

**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. <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 (Next report: scheduled for September 2022)
<b>Referenced Guidelines</b>	Value Reporting Foundation <i>International Integrated Reporting Framework</i> Ministry of Enterprise, Trade and Industry <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.
<b><u>Sustainability Report</u></b>	Describes our activities in the fields of environment, society, and governance to help provide a comprehensive understanding of the Isuzu Group's ESG initiatives.
<b><u>Annual Securities Report</u></b> <small>(Available in Japanese only)</small>	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.
<b><u>Corporate Governance Report</u></b> <small>(Available in Japanese only)</small>	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 FY2021 and FY2022 due to the COVID-19 pandemic. Implementation for FY2023 onward is yet to be decided.

\*2 Not carried out or temporarily suspended in FY2021 due to COVID-19. Implementation in FY2022 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.



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



The first N-Series



F-Series



C&E Series

**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

**1961** Completes construction and opened Phase 1 of the Fujisawa Plant (Operations started in 1962)

**1966** Isuzu Motors Co., (Thailand) Ltd. established

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

**1971** Opens Tochigi Plant

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

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

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

**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

**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

**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

## 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

## 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

## 1970-

**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-

**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** 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-

**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

## 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



Hillman VIII PH-12 (1955 model)



117 Coupe



6th Generation N-Series



## 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&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



Heavy duty trucks: UD Trucks Quon and Isuzu GIGA

maximum 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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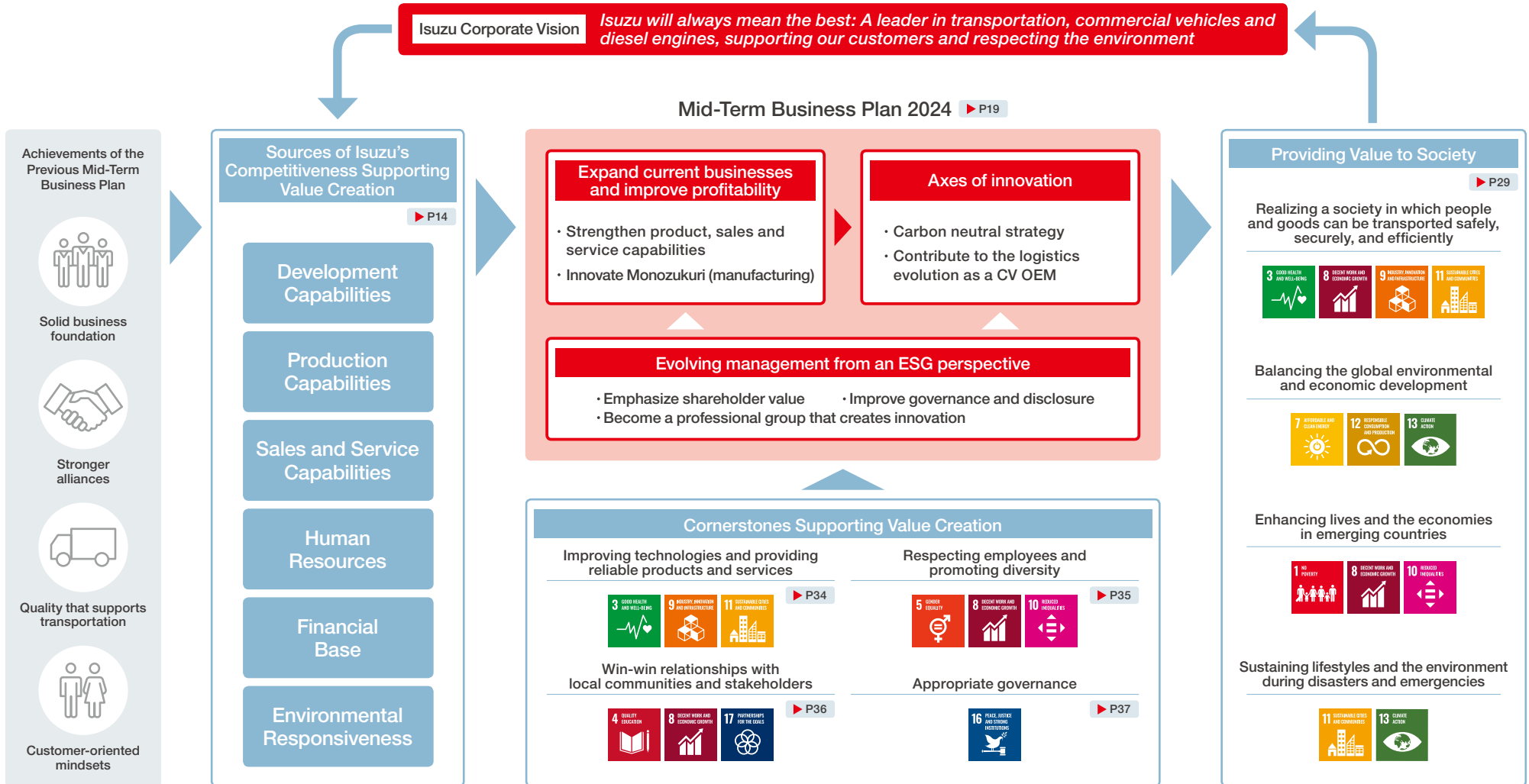
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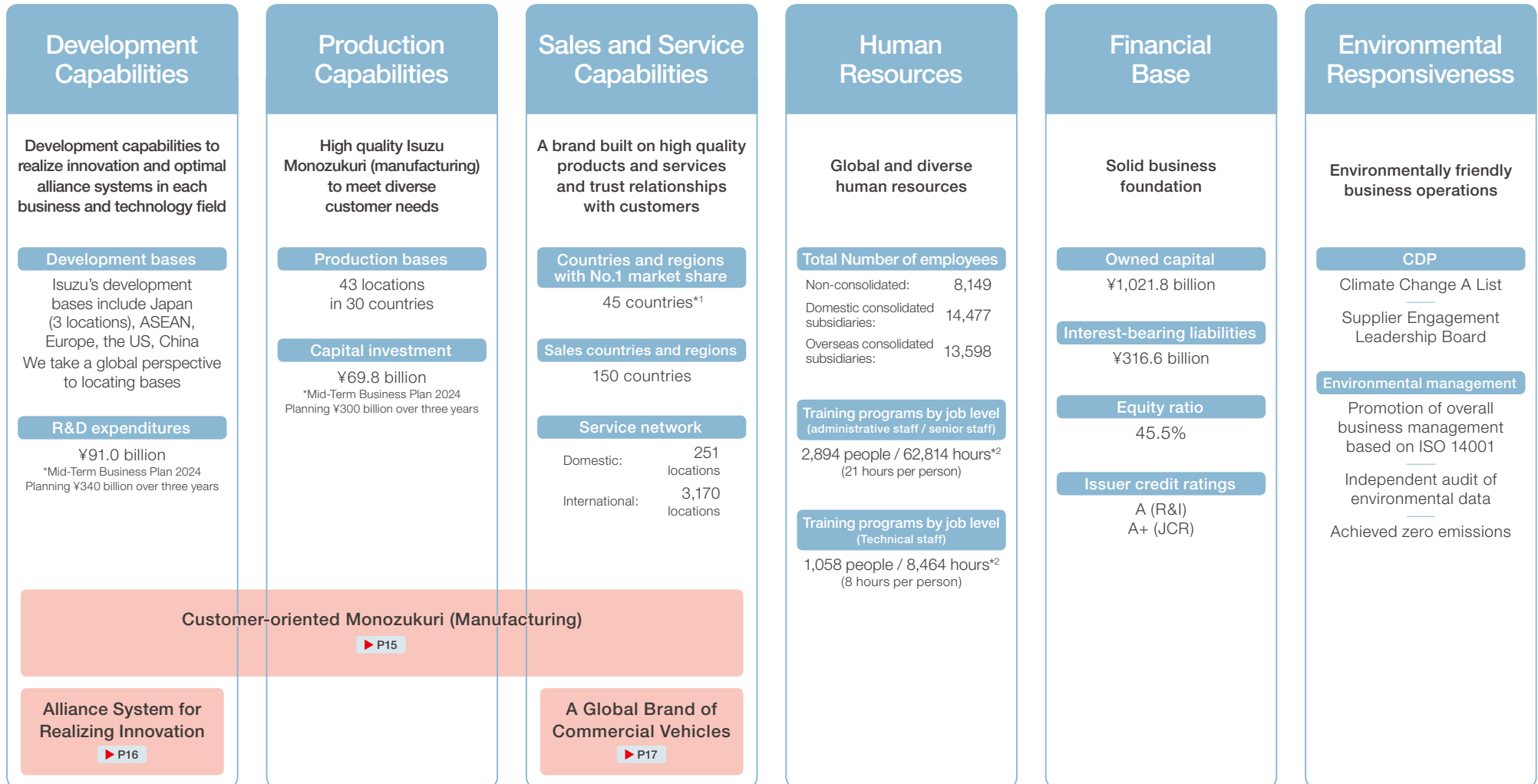
# The Isuzu Group's Value Creation Story

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

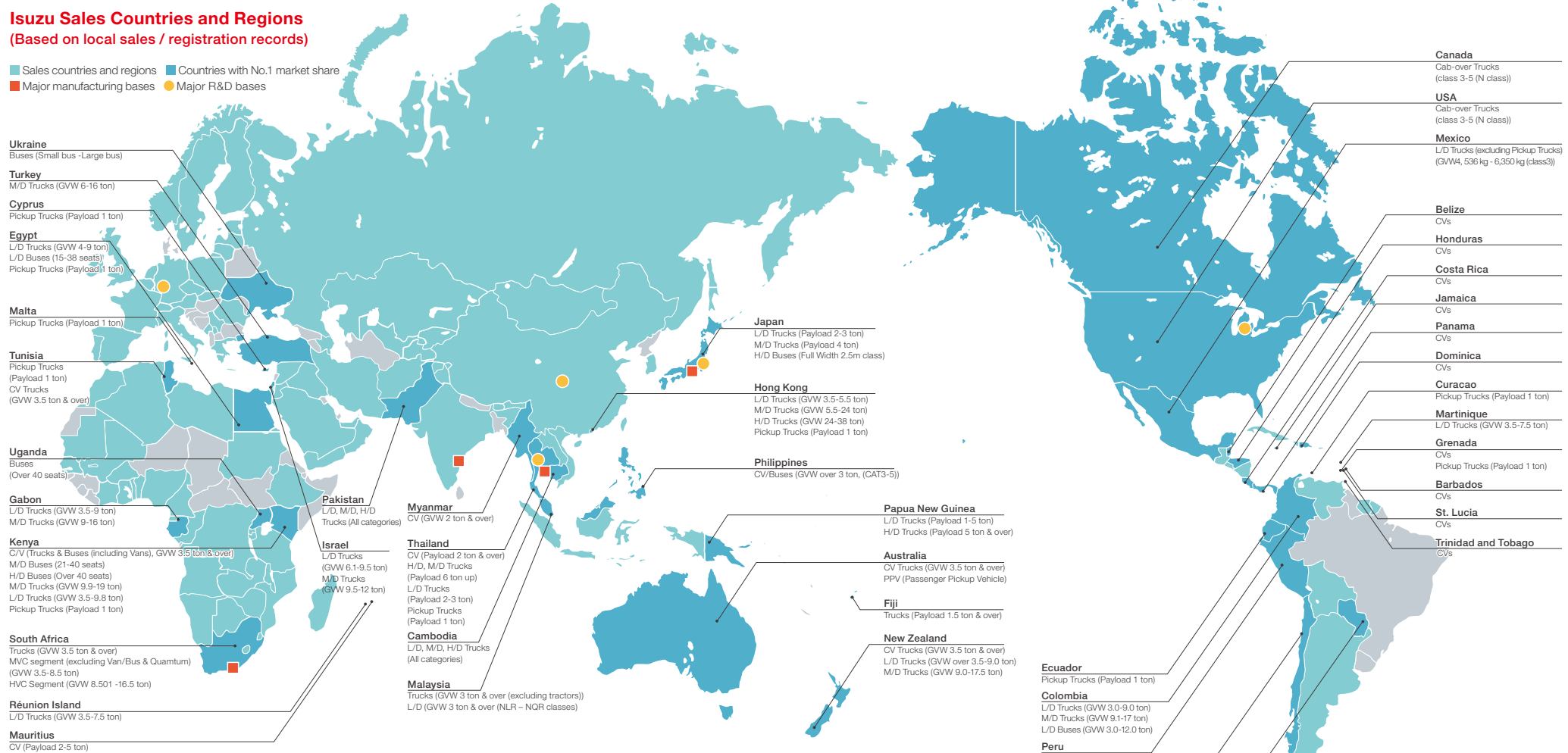
- Undertake joint development of EVs, FCVs, autonomous driving technologies, and electronic platforms, focusing on light-duty trucks.
- The three companies will jointly build a commercial version of their connected technology platform and provide various logistics solutions.
- Promote planning of CASE 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 Value Creation Story

# Growth Strategies

The Isuzu Group formulated its new *Mid-Term Business Plan 2024* as a growth strategy centered on value creation with the aim of maximizing our corporate value in the future.

The plan looks ahead to growth through to FY2024 ending March 2024 and beyond, setting *Carbon neutral strategy* and *Contribution to logistics evolution as a CV OEM* as the main axes of innovation to respond to social issues surrounding commercial vehicles. To support these axes, we will expand current businesses and improve their profitability and evolve management from *ESG perspectives* to become a company that can survive the period of profound transformation of the automotive industry.

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

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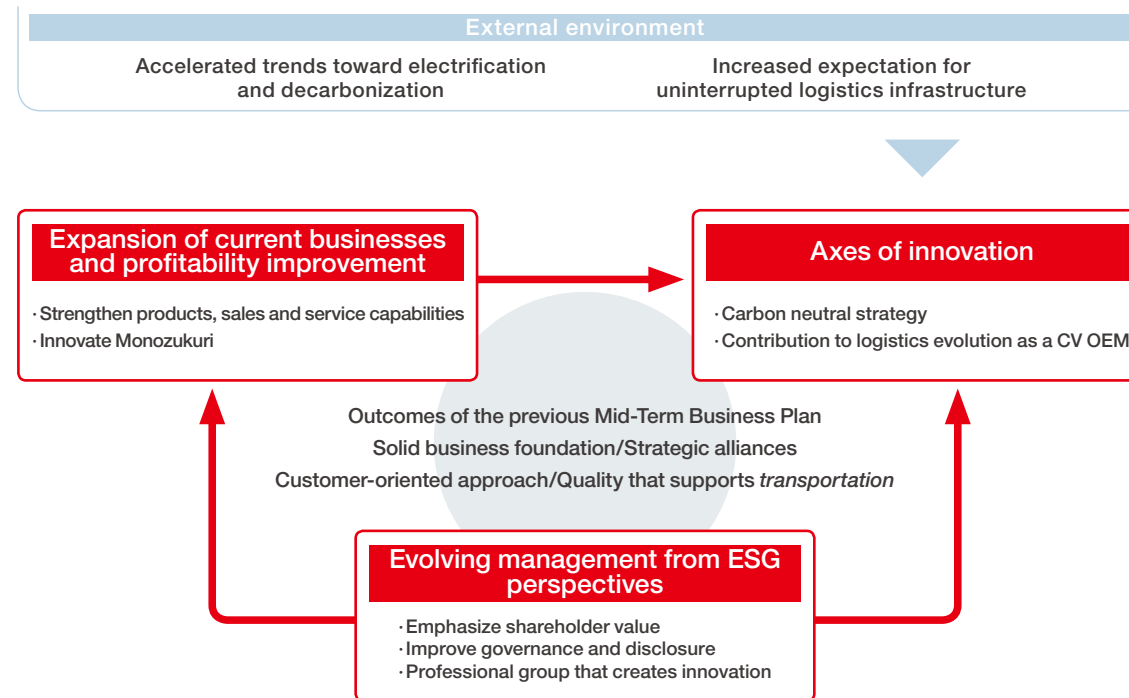
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## Overview of Mid-Term Business Plan 2024

Aiming to achieve growth, the Isuzu Group formulated the *Mid-Term Business Plan 2024* as a new three-year plan from FY2022 ending March 2022 to FY2024 ending March 2024.



The external environment surrounding CV manufacturers is changing dramatically due to the accelerated trends toward electrification and decarbonization as well as increased expectation for uninterrupted logistics infrastructure utilizing connected services and autonomous driving technologies. In this environment, we recognize that it is our *social mission and responsibility* to contribute to the realization of a decarbonized society and a new logistics society. Based on this belief, the Mid-Term Business Plan 2024 aims to transform ourselves based on two axes of innovation, *Carbon neutral strategy* and *Contribution to logistics evolution as a CV OEM*.

In addition, to support the realization of this innovation, we will continue to expand our current businesses and improve their profitability while implementing a wide range of initiatives to strengthen our products, sales and service capabilities, and innovate our Monozukuri. Utilizing the collaborative synergies from alliances realized in the previous Mid-Term Business Plan, we will actively promote collaboration with our partners as an effective way to promote and realize innovation.

Furthermore, in the CASE era, we expect competition and collaboration with participation from different industries will become commonplace globally, and our competitors, partners, and other stakeholders will become more diverse and global. Therefore, in order to be a company that is accepted by diverse stakeholders and that can survive, we strive to transform our corporate structure, culture, and management style from the three perspectives of E (Environment), S (Society), and G (Governance), by evolving management from ESG perspectives. We aim to become a global sustainable company through management that emphasizes shareholder value, strengthening governance and expanding disclosure through such measures as transitioning to a company with an audit and supervisory committee and improving disclosure of non-financial information, and transforming ourselves into a professional group that creates innovation by promoting diversity and reforming the organization and communication.

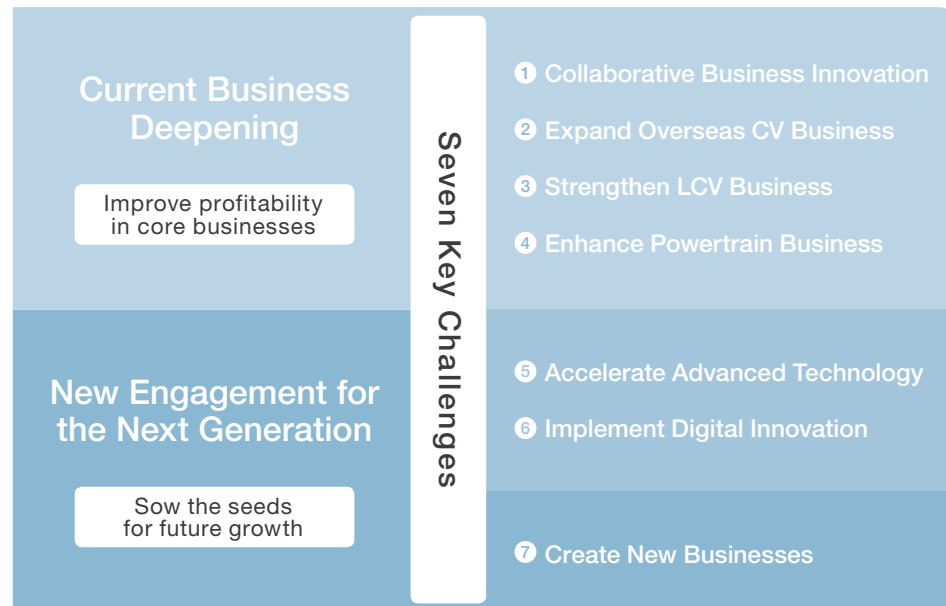
## Review of the Previous Mid-Term Business Plan

### Overview and Outcomes of the Previous Mid-Term Business Plan

From FY2019 ended March 2019 to FY2021 ended March 2021, the Isuzu Group implemented a range of measures based on the policies of *current business deepening and new engagement for the next generation*. We considered the profound transformation in the automotive industry represented by the spread of electrification and connected technologies as an opportunity, and developed *aggressive* initiatives focused on seven key challenges to strengthen the foundation of our core businesses, increase profitability, and sow seeds for the future.

Not only achieving financial results, but these initiatives drove collaborative creation activities with partner companies, expansion of sales countries and market share, full model changes of LCVs to strengthen product competitiveness, and the establishment of alliances, laying the groundwork for future growth.

#### Initiatives in the Previous Mid-Term Business Plan



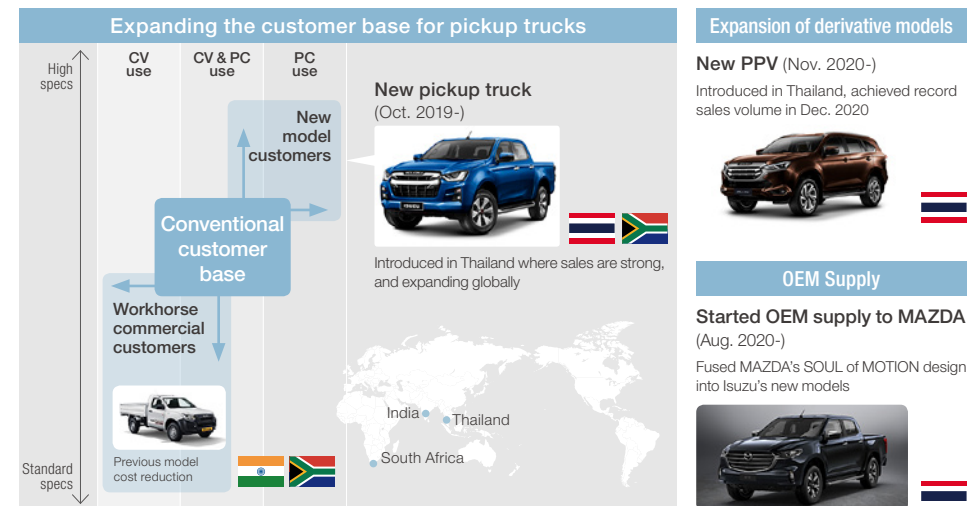
### Promotion of Collaborative Creation Activities Please see ▶ P16 for details

Together with our customers and optimum partners in each field, we led the creation of new value through our business activities, applying the process cycle of collecting data about customers' issues such as driver shortages and the need to enhance transport efficiency, launching new solutions and promoting sales expansion.

### LCV Full Model Change

In 2019, the D-MAX pickup truck underwent a full model change to strengthen product competitiveness. As a result, we expanded the customer base from those who use a vehicle as a conventional commercial-passenger car to those who use it as a passenger car. In the future, we will produce the new D-MAX in Thailand, India, and South Africa alongside existing models to expand sales to meet the needs of customers around the world.

In particular, the new-model D-MAX has been highly evaluated in Thailand and other countries, leading to the expansion of sales to 100 countries, and the development of a Passenger Pickup Vehicle (PPV) derivative product. Further, we have established an LCV lineup that will strengthen our future earnings base, including the launch of OEM products for Mazda in August 2020.



## Review of the Previous Mid-Term Business Plan

### Completion of Strategic Alliance Building Please see ▶ P16 for details

We aggressively pursued alliance building as an initiative to expand profitability in core businesses and to drive future growth. In the powertrain field, we entered into an alliance with Cummins Inc. to select and concentrate on diesel engine development and to develop technologies for highly-efficient, environmentally friendly next-generation products. We concluded a joint agreement with Honda R&D Co., Ltd. on research into FC (Fuel Cell) powertrains for heavy-duty trucks, and signed a memorandum of understanding with the Volvo Group on a strategic alliance in the fields of electrification and autonomous driving. In addition, we built a system of alliances including the joint establishment of a new company, CJPT (Commercial Japan Partnership Technologies Corporation) with Hino Motors, Ltd. and Toyota Motor Corporation to plan CASE technologies and services for commercial vehicles with the aim of proactively responding to the major environmental changes occurring in the automotive industry.

### Financial Results of the Previous Mid-Term Business Plan

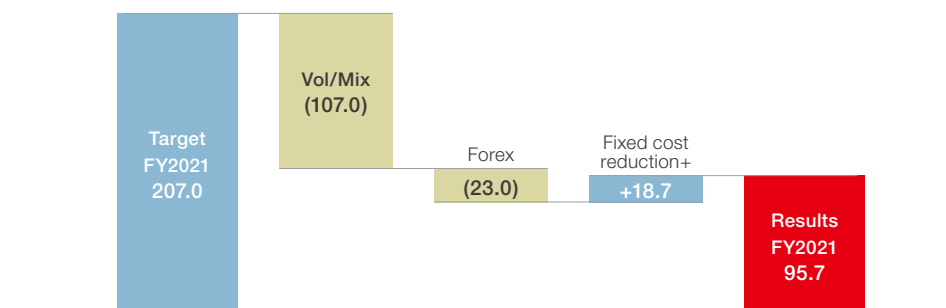
In the previous Mid-Term Business Plan, we implemented strategies targeting net sales of 2,300.0 billion yen and operating income of 207.0 billion yen for FY2021 ended March 2021. However, we did not reach these targets mainly due to the impact of COVID-19 on markets, sluggish demand in emerging countries, and the impact of emerging markets' foreign exchange rates such as the appreciation of the Thai baht.

Regarding the impact of COVID-19, some countries and regions are already seeing a recovery in sales volume, and we are steadily expanding sales and profits by responding with detailed measures tailored to the conditions in each country and region. In emerging markets, we are taking measures to promote stable future growth such as building a solid business foundation that will not be affected by temporary demand trends or exchange rate fluctuations.

#### Previous Mid-Term Business Plan Target and Results

	Previous Mid-Term Business Plan target FY2021	Results FY2021	Difference
Net sales	2,300.0 bil. yen	1,908.2 bil. yen	(391.8) bil. yen
Operating income	207.0 bil. yen	95.7 bil. yen	(111.3) bil. yen

#### Change in operating income (Bil. Yen)





## External Environment

### The External Environment Surrounding the Isuzu Group

Given the external environment surrounding the Isuzu Group is constantly changing, we believe the most significant changes in the commercial vehicle industry are the *accelerated trends toward electrification and decarbonization, and increased expectation for uninterrupted logistics infrastructure*. We recognize that it our social mission and responsibility to respond to these major trends and contribute to the realization of a decarbonized society and a new logistics society. In the new Mid-Term Business Plan starting this fiscal year, our innovation axes will form the core of our initiatives to respond to these two major social demands.

#### External environment 1

#### Accelerated trends toward electrification and decarbonization

Carbon neutrality is recognized as a top priority social issue. The Japanese government issued a declaration aiming for carbon neutrality by 2050, and the accompanying Green Growth Strategy also advocates carbon neutrality through the entire life cycle of automobiles.

While the commercial vehicle sector is seeing innovations in electrification and decarbonization, commercial vehicles are required to be both easy to use and economically rational as they are used in a variety of applications according to 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. We aim to further strengthen these initiatives, leveraging the know-how we have cultivated in the commercial vehicle field to contribute to building a carbon-free society.

- Identify appropriate technologies through demonstration tests for the social implementation of BEVs (battery electric vehicles) and FCVs (fuel cell vehicles).
- Introduce products to market in stages and work on product improvement for volume sales.
- Continue development of highly-efficient ICE (Internal Combustion Engine) in preparation for the widespread use of carbon neutral fuels.

#### External environment 2

#### Increased expectation for uninterrupted logistics infrastructure

As the spread of COVID-19 has changed the ways people work and their consumption behavior, the importance of logistics as a social infrastructure has been reaffirmed. At the same time, issues such as the shortage of truck drivers and need to improve transport efficiency have become apparent.

The Isuzu Group believes it is our responsibility as a company to contribute to solving issues in the logistics industry, which is our main customer.



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

The move towards *logistics evolution* is accelerating, using cutting-edge technologies such as connected services and autonomous driving to solve diverse issues facing the logistics industry.

As a commercial vehicle manufacturer supporting logistics, the Isuzu Group, in collaboration with various alliance partners, will promote innovation to provide products and services that contribute to solving issues.

- 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 soon as possible.

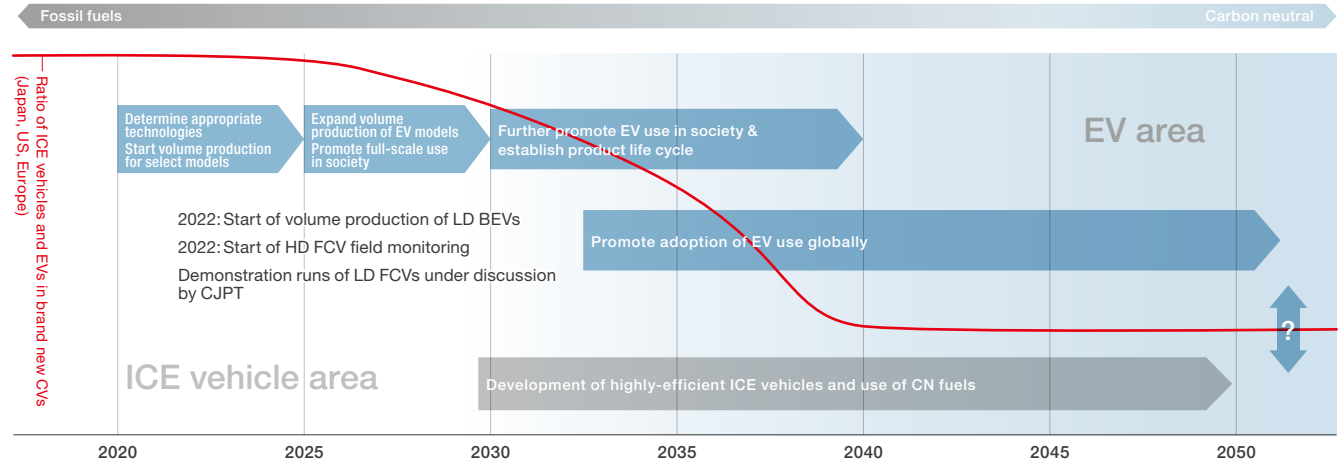
## Carbon Neutral Strategy

Looking to make all commercial vehicles CN (Carbon Neutral) by 2050, the Isuzu Group aims to establish a full lineup of vehicles capable of dealing with carbon neutrality by 2040. As a mid-term target to expand our lineup, we will expand volume production and sales of EV\*<sup>1</sup> versions of our main models, including BEVs, FCVs, and HEVs during the 2030s.

At the same time, we will continue promoting development of highly-efficient ICE\*<sup>2</sup> vehicles and the use of carbon neutral fuels for applications that have to rely on ICE.

\*1 EVs (Electric Vehicles) include BEVs (Battery Electric Vehicles), FCVs (Fuel Cell Vehicles), and HEVs (Hybrid Electric Vehicles)

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



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

#### (1) Identify technologies and start volume production for select models

As the development and sale of EVs advances in the passenger car segment, we aim to achieve electrification of CVs used in various applications to meet customers' needs. By conducting focused demonstration tests to support the social implementation of BEVs and FCVs, we will determine the optimal technologies to be used by 2025. In parallel, we will gradually start launching EV products in the market and continue improving their economic rationality.

#### (2) Expand volume production of EV models and promote full-scale use in society

From 2025 onwards, we will utilize the results of demonstration tests to expand and improve our EV lineup, and expand volume production and sales. In addition, to make it easier for CV users to switch to EVs, we will deepen our knowledge for social implementation and collaborate with relevant organizations to promote the installation of infrastructure such as charging stations.

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

From 2030 onwards, we will promote initiatives to further popularize EVs and establish their life cycles. We will reduce the initial cost of introducing EVs by forming alliances to control development costs and capital investments. We will also promote the standardization and commonality of products with other companies to reduce running costs and minimize the burden on customers, and promote the switch to EVs.

#### (4) Promote EV use globally

Environmental policies and the status of EV infrastructure development differ depending on the country and region. Utilizing the Isuzu Group's global network, we will build an organization to promote carbon neutrality globally and work to further promote the adoption of EVs.

### Development of Highly-Efficient ICE Vehicles and Use of Carbon Neutral Fuels Topics ▶ P24

Compared to passenger cars, the electrification of CVs presents multiple challenges since they have more diverse applications, types and usage in various operating environments. In addition, conventional ICEs have high efficiency and economic rationality and a certain level of customer demand is expected even in a decarbonized society. Therefore, for us to realize carbon neutral CVs, we need to find ways to minimize their environmental impact, not only through electrification but also by enhancing the performance of conventional ICE vehicles.

By promoting the use of carbon neutral fuels (such as synthetic fuels derived from renewable energy), we aim to work towards carbon neutrality in the mid- to long-term while responding to our customers' needs.

## Carbon Neutral Strategy

### Topics

In promoting a carbon neutral strategy, the Isuzu Group leverages its technology, expertise and alliances with other companies aiming to expand volume production and sales of EVs, develop highly-efficient ICEs and promote the use of carbon neutral fuels. This section introduces the main initiatives and future plans toward carbon neutral.

#### EV Volume Production and Sales Expansion

Main initiatives	Overview and future plans
<b>Start of volume production of LD BEVs (2022)</b>	<ul style="list-style-type: none"> <li>Isuzu focused on the development of BEVs in the light-duty truck segment, starting demonstration tests in 2019 using monitor vehicles developed for store distribution and home delivery.</li> <li>Based on the knowledge gained from the monitor vehicles, Isuzu is developing the BEV version of <i>N-Series</i> with the aim of commercializing it in 2022. The goal is to develop high-performance, highly-functional products by applying battery technologies, motor technologies and optimal energy management systems.</li> </ul>
<b>Start of HD FCV field monitoring (2022)</b>	<ul style="list-style-type: none"> <li>In 2020 Isuzu started joint research on HD FCVs in collaboration with Honda R&amp;D Co., Ltd.</li> <li>Isuzu is currently designing FCVs to start demonstration tests using field monitoring vehicles in fall 2022.</li> <li>Going forward, Isuzu will review feedback on usability and technical issues gathered from the demonstration tests and use it as input for the development of future volume-production models. Isuzu will also apply the FCV technologies gained from the joint research to other vehicle types.</li> </ul>
<b>Demonstration runs of LD FCVs (2021)</b>	<ul style="list-style-type: none"> <li>CJPT (Commercial Japan Partnership Technologies Corporation), a new company established with Hino Motors, Ltd. and Toyota Motor Corporation, plans to first start demonstration runs with a major convenience store company in 2021 in Fukushima Prefecture aiming to develop a hydrogen society model of the future.</li> <li>In Fukushima Prefecture, the plan is to introduce LD FCVs as delivery trucks to supermarkets and convenience stores, which serve as essential community infrastructure and evacuation shelters in times of disaster. In tandem, CJPT also seeks to manage energy use with connected technologies to optimize operations control and hydrogen refuel timing.</li> <li>By combining the CV business foundations developed by Isuzu and Hino with Toyota's CASE technologies, CJPT will accelerate the social implementation and popularization of CASE as part of its activities to address challenges faced by the transportation industry and realize a carbon neutral society.</li> </ul>



#### Development of Highly-efficient ICE Vehicles and Use of Carbon Neutral Fuels

Main initiatives	Overview and future plans
<b>Development of high-efficient ICE vehicles</b>	<ul style="list-style-type: none"> <li>Isuzu develops ICE vehicles that comply with increasingly stringent exhaust gas regulations, including those likely to be implemented by developed countries in the future.</li> <li>Focusing on customers' total cost of ownership from purchase to disposal, Isuzu improves fuel efficiency by shifting its focus from <i>the pursuit of maximum thermal efficiency of engines in high loads to increased fuel efficiency in low- and mid-load driving conditions of real life.</i></li> <li>Isuzu strengthens its development skills for ICEs by working with mutually complementary alliance partners such as Cummins Inc. <a href="#">Please see ► P16 for details</a></li> </ul>
<b>Use of carbon neutral fuels</b>	<ul style="list-style-type: none"> <li>In April 2021, Isuzu set up a dedicated department to promote the use of next-generation fuels.</li> <li>In preparation for the social implementation of carbon neutral fuels, Isuzu evaluates vehicles with the aim of improving performance and durability and strengthens collaborations with external partners to accelerate the practical use and adoption.</li> <li>Isuzu proactively raises questions and proposes measures to improve the quality of carbon neutral fuels to manufacturers of next-gen fuels.</li> </ul>



## Contribution to Logistics Evolution as a CV OEM

As the importance of logistics infrastructure continues to heighten, the Isuzu Group is committed to developing connected technologies and autonomous driving for practical application as a manufacturer of CVs to assist its customers in the era of logistics evolution.

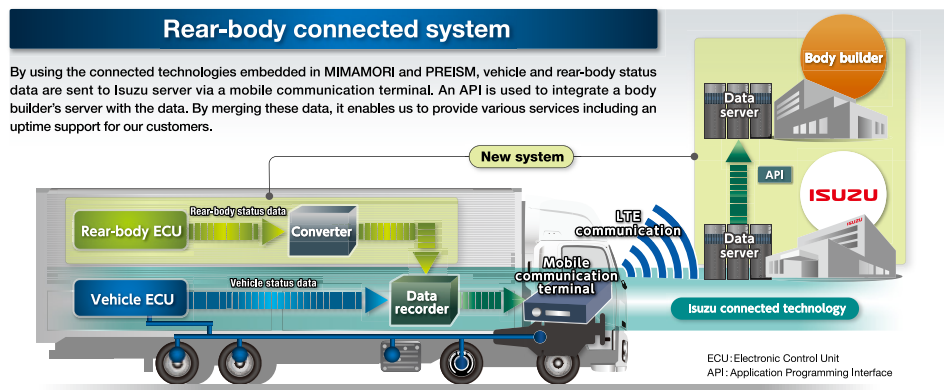
### Connected

The Isuzu Group is ongoingly developing connected technologies for CV applications for the purpose of achieving both uptime support and fleet management. During the current Mid-Term Business Plan, the Group opens up its connected services to improve customer convenience and make it adaptable to 5G that connects everything.

### Uptime Support

#### Started to develop rear body monitoring system

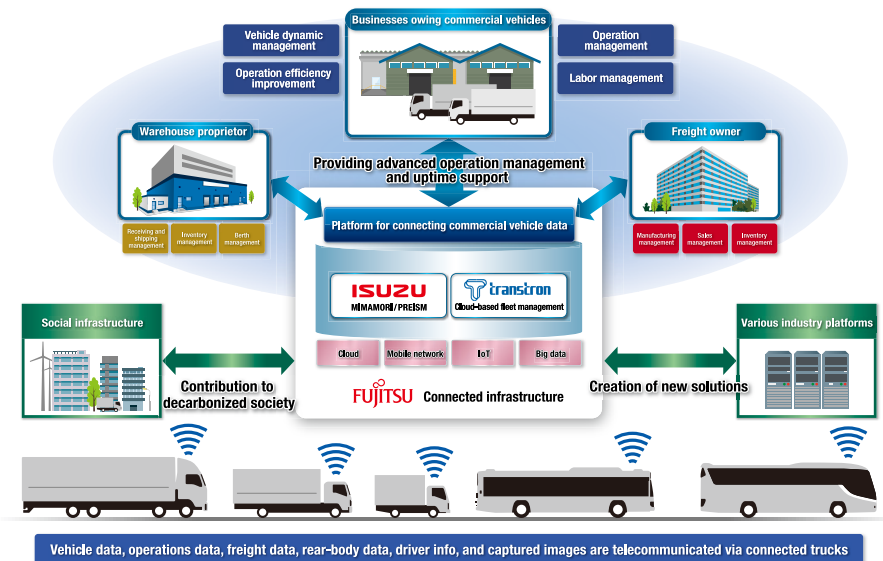
The Isuzu Group has long provided services to support uptime operations and prevent breakdowns, such as *PREISM* an advanced genuine maintenance program. To utilize such connected technologies for monitoring the operation conditions of rear bodies (components and systems built for the specific purpose of a vehicle) which are an integral part of commercial vehicles, in February 2021 the Group launched a *Rear Body Monitoring System (Rear Body Connected)* in collaboration with rear body manufacturers. With this, the Group strives to develop new services such as optimized maintenance and early repairs for the rear bodies to support customers' uptime.



### Fleet Management

The Isuzu Group has embarked on the development of a *Platform to Connect Commercial Vehicle Data* with Transtron Inc., which develops and provides cloud-based operations support services and Fujitsu Limited, aiming to launch the service in 2022. By linking data such as location information and vehicle condition among freight owners, fleet companies, warehouse proprietors, among others, the system will address logistic challenges such as the need to improve driver shortages, long working hours and loading rates and realization of non-contact/non-face-to-face logistics operations.

The Group pursues various initiatives with a view to building an information sharing platform beyond the automotive industry and establishing a link with EMS (Energy Management System) in anticipation of EVs becoming mainstream in a decarbonized society.








Conceptual diagram of platform for connecting commercial vehicle data

## Contributing to Logistics Evolution as a CV OEM

### Autonomous Driving

While accelerating its efforts to realize autonomous driving through joint developments with various partners, Isuzu aims to improve safety and efficiency of unmanned operations and verify the effects not only for logistics use but also other use cases to promote dissemination.

Use case	Initiatives
<p>Expressways x HD Trucks</p> 	<ul style="list-style-type: none"> <li>· In collaboration with Hino Motors, Ltd., Mitsubishi Fuso Truck and Bus Corporation and UD Trucks Corporation, Isuzu participates in the Japanese government's expressway truck platooning research program. To fulfill the government's goal of <i>commercializing semi-autonomous truck platoons by FY2022</i>, Cooperative Adaptive Cruise Control, which combines Adaptive Cruise Control (ACC) to maintain a constant speed and distance with Lane Keeping Assist System (LKAS), is put to use.</li> <li>· Isuzu is working to expand sales of 2020 model GIGA with all-speed ACC and LKAS and at the same time jointly research on technologies for autonomous-driving heavy-duty trucks, some of which were applied to the volume-production models, with Isuzu Advanced Engineering Center, Ltd.</li> </ul>
<p>Ports x Low-speed Driving/Parking</p> 	<ul style="list-style-type: none"> <li>· In consideration of use conditions specific to ports, Isuzu is promoting the development of autonomous driving technology to address issues.</li> </ul>
<p>Buses in Limited Zones</p> 	<ul style="list-style-type: none"> <li>· Isuzu aims to resolve challenges caused by driver shortages and improve passenger transport volumes and human flow. It has begun demonstration tests using technologies from start-up companies with a view to promoting the application of autonomous driving to large mass transit buses in limited zones.</li> <li>· In the future, Isuzu aims to realize autonomous-driving transit buses on public roads, helping to secure transportation means for people in rural areas.</li> </ul>
<p>Urban Street Sweepers</p> 	<ul style="list-style-type: none"> <li>· Isuzu is promoting to develop autonomous-driving street sweepers mainly with Isuzu Technical Center of America (ITCA).</li> <li>· In March 2021, Isuzu made a trial run inside the ITCA site and targets to conduct demonstration testing in 2022.</li> </ul>
<p>Urban Delivery Trucks</p> 	<ul style="list-style-type: none"> <li>· In a joint project with U.S. semiconductor manufacturer NVIDIA Corporation, Isuzu is developing the vehicle that combines NVIDIA's driving environment recognition technology developed for passenger cars with intuitive control technology developed by Isuzu Advanced Engineering Center, Ltd.</li> <li>· In 2020, Isuzu started a test drive inside Fujisawa Plant where a vehicle was assumed to be driving on urban streets. The plan is to expand test driving range from 2021 onwards.</li> </ul>

## Expansion of Current Businesses and Profitability Improvement

To expand the current businesses and improve profitability, while fully utilizing *the base for growth* built during the previous Mid-Term Business Plan, the Isuzu Group implements and promotes measures aiming at long-term business expansion during the period of this Mid-Term Business Plan through FY2024.

### Measures contributing to this mid-term business plan period (through FY2024 ending Mar. 2024)

#### Strengthen Products, Sales and Service Capabilities

##### Collaboration with UD Trucks

Isuzu fortifies alliance with UD Trucks, which joined the Isuzu Group in April 2021. By leveraging the heavy-duty truck lineup that is UD Trucks' specialty Isuzu seeks to strengthen the appeal and product lineup of heavy-duty trucks for Japan and other Asian markets. Isuzu also makes full use of UD Trucks' service infrastructure to enhance its service networks.

##### LCV Business

Isuzu expands sales of the new model pickup truck launched in 2019 in 100 countries around the world and at the same time increases sales of workhorse models which cost less than the conventional models.

##### Overseas CV Business

Isuzu offers products designed flexibly to meet the diverse needs and applications of each region, focusing its efforts to further create a close tie with overseas customers and encourage them to choose Isuzu vehicles and services.

##### Powertrain Business

Isuzu aims to increase the cost competitiveness of its products and expand its global customer base. Depending on varying needs of each country and region, Isuzu develops and supplies powertrains optimized for decarbonization.

#### Innovate Monozukuri

##### Creation of Synergy between UD Trucks and Isuzu

By leveraging the synergies created in the areas of engineering, logistics, manufacturing and purchasing, the Isuzu Group further improves the efficiency of its manufacturing.

##### LCV Production

Using the main manufacturing sites in Thailand, South Africa and India, the Isuzu Group promotes collaboration between the sites such as sharing manufacturing capacities, etc.

##### Effects Derived from Strategic Alliances

Isuzu collaborates with other companies in the area of new technology development such as CASE and also promotes mutual complementation of components in existing domains and R&D with partner companies.

Measures	Measures contributing to this Mid-Term Business Plan Period (through FY2024)	Measures contributing to Expansion in FY2025 and beyond
Strengthen Product, Sales and Service Capabilities	<b>Collaboration with UD Trucks</b> Utilize after-sales service networks and products	<b>Heavy-duty Trucks</b> Develop common platform for Isuzu and UD Trucks Exploit Volvo Group's technologies  <b>Light-duty and Medium-duty Trucks</b> Implement full model change during this Mid-Term Business Plan period Launch globally in sequence (developed and emerging countries)
	<b>LCV Business</b> Expand new model sales worldwide and sales channels for workhorse models	
	<b>Overseas CV Business</b> Get closer to markets through networks of Isuzu Group companies  <b>Powertrain Business</b> Expand global customer base	
Innovate Monozukuri	<b>Creation of Synergy between UD Trucks and Isuzu</b> Mutually collaborate in engineering, logistics, manufacturing and purchasing	<b>Invest in Business Base in Japan</b> Renew mission-critical core IT systems Invest in Fujisawa Plant for efficiency
	<b>LCV Production</b> Leverage 3 manufacturing footprints in Thailand, South Africa and India	
	<b>Effects Derived from Strategic Alliances</b> CASE domain: joint development Existing domain: mutual complementation of components, etc.	
Capex	300.0 Bil. Yen for 3 years during this Mid-Term Business Plan	

### Measures contributing to Expansion in FY2025 and beyond

In parallel to achieve all measures during this Mid-Term Business Plan, Isuzu also looks to the future and undertakes the following initiatives.

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

Through sharing of development concepts with UD Trucks, Isuzu utilizes the Volvo Group's technologies to improve its vehicle development efficiency and enhance its competitiveness in procurement.

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

Isuzu plans to launch new models in the global markets sequentially aiming to achieve increase in sales volume in the next Mid-Term Business Plan period and beyond.

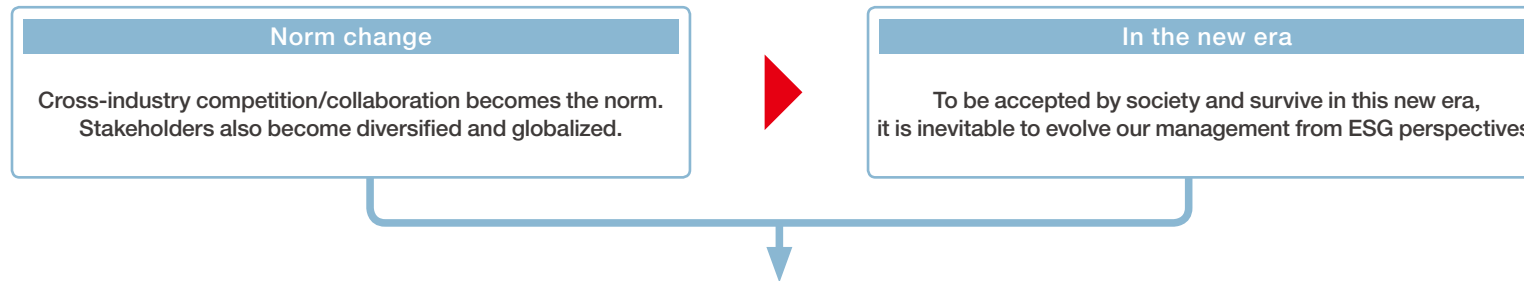
#### Invest in Business Base in Japan

Isuzu makes focused investment for its domestic business base, such as renewing mission-critical core IT systems companywide and improving efficiency of its main domestic manufacturing site in Fujisawa.



## Evolving Management from ESG Perspectives

As we enter the CASE era, we have encountered diverse competitors, partners and stakeholders who are spread across the world. To continue to stay as a renowned company even under the varying circumstances, we believe it is essential for our management to evolve from ESG perspectives.



### Emphasize Shareholder Value

In this Mid-Term Business Plan period, we shift to management with a stronger emphasis on capital efficiency, backed by the stable accumulation of shareholder equity, to grow together with our stakeholders.

#### Improvement on Capital Efficiency

We aim to achieve a 15% ROE in the fiscal year ending March 2026 by raising the value of our products and services provided to society to expand earnings. In addition, we also seek to increase capital efficiency by actively acquiring and cancelling our own shares in light of investment objectives and cash flow.

#### Returns to Shareholder

To realize sustainable and stable shareholder returns, we target to achieve an average payout ratio of 40% during this period of the Mid-Term Business Plan.

### Improve Governance and Disclosure

#### Corporate Governance Reform

With the aim of making corporate decisions more logically and quickly, further enhancing deliberation of the Board of Directors and fortifying the Board's supervisory function, we decided to change our governance structure to a Company with an Audit and Supervisory Committee in June 2021. In addition, to increase the diversity of the Board of Directors, we adopted a structure in which at least a third of the directors to be independent outside directors.

#### Protection/Use of Intellectual Property

In forming alliances with other companies to promote innovation, it has become increasingly important to protect our intellectual property rights while mutually sharing the value with partner companies. We strive to build future-proof systems which help us secure intellectual property protection.

#### Improvement of Disclosure

To be a globally recognized company, we strengthen the disclosure of not only our financial information but also non-financial information for which investors and other stakeholders are increasingly requesting disclosure. We continue to disclose our initiatives such as the formulation of Isuzu Environmental Vision 2050 [▶ P33](#) and carefully analyze external feedback to further accelerate and reinforce the evolution of our ESG-focused management.

#### Accounting Standard

With the aim of facilitating comparisons of financial statements between international companies as well as increasing capital raising efficiency and shareholder values, we take steps toward the adoption of IFRS in the future.

### Professional Group that Creates Innovation

#### Diversity

In forming alliances with diverse partners and expanding our global business, the key to success is to make full use of diverse human resources who have different points of view, perceptions, capabilities and expertise. While preserving the Isuzu Group's culture of valuing trust, we promote diversity by actively considering the introduction of various work styles.

#### Organization/Communication

We work to strengthen the base of our human resources through HR development and at the same time promote activate communication to transform our organization into one in which individuals and groups freely function.

## Medium-Term Financial Targets/Provision of Value to Society

### Mid-Term Business Plan 2024 Financial Targets

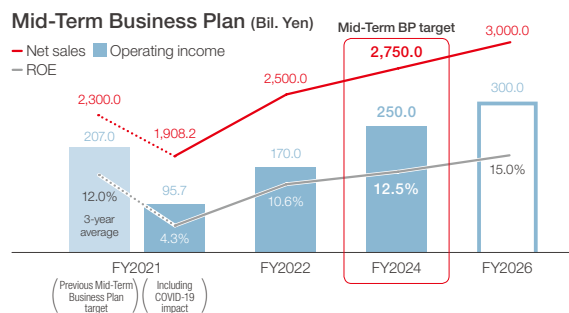
In the financial year ending March 2024, which is the final year of the Plan, we aim to achieve net sales of 2,750.0 billion yen and operating income of 250.0 billion yen.

In addition, we aim to transform the current measures set out in this Mid-Term Business Plan 2024 for the creation of synergies with UD Trucks and the Volvo Group to generate more synergies in a mid to long term, targeting to achieve net sales of 3,000.0 billion yen and operating income of 300.0 billion yen in five years from now (the fiscal year ending March 2026).

Further, in this Plan we are committed to focusing on shareholder values in a bid to *evolve our management from ESG perspectives*.

To realize this, we strive to improve capital efficiency to achieve ROE of 15% for the fiscal year ending March 2026 and increase the level of shareholder returns to an average payout ratio of 40% during the period of this Mid-Term Business Plan.

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



#### Unit sales

Unit sales (K-units)	Mid-Term BP period			
	FY2021	FY2022	FY2023	FY2024
CV in Japan*	70	86	81	78
CV overseas*	190	253	243	281
LCV	295	395	443	448
Industrial engine	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 (Bil. Yen)	FY2021	FY2022	FY2023	FY2024
Engineering expenses	91.0	110.0	115.0	115.0
Capital expenditures	69.8	100.0	100.0	100.0
Interest-bearing liabilities (excl. lease-related)	112.4	380.0	320.0	260.0
Equity ratio	46%	43%	46%	48%

### Provision of Value to Society

To address medium- to long-term social issues, Isuzu aims to provide the following four values to society by taking measures set out in this Mid-Term Business Plan 2024.

#### Provision of Value to Society

#### Means to achieve

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

We leverage collaboration with trusted partners to drive innovation in the areas of connected technologies and autonomous driving. We also aim to provide products and services that support the transportation industry by continuously strengthening our after-sales service networks and supplying products with advanced safety capabilities.

**Pursue both global environment and economic growth**

In addition to lowering environmental burden in manufacturing and developing circular business models, we provide products and services that maintain sustainability of both environment and economic growth by creating innovation for decarbonization such as developing products loaded with advanced environmental performance and contributing to smart transportation.

**Raise the quality of life and economy of emerging countries**

We continue to expand our CV/LCV sales channels and customer base to enable proliferation of CVs in emerging countries. Furthermore, we get closer to local markets through Isuzu local networks to provide products and services tailored to their needs and raise their quality of life and stable economic infrastructure.

**Maintain living environment in the wake of emergencies and disasters**

We develop vehicles capable of attending to emergencies as well as running with various power sources and offer after-sales service networks which support the restoration of damaged vehicles not only in normal times but also emergencies such as disasters.







# 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.



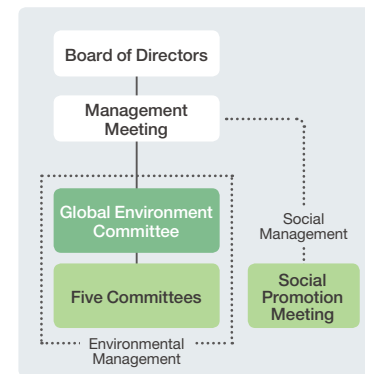
**Shinichi Takahashi**  
Executive Vice President and Director  
Chairperson of the Sustainability Committee

### 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

## 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

## 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 formulated and published *the Isuzu Environmental Vision 2050* in March 2020 in order for a society to be prosperous and sustainable by the year 2050, and for Isuzu to continue to support transportation. Each and every member of the Isuzu Group, together with our customers and partners, is committed to taking on the challenge of realizing *the Isuzu Environmental Vision 2050*.



**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 reduce 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.






Climate change and other global environmental issues are becoming more serious every year.

Isuzu believes it is important for each and every employee of the Isuzu Group to recognize that society stands at a major crossroads, and we need to make continuous efforts to minimize our impact on the global environment, working as one team together with our stakeholders.

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

With this reset, the key challenges (materialities) in Isuzu's environmental activities were clarified, and Isuzu set out four material issues related to the environment: *climate change*, *resource recycling*, *environmental risk management*, and *biodiversity conservation*. Through measures to address these priority issues, the Isuzu Group aims to reduce the environmental impact of all its business activities, 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*<sup>1</sup> 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*<sup>2</sup> 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 strive for safe and secure 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 and Services

We will respond to the trust of our stakeholders by prioritizing quality above all else, and pursuing safety and environmental technologies that meet the needs of the times.

### Basic Approach

By making quality our first priority, Isuzu aims to create products and services that truly satisfy our customers, contribute to society, and develop as a company with a rich sense of humanity. We believe that activities at each stage of the value chain are important to ensure the quality of our products and services, and have set up systems at each stage, from development to procurement, manufacturing, and the market to ensure quality.

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

### Initiatives to Improve Product Quality

Isuzu's mission is to support *Transportation*, to support people's living environment and society's production activities. To realize this, we have taken various initiatives to improve quality at every stage from product development and manufacturing through to user operation.

At the development stage, we are striving to improve quality with a focus on the three key technology pillars of Safety, Economy, and the Environment. In particular, it is extremely important to improve the safety performance for trucks, which are closely involved with people and society. To help prevent accidents and mitigate damage, we are developing 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 into the driving space on all sides of the cab.

At the procurement stage, we are thoroughly implementing quality improvement activities for purchasing products in cooperation with our suppliers. We have a total of 666 suppliers in Japan and overseas, and regularly check the delivery and market quality of all of them. We calculate a monthly evaluation score based on factors such as the number of defective items and their severity, and ask suppliers that do not reach a certain standard to make improvements.

At the production stage, Isuzu has systematized its *quality first* manufacturing philosophy, methods, and production know-how in *Isuzu Monozukuri (IM)*. We create products that are homogenized at a high level, based on the concept that *all products with the ISUZU badge should be made with the same manufacturing approach and quality control at any factory around the world*. In addition, we regularly provide training in IM philosophy, methods, and production know-how to employees involved in production for them to acquire this expertise.

In FY2021, 2,787 people participated in remote and group training sessions.

In addition, we collect information from customers on post-sales operation and usage conditions, and use this to improve the quality of our products. [Please see ▶ P15 for details](#)



Pre-crash brake control that can detect pedestrians and bicycles

### Initiatives to Improve 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 bases overseas (as of March 31, 2021).

We are also working to improve maintenance technologies that support our after-sales services. To improve service quality in countries and regions around the world, we hold various contests such as the Isuzu World Service Skills Competition (I-1GP), in which teams of service staff and engineers from around the world compete on technical skills and knowledge, as well as parts skill contests in Japan.

For employees of Isuzu distributors, we provide training to improve their maintenance skills and to enhance their advanced repair techniques. Service engineers who handle repairs are trained in 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 to Improve Operational Quality

The Isuzu Group believes improving the quality of work by all its employees, not just in those departments directly involved in product quality, will create quality that meet customers' needs, and provides training to develop the awareness and knowledge of our employees.

To improve the quality awareness of the entire Group, we hold an annual Quality Month (November) and create opportunities at distributors throughout Japan for employees to reflect on a *good job from the customers' perspective* and the importance of quality-related operations, and hold discussions within departments to raise awareness of work quality. In addition, an educational program for employees to systematically acquire knowledge on quality provides legal, regulatory and quality control (QC) training. The legal and regulatory training covers laws related to the quality of Isuzu's products, including the Road Transport Vehicle Act and the recall system. QC training aims to improve employees' basic problem solving and practical skills so they can effectively implement quality improvement in the workplace. In FY2021, 341 people participated in remote and group training sessions.

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

# Respecting Employees and Diversity

We aim to grow our employees and the company by respecting the human rights and diversity of our employees, and creating an environment where they can work with enthusiasm.


## Basic Approach

Isuzu believes employees and the company will grow together by respecting the human rights and diversity of our employees, providing an environment where they maximize their abilities, and work safely and comfortably.

## Overview of Initiatives

To respect employees and promote diversity, Isuzu implements various human resources initiatives on issues 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 respond to challenges in both the external environment, such as the declining birthrate and aging population, the decrease in the labor force and the implementation of laws related to work style reform, and the internal environment, such as further utilizing diverse human resources including the middle/senior generation, women and the people with disabilities, Isuzu continues to take initiatives based on empowering both individual employees and the organization.</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>To promote flexible work styles as an organization, we established personnel compensation systems that enable individual employees to approach their work with satisfaction, and introduced work-from-home and other diverse work styles.</p>	<p><b>Improving Employee Satisfaction (ES)</b></p>	<p>We conduct an ES survey every two years to monitor changes in employee satisfaction, and use the results to expand and improve our systems and measures.</p>
<p><b>Utilizing a Diverse Workforce</b></p>	<p>We strive to create an environment that facilitates the hiring of a diverse workforce, including people with disabilities and foreign nationals, as well as the use of shorter working hours, childcare and nursing care leave.</p> <p>To support active participation by female employees, we aim to double the number of female managers by FY2024, compared to FY2015, and actively expand the work-from-home system, increasing the number of users in administrative and technical positions to 50% or more by 2024.</p> <p>In addition, Isuzu was awarded the three star <i>Eruboshi</i> by the Ministry of Health, Labour and Welfare, which certifies companies that have achieved excellent results in promoting women in the 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>In keeping with our <i>Health and Safety Philosophy</i>, we promote business activities based on the health and safety of our employees.</p> <p>We prevent workplace accidents through thorough safety checks, and conduct regular drills for fire and disaster prevention.</p>
		<p><b>Labor-Management Relations</b></p>	<p>Isuzu has established fair and sound labor-management relationships based on mutual trust between management and employees, who work together to resolve issues. In particular, important management issues are examined and discussed through the labor-management council, which is convened on a regular basis.</p>

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

## Win-Win Relationships with Local Communities and Stakeholders

Through appropriate communication, we will effectively recognize and respond to requests from local communities and stakeholders.

### Contributions to Local Communities and Society

#### Basic Approach

Isuzu has established a basic policy of respecting national and regional cultures and customs, participate in harmonizing with local communities and society through our business activities, and actively contributing to the realization of sustainable societies. We are working on *addressing poverty, educational support, and harmony with local communities*.

In *addressing poverty*, we actively engage in social contribution activities driven by employee participation. To provide *educational support* from the perspective of *Monozukuri (manufacturing)*, the company's specialty, Isuzu provides various educational opportunities such as *Isuzu Monozukuri Experience Workshops*, and supports a program for an auto mechanics training school, as described below. Furthermore, in harmony with local communities, Isuzu engages in activities to contribute to local community development, and to becoming a trusted member of the local community around its business sites by hosting social studies tours and through *Isuzu Plaza*. For further details on these activities, please refer to the Sustainability Report.

#### Support Program for Auto Mechanics Training School

Isuzu's unique social contribution activities include *addressing poverty and educational support* through an educational support program for an auto mechanics training school in the Philippines. Since 2008, Isuzu has provided educational support activities at an auto mechanics training school for economically disadvantaged young people organized by the Technical Education and Skills Development Authority (TESDA) of the Department of Labor and Employment of the Philippines in Tacloban City.

In addition to financial support, Isuzu uses its expertise in an initiative called *Isuzu Juku*, that dispatches instructors from Japan to the school to provide 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 Monozukuri (manufacturing).



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

### Supply Chain Management

#### Basic Approach

Isuzu shares the philosophy of supporting *transportation* and contributing to the creation of prosperous lifestyles as a trusted partner with our business partners, and engages and cooperates with them in procurement activities.

We are committed to open and fair transactions and maintain mutual communication with the various business partners involved in our supply chain to build relationships of trust.

We also formulated our *Basic Purchasing Vision* and *Basic Purchasing Policy*, and thoroughly educate our employees on them. In addition, for our business partners, we formulated the *Isuzu Supplier CSR Guidelines*, which set out our CSR-related requests, and the *Isuzu Green Procurement Guidelines*, which summarize our environmental action guidelines and requests for each industry, to seek an understanding of Isuzu's approach and initiatives. For further details on these Policies and Guidelines, please refer to the Sustainability Report.

#### Monitoring the Current Status of Business Partners

As a new initiative in 2021, we asked our business partners to make a voluntary evaluation using the *Self-Assessment Questionnaire*. In addition to the use of conflict minerals, which have been asking them to address since 2018, the questions covered their human rights initiatives. The questionnaire will help us understand the potential risks our business partners are facing, and monitor factors we judge to be risks that require improvement.

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



## Appropriate Governance: Corporate Governance

### Basic Approach

In order for Isuzu to continuously generate profits and increase corporate value through our corporate activities, we believe it is essential to have in place a corporate governance system, which is the framework that governs our activities. We also believe that the basic purpose of corporate governance is to respect the perspectives of, and build constructive relationships with, all our stakeholders. 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 System

Amidst a rapidly changing business environment, Isuzu became a *company with an audit and supervisory committee* at the Annual General Meeting of Shareholders held on June 25, 2021, with the aim of further increasing the rationality and speed of management decision-making, enhancing deliberations at Board of Directors meetings, and strengthening the supervisory function.

The new corporate governance system has an Audit and Supervisory Committee comprising five directors, three of whom are outside directors. To further improve the soundness and transparency of management, directors who are Audit and Supervisory Committee members, will have voting rights at Board of Directors meetings. Further, we have established a Nomination and Remuneration Committee, with a majority of members being outside directors, as a voluntary body relating to corporate governance. This will strengthen the independence, transparency, and objectivity in Board of Directors' functions related to the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

### Board of Directors

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

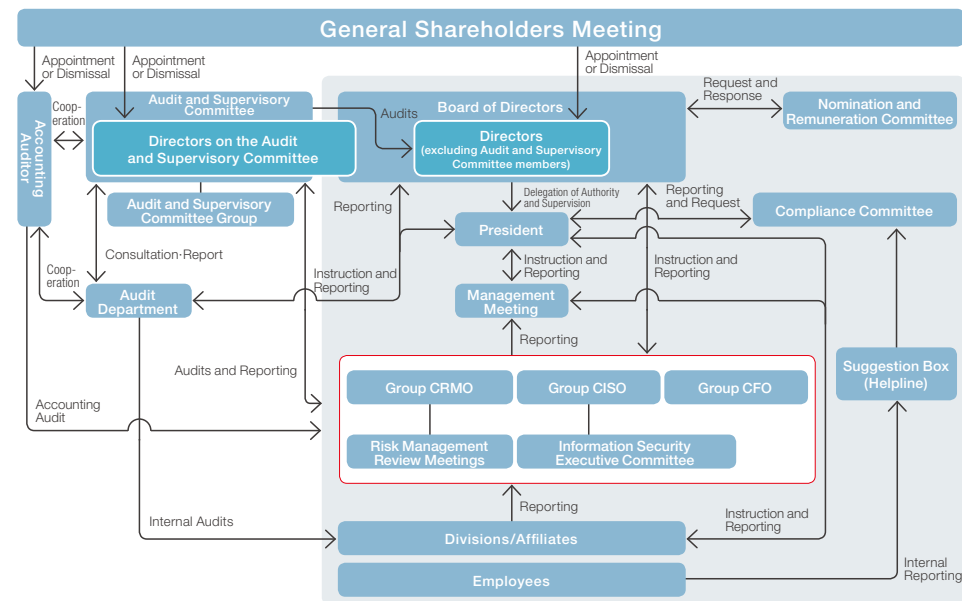
At present, the Board of Directors consists of 13 directors.

The chair is President and Representative Director Masanori Katayama, and five of the 13 directors (Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are outside directors with a high degree of independence.

In FY2021, the Board of Directors met 18 times and engaged in active discussions on alliances and other issues.

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 System



### Audit and Supervisory Committee

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

The current Audit and Supervisory Committee consists of five directors who are Audit and Supervisory Committee members. The chair is Tetsuhiko Shindo, an outside director who is a standing Audit and Supervisory Committee member, and three of the five members (Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are outside directors with a high degree of independence. All five members are 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 members in their execution of duties. We have established Rules for Employees Assisting the Audit and Supervisory Committee to ensure the independence of the Group and the effectiveness of instructions to staff.

In FY2021, the Company held 15 Audit & Supervisory Board Meetings as a Company with a Board of Corporate Auditors.

## Appropriate Governance: Corporate Governance

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee serves as a voluntary body relating to corporate governance. It aims to strengthen the independence, transparency, and objectivity in Board of Directors' functions related to such matters as the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

The current Nomination and Remuneration Committee consists of four members: the chair, President and Representative Director Masanori Katayama, and three outside directors (Mitsuyoshi Shibata, Kozue Nakayama, and Tetsuhiko Shindo), and deliberates and reports on matters referred to it by the Board of Directors. In FY2021, the committee met nine times, debating criteria for commencing discussions on the necessity of dismissing the President, and matters related to succession planning and training the President.

### Transition in Corporate Governance

Amid the recent trend of strengthening corporate governance in Japan, Isuzu has worked to reform governance. Further, we transitioned to a company with an Audit and Supervisory Committee in June 2021, and have taken additional initiatives to strengthen governance and enhance our corporate value.

#### Corporate Governance Initiatives

	115th Term FY2017	116th Term FY2018	117th Term FY2019	118th Term FY2020	119th Term FY2021	120th Term FY2022
<b>Independent Outside Directors (including women)</b>	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)
<b>Executive Remuneration</b>	Introduction of Performance-linked Share-based Remuneration System		Director Bonuses Setting Annual Bonus Limits			
<b>Advisory Committee</b>				Establishment of Nomination and Remuneration Committee		
<b>Separation of Execution and Supervision</b>			Revision of Decision-making Rules	Transition to a Company with an Audit and Supervisory Committee	Establishment of CxOs (Chief Executive Officers by field)	Delegation of Important Business Decisions to Directors
<b>Board of Directors Administration</b>				Start of Effectiveness Evaluation	Ratio of Independent Outside Directors At least one-third	

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

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

\*Of the above Directors, Masatoshi Ito, Tetsuya Aiba, Kazuya Igeta and Shigeji Sugimoto, and Audit & Supervisory Board Member Takashi Mikumo retired at the conclusion of the 119th Ordinary General Meeting of Shareholders due to expiration of their terms of office.

## 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  
**Apr. 2018** Director, Pacific Convention Plaza Yokohama  
**Jun. 2018** President & CEO, Pacific Convention Plaza Yokohama (resigned 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 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 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 Director of the Board, 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, Meiji Gakuin University  
**Jun. 2011** Outside Audit & Supervisory Board Member, Jamco Corporation (resigned June 2019)  
**Apr. 2013** Legal Advisor to the President, Meiji Gakuin University (resigned 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 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. Remuneration should contribute to the sustainable growth and enhancement of the corporate value of the Company, and the share value of shareholders.
2. The level of remuneration should be appropriate and necessary to secure and maintain outstanding personnel, taking into consideration the economic environment, market trends, and remuneration levels of other companies,
3. The amount of remuneration should reflect the performance of the company and each individual, and be commensurate with their responsibilities and position.
4. The remuneration determination process is highly objective, fair, and transparent.
5. The remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of the Mid-Term Business Plan, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the state of operation of the system at Isuzu.

Details of Remuneration	Base Remuneration		Determined according to the standard amount of remuneration predetermined for each position and individual performance evaluation.
	Performance-linked Remuneration	Bonuses	<ul style="list-style-type: none"> <li>• Linked to the degree of achievement of single-year performance targets</li> <li>• A performance-linked coefficient which indicates the degree to which the single-year consolidated operating profit target was achieved is set between 0% to 200%, and then the bonus is determined by multiplying that coefficient by the product of the base remuneration and a weighting factor of 40% (or 50% for the President and Chairman), which together indicate the position-specific standard bonus.</li> </ul>
		Stock Compensation	<ul style="list-style-type: none"> <li>• Linked to the degree of achievement of targets during the period of the Mid-Term Business Plan.</li> <li>• A 35% : 35% : 30% weighted average of the degree of achievement of targets for consolidated net sales, consolidated operating income, and consolidated return on equity (ROE), is multiplied by a coefficient related to the degree of growth in shareholder value<sup>1)</sup> to calculate a performance-linked coefficient between 0% to 225.6%. This coefficient is then used along with the position-specific standard value and a weighting factor of 30% (or 50% for the President and Chairman), which together serve as the basis for the base remuneration, and the reference share price<sup>2)</sup> to determine a point award.</li> </ul> <p><sup>1)</sup> Evaluated based on the results of a comparison between total shareholder return (TSR) of the Company and the growth rate of TOPIX (including dividends) during the target period.  <sup>2)</sup> Average closing price (rounded down to the nearest whole number) of ordinary trades of the Company's shares on the Tokyo Stock Exchange on each day of the month preceding the month in which the first day of the relevant period falls (excluding days on which no trades were made).</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 targets are achieved 100%)
Policy Regarding Payment Timing	Base Remuneration		Monthly Remuneration (1/12 of annual basic remuneration is paid monthly)
	Bonuses		Paid in July after achievement of single business year (individual/company) performance targets are determined.
	Share-based Remuneration		Paid in July after degree of achievement of the Mid-Term Business Plan performance targets and TSR coefficient in comparison with TOPIX are determined.
Method to Determine Reappointment	Base Remuneration		Evaluation of individual performance is delegated to the President by resolution of the Board of Directors.
	Bonuses and Share-based Remuneration		Automatically calculated based on the degree of achievement of targets, standard amounts and coefficients. The amount depends only on company performance, so there is no scope for discretion.

#### 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) consists of base remuneration, bonuses linked to the degree of achievement of consolidated performance targets for a single business year, and remuneration based on a performance-linked share-based remuneration plan, which is linked to the degree of achievement of business indices set out to achieve sustainable enhancement of corporate value during the period of the Mid-Term Business Plan.

Further, we have established procedures to consult with and report to the *Nomination and Remuneration Committee*, a voluntary committee with a majority of independent outside directors, regarding the evaluation of individual performance for each officer and the methods for determining bonuses and remuneration under performance-linked share-based remuneration plans, with the President accountable to this committee to ensure objectivity and fairness in executive remuneration.

#### Remuneration for Outside Directors

Given their roles and independence, outside directors are paid only base remuneration, which is a fixed amount for each director, and does not vary depending on performance evaluation or other factors.

#### Remuneration for Directors who are members of the Audit and Supervisory Committee

Given their roles and independence, Directors who are members of the Audit and Supervisory Committee are only paid base remuneration. This amount is determined through deliberations by the directors on the Audit and Supervisory Committee, within the limit approved at the General Meeting of Shareholders, taking into account such factors as the number of such directors, the economic environment, market trends, and remuneration levels of other companies.

#### Total Amount of Remuneration etc. for Directors and Corporate Auditors

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 Stock Remuneration Plan	
<b>Directors (excluding outside directors)</b>	699	388	294	15	9
<b>Auditors (excluding outside corporate auditors)</b>	62	62	—	—	3
<b>Outside Officers</b>	73	73	—	—	6

\* Includes one director and one Audit & Supervisory Board member who retired 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 held on June 25, 2021, the Company has transitioned to a *Company with an Audit and Supervisory Committee*.

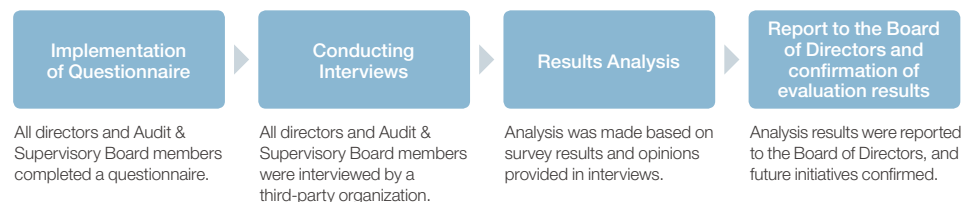
## Appropriate Governance: Corporate Governance

### Evaluation of the Effectiveness of the Board of Directors

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

An overview of the analysis and evaluation for FY2021 (year ended March 31, 2021) is as follows.

#### 1. FY 2021 Analysis and Evaluation Process



#### 2. Overview of Evaluation Results

The Board of Directors shared the view that to achieve sustainable growth and enhance corporate value, it was necessary to strengthen the supervisory function and separate the executive and supervisory functions, and concluded that while there are issues that need to be addressed to further improve effectiveness, improvement measures are being steadily implemented.

#### Status of Issues for Improvement Identified in FY2020

With respect to *Further Clarification of Topics to be Deliberated at Board of Directors Meetings*, which was identified as an issue in the FY2020 (year ended March 31, 2020) evaluation, in FY2021 the standards for referral of matters to the Board of Directors were revised and some of its authority delegated to the Management Meeting. In addition, steps were taken to enhance deliberations at Board of Directors meetings, such as reviewing our processes (e.g., holding multiple deliberations when formulating the Mid-Term Business Plans) and having Group CxOs (Chief Executives Officers by field) provide more robust business execution reports.

#### Overview of FY2021 Evaluation Results

The FY2021 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 executive and supervisory functions, for the Board of Directors to deepen discussions on medium-to-long-term strategies which are prerequisites for management, and for internal directors to strive to cultivate a managerial perspective and devise new ways to manage the company. It was also confirmed that the size and composition of the Board of Directors needs to be further diversified in order to have in-depth discussions from a medium-to-long-term perspective.

#### 3. Future Initiatives

To further contribute to sustainable growth and enhance corporate value over the medium-to-long term, the Board of Directors will take the following measures based on the results of the effectiveness evaluation.

- (1) To further separate executive and supervisory functions in order to increase management speed, the roles of the Board of Directors and the Management Meeting will be clarified, and discussions on medium-to-long-term strategies and management issues at Board of Directors Meetings will be deepened. In addition, we will work to enhance communication among internal and outside officers to deepen understanding of each other's expected roles.
- (2) To enhance Board of Directors discussions, the quality and volume of materials used for discussions will be improved, and changes made to improve the environment such as securing more time for deliberations.
- (3) To establish an effective supervisory system based on strategies and the business environment, consideration will be given to the knowledge, experience, abilities and diversity (such as gender, nationality, work experience and age) required based on the anticipated roles of the Board of Directors, and regularly review the size and composition of the Board of Directors.

\*As of the 119th Annual General Meeting of Shareholders convened on June 25, 2021, the ratio of independent, outside members of the Board of Directors has increased to more than one-third.



## Appropriate Governance: Corporate Governance

### Criteria for Appointment and Dismissal of Directors

Candidates for directors are nominated from within the company and deliberated at Board of Directors' meetings. Candidates must have deep knowledge and experience in management, sufficient knowledge of Isuzu's business and the automotive industry, and a high level of insight and ability to make appropriate judgments and statements based on such knowledge and experience.

At the same time, by appointing a number of directors from outside the Company who have a wealth of experience and broad insight into corporate management, who meet the independence standards set by the Company, and can proactively offer advice from an external perspective, we are working to increase diversity in the Board of Directors deliberations and decision-making, and strengthen supervisory functions such as checks and advice.

Candidates for directors serving as Audit and Supervisory Committee members must be knowledgeable and experienced in specialized fields such as finance, accounting, and legal affairs, as well as corporate management, and capable of proactively providing advice from an outside perspective. With the consent of the Audit and Supervisory Committee, the Board of Directors will deliberate to ensure the composition of the committee is as diverse as possible.

To enhance objectivity and transparency of procedures for the nomination of director candidates and the appointment and dismissal of directors and executive officers, reports will be provided by the Nomination and Remuneration Committee.

In addition, in the event the President and CEO is found to have committed an illegal act in the course of their duties, to have caused material damage due to willful misconduct or negligence, or any other reason making it difficult to continue their duties, an agenda item regarding the issue of dismissal will be submitted to the Board of Directors Meeting based on the recommendation of the Nomination and Remuneration Committee.

### Criteria for Appointment of Independent Officers

Appointment of outside directors is based on the condition that they meet the Company's independence standards. The Company's standards for judging the independence of outside directors conform to the independence criteria set by the Tokyo Stock Exchange. 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 partners are those whose volume of transactions with Isuzu is 2% or more of the consolidated sales of either party in any previous consolidated fiscal year. The standard for *large sums* is 10 million yen or more annually.

### Internal Control System

Isuzu has established a system to ensure the appropriateness of operations for the entire Group from the perspectives of compliance with laws and regulations and the Articles of Incorporation, thorough risk management, ensuring management efficiency and the reliability of financial reporting.

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, we revised the *Basic Policy on Internal Control Systems*, and based on this policy designed, implemented and maintained a system to ensure the appropriateness of operations. For details on the basic concept of the internal control system and its development status, please refer to [the report on Corporate Governance](#). (Available in Japanese only)

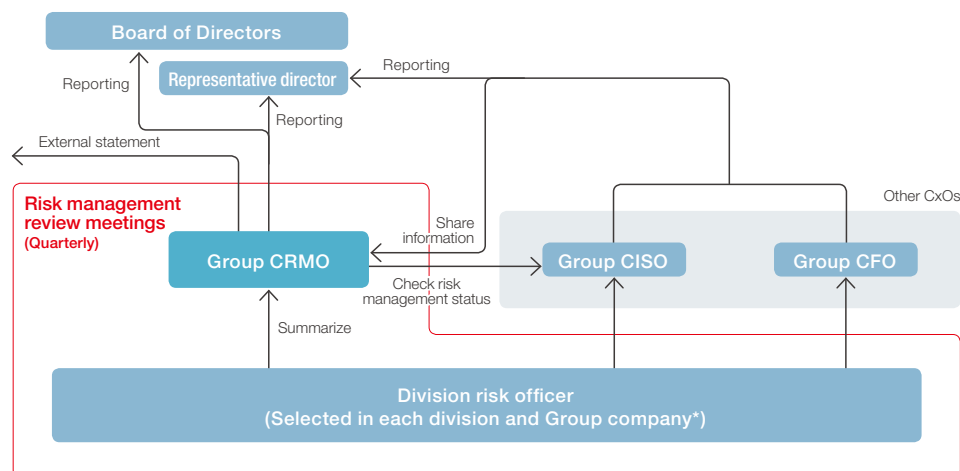
## Appropriate Governance: Risk Management

### Basic Approach

In 2020, the Isuzu Group adopted a new risk management structure. The position of Group Chief Risk Management Officer (Group CRMO) was created with responsibility for risk management throughout the Group, and to lead the company-wide risk management process. The Group CRMO regularly identifies and assesses risks in the Group's management and business operations, and strive to appropriately manage and especially reduce these risks.

The Group CRMO holds regular *risk management review meetings* to ascertain progress on implementing risk countermeasures as well as emerging risks, and to continually review countermeasures and risk awareness. Furthermore, if a risk emerges and triggers a crisis, the Group CRMO takes charge and forms a response team to plan and execute various risk countermeasures, including minimizing the impact of the risk. The results of these activities are reported to management as needed, to ensure thorough risk management at all times.

### Risk Management Structure



\*In addition to risk management review meetings, separate meetings are held to liaise between the secretariat and members.

### Business and Other Risks

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

The following information includes forward looking statements that reflect the judgment of management as of the date of submission of the Annual Securities Report, June 25, 2021.

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

- (1) Fluctuations in economic conditions, supply and demand trends in major markets
- (2) Competition in the automotive market
- (3) Fluctuations in exchange rates and interest rates

#### 2. Business risks

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

- (4) Response to new technological innovations, changes in business models, etc.
- (5) R&D
- (6) Joint ventures and other alliances
- (7) Dependence on specific channels for sales and supply
- (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) Risks related to 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

As a commercial vehicle manufacturer, Isuzu continues to operate its production and after-sales service systems while taking measures to prevent infection, to help maintain social infrastructure such as deliveries of medical care and daily commodities.

In addition, as part of our contribution to the community, we provide the Isuzu Hospital and other facilities as COVID-19 vaccination sites at the request of local municipalities.

With regard to our products, in an initiative for route buses, we conducted an in-vehicle ventilation simulation in collaboration with private industry, government, and academia, and published the results on our website\*1. Based on the results of the simulation, we launched a product to prevent droplet infection in the driver's seat, and added an aerosol filter option that effectively provides the same in-vehicle ventilation as having the windows open.

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



Image of droplet nuclei being collected by an aerosol filter



Aerosol filter that can remove 99.9% of 0.3µm particles in 15 minutes

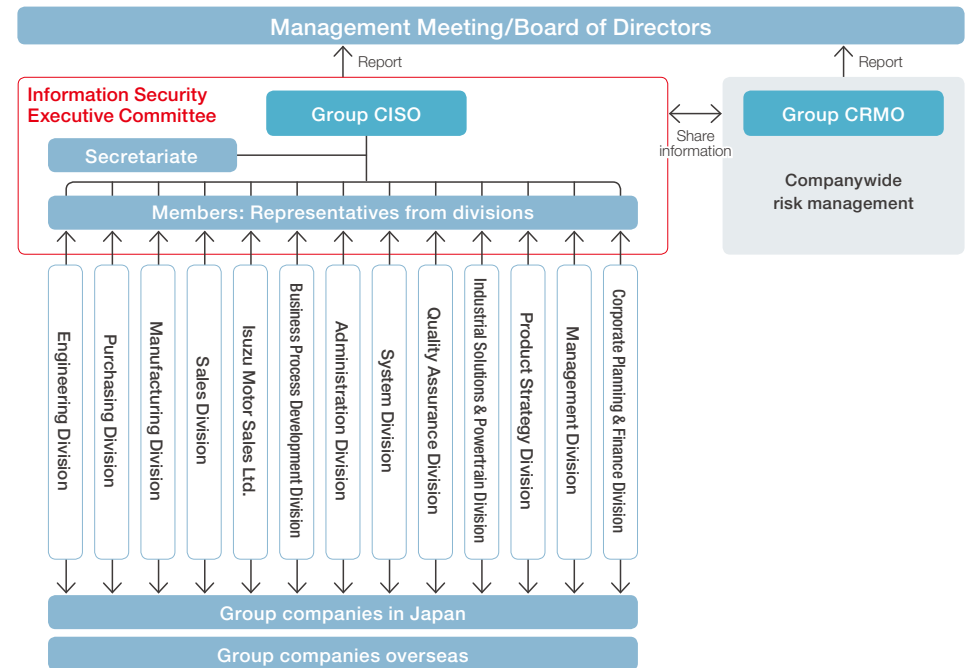
\*1 News Release [Simulation of in-vehicle ventilation for a fixed route bus](#). (Available in Japanese only)

Information Security

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

The *Group Information Security Policy* has been established to promote information security management, and regulations put in place at all Isuzu Group companies. All these regulations are based on various 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. In addition, Isuzu is participating in Auto-ISAC\*2, an initiative launched in Japan and the United States to collect and analyze information related to automobile cybersecurity, and have created a structure for collecting and responding to incidents detected in the industry.

Information Security Management Structure



\*2 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 the 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
Income before extraordinary items	73,615	76,603	79,358	78,931	108,624	100,330	71,745	100,413	89,796	60,425
Income 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 Operation

(Note: yen amounts are rounded down to the nearest 100 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 has been working to achieve its mid- to long-term vision set out in the previous Mid-Term Business Plan (FY2019 to FY2021) (hereinafter, the *previous Mid-Term Business Plan*) to become a company that *inspires broad admiration for its exceptional CV, LCV, and powertrain products that support human lifestyles*.

Specifically, we continued our efforts to build an alliance system. In October 2020, we concluded a basic agreement for 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, utilize each company's outstanding technologies and economies of scale, and collaborate on the development of both existing and advanced technologies for commercial vehicles. We will work together to address the future challenges facing the logistics industry, maximizing the value and benefits we provide to our customers and society, and 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 solve transportation issues and contribute to the realization of carbon neutrality. By combining Toyota's CASE technologies with the commercial vehicle platform cultivated by the Company and Hino, we plan to accelerate the societal implementation and spread of CASE technologies and services to help address various difficulties facing the transportation industry, which supports the movement of people and goods using commercial vehicles, such as improving 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 (14.4%) year-on-year to 61,071 units, reflecting a decrease in total industry volume, although the Company maintained its strong reputation in the light-duty truck segment, with a high 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 overseas decreased 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.

	(Billions of yen)		
	Fiscal year ended March 2021	Fiscal year ended March 2020 comparison	
<b>Net sales</b>	1,908.1	(171.7)	(8.3)%
<b>Operating income</b>	95.7	(44.8)	(31.9)%
<b>Profit before extraordinary items</b>	104.2	(46.6)	(30.9)%
<b>Profit attributable to owners of the parent</b>	42.7	(38.5)	(47.4)%

In terms of profit and loss, operating income was 95.7 billion yen, down 31.9% compared to the previous fiscal year, due to the decrease in net sales, despite an improvement in profitability due to cost reduction activities, and progress on reducing expenses.

Profit before extraordinary items was 104.2 billion yen, down 30.9% on the previous fiscal year, and profit attributable to owners of the parent was 42.7 billion yen, down 47.4% on the previous 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%, compared with 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 flows, calculated by deducting investing cash flows from operating cash flows, saw 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

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 86.8 billion yen for profit before income taxes, and of 82.3 billion yen for accumulated depreciation, as well as 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 from an 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

N 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 the 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 of 84.8 billion yen for repayment long-term borrowings, 21.4 billion yen for payment of dividends made by the parent company, and payment on inflows to non-controlling shareholders of 16.2 billion yen. Inflows of funds included proceeds from long-term borrowings of 43.3 billion yen and proceeds from bonds issues of 50.0 billion yen.

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

The following provides an analysis of the Group's financial condition and results of operations 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 decreased by 44,537 units (18.2%) year-on-year to 200,729 units.

Total industry volume in Japan fell sharply in the first half due to the COVID-19 pandemic. In the second half, total industry volume recovered to almost the same level as the previous fiscal year, but due to the 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 (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 in the second half of the fiscal year. As a result, total vehicle unit sales in Japan and abroad decreased by 34,255 units (19.7%) year-on-year to 139,658 units.

The company's share of the domestic heavy- and medium-duty truck market increased 1.3 percentage points year-on-year to 33.8% due to stable sales. 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 (Units)	FY2021 (Units)	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>
<b>Total</b>	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 (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 began to recover from the second quarter onward.

As a result, vehicle unit sales decreased by 14,475 units (8.0%) year-on-year to 166,247 units. In other areas, sales of new models entered full swing from the second half, and overall vehicle unit sales increased by 3,924 units (4.7%) year-on-year to 87,159 units.

Although total demand for LCVs decreased in Thailand, the 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, this figure represented cumulative results for calendar years from January to December. However, from the fiscal year ended March 2021, the cumulative results for the fiscal year from April to March are shown.

#### ·Sales Units of LCV

	FY2020 (Units)	FY2021 (Units)	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 (12.3%) from the previous year to 138,021 units, reflecting strong demand for construction machinery in China.

#### ·Shipment Units of Industrial Engines

	FY2020 (Units)	FY2021 (Units)	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 (8.3%) over the previous fiscal year to 1,908.1 billion yen, mainly due to a decrease in vehicle sales in Japan and overseas.

Net sales in Japan were 751.6 billion yen (down 9.1% year-on-year), and net sales overseas 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% from the previous fiscal year).

The main contributing factors were 9.0 billion yen due to cost reduction activities, and 12.1 billion yen due to changes in expenses including extraordinary losses related to the COVID-19 pandemic. Additional negative factors included sales and model mix fluctuations due to the decrease in sales volumes, which reduced operating income by 66.0 billion yen.

As a result, Isuzu's operating income on net sales for the fiscal year ended March 2021 fell to 5.0% (6.8% for the previous fiscal year).

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

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

**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 yen from the previous year.

Principle contributors to the result were a decrease in compensation expenses of 2.2 billion yen year-on-year, a positive factor. On the other hand, while net interest (interest and dividend income minus interest expenses) came to 2.5 billion yen, interest income decreased by 2.1 billion yen year-on-year, and equity in earnings of unconsolidated subsidiaries and affiliates decreased by 2.9 billion yen from the previous 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 from the previous year. Principal factors were extraordinary losses including loss on disposal of property, plant and equipment, impairment loss on fixed assets, and losses related to COVID-19, and extraordinary gains including gains on the 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 the Parent**

Profit attributable to owners of the parent in the fiscal year ended March 2021 was 42.7 billion yen, a decrease of 38.5 billion yen from the previous year.

Profit attributable to owners of the 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 yen, 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 1,039.89 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 the parent of 42.7 billion yen, and the unrealized holding gain on securities was 27.3 billion yen and foreign currency translation adjustments improved by 13.3 billion yen, while dividends of surplus were 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 borrowings 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**

As we enter the CASE era, the Company's competitors, partners, and stakeholders are growing more diverse and expanding globally. To be accepted as a company in these rapidly changing times, we strongly recognize the need to change of our management culture.

To tackle this transformation, the company will place *evolving management from ESG perspectives* at the core of its activities, benchmarking ourselves against leading global manufacturers. 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, to realize sustainable and stable shareholder returns, even in an era of rapid change and uncertainty.

Specifically, we will increase capital efficiency by enhancing our social value through strengthening the products and services we provide, with the aim of achieving a 15% ROE in five years' time,

In addition, to realize sustainable and 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).

In addition, as part of our management focus on capital efficiency, we will consider flexible stock buybacks.

In accordance with the Mid-Term Business Plan through to the fiscal year ending March 2024, the Group will work to achieve these goals by using operating cash flow generated

through its business operations to fund investments, debt repayment, and shareholder returns, and by mainly using borrowing and corporate bonds to finance M&As and other activities.

Although it remains necessary to closely watch 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 accounts	(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 and equipment	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>Total 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 asset	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 borrowings	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 borrowings	234,642	193,210
Lease obligations	16,321	14,518
Deferred tax liabilities	792	582
Deferred Tax Liabilities Related to Land 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 Long-term 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>		
Common stock	40,644	40,644
Capital surplus	42,503	42,599
Retained earnings	924,729	849,673
Less: treasury stock, at cost	(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
<b>Net Sales</b>	2,079,936	1,908,150
<b>Cost of sales</b>	1,730,354	1,605,111
<b>Gross Profit</b>	349,582	303,038
<b>Selling, General and Administrative Expenses</b>	208,999	207,305
<b>Operating Income</b>	140,582	95,732
<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>	19,686	16,474
<b>Non-Operating Expenses</b>		
Interest expense	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>	9,392	7,941
<b>Profit before extraordinary items</b>	150,876	104,265
<b>Extraordinary Income</b>		
Gain on sales of property, plant and equipment	289	180
Gain on sales of investment securities	14	714
<b>Total Extraordinary Income</b>	304	895
<b>Extraordinary Losses</b>		
Loss on disposal of property, plant and equipment	1,987	975
Impairment loss on fixed assets	190	13,840
Gain on sales of investment securities	19	38
Loss on valuation of investment securities	5,317	176
Loss on COVID-19	—	3,298
Others	155	—
<b>Total Extraordinary Loss</b>	7,669	18,331
<b>Profit before income taxes and non-controlling interests</b>	143,511	86,829
Income taxes-current	40,141	31,666
Income taxes-deferred	880	2,626
<b>Total Income Taxes</b>	41,022	34,292
<b>Profit</b>	102,489	52,537
Profit Attributable to Non-Controlling interests	21,256	9,828
<b>Profit Attributable to Owners of the Parent</b>	81,232	42,708

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

	(Millions of yen)	
	2020	2021
<b>Profit</b>	102,489	52,537
<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 affiliates accounted for using the equity method	(857)	(28)
<b>Total Other Comprehensive Income</b>	(34,962)	51,561
<b>Comprehensive Income</b>	67,526	104,098
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
	Common stock	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 the 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>
Purchase of shares of consolidated subsidiaries		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 the 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>
Cancellation of treasury stock		(96,336)		96,336	<b>—</b>								<b>—</b>
Transfer to capital surplus from retained earnings		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 scope of 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

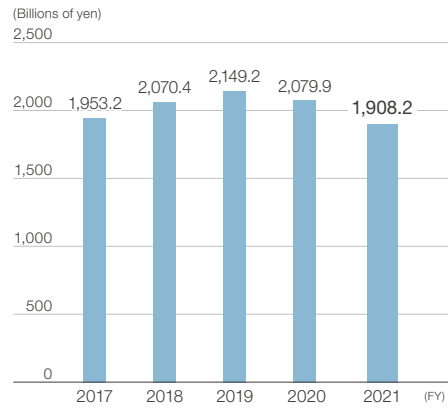
## Consolidated Statements of Cash Flows (As of March 31, 2021 and 2020)

	(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, plant and equipment, net	(289)	(180)
Loss (gain) on disposal of property, plant and equipment, net	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>

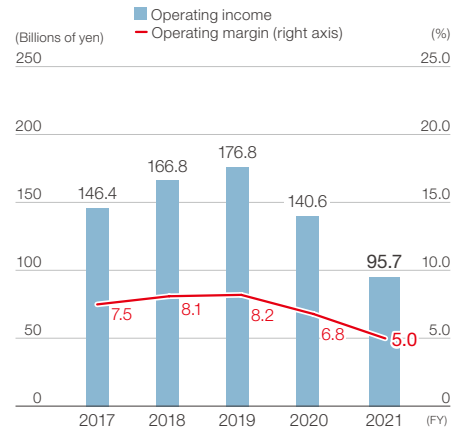
	(Millions of yen)	
	2020	2021
<b>Cash Flows from Investing Activities</b>		
Payment on purchase of investment securities	(434)	(49)
Proceeds from sales of investment securities	52	2,419
Payment on purchase of property, plant and equipment	(103,467)	(97,891)
Proceeds from sales of property, plant and 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 borrowings	7,408	(26,776)
Proceeds from long-term borrowings	59,000	43,300
Repayment on long-term borrowings	(37,289)	(84,873)
Proceeds from bonds issues	—	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

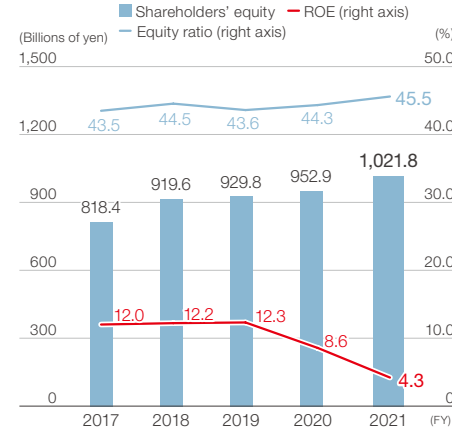
## Net Sales



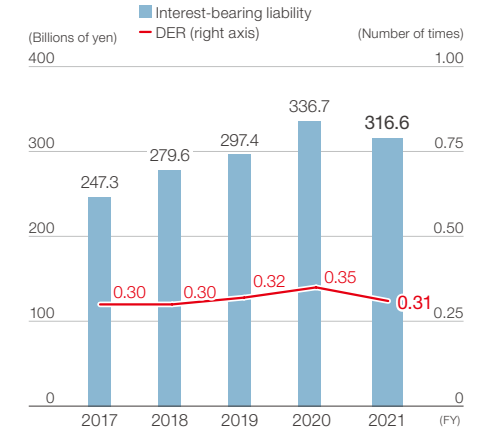
## Operating Income



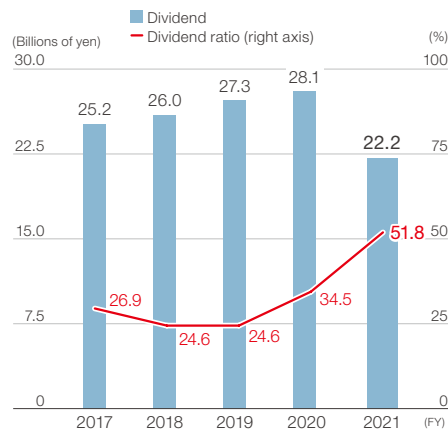
## Shareholders' Equity/ROE



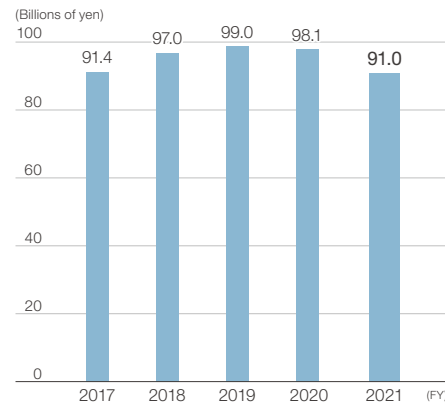
## Interest-Bearing Liabilities/DER



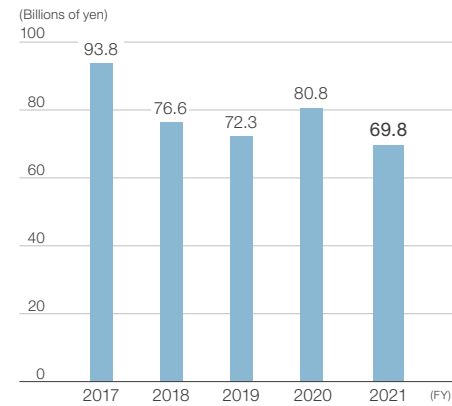
## Dividend



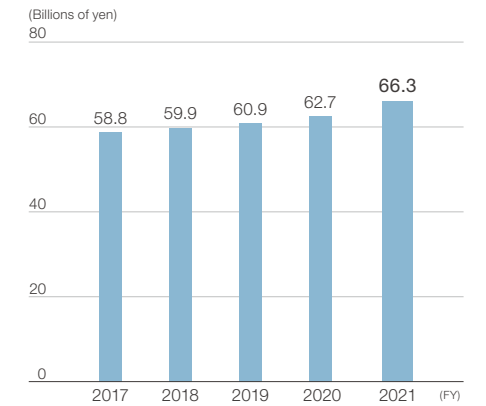
## R&D Expenses



## Facility Investment



## Depreciation

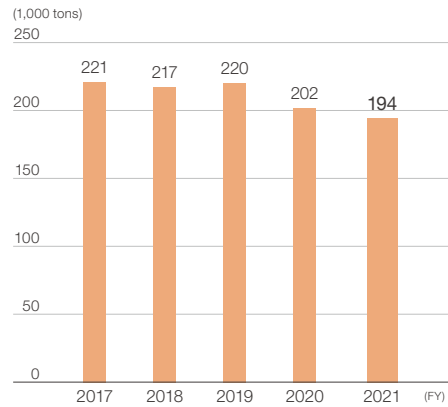


\*The data in the financial highlights cover the entire Isuzu Group.

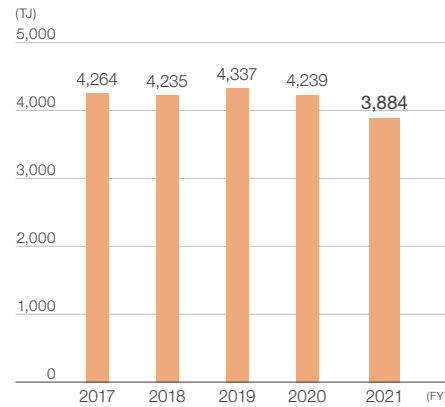


# Non-Financial Highlights

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

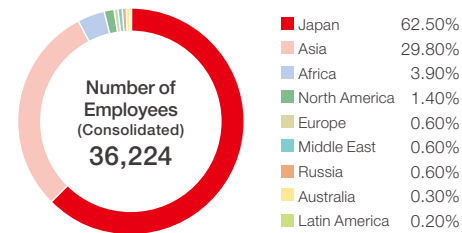


## Energy Consumption

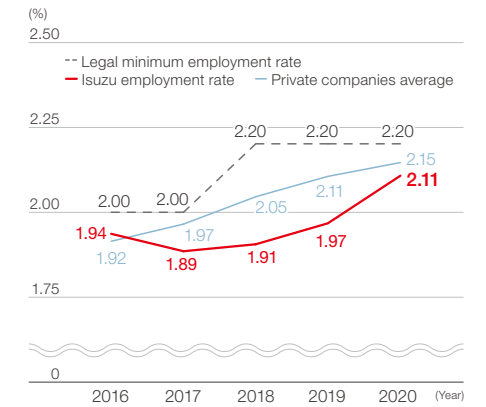


## Number of Employees by Regions

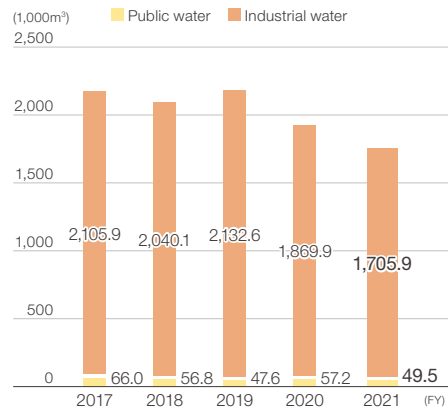
(As of March 31, 2021)



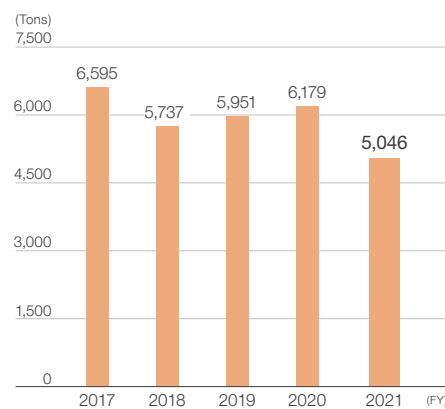
## Employment Ratio of People with Disabilities\*1



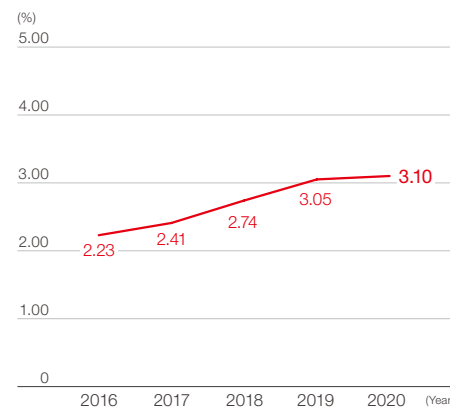
## Water Resource Consumption\*2



## Waste Emissions

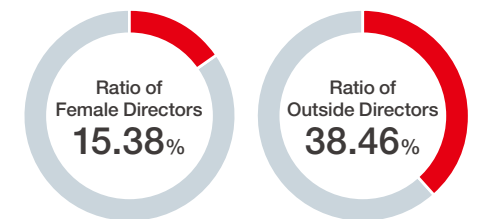


## Ratio of Female Managers\*1,3



## Composition of the Board of Directors

(As of June 25, 2021)



\*Data presented here are for Isuzu Motors Limited (non-consolidated), except for the "Number of Employees by Regions".

\*1 As of June/each year \*2 Headquarter not included \*3 Dispatched employees are not included

# Corporate Data and Stock Information

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Subsidiaries and Affiliates

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Corporate Data and Stock Information

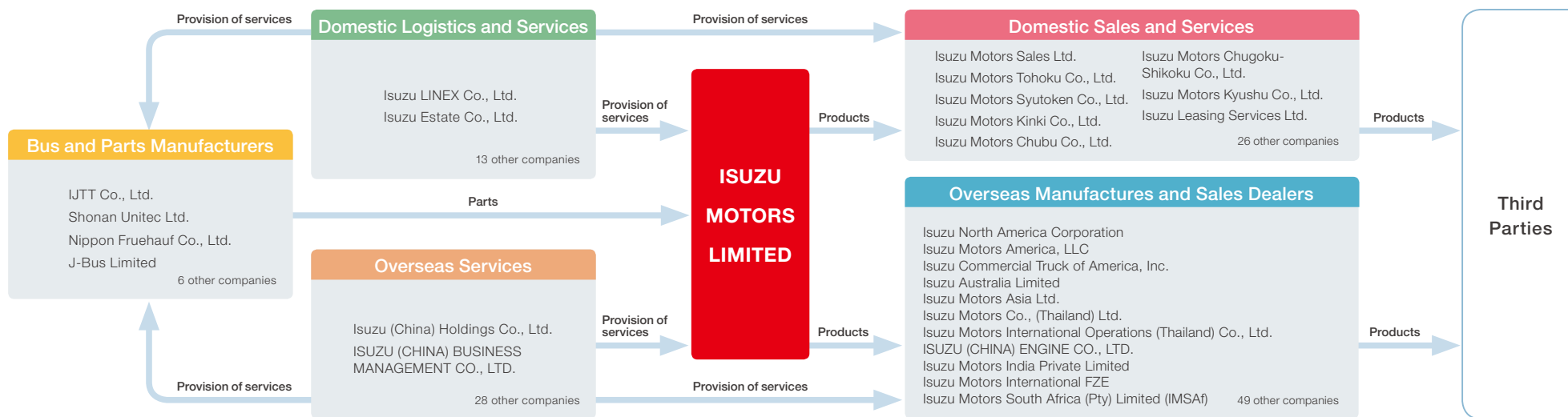
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# Principal Subsidiaries and Affiliates

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

C Consolidated Subsidiaries  
E Equity Method Affiliates

## 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



## 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, Tokyo 140-8722 Japan 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 (Fiscal year ending March)
Operating Income	95,732 million yen (Consolidated, fiscal year ending March)
Profit before Extraordinary Items	104,265 million yen (Consolidated, fiscal year ending March)
Profit Attributable to Owners of the Parent	42,708 million yen (Consolidated, fiscal year ending March)
Number of Consolidated Subsidiaries	88 companies (Fiscal year ending March)

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

Common Stock	
Shares Authorized	1,700,000,000
Shares Issued	777,442,069
Number of Shareholders	40,898

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

Common Stock	Number of shares held (in thousands)	Percentage of 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

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