The Isuzu Group Value Creation Story

Growth Strategies

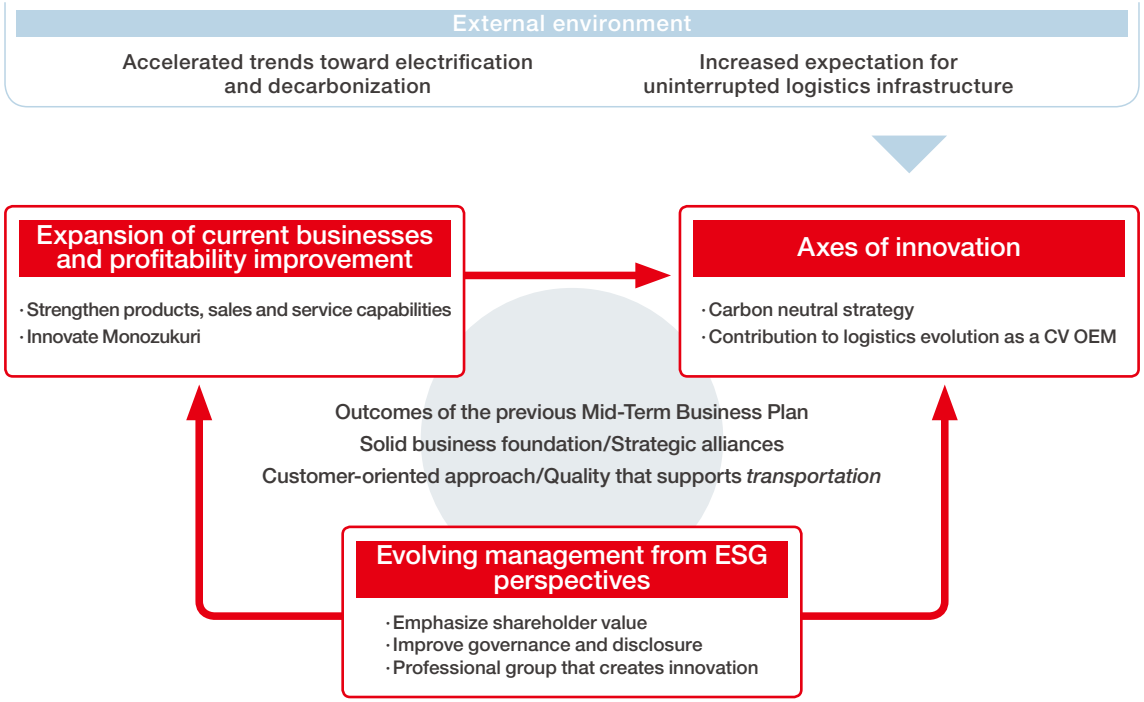
The Isuzu Group formulated its new *Mid-Term Business Plan 2024* as a growth strategy centered on value creation with the aim of maximizing our corporate value in the future.

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.

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.

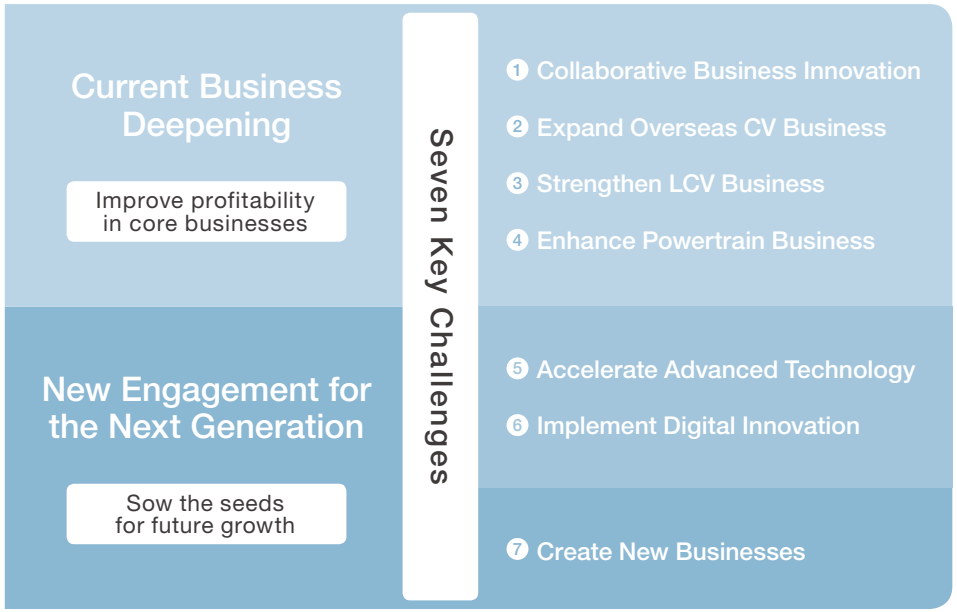
Review of the Previous Mid-Term Business Plan

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

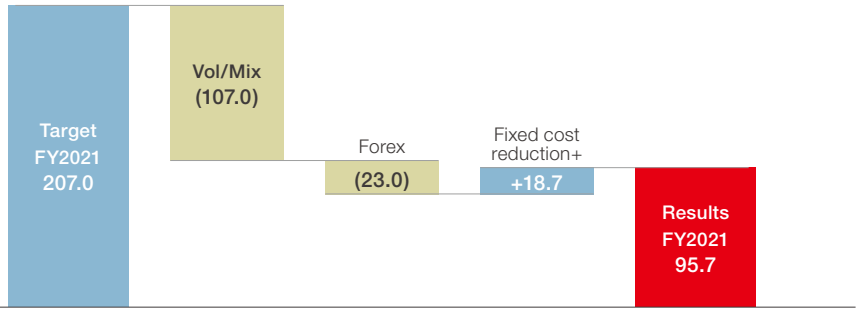
In the previous Mid-Term Business Plan, we implemented strategies targeting net sales of 2,300.0 billion yen and operating income of 207.0 billion yen for FY2021 ended March 2021. However, we did not reach these targets mainly due to the impact of COVID-19 on markets, sluggish demand in emerging countries,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

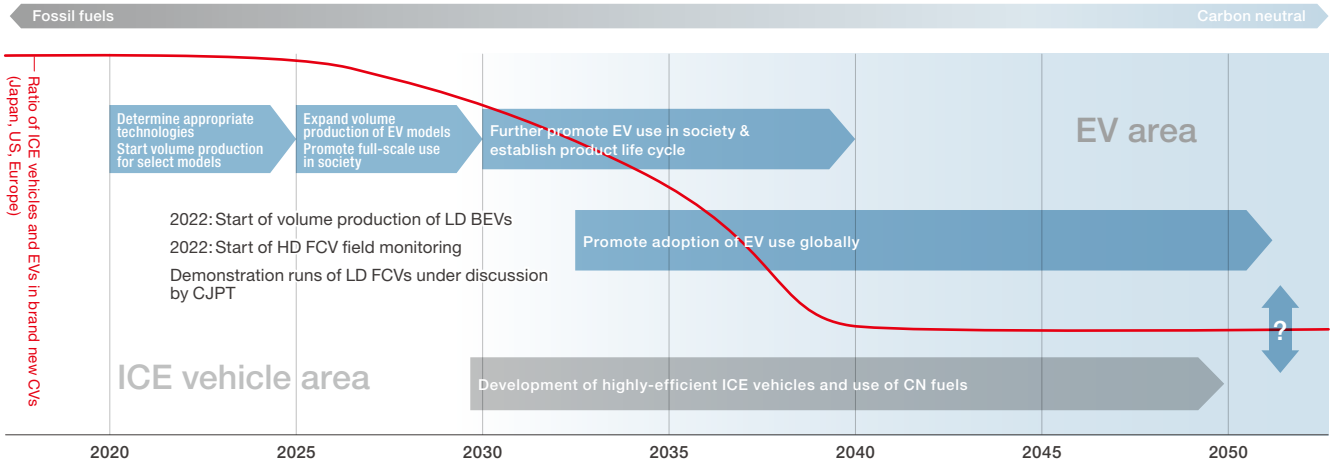
- **Encourage improved convenience of connected services by making them OEM-free preparing for 5G era.**
- **Verify autonomous driving technology under various use scenarios and seek to put it to practical use as soon as possible.**

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*1 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*2 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
Start of volume production of LD BEVs (2022)	・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. ・Based on the knowledge gained from the monitor vehicles, Isuzu is developing the BEV version of *N-Series* 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.
Start of HD FCV field monitoring (2022)	・In 2020 Isuzu started joint research on HD FCVs in collaboration with Honda R&D Co., Ltd. ・Isuzu is currently designing FCVs to start demonstration tests using field monitoring vehicles in fall 2022. ・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.
Demonstration runs of LD FCVs (2021)	・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. ・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. ・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. 

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

Main initiatives	Overview and future plans
Development of high-efficient ICE vehicles	・Isuzu develops ICE vehicles that comply with increasingly stringent exhaust gas regulations, including those likely to be implemented by developed countries in the future. ・Focusing on customers' total cost of ownership from purchase to disposal, Isuzu improves fuel efficiency by shifting its focus from *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.* ・Isuzu strengthens its development skills for ICEs by working with mutually complementary alliance partners such as Cummins Inc. Please see ▶ P16 for details
Use of carbon neutral fuels	・In April 2021, Isuzu set up a dedicated department to promote the use of next-generation fuels. ・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. ・Isuzu proactively raises questions and proposes measures to improve the quality of carbon neutral fuels to manufacturers of next-gen fuels.

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.

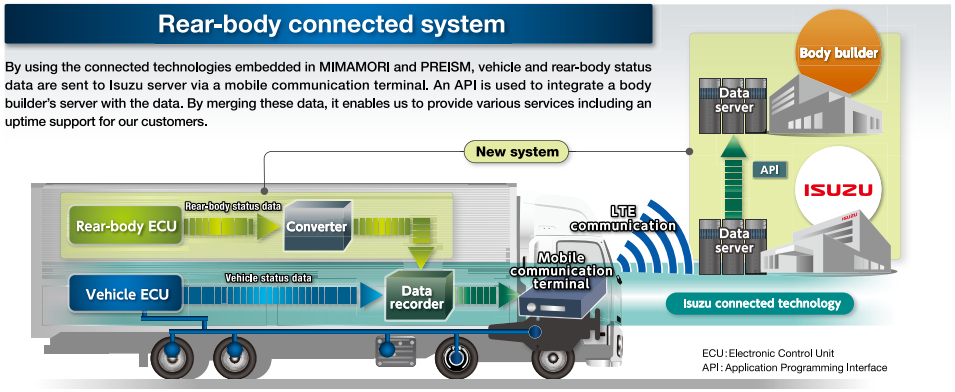
Connected

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

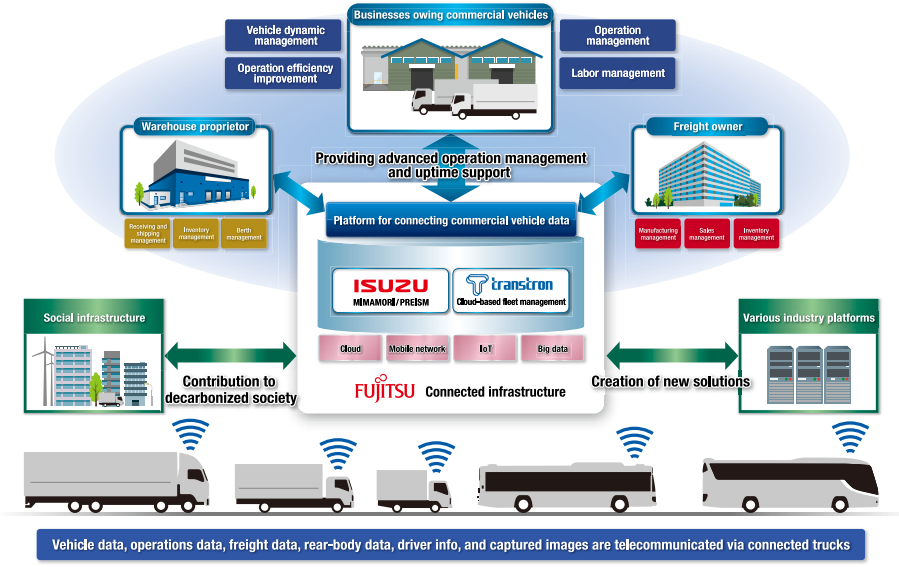
The Isuzu Group has long provided services to support uptime operations and prevent breakdowns, such as *PREISM* an advanced genuine maintenance program. To utilize such connected technologies for monitoring the operation conditions of rear bodies (components and systems built for the specific purpose 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
Expressways × HD Trucks		· 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 *commercializing semi-autonomous truck platoons by FY2022,* 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. · 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.
Ports × Low-speed Driving/Parking		· In consideration of use conditions specific to ports, Isuzu is promoting the development of autonomous driving technology to address issues.
Buses in Limited Zones		· 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. · In the future, Isuzu aims to realize autonomous-driving transit buses on public roads, helping to secure transportation means for people in rural areas.
Urban Street Sweepers		· Isuzu is promoting to develop autonomous-driving street sweepers mainly with Isuzu Technical Center of America (ITCA). · In March 2021, Isuzu made a trial run inside the ITCA site and targets to conduct demonstration testing in 2022.
Urban Delivery Trucks		· 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. · 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.

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

Norm change

Cross-industry competition/collaboration becomes the norm.
Stakeholders also become diversified and globalized.

In the new era

To be accepted by society and survive in this new era,
it is inevitable to evolve our management 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

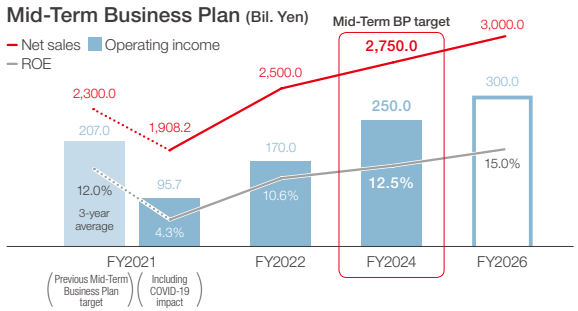
Mid-Term Business Plan 2024 Financial Targets

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

Mid-Term BP period

Unit sales (K-units)	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.