

ISUZU Transformation - Growth to 2030 (IX)

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◆ P.1 Front cover

We are pleased to announce that we have formulated our business plan toward 2030, called “ISUZU Transformation (IX)”, and would like to explain its details.

◆ P.2 ISUZU Transformation - Growth to 2030 (IX)

IX embodies the vision and mission of ISUZU ID, from the perspective of the year 2030, incorporating a forecast based on our current position and backcast of ISUZU ID.

It was formulated to express our will to respond flexibly to diversifying customer needs and an changing business environment, and **to continue to transform ourselves.**

◆ P.4 Inside cover - Review of previous Mid-Term Business Plan

First, let's review the previous medium-term business plan.

◆ P.5 Review of previous Mid-Term Business Plan

During the previous medium-term business plan period, we experienced various changes in the business environment, including soaring material costs. However, we have made steady progress on each of the three pillars of the medium-term business plan, which were : the expansion of our current business and profitability improvement; commitment to innovation; and promotion of ESG-focused management. We also formulated a new corporate philosophy, ISUZU ID in May of last year.

As a result, from a financial perspective, we exceeded our sales and operating income targets and **expanded the scale of our business.**

Through these efforts, we believe that **the foundation is secure to evolve into a global leading company.**

◆ P.7 Enhancement of synergies between Isuzu and UD

One of the key initiatives in expanding our current business and improving profitability is to **strengthen the Isuzu/UD Alliance.**

The Group has pursued efficiency gains through the sales of jointly developed new tractor heads, sharing sales and service bases, logistics and parts depots, and offices, benchmarking ways of working across functions, and jointly exhibiting of both brands at the Japan Mobility Show. As a result, in the last

fiscal year, we generated 14 billion yen in synergies across areas such as development and operations.

◆ P.8 Inside cover - Vision for 2030 and path toward 2030

Next, let me outline our vision for 2030 and the path forward.

◆ P.9 Vision for 2030

In response to the increasing expectations of society as whole, we will expand our business model to solution business , that utilize new technologies to address challenges faced by customers and society alike.

Through this transformation, we aim to become a **commercial mobility solutions company that addresses challenges faced by customers and society by leveraging “Reliability x Creativity.”**

◆ P.10 Vision for 2030

We have set **nine goals** for 2030 from three perspectives: **financial, business, and management foundation.**

First, from a **financial perspective**, our goal is to achieve 6 trillion yen in **sales** and an **operating income ratio** of 10% or more. In addition, we will strike a balance between **growth investments** and **returns to our stakeholders.**

From a **business perspective**, we will support the global transport of goods and people by providing **850,000** vehicles. In addition, we aim to **deliver on carbon-neutral solutions** and **develop our autonomous driving solution business.**

In terms of **management foundation**, we will **establish a Monozukuri function and supply chain with a combined production capacity of 1 million units** of trucks and pickup trucks.

Furthermore, from the perspective of human resources, we will aim to **strengthen group management** from a global perspective and **human capital management.**

◆ P.11 Management policy

Next is our management policy.

To align with our vision for 2030, we will expand revenues by **strengthening existing businesses to support reliable transport** through leveraging our accumulated strengths, and investing in new businesses that drive innovative transport – driven by “Reliability x Creativity”.

We will also **establish a management foundation rooted in ISUZU ID.**

Through these efforts, we will create a new business model that provides solutions, including products.

◆ **P.12 Inside cover - Development of new businesses to drive innovative transport**

Now let us look at **new businesses to drive innovative transport.**

◆ **P.13 Development of new businesses to drive innovative transport**

Leveraging our strength of “Reliability” cultivated over years, we will create **new businesses to address challenges facing customers and society** with “Reliability x Creativity”, starting from the three areas of innovation.

- Autonomous driving solutions,
- Connected services, and
- Carbon-neutral solutions.

These are in response to the pressing needs of our customers and society. We want to establish a system to capture **latent** customer and societal needs and link them to commercialization.

To pursue these new businesses, we have committed one trillion yen to investments in innovation. This investment will contribute to Group revenues by 2030, and go on to create a **trillion-yen business in the 2030s.**

Today, we will focus on **autonomous driving solutions, carbon neutral solutions, and in particular, our swappable battery EV business.**

◆ **P.14 Autonomous driving solutions**

First, in the area of autonomous driving solutions,

we will **launch a truck and bus business in FY2028** that **utilizes “Level 4 Autonomous Driving Technology,” a technology** that leverages our unique strengths, in response to challenges facing society and our industry, including 2024 workstyle reform legislation in Japan.

In order to realize practical autonomous driving that is safe and accommodating to cargo and people alike, we will leverage **our unique strengths** in vehicle control technology for normal and emergency situations as well as our expertise in the customer experience which we have cultivated to date.

Meanwhile, during the previous mid-term business plan period, we have promoted the development and conducted proof-of-concept of new technologies related to autonomous driving.

Based on these efforts, we will commercialize **highway hub-to-hub transportation in Japan and the U.S. and route buses in Japan, gradually starting from FY2028.**

In preparation for the launch of this business, basic services will be developed in the first two years and

proof-of-concept testing will be conducted in the third year, which will be **accelerated** by the **establishment of new partnerships**, including startups.

Furthermore, we will establish a **new organization dedicated** to developing businesses that utilize autonomous driving technology, and expand the number of dedicated employees to several hundred in the medium term.

Through these efforts, we will leverage “Reliability x Creativity” in a **new business domain of autonomous driving solutions** that will **lead the way in addressing challenges faced by customers and society**.

◆ **P.18 Carbon-neutral solutions**

Next is **carbon-neutral solutions**.

Based on the premise of multi-pathway product offerings and improved price competitiveness of BEVs, we will focus on new peripheral businesses related to xEVs, **especially swappable battery EVs with our EVision cycle concept**, toward 2030.

We expect that batteries will not be limited to automotive applications, but will be **utilized as assets to support community infrastructure**, such as emergency power sources in times of disaster, storage of renewable energy, and as a source of electricity in countries and regions where power grids are underdeveloped.

Based on this direction, we will take concrete steps towards commercialization from this fiscal year. In collaboration with a wide range of partners across industries, including energy companies, we will start proof-of concept tests in Japan by FY2026, and expand them to Thailand through CJPT-Asia collaboration.

Through these activities, we intend to lead the **global efforts to achieve carbon neutrality**.

◆ **P.19 Inside cover - Strengthening current businesses to support reliable transport**

Next, let's look at the strengthening of current businesses to support reliable transport.

◆ **P.20 A company that continues to support reliable transport**

Isuzu is currently supporting the world's reliable transport by providing more than 680,000 products to over 150 countries.

◆ **P.21 Strengthening current businesses to support reliable transport** **— Overview of strategy**

P.21 Strengthening current businesses to support reliable transport— Overview of strategy

By further strengthening the Group's core business, we aim to provide more than 450,000 trucks and

400,000 pickup trucks, **totaling over 850,000 vehicles, to customers around the world, and achieve sales of more than 5 trillion yen** by 2030.

◆ **P.22 CV business**

Our strategy is two-fold. First, we will further increase our truck offerings by expanding **our product lineup**.

This will be achieved by **mutually complementing Isuzu and UD products, both in Japan and overseas markets**, and by providing a vast range of products with **fast and flexible specifications** through **I-MACS** (modular design).

Especially for heavy-duty trucks, we plan to launch vehicles in 2028 that use a common platform between Isuzu and UD, utilizing Volvo Group technology.

Second, we will **further strengthen our ability to respond to customer needs**.

This will be achieved by **strengthening the production system** that supports sales expansion, **improving accessibility to bases and products** through **mutual collaboration between Isuzu and UD sales and service channels**, and **supporting customer purchase decisions** through online sales channels.

Through these initiatives, we will **thoroughly expand sales** with a focus on Asia, the Middle East, and Africa.

◆ **P.23 Deepen collaboration with UD**

In **deepening the collaboration between Isuzu and UD**,

the two companies will gradually **expand complementary products** from **2024**.

Isuzu will expand sales of heavy-duty trucks, a strong segment for UD, mainly in ASEAN and the Middle East,

while UD will expand sales of light- and medium-duty trucks, a strong segment for Isuzu, mainly in ASEAN, Africa, Australia, the Middle East, and Latin America.

Through these activities, we expect to create synergies of more than 40 billion yen by 2030.

◆ **P.26 Inside cover - Market and Monozukuri Base Strategy**

Next is our base location strategy.

◆ **P.27 Market and Monozukuri Base Strategies by region**

Our priority bases are Japan, the United States, and ASEAN,

and we will **continue to invest in the supply chain as a whole, especially in strengthening production**.

We also consider **India and Africa as strategic bases where future growth is expected**, and will strive to expand our presence in these regions in the future.

By **strengthening and leveraging human capital with a global perspective at each base**, we will be able to **promptly identify business opportunities and risks around the world**, and **respond to changes across regions and throughout the Group**.

Let's take a closer look at our priority bases.

◆ **P.28 Priority Market and Monozukuri Base – Japan**

In Japan,

we will **strengthen our sales function and invest in our service infrastructure network to support the expansion of new vehicle sales and fleets**, and **develop a robust supply chain** to ensure ample global production volume, thereby **solidifying our current businesses**.

To address the **2024 workstyle reform legislation concerns** from a **shipper's** perspective, we will strive to **reduce driver workload by improving our operations based on the actual conditions of driver hours and loading rates**.

In addition, our efforts to **develop autonomous driving technology and new businesses** are **synonymous with our commitment to support the flow of goods and people, as well as manufacturing, in Japan**.

◆ **P.29 Priority Market and Monozukuri Base – United States**

Next let's look at the United States.

We will position **the U.S.**, a country with advanced regulations for battery EVs, as a **pioneering base for us to build our BEV business**.

Starting with the launch of light-duty BEVs,

we will aim to become **the market leader in the cabover-truck market** by **aggressively investing in strengthening our engineering and production capabilities** in the U.S. and by **shifting to an aftersales service-oriented business model**.

◆ **P.30 Priority Market and Monozukuri Base – ASEAN**

Next, in ASEAN,

we will provide multi-pathway products including xEVs, pursue modernization and efficiency improvements at factories to secure the necessary labor force, **actively invest in the pickup truck supply chain in Thailand** (32 billion baht = over 140 billion yen), and **continue to invest in existing**

plants in ASEAN countries.

Through these initiatives, we will **maintain and strengthen our manufacturing and customer bases.**

◆ **P.32 Inside cover - Financial policy**

Next is our financial policy.

◆ **P.33 Financial policy**

In order to **sustainably increase our corporate value**, we will **prioritize investments essential for future growth** using **the proceeds from the aforementioned businesses**, and at the same time, **return profits to our shareholders.**

In addition, we will continue to proactively **buy back our own shares**, while being mindful of maintaining **an appropriate equity ratio.**

In terms of profitability, we are targeting sales of 6 trillion yen, an operating income ratio of 10% or more, and an ROE of 15% or more by FY2031, while maintaining a dividend payout ratio of 40% on average and an “A” credit rating.

P.34 Investment overview FY2024–FY2031

Next is our investment overview.

We will achieve **sustainable growth and provide added value** by actively **implementing growth investments for the 2030s.**

As part of the **1 trillion yen investment to drive innovative transport** announced in May last year, we expect to invest;

430 billion yen for basic research and technology development, in line with environmental roadmap toward carbon neutrality,

350 billion yen for the development of autonomous driving technology, business and capital investments, and the development and expansion of connected services, 180 billion yen for next-generation and SDV (Software Defined Vehicle) compliant products,

40 billion yen for new business creation projects,

1 trillion yen in total; and

for **current businesses that support reliable transport,**

700 billion yen for continuous improvement of existing products and technologies and expansion of product lineup,

590 billion yen for strengthening of group production bases,

180 billion yen for sales and services infrastructure investment,
130 billion yen for sales and operations DX and IT infrastructure investment,
1.6 trillion yen in total.

This brings the **total investment to 2.6 trillion yen**.

◆ **P.35 Inside cover - Establishing management foundation based on ISUZU ID**

Next, let's look at **the establishment of a new management foundation based on ISUZU ID**.

◆ **P.36 Human capital management rooted in ISUZU ID**

We will make a **transition to human capital management**, with the vision and mission behind ISUZU ID as our starting point.

We will **establish a human capital management infrastructure based on global standards** and **invest in human resources that focus on “Reliability x Creativity.”** This will lead to **further business growth**.

After formulating IX (Isuzu Transformation) from the ideals of ISUZU ID, and defining roles and responsibilities, we will develop the foundations of function-oriented organization, human capital strategy, and personnel system.

In addition, we will **transform to human capital management** and **enhance DX capability** as the first concrete initiatives in IX.

On both fronts, we will aim to **globalize our human capital**, and **manage the group from a global perspective**, **support the individual growth of our employees**, and **secure talent**, in order to **transform and expand our collective value**.

◆ **P.37 Transformation to human capital management**

We will **establish a foundation for comprehensive human capital management**, such as for job assignments, putting the right person in the right place, fair evaluation and compensation, and career support – all integrated into a **new HR system**.

From April this year, we will implement the system **at the management level of Isuzu only**, and **from April next year**, the system will be rolled out to **the entire company**.

As a **group**, we will promote **organizational integration among group companies, including UD from April this year**,

and expand the deployment of **the new HR system to the management level of the group from April next year**, and to **the entire group from April the year after**.

◆ **P.38 Enhancement of DX capability**

With respect to **DX**,

we will **enhance our DX capability necessary to promote our business strategy**, through **the development of technologies and services for new business development and initiatives to improve the efficiency of current business operations**.

By **upskilling and reskilling, securing talent, and shifting resources** in cooperation with each partner, we will become **a group that creates innovation using digital technology**, to expand and transform the value we provide to the world.

◆ **P.39 Toward the realization of ISUZU ID**

In closing, here is a summary of how we want to work toward the Realization of ISUZU ID.

Across seven areas, we aim fulfill our ISUZU ID mission of being No.1 in, sustainability, customer satisfaction, employee engagement, and social impact.

We have also defined the expected results by 2030 for each of the seven areas.

Through these initiatives, **the entire Isuzu Group will embody “Moving the World—for You” and evolve as a whole across these seven areas**.

◆ **P.41 Conceptual image of IX**

Isuzu Group will continue to transform itself, flexibly responding to diversifying customer needs and a changing business environment under Isuzu Transformation (IX), our growth plan towards 2030.

And as **a commercial mobility solutions company**, we will leverage **“Reliability x Creativity”**, **leading the way in addressing challenges faced by customers and society around the world**.

This concludes my presentation, thank you for listening.