

**Integrated Report**  
**ISUZU MOTORS LIMITED** 2021



## Editorial Policy

This year, the Isuzu Group is issuing an integrated report for the first time. This report aims to communicate to our stakeholders the Isuzu Group's medium- to long-term business strategies, the business foundation that supports them, and the Group's initiatives to solve social issues through our business.

Through this report, we hope to offer a deeper understanding of the management's objectives for the company, and provide a tool to engage in dialogue with the company.

|                                   |   |
|-----------------------------------|---|
| <b>Scope of Report</b>            | This report covers financial and non-financial information of Isuzu Motors Limited (non-consolidated) and other Isuzu Group companies in Japan and overseas.<br><small>*In this report, <i>Isuzu</i> refers to <i>Isuzu Motors Limited</i> on a non-consolidated basis, and the <i>Isuzu Group</i> refers to the entire Isuzu Group, including Group companies.</small>   |
| <b>Period Covered</b>             | In principle, the report covers activities from April 1, 2020 to March 31, 2021. In addition, some activities after the reporting period are also described.  |
| <b>Publication Information</b>    | Published October 2021<br>(Next report: scheduled for September 2022)   |
| <b>Referenced Guidelines</b>      | Value Reporting Foundation<br><i>International Integrated Reporting Framework</i><br>Ministry of Enterprise, Trade and Industry<br><i>Guidance for Collaborative Value Creation</i>   |
| <b>Forward-Looking Statements</b> | This report contains forward-looking statements about the Isuzu Motors plans, prospects and forecasts in regard to future business performance, based on currently available information and judged to be reasonable by the company's management. Please note that actual results may differ materially from the plans, prospects and forecasts in this report due to changes in various factors. Such factors include, but are not limited to, changes in the economic conditions and product demand in major markets, fluctuations in exchange rates, and changes in Japanese and international regulatory standards, and accounting standards and practices. |
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### Status of the publication

| Publication                                 | Content  |
|---|--|
| <b>Integrated report (this report)</b>      | Provides stakeholders with a deeper understanding of the Isuzu Group's management strategies and initiatives to create value for society on a sustainable basis.   |
| <a href="#">Sustainability Report</a>       | Describes our activities in the fields of environment, society, and governance to help provide a comprehensive understanding of the Isuzu Group's ESG initiatives.   |
| <a href="#">Annual Securities Report</a>    | Produced in accordance with Article 24, paragraph 1 of the Financial Instruments and Exchange Act. Please click here for detailed information on the Company's financial status.   |
| <a href="#">Corporate Governance Report</a> | Describes Isuzu's basic approach to corporate governance and its systems, in accordance with Japan's Corporate Governance Code. Please Refer to it in tandem with this report for information on organizational design, operational status, etc. |

## Building Relationships of Trust with Stakeholders

Isuzu Group fulfills its corporate social responsibility while building relationships of trust through dialogue with stakeholders.

| Key Stakeholders         | Main Stakeholder Needs  | Providing Value by the Isuzu Group   | Main Opportunities for Dialogue and Information Disclosures   |
|--------------------------|---|--|---|
| <b>Customers</b>         | <ul style="list-style-type: none"> <li>Provision of valuable products and services that are safe, secure and environmentally friendly</li> <li>Accurate response and support</li> <li>Stable supply of products and services</li> </ul>   | <ul style="list-style-type: none"> <li>Products and services that contribute to improving productivity and preventing traffic accidents</li> <li>Products and services that contribute to decarbonization</li> <li>Initiatives to increase service quality</li> <li>Supply chain-integrated quality control and BCP/BCM systems</li> </ul>   | <ul style="list-style-type: none"> <li>Daily sales activities (sales and services)</li> <li>Isuzu Customer Center</li> <li>Customer satisfaction surveys</li> <li>Customer Information (Isuzu website)</li> </ul>   |
| <b>Shareholders</b>      | <ul style="list-style-type: none"> <li>Appropriate return of profits</li> <li>Timely and appropriate corporate information disclosure</li> <li>Maintaining and increasing corporate value</li> </ul>  | <ul style="list-style-type: none"> <li>Provide stable and continuous dividends</li> <li>Strengthening decision-making transparency and accountability</li> <li>Management initiatives that contributes to the sustainable development of the environment and society</li> </ul>  | <ul style="list-style-type: none"> <li>General Shareholders' Meeting</li> <li>Various reports and information disclosures (financial results presentation, annual securities reports, quarterly financial reports, etc.)</li> <li>Plant tours for shareholders*1</li> </ul>           |
| <b>Business partners</b> | <ul style="list-style-type: none"> <li>Fair and equitable selection and dealings</li> <li>Support for CSR activities</li> <li>Quality improvement and technological support</li> </ul>  | <ul style="list-style-type: none"> <li>Procurement under fair and equitable competition both in Japan and overseas</li> <li>Dissemination of Supplier CSR Guidelines</li> <li>Supplier quality evaluation and improvement activities, promotion of joint R&amp;D</li> </ul>  | <ul style="list-style-type: none"> <li>Daily purchasing activities</li> <li>Production briefings</li> <li>Procurement policy briefings</li> <li>Evaluation and questionnaire for suppliers</li> </ul>   |
| <b>Employees</b>         | <ul style="list-style-type: none"> <li>Fair and equitable evaluation and treatment</li> <li>Respect for human rights</li> <li>Promotion of diversity</li> <li>Appointment, utilization, and development of appropriate human resources</li> <li>Promotion of work-life balance</li> <li>Consideration for occupational health and safety</li> </ul> | <ul style="list-style-type: none"> <li>Personnel evaluations based on individual work, role, ability to develop and level of achievement</li> <li>Promote active participation of diverse human resources and creation of comfortable working environments</li> <li>Promote skill acquisition and technology transfer through training</li> <li>Workstyle reforms to improve productivity</li> <li>Safety activities based on the <i>Three Safety Principles</i> and other concepts</li> </ul> | <ul style="list-style-type: none"> <li>Employee satisfaction (ES) surveys</li> <li>Labor-management council</li> <li>Reporting and consultation channels</li> <li>Helpline (Suggestion Box)</li> <li>Occupational Health and Safety Committee</li> <li>In-house newsletter</li> </ul> |
| <b>Administration</b>    | <ul style="list-style-type: none"> <li>Complying with laws</li> <li>Payment of taxes</li> <li>Cooperation with various measures and policies</li> </ul>   | <ul style="list-style-type: none"> <li>Establishment of a Compliance Committee and other systems, promotion of internal awareness</li> <li>Participation in public-private sector joint projects</li> </ul>  | <ul style="list-style-type: none"> <li>Dialogue through organizations such as the Japan Automobile Manufacturers' Association</li> <li>Dialogue through public-private sector joint projects</li> </ul>   |
| <b>Local communities</b> | <ul style="list-style-type: none"> <li>Protecting and respecting local culture, customs, and nature</li> <li>Contributing to community development</li> <li>Preventing accidents and disasters in and around business sites, and responding to emergencies</li> </ul>   | <ul style="list-style-type: none"> <li>Promote activities to protect local ecosystems</li> <li>Creating employment, supporting education, and interacting with local communities in areas where we have businesses</li> <li>Preventing violations of environmental laws and regulations, and accidents</li> <li>Contribute to transportation during disasters</li> <li>Social contribution activities aimed at coexisting with local communities</li> </ul>                                    | <ul style="list-style-type: none"> <li>Participation in community events*2</li> <li>Invitations to events at business sites*2</li> <li>Isuzu Plaza*2</li> <li>Hosting social studies excursions*2</li> <li>Recruitment activities</li> </ul>  |

\*1 Not implemented in FY2020 and FY2021 due to the COVID-19 pandemic. Implementation for fiscal 2022 onward is yet to be decided.

\*2 Not carried out or temporarily suspended in FY2020 due to COVID-19. Implementation in FY2021 under consideration, depending on the situation.

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## Isuzu Corporate Vision and Mission

### Isuzu Corporate Vision

#### Isuzu will always mean the best

A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment

### Isuzu Corporate Mission

#### Trust, Action, Excellence

A global team delivering inspired products and services committed to exceeding expectations

##### PRODUCTS

Explore genuine needs and create products and services with strong appeal

##### CONDUCT

Be responsible, dedicated, and agile

##### ORGANIZATION

Achieve goals through global teamwork

Isuzu continues to provide innovative products and services to our customers in the field of commercial vehicles (CVs), light commercial vehicles (LCVs), and diesel engines. We supply customers around the world with a wide range of products, from light-duty pickup trucks and their derivative passenger pickup vehicles (PPV) to heavy-duty buses, trucks, tractors, and engines used to power various kinds of industrial machinery. In addition, by offering a full range of after-sales services to complement our product sales, we support vehicle operation throughout the whole product lifecycle, making us a part of the social *transportation* infrastructure.

We contribute to the creation of rich and satisfying lifestyles around the world by supporting the transport of goods. To fulfill this social responsibility, Isuzu will further refine its accumulated manufacturing technologies and tackle key social issues such as climate change countermeasures, aiming to be the *Isuzu* that is chosen and trusted by customers around the world.



# The History of Isuzu

Founded in 1916, Isuzu is the oldest existing automobile manufacturer in Japan. In 1934, the company named a truck manufactured to Ministry of Commerce and Industry standards *Isuzu*, after the Isuzu rivers, the five rivers of Ise Shrine. This is the origin of the Isuzu company name, which was changed to the current *Isuzu Motors Limited* in 1949. Inheriting the spirit of manufacturing (*monozukuri*) and technology, Isuzu will continue to grow its history of trust into the future.

**1916** Tokyo Ishikawajima Ship-building & Engineering Co., Ltd. and Tokyo Gas & Electric Industrial Co. (Isuzu's predecessors) plan a venture to manufacture automobiles

**1937** Tokyo Automobile Industries Co., Ltd., the predecessor of Isuzu Motors Limited, established

**1938** Construction of Kawasaki Plant completed

**1949** The Company changes name to 'Isuzu Motors Limited'

**1953** Signs a Technical assistance agreement with Rootes, Ltd. of the U.K. for the Hillman passenger car



Yasushi Yuge, 4th President of the Isuzu, with the Wolseley A9



The first N-Series



F-Series



C&E Series

## 1900-1959

**1922** First domestically-produced Wolseley, a model A-9, the first passenger car produced in Japan

**1934** Truck manufactured to Ministry of Trade and Industry standards named 'Isuzu'

**1938** Starts production of TX40 truck at Kawasaki plant

**1953** Produces First Hillman passenger car (Japan production ended in January 1957)

**1959** Announces N-Series TL 2-ton truck



Hillman VIII PH-12 (1955 model)

## 1960-

**1961** Announces the Belle passenger car

**1963** Announces the Bellett passenger car

**1967** Announces the Florian passenger car

**1968** Announces the 117 Coupe passenger car



117 Coupe

## 1970-

**1971** Signs basic agreement on full alliance with General Motors Corporation (GM)

**1971** Opens Tochigi Plant

**1975** Isuzu Motors America, Inc. established

**1970** Announces F-Series TR model 4-ton truck

**1972** Releases Faster KB 1-ton compact truck

**1974** Announces Gemini passenger car, jointly developed with GM  
Announces the SR (New Power V10) 10-ton truck

## 1980-

**1984** Opens Hokkaido Plant (currently Isuzu Engine Manufacturing Hokkaido Co., Ltd.)

**1985** Qingling Motors Co., Ltd. established in Chongqing, China

**1980** Announces WFR Fargo wagons and vans

**1981** Announces the Piazza passenger car  
Announces the Rodeo Bighorn, a compact 4-wheel drive vehicle

**1983** Announces 810 series of 10-ton heavy-duty trucks

**1984** Announces new F-Series 4-7 ton medium-duty trucks  
Announces the Cubic, a new large fixed-route bus  
Announces the Journey-K, a new mid-size bus

**1985** Announces the FF Gemini passenger car

**1986** Announces the Super Cruiser large luxury sightseeing bus

**1989** Announces the MU all round sport-utility vehicle

## 1990-

**1990** Isuzu Advanced Engineering Center, Ltd. established

**1992** Isuzu Charter on the Global Environment established

**1996** Isuzu Motors Asia Ltd., established to oversee business in Asia

**1990** Develops World's first permanent electromagnetic retarder with Sumitomo Metal Industries, Ltd.  
Develops a 2-ton truck powered by a natural gas engine with Tokyo Gas Co., Ltd.

**1991** Completed First prototype electric delivery truck (2-ton class)

**1993** N-Series undergoes a full model change

**1994** F-Series undergoes a full model change  
Heavy-duty trucks undergo a full model change and launched as C&E-series

**1995** Announces the MU WIZARD all round sport-utility vehicle

**1996** Announces the GALA large luxury sightseeing bus

**1997** Announces the VehiCROSS all round sport-utility vehicle

**1999** Mid-size buses undergo a full model change and launched as the Erga Mio and GALA Mio series

## 2000-

**2005** Isuzu Motors de Mexico S.de R.L. established

**2006** Isuzu Truck South Africa (Pty) Limited established

**2006** Isuzu enters into basic agreement with Toyota to develop small diesel engines

**2007** JSC *Isuzu Rus* established in Russia

**2000** Full model change of large fixed-route and private-use buses and launches new models as part of ERGA series

**2002** Introduces new D-MAX pickup truck in Thailand

**2004** Launches *Mimamori-kun Online Service* telematics system for commercial vehicles

**2006** N-Series undergoes a full model change

**2007** F-Series undergoes a full model change



6th Generation N-Series

**2010** Isuzu Motors Middle East FZE established, and later changes its name to I Isuzu Motors International FZE (IIF) in 2017

**2011** Isuzu Motors Saudi Arabia Company Limited established

**2012** Isuzu Motors India Private Limited (IMI) established

**2017** Isuzu Plaza opens in Fujisawa

**2018** New factory to produce light-duty truck engines at the Tochigi Plant opens

**2019** Signs a comprehensive agreement with Cummins to develop powertrains

**2020** Signs agreement with Honda to conduct joint research on fuel cell-powered heavy-duty trucks

**2020** Announces formulation of Isuzu Environmental Vision 2050

**2020** Concludes memorandum with Volvo Group for a strategic alliance

**2021** Established a new company to accelerate CASE in commercial vehicle business through joint investment with Hino and Toyota

## 2010-

**2011** D-MAX pickup trucks undergo a full model change

**2013** Announces mu-X in Thailand

**2015** ERGA large fixed-route bus undergoes a full model change  
C&E Series undergoes a full model change

**2016** ERGA Mio mid-size fixed-route bus undergoes a full model change

**2017** MIMAMORI telematics service for commercial vehicles undergoes a full model change

**2018** Announces TRAGA light-duty trucks for emerging countries

**2019** Launches ERGA DUO hybrid articulated bus  
D-MAX pickup trucks undergo a full model change

**2020** mu-X passenger pickup vehicles undergo a full model change

## Major Product Lineup

The Isuzu Group contributes to the creation of prosperous lifestyles for people around the world through the manufacture and sale of commercial vehicles, light commercial vehicles, and diesel engines, as well as a full range of after-sales services that support the operation of our products.

### Commercial Vehicles (CV)

#### Light- to heavy-duty trucks



C&amp;E Series heavy-duty truck



F-Series medium-duty truck



N-Series light-duty truck



TRAGA lightweight truck for emerging markets

#### Buses



ERGA DUO articulated bus



ERGA route and shuttle bus



GALA private and highway route bus

### Light Commercial Vehicles (LCV)



Pickup truck D-MAX



PPV MU-X

### Powertrains



4JJ1X



6WG1X

### After Sales Service

PREISM



#### Truck Business

Isuzu trucks are developed in Japan and overseas to meet the diverse challenges of the logistics industry with exceptional fuel efficiency, reliability, durability, advanced safety and environmental friendly performance. From heavy-duty trucks to light-duty trucks for emerging markets, our careful attention to customer needs is reflected in their performance and high quality, making Isuzu the preferred choice of customers around the world.

#### Bus Business

As a public transport system, buses are required to deliver safety, comfort, and environmental performance to support the daily mobility and the lives of people. Isuzu buses are manufactured by J-BUS Limited, a joint venture with Hino Motors, Ltd. and are sold throughout Japan under both the Isuzu and Hino brands.

#### Light Commercial Vehicle Business

Our pickup trucks and PPVs are primarily developed in emerging markets. Pickup trucks which can be used as both passenger cars and commercial vehicles are mainly produced in Thailand and exported to nearly 100 countries where they support the economic growth and the lives of people in emerging markets.

#### Powertrain Business

We supply diesel engines to manufacturers in a variety of fields, including construction machinery, agricultural equipment, power generators, and commercial vessels. Our diesel engines contribute to the development of these industries by offering the power and environmental performance developed for their use in the automobiles.

#### After Sales Business

We provide a variety of support services in Japan and internationally to maximize the effectiveness and efficiency of our customers' operations.

- Connected Services: MIMAMORI  
...A fleet management system that collects and transmits vehicle data in real time
- PREISM  
...An advanced genuine preventative maintenance service that uses vehicle information to prevent breakdowns
- Maintenance services offered by our sales dealers
- Leasing business  
Maintenance leases, finance leases, maintenance contracts
- Used-vehicle sales

## Message from the President

The Isuzu Group has long built relationships of trust with our stakeholders and delivered innovative products and services in the development and manufacture of commercial vehicles and diesel engines. Going forward, we aim to continue providing value to society based on the relationships of trust we have cultivated over many years.

In this chapter, the president introduces the Isuzu Group's value creation vision and strategies for sustainable growth.





### Message from the President

## Enabling Rich and Safe Lives for People around the World Becoming a Corporate Group that Contributes to Society through Innovation

### Masanori Katayama

President and Representative Director

As COVID-19 spreads around the world, we once again have realized the importance of logistics as a social infrastructure that supports economic activities and daily life. As a commercial vehicle manufacturer, the Isuzu Group (hereafter called Isuzu) strongly recognizes its mission to provide a stable supply of vehicles and uptime support for everyone involved in the logistics industry.

The world is moving quickly to overcome not only the current COVID-19 pandemic, but also various social issues so that we can continue to live in a sustainable society in the future. At Isuzu, we aim to contribute to the creation of a sustainable society by engaging with a range of social issues such as realizing a carbon-neutral society, and making every effort to support our customers' *transportation needs*.

## Changes in the External Environment and the Isuzu Group's Responsibility

The environment surrounding the automotive industry is changing rapidly with a speed and drastically with a destructive power that we have never experienced. As president, I have a stronger sense of crisis than ever before.

Amid a growing global sense of crisis over climate change, the tidal change towards carbon neutrality is the greatest long-term change in the external environment that Isuzu must confront. In Japan, the debate has shifted from the direction of aiming for virtually zero greenhouse gas emissions in 2050 to discussion of specific actions, with a target of 46% reduction from the 2013 level by 2030. Every industry must make an all-out effort, and Isuzu recognizes this as one of the highest priority tasks.

In a society aiming for virtually zero greenhouse gas emissions, Isuzu aims to achieve carbon neutrality using a scientific approach based on life-cycle assessment (LCA\*).

A characteristic of commercial vehicles is that their largest environmental impact occurs during the use process. However, if we prioritize reducing this impact while increasing the environmental impact of other processes such as manufacturing, we will not be able to achieve overall carbon neutrality. This is a challenging long-term task, but in order for Isuzu to continue being a corporate group needed by society, we must boldly strive to carry through ambitious targets and fulfill our social responsibility.

(Note) \*LCA: A method for aggregating and analyzing the environmental impact of a product, covering from the mining of raw materials to manufacture, use, and disposal.

## Our Previous Mid-Term Business Plan, Strongly Focused on CASE, Set the Stage for the New Mid-Term Business Plan

In the previous Mid-Term Business Plan, we considered the auto industry's profound transformation that occurs only once in a hundred years as an opportunity, and developed aggressive initiatives with a strong orientation towards CASE technologies. We built an alliance structure with partners that are leaders in various fields, collaborating and refining our capabilities through friendly competition to strengthen the foundation of our core businesses and increase profitability. At the same time, we sowed seeds for the future, aiming to acquire the strength and endurance to realize innovation.

As a result of our initiatives under the previous Mid-Term Business Plan, Isuzu is on track to reach a level where we can secure annual consolidated net sales of 2.5 trillion yen or more, and have also laid the groundwork for the future by forming strategic alliances and other measures. Although the expectations for carbon neutrality are beyond our assumptions, and the impact of COVID-19 has changed our lifestyles, I am confident that we have successfully laid the foundation for our new Mid-Term Business Plan.

## Carbon Neutral Strategy and Contributing to Logistics Evolution

In the new Mid-Term Business Plan (FY2022 ending Mar., 2022 to FY2024 ending Mar., 2024) announced this fiscal year, Isuzu formulated its *Carbon Neutral Strategy*. In 2022, we will begin mass production of lightweight battery electric vehicles (BEVs) and validation testing of heavy-duty fuel cell vehicles

(FCVs). At the same time, over the next several years we will select the optimal electrification technologies for commercial vehicles, with the aim of beginning mass production and sales by the 2030s. Moreover, in areas that cannot be addressed by electrification, we will continue to develop more efficient and high-performance internal combustion vehicles, and promote the use of carbon-neutral fuels to create a full lineup of carbon-neutral vehicles by 2040.

In addition, in the current Mid-Term Business Plan, we set out to *Contribute to the logistics evolution as a commercial vehicle (CV) manufacturer*. On the front line of truck logistics, which supports the economy and daily life, customers face a range of issues including labor shortages due to falling birthrates and aging populations. To help solve these issues in our role as a commercial vehicle manufacturer, we will accelerate initiatives aimed at putting connected services and autonomous driving to practical use.



In connected services, we aim to contribute to improving customers' productivity and decarbonization by strengthening connected services such as uptime support and fleet management. In autonomous driving, we will accelerate technology development in collaboration with our alliance partners and promote validation testing to support early commercialization. In the fields of autonomous and unmanned driving, in addition to technological development, changes in societal rules are also required, such as revision of the road system operation. These challenges are difficult for automobile manufacturers to achieve alone, and therefore we plan to resolve them in cooperation with governments, society, and customers.

We also believe we need to determine what kind of changes digital transformation (DX) will bring to logistics and distribution, and make the best use of them. The spread of the fifth-generation mobile network (5G) will realize a level of communication capacity that enables communication between things, which is expected to spark significant changes in numerous fields.

For example, even if the COVID-19 pandemic subsides, in preparation for a possible future pandemic outbreak, there may be an accelerated movement towards a contact-free society that reduces human intervention to a minimum and assumes the automating of processes as the norm. In logistics, there are many



Highway validation test for truck platooning

processes that rely on human labor, which previously made it difficult to move to a contact-free operation. However, DX may offer new possibilities, and has the potential to dramatically change the status of logistics and distribution. By continuing to evolve connected solutions, we will build a structure that can respond to the innovations in logistics in the future.

### Solving Social Issues through Innovation

In our current Mid-Term Business Plan, we set *Carbon neutral strategy and Contribute to logistics evolution as a CV Manufacturer* as the two pillars of innovation. The reason for our focus on *innovation* is because we believe it is impossible to keep up in an age of technological innovation simply through an extension of our past experience and conventional technology changes. We see this era of change as an opportunity to grow. Now is the time for us to become a corporate group that can proactively advance innovation. Isuzu must transform into a corporate group that can use innovation to solve the social issues it has presented as its materiality issues. Failure to do so will leave us unable to justify our *reason of existence* to society, causing us to lose vitality as an enterprise, and the ability to grow sustainably. As president, I have expressed a sense of crisis regarding Isuzu's sustainability in the new Mid-Term Business Plan.

Our ability to realize innovation relies on *expanding our existing businesses and improving their profitability*. We will steadily increase our profitability by continuously strengthening the foundations for growth that we built during the previous Mid-Term Business Plan, making full use of it and adding collaborative synergies through our alliances. In the CV business, we will realize maximum



Heavy duty trucks: UD Trucks Quon and Isuzu GIGA

effects from our alliance with UD Trucks in the areas of products, sales, and after-sales services, aiming to strengthen and expand our business.

In the light commercial vehicle (LCV) business, we will utilize our business locations in Thailand, India, and South Africa to promote joint development and cooperation with various alliance partners to drive innovation in manufacturing.

### Evolving Business Management from ESG Perspectives

Anticipating the further diversification and globalization of our stakeholders, we are strongly aware of the need to transform our corporate structure, culture, and management in order for us to continue to be a company respected by the global community. We have therefore included the concept of *Evolving business management from ESG perspectives* as a core pillar of the new Mid-Term Business Plan. While benchmarking ourselves against global companies, we will focus on the following prioritized policies: *Emphasize shareholder value, Improve governance and disclosure, and Become a corporate group that creates innovation*.

In *emphasizing shareholder value*, we will enhance capital efficiency, targeting an ROE of 15% in five years.



We have also set out to maintain an average dividend payout ratio of 40% during the period of the new Mid-Term Business plan, considering stock buybacks in a flexible manner.

We included *Improve governance and disclosure* because we recognize that our alliances with global companies depend on mutual trust, and that collaborating on equal terms requires Isuzu to aspire to the same level of business management as global players. To this end, we are taking measures to increase management transparency, such as transitioning to a company with an audit and supervisory committee and strengthening disclosure of non-financial information. By strengthening our governance to an even higher level, I feel that our business management has become even more streamlined than I anticipated.

We decided on *Becoming a corporate group that*

*creates innovation* because we consider creating innovation that contributes to society is the very purpose for a company's existence.

Internally, I constantly urge our colleagues to *approach innovation by starting with an ideal vision for the future and backcasting from there*.

I believe that continually aiming for our ideal vision will lead to the creation of innovation. It is important to always be willing to change, and making decisions on your own initiative. In this era of great transformation, I want us to be a corporate group that proactively makes changes and continues to evolve.

### Contributing to Enriching People's Lives as a Commercial Vehicle Manufacturer

As expressed in our corporate vision, our goal as a company is to support our customers around the world, thereby enriching people's lives. Isuzu does not hold all of the keys needed to enrich the lives of people around the world, but we are able to do so by providing social infrastructure in the form of trucks.

We are confident that contributing to logistics through our business will enrich people's lives and society, albeit indirectly.

Moreover, when we contribute to logistics, it is important to maintain good relationships with customers who are directly involved in logistics. I believe that commercial vehicle manufacturers do not sell trucks to customers, but rather sell *Trust* in securing the uptime of trucks.

However, it is not easy to build this *Trust*. Only when the concept of *Trust* is instilled in employees who interact with our customers on the front line, and is translated into action, can we begin to earn the *Trust* of our customers.

### The Value of Isuzu Today and Future Vision to be a Globally Competitive Commercial Vehicle Manufacturer

I believe that it is important for Isuzu to be an organization in which each and every employee can clearly explain their aspirations and commitments about what kind of corporate group we are, what we are trying to achieve, and which direction we are heading. I also want those who are interested in joining Isuzu as employees to understand and share our thinking and key concepts. I would like those who invest in Isuzu to have a full understanding of the company before they decide to invest. To this end, we will increase communication about our views and current status as much as possible going forward.

I also believe that it is necessary for us to go beyond the Mid-Term Business Plan and share Isuzu's views with the general public at various opportunities.

The new Mid-Term Business Plan has set out numerical targets for 2026 that represent our vision for the company as a *commercial vehicle manufacturer that can compete at the global level*. I also feel we successfully presented the road map to lead us there.

In addition, we are currently conducting internal discussions to establish our Pole Star— our unshakable long-term vision of what Isuzu aims to become in the future. We are thinking deeply about the meaning of Isuzu's existence and how we can contribute to society, and are aiming that this will eventually lead to an unwavering corporate mission.

I ask all our investors and stakeholders to continue supporting Isuzu going forward.

## The Isuzu Group's Value Creation Story

# Value Creation Process

The Isuzu Group aims to realize its corporate philosophy by leveraging the sources of competitiveness we have cultivated over many years to maximize the value we can provide to society in the future.

In this section, we explain the Company's overall value creation process, then introduce specific examples of sources of competitiveness that realize value creation.

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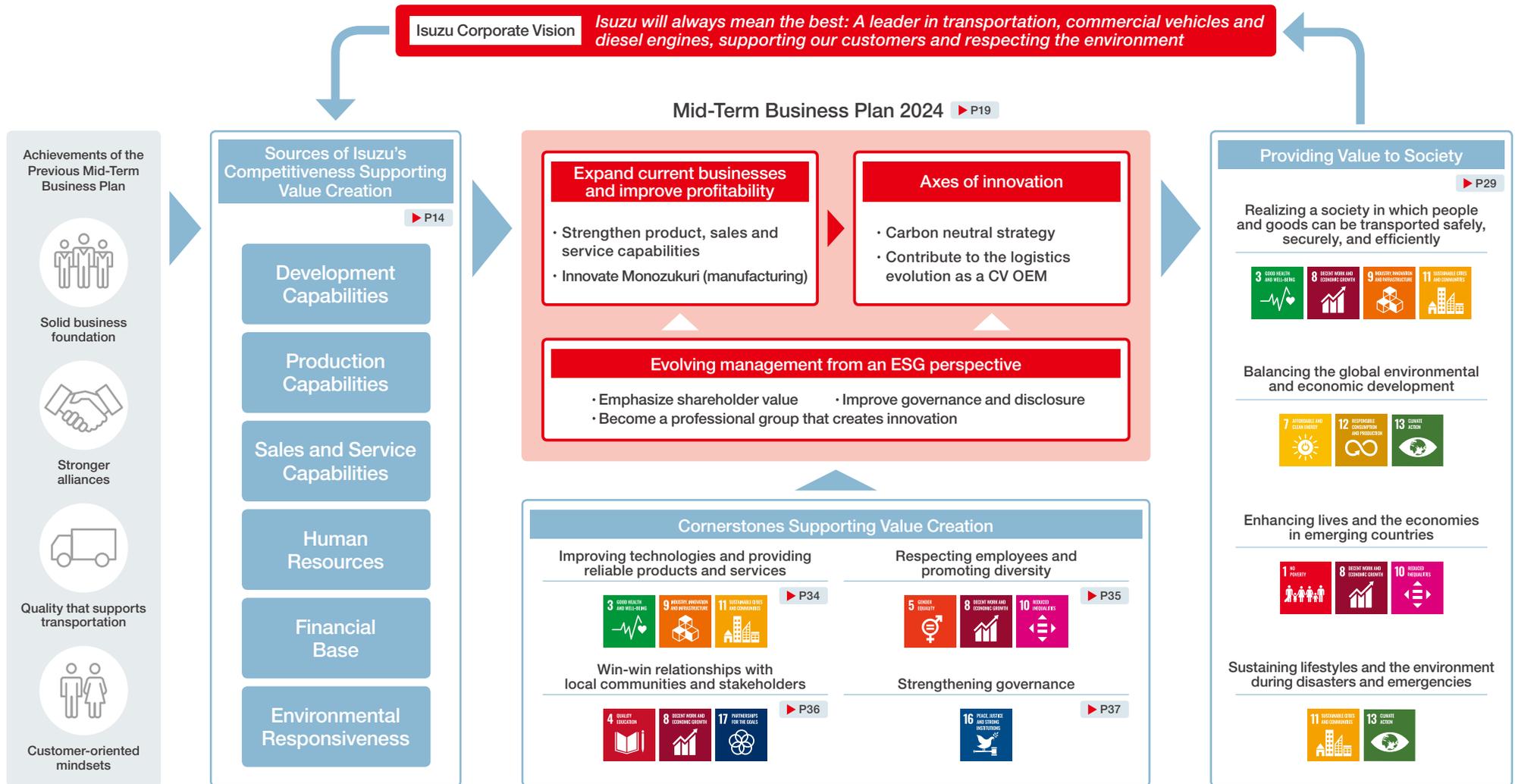
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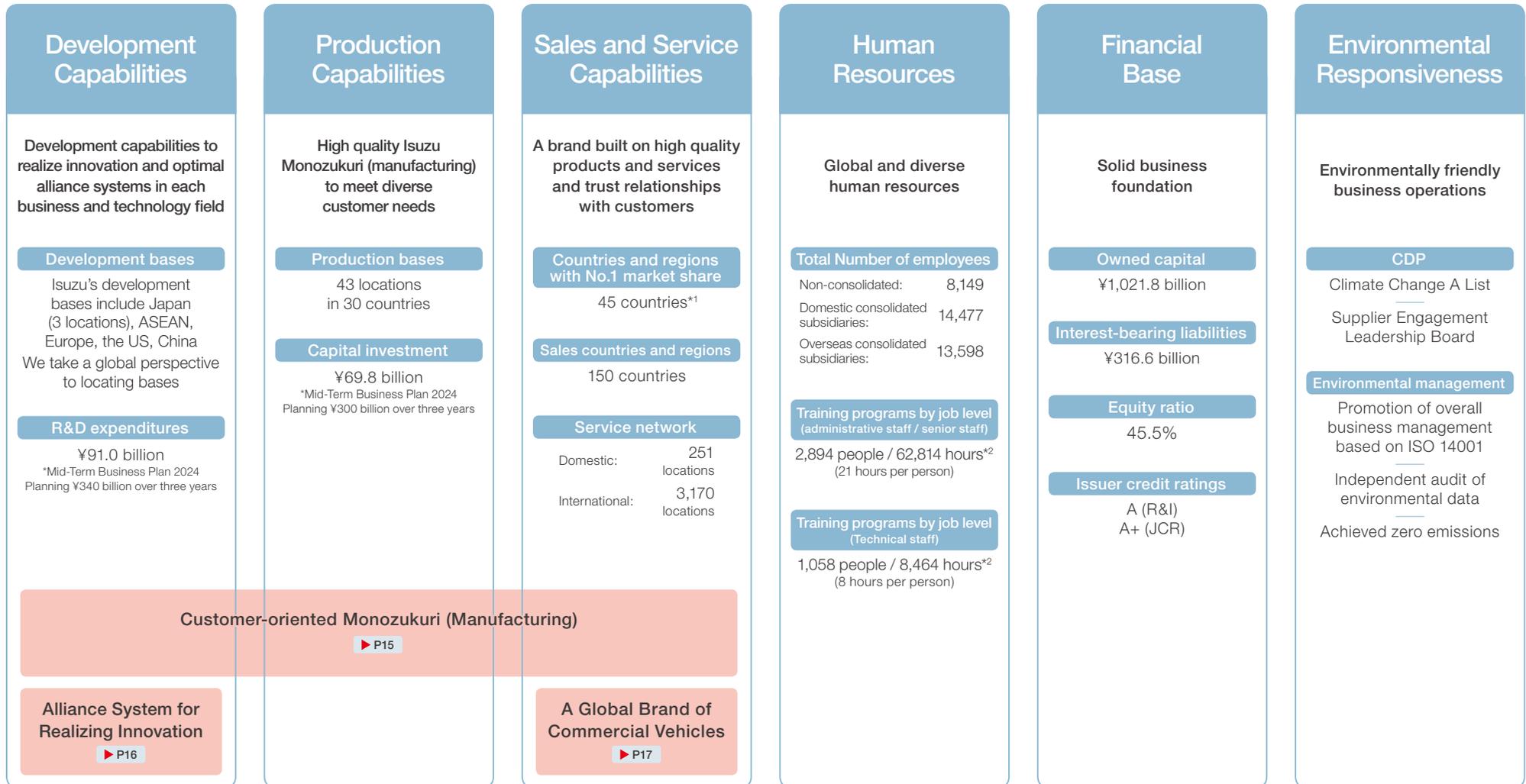
# The Isuzu Group's Value Creation Story

The Isuzu Group will further strengthen its business foundation by 'Evolving management from an ESG perspective' and leveraging its accumulated competitiveness to expand existing businesses and improve profitability. Through innovation targeting carbon neutrality and the evolution of logistics, we will continue to provide value to society by supporting transportation.



## Sources of Isuzu's Competitiveness Supporting Value Creation

The sources of Isuzu's competitiveness that have accumulated over time as we grew support both our current business activities and contribute to enhancing corporate value in the future. We will continue to strengthen these sources of competitiveness to ensure sustainable growth in the future.

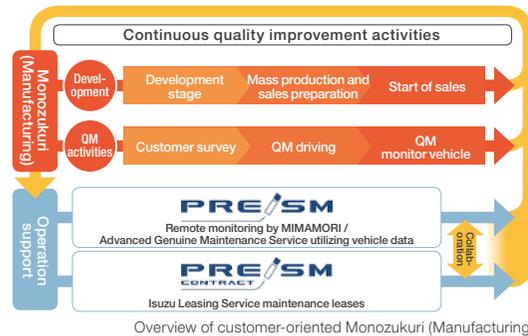


FY ending March 31, 2021 / Actual Results as of March 31 (\*1: Actual results for calendar year 2020 \*2: Total number of employees)

## Customer-Oriented Monozukuri (Manufacturing)

### Overview of Customer-Oriented Monozukuri (Manufacturing)

The Isuzu Group's manufacturing has two key elements: Development activities to create optimal vehicles for customers that can be used with peace of mind; and QM (quality management) activities to continuously improve the quality of vehicles after they are sold. We are also working to improve our products and services through better communication with our customers in Japan and internationally.



### Specific Initiatives: QM Activities

The purpose of QM activities is to provide customers with safe and secure vehicles, and to continuously improve quality from the development stage to after sales to achieve a higher level of quality.

QM activities are carried out in the following three steps.

#### Customer survey

To develop next-generation models with improved performance and quality, we attach measuring equipment to vehicles in actual use by customers, and acquire and analyze actual data for the engine and transmission etc., during driving.

#### QM test driving

Based on the data obtained from the customer survey, we reflect our findings in our test vehicles, and reconfirm them by test driving on actual roads in Japan and overseas, following the customers' driving routes and usage patterns.

#### QM monitor vehicle activities

We ask customers to use the vehicle developed through the above activities and conduct long-term monitoring. The development division checks the data obtained from the monitor vehicle daily for any abnormalities. In addition, members of the development, manufacturing, and sales divisions visit customers on a continuous basis to directly listen to the opinions and requests of crew members and operation managers, and at the same time, inspect the vehicles. The data and market feedback from these activities are used for further product enhancement and development of next-generation models.

The Isuzu Group adheres rigorously to customer-oriented Monozukuri (manufacturing) in order to improve the quality of our products and services. This approach has built a relationship of trust with our customers, increasing our competitiveness. This section introduces specific activities.

### International Initiatives

In emerging markets, the climate conditions, road conditions, communication environment, and modes of transportation differ greatly from country to country, giving rise to diverse customer needs.

The Isuzu Group communicates closely with customers to understand their needs, and strives to collect market information and improve customer satisfaction.

#### Applying customer feedback to product development

We have established a local area system based on customer visit activities. Information obtained from customers through customer visits and technical support is compiled in a database system and shared throughout the Group for use in product development and to improve service and quality



### Topics

#### Promoting Collaborative Creation Activities

Starting in April 2019, we established a dedicated department to work with customers to solve their issues, and are working to create a system for market-initiated product development.

In addition to collaborating with customers, the development and sales departments work closely together to speed up resolution of customer issues.

For example, in the case of retail customers, we conduct thorough research to identify issues in the product flow, from ordering, loading onto trucks and delivery, to display. This enables us to propose solutions based on a deeper understanding of the issues our customers face.

Going forward, we will continue to increase the number of collaborative creation partners and enhance our customer-oriented Monozukuri (manufacturing).



## Alliance System to Realize Innovation

The external environment surrounding the Isuzu Group is undergoing major changes, including technological innovations such as CASE and climate change. By building an optimal alliance system with various partner companies in each business and technology field, we believe we can respond quickly to these changes in the business environment and establish a competitive advantage. We will work to create innovation by leveraging the strengths of both Isuzu and our partner companies.

### Collaboration with Cummins in the Powertrain Business

In February 2021, we reached an agreement with Cummins Inc. of the United States to collaborate on the mid-sized diesel powertrain business and to conduct joint research in various advanced technologies.

#### Alliance details

- Cummins will supply Isuzu with mid-sized B6.7 diesel engines to use in medium-duty trucks. Vehicles equipped with this engine will be introduced to global markets to meet the needs of customers around the world.
- Share technological capabilities and know-how in the area of advanced technologies to develop more environmentally friendly, next-generation diesel engines.
- To realize carbon neutrality, we are considering expanding collaboration in various next-generation powertrain technologies, including electrification.

### Strategic Alliance with the Volvo Group

Based on a basic agreement for a strategic alliance in the field of commercial vehicles concluded with the Volvo Group in Sweden, we started a full-scale alliance in April 2021.

#### Alliance details

- Promote collaboration in the development of existing and advanced technologies by mutually complementing areas of expertise, leveraging each company's superior technologies, and collaborating to utilize economies of scale.
- Isuzu acquired the UD Trucks business from the Volvo Group, to further strengthen its heavy-duty truck business in Japan and international markets.
- Promote collaboration in light- and medium-duty trucks to respond to evolving urban logistics.
- Pursue benefits from increased volume through collaborative purchasing based on mutual technologies and deployment region

### Collaboration in Commercial Vehicles with Hino and Toyota

In March 2021, Isuzu agreed a new partnership with Hino Motors, Ltd. and Toyota Motor Corporation to accelerate the response to CASE technologies in the commercial vehicle business.

#### Alliance details

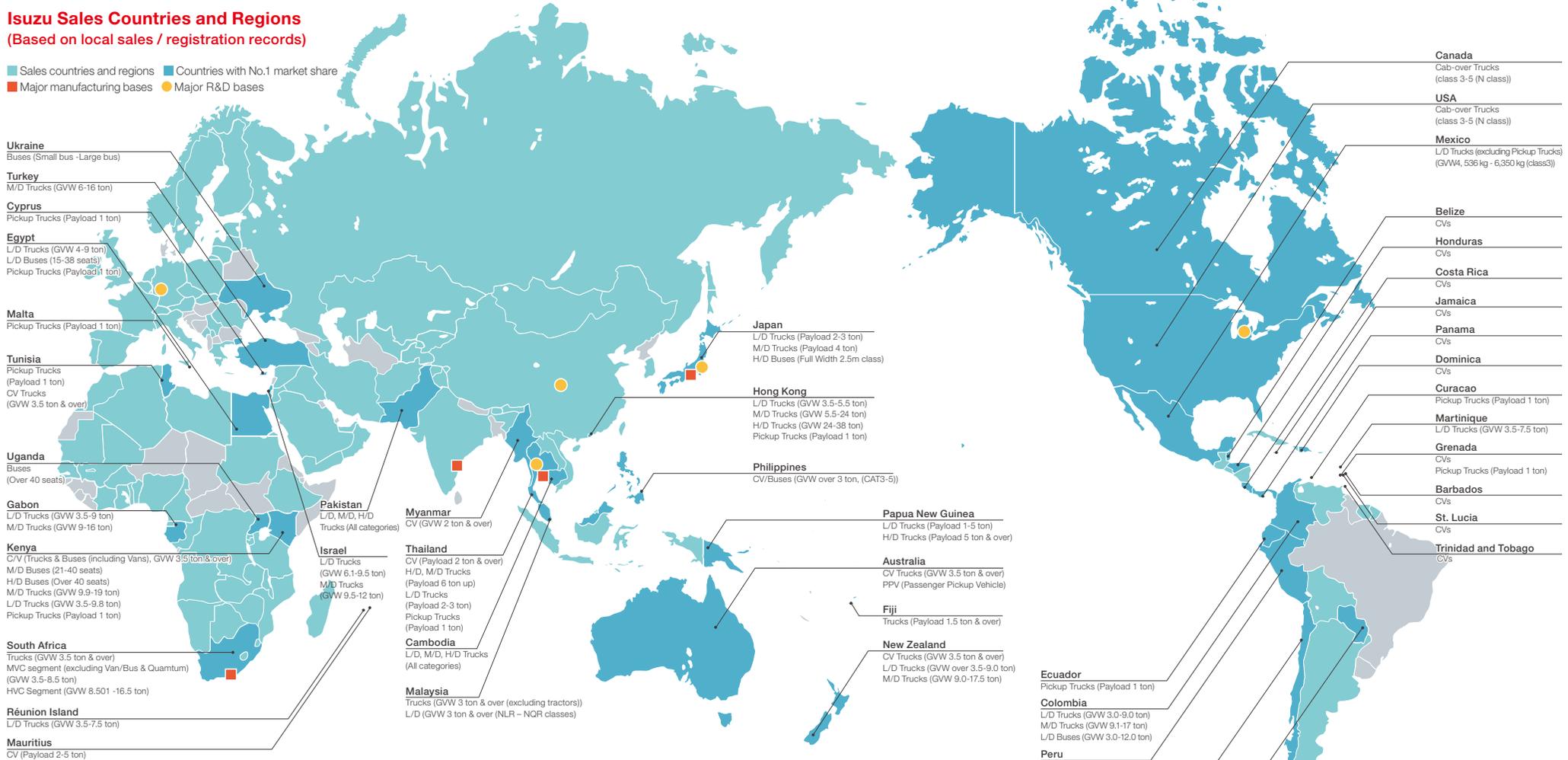
- Undertake joint development of EVs, FCVs, autonomous driving technologies, and electronic platforms, focusing on light-duty trucks.
- The three companies will jointly build a commercial version of their connected technology platform and provide various logistics solutions.
- Promote planning of CASE technologies and services for commercial vehicles through a new company, CJPT (Commercial Japan Partnership Technologies Corporation).

# A Global Brand of Commercial Vehicles

Isuzu has established the globally trusted *Isuzu* brand through Customer-oriented monozukuri (manufacturing). We sell our products in 150 countries and regions around the world, and have the No.1 market share in 45 of them.

## Isuzu Sales Countries and Regions (Based on local sales / registration records)

■ Sales countries and regions   ■ Countries with No.1 market share  
■ Major manufacturing bases   ● Major R&D bases



Note: CV: Commercial Vehicles (Trucks & Busses);  
L/D: Light Duty Trucks & Buses;  
M/D: Medium Duty Trucks & Buses;  
H/D: Heavy Duty Trucks & Buses;  
GVW: Gross Vehicle Weight  
Source: Isuzu Motors Limited

\*Results for 2020 calendar year

## The Isuzu Group's Value Creation Story

# Growth Strategies

The Isuzu Group has formulated the new Mid-Term Business Plan 2024 as a growth strategy centered on value creation, aiming to maximize its future corporate value.

The plan looks ahead to growth in the fiscal year ending March 2024 and beyond, setting *Carbon neutral strategy* and *Contribute to logistics evolution as a CV OEM* as the main axes of innovation to respond to social issues surrounding commercial vehicles, supported by *Expand Business and Improve Profitability*. In addition, we also aim to implement *Management from ESG Perspectives* in order to become a company that can survive the period of transformation in the automobile industry.

This section provides an overview of these growth strategies and introduces specific measures.

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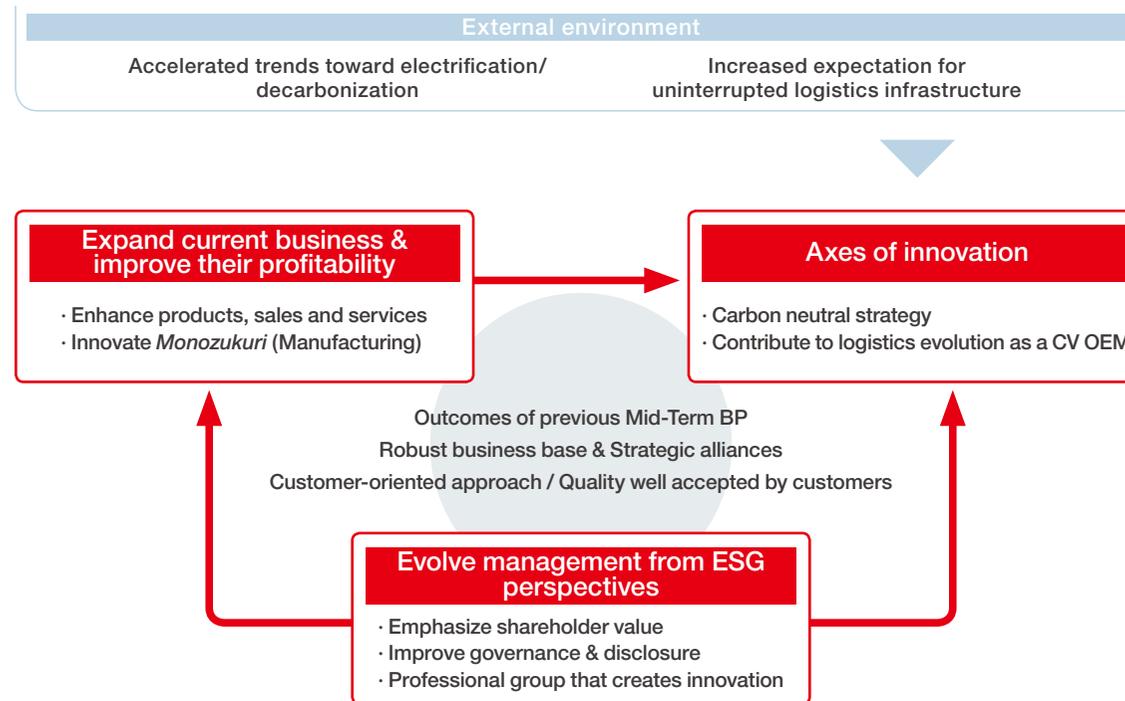
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## Overview of Mid-Term Business Plan 2024

Aiming to achieve growth, the Isuzu Group has formulated Mid-Term Business Plan 2024 as a new three-year plan from the fiscal year ending March 2022 to the fiscal year ending March 2024.



The external environment surrounding CV manufactures has changed dramatically due to an acceleration in the shift towards electrification and decarbonization and rising expectation for non-stop logistics infrastructure utilizing connected and autonomous driving technologies. In this situation, we recognize that Isuzu's social mission and responsibility is to contribute to the realization of a decarbonized society and a new logistics society. Based on this idea, the Medium-Term Business Plan 2024 aims to transform itself and bring about innovation, based on the two cores of *Carbon neutral strategy* and *Contribute to logistics evolution as a CV OEM*.

In addition, to support the realization of this innovation, we will expand our existing businesses and improve profitability, while continuing a wide range of initiatives to strengthen our product, sales, and service capabilities, and transform our manufacturing. We will utilize the collaboration synergies from alliances realized in our Mid-Term Business Plan, and actively promote alliances with partners, recognizing them as effective means for promoting and realizing innovation.

In addition, in the CASE era, we expect that competition and collaboration with participation from other industries will become commonplace globally, and that our competitors, partners, and other stakeholders will become more diverse and global in character. We have therefore set about evolution to management from an ESG perspective as a company that will be accepted by diverse stakeholders and survive. We will transform our corporate structure, culture, and management style from the three perspectives of E (Environment), S (Society), and G (Governance). We aspire to become a globally sustainable company through shareholder-focused management; enhancement of governance such as transition to a company with an Audit and Supervisory Committee and disclosure of non-financial information; and a pivot towards becoming a professional group that creates innovation through the promotion of diversity and the transformation of our organization and communication.

# Review of the Previous Mid-Term Business Plan

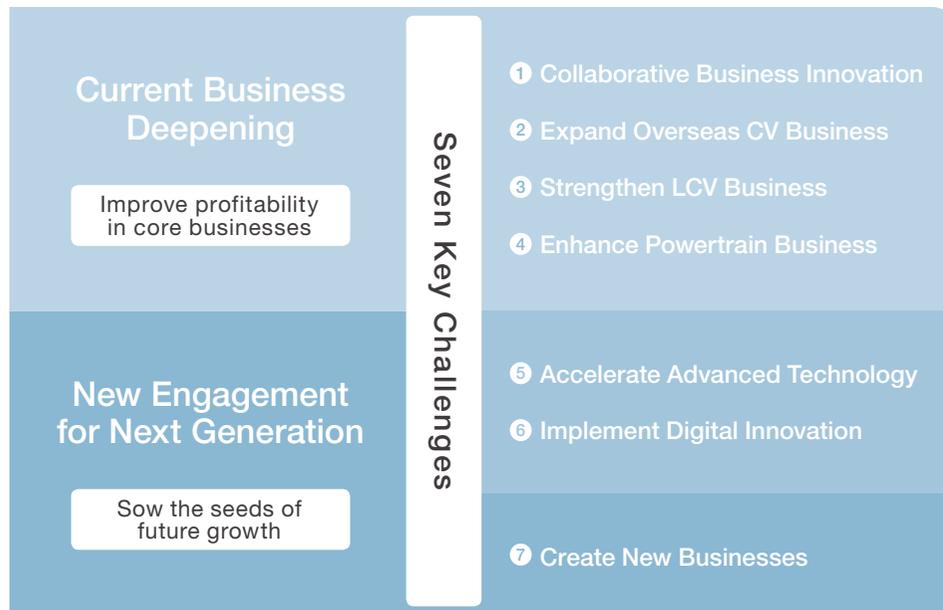
## Overview & Outcomes of Mid-Term Business Plan

The Isuzu Group has implemented a variety of measures from the fiscal year ended March 2019 to fiscal year ended March 2021, based on the policies of *current business deepening* and *new engagement for the next generation*.

We grasped the opportunities presented by profound transformation in the automotive industry, notably the spread of electrification and connected technologies, and aggressively led various initiatives centered on seven key challenges with a view to expanding the profitability of core businesses and sowing seeds for the future.

These efforts bore fruit and achieved financial results. At the same time, we were able to lay the groundwork for future growth by collaborative creation activities with partner companies, expanding sales countries and market share, full model changes in LCV to strengthen product competitiveness, and completed building alliances.

### Efforts in Previous Mid-Term Business Plan



## Promotion of Collaborative Creation Activity Please see ▶ P16 for details

Together with customers and leading partners in each field, we collected data about customers' issues such as driver shortages and the need to improve transport efficiency to establish new solutions and expand sales. By cycling through this process, we led the creation of new value through our business activities.

### LCV Full Model Change

In 2019, we conducted a full model change of our D-MAX pickup trucks, which strengthened the competitive strength of the product. We succeeded in expanding our customer base from the conventional commercial and passenger model to passenger use. Looking ahead, we will proceed with production of the new model together with the previous model in Thailand, India, and South Africa, promoting sales expansion to meet needs all over the world.

In particular, the new-model D-MAX has won high acclaim in Thailand and other regions, with sales expanding to 100 countries, which has also led to development of the derivative passenger pickup vehicle (PPV) product. Furthermore, from August 2020, we established an LCV lineup that will form our foundation for future earnings, including the launched of OEM products for Mazda.



## Review of the Previous Mid-Term Business Plan

### Completion of Forming Strategic Alliances Please see ▶ P16 for details

We aggressively promoted expansion of profitability in our core business and the forming strategic alliances as an initiative for future growth. In the powertrain field, we entered an alliance with Cummins, Inc. and selectively concentrated on diesel engine development in an effort to promote technology development for highly efficient, environmentally friendly next-generation products. We concluded a joint agreement on research into fuel cell (FC) powertrains for heavy-duty trucks with Honda R&D Co., Ltd. and entered a memorandum of understanding with the Volvo Group regarding a strategic alliance in the field of electrification and autonomous driving. In addition, we built a system of alliances that will proactively engage with the profound environmental changes occurring in the automotive industry, such as the joint establishment of Commercial Japan Partnership Technologies Corporation (CJPT) with Hino Motors, Ltd. and Toyota Motor Corporation as a new company to plan CASE technologies and services in the CV field.

### Financial Results of Mid-Term Business Plan 2024

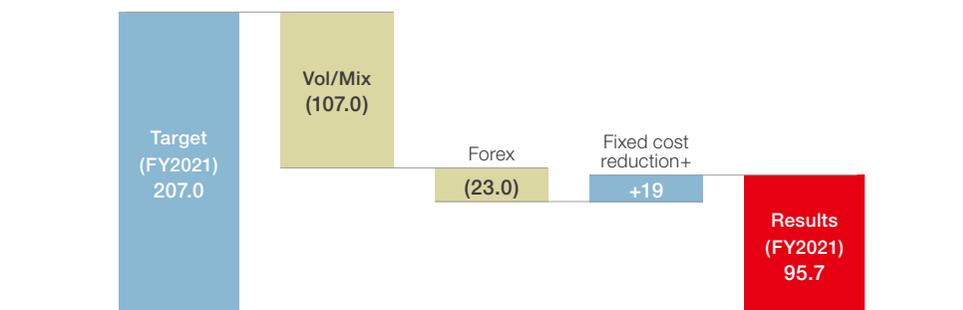
In the previous Mid-Term Business Plan, we executed strategies targeting net sales of ¥2,300 billion and operating income of ¥207.0 billion for the fiscal year ended March 2021. However, we did not reach these targets, mainly due to the impact of COVID-19 on the markets, a slump in demand in emerging countries, and the impact of foreign exchange rates on emerging country currencies, namely the appreciation of the Thai baht against the Japanese yen.

The impact of the COVID-19 on the market is being addressed in some countries and regions where unit sales have already been recovering. However, we are steadily expanding sales and earnings by responding to these impacts with detailed measures tailored to the conditions in each country and region. Furthermore, in emerging markets, we are carrying out measures to promote stable growth going forward, such as building a solid business foundation that will not be affected by temporary demand trends or foreign exchange fluctuations.

#### Previous Mid-Term BP Target & Results

|                  | Previous mid-term BP target FY2021 | Results FY2021   | Difference     |
|------------------|------------------------------------|------------------|----------------|
| Net sales        | 2,300.0 bil. yen                   | 1,908.2 bil. yen | (392) bil. yen |
| Operating income | 207.0 bil. yen                     | 95.7 bil. yen    | (111) bil. yen |

#### OPI variation (billion yen)



## External Environment

### The External Environment Surrounding the Isuzu Group

Given that the external environment surrounding the Isuzu Group constantly changes, the most important changes in the commercial vehicle industry from our perspective are the accelerated trends towards electrification and decarbonization and rising expectations for non-stop logistics infrastructure. In response to this great shift, we recognize that the Isuzu Group's social mission and responsibility is to contribute to the realization of a decarbonized society and a new logistics society. In the new Mid-Term Business Plan that starts from the fiscal year ending March 2022, we have determined innovation axes based on responses to two major social demands and will promote initiatives along these lines.

#### External environment 1

#### Accelerated trends toward electrification/decarbonization

We are aware that carbon neutrality is the highest-priority social issue. The Japanese government has issued a declaration aiming for carbon neutrality by 2050, and in conjunction with this, its Green Growth Strategy also proposes carbon neutralization of automobiles across their entire lifecycles.

While the movement towards electrification and decarbonization is reaching the commercial vehicle sector, commercial vehicles also need to be both easy to use and economically rational as they are used in various applications to meet customers' needs.

#### Carbon neutral strategy

The Isuzu Group created the Isuzu Environmental Vision 2050 to realize a prosperous and sustainable society, and promote initiatives for a decarbonized society through its products, services, and business activities. Now we will strengthen these initiatives even further, leveraging the know-how we have cultivated in the commercial vehicle field to contribute to the construction of a carbon-free society.

- Identify appropriate technologies through demonstration experiments for social implementation of battery electric vehicles (BEVs) and fuel cell vehicles (FCVs).
- Start to launch some models while working on product improvement toward volume sales.
- Continue development of highly efficient internal combustion engine (ICE) vehicles for the period of widespread use of carbon neutral fuels.

#### External environment 2

#### Increased expectation for uninterrupted logistics infrastructure

Changes in workstyles and consumption patterns due to the COVID-19 pandemic highlighted again the importance of logistics as a social infrastructure. On the other hand, a shortage of truck drivers and the need to improve transport efficiency have emerged as issues.

The Isuzu Group recognizes that its mission as a company is to contribute to solving issues in the logistics industry, which is the Company's main customer.

#### Contribute to logistics evolution as a CV OEM

The move towards *logistics evolution* is also accelerating, using cutting-edge technologies such as connected functions and automated driving as strategies for solving diverse issues in the logistics industry.

As a commercial vehicle manufacturer supporting logistics, the Isuzu Group will promote innovation in cooperation with a variety of alliance partners to provide products and services that contribute to challenge solving.

- Encourage improved convenience of connected services by making them OEM-free, preparing for 5G era
- Verify autonomous driving technology under various use scenarios and seek to put it to practical use as early as possible

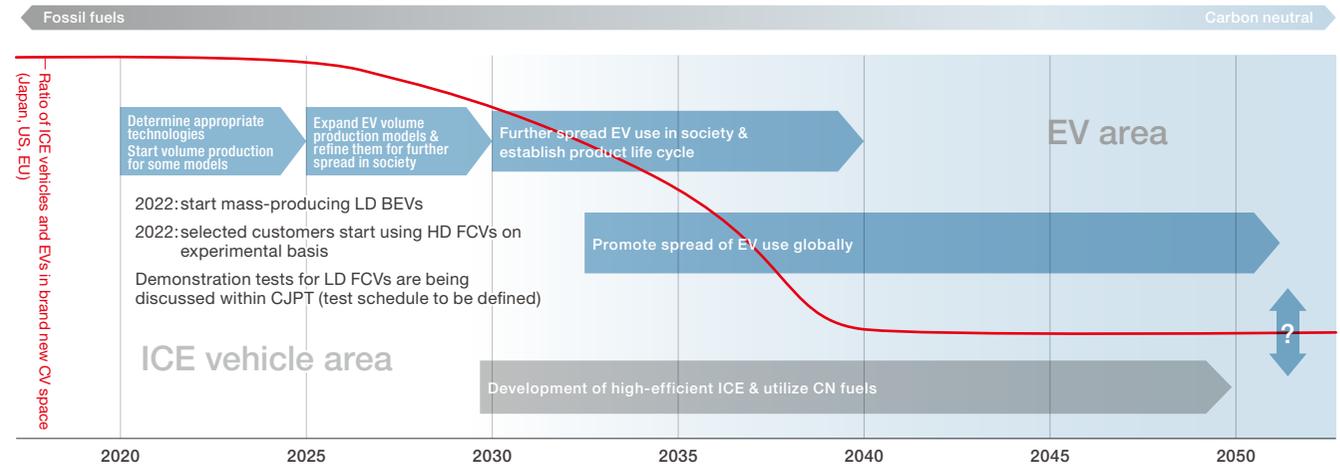
## Carbon Neutral Strategy

The Isuzu Group is looking ahead to the complete shift to carbon neutral (CN) commercial vehicles by 2050 and aims to establish a full lineup of compliant products by 2040. As a mid-term target for expanding our lineup, we will expand mass production and sales of electric vehicle\*<sup>1</sup> versions of our main models, including battery electric vehicles (BEVs), fuel cell vehicles (FCVs), and hybrid electric vehicles (HEVs), during the 2030s.

At the same time, we will continue promoting the development of high-efficient internal combustion engine\*<sup>2</sup> vehicles and the use of carbon neutral fuels for applications where ICE must be used\*<sup>2</sup>.

\*1 Electric vehicles (EV) include battery EV (BEVs), fuel cell vehicles (FCVs) and hybrid EV (HEVs).

\*2 Internal combustion engine (ICE) vehicles: vehicles powered by fuels such as diesel, gas and CN fuels.



### EV Volume Production and Sales Expansion Topics ▶ P24

#### (1) Appropriate technologies and start volume production for some models

As the development and sale of EVs advances in the passenger car field, we are conducting focused demonstration experiments for the social implementation of BEVs and FCVs, aiming to achieve electrification of CVs used in various applications to meet the needs of customers. We will determine the optimal technologies by 2025. At the same time, we have gradually started launching EV products on the market, and we will continue improving them for their economic rationality.

#### (2) Expand EV volume production models and refine them for further spread in society

From 2025 onward, we will utilize the results of demonstration experiments to expand and improve our EV lineup. We plan to expand volume production and sales during this period. Furthermore, to make it easier for CV users to switch to EVs, we will develop a deeper knowledge of social implementation and work in collaboration with relevant organizations to promote the installation of infrastructure such as charging equipment.

#### (3) Further spread EV use in society and establish product life cycle

From 2030 onward, we will promote initiatives to spread EVs further and establish a product life cycle. We will control the initial costs of introducing EVs by using alliances to keep development costs and capital investments low. At the same time, we will also reduce running costs by promoting common products and standards with other companies, helping customers to switch to EVs at minimal cost.

#### (4) Promote spread of EV use globally

Environmental policies and the status of EV infrastructure differ between countries and regions. The Isuzu Group will coordinate using its global network to build an organization for promoting a carbon neutrality globally and take steps to further promote the spread of EVs.

### Development of High-performance ICE Vehicles and Use of Carbon Neutral Fuel Topics ▶ P24

Compared to passenger vehicles, electrification of CVs presents multiple issues, since they have more diverse applications, models and usage in various environments. Furthermore, conventional ICEs have superior efficiency and economic rationality, and they are expected to meet certain customer needs even in a decarbonized society. Therefore, as we strive to realize carbon neutral CVs, we need to look at how to minimize their environmental impact, not only through electrification but also by enhancing the performance of conventional ICE vehicles. By promoting efficiency gains for ICE vehicles while using carbon neutral fuels (such as synthetic fuels derived from renewable energy), we will meet customers' needs while taking steps towards carbon neutrality in the medium to long term.

## Carbon Neutral Strategy

### Topics

In promoting a carbon neutral strategy, the Isuzu Group is using its technology, expertise and alliances with other companies to expand volume production and sales of EVs, develop high-efficient ICEs, and use carbon neutral fuels. Here we introduce our initiatives towards carbon neutrality and our future plans.

#### EV Volume Production and Sales Expansion

| Main initiatives   | Overview of main initiatives and future plan  |
|--|---|
| <b>Start mass-producing LD BEVs (2022)</b>                                 | <ul style="list-style-type: none"> <li>We are engaged in development of BEVs in the light-duty truck category, conducted various demonstrations using monitor vehicles for delivery work since 2019.</li> <li>Based on the knowledge obtained from the monitor vehicles, we are currently promoting development of BEV in the form of an electrified ELF, targeting commercialization in 2022. We aim to develop a product with high performance and functionality by applying battery technologies, motor technologies and an optimal energy management system.</li> </ul>   |
| <b>Selected customers start using HD FCVs on experimental basis (2022)</b> | <ul style="list-style-type: none"> <li>In 2020 we started joint research on a heavy-duty FCV with Honda R&amp;D Co., Ltd.</li> <li>Currently, we are proceeding vehicle making, aiming to commence demonstration experiments using a monitor vehicle from the autumn of 2022.</li> <li>Going forward, we will gather feedback on ease of operation and technical issues through the demonstration experiments and apply this to future development of a volume production. We also plan to deploy the FCV technologies acquired through the research for other vehicles.</li> </ul>   |
| <b>Demonstration tests for LD FCVs (2021)</b>                              | <ul style="list-style-type: none"> <li>At Commercial Japan Partnership Technologies Corporation (CJPT), a new company established with Hino Motors, Ltd. and Toyota Motor Corporation, we plan to conduct a demonstration testing run in Fukushima Prefecture to build a model for the hydrogen society of the future, starting with demonstration testing with a major convenience store operator in 2021.</li> <li>In Fukushima Prefecture, we plan to introduce the LD FCVs for deliveries to supermarkets and convenience stores, where serve as urban lifeline infrastructure and evacuation points during disasters. In tandem, we also plan to provide operation management and optimization of hydrogen filling timing as part of energy management using connected technologies.</li> <li>We will combine the CV business foundation developed by Isuzu and Hino with the CASE technologies of Toyota to accelerate the social implementation and spread of CASE, as part of our activities for resolving issues facing the transport industry and contributing to the realization of a carbon neutral society.</li> </ul> |



#### Development of High-efficient ICE Vehicles and Use of Carbon Neutral Fuel

| Main initiatives                                  | Overview of main initiatives and future plan   |
|---|--|
| <b>Development of high-efficient ICE vehicles</b> | <ul style="list-style-type: none"> <li>We will develop ICE that meet tighter exhaust gas regulations, such as regulations likely to be adopted by advanced countries in the future.</li> <li>Focusing on the total cost of ownership for customers from purchase to disposal, we will promote increased fuel efficiency by shifting the emphasis of development from pursuit of maximum thermal efficiency of the engine at high load to improved fuel efficiency during actual operation at engine low and middle load.</li> <li>We will strengthen our ICE development technology by mutually complementing it with alliance partners such as Cummins, Inc. Please see P16 for details.</li> </ul> |
| <b>Use of carbon neutral fuel</b>                 | <ul style="list-style-type: none"> <li>In April 2021, we established a dedicated department for promoting the use of next-generation fuels.</li> <li>Looking ahead, we will evaluate and improve vehicle performance and durability in preparation for the social implementation of carbon neutral fuels, strengthening collaboration with outside organizations to accelerate their practical implementation and spread.</li> <li>We will actively propose issues and improvements related to carbon neutral fuel quality to next-generation fuel manufacturers.</li> </ul>   |

## Contribute to Logistics Evolution as a CV OEM

As logistics infrastructure grows in importance, the Isuzu Group is contributing to the evolution of customers' logistics through initiatives to utilize connected technologies and implement autonomous driving as a commercial vehicle (CV) manufacturer.

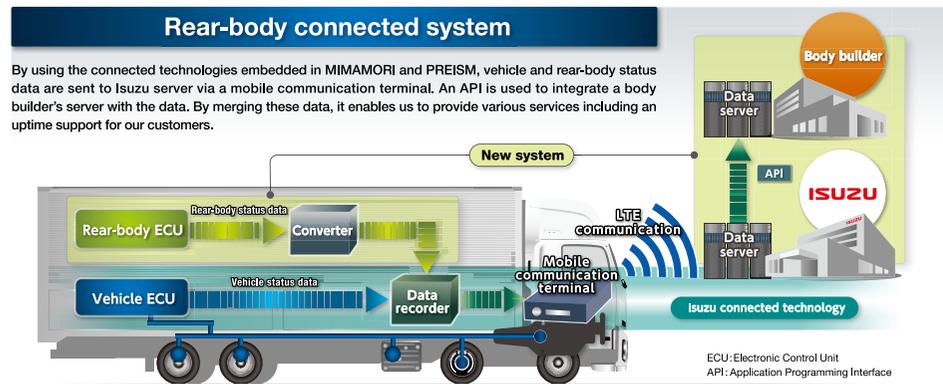
### Connected

The Isuzu Group has made continuous efforts to utilize connected technologies in commercial vehicles, from the twin perspectives of operations support and operation management services. During the current Mid-Term Business Plan, we will open up our connected services to increase convenience for our customers, adapting to the era of 5G, in which everything will be connected.

### Operational Support

#### Start of Rear Body Monitoring System Initiative

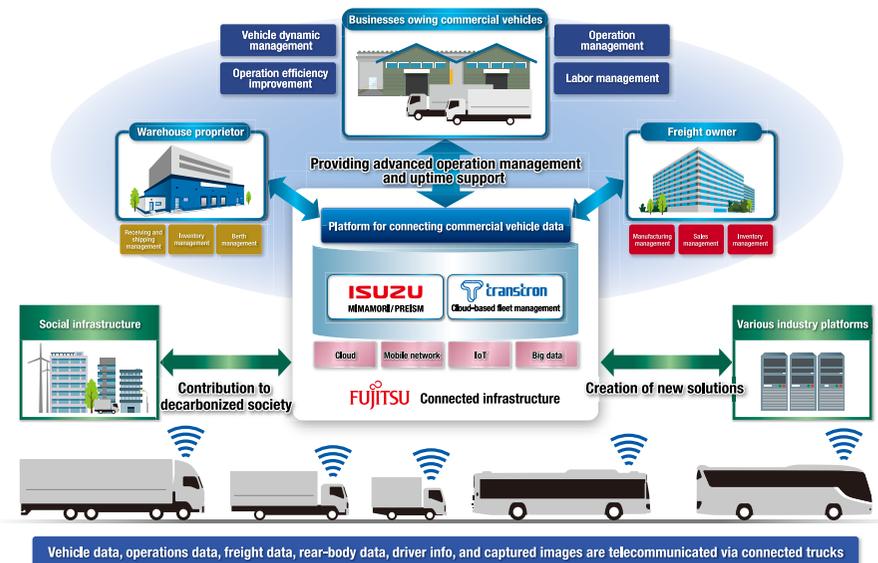
The Isuzu Group already provides services to support vehicle operations by preventing breakdowns, such as the PREISM advanced genuine maintenance service. In order to use these connected technologies in monitoring operational information regarding the rear body (special parts and apparatus for the application of the vehicle), which is an important function of a commercial vehicle, we developed the Rear Body Monitoring System (Rear Body Connected) in collaboration with rear body manufacturers in February 2021. With this, we will provide new services to support customers' operations, such as maintenance optimization for rear bodies, and early repairs.



### Operation Management

We started constructing a platform for connecting commercial vehicle data with Transtron Inc. a developer and provider of cloud-based operations support services, and Fujitsu Limited, aiming to commence services in 2022. By coordinating position and vehicle condition data between freight owners, fleet operators, warehouse proprietors, and others, the system will help to solve logistic issues, such as correcting driver shortages and long work hours, increasing loading rates, and realizing non-contact/non-face-to-face logistics operations.

The Isuzu Group will pursue various initiatives, such as building an information platform beyond the automotive industry with a view to connecting it with EMS (Energy Management System) in preparation for the spread of electric vehicles in a decarbonized society.



Conceptual diagram of platform for connecting commercial vehicle data

## Contributing to Logistics Evolution as a CV OEM

### Automated Driving

While accelerating our efforts to realize automated driving through joint development with various partners, we are conducting effect testing and promotion measures for safety and efficiency increases and unmanned operations, in various use cases, not limited to logistics.

| Use case  | Initiatives   |
|---|---|
| <p>Expressway<br/>×<br/>heavy-duty truck</p>             | <ul style="list-style-type: none"> <li>• In cooperation with Hino Motors, Ltd., Mitsubishi Fuso Truck and Bus Corporation, and UD Trucks Corporation, we participated in the Japanese government's truck platooning research program. To meet the government's goal of <i>commercialization of semi-automated truck platoons by 2021</i>, we are applying cooperative technologies combining adaptive cruise control (ACC) and a lane keeping assist system (LKAS).</li> <li>• Isuzu is proceeding with market launch of a commercial version of a 2020 model Giga with ACC + LKAS at all vehicle speeds. Furthermore, the company is currently researching automated driving technologies for single heavy-duty trucks in collaboration with Isuzu Advanced Engineering Center, Ltd., and some of the technologies are being used in the development of vehicles for volume production.</li> </ul> |
| <p>Ports<br/>×<br/>low-speed travel<br/>and parking</p>  | <ul style="list-style-type: none"> <li>• Longer standby times for shipping container drivers at ports and an attendant decrease in container transport capacity are becoming a problem. Against this backdrop, we participated in a demonstration experiment of automated driving for trailers coming in from outside at ports by the Ministry of Land, Infrastructure, Transport and Tourism.</li> <li>• Looking ahead, we will contribute to correcting long working hours and maintaining container transport capacity by participating in formulation of operation rules, engaging in preparation of automated driving test vehicles, and introducing automated driving trailers.</li> </ul>  |
| <p>Limited zone buses</p>                               | <ul style="list-style-type: none"> <li>• We aim to increase passenger transport volumes and contribute to more efficient human transport flow by resolving driver shortages. Using technologies belonging to start-up companies, we conducted demonstration trials to promote automated driving of highway buses within limited zones.</li> <li>• In the future, we aim to achieve automated driving by busses on ordinary roads, helping to ensure means of transport in regional areas.</li> </ul>  |
| <p>Urban street<br/>cleaning vehicle</p>               | <ul style="list-style-type: none"> <li>• We are promoting the development of automated driving from street cleaning vehicles in an initiative led by Isuzu Technical Center of America (ITCA).</li> <li>• In March 2021, we conducted a demonstration run on the ITCA grounds. We aim to conduct demonstration testing in 2022.</li> </ul>  |
| <p>Urban delivery vehicle</p>                          | <ul style="list-style-type: none"> <li>• In a joint project with U.S. semiconductor manufacturer NVIDIA Corporation, we are proceeding with development combining NVIDIA's traveling environment recognition technology for passenger vehicles and ITCA's judgement and control technologies.</li> <li>• In 2020, we started a test operation envisaging automated driving on urban streets inside the compound of our Fujisawa Plant. We plan to expand the travel area from 2021 onwards.</li> </ul>  |

## Expand Current Businesses and Improve their Profitability

To expand our current businesses and improve their profitability, we will make maximum use of the base for growth built in the previous Mid-Term Business Plan while implementing measures aimed at expanding the Isuzu Group's businesses over the period of the Mid-Term Business Plan through to the year ending March 2024 and beyond.

### Contributing Initiatives During the Period of the Mid-Term Business Plan (up to FY2024)

#### Enhance products / Sales / Service

##### Collaboration with UD Trucks

We will strengthen our alliance with UD Trucks, which joined the Group in April 2021 and will utilize the heavy-duty truck products that are UD Trucks' specialty to strengthen our merchandising and lineup in heavy-duty trucks in Japan and Asia.

We will also use UD Trucks' location infrastructure to strengthen our service network.

##### Light Commercial Vehicle (LCV) Business

We will introduce the new model pickup truck launched in 2019 to 100 countries around the world and promote their sales, and expand sales of workhorse models, which have a lower cost than conventional models.

##### Overseas Commercial Vehicle (CV) Business

We will set flexibly product specifications to meet diverse needs in each region, growing even closer to the markets to provide vehicles and services preferred by customers.

##### Powertrain business

We will increase the cost competitiveness of our products and expand our global customer base. We will also develop and supply optimal power trains for decarbonization in accordance with the status of each country and region.

#### Innovate *Monozukuri* (manufacturing)

##### Synergies between UD Trucks and Isuzu

By leveraging the synergies between the two companies in the development, logistics, production, and purchasing areas, we will further improve the efficiency of Isuzu Group manufacturing.

##### LCV Production

Using the production system in Thailand, South Africa, and India, where our main manufacturing bases are located, we will build a system for complementing our capacity and promote coordination between production sites.

##### Leveraging Alliances

We will promote collaboration with other companies in new technology areas such as CASE while engaging in mutual complementation and R&D on components and so forth with partners in traditional areas.

| Measures to implement                               | Measures contributing to this Mid-Term Business Plan Period (up to FY2024)   | Measures contributing to expansion in FY2025 and beyond  |
|---|--|--|
| Strengthen Product, Sales, and Service Capabilities | <b>Collaboration with UD Trucks</b><br>Utilize each other's products and after-sales services networks   | <b>Heavy-duty Trucks</b><br><b>Develop Common Platform for Isuzu and UD Trucks</b><br>Utilize technologies developed by Volvo Group  |
|   | <b>LCV Business</b><br>Expand sales of new LCV models worldwide / Expand sales channels for workhorse models   |  |
| Innovate <i>Monozukuri</i>                          | <b>Overseas CV Business</b><br>Get far closer to markets, utilizing networks of Isuzu Group companies  | <b>Medium-duty and Light-duty Trucks</b><br><b>Implement Full Model Change during this Mid-Term Business Plan Period</b><br>Launch them globally (advanced and emerging countries) |
|   | <b>Powertrain Business</b><br>Expand customers globally  |  |
| Capital Expenditure                                 | <b>Synergies with UD Trucks</b><br>Collaborate in the fields of development, logistics, production and purchasing  | <b>Invest in Business Base in Japan</b><br>Renew mission-critical core IT systems<br>Fujisawa Plant (for substantially more efficient operations)                                  |
|   | <b>LCV Production</b><br>Leverage 3 production footprints in Thailand, South Africa and India  |  |
|   | <b>Effects Derived from Strategic Alliances</b><br>CASE area: joint development<br>Traditional technology areas: complement each other in terms of component units, etc. |  |
|   | 300 billion yen for 3 years during this Mid-Term Business Plan period  |  |

### Measures Contributing to Expansion in FY2025 and beyond

In parallel with our initiatives to realize the Mid-Term Business Plan, we will also conduct the following initiatives looking ahead to the future beyond the plan.

#### Joint Development of Heavy-duty Truck Platform

By sharing development concepts with UD Trucks, we will leverage the Volvo Group's technologies to improve vehicle development efficiency and strengthen competitiveness in procurement.

#### Full Model Change of Medium-duty and Light-duty Trucks

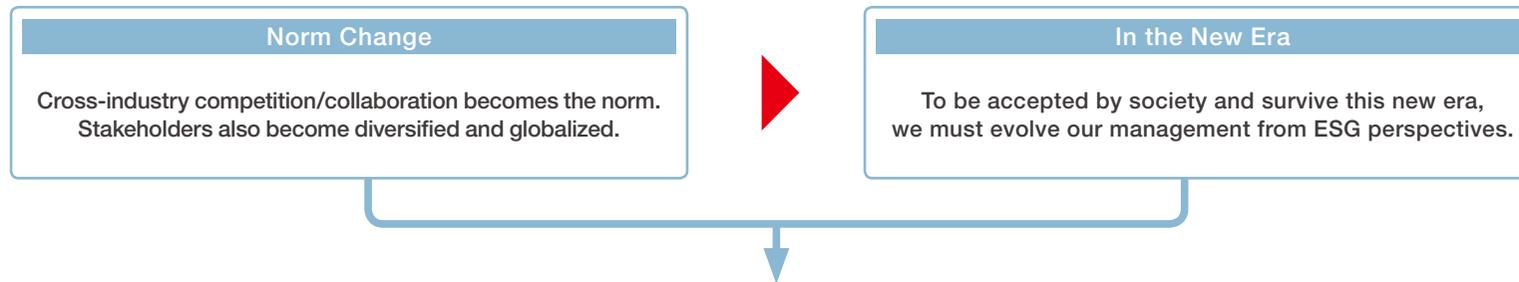
We will launch new models in phases in the global markets to increase sales volumes during the next Mid-Term Business Plan and beyond.

#### Invest in Business Base in Japan

We will concentrate investment in the domestic base in Japan, such as for renewing our companywide core systems and increasing production efficiency at our main domestic manufacturing base, Fujisawa Plant.

## Evolve Management from ESG Perspectives

With the dawning of era of CASE, our competitors, partners, and stakeholders are growing more diverse and are spread out more globally. To be accepted as a company in this situation, we believe it is essential for management to evolve from ESG perspectives.



### Emphasis on Shareholder Value

Under the Mid-Term Business Plan, the Isuzu Group will shift to a management approach with a stronger emphasis on capital efficiency, against a backdrop of stable accumulation of shareholders' equity, in order to develop together with our stakeholders.

#### Capital Efficiency Improvement

We will realize our goal of achieving ROE 15% by the fiscal year ending March 2026 by increasing the value provided to society by our products and services to expand earnings.

In addition, we will also increase capital efficiency by acquiring and cancelling treasury stock flexibly based on our investment and capital status.

#### Returns to Shareholders

To realize continuous, stable shareholder returns, we will target an average dividend payout ratio of 40% during the period of the Mid-Term Business Plan.

### Improve Governance and Disclosure

#### Board of Directors Reform

Isuzu transitioned to a Company with Audit and Supervisory Committee in June 2021, with the goal of making corporate decisions more logically and quickly through enhanced deliberation at the Board of Directors meeting and fortifying the Board's supervisory functions. Furthermore, to increase the diversity of the Board of Directors, Isuzu has adopted a structure in which at least one third of the directors are to be independent outside directors.

#### Protection of Intellectual Property

While conducting alliances with other companies to promote innovation, it is important to protect our intellectual property while making mutual use of it with partner companies. We will build future-proof systems and strengthen our structures for protecting intellectual property.

#### Strengthening Information Disclosure

To be a company that is accepted globally, we will strengthen our disclosure of not only financial information but also non-financial information in response to increasing calls for disclosure from stakeholders including investors.

We have disclosed our initiatives to date for the formulation of Isuzu Environmental Vision 2050 **P33** Furthermore, we will accelerate and enhance the evolution of ESG management through analysis of external evaluations and so forth.

#### Preparation for Adoption of IFRS

We are making preparations to adopt IFRS in the future, in order to facilitate comparison of our financial reporting with international companies, as well as improve fund procurement and shareholder value.

### Professional Group that Creates Innovation

#### Promoting Diversity

As we develop alliances with diverse partners and expand our business globally, an important part of business is utilizing diverse human resources with various perspectives, knowledge, abilities, and expertise.

While preserving the Isuzu Group's culture of valuing trust, we will promote diversity by actively considering the introduction of diverse work styles.

#### Organization/Communication

We will work to strengthen our human resources base by promoting personal development while stimulating communication to transform into an organization where individuals and groups can function smoothly together.

## Medium-Term Targets/Value Provided to Society

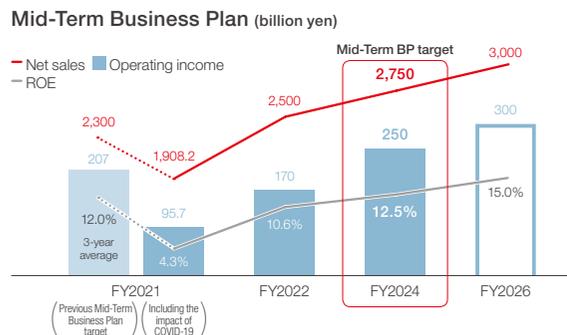
### Mid-Term Business Plan 2024 Financial Targets

In the plan's final year, the fiscal year ending March 2024, we are aiming to achieve net sales of 2,750.0 billion yen and operating income of 250.0 billion yen.

Furthermore, we will expand our measures under Mid-Term Business Plan 2024 for realizing synergies between UD Trucks and the Volvo group over the medium and long term, targeting net sales of 3 trillion yen and operating income of 300.0 billion yen.

Furthermore, in this plan, we are committed to focusing on shareholder value towards evolving management from ESG perspectives. To help us implement this, we have set targets for capital efficiency, specifically ROE of 15% for the fiscal year ended March 2026 and for shareholder returns, an average dividend payout ratio of 40% during the period of the Mid-Term Business Plan.

These earnings targets assume the following unit sales and financial indicators.



#### Unit sales

| Unit sales (K-units)            | FY2021 | Mid-Term BP period |        |        |  |
|---------------------------------|--------|--------------------|--------|--------|--|
|                                 |        | FY2022             | FY2023 | FY2024 |  |
| CV in Japan*                    | 70     | 86                 | 81     | 78     |  |
| CV overseas*                    | 190    | 253                | 243    | 281    |  |
| LCV                             | 295    | 395                | 443    | 448    |  |
| Industrial engines              | 136    | 158                | 136    | 145    |  |
| *Of which UD Truck's unit sales |        |                    |        |        |  |
| CV in Japan                     | -      | 9                  | 8      | 8      |  |
| CV overseas                     | -      | 7                  | 8      | 9      |  |

#### Financial Indicators

| Investment/Financial Forecast (billions of yen)         | FY2021 | FY2022 | FY2023 | FY2024 |
|---|--------|--------|--------|--------|
| Development expenses                                    | 91.0   | 110.0  | 115.0  | 115.0  |
| Capital expenditure                                     | 69.8   | 100.0  | 100.0  | 100.0  |
| Interest-bearing liabilities (excl. lease-related ones) | 112.4  | 380.0  | 320.0  | 260.0  |
| Equity ratio  | 46%    | 43%    | 46%    | 48%    |

### Providing Value to Society

To resolve medium- to long-term social issues, Isuzu will provide the following four values to society through the initiatives of Mid-Term Business Plan 2024.

#### Providing value to society

**Realizing a society in which people and goods can be transported securely, safely, and efficiently**

#### Practical approach

We will leverage collaboration with trusted partners to drive innovation in the areas of automated driving and connected technologies. Furthermore, we will continue to strengthen our after-sales service network and supply products with advanced safety capabilities, in order to provide products and services that support the transportation industry.

**Achieving both global environmental and promoting economic growth**

In addition to reducing the environmental burden from manufacturing and creating a circular business, we will provide products and services that offer both environmental and economic performance through innovations towards decarbonization. These will include development of advanced environmental performance products and contribution to efficient transport.

**Enhancing lifestyles and economic growth in emerging countries**

We will expand our CV/LCV channels and our customer base, contributing to the widespread use of commercial vehicles in emerging countries.

Furthermore, as our consolidated businesses grow closer to local communities, we will provide products and services that contribute to the development of the lifestyles and the economic infrastructure of emerging countries in ways that are tailored to each country.

**Sustaining lifestyles and the environment in emergencies**

We provide products and services that offer strong performance in ordinary times and in disasters, such as development of emergency vehicles and products that can use diverse motive power sources, as well as an after sales service network to support restoration of disaster-damaged vehicles.



# Message from the Chairperson of the Sustainability Committee

## Evolution of Sustainability Management in the Mid-Term Business Plan

We are working to help solve social issues through our business activities, leveraging our strengths as a commercial vehicle manufacturer, guided by our corporate vision: *Isuzu will always mean the best: A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment.*

Less than 10 years remain until 2030, the target year of the United Nations SDGs, and there are growing expectations and demands from investors and other stakeholders for ESG (Environmental, Social, and Governance) initiatives. As social issues surrounding us continue to diversify, the Isuzu Group recognizes that *accelerated trends towards electrification and decarbonization to achieve carbon neutrality as well as increased expectation for non-stop logistics infrastructure* driven by the spread of COVID-19 are important elements of the external environment for CV manufacturers.

In the light of this environment, the new Mid-Term Business Plan 2024 which begins this fiscal year, positions carbon neutrality and solving issues in the logistics industry as our axes for innovation. The Isuzu Group considers these initiatives for solving social issues through our business activities to be important for management going forward. We are committed to sustainability management that further evolves our current sustainability activities. In addition, based on these efforts, the Sustainability Committee discussed and reviewed the *social issues we want to solve through our business* which were formulated in 2018, to more appropriately express the Company's initiatives.



**Shinichi Takahashi**  
Executive Vice President and Director  
Chairperson of the Sustainability Committee

## Governance System for Promoting Sustainability

In April 2021, the Isuzu Group established the Sustainability Committee, expanding the functions of the previous Global Environment Committee to handle overall sustainability activities. Even as the Isuzu Group promoted company-wide activities to realize its Global Environmental Charter, we faced a growing need for an organization that comprehensively addresses the impact of increasingly diverse and complex social issues. We therefore strengthened the sustainability promotion structure to work towards realizing the Isuzu Environmental Vision 2050 formulated in March 2020, while accelerating initiatives for human rights and diversity. Under this new structure, subcommittees for environmental and social issues are placed under the Sustainability Committee. In addition to deepening discussions and initiatives on environmental and social issues, this structure allows for broader discussions while deepening management engagement.



Expanded Functions



\*CN: Carbon neutral

### Isuzu's Key Challenges

| Providing value to society   | Relationship with SDGs | Cornerstones supporting value creation                              | Relationship with SDGs |
|--|------------------------|---|------------------------|
| Realizing a society in which people and goods can be transported safely, securely, and efficiently | 3, 8, 9, 11            | Improving technologies and providing reliable products and services | 3, 9, 11               |
| Balancing the global environment and economic development  | 7, 12, 13              | Respecting employees and diversity                                  | 5, 8, 10               |
| Enhancing lives and the economies in emerging countries  | 1, 8, 10               | Win-win relationships with local communities and stakeholders       | 4, 8, 17               |
| Sustaining lifestyles and the environment during disasters and emergencies                         | 11, 13                 | Appropriate governance  | 16                     |

## Message from the Chairperson of the Sustainability Committee

The Sustainability Committee makes decisions on management issues, business policy, and business strategies related to sustainability, as well as promoting company-wide sustainability activities on an on-going basis. In this way, the committee will reflect changing social trends and expectations of companies in our medium- to long-term business activities, and enhance the sustainable growth of society and the company. The roles of the Sustainability Committee and subcommittees are shown in the following table.

### Role of the Sustainability Committee

|   |  |
|---|--|
| <b>Promotion of sustainability for the entire group.</b>                | Recognize sustainability strategies as a management issue for the entire group and promote Isuzu's business policies, business strategies, and sustainability activities from a long-term perspective. |
| <b>Monitor progress of sustainability activities.</b>                   | Monitor progress on various business activities related to promoting Isuzu's corporate philosophy, medium- to long-term policies, vision, and sustainability.  |
| <b>Gather and share external expectations and internal information.</b> | Constantly recognize society's expectations based on changing social trends and promote awareness internally.  |

### Roles of each subcommittee

|  |  |
|--|--|
| <b>Business CN Promotion Subcommittee</b>              | Promote cross-department activities to achieve carbon neutrality in 2050, focusing on production activities which are the group's main source of CO <sub>2</sub> emissions, to achieve carbon neutrality in the Isuzu Group's business activities. |
| <b>Product CN Promotion Subcommittee</b>               | Promote various activities that contribute to the carbon neutrality of products, including decarbonization technologies and energy, to achieve well-to-wheel (WtW) carbon neutrality.  |
| <b>Resource Recycling Promotion Subcommittee</b>       | Promote waste reduction and recycling in all Isuzu business activities including products and services to achieve 100% recycling of resources.   |
| <b>Environmental Management Promotion Subcommittee</b> | Promote environmental activities in coordination with group companies, focusing on environmental management measures such as ISO 14001 certification acquisition, environmental risk management, and biodiversity conservation.                    |
| <b>Social Promotion Subcommittee</b>                   | Examine various sustainability management issues such as ESG investment evaluation trends and promote activities to improve Isuzu's social evaluation.   |

## Activities Going Forward

As Isuzu engages in sustainability management under the new structure, from 2021 it started the following new initiatives to strengthen its existing sustainability efforts.

### 1. Endorsement of TCFD Recommendations

Climate change is a major global issue, and it is important for companies to clarify climate-related risks and opportunities for their businesses, and to appropriately reflect them in management. Isuzu recognizes climate change as a key environmental issue and has been promoting climate change countermeasures in its all of its business activities, products and services. We now recognize that more than simply disclosing the results of these activities, we need to implement strategic climate change countermeasures by considering climate change-related risks and opportunities from a perspective more in line with corporate management. Therefore, Isuzu decided to disclose climate change-related information in accordance with a framework based on the recommendations of the *TCFD (Task Force on Climate-related Financial Disclosures)* set up by the Financial Stability Board, and endorsed the recommendations in April 2021. By tackling climate change issues from a global perspective, and pro-actively disclosing information, we will uphold the trust of our stakeholders and further enhance our climate change countermeasures.

### 2. Participation in the United Nations Global Compact

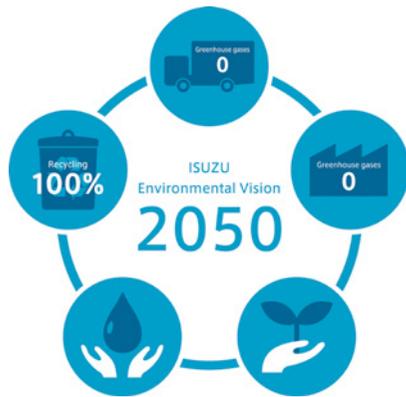
As a global company operating in over 150 countries and regions around the world, Isuzu joined the United Nations Global Compact in May 2021, in order to cooperate with the international community and contribute to the growth of a sustainable society. We will further enhance and strengthen our existing sustainability activities in line with the 10 principles of the United Nations Global Compact, which include *Human Rights, Labor, Environment, and Anti-Corruption*.

From this year, in an effort to strengthen human rights protection activities, we started including environmental and human rights considerations in our procurement activities by incorporating human rights due diligence in our supply chain management.

Going forward, we will continue to focus on the expectations of society and voices of our stakeholders, incorporate appropriate sustainability perspectives in our management and business activities, and strengthen our approach to achieving sustainable growth for society and the company.

## Isuzu Environmental Vision 2050

The Isuzu Group developed and published the Isuzu Environmental Vision 2050 in March 2020 in order for society to be prosperous and sustainable in 2050 as well as for Isuzu to continue to support transportation. Each and every member of the Isuzu Group is committed to undergoing the challenge of achieving the Isuzu Environmental Vision 2050 together with our customers and partners.



**To help ensure a prosperous and sustainable society in 2050, we will continue to take on the challenge of minimizing the burden on the global environment.**

### Future Course

Through developing products and advancing business practices that promote decarbonization and reducing environmental impacts across entire product life-cycles, Isuzu will contribute to economic development and a safe, secure, and environmentally-friendly society, that is prosperous and sustainable.

Environmental issues including climate change have become a serious problem for years.

Isuzu believes it is important for each member of the Isuzu Group to recognize that society stands at a major crossroads and to continue efforts to minimize its impact on the global environment working as a unified group together with stakeholders.

Isuzu published the Isuzu's Charter on the Global Environment in 1992 and has been working to address global environmental issues. In 2018, we developed a Mid-Term Business Plan that positioned global environmental issues as one of Isuzu's key management priorities. With the Paris Agreement, the adoption of the SDGs, and other developments, we recognized an increasingly strong call on companies to address environmental issues, and in June 2018 we revised Isuzu's Charter on the Global Environment as Isuzu Group's Charter on the Global Environment to reframe our environmental activity policy.

With this revision, the key challenges (materialities) in Isuzu's environmental activities were clarified, and Isuzu set out these four material issues related to the environment: *climate change measures*, *resource recycling*, *environmental risk management*, and *biodiversity conservation*. The Isuzu Group aims to reduce the environmental impact of its business activities as a whole through measures to address these priority issues, and to realize Isuzu's Environmental Vision 2050, that is, to create a more prosperous and sustainable society.

### Isuzu's Five Challenges

|   |   |
|---|---|
| Measures against Climate Change (products and services) |  <p><b>We will aim for zero greenhouse gas (GHG) emissions*1 across the entire life-cycle of Isuzu Group products by 2050</b></p> <ul style="list-style-type: none"> <li>• Development and diffusion of next-generation vehicles</li> <li>• Utilization of decarbonized energy</li> <li>• Streamlining physical distribution flow</li> </ul>   |
| Measures against Climate Change (business activities)   |  <p><b>We will aim for zero greenhouse gas (GHG) emissions arising directly from Isuzu Group operations*2 by 2050.</b></p> <ul style="list-style-type: none"> <li>• Using less energy</li> <li>• Creating clean energy</li> <li>• Switching to clean energy</li> </ul>   |
| Resource Recycling                                      |  <p><b>We will achieve 100% recycling of waste and end-of-use vehicles generated by the Isuzu Group operations by 2050.</b></p> <ul style="list-style-type: none"> <li>• Promoting effective resource use</li> <li>• Promoting rebuilding</li> <li>• Promoting recycling</li> </ul>  |
| Environmental Risk Management                           |  <p><b>We will pursue safe, reliable operations and products across the entire Isuzu Group value chain.</b></p> <ul style="list-style-type: none"> <li>• Promoting water resource conservation</li> <li>• Thorough chemical substance management</li> <li>• Promoting natural disaster countermeasures</li> </ul>  |
| Biodiversity Conservation                               |  <p><b>We will conserve native biodiversity in the areas surrounding Isuzu Group operations in partnership with NGOs and other stakeholders.</b></p> <ul style="list-style-type: none"> <li>• Promoting biodiversity conservation efforts</li> <li>• Promoting efforts to protect local ecosystems</li> <li>• Promoting sustainable procurement</li> <li>• Promoting development of personnel</li> </ul> |

\*1 Zero GHG: Net zero balance of GHG emissions and sequestration

\*2 GHG emitted directly from business activities: Scope 1 + Scope 2

▶ For further details, please refer to the [Environment section of the Sustainability Report](#).

## Improving Technologies and Providing Reliable Products

Putting quality above all else, we will uphold stakeholders' trust by pursuing safety and environmental technologies in step with the times.

### Basic Approach

By making quality our first priority, we at Isuzu create products and services that satisfy our customers in a profound way, and our goal is to contribute to society as a company with a rich sense of humanity. We think activities at the various stages of the value chain are important to ensure the quality of our products and services. We have set up systems at each phase, from development to procurement, manufacturing, and the market, so as to be able to ensure quality.

Details regarding our quality policy and management systems are provided in our Sustainability Report.

### Initiatives for Increasing Product Quality

Isuzu's mission is to support Transport, as well as the environment people live in and the production activities of society. To achieve this, we have undertaken a number of activities to improve quality in every stage from product development and manufacturing up to operation by users.

At the development stage, we strive to improve quality with a focus on three important issues: Safety, Economy, and the Environment. In particular, achieving even higher performance in safety is extremely important for trucks, which are closely involved with people and society. To help prevent accidents and reduce damage, we are promoting the development of safety features to suit each vehicle model, such as pre-crash brake control that can detect pedestrians and bicycles and a blind spot monitor that projects from the cab (the riding space) in four directions.

At the procurement stage, we are thoroughly implementing quality improvement activities for purchased products in cooperation with suppliers. We have a total of 666 domestic and overseas business partners, and regularly check the quality of delivery and market quality of all suppliers. We calculate a monthly evaluation score based on factors such as the number of defect occurrences and their severity. Suppliers that do not meet a certain standard are asked to make improvements.

At the production stage, we have created the Isuzu Monozukuri (IM) system incorporating our methods and production expertise based on the manufacturing concept of prioritizing quality. We create products with a uniform high standard of quality based on the concept that *all products with the ISUZU badge should be products with the same manufacturing approach and quality control at any factory around the world*. Moreover, all employees involved in production are given regular training regarding these IM concepts and methods to learn production expertise.

In fiscal 2020, a total of 2,787 people participated in training provided in both remote and group training sessions.

In addition, we gather information from customers about the operation and usage conditions of our products after purchase and use this to make quality improvements. [Please see ▶ P15 for details](#)



Pre-crash brake control that can detect pedestrians and bicycles

### Initiatives to Increase Service Quality

Since commercial vehicles (CVs) are used in harsh environments and also have long service lives, it is extremely important that they are of high quality and have a full-service system to support their operation. Isuzu aims to establish high-quality integrated service systems for customers in Japan and overseas. We have 251 service centers in Japan, and 3,170 sites overseas (As of March 31, 2021).

In addition, we are also working to improve our maintenance technologies for supporting after-sales services. We hold various contests designed to improve service quality in countries and regions around the world. These include the Isuzu World Service Skills Competition (I-1GP), in which teams of servicing staff and engineers representing countries and regions around the world gather and compete on technical skills and knowledge, as well as the parts skill contest in Japan.

As part of our training for employees of Isuzu distributors, we conduct training to improve their maintenance engineering skills and more advanced repair techniques. Service engineers are provided with training on basic and specialized knowledge about the structure of vehicles, engines, and other equipment, while service advisors, who deal directly with customers, are given training in diagnosis and explanation skills.



### Initiatives for Operational Quality Improvement

The Isuzu Group believes that delivering the quality to meet customers' needs means increasing the quality of work by all its employees, not only those divisions directly involved in product quality. We conduct training develop both the awareness and knowledge of our employees.

To improve the quality awareness of the overall Group, we hold the annual Quality Month (November) and create opportunities for our employees to reflect on *a good job from the customers' perspective* and the importance of quality-related operations at distributors throughout Japan. These themes are discussed within our departments to raise awareness of work quality. In addition, as an educational program for employees to systematically acquire knowledge about quality, we also provide an education based on legal and regulatory training and quality control (QC) training. In the legal and regulatory training, employees learn about laws related to the quality of Isuzu's products by learning about the Road Transport Vehicle Act and the recall system. In the QC training, we aim to improve employees' basic problem solving and practical skills so they can effectively implement quality improvement in the workplace. In fiscal 2020, we held remote and group training for 341 participants.

▶ For details of specific initiatives, please refer to the [Quality section of our Sustainability Report](#).

# Respecting Employees and Diversity

We will respect employees' human rights and diversity, and creating rewarding working environments

## Basic Approach

Isuzu respects the human rights and diversity of our employees and put in place an environment where they can show their skills to the fullest as well as work safely and comfortably so that employees and the company can grow together.

## Overview of initiatives

To respect employees and promote diversity, Isuzu conducts various human resources initiatives including *promoting diverse workstyles*, *utilizing a diverse workforce*, *personnel development*, *improving employee satisfaction*, *work health and safety* and *labor-management relations*.



|   |  |   |   |
|---|--|---|---|
| <p><b>HR Policy</b></p>                     | <p>In order to address both aspects of the external environment such as the declining birthrate and aging population, the decline in the labor force and the implementation of laws related to work style reform and the internal environment that sees the further utilization of diverse human resources, including the middle/senior generation, women and the disabled people, Isuzu will continue to work based on the perspective of improving both individual employees and the organization as a whole.</p>  | <p><b>Personnel Development</b></p>           | <p>Isuzu has examined and clarified the skills needed at each level and built a substantial training system for employees to acquire the right skills at the right time. The education system caters to each level and position for administrative and technical staff, from career development for young employees to training for management personnel. There is also a system for supporting self-advancement.</p> |
| <p><b>Promoting Diverse Workstyles</b></p>  | <p>We have established personnel compensation systems that enable individual employees to approach their work with a sense of motivation. As an organization, we promote flexible workstyles by introducing diverse working formats, such as a work-from-home system.</p>  | <p><b>Improving Employee Satisfaction</b></p> | <p>The ES survey is conducted periodically (every other year) to monitor changes in the satisfaction levels of Isuzu employees by analyzing fixed point observations. The survey is used to expand and improve systems and measures.</p>  |
| <p><b>Utilizing a Diverse Workforce</b></p> | <p>We will continue to promote various measures to employ those with disabilities, foreigners, and other employees of diverse backgrounds and work to create an environment that facilitates short-time work, childcare/nursing leave, and more. In terms of supporting active participation by female employees, we aim to increase the number of female managers to at least twice the number in fiscal 2015 by the end of fiscal 2024. We are also working to enhance the work-from-home system (increasing the number of users of the work-from-home system to 50% or more of administrative and skilled staff by 2024). Isuzu has acquired three stars under the Ministry of Health, Labour and Welfare's <i>Eruboshi</i> certification for recognizing companies that have achieved excellent results in promoting women in their workplace based on the Act on Promotion of Women's Participation and Advancement in the Workplace.</p> | <p><b>Work Health and Safety</b></p>          | <p>Based on the Health and Safety Philosophy, we promote business activities based on Employee Health and Safety. We conduct regular training to prevent workplace disasters or fires by ensuring thorough safety checks.</p>   |
|   |  | <p><b>Labor-Management Relations</b></p>      | <p>Isuzu has established fair and sound labor-management relationships founded on mutual trust between management and employees, who cooperate in tackling challenges. In particular, when important management issues arise, the parties discuss and consider these matters while leveraging the labor-management forum, which is organized regularly.</p>   |

▶ For further details, please refer to the [Respect for employees' section of the Sustainability Report](#).

## Win-Win Relationships with Local Communities and Stakeholders

We will accurately understand and respond to expectations from communities and stakeholders by communicating effectively.

### Contributions to Local Communities and Society

#### Basic Approach

Isuzu's basic policy is to respect the cultures and customs of nations, regions, and communities, participate in local communities and society through our business activities, and work in harmony while actively contributing to the realization of sustainable societies. We are focusing our efforts on *addressing poverty, educational support, and harmony with local communities*.

In addressing poverty, we actively engage in philanthropy fueled by employee participation. To provide educational support, Isuzu strives to offer various educational opportunities from the perspective of the company's specialization in manufacturing. These include a support program for auto mechanics vocational school, described below, as well as Isuzu Monozukuri Workshops. Furthermore, in harmony with local communities, Isuzu is committed to becoming a trusted member of the local community around its business sites by hosting social studies tours and Isuzu Plaza. We also carry out activities to contribute to the local community's development. For further details on these activities, please refer to the Sustainability Report.

#### Support Program for Auto Mechanics Vocational School

As a unique social contribution activity, Isuzu contributes to addressing poverty and educational support through an educational support program for an auto mechanics vocational school in the Philippines.

Since 2008, Isuzu has run an educational program organized by the Department of Labor and Employment Technical Education and Skills Development Authority (TESDA) in Tacloban City in the Philippines at an auto mechanic vocational school for economically disadvantaged young people.

Going beyond financial support, Isuzu also uses its expertise for a program that dispatches instructors from Japan to establish Isuzu Juku schools for providing technical education support. Since the start of the program, it has supported 317 graduates, who have been highly evaluated by their employers not only for their skills, but also for their strong grounding in Isuzu's approach to manufacturing.



▶ For further details, please refer to the [Contributions to the Local Community section of the Sustainability Report](#).

### Supply Chain Management

#### Basic Approach

At Isuzu, we share our corporate vision of Isuzu will always mean the best. A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment with our business partners and cooperate with them while engaging in procurement activities.

We conduct open and fair transactions and maintain mutual communication with the various business partners involved in our supply chain to build relationships based on trust. We have also formulated our Basic Purchasing Vision and Basic Purchasing Policy, and provide thorough employee education on them. Furthermore, for our business partners, we have formulated the Isuzu Supplier CSR Guidelines, which set out our requests regarding CSR, and the Isuzu Green Procurement Guidelines, which summarize our environmental related action guideline and requests we have for our business partners by type of industry. For further details on these Policy and Guidelines, please refer to the Sustainability Report.

#### Monitoring the Current Status of Business Partners

In 2021, we requested a Self-Assessment Questionnaire to our business partners as a new initiative to have them conduct self-assessments. The self-assessment asks business partners to disclose to the company the use of conflict minerals, which have asked business partners to address since 2018, as well as initiatives for human rights. We will use this system to grasp the potential risks facing our business partners and monitor factors that we deem to be a risk requiring improvement.

▶ For further details, please refer to the [Supply Chain Management section of the Sustainability Report](#).

## Appropriate Governance: Corporate Governance

### Basic Approach

We believe that for Isuzu to continuously generate revenue through its corporate activities and enhance its corporate value, it is essential to have in place a corporate governance structure serving as a framework regulating these activities. Further, we believe that the basic goal of corporate governance is to respect the perspectives of, and build constructive relationships with, all our stakeholders, and to that end we endeavor to ensure fairness and transparency in our corporate business through timely and appropriate disclosure of important information. In particular, we believe that an important element of corporate governance is to develop the appropriate internal structure and environment to protect the rights and interests of all stakeholders and ensure equality among stakeholders.

### Corporate Governance Structure

With the objective of greater rationality and speed of business-related decision-making amidst rapid changes in the business environment, more robust deliberations at Board of Directors meetings, and a strengthened supervisory function, Isuzu, at the Annual General Meeting of Shareholders held on June 25, 2021, became a company with an Audit and Supervisory Committee, enabling the delegation to executive directors of a considerable portion of important business execution decisions the Board of Directors is to make.

The new corporate governance structure will have an Audit and Supervisory Committee comprising five directors, three of whom will be outside directors; by giving directors on the Audit and Supervisory Committee voting rights at Board of Directors meetings, the Company aims to further increase the soundness and transparency of management. Further, a Nomination and Remuneration Committee, with a majority of members being outside directors, will be established as a voluntary body relating to corporate governance; this will strengthen independence, transparency, and objectivity in the functioning of the Board of Directors in such matters as the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

### Board of Directors

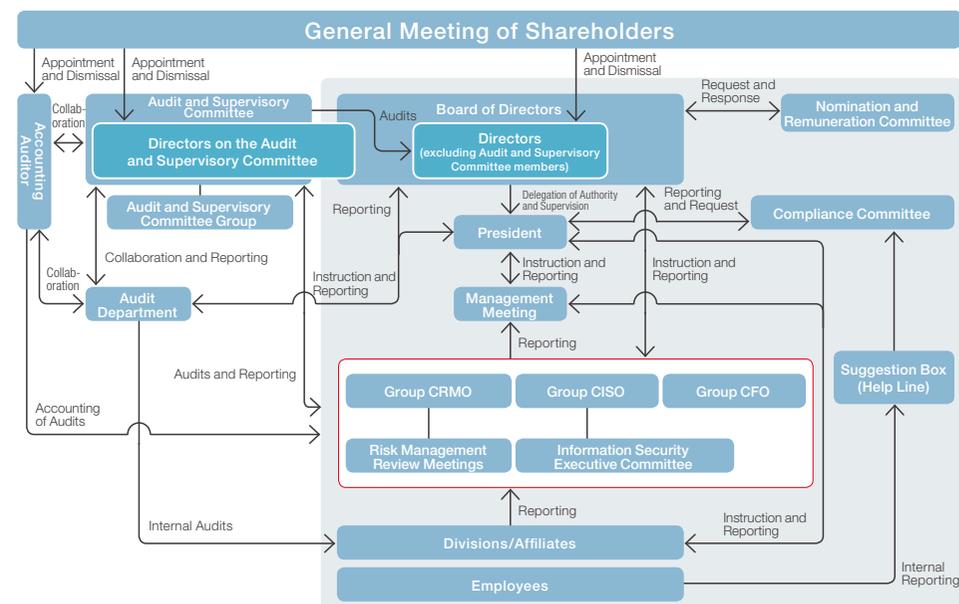
The Board of Directors, in mind of the mandate from and trust of shareholders, carries out important business-related decision-making and supervision with the aim of continued enhancement of corporate value. The Board of Directors holds regular monthly meetings in principle and extraordinary Board of Directors meetings as necessary to deliberate and make decisions regarding necessary matters.

At present, the Board of Directors consists of 13 directors. Its chair is Representative Director and President Masanori Katayama, and five of the 13 directors (Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are highly independent outside directors.

In FY2020, the Board of Directors met 18 times and engaged in active debate regarding alliances and other topics.

We will enhance our supervisory function and increase the rationality and speed of decision-making, fulfilling our duty of accountability to all stakeholders.

### Diagram of Corporate Governance Structure



### Audit and Supervisory Committee

The Audit and Supervisory Committee, in accordance with the auditing plan stipulated by the Audit and Supervisory Committee, audits and supervises decision-making by the Board of Directors and execution of business by directors.

The present Audit and Supervisory Committee is composed of five directors serving as Audit and Supervisory Committee members. The chair is outside director Tetsuhiko Shindo, who is a standing Audit and Supervisory Committee member, and three of the five members (Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are highly independent outside directors. The five members are all appointed Audit and Supervisory Committee members.

Further, to support the Audit and Supervisory Committee, a three-person Audit and Supervisory Committee Group reporting directly to the Audit and Supervisory Committee has been established as an organization dedicated to assisting the Audit and Supervisory Committee's execution of duties. Audit and Supervisory Committee Support Staff Regulations have been established to ensure the independence of the Group and the effectiveness of instructions to its staff.

In FY2020, the Company held 15 Audit & Supervisory Board Meetings as a Company with a Board of Company Auditors.

## Appropriate Governance: Corporate Governance

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee serves as a voluntary body relating to corporate governance, and has the aim of strengthening independence, transparency, and objectivity in the functioning of the Board of Directors as it pertains to such matters as nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

The present Nomination and Remuneration Committee comprises four members: its chair, Representative Director and President Masanori Katayama, and three outside directors (Mitsuyoshi Shibata, Kozue Nakayama, and Tetsuhiko Shindo). The committee deliberates and responds to inquiries received from the Board of Directors. In FY2020, the committee met nine times, debating standards for commencing discussions regarding the necessity of dismissal of the President and planning for and training of a successor President.

### Transitions in Corporate Governance

Amidst the trend of strengthening corporate governance in Japan in recent years, Isuzu has put effort into governance reforms. Further, starting in June 2021, we became a company with an Audit and Supervisory Committee and have taken other initiatives to further strengthen our governance and enhance our corporate value.

#### Initiatives to Corporate Governance

|   | 115th Term<br>FY2017   | 116th Term<br>FY2018                                      | 117th Term<br>FY2019 | 118th Term<br>FY2020                                      | 119th Term<br>FY2021  | 120th Term<br>FY2022   |
|---|--|---|----------------------|---|---|--|
| Independent Outside Directors (of which, those who are women) | 2<br>(0)   | 2<br>(0)  | 2<br>(0)             | 2<br>(0)  | 2<br>(1)  | 5<br>(2)   |
| Executive Remuneration  | Introduction of Performance-linked Share-based Remuneration Plan | Director Bonuses Setting of Upper Limit of Annual Bonuses |                      |   |   |  |
| Inquiry Committee   |  |   |                      | Establishment of Nomination and Remuneration Committee    |   |  |
| Separation of Execution and Supervision                       |  |   |                      | Revision of Decision-making Rules                         | Transition to a Company with an Audit and Supervisory Committee |  |
| Board of Directors Administration                             |  |   |                      | Establishment of CXOs (chief executive officers by field) | Delegation of Important Business Decisions to Directors         | Ratio of Independent Outside Directors At least one in three |
|   |  |   |                      | Commencement of Effectiveness Evaluation                  |   |  |

### Activities of Directors and Audit & Supervisory Board members (April 1, 2020 to March 31, 2021)

| Current Position                          | Name               | Attendance at Meetings       |   |
|---|--------------------|------------------------------|---|
| President and Representative Director     | Masanori Katayama  | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Shinichi Takahashi | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Masatoshi Ito      | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Shinsuke Minami    | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Tetsuya Aiba       | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Kazuya Igeta       | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Kouichi Seto       | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Tetsuya Ikemoto    | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Shigeji Sugimoto   | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Mitsuyoshi Shibata | Board of Directors Meetings: | 18/18 (100%)  |
| Director of the Board                     | Kozue Nakayama     | Board of Directors Meetings: | 13/13 (100%)<br>(after her assumption of office on June 29, 2020)   |
| Standing Audit & Supervisory Board Member | Masayuki Fujimori  | Board of Directors Meetings: | 18/18 (100%)<br>Audit & Supervisory Board Meetings: 15/15 (100%)  |
| Standing Audit & Supervisory Board Member | Kenji Miyazaki     | Board of Directors Meetings: | 13/13 (100%)<br>(after his assumption of office on June 29, 2020)<br>Audit & Supervisory Board Meetings: 11/11 (100%) |
| Standing Audit & Supervisory Board Member | Tetsuhiko Shindo   | Board of Directors Meetings: | 18/18 (100%)<br>Audit & Supervisory Board Meetings: 15/15 (100%)  |
| Audit & Supervisory Board Member          | Takashi Mikumo     | Board of Directors Meetings: | 18/18 (100%)<br>Audit & Supervisory Board Meetings: 15/15 (100%)  |
| Audit & Supervisory Board Member          | Kanji Kawamura     | Board of Directors Meetings: | 18/18 (100%)<br>Audit & Supervisory Board Meetings: 15/15 (100%)  |

\*Of the above, Masatoshi Ito, Tetsuya Aiba, Kazuya Igeta and Shigeji Sugimoto, Director of the Board and Takashi Mikumo, Audit & Supervisory Board Member resigned after the expiration of their term of office at the conclusion of the 119th Ordinary General Meeting of Shareholders.

## Appropriate Governance: Corporate Governance

**N** Nomination and Remuneration Committee **A** Audit and Supervisory Committee **I** Independent Officer

## Board Members (As of June 25, 2021)



**Apr. 1978** Joined ISUZU MOTORS LIMITED  
**Jun. 2007** Director of the Board, ISUZU MOTORS LIMITED  
**Apr. 2014** Executive Vice President and Director, ISUZU MOTORS LIMITED  
**Apr. 2015** Executive Vice President and Director, Supervisory Management Officer, Senior Division Executive of Operations Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2015** to present President and Representative Director, ISUZU MOTORS LIMITED



**Apr. 1980** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Senior Executive Officer, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2017** Director of the Board, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2020** Director of the Board, Senior Division Executive of Quality Assurance Division, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2021** to present Executive Vice President and Director, Senior Division Executive of Operations Headquarters, Senior Division Executive of Quality Assurance Division and Product & Technology Strategies Division, ISUZU MOTORS LIMITED



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, Division Executive of Sales Division No.2, Sales Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2017** Senior Executive Officer, Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2018** Director of the Board, Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2019** Director of the Board, Senior Division Executive of Quality Assurance Division, Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2020** to present Director of the Board, Division Executive of Corporate Strategy Division and Corporate Planning & Finance Division, ISUZU MOTORS LIMITED



**Apr. 1984** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive of Program Management Dept., ISUZU MOTORS LIMITED  
**Apr. 2017** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Oct. 2018** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, General Manager of Program Management Dept., ISUZU MOTORS LIMITED  
**Apr. 2019** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2020** Senior Executive Officer, Division Executive of Product Strategy Division, Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2021** Senior Executive Officer, Division Executive of Product & Technology Strategies Division, Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Director of the Board, Division Executive of Product & Technology Strategies Division, Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, ISUZU MOTORS LIMITED, Executive Vice President and Director, ISUZU MOTORS SALES LTD.  
**Apr. 2017** Senior Executive Officer, ISUZU MOTORS LIMITED, Executive Vice President and Director, ISUZU MOTORS SALES LTD.  
**Apr. 2018** Senior Executive Officer, ISUZU MOTORS LIMITED, President and Representative Director, ISUZU MOTORS SALES LTD.  
**Jun. 2019** Director of the Board, ISUZU MOTORS LIMITED, President and Representative Director, ISUZU MOTORS SALES LTD.  
**Apr. 2021** to present Director of the Board, Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED Chairman and Representative Director, ISUZU MOTORS SALES LTD.



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Feb. 2011** President, ISUZU MOTORS ASIA LTD.  
**Apr. 2014** Associate Division Executive of Powertrain Business Division, ISUZU MOTORS LIMITED  
**Apr. 2015** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, Executive of Corporate Communications Dept. and Corporate Business Planning Dept., Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2017** Senior Executive Officer, Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2019** Senior Executive Officer, Division Executive of Industrial Solutions & Powertrain Business Division, Powertrain Business Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2019** to present Director of the Board, Division Executive of Industrial Solutions & Powertrain Business Division, Powertrain Business Headquarters, ISUZU MOTORS LIMITED



**Apr. 1977** Joined Furukawa Electric Co., Ltd.  
**Jun. 2008** Corporate Vice President and General Manager of Corporate Planning Department, Furukawa Electric Co., Ltd.  
**Jun. 2009** Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  
**Jun. 2010** Director, Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  
**Apr. 2012** President and Representative Director, Furukawa Electric Co., Ltd.  
**Apr. 2017** to present Chairman of the Board, Furukawa Electric Co., Ltd.  
**Jun. 2018** to present Outside Director, TOBU RAILWAY CO., LTD. Outside Director of the Board, ISUZU MOTORS LIMITED  
**Jul. 2018** to present Outside Statutory Auditor, Asahi Mutual Life Insurance Company



**Apr. 1982** 1982 Joined Nissan Motor Co., Ltd.  
**Apr. 2005** General Manager, Corporate Planning Division, Nissan Motor Co., Ltd.  
**Apr. 2008** General Manager, Brand Management Office, Nissan Motor Co., Ltd.  
**Sep. 2010** Vice General Manager, Brand Coordination Division, Nissan Motor Co., Ltd.  
**Apr. 2011** Director General for Urban Management Bureau, City of Yokohama  
**May 2011** Executive Director of City Brand Promotion Office, Culture and Tourism Bureau, City of Yokohama  
**Apr. 2012** Director General of Culture and Tourism Bureau, City of Yokohama  
**Jun. 2012** Outside Director, Pacific Convention Plaza Yokohama (Abbreviated name: PACIFICQ Yokohama)  
**Apr. 2018** Director, Pacific Convention Plaza Yokohama  
**Jun. 2018** President & CEO, Pacific Convention Plaza Yokohama (resigned in June 2020)  
**Jun. 2019** to present Outside Auditor, Imperial Hotel, Ltd.  
**Jun. 2020** to present Outside Director, TDK Corporation Outside Director of the Board, ISUZU MOTORS LIMITED

## Appropriate Governance: Corporate Governance

**N** Nomination and Remuneration Committee **A** Audit and Supervisory Committee **I** Independent Officer

Outside Director of the Board,  
Standing Audit and Supervisory  
Committee Member  
**Tetsuhiko Shindo**



**N** **A** **I**

**Apr. 1977** Joined Japan Development Bank (Predecessor of Development Bank of Japan Inc.)  
**Oct. 2008** Corporate Auditor (Full-Time), Development Bank of Japan Inc.  
**Jun. 2011** Director and Managing Executive Officer, Development Bank of Japan Inc. (resigned in June 2013)  
**Jun. 2013** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Outside Director of the Board, Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED

Director of the Board,  
Standing Audit and Supervisory  
Committee Member  
**Masayuki Fujimori**



**A**

**Apr. 1980** Joined ISUZU MOTORS LIMITED  
**Apr. 2014** Senior Executive Officer, ISUZU MOTORS LIMITED President and Representative Director, Isuzu Motors Co., (Thailand) Ltd.  
**Apr. 2015** Senior Advisor, in charge of Tax and Finance, Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Jun. 2015** Senior Advisor, in charge of Tax and Finance, Corporate Planning & Finance Division, ISUZU MOTORS LIMITED Director (part-time), IJT Technology Holdings Co., Ltd. (currently IJTT Co., Ltd.) (resigned in June 2018)  
**Apr. 2017** Senior Advisor, in charge of IR and Financial Strategy, ISUZU MOTORS LIMITED  
**Jun. 2018** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Director of the Board, Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED

Director of the Board,  
Standing Audit and Supervisory  
Committee Member  
**Kenji Miyazaki**



**A**

**Apr. 1981** Joined ISUZU MOTORS LIMITED  
**Apr. 2013** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2015** President and Representative Director, Isuzu Motors Asia (Thailand) Ltd. Senior Vice President and Director, Isuzu Motors Co., (Thailand) Ltd.  
**Jun. 2018** Managing Director, NIPPON FRUEHAUF COMPANY, LTD.  
**Jun. 2020** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Boar of director, ISUZU MOTORS LIMITED

Outside Director of the Board,  
Standing Audit and Supervisory  
Committee Member  
**Kanji Kawamura**



**A** **I**

**Apr. 1971** Joined Itochu Corporation  
**Apr. 1998** Professor, Faculty of Law, Meijigakuin University  
**Jun. 2011** Outside Audit & Supervisory Board Member, Jamco Corporation (resigned in June 2019)  
**Apr. 2013** Legal Advisor to the President, Meijigakuin University (resigned in March 2017)  
**Jun. 2017** Outside auditor, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Outside Director of the Board, Audit and Supervisory Committee Member of ISUZU MOTORS LIMITED

Outside Director of the Board,  
Audit and Supervisory  
Committee Member  
**Kimie Sakuragi**



**A** **I**

**Mar. 1981** Joined Fukutake Publishing Co., Ltd. (Predecessor of Benesse Holdings, Inc.)  
**Apr. 1995** General Manager of Book Businesses in Publishing Division, Benesse Holdings, Inc.  
**Nov. 1998** General Manager of Business Ethics and Compliance Division, Benesse Holdings, Inc.  
**Jun. 2003** Standing Audit & Supervisory Board Member, Benesse Holdings, Inc. (resigned in June 2019)  
**Apr. 2007** to present Adjunct Professor (part-time) of the University of Aizu Graduate School  
**Jun. 2019** to present Outside Director, Toyobo Co., Ltd.  
**Jun. 2021** to present Outside Director of the Board, Audit and Supervisory Committee Member of ISUZU MOTORS LIMITED

## Appropriate Governance: Corporate Governance

### Executive Remuneration

#### Basic Policy

The company's basic policy regarding remuneration for directors and executive officers is as follows.

1. Contributes to the Company's sustainable growth and enhancement of corporate value, and promotes the sharing of interests with shareholders;
2. Considering the economic environment, market trends, and remuneration levels of other companies, is at a level that is appropriate and necessary for securing and maintaining outstanding personnel;
3. Is a sum in line with duties and position that reflects company performance and performance of the relevant individual;
4. The remuneration determination process is highly objective, impartial, and transparent.
5. The executive remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of medium-term management plans, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the state of operation of the system at Isuzu.

| Details of Remuneration                   | Base Remuneration                    |  |
|---|--------------------------------------|--|
|   |                                      |  |
| Details of Remuneration                   | Bonuses                              | <ul style="list-style-type: none"> <li>• Linked to the degree of attainment of the performance target for a single business year</li> <li>• A performance-linked coefficient in the range of 0% to 200% will be determined that represents the degree of attainment of consolidated operating profit compared against the target in a single fiscal year, and bonuses will be determined by multiplying this coefficient by basic remuneration, which is the standard amount for the relevant position, and by the percentage of base pay (40%; 50% for the President and Chairman).</li> </ul>  |
|   | Performance-linked Remuneration      | <ul style="list-style-type: none"> <li>• Linked to the degree of attainment of the target during the period of the medium-term management plan.</li> <li>• A weighted average will be taken of the degree of attainment of target values for consolidated sales, consolidated operating profits, and consolidated return on equity (ROE), using a ratio of 35% : 35% : 30%, and this figure will be multiplied by a coefficient for growth of shareholder value*1 to calculate a performance-linked coefficient in the range of 0% to 225.6%; this coefficient, the standard amount for the relevant position, which is the basis for base remuneration, and the percentage of base pay (30%; President and Chairman 50%), as well as the reference share price*2, will be used to determine points to be granted.</li> </ul> <p>*1 Evaluated based on a comparison between total shareholder return (TSR) for the relevant period and the TOPIX (total return) growth rate.<br/>*2 Average value (rounded down to the nearest whole number) of the closing price of ordinary trades of company shares on the Tokyo Stock Exchange on each day (excluding days on which no trades were made) of the month preceding the month in which the first day of the relevant period falls.</p> |
| Policy for Determining Remuneration Ratio |                                      | Basic Remuneration: Bonus: Share-based Remuneration = 1.00 : 0.40 : 0.30 (1.00 : 0.50 : 0.50 for President and Chairman) (when performance target 100% achieved)   |
| Policy Regarding Payment Timing           | Base Remuneration                    | Monthly Remuneration (paid monthly as 1/12 of annual basic remuneration)   |
|   | Bonuses                              | Paid in July after determination of the degree of performance target attainment for a single business year (individual/company)  |
|   | Share-based Remuneration             | Paid in July after determining of degree of medium-term management plan performance target and TOPIX-compared TSR coefficient  |
| Method to Determine Reappointment         | Base Remuneration                    | By Board of Directors resolution, evaluation of individual performance is delegated to the President   |
|   | Bonuses and Share-based Remuneration | There is no scope of discretion because it is automatically calculated based on the level of achievement of targets, standard amounts and coefficients, and the amount depends only on the company's performance.  |

#### Remuneration for Directors

##### (excluding Directors on the Audit and Supervisory Committee and Outside Directors)

Remuneration for directors (excluding directors on the Audit and Supervisory Committee and outside directors) is composed of base remuneration, a bonus linked to the degree of target attainment for consolidated performance in a single business year, and remuneration based on the performance-linked share-based remuneration plan, which is linked to the degree of attainment during the period of the medium-term management plan of business indicators established with the goal of sustainable enhancement of corporate value.

Further, regarding evaluation of individual performance for each officer and the methods for determining bonus and determining remuneration under the performance-linked share-based remuneration plan, there are procedures for inquiry and response with the Nomination and Remuneration Committee, a voluntary committee with a majority of members being independent outside directors, and the President is accountable to this committee to ensure objective and impartial executive remuneration.

#### Outside Director Remuneration

Remuneration for outside directors, given their roles and independence, consists only of base remuneration, with each being paid only a fixed amount. There are no changes based on performance evaluation etc.

#### Remuneration for Directors on the Audit and Supervisory Committee

Remuneration for directors on the Audit and Supervisory Committee, given their roles and independence, consists only of base remuneration; taking into account such factors as the number of such directors, the economic environment, market trends, and remuneration levels of other companies, this will be decided through deliberations by the directors on the Audit and Supervisory Committee, within the range approved at the General Meeting of Shareholders.

#### Total Amount of Remuneration etc. for Directors and Audit & Supervisory Board Members

| Officer Classification                  | Total Amount of Remuneration etc. (millions of yen) | Amount of Remuneration etc. by Type (millions of yen) |         |  | Number of Eligible Officers |
|---|---|---|---------|--|-----------------------------|
|   |   | Basic Remuneration                                    | Bonuses | Remuneration Based on Performance-linked Share-based Remuneration Plan |                             |
| Directors (excluding outside directors) | 699   | 388   | 294     | 15   | 9                           |
| Auditors (excluding outside auditors)   | 62  | 62  | —       | —  | 3                           |
| Outside Officers                        | 73  | 73  | —       | —  | 6                           |

\* Includes one director and one Audit & Supervisory Board member who resigned at the conclusion of the 118th Annual General Meeting of Shareholders convened on June 29, 2020.

\* By a resolution of the 119th Annual General Meeting of Shareholders convened on June 25, 2021, the company has become a company with an Audit and Supervisory Committee.

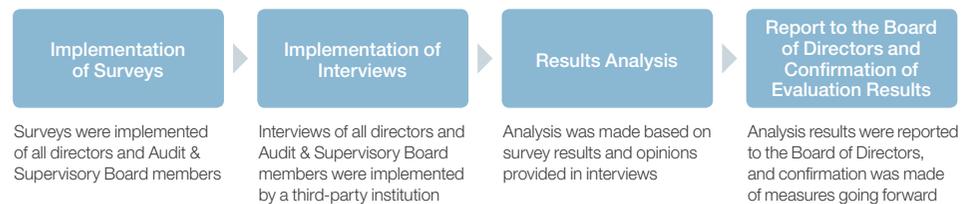
## Appropriate Governance: Corporate Governance

### Board of Directors Effectiveness Evaluation

To improve the function of its Board of Directors, Isuzu analyzes and evaluates the effectiveness of the Board of Directors each year.

An overview of the analysis and evaluation for FY2020 (year ended March 31, 2021) is as follows.

#### 1. FY 2020 Analysis and Evaluation Process



#### 2. Overview of Evaluation Results

The Board of Directors shared the view that for sustainable growth and enhancement of corporate value, it was necessary to strengthen the supervisory function and keep execution of business separate from supervision, and concluded that while there were issues requiring measures in order to achieve further effectiveness, these measures for improvement were steadily being taken.

#### Status of Improvement of Issues Recognized in FY2019

With respect to *further clarification of topics to be deliberated at Board of Directors Meetings*, which was identified as an issue in the FY2019 (year ended March 31, 2020) evaluation, in FY2020, the standards for referral of matters to the Board of Directors were revised and authority was partially transferred to the Management Meeting. Further, measures were taken to make the most of deliberations at Board of Directors meetings such as reviewing our processes (e.g., holding multiple deliberations when formulating the medium-term management plan) and having group CxOs (chief executives by field) provide more robust business execution reports.

#### Overview of FY2020 Evaluation Results

The FY2020 evaluation confirmed that in order to respond to changes in the business environment and management issues with a sense of urgency, it was necessary to clarify the roles of execution and supervision, and for the Board of Directors to have more in-depth discussions related to medium-to-long-term strategies that serve as a basis for management, and for internal directors to make effort for further cultivation of a managerial point of view and be creative operationally. Further, regarding size and composition of the Board of Directors, it was confirmed that for in-depth discussions from a medium-to-long-term perspective, it was necessary to secure greater diversity.

#### 3. Future Initiatives

To further contribute to sustained growth and enhancement of corporate value over the medium-to-long term, the Board of Directors will take the following measures in accordance with the results of the effectiveness evaluation.

- (1) For greater separation between execution and supervision in order to increase managerial speed, the roles of the Board of Directors and the Management Meeting will be clarified, and in order to deepen discussions regarding medium-to-long-term strategies and management issues at Board of Directors Meetings and to deepen understanding of the roles expected of both inside and outside officers, measures will be taken to enhance communication.
- (2) To make the most of Board of Directors discussions, the quality and volume of materials used for discussions will be improved, more time will be given for deliberations, and other measures to improve the environment will be taken.
- (3) To put in place an effective supervisory system that is in accord with strategies and the business environment, consideration will be given to the knowledge, experience and abilities necessary in light of the anticipated roles of the Board of Directors, and diversity (such as gender, nationality, career and age), and the size and composition of the Board of Directors will be regularly examined.

\* As of the 119th Annual General Meeting of Shareholders convened on June 25, 2021, members of the Board of Directors of the Company who are independent outside directors increased to greater than one-third of the total number of directors.

## Appropriate Governance: Corporate Governance

### Criteria for Appointment and Dismissal of Directors

Candidates for directors will be extremely knowledgeable and experienced in management, be sufficiently familiar with Isuzu's business and the automotive industry, be able to make appropriate judgments based on such knowledge and experience, be able to express themselves appropriately, and will have deep insight and abilities; such persons will be nominated from among internal staff and deliberations will be held by the Board of Directors. At the same time, by appointing as directors a number of persons from outside the Company who have a wealth of experience and broad insight about corporate management, meet the independence standards stipulated by the Company, and can proactively offer advice from an outside perspective, there will be greater diversity in Board of Directors deliberations and decision-making, and supervisory functions such as checking and advisory functions will be strengthened.

Candidates for directors serving as Audit and Supervisory Committee members must be knowledgeable and experienced in finance, accounting, law or other fields of expertise and in corporate management and must be able to actively provide advice from an outside perspective. Further, to ensure that their fields of expertise are balanced and to keep a certain level of diversity in the composition of the committee, such candidates will be deliberated by the Board of Directors after receiving the agreement of the Audit and Supervisory Committee.

In the appointment and dismissal of directors and executive officers and nomination of director candidates, reports will be obtained from the Nomination and Remuneration Committee to further enhance objectivity and transparency of procedures.

If, with respect to the duties of the President, there is found to be any illegal business conduct, any material damage from willful misconduct or negligence, or any other cause rendering continuation of business infeasible, the issue of dismissal will be on the agenda for a Board of Directors Meeting in light of the advice by the Nomination and Remuneration Committee.

### Criteria for Appointment of Independent Officers

Appointment of outside directors will be subject to the condition that the Company's independence standards are met. The Company's standards for determining independence of outside directors conform to the independence criteria of the Tokyo Stock Exchange, and executives of major business partners of the Company, persons whose major business partner is the Company or their executives, and consultants, accountants, attorneys etc. who earn large sums from the Company other than officer remuneration are in principle deemed not to be independent.

Here, major business partner means a business partner where the volume of transactions between Isuzu and such partner accounted for 2% or more of the consolidated sales of either party in any previous consolidated accounting year; the standard for large sums is 10 million yen or more annually.

### Internal Control System

At Isuzu, from the perspective of compliance with laws and regulations and the articles of incorporation, thorough risk management, ensuring business efficiency, and ensuring reliability of financial reporting, a system has been put in place to ensure appropriate operations for the entire Group.

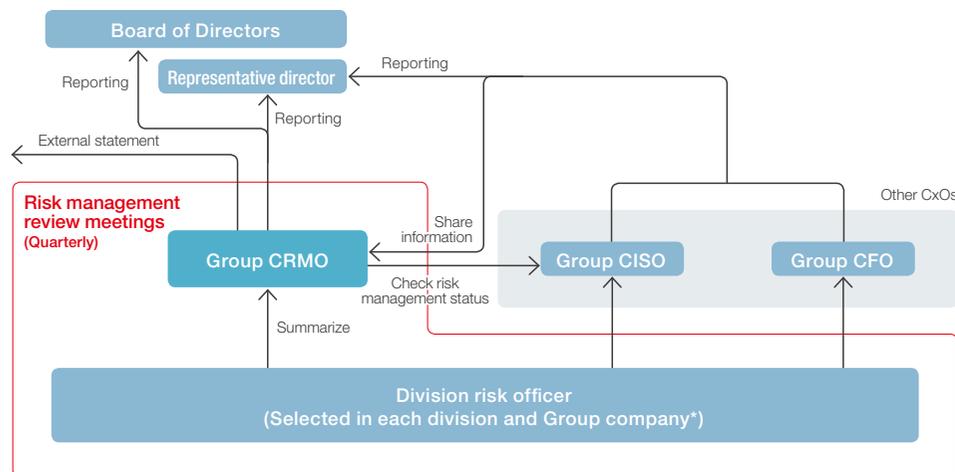
At the 119th Annual General Meeting of Shareholders convened on June 25, 2021, Isuzu became a company with an Audit and Supervisory Committee as of the same date. In conjunction with this transition, the Internal Control System Basic Policy was revised, and a system to ensure appropriate management is designed, implemented and maintained based on the revised policy. Regarding our basic approach to the internal control system and details of the status of the system, please refer to [Corporate Governance Report](#).

# Appropriate Governance and Risk Management

## Basic Approach

In fiscal 2021, the Group adopted a new risk management structure. The position of Chief Risk Management Officer (CRMO) was created to serve as the locus of responsibility for risk management throughout the Group, and to play the lead role in the company-wide risk management process. The CRMO identifies and assesses risks in the Group's management and business operations on a regular basis, and strive to manage them in an appropriate manner, particularly by reducing them. The CRMO also holds regular risk management review meetings to ascertain progress on implementing risk countermeasures as well as emergent risks, and to continually review countermeasures and risk awareness. Furthermore, if a rise emerges and triggers a crisis, the Group CRMO takes charge and forms a response team, planning and executing a range of risk countermeasures to minimize the impact. The results of these activities are constantly reported to management to ensure thorough risk management at all times.

### Risk Management Structure



\*Conducts meetings for liaising between secretariate and members separately from the risk management review meetings

## Business and Other Risks

Among the items factors to the status of operations and management described in the annual securities report, the following are risk factors for the Isuzu Group's business that could have a significant impact on the judgement of investors.

The following information includes forward looking statements that reflect the judgment of management as of June 25, 2020.

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

- (1) Economic conditions/supply and demand trends in Isuzu's major markets
- (2) Competition in the automotive market
- (3) Foreign exchange and interest rate fluctuations

### 2. Business risk

#### 2-1. Business risk arising primarily from the Group's response to the external environment

- (4) Response to new technological innovations, business model changes, etc
- (5) R&D
- (6) Joint ventures and other alliances
- (7) Dependence on major customers
- (8) Delays or shortfalls in the procurement of materials, parts, and other supplies; rising procurement prices

#### 2-2. Business risk arising primarily from the Group's internal operations

- (9) Compliance and reputation
- (10) Product defects
- (11) Risks related to information security in IT society
- (12) Limits on intellectual property protection
- (13) Recruitment, retention, and effective utilization of a talented workforce

#### 2-3. Business risk deriving primarily from external factors

- (14) Legal requirements
- (15) Potential risks associated with international activities and foreign ventures
- (16) Disasters
- (17) Climate change

\*Please refer to the Company's annual securities report for details of each item.

Appropriate Governance and Risk Management

COVID-19

To maintain social infrastructure such as deliveries of medical and lifestyle supplies as a commercial vehicle manufacturer, Isuzu continues to operate its production systems and after-sales service systems while taking measures to prevent infection.

In addition, as part of our contribution to society, we are responding to demands from municipalities by providing a COVID-19 vaccination site at the Isuzu Hospital, etc.

With regard to products, we conducted an onboard ventilation simulation for route buses as a collaboration between private industry, government, and academia. The results have been published on our website<sup>\*1</sup>. Based on the result of the simulation, we launched products with additional options such as a protective against droplet infection for the driver's seat and an aerosol filter that effectively provides the same ventilation as having the windows open.

Even as people's values change through the pandemic, we will strive to grasp the needs of customers and local communities, and respond to them quickly.



Image of droplet nuclei being captured by an aerosol filter



Aerosol filter capable of 99.9% elimination of 0.3µm particles in 15 minutes

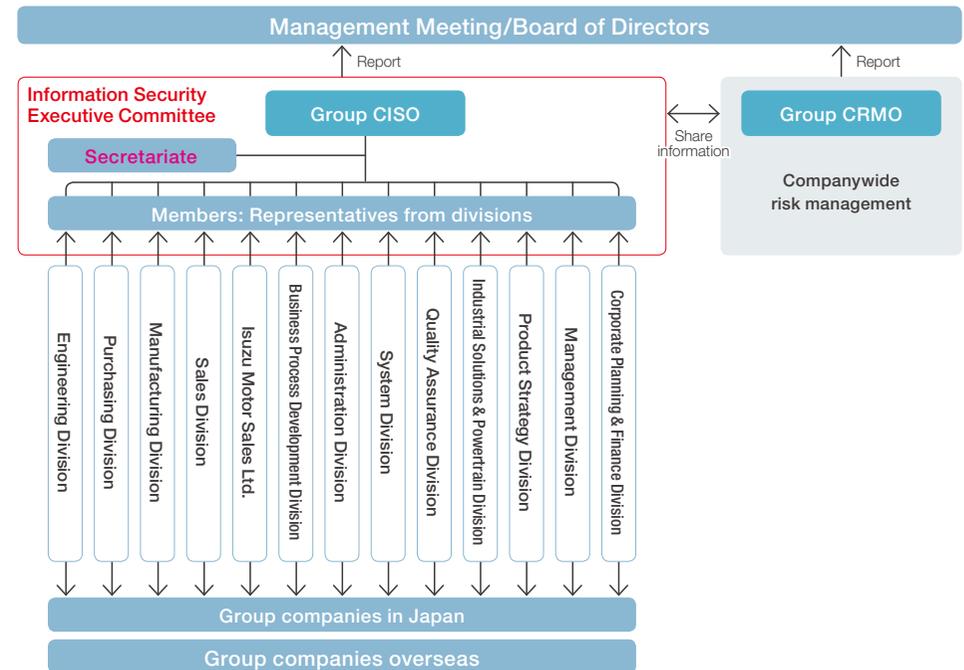
<sup>\*1</sup> News Release [Regarding simulation of cabin ventilation for route buses](#) (in Japanese only)

Information Security

As information security risks grow more serious year by year, Isuzu's Group Chief Information & Security Officer (CISO) leads Groupwide activities for bolstering information security.

The Group Information Security Policy has been established to promote information security management, and regulations have been put in place at all Isuzu Group companies. These regulations are based on laws, standards, and protocols such as the Ministry of Economy, Trade and Industry's Cybersecurity Management Guidelines, ISO 21434, ISO 27001, and NIST SP800-171. Furthermore, Isuzu is participating in Auto-ISAC<sup>\*2</sup>, an initiative launched in Japan and the United States to collect and analyze information related to automobile cybersecurity. We have created a structure for collecting and responding to incidents detected in the industry.

Information Security Management Structure



<sup>\*2</sup> Auto-ISAC: Automotive Information Sharing and Analysis Center—an automobile cyber security organization based in North America. Japan Automotive ISAC was established in Japan in February 2021.

# Financial and Non-Financial Performance

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## Consolidated Ten-Year Summary

### ISUZU MOTORS LIMITED and Consolidated Subsidiaries

| Consolidated                                 | (Millions of yen) |           |           |           |           |           |           |           |           |           |
|--|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2012              | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
| For the Year:                                |                   |           |           |           |           |           |           |           |           |           |
| Net sales                                    | 1,400,074         | 1,655,588 | 1,760,858 | 1,879,442 | 1,926,967 | 1,953,186 | 2,070,359 | 2,149,168 | 2,079,936 | 1,908,150 |
| Cost of sales                                | 1,189,109         | 1,400,877 | 1,441,483 | 1,543,661 | 1,574,885 | 1,623,948 | 1,700,726 | 1,765,270 | 1,730,354 | 1,605,111 |
| Gross profit                                 | 210,964           | 254,710   | 319,374   | 335,780   | 352,081   | 329,238   | 369,632   | 383,898   | 349,582   | 303,038   |
| Selling, general and administrative expenses | 113,591           | 123,927   | 145,125   | 164,669   | 180,522   | 182,793   | 202,867   | 207,116   | 208,999   | 207,305   |
| Operating income                             | 97,373            | 130,783   | 174,219   | 171,111   | 171,559   | 146,444   | 166,765   | 176,781   | 140,582   | 95,732    |
| Profit before extraordinary items            | 102,893           | 141,719   | 186,620   | 187,411   | 186,690   | 152,022   | 173,616   | 189,001   | 150,876   | 104,265   |
| Profit before income taxes                   | 101,881           | 138,213   | 188,448   | 184,251   | 186,379   | 148,921   | 176,095   | 186,108   | 143,511   | 86,829    |
| Profit attributable to owners of parent      | 91,256            | 96,537    | 119,316   | 117,060   | 114,676   | 93,858    | 105,663   | 113,444   | 81,232    | 42,708    |
| At Year-End:                                 |                   |           |           |           |           |           |           |           |           |           |
| Total assets                                 | 1,213,402         | 1,340,822 | 1,521,757 | 1,800,998 | 1,808,377 | 1,879,853 | 2,066,539 | 2,130,894 | 2,152,090 | 2,244,970 |
| Net assets                                   | 479,644           | 620,959   | 768,953   | 914,451   | 897,650   | 962,107   | 1,086,510 | 1,116,335 | 1,133,381 | 1,205,013 |

| Non-consolidated                             | (Millions of yen) |         |         |           |           |           |           |           |           |           |
|--|-------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2012              | 2013    | 2014    | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
| For the Year:                                |                   |         |         |           |           |           |           |           |           |           |
| Net sales                                    | 943,656           | 967,489 | 986,822 | 1,060,028 | 1,076,360 | 1,065,886 | 1,081,384 | 1,130,825 | 1,074,968 | 922,628   |
| Cost of sales                                | 800,826           | 814,986 | 824,606 | 895,517   | 914,721   | 919,225   | 931,700   | 976,838   | 938,856   | 814,661   |
| Gross profit                                 | 142,829           | 152,502 | 162,215 | 164,510   | 161,638   | 146,661   | 149,684   | 153,986   | 136,111   | 107,966   |
| Selling, general and administrative expenses | 76,722            | 80,614  | 88,603  | 98,616    | 97,334    | 96,391    | 103,139   | 104,136   | 104,351   | 101,409   |
| Operating income                             | 66,106            | 71,888  | 73,612  | 65,893    | 64,304    | 50,269    | 46,544    | 49,849    | 31,760    | 6,556     |
| Profit before extraordinary items            | 73,615            | 76,603  | 79,358  | 78,931    | 108,624   | 100,330   | 71,745    | 100,413   | 89,796    | 60,425    |
| Profit before income taxes                   | 72,187            | 78,815  | 79,748  | 78,131    | 107,554   | 98,927    | 69,875    | 95,422    | 79,055    | 50,790    |
| Net income                                   | 79,029            | 53,689  | 56,543  | 67,070    | 91,905    | 87,310    | 58,476    | 83,719    | 70,964    | 49,275    |
| At Year-End:                                 |                   |         |         |           |           |           |           |           |           |           |
| Total assets                                 | 836,916           | 841,816 | 848,411 | 936,803   | 965,977   | 1,025,050 | 1,053,710 | 1,035,508 | 1,030,852 | 1,117,071 |
| Net assets                                   | 356,397           | 400,589 | 438,677 | 468,720   | 475,388   | 544,117   | 593,999   | 573,641   | 604,015   | 657,786   |

# Management's Discussion and Analysis of Financial Condition and Results of Operations

(Note: the yen amounts are round down to the nearest hundred million.)

## (1) Overview of Results of Operations (Fiscal year ended March 2021)

### 1. Results of Operations

Economic conditions in the fiscal year ended March 2021 were severely impacted by the global spread of COVID-19. In the commercial vehicle market, global demand fell significantly due to the pandemic but showed signs of recovery from the third quarter onward.

In this business environment, Isuzu have been working to become *an excellent company that inspires broad admiration for its exceptional CV, LCV, and powertrain products that support human lifestyles*, under its previous Mid-Term Business Plan (FY2019 to FY2021) (hereinafter, the previous Mid-Term Business Plan).

Specifically, we continued our efforts to build an alliance structure. In October 2020, we concluded a basic agreement regarding a strategic alliance with the Volvo Group in the field of commercial vehicles and started full-scale collaboration in April 2021. Through this strategic alliance, we will leverage complementary areas of expertise, as well as each company's outstanding technologies and scale benefits to promote partnership in the development of both existing and advanced technologies in the field of commercial vehicles. We will work together to address the challenges of the logistics industry of the future, maximizing value and benefits for customers as well as for society, and aiming to create new value for the commercial vehicle industry. In addition, in March 2021 we agreed on a new partnership with Hino Motors, Ltd. and Toyota Motor Corporation aiming to help address transport difficulties and achieve carbon neutrality. By combining Toyota's CASE technologies with the commercial vehicle foundations cultivated by the Company and Hino, we plan to accelerate societal implementation and dissemination of CASE technologies and services to help address various difficulties facing the transportation industry, which supports movement of people and goods using commercial vehicles, such as increasing transport efficiency, driver shortages, and long working hours. We also aim to contribute to the realization of a carbon neutral society.

In the fiscal year ended March 2021, vehicle unit sales in Japan fell by 10,282 units (14.1%) year on year to 61,071 units, reflecting a decrease in total industry volume, although the Company earned a strong reputation in the light-duty truck segment, with a market share of 40.8%.

Overseas vehicle unit sales decreased by 44,806 units (10.2%) year on year to 393,064 units, owing to a fall in total industry volume, primarily in Asia.

As a result, consolidated total vehicle unit sales in Japan and abroad slid by 55,088 units (10.8%) year on year to 454,135 units. As a result, the Company's earnings results for the fiscal year ended March 2021 were as follows.

|  | Fiscal year ended<br>March 2021 | Year-on-year<br>change |         |
|--|---------------------------------|------------------------|---------|
| Net sales                                  | 1,908.1                         | (171.7)                | (8.3)%  |
| Operating income                           | 95.7                            | (44.8)                 | (31.9)% |
| Ordinary income                            | 104.2                           | (46.6)                 | (30.9)% |
| Profit attributable to<br>owners of parent | 42.7                            | (38.5)                 | (47.4)% |

(billion yen)

On the profit and loss front, operating income amounted to 95.7 billion yen, down 31.9% year on year, due to a decrease in net sales, despite an improvement in profitability due to cost reduction activities, and progress on reducing expenses.

Ordinary income was 104.2 billion yen, down 30.9% year on year, and profit attributable to owners of parent was 42.7 billion yen, down 47.4% year on year.

### 2. Overview of Financial Position

Total assets as of March 31, 2021 stood at 2,244.9 billion yen, an increase of 92.8 billion yen from March 31, 2020.

Liabilities increased by 21.2 billion yen from March 31, 2020 to 1,039.9 billion yen.

Net assets increased by 71.6 billion yen from March 31, 2020 to 1,205.0 billion yen.

The shareholders' equity ratio stood at 45.5% (44.3% on March 31, 2020).

Interest-bearing liabilities decreased by 20.1 billion yen compared with March 31, 2020 to 316.5 billion yen.

### 3. Cash Flows

Cash and cash equivalents (hereinafter referred to as funds) as of March 31, 2021 increased by 82.6 billion yen from March 31, 2020 to 386.6 billion yen. Operating activities provided net cash of 222.9 billion yen, while 93.4 billion yen was used for investing activities and 55.2 billion yen for financing activities.

Free cash flow, calculated by deducting investing cash flow from operating cash flow, was a positive inflow of 129.5 billion yen, an increase of 317.2% from the fiscal year ended March 2020.

#### Cash Flows from Operating Activities

Net funds provided by operating activities amounted to 222.9 billion yen, an increase of 80.2% year on year.

This was mainly due to recording inflows of funds of for profit before income taxes and non-controlling interests of 86.8 billion yen and depreciation and amortization of 82.3 billion yen, as well as recording a decrease in inventories of 38.4 billion yen and increase in notes and accounts payable of 15.9 billion yen. These were partially offset by outflows of funds for increase in notes and accounts receivable of 11.2 billion yen and cash paid for income taxes of 30.6 billion yen.

#### Cash Flows from Investing Activities

Net funds used in investing activities amounted to 93.4 billion yen, an increase of 0.8% year on year.

This mainly reflected outflows of funds of 97.8 billion yen for payment on purchase of property, plant and equipment.

#### Cash Flows from Financing Activities

Net funds used in financing activities amounted to 55.2 billion yen, an increase of 119.8% year on year.

This mainly reflected outflows of funds for repayment of long-term debt of 84.8 billion yen, payment of dividends made by

parent company of 21.4 billion yen, and payment on dividends to non-controlling shareholders of 16.2 billion yen. Inflows of funds included proceeds from long-term debt of 43.3 billion yen and proceeds from bonds issues of 50.0 billion yen.

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

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

The following information contains forward-looking statements that reflect the judgement of management as of June 25, 2021.

### Analysis of Results of Operations, etc. for Fiscal 2021

#### (a) Overview

##### CVs

Total commercial vehicle unit sales for the fiscal year ended March 2021 slide by 44,537 units, or 18.2%, year on year to 200,729 units.

Total industry volume in Japan decreased sharply in the first half due to the COVID-19 pandemic. In the second half, total industry volume recovered to about the same level as the previous fiscal year, but due to impact of the decline in the first half, vehicle unit sales in Japan for the fiscal year ended March 2021 fell by 10,282 units, or 14.4%, year on year to 61,071 units. Overseas, total industry volume also declined sharply in the first half due to the pandemic, but the market returned to an overall recovery trend from the second half. As a result, total vehicle unit sales in Japan and abroad decreased by 34,255 units, or 19.7%, year on year to 139,658 units.

The company's share of the domestic heavy- and medium-duty truck market climbed 1.3 percentage points year on year to 33.8% atop stable sales performance. Moreover, the Company's market share for light-duty trucks decreased by 1.6 percentage points year on year to 40.8%, mainly reflecting a surge in the previous fiscal year due to last minute demand ahead of changes in emissions regulations.

#### ·Sales Units of CV

|               |                        | FY2020         | FY2021         | Changes         | % Change      |
|---------------|------------------------|----------------|----------------|-----------------|---------------|
| Japan         | Heavy- and medium-duty | 28,945         | 26,757         | (2,188)         | (7.6)         |
|               | Light-duty             | 42,408         | 34,314         | (8,094)         | (19.1)        |
|               | <b>Total</b>           | <b>71,353</b>  | <b>61,071</b>  | <b>(10,282)</b> | <b>(14.4)</b> |
| North America | Heavy- and medium-duty | 1,422          | 1,572          | 150             | 10.5          |
|               | Light-duty             | 27,561         | 19,765         | (7,796)         | (28.3)        |
|               | <b>Total</b>           | <b>28,983</b>  | <b>21,337</b>  | <b>(7,646)</b>  | <b>(26.4)</b> |
| Asia          | Heavy- and medium-duty | 16,061         | 11,986         | (4,075)         | (25.4)        |
|               | Light-duty             | 45,283         | 31,180         | (14,103)        | (31.1)        |
|               | <b>Total</b>           | <b>61,344</b>  | <b>43,166</b>  | <b>(18,178)</b> | <b>(29.6)</b> |
| Others        | Heavy- and medium-duty | 19,375         | 15,910         | (3,465)         | (17.9)        |
|               | Light-duty             | 64,211         | 59,245         | (4,966)         | (7.7)         |
|               | <b>Total</b>           | <b>83,586</b>  | <b>75,155</b>  | <b>(8,431)</b>  | <b>(10.1)</b> |
| Total         | Heavy- and medium-duty | 65,803         | 56,225         | (9,578)         | (14.6)        |
|               | Light-duty             | 179,463        | 144,504        | (34,959)        | (19.5)        |
|               | <b>Total</b>           | <b>245,266</b> | <b>200,729</b> | <b>(44,537)</b> | <b>(18.2)</b> |

#### LCVs

Total LCV sales units in the fiscal year ended March 2021 dropped by 10,551 units, or 4.0%, year on year to 253,406 units.

In Asia, total industry volume fell sharply in the first half of the fiscal year due to the impact of the COVID-19 pandemic. However, volume continued to recover from the second quarter onward. As a result, vehicle unit sales declined by 14,475 units, or 8.0%, year on year to 166,247 units. In other areas, sales of a new model entered full swing from the second half, and overall vehicle unit sales increased by 3,924 units, or 4.7%, year on year to 87,159 units.

Furthermore, in Thailand, total industry volume for LCVs decreased, but continued popularity of the new model resulted in a year-on-year increase in market share\* to 42.3%.

\*Up until the fiscal year ended March 2020, the figure represented aggregate results for the calendar years from January to December. From the fiscal year ended March 2021, however, the aggregate results for fiscal years from April to March are shown.

#### ·Sales Units of LCV

|              | FY2020         | FY2021         | Changes         | % Change     |
|--------------|----------------|----------------|-----------------|--------------|
| Asia         | 180,722        | 166,247        | (14,475)        | (8.0)        |
| Others       | 83,235         | 87,159         | 3,924           | 4.7          |
| <b>Total</b> | <b>263,957</b> | <b>253,406</b> | <b>(10,551)</b> | <b>(4.0)</b> |

#### Powertrains

Shipments of industrial engines for the fiscal year ended March 2021 increased by 15,135 units, or 12.3%, year on year to 138,021 units, reflecting brisk construction demand in China.

#### Shipment Units of Industrial Engines

|              | FY2020         | FY2021         | Changes       | % Change    |
|--------------|----------------|----------------|---------------|-------------|
| <b>Total</b> | <b>122,886</b> | <b>138,021</b> | <b>15,135</b> | <b>12.3</b> |

## (b) Analysis of Results of Operations (Fiscal year ended March 2021)

### Net Sales

Net sales fell by 171.7 billion yen, or 8.3%, year on year to 1,908.1 billion yen, mainly reflecting the decreases in vehicle unit sales in Japan and overseas. Of these, net sales in Japan was 751.6 billion yen, down 9.1% year on year, and net sales overseas was 1,156.5 billion yen, down 7.7% year on year.

### Operating Income

Operating income in the fiscal year ended March 2021 was 95.7 billion yen, down 31.9% year on year.

Looking at the main contributing factors, cost reduction activities contributed 9.0 billion yen, and changes in expenses including extraordinary losses related to the COVID-19 pandemic contributed 12.1 billion yen. Negative factors included sales and model mix fluctuations due to decreases sales volumes and so forth, which reduced operating income by 66.0 billion yen.

As a result, Isuzu's operating margin for the fiscal year ended March 2021 fell to 5.0% compared to 6.8% for the previous fiscal year.

**Analysis of Fluctuations of Operating Income (year on year)**

|                                  | (billion yen) |
|----------------------------------|---------------|
| Changes in expenses              | 12.2          |
| Cost reduction activities        | 9.0           |
| Exchange rate fluctuations       | 0             |
| Economic fluctuations            | 0             |
| Sales and model mix fluctuations | (66.0)        |
| <b>Total</b>                     | <b>(44.8)</b> |

**Non-Operating Gains/Losses**

In the fiscal year ended March 2021, Isuzu posted a non-operating gain of 8.5 billion yen, a decrease of 1.7 billion year on year.

Principle factors in the result were a decrease in compensation expenses of 2.2 billion year on year, as a positive factor. On the other hand, in negative factors, while net amount of interest and dividend income after deducting interest expense came to 2.5 billion yen, interest income decreased by 2.1 billion yen year on year, while equity in earnings of unconsolidated subsidiaries and affiliates decreased by 2.9 billion year on year.

**Extraordinary Gains/Losses**

For the fiscal year ended March 2021, Isuzu posted a net extraordinary loss of 17.4 billion yen, a deterioration of 10.0 billion yen year on year. Principal factors were extraordinary losses including loss on disposal of property, plant and equipment, impairment loss on fixed assets, and loss on COVID-19, and extraordinary gains including gain on disposal of property, plant and equipment, and gain on sales of investment securities.

**Taxes**

Taxes in the fiscal year ended March 2021 including current income taxes and deferred income taxes were 34.2 billion yen. In the fiscal year ended March 2020, taxes were 41.0 billion yen.

**Non-Controlling Interests**

Non-controlling interests consist primarily of profits returned to

the non-controlling shareholders of Isuzu's locally incorporated subsidiaries in the ASEAN region and North America as well as Japanese parts manufacturers. Non-controlling interests in the fiscal year ended March 2021 were 9.8 billion yen, compared to 21.2 billion yen in the fiscal year ended March 2020.

**Profit Attributable to Owners of Parent**

Profit attributable to owners of parent in the fiscal year ended March 2021 was 42.7 billion yen, a decrease of 38.5 billion yen year on year. Profit attributable to owners of parent per share came to 57.91 yen.

**(c) Financial Condition (Fiscal year ended March 2021)****Assets**

As of March 31, 2021, assets totaled 2,244.9 billion yen, an increase of 92.8 billion yen from March 31, 2020.

This was primarily because of increases in cash and time deposits of 83.3 billion, investment securities of 37.1 billion yen, and notes and accounts receivable of 20.8 billion yen, which were partially offset by decreases in inventories of 35.5 billion yen and deferred tax assets of 14.6 billion yen.

**Liabilities**

Total liabilities as of March 31, 2021 increased 21.2 billion yen from March 31, 2020 to 1,039.9 billion yen.

This was mainly due to increases in notes and accounts payable of 25.9 billion yen and other current liabilities of 11.7 billion yen, while interest-bearing liabilities decreased by 20.1 billion yen.

**Net assets**

Net assets increased by 71.6 billion yen from March 31, 2020 to 1,205.0 billion yen.

This was chiefly because of an increase in profit attributable to owners of parent of 42.7 billion yen, while unrealized holding gain on securities was 27.3 billion yen and foreign currency translation adjustments improved by 13.3 billion yen by 13.3 billion yen, although cash dividends was 21.4 billion yen.

**(d) Analysis of Capital Resources and Fund Liquidity Demand for Funds**

Principal sources of demand for funds in the Group include purchases of materials and parts for use in manufacturing

products; manufacturing expenses; purchases of products; sales, general, and administrative expenses; working capital; and funds for capital investment.

**Status of Fund Procurement**

With regard to working capital, group companies ordinarily procure working capital in their local currencies in the form of short-term loans with a repayment period not exceeding one year. With regard to funds for capital investment, in principle the Group uses its own funds in the form of capital and retained earnings to cover such investments. Going forward, we may consider procuring funds by such means as borrowing or corporate bond issues.

**Fund Liquidity**

With the dawning of era of CASE technologies, the Company's competitors, partners, and stakeholders are growing more diverse and are spread out more globally. To be accepted as a company in this situation, we strongly recognize the need to change the status of our corporate culture to date.

Looking ahead, the company will place *management from ESG perspective* at the foundation of its activities, benchmarking advanced global manufacturers while seeking to engage in this transformation. To develop together with our increasingly globalized and diverse stakeholders, we aim to place greater emphasis on capital efficiency in management against a backdrop of stable accumulation of shareholders' equity. We aim to realize continuous and stable shareholder returns, even in an era of rapid change and uncertainty.

Specifically, the company aims to achieve ROE of 15% in five years' time by increasing capital efficiency based on the increase of social value through strengthening its products and services.

In addition, to realize continuous stable shareholder returns even in an era of rapid change and uncertainty, we aim to achieve an average dividend payout ratio of 40% during the period of Mid-Term Business Plan 2024 (FY2022 to FY2024). Furthermore, as part of our management with an emphasis on capital efficiency, we will examine flexible stock buybacks. In accordance with the Mid-Term Business Plan through to the fiscal year ending March 2024, the Group will use operating cash flow generated through its business operations to fund investments, debt repayment, and shareholder returns, while funds related to M&As and so forth will mainly be procured

through loans and corporate bond issuances in order to realize these targets.

It remains necessary to focus on the liquidity of our cash position. The Group's policy is to maintain sufficient liquidity to deal with abrupt changes in the financial markets by augmenting cash and cash equivalents with commitment line contracts with major banks.

# Consolidated Financial Statements

## Consolidated Balance Sheets (As of March 31, 2021 and 2020)

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

|   | (Millions of yen) |                  |
|---|-------------------|------------------|
| Liabilities and Net Assets                          | 2020              | 2021             |
| <b>Liabilities</b>                                  |                   |                  |
| <b>Current Liabilities</b>                          |                   |                  |
| Notes and accounts payable                          | 312,048           | 329,540          |
| Electronically recorded obligations - operating     | 49,897            | 58,382           |
| Short-term loans                                    | 80,178            | 52,913           |
| Lease obligations                                   | 5,568             | 5,918            |
| Accrued income taxes                                | 17,060            | 17,507           |
| Accrued expenses                                    | 48,226            | 57,800           |
| Provision for bonuses                               | 20,619            | 20,242           |
| Provision for directors' bonuses                    | 233               | 375              |
| Provision for product warranties                    | 6,636             | 5,921            |
| Deposits received                                   | 3,413             | 4,353            |
| Other current liabilities                           | 59,310            | 71,010           |
| <b>Total Current Liabilities</b>                    | <b>603,193</b>    | <b>623,965</b>   |
| <b>Non-Current Liabilities</b>                      |                   |                  |
| Bonds payable                                       | —                 | 50,000           |
| Long-term debt                                      | 234,642           | 193,210          |
| Lease obligations                                   | 16,321            | 14,518           |
| Deferred tax liabilities                            | 792               | 582              |
| Deferred tax liabilities related to revaluation     | 42,135            | 42,135           |
| Provision for maintenance costs                     | 3,886             | 4,432            |
| Provision for management board incentive plan trust | 198               | 136              |
| Net defined benefit liabilities                     | 99,066            | 89,015           |
| Long-term deposits received                         | 1,635             | 1,647            |
| Other non-current liabilities                       | 16,837            | 20,313           |
| <b>Total Non-Current Liabilities</b>                | <b>415,515</b>    | <b>415,991</b>   |
| <b>Total Liabilities</b>                            | <b>1,018,708</b>  | <b>1,039,956</b> |
| <b>Net Assets</b>                                   |                   |                  |
| <b>Shareholders' Equity</b>                         |                   |                  |
| Share capital                                       | 40,644            | 40,644           |
| Capital surplus                                     | 42,503            | 42,599           |
| Retained earnings                                   | 924,729           | 849,673          |
| Less: treasury stock                                | (150,441)         | (54,090)         |
| <b>Total Shareholders' Equity</b>                   | <b>857,436</b>    | <b>878,826</b>   |
| <b>Accumulated Other Comprehensive Income</b>       |                   |                  |
| Unrealized holding gain (loss) on securities        | 25,597            | 52,942           |
| Unrealized gain (loss) on hedging instruments       | 302               | (796)            |
| Revaluation reserve for land                        | 83,881            | 83,881           |
| Foreign currency translation adjustment             | (5,517)           | 7,830            |
| Remeasurements of defined benefit plans             | (8,760)           | (901)            |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>95,503</b>     | <b>142,955</b>   |
| <b>Non-Controlling Interests</b>                    | <b>180,442</b>    | <b>183,230</b>   |
| <b>Total Net Assets</b>                             | <b>1,133,381</b>  | <b>1,205,013</b> |
| <b>Total Liabilities and Net Assets</b>             | <b>2,152,090</b>  | <b>2,244,970</b> |

## Consolidated Financial Statements

## Consolidated Statements of Income (As of March 31, 2021 and 2020)

|  | (Millions of yen) |                |
|--|-------------------|----------------|
|  | 2020              | 2021           |
| Net Sales  | 2,079,936         | 1,908,150      |
| Cost of sales  | 1,730,354         | 1,605,111      |
| <b>Gross Profit</b>  | <b>349,582</b>    | <b>303,038</b> |
| <b>Selling, General and Administrative Expenses</b>              | <b>208,999</b>    | <b>207,305</b> |
| <b>Operating Income</b>  | <b>140,582</b>    | <b>95,732</b>  |
| <b>Non-Operating Income</b>                                      |                   |                |
| Interest income  | 4,534             | 3,144          |
| Dividend income  | 2,997             | 2,313          |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 8,033             | 5,066          |
| Rental income  | 184               | 162            |
| Foreign exchange gain  | 329               | 1,746          |
| Others   | 3,607             | 4,040          |
| <b>Total Non-Operating Income</b>                                | <b>19,686</b>     | <b>16,474</b>  |
| <b>Non-Operating Expenses</b>                                    |                   |                |
| Interest expenses  | 2,833             | 2,859          |
| Litigation settlement  | 52                | 840            |
| Compensation expenses  | 2,650             | 443            |
| Currency options   | 1,005             | 290            |
| Others   | 2,851             | 3,506          |
| <b>Total Non-Operating Expenses</b>                              | <b>9,392</b>      | <b>7,941</b>   |
| <b>Ordinary Income</b>   | <b>150,876</b>    | <b>104,265</b> |
| <b>Extraordinary Income</b>                                      |                   |                |
| Gain on sales or disposal of property, plant and equipment, net  | 289               | 180            |
| Gain on sales of investment securities                           | 14                | 714            |
| <b>Total Extraordinary Income</b>                                | <b>304</b>        | <b>895</b>     |
| <b>Extraordinary Losses</b>                                      |                   |                |
| Loss on disposal of property assets                              | 1,987             | 975            |
| Impairment losses  | 190               | 13,840         |
| Loss on sales of securities, net                                 | 19                | 38             |
| Loss on valuation of securities, net                             | 5,317             | 176            |
| Loss on COVID-19   | —                 | 3,298          |
| Others   | 155               | —              |
| <b>Total Extraordinary Loss</b>                                  | <b>7,669</b>      | <b>18,331</b>  |
| <b>Profit before Income Taxes and Non-Controlling Interests</b>  | <b>143,511</b>    | <b>86,829</b>  |
| Income taxes-current   | 40,141            | 31,666         |
| Income taxes-deferred  | 880               | 2,626          |
| <b>Total Income Taxes</b>  | <b>41,022</b>     | <b>34,292</b>  |
| <b>Profit</b>  | <b>102,489</b>    | <b>52,537</b>  |
| Non-controlling interests  | 21,256            | 9,828          |
| <b>Profit Attributable to Owners of Parent</b>                   | <b>81,232</b>     | <b>42,708</b>  |

## Consolidated Statements of Comprehensive Income (As of March 31, 2021 and 2020)

|   | (Millions of yen) |                |
|---|-------------------|----------------|
|   | 2020              | 2021           |
| <b>Profit</b>   | <b>102,489</b>    | <b>52,537</b>  |
| <b>Other Comprehensive Income</b>   |                   |                |
| Unrealized holding gain (loss) on securities  | (13,345)          | 27,565         |
| Unrealized gain (loss) on hedging instruments   | 170               | (1,098)        |
| Foreign currency translation adjustments  | (19,294)          | 17,366         |
| Remeasurements of defined benefit plans   | (1,635)           | 7,757          |
| Share of other comprehensive income of associates accounted for using the equity method | (857)             | (28)           |
| <b>Total Other Comprehensive Income</b>   | <b>(34,962)</b>   | <b>51,561</b>  |
| <b>Comprehensive Income</b>   | <b>67,526</b>     | <b>104,098</b> |
| Comprehensive income attributable to :  |                   |                |
| Owners of parent  | 51,088            | 90,160         |
| Non-controlling interests   | 16,438            | 13,938         |

## Consolidated Financial Statements

## Consolidated Statements of Change in Net Assets (As of March 31, 2021 and 2020)

(Millions of yen)

|  | Shareholders' Equity |                 |                   |                         |                            | Accumulated Other Comprehensive Income       |                              |   |  |   |  | Non-Controlling Interests | Net Assets       |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|--|------------------------------|---|--|---|--|---------------------------|------------------|
|  | Share Capital        | Capital Surplus | Retained Earnings | Treasury Stock, at cost | Total Shareholders' Equity | Unrealized Holding Gain (Loss) on Securities | Revaluation Reserve for Land | Unrealized Gain (Loss) on Hedging Instruments | Foreign Currency Translation Adjustments | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income |                           |                  |
| <b>Balance at March 31, 2019</b>   | 40,644               | 42,129          | 871,845           | (150,485)               | <b>804,134</b>             | 38,754                                       | 83,880                       | 131   | 10,195                                   | (7,314)                                 | <b>125,647</b>                               | <b>186,553</b>            | <b>1,116,335</b> |
| Cumulative effects of changes in accounting policies                         |                      |                 | (287)             |                         | <b>(287)</b>               |  |                              |   |  |   |  |                           | <b>(287)</b>     |
| Restated balance at the beginning of the current period                      | 40,644               | 42,129          | 871,558           | (150,485)               | <b>803,847</b>             | 38,754                                       | 83,880                       | 131   | 10,195                                   | (7,314)                                 | <b>125,647</b>                               | <b>186,553</b>            | <b>1,116,047</b> |
| Cash dividends   |                      |                 | (28,061)          |                         | <b>(28,061)</b>            |  |                              |   |  |   |  |                           | <b>(28,061)</b>  |
| Reversal of revaluation reserve for land                                     |                      |                 | (0)               |                         | <b>(0)</b>                 |  |                              |   |  |   |  |                           | <b>(0)</b>       |
| Profit attributable to owners of parent                                      |                      |                 | 81,232            |                         | <b>81,232</b>              |  |                              |   |  |   |  |                           | <b>81,232</b>    |
| Acquisition of treasury stock  |                      |                 |                   | (5)                     | <b>(5)</b>                 |  |                              |   |  |   |  |                           | <b>(5)</b>       |
| Disposal of treasury stock   |                      |                 |                   | 50                      | <b>50</b>                  |  |                              |   |  |   |  |                           | <b>50</b>        |
| Change in capital surplus due to transactions with non-controlling interests |                      | 374             |                   |                         | <b>374</b>                 |  |                              |   |  |   |  |                           | <b>374</b>       |
| Net changes on items other than shareholders' equity                         |                      |                 |                   |                         |                            | (13,156)                                     | 0                            | 170   | (15,713)                                 | (1,446)                                 | <b>(30,143)</b>                              | <b>(6,110)</b>            | <b>(36,254)</b>  |
| <b>Balance at March 31, 2020</b>   | 40,644               | 42,503          | 924,729           | (150,441)               | <b>857,436</b>             | 25,597                                       | 83,881                       | 302   | (5,517)                                  | (8,760)                                 | <b>95,503</b>                                | <b>180,442</b>            | <b>1,133,381</b> |
| Cash dividends   |                      |                 | (21,414)          |                         | <b>(21,414)</b>            |  |                              |   |  |   |  |                           | <b>(21,414)</b>  |
| Profit attributable to owners of parent                                      |                      |                 | 42,708            |                         | <b>42,708</b>              |  |                              |   |  |   |  |                           | <b>42,708</b>    |
| Acquisition of treasury stock  |                      |                 |                   | (5)                     | <b>(5)</b>                 |  |                              |   |  |   |  |                           | <b>(5)</b>       |
| Disposal of treasury stock   |                      |                 |                   | 10                      | <b>10</b>                  |  |                              |   |  |   |  |                           | <b>10</b>        |
| Amortization of treasury stock   |                      | (96,336)        |                   | 96,336                  | <b>—</b>                   |  |                              |   |  |   |  |                           | <b>—</b>         |
| Transfer from retained earnings to capital surplus                           |                      | 96,336          | (96,336)          |                         | <b>—</b>                   |  |                              |   |  |   |  |                           | <b>—</b>         |
| Change in capital surplus due to transactions with non-controlling interests |                      | 95              |                   |                         | <b>95</b>                  |  |                              |   |  |   |  |                           | <b>95</b>        |
| Change in Equity method  |                      |                 | (12)              | 9                       | <b>(3)</b>                 |  |                              |   |  |   |  |                           | <b>(3)</b>       |
| Net changes on items other than shareholders' equity                         |                      |                 |                   |                         |                            | 27,344                                       | —                            | (1,098)                                       | 13,347                                   | 7,859                                   | <b>47,452</b>                                | <b>2,788</b>              | <b>50,241</b>    |
| <b>Balance at March 31, 2021</b>   | 40,644               | 42,599          | 849,673           | (54,090)                | <b>878,826</b>             | 52,942                                       | 83,881                       | (796)   | 7,830                                    | (901)                                   | <b>142,955</b>                               | <b>183,230</b>            | <b>1,205,013</b> |

## Consolidated Financial Statements

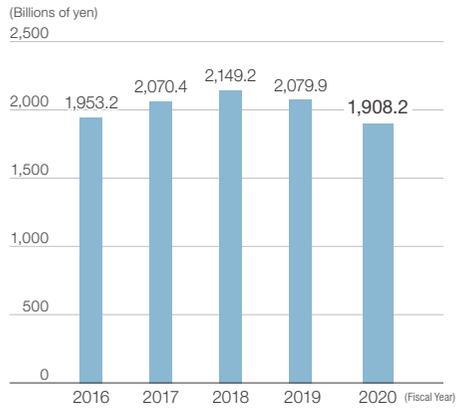
## Consolidated Statements of Cash Flows (As of March 31, 2021 and 2020)

|  | (Millions of yen) |                |
|--|-------------------|----------------|
|  | 2020              | 2021           |
| <b>Cash Flows from Operating Activities</b>                                |                   |                |
| Profit before income taxes and non-controlling interests                   | 143,511           | 86,829         |
| Depreciation and amortization  | 78,678            | 84,561         |
| Equity in earnings of unconsolidated subsidiaries and affiliates           | (8,033)           | (5,066)        |
| Increase (decrease) in provision for allowance for product warranty        | (188)             | (715)          |
| Increase (decrease) in provision for bonus accounts                        | 21                | (403)          |
| Increase (decrease) in provision for directors' bonuses                    | (201)             | 179            |
| Increase (decrease) in provision for allowance for doubtful accounts       | (38)              | 567            |
| Increase (decrease) in provision for maintenance costs                     | (1,929)           | 545            |
| Increase (decrease) in provision for management board incentive plan trust | (11)              | (62)           |
| Increase (decrease) in net defined benefit liabilities                     | (446)             | 17             |
| Interest and dividend income   | (7,531)           | (5,458)        |
| Interest expenses  | 2,833             | 2,859          |
| Loss (gain) on sales of property assets                                    | (289)             | (180)          |
| Loss (gain) on disposal of property assets                                 | 1,987             | 975            |
| Loss (gain) on sales of securities, net                                    | 4                 | (675)          |
| Loss (gain) on valuation of securities, net                                | 5,317             | 176            |
| Loss on impairment of fixed assets   | 190               | 13,840         |
| Other extraordinary loss (income)  | 155               | —              |
| Decrease (increase) in notes and accounts receivable                       | 23,232            | (11,255)       |
| Decrease (increase) in lease receivables and lease investment assets       | (19,121)          | 855            |
| Decrease (increase) in inventories   | (25,039)          | 38,494         |
| Decrease (increase) in other current assets                                | (14,306)          | 2,383          |
| Increase (decrease) in notes and accounts payable                          | (14,098)          | 15,981         |
| Increase (decrease) in accrued expenses and taxes                          | (2,642)           | 8,285          |
| Increase (decrease) in deposits received                                   | (635)             | 928            |
| Increase (decrease) in other current liabilities                           | (1,482)           | 14,574         |
| Others   | (285)             | 703            |
| <b>Subtotal</b>  | <b>159,649</b>    | <b>248,943</b> |
| Cash received from interest and dividends                                  | 11,032            | 7,545          |
| Cash paid for interest   | (2,841)           | (2,906)        |
| Cash paid for income taxes   | (44,139)          | (30,664)       |
| <b>Net Cash Provided by Operating Activities</b>                           | <b>123,701</b>    | <b>222,918</b> |

|  | (Millions of yen) |                 |
|--|-------------------|-----------------|
|  | 2020              | 2021            |
| <b>Cash Flows from Investing Activities</b>  |                   |                 |
| Payment on purchase of investment securities   | (434)             | (49)            |
| Proceeds from sales of investment securities   | 52                | 2,419           |
| Payment on purchase of property, plant and equipment                                 | (103,467)         | (97,891)        |
| Proceeds from sales of property, plant and equipment                                 | 6,475             | 5,492           |
| Payment on long-term loans receivable  | (333)             | (351)           |
| Collection of long-term loans receivable   | 312               | 340             |
| Increase (decrease) in short-term loans receivable                                   | (5)               | 168             |
| Increase (decrease) in fixed deposits  | 5,188             | (369)           |
| Others   | (446)             | (3,172)         |
| <b>Net Cash Used in Investing Activities</b>   | <b>(92,659)</b>   | <b>(93,413)</b> |
| <b>Cash Flows from Financing Activities</b>  |                   |                 |
| Increase (decrease) in short-term debt   | 7,408             | (26,776)        |
| Proceeds from long-term debt   | 59,000            | 43,300          |
| Repayment on long-term debt  | (37,289)          | (84,873)        |
| Proceeds from issuance of bonds  | —                 | 50,000          |
| Proceeds from non-controlling shareholders   | —                 | 5,426           |
| Repayment of lease obligations   | (4,074)           | (4,496)         |
| Payment on acquisition of treasury stock   | (5)               | (4)             |
| Payment on dividends made by parent company  | (28,057)          | (21,412)        |
| Payment on dividends to non-controlling shareholders                                 | (20,665)          | (16,258)        |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (1,469)           | (180)           |
| <b>Net Cash Used in Financing Activities</b>   | <b>(25,153)</b>   | <b>(55,275)</b> |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>                  | <b>(7,225)</b>    | <b>8,465</b>    |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                          | <b>(1,336)</b>    | <b>82,695</b>   |
| <b>Cash and Cash Equivalents at Beginning of the Year</b>                            | <b>305,311</b>    | <b>303,974</b>  |
| <b>Cash and Cash Equivalents at End of the Year</b>                                  | <b>303,974</b>    | <b>386,670</b>  |

# Financial Highlights

## Net Sales



## Operating Income



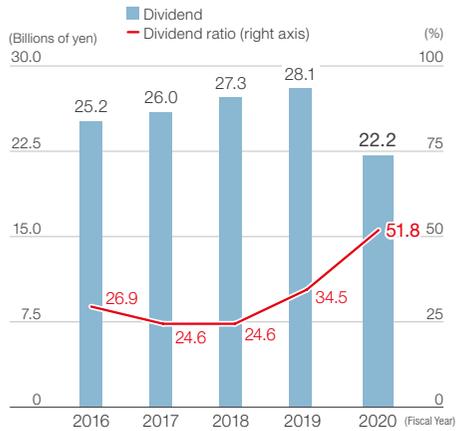
## Shareholders' Equity/ROE



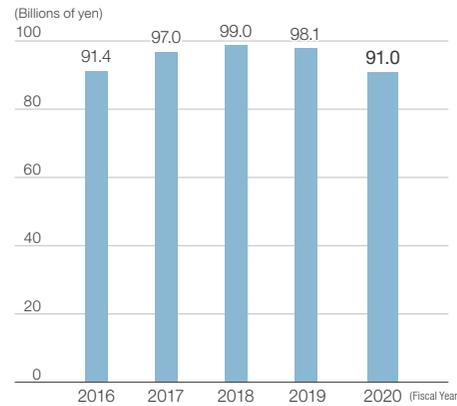
## Interest-Bearing Liabilities/DER



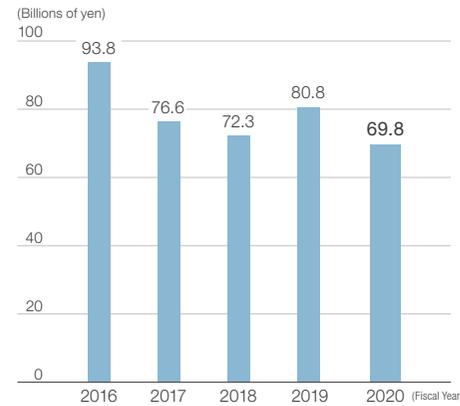
## Dividend



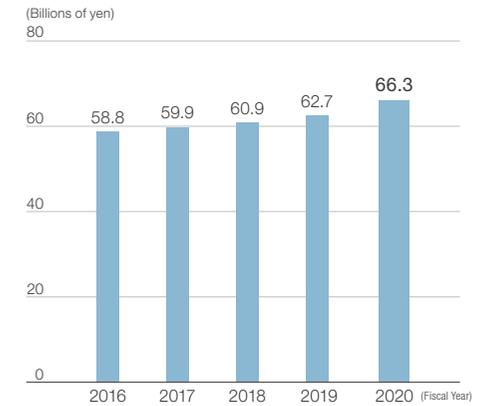
## R&D Expenses



## Facility Investment



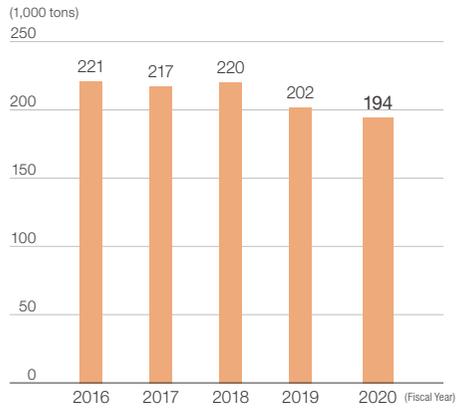
## Depreciation



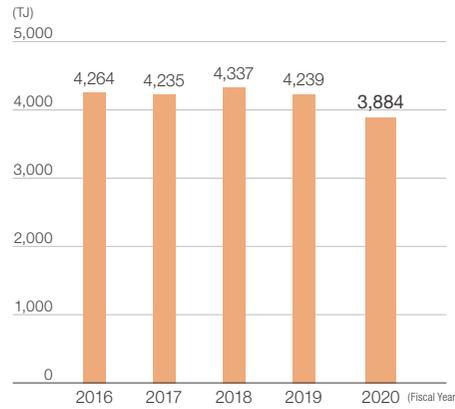
\*The data in the financial highlights cover the entire Isuzu Group.

# Non-Financial Highlights

## CO<sub>2</sub> Emissions from Energy

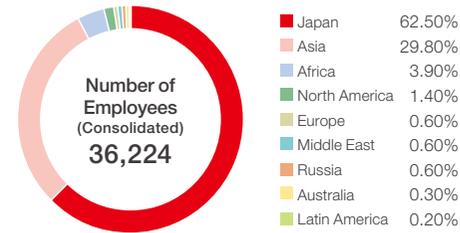


## Energy Consumption

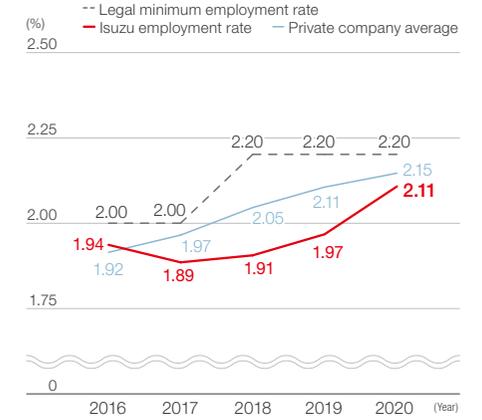


## Number of Employees by Region

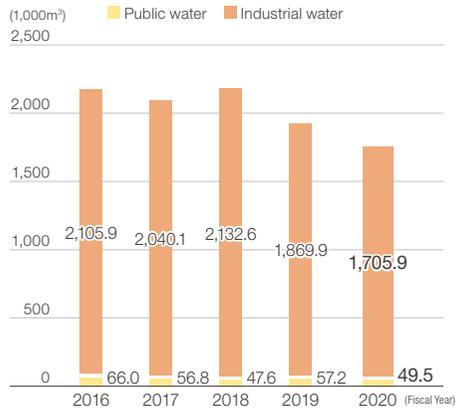
(As of the end of March 2021)



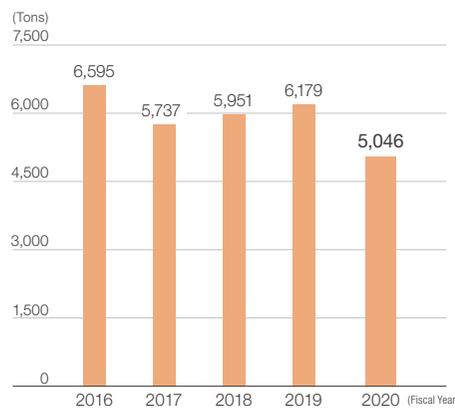
## Employment of People with Disabilities\*1



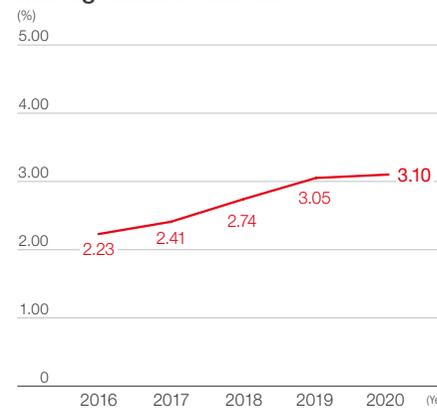
## Water Resource Consumption\*2



## Waste Generation

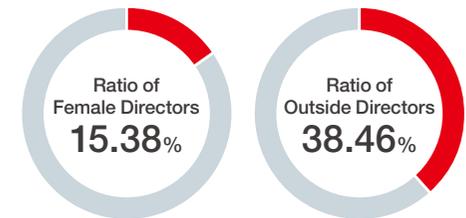


## Proportion of Women in Management Positions\*1,3



## Composition of the Board of Directors

(As of June 25, 2021)



\*The data presented in the non-financial highlights are for Isuzu Motors Limited (non-consolidated), except for "Number of Employees by Region".  
\*1 As of June of each year \*2 Not including head office \*3 Excluding loan employees

# Corporate Profile and Stock Information

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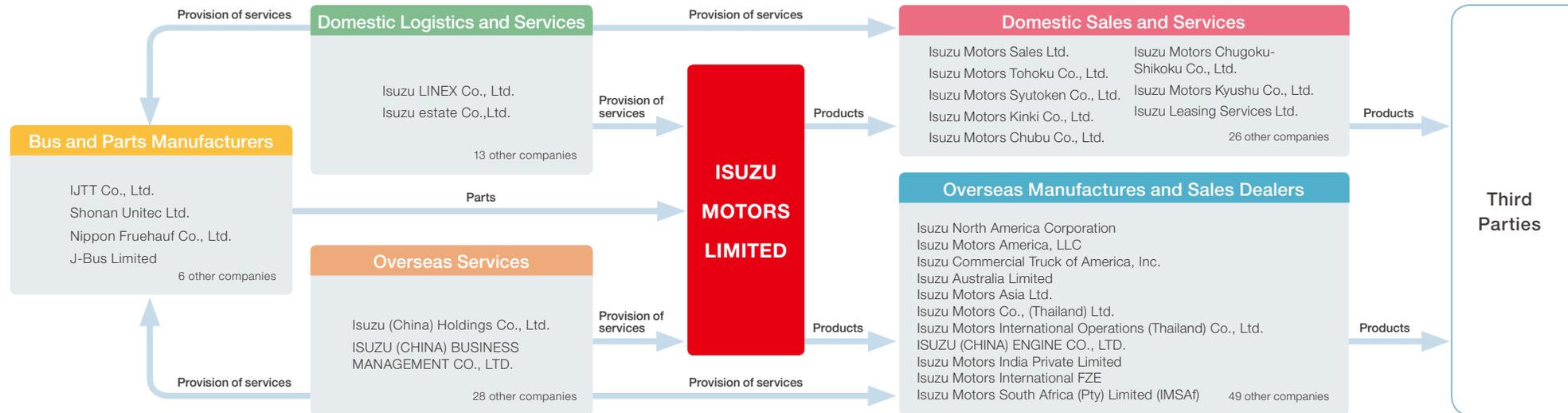
Subsidiaries and Affiliates  
Corporate Profile

59  
60



## Principal Subsidiaries and Affiliates

88 consolidated subsidiaries, 50 equity-method affiliates (as of March 2021)



### Principal Domestic Subsidiaries and Affiliates

|   | Company name                           | Address          | Equity stake | Businesses   |
|---|--|------------------|--------------|--|
| C | Isuzu Motors Sales Ltd.                | Tokyo, Japan     | 75%          | Sales of trucks, buses, and other products                                   |
| C | Isuzu Motors Tohoku Co., Ltd.          | Miyagi, Japan    | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Motors Syutoken Co., Ltd.        | Tokyo, Japan     | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Motors Chubu Co., Ltd.           | Aichi, Japan     | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Motors Kinki Co., Ltd.           | Osaka, Japan     | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Motors Chugoku-Shikoku Co., Ltd. | Hiroshima, Japan | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Motors Kyushu Co., Ltd.          | Fukuoka, Japan   | 75%          | Sales and repair of commercial vehicles and buses                            |
| C | Isuzu Leasing Services Ltd.            | Tokyo, Japan     | 75%          | Commercial vehicle leasing, commercial vehicle maintenance contract services |
| C | IJTT Co., Ltd.                         | Kanagawa, Japan  | 43.25%       | Manufacture of automobile parts and engines                                  |
| C | Isuzu LINEX Co., Ltd.                  | Tokyo, Japan     | 100%         | Warehousing and transportation   |
| E | J-Bus Limited                          | Ishikawa, Japan  | 50%          | Manufacture and sales of buses   |
| E | Nippon Fruehauf Co., Ltd.              | Kanagawa, Japan  | 34%          | Manufacture of trailers, automobile chassis, and shipping containers         |

### Principal Overseas Subsidiaries and Affiliates

|   | Company name  | Address                        | Equity stake | Businesses  |
|---|---|--------------------------------|--------------|---|
| C | Isuzu Motors Asia Ltd. (IMA)                                      | Republic of Singapore          | 100%         | Import and sales of parts for vehicle production within ASEAN region  |
| C | Isuzu Motors International Operations (Thailand) Co., Ltd. (IMIT) | The Kingdom of Thailand        | 70%          | Export of pickup trucks   |
| C | Isuzu Motors Co., (Thailand) Ltd. (IMCT)                          | The Kingdom of Thailand        | 71.15%       | Manufacture of commercial vehicles and pickup trucks; export and wholesale of vehicles, components and parts  |
| C | Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)            | The Kingdom of Thailand        | 98.56%       | Manufacture and sales of diesel engines   |
| C | ISUZU (CHINA) ENGINE CO., LTD. (ICEC)                             | The People's Republic of China | 50.61%       | Manufacture of engine parts, assembly of vehicles and engine parts  |
| C | Isuzu Motors India Private Limited (IMI)                          | Republic of India              | 62%          | Import, assembly, and wholesale of pickup trucks and derivatives  |
| C | Isuzu North America Corporation (INAC)                            | United States of America       | 100%         | General management and indirect/administration operations for subsidiaries in North America; import and wholesale of commercial vehicles and spare parts; import and assembly of production parts |
| C | Isuzu Motors America, LLC (ISZA)                                  | United States of America       | 100%         | Import and sales of industrial engines and spare parts  |
| C | Isuzu Commercial Truck of America, Inc. (ICTA)                    | United States of America       | 80%          | General management of commercial vehicle business in North America; import and wholesale of commercial vehicles and spare parts; import and supply of components                                  |
| C | Isuzu Australia Limited (IAL)                                     | Commonwealth of Australia      | 100%         | Import, sales and service of commercial vehicles, parts, and engines  |
| C | Isuzu Motors International FZE (IIF)                              | United Arab Emirates           | 100%         | New vehicle sales and promotion of lifecycle business; spare part sales and after-sales training; back-office support for Isuzu affiliates in the Middle East and Africa                          |
| C | Isuzu Motors South Africa (Pty) Limited (IMSAf)                   | Republic of South Africa       | 100%         | Production and sales of commercial vehicles, buses, and light commercial vehicles for South Africa and neighboring countries  |
| E | Qingling Motors Co., Ltd.   | The People's Republic of China | 20%          | Manufacture and sales of commercial vehicles, pickup trucks, and SUVs   |
| E | P.T. Isuzu Astra Motor Indonesia (IAMI)                           | Republic of Indonesia          | 50%          | Assembly and sales of commercial vehicles   |
| E | DMAX, Ltd.  | United States of America       | 40%          | Manufacture and sales of diesel engines   |
| E | General Motors Egypt S.A.E. (GME)                                 | Arab Republic of Egypt         | 21.84%       | Assembly and sales of passenger vehicles and light commercial vehicles  |

C Consolidated Subsidiaries

E Equity Method Affiliates

## Corporate Data and Stock Information



Head Office



Fujisawa Plant



Tochigi Plant

### Corporate Data

|  |  |
|--|--|
| Company Name   | ISUZU MOTORS LIMITED   |
| Head Office  | 6-26-1 Minami-Oi, Shinagawa-ku,<br>Tokyo 140-8722 Japan<br>Tel.: 81-3-5471-1141 (Direct to General Affairs & HR Dept.) |
| President and Representative Director                  | Masanori Katayama  |
| Date of Established                                    | April 9, 1937  |
| Paid-in Capital  | 40.644 billion yen (as of March 31, 2021)  |
| Employees  | 36,224 (consolidated) / 8,149 (Non-consolidated) (as of March 31, 2021)  |
| Major Products   | Heavy-, medium- and light-duty trucks, Buses, Vehicle & industrial diesel engines                                      |
| Net Sales  | Consolidated: 1,908,150 million yen. Non-consolidated: 922,628 million yen<br>(year ending March 2021)                 |
| Operating Income (consolidated)                        | 95,732 million yen (consolidated, year ending March 2021)  |
| Profit before extraordinary items (consolidated)       | 104,265 million yen (consolidated, year ending March 2021)   |
| Profit attributable to owners of parent (consolidated) | 42,708 million yen (consolidated, year ending March 2021)  |
| No. of Consolidated Subsidiaries                       | 88 companies (year ending March 2021)  |

### Common Stock and Number of Shareholders (As of March 31, 2021)

| Common Stock        |               |
|---------------------|---------------|
| Shares authorized   | 1,700,000,000 |
| Shares issued       | 777,442,069   |
| No. of shareholders | 40,898        |

### Major Shareholders (As of March 31, 2021)

| Common Stock  | Number of shares held<br>(in thousands) | Percentage of<br>ownership (%) |
|---|---|--------------------------------|
| Mitsubishi Corporation  | 63,633                                  | 8.62                           |
| The Master Trust Bank of Japan, Ltd. (Trust Account)              | 60,151                                  | 8.15                           |
| ITOCHU AUTOMOBILE INVESTMENT L.L.C.                               | 52,938                                  | 7.17                           |
| Custody Bank of Japan, Ltd. (Trust Account)                       | 37,719                                  | 5.11                           |
| Mizuho Bank, Ltd.   | 15,965                                  | 2.16                           |
| National Mutual Insurance Federation of Agricultural Cooperatives | 12,650                                  | 1.71                           |
| SSBTC CLIENT OMNIBUS ACCOUNT                                      | 12,591                                  | 1.71                           |
| JP MORGAN CHASE BANK 385632                                       | 12,336                                  | 1.67                           |
| THE BANK OF NEW YORK MELLON 140044                                | 11,366                                  | 1.54                           |
| STATE STREET BANK AND TRUST COMPANY 505103                        | 9,830                                   | 1.33                           |

- Note: 1. The Percentage of ownership shares are calculated by deducting treasury stock (39,001,520 shares).  
Of this treasury stock, 39,000,000 shares were disposed of through the execution of a third-party allotment to TOYOTA MOTOR CORPORATION on April 9, 2021.  
Moreover, the number of shares in treasury stock does not include shares held in trust whose beneficiaries are directors, etc.
2. The Percentage of ownership is calculated after deducting treasury stock.  
In addition, the number of shares are rounded down to the nearest thousand.
3. The number of shares are rounded down to the nearest thousand.

#### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan