

ISUZU



2020

ANNUAL REPORT

Year ended March 31, 2020

ISUZU MOTORS LTD.

Profile

Founded in 1916, Isuzu Motors was the first company in Japan to successfully develop a diesel engine. Since that time, we have consistently provided the innovative products and services that customers demand, with a focus on developing and manufacturing commercial vehicles (CVs), light commercial vehicles (LCVs), and diesel engines. We offer an array of products to customers worldwide, from light-duty pickup trucks to heavy-duty tractors with large 16-liter displacement engines. Our commitment doesn't stop at sales; we have consistently contributed to the sustained development of local communities and society as a whole by safeguarding vehicle operation throughout the product life cycle, from purchase to after-sales service. Our industrial engines, which feature an array of powertrain technologies, can be found in construction machinery, commercial boats and vessels, generators, and other products.

Isuzu Motors has pursued a single goal since the time of its founding: supporting rich and satisfying lifestyles worldwide by supporting the transport of goods. That commitment began more than 100 years ago with the company's establishment, and it continues unabated today. Even in an era when the future remains uncertain, we will ensure that goods including medical supplies and daily necessities can be delivered to those who need them. We will continue to support transport by proactively fulfilling our social responsibility of maintaining production and after-sales service to ensure that the society's infrastructure continues to function.

Going forward, Isuzu will continue to strive to earn customers' trust and business worldwide while fulfilling its social responsibility.

contents

Message from the President	02	Consolidated Statements of Comprehensive Income	28
Major Product Lineup / History of Isuzu	04	Consolidated Statements of Change in Net Assets	29
At a Glance	06	Consolidated Statements of Cash Flows	30
Special Feature: New D-MAX	08	Notes to Consolidated Financial Statements	31
CSR	12	Independent Auditor's Report	42
Corporate Governance	14	Corporate Data	45
Management	17	Global Business Network	46
Environment	18	Forward-Looking Statements	
Financial Section	19	This annual report contains forward-looking statements about Isuzu Motors Limited's plans, strategies, beliefs and future performance. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Isuzu Motors Limited operates, and management's beliefs and assumptions. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, actual results may differ materially from those projected. Isuzu urges readers to exercise due diligence when making investment decisions.	
Consolidated Five-Year Summary	20		
MD&A	21		
Consolidated Balance Sheets	26		
Consolidated Statements of Income	28		

Corporate Statement

Trucks for life

ISUZU

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

Our Corporate Mission

Trust, Action, Excellence

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



Message from the President

Dealing with the global COVID-19 pandemic:

Safeguarding the health of society and our employees while fulfilling our social responsibility

I would like to take this opportunity to offer my condolences to all those whose loved ones have died during the COVID-19 pandemic and to express my sincere sympathy to everyone who has been infected by the virus, as well as to their family members and others who have been affected.

I would also like to convey my respect to all those who are working on the front lines to prevent the spread of the virus and to keep society functioning, including at healthcare providers, in public transportation, for manufacturers and retailers of daily necessities, and at logistics companies.

It is with deep regret that I report that we had multiple employees at the Fujisawa Plant test positive for the virus. We suspended operations at the facility for one week starting on April 13 in order to ease the concerns of plant workers, their families, and area residents to safeguard their health. During this stoppage, we took time to painstakingly disinfect the plant and redouble anti-infection measures. We will continue to work to strengthen related initiatives going forward.

Against this backdrop, distribution is playing an increasingly important role as a social infrastructure that helps ensure a reliable supply of medical supplies and daily necessities. As a company that strives, in accordance with its corporate vision, to become “a leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment,” we believe that fulfilling our mission and social responsibility in this time of emergency means supplying the vehicles our customers need and supporting their use through our after-sales services.

We have many partners. Our responsibility towards them includes doing our best to ensure that we continue to operate and support their businesses.

The Isuzu Group will continue to strive to safeguard the health of society and our employees while fulfilling our social responsibility in accordance with guidance from the Japanese government.

■ Financial results for FY2020

During the consolidated fiscal year ending March 2020, domestic vehicle sales volume fell 3,078 units (4.1%) from the previous year to 71,353 units.

Looking at the domestic commercial vehicle market, we continued to maintain high market share in the heavy- and medium-duty truck segment (32.5%, up 0.7% from the previous year) and in the 2- to 3-ton truck segment (a record 42.4%, up 1.8%). Total demand for heavy- and medium-duty trucks rose to 91,858 units (up 0.4%), while total demand for 2- to 3-ton trucks slipped to 103,301 units (down 5.4%). Other businesses realized favorable growth in sales. As a result, domestic net sales rose to ¥827.2 billion (up 1.0%).

Sales in Asia fell to ¥613.3 billion (down 4.9%). Although our share of Thailand’s LCV (light commercial vehicle) market fell to

31.1% (down 0.6% from the previous year), we continued to maintain high market share in the country.

Sales in North America declined to ¥157.8 billion (down 5.4%) on slow sales of light-duty trucks.

Sales in other regions fell to ¥481.5 billion (down 7.1% from the previous year), reflecting a significant falloff in the number of pickup trucks shipped to Europe following changes in emissions regulations.

Operating income declined to ¥140.5 billion (down 20.5% from the previous consolidated fiscal year) as cost-cutting efforts were offset by lower sales volume as well as the adverse effects of a strong baht in Thailand, from which we export pickup trucks, and weakness in the U.S. and Australian dollars. Profit before extraordinary items fell to ¥150.8 billion (down 20.2%), while profit attributable to owners of the parent fell 28.4% to ¥81.2 billion.



■ Midterm Business Plan (April 2018 to March 2021)

Our Midterm Business Plan sets forth the twin priorities of “current business deepening” and “new engagement for next generation”. Although the fiscal year ending March 2021 is the final year of the plan, concerns related to the COVID-19 pandemic are impacting economic activities, placing the Group in a position that can only be described as extremely challenging. Despite these conditions, we are steadily pursuing the key priorities identified in the plan.

Steps taken to advance the goal of “current business deepening” included the October 2019 launch in Thailand of the first completely redesigned Isuzu D-MAX 1-ton pickup truck in eight years. We will roll out the new model in other countries in the coming months. Last year, we also began exporting vehicles to the Middle East from India.

In our powertrain business, we signed the Isuzu Cummins Powertrain Partnership Agreement with U.S. manufacturer Cummins Inc. in May 2019 and then entered into an Advanced Technology Agreement concerning initiatives in the advanced technologies domain after studying potential areas of cooperation. We have decided to assign Isuzu personnel to Cummins’ North America Technical Center, and we continue to make steady progress on collaborative projects.

To advance the other priority set forth in the Midterm Business plan, “new engagement for the next generation”, we signed a joint agreement on research into fuel cell (FC) powertrains for heavy-duty trucks with Honda R&D Co., Ltd., a research and development subsidiary of Honda Motor Co., Ltd., to expand our line of environmentally-friendly powertrains that

will be demanded by commercial manufacturers. In addition to realizing clean, quiet, low-vibration heavy-duty trucks to meet our customers’ needs, we will pursue a broad range of studies geared toward enabling the widespread adoption of FC trucks and hydrogen energy, contributing to the development of the distribution sector and other industries throughout society, and the early realization of a hydrogen-based world.

In December 2019, we signed a memorandum of understanding with the Volvo Group to mark the start of a strategic alliance in the commercial vehicle segment. Through this agreement, which signals our two groups’ recognition of each other as optimal partners in the drive to create new value in the commercial vehicle industry, we will build an equal and positive relationship with the Volvo Group as we complement one another’s product and geographic strengths. In addition to working together to provide maximum value to customers and society in advance of the coming revolution in distribution, we will strive to become the No. 1 company in our industry in Japan and Asia together with UD Trucks, in the event that company becomes a consolidated subsidiary of Isuzu.

We at Isuzu Motors Limited look forward to your renewed understanding and support.

Masanori Katayama
President and Representative Director

Major Product Lineup

Light- to heavy-duty truck business

N-Series, F-Series, C&E Series, TRAGA



Our light- to heavy-duty trucks have earned the loyalty of customers worldwide with their exceptional fuel efficiency, reliability, durability, and advanced environmental performance. We offer a range of powertrain options, including not only diesel engines but also CNG and diesel hybrid models, to meet the full range of customer needs and applications.

Domestic production volume: FY2018: 230,000 units
 FY2019: 240,000 units
 FY2020: 222,000 units

Bus business

ERGA, GALA, ERGA Mio, GALA Mio, and ERGA Duo



Isuzu buses have earned customers' trust by delivering outstanding comfort and safety. We sell models powered by not only diesel engines, but also hybrid powertrains. In addition, in a joint research project with Euglena Co., Ltd., we are currently conducting road and performance tests for commercializing biodiesel fuel extracted from microalgae Euglena.

Key Events in the History of ISUZU

1916 Business start: Tokyo Ishikawajima Shipbuilding & Engineering Co., Ltd., and Tokyo Gas & Electric Co. (Isuzu's predecessors) plan a venture to manufacture automobiles.

1922 The company completes the Wolseley A9, the first passenger car to be produced in Japan.

1936 The company completes the DA4 and DA6, Japan's first air-cooled diesel engines.

1937 Founding: Tokyo Automobile Industries Co., Ltd., (the predecessor of today's Isuzu Motors Limited) is established.

1949 The company is listed on the Tokyo Stock Exchange. Changes its name to Isuzu Motors Limited.

1959 Isuzu announces the N-Series (Elf in Japan) light-duty truck.


1961 Fujisawa Factory (currently the Fujisawa Plant) starts operations.

1966 Isuzu Motors Co., (Thailand) Ltd., (IMCT) is established.


1970 Isuzu announces the F-Series (Forward in Japan) 4-ton truck.

1971 Isuzu signs a basic cooperation agreement with General Motors Corporation.


1972 Tochigi Factory (currently the Tochigi Plant) starts operations.



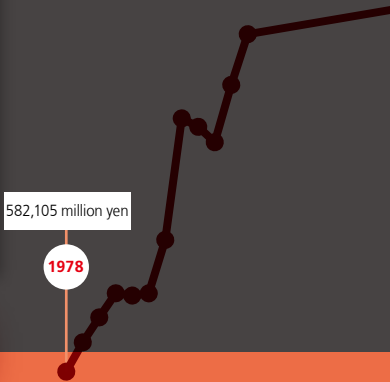
Ishikawajima Plant, the Fukagawa Factory



Fujisawa Factory



Cooperation agreement with GM newspaper ad



582,105 million yen

1978

Consolidated net sales
 (disclosed starting with the fiscal year ended in October 1978)

1900 -1949

World Milestones

1914 World War I begins.

1939 World War II begins.

1950 -1969

1950 The Korean War begins (spurring a special procurement boom).

1970 -1989

Light commercial vehicle business (pickup trucks, SUVs, etc.) D-MAX and mu-X



These cargo and passenger vehicles can be used for both personal and commercial applications. Isuzu pickup trucks are primarily produced in Thailand and exported to more than 110 countries.

Thai production volume: FY2018: 314,000 units
FY2019: 324,000 units
FY2020: 304,000 units

Powertrain business



Isuzu diesel engines draw on proprietary technologies to deliver best-in-class low-displacement, high-output performance. They are used in a broad range of industrial applications, including construction machinery, generators, and commercial boats and vessels.

Engine production: FY2018: 805,000 units
FY2019: 847,000 units
FY2020: 731,000 units

After Sales business



Isuzu offers support service to maximize the effectiveness and efficiency of customer operations.

- PREISM connectivity-based operations support (faster maintenance in the event of a malfunction and preventive maintenance based on failure prediction)
- Technologically sophisticated maintenance service offered by our sales dealers
- Leasing business (maintenance leases, finance leases, maintenance contracts)
- Used-vehicle sales (auction business, domestic/international sales)

- 1993 Isuzu ends production of passenger vehicles.
- 1994 Isuzu redesigns its heavy-duty trucks and launches it as the C&E Series (Giga in Japan).
- 1996 Isuzu launches the GALA large-size tour bus.
- 1997 Isuzu signs an agreement to lead development of diesel engines for the GM Group.
- 1998 Isuzu signs an agreement to take the responsibility of developing commercial vehicles for the GM Group.
- 1999 GM raises its equity share in Isuzu to 49% through a third-party allocation.



GALA

- 2000 Isuzu redesigns its large-size route and private-use buses and launches them as the ERGA Series.
- 2001 Isuzu announces the Isuzu V-Plan, its Mid-term Business Plan. Isuzu develops Mimamori-kun vehicle operations diagnostics system.
- 2002 Isuzu redesigns its pickup truck for the Thai market and announces the D-MAX.
- 2003 Pickup truck production at the Fujisawa Plant is transferred to Thailand.
- 2004 Isuzu launches its Mimamori-kun online telematics service for commercial vehicles.
- 2006 Isuzu dissolves its equity tie-up with GM. Isuzu enters into a basic agreement on developing small diesel engines with Toyota.



Isuzu redesigns its pickup truck for the Thai market and announces the D-MAX.

- 2012 Isuzu Motors India Private Limited (IMI) is established.
- 2014 Isuzu Global CV Engineering Center (IGCE) is established in Thailand to coordinate development of trucks for developing nations.
- 2015 Isuzu launches PREISM, an advanced genuine maintenance service.
- 2018 Isuzu launches the TRAGA lightweight truck for emerging markets. Isuzu dissolves its equity tie-up with Toyota.
- 2019 Isuzu signs the Isuzu Cummins Powertrain Partnership Agreement with U.S. manufacturer Cummins Inc. Isuzu signs a memorandum of understanding with the Volvo Group to mark the start of a strategic alliance in the commercial vehicle segment.



TRAGA

2,079,936 million yen

1990-1999

2000-2009

2010-2019

2020

- 1992 Japan adopts NOx and particulate regulations for automobiles.
- 1997 The Asian currency crisis occurs.
- 1999 Tokyo Governor Shintaro Ishihara announces "Say No to Diesel Vehicles" campaign.

- 2001 The September 11 terrorist attacks occur in the U.S.
- 2008 The bankruptcy of Lehman Brothers in the U.S. triggers a global financial crisis.
- 2009 GM files for federal bankruptcy protection.

- 2011 The Great East Japan Earthquake. Thailand suffers massive flooding.
- 2019 New coronavirus was detected for the first time. The global COVID-19 pandemic.

At a Glance

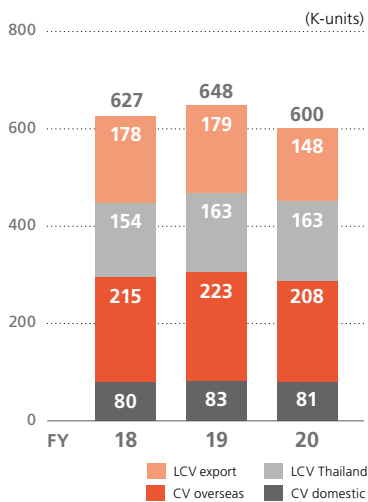
Playing a key infrastructure role by supporting transport of goods

Distribution never stops. Isuzu Motors Limited continues to work on expanding sales by taking advantage of the global network of facilities it built under the previous Midterm Business Plan which enable us to more quickly deliver vehicles that accommodate changes in customers' operating conditions and modes of use.

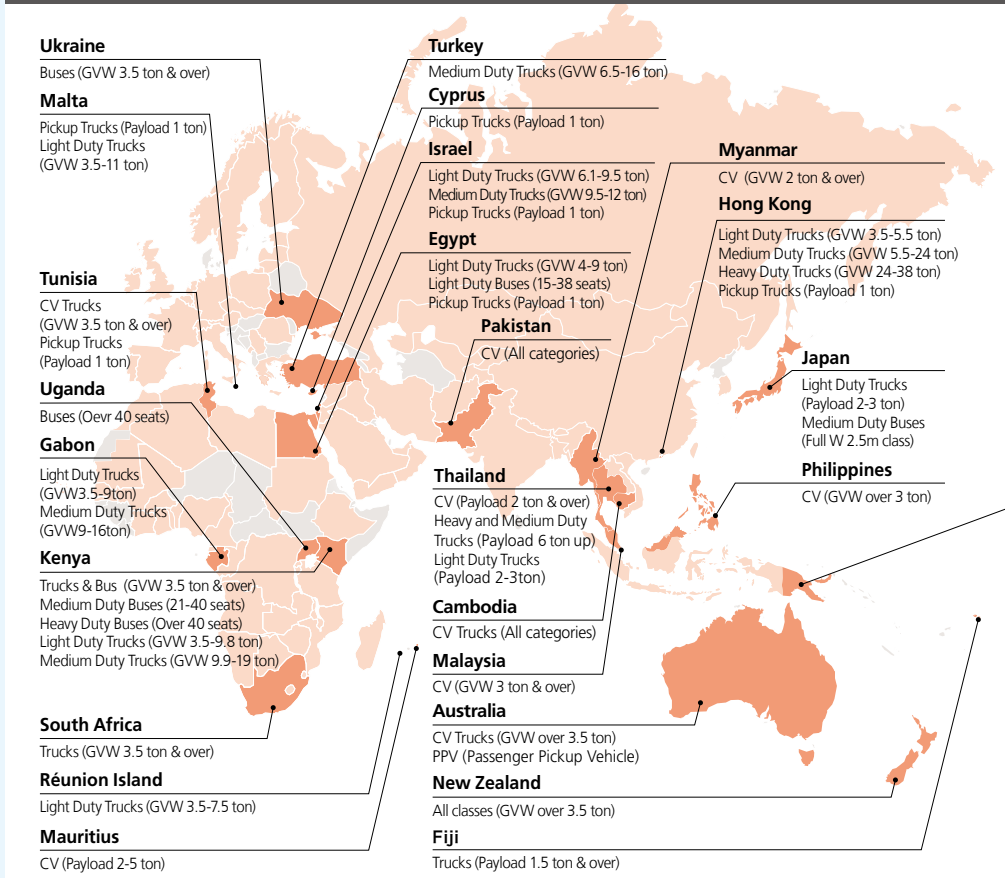
During the fiscal year ended March 2020, global sales units for CVs (commercial vehicles) and LCVs (pickup trucks and derivatives) declined due to an economic slowdown triggered by trade friction between the U.S. and China. Combined global sales units of both categories fell 48,000 units (-7%) from the previous year to 600,000 units. Sales units for CVs fell in Indonesia and Europe, and fell for LCVs primarily in China and Europe.

Isuzu will begin supplying new pickup trucks to Mazda Motor Corporation as an OEM during the fiscal year ending March 2021.

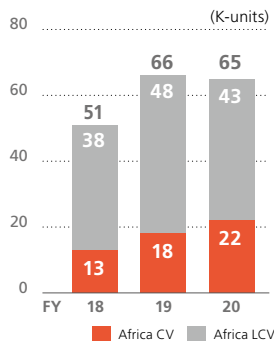
Global Sales Units



No. 1 Market Share in 2019 (Based on sales figures compiled by Isuzu)



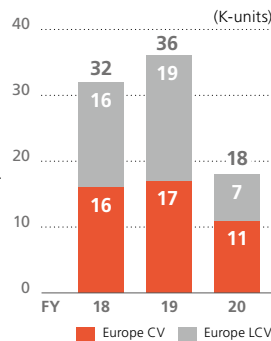
Africa



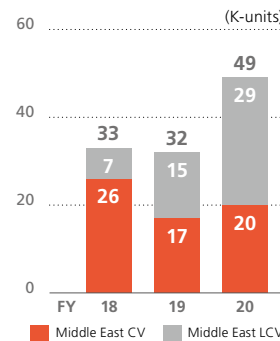
Europe

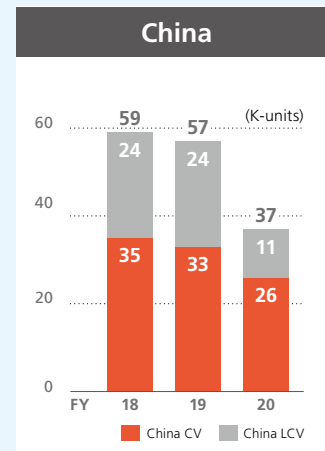
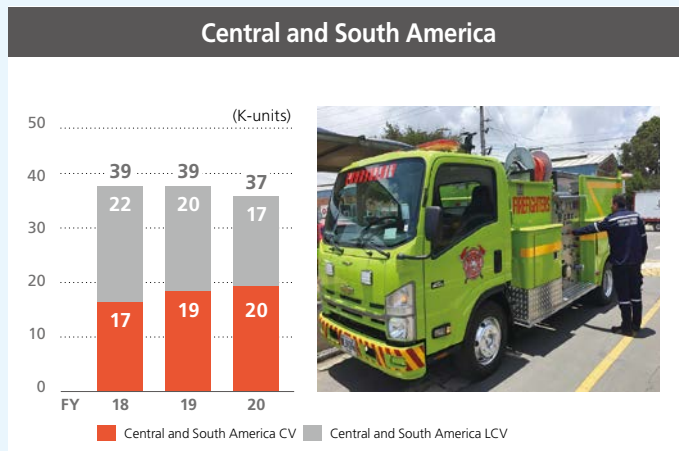
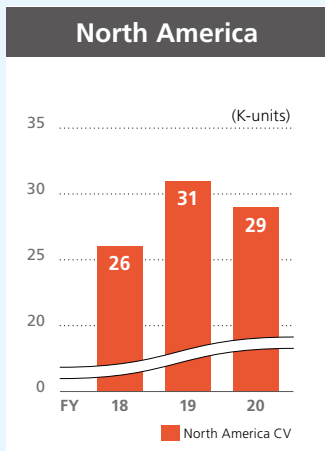
Isuzu will launch the new D-MAX in 2020.

■ LCV unit sales fell significantly during fiscal year ended March 2020 as the negative effects of a switchover to new emissions regulations in 2019 were compounded by customer hesitation to purchase vehicles at the end of their model life. Isuzu is aiming to lift sales in 2020 by launching a new D-MAX.

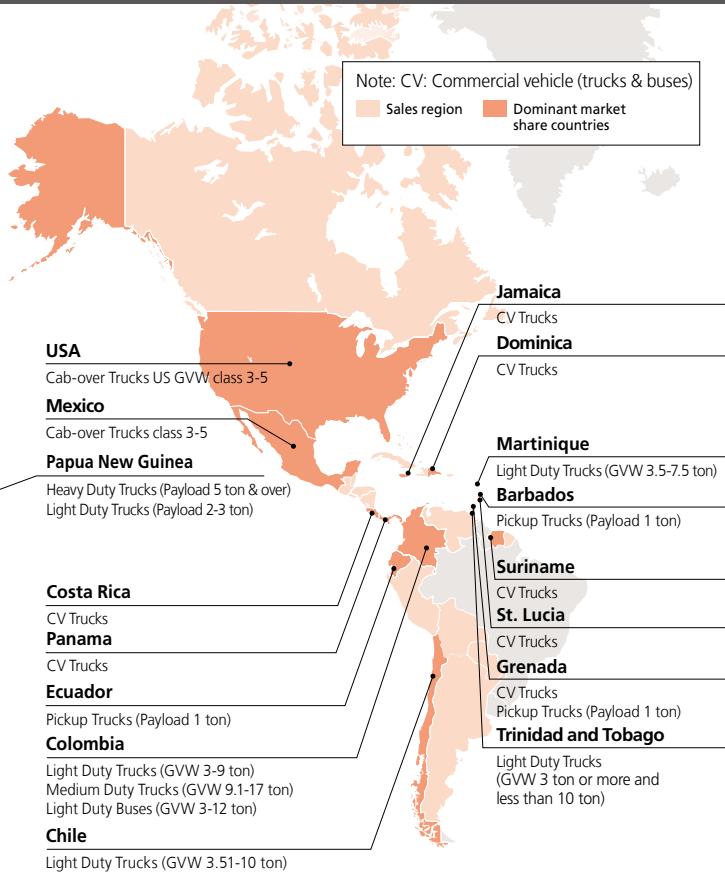


Middle East





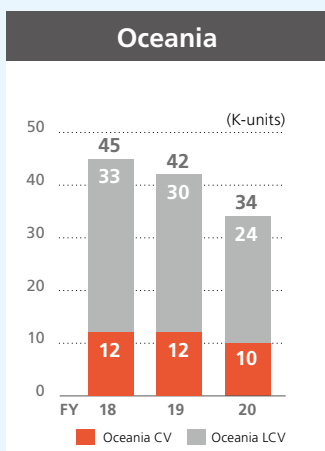
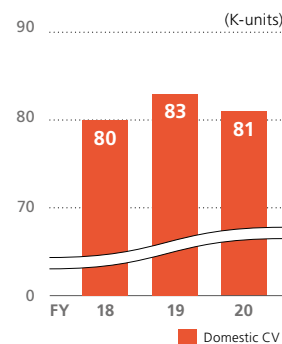
Source: Isuzu Motors Limited



Japan

Launched an improved C&E series heavy-duty truck as N-series light-duty trucks achieved a record market share.

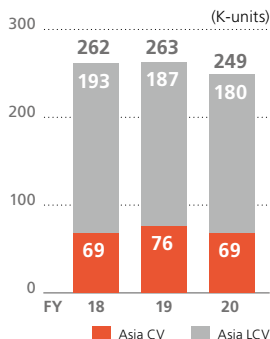
- Isuzu's share of the heavy- and medium-truck market and light-duty truck market rose during the fiscal year ended March 2020. This trend was particularly pronounced in the light-duty truck market, where Isuzu recorded its highest share ever at 42.4%. Isuzu has ranked No. 1 in market share in this market since 2001, for 19 years in a row.
- Although the unit sales of trucks fell, strong performance in aftersales businesses including vehicle service by our sales dealers, part supply, and lease businesses led to an increase in total domestic sales across all Isuzu's businesses compared to the previous year.



Asia

Isuzu launched the first D-MAX full-model change in eight years and began exporting the TRAGA to the Philippines

- Although the TRAGA light-weight truck sold well, unit sales fell in Indonesia and India, where overall demand was sluggish.
- Isuzu began exporting the TRAGA (TRAVIZ in Philippines) to the Philippines in 2019. The company started exporting LCVs from India to the Middle East in 2020.



Feature

New D-MAX debut

On October 11, 2019, Isuzu Motors Limited announced the completely redesigned D-MAX 1-ton pickup truck, the first full-model change in 8 years. The vehicle was launched in 2019 in Thailand, the main production site for Isuzu's pickup trucks. The new model will be rolled out in other countries starting in 2020. We also plan to start OEM deliveries to Mazda Motor Corporation in 2020. The full-model change will serve to further accelerate our goal to "strengthen the LCV business", one of the seven key challenges in the Midterm Business Plan announced in May 2018.

D-MAX profile

Launched:
**May
2002**

Main production site:

Thailand (Isuzu Motors Co.,
(Thailand) Ltd. (IMCT),
in which the Isuzu Group holds
a 71.15% stake)



Samrong Plant



Gateway Plant

Distribution:

Tri Petch Isuzu Sales Co., Ltd.,
(a joint venture with Mitsubishi
Corporation); exports from Thailand are
handled by Isuzu Motors International
Operations (Thailand) Co., Ltd.
(IMIT) (in which the Isuzu Group
holds a 70% stake).





Cumulative production has passed the **4-million-unit mark**

Availability: **117** countries and regions



Consolidated LCV sales volume



Gateway Plant completed in Thailand.



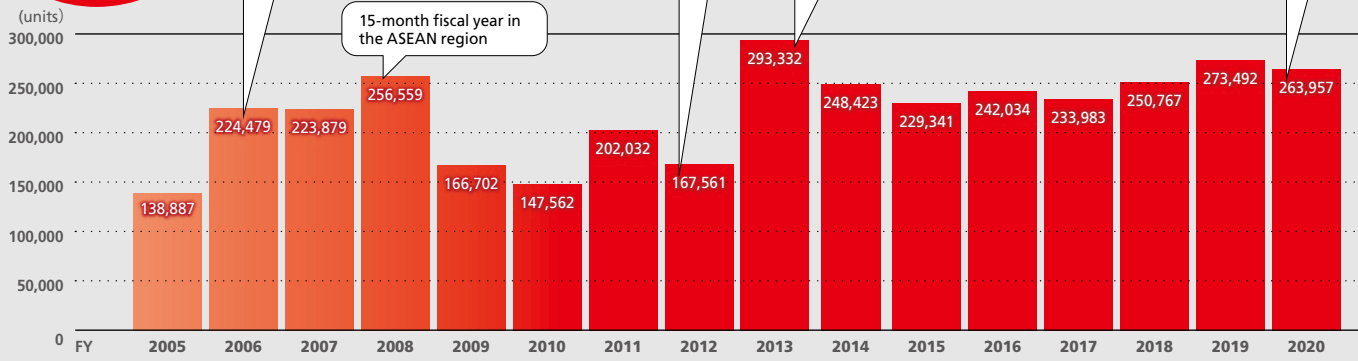
Second-generation D-MAX launched on September 29, 2011.



New pickup truck assembly line completed at the Gateway Plant in October 2012.



Third-generation D-MAX launched on October 11, 2019.



What is a pickup truck?

A pickup truck is a cargo and passenger vehicle that can be used for both personal and commercial applications. Pickup trucks enjoy particularly robust support from farmers in the predominantly agrarian country of Thailand for the following reasons:

1

They can haul cargo as well as carry family members

**2**

They are taxed at a lower rate than passenger vehicles due to excise tax incentives.

3

They comply with regulations on vehicle use in cities.

Although the percentage of passenger vehicles has grown due to economic growth and urbanization in the country, pickup trucks continues to represent close to half of total vehicle demand (43% in CY2019).

Isuzu Motors Limited and pickup trucks

Isuzu Motors Limited launched its first pickup truck in 1961. The model was developed using the N-Series light-duty truck as an everyday cargo vehicle that incorporated some of the characteristics of passenger vehicles. It was designed so that it could be driven by anyone. Following Isuzu's entry into an alliance with U.S. automobile maker General Motors Corporation, pickup trucks were sold through the two companies' global network and became one of the key revenue-generating products of Isuzu Motors Limited.

Following a complete redesign in 2002, the pickup truck's name was changed to Isuzu D-MAX and pickup truck production was consolidated in Thailand. Today, the D-MAX is sold not only in Thailand, but also in 117 countries and regions around the world, including Egypt and Australia. Cumulative production has passed the 4-million-unit mark (with about 2 million units having been exported to other countries and regions). In Thailand, where Isuzu started business in 1957, Isuzu has built itself into a top brand, earning accolades including the 2019 Most Popular Pick-up Truck, Best Fuel Saving Pick-up Truck, Best Life Style Pick-up Truck, etc.





Regular Cab



Space Cab



Crew Cab (4x4)

Complete model change concept: Efficient and Robust

We developed the new Isuzu D-MAX to withstand use in a variety of operating environments and under an array of conditions while delivering excellent fuel efficiency and safety performance. We also revamped its design to give it a look that overturns the conventional wisdom about pickup trucks.

<p>Basic structure</p>	<p>We created a robust yet lightweight chassis by streamlining its structure and extensive use of high-tensile steel. We also enhanced rust resistance and made the vehicle capable of fording water up to 800mm deep. Finally, we adopted an electrical architecture designed for security and connectivity.</p>
<p>Fuel efficiency</p>	<p>We developed the new 4JJ3 engine based on the proven 4JJ1 diesel engine (with 3-liter displacement) for high output, excellent fuel economy, and quietness. We also improved the dynamic performance of the RZ4E diesel engine (1.9-liter displacement).</p>
<p>Safety</p>	<p>We actively incorporated the latest safety equipment in response to market needs. In addition, we improved handling stability, ride comfort, and braking performance.</p>
<p>Comfort and equipment</p>	<p>We enhanced the infotainment system and added new equipment to boost convenience. In addition, we improved the quality of the interior and reduced cabin noise.</p>

CSR ■ Corporate Social Responsibility

CSR activities

Basic Ideas

Aimed at implementing Isuzu's corporate vision, Isuzu contributes to the sustainable development of society by fulfilling its corporate social responsibilities and winning trust from society through its CSR activities.

Isuzu's key challenges

Approach

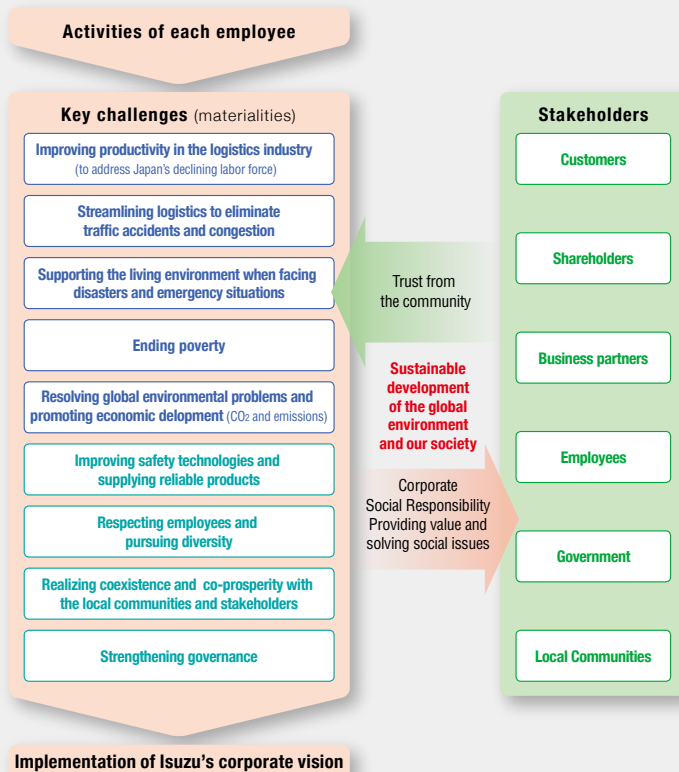
In keeping with its Corporate vision of becoming "a leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment", Isuzu has globalized its business operations while taking into account expectations toward the company as a member of the international society. In recent years, the nature of the Isuzu Group's social responsibility has changed along with the economic environment, fueling expectations for more strategic initiatives that align with international trends.

In response to these social demands, Isuzu has identified key challenges (materialities) that deserve priority in our initiatives.

Isuzu's key challenges

Isuzu has categorized its key challenges as either social issues that it would like to solve through its business or CSR issues.

Isuzu believes the social issues that it would like to solve through its business can be addressed by implementing our Midterm Business Plan. Isuzu is striving to make a direct contribution to their resolution through its business. Further, we have identified the CSR issues as themes that inform our social responsibility as they will make our business platform more robust.



Social issues that Isuzu aims to solve through its businesses	Relationship with SDGs		
Improving productivity in the logistics industry (to address Japan's declining labor force)	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	
Streamlining logistics to eliminate traffic accidents and congestion	3 GOOD HEALTH AND WELL-BEING	11 SUSTAINABLE CITIES AND COMMUNITIES	
Supporting the living environment when facing disasters and emergency situations	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	
Resolving global environmental problems and promoting economic development (CO2 and emissions)	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Ending poverty	1 NO POVERTY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES

CSR issues	Relationship with SDGs		
Improving safety technologies and supplying reliable products	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
Respecting employees and pursuing diversity	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
Realizing coexistence and co-prosperity with the local communities and stakeholders	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS
Strengthening governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		

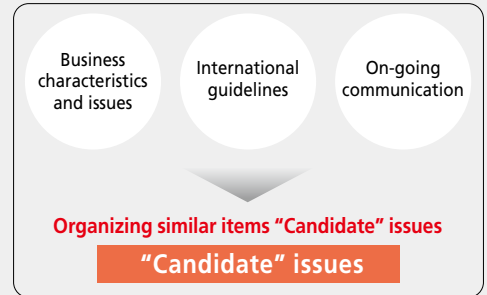
Isuzu's key challenges

Formulation process

STEP1

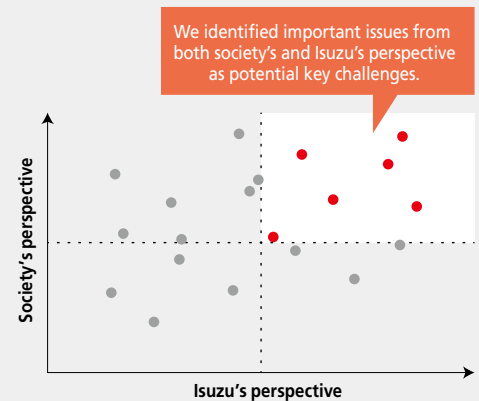
Identifying and organizing potential key challenges

In the process of identifying key challenges, we first compiled a list of "candidate" issues that we felt deserve study. The candidates were identified considering the characteristics of the Isuzu Group's businesses, issues affecting those businesses, international guidelines (GRI, ISO 26000, SDGs, SASB, etc.), and on-going communication with stakeholders.

**STEP2**

Establishing and analyzing hypotheses on issues from the perspective of society and Isuzu

First, we verified "candidate" issues by evaluating them from society's perspective and from Isuzu's perspective. We then conducted an analysis in which we assigned priority levels from the two perspectives based on social trends, industry trends, the environment in which Isuzu operates, associated characteristics and strategies, and the status of our CSR activities.

**STEP3**

Linking "candidate" key challenges with the Midterm Business Plan

By revising our own perspective and the "candidate" key challenges, we worked to link key challenges to our Midterm Business Plan, which was being reviewed at the same time. As a final step, we categorized the key challenges as either social issues we wish to solve through its businesses or CSR issues.

STEP4

Verifying and finalizing key challenges from society's perspective through dialogue

We verified the suitability of the "candidate" key challenges anew from society's perspective by holding a dialogue to which we invited two experts in order to ascertain the expectations that society places on Isuzu. Managers responsible for implementing CSR at Isuzu attended the dialogue, and we refined the "candidate" key challenges through the ensuing exchange of views with these experts.

Ultimately, we verified the suitability of the "candidate" key challenges at the dialogue and finalized them as Isuzu's key challenges at the Management Meeting.

The dialogue can be found in the CSR Report 2018.

<https://www.isuzu.co.jp/company/csr/report/backnumber/pdf/2018.pdf>

Future plans

Going forward, we plan to establish KPIs for the key challenges and initiatives to address them.

Corporate Governance

Basic approach

Isuzu's basic approach to corporate governance is built on the belief that a structural framework to regulate its corporate activities is essential in order to generate consistent profit and enhance corporate value.

We believe the fundamental purpose of corporate governance is to respect the perspective of our stakeholders and build constructive relationships with them, and to that end we strive to ensure fairness and transparency in our operations through the timely and appropriate disclosure of important information.

In particular, we believe that developing an internal environment and structures to safeguard all stakeholders' rights and interests and ensure all stakeholders are treated equally is a key element of corporate governance.

Furthermore, we believe it is essential that the Board of Directors and Audit & Supervisory Board, which together are responsible for overseeing the company's management, function effectively and fulfill their accountability to all stakeholders.

Corporate governance systems (Board of Directors and Audit & Supervisory Board)

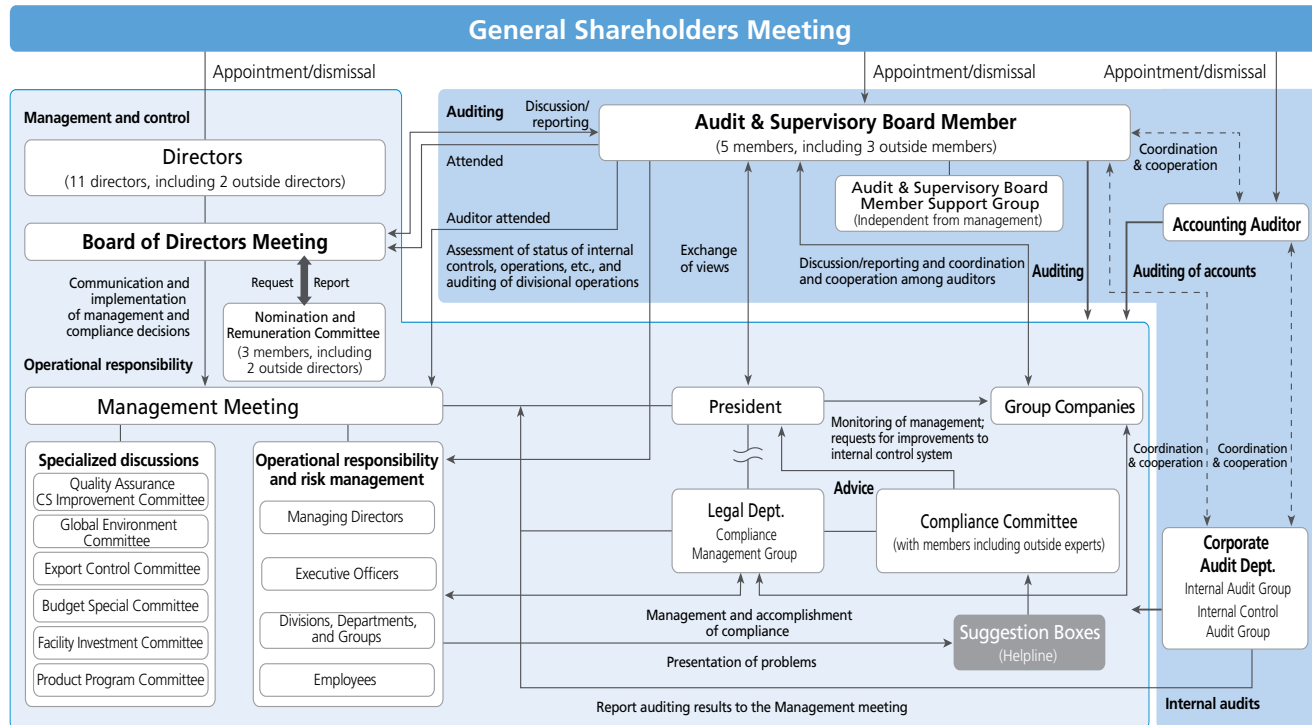
In keeping with its use of the corporate auditor system, Isuzu has established the Board of Directors and the Audit & Supervisory Board to decide, oversee, and audit important operational matters.

The Board of Directors, which consists of eleven directors, two of whom are outside directors, is chaired by President and Representative Director Masanori Katayama. In addition to a

monthly meeting, the Board of Directors convenes when necessary to discuss and make decisions regarding important operational matters.

The Audit & Supervisory Board, which consists of five members, three of whom are outside auditors, is chaired by Standing Audit & Supervisory Board member Masayuki Fujimori. In addition to

Overview of Internal Structures Related to Isuzu's Internal Control System



(As of June 29, 2020)

Corporate governance systems (Board of Directors and Audit & Supervisory Board)

attending Board of Directors meetings, auditors conduct audits of operational performance of directors in accordance with the audit plan formulated by the Audit & Supervisory Board.

Whereas the Board of Directors functions to implement management decision-making and operational execution, the Audit & Supervisory Board, which consists of five members, including three outside members of the Audit & Supervisory Board, is responsible for auditing the management. The Board of Directors also includes two outside directors who are registered as Independent Officers pursuant to the code of the Tokyo Stock Exchange to enhance its objectivity, neutrality, and transparency.

In addition to the above legally mandated bodies, Isuzu

established a Nomination and Remuneration Committee as a voluntary corporate governance body. The Nomination and Remuneration Committee will strengthen the independence, objectivity, and accountability of the Board of Directors regarding nomination of executive candidates, selection of individuals to serve as executive officers, determination of executive remuneration. The Committee's membership consists of President and Representative Director Masanori Katayama and two outside directors. It is chaired by President and Representative Director Masanori Katayama. The Committee discusses matters requested from the Board of Directors, to which it reports its findings.

Overview of corporate governance systems

In order to live up to the mandate and trust placed on Isuzu by stakeholders to increase corporate value, managers must strive to act in the joint interest of the company and of all stakeholders. Managers must also balance the interests of individual groups of stakeholders without favoring their own perspectives or the interests of particular groups of stakeholders.

To maintain trust from all stakeholders, Isuzu has chosen from a number of corporate governance mechanisms to establish an Audit & Supervisory Board. 2 of the 11 seats on its Board of Directors are held by outside directors.

Whether the Board of Directors is able to carry out its operational responsibilities—decision-making and monitoring—depends on whether each director possess deep managerial knowledge and experience, and on whether they have the skills and abilities necessary to make appropriate decisions and speak appropriately based on adequate knowledge of the Isuzu's business, the automotive industry, and their experience. In addition to having been able to promote directors from internal candidates with a high level of discernment and skill, we have appointed multiple outside directors with extensive knowledge of corporate management and related areas. By offering management advice and suggestions in an objective manner from the perspective of outside stakeholders, the outside directors, who bring a particularly high level of independence to their task, have helped increase the diversity of discussion and decision-making of the Board of Directors and strengthened its monitoring function.

To better enable these outside directors to participate in, and offer advice to, the Board of Directors, we hold advance briefings for them before each meeting to explain the content of proposals and associated materials. Furthermore, to strengthen objectivity and accountability, we will augment this effort going forward by working to enrich discussion and study, particularly of important matters such as nominations and compensation, through discussions by the Nomination and Remuneration Committee described above.

In addition, to strengthen the auditors' management supervision function in order to ensure that these bodies are able to properly carry out their review and monitoring functions, we are working to enhance collaboration between the Audit & Supervisory Board, including outside members, and the Board of Directors. We are also pursuing a variety of initiatives to ensure its management is supervised from an independent perspective, including Management Audit Meetings held prior to regular meetings of the Board of Directors and attended by all members of the Audit & Supervisory Board.

We believe that introducing mechanisms and systems ensure healthy management oversight of the Isuzu's management from a perspective that is independent of its management and operational execution. Nonetheless, going forward we will continue to study how to further strengthen internal monitoring functions for the Board of Directors with a focus on empowering outside directors to make an even greater contribution.

Corporate Governance

Management Meeting and committees

To speed up management's decision-making and operational execution, Isuzu has established the Management Meeting, whose responsibilities include discussion and decision-making of important matters based on the decisions of the Board of Directors. We have also established the Quality Assurance & Customer Satisfaction Improvement Committee, Global Environment Committee, Export Control Committee, Budget Special Committee, Facility Investment Committee, and Product Program Committee under the aegis of

the Management Meeting in order to streamline discussion in each of those areas.

In addition, we have introduced an executive officer system to offer appropriate support for directors as they work to fulfill their operational responsibilities. Information about directors' execution is reported at regular meetings of the Board of Directors, which are generally held every month.

Internal audits and audits by the Audit & Supervisory Board

Isuzu has five members of the Audit & Supervisory Board (including three outside members), three of whom are standing members (including one outside member). The three standing members all have considerable expertise in finance and accounting. The Audit & Supervisory Board Member Support Group consisting of two staff members provides administrative support and report directly to the Audit & Supervisory Board. It was established in April 2006 to help members of the Audit & Supervisory Board fulfill their responsibilities. Rules governing assistants to members of the Audit & Supervisory Board were adopted in May 2006 to ensure the group's independence as well as the effectiveness of instructions issued to staff.

In addition to attending Board of Directors meetings and other important meetings, Standing Audit & Supervisory board members carry out audits by soliciting reports from directors and other leaders concerning the execution of their responsibilities, reviewing important decision-making documents and other materials, and investigating operational and financial conditions at the head office and major worksites. They also request reports on operations from directors and other officials as necessary in order to facilitate the sharing of information on a regular basis with auditors and other officials at subsidiaries and to develop an integrated set of audit structures that encompass the entire Group. Non-Standing Audit & Supervisory Board members attend important meetings, primarily of the Board of Directors, and function to enhance the Group's management oversight by offering views from the perspective of

independent officers.

In addition, Audit & Supervisory Board members work to ensure communication based on "Communications with Those Charged with Governance" (Japanese Institute of CPAs Auditing Standards Committee Statement No. 260), and refer to recommendations in the "Joint Research Report on Collaboration between Auditors and Audit Committees" (Japan Audit & Supervisory Board members Association and Japanese Institute of CPAs) in order to facilitate smooth and effective communication.

The Corporate Audit Department's Internal Audit Group and Internal Control Audit Group work to improve legal compliance, the reliability of financial reports, and the validity and efficiency of corporate operations. These are conducted through internal control audits, which are designed to ensure the reliability of financial reports in accordance with Japan's Financial Instruments and Exchange Act, and operational and topical audits of the Company and group companies. In making the same department responsible for both evaluating internal controls and conducting internal audits, we are working to create linkages between these two functions and to streamline and deepen associated operations. Furthermore, the Accounting Department and Legal Department cooperate with internal audits, if necessary. The Corporate Audit Dept. consists of 17 employees (excluding the General Manager) as of the end of the fiscal year ending March 31, 2020.

Group CxO positions

To further strengthen its governance, Isuzu created the following officer positions effective April 1, 2020, and gave them companywide executive authority over their respective areas of operations, across all departments and group companies:

- **Group Chief Financial Officer** (Group CFO)
- **Group Chief Risk Management Officer** (Group CRMO)
- **Group Chief Information & Security Officer** (Group CISO)

Management

Directors of the Board



Masanori Katayama
President and
Representative Director



Shinichi Takahashi
Director of the Board,
Managing Executive Officer
Quality Assurance Division
Senior Division Executive
Engineering Division Executive



Masatoshi Ito
Director of the Board,
Managing Executive Officer
Manufacturing Division Executive



Shinsuke Minami
Director of the Board,
Senior Executive Officer
Corporate Strategy Division
Executive
Corporate Planning &
Finance Division Executive



Tetsuya Aiba
Director of the Board,
Senior Executive Officer
Administration Division Executive
Group CRMO



Kazuya Igeta
Director of the Board,
Senior Executive Officer
Sales Division Executive



Koichi Seto
Director of the Board,
Senior Executive Officer
Industrial Solutions & Powertrain
Business Division Executive



Tetsuya Ikemoto
Director of the Board,
Senior Executive Officer
President, and Representative
Director, Isuzu Motors Sales Ltd.



Shigeji Sugimoto
Director of the Board,
Senior Executive Officer
President,
Isuzu Motors International FZE



Mitsuyoshi Shibata
Director of the Board



Kozue Nakayama
Director of the Board

■ Outside Director of
the Board

Audit & Supervisory Board Members



Masayuki Fujimori
Standing Audit &
Supervisory Board Member



Kenji Miyazaki
Standing Audit &
Supervisory Board Member



Tetsuhiko Shindo
Standing Audit &
Supervisory Board Member



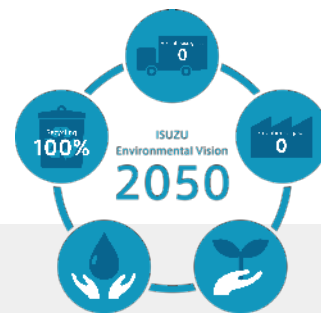
Takashi Mikumo
Audit & Supervisory
Board Member



Kanji Kawamura
Audit & Supervisory
Board Member

■ Outside Audit
& Supervisory
Board Members

Environment



Isuzu Environmental Vision 2050

Isuzu Motors Limited formulated Isuzu Environmental Vision 2050 as a roadmap for addressing global environmental issues over the long term and securing a prosperous and sustainable society by the year 2050.

The Isuzu Group sees society stands at an important crossroads. As climate change and other environmental problems deepen by

the year, we recognize the need for sustained efforts to minimize our impact on the global environment. Isuzu Environmental Vision 2050 expresses our aspirations to working as one team and with our stakeholders to advance environmental actions over the long run, and to undertake new challenges toward building a sustainable society.

The Road to Formulating Our Vision

Isuzu Group Corporate Vision

The Global Environmental Charter of the Isuzu Group

Long-term Environmental Scenarios

To determine the right path forward for Isuzu, we conducted a scenario analysis of the years up to 2050 with reference to future projections of climate, socioeconomic, and other conditions.

In developing the Long-term Environmental Scenario, we convened workshops consisting primarily of mid-level employees; reported the contents of those discussions to the Global Environment Committee; and conducted further discussions.

Anticipated social conditions

Conditions characterizing commercial vehicle use and Isuzu's businesses

Scenario workshops

The Isuzu Environmental Vision 2050, which describes how we envision Isuzu developing over the long term and our associated aspirations, was formulated by gathering input from various perspectives through broad-ranging discussions with employees.



Summary of Isuzu Environmental Vision 2050

Through collaborating with our customers and business partners, we aim to create a more prosperous, sustainable society, while improving our business value.

Future course for Isuzu

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

Action

The Isuzu Group will work as one team and in partnership with stakeholders to drive actions on our four material issues related to the environment: **Climate Change, Resource Recycling, Environmental Risk Management, and Biodiversity Conservation.**

Climate change measures:

Pursue decarbonization by minimizing emissions of greenhouse gases

- ◆ We will aim for zero greenhouse gas (GHG) emissions*across the entire life-cycle of Isuzu Group products by 2050.
- ◆ We will aim for zero greenhouse gas (GHG) emissions*arising directly from Isuzu Group operations by 2050.

Environmental risk management:

Minimize environmental risks through rigorous preventive and responsive actions

- ◆ We will pursue safe, reliable operations and products across the entire Isuzu Group value chain.

Resource recycling:

Pursue a circular economy by minimizing resource use and maximizing resource efficiency

- ◆ We will achieve 100% recycling of waste and end-of-use vehicles generated by Isuzu Group operations by 2050.

Biodiversity conservation:

Harmonize with nature by promoting biodiversity conservation

- ◆ We will conserve native biodiversity in the areas surrounding Isuzu Group operations in partnership with NGOs and other stakeholders.

*Zero greenhouse gas emissions: Net zero balance of emissions and sequestration

FINANCIAL SECTION

<u>Consolidated Five-Year Summary</u>	20
<u>MD&A</u>	21
<u>Consolidated Balance Sheets</u>	26
<u>Consolidated Statements of Income</u>	28
<u>Consolidated Statements of Comprehensive Income</u>	28
<u>Consolidated Statements of Change in Net Assets</u>	29
<u>Consolidated Statements of Cash Flows</u>	30
<u>Notes to Consolidated Financial Statements</u>	31
<u>Independent Auditor's Report</u>	42

2020
ANNUAL REPORT

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2020	2019	2018	2017	2016	2020
For the Year:						
Net sales	¥ 2,079,936	¥ 2,149,168	¥ 2,070,359	¥ 1,953,186	¥ 1,926,967	\$ 19,111,793
Cost of sales	1,730,354	1,765,270	1,700,726	1,623,948	1,574,885	15,899,606
Gross profit	349,582	383,898	369,632	329,238	352,081	3,212,186
Selling, general and administrative expenses	208,999	207,116	202,867	182,793	180,522	1,920,424
Operating income	140,582	176,781	166,765	146,444	171,559	1,291,762
Profit before extraordinary items	150,876	189,001	173,616	152,022	186,690	1,386,352
Profit before income taxes	143,511	186,108	176,095	148,921	186,379	1,318,678
Profit attributable to owners of parent	81,232	113,444	105,663	93,858	114,676	746,419
At Year-End:						
Total assets	¥ 2,152,090	¥ 2,130,894	¥ 2,066,539	¥ 1,879,853	¥ 1,808,377	\$ 19,774,786
Net assets	1,133,381	1,116,335	1,086,510	962,107	897,650	10,414,240

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2020	2019	2018	2017	2016	2020
For the Year:						
Net sales	¥ 1,074,968	¥ 1,130,825	¥ 1,081,384	¥ 1,065,886	¥ 1,076,360	\$ 9,877,497
Cost of sales	938,856	976,838	931,700	919,225	914,721	8,626,816
Gross profit	136,111	153,986	149,684	146,661	161,638	1,250,680
Selling, general and administrative expenses	104,351	104,136	103,139	96,391	97,334	958,846
Operating income	31,760	49,849	46,544	50,269	64,304	291,833
Income before extraordinary items	89,796	100,413	71,745	100,330	108,624	825,107
Income before income taxes	79,055	95,422	69,875	98,927	107,554	726,409
Net income	70,964	83,719	58,476	87,310	91,905	652,063
At Year-End:						
Total assets	¥ 1,030,852	¥ 1,035,508	¥ 1,053,710	¥ 1,025,050	¥ 965,977	\$ 9,472,131
Net assets	604,015	573,641	593,999	544,117	475,388	5,550,086

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83 = US\$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2020.

Management's Discussion and Analysis of Financial Condition and Results of Operation

(1) Overview of results of operations

1. Results of Operations

Overall, economic conditions during the consolidated fiscal year under review remained challenging as an economic slowdown in the Chinese market triggered by trade friction between China and the U.S. spread to nearby developing nations and resource-producing nations. In addition, the COVID-19 pandemic spread readily during the fourth quarter, significantly affecting the global economy.

Looking at the commercial vehicle market, demand fell in numerous regions as conditions deteriorated in the Thai market, which had been enjoying a robust recovery, and an economic slump continued in resource-producing countries. Total demand also fell in Japan in a reaction to changes in emissions regulations affecting light-duty vehicles. The COVID-19 pandemic had only a minor impact on results during the consolidated fiscal year under review.

It was in this business environment that Isuzu sought to build vehicles capable of accommodating changes in how customers use them in an effort to become "a company that inspires broad admiration for its exceptional CV, LCV, and powertrain products that support human lifestyles."

One major accomplishment was the first complete redesign in eight years of the D-MAX pickup truck, which we sell in more than 100 countries worldwide with production volume exceeding 4 million units. As cargo and passenger vehicles that can be used in both personal and commercial applications, pickup trucks enjoy especially broad support in Thailand. Isuzu has built itself into a top brand in the country, earning accolades including the FY2019 Most Popular Pickup Truck, Pickup Truck with the Best Fuel Economy, and "Best Life" Pickup Truck awards. Based on the development concept of "Efficient and Robust," the complete redesign sought to ensure the D-MAX could withstand use in a variety of operating environments and under an array of conditions while delivering excellent fuel efficiency and safety performance. A second major accomplishment was the launch of an improved Giga heavy-duty truck (sold as C&E series in markets outside Japan) based on the development concept of "No Accidents, No Fatigue, No Breakdowns." The new model features an enhanced array of safety equipment including pre-crash braking with pedestrian detection (collision damage mitigation and collision avoidance assistance) as well as vehicle monitoring functionality that allows parameters to be checked remotely (connected functionality). We also added Lane-Keeping Assist (LKA) to deliver advanced driving assistance equivalent to Level 2 self-driving capability. In addition, we worked with Hino Motors to develop and launch ERGA Duo, Japan's first hybrid articulated bus designed to help realize a society characterized by safe, reliable transportation. It is equipped with the world's first Emergency Driving Stop System (EDSS) for a fixed-route bus. We also launched the ERGA heavy-duty, fixed-route bus and the ERGA Mio medium-duty, fixed-route bus, with all models featuring an EDSS system designed to react to driver emergencies and a Brake Override Accelerator (BOA) in order to help lower the incidence of traffic accidents. We also enhanced the competitiveness of our products across the board by enhancing a range of advanced safety equipment, including improving the performance of our EDSS system designed to react to driver emergencies in GALA heavy-duty tour buses.

In the current fiscal year, vehicle unit sales in Japan fell by 3,078 units (4.1%) compared with the previous fiscal year to 71,353 units, due to the decline in the total industry volume, though the Company enjoyed a high reputation in the light-duty truck segment, securing a market share of 42.4%.

Overseas vehicle unit sales decreased by 20,021 units (4.4%) over the previous fiscal year to 437,870 units, owing to a fall in total industry volumes in many countries, mainly in Asia. As a result, consolidated total

vehicle unit sales in Japan and abroad slid by 23,099 units (4.3%) year-on-year to 509,223 units.

On the profit and loss front, despite big efforts for cost reduction, operating income amounted to 140.5 billion yen, down 20.5% compared with the previous fiscal year, due to factors such as the decreases in the number of vehicles sold and impacts of depreciation in the US and Australian dollars as well as appreciation in the Thai baht, the currency of the country serving as the export hub for the Company's pickup trucks. Ordinary income stood at 150.8 billion yen, down 20.2% over the previous fiscal year, and net income attributable to owners of the parent reached 81.2 billion yen, down 28.4% year-on-year.

2. Overview of Financial Position

Total assets as of the end of the current fiscal year rose by 21.1 billion yen from March 31, 2019 to 2,152.0 billion yen.

Liabilities grew by 4.1 billion yen from March 31, 2019 to 1,018.7 billion yen.

Net assets increased by 17.0 billion yen from March 31, 2019 to 1,133.3 billion yen.

The capital adequacy ratio stood at 44.3 %, compared with 43.6% as of March 31, 2019.

Interest-bearing liabilities rose by 39.3 billion yen from March 31, 2019 to 336.7 billion yen.

3. Cash Flow

Cash and cash equivalents (hereinafter referred to as "funds") as of the end of the current fiscal year fell by 1.3 billion yen from March 31, 2019 to 303.9 billion yen; more specifically, out of the funds from operating activities of 123.7 billion yen, 92.6 billion yen was used for investing activities and 25.1 billion yen for financing activities. Free cash flows, calculated by deducting investing cash flows from operating cash flows, recorded an inflow of funds of 31.0 billion yen, down 55.6% from March 31, 2019.

Cash Flow from Operating Activities

Funds provided by operating activities amounted to 123.7 billion yen, down 21.0% from March 31, 2019.

This is mainly owing to inflows of funds of 143.5 billion yen and 76.2 billion yen recorded for profit before income taxes and depreciation, respectively, and 23.2 billion yen derived from a decrease in notes and accounts receivable, partially offset by outflows of funds due to the following factors: an increase in inventories of 25.0 billion yen, a net increase in lease receivables and investment assets of 19.1 billion yen, a decrease in notes and accounts payable of 14.0 billion yen, and income taxes paid of 44.1 billion yen.

Cash Flow from Investing Activities

Funds used in investing activities reached 92.6 billion yen, up 7.0% from March 31, 2019.

This is primarily attributable to purchase of noncurrent assets of 103.4 billion yen.

Cash Flow from Financing Activities

Funds used in financing activities stood at 25.1 billion yen, down 76.5% from March 31, 2019.

This is mostly because of outflows of funds of 37.2 billion yen recorded for repayments of long-term loans payable, 28.0 billion yen for dividends paid, and 20.6 billion yen for dividends paid to non-controlling interests, offset by an inflow of funds of 59.0 billion yen for proceeds from long-term loans payable.

(2) Analysis of financial condition and results of operation in the view of management

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

The following information contains forward-looking statements that reflect the judgement of management as of June 29, 2020.

1. Analysis of results of operations etc. for fiscal 2020

(a) Overview

CVs

Consolidated total commercial vehicle unit sales in Japan and abroad slid by 13,564 units (5.2%) year-on-year to 245,266 units.

Vehicle unit sales in Japan decreased by 3,078 units (4.1%) to 71,353 units mainly due to the backdrop of last-minute demand ahead of changes in emissions regulations for light-duty trucks. Although Mid-East and Africa saw a recovery in demand, overseas vehicle unit sales decreased owing to deteriorating markets in Asia. As a result, consolidated total vehicle unit sales in Japan and abroad slid by 10,486 units (5.7%) year-on-year to 173,913 units.

In addition, stable sales led to a rise in market share of 0.7% to 32.5% for domestic heavy- and medium-duty trucks. Also, market share for light-duty trucks rose 1.8% to 42.4% by effectively meeting last-minute demand ahead of changes in emissions regulations.

■ Sales units of CV

		FY2019	FY2020	Changes	% Change
Japan	Heavy- and medium-duty	28,864	28,945	81	(0.3)%
	Light-duty	45,567	42,408	(3,159)	(6.9)%
	Total	74,431	71,353	(3,078)	(4.1)%
North America	Heavy- and medium-duty	1,371	1,422	51	3.7 %
	Light-duty	28,683	27,561	(1,122)	(3.9)%
	Total	30,054	28,983	(1,071)	(3.6)%
Asia	Heavy- and medium-duty	22,509	16,061	(6,448)	(28.6)%
	Light-duty	47,818	45,283	(2,535)	(5.3)%
	Total	70,327	61,344	(8,983)	(12.8)%
Others	Heavy- and medium-duty	19,456	19,375	(81)	(0.4)%
	Light-duty	64,562	64,211	(351)	(0.5)%
	Total	84,018	83,586	(432)	(0.5)%
Total	Heavy- and medium-duty	72,200	65,803	(6,397)	(8.9)%
	Light-duty	186,630	179,463	(7,167)	(3.8)%
	Total	258,830	245,266	(13,564)	(5.2)%

LCVs

Sales units of LCVs dropped 9,535 units (3.5%) to 263,957 units.

In Asia, sales volume fell slightly from the previous consolidated fiscal year to 180,722 units, primarily due to economic slowdown in Thailand. In other regions, sales volume fell 9,007 units (9.8%) from the previous year to 83,235 units as the result of lower sales in Australia and Europe.

Although total demand for LCVs fell in Thailand, production of a new model began during the second half of the year. We were able to maintain market share of 31.1%, about the same as the previous year, despite the effects of the model changeover.

■ Sales units of LCV

		FY2019	FY2020	Changes	% Change
Asia		181,250	180,722	(528)	(0.3)%
Others		92,242	83,235	(9,007)	(9.8)%
Total		273,492	263,957	(9,535)	(3.5)%

Powertrains

Shipments of industrial engines during the consolidated fiscal year under review fell 12,691 units (9.4%) from the previous year to 122,886 units as a sense of uncertainty weighed on demand for construction machinery in China.

■ Shipment units of industrial engines

	FY2019	FY2020	Changes	% Change
Total	135,577	122,886	(12,691)	(9.4)%

(b) Analysis of results of operations

Sales

Net sales fell by 69.2 billion yen (3.2%) over the previous fiscal year to 2,079.9 billion yen, which comprised 827.2 billion yen for Japan, up 1.0% year-on-year, and 1,252.6 billion yen for the rest of the world, down 5.8% year-on-year, chiefly owing to the decreases in the number of vehicles sold overseas, mainly in Asia.

Operating income

Operating income in fiscal 2020 was ¥140.5 billion, down 20.5% from the previous fiscal year.

Cost reduction activities contributed ¥12.0 billion, while sales and model mix fluctuations ¥20.9 billion, exchange rate fluctuations of ¥16.3 billion, economic fluctuations ¥8.5 billion, and other expenses of ¥2.4 billion affected performance negatively.

As a result, Isuzu's operating margin fell to 6.8%, compared to 8.2% for the previous year.

■ Analysis of fluctuations of operating income (Year-on-year)

		(billion yen)
Cost reduction activities		12.0
Sales and model mix fluctuations		(20.9)
Exchange rate fluctuations		(16.3)
Economic fluctuations		(8.5)
Others		(2.4)
Total		(36.1)

Non-operating gains/losses

In fiscal 2020, Isuzu posted a non-operating gain of ¥10.2 billion, a decrease of ¥1.9 billion from the previous year.

Increase of compensation expenses of ¥0.8 billion when compared with the previous year is the principal factor.

An increase in interest expenses resulted in net interest (interest and dividends income minus interest expenses) of ¥4.6 billion, a fall of ¥0.5 billion from the previous year. In fiscal 2020, Isuzu posted a foreign exchange gain of ¥0.3 billion, while in fiscal 2019 Isuzu posted a loss.

Extraordinary gains/losses

In fiscal 2020, Isuzu posted an extraordinary loss of ¥7.3 billion, a deterioration of ¥4.4 billion from the previous year. Principal factors were extraordinary losses including loss on the disposal of property, plant and equipment, impairment loss on fixed assets, and loss on reevaluation of investments in securities, and extraordinary gains including gains on the sale of property, plant and equipment, and gains on sales of investment securities.

Taxes

Taxes in fiscal 2020 including current income taxes and deferred income taxes were ¥41.0 billion. In fiscal 2019, the net tax expense was ¥48.0 billion.

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, and Japanese parts manufacturers. Non-controlling interests in fiscal 2020 dropped to ¥21.2 billion, compared to ¥24.6 billion in fiscal 2019.

Profit attributable to owners of parent

The Group posted a profit attributable to owners of parent of ¥81.2 billion in fiscal 2020, a decrease of ¥32.2 billion from the previous year. Profit attributable to owners of parent per share came to ¥110.14.

(c) Financial conditions

Assets

As of March 31, 2020, assets totaled ¥2,152.0 billion, an increase of ¥21.1 billion from the previous year.

This is primarily because of increases in property, plant and equipment of 30.5 billion yen, lease receivables and lease investment assets of 19.1 billion yen, inventories of 16.2 billion yen, and other current assets of 11.5 billion yen, offset by decreases in notes and accounts receivable of 33.8 billion yen and investment securities of 21.3 billion yen.

Liabilities

Total liabilities as of March 31, 2020, increased ¥4.1 billion from the previous year to ¥1,018.7 billion.

This is mainly due to an increase in interest-bearing liabilities of 39.3 billion yen, largely offset by decreases in notes and accounts payable of 25.2 billion yen, accrued expenses of 4.2 billion yen, and income taxes payable of 3.5 billion yen.

Net assets

Net assets increased ¥17.0 billion in fiscal 2020 to ¥1,133.3 billion.

This is chiefly because of an increase in retained earnings of 52.8 billion yen, offset by decreases in foreign currency translation adjustment of 15.7 billion yen, valuation differences on available-for-sale securities of 13.1 billion yen, and non-controlling interests of 6.1 billion yen.

(d) Analysis of capital resources and fund liquidity

Demand for funds

Principal sources of demand for funds in the Group include purchases of materials and parts for use in manufacturing products; manufacturing expenses; purchases of products; sales, general, and administrative expenses; working capital; and funds for capital investment.

Status of fund procurement

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

Fund liquidity

We expect cash flows created over the three-year period including the consolidated fiscal year under review (total cash flows from operating activities and financing activities) to total 400.0 billion yen to 500.0 billion yen, of which we plan to use a total of about ¥350.0 billion yen in business investments. Specifically, we will look to move beyond the facility investments we have made to date with not only investments geared to strengthen product competitiveness and digital innovation, but also an accelerated program of strategic investments with a goal of moving forward with development of advanced technologies and to create new businesses.

We will pursue this policy while simultaneously working in a balanced manner to improve return on equity, with the goal of ensuring that we can return profits to the market in a stable and ongoing manner. Our overall goal with regard to returning profits in each fiscal year is to achieve a three-year average that includes the consolidated fiscal year under review of 30%.

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

Risks

There are certain risks that could have a significant impact on the judgement of investors.

The following information includes forward-looking statements that reflect the judgment of management as of June 29, 2020.

The Group has created the position of Chief Risk Management Officer (CRMO) as the locus of responsibility for risk management throughout the Group. The CRMO plays the lead role in the company-wide risk management process, specifically by:

- Identifying and assessing risks in the Group's management and business operations on a regular basis.
- Managing those risks in an appropriate manner, particularly by reducing the likelihood that they will manifest themselves, and, in the event that a risk manifests itself and triggers a crisis, planning and executing a range of risk countermeasures, for example to minimize the impact of the resulting crisis.
- Holding risk management review meetings on a regular basis to ascertain progress in implementing risk countermeasures, to assess the nature of risks that are manifesting themselves, and to continually review countermeasures and risk awareness.

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

(1) Economic conditions/supply and demand trends in Isuzu's major markets

Vehicles account for an important portion of the Isuzu Group's worldwide operating revenue, and demand for these vehicles is affected by the economic conditions in the various countries and regions where Isuzu sells vehicles, particularly in Japan, Thailand, and the United States.

Although the Group strives to accurately assess economic conditions and demand trends and to minimize their effects by selling products in diverse markets, economic recession and an ensuing decline in demand in the Group's major markets could have a negative impact on the Group's performance and financial position.

(2) Competition in the automotive market

The automotive market, which accounts for the majority of the Group's worldwide sales, is intensely competitive. An intensifying competitive environment impacts the competitiveness of Isuzu's products and could trigger fluctuations in price and market share. An array of factors influence competition, including product performance, safety, fuel efficiency, environmental impact, price, and after-sales service, and the relative importance attached to such factors varies from market to market.

The Group works continually to develop, manufacture, sell, and provide after-sales service for highly competitive products while striving to improve products in terms of those factors in order to maintain and strengthen competitiveness in key markets. However, failure to outcompete other companies or unexpected changes in the industry could have a significant negative impact on the Group's performance and financial position.

(3) Foreign exchange and interest rate fluctuations

The business of the Isuzu Group includes the manufacture and sale of products in regions around the world. Local currency amounts for sales, expenses, assets, debt, and other items are therefore converted into Japanese yen in the preparation of Isuzu's consolidated financial statements. Depending on the exchange rate, especially for U.S. dollars and Thai baht in effect at the time of conversion, the yen amount for these items may change even if the underlying currency value has not changed. Moreover, because exchange fluctuations influence the prices paid by the Group for raw materials denominated in foreign currencies as well as the pricing of the products the Group sells, they may have a negative impact on the Group's performance and financial position.

The Isuzu Group is constantly working to tighten its cash flow management. Concerning the cost of financing, the Group remains vulnerable to the risk of higher interest payments having a negative impact on its performance and financial position should market rates rise sharply.

To minimize the impact of foreign exchange and interest rate fluctuations the Group relies on local production, as well as utilizing derivative financial products, including interest rate swaps and forward exchange transactions.

Sharp rise of market rates may have a negative impact on its performance and financial position.

2. Business risk

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

(4) Response to new technological innovations, business model changes, etc.

The environment in which the Group operates its businesses is undergoing significant change. Technological and societal changes such as the following offer the Group opportunities to expand and extend its businesses: diversifying customer needs in the commercial vehicle market; changes in business models that rely on commercial vehicles; technological innovation such as CASE; digital innovation in manufacturing, sales, after-sales service, and back-office operations; and rising expectations toward ESG investment and the achievement of the UN's Sustainable Development Goals (SDGs).

In order to respond quickly to such technological and societal changes, the Group has created new permanent departments and launched multiple projects that cut across its organization. However, a failure to respond sufficiently quickly to such changes could have a significant negative impact on the Group's performance and financial position.

(5) R&D

The business environment in which the Isuzu Group operates is expected to reflect intensifying competition and the diversification of product needs among individual markets. In order to prosper in this type of environment while pursuing a manufacturing business that supports transport, it will be essential for the Group to undertake research and development initiatives that supply advanced technologies and products based on a precise understanding of market needs.

Although the Group works to develop new technologies and products by forecasting future market needs and prioritizing the fields in which it conducts R&D, failure or delay in achieving the required level of technological sophistication or assessing market needs properly could have a negative impact on the Group's performance and financial position.

(6) Joint ventures and other alliances

The Isuzu Group engages in business in some countries in the form of joint ventures due to legal and other requirements in those countries. In addition, it works in partnership with dealers and distributors to sell products in Japan and overseas, and it pursues joint ventures and operational alliances in R&D.

In studying whether to enter into any given operational alliance, we examine the management and governance of the proposed joint venture or alliance partner, along with non-financial information.

However, changes in the management policy, operating environment, etc. of these joint ventures could affect their performance, which could in turn produce a negative impact on the Group's performance and financial position.

(7) Dependence on major customers

The Isuzu Group supplies and sells its products in the form of vehicles and vehicle components to large customers including Tri Petch Isuzu Sales Co., Ltd., (Bangkok, Thailand) as well as General Motors Corporation (Detroit, MI) and its affiliates. With regard to the Group's dependence on particular channels in order to sell and supply its products, a reduction in the volume in which products are supplied or distributed to markets, for example due to worsening performance of a business partner, or an inability to collect debt, for example due to credit insecurity experienced by a business partner, could have a negative impact on the Group's performance and financial position.

The Group works to diversify risk by maintaining relationships with major customers and by developing new customers. However, sales to these customers are affected by fluctuations in production and sales at these customer companies and other factors over which the Isuzu Group has no control, and therefore they could have a negative impact on the Group's performance and financial position.

(8) Delays or shortfalls in the procurement of materials, parts, and other supplies; rising procurement prices

The Isuzu Group sources the raw materials, components, and products required for production from outside suppliers. Should supply-demand conditions significantly exceed suppliers' capacity, or should that capacity be dramatically reduced due to an accident or other unforeseen contingency affecting supplier facilities, it is possible that Isuzu may be unable to source these items in sufficient volume. Shortages or delays in the supply of parts and other materials could have a negative impact on the Group's performance and financial position. It is also possible that a tight supply-demand situation would result in price increases for raw materials and other supplies, which could also have a negative impact on the Group's performance and financial position if the increases cannot be absorbed internally, for example through improved productivity, or passed on to sales prices.

Although the Group works to avoid delays and shortfalls in supply by assessing its suppliers in terms of their production capacity, credit risk, product and operational quality, and pricing on a regular basis, a significant shortage of materials, parts, or other products or rise in associated prices, or an unforeseen event such as a large earthquake or other natural disaster could have a negative impact on the Group's performance and financial position.

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

(9) Compliance and reputation

As well as complying with the required laws and regulations, the Group consistently implements compliance with the aim of meeting stakeholders' expectations.

The Group is developing measures to prevent violations of laws and other regulations as well as structures to allow it to respond quickly in the event of compliance incidents.

In addition, the Group has created a Compliance Committee to advise the president by providing objective advice, supervision, and assessment services related to compliance and the development of associated structures. In order to assure sufficient openness and transparency to facilitate compliance, the Group invites outside experts (including attorneys and other professionals) to serve on the committee.

However, it is not possible to dismiss the possibility of legal violations in the future, and the fact of such violations as well as any inadequacies in terms of factors such as the nature and speed of the Group's response could have a serious impact on its credibility with the general public, adversely affecting its performance and financial position. In particular, a large penalty imposed as the result of a major violation of a law concerning the protection of personal information or the prohibition of bribery, monopoly business practices, or unfair competition in one of the countries in which the Group does business could have a significant negative impact on its performance and financial position.

(10) Product defects

At its plants both inside and outside Japan, the Isuzu Group manufactures products according to the strictest globally accepted quality control standards. To maintain and improve quality, the Group quickly identifies and shares information about defects, undertakes quality improvement studies that cut across its organization, and monitors companywide quality management through the Quality Assurance & CS Improvement Committee. It also maintains product liability insurance in case it becomes necessary to provide compensation for damage caused by a product defect or other issue.

However, in the unusual event of a large-scale recall or product liability award (the Group is covered by product liability insurance, but in the case of costs exceeding insurance coverage), there could be a negative impact on the Group's performance and financial position.

(11) Risks related to information security in IT society

Collection and use of customer information, utilization of technical information such as trade secrets, and use of information technologies such as automatic control of equipment has become essential aspects of business operations in recent years, and the Group's businesses depend on such information, information technologies, and IT networks.

The Group has created a risk administrator position as well as a specialized team to address this area of its operations, and it undertakes a variety of safety measures designed to maintain and improve information security, for example by protecting personal and confidential information, maintaining data and system availability, and preventing alteration of various types of information.

Nonetheless, leaks of information resulting from unforeseen circumstances or similar events could have an adverse impact on the Group's performance and financial condition, for example by compromising public trust or exposing the Group to liability for damage sustained by customers. System failures, computer viruses, cyber-attacks, and other potential security threats could lead to an interruption in operations or loss of data, adversely impacting the Group's brand image, performance, or financial condition.

(12) Limits on intellectual property protection

The Isuzu Group has accumulated technology and expertise that differentiate it from its rivals; however, in certain regions due to legal restrictions the Group is unable to fully protect, or can only partly protect, its proprietary technology and expertise through intellectual property rights.

The Group strives to ensure its intellectual property is protected. However, in the event the Group is unable to effectively prevent third parties from using its intellectual property to make similar products, or is ordered to halt manufacture or sales or pay compensation as the result of being sued for an intellectual property violation, such developments could have a negative impact on its performance and financial position.

(13) Recruitment, retention, and effective utilization of a talented workforce

The Group considers its workforce to be the most important asset in its business operations, and it strives to hire employees with the skills and abilities needed to pursue its businesses; to increase each employee's motivation, enthusiasm, skills, abilities, and performance; and to retain each worker as an employee. However, in the future it is possible it will become more difficult to secure and retain outstanding employees due to the intensifying competition for human resources.

Like many other Japanese companies, the Group's workforce is weighted toward senior positions. Consequently, it may prove difficult in the future to smoothly pass on skills and assign personnel in an appropriate manner.

The Group strives to hire and retain a talented workforce by pursuing carefully planned recruitment programs; by assigning and reassigning personnel in an appropriate manner; by implementing programs to facilitate employee education, training, and career advancement; and by evaluating employee performance in an appropriate manner. However, in the event that these measures prove inadequate, the resulting attrition, reduced motivation, inability to pass on skills, and decline in competitiveness could have a negative impact on the Group's performance and financial position.

2-3. Business risk deriving primarily from external factors**(14) Legal requirements**

The Isuzu Group is subject to various government regulations in the countries in which it does business, such as business and investment approvals, statutes related to national security, tariffs, and other import and export regulations. The Group is also subject to legal requirements concerning areas such as commerce, antitrust, patents, consumer rights, taxation, foreign exchange, environment conservation, recycling, and safety. Especially, exhaust emissions regulations are generally being tightened amid growing environmental awareness. Since substantial

investment is required to comply with these regulations, failure to generate sufficient sales to recover this investment could have a negative impact on the Group's performance and financial position.

The Group collects information about legal and regulatory trends in the countries and regions in which it does business, particularly in Japan, the U.S., Thailand, China, and Europe, and it makes investments and develops new technologies and products that accommodate such changes. However, unanticipated changes to regulations and the manner in which they are enforced could have a significant negative impact on the Group's performance and financial position.

(15) Potential risks associated with international activities and foreign ventures

The Isuzu Group conducts its manufacturing and marketing activities in a broad range of overseas markets in addition to the Japanese domestic market. The following risks are inherent in such overseas business development.

- Unfavorable changes in the political or business climate
- Unilateral changes in policies related to permits and licensing; direct or indirect expropriation of group assets
- Potential negative tax consequences
- Regulations on the transfer or conversion of funds
- Difficulties in recruiting and retaining personnel
- Inadequate technological infrastructure (electric power, water and sewage services, roads, ports, etc.)
- Social unrest stemming from terrorism, war, natural disasters, economic sanctions or other factors

Although the Group assesses risks in the countries in which it does business and takes steps to address them, the manifestation of such risks could nonetheless have a negative impact on the Group's performance and financial position.

(16) Disasters

The Group faces the risk of various natural disasters as it operates its businesses worldwide. Natural disasters such as large earthquakes and storm and flood damage, interruptions in electric power and other services, and epidemics and infectious diseases have the potential to impact the Group's production, sales, and other business activities. In particular, a large-scale natural disaster or other event in the southern part of Japan's Kanto region, where the Group's principal business sites are concentrated, could have an impact on the Group's performance and financial position.

The Isuzu Group regularly conducts disaster prevention inspections and facilities examinations at all sites in order to minimize the potential of a negative impact due to an interruption in the manufacturing process. The Group formulates action plans and conducts training accordingly to prepare for disasters and other events. It also formulates prevention and response plans and conducts training accordingly to prepare for a new influenza virus or other infectious disease pandemic. In addition, with regard to a new influenza virus or other infectious disease pandemic, we strive to obtain global information of any outbreak at an early stage through ongoing communication with external consultants, to take appropriate preventative measures as necessary, and to store masks and other protective materials required.

As it may not be possible to completely eliminate or minimize the impact that would arise from a disaster, it could pose a significant impact on the Group's performance and financial position.

As of June 2020, the COVID-19 pandemic is an event that has adversely influenced a wide range of economic and corporate activities, and it is quite difficult to predict how far it will spread and when it will abate. The Group is taking a range of steps to minimize the impact of COVID-19, including implementing measures to prevent the spread of infection at business facilities and adopting telework and other practices. However, an ongoing COVID-19 pandemic, additional waves of infection, or changes in social conditions could have a significant negative impact on the Group's business activities, performance, and financial position.

Consolidated Balance Sheets

(As of March 31, 2020 and 2019)

Assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current Assets:			
Cash and time deposits (Note 2)	¥ 321,427	¥ 328,114	\$ 2,953,486
Receivable :			
Notes and accounts receivable	266,919	300,768	2,452,631
Less : allowance for doubtful receivable	(1,098)	(1,601)	(10,097)
Lease receivables and lease investment assets	136,852	117,730	1,257,491
Inventories (Note 4)	323,806	307,517	2,975,342
Other current assets	71,631	60,040	658,196
Total Current Assets	1,119,539	1,112,570	10,287,051
Property, Plant and Equipment (Note 4)			
Land (Note 8)	282,125	282,623	2,592,347
Buildings and structures	408,081	401,129	3,749,714
Machinery and equipment	749,075	723,872	6,882,991
Lease assets	11,935	18,453	109,672
Vehicles on operating leases	95,556	76,177	878,030
Construction in progress	29,721	34,050	273,102
Others	148,943	126,711	1,368,587
Less : accumulated depreciation	(963,516)	(931,674)	(8,853,409)
Net Property, Plant and Equipment	761,922	731,344	7,001,038
Intangible Assets			
Goodwill	4,573	7,058	42,022
Others	18,701	18,320	171,842
Total Intangible Assets	23,274	25,379	213,865
Investments and Advances:			
Investment securities (Note 3)			
Unconsolidated subsidiaries and affiliated companies	80,447	78,513	739,201
Others	74,109	97,413	680,963
Long-term loans	987	981	9,073
Net defined benefit asset	2,158	1,642	19,832
Deferred tax assets (Note 6)	58,502	54,938	537,559
Other investments and advances	31,822	28,579	292,402
Less : allowance for doubtful accounts	(674)	(467)	(6,201)
Total Investments and Advances	247,352	261,600	2,272,832
Total Assets	¥ 2,152,090	¥ 2,130,894	\$ 19,774,786

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current Liabilities:			
Short-term loans	¥ 80,178	¥ 71,191	\$ 736,730
Electronically recorded obligations - operating	49,897	47,240	458,493
Notes and accounts payable	312,048	339,997	2,867,298
Lease obligations	5,568	3,931	51,170
Accrued expenses	68,846	73,089	632,602
Provision for directors' bonuses	233	441	2,142
Accrued income taxes (Note 6)	17,060	20,636	156,759
Deposits received	3,413	4,174	31,365
Other current liabilities	65,946	65,625	605,963
Total Current Liabilities	603,193	626,328	5,542,526
Long-term Debt (Note 4)	250,963	222,275	2,306,015
Net Defined Benefit Liability (Note 5)	99,066	97,506	910,284
Deferred Tax Liabilities (Note 6)	792	2,862	7,279
Deferred Tax Liabilities Related to Land Revaluation (Note 8)	42,135	42,135	387,170
Provision for Maintenance Costs	3,886	5,815	35,710
Provision for Management Board Incentive Plan Trust	198	209	1,823
Other Long-term Liabilities	18,472	17,425	169,736
Contingent Liabilities (Note 10)			
Net Assets			
Shareholders' Equity (Note 7)			
Common and preferred stock			
Common stock :	40,644	40,644	373,471
Capital surplus	42,503	42,129	390,546
Retained earnings	924,729	871,845	8,497,010
Less: treasury stock	(150,441)	(150,485)	(1,382,352)
Total Shareholders' Equity	857,436	804,134	7,878,674
Accumulated Other Comprehensive Income			
Unrealized holding gain (loss) on securities	25,597	38,754	235,210
Unrealized gain (loss) on hedging instruments	302	131	2,775
Revaluation reserve for land (Note 8)	83,881	83,880	770,755
Foreign currency translation adjustments	(5,517)	10,195	(50,695)
Remeasurements of defined benefit plans	(8,760)	(7,314)	(80,500)
Total accumulated other comprehensive income	95,503	125,647	877,545
Non-controlling interests	180,442	186,553	1,658,020
Total Net Assets	1,133,381	1,116,335	10,414,240
Total Liabilities and Net Assets	¥ 2,152,090	¥ 2,130,894	\$ 19,774,786

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income (As of March 31, 2020 and 2019)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net Sales	¥ 2,079,936	¥ 2,149,168	\$ 19,111,793
Cost of Sales	1,730,354	1,765,270	15,899,606
Gross profit	349,582	383,898	3,212,186
Selling, General and Administrative Expenses	208,999	207,116	1,920,424
Operating income	140,582	176,781	1,291,762
Other Income (Expenses):			
Interest and dividend income	7,531	7,450	69,206
Interest expense	(2,833)	(2,168)	(26,036)
Equity in earnings of unconsolidated subsidiaries and affiliates	8,033	7,955	73,813
Foreign exchange gain	329	—	3,025
Foreign exchange loss	—	(91)	—
Others, net	(2,766)	(925)	(25,419)
Profit before extraordinary items	150,876	189,001	1,386,352
Extraordinary Items:			
Gain on sales of investment securities	14	1	132
Gain on sales or disposal of property, plant and equipment, net	289	805	2,661
Gain on negative goodwill	—	2,264	—
Impairment loss on fixed assets (Note 14)	(190)	(1,202)	(1,746)
Gain on step acquisitions	—	667	—
Loss on disaster	—	(1,393)	—
Loss on valuation of investment securities	(5,317)	(2,734)	(48,856)
Others, net	(2,161)	(1,302)	(19,865)
Profit before income taxes and non-controlling interests	¥ 143,511	¥ 186,108	\$ 1,318,678
Income Taxes (Note 6):			
Current	40,141	50,754	368,846
Deferred	880	(2,715)	8,093
Profit	102,489	138,069	941,737
Profit Attributable to:			
Non-Controlling interests	21,256	24,624	195,318
Non-Controlling interests	¥ 81,232	¥ 113,444	\$ 746,419
Per Share of Common Stock	Yen		U.S. dollars
Profit Attributable to Owners of Parent			
—Basic	¥ 110.14	¥ 150.18	\$ 1.01

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (As of March 31, 2020 and 2019)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Profit	¥ 102,489	¥ 138,069	\$ 941,737
Other Comprehensive Income			
Unrealized holding gain (loss) on securities	(13,345)	2,190	(122,623)
Unrealized gain (loss) on hedging instruments	170	(531)	1,570
Foreign currency translation adjustments	(19,294)	7,527	(177,293)
Remeasurements of defined benefit plans	(1,635)	1,092	(15,027)
Share of other comprehensive income of associates accounted for using the equity method	(857)	(6,879)	(7,883)
Total other comprehensive income (Note 15)	(34,962)	3,398	(321,258)
Comprehensive Income (Note 15)	67,526	141,468	620,479
Comprehensive Income Attributable to :			
Owners of parent	51,088	116,012	469,438
Non-controlling interests	¥ 16,438	¥ 25,456	\$ 151,042

See accompanying notes to consolidated financial statements.

Consolidated Statements of Change in Net Assets (Note 7) (As of March 31, 2020 and 2019)

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	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	Non-controlling interests
Balance at March 31, 2018	¥40,644	¥42,127	¥785,096	¥(71,362)	¥36,545	¥83,880	¥662	¥10,267	¥(8,276)	¥166,923
Cash dividends			(26,695)							
Profit attributable to owners of parent			113,444							
Acquisition of treasury stock				(79,436)						
Disposal of treasury stock				314						
Change in capital surplus due to transactions with non-controlling interests		1								
Net changes on items other than shareholders' equity					2,208	—	(531)	(71)	962	19,629
Balance at March 31, 2019	¥40,644	¥42,129	¥871,845	¥(150,485)	¥38,754	¥83,880	¥131	¥10,195	¥(7,314)	¥186,553
Cumulative effect of changes in accounting policies			(287)							
Restated balance at the beginning of the current period	40,644	42,129	871,558	(150,485)	38,754	83,880	131	10,195	(7,314)	186,553
Cash dividends			(28,061)							
Reversal of revaluation reserve for land			(0)							
Profit attributable to owners of parent			81,232							
Acquisition of treasury stock				(5)						
Disposal of treasury stock				50						
Change in capital surplus due to transactions with non-controlling interests		374								
Net changes on items other than shareholders' equity					(13,156)	0	170	(15,713)	(1,446)	(6,110)
Balance at March 31, 2020	¥40,644	¥42,503	¥924,729	¥(150,441)	¥25,597	¥83,881	¥302	¥(5,517)	¥(8,760)	¥180,442

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	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	Non-controlling interests
Balance at March 31, 2019	\$373,471	\$387,109	\$8,011,081	\$(1,382,754)	\$356,099	\$770,748	\$1,205	\$93,686	\$(67,213)	\$1,714,170
Cumulative effect of changes in accounting policies			(2,641)							
Restated balance at the beginning of the current period	373,471	387,109	8,008,440	(1,382,754)	356,099	770,748	1,205	93,686	(67,213)	1,714,170
Cash dividends			(257,843)							
Reversal of revaluation reserve for land			(6)							
Profit attributable to owners of parent			746,419							
Acquisition of treasury stock				(50)						
Disposal of treasury stock				461						
Change in capital surplus due to transactions with non-controlling interests		3,437								
Net changes on items other than shareholders' equity					(120,888)	6	1,570	(144,382)	(13,287)	(56,149)
Balance at March 31, 2020	\$373,471	\$390,546	\$8,497,010	\$(1,382,343)	\$235,210	\$770,755	\$2,775	\$(50,695)	\$(80,500)	\$1,658,020

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Note 16)

(As of March 31, 2020 and 2019)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash Flows from Operating Activities			
Profit before income taxes and non-controlling interests	¥ 143,511	¥ 186,108	\$ 1,318,678
Depreciation and amortization	78,678	72,620	722,951
Equity in earnings of unconsolidated subsidiaries and affiliates	(8,033)	(7,955)	(73,813)
Increase (decrease) in provision for allowance for product warranty	(188)	(491)	(1,731)
Increase (decrease) in provision for bonus accounts	21	123	197
Increase (decrease) in provision for directors' bonuses	(201)	256	(1,850)
Increase (decrease) in provision for allowance for doubtful accounts	(38)	(687)	(357)
Increase (decrease) in net defined benefit liability	(446)	890	(4,098)
Increase (decrease) in provision for maintenance costs	(1,929)	1,039	(17,730)
Increase (decrease) in provision for management board incentive plan trust	(11)	(154)	(101)
Interest and dividend income	(7,531)	(7,450)	(69,206)
Interest expenses	2,833	2,168	26,036
Gain on disposal of property assets	(289)	(1,192)	(2,661)
Loss on disposal of property assets	1,987	1,905	18,264
Loss (gain) on sales of securities, net	4	4	42
Loss (gain) on valuation of securities, net	5,317	2,734	48,856
Loss on impairment of fixed assets	190	1,202	1,746
Other extraordinary loss (income)	155	(1,760)	1,424
Decrease (increase) in notes and accounts receivable	23,232	(17,947)	213,476
Decrease (increase) in lease receivables and lease investment assets	(19,121)	(14,507)	(175,703)
Decrease (increase) in inventories	(25,039)	(29,898)	(230,082)
Decrease (increase) in other current assets	(14,306)	(1,961)	(131,454)
Increase (decrease) in notes and accounts payable	(14,098)	5,781	(129,541)
Increase (decrease) in accrued expenses and taxes	(2,642)	(1,896)	(24,285)
Increase (decrease) in deposits received	(635)	831	(5,839)
Increase (decrease) in other current liabilities	(1,482)	7,198	(13,622)
Others	(285)	1,850	(2,626)
Cash received from interest and dividends	11,032	13,180	101,377
Cash paid for interest	(2,841)	(2,166)	(26,113)
Cash paid for income taxes	(44,139)	(53,279)	(405,583)
Net Cash Provided by Operating Activities	123,701	156,546	1,136,645
Cash Flows from Investing Activities			
Payment on purchase of investment securities	(434)	(92)	(3,993)
Proceeds from sales of investment securities	52	17	481
Payment on purchase of property, plant and equipment	(103,467)	(94,768)	(950,727)
Proceeds from sales of property, plant and equipment	6,475	4,904	59,500
Payment on long-term loans receivable	(333)	(345)	(3,064)
Collection of long-term loans receivable	312	404	2,868
Increase (decrease) in short-term loans receivable	(5)	159	(49)
Increase (decrease) in fixed deposits	5,188	(1,640)	47,676
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	27	—
Proceeds from transfer of business	—	3,268	—
Others	(446)	1,495	(4,104)
Net Cash Used in Investing Activities	(92,659)	(86,569)	(851,412)
Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	7,408	1,166	68,073
Proceeds from long-term debt	59,000	50,000	542,129
Repayment on long-term debt	(37,289)	(35,677)	(342,642)
Proceeds from non-controlling shareholders	—	5,945	—
Repayment of lease obligations	(4,074)	(3,094)	(37,435)
Payment on acquisition of treasury stock	(5)	(79,435)	(50)
Payment on dividends made by parent company	(28,057)	(26,694)	(257,813)
Payment on dividends to non-controlling shareholders	(20,665)	(19,124)	(189,885)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,469)	—	(13,498)
Net Cash Used in Financing Activities	(25,153)	(106,914)	(231,123)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(7,225)	4,815	(66,389)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,336)	(32,122)	(12,280)
Cash and Cash Equivalents at Beginning of the Year	305,311	329,949	2,805,397
Increase in cash and cash equivalents resulting from merger	—	7,485	—
Cash and Cash Equivalents at End of the Year (Note 2)	¥ 303,974	¥ 305,311	\$ 2,793,116

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting the Financial Statements

The accompanying consolidated financial statements of Isuzu Motors Limited ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirement of International Financial Reporting Standards ("IFRS"), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In order to facilitate the understanding of readers outside Japan, certain reclassifications have been made to the consolidated financial statements prepared for domestic purposes and relevant notes have been added.

The yen amounts are rounded down in millions. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances.

U.S. dollar amounts have been translated from Japanese yen for convenience only at the rate of ¥108.83 = US\$1, the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2020. The translations should not be construed as a representation that Japanese yen have been or could be converted into U.S. dollars at that rate. The U.S. dollar amounts are then rounded down in thousands.

Certain reclassifications have been made in the 2019 financial statements to conform to the presentation for 2020.

2. Summary of Significant Accounting Policies

a) Consolidation

The consolidated financial statements include the accounts of the Company and significant subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The excess of cost of investments in the subsidiaries and affiliates over the fair value of the net assets of the acquired subsidiaries at the dates of acquisition is recognized as a consolidation goodwill, which is being amortized over estimated periods not exceeding 20 years.

b) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate of the balance sheet date, and differences arising from the translation are included in the consolidated statements of income as a gain or loss. The Company translates the balance sheet accounts of foreign consolidated subsidiaries into Japanese yen at the exchange rate of the balance sheet date of each of those subsidiaries. Revenue and expense accounts of consolidated overseas subsidiaries are translated using the average exchange rate during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in the balance sheet.

c) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities.

Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

d) Inventories

Inventories of the Company are valued at cost using the weighted average method. (Balance sheet values are measured by the lower of cost or market method.) Inventories of consolidated subsidiaries are principally valued at cost using the specific identification method. (Balance sheet values are measured by the lower of cost or market method.)

e) Property, Plant and Equipment (excluding lease assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives. Depreciation of property, plant and equipment of certain consolidated subsidiaries is calculated by the declining balance method.

f) Software (excluding lease assets)

Software used by the Company and its consolidated subsidiaries is amortized using the straight-line method, based on the estimated useful lives (generally 5 years).

g) Leases

The Company, as a lessor, leases properties under arrangements. Sales and cost of sales relating to finance lease transactions are recognized on receipt of lease payments.

The Company is also a lessee of various assets leased under finance lease contracts without transfer of ownership; these assets are depreciated over their respective lease periods by the straight-line method with residual values as specified in the lease contracts or a residual value of zero.

h) Employees' Retirement Benefits

The Company and its consolidated subsidiaries have defined benefit pension plans. Consolidated subsidiaries have also defined contribution pension plans.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year using the benefit formula method. Prior service costs are being amortized as incurred by the straight-line method over periods, which are shorter than the average remaining years of service of the eligible employees (mainly 10 years). Actuarial gains or losses are amortized by the straight-line method or the declining balance method over the period within the average remaining years of service of the eligible employees (mainly 10 years) commencing with the following periods.

Some of the consolidated subsidiaries are adopting the simplified method of calculating their retirement benefit obligations and its cost.

In the simplified method, the amount which would be required to be paid if all eligible employees of its subsidiaries voluntarily terminated their employment as of the balance sheet date is recognized as the retirement benefit obligation.

i) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of change in tax rate is recognized in income in the period of the change.

j) Profit Attributable to Owners of Parent Per Share

Profit attributable to owners of parent per share of common stock is calculated based upon the weighted average number of shares of common stock outstanding during each year.

Basis for the calculation of profit attributable to owners of parent per share as of March 31, 2020 is as follows:

	Millions of yen	Thousands of U.S. dollars
Profit attributable to owners of parent	¥ 81,232	\$ 746,419
Profit attributable to owners of parent pertaining to common stock	¥ 81,232	\$ 746,419
Average number of outstanding shares: Common stock:	737,532,120	

In the calculation of basic earnings per share, the number of shares of the Company's stock owned by the management board incentive plan (BIP) trust is included in treasury stock. Therefore, the number of those shares is deducted in calculating the number of shares of common stock outstanding at the end of the year and the weighted average number of shares of common stock outstanding during the year.

The weighted average number of shares of common stock is 855,849 shares for the year ended March 31, 2020.

k) Appropriation of Retained Earnings

The appropriation of retained earnings is recorded in the fiscal year in which such appropriation is approved by the board of directors or shareholders.

l) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Reference for the reconciliation between cash and cash equivalents at end of the fiscal year is in Note 16. Consolidated statements of cash flows, (1) Reconciliation for cash status between balance sheets and cash flows.

m) Adoption of New Accounting Standard**(Adoption of IFRS 16 Leases)**

Effective from the fiscal year ended March 31, 2020, the Company's overseas subsidiaries, except those incorporated in the US, adopted IFRS 16 Leases. In adopting IFRS 16, the cumulative effect of adopting this standard at the date of initial adoption is recognized, which is permitted as a transitional measure. Further, leases that were previously classified as operating leases under IAS 17 by the lessee are accounted for as right-of-use assets and lease liabilities as of the adoption date.

As a result of the aforesaid adoption of the accounting standard, property, plant and equipment (net), lease obligations in current liabilities, and lease obligations in non-current liabilities presented in the consolidated balance sheet as of March 31, 2020 increased by ¥10,846 million (\$99,667 thousand), ¥1,866 million (\$17,151 thousand) and ¥9,691 million (\$89,056 thousand) respectively.

The impact of the change on the consolidated statement of income for the fiscal year ended March 31, 2020 is immaterial.

(Adoption of ASU 2014-09 "Revenue from Contracts with Customers")

The Company's consolidated subsidiaries in the United States have adopted ASU 2014-09 "Revenue from Contracts with Customers" since the end of the fiscal year ended March 31, 2020.

In accordance with ASU 2014-09, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of the adoption of ASU 2014-09 on the Company's consolidated financial statements is immaterial.

n) Unapplied Accounting Standards**[Consolidated subsidiaries in the United States]****ASU 2016-02 "Leases"****(1) Overview**

In accordance with ASU 2016-02, a lessee is required to recognize assets or liabilities for all leases on the balance sheet in principle.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards from the beginning of the fiscal year ending March 31, 2023.

(3) Impact of adoption of ASU 2016-02

The impact of the adoption of ASU 2016-02 on the Company's consolidated financial statements is currently under evaluation.

[The Company and Domestic Consolidated Subsidiaries]

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards regarding revenue recognition, and released "Revenue from Contracts with Customers" in May 2014 (IFRS 15 by the IASB and Topic 606 by the FASB). Considering the fact that IFRS 15 is being applied from fiscal years beginning on or after January 1, 2018 and Topic 606 applied from fiscal years beginning after December 15, 2017, the ASBJ developed comprehensive accounting standards regarding revenue recognition and released the standards along with the implementation guidance.

In developing its business accounting standards regarding revenue recognition, the basic policy of the ASBJ was to include the basic principles of IFRS 15 in the accounting standards from a viewpoint of comparability between financial statements, which is one of the benefits of being in conformity with IFRS 15. However, if there is any item that needs particular consideration in light of Japanese business practices, a substitute treatment may be employed to the extent that it does not impair the comparability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of accounting standard and implementation guidance

The impact of the adoption of the accounting standard and implementation guidance on the Company's consolidated financial statements is currently under evaluation.

On July 4, 2019, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30), and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31), along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9), and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

(1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

On March 31, 2020, the ASBJ issued the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31)

(1) Overview

This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24)

(1) Overview

This accounting standard has been released to provide an outline of the applicable accounting principles and procedures in cases where directly relevant accounting standards are not available.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

o) Change in Presentation

(Consolidated Statements of Cash Flows)

Loss (gain) on valuation of investment securities, net, which in fiscal 2019 was included in other extraordinary loss (income) of cash flow from operating activities, is separately shown from fiscal 2020 because of an increase in materiality. The consolidated financial statements for fiscal

2019 are reclassified accordingly to reflect said change in presentation.

Consequently, the amount of ¥973 million, which was presented in other extraordinary loss (income) of cash flow from operating activities on the Consolidated Statements of Cash Flows for fiscal 2019, is reclassified into loss (gain) on valuation of investment securities, net of ¥2,734 million and other extraordinary loss (income) of ¥(1,760) million.

p) Additional Information

(Performance-based Stock Compensation Plan for Directors and Corporate Officers)

The Company established a compensation plan to deliver the Company's shares to the Board Directors and Corporate Officers (excluding outside directors; hereinafter referred to as "Directors").

(1) Outline of the plan

Performance-based Stock Compensation Plan for Directors and Corporate Officers (hereinafter, "the plan") was introduced in the 114th Ordinary General Meeting of Shareholders held on June 29, 2016.

The purpose of the plan is to clarify the link between the market value of the Company's shares based on the Company's performance and remuneration of Directors. Under the plan, the Directors share with the shareholders not only the benefits deriving from future appreciation of share prices, but also the risks associated with a fall in the same. This is intended ultimately to enhance the awareness of the Directors with respect to making a contribution to an improvement in the Company's mid and long-term performance and its corporate value.

The management board incentive plan trust (the Trust) will acquire the Company's shares from the stock market by using the funds entrusted under the Trust establishment in accordance with the instructions of the Trust administrator. Then, delivery of the stock compensation will be made depending on achievement of performance targets in the medium-term management plan in accordance with predetermined regulations of stock compensation of the Company.

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are included in treasury stock in net assets at the carrying value (excluding related costs) in the Trust. As of March 31, 2020, the corresponding carrying value and the number of shares of the Company's stock are ¥1,137 million (\$10,448 thousand) and 843,426 shares, respectively.

(Impact of COVID-19 Pandemic on Accounting Estimates)

The COVID-19 pandemic has adversely affected a wide range of economic and corporate activities, and it is extremely difficult to predict its further spread and when it will subside. Therefore, the Company and its consolidated subsidiaries have made certain accounting estimates for recoverability of deferred tax assets, impairment accounting for fixed assets, etc., on the assumption that COVID-19 will continue to have a negative impact on demand both domestically and abroad for products such as commercial vehicles and pickup trucks for a certain period within the fiscal year ending March 31, 2021.

3. Securities

Fair value information of other securities as of March 31, 2020 and 2019 are as follows:

2020	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks:	¥ 23,949	¥ 62,027	¥ 38,078
Total	¥ 23,949	¥ 62,027	¥ 38,078
Unrealized loss:			
Stocks:	¥ 10,803	¥ 9,717	¥ (1,086)
Total	¥ 10,803	¥ 9,717	¥ (1,086)

2020	Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks:	\$ 220,059	\$ 569,952	\$ 349,892
Total	\$ 220,059	\$ 569,952	\$ 349,892
Unrealized loss:			
Stocks:	\$ 99,271	\$ 89,290	\$ (9,918)
Total	\$ 99,271	\$ 89,290	\$ (9,918)

2019	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks:	¥ 35,560	¥ 92,133	¥ 56,573
Total	¥ 35,560	¥ 92,133	¥ 56,573
Unrealized loss:			
Stocks:	¥ 3,332	¥ 2,953	¥ (379)
Total	¥ 3,332	¥ 2,953	¥ (379)

Proceeds from sales of securities classified as other securities amounted to ¥52 million (\$482 thousand) with an aggregate profit on sales of ¥14 million (\$134 thousand), an aggregate loss on sales of ¥19 million (\$176 thousand) for the year ended March 31, 2020.

Non-marketable securities classified as other securities as of March 31, 2020 amounted to ¥2,363 million (\$21,721 thousand).

4. Long-term Debt

Long-term debt as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Loans	¥ 273,985	¥ 252,274	\$ 2,517,550
Lease obligations	21,890	11,221	201,144
Less: current portion	44,911	41,220	412,678
Total long-term debt	¥ 250,963	¥ 222,275	\$ 2,306,015

The annual maturities of long-term debt as of March 31, 2020 are summarized as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Over 1 year within 2 years	¥ 42,280	\$ 388,503
Over 2 years within 3 years	46,620	428,377
Over 3 years within 4 years	51,708	475,134
Thereafter	110,353	1,013,999
Total	¥ 250,963	\$ 2,306,015

The assets pledged as collateral for certain loans and other liabilities as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Building and structures	—	¥ 771	—
Machinery and equipment	—	637	—
Land	—	1,026	—
Inventories	¥ 2,618	2,657	\$ 24,056

5. Retirement Benefit Plans

The Company has defined benefit plans, i.e., corporate pension fund and lump-sum payment plans. Certain consolidated subsidiaries have defined benefit plans, i.e., corporate pension fund, welfare pension fund plans, and lump-sum payment plans and defined contribution pension plans. The Company and its consolidated subsidiaries occasionally make severance payments in addition to the retirement benefits noted above.

Some of the consolidated subsidiaries are adopting the simplified method of calculating their retirement benefit obligations.

1. Defined benefit plans as of March 31, 2020 and 2019 are follows;

(1) The reconciliation between beginning and ending balance of projected benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Changes in benefit obligation:			
Projected benefit obligation at beginning of the year	¥ 189,631	¥ 185,113	\$ 1,742,456
Service cost	9,961	8,267	91,528
Interest cost on projected benefit obligation	2,119	2,032	19,473
Actuarial (gain) loss	763	341	7,019
Increase due to change from simplified method to standard method	—	827	—
Benefit paid	(8,692)	(7,568)	(79,875)
Others	(3,658)	616	(33,620)
Projected benefit obligation at the end of the year	¥ 190,124	¥ 189,631	\$ 1,746,982

[Remarks]

*Benefit obligations in certain subsidiaries calculated by the simplified method are included.

(2) The reconciliation between beginning and ending balance of plan assets

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Changes in plan assets:			
Plan assets at beginning of the year	¥ 93,767	¥ 88,645	\$ 861,592
Expected return on plan assets	1,785	1,742	16,409
Actuarial gain (loss) on plan assets	(3,229)	(1,868)	(29,679)
Employer's contributions	7,475	8,349	68,692
Benefit paid during the current fiscal year	(4,057)	(3,554)	(37,284)
Others	(2,524)	452	(23,193)
Plan assets at end of the year	¥ 93,216	¥ 93,767	\$ 856,537

[Remarks]

*Plan assets in certain subsidiaries calculated by the simplified method are included.

(3) The reconciliation between ending balance of projected benefit obligation and plan assets and those balances on consolidated balance sheet as of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Projected benefit obligation under funded schemes	¥ 111,734	¥ 110,227	\$ 1,026,687
Plan assets	(93,216)	(93,767)	(856,537)
	18,517	16,460	170,150
Projected benefit obligation under non-funded schemes	78,389	79,403	720,294
Asset and liability on the consolidated balance sheet, net	¥ 96,907	¥ 95,864	\$ 890,444
Net defined benefit liability	99,066	97,506	910,284
Net defined benefit assets	(2,158)	(1,642)	(19,832)
Net liability for retirement benefits on the balance sheet	¥ 96,907	¥ 95,864	\$ 890,451

[Remarks]

*Plan assets and projected benefit obligations in certain subsidiaries calculated by the simplified method are included.

(4) Breakdown of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥ 9,961	¥ 8,267	\$ 91,528
Interest cost on projected benefit obligation	2,119	2,032	19,473
Expected return on plan assets	(1,785)	(1,742)	(16,409)
Amortization of actuarial net loss	1,953	3,375	17,951
Amortization of prior service cost	170	158	1,565
Expenses posted due to change from simplified method to standard method	—	827	—
Net retirement benefit cost to defined benefit plans	¥ 12,418	¥ 12,919	\$ 114,109

[Remarks]

*Retirement benefit cost in certain subsidiaries calculated by the simplified method are included.

(5) Components of remeasurements of defined benefit plans (before tax effects) included in other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost	¥ 171	¥ 158	\$ 1,580
Actuarial loss	(2,041)	1,165	(18,761)
Total	¥ (1,869)	¥ 1,324	\$ (17,181)

(6) Components of remeasurements of defined benefit plans (before tax effects) included in accumulated other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost	¥ 310	¥ 434	\$ 2,854
Unrecognized actuarial loss	10,133	8,919	93,116
Total	¥ 10,444	¥ 9,353	\$ 95,970

(7) Allocation of plan assets

In order to determine the expected long-term rate of return on assets, the Company and its consolidated subsidiaries considers the current and expected future allocation of the pension assets and the variety of the properties constituting the pension assets.

	Ratio	
	2020	2019
Debt securities	26%	29%
Equity securities	30%	32%
Cash and deposits	5%	5%
Life insurance company general accounts	31%	26%
Other assets	8%	8%
Total	100%	100%

* "Other assets" includes alternative investments

(8) Actuarial assumptions used to determine costs and obligations for retirement benefits (weighted average)

	2020	2019
Discount rates	1.2%	1.3%
Expected long-term return rates on plan assets	1.9%	2.0%
Expected rate of pay raises	3.5%	3.5%

2. Defined contribution pension plans are as follows;

Required contributions of certain subsidiaries to defined contribution pension plans were ¥726 million (\$6,673 thousand) for the year ended March 31, 2020, and ¥777 million for the year ended March 31, 2019.

6. Income Taxes

Accrued income taxes in the consolidated balance sheets include corporation tax, inhabitant tax and enterprise tax.

The significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Net defined benefit liability	¥ 28,705	¥ 27,887	\$ 263,765
Loss on write-down of investments in subsidiaries and allowance for doubtful accounts	14,194	11,924	130,428
Accrued expenses	13,747	15,157	126,319
Accrued bonus	6,914	6,816	63,532
Loss on inventory write-down	2,991	2,710	27,483
Loss carry-forward (Note 2)	19,339	17,314	177,699
Unrealized profit eliminated in consolidation etc.	19,332	23,340	177,642
Others	16,408	9,628	150,773
Total gross deferred tax assets	¥ 121,633	¥ 114,780	\$ 1,117,644
Valuation allowance for net operating loss carryforwards (Note 2)	(18,089)	(15,877)	(166,220)
Valuation allowance for deductible temporary differences	(21,556)	(16,478)	(198,071)
Subtotal of valuation allowance (Note 1)	(39,645)	(32,356)	(364,291)
Total deferred tax assets	¥ 81,987	¥ 82,423	\$ 753,352
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	1,021	1,058	9,383
Unrealized holding gain on securities	10,620	15,542	97,592
Retained earnings in subsidiaries	5,670	7,931	52,107
Others	6,171	2,953	56,709
Total deferred tax liabilities	¥ 23,484	¥ 27,485	\$ 215,793
Net deferred tax assets	¥ 58,502	¥ 54,938	\$ 537,559
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	9	179	82
Unrealized holding gain on securities	52	1	485
Subsidiaries' land evaluation	705	1,954	6,482
Others	24	726	228
Net deferred tax liabilities	¥ 792	¥ 2,862	\$ 7,279

Notes:

- The variance in the valuation allowance is due mainly to the increase in the valuation allowance related to the net operating loss carryforwards of Isuzu Motors India Private Limited, a consolidated subsidiary of the Company.
- A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2020 and 2019 are as follows:

2020	Millions of yen						Total
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	
Net operating loss carryforwards (a)	¥ 2,420	¥ 3,535	¥ 836	¥ 2,401	¥ 2,704	¥ 7,441	¥ 19,339
Valuation allowance	¥ (1,986)	¥ (3,100)	¥ (778)	¥ (2,354)	¥ (2,654)	¥ (7,215)	¥ (18,089)
Deferred tax assets	¥ 433	¥ 434	¥ 57	¥ 46	¥ 50	¥ 226	¥ 1,249 (b)

2020	Thousands of U.S. dollars						Total
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	
Net operating loss carryforwards (a)	\$ 22,238	\$ 32,484	\$ 7,684	\$ 22,066	\$ 24,851	\$ 68,374	\$ 177,699
Valuation allowance	\$(18,252)	\$(28,489)	\$(7,155)	\$(21,635)	\$(24,390)	\$(66,297)	\$(166,220)
Deferred tax assets	\$ 3,986	\$ 3,995	\$ 529	\$ 430	\$ 461	\$ 2,076	\$ 11,479 (b)

2019	Millions of yen						Total
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	
Net operating loss carryforwards (a)	¥ 524	¥ 4,106	¥ 1,538	¥ 2,596	¥ 2,890	¥ 5,657	¥ 17,314
Valuation allowance	¥ (250)	¥ (3,752)	¥ (1,445)	¥ (2,594)	¥ (2,888)	¥ (4,946)	¥ (15,877)
Deferred tax assets	¥ 274	¥ 354	¥ 93	¥ 1	¥ 1	¥ 711	¥ 1,436

(a) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(b) Deferred tax assets related to net operating loss carryforwards arose in the following consolidated subsidiaries of the Company: Isuzu North America Corporation, and Isuzu Hicom Malaysia Sdn. Bhd. The said deferred tax assets are judged recoverable, based on evaluation on their taxable incomes estimated on the basis of their future profitability.

Reconciliation between the effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
Effective statutory tax rate	30.6%	30.6%
Tax credit	(4.1)	(3.8)
Net valuation allowance	5.1	2.1
Difference in tax rates applied at foreign subsidiaries	(4.2)	(6.0)
Equity in earnings of unconsolidated subsidiaries	(1.7)	(1.4)
Foreign withholding tax	4.4	3.7
Per capita levy of inhabitant tax	0.2	0.2
Retained earnings in subsidiaries	(1.6)	0.4
Others	(0.1)	0.1
Effective tax rate	28.6%	25.8%

7. Shareholders' Equity

Changes in the numbers of shares issued and outstanding for the years ended March 31, 2020 and 2019 are as follows:

Common stock outstanding	2020	2019
Balance at the beginning of the year	848,422,669	848,422,669
Decrease	—	—
Balance at the end of the year	848,422,669	848,422,669

Treasury stock outstanding	2020	2019
Balance at beginning of the year	110,912,927	60,889,462
Increase	5,552	50,275,663
Decrease	(37,284)	(252,198)
Balance at end of the year	110,881,195	110,912,927

The balance of treasury stock as of March 31, 2020 includes 843,426 shares, as of March 31, 2019 includes 880,710 shares of the Company held by the BIP trust.

8. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1999, the land used for business owned by the Company and its domestic consolidated subsidiaries was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as "Revaluation Reserve for Land" within net assets, and the relevant deferred tax was reported as "Deferred Tax Liabilities related to Land Revaluation" in liabilities as of March 31, 2020.

Revaluation Date: March 31, 2000

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the land used for business owned by certain consolidated subsidiaries accounted for by the equity method was revalued.

Revalued Date: March 31, 2001

The method of revaluation is as follows:

Under article 2-4 of the Enforcement Ordinance on Law concerning Revaluation of Land, the land price for the revaluation was determined based on the official notice prices assessed and published by the Commissioner of National Tax Agency of Japan as the basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made. The land price for the revaluation for some of the land is based on appraisal value.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
The difference between the market value of the revalued land at the end of the period and the book value after the revaluation	¥ 63,181	¥ 63,154	\$ 580,551

9. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with banks for efficient financing. Available commitment lines with banks as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Limit of overdraft	¥ 118,000	¥ 138,687	\$ 1,084,259
Borrowing outstanding	33,000	25,402	303,225
Available commitment lines	¥ 85,000	¥ 113,285	\$ 781,034

10. Contingent Liabilities

Contingent liabilities as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Guarantees of bank loans	¥ 3	¥ 8	\$ 34

11. Lease Transactions

1. Lessor

(1) Finance lease

i) Net investments in direct financing leases as of March 31, 2020 and 2019 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Total minimum lease payments to be received	¥ 101,630	¥ 89,695	\$ 933,844
Estimated unguaranteed residual value of leased assets	15,840	13,883	145,548
Amounts equivalent to interest income	(7,254)	(6,371)	(66,659)
Net investment in direct financing leases	¥ 110,215	¥ 97,207	\$ 1,012,733

ii) Maturities of future minimum lease payments as per lease receivables and lease investment assets as of March 31, 2020 and 2019 are as follows:

	Millions of yen					
2020	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
Lease receivables	¥ 8,333	¥ 7,194	¥ 6,008	¥ 3,997	¥ 1,788	¥ 434
Lease investment assets	¥ 33,284	¥ 27,048	¥ 20,426	¥ 13,703	¥ 5,965	¥ 1,201

	Thousands of U.S. dollars					
2020	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
Lease receivables	\$ 76,578	\$ 66,108	\$ 55,211	\$ 36,734	\$ 16,436	\$ 3,993
Lease investment assets	\$ 305,838	\$ 248,539	\$ 187,689	\$ 125,920	\$ 54,812	\$ 11,044

	Millions of yen					
2019	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
Lease receivables	¥ 5,446	¥ 5,771	¥ 4,678	¥ 3,409	¥ 1,719	¥ 388
Lease investment assets	¥ 29,925	¥ 24,300	¥ 18,098	¥ 11,484	¥ 5,022	¥ 863

(2) Operating lease

i) Maturities of future minimum lease payments as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Due within 1 year	¥ 14,698	¥ 11,940	\$ 135,063
Thereafter	30,847	25,321	283,444
Total	¥ 45,546	¥ 37,262	\$ 418,507

2. Lessee

(1) Finance lease

Finance lease transactions, except for those which substantially transfer the ownership to the lessee, are omitted.

(2) Operating lease

Future minimum lease payments of operating lease as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Due within 1 year	¥ 681	¥ 2,756	\$ 6,258
Thereafter	3,479	9,552	31,975
Total	¥ 4,161	¥ 12,308	\$ 38,234

12. Derivatives

Derivatives recognized in the consolidated financial statements as of March 31, 2020 and 2019 are as follows:

1. Derivative transactions for which hedge accounting is not applied

(1) Foreign exchange-related

Classification	Type of derivative transactions	As of March 31, 2020				As of March 31, 2019				As of March 31, 2020			
		Millions of yen				Millions of yen				Thousands of U.S. dollars			
		Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Foreign exchange forward contracts Buy												
	Japanese yen	¥15,262	—	¥ (424)	¥ (424)	¥ 14,775	—	¥ (428)	¥ (428)	\$140,242	—	\$ (3,901)	\$ (3,901)
	Australian dollar	6	—	0	0	2,843	—	(4)	(4)	61	—	1	1
	U.S. dollar	509	—	(2)	(2)	4,877	—	13	13	4,686	—	(20)	(20)
	Thai baht	2,111	—	(36)	(36)	106	—	3	3	19,401	—	(331)	(331)
	Others	1	—	(0)	(0)	2,102	—	(17)	(17)	16	—	(0)	(0)
	Foreign exchange forward contracts Sell												
	Japanese yen	812	—	33	33	98	—	(0)	(0)	7,469	—	307	307
	Australian dollar	1,081	—	6	6	135	—	(0)	(0)	9,939	—	59	59
	U.S. dollar	5,611	—	(78)	(78)	794	—	(5)	(5)	51,559	—	(722)	(722)
	Thai baht	4,822	—	262	262	4,431	—	15	15	44,308	—	2,411	2,411
	Others	3,908	—	(191)	(191)	2,043	—	(10)	(10)	35,917	—	(1,761)	(1,761)
	Total		¥34,129	—	¥ (430)	¥ (430)	¥ 32,207	—	¥ (434)	¥ (434)	\$313,603	—	\$ (3,957)

(2) Interest rate-related

Classification	Type of derivative transactions	As of March 31, 2020				As of March 31, 2019				As of March 31, 2020			
		Millions of yen				Millions of yen				Thousands of U.S. dollars			
		Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Interest rate swaps Pay fixed receive floating	—	—	—	—	¥ 0	—	¥ (0)	¥ (0)	—	—	—	—

2. Derivative transactions for which hedge accounting is applied

(1) Foreign exchange-related

Hedge accounting method	Type of derivative transactions	Main hedged items	As of March 31, 2020			As of March 31, 2019			As of March 31, 2020			
			Millions of yen			Millions of yen			Thousands of U.S. dollars			
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value	
Principle accounting method	Foreign exchange forward contracts Buy	Accounts payable										
	Japanese yen		¥ 47	—	¥ (1)	¥ 4,865	—	¥ 65	\$ 436	—	\$ (17)	
	Thai baht		—	—	—	1,117	—	30	—	—	—	
	Euro	—	—	—	110	—	(0)	—	—	—		
	Sell	Accounts receivable										
	U.S. dollar		18,359	—	215	20,415	—	216	168,702	—	1,983	
Australian dollar	2,476		—	233	4,839	—	8	22,754	—	2,143		
Others		1,207	—	65	—	—	—	11,093	—	598		
Foreign exchange forward contracts under the designated hedge accounting method	Foreign exchange forward contracts Sell	Accounts receivable										
	U.S. dollar		5,942	—	(1*)	3,932	—	(1*)	54,602	—	(1*)	
	Australian dollar		3,686	—	—	6,609	—	—	33,877	—	—	
Total		¥ 31,720	—	¥ 512	¥ 41,890	—	¥ 320	\$ 291,467	—	\$ 4,708		

(1*) Since foreign exchange forward contracts under the designated hedge accounting method are accounted for as an integral part of accounts receivable, the hedged item, their fair values are included in the fair value of the underlying accounts receivables.

(2) Interest rate-related

			As of March 31, 2020			As of March 31, 2019			As of March 31, 2020		
			Millions of yen			Millions of yen			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Principle accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	¥ 45,000	—	¥ (14)	¥ 45,000	¥ 45,000	¥ (35)	\$ 413,488	—	\$ (129)
Interest rate swaps under the exceptional accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	—	—	—	1,975	—	(2*)	—	—	—
Total			¥ 45,000	—	¥ (14)	¥ 46,975	¥ 45,000	¥ (35)	\$ 413,488	—	\$ (129)

(2*) Since interest rate swaps under the exceptional accounting method are accounted for as an integral part of long-term debt, the hedged item, their fair values are included in the fair value of the underlying long-term debt.

13. Financial Instruments

Financial instruments recognized in the consolidated financial statements as of March 31, 2020 and 2019 are as follows. Financial instruments, whose fair values are not readily available, are not included in the following table.

			As of March 31, 2020			As of March 31, 2019			As of March 31, 2020		
			Millions of yen			Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference		
(1) Cash and time deposits	¥ 321,427	¥ 321,427	—	¥ 328,114	¥ 328,114	—	\$ 2,953,486	\$ 2,953,486	—		
(2) Notes and accounts receivable	266,919	266,919	—	300,768	300,768	—	2,452,631	2,452,631	—		
(3) Lease investment assets and lease receivables	136,852	136,993	¥ 140	117,730	117,797	¥ 66	1,257,491	1,258,779	\$ 1,288		
(4) Investment securities	71,745	71,745	—	95,087	95,087	—	659,242	659,242	—		
(5) Notes and accounts payable	(312,048)	(312,048)	—	(339,997)	(339,997)	—	(2,867,298)	(2,867,298)	—		
(6) Electronically recorded obligations - operating	(49,897)	(49,897)	—	(47,240)	(47,240)	—	(458,493)	(458,493)	—		
(7) Short-term loans	(40,835)	(40,835)	—	(33,902)	(33,902)	—	(375,222)	(375,222)	—		
(8) Accrued expenses	(48,226)	(48,226)	—	(52,455)	(52,455)	—	(443,136)	(443,136)	—		
(9) Long-term debt	(273,985)	(274,204)	(219)	(252,274)	(252,304)	(29)	(2,517,550)	(2,519,564)	(2,014)		
(10) Derivatives	67	67	—	(150)	(150)	—	621	621	—		

The figures in parenthesis indicate those posted in liabilities

Because market prices of unlisted equity securities of ¥2,363 million (\$21,721 thousand) as of March 31, 2020 and ¥2,325 million as of March 31, 2019 and equity securities of non-consolidated subsidiaries and affiliates of ¥80,447 million (\$739,201 thousand) as of March 31, 2020 and ¥78,513 million as of March 31, 2019, respectively, are not readily available, and their future cash flow cannot be estimated, it is extremely difficult to assume their fair values. Therefore, they are not included in "(4) Investment securities" mentioned above.

The redemption schedule for monetary receivables and marketable securities with maturity dates as of March 31, 2020 and 2019 are as follows:

			As of March 31, 2020		As of March 31, 2019		As of March 31, 2020	
			Millions of yen		Millions of yen		Thousands of U.S. dollars	
	Within one year	Over one year	Within one year	Over one year	Within one year	Over one year		
Cash and time deposits	¥ 321,427	—	¥ 328,114	—	\$ 2,953,486	—		
Notes and accounts receivable	266,919	—	300,768	—	2,452,631	—		
Lease investment assets and lease receivables	44,012	¥ 92,839	37,479	¥ 80,251	404,418	\$ 853,072		
Total	¥ 632,358	¥ 92,839	¥ 666,361	¥ 80,251	\$ 5,810,536	\$ 853,072		

14. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized in the consolidated financial statements for the year ended March 31, 2020 is as follows:

Location	Usage	Type	Millions of yen	Thousands of U.S. dollars
Fujisawa-shi, Kanagawa prefecture	Business assets and, idle assets	Machinery, furniture, fixtures and other	¥ 100	\$ 925
Tochigi-shi, Tochigi prefecture	Idle assets	Machinery, furniture, fixtures and other	54	503
Kasumigaura-shi Ibaraki prefecture	Business assets	Building, machinery and other	34	316
Total			¥ 190	\$ 1,746

As a general rule, assets were grouped into business assets, idle assets and assets for rent. Idle assets and assets for rent were individually grouped by each item. For rent assets and idle assets that were in need for impairment due to the decline in fair value of land, and business asset's value has declined or to be disposed of, their carrying values were written down to the recoverable amounts.

Breakdown of the impairment loss by asset type for 2020 is as follows:

Type	Millions of yen	Thousands of U.S. dollars
Building and structure	¥ 31	\$ 290
Machinery and equipment	75	695
Construction in progress	4	37
Other	78	723

The recoverable amounts of assets are estimated based on the net amount that those assets could be sold (net selling amount) for land and buildings. The net selling amount is determined by the appraisal value based on real estate appraisal standards. Residual value is used in assessing the value of other assets except the above-mentioned when their recoverable amounts are difficult to obtain.

15. Notes to Consolidated Statements of Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income as of March 31, 2020 and 2019:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrealized holding gain (loss) on securities:			
Gain (loss) arising during the current period	¥ (24,773)	¥ 482	\$ (227,265)
Reclassification adjustment for gain (loss) realized	5,331	2,731	48,992
Net current period change, before income taxes	¥ (19,401)	¥ 3,214	\$ (178,273)
Income taxes on net current period change	6,056	(1,024)	55,649
Net unrealized holding gain (loss) on securities	(13,345)	2,190	(122,623)
Unrealized gain (loss) on hedging instruments:			
Gain (loss) arising during the current period	(100)	(1,756)	(925)
Reclassification adjustment for gain (loss) realized	274	990	2,526
Net current period change, before income taxes	174	(765)	1,600
Income taxes on net current period change	(28)	234	(260)
Net unrealized gain (loss) on hedging instruments	170	(531)	1,570
Foreign currency translation adjustments:			
Gain (loss) arising during the current period	(19,294)	7,302	(177,293)
Reclassification adjustment for gain (loss) realized	—	224	—
Net foreign currency translation adjustments	(19,294)	7,527	(177,293)
Remeasurements of defined benefit plans			
Gain (loss) arising during the current period	(3,993)	(2,209)	(36,698)
Reclassification adjustment for gain (loss) realized	2,124	3,534	19,517
Net current period change, before income taxes	(1,869)	1,324	(17,181)
Income taxes on net current period change	234	(231)	2,153
Net remeasurements of defined benefit plans	(1,635)	1,092	(15,027)
Share of other comprehensive income of associates accounted for using the equity method:			
Gain (loss) arising during the current period	(935)	(6,288)	(8,598)
Reclassification adjustment for gain (loss) realized	77	(590)	715
Net share of other comprehensive income of associates accounted for using the equity method	(857)	(6,879)	(7,883)
Total other comprehensive income	¥ (34,962)	¥ 3,398	\$ (321,253)

16. Consolidated Statements of Cash Flows

(1) Reconciliation for cash status between balance sheets and cash flows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and time deposits	¥ 321,427	¥ 328,114	\$2,953,486
Time deposits with maturities exceeding three months	(17,453)	(22,803)	(160,370)
Cash and cash equivalents	¥ 303,974	¥ 305,311	\$2,793,116

(2) Contents of important non-cash transactions

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Lease assets	¥ 1,561	¥ 6,006	\$ 14,349
Non-current assets others (Right-of use assets)	14,076	—	129,347
Lease obligations	15,926	6,006	146,338

[Remarks]

Right-of use assets and lease obligations increased by ¥13,119 million (\$120,548 thousand) and ¥13,406 million (\$123,189 thousand), respectively, due to the adoption of IFRS 16 Lease.

17. Subsequent Event

The stagnation in demand in the global commercial vehicle market due to the COVID-19 pandemic has significantly affected the business activities of the Company and its consolidated subsidiaries subsequent to March 31, 2020. If this market condition continues, it may have a material impact on their earnings results and financial conditions. However, such impact cannot be reasonably determined at this time.

18. Segment Information

(1) Segment information

Year ended March 31, 2020

The Company and its consolidated subsidiaries compose a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.

Therefore the disclosure of segment information is omitted.

(2) Related information

Year ended March 31, 2020

a) Information by product and service

	Millions of yen				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	1,450,341	43,112	131,647	454,835	2,079,936

	Thousands of U.S. dollars				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	13,326,666	396,147	1,209,657	4,179,322	19,111,793

b) Geographical information

(i) Net sales

Millions of yen			
Japan	Thailand	Other	Total
827,247	406,804	845,884	2,079,936

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
7,601,283	3,737,983	7,772,527	19,111,793

(Notes) Net sales are geographically classified by the country or region in which customers are located.

(ii) Property, plant and equipment

Millions of yen			
Japan	Thailand	Other	Total
607,477	81,102	73,343	761,922

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
5,581,889	745,223	673,925	7,001,038

(Notes) Net sales are geographically classified by the country or region in which customers are located.

c) Information by major customer

Name of customers	Millions of yen	Thousands of U.S. dollars
Tri Petch Isuzu Sales Co., Ltd	387,774	3,563,121

(3) Information on impairment loss of noncurrent assets by business segment

Year ended March 31, 2020

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.

Therefore the disclosure of this information is omitted.

(4) Information on amortization expense of goodwill and remaining unamortized balance by business segment

Year ended March 31, 2020

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.

Therefore the disclosure of this information is omitted.

(5) Information on negative goodwill by business segment

Year ended March 31, 2020

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.

Therefore the disclosure of this information is omitted.

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Independent Auditor's Report

The Board of Directors
Isuzu Motors Limited

Opinion

We have audited the accompanying consolidated financial statements of Isuzu Motors Limited and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan


June 29, 2020

向出勇治 

Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

堀越喜臣 

Kiomi Horikoshi
Designated Engagement Partner
Certified Public Accountant

菅沼淳 

Atsushi Sukanuma
Designated Engagement Partner
Certified Public Accountant

Corporate Data

Isuzu Motors Limited

Date of Establishment

April 9, 1937

Head Office

26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan

Tel: +81-3-5471-1141

Fax: +81-3-5471-1043

Plants

Tochigi Plant

Manufacturing of engines and parts

Fujisawa Plant

Manufacturing of trucks, engines,
components and parts



Head Office



Tochigi Plant



Fujisawa Plant

Common Stock and Number of Shareholders (As of March 31, 2020)

	Common Stock
Shares authorized:	1,700,000,000
Shares issued:	848,422,669
No. of shareholders:	40,025

Effective October 1, 2014, the Company's common shares were consolidated to a 1-for-2 shares

Major Shareholders

(As of March 31, 2020)

Common Stock	Number of shares held	Percentage of ownership (%)
Mitsubishi Corporation	63,633	8.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	54,254	7.35
ITOCHU AUTOMOBILE INVESTMENT L.L.C.	52,938	7.17
Japan Trustee Services Bank, Ltd. (Trust Account)	44,700	6.05
Mizuho Bank, Ltd.	15,966	2.16
BNYM AS AGT/CLTS 10 PERCENT	14,941	2.02
JFE Steel Corporation	14,435	1.95
Development Bank of Japan Inc.	13,183	1.79
National Mutual Insurance Federation of Agricultural Cooperatives	12,650	1.71
THE BANK OF NEW YORK MELLON 140044	12,359	1.67
Total	299,058	40.50

Note: 1. The Company holds 109,977,181 shares of treasury shares, but is excluded from the above major shareholders.

2. Percentage of ownership shares are rounded off to two decimal places.

3. Shares are rounded down in thousands.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

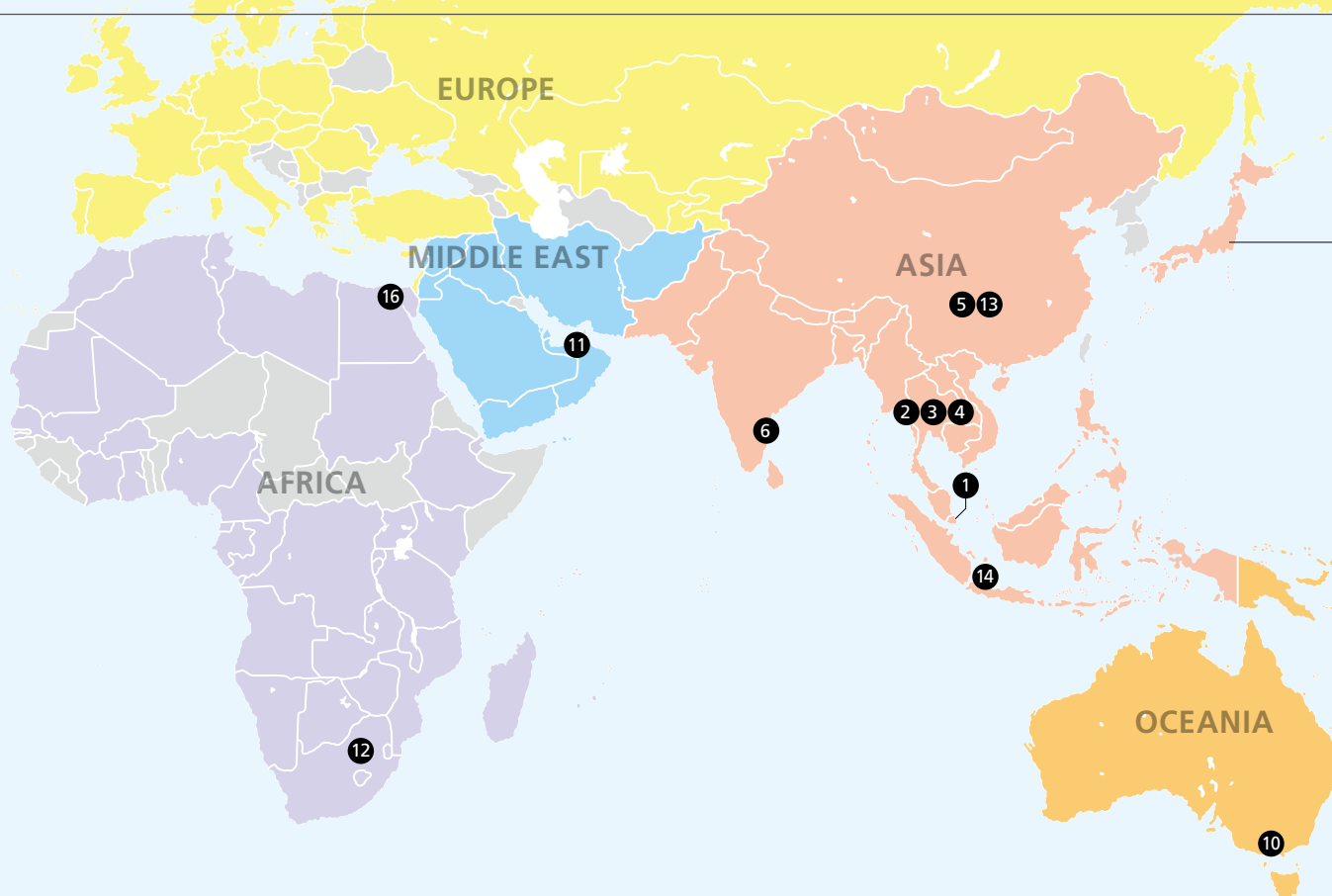
Global Business Network

Principal products

Light-to heavy-duty trucks



Buses



PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

No.	Company name	Address	Equity stake	Businesses
1	Isuzu Motors Sales Ltd.	Tokyo, Japan	75%	Sales of trucks, buses, and other products
2	Isuzu Motors Tohoku Co., Ltd.	Miyagi, Japan	75%	Sales and repair of commercial vehicles and buses
3	Isuzu Motors Syutoken Co., Ltd.	Tokyo, Japan	75%	Sales and repair of commercial vehicles and buses
4	Isuzu Motors Chubu Co., Ltd.	Aichi, Japan	75%	Sales and repair of commercial vehicles and buses
5	Isuzu Motors Kinki Co., Ltd.	Osaka, Japan	75%	Sales and repair of commercial vehicles and buses
6	Isuzu Motors Chugoku-Shikoku Co., Ltd.	Hiroshima, Japan	75%	Sales and repair of commercial vehicles and buses
7	Isuzu Motors Kyushu Co., Ltd.	Fukuoka, Japan	75%	Sales and repair of commercial vehicles and buses
8	Isuzu Leasing Services Ltd.	Tokyo, Japan	75%	Commercial vehicle leasing and acceptance of contracts for commercial vehicle maintenance services

No.	Company name	Address	Equity stake	Businesses
9	IJTT Co., Ltd.	Kanagawa, Japan	43.25%	Manufacture of engine and powertrain parts, forged parts, and cast parts
10	Isuzu LINEX Co., Ltd.	Tokyo, Japan	100%	Warehousing and transportation
11	J-Bus Limited	Ishikawa, Japan	50%	Manufacture and sales of buses
12	Nippon Fruehauf Co., Ltd.	Kanagawa, Japan	34%	Manufacture of trailers, automobile chassis, and shipping containers

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

No.	Company name	Address	Equity stake	Businesses
1	Isuzu Motors Asia Ltd. (IMA)	Republic of Singapore	100%	Import and sales of parts for vehicle production within ASEAN region
2	Isuzu Motors International Operations (Thailand) Co., Ltd. (IMIT)	The Kingdom of Thailand	70%	Export of pickup trucks
3	Isuzu Motors Co., (Thailand) Ltd. (IMCT)	The Kingdom of Thailand	71.15%	Manufacture of commercial vehicles and pickup trucks; export and wholesale of components and parts

Pickup trucks



Industrial diesel engines



NORTH AMERICA

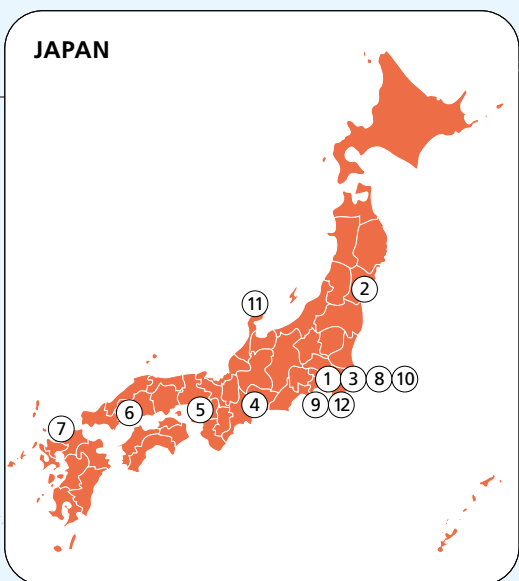
7 8 9

15

CENTRAL AMERICA

SOUTH AMERICA

JAPAN



No.	Company name	Address	Equity stake	Businesses	No.	Company name	Address	Equity stake	Businesses
4	Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)	The Kingdom of Thailand	98.56%	Manufacture and sales of diesel engines	10	Isuzu Australia Limited (IAL)	Commonwealth of Australia	100%	Import and sales of commercial vehicles, parts, and engines
5	ISUZU (CHINA) ENGINE CO., LTD. (ICEC)	The People's Republic of China	50.61%	Manufacture, assembly, and sales of engines	11	Isuzu Motors International FZE (IIF)	United Arab Emirates	100%	Vehicle sales and life cycle business; spare part sales and after-sales training; provision of back-office support to Isuzu affiliates in the Middle East and Africa
6	Isuzu Motors India Private Limited (IMI)	Republic of India	62%	Import, assembly, and wholesales of pickup trucks and derivatives	12	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 nearby countries
7	Isuzu North America Corporation (INAC)	United States of America	100%	General control and indirect/administration operations for subsidiaries in North America, import and wholesales of commercial vehicles and spare parts; import and assembly of production parts	13	Qingling Motors Co., Ltd.	The People's Republic of China	20%	Manufacture and sales of commercial vehicles, pickup trucks, and SUVs
8	Isuzu Motors America, LLC (ISZA)	United States of America	100%	Import and sales of industrial engines and spare parts	14	P.T. Isuzu Astra Motor Indonesia (IAMI)	Republic of Indonesia	50%	Assembly and sales of commercial vehicles
9	Isuzu Commercial Truck of America, Inc. (ICTA)	United States of America	80%	Import and wholesales of commercial vehicles and spare parts; import and supply of components	15	DMAX, Ltd.	United States of America	40%	Manufacture and sales of diesel engines
					16	General Motors Egypt S.A.E. (GME)	Arab Republic of Egypt	21.84%	Assembly and sales of passenger vehicles and light commercial vehicles

Trucks for life
ISUZU

ISUZU MOTORS LIMITED

6-26-1, Minami-oi, Shinagawa-ku
Tokyo 140-8722, Japan
Tel: +81-3-5471-1141 Fax: +81-3-5471-1043

<http://www.isuzu.co.jp/world/>

