These documents have been translated from the Japanese original documents for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese original, the original shall prevail. The financial statements included in the following translation have been prepared in accordance with Japanese GAAP.

ITEMS DISCLOSED ON INTERNET CONCERNING NOTICE OF CONVOCATION OF THE 119TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

MATTERS CONCERNING THE INDEPENDENT AUDITOR

SYSTEMS FOR ENSURING THE PROPRIETY OF OPERATIONS AND STATUS OF OPERATIONS OF THE SYSTEMS

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS

NOTES ON THE FINANCIAL STATEMENTS

(April 1, 2020 to March 31, 2021)

June 7, 2021

ISUZU MOTORS LIMITED

Matters concerning the Independent Auditor

(1) Name of the Independent Auditor: Ernst & Young ShinNihon LLC

(2) Fee and Other Amounts Payable to the Independent Auditor:

	Amount Payable (JPY million)
Independent Auditor's fee payable by the Company for the current business term	130
Total cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	340

NOTES:
1. Amounts have been rounded down to the nearest one million yen.
2. The Audit & Supervisory Board agreed to the fee and other amounts payable to the Independent Auditor after careful consideration of the details of the audit plan, time taken by the audit, personnel allocation plan, performance of duties in past business years, and rationale for the calculation of fees, in accordance with the "Practical Guidelines for Cooperation with Independent Auditor" of the Japan Audit & Supervisory Board Members Association.
3. The Company and the Independent Auditor have signed an Audit Contract. This contract, however, does not make a clear distinction between the auditing fees stipulated in the Companies Act and those defined in the Financial Instruments and Exchange Act. These fees cannot be practically separated. The above fee, therefore, is the aggregate amount of these fees.
4. Ernst & Young ShinNihon LLC serves as the Independent Auditor for significant subsidiaries of the Company in Japan, and significant overseas subsidiaries of the Company are subject to the audit of Ernst & Young or Deloitte Touche Tohmatsu.

(3) Non-audit Duties of the Independent Auditor

The Company has engaged the Independent Auditor in consulting work mainly in advisory services pertaining to the application of the Accounting Standard for Revenue Recognition, etc.

(4) Policy regarding Decision to Dismiss or Not Reappoint Independent Auditors

1) If anything occurs to negatively impact the qualifications or independence of the Independent Auditor, leading the Audit & Supervisory Board to believe that the Independent Auditor is unlikely to properly perform an audit, the Audit & Supervisory Board will determine the contents of the proposal about dismissing or not reappointing the Independent Auditor as the proposal submitted to the General Meeting of Shareholders.
2) If the Audit & Supervisory Board unanimously agrees, it will dismiss the Independent Auditor when it confirms that the Independent Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the proper performance of an audit by the Independent Auditor is seriously impaired.

SYSTEMS FOR ENSURING THE PROPRIETY OF OPERATIONS AND STATUS OF OPERATIONS OF THE SYSTEMS

"Basic policies regarding the development of systems for ensuring the propriety of operations" which was resolved by the Board of Directors Meeting in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act and "general descriptions of the status of operations of systems" which was confirmed by the Board of Directors Meeting are as follows:

The Company has constructed and maintains a system to ensure the propriety of its operations by adopting the following basic policies:

1) System for ensuring that Directors of the Board and employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation <General description of contents of resolution> The Company places utmost importance on thorough compliance. The Company defines "compliance" to mean that all Directors of the Board, Audit & Supervisory Board Members and employees comply with the laws, and behave in line with high ethical standards to gain the trust of society. To secure thorough compliance, we will make sure that all Directors of the Board, Audit & Supervisory Board Members and employees are familiar with and fully understand the "Basic Policy Measures Relating to Compliance" and the "Code of Conduct Relating to Compliance." The Compliance Committee including outside experts provides the Company with objective advice, supervision, and assessments regarding its compliance promotion system and activities. The Legal Dept. manages and promotes compliance activities which are developed across the Company through the "Compliance Promotion Meeting" that is attended by representatives from each division. Additionally, compliance-related internal auditing functions are secured via auditing by the Corporate Audit Dept. The Company has independent Outside Directors of the Board to bring more objectivity, neutrality, and transparency to the Board of Directors in their function as supervisors of our business operations. The Company rejects any relationships with antisocial forces or groups, and will respond to them resolutely and refuse their unreasonable demands in the future. <General description of the status of operations of systems> The Compliance Committee responds to advice, supervision, and assessments provided regarding the Company's compliance measures, as well as issues that are reported to the meyasubako (helpline) sited at an outside law firm. The Committee held three meetings during the current business term. To increase the effectiveness of internal compliance activities, the Company distributes compliance guidebooks to Directors of the Board, Audit & Supervisory Board Members, and employees, and ensures that they are familiar with and fully understand policies and standards. Also, the Company periodically holds council meetings for promoting compliance among the members, who are elected from each division to promote compliance, internally develop compliance-related measures, and monitor the activities of each division. To eliminate relationships with antisocial forces or groups, the Company incorporates a clause concerning the elimination of antisocial forces in all written agreements with domestic corporations.
2) System for maintaining and managing information relating to Directors' performance of their duties <General description of contents of resolution> Minutes of the Board of Directors Meetings and other information relating to the Directors of the Board's performance of their duties are appropriately maintained and managed by different departments in accordance with laws and regulations, the "Board of Directors Regulation," and the Company's other bylaws, designating what information is handled by which department. The Chief Executive for Confidential Information Management manages confidential information appropriately in accordance with laws and regulations and the "Rules for Handling Confidential Information." The "Information Security Management Meeting" composed of the Group CISO and division representatives evaluates the implementation status of measures for managing information and information security at each division. The meeting collaborates with the Group CRMO as necessary, puts in place an appropriate information management system and reports on its status to the Board of Directors when needed to implement thorough information management.

<General description of the status of operations of systems>
The Company appropriately maintains and manages the minutes of Board of Directors Meetings in accordance with laws and regulations, and the "Board of Directors Regulation." Other information relating to the performance of duties by Directors of the Board is appropriately maintained and managed by designated departments in accordance with the Company's bylaws, such as "Rules for Handling Confidential Information." For information security, the Company's bylaws on information security were drafted under the direction and management of the Group CISO, and an IT system security framework was established, including countermeasures for targeted type attacks. Security measures were implemented by each division and the status of implementation was evaluated by the Information Security Management Meeting participated in by the Group CISO and division representatives to confirm the management status.

3) Rules and other systems for managing loss risk

<General description of contents of resolution>
The Risk Manager of each division in the Company manages all risks in his/her Division in accordance with the "Rules for Risk Management." The Group CRMO controls company-wide risks. The Group CRMO convenes the "Risk Management Confirmation Meeting" on a regular basis to follow up the progress of countermeasures for risks, identify the risks that are manifested, and review countermeasures and risk recognition on an ongoing basis. The status of risk management is followed up and assessed by the Management Meeting on a regular basis. In a crisis, the Company ensures thorough risk management by having the members of the Management Meeting deliberate, decide, and implement proper responses (including implementation systems), and report on their progress to the Board of Directors as necessary.

<General description of the status of operations of systems>
In carrying out its activities, the Company regularly implements the PDCA cycle in accordance with "Rules for Risk Management." The Risk Management Confirmation Meeting which was regularly convened by the Group CRMO confirmed the status of progress in risk countermeasures and identified the risks that were manifested. At the Management Meeting held in April 2021, the Company shared information and evaluated management's track record and its responses to company-wide risks during the current business term, including the outcome of the Risk Management Confirmation Meeting. During the current business term, the Company appointed a Group CRMO who oversees and manages company-wide risks, and had him monitor company-wide risks such as COVID-19, but no issues required a crisis response.

4) System for assuring Directors of the Board's efficient execution of their duties

<General description of contents of resolution>
The Company has established a Board of Directors to formulate a Mid-term Business Plan and a business plan for each business term, develop an organizational system, formulate specific measures for each division to realize such plans, and make decisions regarding important business operations stipulated by laws and regulations, while establishing the Management Meeting as a subordinate organ. In addition, the Quality Assurance & Customer Satisfaction Improvement Committee, the Global Environment Committee, the Export Control Committee, the Budget Special Committee, the Facility Investment Committee, and the Product Program Committee have been established as a subordinate to ensure efficient deliberations in their respective areas of expertise.

The Company employs the Executive Officer System to help the Directors of the Board perform their duties properly, and appoints a Group CxO (Chief Officer for each field).

<General description of the status of operations of systems>
The Company prescribes matters to be decided by the Board of Directors in the "Board of Directors Regulation" and the Board of Directors acts in accordance with this Regulation.
The Company held Board of Directors Meetings once a month in principle and as necessary during the current business term. The Board discussed and decided on important matters and received reports from Directors of the Board and other officers who were responsible for major divisions on the operation of their businesses.

During the current business term, the Company held Management Meetings, an organization that makes decisions on business operations within the scope delegated by the Board of Directors, twice a month in principle and as necessary, and meetings of organizations under the Management Meeting including the Quality Assurance & Customer Satisfaction Improvement Committee, the Global Environment Committee, the Export Control Committee, the Budget Special Committee, the Facility Investment Committee and the Product Program Committee, as necessary, to make decisions on business operations in an efficient manner.

The Company elected Executive Officers at the meetings of the Board of Directors, and these Executive Officers performed their duties under the authority delegated by the Board of Directors in an appropriate and efficient manner.

5) System for ensuring the propriety of operations of the Corporate Group consisting of the Company and its subsidiaries

<General description of contents of resolution>
With the objective of enhancing public trust in the Company and the Group based on our policy of serving society in meaningful ways, the Company has established the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.” The Company takes proper measures to ensure that all Directors of the Board, Audit & Supervisory Board Members and employees of the Group act in accordance with the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.”

The Company has asked the Group companies to develop their own compliance systems suited to their respective circumstances and to fully implement said systems.

The Company has established “Group Company Management Rules” and “Detailed Rules for Group Company Management,” and taken steps to strengthen systems for ensuring the propriety of the Group company operations.

Company Management continually monitors the activities of the Group companies’ managements, receives reports on the status of compliance and risk management and systems for ensuring business efficiency at the Group companies, and requests improvements if the Company determines that they are necessary.

The Company adopts a system to ensure the reliability of financial reports made under the Financial Instruments and Exchange Act.

<General description of the status of operations of systems>
The Company has established the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative,” while ensuring that the Group companies thoroughly comply with them.

Activities to enhance compliance for the Group companies are carried out by the Legal Dept. as the secretariat for all the domestic sales companies and business companies. Specifically, the Company convened in principle on a monthly basis the Group Company Compliance Promotion Meeting, whose members were from domestic group companies and were responsible for compliance. They promoted the development of compliance systems in each Group company and strengthened compliance of the entire Group through information exchanges among companies.

Once a year, Company Management solicits the opinions of managers of each Group company about the state of the management in their company, and also receives reports on the state of compliance and risk management and systems for improving business efficiency at Group companies.

To enhance the effectiveness of internal controls over financial reports in accordance with the practice standards of the Financial Services Agency, the Company develops company-wide internal controls and operational process controls and evaluates how these controls are performed. After evaluating 35 Group companies, the Company determined that internal controls over the financial standing and reporting of the Company were effective as of the last day of the current business term.

6) Matters regarding employees who assist Audit & Supervisory Board Members in their duties when Audit & Supervisory Board Members request the assignment of such employees

<General description of contents of resolution>
At the request of Audit & Supervisory Board Members, the Company has set up a department called “the Audit & Supervisory Board Member Support Group,” and has assigned employees to assist the Audit & Supervisory Board Members with their duties.

<General description of the status of operations of systems>
The Company has set up the Audit & Supervisory Board Member Support Group and assigned full-time employees to it. They assist Audit & Supervisory Board Members with their duties to ensure the effectiveness of audits, while carrying out administrative duties pertaining to audits by Audit & Supervisory Board Members as well as the affairs of the secretariat of the Audit & Supervisory Board and the Management Audit Meeting.

7) Maintaining the independence of employees who assist Audit & Supervisory Board Members from Director of the Board and enhancing the effectiveness of instructions to employees

<General description of contents of resolution>
The Company ensures that employees who assist Audit & Supervisory Board Members with their duties are independent from the Directors of the Board and that instructions to such employees are effective. It does this by placing such employees under the direct control and supervision of Audit & Supervisory Board Members and obtaining the prior consent of Audit & Supervisory Board Members when changing, assessing, rewarding, or punishing them.

<General description of the status of operations of systems>
The Company has established “Regulations for Employees who Assist Audit & Supervisory Board Members” to ensure independence from Director of the Board. The Company listens to Audit & Supervisory Board Members’ opinions in advance and assigns, changes, and assesses employees who belong to the Audit & Supervisory Board Member Support Group with the consent of Audit & Supervisory Board Members.

8) System for encouraging Directors of the Board, employees, and others of the Company and its subsidiaries to report to Audit & Supervisory Board Members

<General description of contents of resolution>
The Company adopts a system in which Directors of the Board and Executive Officers and those of equivalent rank and employees of the Company and the Group companies report to Audit & Supervisory Board Members on the status of business operations, the status of the Company’s and the Group companies’ management, and any other matters that need to be reported as agreed by the Company and Audit & Supervisory Board Members, to disclose or report necessary and sufficient information whenever requested by Audit & Supervisory Board Members.

The Company cooperates with a liaison conference held on a regular basis to enhance and strengthen audits of the entire Group through mutual collaboration among Audit & Supervisory Board Members of the Company and the Group as necessary.

<General description of the status of operations of systems>
Requests concerning the audit plan for the current business term formulated by the Audit & Supervisory Board and for ensuring the effectiveness of the Audit & Supervisory Board Members’ audit were reported to the Board of Directors’ meeting held in August 2020. Directors of the Board were asked to understand and cooperate with the Audit & Supervisory Board Member’s audit. At the meeting, it was decided to have Standing Audit & Supervisory Board Members attend important meetings, such as the Management Meeting, as necessary and, under the system for reporting to Audit & Supervisory Board Members, regularly or temporarily make reports on necessary matters as agreed with Audit & Supervisory Board Members. Also, minutes of meetings and materials for which regular interviews or access is required were presented in a specific manner.

During the current business term, Audit & Supervisory Board Members carried out these activities smoothly in conjunction with their regular audits. Further, the Company has asked Directors of the Board and employees to comply with requests from Audit & Supervisory Board Members for explanations and reports. During the current business term, they promptly explained and reported information whenever requested by Audit & Supervisory Board Members.

Moreover, Isuzu Group Standing Audit & Supervisory Board Members Liaison Conferences, whose members are the Standing Audit & Supervisory Board Members of 17 domestic Group companies and Standing Audit & Supervisory Board Members of the Company, were held twice, in August 2020 and January 2021, at which members discussed sharing and exchanging information on procedures for audits of the Isuzu Group by Audit & Supervisory Board Members.

9) System for ensuring that those who make a report to Audit & Supervisory Board Members are not treated unfairly for making such a report

<General description of contents of resolution>
The Company prohibits any discriminatory treatment of those who has made a report to the Audit & Supervisory Board Members in accordance with the preceding Paragraph, and ensures that all Directors of the Board, Audit & Supervisory Board Members and employees of the Company and Group companies are familiar with and fully understand the above.

<General description of the status of operations of systems>
The Company has ensured that all Directors of the Board, Audit & Supervisory Board Members, and employees were familiar with and fully understood that it is prohibited to treat those who make a report to Audit & Supervisory Board Members unfairly for doing so. During the current business term, there were no cases of anyone being treated unfairly on such grounds.

10) Policy for advance payment or reimbursement of expenses relating to Audit & Supervisory Board Members’ execution of duties and other handling of expenses or obligations arising from the execution of such duties

<General description of contents of resolution>
If an Audit & Supervisory Board Member requests the Company to make an advance payment of expenses, reimburse expenses, or fulfill obligations related to the execution of his or her duties, the Company promptly deals with such expenses or obligations in accordance with laws and regulations.

The Company will annually allot an appropriate budget to pay expenses arising from the execution of duties by Audit & Supervisory Board Members and other costs.

<General description of the status of operations of systems> The Company paid expenses arising from the execution of duties of Audit & Supervisory Board Members promptly after they were incurred. Although the Company allocated a budget in advance, a system has been developed so that Audit & Supervisory Board Members may ask the Company to pay expenses if they exceed the budget on an emergency or a temporary basis.
11) Other systems for ensuring effective audits by Audit & Supervisory Board Members <General description of contents of resolution> The Company ensures opportunities for Audit & Supervisory Board Members to attend Management Meetings. In addition, with the aim of establishing systems to help Audit & Supervisory Board Members audit effectively, the Company holds regular discussions with Audit & Supervisory Board Members and takes necessary steps to meet their requests. <General description of the status of operations of systems> Audit & Supervisory Board Members had meetings with the President twice, in September 2020 and March 2021, to enhance the effectiveness of audits by Audit & Supervisory Board Members. At the meetings, they reported their auditing activities and heard the President's opinions on the management policy and management challenges. When necessary, they also solicited the Directors of the Board's opinions regarding the performance of their duties, and actively expressed their opinions from the perspectives of the Audit & Supervisory Board. A Three-way Liaison Conference on the audit of internal controls (Audit & Supervisory Board Members, Independent Auditor and Corporate Audit Dept.) was held three times, in May and August 2020 and February 2021, during which information and opinions were exchanged on the audit plan and the status of its implementation, and reports were received on the results of internal audits and when necessary, the results of audits by Independent Auditors with the aim of strengthening collaboration.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2020 through March 31, 2021)

(millions of yen)

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	**40,644**	**42,503**	**924,729**	**(150,441)**	**857,436**
Changes of items during period					
Dividends of surplus			(21,414)		(21,414)
Profit attributable to owners of parent			42,708		42,708
Acquisition of treasury shares				(5)	(5)
Disposal of treasury shares				10	10
Cancellation of treasury shares		(96,336)		96,336	–
Transfer from retained earnings to capital surplus		96,336	(96,336)		–
Change in capital surplus due to transactions with non-controlling interests		95			95
Change in scope of equity method			(12)	9	(3)
Net changes of items other than shareholders' equity					
Total change of items during period	–	95	75,055	96,350	21,390
Balance at the end of current period	**40,644**	**42,599**	**849,673**	**(54,090)**	**878,826**

	ACCUMULATED OTHER COMPREHENSIVE INCOME						NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	**25,597**	**302**	**83,881**	**(5,517)**	**(8,760)**	**95,503**	**180,442**	**1,133,381**
Changes of items during period								
Dividends of surplus								(21,414)
Profit attributable to owners of parent								42,708
Acquisition of treasury shares								(5)
Disposal of treasury shares								10
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Change in capital surplus due to transactions with non-controlling interests								95
Change in scope of equity method								(3)
Net changes of items other than shareholders' equity	27,344	(1,098)	–	13,347	7,859	47,452	2,788	50,241
Total change of items during period	27,344	(1,098)	–	13,347	7,859	47,452	2,788	71,631
Balance at the end of current period	**52,942**	**(796)**	**83,881**	**7,830**	**(901)**	**142,955**	**183,230**	**1,205,013**

NOTE: Amounts have been rounded down to the nearest one million yen.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 88

(2) Principal subsidiaries: ISUZU MOTORS SALES LTD.; Isuzu Motors Kinki Co., Ltd.; ISUZU MOTOR SYUTOKEN CO., LTD.; Isuzu Motors America, LLC.; Isuzu Motors Co., (Thailand) Ltd.

(3) Changes in scope of consolidation

There were no changes to the scope of consolidation during the current consolidated fiscal year.

(4) Principal non-consolidated subsidiaries: Hakodate Isuzu Motors Ltd.

(5) Reasons for excluding subsidiaries from consolidation

The non-consolidated subsidiaries are small in terms of their total assets, net sales, net income or loss, and retained earnings (attributed to the Company earnings). Thus, they only have minor effects on the consolidated financial statements.

2. Scope of Equity Method

(1) Number of companies accounted for by the equity method: 50

(2) Principal companies accounted for by the equity method

Non-consolidated subsidiaries: ISUZU INSURANCE SERVICE Limited
Affiliates: J-Bus Limited

(3) Changes in scope of equity method accounting

Fuji Shokai Co., Ltd. has been excluded from the scope of affiliates accounted for by the equity method because its shares were partially sold.

(4) Principal companies not accounted for by the equity method

Non-consolidated subsidiaries: Hakodate Isuzu Motors Ltd.
Affiliates: Suzuki Unyu Ltd.

(5) Reasons for not accounting by the equity method

These companies are not accounted for by the equity method because their effect on the consolidated financial statements is not significant, either individually or collectively.

3. Fiscal Period of Consolidated Subsidiaries

Of the consolidated subsidiaries, the accounting date for 21 overseas subsidiaries is primarily December 31.

In preparing consolidated financial statements, the Company uses the respective financial statements of subsidiaries as of the accounting date. If significant transactions have been made between the two accounting dates, the Company may make the necessary adjustments.

The accounting date for 32 domestic subsidiaries and 35 overseas subsidiaries are the same as the consolidated accounting date.

4. Significant Accounting Policies

(1) Valuation methods for securities

Other securities

i) Marketable securities

Marketable securities are measured at fair value. Changes in unrealized holding gain or loss are directly included in net assets. The cost of securities sold is calculated by the moving average method.

ii) Non-marketable securities

Non-marketable securities are measured at cost determined by the moving average method.

(2) Valuation methods for inventories

i) Parent company

Inventories are measured at the cost determined by the gross average method.
(Balance sheet values are measured by the method of devaluing book price to reflect decreases in profitability.)

ii) Consolidated subsidiaries
Inventories are principally measured at cost determined by the specific identification method.
(Balance sheet values are measured by the method of devaluing book value to reflect decreases in profitability.)

(3) Valuation methods for derivative financial instruments
Derivative financial instruments are measured at fair value.

(4) Depreciation of non-current assets

i) Depreciation of property, plant and equipment (excluding lease assets)
Depreciation of property, plant and equipment is calculated principally by the straight-line method. Some non-current assets are calculated by the declining balance method.

ii) Amortization of intangible assets (excluding lease assets)
Amortization of intangible assets is calculated by the straight-line method. "Software," included in intangible assets, is amortized by the straight-line method based on the estimated useful lifetime in-house (5 years).

iii) Lease assets
Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease contract's lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.

(5) Basis for provisions and allowances

i) Allowance for doubtful accounts
With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company and domestic consolidated subsidiaries provide estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure. Foreign consolidated subsidiaries determine allowances for doubtful accounts by assessing each individual account. The Company makes necessary adjustments to allowance for doubtful accounts in consolidation of elimination of receivables and payables among consolidated subsidiaries.

ii) Accrued bonus costs
Accrued bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by employees during the fiscal year.

iii) Accrued directors' bonus costs
Accrued directors' bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.

iv) Provision for warranty costs
Provisions for 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. These provisions are calculated based on past experience.

v) Provision for maintenance costs
Provision for maintenance costs is provided for the portion corresponding to the already leased period out of the total amount anticipated to be incurred during the entire lease period for maintenance costs based on lease contracts, such as lease automobile maintenance costs.

(vi) Provision for management board incentive plan trust
Provision for management board incentive plan trust is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board and others during the current fiscal year.

(6) Foreign currency translation
Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and differences arising from the translation are included in the statement of income as gains or losses. The Company translates assets and liabilities of foreign consolidated subsidiaries into yen at the foreign exchange spot rate on the date of the balance sheet of each of those subsidiaries. Statement of income accounts are translated using the average foreign exchange rate of the statement of income's

period. Translation adjustments are included in the foreign currency translation adjustments account and non-controlling interests account of net assets.

(7) Hedge accounting

i) Hedge accounting

a. Forward foreign exchange contracts and currency options

Designated hedge accounting is adopted.
(except transactions which do not fulfill the required conditions)

b. Interest rate swaps and interest rate options

Deferral hedge accounting or exceptional accounting method specified in the accounting standard for financial instruments is adopted.

ii) Hedging instruments and hedged items

a. Hedging instruments

Interest rate swaps, interest rate options, forward foreign exchange contracts, and currency options.

b. Hedged items

Receivables and payables denominated in foreign currencies, and borrowings.

iii) Hedging policy

The Company utilizes derivative financial instruments to avoid risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

iv) Assessment of hedge effectiveness

The Company determines hedge effectiveness by comparing the cumulative changes in cash flows from hedging instruments with those from hedged items. However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting method.

v) Other

The Company has a bylaw on derivative transactions and executes its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits, and reporting systems.

(8) Recognition of material profits and expenses

Profit on finance lease transactions is recognized based on accounting methods for net sales and cost of sales upon the receipt of lease fees.

(9) Amortization of goodwill and period

The Company estimates the period for goodwill to remain in effect and in principle amortizes that account over 20 years or less after recognition under straight-line method.

(10) Other

i) Recognition of net defined benefit liability

To provide for payments of retirement benefits for employees, net defined benefit liability is accounted for by posting an amount obtained by deducting pension plan assets expected from projected benefit obligations as of the end of the current fiscal year. Upon calculating net retirement benefit liability, the method of attributing the expect amount of payments of retirement benefits up until the period of the consolidated fiscal year is based on the benefit formula method. Prior service costs are amortized using the straight-line method over a period (mainly 10 years) less than the average remaining years of service of eligible employees. Actuarial gain or loss is amortized using the straight-line method or declining balance method over periods shorter than the average remaining years of service of eligible employees (mainly 10 years) from the following fiscal year of incurrence. Unrecognized actuarial gain or loss and unrecognized prior service costs are posted to remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section after adjusting for tax effects.

ii) Transactions subject to consumption tax

Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

5. Changes in Presentation Method

(Application of the "Accounting Standard for Disclosure of Accounting Estimates")

The Group has applied the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) starting from the consolidated financial statements pertaining to the end of the current fiscal year and provides notes on significant accounting estimates in the consolidated financial statements.

6. Notes on Significant Accounting Estimates

(1) Obligations related to field measures (recalls, etc.)

i) Amounts recorded on the consolidated financial statements for the current fiscal year

	Consolidated balance sheet amount
(Consolidated) Accrued expenses related to field measures (recalls, etc.)	9,887 million yen

ii) Information related to the contents of significant accounting estimates for the identified item

The Group manufactures various products at its plants in Japan and abroad in conformity with stringent quality management standards accepted globally. To maintain and improve quality, the Group strives for early detection and sharing of failure information, conducts assessment for quality improvement throughout the company, and monitors the operational status of company-wide quality management through the Quality Assurance & Customer Satisfaction Improvement Committee.

The Group records accrued expenses to provide for the cost of product recalls, etc.

Such accrued expenses are calculated by multiplying the estimated number of vehicles subject to recalls, etc. by an amount of field measures to be incurred per vehicle.

Major assumptions used in calculating obligations related to recalls, etc. are an estimated number of vehicles subject to recalls, etc. for each case and an amount of field measures per vehicle.

An estimated number of vehicles subject to recalls, etc. is calculated by taking into account the number of vehicles based on notifications, etc. submitted to a competent government agency and implementation rates of free repairs for respective cases. An amount of field measures per vehicle is calculated by estimating the costs of parts and operation man-hours, etc. that are deemed necessary for conducting free repairs for respective cases based on notifications, etc. submitted to a competent government agency.

The Group reviews these estimates on an ongoing basis through examination of the status of actual costs incurred for respective cases of recall, etc.

Obligations related to recalls, etc. that were calculated by the Group have so far been appropriate and there has been no material gap between actual results and calculated amounts.

However, in the estimation of obligations related to recalls, etc., there are uncertainties in major assumptions and therefore if the actual cost of recalls, etc. deviates from estimated amounts, estimated obligations may need to be revised.

Furthermore, if conducting a new large-scale recall campaign, etc., the Group's business results and financial position may be adversely and significantly affected.

(2) Impairment of property, plant and equipment

i) Amounts recorded on the consolidated financial statements for the current fiscal year

Asset group	Accounting item	Consolidated balance sheet amount
Manufacturing and sales subsidiary based in India	Property, plant and equipment	5,533 million yen
Manufacturing and sales subsidiary based in South Africa	Property, plant and equipment	7,879 million yen

ii) Information related to the contents of significant accounting estimates for the identified item

In anticipation of the expansion of logistics demand and the commercial vehicles market in emerging countries, the Group positions certain emerging markets as priority regions and promotes sales activities.

Property, plant and equipment that were acquired by overseas subsidiaries for the purpose of manufacturing commercial vehicles (CV) and pickup trucks and derivatives (LCV) for such emerging markets are primarily recorded as buildings and structures, machinery, equipment and vehicle and land on the consolidated balance sheet.

The Group classifies asset groups into business assets, idle assets and assets for rent, while identifying each of the individual idle assets and assets for rent as a stand-alone asset group.

When indication of impairment is identified on such business assets and assets for rent on account of a decline in market prices and decreased profitability, etc., the Group examines their recoverability on an individual basis.

The recoverable amount of property, plant and equipment is determined based on value in use or net realizable value, whichever is higher.

Value in use is calculated by discounting to the present value the estimated future cash flows generating from the asset group, based on the business plan which was approved by the management of the manufacturing and sales subsidiary. Assumptions that may have a material impact on the calculation of future cash flows include total market demand and share, as well as growth rate. An assumption that may have a material impact on the calculation of value in use is a discount rate. Total market demand and share, as well as growth rate factors in relevant markets take into consideration trends and changes in the operating environment based on the information currently available, with reference to the Group's past results and forecast data by a third-party information agencies. Weighted average capital cost is used as a discount rate.

Net realizable value is calculated by subtracting the estimated costs of disposal from the fair value of asset or asset group. Fair value, in principle, is based on appraisal values by a third party and is considered a price based on observable market prices. However, if no market price is observable, another price reasonably calculated according to the characteristics of the asset is used as fair value, such as a price calculated by the income approach or the cost approach with obsolescence taken into account.

Factoring in the uncertainties due to the spread of COVID-19, calculations are based on the premise that a decline in demand in emerging markets seen in the current fiscal year will continue in and after the next fiscal year. The Group reviews these forecasts based on the latest information available on an ongoing basis.

As a result of the examination of recoverability, the book values of asset groups in which impairment were recognized have been reduced to their recoverable amounts.

Demand for vehicles are strongly affected by economic conditions. As such, if economies decelerate and cause total demand in the market to decrease, leading to poor performance of investees in the future, the Group may be required to record an impairment loss.

If uncertainties heighten over the future economic conditions in each emerging market, accounting estimates and assumptions may be significantly affected, which may impair the property, plant and equipment that were acquired by overseas subsidiaries for the purpose of manufacturing CV and LCV for respective emerging markets.

Notes on the Consolidated Balance Sheet

1. Pledged Assets
   Assets pledged as collateral
      Inventories 270 million yen
   Secured liabilities
      Accounts payable 2,913 million yen

2. Accumulated Depreciation of Property, Plant and Equipment 1,020,612 million yen

3. Revaluation of Business Land
   The Company revaluates its business land pursuant to the Act on Partial Amendment to the Law to Revise Part of the Land Revaluation Law (Law No. 24 of March 31, 1999). The tax corresponding to this revaluation variance has been stated in liabilities as “deferred tax liabilities for land revaluation,” and the amount deducted this has been stated in net assets as “unrealized holding gain or loss on land revaluation.”
   The difference between the total fair value of the revaluated business land at the end of the current consolidated fiscal year and the total book value after revaluation was 63,466 million yen.

Notes on the Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued and Outstanding at the End of the Fiscal Year

Common stock	777,442,069 shares

2. Details of Dividends Paid as Distribution of Profits

(1) Amount of dividends paid

Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 29, 2020 General Meeting of Shareholders	Common stock	Retained earnings	14,030	19.00 yen	March 31, 2020	June 30, 2020
November 6, 2020 Board of Directors Meeting	Common stock	Retained earnings	7,384	10.00 yen	September 30, 2020	November 30, 2020

(2) Of the dividends whose record date belongs to the current fiscal year, the dividend whose effective date falls in the following fiscal year

Planned Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 25, 2021 General Meeting of Shareholders	Common stock	Retained earnings	14,768	20.00 yen	March 31, 2021	June 28, 2021

Notes on Financial Instruments

1. Matters Relating to the Status of Financial Instruments

   The Company restricts investments only for part of deposits and obtains funds mainly from bank borrowings. Customer credit risks in connection with trade notes and accounts receivable are carefully managed by constantly monitoring receivable balances to customers, in accordance with the Company's internal accounting manual. Investment securities are mainly equity securities issued by affiliates, and it continually monitors their market prices in accordance with the Company's internal rules for securities. Derivatives are used for avoiding risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

2. Matters Relating to the Fair Values of Financial Instruments

   The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2021 (at the end of the current fiscal year) as well as their variances. Financial instruments, whose fair values are deemed to be extremely difficult to value, are not included in the following table. (See NOTE 2)

(millions of yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Variance
(1) Cash and deposits	404,754	404,754	-
(2) Trade notes and accounts receivable	287,790	287,790	-
(3) Lease receivables and lase investment assets	135,997	136,090	92
(4) Investment securities	106,209	106,209	-
(5) Trade notes and accounts payable	(329,540)	(329,540)	-
(6) Electronically recorded obligations - operating	(58,382)	(58,382)	-
(7) Short-term borrowings	(13,711)	(13,711)	-
(8) Accrued expenses	(57,800)	(57,800)	-
(9) Bonds payable	(50,000)	(49,969)	31
(10) Long-term borrowings (*2)	(232,412)	(232,319)	92
(11) Derivatives (*3)	(1,619)	(1,619)	-

*1 The figures in parentheses indicate those posted in liabilities.
*2 Long-term borrowings include those falling due within one year.
*3 Assets and liabilities arisen from derivatives are offset against each other and stated in net.

NOTE 1:

Method of fair value measurement of financial instruments and matters regarding securities and derivatives

(1) Cash and deposits, and (2) Trade notes and accounts receivable

Since these accounts are settled in a short period of time, their fair values are nearly equal to their book values. Therefore, the book values are deemed as their fair values.

(3) Lease receivables and lase investment assets

The fair values of lease investment assets are based on present values discounted by an interest rate which takes into account the period until maturity and credit risk for receivable amounts for each type of receivable as classified according to certain periods.

(4) Investment securities

The fair values of investment securities are based on prices quoted on stock exchanges.

(5) Trade notes and accounts payable, (6) Electronically recorded obligations - operating, (7) Short-term borrowings, and (8) Accrued expenses

Since these accounts are settled in a short period of time, their fair values are nearly equal to their book values. Therefore, the book values are deemed as their fair values.

(9) Bonds payable

The fair values of bonds payable are measured based on market prices.

(10) Long-term borrowings

The fair values of long-term borrowings are measured by discounting the future cash flows of principals and interests at an interest rate that would apply for a new loan borrowed under similar conditions.

(11) Derivatives

Interest rate swaps under the exceptional accounting method are accounted for as an integral part of long-term borrowings, the hedged item. Therefore, their fair values are included in the fair value of their underlying long-term borrowings (See (10) above).

As forward foreign exchange contracts under designated hedge accounting method are accounted for as an integral part of accounts receivable, the hedged item, their fair values are included in the fair value of their underlying accounts receivable.

NOTE 2:

Because market prices of unlisted investment securities (2,687 million yen shown in the consolidated balance sheet) and investments in non-consolidated subsidiaries and affiliates (82,785 million yen shown in the consolidated balance sheet) are not available, and their future cash flow cannot be estimated, it is extremely difficult to determine their fair values. Therefore, they are not included in "(4) Investment securities" mentioned above.

Matters on Investment and Rental Property

Disclosures are omitted due to immateriality in amounts.

Notes on Net per Share

Net Assets per Share	1,385.36 yen
Net Income per Share	57.91 yen

Notes on Subsequent Events

(Business combination through acquisition)

The Company acquired the entire stake in UD Trucks Corporation on April 1, 2021.

(1) Overview of business combination

(i) Name of acquired company and business description

Name of acquired company: UD Trucks Corporation (hereinafter "UD")

Business description: Development, manufacture, export and sales of trucks; manufacture and sales of vehicle components

(ii) Main reason for business combination

The automobile industry faces a once-in-a-century period of profound transformation, and particularly in the commercial vehicle segment, various issues surrounding the logistics industry and the wide-ranging needs of customers across the globe are calling for new solutions including the application of advanced technologies.

The Company and Aktiebolaget Volvo (headquartered in Gothenburg, Sweden, hereinafter "AB Volvo") share this awareness, and based on the Master Agreement for forming a strategic alliance in the commercial vehicle segment executed on October 30, 2020, the companies will advance collaboration for sharing existing technologies and developing advanced technologies for commercial vehicles by complementing each other's capabilities and by leveraging both companies' outstanding technologies as well as economies of scale.

In the first step of this strategic alliance, to create a stronger heavy-duty truck business in Japan and across international markets and to accelerate the fruition of the strategic collaboration, the Company acquired the entire stake owned by AB Volvo in UD (hereinafter "Share Acquisition").

Together with UD, the Company will, based on a stronger relationship with AB Volvo, strive to generate synergies over the long term and resolve future issues in the logistics sector.

(iii) Date of business combination

April 1, 2021

(iv) Legal form of business combination

Share acquisition with cash as consideration

(v) Name of company after business combination

There is no change.

(vi) Voting rights acquired

100.0%

(vii) Grounds for determining acquiring company

The Company acquired the entire stake in the company with cash as consideration.

(viii) Other matters related to overview of transaction

As a result of Share Acquisition, 14 subsidiaries and three affiliates of UD became group companies of the Company.

(2) Acquisition cost of the acquired company and breakdown by class of consideration

Consideration for the acquisition	Cash	49,062 million yen
Acquisition cost		49,062 million yen

(Note) The amount of the consideration for the acquisition shown above is a provisional amount because the share transfer agreement carries a price adjustment clause. The final cost of acquisition is scheduled to be changed as the price adjustment is projected. The share transfer agreement includes an earn-out clause with an upper limit amount of 15,000 million yen. The consideration for the acquisition does not include the amount to be paid according to said earn-out clause.

The borrowings (265,241 million yen) of UD and its subsidiaries from AB Volvo group companies were repaid in subrogation performance by the Company. As a result, the amount of payment to AB Volvo was 314,303 million yen, when combined with the consideration for the share acquisition.

(3) Descriptions and amounts of major acquisition-related costs

Advisory fees and commissions: 1,900 million yen

(Note) The amount shown above is an estimated amount. The final cost of acquisition may change due to future price adjustments and other factors.

(4) Amount of goodwill to be generated, reason for generation, amortization method and amortization period

They are yet to be confirmed.

(5) Breakdown of assets to be acquired and liabilities to be assumed at the date of the business combination and the corresponding amounts

They are yet to be confirmed.

(Borrowing of funds)

The Company executed borrowings in association with the share acquisition of UD Trucks Corporation on April 1, 2021.

(1) Purpose

To acquire shares in UD and to repay the borrowings of UD and its subsidiaries from AB Volvo group companies in subrogation performance by the Company.

(2) Name of lender

Mizuho Bank, Ltd.

(3) Borrowing amount and terms for borrowings

Borrowing amount: 280,000 million yen

Borrowing interest rate: Base interest rate + spread

(4) Timing for borrowing and repayment date

Date of borrowing: April 1, 2021

Repayment date: April 1, 2022

(5) Assets pledged as collateral or guarantees

None

(Disposal of treasury shares through third-party allotment)

The Company resolved to dispose of its treasury shares at the Board of Directors Meeting held on March 24, 2021, and payment was completed on April 9, 2021.

(1) Overview of disposal

(i) Number of shares disposed of

39,000,000 shares

(ii) Disposal value
1,098 yen per share
(iii) Total disposal value
42,822 million yen
(iv) Method for disposal
Through third-party allotment
(v) Allottee
Toyota Motor Corporation
(vi) Date of disposal
April 9, 2021

(2) Objectives and reasons for disposal

The Company, Toyota Motor Corporation (hereinafter, “Toyota Motor”) and Hino Motors, Ltd. agreed on a new partnership in commercial vehicles (hereinafter, “Collaboration”) on March 24, 2021.

To smoothly construct and advance the Collaboration, the Company, based on an agreement on capital partnership with Toyota Motor, disposed of treasury shares through a third-party allotment with Toyota Motor as an allottee.

STATEMENT OF CHANGES IN NET ASSETS
(From April 1, 2020 through March 31, 2021)

(millions of yen)

	SHAREHOLDERS' EQUITY							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital reserve	Other capital surplus	Total capital surpluses	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	**40,644**	**49,855**	–	**49,855**	**555,225**	**555,225**	**(150,402)**	**495,322**
Changes of items during period								
Dividends of surplus					(21,414)	(21,414)		(21,414)
Profit					49,275	49,275		49,275
Purchase of treasury shares							(4)	(4)
Disposal of treasury shares							10	10
Cancellation of treasury shares			(96,336)	(96,336)			96,336	–
Transfer from retained earnings to capital surplus			96,336	96,336	(96,336)	(96,336)	–	–
Net changes on items other than shareholders' equity								
Total changes of items during period	–	–	–	–	(68,475)	(68,475)	96,341	27,866
Balance at the end of current period	**40,644**	**49,855**	–	**49,855**	**486,749**	**486,749**	**(54,060)**	**523,189**

	VALUATION AND TRANSLATION ADJUSTMENTS				TOTAL NET ASSETS
	Valuation difference on available-for-sale securities	Deferred gains or losses hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	**24,509**	**302**	**83,881**	**108,693**	**604,015**
Changes of item during period					
Dividends of surplus					(21,414)
Profit					49,275
Purchase of treasury shares					(4)
Disposal of treasury shares					10
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes on items other than shareholders' equity	27,002	(1,098)	–	25,904	25,904
Total changes of items during period	27,002	(1,098)	–	25,904	53,770
Balance at the end of current period	**51,512**	**(796)**	**83,881**	**134,597**	**657,786**

NOTE: Amounts have been rounded down to the nearest one million yen.

NOTES ON THE FINANCIAL STATEMENTS

Basis for Financial Statements

1. Valuation Standards and Methods for Securities
   (1) Security investments in subsidiaries and affiliates
   Securities investment in subsidiaries and affiliates are measured at cost determined by the moving average method. Some of the securities have been written-off.
   (2) Other securities
   i) Marketable securities
   Marketable securities are measured at fair value. Changes in unrealized holding gain or loss are directly included in net assets. The cost of securities sold is calculated by the moving average method.
   ii) Non-marketable securities
   Non-marketable securities are measured at cost determined by moving average method.

2. Valuation Methods for Derivative Financial Instruments
   Derivative financial instruments are measured at fair value.

3. Valuation Methods for Inventories
   Inventories are measured at the cost determined by the gross average method.
   (Balance sheet values are measured by the method of devaluing book price to reflect decreases in profitability.)

4. Depreciation of Non-Current Assets
   (1) Depreciation of property, plant and equipment (excluding lease assets)
   Depreciation of property, plant and equipment is calculated by the straight-line method.
   Property with an acquisition cost of more than 100 thousand yen and less than 200 thousand yen is depreciated equally over 3 years.
   (2) Amortization of intangible assets (excluding lease assets)
   Amortization of intangible assets is calculated by the straight-line method.
   "Software" included in intangible assets, is amortized by the straight-line method based on the estimated useful lifetime (5 years).
   (3) Lease assets
   Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease contract's lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.

5. Basis for Provisions and Allowances
   (1) Allowance for doubtful accounts
   With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company provides estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure.
   (2) Accrued bonus costs
   Accrued bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by employees during the fiscal year.
   (3) Accrued directors' bonus costs
   Accrued directors' bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.
   (4) Provisions for warranty costs
   Provisions for warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with warranty contracts. The provisions are calculated based on past experience.
   (5) Accrued retirement benefits
   Accrued retirement benefits are calculated in an amount based on the projected benefit obligation expected and the pension plan assets expected at the end of the current fiscal year. Upon calculating payments of retirement benefit liability, the method of attributing the expect amount of payments of retirement benefits up until the period of the consolidated

fiscal year is based on the benefit formula method. Prior service costs are amortized by the straight-line method over periods shorter than the average remaining years of service of eligible employees (1 year). Actuarial gain or loss is amortized by the straight-line method over periods shorter than average remaining years of service of eligible employees (10 years) from the following fiscal year when the actuarial gain or loss is incurred.

(6) Provision for management board incentive plan trust

Provision for management board incentive plan trust is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board and others during the current fiscal year.

6. Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and any differences arising from the translation are included in the statement of income as gains or losses.

7. Hedge Accounting

(1) Hedge accounting

i) Forward foreign exchange contracts and currency options

Designated hedge accounting is adopted.

(except transactions which do not fulfill the required conditions)

ii) Interest rate swaps and interest rate options

Deferral hedge accounting or exceptional accounting method specified in the accounting standard for financial instruments is adopted.

(2) Hedging instruments and hedged items

i) Hedging instruments

Interest rate swaps, interest rate options, forward foreign exchange contracts, and currency options.

ii) Hedged items

Receivables and payables denominated in foreign currencies, and borrowings.

(3) Hedging policy

The Company utilizes derivative financial instruments to avoid risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

(4) Assessment of hedge effectiveness

Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items. However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting method.

(5) Other

The Company has a bylaw on derivative transactions and executes its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits and reporting systems.

8. Deferred Assets

Deferred assets are all accounted as an expense on payment.

9. Other

(1) Accounting related to retirement benefits

The method of accounting for unprocessed amounts of unrecognized actuarial gain or loss and unrecognized prior service costs relating to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(2) Transactions subject to consumption tax

Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

10. Changes in Presentation Method

(Application of the “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) starting from the financial statements pertaining to the end of the current fiscal year and provides notes on significant accounting estimates in the financial statements.

11. Notes on Significant Accounting Estimates

(1) Obligations related to field measures (recalls, etc.)

i) Amounts recorded on the financial statements for the current fiscal year

	Balance sheet amount
(Non-consolidated) Accrued expenses related to field measures (recalls, etc.)	8,781 million yen

ii) Information related to the contents of significant accounting estimates for the identified item

The calculation method of the amount of i) is omitted because the same information is provided in "Basis for Consolidated Financial Statements 6. Notes on Significant Accounting Estimates (1) Obligations related to field measures (recalls, etc.)" of the NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.

(2) Impairment loss of shares of subsidiaries and associates

i) Amounts recorded on the financial statements for the current fiscal year

Investees	Balance sheet amount
Investments in capital of a manufacturing and sales subsidiary based in India	3,402 million yen
Shares of a manufacturing and sales subsidiary based in South Africa	21,047 million yen

ii) Information related to the contents of significant accounting estimates for the identified item

The Company makes business investments in various countries including emerging markets. For shares of subsidiaries and associates, etc., if the actual values significantly decline due to deterioration in the financial standing of the issuing companies, and when their recoverability is not substantiated by sufficient proof, the Company recognizes impairment of shares of subsidiaries and associates, etc. and records them in actual values on the balance sheet.

Accrual values of shares of subsidiaries and associates, etc. are, in principle, calculated by multiplying net assets per share by the number of shares held by the Company. Net assets per share are calculated based on the latest financial statements of the issuing companies prepared in accordance with accounting principles generally accepted in the countries, plus subsequent items with significant impact on their financial positions, with valuation difference, etc. taken into account based on the fair values of assets.

When an actual value of shares of subsidiaries and associates, etc. falls more than 50% of the acquisition price, the Company recognizes a significant decline in the actual value.

In the determination of recoverability, the Company examines feasibility and rationality of their mid- to long-term business plans, etc. that were approved at a board meeting and other decision-making organs of the subsidiaries and associates.

As a result of examining recoverability, the acquisition price of shares of subsidiaries and associates, of which actual values have significantly declined and their recoverability was not substantiated by sufficient proof, was reduced to the actual value.

Assumptions that may have a significant impact on the estimation of business plans in determining recoverability include market total demand and share. The Company reviews these forecasts based on the latest information available on an ongoing basis.

Demand for vehicles are strongly affected by economic conditions. As such, if economies decelerate and cause total demand in the market to decrease, leading to poor performance of investees in the future, the Company may be required to record an impairment loss.

Notes on the Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	514,322 million yen

2. Debts and Credits to Subsidiaries and Affiliates

Short-term credits	183,311 million yen
Long-term credits	4,084 million yen
Short-term debts	91,869 million yen
Long-term debts	190 million yen

3. Revaluation of Business Land

The Company revaluates its business land pursuant to the Act on Partial Amendment to the Law to Revise Part of the Land Revaluation Law (Law No. 24 of March 31, 1999). The tax corresponding to this revaluation variance has been stated in liabilities as “deferred tax liabilities for land revaluation,” and the amount deducted this has been stated in net assets as “unrealized holding gain or loss on land revaluation.”

The difference between the total fair value of the revaluated business land at the end of the current fiscal year and the total book value after revaluation was 63,466 million yen.

Notes on the Statement of Income

Transactions with Subsidiaries and Affiliates

Sales to subsidiaries and affiliates	651,942 million yen
Purchases from subsidiaries and affiliates	248,136 million yen
Selling, general and administrative expenses	110,685 million yen
Other	54,630 million yen

Notes on the Statement of Changes in Net Assets

Type and Number of Shares Held as Treasury Stocks at the End of the Fiscal Year

Common stock	39,837,271 shares

(Note) Number of shares held as treasury stocks includes 835,751 shares held with a trust whose beneficiaries are Directors of the Board, etc.

Notes on Tax-Effect Accounting

1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets	
Accrued expenses	5,469 million yen
Provisions for warranty costs	1,810 million yen
Accrued bonus costs	2,997 million yen
Accrued enterprise tax	93 million yen
Inventory write-offs	1,164 million yen
Accrued retirement benefits	15,298 million yen
Write-off of investments	14,608 million yen
Asset retirement obligations	666 million yen
Other	5,466 million yen
Valuation allowance	(17,693) million yen
Total amount of deferred tax assets	29,881 million yen
Deferred tax liabilities	
Unrealized holding gain or loss on securities	19,710 million yen
Expenses associated with asset retirement obligations	621 million yen
Dividends income	271 million yen
Total amount of deferred tax liabilities	20,603 million yen
Net amount of deferred tax assets	9,277 million yen

2. Reconciliation of the Effective Tax Rate and the Statutory Tax Rate

Statutory tax rate	30.6%
(Adjustment)	
Changes in valuation allowance	3.6%
Foreign withholding tax	5.4%
Dividends received (excluded from taxable income)	(30.5)%
Tax credit	(4.6)%
Other	(1.5)%
Effective tax rate after application of tax-effect accounting	3.0%

Notes on Transactions with Related Parties

Refer to the attachment “Notes on Transactions with Related Parties.”

Notes on Net per Share

Net Assets per Share	891.79 yen
Net Income per Share	66.81 yen

Notes on Subsequent Events

(Business combination through acquisition)

Disclosures are omitted because the same information is provided in “Notes on Subsequent Events” of the NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.

(Borrowing of funds)

Disclosures are omitted because the same information is provided in “Notes on Subsequent Events” of the NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.

(Disposal of treasury shares through third-party allotment)

Disclosures are omitted because the same information is provided in “Notes on Subsequent Events” of the NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.

(Attachment)
Notes on Transactions with Related Parties

Transactions with Subsidiaries (millions of yen)

Name of Subsidiary	Percentage of Voting Right Owned	Connections with Related Parties	Details of Transactions	Amount of Transaction (NOTE 2)	Account	Balance Outstanding
ISUZU MOTORS SALES LTD.	Direct 75.0%	Sales of products	Sales of vehicles and parts (NOTE 1)	370,126	Accounts receivable	91,800
ISUZU MOTORS INTERNATIONAL FZE	Direct 100.0%	Sales of products	Sales of vehicles and parts (NOTE 1)	37,556	Accounts receivable	14,341
ISUZU MOTORS OFF-HIGHWAY DIESEL ENGINE (SHANGHAI) LIMITED	Indirect 75.0%	Sales of products	Sales of industrial engines (NOTE 1)	57,388	Accounts receivable	15,546
IJTT Co., Ltd.	Direct 43.2% Indirect 0.1%	Purchase of engines and forged and casted drivetrain parts	Purchase of raw materials, etc. (NOTE 1)	105,024	Accounts payable	19,046

Transaction conditions and policy on determining transaction conditions
NOTES:

1. Prices and other transaction conditions are determined through negotiation while giving appropriate consideration to market prices and so forth.
2. The amounts of transaction do not include consumption tax, etc. The balances outstanding as of the end of the current fiscal year include consumption tax, etc.