

FINANCIAL SECTION

CONTENTS

Five-Year Summary	2
Consolidated Financial Statement	3
Consolidated Balance Sheets	3
Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	5
Consolidated Statement of Changes in Net Assets	7
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements.....	10
Independent Auditor's Report.....	32

Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)				
	2021	2020	2019	2018	2017
Net sales	¥3,178,209	¥3,488,433	¥3,871,496	¥3,757,219	¥3,169,542
Profit attributable to owners of parent	146,421	134,222	178,759	215,730	159,956
Profit per share:					
Primary	301.65	286.36	395.26	488.86	362.54
Fully diluted	301.61	286.32	395.20	473.74	362.48
Cash dividends per share*	90.00	85.00	74.00	74.00	44.00
Net assets	2,031,964	1,793,657	1,715,914	1,595,227	1,387,041
Total assets	4,036,360	3,339,783	3,401,970	3,340,828	3,115,985
Depreciation and amortization ...	136,545	164,158	148,926	150,877	163,397

*Cash dividends per share of ¥85.00 for the year ended 31 March 2020 include a 100th-year-anniversary commemorative dividend of ¥11.00 per share.

Consolidated Financial Statement

Consolidated Balance Sheets

As of 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents ^{*Note 13}	¥924,392	¥420,392
Receivables:		
Notes and accounts receivable-trade ^{*Note 5}	448,601	427,358
Allowance for doubtful accounts	(3,854)	(2,570)
Inventories ^{*Note 7}	355,911	355,492
Other ^{*Note 5}	433,741	339,049
Total current assets	2,158,793	1,539,722
Property, plant and equipment:		
Land ^{*Note 7}	317,813	304,652
Buildings and structures ^{*Note 7}	536,179	500,588
Machinery, equipment and vehicles	1,384,597	1,284,302
Tools, furniture and fixtures	654,875	622,197
Construction in progress	126,897	118,571
	3,020,363	2,830,311
Accumulated depreciation	(2,041,447)	(1,910,167)
Total property, plant and equipment	978,916	920,144
Investments and other assets:		
Investment securities ^{*Note 5}	670,278	633,342
Investments in affiliates ^{*Note 5}	47,346	38,102
Retirement benefit asset ^{*Note 2 and 9}	4,261	—
Deferred tax assets ^{*Note 2 and 10}	140,922	174,320
Other	35,841	34,150
Total investments and other assets	898,650	879,916
Total assets	¥4,036,360	¥3,339,783

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Consolidated Financial Statement

As of 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Short-term borrowings ^{*Note 5 and 7}	¥287,577	¥121,082
Current portion of long-term borrowings ^{*Note 5 and 7}	281,277	74,515
Current portion of bonds with share acquisition rights ^{*Note 5 and 6}	—	2,972
Accounts payable-trade ^{*Note 5}	330,522	257,996
Electronically recorded obligations-operating	78,663	71,869
Income taxes payable	32,138	22,310
Accrued expenses ^{*Note 2 and 5}	228,726	207,996
Provision for product warranties ^{*Note 2}	254,076	315,835
Other ^{*Note 7}	195,480	150,926
Total current liabilities	<u>1,688,462</u>	<u>1,225,506</u>
Non-current liabilities:		
Bonds with share acquisition rights ^{*Note 5 and 6}	8,560	8,560
Long-term borrowings ^{*Note 5 and 7}	193,413	197,064
Retirement benefit liability ^{*Note 2 and 9}	62,081	67,206
Provision for disaster	358	436
Deferred tax liabilities ^{*Note 2 and 10}	5,802	5,121
Other ^{*Note 7}	45,717	42,231
Total non-current liabilities	<u>315,932</u>	<u>320,619</u>
Total liabilities	<u>2,004,395</u>	<u>1,546,126</u>
Net assets:		
Shareholders' equity:		
Share capital:		
Common stock		
Authorized: 1,500,000,000 shares Issued:		
as of 31 March 2021 :491,098,300 shares		
as of 31 March 2020 :491,067,800 shares	138,262	138,202
Capital surplus	143,400	146,490
Retained earnings	1,519,826	1,414,665
Treasury shares	(21,027)	(21,775)
Total shareholders' equity	<u>1,780,462</u>	<u>1,677,583</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	121,133	87,455
Deferred gains or losses on hedges	(484)	(269)
Foreign currency translation adjustment	(193,295)	(255,266)
Remeasurements of defined benefit plans	(20,337)	(21,951)
Total accumulated other comprehensive income	<u>(92,984)</u>	<u>(190,032)</u>
Share acquisition rights ^{*Note 16}	115	115
Non-controlling interests	<u>344,371</u>	<u>305,990</u>
Total net assets	<u>2,031,964</u>	<u>1,793,657</u>
Total liabilities and net assets	<u>¥4,036,360</u>	<u>¥3,339,783</u>

(Consolidated Statement of Comprehensive Income)

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
Profit	¥169,422	¥162,608
Other comprehensive income *Note 14		
Valuation difference on available-for-sale securities	47,078	(2,603)
Deferred gains or losses on hedges	(44)	(313)
Foreign currency translation adjustment	75,167	(119,454)
Remeasurements of defined benefit plans, net of tax	2,737	(1,239)
Share of other comprehensive income of entities accounted for using equity method	927	(1,308)
Total other comprehensive income	125,865	(124,919)
Comprehensive income	295,287	37,688
Comprehensive income attributable to:		
Owners of parent	243,469	34,425
Non-controlling interests	51,817	3,263

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen					
	Thousands of shares of common stock	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of 31 March 2019	491,049	¥138,161	¥143,965	¥1,314,587	¥(113,963)	¥1,482,750
Issuance of new shares....	19	41	41	—	—	82
Dividends of surplus.....	—	—	—	(34,144)	—	(34,144)
Profit attributable to owners of parent.....	—	—	—	134,222	—	134,222
Purchase of shares of consolidated subsidiaries.....	—	—	(1,411)	—	—	(1,411)
Purchase of treasury shares ..	—	—	—	—	(12)	(12)
Disposal of treasury shares ..	—	—	3,894	—	92,201	96,096
Net changes in items other than shareholders' equity....	—	—	—	—	—	—
Total changes during the fiscal year	19	41	2,524	100,078	92,188	194,832
Balance as of 31 March 2020	491,068	¥138,202	¥146,490	¥1,414,665	¥(21,775)	¥1,677,583
Issuance of new shares....	31	60	60	—	—	120
Dividends of surplus.....	—	—	—	(41,261)	—	(41,261)
Profit attributable to owners of parent.....	—	—	—	146,421	—	146,421
Purchase of shares of consolidated subsidiaries.....	—	—	(2,400)	—	—	(2,400)
Purchase of treasury shares ..	—	—	—	—	(1)	(1)
Disposal of treasury shares ..	—	—	(749)	—	750	0
Net changes in items other than shareholders' equity....	—	—	—	—	—	—
Total changes during the fiscal year	31	60	(3,089)	105,160	748	102,879
Balance as of 31 March 2021	491,098	¥138,262	¥143,400	¥1,519,826	¥(21,027)	¥1,780,462

Consolidated Financial Statement

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance as of 31 March 2019	¥95,873	¥(219)	¥(164,544)	¥(21,369)	¥(90,260)	¥115	¥323,309	¥1,715,914
Issuance of new shares....	—	—	—	—	—	—	—	82
Dividends of surplus.....	—	—	—	—	—	—	—	(34,144)
Profit attributable to owners of parent.....	—	—	—	—	—	—	—	134,222
Purchase of shares of consolidated subsidiaries.....	—	—	—	—	—	—	—	(1,411)
Purchase of treasury shares..	—	—	—	—	—	—	—	(12)
Disposal of treasury shares..	—	—	—	—	—	—	—	96,096
Net changes in items other than shareholders' equity....	(8,417)	(49)	(90,722)	(581)	(99,771)	—	(17,318)	(117,090)
Total changes during the fiscal year.....	(8,417)	(49)	(90,722)	(581)	(99,771)	—	(17,318)	77,742
Balance as of 31 March 2020	¥87,455	¥(269)	¥(255,266)	¥(21,951)	¥(190,032)	¥115	¥305,990	¥1,793,657
Issuance of new shares....	—	—	—	—	—	—	—	120
Dividends of surplus.....	—	—	—	—	—	—	—	(41,261)
Profit attributable to owners of parent.....	—	—	—	—	—	—	—	146,421
Purchase of shares of consolidated subsidiaries.....	—	—	—	—	—	—	—	(2,400)
Purchase of treasury shares..	—	—	—	—	—	—	—	(1)
Disposal of treasury shares..	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity....	33,678	(215)	61,971	1,613	97,048	—	38,380	135,428
Total changes during the fiscal year.....	33,678	(215)	61,971	1,613	97,048	—	38,380	238,307
Balance as of 31 March 2021	¥121,133	¥(484)	¥(193,295)	¥(20,337)	¥(92,984)	¥115	¥344,371	¥2,031,964

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Consolidated Statement of Cash Flows

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
Cash flows from operating activities		
Profit before income taxes	¥241,064	¥246,027
Depreciation and amortization	136,545	164,158
Impairment losses	5,323	565
Increase (decrease) in allowance for doubtful accounts	801	(1,868)
Increase (decrease) in retirement benefit liability	(6,799)	185
Increase (decrease) in provision for product warranties *Note 2	(62,750)	(6,339)
Interest and dividend income	(41,503)	(28,776)
Interest expenses	4,935	5,555
Foreign exchange losses (gains)	(7,146)	(2,527)
Share of loss (profit) of entities accounted for using equity method	(7,900)	(6,315)
Loss (gain) on sale of property, plant and equipment	496	(1,222)
Loss (gain) on sale of investment securities	(14,172)	45
Decrease (increase) in trade receivables	(5,547)	1,109
Decrease (increase) in inventories	22,145	(29,177)
Decrease (increase) in accounts receivable-other	18,045	(23,360)
Increase (decrease) in trade payables	63,593	(51,727)
Increase (decrease) in accrued expenses *Note 2	15,451	(4,850)
Other, net *Note 2	57,815	(54,742)
Sub-total	420,400	206,736
Interest and dividends received	41,826	28,525
Interest paid	(5,021)	(4,808)
Income taxes paid	(41,766)	(58,921)
Net cash provided by (used in) operating activities	415,439	171,533
Cash flows from investing activities		
Payments into time deposits	(128,363)	(97,968)
Proceeds from withdrawal of time deposits	97,598	93,678
Purchases of securities	(561,233)	(682,913)
Proceeds from sales and redemption of securities	463,488	698,776
Purchases of property, plant and equipment	(171,706)	(245,825)
Other, net *Note 2	67,231	(62,736)
Net cash provided by (used in) investing activities	(232,985)	(296,989)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	153,355	36,358
Proceeds from long-term borrowings	285,118	72,741
Repayment of long-term borrowings	(80,166)	(70,395)
Purchase of bond with share acquisition rights	(2,970)	—
Proceeds from disposal of treasury shares	—	96,096
Dividends paid	(41,254)	(34,139)
Dividends paid to non-controlling interests	(11,490)	(19,975)
Other, net	41	23
Net cash provided by (used in) financing activities	302,633	80,708
Effect of exchange rate changes on cash and cash equivalents	18,912	(7,956)
Net increase (decrease) in cash and cash equivalents	503,999	(52,704)
Cash and cash equivalents at the beginning of period	420,392	473,097
Cash and cash equivalents at the end of period *Note 13	¥924,392	¥420,392

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Notes to Consolidated Financial Statements

NOTE 1: Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Suzuki Motor Corporation (the "Company"), consolidated subsidiaries (the "Group") have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Financial Services Agency as required by the Financial Instruments and Exchange Act of Japan.

The preparation of the consolidated financial statements requires the management to select and adopt accounting standards and make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses, and the corresponding methods of disclosure.

As such, the management's estimates are made reasonably based on historical results. However, due to the inherent uncertainties involved in making estimates, actual results could differ from these estimates.

For the convenience of readers outside Japan, certain reclassifications and modifications have been made to the original consolidated financial statements.

As permitted, an amount of less than one million yen has been omitted.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

a. Scope of consolidation and Application of the equity methods

The consolidated financial statements for the years ended 31 March 2021 and 2020 include the accounts of the Group, and the numbers of consolidated subsidiaries were 120 and 127 respectively. In addition, the numbers of investments in affiliated companies for the years ended 31 March 2021 and 2020 were 31 and 28 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for using equity method.

b. Method for amortization of goodwill and terms of amortization

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries (goodwill) is amortized on a straight-line basis over a period of five years after appropriate adjustments.

c. Fiscal year

1) The number of consolidated subsidiaries for which the account settlement date is different from the consolidated account settlement date (31 March) is as follows.

31 December 14, including Magyar Suzuki Corporation Ltd.

30 September 2, including Suzuki (Myanmar) Motor Co., Ltd.

2) The above consolidated subsidiaries are consolidated based on the financial statements with the provisional settlement of accounts on the consolidated account settlement date (31 March).

(b) Allowance for doubtful accounts

In order to allow for loss from bad debts, estimated uncollectible amount based on the actual ratio of bad debt is recorded as general allowance. With respect to specific receivable with higher default possibility, recoverable amount is estimated respectively and uncollectible amount is recorded.

(c) Allowance for investment loss

The differences between the book value and the fair value of securities and investment not quoted at an exchange are determined and recorded as reserve in order to allow for losses from these investments.

(d) Provision for product warranties

The provision is recorded into this account based on the warranty agreement, laws and past experience in order to allow for expenses related to the maintenance service of products sold.

(e) Provision for Directors' bonuses

In order to defray bonuses for Directors and Audit & Supervisory Board Members, estimated amount of such bonuses is recorded.

(f) Provision for Directors' retirement benefits

The amount to be paid at the end of the fiscal year had been recorded pursuant to the Company's regulations on the retirement allowance of Directors and Audit & Supervisory Board Members. However, the Company's retirement benefit system for them was abolished at the closure of the Ordinary General Meeting of Shareholders held on 29 June 2006. And it was approved at Ordinary General Meeting of Shareholders that reappointed Directors and Audit & Supervisory Board Members would be paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is recorded at the end of the current fiscal year. Furthermore, in some of consolidated subsidiaries, the amount to be paid at the end of the year is recorded pursuant to their regulation on the retirement allowance of Directors and Audit & Supervisory Board Members.

(g) Provision for disaster

Reasonably estimated amount is recorded for anticipated loss mainly caused by relocation of plants and facilities located in Ryuyo Region in Iwata City, Shizuoka Prefecture where massive tsunami damages caused by Tokai and Tonankai Earthquake are anticipated.

(h) Provision for product liabilities

The provision is recorded for product compensation related to North American market which is not covered by "Product Liability Insurance" based on the actual payments in the past periods.

(i) Provision for recycling expenses

The provision is recorded for an estimated expense related to the recycle of products of the Company based on the number of vehicles owned in the market, etc.

(j) Securities and Investment securities

The Group holds securities of listed companies, which have a risk of price fluctuations, and non-listed companies whose stock prices are difficult to be evaluated.

If the Group judges the decline in investment value is not temporary, the Group recognizes revaluation loss based on the reasonable standard. If the stock market falls, the Group may incur significant loss on valuation of securities.

Securities have to be classified into four categories: trading securities; held-to-maturity debt securities; investments of the Company in equity securities issued by consolidated subsidiaries and affiliates; and available-for-sale securities.

Available-for-sale securities with available fair values are stated at market value method based on the market values as of the consolidated account settlement date (the valuation differences shall be reported as other comprehensive income, and costs shall be calculated mainly by moving average method).

Available-for-sale securities with no available fair values are stated at cost by moving average method.

(k) Hedge accounting

The derivatives designated as "hedging instruments" by the Group are principally forward exchange contracts, interest rate swap and cross currency interest rate swap. The related hedged items are foreign currency denominated transaction and borrowings.

Gains or losses arising from changes in fair value of the hedging instruments are deferred until the gains and losses on the hedged items or transactions are recognized.

If hedging instruments meet certain criteria, special hedge accounting is applied and these contracts are handled together with hedged items.

The Group has a policy to utilize the above hedging instruments in order to reduce our exposure to the risks of the fluctuation of interest rate and foreign exchange. Therefore, our purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Group evaluates effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(l) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are converted into Japanese yen at the exchange rates at the balance sheet date. Resulting gains and losses are included in profit or loss for the period.

Assets and liabilities of the foreign subsidiaries are converted into Japanese yen at the exchange rates at the balance sheet date.

The components of net assets are converted into Japanese yen at their historical rates. Profit and loss accounts for the fiscal year are converted into Japanese yen by using the average exchange rate during the fiscal year. Differences in yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in the net assets.

(m) Inventories

Cost method mainly determined by the gross average method (figures on the consolidated balance sheet are measured by the method of book devaluation based on the reduction of profitability).

(n) Method of depreciation and amortization of significant depreciable assets

a. Property, plant and equipment (excluding lease assets)

..... Mainly declining balance method for the Company and domestic subsidiaries and mainly straight-line method for foreign subsidiaries.

Main durable years were as follows:

Buildings and structures	3 to 75 years
Machinery, equipment and vehicles	3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight-line method

c. Lease assets

Finance leases which transfer ownership

..... The same method as depreciation and amortization of self-owned non-current assets.

Finance leases which do not transfer ownership

..... Straight-line method with the lease period as the durable years. With respect to lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. Regarding other lease assets, remaining value is zero.

(o) **Income taxes**

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of income. The asset and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

In making a valuation for the recoverability of collection of deferred tax assets, the Group estimates their future taxable income reasonably. If the estimated amounts of future taxable income decrease, deferred tax assets may decrease and income taxes may be recorded.

Consolidated tax payment has been applied to the Company and its domestic wholly owned subsidiaries from the fiscal year ended 31 March 2012.

(p) **Retirement benefits**

With respect to calculation of retirement benefit obligations, benefit formula basis method is used to attribute expected benefit to period up to the end of this fiscal year. With regard to past service costs, they are treated as expense on a straight-line over the certain years within the period of average length of employees' remaining service years at the time when it occurs. Regarding the actuarial gain or loss, the amounts, prorated on a straight-line over the certain years within the period of average length of employees' remaining service years in each year when it occurs, are respectively treated as expenses from the next term of the year in which they arise.

Retirement benefit cost and retirement benefit obligation are calculated based on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided based on yield on low-risk and long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc.

Decreased yield on long-term bond leads to a decrease in discount rate and it has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by the Company has a cash balance type plan, and therefore the revaluation ratio, which is one of the base ratios, can reduce adverse effects caused by the decrease in discount rate.

If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. However, by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of the Group.

(q) **Profit per share**

Primary profit per share is computed based on the weighted average number of shares issued during the respective years. Fully diluted profit per share is computed assuming that all stock options are exercised. Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

(r) **Cash and cash equivalents**

All highly liquid investments with original maturities of three months or less when purchased are considered as cash equivalents.

(s) **Application of the Consolidated Taxation System**

The Group applies the Consolidated Taxation System.

Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and some domestic consolidated subsidiaries do not apply the provisions of paragraph 44 of "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, issued on 16 February 2018), in accordance with the treatment of paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System"(ASBJ Practical Solution No.39, issued on 31 March 2020), regarding the transition to the Group Aggregation System created in "Act on Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020) and items on Non-Consolidated Tax Payment System which are reviewed in line with the transition to the Group Aggregation System.

Therefore, the amounts of deferred tax assets and liabilities are calculated on the basis of the tax laws prior to the revision.

(t) **Significant accounting estimates**

a. Provision for product warranties

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	FY 2021
Opening balance	¥315,835
Current payment	(89,725)
Provisions	30,004
Other (increase/decrease of subsidiaries, etc.)	(2,038)
Ending balance	¥254,076

2) Details of accounting estimates for the identified items

The Group recognizes provision for product warranties to allow for costs associated with future warranties which may arise in the future.

Costs associated with future warranties include the cost of free repairs based on (i) the warranty and (ii) notification to the competent authorities, etc.

With respect to the former of two types of costs, provisions are recognized when the products are sold. With regard to the latter, provisions are recognized based on comprehensive and individual estimates which consider past occurrences, if such expenses are likely to be incurred and the amount can be reasonably estimated.

The amount of these provisions is calculated by estimating projected number of units and the projected cost per unit based on information currently available, such as past sales results, repair results and experience. The amount of these provisions also reflects the amount expected to be recovered upon a request for compensation from the supplier. The provision for product warranties is calculated on estimates, therefore inherently involves uncertainties. Therefore, the actual repair cost may differ from the estimate.

b. Retirement benefit asset and Retirement benefit liability

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

Retirement benefit asset	¥4,261 million
Retirement benefit liability	¥62,081 million

2) Details of accounting estimates for the identified items

The Group's retirement benefit expenses and retirement benefit obligations are calculated based on various assumptions, including the discount rate, the long-term expected rate of return on plan assets, the revaluation rate, the rate of salary increases and the death rate. The discount rate is determined based on the yield on long-term bonds that are highly safe, and the long-term expected rate of return is determined based on the pension asset management policy of each pension plan.

A decline in long-term bond yields results in a decline in the discount rate, which will adversely affect the calculation of retirement benefit expenses. However, under the cash balance corporate pension plan adopted by our company, the revaluation rate, which is one of the basic rates, has the effect of reducing the negative impact of the decline in the discount rate.

If the investment return on plan assets is lower than the long-term expected rate of return, it will have an adverse effect on the calculation of retirement benefit expenses. However, the effect is expected to be minor for corporate pension funds in our company and in the Group, which are committed to stable management.

The difference between these assumptions and the actual results is expensed using the straight-line method over a fixed number of years within the average remaining years of service of the employees when incurred.

c. Deferred tax assets

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets	¥140,922 million
Deferred tax liabilities	¥5,802 million

2) Details of accounting estimates for the identified items

The recoverability of deferred tax assets is examined by whether certain or all deductible temporary differences, net operating loss carryforwards and tax credit carryforwards have the effect of reducing future tax consequences.

In evaluating the recoverability of deferred tax assets, the Company considers the elimination of expected taxable temporary differences, the estimation of future taxable income, and tax planning.

With respect to such estimates, changes in future market trends, business activities and other assumptions relating to the Group may affect the amounts of deferred tax assets and income taxes-deferred in and after the following fiscal year.

(u) New accounting standards not yet adopted

a. Accounting Standard for Revenue Recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, revised on 31 March 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, revised on 26 March 2021)

1) Outline

The aforementioned standard and guidance are comprehensive revenue recognition standards. Revenue is recognized by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the year ending 31 March 2022.

3) Effect of application of the accounting standards

The effect of the application of the aforementioned standards and guidance on the Group's consolidated financial statements is under evaluation.

b. Accounting Standard for Fair Value Measurement

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, issued on 4 July 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, issued on 4 July 2019)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, revised on 4 July 2019)

“Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised on 4 July 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, revised on 31 March 2020)

1) Outline

In order to improve comparability with international accounting standards, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” were developed and relevant guidance was established.

The Accounting Standard for Fair Value Measurement is applied to the fair value of the following items.

- Financial Instruments in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised to include notes on the breakdown of each level of fair value of financial instruments.

2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the year ending 31 March 2022.

3) Effect of application of the accounting standards

The effect of the application of the aforementioned standard and guidance on the Group’s consolidated financial statements is under evaluation.

(v) Changes in Presentation

a. Consolidated Balance Sheets

Future recall expenses for which measures had already been implemented of ¥71,915 million were presented as “Accrued expenses” in the previous consolidated fiscal year. Future recall expenses not included in “Accrued expenses” and future warranty expenses, were presented as “Provision for product warranties” in the previous consolidated fiscal year. However, in the current fiscal year, these are presented in “Provision for product warranties” in “Current liabilities” to present the financial positions more clearly. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, “Accrued expenses” of ¥279,911 million and “Provision for product warranties” of ¥243,920 million in “Current liabilities” in the consolidated balance sheets in the previous fiscal year are presented as “Accrued expenses” of ¥207,996 million and “Provision for product warranties” of ¥315,835 million.

b. Consolidated Statement of Income

“Contribution”, which was presented separately under “Other income (expenses)” in the previous fiscal year, is included in “Other, net” in the current fiscal year due to low materiality. “Gain on sale of investment securities”, which was included in “Other, net” under “Other income (expenses)” in the previous fiscal year, is presented separately in the current fiscal year due to the quantitative materiality. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, “Contribution” of ¥(526) million and “Other, net” of ¥2,513 million under “Other income (expenses)” in the consolidated statement of income of the previous fiscal year has been reclassified as “Gain on sale of investment securities” of ¥170 million and “Other, net” of ¥1,815 million.

c. Consolidated Statement of Cash Flows

Following reclassification in the Consolidated Balance Sheets, ¥(2,815) million of “Increase (decrease) in accrued expenses” in “Cash flows from operating activities” has been reclassified to “Increase (decrease) in provision for product warranties”.

As a result, “Increase (decrease) in provision for product warranties” of ¥(3,524) million and “Increase (decrease) in accrued expenses” of ¥(7,665) million in the consolidated statement of cash flows of the previous fiscal year are presented as “Increase (decrease) in provision for product warranties” of ¥(6,339) million and “Increase (decrease) in accrued expenses” of ¥(4,850) million.

d. Application of Accounting Standard for Disclosure of Accounting Estimates

The Group has applied “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, issued on 31 March 2020) from the financial statements at the end of the year ending 31 March 2021, and note significant accounting estimates to the consolidated financial statements.

However, in accordance with the transitional treatment as provided in the proviso of Article 11 of the Accounting Standard for Disclosure of Accounting Estimates, significant accounting estimates to the consolidated statements of previous fiscal year are not noted.

(w) Additional Information

In India, lockdown orders have been implemented excluding some areas and medical oxygen has been in shortage owing to the spread of the new coronavirus infection. They have been affecting production and sales activity of the Group significantly. Due to many uncertain factors, the impact on business results in the future is uncertain.

NOTE 3: Impairment losses

The Group recorded impairment losses in the following group of assets in year ended 31 March 2021.

(Millions of yen)

Usage	Location	Classification	Amount
Assets for rent	Japan	Land	¥5,245
Idle assets	Japan	Land	78
Total			¥5,323

The assets are grouped mainly in units of business facilities, and divided into the assets for business and for rent respectively. With respect to the assets which are decided to be disposed and idle assets which are not expected to be used in the future, the necessity of recording of impairment losses is judged based on individual assets.

With regard to assets for rent and idle assets, the Group has reduced the book value of the asset group whose market value has particularly fallen to the recoverable amount and recorded impairment losses as extraordinary losses.

The recoverable amount is measured by the net realizable value or the value in use, and the land value is evaluated by the real estate appraised value, etc.

The Group recorded impairment losses in year ended 31 March 2020.

This information is not provided due to its low materiality.

NOTE 4: Loss on COVID-19

The Group recorded loss on COVID-19 in year ended 31 March 2021.

¥15,542 million equivalent to fixed expenses related to production suspension due to lockdown in countries including India and Hungary to prevent the spread of the new coronavirus pandemic was recorded as extraordinary losses.

NOTE 5: Financial Instruments

(a) Status of financial instruments

a. Policy for financial instruments

With respect to the fund management, the Group uses short-term deposits and securities, and with regard to the fund-raising, the Group uses borrowings from financial institutions such as banks and issuance of bonds. The Group uses derivatives to hedge and manage the risks of the fluctuations of interest rates and exchange rates, and does not use derivatives for speculative purposes.

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivable-trade, in order to reduce the risks, the Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges the risks of the fluctuation of exchange rate from operating receivables denominated in foreign currency by forward exchange contract in principle.

Investment securities are mainly stocks of companies with which the Group has business relationship, and with regard to listed stocks, the Group quarterly identifies those fair values and reports them to the Board of Directors.

Basically, accounts payable-trade is due within one year.

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and the Group uses interest rate swap or cross currency interest rate swap for the risks of the fluctuation of interest rate and exchange rate of some long-term borrowings.

Derivative transactions are foreign currency forward contracts to hedge the risks of the fluctuation of exchange rate related to receivables and payables denominated in foreign currencies, interest rate swap to hedge the risks of the fluctuation of interest rate related to borrowings, and cross currency interest rate swap to hedge the risks of the fluctuation of exchange rate and interest rate related to borrowings and lending. The Group executes and manages derivatives within the actual demand in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, the Group deals with financial institutions which have high credit grade in order to reduce credit risks.

In addition, each company of the Group manages liquidity risk related to accounts payable and borrowings by making a financial plan.

c. Supplement to fair values of financial instruments

The fair values of financial instruments include values based on quoted prices in active markets and values assessed by rational valuation techniques in case quoted prices are not available. Since the rational valuation techniques include variable factors, the results of valuation may differ when different assumptions are applied. In addition, in Note 5 (d) Derivative transactions, contract amounts do not indicate market risks related to the derivative transactions.

(b) Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and difference as of 31 March 2021 and 2020 were as follows. Financial instruments whose fair value cannot be reliably measured are not included in the below table. (Refer to *2)

Millions of yen

	2021			2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥1,024,553	¥1,024,553	¥—	¥485,808	¥485,808	¥—
(2) Notes and accounts receivable-trade	448,601	449,995	1,393	427,358	431,231	3,872
(3) Securities and Investment securities						
Available-for-sale securities	851,467	851,467	—	730,305	730,305	—
Investment in entities	771	1,125	354	744	619	(124)
Total of assets	¥2,325,393	¥2,327,141	¥1,748	¥1,644,217	¥1,647,965	¥3,747
(1) Accounts payable-trade	330,522	330,522	—	257,996	257,996	—
(2) Short-term borrowings	287,577	287,577	—	121,082	121,082	—
(3) Current portion of long-term borrowings	281,277	281,324	(46)	74,515	74,563	(47)
(4) Current portion of bonds with share acquisition rights	—	—	—	2,972	2,909	63
(5) Accrued expenses*1	228,726	228,726	—	207,996	207,996	—
(6) Bonds with share acquisition rights	8,560	10,751	(2,191)	8,560	8,311	248
(7) Long-term borrowings	193,413	192,663	749	197,064	196,788	275
Total of liabilities	¥1,330,076	¥1,331,565	¥(1,488)	¥870,188	¥869,648	¥539
Derivatives*2						
Hedge accounting is applied	(707)	(707)	—	(469)	(469)	—
Hedge accounting is not applied	334	334	—	5,106	5,106	—

*1 Accrued expenses for FY2020 are figures after reclassification in note 2(v) "Changes in Presentation".

*2 Assets or liabilities derived from derivatives are shown on a net basis and net liabilities are shown as ().

*1. Matters for methods used to measure fair values of financial instruments

Assets:

(1) Cash and deposits

Since fair values of deposits are approximately equal to the book values, book values are used as fair values.

(2) Notes and accounts receivable-trade

Fair values of sales finance receivables are calculated on the discount method by the expected rate applied to new loan contract, on each receivable classified into a certain term.

Notes and accounts receivable-trades except sales finance are settled in short term and those fair values are approximately equal to the book values. Therefore, book values are used as fair values.

(3) Securities and Investment securities

With respect to these fair values, fair values of stock are prices of exchanges. With respect to negotiable certificate of deposit and other types of securities, book values are used as fair values since they are settled in short term and those fair values are approximately equal to the book values.

Liabilities:

(1) Accounts payable-trade, (2) Short-term borrowings and (5) Accrued expenses

Since these are settled in short term and those fair values are approximately equal to the book values. Therefore, book values are used as fair values.

(3) Current portion of long-term borrowings and (7) Long-term borrowings

These fair values are measured by discounting. The discounting is based on the estimated interest rates on the assumption of similar new loans with total amount of principal and interest.

(6) Bonds with share acquisition rights

They are calculated based on the prices offered by financial institutions, etc.

Derivatives:

Please refer to Note 5 (d) Derivative transactions.

*2. Financial instruments whose fair value cannot be reliably measured.

	Millions of yen	
	2021	2020
Available-for-sale securities		
Unlisted stock other than stocks of affiliates....	¥17,797	¥17,399
Unlisted stock of affiliates	33,023	27,958
Other	2,794	4,371

These fair values cannot be reliably measured since market values are unavailable and future cash flows cannot be estimated. Therefore, they are not included in "(3) Securities and Investment securities" of assets.

*3. The amounts to be redeemed after the account settlement date of monetary receivables and available-for-sale securities

	2021				2020			
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years
Cash and deposits	¥1,024,553	¥ —	¥ —	¥ —	¥485,808	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	261,536	186,719	346	—	258,115	168,799	443	—
Securities and investment securities with maturities	201,549	—	40,000	—	118,584	—	—	56,000
Total	¥1,487,639	¥186,719	¥40,346	—	¥862,508	¥168,799	¥443	¥56,000

(c) Securities

a. Available-for-sale securities with market value

	Millions of yen					
	2021			2020		
	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds the acquisition costs						
(1) Stocks	¥166,493	¥87,693	¥78,799	¥78,634	¥32,170	¥46,464
(2) Bonds.....	—	—	—	—	—	—
(3) Other	616,676	504,448	112,228	522,817	428,630	94,187
Sub-Total	¥783,170	¥592,142	¥191,027	¥601,452	¥460,800	¥140,651
Securities whose carrying amount does not exceed the acquisition costs						
(1) Stocks	¥5,777	¥6,831	¥(1,053)	¥52,172	¥64,639	¥(12,466)
(2) Bonds.....	32,514	40,000	(7,486)	46,680	56,000	(9,319)
(3) Other	30,004	30,004	—	30,000	30,000	—
Sub-Total	¥68,296	¥76,836	¥(8,539)	¥128,853	¥150,639	¥(21,785)
Total	¥851,467	¥668,979	¥182,487	¥730,305	¥611,439	¥118,866

b. Available-for-sale securities sold

	Millions of yen	
	2021	2020
Amounts sold	¥745,985	¥847,112
Gain on sale of available-for-sale securities	14,173	170
Loss on sale of available-for-sale securities	1	215

c. Marketable securities impaired / Loss on valuation of securities

Year ended 31 March 2021

This information is not provided due to its low materiality.

Year ended 31 March 2020

The Group recognized impairment of ¥1,812 million on available-for-sale securities. With respect to securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability. With regard to securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability.

(d) Derivative transactions

The contract/notional amounts of derivatives which are shown in the below table do not represent the Group's exposure to market risk. With respect to fair values of derivatives which are shown in the below tables, commodity transactions are valued based on market price. Other transactions are valued based on the price offered by financial institutions.

a. Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions (non-market transactions)

Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Sell								
USD	¥544	¥—	¥4	¥4	¥—	¥—	¥—	¥—
Buy								
USD	21,536	—	(926)	(926)	12,672	—	2,335	2,335
JPY	4,870	—	(1)	(1)	13,350	—	336	336
Cross currency option								
Buy								
JPY	—	—	—	—	8,000	—	110	110
Cross currency swap								
Pay JPY receive EUR	11,300	11,300	1,858	1,858	11,300	11,300	747	747
Total	¥38,251	¥11,300	¥934	¥934	¥45,322	¥11,300	¥3,529	¥3,529

(2) Interest and currency related transactions (non-market transactions)

Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Cross currency Interest rate swap								
Pay fixed receive floating	¥24,015	¥23,120	¥(982)	¥(982)	¥20,040	¥20,040	¥(98)	¥(98)
Pay INR receive USD								
Pay fixed receive floating	—	—	—	—	8,200	—	554	554
Pay THB receive USD								
Pay fixed receive floating	11,220	—	(95)	(95)	—	—	—	—
Pay IDR receive USD								
Total	¥35,235	¥23,120	¥(1,078)	¥(1,078)	¥28,240	¥20,040	¥456	¥456

(3) Commodity-related transactions (market transactions) Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity futures contract								
Buy	¥1,118	¥—	¥478	¥478	¥13,538	¥—	¥1,120	¥1,120
Total	¥1,118	¥—	¥478	¥478	¥13,538	¥—	¥1,120	¥1,120

b. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions Millions of yen

Type	2021			2020		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)						
Sell (Principal hedged item: Accounts receivable-trade)						
USD	¥3,864	¥—	¥(104)	¥6,534	¥—	¥(199)
EUR	13,523	—	(183)	11,599	—	139
CAD	—	—	—	661	—	59
AUD	—	—	—	1,109	—	107
NZD	147	—	1	—	—	—
GBP	67	—	(2)	2,358	—	105
CNY	287	—	(1)	135	—	1
PLN	—	—	—	462	—	64
ZAR	—	—	—	375	—	29
Foreign currency forward contracts (Special hedge accounting)						
Sell (Principal hedged item: Accounts receivable-trade)						
USD	4,952	—	*	10,197	—	*
EUR	27,838	—	*	12,609	—	*
CAD	63	—	*	—	—	*
AUD	1,161	—	*	324	—	*
NZD	803	—	*	328	—	*
GBP	8,434	—	*	12,678	—	*
MXN	2,759	—	*	8,240	—	*
PLN	1,846	—	*	3,054	—	*
CNY	95	—	*	153	—	*
ZAR	481	—	*	783	—	*
Total	¥66,326	¥—	¥(291)	¥71,606	¥—	¥308

* Since these foreign currency forward contracts are handled together with hedged items, their fair values are included in that of hedged items.

(2) Interest and currency related transactions

Millions of yen

Type	Principal hedged item	2021			2020		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (Special hedge accounting)							
Pay fixed receive floating	Long-term borrowings	¥12,500	¥—	*	¥12,500	¥12,500	*
Cross currency interest rate swap (Principle hedge accounting)							
Pay fixed receive floating Pay IDR receive USD	Long-term borrowings	23,619	8,303	(416)	28,566	16,923	(777)
Cross currency interest rate swap (Special hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term borrowings	58,000	10,000	*	69,172	58,000	*
Total		¥94,119	¥18,303	¥(416)	¥110,238	¥87,423	¥(777)

* Since these transactions are handled together with hedged items, their fair values are included in that of hedged items.

NOTE 6: Bonds with share acquisition rights

(1) Name of the bond	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023
(2) Total issue amount	100 billion yen plus the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with share acquisition rights
(3) Issue price	100.0% of principal amount
(4) Offer price	102.5% of principal amount
(5) Balance as of 31 March 2021 (Millions of yen)	8,560
(6) Coupon	Zero
(7) Closing and issue date	1 April 2016
(8) Redemption price	100% of principal amount
(9) Redemption at maturity, Early redemption and Cancellation by acquisition	31 March 2023 by 100% of principal amount Early redemption and cancellation by acquisition of the bonds under certain circumstances are specified in the Information Memorandum.
(10) Matters concerning the bonds with share acquisition rights	
i. Type of share to be issued upon exer- cise of share acquisition rights	Common stock of the Company
ii. Total number of share acquisition rights	10,000 units plus the units of the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with share acquisition rights divided by ¥10 million
iii. Conversion price	4,001.7 yen (please refer to vii.)
iv. Exercise period and Supplementary conditions	From 15 April 2016 to 17 March 2023 [Automatic-acquisition-upon-exercise clause (subject to the maximum number of shares to be delivered)] Exercising by 31 December 2022 [One-time acquisition clause (subject to the maximum number of shares to be delivered)] Giving notice from 31 March 2022 to 16 December 2022 [Contingent conversion mechanism (130%)] Until 31 December 2022
v. Asset and amount to be paid upon exercise of share acquisition rights	The bonds in respect of the share acquisition rights shall be contributed upon exercising of each share acquisition right, and the price of the bonds shall be equal to the principal amount of the bonds.
vi. Share capital and capital surplus increased in case the stocks are issued by exercising share acquisition rights	The amount of share capital increased in case the stocks are issued by exercising share acquisition rights shall be half of the maximum increase of share capital and etc., calculated in accordance with Article 17 of the "Company Calculation Ordinance", and any amount less than one yen arising from such calculation shall be rounded up. The increase in capital surplus shall be obtained by subtracting the share capital increased from the maximum increase of share capital and etc.
vii. Adjustments of the conversion price	The dividend of fiscal year end retained earnings was approved as 53 yen per share and the annual dividend was determined as 90 yen per share during the Ordinary General Meeting of Shareholders held on 25 June 2021. By the approval and determination, the conversion price of Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023 have been adjusted to 3,960.0 yen from 4,001.7 yen retroactively since 1 April 2021 in accordance with the clause of Adjustments of the Conversion Price in the guideline for the bonds.
(11) Security or guarantee	None
(12) Use of proceeds	Proceeds from the issuance of the bonds shall be used as strategic investment for accelerating the Group's mid-term management plan and for strengthening its competitive position.

NOTE 7: Short-term debts and long-term debts

Short-term debts were as follows:

	Millions of yen	
	2021	2020
Short-term borrowings and Current portion of long-term borrowings	¥568,855	¥195,598
Lease obligations due within one year	20	18
	<u>¥568,876</u>	<u>¥195,616</u>

Consolidated Financial Statement

Long-term debts were as follows:

	Millions of yen	
	2021	2020
Long-term borrowings maturing through 2025	¥193,413	¥197,064
Lease obligations due more than one year	35	10
Other interest-bearing debts	16,641	14,463
	<u>¥210,090</u>	<u>¥211,538</u>

As is customary in Japan, both short-term and long-term bank loans are subjected to general agreements which provide that the banks may, under certain circumstances, request additional security for those loans, and may treat any security furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness.

The aggregate annual maturities of long-term debts excluding other interest-bearing debts as of 31 March 2021 were as follows:

Year ending 31 March	Millions of yen
2023	¥73,963
2024	34,536
2025	79,947
Thereafter	5,000
	<u>¥193,448</u>

Assets pledged as collateral were as follows:

	Millions of yen	
	2021	2020
Merchandise and finished goods	¥—	¥14,698
Buildings and structures	447	371
	<u>¥447</u>	<u>¥15,070</u>

Secured liabilities were as follows:

	Millions of yen	
	2021	2020
Short-term borrowings	¥—	¥10,722
Other (non-current liabilities)	284	243
	<u>¥284</u>	<u>¥10,965</u>

NOTE 8: Loan commitment

The Company has the commitment line contracts with six banks for effective financing. The outstanding balance of these contracts was as follows:

	Millions of yen	
	2021	2020
Commitment line contract total	¥300,000	¥300,000
Actual loan balance	—	—
Balance	<u>¥300,000</u>	<u>¥300,000</u>

NOTE 9: Retirement benefits
1. Outline of adopted retirement benefit systems

The Company established cash balance corporate pension plan and lump-sum retirement benefit plan. Some of consolidated subsidiaries established defined benefit corporate pension plan and lump-sum retirement benefit plan. Some of foreign consolidated subsidiaries established defined contribution plan.

Some of consolidated subsidiaries adopt simplified method for the calculation of retirement benefits.

2. Defined benefit plan
(a) Reconciliation of retirement benefit obligation from the opening balance to the closing balance

	Millions of yen	
	2021	2020
Opening balance of retirement benefit obligation	¥188,958	¥186,087
Service cost.....	10,397	9,593
Interest cost.....	1,058	1,043
Actuarial differences	1,295	1,790
Retirement allowance paid	(8,124)	(8,475)
Other.....	2,511	(1,081)
Closing balance of retirement benefit obligation	<u>¥196,096</u>	<u>¥188,958</u>

(b) Reconciliation of pension assets from the opening balance to the closing balance

	Millions of yen	
	2021	2020
Opening balance of pension assets	¥121,751	¥103,273
Expected return on pension assets	2,520	2,065
Actuarial differences	2,750	(2,981)
Contribution from employers	17,278	26,163
Retirement allowance paid	(5,035)	(6,141)
Other.....	(989)	(627)
Closing balance of pension assets	<u>¥138,276</u>	<u>¥121,751</u>

(c) Reconciliation between closing balance of retirement benefit obligation and pension assets and net amount of liability/asset for retirement benefits recognized in consolidated balance sheet

	Millions of yen	
	2021	2020
Defined benefit obligation of funded severance plan	¥143,532	¥138,046
Pension assets.....	(138,276)	(121,751)
	<u>5,256</u>	16,294
Defined benefit obligation of unfunded severance plan	52,563	50,911
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<u>¥57,819</u>	¥67,206
Retirement benefit liability	¥62,081	¥67,206
Retirement benefit asset	4,261	—
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<u>¥57,819</u>	<u>¥67,206</u>

(d) Breakdown of retirement benefit expenses

	Millions of yen	
	2021	2020
Service cost	¥10,397	¥9,593
Interest cost	1,058	1,043
Expected return on pension assets	(2,520)	(2,065)
Amortization of actuarial gains and losses	1,105	836
Amortization of past service cost	1,227	2,029
Other	687	242
Total amount of retirement benefit expenses for defined benefit plans	<u>¥11,955</u>	<u>¥11,680</u>

(e) Adjustment for retirement benefits (before tax effect)

Breakdown of adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2021	2020
Past service cost	¥1,392	¥2,133
Actuarial gains and losses	2,395	(4,039)
Total	<u>¥3,788</u>	<u>¥(1,905)</u>

(f) Accumulated adjustment for retirement benefits (before tax effect)

Breakdown of accumulated adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2021	2020
Unrecognized past service cost	¥(13,523)	¥(14,944)
Unrecognized actuarial gains and losses	(15,507)	(17,875)
Total	<u>¥(29,031)</u>	<u>¥(32,819)</u>

(g) Pension assets

a. Major breakdown of pension assets

Portion of major components to total pension assets was as follows:

	2021	2020
Debt securities	46.7%	47.2%
General account of life insurance companies	33.2%	34.4%
Other	20.1%	18.4%
Total	<u>100.0%</u>	<u>100.0%</u>

b. Method to determine long-term expected rate of return on pension assets

Long-term expected rate of return on pension assets was determined by considering the current and anticipated future portfolio of pension assets and the long-term performance of various assets that comprise pension assets.

(h) Actuarial assumptions

	2021	2020
Discount rate	mainly 0.15%	mainly 0.15%
Long-term expected rate of return on pension assets	mainly 1.80%	mainly 1.80%

3. Defined contribution plan

Year ended 31 March 2021

Contribution to defined contribution plan by the Group was ¥355 million.

Year ended 31 March 2020

Contribution to defined contribution plan by the Group was ¥306 million.

NOTE 10: Income taxes

(a) Significant components of deferred tax assets and deferred tax liabilities were as follows:

	Millions of yen	
	2021	2020
Deferred tax assets		
Impairment losses and Excess-depreciation	¥68,594	¥64,156
Various provisions	86,095	81,364
Unrealized profits elimination	19,319	19,123
Loss on valuation of securities	7,526	9,402
Deferred assets	7,674	6,170
Net operating loss carryforwards*	14,859	11,729
Other	18,107	39,546
Deferred tax assets sub-total	222,177	231,493
Valuation allowance for net operating loss carryforwards*	(9,528)	(8,615)
Valuation allowance for deductible temporary differences*	(26,554)	(22,419)
Deferred tax assets total	¥186,095	¥200,458
Deferred tax liabilities		
Valuation difference on available-for-sale securities	¥(26,003)	¥(8,524)
Variance from the complete market value method of consolidated subsidiaries	(8,090)	(8,090)
Reserve for advanced depreciation of non-current assets	(3,927)	(3,940)
Prepaid pension costs	(1,540)	—
Other	(11,412)	(10,703)
Deferred tax liabilities total	(50,974)	(31,258)
Net amounts of deferred tax assets	¥135,120	¥169,199

*The amount of net operating loss carryforwards and those deferred tax assets by due date were as follows:

	Millions of yen						
	2021						
	2022	2023	2024	2025	2026	Thereafter	Total
Net operating loss carryforwards (a)	434	25	1,480	2,843	2,881	7,194	14,859
Valuation allowance	(434)	(25)	(807)	(1,716)	(2,881)	(3,662)	(9,528)
Deferred tax assets	—	—	672	1,126	—	3,532	5,331

(a) Net operating loss carryforwards are calculated by multiplying the statutory tax rate.

	Millions of yen						
	2020						
	2021	2022	2023	2024	2025	Thereafter	Total
Net operating loss carryforwards (b)	2,029	388	22	703	1,317	7,268	11,729
Valuation allowance	(1,809)	(388)	(22)	(703)	(1,317)	(4,374)	(8,615)
Deferred tax assets	220	—	—	—	—	2,893	3,114

(b) Net operating loss carryforwards are calculated by multiplying the statutory tax rate.

(b) Breakdown of the differences between the statutory tax rate and the effective tax rate

	2021	2020
Statutory tax rate	—	29.86 %
Different tax rates applied to consolidated subsidiaries..	—	(1.08)%
Tax credit.....	—	(1.80)%
Retained earnings in subsidiaries etc.	—	4.73 %
Other.....	—	2.20 %
Effective tax rate	<u>—</u>	<u>33.91 %</u>

Notes to FY2021 are omitted because the difference between the statutory tax rate and the effective tax rate is 5/100 or less of the statutory tax rate.

NOTE 11: Selling, general and administrative expenses

Main items of selling, general and administrative expenses were as follows:

	Millions of yen	
	2021	2020
Delivery expenses	¥98,028	¥101,775
Advertising expenses.....	55,192	71,004
Sales promotion expenses.....	67,757	80,600
Wages and salaries.....	90,701	93,395
Research and development expenses	146,221	148,080
Provision of allowance for doubtful accounts.....	804	(1,950)
Provision for product warranties	29,440	54,110
Retirement benefit expenses	5,429	4,912
Provision for product liability insurance.....	(254)	661
Provision for recycling	2,716	(593)

NOTE 12: Research and development expenses

Research and development expenses included in selling, general and administrative expenses were as follows:

	Millions of yen	
	2021	2020
Research and development expenses	¥146,221	¥148,080

NOTE 13: Cash and cash equivalents

Cash and cash equivalents were as follows:

	Millions of yen	
	2021	2020
Cash and deposits	¥1,024,553	¥485,808
Securities	201,549	118,584
Sub-total.....	1,226,103	604,393
Time deposits with maturities of over three months	(100,160)	(65,416)
Bonds etc. with redemption period of over three months	(201,549)	(118,584)
Cash and cash equivalents	¥924,392	¥420,392

NOTE 14: Other comprehensive income

	Millions of yen	
	2021	2020
Valuation difference on available-for-sale securities		
Gain (loss) arising during the period	¥100,990	¥4,521
Reclassification adjustments.....	(41,240)	(12,258)
Before tax effect.....	59,750	(7,737)
Tax effect.....	(12,672)	5,134
Balance at the end of the period.....	¥47,078	¥(2,603)
Deferred gains or losses on hedges		
Gain (loss) arising during the period	¥(319)	¥756
Reclassification adjustments.....	191	(1,122)
Before tax effect.....	(127)	(365)
Tax effect.....	82	52
Balance at the end of the period.....	¥(44)	¥(313)
Foreign currency translation adjustment		
Gain (loss) arising during the period	¥75,222	¥(119,457)
Reclassification adjustments.....	(54)	3
Balance at the end of the period.....	¥75,167	¥(119,454)
Remeasurements of defined benefit plans		
Gain (loss) arising during the period	¥1,544	¥(4,784)
Reclassification adjustments.....	2,243	2,878
Before tax effect.....	3,788	(1,905)
Tax effect.....	(1,051)	665
Balance at the end of the period.....	¥2,737	¥(1,239)
Share of other comprehensive income of entities accounted for using equity method		
Gain (loss) arising during the period	¥927	¥(1,308)
Total other comprehensive income	¥125,865	¥(124,919)

NOTE 15: Cash dividends

	Resolutions	
	Ordinary General Meeting of Shareholders held on 26 June 2020	Meeting of the Board of Directors held on 5 November 2020
Total amount of cash dividends	¥23,299 million	¥17,961 million
Cash dividends per share	¥48.00	¥37.00
Record date	31 March 2020	30 September 2020
Effective date	29 June 2020	30 November 2020

Dividends which record date was in the current fiscal year and effective date was in the next fiscal year:

	Resolution
	Ordinary General Meeting of Shareholders held on 25 June 2021
Total amount of cash dividends	¥25,738 million
Cash dividends per share	¥53.00
Record date	31 March 2021
Effective date	28 June 2021

NOTE 16: Stock option plans

The Company adopts stock option plan by using share acquisition rights.
The details of the plans were as follows:

	The plan adopted at 28 June 2012	The plan adopted at 27 June 2013	The plan adopted at 27 June 2014
Category and number of people to whom stock options are granted	10 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors	7 Directors of the Company (excluding Outside Directors) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors	6 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
Class of shares that are the subject of share acquisition rights	92,000 of Common stock of the Company	49,800 of Common stock of the Company	32,400 of Common stock of the Company
Adoption date	20 July 2012	19 July 2013	22 July 2014
Terms of exercise of share acquisition rights	(1) A person who is allocated share acquisition rights shall be able to exercise share acquisition rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as the Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently. (2) If a person who is allocated share acquisition rights was dead, the person's heir shall be able to exercise the rights.		
Period during which share acquisition rights can be exercised	From 21 July 2012 to 20 July 2042	From 20 July 2013 to 19 July 2043	From 23 July 2014 to 22 July 2044
Number of shares which share acquisition rights have not exercised	35,000	18,000	10,600

NOTE 17: Contingent liabilities

As of 31 March 2021 and 2020, the Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen	
	2021	2020
Guarantee of indebtedness of overseas sales companies and other	¥1,920	¥1,052

NOTE 18: Segment Information
1. Outline of reportable segments

The reportable segments of the Company are the components of the Company business for which discrete financial information is available, and whose operating results are regularly reviewed by our decision-making body such as Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Company has three reportable segments of "Automobile business", "Motorcycle business" and "Marine business, etc." based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

Segment	Main products and services
Automobile business	Mini vehicles, Sub-compact vehicles, Standard-sized vehicles
Motorcycle business	Motorcycles, All-terrain vehicles
Marine business, etc.	Outboard motors, Motorized wheelchairs, Solar power generation, Real estate

2. Methods of measurement for the amounts of net sales, profit or loss, assets and other items for each reportable segment

The accounting policies of the reportable segments are consistent to the description of the "Summary of significant accounting policies" (Note 2).

3. Information about the amounts of net sales, profit or loss, assets and other items by reportable segment

	Millions of yen					
	2021					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net sales:						
Net sales to external customers	¥2,876,601	¥206,530	¥95,077	¥3,178,209	¥—	¥3,178,209
Segment profit	172,066	2,575	19,791	194,432	—	194,432
Segment assets	2,823,212	219,262	73,593	3,116,067	920,292	4,036,360
Other items:						
Depreciation	124,937	8,619	2,987	136,545	—	136,545
Impairment losses	5,277	25	20	5,323	—	5,323
Investments in entities accounted for using equity method	38,477	8,395	472	47,346	—	47,346
Increase in property, plant and equipment and intangible assets ...	160,762	8,350	1,833	170,947	—	170,947
	Millions of yen					
	2020					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net sales:						
Net sales to external customers	¥3,157,434	¥242,561	¥88,437	¥3,488,433	¥—	¥3,488,433
Segment profit	197,100	693	17,275	215,069	—	215,069
Segment assets	2,556,172	219,044	63,791	2,839,008	500,775	3,339,783
Other items:						
Depreciation	146,858	13,729	3,570	164,158	—	164,158
Amortization of goodwill	88	46	0	135	—	135
Impairment losses	540	14	10	565	—	565
Investments in entities accounted for using equity method	32,956	4,708	438	38,102	—	38,102
Increase in property, plant and equipment and intangible assets ...	220,098	13,753	2,598	236,450	—	236,450

(Reference information)

As reference information, operating results by geographical regions were as follows:

The amount of net sales based on external customers

	Millions of yen			
	2021			
	Japan	India	Other	Consolidated
Net sales	¥1,174,034	¥966,721	¥1,037,453	¥3,178,209

	Millions of yen			
	2020			
	Japan	India	Other	Consolidated
Net sales	¥1,179,523	¥1,121,164	¥1,187,746	¥3,488,433

(Supplementary information)

The amount of net sales, operating profit or loss based on location of the Group

	Millions of yen						
	2021						
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net sales							
Net sales to external customers...	¥1,337,708	¥352,541	¥1,307,977	¥179,982	¥3,178,209	¥—	¥3,178,209
Internal net sales or transfer among geographical regions.....	562,817	145,984	87,319	375	796,498	(796,498)	—
Total	1,900,526	498,526	1,395,297	180,357	3,974,707	(796,498)	3,178,209
Operating profit	118,373	10,823	55,957	8,641	193,796	636	194,432

	Millions of yen						
	2020						
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net sales							
Net sales to external customers...	¥1,369,326	¥392,007	¥1,541,745	¥185,354	¥3,488,433	¥—	¥3,488,433
Internal net sales or transfer among geographical regions.....	617,406	175,406	109,631	266	902,712	(902,712)	—
Total	1,986,733	567,414	1,651,377	185,621	4,391,145	(902,712)	3,488,433
Operating profit	123,188	17,678	62,671	6,531	210,069	4,999	215,069

*Notes: 1. Classification of countries or regions is based on a geographical adjacency.
2. The major countries or regions belonging to classifications other than Japan:
(1) EuropeHungary, Germany, United Kingdom and France
(2) Asia.....India, Pakistan, Indonesia and Thailand
(3) Other regions...United States, Australia, Mexico, Colombia and South Africa

Independent Auditor's Report

To the Board of Directors of
Suzuki Motor Corporation

Opinion

We have audited the consolidated financial statements of Suzuki Motor Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 March 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, all expressed in Japanese Yen, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

In the audit of the consolidated financial statements for the current year, the Key Audit Matters are those that the auditor, as a professional expert, determined to be particularly important. The Key Audit Matters are those that have been addressed in the process of conducting the audit of the entire consolidated financial statements and in the formation of the audit opinion. We do not express our opinion on these matters individually.

1. Renewal of the Company's accounting system	
Key audit matter description	How our audit addressed the key audit matter
<p>The Company undertook a complete renewal of its accounting system with the aim of improving the efficiency of accounting operations and centralizing the management of accounting information implementing the new accounting system in the current consolidated fiscal year.</p> <p>We identified the risks that incorrect financial accounting figures could be repeatedly and continuously processed and reported unless data migration from the old system to the new system and reconfiguration of various masters in the new system had been processed properly.</p> <p>From the aforementioned reasons, we determined that the implementation of the new accounting system shall be treated as one of our "Key Audit Matters".</p>	<p>We conducted the following audit procedures with the use of members with expertise in the IT area in order to examine whether the new accounting system has been implemented properly.</p> <ul style="list-style-type: none"> • Assess the operating effectiveness of internal controls over management transition test for the implementation of the new accounting system. • Performed procedures to verify that the data have been completely and accurately migrated. • Performed procedures to verify that master data including the chart of accounts have been reconfigured correctly. • Assess the effect of the implementation of the new accounting system to the IT general control assessment.

2. Liabilities for individual repair costs based on notifications to competent authorities	
Key audit matter description	How our audit addressed the key audit matter
<p>As of March 31, 2021, the Group recorded a provision for product warranties of ¥254,076 million in the consolidated balance sheet to allow for expenses related to after services of products sold. The related disclosures are in "Notes to Consolidated Financial Statements", "NOTE 2: Summary of significant accounting policies" (d) and (t)-a. The provision for product warranties includes liabilities related to individual repair costs based on notifications to competent authorities.</p> <p>Liabilities related to individual repair costs based on notifications to competent authorities are recorded based on estimates of comprehensive or individual repair costs for products which may arise in the future.</p> <p>Individual repair costs for products which may arise in the future are estimated based on historical repair costs, projected number of vehicles to be repaired and estimated repair cost per vehicle, which are reviewed periodically and modified as necessary.</p> <p>Since this estimate of repair costs involves significant judgement by management, a high degree of auditor judgements are required in evaluating the estimate.</p> <p>From the aforementioned reasons, we determined that the individual estimates of liabilities for individual repair costs based on notifications to competent authorities is specifically important in the audit of the consolidated financial statements of the current fiscal year and therefore is one of our "Key Audit Matters".</p>	<p>In auditing the individual estimates of liabilities for individual repair costs based on notifications to competent authorities, we performed the following audit procedures.</p> <ul style="list-style-type: none"> • Assess the operating effectiveness of internal controls over liabilities related to individual repair costs based on notifications to competent authorities, including the internal controls related to the determination of significant assumptions and underlying data used in estimating the projected number of units to be repaired as well as the projected repair cost per unit. • Examine that the data used to determine the projected number of units to be repaired and the projected repair cost per unit are supported by evidences and its consistency with historical repair data. • Examine the completeness of the individual estimates of liabilities for individual repair costs based on notifications to competent authorities through reviewing the consistency with minutes of meetings and approval documents related to repair costs as well as information on recalls and defects published by competent authorities.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. The responsibility includes establishment and management of internal control that the management determines to require in order to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, and design, and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Satoru Imamura
Designated Engagement Partner
Certified Public Accountant

Koji Nishikawa
Designated Engagement Partner
Certified Public Accountant

Takashi Imamura
Designated Engagement Partner
Certified Public Accountant

Seimei Audit Corporation
Tokyo, Japan
25 June 2021