

FY2021 Consolidated Financial Results (Japan GAAP)
(April 1, 2020 through March 31, 2021)
English Translation of the Original Japanese-Language Document



May 13, 2021

Company name : ISUZU MOTORS LIMITED
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan
 Code number : 7202
 URL : <https://www.isuzu.co.jp/world/investor/index.html>
 Representative : Masanori Katayama, President
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 Scheduled date for general meeting of shareholders : June 25, 2021
 Expected starting date for distribution of cash dividends : June 28, 2021
 Scheduled date for submission of financial statements : June 25, 2021
 The supplement materials of the quarterly financial results : Yes
 Holding of the quarterly financial results meeting : Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights (April 1, 2020 through March 31, 2021)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2021	1,908,150	(8.3)	95,732	(31.9)	104,265	(30.9)	42,708	(47.4)
FY2020	2,079,936	(3.2)	140,582	(20.5)	150,876	(20.2)	81,232	(28.4)

[Note] Comprehensive Income
 FY2021 104,098 millions of yen 54.2%
 FY2020 67,526 millions of yen (52.3)%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	yen	yen	%	%	%
FY2021	57.91	-	4.3	4.7	5.0
FY2020	110.14	-	8.6	7.0	6.8

[Note] Equity Income from affiliated companies
 FY2021 5,066 millions of yen
 FY2020 8,033 millions of yen

<2> Consolidated Financial Position

	Total Assets	Net Assets	The Capital adequacy ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
FY2021	2,244,970	1,205,013	45.5	1,385.36
FY2020	2,152,090	1,133,381	44.3	1,292.05

[Note] Total Amount of Shareholders' Equity
 FY2021 1,021,782 millions of yen
 FY2020 952,939 millions of yen

<3> Consolidated Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2021	222,918	(93,413)	(55,275)	386,670
FY2020	123,701	(92,659)	(25,153)	303,974

2. Cash Dividends

	Dividend per Share					Total Amount of Cash Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	The End of 1st Quarter	The End of 2nd Quarter	The End of 3rd Quarter	Year-End	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2020	-	19.00	-	19.00	38.00	28,060	34.5	3.0
FY2021	-	10.00	-	20.00	30.00	22,153	51.8	2.2
FY2022 (Forecast)	-	29.00	-	29.00	58.00		38.9	

3. Consolidated Financial Forecast for FY2022 (April 1, 2021 through March 31, 2022)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
FY2021	2,500,000	-	170,000	-	175,000	-	110,000	-	149.14

[Note] Because the Company will adopt the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) from the beginning of FY2022 ending March 2022, the aforementioned Consolidated Financial Forecast for FY2022 section shows figures after the adoption of the said accounting standard, and year-over-year percentage increases or decreases are not stated.

*Notes

<1> Changes in significant subsidiaries during this period : None

Newly consolidated : -

Excluded from the scope of consolidation : -

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during this period.

<2> Changes in accounting policies, procedures and disclosures

Changes due to revisions of accounting standards : None

Changes due to factors other than revisions of accounting standards : None

Changes in accounting estimates : None

Retrospective restatement : None

<3> Number of shares issued (common stock)

Number of shares issued and outstanding FY2021 777,442,069 Shares

at the end of the term (inclusive of treasury stock) FY2020 848,422,669 Shares

Number of treasury shares at the end of the term FY2021 39,883,956 Shares

FY2020 110,881,195 Shares

Average number of shares issued FY2021 737,543,812 Shares

FY2020 737,532,120 Shares

Note: "Number of treasury shares at the end of the term" include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

"Average number of shares issued" does not include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

(Reference) Non-consolidated Financial Results

Non-consolidated Financial Highlights (April 1, 2020 through March 31, 2021)

<1> Non-consolidated Financial Results (% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2021	922,628	(14.2)	6,556	(79.4)	60,425	(32.7)	49,275	(30.6)
FY2020	1,074,968	(4.9)	31,760	(36.3)	89,796	(10.6)	70,964	(15.2)

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2021	66.81	-
FY2020	96.21	-

<2> Non-consolidated Financial Position

	Total Assets	Net Assets	The Capital adequacy ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
FY2021	1,117,071	657,786	58.9	891.79
FY2020	1,030,852	604,015	58.6	818.89

Note: Total amount of shareholders' equity
FY2021 657,786 millions of yen
FY2020 604,015 millions of yen

*Consolidated financial results (Japan GAAP) are not subject to audit procedures.

*Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

• The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present.

Consequently, the actual financial performance may vary significantly from the forecast due to various factors.

For such assumptions and notes with respect to performance forecast,

please refer to "1. Overview of Financial Results and Financial Position- (1) Overview of Financial Results,

② Forecast for FY2022 ending March 2022"

• The Company has posted its financial results on its web site on Thursday, May 13, 2021.

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1. Overview of Financial Results and Financial Position

(1) Overview of Financial Results

① Financial Results for FY2021 ended March 2021

The global economic situation in the current fiscal year was severely affected by the COVID-19 pandemic. The global demand for commercial vehicles significantly fell due to the pandemic, though it showed signs of recovery from the third quarter onwards.

Vehicle unit sales both at home and abroad in the current fiscal year significantly decreased due to the substantial decline in the global and domestic total industry volumes. Vehicle unit sales in Japan fell by 10,282 units (14.4%) compared with the previous fiscal year to 61,071 units. Overseas vehicle unit sales decreased by 44,806 units (10.2%) over the previous fiscal year to 393,064 units. The consolidated total number of vehicles sold in Japan and abroad dropped by 55,088 units (10.8%) year-on-year to 454,135 units.

As regards sales amounts of products other than vehicles, sales of parts for overseas production fell by 10.7 billion yen (24.9%) year-over-year to 32.3 billion yen, engine and component sales rose by 18.0 billion yen (13.7%) compared with the previous fiscal year to 149.6 billion yen mainly thanks to an increase in the number of industrial engines sold, and other sales decreased by 30.9 billion yen (6.8%) year-on-year to 423.8 billion yen.

Consequently, net sales fell by 171.7 billion yen (8.3%) over the previous fiscal year to 1,908.1 billion yen, which comprised 751.6 billion yen for Japan, down 9.1% year-on-year, and 1,156.5 billion yen for the rest of the world, down 7.7% year-over-year, owing to, among other things, the decrease in the number of vehicles sold.

On the profit and loss front, operating income amounted to 95.7 billion yen, down 31.9% year-on-year, and ordinary income stood at 104.2 billion yen, down 30.9% year-over-year, due to the decrease in net sales more than offsetting the Company's efforts on profitability improvement through cost-cutting activities, as well as on expense reduction. Net income attributable to owners of the parent reached 42.7 billion yen, down 47.4% year-on-year.

② Forecast for FY2022 ending March 2022

With the demands for commercial vehicles at home and abroad, which fell sharply in the current fiscal year, expected to recover for FY2022 ending March 2022, the Company expects a big increase in sales volumes of commercial vehicles and industrial engines, forecasting a rise in net sales.

As regards profits and losses, the Company expects a substantial increase in profits, thanks to the aforementioned expected increase in net sales, as well as cost-cutting efforts.

Furthermore, the Company also expects increases in net sales of 220 billion yen and operating income of 4 billion yen in relation to the acquisition of UD Trucks Corp.

The forecast full-year consolidated financial results for FY2022 ending March 2022 are as follows:

Net sales	2,500 billion yen
Operating Income	170 billion yen
Ordinary Income	175 billion yen
Net Income Attributable to Owners of Parent	110 billion yen

* This forecast for FY2022 is calculated by the Company based on information available at this moment of various markets around the world, as well as on the assumption about possible timing of recovery in demand. It also includes risks and uncertainties such as global economic trends and exchange rate fluctuations. The Company's actual consolidated financial results may differ considerably from the forecast above, which therefore should not be the sole basis for any investment decisions.

(2) Overview of Financial Position

① Assets, Liabilities and Net Assets

Total assets as of the end of the current fiscal year rose by 92.8 billion yen from March 31, 2020 to 2,244.9 billion yen, primarily because of increases in cash and deposits of 83.3 billion yen, investment securities of 37.1 billion yen, and notes and accounts receivable of 20.8 billion yen, partially offset by decreases in inventories of 35.5 billion yen and deferred tax assets of 14.6 billion yen.

Liabilities grew by 21.2 billion yen from March 31, 2020 to 1,039.9 billion yen, mainly due to increases in notes and accounts payable of 25.9 billion yen and other current liabilities of 11.7 billion yen, more than half offset by a decrease in interest-bearing liabilities of 20.1 billion yen.

Net assets increased by 71.6 billion yen from March 31, 2020 to 1,205.0 billion yen, mainly due to 42.7 billion yen recorded as net income attributable to owners of the parent, as well as to increases in valuation difference on available-for-sale securities of 27.3 billion yen and foreign currency translation adjustment of 13.3 billion yen, partially offset by a decrease in retained earnings of 21.4 billion yen as a result of dividend payments.

The capital adequacy ratio stood at 45.5%, compared with 44.3% as of March 31, 2020.

Interest-bearing liabilities fell by 20.1 billion yen from March 31, 2020 to 316.5 billion yen.

② Cash flows Data

Cash and cash equivalents (hereinafter referred to as “funds”) as of the end of the current fiscal year rose by 82.6 billion yen from March 31, 2020 to 386.6 billion yen; more specifically, out of the funds from operating activities of 222.9 billion yen, 93.4 billion yen was used for investing activities and 55.2 billion yen for financing activities.

Free cash flows, calculated by deducting investing cash flows from operating cash flows, recorded an inflow of funds of 129.5 billion yen, up 317.2% from March 31, 2020.

[Cash Flow from Operating Activities]

Funds provided by operating activities amounted to 222.9 billion yen, up 80.2% from March 31, 2020, mainly owing to inflows of funds of 86.8 billion yen and 82.3 billion yen recorded for profit before income taxes and depreciation, respectively, and 38.4 billion yen derived from a decrease in inventories and 15.9 billion yen from an increase in notes and accounts payable, partially offset by outflows of funds of 11.2 billion yen from an increase in notes and accounts receivable and 30.6 billion yen from income taxes paid.

[Cash Flow from Investing Activities]

Funds used in investing activities reached 93.4 billion yen, up 0.8% from March 31, 2020, mainly due to purchase of non-current assets of 97.8 billion yen.

[Cash Flow from Financing Activities]

Funds used in financing activities stood at 55.2 billion yen, up 119.8% from March 31, 2020, mostly because of outflows of funds of 84.8 billion yen recorded for repayment of long-term loans payable, 21.4 billion yen for cash dividends paid, and 16.2 billion yen for dividends paid to non-controlling interests, more than half offset by inflows of funds of 43.3 billion yen for proceeds from long-term loans payable and 50.0 billion yen for corporate bond issues.

(3) Basic Policy regarding Earnings Appropriation and Dividend for FY2021 and FY2022

The Company deems dividend payment to shareholders and repurchase of its own stock as important actions for corporate management. Thus, when it decides to do so, it carefully assesses and secures an optimal balance between rewarding shareholders in a continuous and stable manner and securing an optimal amount of retained earnings for building a stronger business foundation and future business development.

The Company plans to submit a proposal to its annual general meeting of shareholders that it pay a year-end dividend for FY2021 ended March 2021 of 20 yen per share, an increase of 10 yen per share from the previously forecast year-end dividend of 10 yen per share, as a result of the better-than-expected net income attributable to owners of the parent for the current fiscal year.

With regard to dividends for the next fiscal year (FY2022 ending March 2022), the Company plans to pay an interim dividend of 29 yen per share and a year-end dividend of 29 yen per share, according to the payout ratio target of 40% shown in its new mid-term business plan released on May 13, 2021.

2. Basic Concept on Choice of Accounting Standards

The Company prepares its consolidated financial statements under standards applicable in Japan in light of the ability to compare businesses and periods of financial statements.

As regards the international financial reporting standards (IFRS), the Company will prepare for adopting it in the future, doing necessary study on its adoption timing.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2020	As of March 31, 2021
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	321,427	404,754
Notes and accounts receivable	266,919	287,790
Lease receivables and investments in leases	136,852	135,997
Merchandise and finished goods	215,111	182,328
Work in process	25,352	25,207
Raw materials and supplies	83,342	80,728
Other	71,631	67,793
Allowance for doubtful accounts	(1,098)	(1,253)
Total Current Assets	1,119,539	1,183,346
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	174,478	178,417
Machinery, equipment and vehicles, net	171,604	163,673
Land	282,125	284,836
Leased assets, net	5,000	4,684
Vehicles on operating leases, net	68,280	78,693
Construction in progress	29,721	28,301
Other, net	30,711	28,955
Total Property, Plant and Equipment	761,922	767,563
Intangible assets		
Goodwill	4,573	2,018
Other	18,701	16,945
Total Intangible Assets	23,274	18,964
Investments and other assets		
Investment securities	154,556	191,682
Long-term loans receivable	987	1,043
Retirement benefit asset	2,158	2,372
Deferred tax assets	58,502	43,854
Other	31,822	37,163
Allowance for doubtful accounts	(674)	(1,020)
Total Investments and Other Assets	247,352	275,096
Total Non-Current Assets	1,032,550	1,061,623
TOTAL ASSETS	2,152,090	2,244,970

(millions of yen)

	As of March 31, 2020	As of March 31, 2021
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable	312,048	329,540
Electronically recorded obligations - operating	49,897	58,382
Short-term borrowings	80,178	52,913
Lease obligations	5,568	5,918
Income taxes payable	17,060	17,507
Accrued expenses	48,226	57,800
Provision for bonuses	20,619	20,242
Provision for bonuses for directors	233	375
Provision for product warranties	6,636	5,921
Deposits received	3,413	4,353
Other	59,310	71,010
Total Current Liabilities	603,193	623,965
NON-CURRENT LIABILITIES		
Bonds	-	50,000
Long-term borrowings	234,642	193,210
Lease obligations	16,321	14,518
Deferred tax liabilities	792	582
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	3,886	4,432
Provision for share-based remuneration for directors	198	136
Net defined benefit liability	99,066	89,015
Long-term deposits received	1,635	1,647
Other	16,837	20,313
Total Non-Current Liabilities	415,515	415,991
TOTAL LIABILITIES	1,018,708	1,039,956
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Share capital	40,644	40,644
Capital surplus	42,503	42,599
Retained earnings	924,729	849,673
Treasury shares	(150,441)	(54,090)
Total Shareholders' Equity	857,436	878,826
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	25,597	52,942
Deferred gains or losses on hedges	302	(796)
Revaluation reserve for land	83,881	83,881
Foreign currency translation adjustment	(5,517)	7,830
Remeasurements of defined benefit plans	(8,760)	(901)
Total Accumulated Other Comprehensive Income	95,503	142,955
NON-CONTROLLING INTERESTS	180,442	183,230
TOTAL NET ASSETS	1,133,381	1,205,013
TOTAL LIABILITIES AND NET ASSETS	2,152,090	2,244,970

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(millions of yen)

	FY2020 Fiscal year ending March 31, 2020	FY2021 Fiscal year ending March 31, 2021
Net sales	2,079,936	1,908,150
Cost of sales	1,730,354	1,605,111
GROSS PROFIT	349,582	303,038
Selling, general and administrative expenses		
Transportation costs	33,913	31,230
Promotion expenses	15,205	9,795
Advertising expenses	6,153	4,240
Unpaid repair expenses	11,666	18,166
Provision for product warranties	4,073	3,150
Salaries and allowances	71,181	74,464
Provision for bonuses	12,852	12,425
Provision for bonuses for directors	55	331
Provision for share-based remuneration for directors	42	-
Retirement benefit expenses	4,387	4,649
Depreciation	11,968	12,215
Other	37,500	36,636
Total Selling, general and administrative expenses	208,999	207,305
OPERATING PROFIT	140,582	95,732
Non-operating income		
Interest income	4,534	3,144
Dividend income	2,997	2,313
Share of profit of entities accounted for using equity method	8,033	5,066
Rental income	184	162
Foreign exchange gains	329	1,746
Other	3,607	4,040
Total non-operating income	19,686	16,474
Non-operating expenses		
Interest expenses	2,833	2,859
Litigation settlement	52	840
Compensation expenses	2,650	443
Currency option cost	1,005	290
Other	2,851	3,506
Total non-operating expenses	9,392	7,941
ORDINARY PROFIT	150,876	104,265
Extraordinary income		
Gain on sales of non-current assets	289	180
Gain on sales of investment securities	14	714
Total extraordinary income	304	895
Extraordinary losses		
Loss on disposal of non-current assets	1,987	975
Impairment loss	190	13,840
Loss on sales of investment securities	19	38
Loss on valuation of investment securities	5,317	176
Loss on COVID-19	-	3,298
Other	155	-
Total extraordinary losses	7,669	18,331
Profit before income taxes	143,511	86,829
Income taxes-current	40,141	31,666
Income taxes-deferred	880	2,626
Total Income taxes	41,022	34,292
Profit	102,489	52,537
Profit attributable to non-controlling interests	21,256	9,828
Profit attributable to owners of parent	81,232	42,708

Consolidated Statements of Comprehensive Income

(millions of yen)

	FY2020 Fiscal year ending March 31, 2020	FY2021 Fiscal year ending March 31, 2021
Profit	102,489	52,537
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,345)	27,565
Deferred gains or losses on hedges	170	(1,098)
Foreign currency translation adjustment	(19,294)	17,366
Remeasurements of defined benefit plans, net of tax	(1,635)	7,757
Share of other comprehensive income of entities accounted for using equity method	(857)	(28)
Total other comprehensive income	(34,962)	51,561
Comprehensive income	67,526	104,098
Comprehensive income attributable to		
owners of the parent	51,088	90,160
non-controlling interests	16,438	13,938

(3) Consolidated Statements of Changes in Net Assets

FY2020 (Fiscal year ending March 31, 2020)

(millions of yen)

	Shareholders' Equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	40,644	42,129	871,845	(150,485)	804,134
Cumulative effects of changes in accounting policies			(287)		(287)
Restated balance	40,644	42,129	871,558	(150,485)	803,847
Changes during period					
Dividends of surplus			(28,061)		(28,061)
Profit attributable to owners of parent			81,232		81,232
Reversal of revaluation reserve for land			(0)		(0)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares				50	50
Change in capital surplus due to transactions with non-controlling interests		374			374
Net changes of items other than shareholders' equity					
Total changes of items during period	-	374	53,171	44	53,589
Balance at the end of current period	40,644	42,503	924,729	(150,441)	857,436

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	38,754	131	83,880	10,195	(7,314)	125,647	186,553	1,116,335
Cumulative effects of changes in accounting policies								(287)
Restated balance	38,754	131	83,880	10,195	(7,314)	125,647	186,553	1,116,047
Changes during period								
Dividends of surplus								(28,061)
Profit attributable to owners of parent								81,232
Reversal of revaluation reserve for land								(0)
Purchase of treasury shares								(5)
Disposal of treasury shares								50
Change in capital surplus due to transactions with non-controlling interests								374
Net changes of items other than shareholders' equity	(13,156)	170	0	(15,713)	(1,446)	(30,143)	(6,110)	(36,254)
Total changes of items during period	(13,156)	170	0	(15,713)	(1,446)	(30,143)	(6,110)	17,335
Balance at the end of current period	25,597	302	83,881	(5,517)	(8,760)	95,503	180,442	1,133,381

	Shareholders' Equity				
	Share Capital	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 during period					
Dividends of surplus			(21,414)		(21,414)
Profit attributable to owners of parent			42,708		42,708
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares				10	10
Cancellation of treasury shares		(96,336)		96,336	-
Transfer to capital surplus from retained earnings		96,336	(96,336)		-
Change in capital surplus due to transactions with non-controlling interests		95			95
Change of scope of equity method			(12)	9	(3)
Net changes of items other than shareholders' equity					
Total changes 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	25,597	302	83,881	(5,517)	(8,760)	95,503	180,442	1,133,381
Changes during period								
Dividends of surplus								(21,414)
Profit attributable to owners of parent								42,708
Purchase of treasury shares								(5)
Disposal of treasury shares								10
Cancellation of treasury shares								-
Transfer to capital surplus from retained earnings								-
Change in capital surplus due to transactions with non-controlling interests								95
Change of 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 changes 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

(4) Consolidated Statements of Cash Flows

(millions of yen)

	FY2020 Fiscal year ending March 31, 2020	FY2021 Fiscal year ending March 31, 2021
Cash flows from operating activities		
Profit before income taxes	143,511	86,829
Depreciation	76,213	82,354
Share of (profit) loss of entities accounted for using equity method	(8,033)	(5,066)
Increase (decrease) in provision for product warranties	(188)	(715)
Increase (decrease) in provision for bonuses	21	(403)
Increase (decrease) in provision for bonuses for directors	(201)	179
Amortization of goodwill	2,464	2,207
Increase (decrease) in allowance for doubtful accounts	(38)	567
Increase (decrease) in provision for maintenance costs	(1,929)	545
Increase (decrease) in provision for share-based remuneration for directors	(11)	(62)
Increase (decrease) in retirement benefit liability	(446)	17
Interest and dividends income	(7,531)	(5,458)
Interest expenses	2,833	2,859
Loss (gain) on sales of non-current assets	(289)	(180)
Loss (gain) on disposal of non-current assets	1,987	975
Loss (gain) on sales of investment securities	4	(675)
Loss (gain) on valuation of investment securities	5,317	176
Impairment loss	190	13,840
Other extraordinary loss (income)	155	-
Decrease (increase) in notes and accounts receivable	23,232	(11,255)
Net decrease (increase) in lease receivables and investments in leases	(19,121)	855
Decrease (increase) in inventories	(25,039)	38,494
Decrease (increase) in other current assets	(14,306)	2,383
Increase (decrease) in notes and accounts payable	(14,098)	15,981
Increase (decrease) in accrued expenses	(2,642)	8,285
Increase (decrease) in deposits received	(635)	928
Increase (decrease) in other liabilities	(1,482)	14,574
Other, net	(285)	703
(Subtotal)	159,649	248,943
Interest and dividends received	11,032	7,545
Interest paid	(2,841)	(2,906)
Income taxes paid	(44,139)	(30,664)
Net cash provided by (used in) operating activities	123,701	222,918
Cash flows from investing activities		
Purchase of investment securities	(434)	(49)
Proceeds from sales of investment securities	52	2,419
Purchase of non-current assets	(103,467)	(97,891)
Proceeds from sales of non-current assets	6,475	5,492
Long-term loan advances	(333)	(351)
Collection of long-term loans receivable	312	340
Net decrease (increase) in short-term loans receivable	(5)	168
Net decrease (increase) in time deposits	5,188	(369)
Other, net	(446)	(3,172)
Net cash provided by (used in) investing activities	(92,659)	(93,413)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,408	(26,776)
Proceeds from long-term borrowings	59,000	43,300
Repayments of long-term borrowings	(37,289)	(84,873)
Proceeds from bonds issues	-	50,000
Proceeds from share issuance to non-controlling shareholders	-	5,426
Repayments of lease obligations	(4,074)	(4,496)
Purchase of treasury shares	(5)	(4)
Dividends paid	(28,057)	(21,412)
Dividends paid to non-controlling interests	(20,665)	(16,258)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,469)	(180)
Net cash provided by (used in) financing activities	(25,153)	(55,275)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(7,225)	8,465
Net Increase (Decrease) in Cash and Cash Equivalents	(1,336)	82,695
Cash and Cash Equivalents at Beginning of Period	305,311	303,974
Cash and Cash Equivalents at End of Period	303,974	386,670

(5) Notes on Consolidated Financial Statements

[Notes on Premise of A Going Concern]

None

[Segment Information]

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

[Per Share Information]

FY2020		FY2021	
Net assets per share (yen)	1,292.05	Net assets per share (yen)	1,385.36
Net income per share (yen)	110.14	Net income per share (yen)	57.91

[Note] Basis for the calculation of Net income per share is as follows.

	FY2020	FY2021
Net income (millions of yen)	81,232	42,708
Amount not attributable to common shareholders (millions of yen)	-	-
Net income associated with common shares (millions of yen)	81,232	42,708
Average number of shares (shares)	737,532,120	737,543,812

[Important Subsequent Events]

(Business combinations through acquisition)

The Company acquired all the shares in UD Trucks Corp. on April 1, 2021.

1. Overview of the business combination

(1) Name of the acquired business and details of its operations

Name of the acquired business: UD Trucks Corp. (hereinafter referred to as “UDT”)

Details of its operations: Development, manufacture, export and sales of trucks; production and sales of parts for vehicles

(2) Main reason for the business combination

The auto industry has been facing a once-in-a-century upheaval, and particularly in the commercial vehicle segment, creation of new solutions including about advanced technologies is demanded to address various issues and challenges in the logistics industry, as well as to meet a wide variety of customer needs across the globe.

The Company, sharing these issues and challenges with Aktiebolaget Volvo (hereinafter “AB Volvo”, headquartered in Gothenburg, Sweden), executed agreements to form a strategic alliance with AB Volvo within the commercial vehicle segment on October 30, 2020, based on which the Company and AB Volvo will intend to closely collaborate with each other to deepen existing technologies and develop advanced ones, leveraging the two companies’ mutual complementarity of expertise, as well as using excellent technologies each has and a larger volume base created by this strategic alliance.

As the first step for this strategic alliance, the Company acquired all the shares owned by AB Volvo in UDT (hereinafter the “UDT Share Acquisition”), in order to further strengthen its heavy-duty truck business in Japan and abroad and to swiftly achieve results of the strategic collaboration.

The Company, together with UDT, will aim to create synergies in the long run and solve issues and challenges facing the logistics industry in the future, based on the stronger and closer relationship with AB Volvo.

(3) Date of the business combination

April 1, 2021

(4) Legal form of the business combination

Share acquisition with cash as the consideration

(5) Name of the acquired business after the business combination

No change

(6) Ratio of the voting rights acquired

100.0%

(7) Basis for determining the acquirer

The Company acquired all the shares in UDT with cash as the consideration.

(8) Other things related to the overview of the business combination

In the wake of the UDT Share Acquisition, 14 subsidiaries and three affiliated companies of UDT have become Isuzu Group companies.

2. Acquisition cost of the acquired business and breakdown by class of consideration

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

(Note) The aforementioned consideration for the acquisition is tentative due to the fact that the share transfer agreement for the UDT Share Acquisition includes a transfer price adjustment clause. Since adjustments of the transfer price are expected, the final acquisition cost will vary. In addition, the said share transfer agreement includes an earn-out clause with 15,000 million yen as the upper limit to be paid. However, the aforementioned consideration for the acquisition does not include any amount to be paid according to the said earn-out clause.

The Company repaid in subrogation performance borrowings payable by UDT and its subsidiaries to AB Volvo Group companies (265,241 million yen). Consequently, the amount paid by the Company to AB Volvo for the UDT Share Acquisition amounted to 314,303 million yen, including the aforementioned consideration for the acquisition.

3. Descriptions and amounts of major acquisition-related costs

Advisory fees and commissions	1,900 million yen
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(Note) The amount mentioned above is an estimate, and thus the final amount could further vary according to possible transfer price adjustments in the future.

4. Amount of goodwill, reasons for its occurrence, methods to amortize it and amortization period

Nothing has been finalized yet about these points.

5. Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

Nothing has been finalized yet about these points.

(Borrowing of funds)

The Company executed the following borrowing on April 1, 2021 in relation to the acquisition of shares in UD Trucks Corp.:

1. Purpose of borrowing

To acquire the shares in UD Trucks Corp. and repay in subrogation performance debts payable by UD Trucks Corp. and its subsidiaries to AB Volvo Group companies.

2. Name of creditor

Mizuho Bank, Ltd.

3. Amount borrowed, borrowing conditions

Amount borrowed: 280,000 million yen
Borrowing interest rate: basic interest rate + spread

4. Date of execution of borrowing, repayment date

Date of execution of borrowing: April 1, 2021
Repayment date: April 1, 2022

5. Assets pledged as collateral or any guarantee for borrowing

None

(Disposition of treasury stock through third-party allotment)

The Company resolved, at its Board of Directors Meeting held on March 24, 2021, to dispose of its treasury stock through a third-party allotment, and the payment was completed on April 9, 2021.

1. Overview of disposition

- (1) Number of treasury stock disposed of: 39,000,000 shares
- (2) Disposition price: 1,098 yen per share
- (3) Total amount raised by disposition: 42,822 million yen
- (4) Method of disposition: through a third-party allotment
- (5) Transferee: TOYOTA MOTOR CORPORATION
- (6) Disposition date: April 9, 2021

2. Purpose and reason for disposition

On March 24, 2021, the Company agreed with TOYOTA MOTOR CORPORATION (hereinafter referred to as "Toyota Motor") and Hino Motors, Ltd. on new collaboration efforts for CV business (hereinafter the "New Collaboration Efforts").

To smoothly develop and advance the New Collaboration Efforts, the Company, based on an agreement with Toyota Motor on a capital partnership, disposed of its treasury stock through a third-party allotment to Toyota Motor.

4. Other

(1) Sales Condition (Consolidated)

		FY2020 (Fiscal year ending March 31, 2020)		FY2021 (Fiscal year ending March 31, 2021)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	28,945	277,689	26,757	244,683	(2,188)	(33,005)
	Overseas	36,858	181,818	29,468	149,653	(7,390)	(32,164)
HD/MD vehicles		65,803	459,507	56,225	394,337	(9,578)	(65,170)
	Japan	42,408	154,269	34,314	133,424	(8,094)	(20,845)
	Overseas	401,012	836,563	363,596	774,484	(37,416)	(62,078)
LD vehicles, etc		443,420	990,833	397,910	907,909	(45,510)	(82,923)
	Japan	71,353	431,959	61,071	378,108	(10,282)	(53,850)
	Overseas	437,870	1,018,381	393,064	924,138	(44,806)	(94,243)
Total vehicles		509,223	1,450,341	454,135	1,302,246	(55,088)	(148,094)
	Overseas	-	43,112	-	32,358	-	(10,753)
Parts for overseas production		-	43,112	-	32,358	-	(10,753)
	Japan	-	68,951	-	51,198	-	(17,752)
	Overseas	-	62,695	-	98,463	-	35,767
Engines/Components		-	131,647	-	149,661	-	18,014
	Japan	-	326,337	-	322,326	-	(4,010)
	Overseas	-	128,498	-	101,556	-	(26,941)
Other		-	454,835	-	423,883	-	(30,952)
	Japan	-	827,247	-	751,633	-	(75,614)
	Overseas	-	1,252,688	-	1,156,517	-	(96,171)
Sales amount		-	2,079,936	-	1,908,150	-	(171,786)

(Note) The above amounts do not include consumption tax.

(2) Overseas Sales

FY2020 (April 1, 2019 through March 31, 2020)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	157,800	613,300	481,588	1,252,688
2 Consolidated sales	-	-	-	2,079,936
3 Overseas sales per Consolidated sales	% 7.6	% 29.5	% 23.2	% 60.2

1. This segmentation is based on the geographical area.
2. Major countries or areas included
 - (1) North America---USA
 - (2) Asia---Thailand, China, Philippines, Indonesia
 - (3) Other---Saudi Arabia, Australia, Colombia, South Africa, Italy
3. Overseas sales are sales to all countries and areas excluding Japan
made by the parent company and consolidated subsidiaries.

FY2021 (April 1, 2020 through March 31, 2021)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	121,792	563,914	470,810	1,156,517
2 Consolidated sales	-	-	-	1,908,150
3 Overseas sales per Consolidated sales	% 6.4	% 29.6	% 24.7	% 60.6

1. This segmentation is based on the geographical area.
2. Major countries or areas included
 - (1) North America---USA
 - (2) Asia---Thailand, China, Vietnam, Philippines
 - (3) Other---Saudi Arabia, Australia, Colombia, South Africa, Italy
3. Overseas sales are sales to all countries and areas excluding Japan
made by the parent company and consolidated subsidiaries.