

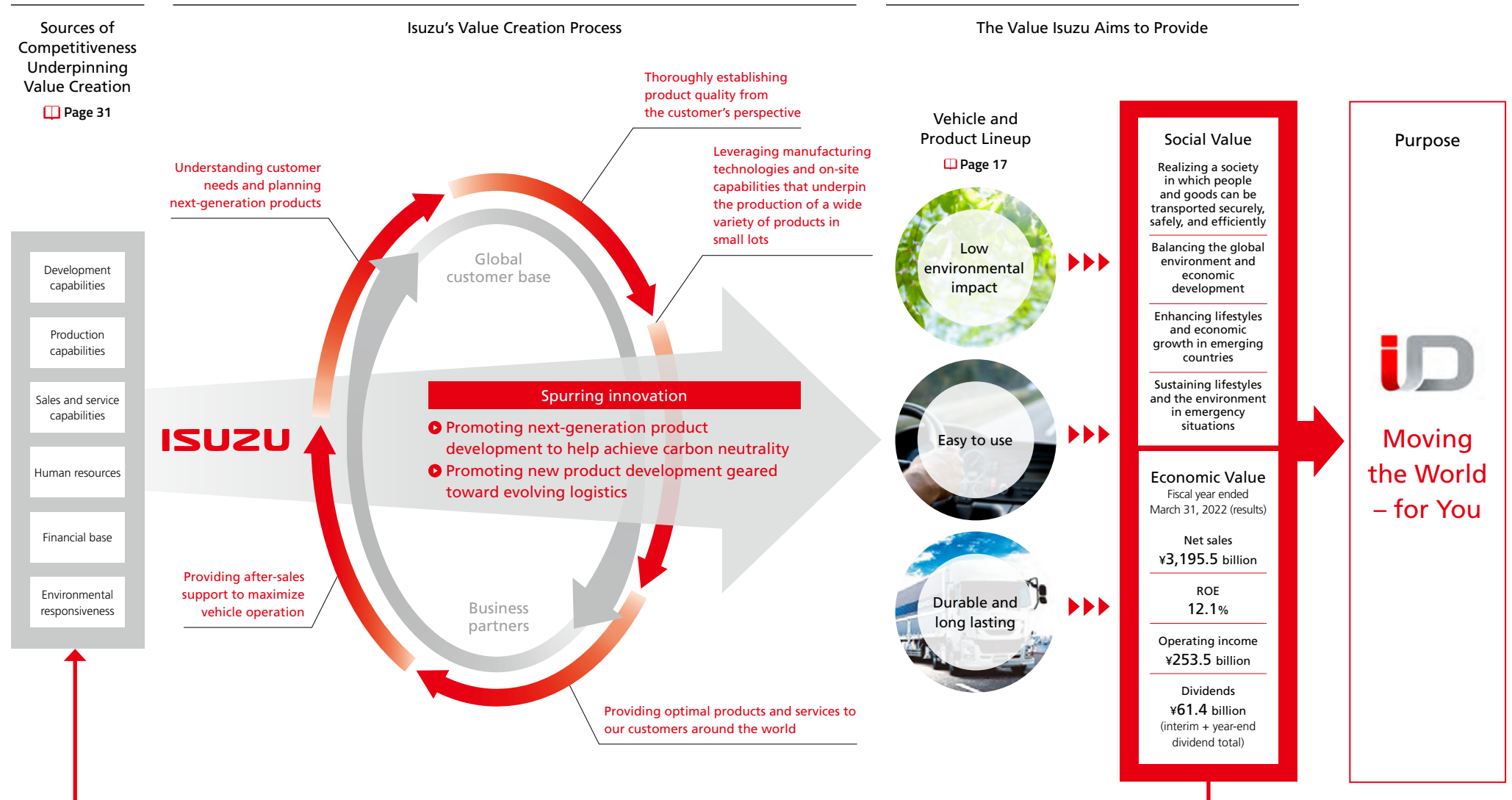
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The Value Creation Story of Isuzu

The Value Creation Story of Isuzu

By spurring innovation through the development of next-generation products that help achieve carbon neutrality and of new products geared toward evolving logistics, the Isuzu Group will create new value for its customers and for society as a whole going forward.



The Value Creation Story of Isuzu

The Kind of Value We Aim to Provide

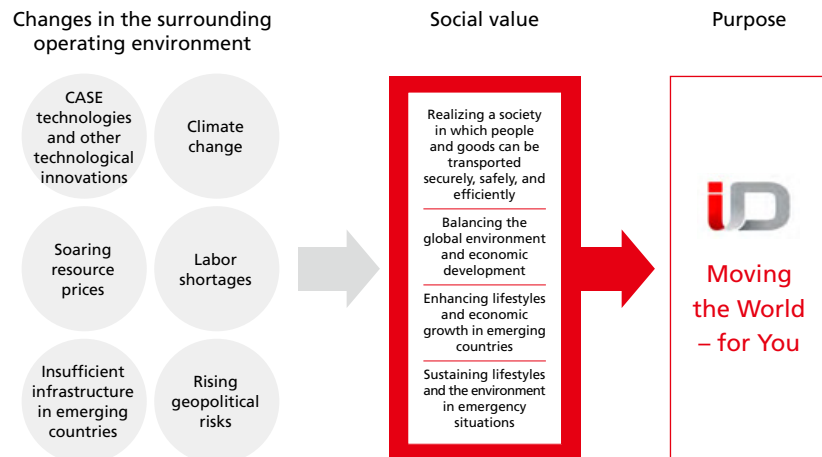
① Activities to realize the value we aim to offer society

We have established “realizing a society in which people and goods can be transported securely, safely, and efficiently,” “balancing the global environment and economic development,” “enhancing lifestyles and economic growth in emerging countries,” and “sustaining lifestyles and the environment in emergency situations” as the four themes through which we aim to provide value to society.

We believe that realizing a society in which people and goods can be transported steadily and efficiently, no matter what the environment, will lead to prosperous lifestyles for people in the future. To date, we have supported the transportation of people and goods around the world by creating a logistics infrastructure that can deliver necessary cargo to the places that need it, even in the event of a natural disaster or other unpredictable circumstances, much in the same manner as water and electricity.

Meanwhile, the operating environment that surrounds the Company is undergoing dramatic change in light recent technological innovations such as connected, autonomous, shared & service, and electric (CASE) technologies and the trend of strengthening measures to respond to climate change. Emerging countries lack the necessary infrastructure to respond to rapid industrialization and population increases. As a result, various transportation and environmental issues are emerging, and there is a need to improve people’s standard of living. Additionally, advanced countries are facing issues such as truck driver shortages in the logistics industry and a massive increase in transportation volumes due to rising demand for e-commerce. This has led to a situation in which goods cannot be delivered in a timely fashion.

We are working to resolve these difficult issues by offering not only trucks, buses, and pickup trucks but also products that provide motor power sources for these vehicles and relevant other services, thereby establishing a robust social infrastructure. At the same time, we are striving to realize our purpose of “Moving the World – for You.”



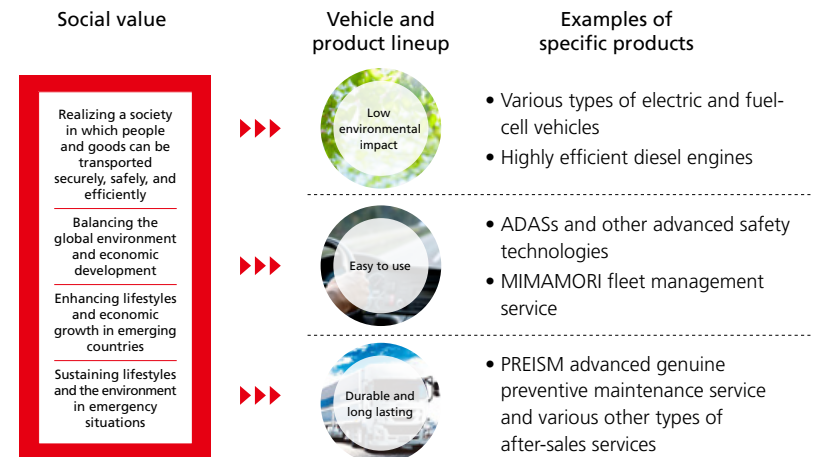
② Activities to ensure necessary product value

We have determined three kinds of value that our products need to have so as to provide social value based on the four aforementioned themes.

The first kind of value is low environmental impact products. In order to address global issues such as climate change, our products need to have a low environmental impact. To date, we have delivered highly efficient internal combustion engine vehicles and other products to customers across the globe. Going forward, we will further enhance the value of our products through the development of innovative technologies such as electrification and strive to create products with a low environmental impact.

The second kind of value is easy-to-use products. Commercial vehicles are an indispensable tool for delivering social value to realize a society in which people and goods can be transported securely, safely, and efficiently. We have thus far provided products that make use of advanced safety technologies such as advanced driver-assistance systems (ADASs), and products with high fuel efficiency. In addition, through fleet management services such as MIMAMORI, we have offered services that enable customers to utilize commercial vehicles safely and securely, as well as in an economically rational manner. Going forward, we will continue to provide safe, easy-to-use products in collaboration with our business partners and customers.

The third kind of value is durable and long-lasting products. We have worked to provide highly reliable and durable commercial vehicles while offering services to support their stable operation, such as after-sales service networks and PREISM. Through the ongoing provision of products that allow for sustainable production activities, we will further support the stable economic growth of regional economies.



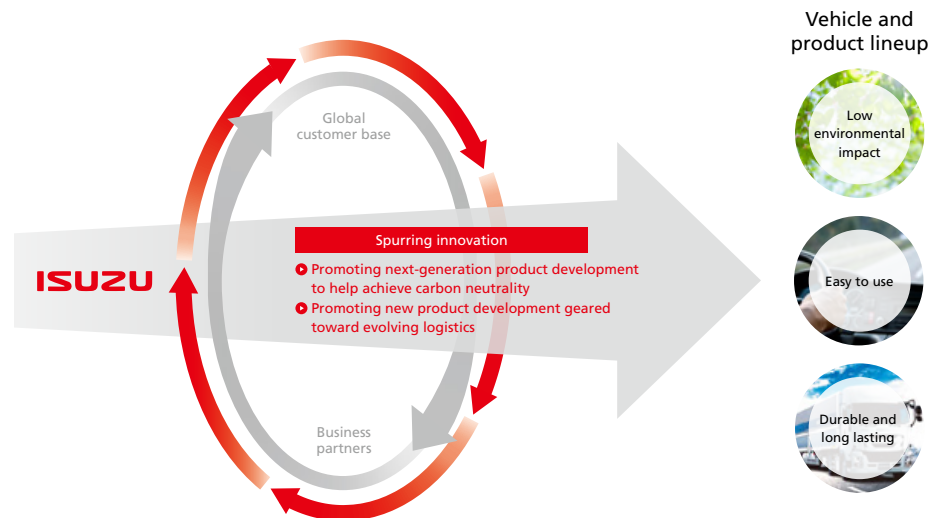
The Value Creation Story of Isuzu

The Kind of Value We Aim to Provide

3 Innovation activities to create new product value

Within the five business processes of “understanding customer needs and planning next-generation products,” “thoroughly establishing product quality from the customer’s perspective,” “leveraging manufacturing technologies and on-site capabilities that underpin the production of a wide variety of products in small lots,” “providing products to our customers around the world,” and “providing after-sales support to maximize vehicle operation,” we have sought to achieve differentiation and high levels of sophistication while drawing on the strengths of the Isuzu Group to their full potential. We will take steps to leverage the strengths we possess in our existing businesses to steadily execute each of these five processes and also work to further enhance the overall sophistication thereof. Doing so will help us create the three kinds of value that our products need to deliver.

We have come to understand that the dramatic changes that have occurred recently in social environments have made it difficult to meet customer needs for low environmental impact and easy-to-use products through our conventional business processes alone. For that reason, we will strive to advance the world as an innovation leader with “Reliability x Creativity” by embracing diverse perspectives and creating frameworks for enhancing the diversity of our human resources while ensuring they have an active role. Also, we will collaborate appropriately with a broad range of partner companies (co-creation activities and business alliances) to address the social issues of “promoting next-generation vehicle development to help achieve carbon neutrality” and “promoting new product development geared toward evolving logistics” over the medium to long term. By doing so, we will accelerate the pace of our value creation.

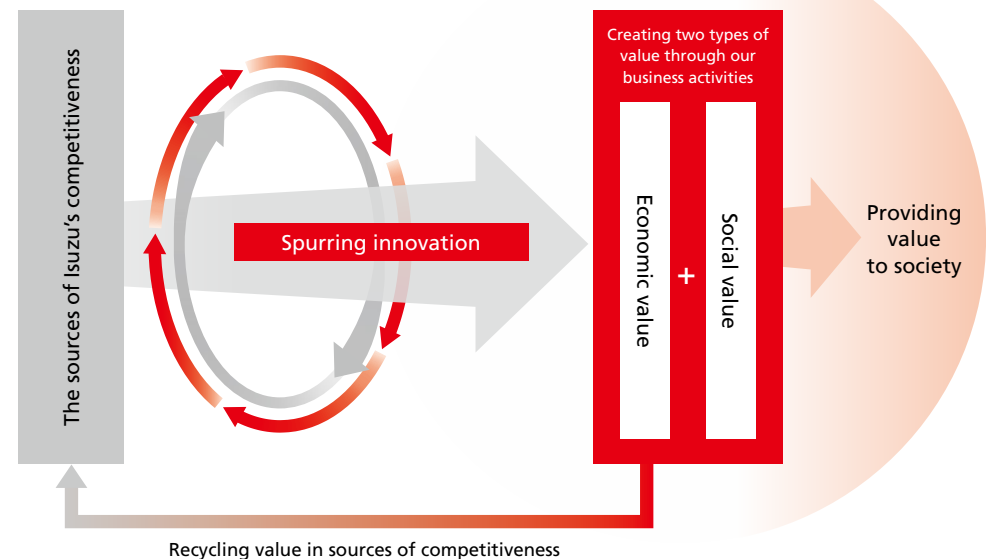


4 Sustainable development of the company and society at large

Through these three activities, we will contribute to the realization of a prosperous and sustainable society.

With that said, it is imperative that we as a company realize sustainable growth if we are to continue to pursue these activities. Through the aforementioned innovation activities and the creation of product value, we will enhance the economic value we offer as a company. We will also utilize this economic value as capital for further reinforcing our current sources of competitiveness. Furthermore, we will draw on these reinforced sources of competitiveness to boost the competitive advantage of our products and services, thereby creating new value for society.

In these ways, we will push forward with activities that mutually enhance and benefit society and the Company, with the aim of establishing an indispensable social presence.



Sources of Competitiveness Underpinning Value Creation

The sources of our competitiveness, built up through the growth we have thus far achieved, underpin our current business activities and will help us enhance corporate value in the future. Going forward, we will strive to reinforce these sources so that we can continue to achieve sustainable growth.




Development Capabilities

Through a product development process that incorporates specific needs and advanced technological capabilities, we will generate innovation while leveraging the optimal alliance systems we have built in each business and area of technology.

<p>Development bases Establishment of development bases starting with three locations in Japan and spanning the ASEAN region, Europe, the United States, and China</p>	<p>Research and development expenditures ¥119.0 billion</p>
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
Alliance systems
Please refer to "Alliance System for Realizing Innovation" on [Page 40](#)



Production Capabilities

Isuzu achieves high quality and efficient production of a wide variety of products in small lots to meet a vast range of customer needs. The Company also provides products by engaging in Isuzu Monozukuri, a globally unified practice.

<p>Production bases 42 bases in 30 countries*1</p>	<p>Capital expenditures ¥82.2 billion</p>
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Sales and Service Capabilities

Isuzu offers its products in more than 150 countries, primarily in Asia, the Middle East, and Africa. The Company has established a strong brand by tailoring its products and service network to meet the needs of each country and region.

<p>Countries and regions in which Isuzu has No. 1 market share 37 countries and regions*2</p>	<p>Service networks Japan: 251 locations Overseas: 3,740 locations</p>
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Countries and regions in which Isuzu conducts sales activities
More than 150 countries and regions



Human Resources

Isuzu's personnel have a customer-first mindset and are constantly striving to refine their skills, making them the driving force behind Isuzu's continued provision of high-quality products and services tailored to each country and region in which it operates.

<p>Total number of employees Non-consolidated: 8,056 Domestic consolidated subsidiaries: 20,488 Overseas consolidated subsidiaries: 15,951</p>	<p>Hours of training programs by rank 184,079 hours*3 (23 hours per person)</p>
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Financial Base

Isuzu has established a strong, balanced financial base that enables stable business operations and medium- to long-term growth investments.

<p>Shareholders' equity ¥1,308.5 billion</p>	<p>Capital adequacy ratio 42.9%</p>
<p>Interest-bearing debt ¥513.1 billion</p>	<p>Issuer credit ratings • A (R&I) • A+ (JCR)</p>



Environmental Responsiveness

To achieve the Groupwide targets set forth in Isuzu Long-Term Environmental Vision 2050 and the 2030 Environmental Roadmap, Isuzu is proactively and consistently conducting environmental management activities.

<p>Environmental vision Isuzu Long-Term Environmental Vision 2050 2030 Environmental Roadmap</p>	<p>Environmental management</p> <ul style="list-style-type: none"> • Promotion of overall business management based on ISO 14001 • Independent audit of environmental data • Achievement of net-zero emissions
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Note: The numerical and other data on this page is for the year ended March 31, 2023, or as of March 31, 2023. *1 As of July 31, 2023 *2 CY2022 results (January 2022 - December 2022) *3 Total hours of participants

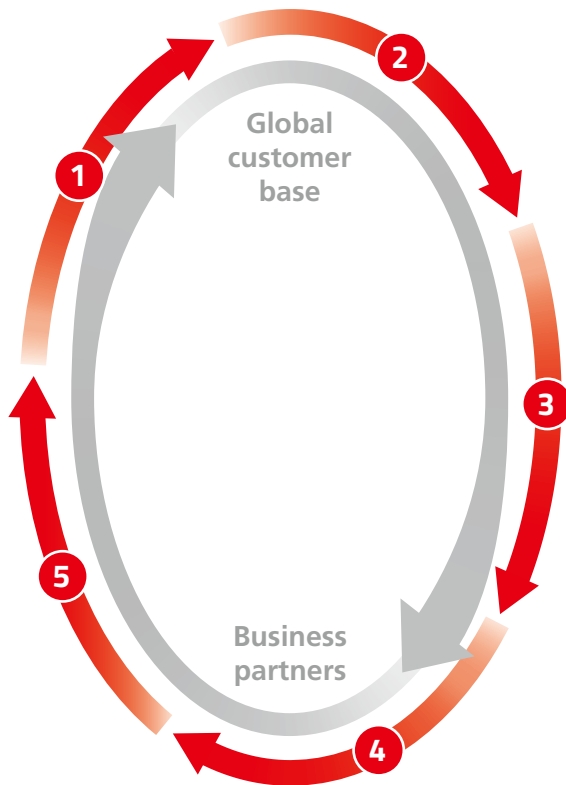
Isuzu's Value Chains

Commercial vehicles are used by a broad array of customers, including logistics companies, retailers, and construction companies. Such vehicles are also utilized for various purposes, which include long-distance and high-occupancy operations.

Therefore, various types of vehicles are required depending on the size and weight of the payload and rear body as well as the distance goods need to be transported. Since each country around the world has different laws, regulations, and traffic conditions, it is necessary to develop vehicles that meet these requirements.

It is also very important to keep these working vehicles operational at all times in order to transport goods in a timely and appropriate manner, and the development of our services is required to achieve this. With its unique track record in commercial vehicles as a foundation, the Isuzu Group will strive to create new value for society and customers and further enhance its corporate value through all activities conducted under the Group's business process.

This page provides an overview of Isuzu's value chains, and the subsequent pages provide details on specific initiatives.



1 Understanding customer needs and planning next-generation products Page 33

- Planning for products that can be used for 10 or 20 years
- Establishment of a specialized department to work with customers to resolve issues and expand market-oriented product development
- Utilization of know-how to reflect information on market needs obtained from customer bases in each country and region in which we operate in the planning of next-generation products

By leveraging these strengths, we will continue to provide vehicles and services that meet customer expectations in the future.



2 Thoroughly establishing product quality from the customer's perspective Page 33

- Extensive understanding of how a wide variety of commercial vehicles are used
- Incorporation of quality needs into manufacturing processes, such as quality management activities and development processes, to create quality, user-friendly products

We will strive to achieve a higher level of quality and further improve our product capabilities through continuous quality improvements from the product development phase to the after-sales phase.



3 Leveraging manufacturing technologies and on-site capabilities that underpin the production of a wide variety of products in small lots Page 34

- Vehicle manufacturing technology capable of efficiently producing a wide variety of vehicle models, even in small lots
- Manufacturing technology and know-how that are deployed at Company plants around the world
- Implementation of production technology improvement activities and human resource development at each plant

We will carry out production technology improvement activities and human resource development at each plant.



4 Providing optimal products and services to our customers around the world Page 34

- Building of a network to deliver products to more than 150 countries and regions
- Development and distribution of pickup trucks and light-duty trucks to meet the needs of emerging countries that require durable and reliable vehicles

By continuing to contribute to the construction of logistics infrastructure, we will support the economic development of emerging countries and the rest of the world.



5 Providing after-sales support to maximize vehicle operation Page 34

- MIMAMORI: launched in 2004, enables the monitoring of vehicle conditions and currently provides information on vehicle anomaly detection
- PREISM: provides services to minimize vehicle inspection and maintenance servicing times by utilizing acquired vehicle information

We will further advance these services to maximize the operating times of our customers' vehicles.



Isuzu's Value Chains

1 Understanding Customer Needs and Planning Next-Generation Products

The Isuzu Group's customer base is one of its major business assets.

In many cases, commercial vehicles are used longer than passenger vehicles, so it is essential for us to plan next-generation products that can meet the needs of customers 10 or 20 years into the future. For this purpose, in April 2019, the Company established a department dedicated to working with customers to resolve issues and created a system for market-oriented product development. Through these measures, we will not only collaborate with our customers but also work closely with our product development and sales divisions to accelerate the resolution of customer issues.

For example, in the case of retail clients, we conduct thorough surveys of our value chains and identify issues along the life cycles of products, from ordering to loading them onto trucks, delivery, and putting them on display. Based on the issues identified in this process, we are able to propose solutions that directly address customers' issues, such as innovative ways to use trucks or measures to directly improve logistics operations.

We will continue to develop new vehicles and services that are tailored to individual usage scenarios through co-creation activities with a wide range of customers.



2 Thoroughly Establishing Product Quality from the Customer's Perspective

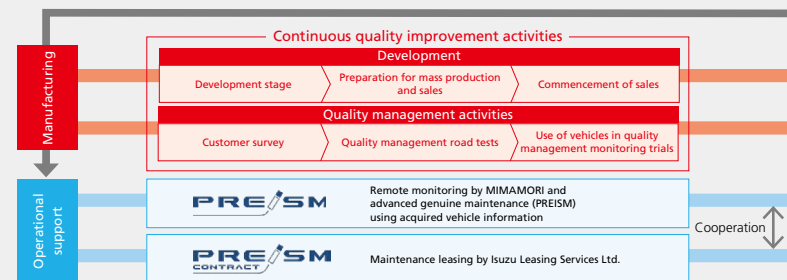
The Isuzu Group's manufacturing (*monozukuri*) activities consist of two pillars: the development of optimal vehicles that customers can use with peace of mind and quality management activities that continuously maintain and improve the quality of vehicles after they are sold.

UD Trucks Corporation, which joined the Group last fiscal year, is also promoting the activities mentioned above.

In the product development process, stage gates are established at each phase, from the planning stage to the development, mass production, sales preparation, and market evaluation stages, and product development is carried out while conducting quality checks in a timely manner.

Additionally, we are striving to improve quality by incorporating methods such as failure mode and effect analysis*1 and quality function deployment.*2

Overview of Manufacturing from the Customer's Perspective



The purposes of quality management activities are to provide customers with safe and secure vehicles and to strengthen product capabilities through continuous quality improvements from the development stage to the after-sales stage. These activities are conducted in the previously described three steps, and they will be leveraged to enhance product competitiveness and develop next-generation models.

Customer surveys	Test driving	Monitoring of vehicle activities
Acquire and analyze data such as engine and transmission data during driving in order to improve performance and quality	Based on the data obtained from customer surveys, reflect findings in test vehicles and reconfirm said findings by test driving on actual roads in Japan and overseas	Request customers to use the vehicles enhanced through the above steps and conduct long-term monitoring. Feedback and requests then collected through data anomaly checks and customer visits carried out by the Development Division

Remote monitoring by MIMAMORI and advanced genuine maintenance (PREISM) using acquired vehicle information have reduced breakdowns and maintenance times. In addition, the acquired information is fed back to the Development Division, leading to manufacturing activities that are implemented from the customer's perspective.

*1 Approach aimed at identifying problems that arise during use at the design phase
 *2 Method to ensure quality assurance from the development phase of new products

Isuzu's Value Chains

3 Leveraging Manufacturing Technologies and On-Site Capabilities That Underpin the Production of a Wide Variety of Products in Small Lots

Isuzu's strength lies in its vehicle manufacturing technologies, which enable efficient production of a wide variety of models, even in small lots.

Furthermore, based on a unified approach to manufacturing and quality control at all of our plants around the world, we have been deploying these vehicle manufacturing technologies and attendant expertise at said plants and leveraging such technologies and expertise in our improvement activities and human resource development.

Isuzu systematizes the know-how developed at its main Fujisawa Plant for the production of a wide variety of products in small lots as Isuzu Monozukuri. In addition, we regularly provide training to overseas employees engaged in production in order for them to acquire Isuzu Monozukuri concepts, methods, and production expertise. In fiscal 2023, a total of 995 employees attended training sessions on Isuzu Monozukuri, with each participant averaging 21 hours over a two- to five-day period.



Quality control incorporating the ISUZU Monozukuri philosophy



Manufacturing site improvement briefing session

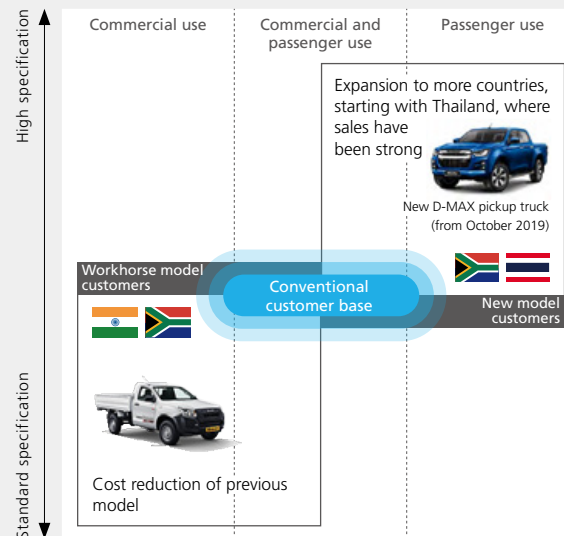
4 Providing Optimal Products and services to Our Customers around the World

Isuzu has expanded its distribution network and now delivers its products to more than 150 countries. (See "Isuzu at a Glance" on [Page 18](#).)

Furthermore, to meet the needs of emerging countries in terms of durability and reliability, we develop and distribute pickup trucks and light-duty trucks geared toward such countries based on the technologies we have cultivated through our truck manufacturing track record.

Isuzu is expanding sales of its fully remodeled 2019 D-MAX pickup truck and TRAGA, a light-duty truck aimed at emerging markets, to meet the needs of customers around the world.

Expansion of D-MAX Pickup Truck Customer Base



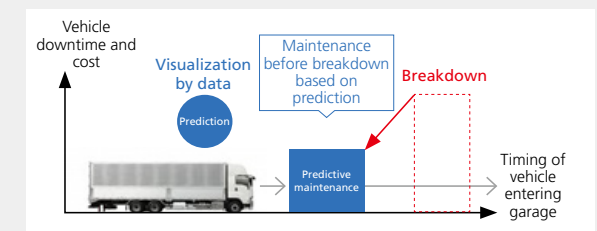
5 Providing After-Sales Support to Maximize Vehicle Operation

We recognize that one of the most important needs of our customers who use commercial vehicles is to keep their vehicles ready for use at all times in order to transport goods in a timely and appropriate manner.

In 2004, we launched MIMAMORI, a service capable of monitoring vehicle conditions that currently provides data on anomaly detection in customer vehicles.

In addition, we offer PREISM, a service that uses the acquired vehicle condition data to minimize vehicle inspection and maintenance times. Utilization of the data collected through these services has led to a reduction in breakdowns and shorter maintenance times.

Mitigation of Breakdowns



Reduced Maintenance Times

