

# Annual Securities Report

(Report based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan)

120th term

(from April 1, 2021  
to March 31, 2022)

ISUZU MOTORS LIMITED

2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa

(E02143)

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Submitted document	Annual Securities Report
Applicable law	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Submitted to	Director-General of the Kanto Local Finance Bureau
Date of submission	June 28, 2022
Business term	The 120th Term (from April 1, 2021 to March 31, 2022)
Company name	いすゞ自動車株式会社 ( <i>Isuzu Jidosha Kabushiki-Kaisha</i> )
Company name in English	ISUZU MOTORS LIMITED
Title and name of representative	Masanori Katayama, President and Representative Director
Address of head office	2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa (It was relocated to the above address from 26-1, 6-chome, Minami-oi, Shinagawa-ku, Tokyo on June 28, 2022.)
Telephone number	045 (299) 9305 (The number was changed to the above on June 28, 2022, along with the relocation of the head office.)
Name of contact person	Tatsuhiko Yoshiura, General Manager of Accounting Department
Nearest place of contact	2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa
Telephone number	045 (299) 9305
Name of contact person	Tatsuhiko Yoshiura, General Manager of Accounting Department
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## Part I. Company Information

### I. Overview of the Company

#### 1. Trend of key business indices, etc.

##### (1) Consolidated business indices, etc.

Term		116th	117th	118th	119th	120th
Year Ended		March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	(millions of yen)	2,070,359	2,149,168	2,079,936	1,908,150	2,514,291
Ordinary profit	(millions of yen)	173,616	189,001	150,876	104,265	208,406
Profit attributable to owners of parent	(millions of yen)	105,663	113,444	81,232	42,708	126,193
Comprehensive income	(millions of yen)	150,096	141,468	67,526	104,098	208,023
Net assets	(millions of yen)	1,086,510	1,116,335	1,133,381	1,205,013	1,394,425
Total assets	(millions of yen)	2,066,539	2,130,894	2,152,090	2,244,970	2,856,139
Net assets per share	(yen)	1,167.68	1,260.70	1,292.05	1,385.36	1,540.51
Net income per share	(yen)	134.17	150.18	110.14	57.91	162.87
Capital adequacy ratio	(%)	44.5	43.6	44.3	45.5	41.8
Return on equity	(%)	12.2	12.3	8.6	4.3	11.4
Price earnings ratio	(times)	12.16	9.68	6.49	20.53	9.75
Net cash provided by (used in) operating activities	(millions of yen)	176,804	156,546	123,701	222,918	172,056
Net cash provided by (used in) investing activities	(millions of yen)	(107,035)	(86,569)	(92,659)	(93,413)	(420,867)
Net cash provided by (used in) financing activities	(millions of yen)	(4,432)	(106,914)	(25,153)	(55,275)	186,145
Cash and cash equivalents at end of period	(millions of yen)	329,949	305,311	303,974	386,670	341,713
Number of employees [Separately, average number of temporary workers]	(people)	35,262 [9,270]	37,263 [9,992]	36,856 [10,069]	36,224 [10,183]	44,299 [14,320]

- (Notes)
1. The parenthesis appeared in cash flow represents an outflow.
  2. Net income per share after dilution of potential stock is not presented because there are no dilutive shares.
  3. In computing net assets per share and net income per share, treasury shares as well as the Company's shares held by the trust fund with Directors of the Board, etc. as beneficiaries are deducted.
  4. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 117th term (fiscal year ended March 31, 2019). Accordingly, the key business indices, etc. for the 116th term (fiscal year ended March 31, 2018) to which the said accounting standard has been retrospectively applied are used.
  5. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year. Accordingly, the key business indices, etc. for the current fiscal year to which the said accounting standard, etc. has been applied are used.

## (2) Business indices, etc. of the reporting company

Term		116th	117th	118th	119th	120th
Year Ended		March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	(millions of yen)	1,081,384	1,130,825	1,074,968	922,628	1,111,891
Ordinary profit	(millions of yen)	71,745	100,413	89,796	60,425	96,297
Profit	(millions of yen)	58,476	83,719	70,964	49,275	88,928
Share capital	(millions of yen)	40,644	40,644	40,644	40,644	40,644
Shares issued	(shares)	848,422,669	848,422,669	848,422,669	777,442,069	777,442,069
Net assets	(millions of yen)	593,999	573,641	604,015	657,786	751,628
Total assets	(millions of yen)	1,053,710	1,035,508	1,030,852	1,117,071	1,444,294
Net assets per share	(yen)	754.20	777.75	818.89	891.79	969.62
Dividend per share	(yen)	33.000	37.000	38.000	30.000	66.000
[Interim dividend per share, included in the above]		[16.000]	[18.000]	[19.000]	[10.000]	[29.000]
Net income per share	(yen)	74.25	110.82	96.21	66.81	114.77
Capital adequacy ratio	(%)	56.4	55.4	58.6	58.9	52.0
Return on equity	(%)	10.3	14.3	12.1	7.8	12.6
Price earnings ratio	(times)	21.98	13.12	7.43	17.80	13.84
Dividend payout ratio	(%)	44.4	33.4	39.5	44.9	57.5
Number of employees	(people)	8,289	8,186	8,172	8,149	8,056
[Separately, average number of temporary workers]		[2,727]	[2,952]	[3,083]	[2,955]	[4,010]
Total shareholder return	(%)	113.1	103.5	55.9	90.1	121.7
[Comparison indicator: TOPIX (including dividends)]	(%)	[115.9]	[110.0]	[99.6]	[141.5]	[144.3]
Highest stock price	(yen)	2,002.5	1,820	1,611.5	1,259.0	1,693.0
Lowest stock price	(yen)	1,320	1,378	599.1	612.7	1,070.0

- (Notes)
1. Net income per share after dilution of potential stock is not presented because there are no dilutive shares.
  2. In computing net assets per share and net income per share, treasury shares as well as the Company's shares held by the trust fund with Directors of the Board, etc. as beneficiaries are deducted.
  3. The highest and lowest stock prices are based on the market quotation on the Tokyo Stock Exchange (First Section).
  4. From July 22, 2014, the Company's stock price has been changed to contain decimals in the Tokyo Stock Exchange (First Section).
  5. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 117th term (fiscal year ended March 31, 2019). Accordingly, the key business indices, etc. for the 116th term (fiscal year ended March 31, 2018) to which the said accounting standard has been retrospectively applied are used.
  6. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year. Accordingly, the key business indices, etc. for the current fiscal year to which the said accounting standard, etc. has been applied are used.

## 2. History

Month/Year	Item
April 1937	Tokyo Automobile Industries Co., Ltd. (capitalization: 1 million yen, currently ISUZU MOTORS LIMITED) is established.
July 1938	The Kawasaki Plant begins operations.
April 1941	The Company's name is changed to Diesel Automobile Industry Co., Ltd.
March 1944	The Company's head office is relocated from Higashi-shinagawa, Shinagawa-ku to Minami-oi, Shinagawa-ku.
May 1949	The Company's shares are listed on the Tokyo Stock Exchange.
July	The Company's name is changed to ISUZU MOTORS LIMITED.
February 1953	The Company signs a technical assistance agreement with Rootes, Ltd. of the UK for the Hillman passenger car.
January 1962	The Fujisawa Plant begins operations.
July 1971	The Company signs a basic agreement outlining an across-the-board alliance with General Motors Corporation (GM).
June 1972	The Tochigi Plant begins operations.
June 1984	The Hokkaido Plant begins operations.
May 1994	Shatai-Kogyo Co., Ltd. (capitalization: 1,000 million yen) merges with the Company.
September 1998	DMAX, Ltd. (DMAX) is established as a joint venture with GM (ownership ratio: 60:40).
November 2002	The Hokkaido Plant is demerged and Isuzu Engine Manufacturing Hokkaido Co., Ltd. is established. A 20% stake in DMAX is sold to GM.
May 2004	The Kawasaki Plant is closed and restructured to the existing Fujisawa and Tochigi plants.
July	The Company increases its share of voting rights in Isuzu Motors Co., (Thailand) Ltd. to 70.9% from 47.9% and converts both that company and Isuzu Engine Manufacturing Co., (Thailand) Ltd. into consolidated subsidiaries.
April 2006	The Company and GM agree to dissolve their equity tie-up. GM sells all its shares of the Company to Mitsubishi Corporation, ITOCHU Corporation, and Mizuho Corporate Bank, Ltd.
April 2013	The Company establishes new auto-lease company Isuzu Leasing Service Co., Ltd.
October	Three companies, which are the Company's subsidiary I Metal Technology Co., Ltd., and affiliates TDF Corporation and Jidosha Buhin Kogyo Co., Ltd., form a joint holding company IJT Technology Holdings Co., Ltd. as a subsidiary of the Company by means of a share transfer.
April 2016	Isuzu Motors India opens an assembly plant for pickup trucks.
February 2017	The Company acquires shares held by General Motors East Africa (GMEA) and converts that company into a consolidated subsidiary. Its name is changed to Isuzu East Africa.
May	The Company acquires the shares of Isuzu Truck South Africa, held by General Motors South Africa, and converts that company into a wholly owned subsidiary. Its name is changed to Isuzu Motors South Africa.
April 2019	IJT Technology Holdings Co., Ltd. absorbs and merges its group companies TDF Corporation, I Metal Technology Co., Ltd., and Jidosha Buhin Kogyo Co., Ltd., and changes its name to IJTT Co., Ltd.
May	The Company signs a comprehensive agreement with Cummins Inc. to develop powertrains.
October 2020	The Company signs the Collaboration Master Agreement and the Share Transfer Agreement with AB Volvo. The Company agrees to acquire the whole stake owned by AB Volvo in UD Trucks Corporation.
March 2021	The Company enters into a consortium agreement with Toyota Motor Corporation and Hino Motors, Ltd. on collaboration efforts for the CV business. The Company enters into a capital partnership with Toyota Motor Corporation.
April	The Company acquires the shares of UD Trucks Corporation and converts that company into a wholly owned subsidiary.
April 2022	The Company is listed on the Prime Market section of the Tokyo Stock Exchange.
May	A 40% stake in DMAX is sold to GM and the joint venture is dissolved.
June	The head office is relocated to the current address (2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi).

### 3. Businesses

The Group is comprised of the Company, 121 subsidiaries, and 47 affiliates. It mainly manufactures and sells vehicles, parts, and industrial engines, and offers various services including logistics, etc. related to these products. The positions of the Company as well as its principal subsidiaries and affiliates are as follows:

The Group manufactures and sells CV and LCV, mainly heavy-duty trucks and buses and light-duty trucks, as well as powertrains <sup>(Note)</sup>, and engages in related businesses; they are developed in Japan and overseas as its core businesses.

Its production system is comprised of manufacturing and assembling by the Company as well as local production by overseas group companies assembling components provided by the Company. In addition, engines, mainstay products other than vehicles, are manufactured through a three-pillar structure consisting of Japan, Asia, and the U.S.

In its domestic sales structure, the Company directly sells heavy-duty trucks and buses to government ministries and agencies as well as some large-lot consumers. To other consumers who buy heavy-duty trucks and buses as well as light-duty trucks, etc., distributors are tasked with selling those products.

Its overseas sales are conducted through the sales networks of the Group companies and the GM Group companies, etc., as well as trading companies, etc.

Principal subsidiaries and affiliates

(Manufacturing)

UD Trucks Corporation, IJTT Co., Ltd., Shonan Unitec Co., Ltd., Nippon Fruehauf Co., Ltd., J-Bus Limited, Isuzu Motors Co., (Thailand) Ltd., ISUZU (CHINA) ENGINE CO., LTD., Isuzu Motors South Africa (Pty) Limited

(Sales)

Isuzu Motors Sales Co., Ltd., Isuzu Motors Tohoku Co., Ltd., Isuzu Motors Syutoken Co., Ltd., Isuzu Motors Kinki Co., Ltd., Isuzu Motors Chubu Co., Ltd., Isuzu Motors Chugoku Shikoku Co., Ltd., Isuzu Motors Kyusyu Co., Ltd., Isuzu Leasing Service Co., Ltd., Isuzu North America Corporation, Isuzu Motors America, LLC, Isuzu Commercial Truck of America, Inc., Isuzu Australia Limited, Isuzu Motors Asia Ltd., Isuzu Motors International Operations (Thailand) Co., Ltd., Isuzu Motors India Private Limited, ISUZU MOTORS INTERNATIONAL FZE

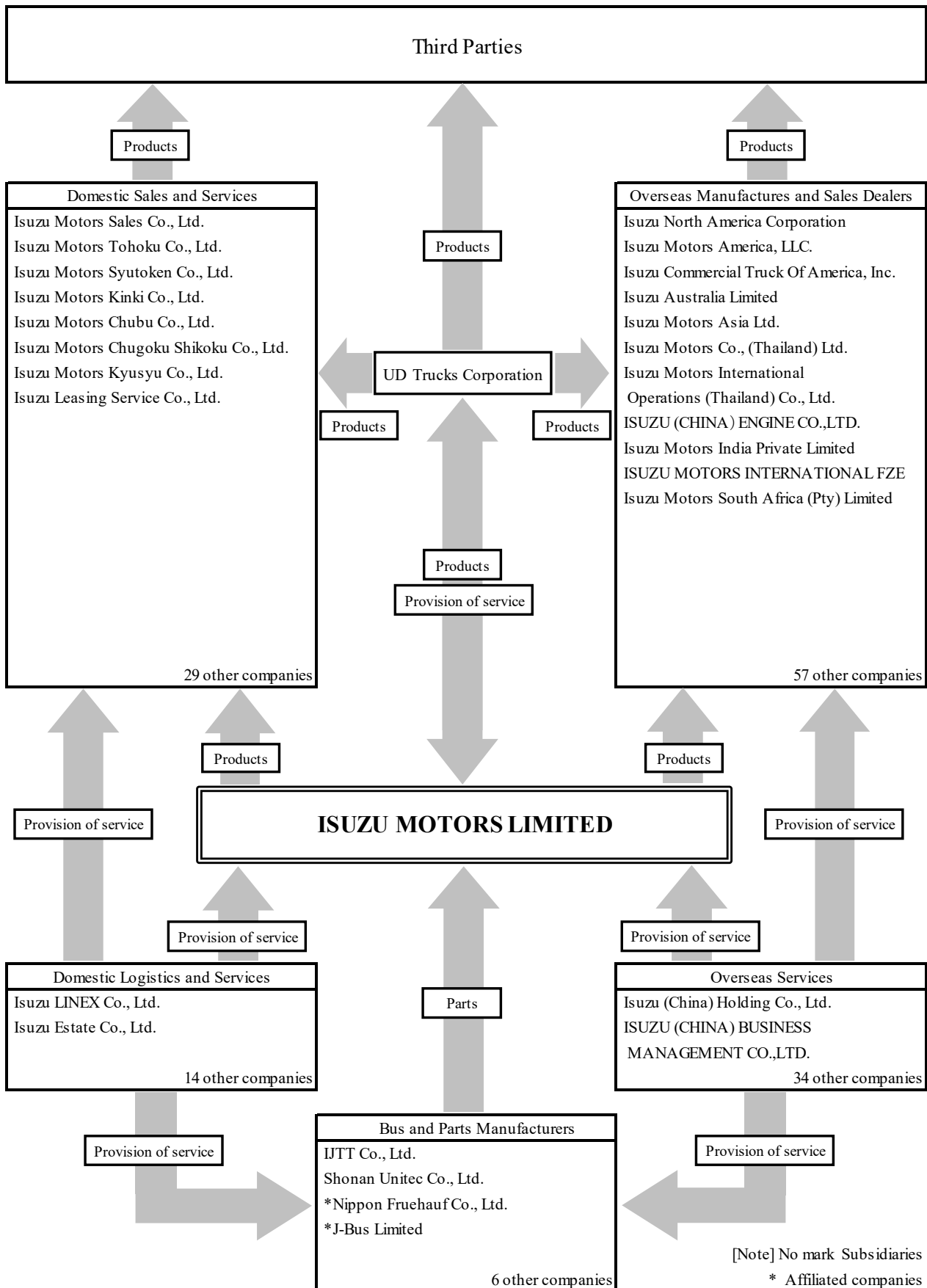
(Logistics, services, and others)

Isuzu LINEX Co., Ltd., Isuzu Estate Co., Ltd., Isuzu (China) Holdings Co., Ltd., ISUZU (CHINA) BUSINESS MANAGEMENT CO., LTD.

Isuzu LINEX Co., Ltd. changed its name to Isuzu Logistics Co., Ltd. on May 9, 2022.

(Note) “CV,” “LCV,” and “powertrains” indicate “commercial vehicles,” “pickup trucks and derivatives,” and “engines, transmissions and driveline components,” respectively.

Items stated above are indicated in a business flow chart as follows:





#### 4. Status of principal subsidiaries and affiliates

##### Consolidated subsidiaries

Name	Address	Capital (millions of yen)	Main operations	Holding ratio of voting rights (%)	Concurrent positions, etc. of officers	Relationship
Isuzu Motors Tohoku Co., Ltd.	Miyagino-ku, Sendai, Miyagi	100	Selling and repairing vehicles	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement. It also leases sales facilities.
Isuzu Motors Syutoken Co., Ltd.	Koto-ku, Tokyo	100	Ditto	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement. It also leases sales facilities.
Isuzu Motors Kinki Co., Ltd.	Moriguchi-shi, Osaka	100	Ditto	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement. It also leases sales facilities.
Isuzu Motors Chubu Co., Ltd.	Minami-ku, Nagoya, Aichi	100	Ditto	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement. It also leases sales facilities.
Isuzu Motors Chugoku Shikoku Co., Ltd.	Saeki-ku, Hiroshima, Hiroshima	100	Ditto	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement.
Isuzu Motors Kyusyu Co., Ltd.	Higashi-ku, Fukuoka, Fukuoka	100	Ditto	100.00 (100.00)	Yes	The Company supplies vehicles and parts under an exclusive agent agreement.
Isuzu Motors Sales Co., Ltd. *1, *6	Shinagawa-ku, Tokyo	25,025	Selling vehicles	75.00	Yes	The Company supplies vehicles and parts under an exclusive agent agreement.
UD Trucks Corporation *1, *3	Ageo-shi, Saitama	77,500	Producing and selling vehicles, and selling service parts	100.00	Yes	The Company provides loans for working capital.
IJTT Co., Ltd.*1, *2	Kanagawa-ku, Yokohama-shi, Kanagawa	5,500	Producing parts	43.32 (0.07)	Yes	The Company receives parts supply.
Shonan Unitec Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	940	Producing parts	88.34	Yes	The Company receives parts supply.
Isuzu LINEX Co., Ltd.*5, *6	Shinagawa-ku, Tokyo	800	Logistics Services	100.00	Yes	The Company receives services related to logistics.
Isuzu Estate Co., Ltd.*6	Shinagawa-ku, Tokyo	1,990	Real estate lease and sales	100.00	Yes	The Company receives services related to real estate management.
Isuzu Leasing Service Co., Ltd.*1, *6	Shinagawa-ku, Tokyo	5,250	Lease sale	100.00 (100.00)	Yes	-
Isuzu North America Corporation*1	Anaheim, California, U.S.A.	millions of USD 232	Selling vehicles	100.00	Yes	The Company supplies vehicles and parts.
Isuzu Motors America, LLC*1	Anaheim, California, U.S.A.	millions of USD 50	Ditto	100.00 (100.00)	Yes	The Company supplies parts.
Isuzu Commercial Truck of America, Inc.	Anaheim, California, U.S.A.	thousands of USD 25	Ditto	80.00 (80.00)	Yes	The Company supplies parts.
Isuzu Australia Limited	Truganina, Victoria	millions of AUD 47	Ditto	100.00	Yes	The Company supplies vehicles and parts.

Name	Address	Capital (millions of yen)	Main operations	Holding ratio of voting rights (%)	Concurrent positions, etc. of officers	Relationship
Isuzu Motors Asia Ltd.*1	Singapore	millions of USD 220	Selling parts	100.00	Yes	The Company supplies parts.
Isuzu Motors Co., (Thailand) Ltd.*1,*7	Phrapradaeng, Samutprakan, Thailand	millions of Thai baht 8,500	Producing vehicles	71.15 (71.15)	Yes	The Company supplies parts.
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	Latkrabang, Bangkok, Thailand	millions of Thai baht 1,025	Manufacturing engines	100.00 (98.60)	Yes	The Company supplies parts.
Isuzu Motors International Operations (Thailand) Co., Ltd.*1,*7	Chatuchak, Bangkok, Thailand	millions of Thai baht 678	Automobile Sales	70.00 (70.00)	Yes	-
ISUZU (CHINA) ENGINE CO., LTD.*1	Chongqing, China	millions of RMB 2,110	Producing, assembling and selling engines: selling parts of vehicles and engines	50.61	Yes	-
Isuzu Motors India Private Limited*1	Tamil Nadu, Republic of India	millions of INR 50,000	Producing and selling vehicles	62.00 (42.16)	Yes	-
ISUZU MOTORS INTERNATIONAL FZE	Dubai, United Arab Emirates	thousands of USD 7,434	Exporting and selling service parts and selling vehicles for the Middle and Near East	100.00	Yes	The Company supplies vehicles and parts.
Isuzu Motors South Africa (Pty) Limited *1	Port Elizabeth, East Cape, South Africa	millions of ZAR 2,708	Producing and selling vehicles	100.00	Yes	The Company supplies vehicles and parts.
75 other companies						

Affiliates accounted for under the equity method

Name	Address	Capital (millions of yen)	Main operations	Holding ratio of voting rights (%)	Concurrent positions, etc. of officers	Relationship
J-Bus Limited	Komatsu, Ishikawa	1,900	Producing and selling buses	50.00	Yes	The Company receives the supply of rear bodies for vehicles.
Nippon Fruehauf Co., Ltd.	Atsugi, Kanagawa	1,002	Producing parts	34.00	Yes	The Company receives the supply of rear bodies for vehicles.
DMAX, Ltd.*4	Moraine, Ohio, U.S.A.	millions of USD 100	Ditto	40.00 (40.00)	Yes	The Company supplies parts.
General Motors Egypt S.A.E.	Cairo, Arab Republic of Egypt	millions of EGP 1,819	Producing and selling vehicles	21.84	Yes	The Company supplies parts.
Qingling Motors Co., Ltd.	Chongqing, China	millions of RMB 2,482	Producing and selling vehicles	20.00	Yes	The Company supplies parts.
35 other companies						

- (Notes)
- \*1: It is classified as specified subsidiary company.
  - \*2: It submits its own annual securities reports. The ratio of its stake owned by the Company is 50% or less, but it is classified as a subsidiary because it is substantially controlled by the Company.
  - \*3: The Company acquired the entire stake in UD Trucks Corporation and converted it into a consolidated subsidiary on April 1, 2021.
  - \*4: The Company sold stakes in DMAX, Ltd. in May 2022 and excluded it from affiliates accounted for under the equity method.
  - \*5: Isuzu LINEX Co., Ltd., a consolidated subsidiary of the Company, changed its name to Isuzu Logistics Co., Ltd. on May 9, 2022.
  - \*6: Isuzu Motors Sales Co., Ltd., Isuzu LINEX Co., Ltd., Isuzu Estate Co., Ltd. and Isuzu Leasing Service Co., Ltd., consolidated subsidiaries of the Company, moved their head office functions to Yokohama-shi, Kanagawa in May 2022.
  - In the column of Holding Ratio of Voting Rights, the number in parentheses indicates the indirect holding ratio, as part of the above.
  - \*7: Regarding Isuzu Motors Co., (Thailand) Ltd. and Isuzu Motors International Operations (Thailand) Co., Ltd., the rate of their net sales (excluding internal sales between consolidated companies) to consolidated net sales exceeds 10%.  
Main information on profits and losses, etc.

As of March 31, 2022

Name	Net sales (millions of yen)	Ordinary profit (millions of yen)	Profit (millions of yen)	Net assets (millions of yen)	Total assets (millions of yen)
Isuzu Motors Co., (Thailand) Ltd.	759,011	73,717	59,103	190,695	337,577
Isuzu Motors International Operations (Thailand) Co., Ltd.	307,224	8,631	6,905	27,842	103,811

## 5. Status of employees

### (1) Status of consolidated companies

As of March 31, 2022

Number of employees (people)	44,299	(14,320)
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- (Notes)
1. “Number of Employees” is the workforce (excluding employees seconded from the Group to outside organizations, but including employees seconded from outside the Group as well as employees hired on a regular part-time basis). The number of temporary workers (including seasonal workers, part-time workers, and temp employees dispatched by temp agencies, but excluding regular part-time employees) is indicated in parentheses, and is the average for the current fiscal year and not included in total.
  2. The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.
  3. As UD Trucks Corporation and its 14 subsidiaries were newly included in the range of consolidation for the current fiscal year, the number of employees and the average number of temporary workers increased 7,967 people and 864 people, respectively.

### (2) Status of reporting company

As of March 31, 2022

Number of employees (people)	Average age (years)	Average years of service (years)	Average annual salary (thousands of yen)
8,056 (4,010)	41.2	18.7	7,534

- (Notes)
1. “Number of employees” is the workforce (excluding employees seconded from the Company to outside organizations, but including employees seconded from outside the Company as well as employees hired on a regular part-time basis). The number of temporary workers (including part-time workers, temp employees dispatched by temp agencies, and seasonal workers, but excluding regular part-time employees) is indicated in parentheses and is the average for the current fiscal year and not included in total.
  2. “Average annual salary” includes extra remuneration and bonus.
  3. The Company is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

### (3) Status of labor unions

As of March 31, 2022, the Isuzu Motors Workers’ Union at the reporting company and the majority of labor unions at the consolidated subsidiaries belong to the Federation of All Isuzu Automobile Workers’ Unions, their superior organization, and to the Japanese Trade Union Confederation through the Confederation of Japan Automobile Workers’ Unions. There are no particular items to be reported regarding labor relations.

## II. Status of Business

### 1. Management policy, management environment, issues to be addressed, etc.

The following information includes forward-looking statements that reflect the judgment of management as of the date of submission of the Annual Securities Report (June 28, 2022).

#### (1) Management policy, corporate vision and action policy of the Company

In pursuit of harmony with society and the environment, the Group aspires to grow together with customers as their trustworthy partner. Towards this goal, the Group has the following corporate vision and corporate mission:

- Corporate Vision: Isuzu will always mean the best. A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment.
- Corporate Mission: Trust, Action, Excellence. A global team delivering inspired products and services committed to exceeding expectations.

(Products) Explore genuine needs and create products and services with strong appeal

(Conduct) Be responsible, dedicated, and agile

(Organization) Achieve goals through global teamwork

#### (2) Issues to be addressed by the Company

Going forward, while the effect of the novel coronavirus infection (COVID-19) will likely to wear off, there are expected to be further changes in the business environment surrounding the Group. These include upward pressure on production costs due to semiconductor shortages and material price surges, growing geopolitical risks due to the crisis in Ukraine, etc., as well as an accelerating trend toward carbon neutrality.

It is the Group's social mission and responsibility to deal with such environmental changes and challenges. The Group recognizes that flexible adaptation to those changes is indispensable for the Group's sustainable growth. The Group has therefore decided to strive to become "a company that inspires broad admiration for its exceptional CV, LCV, and powertrain products that support human lifestyles" on a mid- to long-term basis toward 2030, and has been promoting efforts to achieve the mid- to long-term vision. In the previous Mid-Term Business Plan (FY2019 to FY2021), the Group developed aggressive initiatives toward realizing the vision. It was able to achieve results such as the completion of building an alliance system including collaborating with the Volvo Group and making UD Trucks its group company, and the strengthening of product competitiveness through full model changes of its pickup trucks.

In the new Mid-Term Business Plan 2024 (FY2022 to FY2024), which started in the fiscal year ended March 31, 2022, the Group is making further efforts in creating social value in order to continue sustainable growth with society toward achieving the mid- to long-term vision.

In Mid-Term Business Plan 2024, the Group is making efforts, in addition to expanding the current businesses and improving profitability, to realize and implement the carbon neutrality strategy and contribute to logistics evolution as a CV manufacturer as the two pillars of innovation. Also, it will further evolve management from ESG perspectives to become a company that can overcome the period of transformation, be accepted by society and survive in this new era, and thus become sustainable.

The following seven challenges have been extracted on a mid- to long-term basis, not only for realizing Mid-Term Business Plan 2024, but also for addressing customers' expectations and technical innovations in the automobile industry and the commercial vehicle industry.

### Expansion of current businesses and profitability improvement

In order to address social needs such as the accelerated worldwide trend toward carbon neutrality and expectations for the sustainability and safety of logistics as social infrastructure, huge amounts of R&D expenses and investments such as for CASE\* are needed. The Group strives to further strengthen profitability to secure necessary funds, while maintaining financial soundness, aiming at net sales of 2.75 trillion yen and operating income of 250.0 billion yen in the fiscal year ending March 31, 2024, which is the last year of the current Mid-Term Business Plan. In addition, the Group aims at expanding the effect of the measures in the business plan on a mid- to long-term basis and achieving net sales of 3.0 trillion yen and operating income of 300.0 billion yen after four years in the fiscal year ending March 31, 2026. In the fiscal year ended March 31, 2022, steady implementation of measures, mentioned later, enabled the Group to achieve net sales of 2.5142 trillion yen and operating income of 187.1 billion yen.

\*An acronym for Connected, Autonomous, Shared & Services, and Electric, as an all-inclusive term.

The following (i) and (ii) are challenges for the expansion of current businesses and profitability improvement.

#### (i) Strengthening product, sales and service capabilities

In order to be continually chosen by customers in the commercial vehicle market with further diversified needs, the Group regards capabilities in the following as indispensable: products that can meet diversified needs, sales that deliver the products' attractivity to customers, and services that provide value to customers even after the sales.

The Group has so far achieved an increase in sales by launching the new models of pickup truck D-MAX, which has renewed functions such as eco-friendliness, safety, and comfortableness, as well as its derivative MU-X. Also, on the domestic front, the development of the uptime support business, with advanced genuine equipment "PREISM" mounted in all the vehicles as default, has strengthened the profit base.

(Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, the Group promoted collaboration with UD Trucks Corporation, which became one of its consolidated subsidiaries with all the stakes acquired from the Volvo Group in April 2021. The two companies' CV business at home and abroad were strengthened through the mutual complementation of products, and the enhancement of sales and service capabilities utilizing the service infrastructure of both companies, among other measures. On the product front, the Group is promoting collaborative development with the Volvo Group. A new tractor unit will be introduced around 2023 via both channels of the Company and UD Trucks. On the sales front, under a multi-brand system with the continued UD Trucks brand, the Group will leverage the company's customer acceptance and name recognition. Both companies' domestic sales divisions were relocated to the new headquarters of the Group in May 2022; their overseas sales divisions will then further promote joint works.

(Future plan)

Going forward, the Group will continue to promote further collaboration with the Volvo Group and UD Trucks, aiming at strengthening product, sales and service capabilities. More concretely, the joint development of a heavy-duty truck platform with UD Trucks has been started, eyeing a collaboration with the Volvo Group in the domain of cutting-edge technologies.

#### (ii) Innovating Monozukuri

From the viewpoints of maintaining and enhancing price competitiveness and obtaining funds for investment by ensuring proper income, the Group considers that it is necessary to promote further efficiency through realizing the Monozukuri innovation. In the previous Mid-Term Business Plan (FY2019 to FY2021), the Group already achieved higher efficiency and a larger share in each country by entrenching the system for Monozukuri and service provision close to the market (sales, etc.); further efforts will be promoted going forward.

(Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, the roles of three production bases in Thailand, India, and South Africa for the LCV business were clarified and the global production structure was optimized. Thailand has been positioned as the global mother factory to produce mainly new models, and the production capability has been strengthened to 340,000 vehicles. India has been positioned as the export base of workhorse models; its exporting capabilities for the Middle and Near East have been strengthened in addition to meeting domestic demand in India. South Africa has been positioned as the production base that covers the whole market in Africa, and the production of new models has been started in addition to the former models.

(Future plan)

A full model change is planned for medium-duty and light-duty commercial vehicles around 2023. After the change, the product line-up will include BEVs (battery electric vehicles) to respond to customers' diversifying requests. The new line-up

will start in the domestic market in Japan, and then will be offered overseas via both channels of the Company and UD Trucks. The new line-up has incorporated a modular design concept of the Company, or I-MACS, and will be utilized in more flexible product development corresponding to the needs of countries and regions as well as the power sources.

#### Pillars of innovation

Based on social needs such as carbon neutrality and expectations for logistics infrastructure, the Group has positioned carbon neutrality strategy and contribution to logistics evolution as a CV manufacturer as the pillars of promoting innovation. Resources will be intensively invested and efforts will be accelerated so that the innovation will take place in five or ten years.

The following (iii) and (iv) are challenges for the realization and implementation of those pillars of innovation.

#### (iii) Carbon neutrality strategy

The worldwide trend toward carbon neutrality and a decarbonized society is further accelerating, as in the strategy of the Japanese government for carbon neutrality in 2050. The Green Growth Strategy Through Achieving Carbon Neutrality in 2050, which was formulated in June 2021, clearly states the target of electrification for commercial vehicles. The strategy has introduced concrete numerical targets, aiming for electrified vehicles accounting for 20–30% of new light commercial vehicles sales by 2030, and for heavy commercial vehicles, aiming for an advanced introduction of 5,000 vehicles in the 2020s.

The Group regards climate change measures as one of the important challenges in maintaining an affluent and sustainable society in 2050. It formulated in March 2020 Isuzu Environmental Vision 2050 to indicate the trajectory in addressing global environment problems on a mid- to long-term basis. Based on the vision, the Group is making efforts toward achieving by 2050 zero emissions of greenhouse gases (GHG) directly from the whole lifecycle of products and business activities.

#### (Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, the Group promoted the development of products with less environmental burden and released “GIGA LNG,” the first LNG heavy-duty truck by a commercial vehicle manufacturer in Japan.

#### (Future plan)

Based on a forecast that a transition to electrification and decarbonization will be strongly requested also for commercial vehicles, the Group is going to introduce BEVs as small commercial vehicles to the domestic market in the fiscal year ending March 31, 2023, and subsequently to the overseas market. In addition, it will make efforts proactively in collaboration with alliance partners; more concretely, it is developing large mass-transit BEV buses aiming at putting them on the market in 2024. Other examples of efforts include the development of products with less environmental burden, such as light-duty or heavy-duty FCVs (demonstration cars are being made), large mass-transit FCV buses (being considered mainly in CJPT\*), electrified pickup trucks, and medium-duty BEVs for North America, etc. In light of applications and use conditions that have to rely on internal combustion engines, the Group does not limit technological options and continues promoting the development of cleaner internal combustion engines and considering the use of carbon neutral fuels, etc. Detailed targets and estimated schedules for electrification changes daily, so the progress going forward will be announced in a timely fashion.

\*An acronym for Commercial Japan Partnership Technologies: a new project co-funded and established by the Company, Toyota Motor Corporation, Hino Motors, Ltd., Suzuki Motor Corporation, and Daihatsu Motor Co., Ltd.

#### (iv) Contribution to logistics evolution as a CV OEM

Lifestyle changes due to the spread of COVID-19 further increased the importance of logistics as social infrastructure; there are increasing expectations for its sustainability and safety. Also, demand for more productivity in the logistics industry as a whole has been further increased coupled with problems such as driver shortages.

The Group is working on the development and utilization of cutting-edge technologies such as connected technologies and autonomous driving technologies in order to contribute to logistics evolution as a CV manufacturer. Regarding connected technologies, the Group has pioneered in the industry and already launched connected services such as fleet management and driver support service “MIMAMORI” and advanced genuine equipment “PREISM.” Regarding autonomous driving technologies, the Group has laid the groundwork through projects such as test drives inside the Fujisawa Plant where an autonomous distribution vehicle is assumed to be driving on urban streets.

#### (Efforts during the current fiscal year)

Regarding connected technologies, the Group has launched the “MIMAMORI Driver’s App,” which is the first of its kind by

a domestic commercial vehicle manufacturer and works with the “MIMAMORI” system. Also, a trial operation of the “MIMAMORI” system will be started by UD Trucks in January 2023.

Regarding autonomous driving technologies, the Company conducted verification based on actual use cases, through demonstration tests of an autonomous driving bus at Fukuoka Airport, joint demonstration test of level 4 autonomous driving by UD Trucks and Kobe Steel at a steel plant, etc.

(Future plan)

Regarding connected technologies, the Group aims to provide services that can comprehensively support customers using commercial vehicles of not only the Group but also other companies. With the CV Connected information Platform, which started development in 2021, the Company, Fujitsu Limited, and Transtron Inc. are planning to start offering integrated services in October 2022 for approx. 500,000 trucks. Using the platform, which will be established through CJPT by anonymizing individual pieces of data of the companies (information on services and traffics, etc.) and collecting and analyzing them as big data, the Group aims at expanding the range of services to support customers’ businesses.

Also, regarding autonomous driving technologies, the Group plans to prioritize use cases with a higher labor-saving effect, safety and feasibility based on findings obtained in the demonstration tests conducted so far. In addition, it is expediting collaborative development with its alliance partners, aiming for the early realization of optimized social infrastructure.

#### Evolution to management from ESG perspectives

In the commercial vehicle market going forward, further globalization and diversification of competitors are expected as entry into the market from different sectors is accelerating. On the other hand, such worldwide competition against those global players can be regarded as a chance to expand business. The Group therefore intends to establish a strong business foundation that can endure competition with such global players.

The following (v), (vi), and (vii) are challenges for the evolution to management from ESG perspectives

##### (v) Emphasizing shareholder value

There are various stakeholders around the Group; without proper collaboration with them, it will be difficult to realize sustainable growth. Among them, shareholders as capital providers are in the central position and the starting point of the discipline of corporate governance.

Based on the above notion, the Group further promotes management that focuses on shareholder value and strives to improve capital efficiency and strengthen shareholder returns.

(Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, the Group made efforts to improve capital efficiency in spite of a tough business environment such as material price surges and semiconductor shortages and achieved an ROE of 11.4%. Also, regarding shareholder returns, dividend per share marked a record high of 66 yen, with a dividend payout ratio of 40.5%. Going forward, the Group will further promote management that focuses on shareholder value, aiming at its additional enhancement.

(Future plan)

Going forward, the Group will further promote management that focuses on shareholder value and increase capital efficiency with the aim of achieving an ROE of 15% in the fiscal year ending March 31, 2026. Also, shareholder returns will be enhanced. The Group aims to achieve an average dividend payout ratio of 40% during the period of the Mid-Term Business Plan (FY2022 to FY2024). In addition, flexible stock buybacks will be considered in light of cash flow.

##### (vi) Improve governance and disclosure

As stated in the above item, for the sustainable growth of the Group, proper collaboration with stakeholders including shareholders is indispensable. The Group further works to enhance the corporate governance viability and properly disclose information, as the premise for collaboration.

(Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, the Company transitioned to a Company with an Audit and Supervisory Committee, which was approved at the 119th Annual General Meeting of Shareholders held on June 25, 2021. Also, in order to strengthen the Board of Directors’ supervisory functions of management and to enhance its diversity, the number of Outside Directors of the Board was increased to five (out of 13 Directors of the Board in total), with two female Directors of the Board. In addition, climate change-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) have been started.



Moreover, in order to promote business activities that respect human rights and contribute to the realization of a sustainable society, the Group established and released in February 2022 the Isuzu Group's Human Rights Policy that conforms with the United Nations Guiding Principles on Business and Human Rights.

(Future plan)

Going forward, the Company will strive to further enhance the viability of corporate governance and have proper information disclosure. More concretely, the Company is preparing for the application of IFRS in the future in order to enable the comparison of financial statements between international companies, improve financing, and increase shareholder value.

(vii) Professional group that creates innovation

As stated in (iii) and (iv), the Group needs to transform into a body to constantly create innovations in order to respond to social needs, such as the accelerating worldwide trend toward carbon neutrality and expectations for the stability and safety of logistics as social infrastructure, and to achieve sustainable growth.

(Efforts during the current fiscal year)

In the fiscal year ended March 31, 2022, aiming at the further enhancement of diversity, which is one of the sources of innovation, the Company formed VOIS, a joint project with the Volvo Group, to promote diversity and inclusion in the workplaces. In addition, the Company has started reforming its HR platform based on the concept of diversity. Moreover, engineers were exchanged with the alliance partners (Volvo Group, Cummins, CJPT, and others) from the viewpoint of promoting communication in the industry.

(Future plan)

The Company moved its headquarters to Yokohama-shi in May 2022. By exerting the strength of Yokohama-shi, where companies in various sectors have their bases, the Company will strive to promote communication with other industries, going forward. In addition, by utilizing the latest office equipment and IT environment of the new headquarters, to which Group companies have also moved, the Company aims at activating communication within the Company and the Group including overseas offices.

## 2. Business and other risks

The information related to the operational and financial information as well as other information provided in this Annual Securities Report includes the following risk factors that may have a significant impact on investors' decisions.

The following information includes forward-looking statements that reflect the judgment of the management as of the date of submission of the Annual Securities Report (June 28, 2022).

We have appointed a Group Chief Risk Management Officer (CRMO), who is responsible for group-wide risk management and leads the organization-wide risk management process.

The Group CRMO is responsible for:

- Regularly identifying and assessing risks associated with the management and operation of the Group's businesses;
- Appropriately managing these risks, with a focus on mitigating them, as well as planning and implementing various risk responses in the event that any risk should materialize and turn into a crisis, such as minimizing the impact of such a risk; and
- Holding regular risk management review meetings to assess the progress of implementing risk responses, identify materialized risks, and continually review risk responses and awareness.

### 1. Risks arising from global economic conditions, financial markets, and automotive markets

#### (1) Fluctuations in economic conditions and aggregate demand in major markets

Demand for automobiles, from which a major portion of our worldwide sales are generated, is affected by economic conditions in the countries and regions where we sell our products, especially in major markets such as Japan, Thailand, and the United States.

We have designated some emerging markets as priority regions and are working to expand sales since demand for logistics services is expected to increase in emerging economies while the commercial vehicle market is expected to gradually decline in Japan. For this reason, economic conditions of some emerging markets could also affect our performance and financial position.

Although we strive to accurately assess economic conditions and demand trends while diversifying the markets in which we sell our products in order to minimize their impact, an economic recession in our major markets and the resulting shrinkage in demand could have a material adverse effect on our performance and financial position.

The cumulative total of global vehicle sales for the fiscal year-ended March 31, 2022 was significantly higher than the previous fiscal year, in which overseas vehicle sales were affected by COVID-19, and were far higher than pre-pandemic levels.

However, since demand for automobiles is strongly influenced by the economic conditions of the markets, the continuation or re-emergence of the COVID-19 pandemic and other changes in social and economic conditions could have a material adverse effect on our business activities, performance, and financial position. In addition, in the event that logistics services, such as shipping containers, are not fully available as global logistics capacity remains tight, our business activities, performance, and financial position could be adversely affected.

#### (2) Competition in the automobile market

The automotive market, where a major portion of our worldwide sales is generated, is fiercely competitive. Such an increasingly competitive environment could affect the competitiveness of our products and cause price and market share fluctuations. There are a wide variety of factors that affect competition, including product performance, safety, fuel efficiency, environmental performance, pricing, and after-sales services, and the factors that are considered important vary from one market to another in each country.

In order to maintain or boost our competitive edge in key markets, we continuously develop, produce, and sell highly competitive products, and provide after-sales services for them while working to improve these factors. However, if we fall behind the competition in our major markets or emerging markets, or in the event of unexpected industry restructuring, our performance and financial position could be materially adversely affected.

#### (3) Fluctuations in exchange rates and interest rates

Our operations include the production and sale of products worldwide. Local currency-denominated accounting items, including sales, expenses, assets, and liabilities, in each region are translated into yen for the purpose of preparing the

consolidated financial statements. Exchange rates at the time of conversion, particularly for the U.S. dollar and Thai baht, may affect the yen value of these items, even if the value in the original local currency remains unchanged. Furthermore, exchange rate fluctuations affect the pricing of the raw materials we purchase and the products we sell.

Although we make daily efforts to manage our cash flows, the costs associated with financing could have an adverse effect on our performance and financial position, such as an increase in interest expenses, if market interest rates rise sharply.

In addition to local production, we utilize derivative financial instruments, including forward exchange contracts, to minimize the impact of exchange and interest rate fluctuations.

However, major fluctuations in foreign exchange and interest rates could have a material adverse effect on our performance and financial position.

## 2. Business risks

### 2-1. Business risks arising primarily from “the Group’s response to the external environment”

#### (4) Response to new technological innovations, changes in business models, etc.

The external environment related to our Group’s operations is drastically changing. Technological and social changes, including diversification of customer needs in the commercial vehicle market, changes in business models using commercial vehicles, technological innovations such as CASE, promotion of digital innovation in production, sales, after-sales service, and back-office operations, as well as a growing interest in ESG investing and achievement of the SDGs, are opportunities for us to expand and further develop our business.

In order to quickly respond to such technological and social changes, we have established a permanent department dedicated to implementing multiple organization-wide projects. However, in the unlikely event that we are unable to respond quickly and sufficiently to these technological and social changes, our performance and financial position may be materially adversely affected.

#### (5) Research and development

The business environment in which our Group operates is expected to see intensifying competition and diversifying product needs that differ from market to market. In order to adopt to this business environment and focus on the manufacturing of products that support customers’ transportation needs, we must possess advanced technologies and engage in research and development that will enable us to provide products that meet the exact needs of the market.

We develop new technologies and products by forecasting future market needs and prioritizing areas for research and development. However, if we fail or are delayed in reaching the required level of technology or accurately identifying market needs, our performance and financial position could be adversely affected.

We also obtain new technologies and products through alliances and cooperation with component manufacturers. However, if alliance partners or component manufacturers fail or are delayed in reaching the required level of technology, our performance and financial position could be adversely affected.

#### (6) Joint ventures and other alliances

Our Group participates in joint ventures in several countries according to laws or other requirements of the countries in which they operate. We also partner with dealers and distributors for domestic and overseas sales, and form joint ventures and business alliances for research and development.

We consider whether or not to enter into business alliances based on a variety of information, including the operational status, governance, and other important non-financial information of joint venture partners and alliance partners.

However, factors beyond our control, such as changes in the management policies or business environment of joint venture partners or alliance partners, could have a significant adverse effect on our performance and financial position.

#### (7) Dependence on specific channels for sales and supply

We sell and supply our products, such as automobiles and their component parts, through specific internal and external channels, including Tri Petch Isuzu Sales Co., Ltd. (Bangkok, Thailand) and General Motors Corporation (Detroit, Michigan, United States). Due to our dependence on specific sales and supply channels, if the volume of supply or distribution to the market decreases due to the deterioration of our business partner’s business performance, or if bad debts occur due to credit concerns of our business partner, our business performance and financial position may be adversely affected.

We maintain relationships with large corporate clients and diversify risk by cultivating new customers. However, sales to these client companies are affected by factors beyond our control, such as fluctuations in their production and sales volumes, and they could adversely affect our performance and financial position.

#### (8) Delays or shortfalls in the procurement of materials, parts, and other supplies; rising procurement prices

Our Group procures raw materials, parts, and products necessary for production from external suppliers. If demand significantly exceeds their capacity, if their supply capacity is significantly reduced due to supplier’s accident or unforeseen circumstances, or if shipping containers and other logistics services essential for procurement are not sufficiently available, we may not be able to secure raw materials, parts, and products in the quantities required for production or experience delays in securing them. In addition, if prices of raw materials soar due to limited supply and cannot be absorbed through internal

efforts, such as improving productivity or by passing the cost on to the consumer, it could have an adverse effect on our performance and financial position.

We regularly monitor our suppliers' production capacity, credit risk, product quality, and costs to ensure that there will be no delays or shortages in procurement. However, in the event of a significant shortage or price hike in materials and components, including semiconductors, or in the event of a natural disaster such as a large-scale earthquake or other unforeseen event, our performance and financial position could be adversely affected.

We are also working on human rights due diligence in accordance with the Isuzu Group Human Rights Policy to ensure that there are no human rights violations related to work environments or health and safety in our supply chain. In addition to that, we monitor compliance with laws and regulations as well as responses to climate change in our supply chain. However, if problems other than quality, cost, and delivery emerge in our supply chain, we may not be able to secure raw materials, parts, and products in the quantities required for production or experience delays in securing them.

## 2-2. Business risks arising primarily from “the Group’s internal operations”

### (9) Compliance and reputation

We are committed to compliance not only to ensure that all relevant laws and regulations are followed but also to meet the expectations of our stakeholders.

We have a system in place to prevent any legal violation as well as a system to promptly respond to compliance issues should they be detected.

We have also set up a Compliance Committee, an advisory body to the president that provides objective advice, oversight, and evaluation on the promotion of compliance and the establishment of compliance systems. The committee members include outside experts (lawyers, etc.) in order to ensure the fairness and transparency needed to promote compliance. However, we cannot completely eliminate the possibility that a legal violation will occur in the future, and if one should actually occur or if we fail to respond to it appropriately and quickly enough, it may have a material adverse effect on our Group’s public credibility. In such an event, our performance and financial position could be adversely affected. In particular, if we are found to be in serious violation of privacy, anti-bribery, or antitrust/competition laws or regulations in countries in which we operate and are subject to significant fines, our performance and financial position could be adversely affected.

### (10) Product defects

We manufacture a variety of products at our plants in Japan and overseas in accordance with strict quality control standards that are accepted worldwide. To maintain and improve quality, the Group strives for early detection and sharing of information on defects, conducts assessment for quality improvement throughout the company, and monitors the operational status of company-wide quality management through the Quality Assurance & Customer Satisfaction Improvement Committee. We also have product liability insurance in case we need to be compensated for damages caused by product defects, etc.

However, in the unlikely event of a large-scale recall, our performance and financial position may be materially adversely affected. In addition, if actual costs incurred significantly exceed the accrued expenses recorded in advance, or if product liability insurance does not cover the costs of product liability claims, our performance and financial position could be materially adversely affected.

### (11) Risks related to information security in IT society

Our Group’s operations call for the collection and use of customer information, use of technical information as trade secrets, use of information technology for automatic control of facilities, and the stable use of IT networks in all aspects of operations, including production activities. Our business depends on such information, information technology, and IT networks.

We have appointed a person responsible for managing such risks and set up a specialized organization to implement various security measures to maintain and improve information security, such as protecting personal and confidential information, maintaining data and system availability, and preventing falsification of information.

However, if an information leak or other security breach occurs due to an unforeseen event, we may lose credibility as a company, become liable for damages to customers, etc., which could have a material adverse effect on our performance and financial position. In addition, system failures, computer virus infections, cyberattacks, etc. may cause business interruptions and data corruption or loss. As a result, our performance and financial position may be materially adversely affected.

We sign information security agreements with our alliance partners and implement various security measures to maintain and improve information security, such as protecting personal and confidential information, maintaining data and system availability, and preventing falsification of information. However, if an information leak or other security breach occurs due to an unforeseen event, we may lose credibility as a company, become liable for damages to customers or alliance partners, etc., which could have a material adverse effect on our performance and financial position.

### (12) Risks related to intellectual property protection

We have accumulated technologies and know-how that set our products apart from our competitors’ products. Some of our proprietary technologies and know-how cannot be fully protected or can only be protected to a limited extent by intellectual property rights in certain countries and regions due to legal restrictions.

We are making efforts to protect our intellectual property. However, if we are unable to effectively prevent third parties from using our intellectual property to manufacture similar products, or if an intellectual property infringement lawsuit against our Group were to result in the suspension of manufacturing and sales or a claim for damages, our performance and financial position could be adversely affected.

(13) Recruitment, retention, and effective utilization of a talented workforce

Believing that human resources are our most important business asset, we are working to secure a diverse workforce with the skills and abilities needed to carry out our Group's operations, and are working to increase the motivation, enthusiasm, skills, abilities, and performance of each employee and retain them within the Group. However, if the job market becomes more competitive in the future, it may become more difficult to secure and retain excellent human resources.

On top of that, a large portion of our Group's workforce is older as is the case with many Japanese companies. This may make it difficult to seamlessly pass on skills and appropriately assign personnel in the future.

We are making drastic changes to our personnel system, hiring people in a well-planned manner, optimally assigning and reassigning employees, and implementing training, capacity development, and career advancement programs as well as appropriate performance evaluation systems all with an eye to securing and retaining excellent human resources. However, if these measures are not sufficient, our performance and financial position could be adversely affected by employee turnover, a decline in employee motivation, a failure to pass on skills, and reduced competitiveness.

In addition, we believe that respecting the human rights of employees and other stakeholders is a prerequisite for hiring and retaining a diverse and talented workforce and ensuring excellent employee performance. We have established the Isuzu Group Human Rights Policy, and in accordance with this policy, we comply with international norms, laws and regulations, as well as the Group code of conduct, etc., address human rights across the Group, work on human rights due diligence, and provide appropriate education to officers and employees. Recognizing the importance of respecting human rights in business, we also engage in dialogue with our stakeholders and strive to promote a better understanding of human rights issues among our business partners and suppliers.

## 2-3. Business risks deriving primarily from “external factors”

### (14) Legal requirements

Our Group is subject to various government regulations in the countries in which we operate, including business and investment permits, national security, tariffs, and other import/export restrictions. We are also subject to commerce, antitrust, patent, consumer, taxation, exchange control, environmental, recycling, and safety laws and regulations. In particular, emission regulations are likely to be tightened further as environmental awareness grows. Complying with these laws and regulations requires significant investments, etc., and we may not be able to generate sales commensurate with these investments in the future.

We gather information on legal trends in various countries, especially in Japan, the U.S., Thailand, China, and Europe, and invest and develop new technologies and products to prepare for changes in laws and regulations.

However, in the unlikely event of an unexpected amendment or abolishment of regulations or other changes in the law, our performance and financial position may be materially adversely affected.

### (15) Potential risks associated with international activities and foreign ventures

We produce and sell our products not only in Japan but also in various overseas locations. Operations in these overseas markets particularly involve certain risks as listed below.

- Changes in political and economic conditions
- Unilateral changes in policies on permission, authorization, and other issues as well as direct or indirect expropriation of the Group’s assets
- Restrictions on imports and exports as well as technology transfers
- Restrictions on information and data management and transfer
- Restrictions on the use and procurement of telecommunications and electronic devices that pose a security risk
- Potentially adverse tax consequences
- Regulation of remittance and exchange
- Difficulty in recruiting and securing human resources
- Undeveloped technological and social infrastructure (power, water, sewage, roads, ports, etc.)
- Social disruption due to terrorism, warfare, natural disasters, economic sanctions, or other factors

Although we are working to identify risks and taking measures in each country, if such risks materialize, they could have an adverse impact on our performance and financial position.

Due to the situation in Ukraine, which has been ongoing since February 2022, the business environment in Russia has changed drastically. We are suspending shipments of vehicles to Russia until the business environment in the country is more conducive to our operations. If the political and economic situation in Ukraine, Russia, and neighboring countries deteriorates further, our performance and financial position may be adversely affected.

### (16) Disasters

Operating around the world, our Group is exposed to various disaster risks. In the event there is a large-scale earthquake, windstorm, flood, volcanic eruption, or other natural disaster; power outage or other disruptive event; epidemic or infectious disease outbreak then our production, sales, and other business activities may be affected. In particular, in the event that a major disaster occurs in Japan’s southern Kanto region, where our key business locations are concentrated, our performance and financial position may be materially adversely affected.

In order to minimize the potential adverse impact of disruptions in production processes, etc., we conduct regular disaster preparedness assessments and equipment inspections at all our facilities, have emergency action plans ready, and conduct drills based on these plans. We have also established prevention and response plans for new strains of influenza and other unknown infectious diseases and conduct drills based on these plans. Furthermore, we are making daily efforts to obtain global information on new strains of influenza and other unknown infectious diseases as early as possible through the use of outside consultants, etc. and take appropriate measures as necessary in addition to stockpiling masks and other supplies in appropriate quantities.

However, we may not be able to completely prevent or mitigate the impact of a disaster, etc., which could have a material adverse effect on our performance and financial position.



#### Impact of COVID-19

As of June 2022, the global COVID-19 pandemic continues to have a broad impact on economic and business activities, and it is difficult to predict how it will spread or when it will subside.

We have implemented infection-prevention measures and various other measures to minimize the impact of COVID-19 at our business locations.

However, the continuation or resurgence of the COVID-19 pandemic (including the spread of new variants), the effectiveness of vaccines, and changes in social and economic conditions could have a material adverse effect on our business activities, performance, and financial position.

#### (17) Climate change

The Isuzu Group considers the risk of climate change as one of the most important social issues of the day and is taking steps to mitigate climate change itself as well as to address the impacts of climate change.

We endorse the Paris Agreement, which commits countries to limiting the increase in the global average temperature to well below 2°C above pre-industrial levels and to aim for 1.5°C. We have also formulated Isuzu Environmental Vision 2050 to contribute to the achievement of the Sustainable Development Goals (SDGs) adopted at the United Nations Summit. As part of the climate change initiatives laid out in Isuzu Environmental Vision 2050, we aim to achieve zero greenhouse gas (GHG) emissions throughout the life cycle of our products and zero GHG emissions coming directly from our operations by 2050.

We are studying and analyzing the specific impact climate change and rising global temperatures may have on our products, services, and business activities based on several long-term environmental scenarios. We are taking measures to address the risks and opportunities associated with the transition to a decarbonized society as well as the increase in natural disasters and depletion of water resources caused by climate change in light of the severity of the impact on our operations. At the same time, we make climate change-related disclosures in line with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). See the environment section of Sustainability Report 2021 for more information.

Our climate change initiatives have been highly rated by external organizations. CDP, an influential international environmental non-profit organization, placed Isuzu on its Supplier Engagement Leaderboard listing companies that have earned its highest Supplier Engagement Rating for their supply chain engagement in climate issues.

In order to minimize the impact on our performance and financial position from any disruptions in operations caused by frequent weather disasters associated with climate change and various regulations aimed at a decarbonized society, we are working to enhance our business continuity capability while developing and marketing GHG-free products.

However, if efforts to mitigate climate change itself or to address the impacts of climate change are not sufficient, our performance and financial position may be materially adversely affected.

### 3. Management's discussion and analysis of financial condition and results of operations and cash flows

#### (1) Overview of results of operations

##### (i) Results of operations

Although the commercial vehicle market in the current fiscal year saw a significant recovery in demand, especially in overseas markets, from the previous year's decline due to the impact of the COVID-19 pandemic, the market was significantly affected by supply chain disruptions and logistics stagnation caused mainly by the semiconductor shortage. Against this backdrop, we saw sales of commercial vehicles (CVs) sold in Japan and light commercial vehicles (LCVs) sold in Thailand get hit hard by the semiconductor shortage but managed to minimize the impact by shifting shipments to emerging markets. The consolidated total number of vehicles sold at home and abroad increased 125,822 units (27.7%) from the previous fiscal year to 579,957 units.

Vehicle unit sales in Japan fell 6,482 units (10.6%) over the previous fiscal year to 54,589 units due to a pandemic-related impact on the production, and those abroad rose 132,304 units (33.7%) year on year to 525,368 units thanks to sales volume increases in many markets on the back of strong demand.

As regards sales amounts of products other than vehicles, sales of parts for overseas production grew 22.5 billion yen (69.7%) year on year to 54.9 billion yen, engine and component sales rose 20.7 billion yen (13.9%) year on year to 170.3 billion yen thanks mainly to an increase in unit sales of engines for industrial applications, and other sales climbed 138.5 billion yen (32.7%) year on year to 562.4 billion yen.

Consequently, net sales rose 606.1 billion yen (31.8%) compared with the previous fiscal year to 2,514.2 billion yen, and they were comprised of 878.1 billion yen posted for Japan, up 16.8% year on year, and 1,636.1 billion yen for the rest of the world, up 41.5% year on year.

Consolidated financial results for the current fiscal year are as follows.

	Current fiscal year	Year on year	
Net sales	2,514.2 billion yen	606.1 billion yen	31.8%
Operating profit	187.1 billion yen	91.4 billion yen	95.5%
Ordinary profit	208.4 billion yen	104.1 billion yen	99.9%
Profit attributable to owners of parent	126.1 billion yen	83.4 billion yen	195.5%
(Exchange rates)			
USD/JPY	112.4 yen (106.0 yen)		
THB/JPY	3.44 yen (3.42 yen)		
AUD/JPY	83.1 yen (76.2 yen)		

Note: Figures in parentheses indicate exchange rates for the previous fiscal year.

On the profit and loss front, operating profit amounted to 187.1 billion yen, up 95.5% year on year, thanks to the effects of increased profits, promotion of cost-reduction activities and favorable exchange rates, all of which well absorbed a cost increase due to soaring raw material and logistics costs. Ordinary profit reached 208.4 billion yen, up 99.9% year on year, and profit attributable to owners of the parent stood at 126.1 billion yen, up 195.5% year on year.

We have adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. For more details, please refer to "Notes, (Changes in accounting policies)" in "1. Consolidated financial statements, etc." in "V. Financial Information."

The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

(ii) Financial position

Total assets as of the end of the current fiscal year rose 611.1 billion yen from the previous fiscal year to 2,856.1 billion yen.

Liabilities grew 421.7 billion yen from the previous fiscal year to 1,461.7 billion yen.

Net assets increased 189.4 billion yen from the previous fiscal year to 1,394.4 billion yen.

The capital adequacy ratio stood at 41.8%, compared with 45.5% as of the end of the previous fiscal year.

Interest-bearing liabilities grew 213.9 billion yen from the previous fiscal year, to 530.4 billion yen.

(iii) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) as of the end of the current fiscal year fell 44.9 billion yen from the end of the previous fiscal year to 341.7 billion yen; more specifically, out of the funds from operating activities of 172.0 billion yen and financing activities of 186.1 billion yen, 420.8 billion yen was used for investing activities.

Free cash flows, calculated by deducting investing cash flows from operating cash flows, recorded an outflow of funds of 248.8 billion yen, against an inflow of funds of 129.5 billion yen as of the end of the previous fiscal year.

Cash flow from operating activities

Funds provided by operating activities amounted to 172.0 billion yen, down 22.8% from the previous fiscal year.

This was mainly due to inflows of funds of 204.2 billion yen and 98.3 billion yen recorded for profit before income taxes and depreciation, respectively, and 32.5 billion yen derived from an increase in notes and accounts payable, partially offset by outflows of funds of 105.2 billion yen from an increase in inventories and 46.9 billion yen from income taxes paid.

Cash flow from investing activities

Funds used in investing activities reached 420.8 billion yen, up 350.5% from the previous fiscal year.

This was mainly due to outflows of funds of 290.5 billion yen from the acquisition of shares in a subsidiary, which changed our consolidation scope, 100.3 billion yen from acquisition of non-current assets, and 42.9 billion yen from acquisition of investment securities.

Cash flow from financing activities

Funds provided by financing activities reached 186.1 billion yen, against an outflow of funds of 55.2 billion yen for the previous fiscal year.

This was mainly due to inflows of funds of 196.5 billion yen from execution of long-term borrowings, 42.8 billion yen from disposal of treasury shares, and 41.7 billion yen from an increase in short-term borrowings, partially offset by outflows of funds of 58.1 billion yen from repayments of long-term borrowings, 37.3 billion yen from dividend payment, and 21.8 billion yen from dividend payment to non-controlling interests.

(iv) Production results, orders received, and sales

a. Production results

Consolidated production results for the current fiscal year are as follows.

	Current fiscal year (From April 1, 2021 to March 31, 2022)		Year on year	
	Volume (units)	Amount (millions of yen)	Volume (%)	Amount (%)
Heavy-duty and medium-duty vehicles	59,956	-	22.1	-
Light-duty vehicles	503,682	-	45.5	-
Total	563,638	-	42.6	-
Parts for overseas production	-	56,393	-	65.7
Engines and components	-	225,937	-	11.7
Other	-	149,442	-	4.9

(Notes) 1. The amounts for parts for overseas production, engines and components, and other are based on the selling prices.

2. The above table does not include production results of affiliates.

b. Orders received

We build products to stock based on past sales data and sales forecasts.

c. Sales

Consolidated sales for the current fiscal year are as follows.

		Current fiscal year (From April 1, 2021 to March 31, 2022)	
		Amount (millions of yen)	Year on year Change (%)
	Japan	298,105	21.8
	Overseas	264,579	76.8
Total heavy-duty and medium-duty vehicles		562,684	42.7
	Japan	96,568	(27.6)
	Overseas	1,067,255	37.8
Total light-duty vehicles and others		1,163,823	28.2
	Japan	394,673	4.4
	Overseas	1,331,834	44.1
Total vehicles		1,726,507	32.6
	Overseas	54,926	69.7
Parts for overseas production		54,926	69.7
	Japan	58,296	13.9
	Overseas	112,093	13.8
Engines and components		170,390	13.9
	Japan	425,177	31.9
	Overseas	137,289	35.2
Other		562,466	32.7
	Japan	878,147	16.8
	Overseas	1,636,143	41.5
Total net sales		2,514,291	31.8

(Note) Sales by major buyer and percentage of total sales are as follows.

Buyer	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
	Amount (millions of yen)	Percentage (%)	Amount (millions of yen)	Percentage (%)
Tri Petch Isuzu Sales Co., Ltd.	338,907	17.8	419,210	16.7

(2) Analysis of Financial Condition and Results of Operations in the View of Management

The following provides an analysis of the Isuzu Group's financial condition and results of operations in the view of management.

The following information includes forward-looking statements that reflect the judgment of management as of the date of submission of the Annual Securities Report (June 28, 2022).

(i) Recognition, analysis, and discussion of financial condition and results of operations

a. Overview

CVs

Total CV unit sales for the current fiscal year were up 64,129 units (31.9%) year on year to total 264,858 units.

In Japan, the sales volume declined 6,482 units (10.6%) year on year to total 54,589 units as the spread of COVID-19 in Southeast Asia affected the supply of parts, consequently affecting the production of light-duty trucks. In overseas markets, the overall sales volume increased 70,611 units (50.6%) year on year to reach 210,269 units although production of trucks sold in North America was restricted due to the semiconductor shortage.

Due to production constraints caused by supply chain disruptions, our market share for heavy-duty and medium-duty trucks in Japan decreased 0.8% from the previous fiscal year to 33.0% (or 44.9% when we include UD Trucks). The light-duty truck market share was also significantly affected by production constraints and decreased 6.9% from the previous fiscal year to 33.9%.

• Sales units of CV

		Previous consolidated fiscal year (units)	Current consolidated fiscal year (units)	Change (units)	Change (%)
Japan	Heavy-duty/medium-duty	26,757	29,323	2,566	9.6
	Light-duty	34,314	25,266	(9,048)	(26.4)
	Total	61,071	54,589	(6,482)	(10.6)
North America	Heavy-duty/medium-duty	1,572	378	(1,194)	(76.0)
	Light-duty	19,765	25,364	5,599	28.3
	Total	21,337	25,742	4,405	20.6
Asia	Heavy-duty/medium-duty	11,986	22,916	10,930	91.2
	Light-duty	31,180	51,861	20,681	66.3
	Total	43,166	74,777	31,611	73.2
Other	Heavy-duty/medium-duty	15,910	25,797	9,887	62.1
	Light-duty	59,245	83,953	24,708	41.7
	Total	75,155	109,750	34,595	46.0
Total	Heavy-duty/medium-duty	56,225	78,414	22,189	39.5
	Light-duty	144,504	186,444	41,940	29.0
	Total	200,729	264,858	64,129	31.9

### LCVs

Total LCV unit sales for the current fiscal year increased 61,693 units (24.3%) year on year to total 315,099 units. In Asia, although production of new LCV models was affected by the semiconductor shortage in the first and second quarters, production generally started to get back on track in the third quarter, and unit sales in many regions exceeded figures for the fiscal year ended March 31, 2020 when COVID-19 was not yet widespread. As a result, sales were up 25,822 units (15.5%) year on year to reach 192,069 units. The impact of the semiconductor shortage began to dissipate in other regions as well, and thanks to a significant increase in the sales of new models and other factors, the overall sales volume increased 35,871 units (41.2%) year on year to total 123,030 units. While overall LCV demand in Thailand were on a par with the previous year's level due to production constraints, our sales share remained in the same 40% range that they were in the previous fiscal year as new models continued to receive high marks.

#### • Sales units of LCV

	Previous consolidated fiscal year (units)	Current consolidated fiscal year (units)	Change (units)	Change (%)
Asia	166,247	192,069	25,822	15.5
Other	87,159	123,030	35,871	41.2
Total	253,406	315,099	61,693	24.3

### Powertrains

The shipment volume of industrial engines for the current fiscal year increased 11,131 units (8.1%) year on year to total 149,152 units, although it began to fall off in the third quarter due to a slowdown in demand for construction machinery in China.

#### • Shipment units of industrial engines

	Previous consolidated fiscal year (units)	Current consolidated fiscal year (units)	Change (units)	Change (%)
Total	138,021	149,152	11,131	8.1

#### b. Analysis of results of operations for the current fiscal year

##### Net sales

While production constraints due to the semiconductor shortage kept CV unit sales below last fiscal year's level in Japan, overseas CV and LCV unit sales picked up as the impact of the semiconductor shortage subsided. As a result, net sales rose 606.1 billion yen (31.8%) year on year to hit 2,514.2 billion yen, and they were comprised of 878.1 billion yen posted for Japan, up 16.8% year on year, and 1,636.1 billion yen for the rest of the world, up 41.5% year on year.

##### Operating profit

Operating profit for the current fiscal year came to 187.1 billion yen (up 95.5% from the previous fiscal year). Economic fluctuations, such as the sharp rise in material and logistics costs due to supply chain disruptions in the current fiscal year, put a big dent in our bottom line, leading to a 45.0-billion-yen year-on-year decrease in operating profit. On the other hand, the effect of sales and model mix fluctuations, mainly due to an increase in sales volumes in overseas markets, brought operating profit up 82.5 billion yen year on year, far exceeding the drop due to economic fluctuations. Additional factors that played a big part in boosting profits included favorable exchange rates that resulted in a gain of 31.8 billion yen as well as cost-reduction activities that yielded a 24.6-billion-yen profit increase. The consolidation of UD Trucks also contributed to a 4.0-billion-yen profit increase.

As a result, the operating margin for the current fiscal year came to 7.4% (compared with 5.0% for the previous fiscal year).

Major factors for year-on-year changes in operating profit are as shown below.

· Analysis of Fluctuations of Operating Profit (Year on Year)

(billions of yen)

Sales and model mix fluctuations	82.5
Exchange rate fluctuations	31.8
Cost-reduction activities	24.6
Consolidation of UD Trucks	4.0
Changes in expenses	(6.5)
Economic fluctuations	(45.0)
<u>Total</u>	<u>91.4</u>

Non-operating gains/losses

A non-operating gain of 21.2 billion yen was recognized in the current fiscal year, up 12.6 billion yen from the previous fiscal consolidated year.

Contributing factors included an increase of 4.5 billion yen in share of profit of entities accounted for using the equity method and an increase of 4.0 billion yen in foreign exchange gains, in addition to a year-on-year increase of 3.8 billion yen in net interest (interest and dividend income minus interest expenses), which totaled 6.4 billion yen.

Extraordinary gains/losses

A net extraordinary loss of 4.1 billion yen was recognized in the current fiscal year, an improvement of 13.3 billion yen from the previous fiscal year. Principal factors for the current fiscal year were extraordinary losses including a loss on disposal of non-current assets and a loss on valuation of investment securities as well as extraordinary gains including a gain on the sale of investment securities.

Taxes

Taxes in the current fiscal year including current income taxes and deferred income taxes were 47.5 billion yen while taxes for the previous fiscal year were 34.2 billion yen.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests consists primarily of profits returned to the non-controlling shareholders of Isuzu's locally incorporated subsidiaries in the ASEAN region and North America as well as parts manufacturers or sales companies in Japan. Profit attributable to non-controlling interests for the current fiscal year totaled 30.5 billion yen, compared with 9.8 billion yen in the previous fiscal year.

Profit attributable to owners of parent

Profit attributable to owners of parent for the current fiscal year was 126.1 billion yen, up 83.4 billion yen from the previous fiscal year. Net income per share came to 162.87 yen.

c. Analysis of financial condition for the current fiscal year

Assets

Total assets as of the end of the current fiscal year rose 611.1 billion yen from the previous fiscal year to 2,856.1 billion yen.

Primary factors included increases in inventories of 189.4 billion yen, property, plant and equipment of 151.3 billion yen, notes and accounts receivable of 83.4 billion yen, and lease receivables and investments in leases of 54.5 billion yen, all of these mainly derived from the inclusion of UD Trucks Corp. and its 14 subsidiaries in our consolidation scope following the acquisition of its stake, as well as due to an increase in investment securities of 58.1 billion yen owing to a purchase of Toyota shares and a rise in market values of listed shares.

Liabilities

Liabilities grew 421.7 billion yen from the previous fiscal year to 1,461.7 billion yen.

Primary factors included increases in interest-bearing liabilities of 213.9 billion yen, notes and accounts payable of 108.7 billion yen, and accrued expenses of 42.9 billion yen.



#### Net assets

Net assets increased 189.4 billion yen from the previous fiscal year to 1,394.4 billion yen.

Primary factors included 126.1 billion yen posted as profit attributable to owners of parent and an increase in foreign currency translation adjustment of 41.6 billion yen, partially offset by a decrease in retained earnings of 37.3 billion yen as a result of dividend payments.

#### d. Analysis of progress on business objectives

As a result of the business analysis conducted in light of our financial performance and key performance indicators, we determined that net sales for the current fiscal year came to 2,514.2 billion yen, operating profit was 187.1 billion yen (with the operating margin standing at 7.4%), ROE was 11.4%, and the dividend payout ratio came to 40.5%.

Among the targets set in Mid-Term Business Plan 2024, we achieved the targets for net sales (2,750.0 billion yen by the fiscal year ending March 31, 2024) and operating profit (250.0 billion yen by the fiscal year ending March 31, 2024) for the current fiscal year due primarily to steady demand in overseas markets, cost reductions, and favorable exchange rates although CV sales in Japan and LCV sales in Thailand were hit hard by the semiconductor shortage. ROE (12.5% by the fiscal year ending March 31, 2024) reached 11.4% as a result of our efforts to improve capital efficiency. The dividend payout ratio, standing at 40.5%, exceeded the target (40% on average for the period) as a result of paying dividends from retained earnings after taking into full consideration the balance between various factors, such as returning profits to shareholders, strengthening our operational foundation, and enhancing our internal reserves to prepare for future business developments.

On the other hand, there are future uncertainties such as geopolitical risks that could affect the supply chain, in addition to economic fluctuations caused by unprecedented increases in raw material and logistics costs. While the supply of semiconductors is expected to gradually get back to normal in Japan, there is a possibility that the supply of parts could be disrupted depending on the status of the COVID-19 pandemic in various countries. In ASEAN countries, we are planning high-volume production amid continued supply uncertainty for some components.

Working against this backdrop, we will endeavor to bolster our business foundation by improving efficiency and cutting costs in existing businesses and enhancing after-sales services, while implementing aggressive, outside-the-box measures, such as forming alliances, all with an eye to building a strong business foundation that can withstand even the toughest market conditions.

We apologize for the inconvenience caused to the many customers waiting for our trucks, which are a big part of our social infrastructure. As a company that supports transportation, we continue to supply vehicles designed to meet customers' needs and provide after-sales services needed for their continued operation while actively working on preventing the spread of COVID-19 in order to fulfill our mission to ensure the safety of our stakeholders and employees as well as our corporate social responsibility.

#### e. Information on capital resources and fund liquidity

##### Cash flows

Information on cash flows is provided in “(1) Overview of results of operations, etc.” in “3. Management’s discussion and analysis of financial condition and results of operations and cash flows” in “II. Status of Business.”

##### Demand for funds

At Isuzu, funds are mainly needed to cover the purchase of materials and parts used in manufacturing products, manufacturing expenses, purchases of merchandise and finished goods, SG&A expenses, working capital, and capital investments.

Information on capital investments is provided in “1. Overview of capital investment, etc.” in “III. Status of Facilities.”

##### Financing

Working capital is basically financed by each company in their local currency through short-term borrowings with a repayment period of one year or less. As a general rule, capital expenditures are funded by internal sources, such as capital and retained earnings. Going forward, we may consider raising funds through borrowings, bonds, etc. when making an investment or taking out a loan.

The annual repayment amount on interest-bearing liabilities as of the end of the current fiscal year is shown in “Schedule of corporate bonds” and “Schedule of borrowings” of “(v) Consolidated supplementary schedules” in “1. Consolidated financial statements, etc.” in “V. Financial Information.”

### Fund liquidity

As we enter the CASE era, our competitors, partners, and stakeholders are growing more diverse and expanding globally. We are keenly aware of the need to transform our management culture in order to remain relevant in these rapidly changing times.

We will work on this transformation with a focus on “evolving management from an ESG perspective” while benchmarking ourselves against leading global manufacturers. As part of that perspective, we place great emphasis on shareholder value. Working with the aim of improving profitability for steady dividend growth, we set the average dividend payout ratio at 40% for the period of our Mid-Term Business Plan 2024 (running from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024). This figure was arrived at in light of keeping an overall balance between growth investments aimed at the sustainable enhancement of our corporate value, higher retained earnings for better financial health, and shareholder value. On top of that, as part of our management focus on capital efficiency, we will consider flexible stock buybacks. As we work to achieve these goals, we will use operating cash flow generated through our business operations to fund investments, repay debts, and pay out dividends to shareholders, while mainly using borrowings and corporate bonds to finance M&As and other activities, in accordance with Mid-Term Business Plan 2024.

While we should always keep a close eye on the liquidity of available funds, we believe that we are maintaining the kind of liquidity needed to respond to sudden changes in the financial markets since we have commitment line agreements with major banks in addition to cash and cash equivalents.

(ii) Critical accounting estimates and assumptions

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires management to use accounting policies and make judgments, estimates, and assumptions that affect the amounts of assets, liabilities, revenues, and expenses. Due to the uncertainties inherent in estimates, actual results could differ from our initial estimates, which could adversely affect the results of our operations.

Significant accounting policies which we believe to have a material effect on our critical estimates and judgments used in the preparation of our consolidated financial statements include the following.

Those that could have a particularly material effect on our consolidated and non-consolidated financial statements for the next fiscal year are noted in “(Critical accounting estimates)” in “1. Consolidated financial statements, etc.” in “V. Financial Information” and “(Critical accounting estimates)” in “2. Financial statements, etc.” in “V. Financial Information.”

Allowance for doubtful accounts

The majority of receivables held by us consist of accounts receivable from distributors and sales companies. Of these receivables, we record an estimated amount of uncollectible accounts based on the historical default rate, etc. for general receivables, and based on the assessment of the collectability of specific accounts, such as doubtful accounts.

Therefore, an additional allowance may be required in the event that the default rate increases due to economic trends or in the event that the financial condition of the debtor of a specific account, such as a doubtful account, deteriorates or that the debtor’s ability to pay their debt declines.

Inventories

We hold inventories of raw materials, parts, etc., in addition to finished products and work in process, such as vehicles and engines. When the profitability of these inventories declines due to deterioration of market conditions, etc., we estimate the extent of the decline in profitability based on projected future supply and demand, etc. and record write-downs.

Therefore, if actual demand or supply is worse than estimated, additional write-downs may be required.

Deferred tax assets

We record deferred tax assets up to the amount deemed recoverable based on tax planning strategies that allow for the realization of deferred tax assets in the future.

Therefore, in the event that our business performance declines due to the deterioration of market or economic conditions, decline in our competitiveness, or other factors, and that we deem all or part of the deferred tax assets to be unrecoverable in the future, the deferred tax assets may be adjusted during the period in which such judgement is made, resulting in an increase in costs.

Retirement benefit costs and liabilities

Calculations of retirement benefit costs and liabilities are based on actuarial assumptions. These assumptions include discount rates, future compensation levels, retirement rates, mortality rates, and long-term rates of return on plan assets. Although each of the assumptions is calculated using a method that is deemed fully reasonable at present, a decline in the discount rate due to changes in the economic environment, a decline in the expected long-term rate of return on plan assets due to a deterioration in market conditions, or any change in the retirement and mortality rates could adversely affect retirement benefit costs and liabilities and increase costs and liabilities.

Provision for product warranties

We provide for product warranties to cover the cost of after-sales services of our products. The provision for product warranties is the cost that could be incurred over the warranty period of our products, which is estimated on the basis of historical warranty rates in accordance with the contract terms specified in the warranty documents for each product and region.

Therefore, if the actual cost incurred is higher than the estimated amount, it may be necessary to revise the estimated amount.

#### 4. Important business agreements

Time agreement was signed	The other party (parties) to agreement		Type of agreement	Overview of agreement
	Country	Name		
August 2004	Japan	Hino Motors, Ltd.	Shareholders' agreement	Isuzu and Hino Motors agreed to integrate their bus production operations and part of their bus development operations into J-Bus Limited to merge three companies, J-Bus Limited, a company established jointly by both companies, its wholly-owned subsidiaries, Hino Auto Body, Ltd. and Isuzu Bus Manufacturing Co., Ltd.
December 2006	Japan	ITOCHU Corporation Isuzu Motors Sales Co., Ltd.	Shareholders' agreement	Isuzu and ITOCHU agreed to invest in and operate a new company that engages in a life cycle business related to Isuzu's domestic sales business, and the new company, Isuzu Motors Sales Co., Ltd., started the operation of the life cycle business.
October 2014	Japan	Mitsubishi Corporation	Basic memorandum of understanding	Isuzu and Mitsubishi Corporation agreed to change the partnership framework, which included increasing Isuzu's stake in Isuzu Engine Manufacturing Co., (Thailand) Ltd., Isuzu Motors International Operations (Thailand) Co., Ltd., and other local affiliates in Thailand, with an eye to optimizing collaboration between the two companies.
October 2020	Sweden	Aktiebolaget Volvo (AB Volo)	Basic alliance agreement	Isuzu and AB Volvo agreed on areas of collaboration and the decision-making framework for collaboration.
Same as the above	Same as the above	Volvo Technology Aktiebolaget (VTEC)	Basic agreement on technology alliance	Isuzu and VTEC, a development management company wholly owned by AB Volvo, agreed on a decision-making framework for technological collaboration, cost-sharing principles, and the handling of intellectual property rights.
March 2021	Japan	Toyota Motor Corporation Hino Motors, Ltd.	Joint planning agreement	Isuzu agreed with Toyota Motor Corporation and its subsidiary Hino Motors, Ltd. to collaborate on CASE technologies for commercial vehicles.
Same as the above	Same as the above	Toyota Motor Corporation	Capital alliance agreement	Isuzu and Toyota agreed to a capital alliance under which they hold each other's shares.

## 5. Research and development

In order to provide products and services that will satisfy customers around the world, we conduct research and development on the latest technologies for trucks, buses, pickup trucks, diesel engines, etc., and use these technologies to develop optimal products that meet the needs of customers in various countries and regions.

Operating in a constantly changing business environment, we believe the most significant changes in the commercial vehicle industry are the accelerated trends toward electrification and decarbonization as well as growing expectations for an uninterrupted logistics infrastructure. We recognize that it is our social mission and responsibility to respond to these changes and help usher in a new era in logistics that will pave the way to a decarbonized society.

Under Mid-Term Business Plan 2024 (running from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024), we are focusing on implementing a carbon neutral strategy as we help drive the logistics evolution forward as a commercial vehicle manufacturer. These two axes of innovation form the basis of our ongoing research and development efforts. Research and development results for the current fiscal year include the launch of the GIGA-LNG from our GIGA heavy-duty truck series. We were the first commercial vehicle manufacturer to release a heavy-duty LNG-powered truck model in Japan. We have been working on developing and promoting the widespread use of natural-gas-powered vehicles in order to ensure energy security and reduce environmental impact. Featuring the outstanding environmental performance of LNG and offering the same maneuverability as conventional models, the GIGA LNG will be a viable option that will help us reach carbon neutrality. We are currently developing heavy-duty FCV trucks and plan to conduct verification testing with prototype vehicles by the end of fiscal 2022. The tests are designed to identify technical issues with an eye to practical application. We also started developing a common platform for heavy-duty truck models of Isuzu and UD Trucks with an eye to partnering with the Volvo Group in the area of cutting-edge technologies.

We renewed the Forward medium-duty truck with the adaptive cruise control system employing a millimeter-wave radar, which our GIGA heavy-duty trucks come equipped with. Compared with the previous model, the cruise control system significantly reduces the need for frequent braking and accelerating when the vehicle is driven at low speeds on congested highways. A monocular camera and front-facing millimeter-wave radar can quickly detect vehicles cutting in and enable more optimal speed control while helping to boost safety and reduce driver fatigue.

We have developed a battery electric vehicle (BEV) for the ELF light-duty truck and plan to commercialize it by 2023. Based on the knowledge gained from various tests we have conducted since 2019 with test vehicles designed for shipping, home delivery, and other services, we applied battery and motor technologies as well as optimal energy management to create a highly functional, high-performance product. We worked on vehicle development for light-duty FCV trucks for verification testing, and started developing a large fixed-route BEV bus model with the aim of commercialization in 2024. We have also begun joint verification testing of a large self-driving bus with an eye to realizing autonomous driving, which is expected to be one of the solutions to the driver shortage in public transportation.

In the area of LCVs, we developed the new MU-X and started exporting it to Australia. Equipped with an advanced driver assistance system (ADAS) featuring stereo cameras that provide reliable real-world object detection, the all-new MU-X provides stable driving assistance day and night. It also comes with the latest safety features such as a multi-collision brake that is designed to reduce the risk of multiple collisions in the event of an accident. The MU-X was highly rated for outstanding safety and was given a five-star rating under the new 2020 protocols of the Australasian New Car Assessment Program (ANCAP).

Research and development expenses for the current fiscal year totaled 104.7 billion yen.

### III. Status of Facilities

#### 1. Overview of capital investment, etc.

Isuzu Group made a total of 78.4 billion yen in capital investment for the current fiscal year. The main ongoing capital investment is made to expand the LCV business at our three global factories (Thailand, India, and South Africa). There was no retirement or sale of important facilities in the current fiscal year.

#### 2. Status of major facilities

The main facilities of the Group are as follows:

##### (1) Company submitting the Annual Securities Report

Name of operating base (Location)	Details of facilities	Book value (millions of yen)					Number of employees (people)
		Buildings and structures	Machinery, equipment and vehicles	Land (area in 1,000 m <sup>2</sup> )	Other	Total	
Tochigi Plant (Tochigi-shi, Tochigi)	Manufacturing engines and parts	18,311	28,518	33,695 (1,120)	2,693	83,217	1,195
Fujisawa Plant (Fujisawa-shi, Kanagawa)	Total assembly of trucks and manufacturing parts	36,061	31,108	[2] 108,531 (816)	14,893	190,593	5,798
Engine manufacturing facility (Tomakomai-shi, Hokkaido)	Manufacturing engines (Loaned to Isuzu Engine Manufacturing Hokkaido Co., Ltd.)	2,238	2,807	10,218 (1,480)	260	15,523	-
Comprehensive testing facility (Mukawa-cho, Yufutsu-gun, Hokkaido)	Automobile comprehensive test site (Loaned to ISUZU HOKKAIDO PROVING GROUND Co., Ltd.)	4,654	542	3,180 (4,428)	100	8,476	-
Head Office (Shinagawa-ku, Tokyo)	Activities of Head Office	1,652	137	420 (0)	3,132	5,341	1,063
Sales/logistics facilities Welfare facilities Other	Motor pool, retail facilities, and welfare facilities	19,760	839	[23] 38,693 (1,000)	5,788	65,080	-

The head office was relocated to Yokohama-shi, Kanagawa in May 2022.

##### (2) Domestic subsidiaries

Company Name (Location)	Details of facilities	Book value (millions of yen)					Number of employees (people)
		Buildings and structures	Machinery, equipment and vehicles	Land (area in 1,000 m <sup>2</sup> )	Other	Total	
Isuzu Motors Syutoken Co., Ltd. (Koto-ku, Tokyo) 6 other domestic sales subsidiaries	Sales facilities	187	429	11 (1)	952	1,580	7,041
Isuzu Motors Sales Co., Ltd. (Shinagawa-ku, Tokyo)	Sales facilities (Loaned to the sales subsidiaries above)	38,173	3,434	60,250 (1,230)	589	102,447	333
Shonan Unitec Co., Ltd. (Samukawa-machi, Koza-gun, Kanagawa)	Press parts production facility	2,206	657	1,326 (135)	1,104	5,294	444
Isuzu LINEX Co., Ltd (Shinagawa-ku, Tokyo)	Warehouse and parts packing facility	4,571	821	31 (3)	951	6,375	713

Company Name (Location)	Details of facilities	Book value (millions of yen)					Number of employees (people)
		Buildings and structures	Machinery, equipment and vehicles	Land (area in 1,000 m <sup>2</sup> )	Other	Total	
Isuzu estate Co., Ltd. (Shinagawa-ku, Tokyo)	Land and buildings for rent	1,273	-	1,345 (14)	11	2,630	46
Isuzu Engine Manufacturing Hokkaido Co., Ltd. (Tomakomai-shi, Hokkaido)	Engine manufacturing facility	474	2,267	-	181	2,923	415
IJTT Co., Ltd. (Yokohama-shi, Kanagawa)	Facility to manufacture and assembly parts	12,576	18,310	8,852 (719)	4,053	43,792	2,622
Isuzu Leasing Service Co., Ltd. (Shinagawa-ku, Tokyo)	Sales facilities vehicles for rent (others)	34	-	-	89,206	89,240	269
UD Trucks Corporation (Ageo-shi, Saitama)	Facility for total assembly of trucks and manufacturing and selling engines	32,592	3,238	65,028 (1,449)	1,504	102,362	6,058

\*Isuzu LINEX Co., Ltd. changed its name to Isuzu Logistics Co., Ltd. on May 9, 2022.

\*Isuzu Motors Sales Co., Ltd., Isuzu LINEX Co., Ltd., Isuzu Estate Co., Ltd. and Isuzu Leasing Service Co., Ltd. relocated their own head office to Yokohama-shi, Kanagawa in May 2022.

## (3) Overseas subsidiaries

Company Name (Location)	Details of facilities	Book value (millions of yen)					Number of employees (people)
		Buildings and structures	Machinery, equipment and vehicles	Land (area in 1,000 m <sup>2</sup> )	Other	Total	
Isuzu Motors America, LLC (Anaheim, California, United States)	Other facilities	198	9	460 (60)	7	675	43
Isuzu Motors Co., (Thailand) Ltd. (Papaden City, Samut Prakan Province, Thailand)	Automobile assembly facility	8,396	24,243	7,250 (987)	2,640	42,531	3,294
Isuzu Engine Manufacturing Co., (Thailand) Ltd. (Lat Krabang, Bangkok, Thailand)	Parts assembly facility	3,299	18,198	1,954 (106)	1,224	24,677	949
Isuzu Autoparts Manufacturing Corporation Laguna, Philippines	Parts assembly facility	355	2,387	-	1,267	4,011	433
P.T. Asian Isuzu Casting Center (Karawang, West Java, Indonesia)	Casting facility and others	1,031	4,254	115 (78)	357	5,758	450
ISUZU (CHINA) ENGINE CO., LTD. (Jiulongpo District, Chongqing, China)	Engine processing plant and others	43	5,634	-	3,665	9,344	493
Isuzu Motors India Private Limited (Tamil Nadu, India)	Vehicle assembly facility	2,827	1,910	-	1,126	5,864	324
P.T. TJForge Indonesia (West Java, Republic of Indonesia)	Forging plant and others	1,592	3,872	1,148 (117)	1,268	7,882	292
IJTT (Thailand) Co., Ltd. (Chonburi, Thailand)	Facility to manufacture and assembly parts	941	2,202	1,663 (88)	929	5,736	505
ISUZU MOTORS INTERNATIONAL FZE (Jebel Ali Free Zone, Dubai, United Arab Emirates)	Parts warehouse and others	2,482	-	-	1,429	3,911	75
Isuzu East Africa Limited (Nairobi City, Kenya)	Automobile assembly facility	1,128	507	-	959	2,595	418
Isuzu Australia Limited (Truganina, Victoria and Brisbane, Queensland)	Parts warehouse and others	493	49	605 (4)	1,451	2,600	111

(Notes) 1. The amounts shown are rounded down to the nearest million yen.

2. Figures in parentheses denote rental to entities other than the consolidated companies and are included numbers, and the rental is mainly for sales/logistics facilities and others (land of 23,000 m<sup>2</sup> for an annual rent of 33 million yen), and they are used as offices, factory land and logistics facilities of our business partners.

3. The "Other" item in the book value column includes leased assets, right-of-use assets, construction in progress, and rental vehicles related to operating lease transactions.

4. The number of employees shown denotes full-time employees.



5. In addition to the above, major rental and leasing facilities are as follows:

(1) Company submitting the Annual Securities Report

Name of operating base (Location)	Details of facilities	Land (area in 1,000 m <sup>2</sup> )	Annual rent or lease fee (millions of yen)
Sales/logistics facilities	Motor pool (rental)	420	2,259
Each operating base	Automobile manufacturing facility, computer equipment/office equipment and others (lease)	-	35
Head Office (Shinagawa-ku, Tokyo)	Office facilities, etc. (rental)	16	1,135

(2) Subsidiaries

Company Name	Name of operating base (Location)	Details of facilities	Land (area in 1,000 m <sup>2</sup> )	Annual rent or lease fee (millions of yen)
Isuzu Motors Syutoken Co., Ltd.	Shiroi Branch / Shiroi Service Center (Shiroi-shi, Chiba)	Sales facility (rental)	23	60
Ditto	Chuo Branch / Koto Service Center (Koto-ku, Tokyo)	Ditto	5	84
Ditto	Mizuho Branch / Mizuho Service Center (Mizuho-machi, Nishitama-gun, Tokyo)	Ditto	7	76
Isuzu Motors Kinki Co., Ltd.	Kobe Branch / Kobe Service Center (Higashinada-ku, Kobe)	Ditto	27	193
Ditto	Settsu Branch / Settsu Service Center (Settsu, Osaka)	Ditto	8	60
Ditto	Himeji Branch / Himeji Service Center (Himeji, Hyogo)	Ditto	10	60
Isuzu Motors Kyusyu Co., Ltd.	Head Office / Fukuoka-Chuo Service Center (Higashi-ku, Fukuoka)	Ditto	14	97
Isuzu U-MAX Co., Ltd.	IMA Kobe auction venue (Nada-ku, Kobe)	Ditto	61	276
Ditto	Osaka Sales Department (Konohana-ku, Osaka)	Ditto	13	78
Ditto	Kobe Sales Department (Kobe, Hyogo)	Ditto	14	82

### 3. Plans for new construction, retirement, etc. of facilities

The Group's capital investment is planned by comprehensively considering the demand forecast, production plan, investment ratio to profits, etc. for the next year, and adjustments are being made focusing on the company submitting the Annual Securities Report.

The planned investment amount for significant new construction and renovation at the end of the current fiscal year is 109.0 billion yen, which will be funded by cash on hand and borrowings.

The plans for new construction and renovation of important facilities are as follows: Since it is difficult to make a rational calculation for the capacity increase after the completion, the description is omitted.

#### (1) Company submitting the Annual Securities Report

Company Name	Name of operating base (Location)	Details of facilities	Planned amount (millions of yen)	Year/month of starting construction	Scheduled completion date	Amount paid so far (millions of yen)	Future required funds (millions of yen)
The Company	Tochigi Plant (Tochigi, Tochigi)	Facility for machining and assembling engines	8,013	January 2022	March 2023	1,515	6,498
Ditto	Fujisawa Plant (Fujisawa, Kanagawa)	Facility for producing truck engines	51,661	Ditto	Ditto	9,046	42,615
Ditto	Engine manufacturing facility (Tomakomai-shi, Hokkaido)	Facility for machining and assembling engines	514	Ditto	Ditto	90	424
Ditto	Comprehensive testing facility (Mukawa-cho, Yufutsu-gun, Hokkaido)	Facility for various types of testing and research	566	Ditto	Ditto	146	420
Ditto	Head Office (Shinagawa-ku, Tokyo)	Systems and head office equipment	15,247	Ditto	Ditto	2,340	12,907

The head office was relocated to Yokohama-shi, Kanagawa in May 2022.

## (2) Domestic subsidiaries

Company Name	Name of operating base (Location)	Details of facilities	Planned amount (millions of yen)	Year/month of starting construction	Scheduled completion date	Amount paid so far (millions of yen)	Future required funds (millions of yen)
UD Trucks Corporation	Ageo Plant (Ageo-shi, Saitama) and other places	Production facility and others	8,894	January 2022	March 2023	3,292	5,602
IJTT Co., Ltd.	Ebina Plant (Ebina, Kanagawa) and other places	Facility for assembling engines and others	8,538	Ditto	Ditto	1,538	7,000
Isuzu Motors Sales Co., Ltd.	North Tokyo Service Center (Kawaguchi, Saitama) and other places	Sales facilities	6,558	Ditto	Ditto	2,447	4,111

## (3) Overseas subsidiaries

Company Name	Name of operating base (Location)	Details of facilities	Planned amount (millions of yen)	Year/month of starting construction	Scheduled completion date	Amount paid so far (millions of yen)	Future required funds (millions of yen)
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	Head office (Lat Krabang, Bangkok, Thailand)	Facility for assembling engines	6,780	January 2022	March 2023	1,655	5,125
Isuzu Motors Co., (Thailand) Ltd.	Head office (Papaden City, Samut Prakan Province, Thailand)	Vehicle assembly facility	4,945	Ditto	Ditto	990	3,955

#### IV. Status of Company Submitting Annual Securities Report

##### 1. Status of stocks, etc.

###### (1) Total number of shares, etc.

###### (i) Total number of shares

Class	Total number of authorized shares (shares)
Common stock	1,700,000,000
Total	1,700,000,000

###### (ii) Issued shares

Class	Number of issues as of the end of the fiscal year (shares) (As of March 31, 2022)	Number of shares issued as of submission date (shares) (As of June 28, 2022)	Name of financial instruments exchange listed on or of authorized financial instruments firms association	Description
Common stock	777,442,069	777,442,069	Tokyo Stock Exchange, Inc. First Section (as of the end of the fiscal year) Prime Market (as of submission date)	It is the Company's standard stock with no restrictions on rights, and the number of shares constituting one unit is 100.
Total	777,442,069	777,442,069	-	-

###### (2) Status of stock acquisition rights, etc.

###### (i) Details of stock option system

Not applicable.

###### (ii) Details of the rights plan]

Not applicable.

###### (iii) Status of other stock acquisition rights, etc.

Not applicable.

###### (3) Exercise status, etc. of convertible bonds with an exercise price adjustment clause

Not applicable.

###### (4) Changes in the total number of issued shares, capital stock, etc.

Date	Change in total number of issued shares (shares)	Total number of outstanding shares (shares)	Change in share capital (thousands of yen)	Balance of share capital (thousands of yen)	Change in legal capital surplus (thousands of yen)	Balance of legal capital surplus (thousands of yen)
March 31, 2021 (Note)	(70,980,600)	777,442,069	-	40,644,857	-	49,855,132

(Note) Based on the resolution of the Board of Directors of the Company on March 24, 2021, we cancelled treasury shares of 70,980,600 shares of the Company's common stock.

## (5) Status by shareholder

As of March 31, 2022

Category	Share status (100 shares per unit)							Status of shares less than one unit (shares)	
	Government and local governments	Financial institutions	Financial instruments business operators	Other domestic corporations	Foreign corporations, etc.		Individuals and others		Total
					Other than individuals	Individuals			
Number of shareholders (people)	-	80	39	393	748	34	31,455	32,749	-
Number of shares held (unit)	-	2,634,267	287,917	1,850,216	2,476,444	205	520,879	7,769,928	449,269
Percentage of shares held (%)	-	33.90	3.71	23.81	31.87	0.00	6.70	100.00	-

- (Notes)
1. Regarding treasury shares of 7,950 shares, 79 units are included in “Individuals and others” and 50 shares in “Status of shares less than one unit.”
  2. The “Financial institutions” column includes 22,518 units of the Company’s shares acquired from the market by a trust whose beneficiaries are the Company’s Directors of the Board, etc. and held in the name of The Master Trust Bank of Japan, Ltd.
  3. The “Other domestic corporations” column includes 40 units of the shares in the name of Japan Securities Depository Center, Inc.

## (6) Status of major shareholders

As of March 31, 2022

Name	Address	Number of shares held (1,000 shares)	Ratio of the number of shares owned to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	115,207	14.82
Mitsubishi Corporation	2-3-1, Marunouchi, Chiyoda-ku, Tokyo	63,633	8.19
Itochu Automobile Investment LLC	2-5-1, Kita-Aoyama, Minato-ku, Tokyo	52,938	6.81
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	46,586	5.99
Toyota Motor Corporation	1 Toyota-cho, Toyota-shi, Aichi	39,000	5.02
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-5-5 Otemachi, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	15,965	2.05
The Bank of New York Mellon 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 Greenwich Street, New York, NY 10286, U.S.A. Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo	11,570	1.49
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	One Lincoln Street, Boston, MA USA 02111 (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	10,566	1.36
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	JA Kyosai Building, 2-7-9 Hirakawa-cho, Chiyoda-ku, Tokyo (2-11-3 Hamamatsu-cho, Minato-ku, Tokyo)	10,000	1.29
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	9,457	1.22
Total	-	374,924	48.23

- (Notes) 1. Of the above number of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), shares related to the trust business were 113,720,600 shares.
2. Of the above number of shares held by The Custody Bank of Japan, Ltd. (Trust Account), shares related to the trust business were 40,785,900 shares.
3. In the Large Shareholding Report made available for public perusal on April 6, 2021, it is stated that Sumitomo Mitsui Trust Bank Limited and its co-owners Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. hold the following shares as of March 31, 2021. However, we cannot confirm the actual number of shares held as of March 31, 2022, and those shares are not included in the above “Status of Major Shareholders.” Details of the Large Shareholding Report are as follows:

Name	Address	Number of shares held (1,000 shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	1,581	0.20
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo	20,280	2.61
Nikko Asset management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	17,275	2.22
Total	-	39,137	5.03

4. In the Large Shareholding Report made available for public perusal on July 7, 2021, it is stated that Nomura Securities Co., Ltd. and its co-owners Nomura International Plc and Nomura Asset Management Co., Ltd. hold the following shares as of June 30, 2021. However, we cannot confirm the actual number of shares held as of March 31, 2022, and those shares are not included in the above “Status of Major Shareholders.”

Details of the Large Shareholding Report are as follows:

Name	Address	Number of shares held (1,000 shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	16	0
Nomura International Plc	1 Angel Lane, London EC4R 3AB, United Kingdom	2,293	0.29
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	37,421	4.81
Total	-	39,730	5.11

5. In the Large Shareholding Report made available for public perusal on March 23, 2022, it is stated that Mizuho Bank, Ltd. and its co-owners, Mizuho Securities Co., Ltd., Asset Management One Co., Ltd. and Asset Management One International Ltd. hold the following shares as of March 15, 2022. However, we cannot confirm the actual number of shares held as of March 31, 2022, and those shares are not included in the above “Status of Major Shareholders.”

Details of the Large Shareholding Report (Revised Report) are as follows:

Name	Address	Number of shares held (1,000 shares)	Shareholding ratio (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	15,965	2.05
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	888	0.11
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	30,409	3.91
Asset Management One International Ltd.	30 Old Bailey, London, EC4M 7AU, UK	778	0.10
Total	-	48,042	6.18

## (7) Status of voting rights

## (i) Issued shares

As of March 31, 2022

Category	Number of shares (shares)	Number of voting rights (rights)	Description
Non-voting stock	-	-	-
Voting-restricted shares (treasury shares, etc.)	-	-	-
Voting-restricted shares (others)	-	-	-
Full-voting-rights shares (treasury shares, etc.)	(Own-held shares) Common stock 7,900 (Cross-held shares) Common stock 136,100	-	Company's standard stock with no restrictions on rights
Full-voting-rights shares (others)	Common stock 776,848,800	7,768,488	Same as the above
Shares less than one unit	Common stock 449,269	-	Same as the above
Shares issued	777,442,069	-	-
Voting rights of all shareholders	-	7,768,488	-

- (Notes) 1. The "Full-voting-rights shares (others)" column includes 4,000 shares in the name of Japan Securities Depository Center, Incorporated. In addition, the "Number of voting rights" column includes 40 voting rights for fully voting shares in the name of the Organization.
2. The common stock in the "Full-voting-rights shares (Other)" column includes 2,251,800 shares (22,518 voting rights) of the Company, which were acquired from the market by a trust whose beneficiaries are the Company's Directors of the Board, etc. and are held in the name of The Master Trust Bank of Japan, Ltd.

## (ii) Treasury Shares, etc.

As of March 31, 2022

Name of the holder	Address of the holder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Ratio of the number of shares held to the total number of issued shares (%)
(Own-held shares)					
ISUZU MOTORS LIMITED	6-26-1 Minami-oi, Shinagawa-ku, Tokyo	7,900	-	7,900	0.00
(Cross-held shares)					
Takada Syatai Co., Ltd.	1959-1 Iwafune-machi, Maganoshima, Tochigi, Tochigi	79,000	29,600	108,600	0.01
Yamagata Isuzu Motors Ltd.	5-1-5 Narisawanishi, Yamagata-shi, Yamagata	27,500	-	27,500	0.00
Total	-	114,400	29,600	144,000	0.02

- (Notes) 1. The "(Own-held shares)" column does not include shares held by a trust whose beneficiaries are Directors of the Board, etc.
2. For the number of shares held in "others' names" of the "Number of shares held," the number of shares equivalent to the shareholder's equity falling under cross-held shares in the number of shares held under the name of ISUZU MOTORS LIMITED Cooperative Company Shareholding Association (8 Tsuchidana, Fujisawa-shi, Kanagawa) is treated as the number of shares that should be excluded from the "Full-voting-rights shares (others)" of "(i) Issued shares" above, and units of less than 100 shares are rounded up to the nearest 100 shares.



(8) Details of the officer/employee stock ownership system

(i) Overview of the share-based remuneration plan for Directors of the Board, etc. of the Company

Based on the resolution of the 114th Ordinary General Meeting of Shareholders held on June 29, 2016, Isuzu Motors introduced a performance-linked share-based remuneration plan for Directors of the Board and Executive Officers excluding Outside Directors of the Board. And at the 119th Ordinary General Meeting of Shareholders held on June 25, 2021, with the transition to a Company with an Audit and Supervisory Committee, a proposal to re-establish and continue a performance-linked share-based remuneration plan (hereinafter referred to as the “Plan”) for the Company’s Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and Executive Officers (hereinafter referred to as “Directors of the Board, etc.”) was considered, and approved.

The Plan aims to further raise awareness of the Directors of the Board, etc. about achieving medium- to long-term management goals and improving the enterprise value by clarifying the link between the compensation of Directors of the Board, etc. and the performance and stock value of the Company, by which they will share the merits and risks of stock price fluctuations and see matters from the same perspective as shareholders.

In addition, the Plan employs a scheme called BIP trust as part of it. BIP trust is a trust established by the money contributed by the Company (hereinafter referred to as the “Trust”), and the Company’s shares will be acquired from the market using the contributed money as a source of funds. After that, the Company’s shares and money equivalent to the redemption will, in accordance with the degree of achievement of the performance targets of the Mid-Term Business Plan, etc., be paid and provided to the Directors of the Board, etc. (hereinafter referred to as “Delivery, etc.”) as their remuneration based on the stock remuneration rules established in advance. The Trust period is currently scheduled for the end of August 2024. However, the Trust will be continued by changing the trust contract and making additional contributions to the Trust, and in response to renewal of the period covered by the Plan (the period covered by the Mid-Term Business Plan set forth by the Company and three business years in principle), we plan to extend the Plan accordingly. However, after the start date of the above target period, non-resident Directors of the Board, etc. who have lived abroad during the target period shall, in place of the Delivery, etc. of the Company’s shares, etc., be paid a monetary amount equivalent to it from the Trust as a cash plan by the Company.

(ii) Total number of shares planned to be acquired by the target Directors of the Board, etc.

The total number of shares of the Company (including shares subject to redemption) to undergo Delivery, etc. to the Directors of the Board, etc. in the Trust is limited to 4,160 thousand shares for each applicable period. In addition, the total of the sum of money paid by the Company under the above-mentioned cash plan and the sum of acquisition price of the Company’s shares (including the shares subject to redemption) made a Delivery, etc. by the Trust to the Directors of the Board, etc. is up to 3,500 million yen for each target period.

(iii) Scope of persons who can receive beneficiary rights and other rights under the Plan

Among the Directors of the Board, etc., those who meet the beneficiary requirements such as having been in office as Directors of the Board, etc. during the target period (including those who newly became Directors of the Board, etc. after the start date of the target period) are subject to the Plan.

## 2. Status of acquisition of treasury shares, etc.

Class of stock, etc. Acquisition of common stock that falls under Article 155, Item 7 of the Companies Act

### (1) Status of acquisition by resolution of general meeting of shareholders

Not applicable.

### (2) Status of acquisition by resolution of the Board of Directors

Not applicable.

### (3) Details of matters not based on shareholders' meeting resolution or board resolution

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired in the current fiscal year	6,430	9,377,131
Treasury shares acquired during the period	402	616,975

(Note) The treasury shares acquired during the period do not include shares less than one unit acquired during the period from June 1, 2022 to the date of submission of the Annual Securities Report.

### (4) Status of disposition and holding of acquired treasury shares

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total disposal value (yen)	Number of shares (shares)	Total disposal value (yen)
Acquired treasury shares for which we have solicited underwriters	-	-	-	-
Acquired treasury shares that have been canceled	-	-	-	-
Acquired treasury shares that have undergone a merger, share exchange, share issuance, or company split	-	-	-	-
Other (Disposal of treasury shares through third-party allotment)	39,000,000	52,931,701,465	-	-
Number of treasury shares held	7,950	-	8,352	-

(Notes) 1. The number of treasury shares held during the period does not include treasury shares acquired during the period from June 1, 2022 to the date of submission of the Annual Securities Report.

2. The number of treasury shares held does not include 2,251,865 shares of the Company held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

3. "Others (Disposal of treasury shares through third-party allotment)" in the current fiscal year is disposal of treasury shares through third-party allotment to Toyota Motor Co., Ltd., which was implemented on April 9, based on the resolution by the Board of Directors held on March 24, 2021.

### 3. Dividend policy

For the implementation of profit distribution to shareholders, we make a decision in order to develop together with diversifying stakeholders, after taking into account the balance between enhancement of internal reserves for the purpose of securing growth investment funds and maintaining financial soundness, and emphasis on shareholder value in an integrated fashion.

The Articles of Incorporation provide that the Company may pay the interim dividend stipulated in Article 454, Paragraph 5 of the Companies Act with September 30 as the record date every year, and it is our basic policy to distribute the surplus twice a year as interim dividends and year-end dividends. The decision-making bodies for these dividends of surplus are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

As for the dividend of common stock for the current fiscal year, we have decided to pay an interim dividend of 29 yen per share and a year-end dividend of 37 yen per share, for a total of 66 yen per share.

Retained earnings will be used for investment funds for further growth in the future and will be allocated to shareholder returns such as dividends and flexible acquisition of own shares according to the situation as part of management that emphasizes capital efficiency.

Dividends of surplus for the current fiscal year are as follows:

Resolution date	Total dividends (millions of yen)	Dividend per share (yen)
November 8, 2021	22,545	29
Board resolution		
June 28, 2022	28,765	37
Ordinary shareholders' meeting resolution		

#### 4. Status of corporate governance, etc.

##### (1) Overview of corporate governance

As for Isuzu's basic concept of corporate governance, we believe that it is indispensable to put in place the system of corporate governance, which is the framework that governs our activities, in order for us to continuously earn profits and increase corporate value through our corporate activities.

Isuzu believes that respecting the positions of all stakeholders surrounding the Company and building smooth relationships with them is the basic purpose of corporate governance. To that end, we strive to ensure the fairness and transparency of our corporate activities through disclosing important information in a timely and appropriate manner. In particular, we believe that an important element of corporate governance is to put in place the internal structure and environment in order to protect the rights and interests of all stakeholders and ensure equality among stakeholders.

##### (i) Corporate governance system

- Overview of corporate governance system

Isuzu is a Company with an Audit and Supervisory Committee, and has a Board of Directors and an Audit and Supervisory Committee as statutory meeting bodies, and through them it resolves, supervises and audits major business executions. In addition to the statutory meeting bodies, we have a Management Meeting for deliberating important policies and measures, business management, and other general types of business execution, as well as various advisory bodies and meeting bodies for contributing to supervision and decision-making about business execution.

##### *Board of Directors*

The Board of Directors makes important management decisions and supervises management in order to continuously increase corporate value in response to the mandate and confidence of shareholders. In principle, the Board of Directors holds regular monthly meetings and extraordinary meetings as necessary to deliberate and decide on necessary matters.

At present, the Board of Directors consists of 13 Directors of the Board: Masanori Katayama, Shinichi Takahashi, Shinsuke Minami, Tetsuya Ikemoto, Shun Fujimori, Naohiro Yamaguchi, Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Masayuki Fujimori, Kenji Miyazaki, Kanji Kawamura, and Kimie Sakuragi. The chair is President and Representative Director Masanori Katayama, and five of the 13 Directors (Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are independent Outside Directors.

##### *Audit and Supervisory Committee*

The Audit and Supervisory Committee audits and supervises decision-making by the Board of Directors and execution of duties by the Directors of the Board in accordance with the audit plan determined by the Audit and Supervisory Committee.

The current Audit and Supervisory Committee consists of five Directors Serving as Audit and Supervisory Committee Members: Tetsuhiko Shindo, Masayuki Fujimori, Kenji Miyazaki, Kanji Kawamura and Kimie Sakuragi. Three members (Tetsuhiko Shindo, Masayuki Fujimori and Kenji Miyazaki) have been appointed as standing Audit and Supervisory Committee members, in order to strengthen the auditing and supervision functions of the Audit and Supervisory Committee members, share information by collecting information on a daily basis and attending important internal meetings, and they fully cooperate with the accounting auditors and the Internal Audit Department.

The chair is Tetsuhiko Shindo, Director Serving as Standing Audit and Supervisory Committee Member, and three of the five Directors Serving as Audit and Supervisory Committee Members (Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are independent Outside Directors of the Board.

All of the five Directors Serving as Audit and Supervisory Committee Members have been appointed.

##### *Nomination and Remuneration Committee*

In addition to the above statutory institutions, Isuzu has the Nomination and Remuneration Committee as a voluntary body relating to Corporate Governance in order to strengthen the independence, transparency, and objectivity in Board of Directors' functions related to such matters as the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

Our Nomination and Remuneration Committee consists of four members: the chair, President and Representative Director Masanori Katayama, and three Outside Directors of the Board (Mitsuyoshi Shibata, Kozue Nakayama, and Tetsuhiko Shindo). It deliberates and reports on matters referred to it by the Board of Directors.

##### *Executive Officer System and Management Meeting*

Isuzu Motors aims, by separating supervision and business execution, to enhance the deliberation of the Board of Directors, which is the supervisory body, and establish a system to swiftly determine and execute matters through delegation of appropriate

authority from the Board of Directors. We have a system to swiftly determine and execute matters, as well as Executive Officers and employees in charge of business execution as persons in charge of the relevant field.

In addition, we have a Management Meeting consisting of Masanori Katayama, President and Representative Director, the general manager of each department, a Group CxO (Chief Executive Officer by field)\* and Executive Officers. The chair is Masanori Katayama, President and Representative Director, and matters related to management and business execution are resolved and deliberated on within the scope of authority delegated to it by the Board of Directors.

\* Group CxO (Chief Executive Officer by field)

Group CCO (Chief Coordination Officer / Officer responsible for management communication)

Group CFO (Chief Financial Officer / Officer responsible for finance)

Group CRMO (Chief Risk Management Officer / Officer responsible for risk management)

Group CISO (Chief Information & Security Officer / Officer responsible for information & security)

• Reason for adopting the corporate governance system

In order for a company to improve its corporate value in response to the trust and confidence of all stakeholders surrounding the company, the management must strive to enhance the common interests of all stakeholders and coordinate the interests of each stakeholder without being biased toward its own position, the company's interests, or the interests of a specific stakeholder.

As a corporate governance system that is considered appropriate for the company and the management team to secure the trust of all stakeholders, and in order to further increase the rationality and speed of management decision-making, as well as to realize further enhance deliberation and strengthen the supervisory function at the Board of Directors, we employ a Company with an Audit and Supervisory committee, in which a significant portion of decisions of important business execution to be made by the Board of Directors may be delegated to Executive Directors.

(ii) Concept of internal control system and status of its maintenance

As for the basic policy on the development of internal control systems, the Board of Directors of the Company has resolved as follows:

a. System for ensuring that Directors of the Board and employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation

- The Company places utmost importance on thorough compliance. The Company defines "compliance" to mean that all officers and employees comply with the laws, and behave in line with high ethical standards to gain the trust of society.
- To secure thorough compliance, we will make sure that all officers and employees are familiar with and fully understand the "Basic Policy Measures Relating to Compliance" and the "Code of Conduct Relating to Compliance."
- The Compliance Committee including outside experts provides the Company with objective advice, supervision, and assessments regarding its compliance promotion system and activities. The Legal Dept. manages and promotes compliance activities which are developed across the Company through the "Compliance Promotion Meeting" that is attended by representatives from each division. Additionally, compliance-related internal auditing functions are secured via auditing by the Corporate Audit Dept.
- The Company has independent Outside Directors of the Board to bring more objectivity, neutrality, and transparency to the Board of Directors in their function as supervisors of our business operations.
- The Company rejects any relationships with antisocial forces or groups, and will respond to them resolutely and refuse their unreasonable demands in the future.

b. System for maintaining and managing information relating to Directors of the Board's performance of their duties

- Minutes of the Board of Directors Meetings and other information relating to the Directors of the Board's performance of their duties are appropriately maintained and managed by different departments in accordance with laws and regulations, the "Board of Directors Regulation," and the Company's other bylaws, designating what information is handled by which department. The Chief Executive for Confidential Information Management manages confidential information appropriately in accordance with laws and regulations and the "Rules for Handling Confidential Information."
- The "Information Security Management Meeting" composed of the Group CISO (Chief Information & Security Officer) and division representatives evaluates the implementation status of measures for managing information and information security at each division. The meeting collaborates with the Group CRMO (Chief Risk Management Officer) as necessary, puts in place an appropriate information management system and reports on its status to the Board of Directors when needed to implement thorough information management.

c. Rules and other systems for managing loss risk

- In accordance with the “Rules for Risk Management,” based on three lines of defense, each Division Executive as a risk owner responds to such risks related to the division including the Group companies through business operations, the Group CRMO manages those risk responses by each division, and the Corporate Audit Department, which is independent from divisions and the Group CRMO, decides rationality of risk management structure and systems.
- The Group CRMO convenes the “Risk Management Confirmation Meeting” on a regular basis to follow up the progress of countermeasures for risks, identify the risks that are manifested, and review countermeasures and risk recognition on an ongoing basis. The status of risk management is followed up and assessed by the Board of Directors Meetings on a regular basis. In a crisis, the Company ensures thorough risk management by having the Group CRMO oversee such risk managements, determine, and implement proper responses (including implementation systems), and report on their progress to the Board of Directors as necessary.

d. System for assuring Directors of the Board’s efficient execution of their duties

- Decision-making of all or some important business operations will be delegated to Directors of the Board in accordance with Article 399-13, Paragraph 6 of the Companies Act and Article 25 of the Articles of Incorporation. Directors of the Board who have been delegated as such by the Board of Directors will make decisions on important business operations and abide by the “Approval Standards and Rules” and other rules.
- In addition to establishing a Mid-term Business Plan, etc. that is the basic policy regarding business and serves as guideline to decisions made by a Director of the Board regarding business operations, the Board of Directors will monitor whether the Director of the Board makes decisions in line with such policies.
- The Company employs the Executive Officer System to help the Directors of the Board perform their duties properly, and appoints a Group CxO (Chief Officer for each field).

e. System for ensuring the propriety of operations of the Corporate Group consisting of the Company and its subsidiaries

- With the objective of enhancing public trust in the Company and the Group based on our policy of serving society in meaningful ways, the Company has established the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.” The Company takes proper measures to ensure that all officers and employees of the Group act in accordance with the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.”
- The Company has asked the Group companies to develop their own compliance systems suited to their respective circumstances and to fully implement said systems, and has additionally asked to develop appropriate risk management structure and response to risks.
- The Company has established “Group Company Management Rules” and “Detailed Rules for Group Company Management,” and taken steps to strengthen systems for ensuring the propriety of the Group company operations.
- Company Management continually monitors the activities of the Group companies’ managements, receives reports on the status of compliance and risk management and systems for ensuring business efficiency at the Group companies, and requests improvements if the Company determines that they are necessary.
- The Company adopts a system to ensure the reliability of financial reports made under the Financial Instruments and Exchange Act.

f. Matters regarding employees who assist Audit & Supervisory Committee Members in their duties when Audit & Supervisory Committee Members request the assignment of such employees

- At the request of Audit and Supervisory Committee Members, the Company has set up a department called “the Audit and Supervisory Committee Member Support Group,” and has assigned employees to assist the Audit and Supervisory Committee Members with their duties.

g. Maintaining the independence of employees who assist Audit & Supervisory Committee Members from Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) and enhancing the effectiveness of instructions to employees

- The Company ensures that employees who assist Audit and Supervisory Committee Members with their duties are independent from the Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) and that instructions to such employees are effective. In order to achieve this, such employees are placed under the direct control and supervision of Audit and Supervisory Committee and the Company obtains the prior consent of the Audit and Supervisory Committee when changing, assessing, rewarding, or punishing them.

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

- The Company adopts a system in which Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) and Executive Officers and those of equivalent rank and employees of the Company and the Group companies report to Audit and Supervisory Committee on the status of business operations, the status of the Company's and the Group companies' management, and any other matters that need to be reported as agreed by the Company and Audit and Supervisory Committee, to disclose or report necessary and sufficient information whenever requested by Audit and Supervisory Committee.
- The Company cooperates with a liaison conference held on a regular basis to enhance and strengthen audits of the entire Group through mutual collaboration among Audit and Supervisory Committee Members of the Company and the Group as necessary.

i. System for ensuring that those who make a report to Audit and Supervisory Committee Members are not treated unfairly for making such a report

- The Company prohibits any discriminatory treatment of those who has made a report to the Audit and Supervisory Committee Members in accordance with the preceding Paragraph, and ensures that all officers and employees of the Company and Group companies are familiar with and fully understand the above.

j Policy for advance payment or reimbursement of expenses relating to execution of duties by Directors Serving as Audit and Supervisory Committee Members and other handling of expenses or obligations arising from the execution of such duties

- If a Director Serving as Audit and Supervisory Committee Member requests the Company to make an advance payment of expenses, reimburse expenses, or fulfill obligations related to the execution of his or her duties, the Company promptly deals with such expenses or obligations in accordance with laws and regulations.
- The Company will annually allot an appropriate budget to pay expenses arising from the execution of duties by Directors Serving as Audit and Supervisory Committee Members and other costs.

k. Other systems for ensuring effective audits by Audit & Supervisory Committee Members

- The Company will ensure that the Corporate Audit Dept. has a direct reporting line to the Audit and Supervisory Committee in addition to a reporting line to the President
- The Company will obtain the prior consent of the Audit and Supervisory Committee regarding personnel transfers of corporate officers who rank above the General Manager of Corporate Audit Dept. in the chain of command.
- The Company ensures opportunities for Directors Serving as Audit and Supervisory Committee Members to attend Management Meetings.
- In addition, with the aim of establishing systems to help Audit and Supervisory Committee Members audit effectively, the Company holds regular discussions with Audit and Supervisory Committee Members and takes necessary steps to meet their requests.

(iii) Outline of contracts for limitation of liability

The Company has entered into contracts to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act with Outside Directors of the Board, based on the provisions of Article 427, Paragraph 1 of the Companies Act, and the limit of liability shall be the amount specified in Article 425, Paragraph 1 of the Companies Act.

(iv) Overview of contracts for directors and officers liability insurance

The Company concludes a directors and officers liability insurance as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured of the insurance contract is the Directors of the Board and Executive Officers of the Company and its subsidiaries, as well as the Directors of the Board, Audit and Supervisory Board Members and Executive Officers of some affiliates, and the insured does not bear the insurance premiums. The insurance contract will cover the damages caused by a third party claiming damages during the insurance period due to the insured's business activities.

(v) Fixed number of Directors of the Board and requirements for resolution to appoint Directors of the Board

- Fixed number of Directors of the Board

The Articles of Incorporation stipulate that the number of Directors of the Board of the Company (excluding Directors Serving as Audit and Supervisory Committee Members) shall be 12 or less, and the number of Directors Serving as Audit and

Supervisory Committee Members shall be 6 or less.

- Requirements for resolution to appoint Directors of the Board

The Company's Articles of Incorporation stipulate that, for both of the Directors Serving as Audit and Supervisory Committee Members and the other Directors of the Board, the resolution to appoint Directors of the Board shall be made by a majority of the voting rights of the shareholders at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present. And the resolution to appoint Directors of the Board shall not be based on cumulative voting.

(vi) Matters to be resolved at the General Meeting of Shareholders that may be resolved by the Board of Directors

- Acquisition of own shares

The Articles of Incorporation stipulate that the Company may acquire its own shares by a resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act. This aims to acquire own shares through market transactions, etc., in order to enable flexible execution of capital policies in response to changes in the business environment.

- Exemption from liability of Directors of the Board

The Articles of Incorporation stipulate that the Company may exempt the liability of Directors (including those who were Directors) regarding the acts of Article 423, Paragraph 1 of the Companies Act to the extent of laws and regulations by a resolution of the Board of Directors pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act. This aims to put in place an environment in which Directors of the Board can fully demonstrate their abilities and fulfill their expected roles in performing their duties.

- Interim dividend

The Articles of Incorporation stipulate that the Company can pay an interim dividend with September 30 as the record date every year by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act. This aims to provide agile return of profits to shareholders.

(vii) Special resolution requirements for general meetings of shareholders

In the Articles of Incorporation, the Company stipulates that the special resolution requirements of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present. This aims to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum of special resolutions at the General Meeting of Shareholders.



(2) Status of officers

(i) List of officers

11 males and 2 females (15.4% of officers are female)

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
President and Representative Director	Masanori Katayama	May 16, 1954	<p>April 1978 Joined ISUZU MOTORS LIMITED</p> <p>June 2007 Director of the Board, ISUZU MOTORS LIMITED</p> <p>April 2014 Executive Vice President and Director, ISUZU MOTORS LIMITED</p> <p>June 2015 to present President and Representative Director, ISUZU MOTORS LIMITED</p>	(Note) 3	125
Executive Vice President and Director Senior Division Executive of Operations Headquarters Senior Division Executive of Quality Assurance Division and Product & Technology Strategies Division	Shinichi Takahashi	January 28, 1958	<p>April 1980 Joined ISUZU MOTORS LIMITED</p> <p>October 2013 Senior Executive Officer, Division Executive of Quality Assurance Division, ISUZU MOTORS LIMITED</p> <p>April 2014 Senior Executive Officer, Division Executive of CSR Division and Quality Assurance Division, ISUZU MOTORS LIMITED</p> <p>April 2015 Senior Executive Officer, Associate Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED</p> <p>2016 April Senior Executive Officer, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED</p> <p>June 2017 Director of the Board, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED</p> <p>April 2020 Director of the Board, Senior Division Executive of Quality Assurance Division, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED</p> <p>April 2021 to present Executive Vice President and Director, Senior Division Executive of Operations Headquarters, Senior Division Executive of Quality Assurance Division and Product &amp; Technology Strategies Division, ISUZU MOTORS LIMITED</p>	(Note) 3	55

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
Director of the Board Group CCO Division Executive of Corporate Planning & Finance Division Executive of CV Alliance Planning	Shinsuke Minami	September 29, 1959	<p>April 1983    Joined ISUZU MOTORS LIMITED</p> <p>April 2014    Executive Officer, Associate Division Executive of Sales Division, Sales Planning Headquarters, ISUZU MOTORS LIMITED</p> <p>April 2017    Senior Executive Officer, Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED</p> <p>June 2018    Director of the Board, Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED</p> <p>April 2019    Director of the Board, Senior Division Executive of Quality Assurance Division, Division Executive of Corporate Planning &amp; Finance Division, ISUZU MOTORS LIMITED</p> <p>April 2020    Director of the Board, Division Executive of Corporate Strategy Division and Corporate Planning &amp; Finance Division, ISUZU MOTORS LIMITED</p> <p>April 2022 to present    Director of the Board, Group CCO, Division Executive of Corporate Planning &amp; Finance Division, and Executive in charge of CV Alliance Planning, ISUZU MOTORS LIMITED</p>	(Note) 3	30
Director of the Board Division Executive of Sales Division, Sales Headquarters	Tetsuya Ikemoto	February 8, 1960	<p>April 1983    Joined ISUZU MOTORS LIMITED</p> <p>April 2015    Executive Officer, ISUZU MOTORS LIMITED and Managing Executive Officer, Isuzu Motors Sales Co., Ltd.</p> <p>April 2017    Senior Executive Officer, ISUZU MOTORS LIMITED and Executive Vice President and Director, Isuzu Motors Sales Co., Ltd.</p> <p>April 2018    Senior Executive Officer, ISUZU MOTORS LIMITED and President and Representative Director, Isuzu Motors Sales Co., Ltd.</p> <p>June 2019    Director of the Board, ISUZU MOTORS LIMITED and President and Representative Director, Isuzu Motors Sales Co., Ltd.</p> <p>April 2021    Director of the Board, Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED and Chairman and Representative Director, Isuzu Motors Sales Co., Ltd.</p> <p>October 2021 to present    Director of the Board, Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED</p>	(Note) 3	21

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
<p>Director of the Board Division Executive of Product &amp; Technology Strategies Division, Deputy Division Executive of Engineering Division, Operation Headquarters</p>	<p>Shun Fujimori</p>	<p>June 30, 1960</p>	<p>April 1984    Joined ISUZU MOTORS LIMITED April 2017    Executive Officer, Assistant Division Executive of Corporate Planning &amp; Finance Division, ISUZU MOTORS LIMITED April 2020    Senior Executive Officer, Division Executive of Product Strategy Division, Deputy Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED June 2021 to present    Director of the Board, Division Executive of Product &amp; Technology Strategies Division, Deputy Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED</p>	<p>(Note) 3</p>	<p>11</p>

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
<p>Director of the Board  Director of the Board, Deputy Division Executive of Sales Division, Sales Headquarters, Executive in charge of Sales Planning Dept., Trade Management Dept., International Product Marketing Dept., CV Application Planning Dept., Sales Operation Dept.  Executive Chief Engineer of LCV, Engineering Division, Operations Headquarters, Division in charge Executive of LCV Business Dept.</p>	Naohiro Yamaguchi	December 8, 1962	<p>April 1986      Joined ISUZU MOTORS LIMITED  May 2015      President, Isuzu Motors India Private Limited  2019 April      Executive Officer, Associate Division Executive of Sales No. 2, Sales Planning Dept., Sales Headquarters, ISUZU MOTORS LIMITED  April 2021      Senior Executive Officer, and Division in charge Executive of LCV Business Dept., Executive of LCV Business Dept. Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  April 2022      Senior Executive Officer, Deputy Division Executive of Sales Division, Sales Headquarters, Executive in charge of Sales Planning Dept., Trade Management Dept., International Product Marketing Dept., CV Application Planning Dept., Sales Operation Dept., Executive Chief Engineer of LCV, Engineering Division, Operations Headquarters, Division in charge Executive of LCV Business Dept., ISUZU MOTORS LIMITED  June 2022 to present      Director of the Board, Deputy Division Executive of Sales Division, Sales Headquarters, Executive in charge of Sales Planning Dept., Trade Management Dept., International Product Marketing Dept., CV Application Planning Dept., Sales Operation Dept., Executive Chief Engineer of LCV, Engineering Division, Operations Headquarters, Division in charge Executive of LCV Business Dept., ISUZU MOTORS LIMITED</p>	(Note) 3	6
<p>Director of the Board  (Note) 2</p>	Mitsuyoshi Shibata	November 5, 1953	<p>April 1977      Joined Furukawa Electric Co., Ltd.  June 2009      Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  June 2010      Director, Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  April 2012      President and Representative Director, Furukawa Electric Co., Ltd.  April 2017 to present      Chairman of the Board, Furukawa Electric Co., Ltd.  June 2018 to present      Outside Director, Tobu Railway Co., Ltd.  July 2018 to present      Outside Director of the Board, ISUZU MOTORS LIMITED  July 2018 to present      Outside Statutory Auditor, Asahi Mutual Life Insurance Company</p>	(Note) 3	-

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
Director of the Board (Note) 2	Kozue Nakayama	February 25, 1958	<p>April 1982    Joined Nissan Motor Co., Ltd.</p> <p>April 2011    Director General for Urban Management Bureau, City of Yokohama</p> <p>April 2012    Director General of Culture and Tourism Bureau, City of Yokohama</p> <p>June 2012    Outside Director, Pacific Convention Plaza Yokohama (Abbreviated name: PACIFICO Yokohama)</p> <p>April 2018    Director, Pacific Convention Plaza Yokohama</p> <p>June 2018    President &amp; CEO, Pacific Convention Plaza Yokohama (resigned in June 2020)</p> <p>June 2019 to present    Outside Auditor, Imperial Hotel, Ltd.</p> <p>June 2020 to present    Outside Director, TDK Corporation</p> <p>June 2022 to present    Outside Director of the Board, ISUZU MOTORS LIMITED</p> <p>June 2022 to present    Outside Director of the Board, The Nanto Bank, Ltd.</p>	(Note) 3	-
Director of the Board Standing Audit & Supervisory Committee Member (Note) 2	Tetsuhiko Shindo	April 18, 1953	<p>April 1977    Joined Japan Development Bank (current Development Bank of Japan Inc.)</p> <p>October 2008    Corporate Auditor (Full-Time), Development Bank of Japan Inc.</p> <p>June 2011    Director and Managing Executive Officer, Development Bank of Japan Inc.</p> <p>June 2013    Standing Audit and Supervisory Board Member, ISUZU MOTORS LIMITED</p> <p>June 2021 to present    Director of the Board, and Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED</p>	(Note) 4	18

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
Director of the Board Standing Audit & Supervisory Committee Member	Masayuki Fujimori	September 14, 1957	<p>April 1980    Joined ISUZU MOTORS LIMITED</p> <p>April 2014    Senior Executive Officer, ISUZU MOTORS LIMITED and President and Representative Director, Isuzu Motors Co., (Thailand) Ltd.</p> <p>April 2015    Senior Counselor in charge of Planning and Finance Dept., Finance and Tax, ISUZU MOTORS LIMITED</p> <p>June 2015    Director of the Board, IJT Technology Holdings Co., Ltd. (currently IJTT Co., Ltd.) (retired June 2018)</p> <p>April 2017    Senior Advisor, in charge of IR and Financial Strategy, ISUZU MOTORS LIMITED</p> <p>June 2018    Standing Audit and Supervisory Board Member, ISUZU MOTORS LIMITED</p> <p>June 2021 to present    Director of the Board, and Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED</p>	(Note) 4	37
Director of the Board Standing Audit & Supervisory Committee Member	Kenji Miyazaki	January 31, 1959	<p>April 1981    Joined ISUZU MOTORS LIMITED</p> <p>April 2013    Executive Officer, Assistant Division Executive of Corporate Planning &amp; Finance Division, ISUZU MOTORS LIMITED</p> <p>April 2015    President and Representative Director, Isuzu Motors Asia (Thailand) Co., Ltd. Director of the Board and Senior Vice President, Isuzu Motors Co., (Thailand) Ltd.</p> <p>June 2018    Managing Director, Nippon Fruehauf Co., Ltd.</p> <p>June 2020    Standing Audit and Supervisory Board Member, ISUZU MOTORS LIMITED</p> <p>June 2021 to present    Director of the Board, and Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED</p>	(Note) 4	9

Job title	Name	Date of birth	Brief career history	Term	Number of shares held (1,000 shares)
Director of the Board Audit and Supervisory Committee Member (Note) 2	Kanji Kawamura	December 15, 1947	<p>April 1971    Joined ITOCHU Corporation</p> <p>March 1998    Retired from ITOCHU Corporation</p> <p>April 1998    Faculty of Law Professor, Meiji Gakuin University</p> <p>June 2011    Outside Audit and Supervisory Board Member, Jamco Corporation (resigned in June 2019)</p> <p>2013 April    Legal Advisor to the President, Meiji Gakuin University</p> <p>April 2017    Professor Emeritus, Meiji Gakuin University</p> <p>to present</p> <p>June 2017    Outside Audit and Supervisory Board Member, ISUZU MOTORS LIMITED</p> <p>June 2021    Director of the Board, and Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED</p> <p>to present</p>	(Note) 4	-
Director of the Board Audit and Supervisory Committee Member (Note) 2	Kimie Sakuragi	September 6, 1958	<p>March 1981    Joined Fukutake Shoten Co., Ltd. (currently Benesse Holdings, Inc.)</p> <p>June 2003    Standing Audit and Supervisory Board Member, Fukutake Shoten Co., Ltd. (resigned in June 2019)</p> <p>April 2007    Adjunct Professor (part-time), The University of Aizu Graduate School</p> <p>to present</p> <p>June 2019    Outside Director of the Board, Toyobo Co., Ltd.</p> <p>to present</p> <p>June 2021    Outside Director of the Board, Kumagai Gumi Co., Ltd.</p> <p>to present</p> <p>Director of the Board, and Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED</p>	(Note) 4	-
Total					316

- (Notes)
1. At the 119th Annual General Meeting of Shareholders held on June 25, 2021, the Company transitioned to a Company with an Audit and Supervisory Committee as of the same day.
  2. Directors of the Board Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura and Kimie Sakuragi are Outside Directors of the Board.
  3. The term of office of Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) shall expire at the close of the Ordinary General Meeting of Shareholders held on June 28, 2022 with respect to the last fiscal year ending within one (1) year following their appointment.
  4. The term of office of Directors Serving as Audit and Supervisory Committee Members shall expire at the close of the Ordinary General Meeting of Shareholders held on June 25, 2021 with respect to the last fiscal year ending within two (2) years following their appointment.
  5. Isuzu Motors has introduced an Executive Officer System in order to optimize management decisions by activating the Board of Directors and to realize efficient management by delegating business execution authority. In addition to the four Executive Officers who concurrently serve as Directors of the Board and listed above (Managing Executive Officer: Shinsuke Minami and Tetsuya Ikemoto; Senior Executive Officer: Shun Fujimori and Naohiro Yamaguchi), Executive Officers are appointed as follows:

The Managing Executive Officer consists of the following three members.

Takashi Oodaira	Division Executive of Engineering Division, Operations Headquarters
Satoshi Yamaguchi	President and Representative Director, Isuzu Motors Co., (Thailand) Ltd.
Naoto Hakamata	Chairman and executive director, UD Trucks Corporation

The Senior Executive Officers consist of the following 12 members.

Masayuki Umeda	Division Executive of Quality Assurance Division
Hirokazu Ookubo	Group CRMO and Division Executive of Administration Division
Tetsuhiko Irino	Group CISO and Division Executive of System Division
Hisao Sasaki	Division Executive of PT Business Division, Industry Solution/PT Business Department
Hiroshi Yamamoto	Division Executive of Engineering Division, and Purchase Department Executive in charge of Cost Planning Dept., Purchase Management Dept., Purchase Operation Dept., Procurement Planning Dept., and Procurement Strategy Dept.
Katsumi Adachi	Division Executive of Engineering Division, Production Department
Naoto Nakamata	Group CFO and Deputy Division Executive of Corporate Planning & Finance Division
Yasuyuki Nijima	Director of the Board, Deputy Division Executive of Sales Division, and Office Executive of First Regional Headquarters Office and Overseas Large Sales Promotion Department
Toshio Ichimasa	Deputy Division Executive of PT Business Division, Industry Solution/PT Business
Satoshi Okuyama	In charge of CJP promotion and Engineering Division, Operations Headquarters CJP Promotion
Shigeji Sugimoto	Chairman and executive director, Isuzu Motors Sales Co., Ltd.
Tetsuya Aiba	CFO, UD Trucks Corporation

The Executive Officers consist of the following 10 members.

Kenichi Asahara	Division Executive of Business Operation
Tsuguo Fukumura	Division Executive of Business Promotion
Satoshi Hirao	Executive CE of Engineering Division, Operations Headquarters, and CV
Kazutaka Ooishi	In charge of PT Alliance Promotion
Osamu Nakamura	Executive in charge of Sales Division, Sales Headquarters, GR Domestic Control Dept., GR Domestic Business Promotion Dept., GR Domestic Product Policy Dept., Solution Sales Development Dept. Office Executive of Chinese Business
Koji Nakamura	Office Executive of Sales Division, Sales Headquarters, Second Region
Naohiko Yanagawa	Executive in charge of Sales Division, Sales Headquarters, Overseas Parts Dept., After-sale Promotion Dept. and Overseas Services Dept.
Akira Kamijo	Executive in charge of Engineering Division, Purchase Dept., PT Procurement Unit, Vehicle Procurement Dept. Advanced and Safe Parts Procurement Dept., and Materials Dept.
Hiroshi Sato	Executive in charge of Engineering Division, Development Dept., Vehicle Screening and Experiment 1st Unit, Vehicle Screening and Experiment 2nd Unit, Global Support Dept. and Prototype Dept.
Shaun Skinner	President and COO, Isuzu Commercial Truck of America, Inc. President, Isuzu Commercial Truck of Canada, Inc.



(ii) Status of Outside Officers

The Company has appointed two Outside Directors of the Board (excluding Outside Directors Serving as Audit and Supervisory Committee Members) (both are independent officers based on the provisions of the Tokyo Stock Exchange) and three Outside Directors Serving as Audit and Supervisory Committee Members (all of whom are independent officers based on the provisions of the Tokyo Stock Exchange, and one member is standing).

We have nominated Mr. Mitsuyoshi Shibata as a candidate for Outside Director of the Board, in the expectation that he would be able to state his opinions from the perspective of promoting the sustainable growth of the Company and enhancing corporate value in the medium to long term, based on his extensive experience and broad insights as a manager of a listed company, and to give advice and recommendations from his independent standpoint to ensure the validity and appropriateness of decisions of the Board of Directors. He also plays an important role as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, in deliberating matters related to the nomination and compensation of Officers. There is no special interest between the Company and him or any other company for which he serves as an officer.

We have nominated Ms. Kozue Nakayama as a candidate for Outside Director of the Board, in the expectation that she would be able to state her opinions from the perspective of promoting the sustainable growth of the Company and enhancing corporate value in the medium to long term, based on her abundant knowledge of the automotive industry and extensive experience and broad insights as a corporate manager, and to give advice and recommendations from her independent standpoint to ensure the validity and appropriateness of decisions of the Board of Directors. She also plays an important role as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, in deliberating matters related to the nomination and remuneration of Officers. There is no special interest between the Company and her or any other company for which she serves as an officer.

We have nominated Mr. Tetsuhiko Shindo as a candidate for Outside Director of the Board who is a member of the Audit and Supervisory Committee, in the expectation that, because he has a wealth of knowledge and work experience in finance and treasury and considerable insights in finance and accounting, he would audit the Company's management from an objective and neutral position with the use of such knowledge and work experience and make timely and appropriate remarks at the Board of Directors and the Audit and Supervisory Committee. He also plays an important role as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, in deliberating matters related to the nomination and compensation of Officers. There is no special interest between the Company and him or any other company for which he serves as an officer.

We have nominated Mr. Kanji Kawamura for another term as a candidate for Outside Director Serving as Audit and Supervisory Committee Member, in the expectation that, because he has a wealth of knowledge and work experience in corporate legal affairs, he would audit the Company's management from an objective and neutral position with the use of such knowledge and work experience and make timely and appropriate remarks at the Board of Directors and the Audit and Supervisory Committee. There is no special interest between the Company and him or any other company for which he serves as an officer.

We have nominated Ms. Kimie Sakuragi for another term as a candidate for Outside Director Serving as Audit and Supervisory Committee Member, in the expectation that, because she has a wealth of knowledge and work experience in corporate ethics and compliance, she would audit the Company's management from an objective and neutral position with the use of such knowledge and work experience and make timely and appropriate remarks at the Board of Directors and the Audit and Supervisory Committee. There is no special interest between the Company and he or any other company for which she serves as an officer.

Therefore, we believe that all of our Outside Directors of the Board are unlikely to have conflicts of interest with general shareholders and that we can receive appropriate opinions and advice from their objective standpoint.

The criteria for judging the independence of our Outside Directors of the Board are compliant with the independence criteria established by the Tokyo Stock Exchange, and we judge, in principle, that there is no independence with regard to business executors of our main business partners, those whose main business partner is the Company or their business executors, as well as consultants, accounting experts, lawyers, etc. who receive a large amount of money from the Company in addition to the executive compensation.

Of these, "major" business partners are those whose transaction volume with the Company is 2% or more of the consolidated sales of either the business partner or the Company in the previous fiscal year, and the standard of "large amount" is 10 million yen or more per year.

(iii) Mutual cooperation among supervision or audits by Outside Directors of the Board, internal audits, audits by the Audit and Supervisory Committee and accounting audits, and the relationship with Internal Control Department

Isuzu Motors has a system in which Outside Directors (Directors Serving as Audit and Supervisory Committee Members) shall receive reports at the Audit and Supervisory Committee and the Board of Directors about the implementation status of internal audits, audits by Audit and Supervisory Committee members and accounting audits, and the activity status of the Internal Control Department.

We have a system in which Outside Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) shall receive reports at the Board of Directors about the implementation status and the activity status as mentioned above. Moreover, initiatives to ensure that the management monitoring function from an independent perspective fully functions, including the utilization of Outside Directors of the Board are as follows:

- a. A “Management Audit Meeting” in which all members of the Audit and Supervisory Committee will attend in principle is set up prior to the regular meeting of the Board of Directors to strengthen the monitoring function for management. In addition to “Group CCO (Officer responsible for management communication),” “Group CFO (Officer responsible for finance),” “Group CRMO (Officer responsible for risk management),” “Group CISO (Officer responsible for information security)” and Senior Executive of the Management Operation Department from the management side, the managers from each department relating to internal control in the whole company, such as the Business Promotion Department, Corporate Planning Department, Accounting Department, and Audit Department participate in this Management Audit Meeting, in which the development status of the system as the Internal Control Department is reported and which is used as a place for explaining important matters and asking questions.
- b. We have a system in which several departments are selected every year and all members of the Audit and Supervisory Committee, in principle, carry out business audits.
- c. The Opinion Exchange Meeting is held twice a year as a place for all members of the Audit and Supervisory Committee to participate in principle and exchange opinions and ask and answer questions regarding overall management with the President and Representative Director.
- d. Standing Audit and Supervisory Committee members shall enhance their management oversight functions by attending the Management Meeting, which is a meeting body under the Board of Directors, and by participating in audits of major subsidiaries.
- e. Standing Audit and Supervisory Committee members shall meet regularly with Audit & Supervisory Board Members of subsidiaries, etc. in order to enhance and strengthen audits for the entire Group, and shall share revisions of relevant laws and regulations and how to proceed with audits within the Group, and ensure mutual collaboration and information exchange.
- f. Outside Directors of the Board shall work to strengthen objectivity and accountability of the Board of Directors by participating in the briefing session on the content and materials of the company’s agenda, which is held approximately a few days before the meeting of the Board of Directors, so that they can be more appropriately involved and provide advice on the Board of Directors. The Management Roundtable shall, in principle, be held every month according to the day of the Board of Directors meeting as a place for two Outside Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) to exchange opinions and ask and answer questions regarding overall management with the President and Representative Director. Further, two Outside Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) shall hold regular meetings to share information with Outside Directors Serving as Audit and Supervisory Committee Members.
- g. The Group CFO, Group CRMO, and Group ISO attend the Board of Directors Meeting as explanatory assistants every time from the standpoint of supervising the Internal Control Departments of the entire Group in their respective problem areas, and report and respond to requests and questions from Outside Directors of the Board appropriately.

(3) Status of audits

For the status of audits at Isuzu Motors, the Audit and Supervisory Committee members, the Audit Department, and the Accounting Auditor enhance mutual collaboration by exchanging information as needed, including regular meetings about annual plans, audit result reports and others.

(i) Status of audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company consists of five Directors Serving as Audit and Supervisory Committee Members, three of whom are Outside Directors of the Board. All three standing Audit and Supervisory Committee members, including one Outside Director of the Board, have considerable knowledge of finance and accounting. Each of the two Outside Directors Serving as Audit and Supervisory Committee Members has a wealth of knowledge and work experience in corporate legal affairs, corporate ethics and compliance.

In addition, we have established an Audit and Supervisory Committee group, which consists of four members, as a dedicated organization to assist the execution of duties by the Audit and Supervisory Committee. We have established Audit and Supervisory Committee Auxiliary Employees Rules to ensure the independence of the group and the effectiveness of instructions to the auxiliary employees.

In the current fiscal year, the Audit and Supervisory Board meetings were held five times by June 25, 2021, when the Company was transferred to a Company with an Audit and Supervisory Committee, and then the Audit and Supervisory Committee was held 11 times by the end of the current fiscal year. The average deliberation time was about 1 hour and about 1 hour and 40 minutes, respectively. The attendance status of each Audit & Supervisory Board Member and Audit and Supervisory Committee member was as follows:

(Before the transition to a Company with an Audit and Supervisory Committee)

Position	Name	Attendance status
Standing Audit and Supervisory Board Member	Masayuki Fujimori	5 out of 5 meetings
Standing Audit and Supervisory Board Member	Kenji Miyazaki	5 out of 5 meetings
Standing Audit and Supervisory Board Member (Outside)	Tetsuhiko Shindo	5 out of 5 meetings
Audit and Supervisory Board Member (Outside)	Takashi Mikumo	5 out of 5 meetings
Audit and Supervisory Board Member (Outside)	Kanji Kawamura	5 out of 5 meetings

(After the transition to a Company with Audit and Supervisory Committee)

Category	Name	Attendance status
Director of the Board, and Standing Audit and Supervisory Committee Member (Outside)	Tetsuhiko Shindo	11 out of 11 meetings
Director of the Board, and Standing Audit and Supervisory Commission Member	Masayuki Fujimori	11 out of 11 meetings
Director of the Board, and Standing Audit and Supervisory Commission Member	Kenji Miyazaki	11 out of 11 meetings
Director of the Board, and Audit and Supervisory Committee Member (Outside)	Kanji Kawamura	11 out of 11 meetings
Director of the Board, and Audit and Supervisory Committee Member (Outside)	Kimie Sakuragi	11 out of 11 meetings

(Note) The Chairperson of the Audit and Supervisory Committee is Mr. Tetsuhiko Shindo.

The main considerations of the Audit and Supervisory Committee are the determination of audit policies and plans, the reporting and confirmation of audit implementation status, the evaluation and reappointment and non-reappointment of accounting auditors, and the determination of audit reports by the Audit and Supervisory Committee.

The important audit items for the current fiscal year were as follows:

- a. Development and operation status of governance system
- b. Status of response to strengthening quality control system
- c. Development and operation status of risk management system
- d. Development and operation status of Group internal control system
- e. Improvement and operation status of internal audit
- f. Development and operation status of internal control system at UD Trucks

The Standing Audit and Supervisory Committee Members attend important meetings such as the Board of Directors and the Management Meeting, hear the status of business execution from Directors of the Board, etc., inspect important documents, and conduct audits through investigating the status of business operations and assets at Isuzu Motors and its major subsidiaries. Furthermore, they regularly share information with Audit and Supervisory Board Members and others of the subsidiaries to establish an audit system as the whole Group.

Part-time Audit and Supervisory Committee members are responsible for enhancing the management oversight function by attending important meetings such as the Board of Directors and expressing their opinions from the standpoint of independent officers, based on their respective specialized knowledge. They also strive to share information with standing Audit and Supervisory Committee members by attending the Audit and Supervisory Committee.

(ii) Status of internal audit

For the internal audit organization of the Company, the domestic audit group and the overseas audit group under the Audit Department conduct internal control evaluations to ensure the reliability of financial reporting based on the Financial Instruments and Exchange Law, and work to improve compliance with relevant laws and regulations, ensure reliability of financial reporting, and ensure operational effectiveness and efficiency through the business audits and theme audits of the Company and the Group companies. Since the same Audit Department conducts internal control evaluation and internal audit, the two duties are organically linked to achieve efficient execution and deepening of operations. Moreover, the Accounting Department and the Legal Department provide necessary cooperation for these internal audits. The total number of employees at the end of this fiscal year was 20 (excluding General Managers of the Department) for both groups.

(iii) Status of Accounting Audit

The certified accountants who executed accounting audit work of the Company are Yuji Mukaide, Kiomi Horikoshi, and Atsushi Suganuma, and they belong to Ernst & Young ShinNihon LLC. Ernst & Young ShinNihon LLC has introduced a system to replace business execution employees, and certified public accountants who execute accounting audit business of the Company will be replaced at any time based on the replacement plan formulated by the audit corporation.

The number of assistants involved in the accounting audit work of the Company is 29 certified public accountants, 4 people who have passed the certified public accountant exam, and 27 others.

(Continuous audit period)

50 years

Since it is extremely difficult to conduct surveys prior to fiscal 1972, the continuous audit period may have exceeded the above years.

(Policy and reasons for selecting Accounting Auditor)

The selection and reappointment of the Accounting Auditor are decided by the Audit and Supervisory Committee after confirming the independence and expertise of the Accounting Auditor and the appropriateness of the audit plan and implementation system shown.

When the Audit and Supervisory Committee judges that it is difficult for the Accounting Auditor to perform its proper duties due to the occurrence of an event that impairs the eligibility or independence of the Accounting Auditor or for other reasons, it shall decide that to dismiss the Accounting Auditor or not reappoint him/her, as the content of the agenda to be submitted to the General Meeting of Shareholders. In addition, if the Audit and Supervisory Committee determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and has caused a significant hindrance to the proper performance of the duties of the Accounting Auditor, the Audit and Supervisory Committee shall dismiss the Accounting Auditor with the consent of all Audit and Supervisory Committee members.

(Evaluation of the audit of the company submitting the Annual Securities Report, and Certified Public Accountants, etc. or Accounting Auditors by the Audit and Supervisory Committee)

The Audit and Supervisory Committee sets the criteria for appropriately selecting Accounting Auditor candidates and appropriately evaluating Accounting Auditors, in accordance with “Practical Guidelines for Audit and Supervisory Committee Members regarding the Evaluation of Accounting Auditors and the Formulation of Selection Criteria” established by the Japan Audit & Supervisory Board Members Association. And based on this, the Committee conducts evaluations at the end of the period and during the period, and if necessary, it requests improvements that lead to an enhanced audit quality.

On top of that, we carry out multifaceted evaluations with reference to the opinions of the business execution side, the Audit Department and others.

(iv) Details of audit fees, etc.

(Details of remuneration for Certified Public Accountants' auditing, etc.)

Category	Previous fiscal year		Current fiscal year	
	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-audit services (millions of yen)	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-audit services (millions of yen)
Company submitting the Annual Securities Report	130	40	150	93
Consolidated Subsidiary	164	5	167	5
Total	294	45	317	99

(Details of non-audit services for the company submitting the Annual Securities Report by Certified Public Accountants, etc.)

(Previous fiscal year)

Details of non-audit services for the company submitting the Annual Securities Report and the consolidated subsidiaries are accounting treatment, and advice and guidance related to tax filing.

(Current fiscal year)

Details of non-audit services for the company submitting the Annual Securities Report and the consolidated subsidiaries are accounting treatment, and advice and guidance related to tax filing.

(Remuneration for the same network (Ernst & Young) as Certified Public Accountants (excluding (remuneration for Certified Public Accountants))

Category	Previous fiscal year		Current fiscal year	
	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-audit services (millions of yen)	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-audit services (millions of yen)
Company submitting the Annual Securities Report	-	26	-	41
Consolidated Subsidiary	207	86	250	117
Total	207	112	250	159

(Details of non-audit services for the company submitting the Annual Securities Report and the consolidated subsidiaries by the same network (Ernst & Young) as Certified Public Accountants)

(Previous fiscal year)

Details of non-audit services for the company submitting the Annual Securities Report and the consolidated subsidiaries are accounting treatment, and advice and guidance related to tax filing.

(Current fiscal year)

Details of non-audit services for the company submitting the Annual Securities Report and the consolidated subsidiaries are accounting treatment, and advice and guidance related to tax filing.

(Details of remuneration based on other important audit certification work)

Not applicable.

(Policy to determine audit fees)

There are no applicable items, but the decision is made after taking into consideration the number of audit days.

(Reasons why the Audit and Supervisory Committee agreed to the audit fee)

The Audit and Supervisory Committee agrees to audit fees of Accounting Auditors, based on the “Practical Guidelines for Cooperation with Accounting Auditors” by the Japan Audit and Supervisory Board Members Association, after having examined details of the audit plan, audit time and staffing plan, job performance status in the previous fiscal years, the validity of the basis of calculating estimated fees and others.

(4) Officer's remuneration, etc.

(i) Matters relating to the policy on the determination of the amount of remuneration, etc. for Officers or the calculation method thereof

a. Basic policy of remuneration system

The Company has established the following basic policy regarding remuneration for Directors of the Board and Executive Officers.

- (a) Remuneration should contribute to the sustainable growth and enhancement of the corporate value of the Company, and the share value of shareholders.
- (b) The level of remuneration should be appropriate and necessary to secure and maintain outstanding personnel, taking into consideration the economic environment, market trends, and remuneration levels of other companies.
- (c) The amount of remuneration should reflect the performance of the company and each individual, and be commensurate with their responsibilities and position.
- (d) The remuneration determination process is highly objective, fair, and transparent.
- (e) The executive remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of the Mid-Term Business Plan, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the state of operation of the system at Isuzu.

b. Policy on remuneration composition and remuneration determination, etc.

(a) Overview of remuneration composition

- Remuneration for Directors (excluding Directors of the Board Serving as Audit and Supervisory Committee Members) consists of basic remuneration, bonus linked with the degree of attainment of performance targets of a single fiscal year, and remuneration based on a performance-linked share-based remuneration plan, which is linked with the degree of attainment of performance targets set out to achieve sustainable enhancement of corporate value during the period of the Mid-Term Business Plan.

The number of Directors of the Board of the Company (excluding Directors Serving as Audit and Supervisory Committee Members) is eight (including two Outside Directors of the Board).

- Remuneration for Directors Serving as Audit and Supervisory Committee Members consists only of basic remuneration. The number of Directors Serving as Audit and Supervisory Committee Members of the Company is five (including three Outside Directors of the Board).
- Notwithstanding the above, the remuneration for Outside Directors of the Board consists only of basic remuneration from the perspective of the role and independence of Outside Directors of the Board.

(b) Decision policy on details of individual remuneration for Directors of the Board

In order to build a remuneration system that functions appropriately as an incentive to achieve short-term performance targets and improve corporate value over the medium to long term, and ensures the transparency and objectiveness of the remuneration decision process, based on the basic policy of the remuneration system, the Nomination and Remuneration Committee deliberated on matters. Then, the decision policy on the content of individual remuneration for Directors of the Board was resolved at the Board of Directors meeting held on March 12, 2021.

- The basic remuneration is within the limit approved at the General Meeting of Shareholders, and the amount to be paid for each individual is determined according to the position and the evaluation of individual performance. The evaluation of individual performance is entrusted by the Board of Directors to the President and Representative Director. And the President and Representative Director evaluates based on the individual performance of the previous fiscal year, consults with the Nomination and Remuneration Committee, finalizes the amount of payment for each individual in June every year, and the amount divided into 12 is paid as the monthly remuneration. However, the evaluation of individual performance shall not be reflected for Outside Directors of the Board. The remuneration of Directors Serving as Audit and Supervisory Committee Members is determined by consultation with the Directors Serving as Audit and Supervisory Committee Members within the limit approved at the General Meeting of Shareholders, and the amount divided into 12 shall be paid as monthly remuneration. Bonuses are calculated for each individual within the limit approved at the General Meeting of Shareholders, reflecting the company's performance in the standard amount for each position, and after consulting with the Nomination and Remuneration Committee, the Board of Directors deliberates and decides those amounts in May to pay in July every year.
- The upper limit of basic remuneration and bonuses for Directors of the Board was abolished at the 119th Ordinary General Meeting of Shareholders held on June 25, 2021. The annual remuneration including basic remuneration and bonuses for Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) is 1,100 million yen or less per year, taking into consideration the number of Directors of the Board, economic environment,

market trends, standards of other companies, etc. (of which, the annual amount for Outside Directors of the Board is 110 million yen or less, and Outside Directors of the Board are not eligible for bonus payment from the viewpoint of their role and independence). And the remuneration amount does not include the employee salaries of Directors who also serve as employees, as before.

- The amount of remuneration for Directors Serving as Audit and Supervisory Committee Members is limited to 200 million yen or less per year, taking into consideration the number of Directors of the Board, economic environment, market trends, standards of other companies, etc.
- Share-based remuneration is calculated for each individual within the limit approved at the General Meeting of Shareholders, reflecting the company's performance based on the targets of the Mid-Term Business Plan, etc. in the standard amount for each position, and after consulting with the Nomination and Remuneration Committee, the Board of Directors deliberates and decides those amounts to pay the fiscal year following the end of the Mid-Term Business Plan. For the method of determining the amount of bonuses and the Share-based Remuneration for each individual, there is no discretion, because after determination of the standard amount, the payment amount is automatically calculated by coefficients, etc., and it depends only on the company's performance, as described in "e." below.

c. Details of the policy regarding the determination of the payment ratio of performance-linked remuneration and remuneration, etc. other than performance-linked remuneration

As mentioned above, performance-linked remuneration under the executive remuneration system of the Company includes bonuses (linked to short-term performance) paid to Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and Share-based Remuneration linked to medium- to long-term performance (linked to the degree of achievement of the targets of the medium-term management plan). And the composition ratio of basic remuneration, bonuses and Share-based Remuneration is 1.00 : 0.50 : 0.50 (for Chairman and President) and 1.00 : 0.40 : 0.30 (for other than Chairman and President), when 100% of the performance target is achieved.

d. Delegation of determination of remuneration, etc.

The Board of Directors has resolved to delegate Masanori Katayama, President and Representative Director, as the person to determine the specific content of the basic remuneration for each individual Director of the Board. The content of the authority is to evaluate the individual performance of Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and to determine the amount of basic remuneration for each individual based on this. The reason for delegating these authorities is that the President and Representative Director, who is the Chief Executive Officer of the Company, is the most suitable person for properly evaluating the businesses they are in charge of, including the evaluation process, while having a bird's-eye view of the overall performance of the Company. In order to ensure that those authorities are properly executed by the President and Representative Director, the Board of Directors has established procedures for his consulting with and reporting to the Nomination and Remuneration Committee arbitrarily, where independent Outside Directors of the Board are the majority and the President and Representative Director achieves accountability to ensure the objectiveness and fairness of the executive remuneration.

e. Indicators related to performance-linked remuneration, reasons for their selection, and methods for determining the amount of performance-linked remuneration

(a) Bonuses

As an index related to performance-linked remuneration, bonuses are first linked to the degree of achievement of the target of consolidated operating income, and the performance-linked coefficient that indicates the degree of achievement in comparison between the actual single-year performance of consolidated operating income and the target thereof is set between 0 to 200 percent. And the bonus is determined by multiplying this by the basic remuneration, which is the standard amount for each position of the bonus, and the above-mentioned composition ratio.

The reason for selecting consolidated operating income as an index is that it is consistent with the goals set forth in the Group's Mid-Term Business Plan and that we think it is an important scale index for steadily accumulating results for each fiscal year toward its realization.

(b) Share-based remuneration

At the 119th Ordinary General Meeting of Shareholders held on June 25, 2021, it was resolved that the upper limit of the amount of money contributed by the Company would be 3,500 million yen for each business year covered by the Mid-Term Business Plan (in principle, three business years, hereinafter referred to as the "Target Period") as performance-linked Share-based Remuneration to Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and



Outside Directors of the Board) and Executive Officers (hereinafter referred to as “Directors of the Board, etc.”), and the Company pays an amount within the scope.

The Share-Based Remuneration Plan covers a total of 31 people, including 6 Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members) and 25 Executive Officers (excluding Executive Officers who are Directors of the Board).

For the amount of Share-based Remuneration, the degree of achievement of target values such as consolidated sales, consolidated operating income, and consolidated return on equity (ROE) during the Target Period is a weighted average of 35% : 35% : 30%, and is multiplied by a coefficient related to the degree of growth in shareholder value, etc. <sup>(\*)1</sup> to calculate a performance-linked coefficient between 0 and 225.6%. In addition to the standard amount for each position, which is the basis of the basic remuneration, and the above-mentioned composition ratio, the points to be awarded are determined using the assumed stock price <sup>(\*)2</sup>.

Each evaluation index is the target value set in Mid-Term Business Plan 2024 (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024) announced by the Company, and is selected because each is an important index showing the progress of the Plan.

- \*1 Assessed based on the comparison between the total shareholder return (TSR) of the Company and the growth rate of TOPIX (including dividends) during the target period. Total shareholder return is the total investment yield for shareholders, which is the sum of capital gains and dividends.
- \*2 The average closing price of Company stock in regular trading on the Tokyo Stock Exchange on all trading days (excluding days on which no trading is reported) in the month preceding the month in which the said Target Period starts with any fraction of one yen being rounded down to the nearest yen

The Plan aims to further raise awareness of the Directors of the Board, etc. about achieving medium- to long-term management goals and improving the enterprise value by clarifying the link between the compensation of Directors of the Board, etc. and the performance and stock value of the Company and by making them share the merits from stock price appreciation and risks from stock price depreciation. Accordingly, we believe that the introduction of the Plan is appropriate. We believe that the upper limit of the amount of money contributed by the Company is appropriate compared with the economic environment, market trends, the level of other companies, etc., and that it is also appropriate because it is the necessary and proper level for securing and retaining excellent human resources. We have also received a report to that effect from the Nomination and Remuneration Committee.

The target for consolidated operating income for the current fiscal year was 170.0 billion yen, which was announced in the earnings forecast, while the actual result was 187.1 billion yen. The target for consolidated operating income for the fiscal year ending March 2023 is the announced value of 200.0 billion yen in the earnings forecast.

And in Mid-Term Business Plan 2024 (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024), the targets for the final year of the fiscal year ending March 31, 2024 are consolidated net sales of 2,750.0 billion yen, consolidated operating income of 250.0 billion yen, and consolidated return on equity of 12.5%. However, actually in the first fiscal year of the Plan, consolidated net sales were 2,514.2 billion yen, consolidated operating income was 187.1 billion yen, and consolidated return on equity was 11.4%.

f. Reasons why the Board of Directors has determined that the content of individual remuneration, etc. for Directors of the Board for the current fiscal year is in line with the decision-making policy

When deciding details of remuneration for each individual, the Nomination and Remuneration Committee conducts objective and multifaceted verification of the decision policy, the evaluation process of individual performance, and the amount of remuneration calculated based on performance. And the Board of Directors judges that they are in line with the decision policy.

g. Remuneration, etc. for activities of the Board of Directors and the Nomination and Remuneration Committee in determining remuneration

The authority to decide the policy regarding the amount of remuneration, etc. of Directors of the Board or the calculation method thereof is entrusted to the Board of Directors.

As the activities of the Board of Directors in determining Executive Remuneration during the current fiscal year, payment of the base remuneration for Directors of the Board was resolved at the extraordinary Board of Directors meeting held on June 25, 2021 and payment of the bonuses for them at the Board of Directors meeting held on May 27, 2022, respectively.

The voluntary Nomination and Remuneration Committee, in which independent Outside Directors are the majority, deliberates

on matters related to the policy and procedures for determining remuneration, the amount of remuneration, the process of evaluating individual performance, etc., and resolves them as the Nomination and Remuneration Committee to report them to the Board of Directors. All proposals regarding remuneration at the Board of Directors are submitted based on the content of discussions and reports made by the Nomination and Remuneration Committee held a few days earlier. The main matters deliberated by the Nomination and Remuneration Committee and resolved by the Board of Directors in the current fiscal year are as follows: The Nomination and Remuneration Committee met eight times during the current fiscal year.

- Individual amount of basic remuneration
- Verification of validity of remuneration level and remuneration composition
- Bonus payment amount (scheduled to be paid in July 2022)

(ii) Total amount of remuneration, etc. for each classification of officers, total amount of remuneration, etc. by type, and number of eligible officers

Classification of officers	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)				Number of eligible officers (people)
		Basic remuneration	Bonuses	Performance-linked share-based remuneration, etc.	Of the items on the left, non-monetary remuneration, etc.	
Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board)	619	349	164	105	102	10
Audit and Supervisory Committee Members (excluding Outside Directors of the Board)	51	51	-	-	-	2
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	15	15	-	-	-	2
Outside officers	89	89	-	-	-	6

- (Notes) 1. The above remuneration amount is not limited to those who were in office on or after the day following the conclusion of the immediately preceding Annual General Meeting of Shareholders, and the remuneration related to the current fiscal year is stated. Accordingly, the number of eligible officers includes four Directors of the Board and one Audit and Supervisory Board Member who retired at the conclusion of the Annual General Meeting of Shareholders held during the current fiscal year. In addition, the amount of bonuses and Share-based Remuneration is the remuneration that is revealed to be paid in the current fiscal year, and the actual payment will be made after the next fiscal year.
2. The amount of remuneration for Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members), including basic remuneration and bonuses, shall be within 1,100 million yen per year (of which, Outside Directors of the Board shall be within 110 million yen per year, and bonuses shall not be paid; and employee salary is not included). The amount of remuneration for Directors Serving as Audit and Supervisory Committee Members shall be 200 million yen or less per year. Further, for share-based remuneration, the upper limit of the amount that the Company will contribute to the Trust established under the Performance-Linked Share-Based Remuneration Plan for Directors (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and Executive Officers shall, in principle, be 3,500 million yen for every three business years. These are resolved respectively. (The Performance-Linked Share-Based Remuneration Plan is also described in “Part 1. Company Information, IV. Status of Company Submitting Annual Securities Report, 1. Status of stocks, etc. (8) Details of the officer/employee stock ownership system.”) There is no stock option system, and the executive retirement allowance system was abolished at the conclusion of the 103rd Annual General Meeting of Shareholders held on June 29, 2005. However, it has been resolved that Directors of the Board and Audit and Supervisory Board Members who continue to serve after the conclusion of the General Meeting of Shareholders are presented with severance pay for officers at the time of their retirement, which corresponds to the period of their tenure until the abolition of the severance pay system for officers.

(iii) Total amount of remuneration, etc. for those who have a total amount of remuneration, etc. of 100 million yen or more

Name	Classification of officers	Classification of companies	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)			
				Basic remuneration	Bonuses	Remuneration based on the Performance-linked Share-based - Remuneration Plan	Of the items on the left, non-monetary remuneration, etc.
Masanori Katayama	Director of the Board, ISUZU MOTORS LIMITED	Company submitting the Annual Securities Report	205	104	56	44	44

(5) Holding of shares

(i) Standard for and concept of categorization of investment shares

The Company categorizes shares held mainly for the purpose of earning profit from share value fluctuations or dividends on shares as pure-investment-purpose shares while categorizing shares held for any other purpose as non-pure-investment-purpose shares. All investment-purpose shares held by the Company are for non-pure-investment purposes.

(ii) Investment-purpose shares held by the Company for non-pure-investment purposes.

In our view, holding shares of business partner companies on the premise of long-term transactions with them is an effective means for building a stable relationship with them, and it enhances the corporate value of the Company in the medium to long term. To verify the reasonableness of holding shares, we annually assess them quantitatively to see if benefits from holding them justify our capital cost on a stock-by-stock basis and also annually examine them qualitatively on the rationale of holding them at the Board of Directors meeting, and swiftly reduce any shares deemed to no longer serve the holding purpose. We recently checked the reasonableness of holding shares by doing a verification at the Board of Directors meeting on June 21, 2022.

Number of stocks and carrying amounts on balance sheet

	Number of stock (stock)	Total carrying amounts on balance sheet (millions of yen)
Non-listed stocks	61	1,535
Stocks other than non-listed stocks	57	146,255

(Stocks where the shares increased in number for the current fiscal year)

	Number of stock (stock)	Total acquisition amount due to an increase in the number of shares (millions of yen)	Reason for an increase in the number of shares
Non-listed stocks	1	1	We founded a new company with a partner with the aim of: i) speeding up the efforts for social implementation and penetration of CASE technologies* by combining them with a commercial business as a foundation; and ii) contributing to resolving issues for the transportation industry and achieving a carbon neutral society. * An acronym for Connected, Autonomous, Shared & Services, and Electric, as an all-inclusive term.
Stocks other than non-listed stocks	2	42,910	We acquired shares of these stocks in order to become more competitive by effectively pursuing business partnerships through capital alliance-based solid relationships. This was with the aim of speeding up efforts for social implementation and penetration of CASE technologies by combining them with a commercial business as a foundation and of contributing to resolving issues for the transportation industry and achieving a carbon neutral society. We additionally acquired shares in order to keep medium-to long-term relationships with the partners and develop further as the benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost.

(Stocks the shares of which decreased in number for the current fiscal year)

	Number of stock (stock)	Total amount of sale due to a decrease in the number of shares (millions of yen)
Non-listed stocks	-	-
Stocks other than non-listed stocks	3	5,258

Information on the number of shares of specified investment stocks and of stocks deemed to be held as well as on carrying amounts, etc. on the balance sheet

(Specified investment stocks)

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Toyota Motor Corporation	25,478,500	-	We acquired shares of Toyota Motor Corporation in order to effectively pursue the business partnership with the company through a capital alliance-based solid relationship. This was with the aim of speeding up the efforts for social implementation and penetration of CASE technologies*, based on a commercial business as a foundation, and of contributing to resolving issues for the transportation industry and achieving a carbon neutral society.	Yes
	56,625	-		
SG Holdings Co., Ltd.	19,800,000	19,800,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	45,777	50,232		
JFE Holdings, Inc.	2,230,500	5,434,900	JFE Holdings is our biggest supplier of steel products. We continue to hold shares of the company in order to procure steel products stably and contribute to QCD globally. (Note) 1	Yes
	3,843	7,407		
Press Kogyo Co., Ltd.	10,151,185	10,151,185	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	3,837	3,380		
SENKO Group Holdings Co., Ltd.	4,039,689	4,039,689	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	Yes
	3,627	4,233		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
NIKKON Holdings Co., Ltd.	1,692,985	1,692,985	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	3,462	3,763		
Fukuyama Transporting Co., Ltd.	613,071	612,995	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further. (Increase due to employee shareholding plan)	Yes
	2,237	2,795		
Nippon Express Holdings, Inc.	265,130	265,130	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	2,232	2,184		
Keisei Electric Railway Co., Ltd.	638,750	638,750	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	2,181	2,312		
NHK Spring Co., Ltd.	2,347,499	2,347,499	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	2,077	1,948		
Akebono Brake Industry Co., Ltd.	12,111,104	12,111,104	Akebono Brake Industry Co., Ltd. is our biggest supplier of specific vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	No
	1,901	2,373		
Sato Shoji Corporation	1,451,077	1,451,077	Sato Shoji Corporation is a leading trading company for steel products. We continue to hold shares of the company in order to procure steel products stably via it and contribute to QCD globally. (Note) 1	Yes
	1,673	1,575		



Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
NSK Ltd.	1,689,000	1,689,000	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	1,243	1,917		
Hitachi Construction Machinery Co., Ltd.	364,870	364,870	We check that benefits from the shareholding, composed of revenue from industrial engines and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep and develop the medium- to long-term relationship with the partner.	No
	1,165	1,293		
Aichi Corporation	1,274,473	1,274,473	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	Yes
	1,124	1,134		
NH Foods Ltd.	269,000	269,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	1,116	1,276		
TBK Co., Ltd.	2,798,002	2,798,002	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	1,040	1,261		
Yamazaki Baking Co., Ltd.	520,064	520,064	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	779	930		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Crops Corporation	751,500	751,500	We entrust Crops Corporation with a wide range of operations such as reception, security, equipment maintenance, and cleaning at the Head Office and plants. We continue to hold shares of the company in order to keep dealing with it stably in the medium to long term. (Note) 1	Yes
	740	691		
Tonami Holdings Co., Ltd.	196,643	196,643	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	738	1,059		
Mitsubishi UFJ Financial Group, Inc.	909,030	1,212,030	Mitsubishi UFJ Financial Group, Inc. is a financial institution ranked highly in share of our consolidated loans. We continue to hold shares of the company for the purpose of keeping the relationship with it in the medium- to long-term in order for us and our group companies to stably obtain financing. (Note) 1	Yes
	691	717		
Nishi-Nippon Railroad Co., Ltd.	220,000	220,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	590	650		
Kansai Paint Co., Ltd.	295,000	295,000	Kansai Paint Co., Ltd. is our biggest supplier of paint products. We continue to hold shares of the company in order to procure paint products stably and contribute to QCD globally. (Note) 1	Yes
	582	871		
Nishio Rent All Co., Ltd.	202,092	202,092	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	565	605		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Denyo Co., Ltd.	311,000	311,000	We check that benefits from the shareholding, composed of revenue from industrial engines and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep and develop the medium- to long-term relationship with the partner.	Yes
	508	650		
Shibusawa Warehouse Co., Ltd.	213,000	213,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	492	482		
Keikyu Corporation	392,664	392,664	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	Yes
	492	656		
Tokyo Radiator MFG Co., Ltd.	675,000	675,000	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	415	398		
NOK Corporation	298,300	298,300	Akebono Brake Industry Co., Ltd. is our biggest supplier of specific vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	342	447		
Daido Metal Co., Ltd.	593,000	593,000	Akebono Brake Industry Co., Ltd. is our biggest supplier of specific vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	338	348		
KYB Corporation	104,300	104,300	Press Kogyo Co., Ltd. is our biggest supplier of multiple vehicle parts. We continue to hold shares of the company in order to procure such parts stably and contribute to QCD globally. (Note) 1	Yes
	310	314		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Niigata Kotsu Co., Ltd.	155,000	155,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	310	311		
Mie Kotsu Group Holdings, Inc.	653,038	653,038	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	297	333		
Apple International Co., Ltd.	1,380,000	1,380,000	We continue to hold shares of the company in order to reinforce our used vehicle business globally. (Note) 1	No
	278	369		
Mizuho Financial Group, Inc.	177,450	177,450	Mitsubishi UFJ Financial Group, Inc. is a financial institution ranked highly in share of our consolidated loans. We continue to hold shares of the company for the purpose of keeping the relationship with it in the medium- to long-term in order for us and our group companies to stably obtain financing. (Note) 1	Yes
	278	283		
Air Water Inc.	150,000	150,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	258	291		
Hiroshima Electric Railway Co., Ltd.	300,000	300,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	254	286		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Fuji Kyuko Co., Ltd.	65,000	65,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	254	382		
Ito En, Ltd.	40,000	40,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	240	271		
Meiji Holdings Co., Ltd.	30,420	30,420	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	201	216		
Maruzen Showa Unyu Co., Ltd.	45,293	45,293	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	143	146		
Kanamoto Co., Ltd.	48,145	48,145	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	96	138		
Chilled & Frozen Logistics Holdings Co., Ltd.	75,000	75,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	90	135		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Kamigumi Co., Ltd.	41,000	41,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	90	85		
Hokuetsu Industries Co., Ltd.	101,900	101,900	We check that benefits from the shareholding, composed of revenue from industrial engines and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep and develop the medium- to long-term relationship with the partner.	No
	89	110		
Tokio Marine Holdings, Inc.	12,435	12,435	Tokio Marine Holdings, Inc. is regarded as a main business partner for our group companies in and outside Japan, including bases that have transactions only with it. We continue to hold shares of the company in order to keep and develop the medium- to long-term relationship with the partner. (Note) 1	Yes
	88	65		
Seibu Holdings Inc.	61,900	61,900	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	78	75		
Keio Corporation	16,400	16,400	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	78	122		
Sotetsu Holdings Inc.	32,882	32,882	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	75	81		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
euglena Co., Ltd.	86,800	86,800	We continue to hold shares of the company in order to collaborate with it for developing next-generation alternative energy sources, etc. (Note) 1	No
	71	91		
Kanda Holdings Co., Ltd.	56,100	56,100	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	61	57		
Sumitomo Mitsui Trust Holdings, Inc.	14,751	14,751	Mitsubishi UFJ Financial Group, Inc. is a financial institution ranked highly in share of our consolidated loans. We continue to hold shares of the company for the purpose of keeping the relationship with it in the medium- to long-term in order for us and our group companies to stably obtain financing. (Note) 1	Yes
	59	56		
Loginet Japan Co., Ltd.	10,800	10,800	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	31	34		
Ito En, Ltd. Class-A Preferred Stock	12,000	12,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	23	31		
S-line Co., Ltd.	19,885	19,885	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	18	18		

Stock	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not shares of the Company are held (Note) 4
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on the balance sheet (millions of yen)	Carrying amount on the balance sheet (millions of yen)		
Tohbu Network Co., Ltd.	20,000	20,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	17	19		
Okayamaken Freight Transportation Co., Ltd.	5,000	5,000	We check that benefits from the shareholdings, composed of revenue from new vehicles and our existing businesses as well as dividend income, justify our capital cost. We continue to hold shares of the company in order to keep the medium- to long-term relationship with the partner and develop further.	No
	14	13		
Meitetsu Transportation Co., Ltd.	-	2,000	-	No
	-	4		

- (Note) 1. At a board of directors meeting, we annually assess our shareholdings qualitatively such as on the rationale of holding them as stated in the section titled “(ii) Investment stocks held for non-pure investment purposes” given that it is difficult to quantitatively verify the effects of holding them.
- (Note) 2. A dash “-” shows that shares of the stock are not held.
- (Note) 3. The Company has no shares falling under the holding category of “shares of stocks deemed to be held.”
- (Note) 4. Whether or not shares of the Company are held by a holding company is stated in consideration of shares held by its main subsidiary or subsidiaries (the number of shares held in effect).



## V. Financial Information

### 1. Preparation methods for consolidated financial statements and non-consolidated financial statements

(1) Consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; hereinafter referred to as the “Regulation on Consolidated Financial Statements”).

(2) Non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the “Regulation on Financial Statements”).

The non-consolidated financial statements are prepared in accordance with Article 127 of the Regulation on Financial Statements as the Company falls under companies allowed to file specified financial statements.

### 2. Audit certification.

Ernst & Young ShinNihon LLC audited the consolidated financial statements for the fiscal year (from April 1, 2021 to March 31, 2022) and non-consolidated financial statements for the fiscal year (from April 1, 2021 to March 31, 2022) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Specific steps to ensure the appropriateness of consolidated financial statements, etc.

The Company takes specific steps to ensure the appropriateness of its consolidated financial statements, etc. Specifically, as a member of the Financial Accounting Standards Foundation, the Company participates in seminars organized by the Financial Accounting Standards Foundation and the Financial Services Agency in order to aptly understand accounting principles, etc. and develops a system to adequately respond to changes in them.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

(millions of yen)

	Previous fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	404,754		356,018
Notes and accounts receivable - trade	287,790		-
Notes and accounts receivable - trade, and contract assets	-	*1	371,249
Lease receivables and investments in leases	135,997		190,522
Merchandise and finished goods	*2 182,328	*2	281,309
Work in process	*2 25,207	*2	49,946
Raw materials and supplies	*2 80,728	*2	146,422
Other	67,793		96,494
Allowance for doubtful accounts	(1,253)		(1,217)
Total current assets	1,183,346		1,490,745
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	424,730		540,482
Accumulated depreciation	(246,312)		(330,844)
Buildings and structures, net	178,417		209,638
Machinery, equipment and vehicles	770,354		858,016
Accumulated depreciation	(606,681)		(689,229)
Machinery, equipment and vehicles, net	163,673	*2	168,786
Land	*6 284,836	*6	371,765
Leased assets	10,612		15,350
Accumulated depreciation	(5,928)		(8,003)
Leased assets, net	4,684		7,346
Vehicles on operating leases	113,402		128,631
Accumulated depreciation	(34,708)		(42,904)
Vehicles on operating leases, net	78,693		85,727
Construction in progress	28,301		44,914
Other	155,937		192,623
Accumulated depreciation	(126,982)		(161,921)
Other, net	28,955		30,702
Total property, plant and equipment	767,563		918,881
<b>Intangible assets</b>			
Goodwill	2,018		20,519
Other	16,945		66,887
Total intangible assets	18,964		87,407
<b>Investments and other assets</b>			
Investment securities	*3 191,682	*3	249,832
Long-term loans receivable	1,043		1,035
Retirement benefit asset	2,372		3,144
Deferred tax assets	43,854		55,095
Other	37,163		51,534
Allowance for doubtful accounts	(1,020)		(1,537)
Total investments and other assets	275,096		359,104
Total non-current assets	1,061,623		1,365,394
Total assets	2,244,970		2,856,139

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	*2 329,540	*2 436,365
Electronically recorded obligations - operating	58,382	60,332
Short-term borrowings	52,913	139,160
Lease liabilities	5,918	8,659
Income taxes payable	17,507	27,593
Accrued expenses	57,800	100,735
Provision for bonuses	20,242	23,553
Provision for bonuses for directors (and other officers)	375	246
Provision for product warranties	5,921	5,075
Deposits received	4,353	4,898
Other	71,010	*4 91,576
Total current liabilities	623,965	898,195
Non-current liabilities		
Bonds payable	50,000	80,000
Long-term borrowings	193,210	286,650
Lease liabilities	14,518	16,009
Deferred tax liabilities	582	4,272
Deferred tax liabilities for land revaluation	*6 42,135	*6 42,135
Provision for automobile maintenance costs	4,432	6,170
Provision for share awards for directors (and other officers)	136	418
Retirement benefit liability	89,015	97,151
Provision for product warranties	-	4,859
Long-term deposits received	1,647	2,723
Other	20,313	23,127
Total non-current liabilities	415,991	563,518
Total liabilities	1,039,956	1,461,714
<b>Net assets</b>		
Shareholders' equity		
Share capital	40,644	40,644
Capital surplus	*5 42,599	*5 42,606
Retained earnings	849,673	928,371
Treasury shares	(54,090)	(3,290)
Total shareholders' equity	878,826	1,008,332
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,942	53,990
Deferred gains or losses on hedges	(796)	(1,102)
Revaluation reserve for land	*6 83,881	*6 83,952
Foreign currency translation adjustment	7,830	49,459
Remeasurements of defined benefit plans	(901)	(531)
Total accumulated other comprehensive income	142,955	185,768
Non-controlling interests	183,230	200,324
Total net assets	1,205,013	1,394,425
Total liabilities and net assets	2,244,970	2,856,139

## (ii) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	1,908,150	*1 2,514,291
Cost of sales	*2 1,605,111	*2 2,056,104
Gross profit	303,038	458,187
Selling, general and administrative expenses		
Transportation costs	31,230	50,509
Promotion expenses	9,795	8,225
Advertising expenses	4,240	5,561
Unpaid repair expenses	18,166	17,891
Provision for product warranties	3,150	4,254
Salaries and allowances	74,464	96,664
Provision for bonuses	12,425	15,367
Provision for bonuses for directors (and other officers)	331	197
Provision for share awards for directors (and other officers)	-	418
Retirement benefit expenses	4,649	4,759
Depreciation	12,215	21,434
Other	*2 36,636	*2 45,705
Total selling, general and administrative expenses	207,305	270,989
Operating profit	95,732	187,197
Non-operating income		
Interest income	3,144	3,335
Dividend income	2,313	5,232
Share of profit of entities accounted for using equity method	5,066	9,617
Rental income	162	241
Foreign exchange gains	1,746	5,779
Other	4,040	4,107
Total non-operating income	16,474	28,314
Non-operating expenses		
Interest expenses	2,859	2,130
Litigation settlement	840	59
Compensation expenses	443	-
Currency option costs	290	249
Other	3,506	4,666
Total non-operating expenses	7,941	7,106
Ordinary profit	104,265	208,406
Extraordinary income		
Gain on sale of non-current assets	*3 180	*3 177
Gain on sale of investment securities	714	2,923
Total extraordinary income	895	3,100

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
Extraordinary losses				
Loss on disposal of non-current assets	*4	975	*4	1,621
Impairment losses	*5	13,840	*5	343
Loss on sale of investment securities		38		40
Loss on valuation of investment securities		176		5,017
Loss on valuation of investments in capital of subsidiaries and associates		-		62
Loss on COVID-19		3,298		104
Other		-		34
Total extraordinary losses		18,331		7,224
Profit before income taxes		86,829		204,281
Income taxes - current		31,666		53,134
Income taxes - deferred		2,626		(5,572)
Total income taxes		34,292		47,562
Profit		52,537		156,719
Profit attributable to non-controlling interests		9,828		30,526
Profit attributable to owners of parent		42,708		126,193

## Consolidated statement of comprehensive income

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit	52,537	156,719
Other comprehensive income		
Valuation difference on available-for-sale securities	27,565	861
Deferred gains or losses on hedges	(1,098)	(305)
Foreign currency translation adjustment	17,366	42,887
Remeasurements of defined benefit plans, net of tax	7,757	443
Share of other comprehensive income of entities accounted for using equity method	(28)	7,416
Total other comprehensive income	*1 51,561	*1 51,303
Comprehensive income	104,098	208,023
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	90,160	168,935
Comprehensive income attributable to non-controlling interests	13,938	39,087

## (iii) Consolidated statement of changes in equity

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of 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 from retained earnings to capital surplus		96,336	(96,336)		-
Change in capital surplus interest of parent due to transactions with non-controlling interests		95			95
Change in scope of equity method			(12)	9	(3)
Net changes in items other than shareholders' equity					
Total changes during period	-	95	(75,055)	96,350	21,390
Balance at end of period	40,644	42,599	849,673	(54,090)	878,826

	Accumulated other comprehensive income						Non-controlling interests	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 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 from retained earnings to capital surplus								-
Change in capital surplus interest of parent due to transactions with non-controlling interests								95
Change in scope of equity method								(3)
Net changes in items other than shareholders' equity	27,344	(1,098)	-	13,347	7,859	47,452	2,788	50,241
Total changes during period	27,344	(1,098)	-	13,347	7,859	47,452	2,788	71,631
Balance at end of period	52,942	(796)	83,881	7,830	(901)	142,955	183,230	1,205,013

Current fiscal year (from April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	40,644	42,599	849,673	(54,090)	878,826
Changes during period					
Dividends of surplus			(37,314)		(37,314)
Profit attributable to owners of parent			126,193		126,193
Reversal of revaluation reserve for land			(71)		(71)
Purchase of treasury shares				(2,259)	(2,259)
Disposal of treasury shares		(10,109)		53,059	42,949
Transfer from retained earnings to capital surplus		10,109	(10,109)		-
Change in capital surplus interest of parent due to transactions with non-controlling interests		7			7
Net changes in items other than shareholders' equity					
Total changes during period	-	7	78,698	50,800	129,505
Balance at end of period	40,644	42,606	928,371	(3,290)	1,008,332

	Accumulated other comprehensive income						Non-controlling interests	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 period	52,942	(796)	83,881	7,830	(901)	142,955	183,230	1,205,013
Changes during period								
Dividends of surplus								(37,314)
Profit attributable to owners of parent								126,193
Reversal of revaluation reserve for land								(71)
Purchase of treasury shares								(2,259)
Disposal of treasury shares								42,949
Transfer from retained earnings to capital surplus								-
Change in capital surplus interest of parent due to transactions with non-controlling interests								7
Net changes in items other than shareholders' equity	1,048	(305)	71	41,629	370	42,813	17,093	59,906
Total changes during period	1,048	(305)	71	41,629	370	42,813	17,093	189,411
Balance at end of period	53,990	(1,102)	83,952	49,459	(531)	185,768	200,324	1,394,425



## (iv) Consolidated statement of cash flows

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	86,829	204,281
Depreciation	82,354	98,335
Share of loss (profit) of entities accounted for using equity method	(5,066)	(9,617)
Increase (decrease) in provision for product warranties	(715)	138
Increase (decrease) in provision for bonuses	(403)	501
Increase (decrease) in provision for bonuses for directors (and other officers)	179	(140)
Amortization of goodwill	2,207	4,334
Increase (decrease) in allowance for doubtful accounts	567	(136)
Increase (decrease) in provision for automobile maintenance costs	545	1,738
Increase (decrease) in provision for share awards for directors (and other officers)	(62)	282
Increase (decrease) in retirement benefit liability	17	(775)
Interest and dividend income	(5,458)	(8,568)
Interest expenses	2,859	2,130
Loss (gain) on sale of non-current assets	(180)	(177)
Loss (gain) on disposal of non-current assets	975	1,621
Loss (gain) on sale of investment securities	(675)	(2,882)
Loss (gain) on valuation of investment securities	176	5,017
Loss on valuation of investments in capital of subsidiaries and associates	-	62
Impairment losses	13,840	343
Decrease (increase) in trade receivables	(11,255)	605
Net decrease (increase) in lease receivables and investments in leases	855	(5,437)
Decrease (increase) in inventories	38,494	(105,245)
Decrease (increase) in other current assets	2,383	(16,462)
Increase (decrease) in trade payables	15,981	32,523
Increase (decrease) in accrued expenses	8,285	13,507
Increase (decrease) in deposits received	928	17
Increase (decrease) in other liabilities	14,574	(7,407)
Other, net	703	1,771
Subtotal	248,943	210,361
Interest and dividends received	7,545	10,783
Interest paid	(2,906)	(2,187)
Income taxes paid	(30,664)	(46,901)
Net cash provided by (used in) operating activities	222,918	172,056
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(49)	(42,981)
Proceeds from sale of investment securities	2,419	5,496
Purchase of non-current assets	(97,891)	(100,325)
Proceeds from sale of non-current assets	5,492	7,312
Long-term loan advances	(351)	(280)
Proceeds from collection of long-term loans receivable	340	320
Net decrease (increase) in short-term loans receivable	168	12
Net decrease (increase) in time deposits	(369)	943
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(290,562)
Other, net	(3,172)	(801)
Net cash provided by (used in) investing activities	(93,413)	(420,867)

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(26,776)	41,715
Proceeds from long-term borrowings	43,300	196,500
Repayments of long-term borrowings	(84,873)	(58,140)
Proceeds from issuance of bonds	50,000	30,000
Proceeds from share issuance to non-controlling shareholders	5,426	-
Repayments of lease liabilities	(4,496)	(5,314)
Proceeds from disposal of treasury shares	-	42,822
Purchase of treasury shares	(4)	(2,258)
Dividends paid	(21,412)	(37,300)
Dividends paid to non-controlling interests	(16,258)	(21,876)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(180)	0
Net cash provided by (used in) financing activities	(55,275)	186,145
Effect of exchange rate change on cash and cash equivalents	8,465	17,708
Net increase (decrease) in cash and cash equivalents	82,695	(44,956)
Cash and cash equivalents at beginning of period	303,974	386,670
Cash and cash equivalents at end of period	386,670	341,713

## Notes

(Significant matters forming the basis for preparation of consolidated financial statements)

### 1. Matters concerning the scope of consolidation

(1) Consolidated subsidiaries: Total of 100 companies as shown below.

(i) Domestic subsidiaries: 32 companies

Isuzu Motors Sales Co., Ltd., Isuzu Motors Kinki Co., Ltd., Isuzu Motors Syutoken Co., Ltd., UD Trucks Corporation, and 28 other companies

(ii) Overseas subsidiaries: 68 companies

Isuzu Motors America, LLC, Isuzu Motors Asia Ltd., Isuzu Motors Co., (Thailand) Ltd., and 65 other companies

The following 15 companies were affected by a change in the scope of consolidation for the current fiscal year.

The following companies were newly included in the scope of consolidation: UD Trucks Corporation, NewMec Co, UD Financial Services Co., Ltd., UD Trucks Singapore (PTE.) Ltd., UD Trucks India Private Limited, UD Trucks Malaysia SDN BHD, UD Trucks (Thailand) Co., Ltd., UD Trucks Corporation (Thailand) Co., Ltd., TMBP Ltd., Thai-Swedish Assembly Co., Ltd., TSA Land Co., Ltd., UD Trucks North America, Inc., UD Trucks Business Services (Tianjin) Co., Ltd., UD Trucks Southern Africa (Pty) Ltd., and UD Trucks Middle East FZE.

The following three companies that had been consolidated subsidiaries for the previous fiscal year were excluded from the scope of consolidation.

ISUZU YAMATO ENGINES, INC was excluded from the scope of consolidation because it was absorbed by ISUZU MOTORS ENGINE SALES INC. through a merger and i-PACK Co., Ltd. was excluded from the scope of consolidation because it was absorbed by Isuzu LINEX Co., Ltd. through a merger. Isuzu Truck Service Hokkaido Co., Ltd. was excluded from the scope of consolidation as its liquidation procedures had been completed. Isuzu LINEX Co., Ltd. changed its name to Isuzu Logistics Co., Ltd. on May 9, 2022.

(2) Non-consolidated subsidiaries: Isuzu Motors Hokkaido Co., Ltd. and other

(3) Non-consolidated subsidiaries were excluded from the scope of consolidation as they do not have a material impact on the consolidated financial statements given that their total amounts were all small in size and their total assets, net sales, profit, retained earnings (equity method portion) each account for an insignificant proportion of the corresponding items of consolidated financial statements.

### 2. Matters concerning application of the equity method

(1) Companies accounted for under the equity method

(i) Of 21 non-consolidated subsidiaries, 14 companies

Isuzu Insurance Service Co., Ltd. and 13 other companies

The following company was affected by a change in the scope of application of the equity method for the current fiscal year.

Due to its founding, Isuzu Motors Sweden AB was made a non-consolidated subsidiary accounted for under the equity method.

(ii) Of 47 affiliates, 40 companies

J-Bus Limited, Kagawa Isuzu Motors Ltd., General Motors Egypt S.A.E., and Nippon Fruehauf Co., Ltd. and 36 other companies

The following three companies were affected by a change in the scope of application of the equity method for the current fiscal year.

UD Trucks Doto Co., Ltd., UD Trucks Niigata Co., Ltd. and PT UD Astra Motor Indonesia were made affiliates accounted for under the equity method as the Company had acquired shares of them.

(2) Companies not accounted for under the equity method

Non-consolidated subsidiaries: Isuzu Motor Hokkaido Co., Ltd. and others

Affiliates: Suzuki Unyu Ltd.

(3) The non-consolidated subsidiaries and affiliates set forth in item (2) above were excluded from the scope of application of the equity method as they do not have a material impact on the consolidated financial statements and their effects are insignificant as a whole.

(4) The investment difference occurring due to application of the equity method is amortized using the straight-line method over five years after the occurrence.

(5) Equity method profit (loss) of equity method companies whose accounting closing dates differ from the consolidated accounting closing date of the Company is computed, based on financial statements for their fiscal years, because they do not have a material effect on the consolidated accounting.

- (6) The accounting standards for equity method companies are, in principle, identical to those of the Company submitting consolidated financial statements.

### 3. Matters concerning the fiscal years of consolidated subsidiaries

December 31 of each year is the accounting closing date for 3 domestic subsidiaries and 31 overseas subsidiaries, among consolidated subsidiaries.

In preparing the consolidated financial statements, the financial statements as of each accounting closing date are used, and necessary adjustments are made under consolidation for significant transactions occurring up to the consolidated accounting closing date. The accounting closing date for 29 domestic subsidiaries and 37 overseas subsidiaries is identical to the annual consolidated accounting closing date for the Company.

### 4. Matters concerning accounting policies

- (1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities

Securities other than non-marketable securities, etc.

Stated at fair value (any valuation difference is directly included in net assets, and cost of securities sold is calculated by the moving average method)

Non-marketable securities, etc.

Stated at cost determined by the moving average method

(ii) Derivatives

Stated at fair value

(iii) Inventories

Parent company

Stated at cost determined by the gross average method

(Balance sheet values are measured by the method of writing down the book value to reflect decreases in profitability.)

Consolidated subsidiaries

Inventories are principally measured at cost determined by the specific identification method.

(Balance sheet values are measured by the method of writing down the book value to reflect decreases in profitability.)

- (2) Depreciation and amortization methods for significant depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is mainly used, and the declining-balance method is used by some consolidated subsidiaries.

Main useful lives are as follows.

Buildings and structures: 3 to 65 years

Machinery, equipment and vehicles: 3 to 15 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is used

“Software,” included in intangible assets, is amortized by the straight-line method based on its useful life as internally determined (five years).

(iii) Leased assets

Lease assets relating to finance lease transactions without transfer of ownership

Depreciated over the lease contract’s lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.

- (3) Basis for provisions and allowances

(i) Allowance for doubtful accounts

With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company and domestic consolidated subsidiaries provide estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure. Overseas consolidated subsidiaries determine allowances for doubtful accounts by assessing each individual account.

The Company makes necessary adjustments to allowance for doubtful accounts in consolidation of elimination of receivables and payables among consolidated subsidiaries.

(ii) Provision for bonuses

Provision for bonuses is provided in an amount estimated to cover the bonus payment for services rendered by

- employees during the fiscal year.
- (iii) Provision for bonuses for directors  
Provision for bonuses for directors is provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.
  - (iv) Provision for product warranties  
Provision for product warranties is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts. The provision is calculated based on past experience.
  - (v) Provision for automobile maintenance costs  
Provision for automobile maintenance costs is provided for the portion corresponding to the already leased period out of the total amount anticipated to be incurred during the entire lease period for maintenance costs based on lease contracts, such as lease automobile maintenance costs.
  - (vi) Provision for share awards for directors (and other officers)  
Provision for share awards for directors (and other officers) is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board, etc. during the current fiscal year.
- (4) Accounting method for retirement benefits
- (i) Method of attributing expected retirement benefits to periods  
Upon calculating retirement benefit liabilities, the method of attributing the expect amount of payments of retirement benefits to the period up to the end of the fiscal year is based on the benefit formula method.
  - (ii) Method of amortizing actuarial gains and losses and past service cost  
Past service cost is amortized using the straight-line method over a period (mainly ten years) less than the average remaining years of service of eligible employees.  
Actuarial gain or loss is amortized using the straight-line method or declining balance method over periods shorter than the average remaining years of service of eligible employees (mainly ten years) from the following fiscal year of incurrence.  
In calculating retirement benefit liabilities and retirement benefit costs, some consolidated subsidiaries use a simplified method with which to deem an amount required to be paid at period end for voluntary retirement as retirement benefit obligations.
- (5) Recognition of significant revenue and expenses
- (i) Recognition of revenue related to finance lease transactions  
Revenue related to finance lease transactions is recognized based on the accounting method for net sales and cost of sales upon the receipt of lease fees.
  - (ii) Recognition of revenue and expenses  
The Group's principal business activities domestically and overseas are CVs and LCVs, such as heavy-duty trucks /buses (hereinafter, "Heavy-duty (and medium-duty) vehicles"), light-duty trucks /pick-up trucks and variants (hereinafter "Light-duty vehicles"), as well as powertrains (hereinafter, "Engines and components"), which consist of parts for overseas production and engines, transmissions and driveline components, as well as the sale of parts, maintenance and servicing, and sales of used vehicles (hereinafter, "Others").  
The Company recognizes revenue from domestic sales of Heavy-duty (and medium-duty) vehicles, Light-duty vehicles, Engines and components as well as parts, etc. principally at the time of delivery when the customer obtains control of the product, and the performance obligation is satisfied.  
The Company recognizes revenue from overseas sales of Heavy-duty (and medium-duty) vehicles, Light-duty vehicles, parts for overseas production, Engines and components as well as parts, etc. principally at the time of delivery when the customer obtains control of the product and the performance obligation is satisfied, at the time of shipment, etc.  
The Company recognizes revenue from maintenance and servicing, and sales of used vehicles, etc. at the time of delivery, such as when the services are rendered or the customer obtains control of the product and the performance obligation is satisfied.
- (6) Standards for translating significant foreign-currency-denominated assets or liabilities into Japanese yen  
Foreign-currency-denominated monetary claims and liabilities are translated into Japanese yen by using the spot exchange rate of a consolidated financial closing date, and translation differences are accounted for as a gain or loss. The assets and liabilities of overseas subsidiaries are translated into Japanese yen by using the spot exchange rate of a financial closing date for each of them, and their revenue and expenses are translated into Japanese translation by using an average exchange rate for the accounting period, and translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

- (7) Hedge accounting
- (i) Hedge accounting methods
- Forward foreign exchange contracts and currency options
- Designated hedge accounting (*furiate-shori*) is adopted (except transactions which do not fulfill the required conditions).
- Interest rate swaps and currency options
- Deferral hedge accounting or exceptional accounting method specified in the Accounting Standard for Financial Instruments is adopted.
- (ii) Hedging instruments and hedged items
- Hedging instruments
- Interest rate swaps and currency options
- Forward foreign exchange contracts and currency options
- Hedged items
- Receivables and payables denominated in foreign currencies, and borrowings
- (iii) Hedging policy
- The Company utilizes derivative financial instruments to avoid risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies, borrowings, etc.
- (iv) Method of assessing hedge effectiveness
- The Company determines hedge effectiveness by comparing the cumulative changes in cash flows from hedging instruments with those from hedged items.
- However, this assessment excludes the effectiveness of interest rate swaps accounted for by exceptional accounting method.
- (v) Other
- The Company has a bylaw on derivative transactions and executes its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits, and reporting systems.
- (8) Amortization method and amortization period for goodwill
- Goodwill is amortized by the straight-line method over a period not exceeding 20 years, in principle, based on the Company's estimate of the period its effects can be realized.
- (9) Scope of cash on consolidated statement of cash flows
- Cash on hand, deposits able to be withdrawn any time, and short-term investments maturing within three months from acquisition that can readily be converted into cash and are exposed to only an insignificant risk of change in value.
- (10) Significant matters forming the basis for preparation of consolidated financial statements
- (i) Accounting treatment of consumption taxes, etc. (referring to consumption taxes and regional consumption taxes)
- Non-deductible consumption taxes and regional consumption taxes were accounted for as expenses for the current fiscal year.

(Significant accounting estimates)

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

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

	Previous fiscal year	Current fiscal year
Accrued expenses related to field measures (recalls, etc.)	9,887 million yen	12,822 million yen

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

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

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

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

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

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

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

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

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

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

## 2. Allocation of acquisition cost to intangible assets in business combinations

### (1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Accounting item	Previous fiscal year	Current fiscal year
Acquisition of UD Trucks Corporation	Goodwill	-	20,280 million yen
	Trademark rights	-	18,974 million yen
	Patent rights	-	18,435 million yen
	Customer-related assets	-	5,673 million yen

### (2) Information related to the contents of significant accounting estimates for the identified item

The Group acquired all the shares of UD Trucks Corporation in the current fiscal year. Intangible assets and goodwill recorded due to this business combination are calculated by allocating the acquisition cost to the identifiable assets and liabilities at the date of the business combination.

The fair value of intangible assets identified in the business combination is calculated using the income approach that discounts the future cash flows expected to be generated by the intangible assets based on the business plan used in enterprise valuation and conducted using an outside specialist.

Trademark rights and patent rights are valued using the Relief from Royalty Method of the income approach as the valuation model, and customer-related assets are valued using the Excess Earnings Method of the income approach as the valuation model.

Goodwill is the difference between the acquisition cost and the amount allocated to identifiable assets and liabilities at the date of the business combination, including intangible assets.

The key assumptions used in the calculation of the fair value of identifiable intangible assets are, for trademark rights and patent rights, royalty rates and discount rates, as well as growth rates that are taken into account in the business plan; for customer-related assets, the key assumptions are the expected rate of return and discount rate.

The discount rate applied to intangible assets is set by using the weighted average capital cost (WACC) and adding a risk premium set according to the degree of risk for each intangible asset.

The Group believes that the assumptions used to measure the fair value of the intangible assets and amount of goodwill at the time of the business combination are reasonable.

However, these assumptions may be affected by future changes in uncertain economic conditions, and should it become necessary to revise the assumptions, this could have a significant impact on the amounts of intangible assets and goodwill acquired through the business combination in the consolidated financial statements for the next fiscal year.



### 3. Impairment of property, plant and equipment

#### (1) Amounts recorded on the consolidated financial statements for the current fiscal year

Asset group	Accounting item	Previous fiscal year	Current fiscal year
Manufacturing and sales subsidiary based in India	Property, plant and equipment	5,533 million yen	5,864 million yen
Manufacturing and sales subsidiary based in South Africa	Property, plant and equipment	7,879 million yen	-

#### (2) Information related to the contents of significant accounting estimates for the identified item

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

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

The Group categorizes its asset groups into business assets, idle assets and rental assets, and idle assets and rental assets are grouped on a property-by-property basis.

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

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

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

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

Factoring in the uncertainties due to the spread of COVID-19, calculations are based on the premise that a decline in demand in emerging markets seen in the consolidated current fiscal year will continue in and after the next fiscal year.

The Group reviews these forecasts based on the latest information available on an ongoing basis.

As a result of the examination of recoverability during the current fiscal year, there is no significant impairment loss recognized.

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

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

There is no significant impact in the next fiscal year regarding the South Africa-based subsidiary that manufactures and sells pick-up trucks and other products, which in the previous fiscal year recorded a significant accounting estimate for impairment of property, plant and equipment, as its performance improved in the current fiscal year.

(Changes in accounting policies)

(Adoption of accounting standard for revenue recognition)

The Company has adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter “Standard for Revenue Recognition”), etc. from the beginning of the current fiscal year, according to which revenue is recognized when control of promised goods or services is transferred to the customer, at the amounts expected to be received in exchange for such goods or services.

Consequently, part of consideration paid to customers, such as sales commissions previously recorded as selling, general and administrative expenses, is now deducted from transaction prices. In regards to transactions wherein the Company’s subsidiaries act as agents, revenue was previously recognized as the total sum of consideration received from customers; however, revenue is now recognized as the net amount calculated by deducting the amount paid to suppliers from the amount received from customers. Furthermore, in regards to paid supply transactions, the paid supply materials were recognized as extinguished; however, where the Company is obliged to buy them back, they now are not recognized as extinguished.

As a result, in the current fiscal year, net sales decreased by 9,601 million yen, cost of sales decreased by 2,757 million yen, and selling, general and administrative expenses decreased by 6,844 million yen. On the other hand, inventory and other current liabilities rose by 4,963 million yen and 4,963 million yen, respectively.

In applying the Standard for Revenue Recognition, etc., “Notes and accounts receivable,” which was shown in the “Current assets” section of the consolidated balance sheet for the previous fiscal year, is now presented as “Notes and accounts receivable, and contract assets” from the beginning of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation method. In accordance with the transitional treatment set forth in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to “Revenue recognition” for the previous fiscal year are not presented.

(Adoption of accounting standard for fair value measurement)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”), etc. from the beginning of the current fiscal year and has applied the new accounting policies defined in the Fair Value Measurement Standard prospectively, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Standard and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This adoption has no impact on the consolidated financial statements for the current fiscal year.

The Company discloses the breakdown of financial instruments by fair value level in the notes related to “Financial instruments.” The Company does not present information for the previous fiscal year in the notes in accordance with the transitional treatment set forth in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019).

(Accounting standard not yet adopted)

The Company

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

(1) Outline

The ASBJ stipulated the treatment of fair value measurement and notes for investment trusts and the treatment of notes on the fair value of capital contributed to a partnership that records net equity interest on the balance sheet.

(2) Scheduled adoption date

The beginning of the fiscal year ending March 31, 2023

(3) Effects of the application of the accounting standard

The impact of the application of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” on the consolidated financial statements is currently being evaluated.

Consolidated subsidiaries in the United States

- ASU No. 2016-02 “Leases”

(1) Outline

This accounting standard requires lessees to record, in principle, all leases under assets or liabilities on the balance sheet.

(2) Scheduled adoption date

Beginning of the fiscal year ending March 31, 2023

(3) Effects of the application of the accounting standard

The impact of the application of “Leases” on the consolidated financial statements is currently being evaluated.

(Additional information)

(Performance-linked share-based remuneration plan)

The Company is engaged in transactions to grant, through the Trust, Isuzu shares to its Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and Executive Officers (excluding Executive Officers who are Directors of the Board).

(1) Transaction outline

A performance-linked share-based remuneration plan for Directors of the Board (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors of the Board) and Executive Officers (hereinafter referred to as “Directors of the Board, etc.”) was approved to be introduced due to the transition to a Company with an Audit and Supervisory Committee at the 119th Ordinary General Meeting of Shareholders held on June 25, 2021.

The introduction of the plan is intended to further raise awareness of the Directors of the Board, etc. about achieving medium- to long-term management goals and improving the enterprise value by clarifying the link between the compensation of Directors of the Board, etc. and the performance and stock value of the Company and by having them share the benefits from stock price appreciation and risks from stock price depreciation.

Under the plan, the Company’s shares, etc. are granted to Directors of the Board who are eligible for the grant, from a trust (established with trust funds contributed by the Company; Company shares shall be acquired using such trust funds) depending on the attainment of the performance targets set in the Mid-Term Business Plan for the period covered by the Mid-Term Business Plan (covering three fiscal years in principle).

(2) Own shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets in accordance with their carrying value at the trust (excluding the value of incidental expenses). The carrying value and number of the treasury shares were 1,126 million yen and 835,751 shares, respectively, for the previous fiscal year and 3,248 million yen and 2,251,865 shares, respectively, for the current fiscal year.

(Consolidated balance sheet)

\*1 Of notes and accounts receivable, and contract assets, the amount of receivables arising from contracts with customers is stated in “(1) Contract balances” in “Notes, (Revenue recognition) 3” to the consolidated financial statements.

\*2 Shown below are assets pledged as collateral and secured liabilities.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Inventories	270 million yen	98 million yen
Machinery, equipment and vehicles	-	4
Total	270	102

Secured liabilities

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Accounts payable	2,913 million yen	4,352 million yen
Total	2,913	4,352

\*3 Shown below are items related to non-consolidated subsidiaries and affiliates

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Investment securities	82,785 million yen	90,915 million yen
(Of which, investments in jointly controlled companies)	30,122 million yen	35,256 million yen

\*4 Of “Others” under current liabilities, the amount of contract liabilities is stated “(1) Contract balances” in “Notes, (Revenue recognition) 3” to the consolidated financial statements.

- \*5 The consolidated balance sheet and the non-consolidated balance sheet differ with respect to “Capital surplus,” and the reasons are as follows.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
“Capital surplus” on the non-consolidated balance sheet	49,855 million yen	49,855 million yen
Accounting treatment due to share exchanges (Conversion of former Tokyo Isuzu Motor Co., Ltd. into a wholly-owned subsidiary)	529	529
Change in capital surplus due to transactions with non-controlling interests	471	478
Gain on disposal of treasury shares (Gain on disposal of shares of the reporting company for consolidated subsidiaries and equity method affiliates)	172	172
Elimination of gain on merger	(3)	(3)
Purchase of shares of consolidated subsidiaries	(8,426)	(8,426)
“Capital surplus” on consolidated balance sheet	42,599	42,606

- \*6 In accordance with “the Act on Partial Amendment to the Act on Revaluation of Land (Act No. 24, March 31, 1999)” land for business use was revalued. Of the gain on valuation, an amount equivalent to applicable tax was recorded as deferred tax liability due to revaluation under liabilities, and a value after deducting the amount was recorded as a difference on revaluation of land under net assets.

- Revaluation method: Land was revalued by making reasonable adjustments such as time change-based supplementation to an amount calculated by using such a method laid down and announced by the Commissioner of the National Tax Agency for computing land value as is the basis for calculating an amount of land value tax, as specified in Article 16 of the Land Value Tax Act set forth in Article 2, Item 4 of the Order for Enforcement of Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998). Some blocks of land, however, were revalued by using land appraisals.
- Date of revaluation: March 31, 2000 (March 31, 2001 for some consolidated subsidiaries)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Difference between the ending fair value of land revaluated and the post-revaluation carrying value	63,466 million yen	62,588 million yen

- 7 The Company and some of its consolidated subsidiaries entered into lending commitment contracts with corresponding banks to efficiently procure operating funds. The unused loan balance at the end of the business year based on such contracts is shown below.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Total lending commitment	458,000 million yen	258,000 million yen
Outstanding loan balance	13,700	56,100
Net	444,300	201,900

(Consolidated statement of income)

\*1 Revenue from contracts with customers

Revenue from contracts with customers and revenue from other sources are not presented separately. Revenue from contracts with customers is disclosed in “Notes (Revenue recognition)”, 1. Disaggregation of revenue from contracts with customers.”

\*2 Total research and development expenses included in general and administrative expenses and manufacturing cost for the current fiscal year

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
	91,026	million yen	104,756	million yen

\*3 Description of gain on sales of non-current assets is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
Land	-	million yen	10	million yen
Buildings and structures	0		5	
Machinery, equipment and vehicles, among others	180		161	

\*4 Description of loss on disposal of non-current assets is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
Land	0	million yen	237	million yen
Buildings and structures	230		297	
Machinery, equipment and vehicles, among others	744		1,086	

\*5 Impairment loss on non-current assets was recorded for the following asset groups.

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Location	Use	Class	Impairment loss (millions of yen)
Fujisawa, Kanagawa	Idle assets	Machinery, equipment, furniture and fixtures	165
Tochigi, Tochigi	Idle assets	Machinery, equipment, furniture and fixtures	82
Kasumigaura, Ibaraki	Business assets	Land	124
Andhra Pradesh, India	Business assets	Buildings, machinery and equipment	13,469
Total			13,840

Current fiscal year (from April 1, 2021 to March 31, 2022)

Location	Use	Class	Impairment loss (millions of yen)
Fujisawa, Kanagawa	Business assets and idle assets	Machinery, equipment, buildings and structures	90
Tochigi, Tochigi	Business assets and idle assets	Machinery and equipment	69
Port Elizabeth, East Cape, South Africa	Business assets	Machinery and equipment	12
Supplier bases in South Africa	Business assets	Machinery and equipment	7
Chonburi, Thailand and others	Business assets	Buildings and structures	163
Total			343

The Group categorizes its asset groups into business assets and into idle assets and rental assets, and idle assets and rental assets are grouped on a property-by-property basis. The carrying value of business assets, idle assets and rental assets showing signs of potential impairment due to a decline in land price or profitability is written down to the recoverable amount.

(Breakdown of impairment losses)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Item	Amount (millions of yen)
Land	124
Buildings and structures	2,077
Machinery, equipment and vehicles	10,087
Construction in progress	460
Intangible assets	359
Other	731

Current fiscal year (from April 1, 2021 to March 31, 2022)

Item	Amount (millions of yen)
Land	-
Buildings and structures	169
Machinery, equipment and vehicles	92
Construction in progress	79
Intangible assets	-
Other	1

The recoverable amount is measured in accordance with net sale value and for land and buildings is measured in accordance with appraised value under real estate appraisal standards. The recoverable amount for other asset classes is measured in accordance with a memorandum value if the net sale value is difficult to calculate.



## (Consolidated statement of comprehensive income)

## \*1 Adjustments and income tax relating to other comprehensive income

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities:		
Amount recorded for the current fiscal year	37,963 million yen	9,831 million yen
Reclassification adjustment	(516)	(2,705)
Before tax-effect adjustment	37,446	7,125
Tax-effect amount	(9,881)	(6,263)
Valuation difference on available-for-sale securities	27,565	861
Deferred gains or losses on hedges:		
Amount recorded for the current fiscal year	(2,017)	707
Reclassification adjustment	435	(1,147)
Before tax-effect adjustment	(1,582)	(440)
Tax-effect amount	483	134
Deferred gains or losses on hedges	(1,098)	(305)
Foreign currency translation adjustment:		
Amount recorded for the current fiscal year	17,366	42,887
Reclassification adjustment	-	-
Foreign currency translation adjustment	17,366	42,887
Remeasurements of defined benefit plans, net of tax		
Amount recorded for the current fiscal year	9,226	(2,118)
Reclassification adjustment	2,622	1,903
Before tax-effect adjustment	11,848	(214)
Tax-effect amount	(4,091)	658
Remeasurements of defined benefit plans, net of tax	7,757	443
Share of other comprehensive income of entities accounted for using the equity method:		
Amount recorded for the current fiscal year	(101)	7,353
Reclassification adjustment	73	62
Share of other comprehensive income of entities accounted for using the equity method	(28)	7,416
Total other comprehensive income	51,561	51,303

(Consolidated statement of changes in equity)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

1. Matters on class of stock for issued shares and the total number of issued shares and class of stock for treasury shares and the number of treasury shares

	Current fiscal year Number of shares at beginning of period (shares)	Current fiscal year Increase in number of shares (shares)	Current fiscal year Decrease in number of shares (shares)	Current fiscal year Number of shares at end of period (shares)
Issued shares				
Common stock	848,422,669	-	70,980,600	777,442,069
Total	848,422,669	-	70,980,600	777,442,069
Treasury shares				
Common stock (Note)	110,881,195	5,595	71,002,834	39,883,956
Total	110,881,195	5,595	71,002,834	39,883,956

(Note) The number of common stock treasury shares includes treasury shares held by the Trust whose beneficiaries are

Directors of the Board, etc. of the Company (843,426 shares at the start of the current fiscal year and 835,751 shares at the end).

(Outline of causes of changes)

The main breakdown of the increase is as follows.

Purchase of shares less than one unit	4,939 shares
Treasury shares acquired by entities accounted for using the equity method that are attributable to the Company	656 shares

The main breakdown of the decrease is as follows.

Disposal of treasury shares held by the trust whose beneficiaries are Directors of the Board, etc.	7,675 shares
Cancellation of treasury shares	70,980,600 shares
Exclusion of application of the equity method for affiliates accounted for under the equity method	14,559 shares

2. Matters concerning dividend

(1) Dividends paid

(Resolution)	Class of stock	Total dividends (millions of yen)	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2020	Common stock	14,030	19.00 yen	March 31, 2020	June 30, 2020
Board of Directors Meeting held on November 6, 2020	Common stock	7,384	10.00 yen	September 30, 2020	November 30, 2020

(Note) The total dividends resolved by the Annual General Meeting of Shareholders on June 29, 2020 included 16 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

The total dividends resolved by the Annual General Meeting of Shareholders on November 6, 2020 included 8 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

(2) Dividends whose record date was in the current fiscal year that will come into effect for next fiscal year

(Resolution)	Class of stock	Total dividends (millions of yen)	Source of dividends	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2021	Common stock	14,768	Retained earnings	20.00 yen	March 31, 2021	June 28, 2021

(Note) The total dividends resolved by the Annual General Meeting of Shareholders on June 25, 2021 included 16 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

Current fiscal year (from April 1, 2021 to March 31, 2022)

1. Matters on class of stock for issued shares and the total number of issued shares and class of stock for treasury shares and the number of treasury shares

	Current fiscal year Number of shares at beginning of period (shares)	Current fiscal year Increase in number of shares (shares)	Current fiscal year Decrease in number of shares (shares)	Current fiscal year Number of shares at end of period (shares)
Issued shares				
Common stock	777,442,069	-	-	777,442,069
Total	777,442,069	-	-	777,442,069
Treasury shares				
Common stock (shares)	39,883,956	1,517,579	39,094,486	2,307,049
Total	39,883,956	1,517,579	39,094,486	2,307,049

(Note) The number of common stock treasury shares includes treasury shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company (835,751 shares at the start of the current fiscal year and 2,251,865 shares at the end of the current fiscal year).

(Outline of causes of changes)

The main breakdown of the increase is as follows.

Disposal of treasury shares held by the trust whose beneficiaries are Directors of the Board, etc.	1,510,600 shares
Purchase of shares less than one unit	6,430 shares
Treasury shares acquired by entities accounted for using the equity method that are attributable to the Company	549 shares

The main breakdown of the decrease is as follows.

Disposal of treasury shares held by the trust whose beneficiaries are Directors of the Board, etc.	94,486 shares
Disposal of treasury shares through third-party allotment	39,000,000 shares

2. Matters concerning dividend

(1) Dividends paid

(Resolution)	Class of stock	Total dividends (millions of yen)	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2021	Common stock	14,768	20.00 yen	March 31, 2021	June 28, 2021
Board of Directors Meeting held on November 8, 2021	Common stock	22,545	29.00 yen	September 30, 2021	November 30, 2021

(Note) The total dividends resolved by the Annual General Meeting of Shareholders on June 25, 2021 included 16 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company. The total dividends resolved by the Annual General Meeting of Shareholders on November 8, 2021 included 65 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

(2) Dividends whose record date was in the current fiscal year that will come into effect in the next fiscal year

(Resolution)	Class of stock	Total dividends (millions of yen)	Source of dividends	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2022	Common stock	28,765	Retained earnings	37.00 yen	March 31, 2022	June 29, 2022

(Note) The total dividends resolved by the Annual General Meeting of Shareholders on June 28, 2022 included 83 million yen in dividends on Isuzu shares held by the Trust whose beneficiaries are Directors of the Board, etc. of the Company.

(Consolidated statement of cash flows)

1. Relation between cash and cash equivalents at end of period and amounts of accounts shown on consolidated balance sheet

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposits	404,754 million yen	356,018 million yen
Time deposits and bonds whose deposit period or time to redemption is in excess of 3 months	(18,084)	(14,304)
Cash and cash equivalents	386,670	341,713

2. Description of significant non-monetary transactions

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Leased assets	1,328 million yen	2,451 million yen
Property, plant and equipment and others (use right assets)	2,505	3,550
Lease liabilities	3,834	6,001

3. The main breakdown of the assets and liabilities of companies that became new consolidated subsidiaries due to share acquisition

Shown below are the breakdown of assets and liabilities at the time of starting consolidation as a result of newly consolidating UD Trucks Corporation and its 14 subsidiaries through the acquisition of shares and the relation between share acquisition value and expenditure for acquisition (net value).

Current assets	207,415 million yen
Non-current assets	206,156
Total assets	413,571
Current liabilities	(353,245)
Non-current liabilities	(24,263)
Total liabilities	(377,508)
Goodwill	22,716
Purchase value of shares	58,778
Purchase price	56,898
Earn-out clause	1,880
Subrogation	261,534
Cash and cash equivalents	(29,750)
Net: Expenditure for acquisition	290,562

(Lease transactions)

(Lessee)

1. Finance lease transactions

Leased assets related to finance lease transactions without transfer of ownership

(1) Description of leased assets

(i) Property, plant and equipment

Mainly tools, furniture, fixtures, machinery and equipment for the automobile business

(ii) Intangible assets

Mainly software

(2) Method of depreciation and amortization of leased assets

As stated in “4. Matters concerning accounting policies (2)” in “Significant matters forming the basis for preparation of consolidated financial statements.”

2. Operating lease transactions

Future minimum lease payments for non-cancellable operating lease transactions

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Within 1 year	661	1,820
Over 1 year	3,037	7,293
Total	3,698	9,114

(Lessor)

1. Finance lease transactions

(1) Breakdown of lease investment assets

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Portion of lease fee receivables	97,854	138,553
Portion of estimated residual value	17,521	36,691
Amount equivalent to interest income	(7,147)	(12,367)
Lease investment assets	108,228	162,877

(2) Expected recoverable amount after the consolidated financial closing date for lease fee receivables associated with lease receivables and lease investment assets

(millions of yen)

	Previous fiscal year (As of March 31, 2021)					
	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Lease receivables	8,738	7,334	6,166	3,981	2,283	392
Lease investment assets	31,574	25,098	21,197	12,571	5,945	1,465

(millions of yen)

	Current fiscal year (As of March 31, 2022)					
	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Lease receivables	9,122	8,036	5,864	3,973	1,387	386
Lease investment assets	45,615	38,940	26,716	18,652	6,805	1,822

2. Operating lease transactions

Future minimum lease payments for non-cancellable operating lease transactions

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Within 1 year	17,152	19,175
Over 1 year	35,812	38,731
Total	52,965	57,906



(Financial instruments)

1. Matters concerning financial instruments

(1) Policy for financial instruments

The Company restricts investments only for part of deposits and obtains funds mainly from bank borrowings and issuance of bonds. Derivatives are used for avoiding risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings, etc.

(2) Description of financial instruments, risks involved, and risk management system

Notes and accounts receivable - trade, which are operating receivables, contract assets, lease receivables, and lease investment assets, are exposed to customer credit risk.

With regard to this kind of risk, the Company closely monitors the balance of receivables from business partners in accordance with our accounting rules.

Investment securities, although being exposed to a risk of market price fluctuations, consist mainly of shares in companies with which we have capital relationships. We manage the fair value of these shares in accordance with our securities rules.

Notes and accounts payable, which are operating payable, electronically recorded obligations, and accrued expenses are mostly due within one year.

Of borrowings, short-term borrowings are long-term borrowings mainly due within one year, and they chiefly finance capital expenditures and long-term working capital. Bonds mainly finance repayment of borrowings. Although borrowings with variable interest rates are exposed to a risk of interest rate fluctuations, we avoid the risk by using derivatives (interest rate swaps and interest rate options) as a means of hedging. As regards the method for assessing hedge effectiveness, we judge the effectiveness by comparing the cumulative amount of fluctuations in the means of hedging and the cumulative amount of fluctuations in hedged items.

The Company has in place internal rules on derivative transactions and sets out the purpose of transactions, their contents, holding system, reporting system and so on in these rules. We execute transactions and manage risks in accordance with these rules.

Operating payables, borrowings, and bonds payable are exposed to liquidity risk, and we manage them by periodically identifying due dates and balances, etc.

(3) Matters concerning the fair value of financial instruments

Contract values, etc. for derivatives set forth in the note titled "Derivatives" are not intended to show market risk for derivatives.

## 2. Matters concerning the fair value of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as well as their variances.

Previous fiscal year (As of March 31, 2021)

(millions of yen)

	Consolidated balance sheet amount (*2)	Fair value (*2)	Difference
(1) Lease receivables and lease investment assets	135,997	136,090	92
(2) Investment securities (*3)	106,209	106,209	-
(3) Bonds payable	(50,000)	(49,969)	31
(4) Long-term borrowings (*4)	(232,412)	(232,319)	92
(5) Derivatives (*5)	(1,619)	(1,619)	-

(\*1) “Cash and deposits,” “Trade notes, accounts receivable, and contract assets,” “Trade notes and accounts payable,” “Electronically recorded obligations – operating,” “Short-term borrowings” and “Accrued expenses” have been omitted because the fair value approximates the book value due to cash and short term settlements.

(\*2) The figures in parentheses indicate those posted in liabilities.

(\*3) The following financial instruments are not included in “(2) Investment securities” since they have no market price, their future cash flows cannot be estimated, and it is extremely difficult to identify their fair values.

The amounts of such financial instruments are recorded in the consolidated balance sheet as below.

Category	Previous fiscal year (As of March 31, 2021)
Non-listed stocks	2,687
Stocks of non-consolidated subsidiaries and affiliates	82,785

(\*4) Long-term borrowings include those falling due within one year.

(\*5) Assets and liabilities arisen from derivatives are offset against each other and stated in net, and items that are net liabilities are shown in parentheses.

Current fiscal year (As of March 31, 2022)

(millions of yen)

	Consolidated balance sheet amount (*2)	Fair value (*2)	Difference
(1) Lease receivables and lease investment assets	190,522	190,290	(232)
(2) Investment securities (*3) (*4)	182,054	170,022	(12,032)
(3) Bonds payable	(80,000)	(79,611)	389
(4) Long-term borrowings (*5)	(369,710)	(368,682)	1,027
(5) Derivatives (*6)	(2,613)	(2,613)	-

(\*1) “Cash and deposits,” “Notes and accounts receivable – trade, and contract assets,” “Notes and accounts payable – trade,” “Electronically recorded obligations – operating,” “Short-term borrowings” and “Accrued expenses” have been omitted because the fair value approximates the book value due to cash and short term settlements.

(\*2) The figures in parentheses indicate those posted in liabilities.

(\*3) Investment securities includes shares of listed affiliates accounted for by the equity method, and the difference in amount is due to the fair values valuation of those shares.

(\*4) Non-marketable stocks, etc. are not included in “(2) Investment securities.” The amounts of such financial instruments are recorded in the consolidated balance sheet as below.

Category	Current fiscal year (As of March 31, 2022)
Non-listed stocks	2,009
Stocks of non-consolidated subsidiaries and affiliates	65,768

(\*5) Long-term borrowings include those falling due within one year.

(\*6) Assets and liabilities arisen from derivatives are offset against each other and stated in net, and items that are net liabilities are shown in parentheses.

(Note) 1. The estimated repayment and redemption amounts for receivables and securities with maturity after the consolidated financial closing date

Previous fiscal year (As of March 31, 2021)

(millions of yen)

	1 year or less	Over 1 year but within 5 years	Over 5 years
Cash and deposits	404,754	-	-
Notes and accounts receivable	287,790	-	-
Lease receivables and investments in leases	43,254	90,749	1,993
Total	735,798	90,749	1,993

Current fiscal year (As of March 31, 2022)

(millions of yen)

	1 year or less	Over 1 year but within 5 years	Over 5 years
Cash and deposits	356,018	-	-
Notes and accounts receivable - trade, and contract assets	371,249	-	-
Lease receivables and investments in leases	62,685	125,428	2,407
Total	789,953	125,428	2,407

(Note) 2. The estimated repayment and redemption amounts for long-term borrowings and bonds after the consolidated financial closing date

Previous fiscal year (As of March 31, 2021)

(millions of yen)

	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Long-term borrowings	39,202	43,060	51,560	58,060	38,530	2,000
Bonds payable	-	-	-	-	30,000	20,000

Current fiscal year (As of March 31, 2022)

(millions of yen)

	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Long-term borrowings	83,060	91,560	98,060	58,530	38,500	-
Bonds payable	-	-	-	30,000	30,000	20,000

### 3. Matters relating to the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and importance of inputs used in valuation of the fair value.

Level 1 fair value: Of observable inputs used in calculation of fair value, fair value for assets or liabilities that is calculated based on quoted prices in an active market

Level 2 fair value: Of observable inputs used in calculation of fair value, fair value that is calculated using inputs other than Level 1 inputs

Level 3 fair value: Fair value that is calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value, among the levels to which each of the inputs belongs.

#### (1) Financial instruments recorded at fair value on the consolidated balance sheet

Current fiscal year (As of March 31, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities	156,265	-	641	156,907
Total assets	156,265	-	641	156,907
Derivatives				
Currency related	-	(2,613)	-	(2,613)
Total liabilities	-	(2,613)	-	(2,613)

#### (2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

Current fiscal year (As of March 31, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Lease receivables and investments in leases	-	-	190,290	190,290
Investment securities	13,114	-	-	13,114
Total assets	13,114	-	190,290	203,404
Bonds payable	-	(79,611)	-	(79,611)
Long-term borrowings	-	(368,682)	-	(368,682)
Total liabilities	-	(448,293)	-	(448,293)

(Note) Explanation of assessment methods used for calculation of fair value and inputs used in calculation of fair value

Lease receivables and investments in leases

The fair values of lease investment assets are based on present values discounted by an interest rate which takes into account the period until maturity and credit risk for receivable amounts for each type of receivable as classified according to certain periods. This is categorized under Level 3 fair value.

Investment securities

The fair values of listed shares are classified as Level 1 because they are measured based on quoted market prices in active markets. In addition, the fair values of non-listed stocks are classified as Level 3 as they are measured using valuation techniques, etc. based on net asset value.

Bonds payable

Measured based on market prices. These are categorized under Level 2 fair value.

Long-term borrowings

The fair values of long-term borrowings are measured by discounting the future cash flows of principal and interest at an interest rate that would apply for a new loan borrowed under similar conditions. These are categorized under Level 2 fair value.

Derivatives

Derivatives are calculated based on prices, etc. quoted by counterparty financial institutions and are classified as Level 2 fair value.

(Securities)

1. Trading securities

Not applicable.

2. Held-to-maturity bonds

Not applicable.

3. Available-for-sale securities

Previous fiscal year (As of March 31, 2021)

(millions of yen)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds the acquisition cost	(1) Stocks	103,205	28,781	74,423
	(2) Bonds			
	Bonds payable	-	-	-
	(3) Other			
	Securities investment trust	-	-	-
	Subtotal	103,205	28,781	74,423
Securities whose consolidated balance sheet amount does not exceed the acquisition cost	(1) Stocks	3,003	3,212	(209)
	(2) Bonds			
	Bonds payable	-	-	-
	(3) Other			
	Securities investment trust	-	-	-
	Subtotal	3,003	3,212	(209)
Total		106,209	31,994	74,214

(Note) Non-listed stocks (amount reported on the consolidated balance sheet: 1,915 million yen) are not included in “Stocks” in the above table since they have no market price, their future cash flows cannot be estimated, and it is extremely difficult to identify the fair value.

Current fiscal year (As of March 31, 2022)

(millions of yen)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds the acquisition cost	(1) Stocks	155,513	73,819	81,693
	(2) Bonds			
	Bonds payable	-	-	-
	(3) Other			
	Securities investment trust	-	-	-
	Subtotal	155,513	73,819	81,693
Securities whose consolidated balance sheet amount does not exceed the acquisition cost	(1) Stocks	1,394	1,644	(250)
	(2) Bonds			
	Bonds payable	-	-	-
	(3) Other			
	Securities investment trust	-	-	-
	Subtotal	1,394	1,644	(250)
Total		156,907	75,464	81,443

(Note) Non-listed stocks (amount reported on the consolidated balance sheet: 2,009 million yen) are not included in “Stocks” in the above table since they have no market price.

#### 4. Available-for-sale securities sold

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(millions of yen)

Class	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	2,419	714	38
(2) Bonds	-	-	-
(3) Other	-	-	-
Total	2,419	714	38

Current fiscal year (from April 1, 2021 to March 31, 2022)

(millions of yen)

Class	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	5,496	2,923	40
(2) Bonds	-	-	-
(3) Other	-	-	-
Total	5,496	2,923	40

#### 5. Securities for which an impairment loss was recognized

In the previous fiscal year, an impairment loss of 176 million yen was recognized for shares with a fair value under available-for-sale securities.

In the current fiscal year, an impairment loss of 38 million yen was recognized for shares with a fair value under available-for-sale securities.

In recognizing an impairment loss, the closing price on the closing date of the fiscal year (if no closing price is available, the most recent closing price) is considered as the fair value, and if, for each issue, the fair value is below 50% of the acquisition cost, an impairment loss is recorded.

In addition, if the fair value is 50% or above but no more than 70% of the acquisition cost, an impairment loss is recognized in light of the trend in market prices of the respective securities and the monetary significance.

However, if there is a rational basis to expect the fair value to recover, no impairment loss is recognized.



## (Derivative transactions)

## 1. Derivative transactions for which hedge accounting is not applied

## (1) Currency transactions

Previous fiscal year (As of March 31, 2021)

(millions of yen)

Category	Transaction type	Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Gain/loss on valuation
Transactions other than market transactions	Forward foreign exchange contracts				
	Buy contract				
	Japanese yen	12,896	-	(18)	(18)
	Australian dollar	62	-	1	1
	U.S. dollar	600	-	3	3
	Other	108	-	0	0
	Sell contract				
	Australian dollar	17,417	-	(182)	(182)
	U.S. dollar	4,980	-	(90)	(90)
	Other	10,674	-	(109)	(109)
Total		46,740	-	(395)	(395)

Current fiscal year (As of March 31, 2022)

(millions of yen)

Category	Transaction type	Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Gain/loss on valuation
Transactions other than market transactions	Forward foreign exchange contracts				
	Buy contract				
	Japanese yen	24,062	-	(420)	(420)
	Australian dollar	628	-	(8)	(8)
	U.S. dollar	180	-	(2)	(2)
	Thai baht	4,132	-	268	268
	Euro	138	-	1	1
	Sell contract				
	Japanese yen	33	-	1	1
	Australian dollar	15,049	-	(626)	(626)
	U.S. dollar	12,389	-	(112)	(112)
	Thai baht	7,162	-	(112)	(112)
	Euro	3,136	-	(1)	(1)
	Other	6,703	-	32	32
Total		73,617	-	(981)	(981)

2. Derivative transactions for which hedge accounting is applied

(1) Currency transactions

Previous fiscal year (As of March 31, 2021)

(millions of yen)

Hedge accounting method	Transaction type	Major hedged item	Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle-based method	Forward foreign exchange contracts				
	Buy contract				
	Japanese yen	Accounts payable	1,045	-	(58)
	Thai baht	Accounts payable	227	-	(0)
	Sell contract				
	U.S. dollar	Accounts receivable - trade	19,292	-	(964)
	Australian dollar	Accounts receivable - trade	7,737	-	(182)
	Other	Accounts receivable - trade	775	-	(17)
Designated hedge accounting ( <i>furiate-shori</i> ) for forward foreign exchange contracts, etc.	Forward foreign exchange contracts				
	Sell contract				
	U.S. dollar	Accounts receivable - trade	4,322	-	(*1)
	Australian dollar	Accounts receivable - trade	7,169	-	
	Total		40,570	-	(1,224)

(\*1) Items such as forward foreign exchange contracts for which designated hedge accounting (*furiate-shori*) is applied are accounted for together with the hedged accounts receivable - trade, and the fair value of such items is included in the fair value of the respective accounts receivable - trade.

Current fiscal year (As of March 31, 2022)

(millions of yen)

Hedge accounting method	Transaction type	Major hedged item	Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle-based method	Forward foreign exchange contracts				
	Buy contract				
	Japanese yen	Accounts payable	731	-	(21)
	Thai baht	Accounts payable	825	-	0
	Sell contract				
	U.S. dollar	Accounts receivable - trade	21,580	-	(874)
	Australian dollar	Accounts receivable - trade	8,915	-	(713)
	Other	Accounts receivable - trade	1,201	-	(23)
Designated hedge accounting ( <i>furiate-shori</i> ) for forward foreign exchange contracts, etc.	Forward foreign exchange contracts				
	Sell contract				
	U.S. dollar	Accounts receivable - trade	6,901	-	(*1)
	Australian dollar	Accounts receivable - trade	11,262	-	
	Total		51,417	-	(1,632)

(\*1) Items such as forward foreign exchange contracts for which designated hedge accounting (*furiate-shori*) is applied are accounted for together with the hedged accounts receivable - trade, and the fair value of such items is included in the fair value of the respective accounts receivable - trade.

(2) Interest rate transactions

Previous fiscal year (As of March 31, 2021)

Not applicable.

Current fiscal year (As of March 31, 2022)

Not applicable.

(Retirement benefits)

1. Outline of the adopted retirement benefit plans

The Company has in place defined-benefit plans, i.e., corporate pension fund and lump-sum retirement payment plans. Consolidated subsidiaries offer defined benefit plans, i.e., corporate pension fund and lump-sum retirement payment plans, and defined contribution pension plans.

The Company and its consolidated subsidiaries may occasionally provide severance payments in addition to the retirement benefits to employees.

Some consolidated subsidiaries adopt the simplified method in calculating retirement benefit liabilities.

2. Defined benefit plans

(1) Reconciliation of the beginning and ending balances of retirement benefit liabilities

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance of retirement benefit liabilities at the beginning of period	190,124 million yen	192,649 million yen
Service cost	8,916	9,111
Interest cost	2,059	2,082
Actuarial gains and losses	(140)	(2,100)
Retirement benefit payments	(10,979)	(10,925)
Prior service cost incurred	1,379	-
Increase associated with the acquisition of consolidated subsidiaries (*2)	-	8,125
Other	1,289	1,593
Balance of retirement benefit liabilities at the end of the period	192,649	200,536

(Notes) 1. Includes retirement benefit liabilities of consolidated subsidiaries that adopt the simplified method.

2. "Increase associated with the acquisition of consolidated subsidiaries" mainly represents the increase resulting from the acquisition of shares of UD Trucks Corporation.

(2) Reconciliation of the beginning and ending balances of pension assets

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance of pension assets at the beginning of period	93,216 million yen	106,006 million yen
Expected return	1,710	2,381
Actuarial gains and losses	9,898	(2,379)
Employer's contributions	6,100	4,950
Retirement benefit payments	(5,350)	(5,058)
Other	430	628
Balance of pension assets at the end of the period	106,006	106,528

(Note) Includes pension assets of consolidated subsidiaries that adopt the simplified method.

(3) Reconciliation of the ending balances of retirement benefit liabilities and pension assets and the retirement benefit liability (asset) reported on the consolidated balance sheet

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Retirement benefit liabilities of funded system	115,383 million yen	115,609 million yen
Pension assets	(106,006)	(106,528)
	9,377	9,080
Retirement benefit liabilities of non-funded system	77,266	84,926
Net liability (asset) reported on the consolidated balance sheet	86,643	94,007
Retirement benefit liability	89,015	97,151
Retirement benefit assets	(2,372)	(3,144)
Net liability (asset) reported on the consolidated balance sheet	86,643	94,007

(Note) Includes retirement benefit obligations and pension assets of consolidated subsidiaries that adopt the simplified method.

(4) Retirement benefit costs and constituents thereof

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Service cost	8,916 million yen	9,111 million yen
Interest cost	2,059	2,082
Expected return	(1,710)	(2,381)
Actuarial gains and losses recognized as expenses	2,444	1,611
Prior service cost recognized as expenses	177	292
Retirement benefit costs related to defined benefit plan	11,887	10,716

(Note) Includes retirement benefit expenses of consolidated subsidiaries that adopt the simplified method.

(5) Remeasurements of defined benefit plans

Items recorded under remeasurements of defined benefit plans (before tax effect deduction) are as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Prior service cost	177 million yen	283 million yen
Actuarial gains and losses	11,671	(498)
Total	11,848	(214)

(6) Accumulated remeasurements of defined benefit plans

Items recorded under accumulated remeasurements of defined benefit plans (before tax effect deduction) are as follows.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Unrecognized prior service cost	770 million yen	601 million yen
Unrecognized actuarial gains and losses	(830)	(16)
Total	(59)	584

(7) Matters concerning pension assets

(i) Major components of pension assets

Ratios of major items against total pension assets are as follows.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Bonds	28 %	39 %
Stocks	34	22
Cash and deposits	4	4
Life insurance general account	26	21
Other	8	14
Total	100	100

Note: Other includes alternative investments.

(ii) Method of setting the long-term expected rate of return

The long-term expected rate of return of pension assets is determined by taking into account the current and projected allocation of pension assets and the current and expected long-term rate of return based on diverse assets constituting pension assets.

(8) Matters concerning the actuarial calculation basis

Major actuarial calculation basis at year-end (indicated by weighted average)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Discount rate	1.2 %	1.3 %
Long-term expected rate of return	1.9	2.3
Estimated salary increase rate	3.7	3.5

3. Defined contribution plan

The amount of required contribution to the defined contribution plan by some consolidated subsidiaries came to 830 million yen in the previous fiscal year and 1,610 million yen in the current fiscal year.

(Tax effect accounting)

1. Breakdown by major cause of deferred tax assets and deferred tax liabilities

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Retirement benefit liability	24,797 million yen	26,851 million yen
Write-down on valuation of shares of subsidiaries and provision of allowance for doubtful accounts	16,353	15,597
Recording of estimated accrued expenses	16,043	21,073
Provision for bonuses	7,052	7,738
Write-down on inventories	2,345	3,526
Tax loss carried forward (Note 2)	22,986	23,271
Elimination, etc. of unrealized income	11,665	22,343
Other	26,781	47,614
Deferred tax assets subtotal	128,026	168,016
Valuation allowance relating to tax loss carried forward (Note 2)	(21,405)	(19,086)
Valuation allowance relating to total future deductible temporary difference, etc.	(27,542)	(45,134)
Valuation allowance subtotal (Note 1)	(48,947)	(64,221)
Total deferred tax assets	79,079	103,795
Deferred tax liabilities		
Reserve for tax-purpose reduction entry of non- current assets	952	2,081
Valuation difference on available-for-sale securities	20,612	23,555
Retained profits of subsidiaries	5,529	7,872
Valuation difference on fair value of consolidated subsidiaries	-	5,486
Other	8,130	9,703
Total deferred tax liabilities	35,224	48,699
Deferred tax assets, net	43,854	55,095
Deferred tax liabilities		
Reserve for tax-purpose reduction entry of non- current assets	10	11
Valuation difference on available-for-sale securities	31	6
Valuation difference on land of subsidiaries	514	1,274
Valuation difference on fair value of consolidated subsidiaries	-	2,951
Other	25	27
Deferred tax liabilities, net	582	4,272

- (Notes) 1. Major fluctuations in the amount of valuation allowance are the addition of valuation allowance of UD Trucks Corporation which became a consolidated subsidiary in the current fiscal year and an increase in the valuation allowance relating to the tax loss carried forward of Isuzu Motors India, a consolidated subsidiary.
2. Tax loss carried forward and amount of deferred tax assets carried forward for each time limit of carryover



Previous fiscal year (As of March 31, 2021)

(millions of yen)

	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years	Total
Tax loss carried forward (*3)	4,896	953	1,831	3,115	2,528	9,660	22,986
Valuation allowance	(3,904)	(893)	(1,774)	(3,066)	(2,459)	(9,307)	(21,405)
Deferred tax assets	992	59	57	49	68	353	(*4) 1,580

(\*3) Tax loss carried forward is derived by multiplying the statutory effective rate.

(\*4) Deferred tax assets relating to tax loss carried forward arose at consolidated subsidiaries Isuzu North America Corporation and Isuzu Hicom Malaysia. They were determined to be recoverable as a result of considering the expected taxable income based on the future earning capacity of each subsidiary.

Current fiscal year (As of March 31, 2022)

(millions of yen)

	1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years	Total
Tax loss carried forward (*3)	1,146	2,401	2,448	3,494	2,609	11,169	23,271
Valuation allowance	(305)	(957)	(1,916)	(3,398)	(2,522)	(9,985)	(19,086)
Deferred tax assets	841	1,443	532	96	87	1,183	(*4) 4,184

(\*3) Tax loss carried forward is derived by multiplying the statutory effective rate.

(\*4) Deferred tax assets relating to tax loss carried forward arose at consolidated subsidiaries UD Trucks Corporation, Isuzu North America Corporation, and Isuzu Hicom Malaysia. They were determined to be recoverable as a result of considering the expected taxable income based on the future earning capacity of each subsidiary.

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Tax deduction	(2.7)	(4.9)
Changes in valuation allowance	10.7	(1.7)
Tax rate difference in overseas subsidiaries	(2.9)	(6.5)
Share of profit of entities accounted for using the equity method	(1.8)	(1.1)
Foreign withholding tax	6.8	4.2
Inhabitant tax on per capita basis	0.4	0.2
Retained profits of subsidiaries	(0.2)	1.1
Other	(1.5)	1.5
Actual effective tax rate after application of tax effect accounting	39.5	23.3

(Business combinations)

Business combination through acquisition

The Company acquired all shares of UD Trucks Corporation on April 1, 2021.

1. Overview of business combination

(1) Name of acquired company and business description

Name of acquired company: UD Trucks Corporation (hereinafter, “UD”)

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

(2) Major reason for business combination

The automobile industry faces a once-in-a-century period of profound transformation, and particularly in the commercial vehicle segment, various issues surrounding the logistics industry and the wide-ranging needs of customers across the globe are calling for new solutions including the application of advanced technologies. The Company and Aktiebolaget Volvo (headquartered in Gothenburg, Sweden, hereinafter “AB Volvo”) share this awareness, and based on the Master Agreement for forming a strategic alliance in the commercial vehicle segment executed on October 30, 2020, the companies will advance collaboration for sharing existing technologies and developing advanced technologies for commercial vehicles by complementing each other’s capabilities and by leveraging both companies’ outstanding technologies as well as economies of scale. In the first step of this strategic alliance, to create a stronger heavy-duty truck business in Japan and across international markets and to accelerate the fruition of the strategic collaboration, the Company acquired the entire stake owned by AB Volvo in UD (hereinafter “Share Acquisition”).

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

(3) Date of business combination

April 1, 2021

(4) Legal form of business combination

Share acquisition with cash as consideration

(5) Name of company after business combination

No change.

(6) Voting rights ratio acquired

100.0%

(7) Grounds for determining the company to acquire

The Company acquired all shares of the company with cash as consideration.

(8) Other matters related to the overview of transaction

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

2. Period for which the acquired company’s business results were included in consolidated financial statements

From April 1, 2021 to December 31, 2021

3. Acquisition cost of the acquired company and breakdown by class of consideration

Consideration for the acquisition	Cash	56,898 million yen
Earn-out clause	Cash	1,880 million yen
Acquisition cost		58,778 million yen

(Note) The aforementioned consideration for the acquisition has reflected the transfer price adjustment according to the share transfer agreement for the UDT Share acquisition. In addition, the said share transfer agreement includes an earn-out clause with 15,000 million yen as the upper limit to be paid. The borrowings (261,534 million yen) of UD and its subsidiaries from AB Volvo group companies were repaid in subrogation performance by the Company. As a result, the amount of payment to AB Volvo was 320,312 million yen, when combined with the consideration for the share acquisition.

4. Descriptions and amounts of major acquisition-related costs

Advisory fees and commissions: 1,810 million yen

5. Amount of goodwill generated, cause for this generation, amortization method and period

(1) Generated goodwill

22,716 million yen

(2) Reason for generation

This goodwill represents future excess earning power expected from future business development.

(3) Amortization method and amortization period

Amortized by the straight-line method over a period of 7 years

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

Current assets	207,415 million yen
Non-current assets	206,156 million yen
Total assets	<u>413,571 million yen</u>
Current liabilities	353,245 million yen
Non-current liabilities	24,263 million yen
Total liabilities	<u>377,508 million yen</u>

7. Contents of the earn-out clause in the business combination contract and the accounting policy for the current fiscal year and beyond

The share transfer agreement includes an agreement to pay an additional earn-out clause with an upper limit amount of 15,000 million yen in accordance with the future achievement level of the acquired company's business plan. If any additional payment to the said clause is made, the payment will be regarded as having been paid at the time of acquisition, with the acquisition price and the amount of goodwill and its amortization revised accordingly.

8. Amount posted as intangible assets other than goodwill and its breakdown by major item with their weighted average amortization periods

(1) Amount posted as intangible assets

46,755 million yen

(2) Breakdown by major item and their amortization periods

Trademark rights	20,513 million yen	amortization period: 10 years
Patent rights	20,342 million yen	amortization period: 8 years
Customer-related assets	5,900 million yen	amortization period: 20 years

9. Pro forma amounts related to the consolidated statement of income for the current fiscal year on the assumption that the business combination was completed at the beginning of the current fiscal year, and their calculation method

Net sales	67,047 million yen
Operating profit	1,052 million yen

(Calculation method for the estimated amounts)

The estimated amounts were calculated based on information on net sales, profits, and losses of the acquired business from January 1, 2021 to March 31, 2021, the period until the date of the business combination on the assumption that the business combination was completed at the beginning of the current fiscal year. In addition, the estimated amounts were calculated with the goodwill, etc. recognized at the time of the business combination regarded as having accrued at the beginning of the current fiscal year.

Please note that the aforementioned estimated amounts and their calculation method did not receive any audit certification.

(Asset retirement obligations)

Disclosure is omitted since the total amount of asset retirement obligations is immaterial.

(Real estate for rent, etc.)

Disclosure is omitted since the total amount of real estate for rent, etc. is immaterial.

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

Current fiscal year (from April 1, 2021 to March 31, 2022)

(millions of yen)

	Heavy-duty and medium-duty vehicles	Light-duty vehicles, etc.	Parts for overseas production	Engines and components	Other (Note)	Total
Japan	298,105	96,568	-	58,296	325,864	778,833
Overseas	264,579	1,067,255	54,926	112,093	137,094	1,635,948
Revenue from contracts with customers	562,684	1,163,823	54,926	170,390	462,958	2,414,782
Revenue from other sources						99,508
Total						2,514,291

(Note) Other includes sale of parts, maintenance and servicing, and sales of used vehicles.

2. Information to provide a basis for understanding revenue from contracts with customers

The Group conducts sales of powertrains and CVs and LCVs such as heavy-duty (and medium-duty) and light-duty vehicles, etc., with domestic and overseas sales companies and consumers as customers.

Customers for parts for overseas production are overseas Group companies that manufacture locally.

For engines, the Group mainly sells industrial engines, of which customers are domestic and overseas industrial machinery manufacturers.

The main customers for components are overseas manufacturers, including Group companies.

The Group deducts the portion of the consideration paid to customers, such as sales commissions, from the transaction price.

The consideration for the sale of products and provision of services is generally received within approximately one year after control of the product is transferred to the customer; no significant financing components are included.

(Note) “CV,” “LCV,” and “powertrains” indicate “commercial vehicles,” “pickup trucks and derivatives,” and “engines, transmissions and driveline components,” respectively.

3. Information for understanding the amount of revenue for the fiscal year and subsequent fiscal years

(1) Contract balances

The balances of receivables arising from contracts with customers and contractual liabilities at the beginning and the end of the period are as follows.

(millions of yen)

	Beginning of the current fiscal year (As of April 1, 2021)	End of the current fiscal year (As of March 31, 2022)
Receivables arising from contracts with customers (Note 1)	325,354	360,788
Contractual liabilities (Note 2)	10,709	10,289

(Notes) 1. Included in the trade notes, accounts receivable and contract assets of the consolidated balance sheet. Amounts are before the deduction of allowance for doubtful accounts. In addition, the balance of receivables arising from contracts with customers at the beginning of the current fiscal year includes the balance of 52,103 million yen for UD Trucks Corporation and its subsidiaries (hereinafter, “UD, etc.”).

(Notes) 2. Included in “Others (Current liabilities)” of the consolidated balance sheet. The balance of contractual liabilities at the beginning of the current fiscal year includes a balance of 4,926 million yen of UD, etc.

Contractual liabilities are consideration received by the Group from customers prior to the delivery of products, and are reclassified to revenue when the Group satisfies its performance obligations.

Of the revenue recognized in the current fiscal year, the amount included in the balance of contractual liabilities at the beginning of the period is 5,934 million yen.

The monetary significance of revenue recognized from performance obligations that were satisfied (or partially satisfied) in the past periods is immaterial in the current fiscal year.

(2) Transaction prices allocated to remaining performance obligation

The total transaction price allocated to unfulfilled performance obligations at the end of the current fiscal year and the breakdown by period of expected revenue recognition are as follows.

(millions of yen)

	End of the current fiscal year (As of March 31, 2022)
1 year or less	79,896
Over 1 year	44,745
Total	124,641

The above table does not include information on remaining performance obligations with original expected terms of one year or less, applying practical expedients.

(Segment information)

Segment information

The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

Related information

Previous fiscal year (from April 1, 2020 to March 31, 2021)

1. Information by product and service

(millions of yen)

	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to external customers	1,302,246	32,358	149,661	423,883	1,908,150

2. Information by region

(1) Net sales

(millions of yen)

Japan	Thailand	Other	Total
751,633	362,754	793,762	1,908,150

Note: Net sales are based on the location of the customer and are categorized into country or region.

(2) Property, plant and equipment

(millions of yen)

Japan	Thailand	Other	Total
619,159	85,762	62,641	767,563

3. Information by major customer

(millions of yen)

Name of company or party	Net sales
Tri Petch Isuzu Sales Co., Ltd.	338,907

Current fiscal year (from April 1, 2021 to March 31, 2022)

1. Information by product and service

(millions of yen)

	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to external customers	1,726,507	54,926	170,390	562,466	2,514,291

2. Information by region

(1) Net sales

(millions of yen)

Japan	Thailand	Other	Total
878,148	440,609	1,195,534	2,514,291

(Note) Net sales are based on the location of the customer and are categorized into country or region.

(2) Property, plant and equipment

(millions of yen)

Japan	Thailand	Other	Total
751,635	97,798	69,447	918,881

3. Information by major customer

(millions of yen)

Name of company or party	Net sales
Tri Petch Isuzu Sales Co., Ltd.	419,210

Information concerning impairment loss on non-current assets by reporting segment

The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

Information concerning amortization of goodwill and unamortized balance by reporting segment

The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

Information concerning gain on negative goodwill by reporting segment

The Group is composed of a single business segment, primarily engaged in manufacture and sale of vehicles and their components, industrial engines. Therefore, the disclosure of segment information is omitted.

Information on related parties

Not applicable.

(Per share information)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	1,385.36 yen	Net assets per share	1,540.51 yen
Net income per share	57.91 yen	Net income per share	162.87 yen

(Notes) 1. Net income per share after dilution of potential stock is not presented because there are no dilutive shares.

2. The basis of calculation of the amount of net income per share is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (millions of yen)	42,708	126,193
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	42,708	126,193
Average number of shares of common stock during the period (shares)	737,543,812	774,809,245

The shares of the Company held by trust with Directors of the Board, etc. as beneficiaries are included in the treasury shares deducted in the calculation of the average number of shares during the period for the purpose of calculating net income per share. (Previous fiscal year: 838,968 shares; current fiscal year: 1,770,312 shares)

3. The basis for calculating the amount of net assets per share is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Total amount of net assets (millions of yen)	1,205,013	1,394,425
Amount of deduction from the total amount of net assets (millions of yen)	183,230	200,324
(Of which, non-controlling interests)	(183,230)	(200,324)
Net assets related to common shares at the end of the period (millions of yen)	1,021,782	1,194,101
Number of common shares at the end of the period used in the calculation of net assets per share (shares)	737,558,113	775,135,020

The shares of the Company held by trust with Directors of the Board, etc. as beneficiaries are included in the treasury shares deducted in the calculation of the number of common shares at the end of the period for the purpose of calculating net assets per share. (Previous fiscal year: 835,751 shares; current fiscal year: 2,251,865 shares)

(Significant subsequent events)

Not applicable.



## (v) Consolidated supplementary schedules

## Schedule of corporate bonds

Company Name	Description	Issuance date	Balance at beginning of period (millions of yen)	Balance at end of the current period (millions of yen)	Interest rate (%)	Collateral	Redemption date
		Date					Date
ISUZU MOTORS LIMITED	30th round of unsecured bonds (with inter-bond pari passu clause)	February 4, 2021	30,000	30,000	0.14	N/A	February 4, 2026
ISUZU MOTORS LIMITED	31st round of unsecured bonds (with inter-bond pari passu clause)	February 4, 2021	20,000	20,000	0.27	N/A	February 4, 2028
ISUZU MOTORS LIMITED	32nd round of unsecured bonds (with inter-bond pari passu clause)	September 29, 2021	-	30,000	0.11	N/A	September 29, 2026
Total	-	-	50,000	80,000	-	-	-

(Note) The estimated redemption amounts for the five years after the consolidated financial closing date are as follows.

(millions of yen)					
1 year or less	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but 5 within years	
-	-	-	30,000	30,000	

## Schedule of borrowings

Category	Balance at beginning of period (millions of yen)	Balance at end of the current period (millions of yen)	Average interest rate (%)	Repayment due date
Short-term borrowings	13,711	56,100	0.19	-
Current portion of long-term borrowings	39,202	83,060	0.24	-
Current portion of lease liabilities	5,918	8,659	5.30	-
Long-term borrowings (Excluding current portion of long-term borrowings)	193,210	286,650	0.22	2023 to 2026
Lease liabilities (Excluding current portion of long-term borrowings)	14,518	16,009	5.00	2023 to 2054
Other interest-bearing debt	-	-	-	-
Total	266,559	450,478	-	-

(Notes) 1. The estimated repayment amounts of long-term borrowings and lease liabilities (excluding the current portion) within the five years after the consolidated financial closing date are as follows.

(millions of yen)				
	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years
Long-term borrowings	91,560	98,060	58,530	38,500
Lease liabilities	3,812	2,864	1,905	1,111

2. The average interest rate signifies the weighted average rate against the balance of borrowings, etc. at the end of the period.

## Schedule of asset retirement obligations

Disclosure is omitted pursuant to Article 92-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements since the amounts of asset retirement obligations at the beginning and at the end of the

current fiscal year are no more than 1% of the amount of total liabilities and net assets at the beginning and at the end of the current fiscal year.

(2) Other

Quarterly information, etc. for the current fiscal year

(Cumulative period)	1st quarter	2nd quarter	3rd quarter	Current fiscal year
Net sales (millions of yen)	529,608	1,145,050	1,783,801	2,514,291
Profit before income taxes (millions of yen)	61,819	105,716	159,118	204,281
Profit attributable to owners of parent (millions of yen)	46,429	71,142	104,669	126,193
Net income per share (yen)	60.05	91.87	135.11	162.87

(Accounting period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share (yen)	60.05	31.86	43.25	27.77

## 2. Financial statements, etc.

### (1) Financial statements

#### (i) Balance sheet

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	101,670	26,163
Electronically recorded monetary claims - operating	2,941	3,877
Accounts receivable - trade	*1 206,143	*1 212,584
Finished goods	39,697	59,550
Work in process	8,662	11,605
Raw materials and supplies	20,063	29,221
Advance payments to suppliers	3,785	5,543
Prepaid expenses	3,430	4,600
Short-term loans receivable	0	*1 111,849
Current portion of long-term loans receivable	-	*1 10,000
Accounts receivable - other	*1 11,122	*1 13,943
Other	6,254	9,115
Total current assets	403,771	498,056
Non-current assets		
Property, plant and equipment		
Buildings	77,518	73,641
Structures	9,640	9,039
Machinery and equipment	65,873	63,165
Vehicles	787	787
Tools, furniture and fixtures	6,767	6,184
Land	197,213	197,138
Leased assets	700	1,022
Construction in progress	10,431	21,414
Total property, plant and equipment	368,933	372,393
Intangible assets		
Software	9,467	8,332
Other	59	57
Total intangible assets	9,527	8,390
Investments and other assets		
Investment securities	103,485	147,791
Shares of subsidiaries and associates	172,077	232,661
Investments in capital	1,006	1,030
Investments in capital of subsidiaries and associates	43,515	43,535
Long-term loans receivable	*1 4,032	*1 127,876
Long-term prepaid expenses	189	1,294
Deferred tax assets	9,277	9,108
Other	*1 5,000	*1 4,449
Allowance for doubtful accounts	(3,747)	(2,294)
Total investments and other assets	334,838	565,453
Total non-current assets	713,299	946,237
<b>Total assets</b>	<b>1,117,071</b>	<b>1,444,294</b>

(millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	*1 16,398	*1 15,331
Accounts payable	*1 193,183	*1 208,235
Short-term borrowings	-	30,000
Current portion of long-term borrowings	-	40,000
Lease liabilities	566	705
Accounts payable - other	*1 6,804	*1 11,308
Accrued expenses	*1 53,088	*1 53,373
Income taxes payable	335	4,406
Advances received	*1 1,666	*1 2,641
Deposits received	*1 19,856	*1 27,813
Unearned revenue	673	713
Provision for product warranties	5,921	3,256
Provision for bonuses	9,515	9,917
Provision for bonuses for directors	287	144
Asset retirement obligations	-	2,080
Other	1,217	1,897
Total current liabilities	309,513	411,824
Non-current liabilities		
Bonds payable	50,000	80,000
Long-term borrowings	-	100,000
Lease liabilities	198	417
Provision for retirement benefits	50,027	48,872
Provision for share awards for directors (and other officers)	136	418
Provision for product warranties	-	2,413
Asset retirement obligations	2,346	168
Deferred tax liabilities for land revaluation	41,266	41,266
Guarantee deposits received	*1 234	*1 473
Other	5,563	6,811
Total non-current liabilities	149,771	280,841
Total liabilities	459,284	692,665
<b>Net assets</b>		
Shareholders' equity		
Share capital	40,644	40,644
Capital surplus		
Legal capital surplus	49,855	49,855
Total capital surplus	49,855	49,855
Retained earnings		
Other retained earnings		
Retained earnings brought forward	486,749	528,182
Total retained earnings	486,749	528,182
Treasury shares	(54,060)	(3,259)
Total shareholders' equity	523,189	615,422
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	51,512	53,355
Deferred gains or losses on hedges	(796)	(1,102)
Revaluation reserve for land	83,881	83,952
Total valuation and translation adjustments	134,597	136,205
Total net assets	657,786	751,628
Total liabilities and net assets	1,117,071	1,444,294

## (ii) Statement of income

(millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	*1 922,628	*1 1,111,891
Cost of sales	*1 814,661	*1 977,074
Gross profit	107,966	134,816
Selling, general and administrative expenses	*1, *2 101,409	*1, *2 104,085
Operating profit	6,556	30,731
Non-operating income		
Interest income	*1 125	*1 1,058
Dividend income	*1 55,892	*1 66,047
Foreign exchange gains	1,505	1,809
Other	*1 950	*1 274
Total non-operating income	58,474	69,189
Non-operating expenses		
Interest expenses	*1 847	*1 825
Litigation settlement	840	59
Currency option costs	290	249
Compensation expenses	*1 492	*1 23
Other	*1 2,134	*1 2,465
Total non-operating expenses	4,605	3,623
Ordinary profit	60,425	96,297
Extraordinary income		
Gain on sale of non-current assets	3	8
Gain on sale of investment securities	543	2,895
Total extraordinary income	547	2,903
Extraordinary losses		
Loss on disposal of non-current assets	658	1,237
Impairment losses	247	160
Loss on valuation of investments in capital of subsidiaries and associates	*3 7,932	-
Loss on valuation of investment securities	176	38
Loss on COVID-19	1,132	-
Other	34	-
Total extraordinary losses	10,183	1,435
Profit before income taxes	50,790	97,765
Income taxes - current	2,597	10,526
Income taxes - deferred	(1,083)	(1,690)
Total income taxes	1,514	8,836
Profit	49,275	88,928

[Manufacturing cost details]

Category	Notes	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
		Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)
I. Raw material expenses		662,833	78.4	823,575	80.7
II. Labor costs	*1	72,677	8.6	73,043	7.2
III. Expenses	*2	109,921	13.0	124,424	12.1
Total manufacturing expenses		845,431	100.0	1,021,043	100.0
Work-in-process inventory at the beginning of period		9,453		8,662	
Transfer from other account	*3	13		14	
Total		854,898		1,029,720	
Work-in-process inventory at the end of the period		8,662		11,605	
Payment to other account	*4	18,049		15,750	
Cost of products manufactured		828,185		1,002,364	

Previous fiscal year		Current fiscal year	
(1) Footnote		(1) Footnote	
*1 Of which, provision for retirement benefits	4,950 million yen	*1 Of which, provision for retirement benefits	3,708 million yen
Of which, provision for bonuses	7,399	Of which, provision for bonuses	7,842
*2 Components of major expenses		*2 Components of major expenses	
Depreciation and amortization	25,652 million yen	Depreciation and amortization	26,229 million yen
*3 Transfer from other account		*3 Transfer from other account	
Merchandise and finished goods	13 million yen	Merchandise and finished goods	14 million yen
*4 Payment to other account		*4 Payment to other account	
Selling, general and administrative expenses	16,774 million yen	Selling, general and administrative expenses	14,187 million yen
Construction in progress, etc.	512	Construction in progress, etc.	748
Other	762	Other	814
Total	18,049	Total	15,750

(2) Method of calculating costs

Process costs are calculated using estimated costs by process and by class.

1. Material expenses are calculated by setting the estimated costs for raw materials and products, and all payments and receipts during the period are made using estimated costs.
2. Processing expenses are allocated based on the actual person-hours using estimated rates.
3. Cost differences are adjusted at the end of the period.

## (iii) [Statement of changes in net assets]

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(millions of yen)

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

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



Current fiscal year (from April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	40,644	49,855	-	49,855	486,749	486,749	(54,060)	523,189
Changes of items during period								
Dividends of surplus					(37,314)	(37,314)		(37,314)
Profit					88,928	88,928		88,928
Purchase of treasury shares							(2,258)	(2,258)
Disposal of treasury shares			(10,109)	(10,109)			53,059	42,949
Reversal of revaluation reserve for land					(71)	(71)		(71)
Transfer from retained earnings to capital surplus			10,109	10,109	(10,109)	(10,109)	-	-
Net changes of items other than shareholders' equity								
Total changes during period	-	-	-	-	41,432	41,432	50,800	92,233
Balance at end of period	40,644	49,855	-	49,855	528,182	528,182	(3,259)	615,422

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	51,512	(796)	83,881	134,597	657,786
Changes of items during period					
Dividends of surplus					(37,314)
Profit					88,928
Purchase of treasury shares					(2,258)
Disposal of treasury shares					42,949
Reversal of revaluation reserve for land					(71)
Transfer from retained earnings to capital surplus					-
Net changes of items other than shareholders' equity	1,843	(305)	71	1,608	1,608
Total changes during period	1,843	(305)	71	1,608	93,842
Balance at end of period	53,355	(1,102)	83,952	136,205	751,628

## Notes

### (Significant accounting policies)

#### 1. Valuation standards and methods for assets

##### (1) Valuation standards and methods for securities

###### (i) Shares of subsidiaries and associates

Stated at cost by using the moving average method (write-downs have been recorded for some shares)

###### (ii) Available-for-sale securities

Securities other than non-marketable securities, etc.: Stated at fair value (any valuation difference is directly included in net assets, and cost of securities sold is calculated by the moving average method)

Non-marketable securities, etc.: Stated at cost by using the moving average method

##### (2) Valuation standards and methods for derivatives

Stated at fair value

##### (3) Valuation standards and methods for inventory assets

Finished goods, work in process, raw materials and supplies

Stated at cost determined by the gross average method (Balance sheet values are measured by the method of writing down the book value to reflect decreases in profitability)

#### 2. Depreciation and amortization methods for non-current assets

##### (1) Property, plant and equipment (excluding leased assets)

Straight-line method. Assets with an acquisition cost of 100 thousand yen or more and less than 200 thousand yen are depreciated equally over three years.

Main useful lives are as follows.

Buildings and structures 3 to 65 years

Machinery, equipment and vehicles 3 to 15 years

##### (2) Intangible assets (excluding leased assets)

Straight-line method. "Software," included in intangible assets, is amortized by the straight-line method based on its useful life as internally determined (five years).

##### (3) Leased assets

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

#### 3. Standards for translating significant foreign-currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated monetary claims and liabilities are translated into Japanese yen by using the spot exchange rate of a financial closing date, and translation differences are accounted for as a gain or loss.

#### 4. Basis for provisions and allowances

##### (1) Allowance for doubtful accounts

With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company provides estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure.

##### (2) Provision for bonuses

To prepare for paying bonuses to employees, a provision for bonuses is recorded in an estimated payment amount required to be assumed for the current fiscal year.

##### (3) Provision for bonuses for directors

To prepare for paying bonuses to directors, a provision for bonuses is recorded in an estimated payment amount required to be assumed for the current fiscal year.

##### (4) Provision for product warranties

Provision for product warranties is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts. The provision is calculated based on past experience.

##### (5) Provision for retirement benefits

To provide for payments of retirement benefits to employees, an amount recognized at the end of the current fiscal year based on the projected retirement benefit liabilities and pension plan assets is recorded at the end of the said fiscal year. Upon calculating retirement benefit liabilities, the method of attributing the expect amount of payments of retirement benefits to the period up to the end of the fiscal year is based on the benefit formula method. Past service cost is amortized using the straight-line method over a period (one year) less than the average remaining years of service of

eligible employees.

Actuarial gain or loss is amortized using the straight-line method over periods shorter than the average remaining years of service of eligible employees (10 years) from the following fiscal year of incurrence.

(6) Provision for share awards for directors (and other officers)

Provision for share awards for directors (and other officers) is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board, etc. during the current fiscal year.

5. Hedge accounting

(1) Hedge accounting method

Forward foreign exchange contracts and currency options

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

Interest rate swaps and currency options

Deferral hedge accounting or exceptional accounting method specified in the Accounting Standard for Financial Instruments is adopted.

(2) Hedging instruments and hedged items

Hedging instruments

Interest rate swaps and currency options

Forward foreign exchange contracts and currency options

Hedged items

Receivables and payables denominated in foreign currencies, and borrowings

(3) Hedging policy

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

(4) Method of assessing hedge effectiveness

The Company determines hedge effectiveness by comparing the cumulative changes in cash flows from hedging instruments with those from hedged items.

However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting method.

(5) Other

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

6. Recognition of revenue and expenses

The Company's principal business activities domestically and overseas are CVs, such as heavy-duty trucks /buses (hereinafter, "Heavy-duty (and medium-duty) vehicles"), light-duty trucks (hereinafter "Light-duty vehicles"), as well as powertrains (hereinafter, "Engines and components") which consist of parts for overseas production and engines, transmissions and driveline components, as well as the sale of parts.

The Company recognizes revenue from domestic sales of Heavy-duty (and medium-duty) vehicles, Light-duty vehicles, Engines and components as well as parts, etc. at the time of delivery when the customer obtains control of the product, and the performance obligation is satisfied.

The Company recognizes revenue from overseas sales of Heavy-duty (and medium-duty) vehicles, Light-duty vehicles, parts for overseas production, Engines and components as well as parts, etc. principally at the time of delivery when the customer obtains control of the product and the performance obligation is satisfied, at the time of shipment, etc.

7. Other significant matters for the preparation of non-consolidated financial statements

Accounting related to retirement benefits

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

(Significant accounting estimates)

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

(1) Amounts recorded on the financial statements for the current fiscal year

	Previous fiscal year	Current fiscal year
Accrued expenses related to field measures (recalls, etc.)	8,781 million yen	8,020 million yen

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

Description on the calculation method for the amounts in (1) is omitted since the same content is stated in “Notes (Significant accounting estimates)” in the consolidated financial statements.

2. Impairment of shares, etc. of subsidiaries and associates

(1) Amounts recorded on the financial statements for the current fiscal year

Investee	Previous fiscal year	Current fiscal year
Investment of manufacturing and sales subsidiary based in India	3,402 million yen	3,402 million yen
Shares of manufacturing and sales subsidiary based in South Africa	21,047 million yen	-

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

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

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

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

If it is necessary to determine recoverability, the Company does so based on business plans and other factors. If the determination of recoverability is necessary, the Company determines recoverability based on business plans. Assumptions that may have a significant impact on the estimation of business plans in determining recoverability include market total demand and share. The Company updates these assumptions on an ongoing basis based on the latest information available.

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

In the current fiscal year, there were no significant shares, etc. of subsidiaries and associates whose actual values have significantly declined for which an examination of recoverability was necessary.

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

There is no significant impact in the next fiscal year regarding the South Africa-based subsidiary that manufactures and sells pick-up trucks and other products, which in the previous fiscal year recorded a significant accounting estimate for impairment of shares, etc. of subsidiaries and associates, as its performance improved in the current fiscal year.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year, according to which revenue is recognized when the control over promised goods or services is transferred to the customer, at the amounts expected to be received in exchange for such goods or services.

Consequently, part of consideration paid to customers, such as sales commissions previously recorded as selling, general and administrative expenses, is now deducted from transaction prices. In regards to transactions wherein the Company’s subsidiaries act as agents, revenue was previously recognized as the total sum of consideration received from customers; however, revenue is now recognized as the net amount calculated by deducting the amount paid to suppliers from the amount received from customers.

As a result, in the current fiscal year, net sales decreased by 7,910 million yen, cost of sales decreased by 4,712 million yen and selling, general and administrative expenses decreased by 3,198 million yen.

(Adoption of accounting standard for fair value measurement)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”), etc. from the beginning of the current fiscal year, and has applied the new accounting policies defined in the Fair Value Measurement Standard prospectively, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Standard and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This adoption has no impact on the financial statements for the current fiscal year.

(Additional information)

(Performance-linked share-based remuneration plan)

Description on the transaction for issuing own company’s shares through a trust to Directors of the Board, etc. is omitted since the same content is stated in “Notes (Additional information)” in the consolidated financial statements.

(Balance sheet)

\*1 Assets and liabilities regarding subsidiaries and associates

The amounts of monetary claims from and liabilities to subsidiaries and associates other than those classified and presented are as follows.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
(Assets)		
Short-term monetary claims	183,311 million yen	315,829 million yen
Long-term monetary claims	4,084	127,928
(Liabilities)		
Short-term monetary obligations	91,869	102,190
Long-term monetary obligations	190	190

2 The Company enters into lending commitment contracts with corresponding banks to efficiently procure operating funds. The unused loan balance at the end of the fiscal year based on such contracts is shown below.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Total lending commitment	380,000 million yen	180,000 million yen
Outstanding loan balance	-	30,000
Net	380,000	150,000

(Statement of income)

\*1 Transactions with subsidiaries and associates

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Amount of transactions through business transactions		
Net sales	651,942 million yen	904,061 million yen
Purchase of goods	248,136	308,445
Selling, general and administrative expenses	110,685	111,732
Amount of transactions other than business transactions	54,630	62,824

\*2 The approximate ratio of expenses that fall under selling expenses was 50% in the previous fiscal year and 50% in the current fiscal year while that for those falling under general and administrative expenses was 50% in the previous fiscal year and 50% in the current fiscal year.

Major items under selling, general and administrative expenses and their amounts are as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Transportation costs	15,081 million yen	25,523 million yen
Promotion expenses	8,278	4,683
Unpaid repair expenses	15,348	10,976
Provision for product warranties	3,150	3,283
Salaries and allowances	9,518	9,232
Provision for bonuses	2,115	2,074
Provision for share awards for directors (and other officers)	-	418
Provision for bonuses for directors	287	144
Provision for retirement benefits	1,059	715
Depreciation and amortization	3,716	5,294
Research and development expenses	16,867	14,181

\*3 In the previous fiscal year, an impairment loss of 7,932 million yen was recognized for contribution to an affiliate of a subsidiary engaging in production and sale based in India.

In determining impairment, if the actual value as of the end of the current fiscal year has fallen about 50% or more compared with the acquisition price and if it is judged that the recoverability cannot be substantiated by sufficient evidence, an impairment loss is recognized.

(Securities)

Shares of subsidiaries and shares of affiliates  
Previous fiscal year (As of March 31, 2021)

(millions of yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	7,921	12,440	4,518
Shares of affiliates	7,266	12,154	4,888
Total	15,188	24,595	9,407

(Note) Carrying amounts on the balance sheet of the shares of subsidiaries and the shares of affiliates for which the fair value is extremely difficult to determine

(millions of yen)

Category	Previous fiscal year (As of March 31, 2021)
Shares of subsidiaries	136,547
Shares of affiliates	20,341

These items are not included in the above table “Shares of subsidiaries and shares of affiliates” as they have no market prices and their fair values are extremely difficult to determine.

Current fiscal year (As of March 31, 2022)

(millions of yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	7,921	10,900	2,978
Shares of affiliates	7,266	13,114	5,848
Total	15,188	24,014	8,826

(Note) Carrying amounts on the balance sheet of the shares of subsidiaries and the shares of affiliates for which there is no market price

(millions of yen)

Category	Current fiscal year (As of March 31, 2022)
Shares of subsidiaries	197,132
Shares of affiliates	20,341

These items are not included in the above table “Shares of subsidiaries and shares of affiliates” as they have no market prices.



(Tax effect accounting)

1. Breakdown by major cause of deferred tax assets and deferred tax liabilities

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Recording of estimated accrued expenses	5,469 million yen	5,565 million yen
Provision for product warranties	1,810	1,733
Provision for bonuses	2,997	3,076
Accrued enterprise tax	93	752
Write-down on inventories	1,164	781
Provision for retirement benefits	15,298	14,945
Write-down on investments	14,608	13,980
Asset retirement obligations	666	666
Other	5,466	6,717
Valuation allowance	(17,693)	(16,675)
Total deferred tax assets	<u>29,881</u>	<u>31,542</u>
Deferred tax liabilities		
Valuation difference on available-for-sale securities	19,710	21,704
Retirement expenses associated with asset retirement obligations	621	88
Dividend income	271	641
Total deferred tax liabilities	<u>20,603</u>	<u>22,434</u>
Deferred tax assets, net	<u>9,277</u>	<u>9,108</u>

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Changes in valuation allowance	3.6	(1.0)
Foreign withholding tax	5.4	4.4
Exclusion from gross profits of dividends received	(30.5)	(18.3)
Tax deduction	(4.6)	(10.2)
Other	(1.5)	3.7
Actual effective tax rate after application of tax effect accounting	<u>3.0</u>	<u>9.0</u>

(Business combinations)

Business combination through acquisition

Description is omitted since the same content is stated in “Notes (Business combinations)” in the consolidated financial statements.

(Revenue recognition)

Description on information to provide a basis for understanding revenue from contracts with customers is omitted since the same content is stated in “Notes (Revenue recognition)” in the consolidated financial statements.

(Significant subsequent events)

Not applicable.

## (iv) Supplementary schedules

## Schedule on tangible fixed assets, etc.

(millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during the period	Decrease during the period	Depreciation/ amortization during the period	Balance at end of the current period	Accumulated depreciation/ amortization
Property, plant and equipment	Buildings	77,518	3,094	(-) 53	6,917	73,641	117,789
	Structures	9,640	464	(7) 13	1,051	9,039	31,786
	Machinery and equipment	65,873	11,976	(72) 365	14,319	63,165	284,766
	Vehicles	787	366	(-) 6	358	787	4,489
	Tools, furniture and fixtures	6,767	3,780	(-) 14	4,349	6,184	84,236
	Land	[125,147]	-	[(71)] (-) 74	-	[125,218]	-
	Leased assets	700	1,016	(-) 49	644	1,022	651
	Construction in progress	10,431	43,992	(79) 33,010	-	21,414	-
	Total	368,933	64,690	(160) 33,587	27,642	372,393	523,719
Intangible assets	Software	9,467	2,660	0	3,795	8,332	43,393
	Other	59	-	-	1	57	438
	Total	9,527	2,660	0	3,797	8,390	43,831

- (Notes)
- The amount of decrease in construction in progress is mainly due to the transfer to property, plant and equipment.
  - Major components of increase
    - Buildings: Fujisawa Plant 2,431 million yen; Tochigi Plant 431 million yen; Head Office 231 million yen
    - Machinery and equipment: Fujisawa Plant 5,126 million yen; Tochigi Plant 6,824 million yen; Head Office 25 million yen
    - Software: Fujisawa Plant 1,574 million yen; Tochigi Plant 4 million yen; Head Office 1,081 million yen
  - Major components of decrease
    - Decrease during the period includes impairment losses on non-current assets of 160 million yen.
  - Figures in parentheses under "Decrease during the period" reflect the amount of impairment loss recognized.
  - Figures in parentheses under "Land" reflect the amount of land revaluation associated with the revaluation of land for business use based on "the Act on Partial Amendment to the Act on Revaluation of Land (Act No. 24, March 31, 1999)."

## Schedule of allowances

(millions of yen)

Category	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of the current period
Allowance for doubtful accounts	3,747	0	1,453	2,294
Provision for bonuses	9,515	9,917	9,515	9,917
Provision for bonuses for directors	287	144	287	144
Provision for product warranties	5,921	3,283	3,535	5,669
Provision for share awards for directors (and other officers)	136	425	143	418

(2) Contents of major assets and liabilities

Disclosure is omitted since consolidated financial statements have been prepared.

(3) Other

Not applicable.

## VI. Outline of Share-related Administration of Reporting Company

Business term	From April 1 to March 31
Annual general meeting of shareholders	In June
Record date	March 31
Record date of dividends of surplus	March 31, September 30
Number of shares per unit	100
Purchase of shares less than one unit	
Place of handling	(Special account) Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Agency site	_____
Purchase commission	Free
Method of public notification	Public notices will be issued electronically. However, if electronic public notification cannot be made due to an accident or other unavoidable circumstances, we will publish notices in the <i>Nihon Keizai Shimbun</i> . Public notification URL <a href="https://www.isuzu.co.jp/company/investor/">https://www.isuzu.co.jp/company/investor/</a>
Benefits for shareholders	Not applicable.

## VII. Reference Information on Reporting Company

### 1. Information about parent company, etc. of reporting company

The Company has no parent company, etc. provided for in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other reference information

The Company has submitted the following documents from the starting date of the current fiscal year to the date of submission of the securities report.

1. Securities Report and accompanying documents and confirmation letter  
Fiscal year (119th term) (from April 1, 2020 to March 31, 2021): Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2021.
2. Internal Control Report and accompanying documents  
Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2021.
3. Extraordinary Report  
Submitted an Extraordinary Report provided for in Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and in Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc. to the Director-General of the Kanto Local Finance Bureau on July 1, 2021.
4. Quarterly Report and confirmation letter  
First quarter of the 120th term (from April 1, 2021 to June 30, 2021): Submitted to the Director-General of the Kanto Local Finance Bureau on August 6, 2021.
5. Shelf Registration Statement and accompanying documents  
Submitted to the Director-General of the Kanto Local Finance Bureau on September 30, 2021.
6. Quarterly Report and confirmation letter  
Second quarter of the 120th term (from July 1, 2021 to September 30, 2021): Submitted to the Director-General of the Kanto Local Finance Bureau on November 12, 2021.
7. Quarterly Report and confirmation letter  
Third quarter of the 120th term (from October 1, 2021 to December 31, 2021): Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2022.

Part II. Information about Reporting Company's Guarantor, etc.

Not applicable.

**(For Translation Purposes Only)**  
**Independent Auditor's Audit Report and Internal Control Audit Report**

June 28, 2022

To Board of Directors of ISUZU MOTORS LIMITED

Ernst & Young ShinNihon LLC  
Tokyo Office

Yuji Mukaide [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

Kiomi Horikoshi [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

Atsushi Suganuma [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

Audit of Financial Statements

Opinion

In order to perform the audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of ISUZU MOTORS LIMITED listed in the "Financial Information" for the fiscal year commencing on April 1, 2021 and ending on March 31, 2022, which are comprised of the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, significant matters that serve as the basis for the preparation of consolidated financial statements, other notes and consolidated supplementary schedules.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position as of March 31, 2022 along with the results of operations and the status of cash flows for the accounting year ended on the said date of the corporate group, which consists of the Company and its consolidated subsidiaries, in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in the auditor’s professional judgment, were determined to be of most significance in the audit of the consolidated financial statements of the current fiscal year. Key Audit Matters are those matters that were addressed in the course of conducting audits of the consolidated financial statements as a whole and forming the auditor’s opinion, and we communicate those matters not with the intention to present a separate opinion on individual matters.

Allocation of cost of purchase to intangible assets from the acquisition of shares of UD Trucks Corporation	
Contents of Key Audit Matters and reason for determining them as Key Audit Matters	Audit considerations
<p>As described in “Notes (Business combinations),” effective April 1, 2021, the Company acquired the entire stake in UD Trucks Corporation (“UD”), a firm engaging in the development, production, export and sale of trucks and manufacture and sale of automotive parts.</p> <p>The Company used an outside specialist to conduct the enterprise valuation and agreed with AB Volvo on the consideration for the share transfer, including contingent consideration, of 58,778 million yen and the repayment in subrogation performance of the borrowings worth 261,534 million yen of UD and its subsidiaries from AB Volvo Group, and paid the total amount of 320,312 million yen.</p> <p>The Company also used an outside specialist to allocate the acquisition cost of the share acquisition to identifiable assets and liabilities based on the fair value as of the date of business combination. As a result, intangible assets of 46,755 million yen (1.6% of total assets) and goodwill of 22,716 million yen (0.8% of total assets) were recorded. Intangible assets include trademark rights of 20,513 million yen, patent rights of 20,342 million yen, and customer-related assets of 5,900 million yen. Since these intangible assets do not have observable market prices, they are estimated based on the information, assumptions, etc. accessible to the Company. The fair value of intangible assets is calculated using the income approach that discounts the future cash flows expected to be generated by the intangible assets based on the business plan used in enterprise valuation.</p> <p>As stated in “Notes (Significant accounting estimates),” trademark rights and patent rights are valued using the Relief from Royalty Method of the income approach as the valuation model, and the key assumptions used are the royalty rates and discount rates, as well as growth rates of net sales that are taken into account in the business plan. Customer-related assets are valued using the Excess Earnings Method of the income approach as the valuation model, and the key assumptions are the expected rate of return and discount rate.</p> <p>Since the key assumptions used in the allocation of the relevant acquisition cost include future projections, they involve management’s judgment and uncertainties. Hence, we decided to recognize the matter as a Key Audit Matter.</p>	<p>We mainly conducted the following audit procedures with respect to the allocation of the acquisition cost.</p> <ul style="list-style-type: none"> <li>• Reviewed the minutes, etc. of the Board of Directors meetings and the contract as well as interviewed the senior management to understand the details and the purpose of the acquisition.</li> <li>• Examined the aptitude, ability and objectivity of the outside specialist used by the senior management.</li> <li>• Interviewed the senior management regarding the business plan that serves as the basis of future cash flows and performed the following procedures to ensure the reasonableness of the growth rate which is a key assumption taken into account in the business plan. <ul style="list-style-type: none"> <li>- Examined the consistency with past actual growth rates.</li> <li>- Examined and compared the growth rates with external data, including market projections, provided by a third party independent of the Company.</li> </ul> </li> <li>• Performed the following procedures to examine the reasonableness of the valuation model for calculating the fair value of the recognizable intangible assets and the expected rate of return, discount rates and royalty rates. <ul style="list-style-type: none"> <li>- Had the specialist used by the auditor involved to examine the reasonableness of the applied valuation model and the expected rate of return, discount rates and royalty rates.</li> <li>- Examined and compared the royalty rates with external data, including similar cases of firms in the same business, provided by a third party independent of the Company.</li> </ul> </li> </ul>



Obligations related to field measures such as recalls	
Contents of Key Audit Matters and reason for determining them as Key Audit Matters	Audit considerations
<p>As stated in “Notes (Significant accounting estimates),” accrued expenses of 12,822 million yen (0.9% of total liabilities) were recorded as obligations related to field measures such as recalls on the consolidated balance sheet of the current fiscal year.</p> <p>As stated in “Notes (Significant accounting estimates),” the obligations related to field measures such as recalls are calculated using key assumptions, which are an estimated number of vehicles for each case and an amount of field measures by vehicle.</p> <p>The estimated number of vehicles for each case is calculated by considering a percentage of unpaid repair work done individually, among other things, with regard to a vehicle recall count based on notifications, etc. submitted to competent government agencies.</p> <p>The amount of field measure per vehicle is calculated by estimating the costs of parts, operation person-hours, etc. that are deemed necessary for conducting unpaid repairs for respective cases based on notifications, etc. to a competent government agency.</p> <p>Since these key assumptions involve uncertainties and require judgment by the management, we determined the matter as a Key Audit Matter.</p>	<p>We performed the following accounting procedures to evaluate the obligations related to field measures such as recalls.</p> <ul style="list-style-type: none"> <li>• In evaluating uncertainties in estimates of obligations, reviewed the notifications, etc. submitted to a competent government agency and examined the estimated implementation rates of the Company with respect to the estimated number of vehicles for each case.</li> <li>• In evaluating uncertainties in estimates of obligations, got hold of the estimate materials related to unpaid repairs for each case and examined the reasonableness of estimates with respect to the amount of field measure by vehicle.</li> <li>• In evaluating uncertainties in estimates of obligations, compared the implementation rates of unpaid repairs for each case and the estimated amount of field measure by vehicle in the past fiscal year with the actual results.</li> <li>• In examining whether obligations are comprehensively recorded, reviewed the minutes regarding major field measures such as recalls of the Quality Assurance &amp; Customer Satisfaction Improvement Committee meetings held up to the date of the audit report.</li> <li>• Instructed the auditors of major consolidated subsidiaries to perform the audit procedures related to estimating the expenses of field measures such as recalls and received reports on the results of audit procedures implemented to evaluate whether sufficient and adequate pieces of audit evidence were obtained.</li> </ul>

#### Other contents

Other contents are information in the Securities Report other than the consolidated financial statements and the financial statements along with the audit report for these statements. Management is responsible for creating and disclosing other contents. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by the Directors of the Board in the development and operation of the reporting process for the other contents.

The subject of our audit opinion on the consolidated financial statements does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility in auditing consolidated financial statements is to read through the other contents, and in the process of reading, consider whether there is any significant difference between the other contents and the consolidated financial statements or the knowledge gained through the process of auditing, and also pay attention as to whether there are any other signs of material error in the other contents other than such significant differences.

If we determine that there is a material error in the other contents based on the work performed, we are required to report the fact.

There are no matters to be reported by us regarding the other contents.

#### Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles generally accepted in Japan. This includes being responsible for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing the matters relating to a going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors of the Board’s duties related to designing and operating the financial reporting process.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit performed. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

The auditor determines, among the matters discussed with the Audit and Supervisory Committee, such matters considered to be particularly important in the audit of the consolidated financial statements for the current fiscal year as key audit matters, and states them in the audit report. However, in the cases where the disclosure of any such matter is prohibited under laws and regulations, etc. or, in some exceptional cases, the auditor determines that the matter should not be reported since it is reasonably expected that the disadvantage arising from reporting in an audit report exceeds the public interest, such matter shall not be stated.

## Internal Control Audit

### Opinion

In order to perform the audit certification pursuant to the provision of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we audited the internal control report of ISUZU MOTORS LIMITED as of March 31, 2022.

In our opinion, the aforesaid internal control report in which ISUZU MOTORS LIMITED states that its internal control over financial reporting as of March 31, 2022 is effective, presents fairly, in all material respects, the results of assessment of internal control over financial reporting in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

### Basis for the Opinion

We conducted our audit of internal control in accordance with auditing standards for internal control over financial reporting generally

accepted in Japan. Our responsibility under the auditing standards for internal control over financial reporting is stated in “Auditor’s Responsibility for the Audit of Internal Control.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring and verification of the design and operation of internal control over financial reporting.

It is possible that internal control over financial reporting may not be able to completely prevent or detect false statements in financial reporting.

#### Auditor’s Responsibility for the Audit of Internal Control

Our responsibility is to obtain reasonable assurance about whether the internal control report is free from material misstatement and to express an opinion on the internal control report from an independent standpoint in an internal control audit report, based on our audit of internal control performed.

We make professional judgment in the audit process in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Implement audit procedures to obtain audit evidence with respect to the results of assessment of internal control over financial reporting in the internal control report.
- The audit procedures for the internal control audit shall be selected and applied as determined by the auditor based on the significance of impact on the reliability of financial reporting.
- Examine the presentation of internal control report as a whole, including statements of management with respect to the scope of assessment of internal control over financial reporting, assessment procedures and assessment results.
- Obtain sufficient and appropriate audit evidence regarding the results of assessment of internal control over financial reporting in the internal control report. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned internal control audit, results of the internal control audit performed, material weaknesses in internal control identified in the course of audit that should be disclosed and results of correction thereof, and other matters required under the auditing standards for internal control. The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor’s independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

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- (Notes) 1. The original of the audit report above is separately stored by the Company (company submitting the securities report).  
2. The XBRL data is not in the scope of the audit.

**(For Translation Purposes Only)**  
**Independent Auditor's Report**

June 28, 2022

To Board of Directors of ISUZU MOTORS LIMITED

Ernst & Young ShinNihon LLC  
Tokyo Office

Yuji Mukaide [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

Kiomi Horikoshi [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

Atsushi Suganuma [Seal]  
Certified Public Accountant  
Designated Engagement Partner  
Engagement Partner

**Opinion**

In order to perform the audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the financial statements of ISUZU MOTORS LIMITED listed in the "Financial Information" for the 120th term commencing on April 1, 2021 and ending on March 31, 2022, which are comprised of the balance sheet, statement of income, statement of changes in net assets, significant accounting policies and other notes and related supplementary schedules.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of March 31, 2022 along with the results of operations for the fiscal year ended on the said date of ISUZU MOTORS LIMITED, in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Key Audit Matters

Key Audit Matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current fiscal year. Key Audit Matters are those matters that were addressed in the course of conducting audits of the financial statements as a whole and forming the auditor's opinion, and we communicate those matters not with the intention to present a separate opinion individual matters.

### Obligations related to field measures such as recalls

As stated in "Notes (Significant accounting estimates)," accrued expenses of 8,020 million yen (1.2% of total liabilities) were recorded as obligations related to field measures such as recalls on the balance sheet of the fiscal year ended March 31, 2022. Description is omitted with respect to the above matter, since the reasons why the auditor determined the matter as a Key Audit Matter and the audit considerations made are the same as the Key Audit Matter (Obligations related to field measures such as recalls) stated in the audit report for the consolidated financial statements.

## Other contents

Other contents are information in the Securities Report other than the consolidated financial statements and the financial statements along with the audit report for these statements. Management is responsible for creating and disclosing other contents. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by the Directors of the Board in the development and operation of the reporting process for the other contents.

The subject of our audit opinion on the financial statements does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility in auditing financial statements is to read through the other contents, and in the process of reading, consider whether there is any significant difference between the other contents and the financial statements or the knowledge gained through the process of auditing, and also pay attention as to whether there are any other signs of material error in the other contents other than such significant differences.

If we determine that there is a material error in the other contents based on the work performed, we are required to report the fact. There are no matters to be reported by us regarding the other contents.

## Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in Japan. This includes being responsible for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements in accordance with the premise of a going concern, and for disclosing matters related to a going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors of the Board's duties related to designing and operating the financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements from an independent standpoint in an audit report, based on our audit performed. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users of the financial statements. We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements on the premise of a going concern and, based

on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements including related notes, and whether the financial statements fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

The auditor determines, among the matters discussed with the Audit and Supervisory Committee, such matters considered to be particularly important in the audit of the financial statements for the current fiscal year ended as key audit matters, and states them in the audit report. However, in the cases where the disclosure of any such matter is prohibited under laws and regulations, etc. or, in some exceptional cases, the auditor determines that the matter should not be reported since it is reasonably expected that the disadvantage arising from reporting in an audit report exceeds the public interest, such matter shall not be stated.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

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- (Notes) 1. The original of the audit report above is separately stored by the Company (company submitting the securities report).
2. The XBRL data is not in the scope of the audit.

[Cover page]

[Submitted document]	Confirmation letter
[Applicable law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	June 28, 2022
[Company name]	いすゞ自動車株式会社 ( <i>Isuzu Jidosha Kabushiki-Kaisha</i> )
[Company name in English]	ISUZU MOTORS LIMITED
[Title and name of representative]	Masanori Katayama, President and Representative Director
[Title and Name of Chief Financial Officer]	Not applicable.
[Address of head office]	2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa (It was relocated to the above address from 26-1, 6-chome, Minami-oi, Shinagawa-ku, Tokyo on June 28, 2022.)
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## 1 Matters concerning the appropriateness of the contents of the securities report

Masanori Katayama, President and Representative Director of the Company has confirmed that the contents in the securities report for the 120th term (from April 1, 2021 to March 31, 2022) are appropriately stated pursuant to the Financial Instruments and Exchange Act.

## 2 Special notes

There are no particular items to be recorded.



[Cover page]

[Submitted document]	Internal Control Report
[Applicable law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	June 28, 2022
[Company name]	いすゞ自動車株式会社 ( <i>Isuzu Jidosha Kabushiki-Kaisha</i> )
[Company name in English]	ISUZU MOTORS LIMITED
[Title and name of representative]	Masanori Katayama, President and Representative Director
[Title and Name of Chief Financial Officer]	Not applicable.
[Address of head office]	2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa (It was relocated to the above address from 26-1, 6-chome, Minami-oi, Shinagawa-ku, Tokyo on June 28, 2022.)
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## 1 Matters relating to the basic framework for internal control over financial reporting

Masanori Katayama, President and Representative Director of the Company is responsible for designing and operating internal control over financial reporting of the Company, and designs and operates internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control seeks to achieve its goals within a reasonable range through the organic linking and integrated functioning of the basic elements of internal control. Accordingly, it is possible that internal control over financial reporting cannot fully prevent or detect misstatements in financial reports.

## 2 Matters relating to the scope of assessment, the record date of assessment, and assessment procedures

The assessment of internal control over financial reporting was performed with March 31, 2022, the final day of the current fiscal year, as the record date. The assessment was performed in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal control (entity-level controls) that may have a material impact on overall financial reporting on a consolidated basis, and based on the results of this assessment, we selected the business processes to be evaluated. To assess these business processes, we analyzed the selected business processes, identified key controls that may have a material impact on the reliability of financial reporting, and assessed the status of design and operation of these key controls. By so doing, we evaluated the effectiveness of internal control.

We determined the necessary scope of assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and affiliates accounted for using the equity method from the perspective of the materiality that may affect the reliability of financial reporting. The materiality that may affect the reliability of financial reporting is determined by taking into account the materiality of quantitative and qualitative impacts. In light of the results of assessment of entity-level controls, which covered the Company and 35 consolidated subsidiaries of the Company, we reasonably determined the scope of assessment of internal control over business processes. The consolidated subsidiaries and affiliates accounted for using the equity method that are not included in those referred to above are not included in the scope of evaluating entity-level controls as their influence is deemed to be minimal from the perspective of quantitative and qualitative materiality.

As for the scope of assessment of internal control over business processes, we selected “a total of 13 significant locations and/or business units comprising 12 significant locations and/or business units accounting for approximately two-thirds of the consolidated net sales for the previous fiscal year when aggregating the net sales (after elimination of inter-company transactions) for the said fiscal year of each location or business unit and UD Trucks Corporation whose shares we acquired in the current fiscal year.” We included in the scope of assessment, at the selected significant business locations and/or business units, the business processes leading to net sales, accounts receivable and inventories as accounts that have a material impact on the business objectives of the Company.

Further, in addition to the selected significant locations and/or business units, we also included in the scope of assessment, as business processes having greater materiality even at other locations and business units, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management’s judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on financial reporting.

## 3 Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of the current fiscal year, we concluded that the Company’s internal control over financial reporting was effectively maintained.

## 4. Additional notes

Not applicable.

## 5. Special notes

Not applicable.