

The Isuzu Group's Value Creation Story

Value Creation Process

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

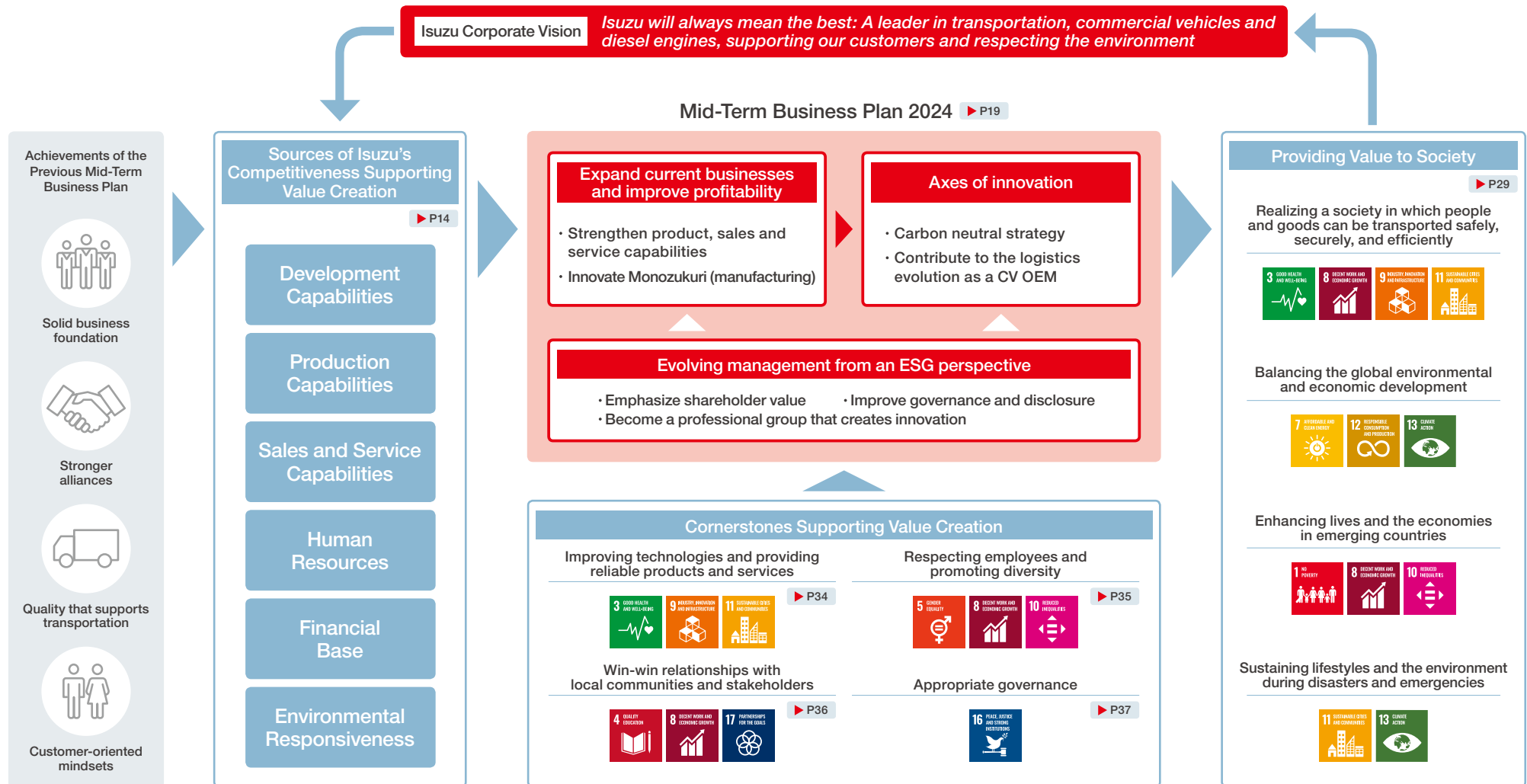
In this section, we explain the Company's overall value creation process, then introduce specific examples of sources of competitiveness that realize value creation.

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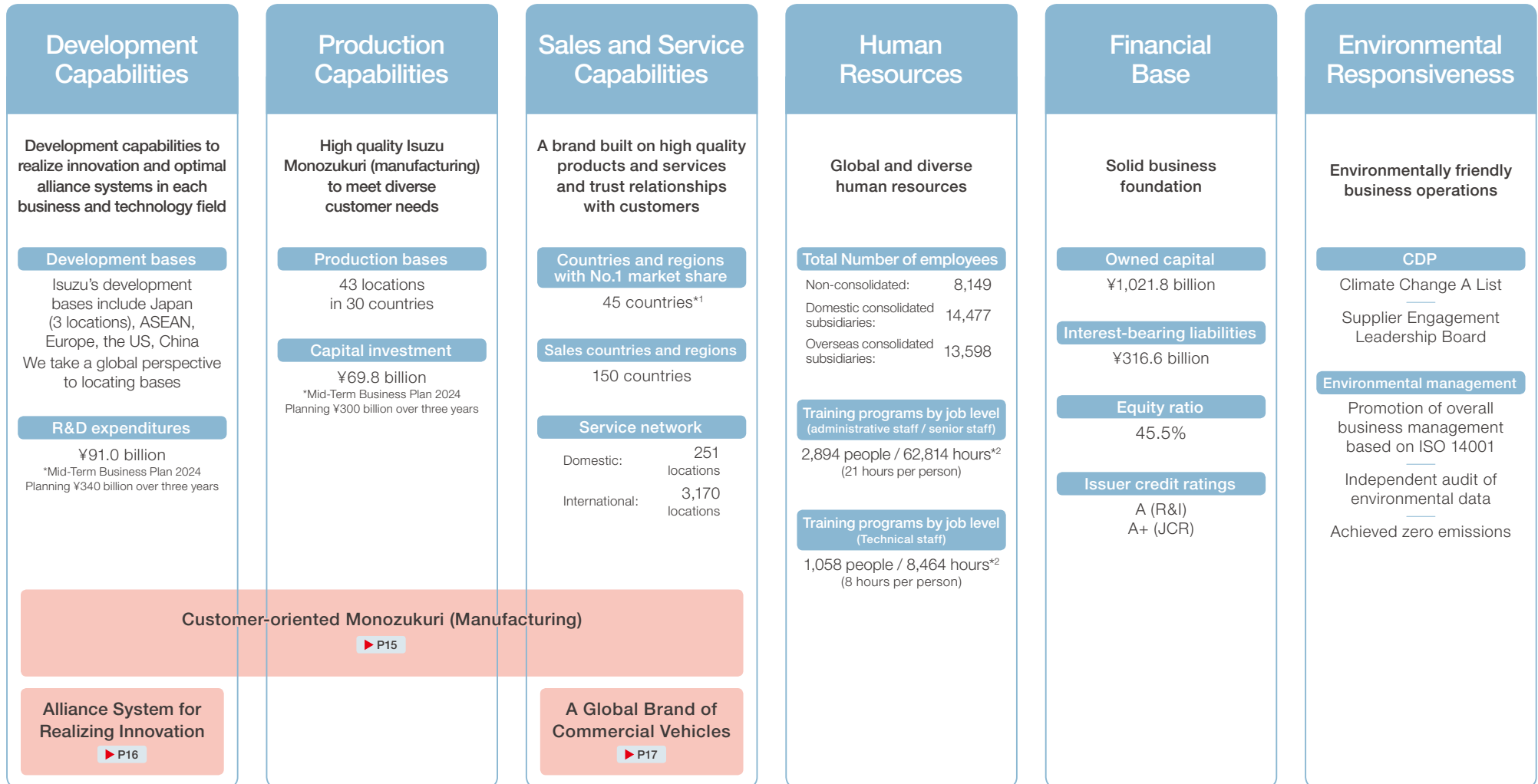
The Isuzu Group's Value Creation Story

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



Sources of Isuzu's Competitiveness Supporting Value Creation

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



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

Customer-Oriented Monozukuri (Manufacturing)

Overview of Customer-Oriented Monozukuri (Manufacturing)

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



Specific Initiatives: QM Activities

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

QM activities are carried out in the following three steps.

Customer survey

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

QM test driving

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

QM monitor vehicle activities

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

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

International Initiatives

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

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

Applying customer feedback to product development

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



Topics

Promoting Collaborative Creation Activities

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

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

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

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



Alliance System to Realize Innovation

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

Collaboration with Cummins in the Powertrain Business

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

Alliance details

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

Strategic Alliance with the Volvo Group

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

Alliance details

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

Collaboration in Commercial Vehicles with Hino and Toyota

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

Alliance details

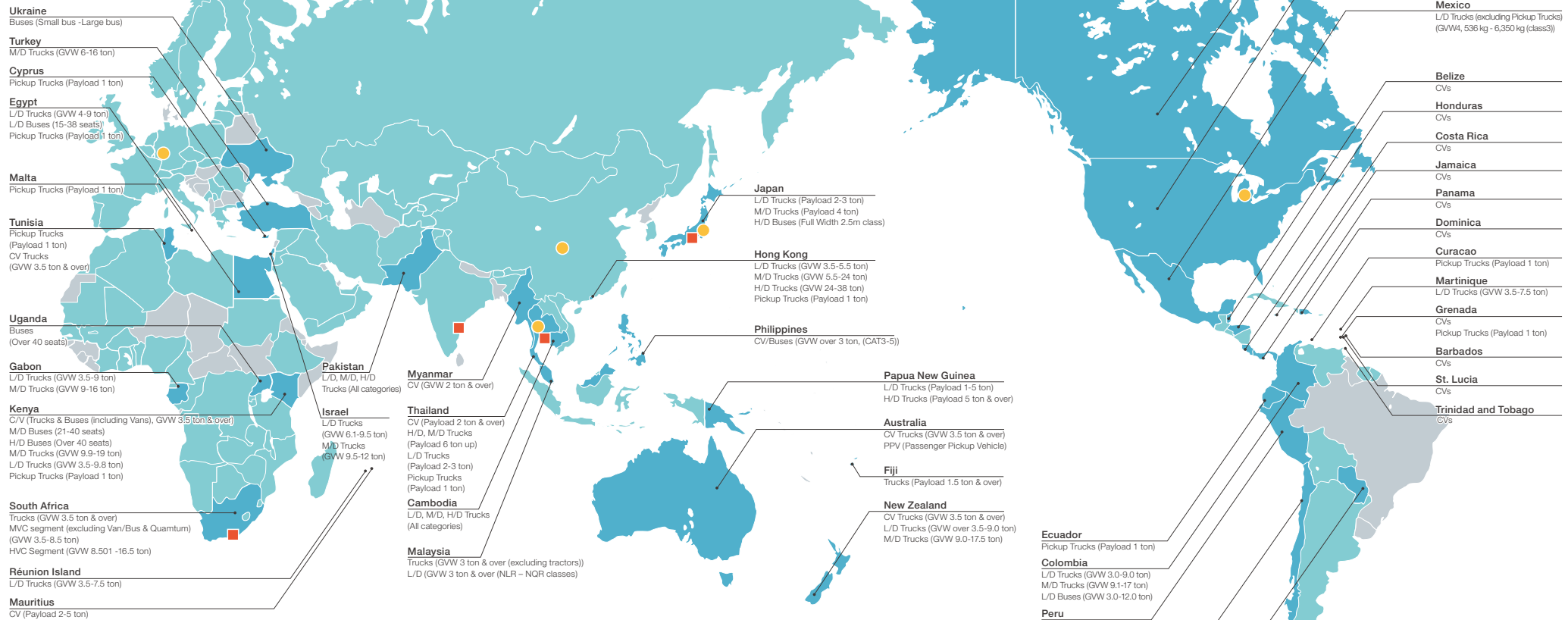
- Undertake joint development of EVs, FCVs, autonomous driving technologies, and electronic platforms, focusing on light-duty trucks.
- The three companies will jointly build a commercial version of their connected technology platform and provide various logistics solutions.
- Promote planning of CASE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

A Global Brand of Commercial Vehicles

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

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

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



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

*Results for 2020 calendar year