

These documents have been translated from the Japanese original documents for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese original, the original shall prevail. The financial information contained herein has been prepared primarily in accordance with IFRS Accounting Standards, with certain information prepared in accordance with Japanese GAAP.

**MATERIALS FOR THE 124TH ANNUAL GENERAL
MEETING OF SHAREHOLDERS
(MATTERS NOT TO BE STATED IN THE WRITTEN
DOCUMENTS REQUESTED TO BE DELIVERED
BASED ON THE LAWS AND REGULATIONS AND
THE ARTICLES OF INCORPORATION AMONG THE
MATTERS TO BE ELECTRONICALLY PROVIDED)**

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(April 1, 2025 to March 31, 2026)

June 4, 2026

ISUZU MOTORS LIMITED

Matters concerning Directors of the Board of the Company

(1) Outline of the contents of the liability limitation agreement

The Company has entered into agreements with six Outside Directors of the Board that limit the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the said Act, based on the provision of Article 427, Paragraph 1 of the said Act.

(2) Outline of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance (D&O insurance) contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured under the D&O insurance includes Directors of the Board, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries, as well as Directors of the Board, Audit & Supervisory Board Members, and Executive Officers of certain affiliates. The insured persons do not pay the insurance premium. The policy covers expenses and damage payments to be borne by the insured persons arising from claims for damages by third parties during the insurance period due to an act committed by the insured persons in their capacity as such.

Matters concerning the Independent Auditor

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

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

	Amount Payable (JPY million)
Independent Auditor's fee payable by the Company for the current business term	205
Total cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	490

NOTES: 1. Amounts have been rounded down to the nearest one million yen.

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

(3) Non-audit Duties of the Independent Auditor

The Company commissions assurance services and various consulting services, etc. to Ernst & Young ShinNihon LLC, and pays remuneration accordingly.

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

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

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

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

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

In response to the occurrence of serious violations of laws and regulations, such as type approval test fraud, in the automotive industry to which the Isuzu Group belongs, the Company positions the prevention and elimination of violations of laws and regulations, which must never be committed in business operations, as the most important management issue, and the Board of Directors adopted the following resolution in March 2025 regarding reviews of the basic policies of the internal control system and establishment of a system for ensuring the propriety of operations to reaffirm the commitment of the management, including Directors, to lead by example in resolving issues.

Guided by “ISUZU ID,” its corporate philosophy, the Company fosters a sound and open corporate culture throughout the Isuzu Group to resolve social issues in unison with each and every employee of the Group taking a broader perspective and sharing the same values.

In addition, in order to establish a system to support compliance, the Company will strengthen the system that controls irregularities in business processes and encourage improvements, and continue to make constant improvements while striving to develop a human resource base and foster human resources able to put these into practice.

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

<General description of contents of resolution>

- The Company places utmost importance on thorough compliance. The Company defines “compliance” to mean that all Directors of the Board and employees comply with the laws, and behave in line with high ethical standards to gain the trust of society and places the highest priority on thorough compliance, regardless of costs, schedules, or any other circumstances related to the performance of duties. Management, including Directors, leads by example and makes continuous efforts for thorough compliance.
- To secure thorough compliance, we will make sure that all Directors of the Board 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,” chaired by the President COO and comprising each Division Head in charge of important laws and regulations, meets regularly to formulate effective measures to prevent and eliminate violations of various laws and regulations, and to provide instructions and advice to each division and the Risk Management Department regarding the promotion of compliance activities and the development of compliance systems.
- The Risk Management Department manages and promotes compliance activities based on instructions and advice from the Compliance Committee, and these are developed across the Company through the “Quality and 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.
- By independently, fairly, and objectively assessing the status of management activities related to “compliance,” “risk management structure,” and “corporate governance,” and issuing directives and requests for improvement, the Corporate Audit Dept. conducts internal audits with the goal of helping the Company gain recognition and trust from society and achieve its management objectives.
- 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.
- The Company has established three points of contact for consultation available at the office level, division level, and Companywide level as the points of contact for internal reporting and consultation on compliance-related matters. In addition, the Company has set up the meyasubako (external point of contact) sited at an outside law firm as a countermeasure for cases where it is difficult to consult or resolve an issue through the internal points of contact for some reason. In addition, the Company strives to ensure the thorough protection of whistleblowers by preventing any discrimination against those who report any wrongdoing to these points of contact, and by ensuring the psychological safety of whistleblowers, enabling them to feel safe reporting compliance problems, concerns, and violations.

<General description of the status of operations of systems>

- Under the monitoring of the Chairman CEO, the Company regularly convenes the “Compliance Committee,” with the President COO as chairman, each Division Head in charge of important laws and regulations as members, and Audit & Supervisory Board Members as observers. By receiving instructions and advice from the Committee on the promotion of compliance activities and the development of compliance systems, the Company strives to ensure thorough compliance under the leadership of management.
- To ensure the proper execution of type approval operations, the Company holds regular meetings attended by relevant departments to confirm the status of internal controls related to such operations and to share and review initiatives undertaken by each department.
- To increase the effectiveness of internal compliance activities, the Company distributes compliance guidebooks to all Directors of the Board, Audit & Supervisory Board Members, and employees, and ensures that they are familiar with and fully understand policies and standards while reviewing the contents from time to time.
- Also, the Company periodically holds the “Quality and Compliance Promotion Meeting” among members, who are elected from each division to promote compliance, internally develop compliance-related measures and monitor the activities of each division.
- As part of the compliance risk mitigation activities, the Company identifies critical risks based on the results of the risk assessment and develops corresponding countermeasures.
- For effectively operating the points of contact for reporting and consultation, the Company regularly re-promotes and makes these reporting and consultation services known throughout the Company, and ensures appropriate responses to any reports or consultations including thorough protection of whistleblowers.
- The Company promptly and appropriately addresses issues that are reported to the meyasubako (helpline) sited at an outside law firm.
- The Company conducts employee surveys concerning compliance and uses the results to improve and review our compliance activities.
- To eliminate relationships with antisocial forces or groups, the Company incorporates a clause concerning the elimination of antisocial forces in all written agreements with domestic corporations.

2) System for maintaining and managing information relating to Directors' performance of their duties

<General description of contents of resolution>

- Minutes of the Board of Directors Meetings and other information relating to the Directors of the Board's performance of their duties are appropriately maintained and managed by different departments in accordance with laws and regulations, the "Board of Directors Regulation," and the Company's other bylaws, designating what information is handled by which department. The Chief Executive for Confidential Information Management manages confidential information appropriately in accordance with laws and regulations and the "Rules for Handling Confidential Information." In addition, it becomes available for viewing at the request of the Audit and Supervisory Committee.
- The "Information Security Management Meeting" composed of the CRMO and division representatives evaluates the implementation status of measures for managing information and information security at each division, putting into place an appropriate information management system and reports on its status to the Board of Directors when needed to implement thorough information management in accordance with the "Group Information Security Policy."
- The Company has established the "Rules for Handling Collaboration Information" to prevent situations that could damage the trust between the Company and our collaboration partners. These rules are designated to ensure that employees rigorously prevent the leakage of collaborative partners' confidential information from the Company to any outside parties, including other collaborative partners, and prevent the unauthorized use and incorporation into R&D with other collaborative partners.

<General description of the status of operations of systems>

- The Company appropriately maintains and manages the minutes of Board of Directors Meetings in accordance with laws and regulations, and the "Board of Directors Regulation." Other information relating to the performance of duties by Directors of the Board is appropriately maintained and managed by designated departments in accordance with the Company's bylaws, such as "Rules for Handling Confidential Information."
- To properly manage personal and confidential information, for information security, the Company's bylaws on information security and the information security management system were drafted under the CRMO; Directors of the Board and employees are provided training on such systems and bylaws.
- Each division prepared and maintained divisional business rules based on the relevant rules, promoted education and operation, and confirmed the management status once a year.
- Also, each division implemented measures for information security, and the results of implementation are confirmed on a regular basis by the "Information Security Management Meeting" that consists of the CRMO and representatives from each division.
- In order to prevent confusion or leakage of confidential information obtained from each collaborative partner upon simultaneously proceeding with a project in collaboration with multiple partners and in order to have the intended officers and employees thoroughly comply with the "Collaborative Information Handling Rules," training is promptly given to them through e-learning each time (as needed).

3) Rules and other systems for managing loss risk

<General description of contents of resolution>

- In accordance with the "Rules for Risk Management," based on three lines of defense, each Division Head as a risk owner at the first line implements risk preventive measures and responds to emerging incidents related to the Group companies through business operations. The CRMO and Risk Management Department at the second line develop the Group's overall risk management structure, and manage and supervise the first line's risk responses. Additionally, the Corporate Audit Department at the third line, which is independent from divisions and the CRMO, assesses rationality of risk management structure and systems.
- The CRMO regularly reports the status of risk management to the Representative Director and the Board of Directors and follows their instructions when given. The CRMO reports to the Representative Director and the Board of Directors on the status of risk management from time to time when deemed necessary.
- The CRMO convenes the "Risk Management Confirmation Meeting" on a regular basis to set up preventive initiatives for risks, follow up the progress of these initiatives, and identify the risks that are manifested upon identifying risks surrounding each of the Company's businesses, taking into account the situation of other companies' fraudulent activities and others, and to 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 major crises that significantly impact management, the CRMO oversees such risk managements, determines, and implements proper crisis responses (including implementation systems) to minimize the impact and reduce damage to corporate value.

<General description of the status of operations of systems>

- In order to clarify the systems and operational practices that should be uniformly established for the Group to conduct autonomous and effective risk management activities, the Company has revised its existing Rules for Risk Management into the Group Risk Management Policy and is promoting the development of systems and the improvement of operations on a Group-wide basis.
- We established and promote the implementation of the plan for "preventive initiatives," based on the risk management rules under the risk management framework with the CRMO based on the three lines of defense framework, which is the first line of defense designed primarily to deal with critical risks.
- As the second line of defense, the CRMO, at the "Risk Management Confirmation Meeting" which it regularly convenes, identifies risks in each of the Company's businesses and strives to grasp incidents through interviews with each division, after confirming and analyzing cases of misconduct that have occurred at other companies. In addition, the CRMO confirms the status of activities under the "preventive initiatives" plans implemented by the first line of defense.
- As the third line of defense, the Corporate Audit Department, which is independent from divisions and the CRMO, decides rationality of risk management structure and systems.
- Although there have not been any incidents in the current fiscal year regarding critical risks such as changes in the economic situation, product quality management, and occupational safety that immediately and significantly impacted the business operation, we will continue to pay close attention.
- As for the incidents recognized as important, a response framework with the members designated by the CRMO was constructed, information was shared, and issues were resolved through inter-divisional collaboration accordingly.
- The CRMO reports regularly at the Board of Directors Meetings and the Management Meeting on the activities of the "preventive initiatives" plan and the response status of incidents.

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

<General description of contents of resolution>

- 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 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 Business Plan, etc. that is the basic policy regarding business and serves as a 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).

<General description of the status of operations of systems>

- Important business execution decisions were delegated from the Board of Directors to Directors. In addition, authority was properly transferred to the Management Meeting and its subordinate bodies based on the Approval Standards and Rules and other rules to efficiently carry out business activity.
- The Board of Directors confirmed the status of business operations by Directors through reporting at Board of Directors Meetings held, in principle, once per month as well as on a necessary basis, whereby the Board of Directors Meeting confirmed that Directors made decisions in line with basic policies regarding business operations.
- Each Executive Officer and CxO (Chief Officer for each field) selected by the Board of Directors Meeting executed operations delegated by the Board of Directors Meeting appropriately and efficiently.

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

<General description of contents of resolution>

- With the objective of enhancing public trust in the Company and the Group based on our policy of serving society in meaningful ways, the Company has established "ISUZU ID" as its corporate philosophy and the "Group Basic Compliance Initiative." The Company takes proper measures to ensure that all Directors of the Board, Audit & Supervisory Board Members and employees of the Group act in accordance with these standards.
- 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.
- Internal audits of Group companies are conducted according to the Company's "Internal Auditing Manual," and necessary notifications, requests, and reports are made to the departments in charge of business management of the Group companies. However, the results of internal audits are depended upon for Group companies with an auditing function.
- The Company adopts a system to ensure the reliability of financial reports made under the Financial Instruments and Exchange Act.

<General description of the status of operations of systems>

- We ensure that the Company and the Group companies thoroughly comply with "ISUZU ID," our corporate philosophy, the "Basic Policy Measures Relating to Compliance," and the "Group Basic Compliance Initiative."
- As activities to enhance compliance for Group companies, the Company convened on a regular basis the Group Company Compliance Promotion Meeting, whose members were from domestic Group companies and were responsible for compliance. Also, in order to homogenize the level of activity in the entire Group, the contents of the activities are shared by exchanging information between companies to increase the level of compliance in the entire Group.
- With a view to promoting occupational safety at the Company and the Group, the Company has established the "Safety Promotion Special Committee" chaired by the President and Director COO, which set out the guidelines/policies relating to safety promotion activities, and promote dissemination measures and educational measures.
- As part of risk management activities for the Group companies, the Company takes measures to enhance risk management for the Group as a whole by promoting the development of risk management structures and the implementation of the risk management process.
- Once a year, Company Management solicited the opinions of managers of each Group company about the state of the management in their company, and also received reports on the state of compliance and risk management and systems for improving business efficiency at Group companies.
- To enhance the effectiveness of internal controls over financial reports in accordance with the practice standards of the Financial Services Agency, the Company develops company-wide internal controls and operational process controls and evaluates how these controls are performed. As a result from this evaluation, the Company determined that internal controls regarding the financial standing and reporting of the Company were effective as of the last day of the current business term.

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

<General description of contents of resolution>

- 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.

<General description of the status of operations of systems>

- The Company has set up the Audit and Supervisory Committee Group and assigned employees to assist. They assist the Audit and Supervisory Committee with their duties to ensure the effectiveness of audits, while carrying out administrative duties pertaining to audits by the Audit and Supervisory Committee as well as the affairs of the secretariat of the Audit and Supervisory Committee and the Management Audit Meeting.

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

<General description of contents of resolution>

- The Company ensures that employees who assist Audit and Supervisory Committee Members with their duties are independent from the Directors (excluding Directors who are 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 the Audit and Supervisory Committee and the Company obtains the prior consent of the Audit and Supervisory Committee when changing, assessing, rewarding, or punishing them.

<General description of the status of operations of systems>

- The Company has established "Audit and Supervisory Committee Support Staff Regulations" to ensure independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) who are also members of the Audit and Supervisory Committee Group.
- The Company listens to the Audit and Supervisory Committee's opinions in advance and assigns, changes, and assesses dedicated employees who belong to the Audit and Supervisory Committee Group with the consent of the Audit and Supervisory Committee.

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

<General description of contents of resolution>

- The Company adopts a system in which Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers and those of equivalent rank and employees of the Company and the Group companies report to the 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 the 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 Audit & Supervisory Board Members of the Group as necessary.

<General description of the status of operations of systems>

- Requests concerning the audit plan for the current business term formulated by the Audit and Supervisory Committee and for ensuring the effectiveness of the Audit and Supervisory Committee's audit were reported to the Board of Directors' Meeting. Directors (excluding Directors who are Audit and Supervisory Committee Members) were asked for their understanding and cooperation with the Audit and Supervisory Committee's audit. At the meeting, it was decided to regularly or temporarily make reports on necessary matters as agreed with the Audit and Supervisory Committee under the system for reporting to the Audit and Supervisory Committee. Additionally, minutes of meetings and materials for which regular interviews or access is required were presented in a specific manner. The Audit and Supervisory Committee carried out these activities smoothly in conjunction with their regular audits.
- The Company has asked Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to comply with requests from the Audit and Supervisory Committee for explanations and reports. They promptly explained and reported information whenever requested by Audit and Supervisory Committee Members.
- Isuzu Group Standing Audit and Supervisory Committee Members Liaison Conferences, whose members are the Standing Audit and Supervisory Committee Members of specific domestic Group companies and Audit and Supervisory Committee Members of the Company, were periodically held, at which members shared and exchanged information on procedures for audits of the Isuzu Group by the Audit and Supervisory Committee and Audit & Supervisory Board Members.

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

<General description of contents of resolution>

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

<General description of the status of operations of systems>

- The Company has ensured that all Directors of the Board, Audit and Supervisory Committee Members, and employees were familiar with and fully understood that it is prohibited to treat those who make a report to Audit and Supervisory Committee Members unfairly for doing so. There were no cases of anyone being treated unfairly on such grounds.

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

<General description of contents of resolution>

- If a Director who is 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/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 who are Audit and Supervisory Committee Members and other costs.

<General description of the status of operations of systems>

- The Company paid expenses arising from the execution of duties of Directors who are Audit and Supervisory Committee Members promptly after they were incurred.
- A system was developed so that Directors who are Audit and Supervisory Committee Members may ask the Company to pay expenses if they exceed a previously allocated budget on an emergency or a temporary basis.

11) Other systems for ensuring effective audits by Audit and Supervisory Committee Members

<General description of contents of resolution>

- 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 Chairman and Director CEO.
- 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 who are 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.

<General description of the status of operations of systems>

- The Corporate Audit Dept. appropriately reports the status of its activities to the Chairman and Director CEO and Audit and Supervisory Committee in accordance with the basic policy of the "Internal Control System."
- The Audit and Supervisory Committee periodically had meetings with the Chairman and Director CEO to enhance the effectiveness of audits by the Audit and Supervisory Committee. At the meetings, they reported their auditing activities and heard the Chairman and Director CEO opinions on the management policy and management challenges. They also solicited the Directors' (excluding Directors who are Audit and Supervisory Committee Members) opinions regarding the performance of their duties, and actively expressed their opinions from the perspectives of the Audit and Supervisory Committee. In addition, Standing Audit and Supervisory Committee Members attended important meetings, such as the Management Meeting, as necessary, to confirm the status of performance of duties.
- A three-way (Audit and Supervisory Committee, Independent Auditor and Corporate Audit Dept.) liaison conference on the audit of internal controls was periodically held, during which information and opinions were exchanged on the audit plan and the status of its implementation, and reports were received on the results of internal audits and when necessary, the results of audits by Independent Auditors with the aim of strengthening collaboration.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2025 through March 31, 2026)

(millions of yen)

	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Cash flow hedges
Balance as of April 1, 2025	40,644	42,160	(2,364)	1,162,408	65,797	162
Profit				134,876		
Other comprehensive income					55,699	(232)
Total comprehensive income				134,876	55,699	(232)
Purchase of treasury shares			(50,010)			
Disposal of treasury shares		6	20			
Cancellation of treasury shares		(49,999)	49,999			
Dividends of surplus				(64,850)		
Transfer from retained earnings to capital surplus		49,999		(49,999)		
Share-based payment transactions		283				
Establishment of subsidiary with non-controlling interests						
Exclusion of equity-method affiliates					(911)	
Transfer from other components of equity to retained earnings				19,146		
Reclassification of accumulated other comprehensive income associated with assets held for sale					(2,725)	
Balance as of March 31, 2026	40,644	42,451	(2,355)	1,201,580	117,860	(70)

	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					NON-CONTROL-LING INTERESTS	TOTAL EQUITY
	Other components of equity			Accumulated other comprehensive income associated with assets held for sale	Total		
	Net change in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2025	62,255	–	128,215	1,797	1,372,863	164,796	1,537,659
Profit					134,876	39,742	174,618
Other comprehensive income	20,467	11,297	87,232		87,232	12,730	99,963
Total comprehensive income	20,467	11,297	87,232		222,108	52,473	274,581
Purchase of treasury shares					(50,010)		(50,010)
Disposal of treasury shares					27		27
Cancellation of treasury shares					–		–
Dividends of surplus					(64,850)	(33,036)	(97,887)
Transfer from retained earnings to capital surplus					–		–
Share-based payment transactions					283		283
Establishment of subsidiary with non-controlling interests					–	153	153
Exclusion of equity-method affiliates			(911)		(911)	90	(820)
Transfer from other components of equity to retained earnings	(7,848)	(11,297)	(19,146)		–		–
Reclassification of accumulated other comprehensive income associated with assets held for sale	702		(2,023)	2,023	–		–
Balance as of March 31, 2026	75,576	–	193,367	3,820	1,479,509	184,476	1,663,986

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for Consolidated Financial Statements

1. Standard for Preparation of Consolidated Financial Statements

Starting with the fiscal year ended March 31, 2026, the Company prepares its consolidated financial statements in accordance with the International Accounting Standards (hereinafter, "IFRS Accounting Standards") pursuant to Article 120, Paragraph 1 of the Regulation on Corporate Accounting. However, in accordance with the provisions of the second sentence of the same paragraph, certain disclosures and notes required under IFRS Accounting Standards are omitted.

2. Scope of Consolidation

(1) Number of consolidated subsidiaries: 120

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

(3) Changes in scope of consolidation

- (i) Automotive Chassis Technologies Proprietary Limited has been excluded from the scope of consolidation following the completion of its liquidation.
- (ii) The newly established Isuzu Financial Services Australia Pty Ltd. has been included in the scope of consolidation.

3. Application of Equity Method

(1) Number of companies (associates, joint operations and joint ventures) accounted for by the equity method: 35

(2) Principal companies accounted for by the equity method: J-Bus Limited
IJTT Co., Ltd.

(3) Changes in scope of equity method accounting

- (i) SML Isuzu Limited has been excluded from the scope of application of the equity method as all of its shares have been transferred.
- (ii) Chongqing Qingling Tanzo Co., Ltd., Chongqing Qingling Chuzo Co., Ltd., Chongqing Qingling Mogu Co., Ltd., Chongqing Qingling Kurumabashi Co., Ltd., Chongqing Qingling Chukinro Co., Ltd., and Chongqing Qingling Soryo Co., Ltd. have been excluded from the scope of application of the equity method as all of their shares have been transferred.

4. Significant Accounting Policies

(1) Financial assets

i) Valuation methods for financial assets

a. Initial recognition and measurement

The Group classifies financial assets into those measured at fair value through profit or loss or other comprehensive income, and those measured at amortized cost. This classification is determined at initial recognition. The Group initially recognizes trade and other receivables on the date they arise. All other financial assets are initially recognized on the transaction date when the Group becomes a party to the contract for the financial asset.

All financial assets are measured at fair value plus transaction costs, except for those classified in a category measured at fair value through profit or loss.

However, trade receivables that do not contain a significant financing component are measured at their transaction prices.

Financial assets are classified as those measured at amortized cost if both of the following two conditions are met:

- The asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

Regarding equity financial assets measured at fair value, except for those held for trading

purposes that must be measured at fair value through profit or loss, the Group has made an irrevocable election to present subsequent changes in fair value in other comprehensive income at the time of initial recognition for each equity financial asset. Debt financial assets measured at fair value are classified as debt financial assets measured at fair value through other comprehensive income if the following conditions are met:

- They are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets other than financial assets measured at amortized cost, equity financial assets measured at fair value through other comprehensive income, or debt financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

b. Subsequent measurement

After initial recognition, financial assets are measured based on the following classifications:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method

(b) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss.

However, for equity financial assets designated as measured at fair value through other comprehensive income, changes in the fair value are recognized in other comprehensive income

If equity financial assets measured at fair value through other comprehensive income are derecognized, or the fair value has declined significantly, the cumulative amount of fair value changes is reclassified to retained earnings.

Additionally, dividends from equity financial assets are recognized in profit or loss for the current fiscal year as part of finance income.

c. Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset are extinguished or when the Group transfers almost all the risks and rewards of ownership of the financial asset.

If the Group continues to have control over the transferred financial assets, it recognizes the assets and related liabilities to the extent that it has a continuing involvement.

d. Impairment of financial assets

For financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts for expected credit losses.

The Group evaluates at each reporting date whether the credit risk associated with each financial asset has increased significantly since initial recognition. If the credit risk has not significantly increased since initial recognition, the Group recognizes 12-month expected credit losses as an allowance for doubtful accounts.

On the other hand, if the credit risk has significantly increased since initial recognition, the Group recognizes an allowance for doubtful accounts at an amount equal to the lifetime expected credit losses.

When contractual payments are more than 30 days past due, the credit risk is, in principle, deemed to have significantly increased. However, when evaluating whether credit risk has increased significantly, the Group considers not only the information on the past due date but also other information that is reasonably available to the Group and supportable. When the credit risk associated with financial assets is determined to be low as of the reporting date, the Group assesses that the credit risk of such financial assets has not increased significantly since initial recognition.

However, for trade receivables and contract assets that do not contain a significant financing component, the Group always recognizes an allowance for doubtful accounts at an amount equal to the lifetime expected credit losses, regardless of whether there has been a significant increase in credit risk since initial recognition.

Expected credit losses are measured as the present value of the difference between all contractual cash flows that should be paid to the company in accordance with the contract and all cash flows that the company expects to receive.

The Group estimates expected credit losses on financial assets in a way that reflects the

following:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, available at the reporting date without incurring excessive costs or efforts.

In the event of significant economic fluctuations or other factors affecting the expected credit losses measured above, necessary adjustments are made.

The provision of allowance for doubtful accounts related to financial assets is recognized in profit or loss. If an event occurs that reduces allowance for doubtful accounts, the reversal of allowance for doubtful accounts is recognized in profit or loss.

ii) Derivatives and hedge accounting

The Group utilizes derivative transactions, including forward foreign exchange contracts, currency option contracts, interest rate swaps and interest rate option transactions, to manage risks associated with fluctuations in exchange rates and interest rates.

These derivatives are initially recognized at fair value at the time when a derivative contract is entered into and are subsequently remeasured at fair value.

At the inception of a hedge, the Group formally designates and documents the hedging relationships to which hedge accounting is applied, as well as the risk management objectives and strategies for implementing the hedge.

The documentation includes specific hedging instruments, the hedged items or transactions, the nature of the risks being hedged, and how the effectiveness of changes in the fair value of hedging instruments is assessed in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risks.

Specifically, a hedge is determined to be effective if all the following items are met:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

The Group continuously evaluates whether the hedging relationship is effective on a prospective basis. Any ineffective portion of the hedge may occur when the changes in the value of the hedging instrument exceed or fall below the changes in the value of the hedged item.

The hedge ratio is set appropriately in light of the economic value of the hedged item and hedging instrument, as well as the Group's risk management strategy. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio is readjusted so that the hedging relationship meets the qualifying criteria again.

Additionally, if the risk management objective of a hedging relationship changes, the hedge accounting is discontinued.

Hedges that meet the requirements for hedge accounting are accounted for as follows:

(Cash flow hedges)

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income in the consolidated statement of comprehensive income, while the ineffective portion is recognized immediately in profit or loss in the consolidated statement of profit or loss.

The amounts related to hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss.

If a forecast transaction or a firm commitment is no longer expected to occur, cumulative gains or losses previously recognized in equity through other comprehensive income are reclassified to profit or loss.

If a hedged future cash flow is still expected to occur, the amount previously recognized in equity through other comprehensive income remains in equity until the future cash flow occurs.

(2) Valuation methods of inventories

Inventories are measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to sell.

The cost is primarily determined at cost determined by the gross average method, and includes purchase costs, conversion costs, and all costs incurred in bringing the inventories to their present location and condition.

(3) Valuation methods and depreciation of property, plant and equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and impairment losses.

The cost includes expenses directly attributable to the acquisition of the asset, costs for dismantling, removal, and restoration of the land to its original condition, and borrowing costs that should be capitalized.

Depreciation expense for each asset other than land and construction in progress is recognized using the straight-line method over the respective estimated useful life. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 3-65 years
- Machinery and vehicles: 3-15 years

Vehicles on operating leases are depreciated using the straight-line method over a lease term of primarily 5 to 7 years, with the estimated disposal value at the end of the lease term as the residual value and the lease term as the estimated useful life.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of the fiscal year, and any changes are applied prospectively as changes in accounting estimates.

(4) Valuation methods and amortization of intangible assets

i) Goodwill

The Group initially measures goodwill at the amount obtained by deducting the net amount recognized for identifiable assets acquired and liabilities assumed at the acquisition date from the total of the fair value of the consideration transferred, the amount recognized at the acquisition date of the non-controlling interests in the acquiree, and the fair value at the acquisition date of the previously held equity interest in the acquiree.

Goodwill is not amortized, and is tested for impairment annually, as well as when there is an indication of impairment.

Impairment losses on goodwill are recognized in the consolidated statement of profit or loss, and no subsequent reversal is made.

Additionally, goodwill is stated at cost less any accumulated impairment losses in the consolidated statement of financial position.

ii) Intangible assets

Intangible assets are measured using the cost model and stated at cost less accumulated amortization and impairment losses.

a. Capitalized development costs

Expenditures incurred for research activities conducted to acquire new scientific or technical knowledge are recognized as expense when incurred.

Expenditures incurred for development activities are capitalized as intangible assets only when they are reliably measurable, technically and commercially feasible, and likely to generate future economic benefits, and when the Group has the intention and sufficient capability to complete the development and utilize or sell the asset.

Capitalized development costs are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of capitalized development costs are as follows:

- Capitalized development costs: 4-15 years

b. Other intangible assets

Intangible assets acquired individually are measured at cost at the time of initial recognition. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date.

Other intangible assets are amortized using the straight-line method over their respective estimated useful lives after initial recognition.

The estimated useful lives of major intangible assets are as follows:

- Software: 5-15 years

The estimated useful lives, residual values and amortization methods are reviewed at the end of the fiscal year, and any changes are applied prospectively as changes in

accounting estimates. Intangible assets that are not yet available for use are not amortized and are tested for impairment individually or by cash-generating unit annually and when there is an indication of impairment.

(5) Leases

i) Lessee's leases

When entering into a contract, the Group determines whether a contract is, or contains, a lease. The contract is deemed to be, or contain, a lease if it transfers the right to control the use of an identified asset for a specified period in exchange for consideration. If the contract is determined to be, or to contain, a lease, right-of-use assets and lease liabilities are recognized at the commencement date of the lease.

The lease term is determined as the period that includes the non-cancellable period of the lease, plus the period covered by an option to extend the lease if it is reasonably certain to be exercised and the period covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Lease liabilities are initially measured at the present value of the total outstanding lease payments. Right-of-use assets are measured at cost, which is the amount of the initial measurement of the lease liability adjusted for lease payments, etc., made before the commencement date, initial direct costs incurred by the lessee, and costs required by the lease agreement, such as restoration obligations.

After initial recognition, right-of-use assets are measured using the cost model and are depreciated using the straight-line method over the shorter of their useful lives or the lease term. On the other hand, for lease liabilities, the carrying amount is increased to reflect the added amount equivalent to interest, and the carrying amount is reduced to reflect the lease payments made. When applicable, revisions to lease liabilities or changes in lease terms are also reflected in the carrying amount of the lease.

Lease payments are allocated between finance costs and repayment of the lease liability based on the effective interest method. Finance costs are recognized in the consolidated statement of profit or loss.

However, for short-term leases ending within 12 months and leases for which the underlying asset is of low value, right-of-use assets and lease liabilities are not recognized, and lease payments are recognized as expenses over the lease term either by the straight-line method or on another systematic basis.

ii) Lessor's leases

The Group classifies leases as either operating leases or finance leases. Leases are classified as finance leases if they transfer almost all of the risks and rewards associated with ownership of the underlying asset, and as operating leases if they do not transfer almost all of the risks and rewards associated with ownership of on the underlying asset.

Finance lease receivables are initially recognized at the present value of the gross investment in the lease discounted at the interest rate implicit in the lease, and are recorded in "Trade and other receivables" and "Other financial assets" on the consolidated statement of financial position.

(6) Impairment of non-financial assets

i) Recognition and measurement of impairment losses

The carrying amounts of the Group's non-financial assets, excluding inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If there is an indication of impairment, the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated at the same time annually, regardless of whether there is an indication of impairment.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the inherent risks of the asset.

Assets that are not individually tested in impairment testing are integrated into the smallest cash-generating unit that generates cash inflows largely independent of the cash inflows from other assets or asset groups when they are used continually. When testing goodwill for impairment, the cash-generating units to which goodwill is allocated are integrated so that impairment is tested to reflect the smallest unit to which the goodwill is directly related. Goodwill acquired in a business combination is allocated to the cash-generating unit that is expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate independent cash inflows. If there is an indication that corporate assets may be impaired, the recoverable amount is determined for the cash-generating unit to which the corporate assets belong.

Impairment losses are recognized in profit or loss when the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognized in relation to a cash-generating unit are first allocated to reduce the carrying amount of goodwill allocated to that unit and then allocated to reduce the carrying amounts of other assets within the cash-generating unit on a pro-rata basis.

ii) Reversal of impairment losses

Impairment losses recognized in the past are reversed to the recoverable amount when there is an indication of a reversal of impairment and a change in the estimates used to determine the recoverable amount. The amount of impairment loss reversal is recognized in profit or loss. However, impairment losses on goodwill are not reversed. The amount of impairment loss reversal is limited to the carrying amount after deducting necessary depreciation and amortization expenses from the carrying amount that would have been determined had no impairment loss been recognized.

(7) Employee benefits

i) Short-term employee benefits

For short-term employee benefits, no discount calculation is made, and the costs are recognized in expenses when the related services are provided.

For bonuses and paid leave expenses, the amount estimated to be paid based on the relevant plans is recognized as a liability when the Group has legal or constructive obligations to pay them and when a reliable estimate can be made.

ii) Retirement benefits

a. Defined benefit plans

The Group has adopted a corporate pension and a rump-sum retirement benefit plan as its retirement benefit plans.

The Group calculates the present value of defined benefit obligations and related current service cost and past service cost by using the projected unit credit method.

For the discount rate, the discount period is determined based on the period until the expected date of future benefit payment in each fiscal year. The discount rate is determined by reference to market yields on high-quality corporate bonds at the reporting date corresponding to the discount period.

Liabilities or assets related to defined benefit plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations. However, if the defined benefit plan is overfunded, the net amount of defined benefit assets is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The remeasurement amounts of the defined benefit plans are recognized in full in other comprehensive income in the period in which they occur and are immediately reclassified from other components of equity to retained earnings.

Past service cost is recognized in profit or loss for the period in which they occur.

b. Defined contribution plan

Expenses related to defined contribution retirement benefits are recognized as expenses when the contributions are made.

c. Multi-employer plan

Some consolidated subsidiaries participate in the corporate pension fund under the multi-employer plan. However, the plan has been accounted for in the same manner as a defined contribution plan, as sufficient information is not available to account for it as a defined benefit plan.

iii) Other long-term employee benefits

Obligations for long-term employee benefits other than post-employment benefits are determined by discounting the future benefits that employees have earned in return for services rendered in the prior and current fiscal years to their present value.

(8) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. When the time value of money is significant, estimated future cash flows are discounted to their present value using a pre-tax interest rate that reflects both the time

value of money and the specific risks associated with the liability. The unwinding of the discount due to the passage of time is recognized as finance costs.

i) Provision for product warranties

To prepare for warranty repair costs of products sold, the total amount of the following is recognized as a provision:

- a. The estimated amount is calculated based on past experience, with consideration given to future guarantee in accordance with the warranty contracts.
- b. The estimated amount calculated in relation to field measures (e.g. recalls) to cover expenses incurred in the event of a product recall, etc.

Provisions for product warranties are reversed as necessary in response to customer and dealer claims, etc. The Group believes that it has recorded sufficient provisions based on currently available information for warranty repair costs that are expected to be incurred. However, since the calculation of provision for product warranties involves estimating warranty repair costs that would be incurred over multiple years in the future, the actual warranty repair costs may deviate from the estimates, which may require the addition or reversal of provision for product warranties.

ii) Asset retirement obligations

Asset retirement obligations are recognized as provisions for estimated future expenditures to fulfill legal obligations to remove hazardous substances associated with plant facilities, etc., and obligations to restore property to its original condition under real estate lease agreements. These expenses are primarily expected to be paid after one year or more but may be affected by future business plans and other factors.

(9) Foreign currency translation

i) Foreign currency transactions

Each company in the Group has designated its own functional currency as the primary currency of the economic environment in which it operates. Transactions of each company are measured at its functional currency.

In preparing the separate financial statements of each company, transactions denominated in currencies other than the company's functional currency are translated into its functional currency using the exchange rate on the transaction date.

Foreign currency-denominated monetary assets and liabilities as of the reporting date are translated using the exchange rates prevailing on that date.

Any exchange differences arising from translation or settlement are generally recognized in profit or loss.

However, exchange differences arising from equity instruments designated as measured at fair value through other comprehensive income are recognized as other comprehensive income.

ii) Financial statements of foreign operations

Assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date.

Revenue and expenses are translated into Japanese yen using the average exchange rates unless exchange rates fluctuate significantly during the period.

If exchange rates fluctuate significantly, transactions are translated using the exchange rates prevailing at the transaction date.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income.

Exchange differences in translation of foreign operations are recognized in profit or loss for the period in which the foreign operations are disposed of.

(10) Revenue

i) Revenue from contracts with customers

With the exception of interest and dividend revenue, etc. recognized under IFRS 9 "Financial Instruments" and revenue recognized under IFRS 16 "Leases," the Group recognizes revenue from customer contracts based on the following five-step approach.

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations under the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligations under the contract.

Step 5: Recognize revenue when (or as) the performance obligations are satisfied.

The Company's principal business activities domestically and overseas, include the sale of heavy duty and medium-duty trucks/buses, light-duty trucks, pickup trucks and their variants,

industrial engines, transmission and driveline components, parts, and used vehicles, as well as the provision of maintenance and services.

Revenue from product sales is recognized primarily at the point when control over the product is transferred to the customer in the Automobile Business, which is when the product is delivered or shipped, as this marks the fulfillment of the Group's performance obligations.

Revenue from maintenance and services is recognized primarily at the point when the maintenance or service is completed in the Automobile Business, as this is when we determine that the performance obligation has been fulfilled. In the Financial Services Business, however, for vehicle maintenance services and extended warranty services included in lease agreements, revenue is recognized over a certain period of time based on the progress of performance obligations.

Consideration paid to customers, such as sales incentives, is deducted 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.

ii) Lease income

Interest income from finance leases is recognized using the effective interest method. When the Group acts as a manufacturer or dealer lessor, finance lease income is recognized on the lease commencement date as revenue, along with a corresponding cost, and a selling profit or loss.

Operating lease income is recognized using the straight-line method over the term of the lease.

Notes Concerning Accounting Estimates

Items that are recorded in the consolidated financial statements for the current fiscal year using accounting estimate and may have a significant impact on the consolidated financial statements for the following fiscal year are as follows:

1. Impairment of Goodwill

In the current fiscal year, goodwill related to the UD Trucks business amounted to 15,213 million yen.

The Group conducts impairment tests on goodwill annually and whenever there is an indication that impairment may exist. As a result, no impairment loss was recognized because the recoverable amount of the goodwill exceeded the carrying amount.

The recoverable amount of non-financial assets related to the UD Trucks business is measured by value in use. The value in use is calculated by discounting future cash flows estimated based on the business plan for the relevant business at a pre-tax discount rate. The estimate of value in use includes important assumptions such as the sales volume in the business plan and the pre-tax discount rate.

These assumptions are determined based on management's best estimates and judgments. However, due to the high degree of uncertainty involved in demand forecasts for key market conditions, etc., it may be assessed that the business profitability would decline and sufficient cash flows would not be generated. In such cases, this could have a significant impact on the amount of non-financial assets recognized in the consolidated financial statements for the following fiscal year.

2. Obligations Related to Field Measures (e.g., Recalls)

In the current fiscal year, obligations related to field measures (e.g., recalls) of 32,520 million yen were recorded in "Provisions" on the consolidated statement of financial position.

If there is a problem with the design and manufacturing process, and the vehicle structure fails, or may fail, to comply with safety standards, the Group needs to recall and repair after submitting prior notifications, etc. to a competent government agency. Therefore, the Group records estimated expenses related to field measures (e.g., recalls) expected to be incurred in the future. Obligations related to field measures (e.g., recalls) are calculated by multiplying the estimated number of vehicles subject to recalls, etc. by the amount of field measures to be incurred per vehicle. Major assumptions used in calculating obligations related to field measures (e.g., recalls) are an estimated number of vehicles subject to recalls, etc. for each case and an amount of field measures per vehicle. An estimated number of vehicles subject to recalls, etc. is calculated by taking into account the number of vehicles based on notifications, etc. submitted to a competent government agency and implementation rates of free repairs. 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 field measures (e.g., recalls) that were calculated by the Group have so far been appropriate and there has been no material gap between actual results and calculated amounts. However, in the estimation of obligations related to field measures (e.g., recalls), there are uncertainties in major assumptions, and, therefore, if the actual cost of recalls, etc., deviates from estimated amounts, it may have a significant impact on the amounts recognized in the consolidated financial statements for the subsequent fiscal years.

Furthermore, if conducting a new large-scale recall campaign, etc., the Group's business results and financial position may be adversely and significantly affected. The calculation method and major assumptions used for the calculation of obligations related to field measures (e.g., recalls) are described in "Note 4. Significant Accounting Policies, (8) Provisions i) Provision for product warranties in Basis for Consolidated Financial Statements."

Notes on the Consolidated Statement of Financial Position

1. Allowance for Doubtful Accounts Directly Deducted from Assets

Trade and other receivables (3,269) million yen

Other financial assets (1,381) million yen

2. Accumulated Depreciation and Accumulated Impairment on Property, Plant and Equipment

1,356,784 million yen

Notes on the Consolidated Statement of Changes in Equity

1. Number of Shares Issued and Outstanding at the End of the Fiscal Year
 Common stock 688,751,769 shares

2. Details of Dividends of Surplus

(1) Amount of dividends paid

Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 26, 2025 General Meeting of Shareholders	Common stock	Retained earnings	32,820	46.00 yen	March 31, 2025	June 27, 2025
November 12, 2025 Board of Directors Meeting	Common stock	Retained earnings	32,161	46.00 yen	September 30, 2025	November 28, 2025

NOTE: The total amount of dividends paid based on the resolution at the General Meeting of Shareholders on June 26, 2025 includes 65 million yen of dividends paid on shares of the Company owned by a trust fund with the Directors of the Board as beneficiaries.
 In addition, the total amount of dividends paid based on the resolution at the Board of Directors Meeting on November 12, 2025 includes 65 million yen of dividends paid on shares of the Company owned by a trust fund with the Directors of the Board as beneficiaries.

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

Planned Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 25, 2026 General Meeting of Shareholders	Common stock	Retained earnings	31,680	46.00 yen	March 31, 2026	June 26, 2026

NOTE: The total amount of dividends paid includes 65 million yen of dividends paid on shares of the Company owned by a trust fund with the Directors of the Board as beneficiaries.

Notes on Financial Instruments

1. Matters Relating to the Status of Financial Instruments

(1) Matters regarding risk management

In the course of its business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk). Therefore, we manage risks based on certain policies to mitigate these financial risks.

The Group also uses derivative transactions to mitigate foreign exchange risk or interest rate risk, and has a policy of not engaging in speculative transactions.

(2) Credit risk

Credit risk refers to the likelihood that a counterparty to financial assets held by the Group will default on its contractual obligations, resulting in a financial loss for the Group.

The Group manages due dates and balances for each business partner and operates under a structure to regularly monitor the credit status of major business partners based on its credit management policies. As a result, there are no material past due financial assets.

Regarding derivative transactions, the Group only engages in transactions with highly creditworthy financial institutions, and their impact on credit risk is limited.

The Group has no excessive credit risk concentrated on any specific counterparty or group to which such counterparty belongs.

(3) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations on the due date for repayment of financial liabilities when such obligations become due.

The Group manages liquidity risk by preparing adequate funds for repayment, securing readily available lines of credit from financial institutions, and continuously monitoring its cash flow plans and actual results.

(4) Foreign exchange risk

Since the Group conducts business globally, fluctuations in the exchange rate between the Japanese yen and mainly the U.S. dollar have a significant impact on its performance. To mitigate foreign exchange risk, the Group utilizes foreign exchange forward contracts.

(5) Interest rate risk

The Group is exposed to various interest rate fluctuation risks in its business activities, and in particular, interest rate fluctuations have a significant impact on borrowing costs. To mitigate interest rate fluctuation risk, the Group utilizes interest rate swap transactions.

(6) Market price fluctuation risk

The Group is exposed to share price fluctuation risk arising from equity instruments (shares). To manage this risk, the Group regularly monitors fair value and the financial condition, etc., of issuers, as well as continuously reviews its holdings, taking into consideration market conditions and the relationship with issuers.

2. Matters Relating to the Fair Value of Financial Instruments

For financial instruments measured at fair value, fair value measurements are classified into the following three levels based on the observability and materiality of the inputs used in the measurements.

Level 1: Identical asset or liability market prices in active markets (Unadjusted)

Level 2: Fair value measured directly or indirectly using observable prices other than those included in Level 1

Level 3: Fair value calculated using valuation techniques that include unobservable inputs

Method of measuring fair value

i) Cash and cash equivalents, Trade and other receivables (excluding Lease receivables), Trade and other payables

The fair values of these items approximate their carrying amounts because they are settled in a short period of time.

ii) Lease receivables

For the fair value of lease receivables, the amount of receivables is measured based on the

present value, discounted by an interest rate that takes into account the period until maturity and credit risk for each receivable, categorized by a specific period. Since unobservable inputs are used, this is classified as Level 3.

iii) Other financial assets and other financial liabilities

(Long-term loans receivable and guarantee deposits)

The fair value of long-term loans receivable and guarantee deposits is measured at the present value of the total principal and interest discounted at a discount rate that reflects the credit risk estimated by the Group, and is classified as Level 2.

(SAFE investments)

The fair value is measured based on historical transaction prices, taking into consideration events that affect the value of the financial instruments, such as the progress of business plans, and is classified as Level 3.

(Shares and investments in capital)

The fair value of listed shares is measured based on the market price on the reporting date and is classified as Level 1. On the other hand, the fair value of unlisted shares and investments in capital is measured by a valuation technique based on the discounted future cash flows, a valuation technique based on the market prices of comparable companies, a valuation technique based on the value of net assets, etc., and is classified as Level 3. Fair value increases (decreases) due to increases (decreases) in future cash flows, decreases (increases) in the discount rate, and increases (decreases) in the price-to-book-value ratio of comparable companies. Changes in fair value expected when unobservable inputs are changed to reasonably possible alternative assumptions are not material.

(Derivatives)

The fair value of forward exchange contracts is measured based on the forward exchange rate provided by the counterparty financial institutions on the reporting date and is classified as Level 2.

(Bonds and borrowings, and long-term deposits received)

The fair value of bonds and borrowings, and long-term deposits received is measured at the present value of the total principal and interest discounted at the interest rate that would apply if the Group were to make new borrowings with the same remaining maturity and similar conditions, and is classified as Level 2.

3. Financial Instruments Measured at Fair Value

Financial instruments measured at fair value of the current fiscal year are as follows:

(millions of yen)

	Level 1	Level 2	Level 3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives	–	389	–	389
SAFE investments	–	–	4,808	4,808
Other	–	721	690	1,411
Equity financial assets measured at fair value through other comprehensive income				
Shares and investments in capital	165,568	–	27,038	192,606
Total	165,568	1,110	32,536	199,214
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	–	1,089	–	1,089
Total	–	1,089	–	1,089

Transfers between levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer.

There were no financial instruments that were subjected to material transfers between levels.

4. Financial Instruments Measured at Amortized Cost

Carrying amounts and fair values of financial instruments measured at amortized cost in the current fiscal year are as follows. Financial instruments whose carrying amounts and fair values are approximately equal are not included in the table below.

(millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Lease receivables (Note)	269,606	–	–	269,296	269,296
Long-term loans receivable (Note)	1,314	–	1,297	–	1,297
Guarantee deposits	4,663	–	4,657	–	4,657
Long-term borrowings (Note)	634,286	–	625,462	–	625,462
Bonds payable (Note)	109,726	–	108,030	–	108,030
Long-term deposits received	1,096	–	1,096	–	1,096

(Note) Includes balances due for repayment or redemption within one year.

Notes on Revenue Recognition

1. Disaggregation of Revenue

Disaggregation of operating income from external customers by product is as follows:

(millions of yen)

	Automobile					Financial Services	Total
	Heavy-duty (and medium-duty) CVs	Light-duty CVs	LCVs	Industrial engines	Others		
Revenue from contracts with customers							
Domestic	527,968	198,453	–	58,593	396,718	29,719	1,211,453
Overseas	381,636	584,484	815,816	69,361	241,108	–	2,092,407
Total revenue from contracts with customers	909,604	782,938	815,816	127,954	637,826	29,719	3,303,861
Revenue from other sources	–	–	–	–	3,133	172,079	175,213
Total revenue	909,604	782,938	815,816	127,954	640,960	201,798	3,479,074

- NOTES: 1. “CVs” and “LCVs” present “commercial vehicles (trucks and buses)” and “pickup trucks and variants,” respectively.
2. Sale of parts, maintenance and servicing, sales of used vehicles, and components are included in “Others.”
3. Revenue from other sources includes lease income from products accounted for in accordance with IFRS 16 “Leases,” etc.
4. Starting with the fiscal year ended March 31, 2026, the Group reorganized the categories it uses to manage its business results, dividing the previously single segment into the two reporting segments of “Automobile Business” and “Financial Services Business.”

2. Contract Balance

Receivables arising from customer contracts and contract liabilities of the current fiscal year are as follows:

(millions of yen)

	Beginning of current fiscal year (April 1, 2025)	End of current fiscal year (March 31, 2026)
Receivables arising from customer contracts	410,467	450,148
Contract liabilities	20,292	21,324

Contract 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.

Revenue recognized in the current fiscal year included in the contract liability balance at the beginning of the period amounted to 12,002 million yen.

The amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in past periods is immaterial in the current fiscal year.

3. Transactions Allocated to Remaining Performance Obligations

The total transaction price allocated to unfulfilled performance obligations and the breakdown by period in which revenue is expected to be recognized are as follows.

(millions of yen)

	Current fiscal year (March 31, 2026)
Within 1 year	112,876
Over 1 year	67,462
Total	180,339

The above table does not include information related to remaining performance obligations with original expected terms of one year or less, applying practical expedients.

4. Assets Recognized from Contract Costs

In the current fiscal year, no assets were recognized from material incremental costs of obtaining a contract or costs incurred to fulfill a contract that should have been recognized as assets.

Notes on Net per Share

Equity attributable to owners of parent per share	2,152.84 yen
Profit attributable to owners of parent per share	
Basic profit attributable to owners of parent per share	193.14 yen

Notes on Subsequent Events

There are no relevant items.

Other Notes

Repurchase and cancellation of own shares

The Company resolved at a meeting of its Board of Directors held on May 29, 2025 to repurchase its own shares in accordance with Article 156 of the Companies Act (the "Act") applicable pursuant to Article 165, paragraph (3) of the Act and to cancel the repurchased shares in accordance with Article 178 of the Act. Furthermore, pursuant to this resolution, the repurchase and cancellation of its own shares were effectuated as presented below.

1. Reason for repurchase and cancellation

The Company implements shareholder returns based on profits earned in each fiscal year and to purchase treasury shares flexibly, comprehensively taking into account a balance between securing funds for growth investments and enhancing internal reserves for the purpose of maintaining financial soundness. The Company repurchased 50,000 million yen (maximum repurchase amount) of its own shares for the purpose of further improving capital efficiency with awareness of appropriate capital levels. All shares repurchased were cancelled.

2. Details of the repurchase

(1) Type of shares to be repurchased	Common stock
(2) Total number of shares to be repurchased	Up to 35,000,000 shares (Represents 4.9% of the total number of issued shares (excluding treasury shares))
(3) Total purchase price for repurchase of shares	Up to 50,000 million yen
(4) Period of repurchase	From June 18, 2025 to March 31, 2026
(5) Method of repurchase	Market purchases based on a discretionary transaction contract

3. Results of purchase of treasury shares

(1) Type of shares repurchased	Common stock
(2) Total number of shares repurchased	24,774,800 shares
(3) Total purchase price for repurchase of shares	49,999 million yen
(4) Period of repurchase	From June 18, 2025 to December 23, 2025

4. Cancellation of own shares

(1) Type of shares cancelled	Common stock
(2) Total number of shares cancelled	24,774,800 shares (Represents 3.5% of the total number of issued shares before cancellation)
(3) Total number of shares issued after cancellation	688,751,769 shares
(4) Date of cancellation	February 13, 2026

Non-current assets or disposal groups held for sale

The Group continuously reviews the significance of holding shares held for strategic purposes. Of the shares that the Group decided to sell because there is little significance in holding them, 3,306 million yen worth of shares were classified as held for sale, which are scheduled to be sold within one year as of the end of the previous fiscal year. The sale of the assets was completed in the current fiscal year.

1,655 million yen worth of shares are classified as held for sale, which are scheduled to be sold within one year as of the end of the current fiscal year. The sale of the assets is scheduled to be completed by the end of the following fiscal year. The shares are listed, and their fair value hierarchy is Level 1.

At the Management Meeting held on December 19, 2025, the Company resolved to transition to a joint operation structure for Isuzu (China) Engine Co., Ltd., which is a consolidated subsidiary of the Company, with its business partners in Chongqing, the People's Republic of China, Qingling Motors (Group) Co., Ltd. and Qingling Motors Co., Ltd. Following the approval of this transition at the general meeting of shareholders of Isuzu (China) Engine Co., Ltd. held on February 13, 2026, including the local business partners, the Company has classified the assets and liabilities held by Isuzu (China) Engine Co., Ltd., which belong to the Automobile Business segment, as a disposal group held for sale at the end of the current fiscal year.

The breakdown of assets and liabilities classified as disposal groups held for sale is as follows: The local procedures for the transition were completed on April 30, 2026, and Isuzu (China) Engine Co., Ltd. is scheduled to change from a consolidated subsidiary to an equity-method affiliate starting from the first quarter of FY2027 ending March 31, 2027.

(millions of yen)	
As of March 31, 2026	
Assets held for sale	
Cash and cash equivalents	9,184
Trade and other receivables	8,391
Other financial assets	22,049
Inventories	3,127
Other current assets	234
Property, plant and equipment	3,085
Right-of-use assets	3,889
Other non-current assets	2,175
Total	52,136
Liabilities directly associated with assets held for sale	
Trade and other payables	7,515
Other current liabilities	3,946
Deferred tax liabilities	0
Other non-current liabilities	5,037
Total	16,499

Changes in significant subsidiaries (changes in specified subsidiaries resulting in changes in scope of consolidation)

At the Management Meeting held on December 19, 2025, the Company resolved to transition to a joint operation structure for Isuzu (China) Engine Co., Ltd., which is a consolidated subsidiary of the Company, with its business partners in Chongqing, the People's Republic of China, Qingling Motors (Group) Co., Ltd. and Qingling Motors Co., Ltd. The approval of this transition at the general meeting of shareholders of Isuzu (China) Engine Co., Ltd. held on February 13, 2026, including the local business partners, and the local procedures for the transition were completed on April 30, 2026. As a result, Isuzu (China) Engine Co., Ltd. is scheduled to change from a consolidated subsidiary to an equity-method affiliate starting from the first quarter of FY2027 ending March 31, 2027.

1. Name, address, title and name of representative, capital, and type of business of the specified subsidiary subject to the change
 - (1) Name Isuzu (China) Engine Co., Ltd.
 - (2) Location 1 Xiexing Road, Zhong Liang Shan, Jiu long po District, Chongqing, The People's Republic of China
 - (3) Title and name of representative Tomomi Nagamatsu, CEO
 - (4) Capital USD 324.26 million
 - (5) Type of business Localization and development of engines and parts, including testing, manufacturing, sales and after-sales support

2. Number of voting rights held by the Company in the specified subsidiary before and after the change, and the ratio of such voting rights to the total number of voting rights of the specified subsidiary's shareholders, etc.
 - (1) Number of voting rights held by the Company in the specified subsidiary
Before the change: USD 164.10 million
After the change: USD 160.15 million
 - (2) Ratio of voting rights to the total number of voting rights of the specified subsidiary's shareholders, etc.
Before the change: 50.61%
After the change: 50.00%
NOTE: The "number of voting rights held by the Company in the specified subsidiary" refers to the amount of equity interest, and the "ratio of voting rights to the total number of voting rights of the specified subsidiary's shareholders, etc." refers to the equity interest ratio.

3. Reason and date of the change
 - (1) Reason for the change
Isuzu (China) Engine Co., Ltd., a consolidated subsidiary of the Company (50.61% equity interest held by the Company), serves as a production base for engine components as well as a sales base for vehicles and engine parts in Chongqing, the People's Republic of China. In the Chinese market, significant structural transformation is underway in the powertrain sector, particularly with the acceleration of vehicle electrification, resulting in substantial changes in the business environment. Given these circumstances, the Company has determined that it is essential to establish a flexible and efficient business operation structure that can adapt to future market developments. Accordingly, the Company has decided to hold discussions with its local business partners regarding a transition to a jointly managed structure. The transition method involved a capital reduction and distribution of a special dividend for the 1.22% portion solely held by the Company, thereby changing the Company's equity interest ratio to 50%. As a result, the specified subsidiary will become an equity-method affiliate.
 - (2) Date of the change
April 30, 2026

STATEMENT IN FLUCTUATION IN SHAREHOLDER'S EQUITY

(From April 1, 2025 through March 31, 2026)

(millions of yen)

	SHAREHOLDERS' EQUITY							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total share-holders' equity
		Legal capital reserve	Other capital surplus	Total capital surpluses	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	40,644	49,855	-	49,855	625,368	625,368	(2,329)	713,539
Changes of items during period								
Dividends of surplus					(64,982)	(64,982)		(64,982)
Profit					79,918	79,918		79,918
Purchase of treasury shares							(50,009)	(50,009)
Disposal of treasury shares							20	20
Cancellation of treasury shares			(49,999)	(49,999)			49,999	-
Reversal of revaluation reserve for land					(91)	(91)		(91)
Transfer from retained earnings to capital surplus			49,999	49,999	(49,999)	(49,999)		-
Net changes on items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(35,155)	(35,155)	10	(35,144)
Balance at the end of current period	40,644	49,855	-	49,855	590,213	590,213	(2,319)	678,394

	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 current period	54,359	162	82,751	137,272	850,812
Changes of items during period					
Dividends of surplus					(64,982)
Profit					79,918
Purchase of treasury shares					(50,009)
Disposal of treasury shares					20
Cancellation of treasury shares					-
Reversal of revaluation reserve for land					(91)
Transfer from retained earnings to capital surplus					-
Net changes on items other than shareholders' equity	11,092	(232)	91	10,951	10,951
Total changes of items during period	11,092	(232)	91	10,951	(24,192)
Balance at the end of current period	65,451	(70)	82,843	148,224	826,619

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

NOTES ON THE FINANCIAL STATEMENTS

Basis for Financial Statements

1. Valuation Standards and Methods for Securities
 - (1) Security investments in subsidiaries and affiliates
Securities investment in subsidiaries and affiliates are measured at cost determined by the moving average method. Some of the securities have been written-off.
 - (2) Other securities
 - i) Securities other than non-marketable securities, etc.
Securities other than non-marketable securities, etc. are measured at fair value. Changes in unrealized holding gain or loss are directly included in net assets. The cost of securities sold is calculated by the moving average method.
 - ii) Non-marketable securities, etc.
Non-marketable securities, etc. are measured at cost determined by moving average method.
2. Valuation Methods for Derivative Financial Instruments
Derivative financial instruments are measured at fair value.
3. Valuation Methods for Inventories
Inventories are measured at the cost determined by the gross average method.
(Balance sheet values are measured by the method of devaluing book price to reflect decreases in profitability.)
4. Depreciation of Non-Current Assets
 - (1) Depreciation of property, plant and equipment (excluding lease assets)
Depreciation of property, plant and equipment is calculated by the straight-line method. Property with an acquisition cost of 100 thousand yen or more and less than 200 thousand yen is depreciated equally over 3 years.
 - (2) Amortization of intangible assets (excluding lease assets)
Amortization of intangible assets is calculated by the straight-line method.
“Software” included in intangible assets, is amortized by the straight-line method based on the estimated useful lifetime (5 to 15 years).
 - (3) Lease assets
Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease contract’s lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.
5. Basis for Provisions and Allowances
 - (1) Allowance for doubtful accounts
With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company provides estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure.
 - (2) Accrued bonus costs
Accrued bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by employees during the fiscal year.
 - (3) Accrued directors’ bonus costs
Accrued directors’ bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.
 - (4) 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 warranty contracts. The provision is calculated based on past experience.
 - (5) Accrued retirement benefits
Accrued retirement benefits are calculated in an amount based on the projected benefit obligation expected and the pension plan assets expected at the end of the current fiscal year. Upon calculating payments of retirement benefit liability, the method of attributing the expected amount of payments of retirement benefits up until the period of the fiscal year is

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

(6) Provision for management board incentive plan trust

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

6. Foreign Currency Translation

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

7. Hedge Accounting

(1) Hedge accounting

i) Forward foreign exchange contracts and currency options

Deferral hedge accounting is adopted.

ii) Interest rate swaps and interest rate options

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

(2) Hedging instruments and hedged items

i) Hedging instruments

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

ii) Hedged items

Receivables and payables denominated in foreign currencies, and borrowings.

(3) Hedging policy

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

(4) Assessment of hedge effectiveness

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

(5) Other

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

8. Recognition of Revenue and Expenses

The Company's principal business activities domestically and overseas include the sales of CVs such as heavy-duty trucks/buses (hereinafter, "Heavy-duty (and medium-duty) CVs") and light-duty trucks (hereinafter, "Light-duty CVs"), as well as powertrains which consist of industrial engines, transmissions and driveline components (hereinafter, "Engines and components") and the sale of parts.

The Company recognizes revenue from domestic sales of Heavy-duty (and medium-duty) CVs, Light-duty CVs, engines and components, and 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) CVs, Light-duty CVs, engines and components, and parts, etc. principally at the time of delivery when the customer obtains control of the product, at the time of shipment, etc.

9. Deferred Assets

Deferred assets are all accounted as an expense on payment.

10. Other

Accounting related to retirement benefits

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

11. Notes Concerning Accounting Estimates

Obligations related to field measures (recalls, etc.)

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

	Balance sheet amount
Accrued expenses related to field measures (recalls, etc.)	25,544 million yen

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

The calculation method of the amount of i) is omitted because the same information is provided in “Notes Concerning Accounting Estimates, 2. Obligations Related to Field Measures (e.g., Recalls)” of the NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.

Changes in Accounting Policies

(Significant Changes in Hedge Accounting Methods)

Previously, the Company adopted the designated hedge accounting for forward foreign exchange contracts that met the requirements for the designated hedge accounting. However, as of the fiscal year under review, we have changed to a standard accounting method. This change is due to a re-examination of the appropriateness of applying hedge accounting, following a revision of our hedging policies and management systems for exchange rate risks. As a result, we determined that changing to a standard accounting method would allow us to present financial statements more appropriately.

This change in accounting policy has not been applied retroactively, as its impact on past periods is minor. Moreover, the impact of this change on profit or loss for the fiscal year under review is minor.

Accounting Standards, etc. Not Yet Applied

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan (ASBJ))
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ), etc.

1. Overview

As part of its efforts to align Japanese standards with international standards, the Accounting Standards Board of Japan considered, based on international accounting standards, the development of lease accounting standards that recognize assets and liabilities for all leases of a lessee. As a basic policy, the standards are based on the single accounting model of IFRS 16, but rather than adopt all the provisions of IFRS 16, only the key provisions were adopted. As a result, lease accounting standards, etc. have been published that are simple, convenient, and aim to require virtually no adjustments even when the provisions of IFRS 16 are applied to financial statements.

For the lessee’s accounting treatment, regarding the expense allocation method for the lessee’s leases, similar to IFRS 16, a single accounting model is applied to all leases, regardless of whether the lease is a finance lease or operating lease, under which depreciation of right-of-use assets and amounts equivalent to interest on lease liabilities are recorded.

2. Scheduled effective date

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

3. Impact of applying the accounting standards, etc.

The impact on financial statements resulting from the application of the “Accounting Standard for Leases,” etc. is currently being evaluated.

Notes on the Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	596,763 million yen
2. Debts and Credits to Subsidiaries and Affiliates	
Short-term credits	546,363 million yen
Long-term credits	65,590 million yen
Short-term debts	125,016 million yen
Long-term debts	224 million yen

3. Revaluation of Business Land

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

The difference between the total fair value of the revaluated business land at the end of the current fiscal year and the total book value after revaluation was 48,586 million yen.

Notes on the Statement of Income

Transactions with Subsidiaries and Affiliates

Sales to subsidiaries and affiliates	1,295,902 million yen
Purchases from subsidiaries and affiliates	568,871 million yen
Selling, general and administrative expenses	85,717 million yen
Other	105,319 million yen

Notes on the Statement in Fluctuation in Shareholder's Equity

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

Common stock	1,464,828 shares
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NOTE: Number of shares held as treasury stocks includes 1,417,576 shares held with a trust whose beneficiaries are Directors of the Board, etc.

Notes on Tax-Effect Accounting

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

Deferred tax assets	
Accrued expenses	14,473 million yen
Provision for product warranties	4,910 million yen
Accrued bonus costs	3,515 million yen
Accrued enterprise tax	219 million yen
Inventory write-offs	1,164 million yen
Accrued retirement benefits (lump-sum payment)	12,089 million yen
Write-off of investments	12,173 million yen
Asset retirement obligations	996 million yen
Other	12,792 million yen
Valuation allowance	(27,763) million yen
Total amount of deferred tax assets	34,568 million yen
Deferred tax liabilities	
Unrealized holding gain or loss on securities	28,940 million yen
Accrued retirement benefits (corporate pension)	370 million yen
Accounts receivable - other	3,413 million yen
Expenses associated with asset retirement obligations	548 million yen
Dividends income	600 million yen
Other	24 million yen
Total amount of deferred tax liabilities	33,895 million yen
Net amount of deferred tax assets	673 million yen

2. Reconciliation of the Effective Tax Rate and the Statutory Tax Rate	
Statutory tax rate	30.6%
(Adjustment)	
Changes in valuation allowance	(4.0)%
Foreign withholding tax	1.4%
Dividends received (excluded from taxable income)	(39.4)%
Impact of group tax sharing system	4.8%
Other	0.1%
Effective tax rate after application of tax-effect accounting	<u>(6.6)%</u>

Notes on Transactions with Related Parties

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

Notes on Revenue Recognition

Regarding the information to provide a basis for understanding revenue arising from contracts with customers, notes are omitted as the same information is presented in “Notes on Revenue Recognition” under “NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS.”

Notes on Net per Share

Net Assets per Share	1,202.73 yen
Net Income per Share	114.43 yen

Notes on Subsequent Events

The Company has resolved, at the Board of Directors held on December 25, 2025, to conduct an absorption-type company split (hereinafter, the Absorption-Type Company Split), in which Isuzu Motors Sales Co., Ltd., a wholly owned subsidiary of the Company (hereinafter, Isuzu Motors Sales), will be the splitting company, and the Company will be the successor company.

1. Purpose of the Absorption-Type Company Split

The Absorption-Type Company Split shall be implemented in order to revise the ownership and management of shares in domestic sales companies and real estate of domestic sales bases, and to streamline the allocation of roles in domestic sales functions and the logistics and inventory management functions for new vehicles.

2. Means of the Absorption-Type Company Split, description of the allotment upon the Absorption-Type Company Split, and other details of the Absorption-Type Company Split agreement

(1) Means of the Absorption-Type Company Split

This is an absorption-type company split with Isuzu Motors Sales, a wholly owned subsidiary of the Company, as the splitting company, and the Company as the successor company.

(2) Description of the allotment upon the Absorption-Type Company Split

In connection with the Absorption-Type Company Split, no shares of the Company or cash, etc. will be allocated to Isuzu Motors Sales.

(3) Other details of the Absorption-Type Company Split agreement

(i) Schedule of the Absorption-Type Company Split

Date of the Board of Directors’ resolution approving the Absorption-Type Company Split agreement: December 25, 2025

Date of conclusion of the Absorption-Type Company Split agreement: December 25, 2025

Effective date: April 1, 2026

NOTE: This Absorption-Type Company Split falls under a simplified company split as stipulated in Article 796, Paragraph 2 of the Companies Act for the Company, and a short-form company split as stipulated in Article 784, Paragraph 1 of the said Act for Isuzu Motors Sales. Accordingly, neither the Company nor Isuzu Motors Sales shall obtain approval from a shareholders’ meeting for the Absorption-Type Company Split.

(ii) Increase in share capital due to the succession

There will be no increase in share capital due to the Absorption-Type Company Split.

- (iii) Handling of share acquisition rights and bonds with share acquisition rights in connection with the Absorption-Type Company Split
Not applicable.
 - (iv) Rights and obligations succeeded by the successor company
The Company will succeed to the shares of domestic sales companies, real estate of domestic sales bases, contracts incidental thereto, and other related rights and obligations, as well as the associated assets and liabilities, held by Isuzu Motors Sales, as specified in the Absorption-Type Company Split agreement.
 - (v) Prospects for fulfillment of obligations
With respect to the obligations of the Company and Isuzu Motors Sales that will become due on or after the effective date of the Absorption-Type Company Split, the Company has determined that there is no issue with the prospect of fulfilling such obligations.
3. Basis for the calculation of details of allotment in the Absorption-Type Company Split
There will be no allotment of shares, etc.

(Attachment)**Notes on Transactions with Related Parties**

Transactions with Subsidiaries

(millions of yen)

Name of Subsidiary	Percentage of Voting Right Owned	Connections with Related Parties	Details of Transactions	Amount of Transaction	Account	Balance Outstanding
ISUZU MOTORS SALES LTD.	Direct 100.0%	Sales of products; Loans of funds	Sales of vehicles and parts (NOTE 2)	582,443	Accounts receivable	121,043
			Loans of funds (NOTE 3)	420,477	Short-term loans receivable	20,652
			Collection of loans receivable	440,856		
			Receipt of dividends	49,875	Accounts receivable - other	61,109
			Loans of funds (NOTE 3)	–	Long-term loans receivable (NOTE 4)	75,536
UD Trucks Corporation	Direct 100.0%	Loans of funds; Dispatched Director (NOTE 1)	Loans of funds (NOTE 3)	228,532	Short-term loans receivable	98,525
			Collection of loans receivable	215,455		
			Collection of loans receivable	10,000	Long-term loans receivable (NOTE 4)	95,300
ISUZU MOTORS INTERNATIONAL FZE	Direct 100.0%	Sales of products	Sales of vehicles and parts (NOTE 2)	156,733	Accounts receivable	20,623

Transaction conditions and policy on determining transaction conditions

NOTES:

1. There was a concurrent assignment of an officer during the current fiscal year, but this has been resolved as of the fiscal year-end.
2. Prices and other transaction conditions are determined through negotiation while giving appropriate consideration to market prices and so forth.
3. For loans of funds, interest rates are reasonably determined by consideration of market rates. And some of these Short-term loans receivable is by Cash Management System
4. Includes long-term loans receivables due within one year.