

P1. Overview

Now, I would like to explain the progress of the Mid-term Business Plan we announced last May.

Let me begin with an overview.

The business environment has changed largely from the assumptions we had when we formulated the plan, due to the factors such as semiconductor shortages, soaring raw material prices, and heightened geopolitical risks.

In response, we are taking steps to mitigate the impact of the factors, such as having flexible production, pushing forward cost reductions, and reviewing our product prices. Despite such circumstances, we are steadily implementing the mid- and long-term measures set forth in our Mid-term Business Plan.

I will explain the current status of each measure in detail later.

P2. Mid-Term BP Financial Targets

Next, let me explain our financial targets.

As for the fiscal year that ended March 31, 2022, that is, the first year of our Mid-term Business Plan, we achieved our targets with net sales of 2.5 trillion yen and operating income of 187 billion yen.

We are expecting that our sales will continue to grow, however, our profitability will have a hard time to grow due to the soaring material costs and logistics costs.

Fighting against such circumstances, we haven't changed our mid-term financial targets set for the fiscal year ending March 31, 2024. We will achieve the mid-term financial targets by dealing with rapidly changing cost structure, materializing mutual synergy between UD trucks and Isuzu, strengthening the LCV business, and launching the all-new light-duty trucks in Japan.

P3. Measures to Expand our Business and Improve our Profitability (during the Mid-term Business Plan Period)

Next, I would like to explain the individual measures in line with the three initiatives set forth in our Mid-term Business Plan.

The first initiative is, "Expand the Current Businesses and Improve their Profitability."

As a measure that contributes to our earnings during the Mid-term Business Plan period, we are working to materialize mutual synergy between UD Trucks and Isuzu.

While maintaining the UD brand, we are aiming to increase the sales of heavy-duty trucks under a multi-brand strategy. And as the first product of our collaboration with Volvo,

we will introduce a new tractor unit to the market through both the Isuzu and UD channels in 2023.

Isuzu and UD Trucks are cooperating on the sales front as well. The domestic sales divisions of both companies were put together into our new headquarters, and the overseas sales divisions will also begin to work together soon.

UD Trucks' corporate strength is getting reinforced. As seeable effects, they are achieving cost reductions through joint transportation and common parts purchasing with Isuzu, and the quality of products is being improved.

Regarding our LCV business, the role sharing among our three global production bases has progressed.

As for our Thai base, which is our mother plant, we have increased their producing capacity to 340,000 units per year, seeing that a new model, has been well received by high-end users.

As for our Indian base, we are promoting localization of production, regarding them as our export base for vehicles for workhorse applications. In addition, we are strengthening exports from them to the Middle East.

As for our South African base, they have started production of a new model, so that they are enjoying the parallel production of the new model and the previous model now.

We will expand our LCV business by making maximum use of the three production bases.

P4. Measures to Expand our Business and Improve our Profitability (Future)

Next, let me touch upon our measures leading to our future earnings.

We have started joint full model change development of the heavy-duty truck models by Isuzu and UD Trucks for the Japanese- and other Asian markets, utilizing the alliance collaboration with the Volvo Group in the area of new technologies.

As for mid- and light-duty trucks, we are going to release all-new models by the end of this fiscal year. Providing a wide range of variants including battery electric ones, we will launch the all-new models first in Japan, followed by overseas rollouts, through both the Isuzu and UD channels.

One of the features of these all-new mid- and light-duty models is that we employed "I-MACS" in their development. I-MACS is our modular design concept that allows for flexible product development in order to respond to various needs and power source types of each country and region.

P5. Carbon Neutrality Strategy (1)

Let me move to the second initiative, "Axes of Innovation".

First, I would like to explain the status of our Carbon Neutrality Strategy.

We are implementing our measures for carbon neutrality in line with our initial assumptions.

The Japanese government embodied its Green Growth Strategy last June, and made clear the targets for Japanese commercial vehicles to achieve. We will continue to challenge carbon neutrality, aiming at achieving the clarified targets. I would like to tell you about our specific measures as shown on the next chart.

P6. Carbon Neutrality Strategy (2)

As I mentioned earlier, we will launch a light-duty battery electric truck model, first in Japan within this fiscal year, and then in the U.S. and Europe.

We will also launch a variant that can be driven by regular driver's license holders in Japan.

In addition, we are developing a heavy-duty, battery electric route bus model, aiming at a launch in 2024.

And we launched the heavy-duty LNG-powered truck model, GIGA-LNG, last October, ahead of the other Japanese commercial vehicle manufacturers.

In addition, we are also engaged in advance engineering and demonstration tests of light-duty and heavy-duty fuel cell truck models, a heavy-duty fuel cell route bus model, an electric pickup model, and a mid-duty battery electric truck model for the U.S. market. We will continue to examine the possibility of various technologies without narrowing our technology options.

P7. Contributing to Logistics Evolution as a CV OEM.

Next, I would like to talk about connected vehicles and autonomous driving.

In the area of connected vehicle technology, we will begin offering a new connected service platform this October. The platform, that integrates the services of Isuzu and Fujitsu, is named "Commercial Vehicle Connected Information Platform".

In relation to this, UD Trucks will start an operational trial of the "MIMAMORI" fleet management service in January next year.

In addition, through CJPT, we will continue to promote linkage with a wide range of data platforms based on the Toyota Mobility Service Platform.

In the area of autonomous driving technology, we are planning to work on use cases, giving priority to those with higher labor-saving effects, higher safety and higher feasibility. We started a demonstration test of an autonomous driving bus at Fukuoka Airport. In addition, UD Trucks and Kobe Steel will begin a joint demonstration test of a Level 4 autonomous driving heavy-duty truck in a steel works site.

P8 Evolve Management from ESG Perspectives

Finally, I would like to explain our third initiative, "Evolving the Management from ESG perspectives".

We are implementing various measures to change our management culture, and promoting internal and external communication, as sources of innovation.

Last year, we began reforming our HR platform having "diversity" as the concept. Through this reform, our human resources will be reinforced further.

We are also engaged in various measures to promote communication within the automobile industry. For example, we have an engineer exchange program with our alliance partners and we are trying to increase our harmony with UD Trucks' diversity. Last year, in collaboration with the Volvo Group, we kicked off VOIS, a diversity and inclusion promotion activity in workplaces.

Our headquarters has been relocated to Yokohama where various industries gather. Taking advantage of this headquarter location, we will promote cross-industrial communication. And also, we will enhance our communication with our overseas offices, by utilizing the latest office facilities and IT environment.

That's all. Thank you very much.