 5. Revenue recognition.

## Notes to Related Party Transactions

1.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<br>Directly 100% | ･Purchasing products manufactured by the Company<br>･Concurrent positions held by directors | Sales<br>Lending | 581,198<br>— | Trade accounts receivable<br>Long-term loans receivable from subsidiaries and affiliates | 47,426<br>330,453 |
| Subsidiary | Nissan Shatai Co., Ltd. | Ownership<br>Directly 50.01%<br>Indirectly 0.01% | ･Consignment manufacturer | Purchase | 200,377 | Trade accounts payable<br>Other (Advance payments -trade)<br>Accounts receivable - other<br>Accrued expenses | 61,164<br>11,522<br>6,317<br>2,001 |
| Affiliate | MITSUBISHI MOTORS CORPORATION | Ownership<br>Directly 34.05% | ･Consignment manufacturer<br>･Concurrent positions held by directors | Purchase | 20,066 | Trade accounts payable<br>Electronically recorded obligations – operating<br>Other (Advance payments -trade)<br>Accounts receivable - other<br>Accrued expenses | 26,627<br>26,204<br>172<br>16,633<br>78 |
| Subsidiary | Nissan International SA | Ownership<br>Directly 100% | ･Purchasing products manufactured by the Company | Borrowing | 1,832 | Short-term borrowings<br>Long-term borrowings from subsidiaries and affiliates | 73,177<br>20,505 |
| Subsidiary | NISSAN (CHINA) INVESTMENT CO., LTD. | Ownership<br>Directly 100% | ･Purchasing products manufactured by the Company<br>･Concurrent positions held by directors | Dividend income | 78,411 | — | — |
| Subsidiary | NISSAN AUTOMOTIVE EUROPE | Directly 52.00%<br>Indirectly 48.00% | ･Holding company for subsidiaries and affiliates, and business support for them. | Borrowing | 78,924 | Short-term borrowings | 64,847 |
| Subsidiary | NISSAN FINANCE CO., LTD. | Ownership<br>Directly 100% | ･Lending and borrowing for the group loan provided for domestic subsidiaries | Borrowing<br>Lending | 307,625<br>76,000 | Short-term borrowings<br>Short-term loans receivable from subsidiaries and affiliates | 231,873<br>282,000 |
| Subsidiary | Nissan International Holding B.V. | Ownership<br>Directly 100% | ･Holding investments in subsidiaries and affiliates | Lending | 1,719 | Long-term loans receivable from subsidiaries and affiliates | 143,184 |
| Subsidiary | NR FINANCE MEXICO, S.A. de C.V. | Ownership<br>Indirectly 100% | ･Lending for sales finance services for vehicles manufactured by the Company | Lending | — | Short-term loans receivable from subsidiaries and affiliates<br>Long-term loans receivable from subsidiaries and affiliates | 41,010<br>20,505 |
| Subsidiary | NRFM Holdings LLC | Ownership<br>Directly 100% | ･Holding company for subsidiaries and affiliates | Dividend income | 45,049 | — | — |
| Subsidiary | NISSAN MOTOR MANUFACTURING (UK) LIMITED | Ownership<br>Indirectly 100% | ･Guarantees for borrowings related to capital expenditures | Guarantees provided | 100,926 | — | — |

(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 Motor Acceptance Corporation LLC | Ownership<br><br>Indirectly 100% | ・Providing guarantees for sales finance services for vehicles manufactured by the Company | Guarantees provided and other (Keepwell Agreements) | 2,962,710 | ― | ― |
| Subsidiary | NISSAN FINANCIAL SERVICES CO.，LTD. | Ownership<br><br>Directly 100% | ・Sales of trade accounts receivables and providing guarantees for sales finance services for vehicles manufactured by the Company | Dividend income<br><br>Sales of trade accounts receivable<br><br>Guarantees provided and etc. (Keepwell Agreements) | 25,022<br><br>1,055,265<br><br>602,000 | ― | ― |
| Subsidiary | Nissan Financial Services Australia Pty Ltd | Ownership<br><br>Indirectly 100% | ・Providing guarantees for sales finance services for vehicles manufactured by the Company | Guarantees provided and etc. (Keepwell Agreements) | 350,528 | ― | ― |
| Subsidiary | Nissan Canada, Inc. | Ownership<br><br>Directly 90.91%<br>Indirectly 9.09% | ・Providing guarantees for sales finance services for vehicles manufactured by the Company | Guarantees provided and etc. (Keepwell Agreements) | 325,676 | ― | ― |
| Subsidiary | Nissan Leasing (Thailand) Co., Ltd. | Ownership<br><br>Directly 67.21%<br><br>Indirectly 32.79% | ・Providing guarantees for sales finance services for vehicles manufactured by the Company | Guarantees provided and etc. (Keepwell Agreements) | 78,652 | ― | ― |

Terms and conditions of transactions and policies for 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 prices 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 borrows from and lends to its group companies, and the interest rate is determined with reference to market rates.

(4) Dividend income from subsidiaries in which the Company holds all voting rights is decided considering its financial condition.

(5) The discount rate for sales of trade accounts receivables is determined with reference to market rates and the usance period of each dealer.

Others

(1) Borrowings from NISSAN FINANCE CO., LTD. are related to the CMS (Cash Management System). The amount of the transactions represents the average balance during the period.

(2) The Company provides guarantees for the borrowings of its subsidiaries.
In addition, the Company provides keepwell agreements as a part of these guarantees in order to supplement their credit. Nissan Motor Acceptance Corporation LLC guarantee amount includes ¥150,000 million of guarantee and Nissan Canada, Inc. guarantee amount includes ¥40,000 million of guarantee.

2. Directors and individual major shareholders (in millions of yen)

| Attribute | Name | Percentage of voting right held by Directors and individual major shareholders | Relation | Nature of transactions | Amount of the transactions | Account | Balance at the end of fiscal year |
|---|---|---|---|---|---|---|---|
| Director | Makoto Uchida | Directly 0.002% | Representative Executive Officer, President and Chief Executive Officer | Disposition of Treasury Stock as renumeration in kind (*1) | 48 | — | — |
| Director | Ashwani Gupta | Directly 0.001% | Representative Executive Officer, Chief Operating Officer | Disposition of Treasury Stock as renumeration in kind (*1) | 36 | — | — |
| Officer | Stephen Ma | Directly 0.002% | Executive Officer, Chief Financial Officer | Disposition of Treasury Stock as renumeration in kind (*1) | 19 | — | — |
| Director | Hideyuki Sakamoto | Directly 0.002% | Executive Officer, Executive Vice President | Disposition of Treasury Stock as renumeration in kind (*1) | 15 | — | — |
| Officer | Kunio Nakaguro | Directly 0.000% | Executive Officer, Executive Vice President | Disposition of Treasury Stock as renumeration in kind (*1) | 13 | — | — |
| Officer | Asako Hoshino | Directly 0.002% | Executive Officer, Executive Vice President | Disposition of Treasury Stock as renumeration in kind (*1) | 13 | — | — |
| Officer equivalent | Tsuyoshi Yamaguchi | Directly 0.000% | Executive Vice President | Disposition of Treasury Stock as renumeration in kind (*1) | 10 | — | — |

(*1) The disposition of the treasury stock is performed as renumeration in kind under the Restricted Stock Unit system.
The stock price for the disposition of the treasury stock is determined based on the ending stock price as of July 27, 2021 (one business day before the resolution made by the Board Meeting for the disposition of the treasury stock) on the Tokyo Stock Exchange.

## Notes to Amounts Per Share

| | |
|---|---|
| Net assets per share | 428.61 yen |
| Basic net loss per share | 27.28 yen |

## Notes to Significant Subsequent Events

Not applicable.

## Other

Not applicable.

Amounts less than one million yen are omitted.