

FY2023 3Q Financial Results

February 9, 2023
ISUZU MOTORS LIMITED

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Moreover, this presentation is not intended to solicit investment in Isuzu. Isuzu assumes no responsibility for any losses and liabilities that may be incurred because of the information in this presentation.

**Senior Executive Officer,
Group Chief Financial Officer,
Deputy Division Executive,
Corporate Planning &
Finance Division**

Naoto Nakamata

1. Overview

Overview

1. FY2023 3Q Results

- Though production constraints caused by semiconductor shortage still remain for CVs, the situation has improved from the previous year. Sales units increased accordingly.
- Sales units of LCVs showed a significant rise from last year as parts shortages resolved as a whole.
- Though material costs and logistic fees showed a sharp rise, profit grew thanks to the positive effects from increase in sales units, price realization, and the weak Japanese yen.

2. FY2023 Full-Year Outlook (Changes from outlook announced in Nov. 2022)

- Though demand of CVs and LCVs for overseas markets remain robust overall, it is likely that we shall not achieve our outlook announced in Nov. in some markets.
- Delays are seen in the improvement of parts supplies of CVs.
- Material and energy costs has seen a further jump.
- Although sales units is forecasted to decrease from the Nov. outlook and costs has boosted, shall cover up the negative impact by accomplishing further cost realization and diminishing expenses. Sales and incomes of the full-year outlook remain intact.

I am Nakamata, Group CFO and Deputy Division Executive of the Corporate Planning & Finance Division. First, I will discuss our business overview.

As for the third quarter, CVs continued to be affected by semiconductor shortages. However, production constraints improved from the previous year causing sales units in both domestic and overseas markets to increase. Likewise, LCV sales units increased significantly from last year because most parts shortages were resolved as a whole.

Profits and losses improved due to an increase in sales units, price realization, and the weakening of the yen, despite higher materials and logistics costs.

As for the full-year outlook for FY2023 ending March 31, 2023, I shall explain what has been changed since the announcement made last November.

In overseas markets, demand for both CVs and LCVs continued to be generally strong, but in some markets, such as Thailand and Egypt, volumes are expected to fall short of our expectations.

Although the supply of semiconductors needed for CVs recovered as expected in the third quarter, a delay has been observed lately. While we expect the supply to gradually improve from April onwards, the impact is expected to remain in the first half of the next fiscal year.

Material and energy costs are shooting up to another level.

As for the full-year profit and loss outlook, although we expect a decline in sales volume and an increase in costs, we will keep the previous forecast unchanged as we intend to cover the negative impacts by further price realization and cutting down expenses.

Overview: FY2023 3Q Consolidated Results (Oct.-Dec.)

Global Sales Units (K-units)		FY2023 3Q	FY2022 3Q	Changes	
CV Total	CV-Japan	17	14	3	18%
	CV-Overseas	74	72	2	3%
CV Total		91	86	5	5%
LCV Total	LCV-Thailand	55	44	11	26%
	LCV-Export	51	52	-1	-2%
LCV Total		106	96	10	11%
Total		197	182	15	8%

Financial Results (Bil. Yen)

Sales	850.7	638.8	211.9	33%
Operating Income	85.7	51.3	34.4	67%
Ordinary Income	84.8	53.2	31.6	59%
Net Income	52.9	33.5	19.4	58%

Now, I will give the overview of our results for the third quarter of FY2023 ending March 31, 2023.

Global unit sales were higher than those of the previous year as production constraints caused by parts shortages were alleviated for both CVs and LCVs.

Sales increased by 211.9 billion yen from the previous fiscal year due to an increase in unit sales. Regarding profits and losses, despite higher materials and logistics costs, we saw significant increases in both sales and profits thanks to the effects of increases in sales units, price realization and foreign exchange.

Overview: FY2023 Full-Year Outlook

Global Sales Units (K-units)		FY2023 Forecast	FY2023 Previous Plan	Changes		(Reference) FY2022
CV Total	CV-Japan	69	69	0	0%	65
	CV-Overseas	281	293	-12	-4%	278
CV Total		350	362	-12	-3%	343
LCV Total	LCV-Thailand	206	206	0	0%	173
	LCV-Export	218	232	-14	-6%	205
LCV Total		424	438	-14	-3%	378
Total		774	800	-26	-3%	721

Financial Forecast (Bil. Yen)

Sales	3,100.0	3,100.0	No Revisions to Sales, Incomes, and Dividends	2,514.3
Operating Income	230.0	230.0		187.2
Ordinary Income	245.0	245.0		208.4
Net Income	140.0	140.0		126.2
Dividends	72 Yen	72 Yen		66 Yen

I will now turn to an overview of our full-year forecast for FY2023 ending March 31, 2023.

As for global sales units, as result of updating the trend of each country's market, we have reduced forecast volumes of overseas CVs and export of LCVs from the estimates announced in November last year.

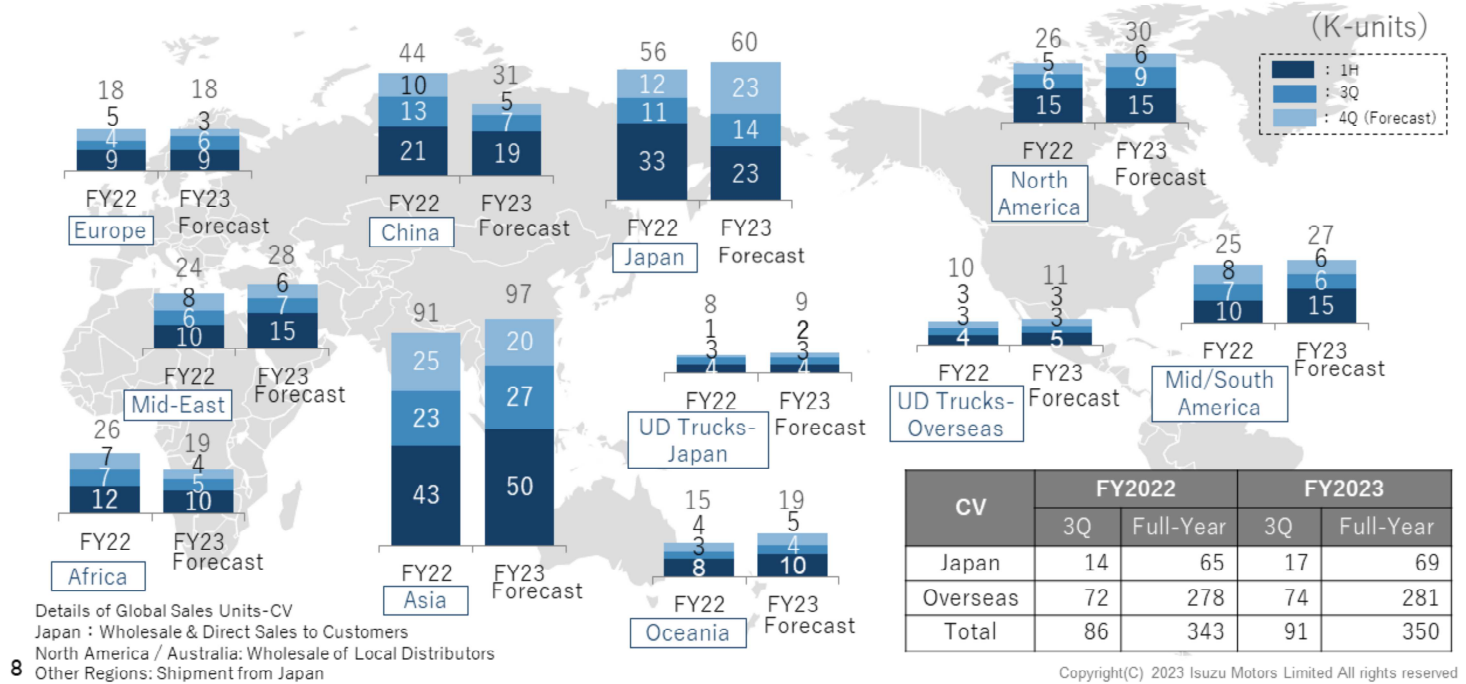
Gains and losses are expected to be covered by implementing price realization and lowering expenses, although a decrease in unit sales and an increase in costs are anticipated.

2. FY2023 3Q Financial Summary and Full-year Outlook

Next, I will explain the results for the third quarter of FY2023 ending March 31, 2023 and the full-year outlook.

Global Sales Units (CV) -1

■ 3Q sales units increased in both Japan and overseas markets as production constraints eased from the previous year.

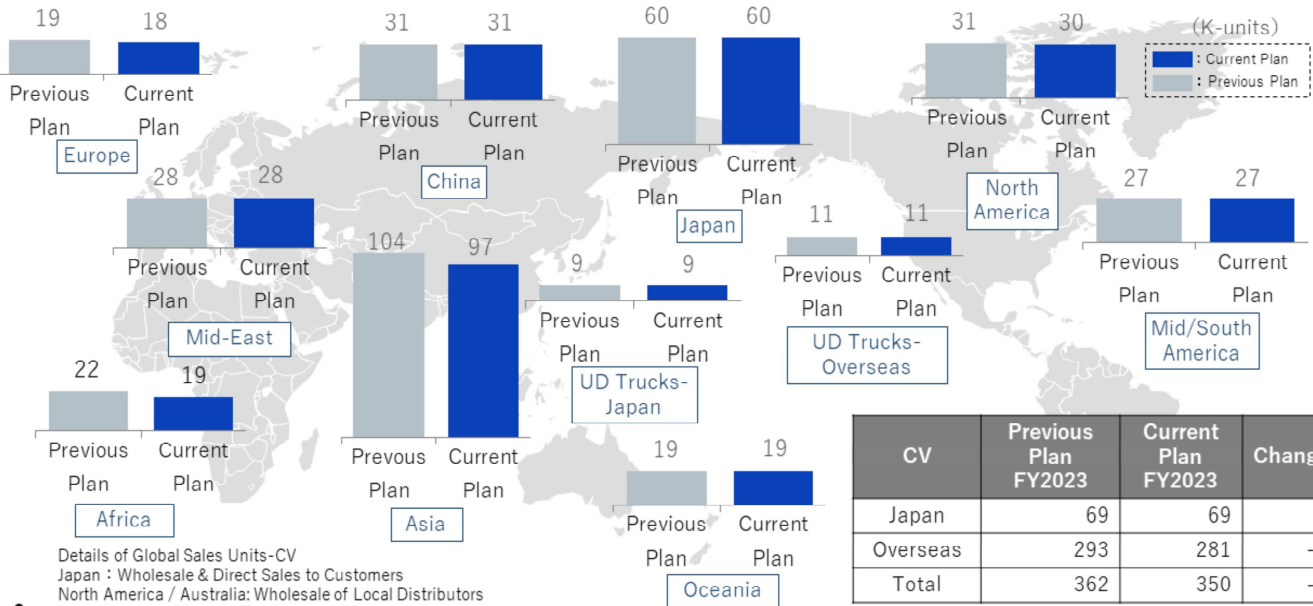


Here I will discuss CV global sales.

CV global sales units increased in both domestic and overseas markets in the third quarter as production constraints improved compared to the previous year.

Global Sales Units (CV) -2 Comparison of Full-Year Outlook from those announced in Nov. **ISUZU**

■ No changes to sales forecast of the Japanese market. Lowering outlook for overseas markets, especially in Asia and Africa.

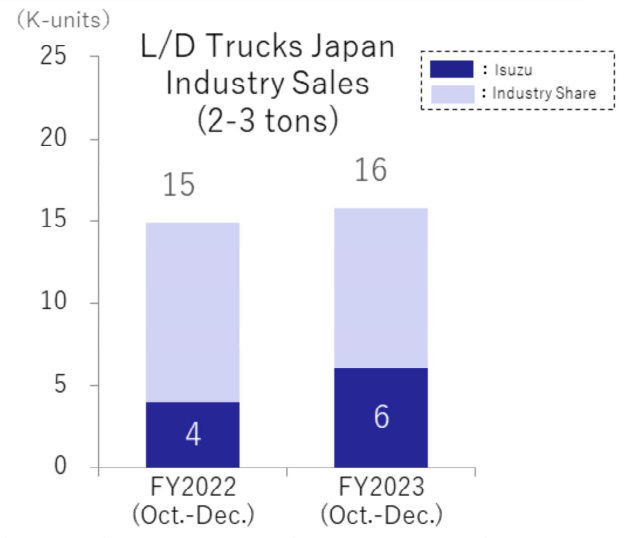
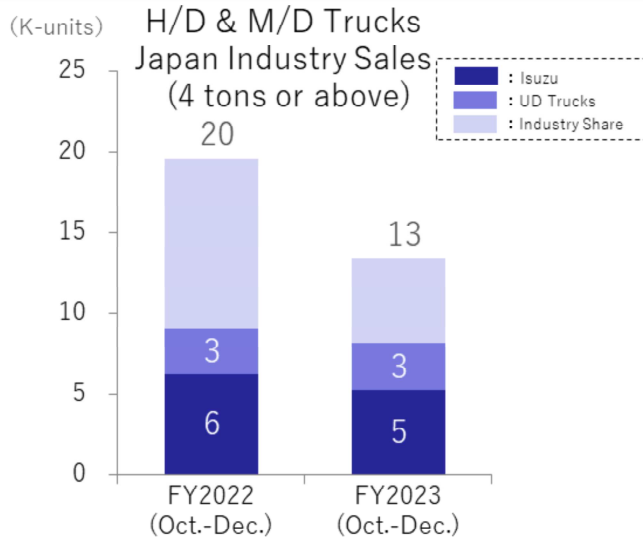


This page compares what was announced in November with the current full-year outlook.

Trends in each market are reflected in this outlook, and particularly forecasts are lowered in Thailand, where there are concerns about the impact of rising inflation and interest rates, and Egypt, where economic turmoil continues.

Japan Industry Sales and Isuzu Share (Oct.-Dec.)

- H/D & M/D: Units declined from FY2022, as industry as a whole suffered fewer production constraints. Shares of Isuzu and UD Trucks rose as other OEMs were faced by constraints.
- L/D: Isuzu regained share as production constraints eased from the same period last year and other OEMs' productions were distracted by challenges.



Oct.-Dec. Share

Isuzu	32.2%	39.1%
UD Trucks	13.8%	21.4%

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Oct.-Dec. Share

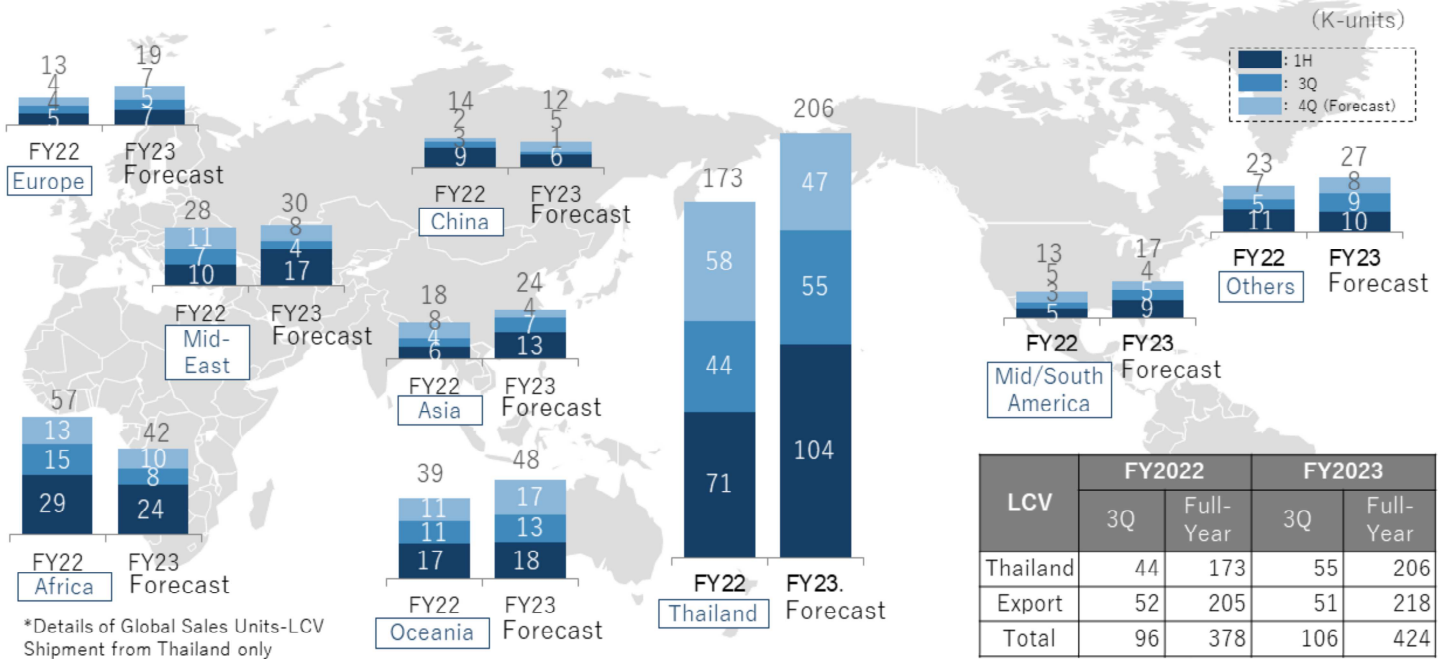
Isuzu	27.0%	38.2%
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Although Isuzu's sales units of heavy-duty and medium-duty trucks declined from the previous fiscal year when production constraints were less severe, the market share of both Isuzu and UD Trucks increased due to the situation of other companies.

On the other hand, Isuzu sales units of light-duty trucks increased due to improved production constraints compared with the previous fiscal year, even though the constraints arising from the semiconductor shortage continued.

Global Sales Units (LCV) -1

■ As parts supply has largely settled, Thailand 3Q sales units saw a major rise.

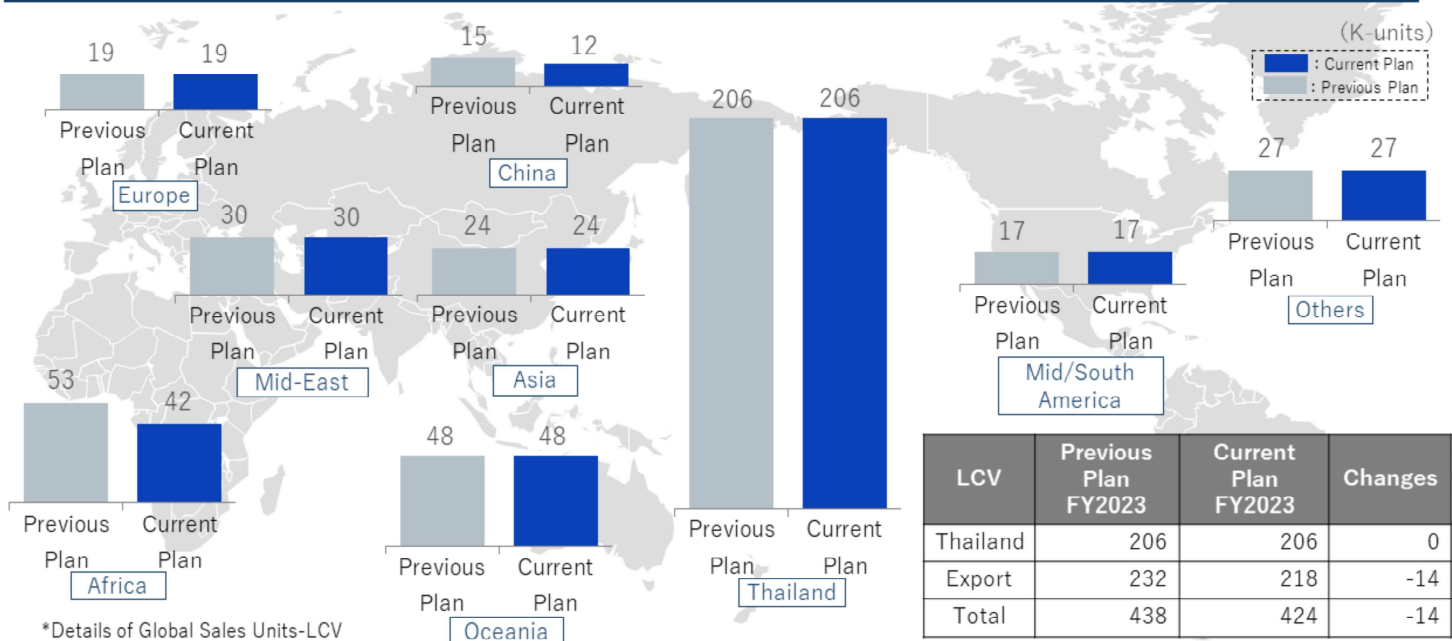


I will now turn to global LCV unit sales.

In the third quarter, as parts shortages have largely settled, global LCV unit sales increased substantially, especially in Thailand.

Global Sales Units (LCV) -2 Comparison of Full-Year Outlook in Comparison to those announced in Nov.

■ No revisions to shipment of complete vehicles. Lowered Thai knockdown shipments to Africa.



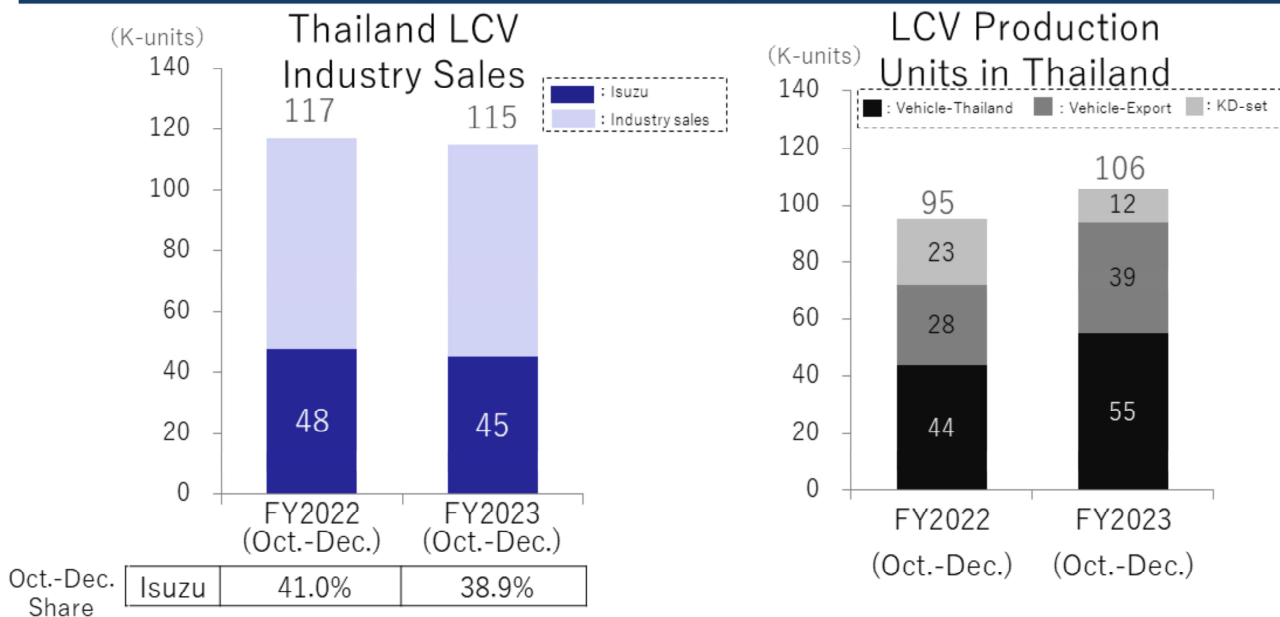
*Details of Global Sales Units-LCV
12 Shipment from Thailand only

This slide shows the full-year outlook in comparison to the outlook announced in November.

There is no change in the number of completed vehicles to be shipped, but we lowered our outlook for knockdown shipments from Thailand mainly to Egypt, where economic turmoil continues, and South Africa, where semiconductor constraints occurred.

Thailand LCV Industry Sales & Share / LCV Production Units (Oct.-Dec.) ISUZU

- Industry sales/share: Rising interest rates triggered stricter finance screening, causing sales to remain at the same level as the year when production was distracted by constraints.
- Production units: Units expanded from previous year when Isuzu endured chip shortage.



I will explain LCV's industry unit sales in Thailand, our market share, and production units in Thailand in the third quarter.

The rise in interest rates led to stricter financial screening, and thus the total industry unit sales remained at the same level as those of the previous fiscal year, which suffered production constraints.

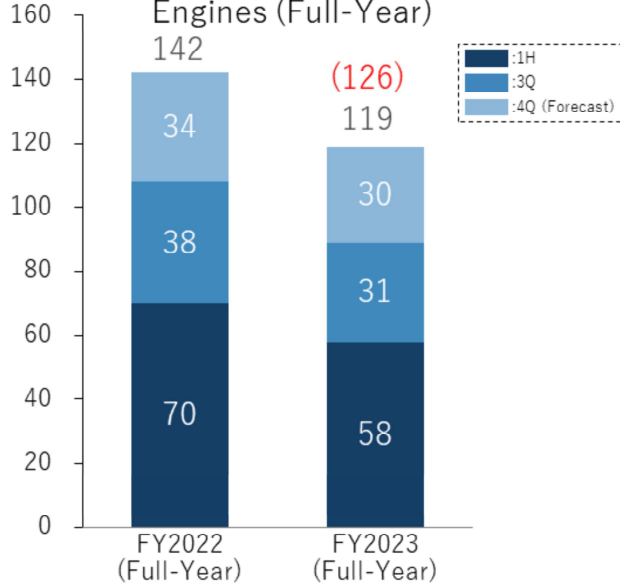
The production unit jumped compared to that of the previous fiscal year, which was largely affected by chip shortages. We maintained a high level of production, but in terms of parts supply, the risky situation continues.

In addition, for the first half of the next fiscal year, there is a parts procurement risk due to chip shortages, and we are currently working to secure procurement.

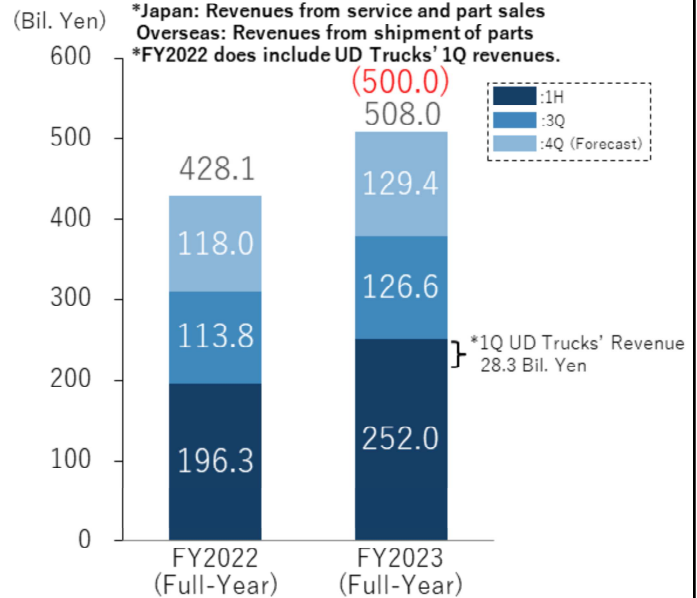
Industrial Engine Global Shipment/Revenue from Aftersales Business

- Industrial Engines: Lowered full-year outlook in consideration of the slowdown of Chinese construction machinery demand.
- Aftersales Business: Raised full-year outlook upward for both Japan and overseas markets.

(K-units) Global Shipment of Industrial Engines (Full-Year)



Aftersales Business (Full-Year)



14 *Numbers in red parenthesis indicate previous forecast announced in Nov. 2022.

I will now talk about global industrial engine shipments, and revenue from the aftersales business.

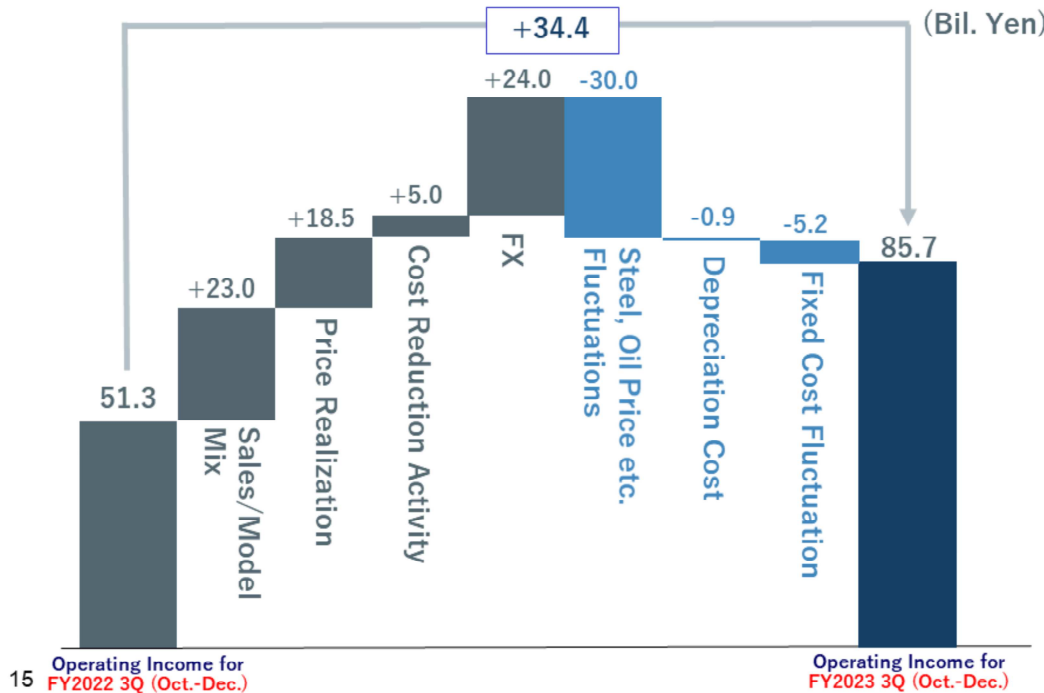
Shipments of industrial engines in the third quarter were lower than that of the previous quarter due to a slowdown in Chinese construction machinery demand and semiconductor shortages. We also lowered our full-year outlook because of a slowdown in Chinese construction machinery demand.

We raised our full-year outlook for revenue from aftersales business because of the favorable weaker yen, and a steady growth in both Japan and overseas sales.

For your information, UD Trucks' aftersales business revenue between April and June in 2022 is not included in the last fiscal year's aftersales business revenue.

FY2022 3Q vs. FY2023 3Q Fluctuations - Consolidated operating income : analysis of change -

■ Despite soaring prices of materials and logistics, operating income increased taking advantage of the weak Japanese yen, larger sales units, price realization and cost reduction activities.



FX	FY2022	FY2023
USD/JPY	113.7	141.2
THB/JPY	3.41	3.88
AUD/JPY	82.9	92.8

Breakdowns	FY2023
Sales/Model Mix	+23.0
CV-Japan	+4.0
CV-Overseas	+6.0
LCV	+8.5
Others	+4.5
FX	+24.0
USD	+12.0
AUD	+2.5
THB & Other Currencies	+9.5
Steel, Oil Price etc. Fluctuations	-30.0
Material Cost	-23.5
Logistic Fees	-5.0
Electricity, Gas etc.	-1.5
Fixed Cost Fluctuation	-5.2
R&D	-2.5
Labor Cost	-1.8
Others	-0.9

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Next, I will touch upon the analysis of the changes in operating income in the fiscal year ending March 2023.

Despite soaring prices in material and logistics costs, operating income increased by 34.4 billion yen due to the weaker yen, an increase in unit sales, price realization, and cost reduction efforts.

The exchange rates are shown in the table.

FY2023 3Q Consolidated Results - Year-on-year Comparison -

(Bil. Yen)	FY2023 3Q	FY2022 3Q	Changes	
Sales	850.7	638.8	211.9	33%
Operating Income	85.7	51.3	34.4	67%
Ordinary Income	84.8	53.2	31.6	59%
*Net Income	52.9	33.5	19.4	58%

	FY23	FY22		FY23	FY22
Operating Income	85.7	51.3	Ordinary Income	84.8	53.2
Share of profit of entities accounted for using equity method	0.9	-0.1	Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.	1.0	0.1
Foreign exchange gains/losses	-6.9	1.4	Income Taxes	-20.6	-11.6
Others	5.1	0.6	Profit attributable to non-controlling interests	-12.3	-8.2
Ordinary Income	84.8	53.2	*Net Income	52.9	33.5

I will now explain the financial results beyond operating income in the third quarter of fiscal year 2023 ending March 2023.

Ordinary income was 84.8 billion yen after adding the share of profit of entities accounted for using the equity method and other non-operating income, and subtracting foreign exchange losses and other non-operating expenses from the operating income of 85.7 billion yen.

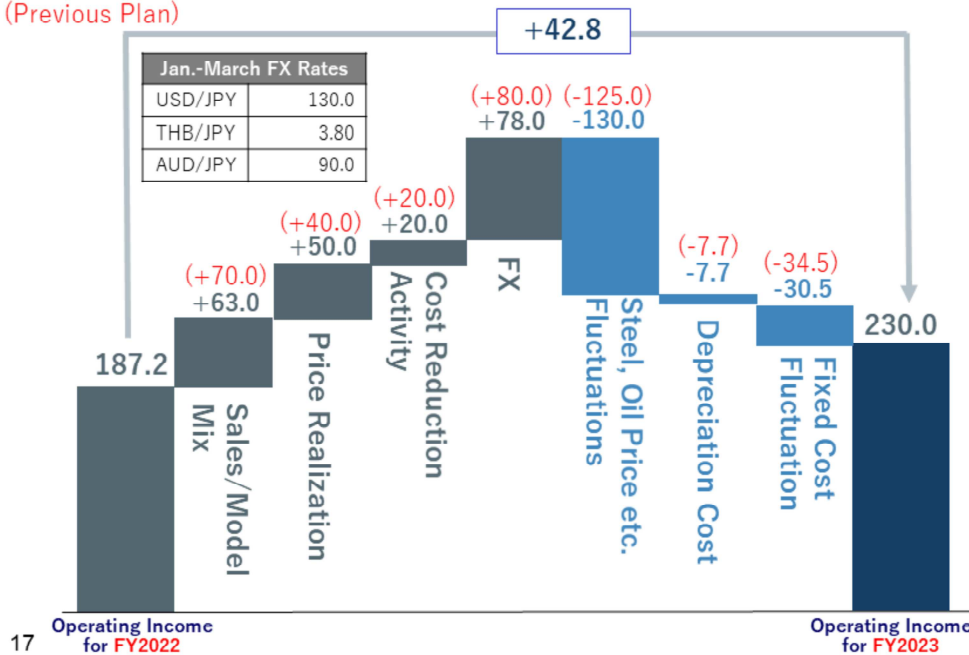
Net income was 52.9 billion yen after adding the gain and loss on sales of investment securities, loss on disposal of non-current assets, and others, and subtracting income taxes, and profit attributable to non-controlling interests from ordinary income of 84.8 billion yen.

FY2022 vs. FY2023 Fluctuations- Consolidated operating income : analysis of change - ISUZU

- Shall cover the falling sales units and rocketing material costs by additional price realization and decrease of expenses. With revised FX rates, shall make no changes to the full-year outlook.

(Bil. Yen)

(Previous Plan)



FX Rates	FY2022	FY2023
USD/JPY	112.4	134.9
THB/JPY	3.44	3.82
AUD/JPY	83.1	92.5

Breakdowns	FY2023	Previous Plan
Sales/Model Mix	+63.0	+70.0
CV-Japan	+10.0	+10.0
CV-Overseas	+10.0	+15.5
LCV	+27.0	+28.5
Others	+16.0	+16.0
FX	+78.0	+80.0
USD	+40.0	+40.0
AUD	+7.5	+7.5
THB & Other Currencies	+30.5	+32.5
Steel, Oil Price etc. Fluctuations	-130.0	-125.0
Material Cost	-107.0	-103.0
Logistic Fees	-20.0	-20.0
Electricity, Gas etc.	-3.0	-2.0
Fixed Cost Fluctuation	-30.5	-34.5
R&D	-15.2	-14.2
Labor Cost	-8.8	-7.8
Others	-6.5	-12.5

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Next, I will now talk about the change analysis of the full-year outlook for the operating income in the fiscal year ending March 31, 2023.

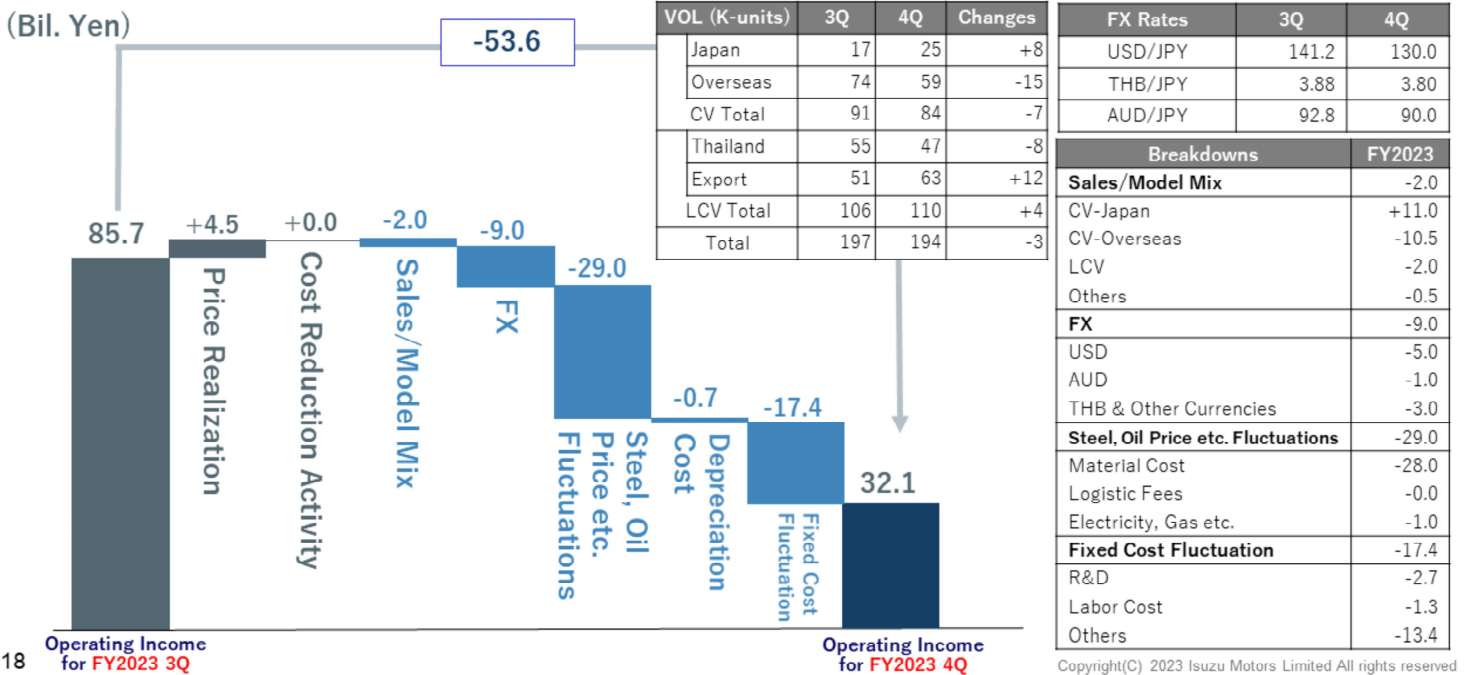
As mentioned in the beginning of the presentation, there are no changes to the outlook of the operating income for the full-year.

We expect a decrease in unit sales and a further increase in material costs, but plan to make it up by additional price realization and cost reductions.

We have set our exchange rates assumption for the fourth quarter, Jan. to Mar., at 130 yen to the US dollar, 3.8 yen to the Thai Baht, and 90 yen to the Australian dollar.

(Reference) FY2023 3Q vs. FY2023 4Q Fluctuations
 - Consolidated operating income : analysis of change -

■ Positive effects of price realization will stack up, but negative effects from steel, oil price etc. fluctuations and increase of expenses shall be concentrated in the fourth quarter.



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Lastly, I will explain the difference in operating incomes of the third and fourth quarters of the fiscal year ending March 31, 2023.

Though the effects from price realization shall stack up, we expect operating income to decrease by 53.6 billion yen from the third quarter to 32.1 billion yen because, in addition to unfavorable foreign exchange rates, negative impacts of steel oil prices etc. fluctuations and R&D and other costs are expected to be concentrated in the fourth quarter.

Trucks for life
ISUZU

Overview: FY2023 Cumulative 3Q Consolidated Results (April-Dec.)

Global Sales Units (K-units)		FY2023 1-3Q	FY2022 1-3Q	Changes	
CV Total	CV-Japan	44	* 51	-7	-14%
	CV-Overseas	222	* 204	18	9%
		266	* 255	11	4%
LCV Total	LCV-Thailand	159	116	44	38%
	LCV-Export	155	144	11	8%
		314	260	55	21%
Total		580	515	66	13%

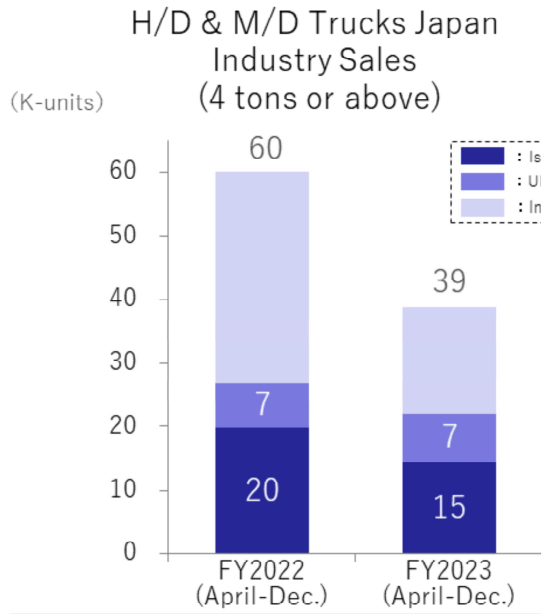
Financial Results (Bil. Yen)

*Above FY2022 1-3Q figures includes April-June 2021 sales units of UD Trucks (a total of 4K-units, 2K-units for both CV-Japan and CV-Overseas).

Sales	* 2,344.0	1,783.8	* 560.2	31%
Operating Income	197.9	148.6	49.3	33%
Ordinary Income	210.3	159.9	50.4	32%
Net Income	125.9	104.7	21.2	20%

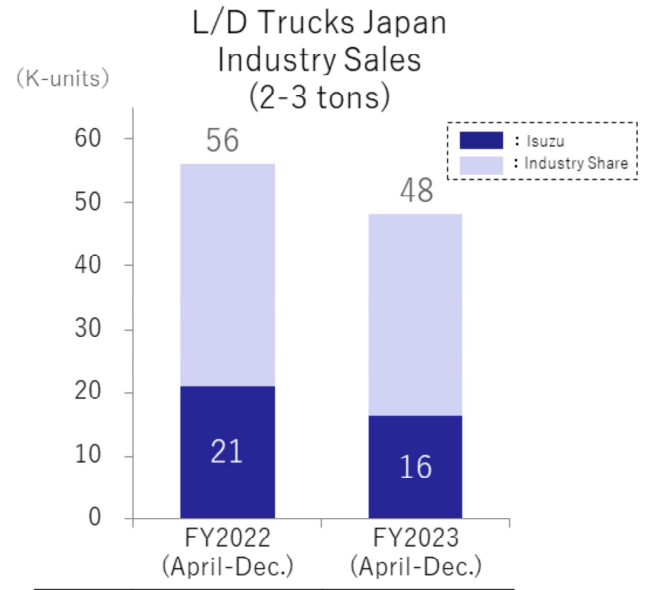
*Effect of newly consolidation of UD Trucks: 79.3 billion yen

Japan Industry Sales and Isuzu Share (Cumulative 9 months (April-Dec.))



April-Dec. Share

Isuzu	33.1%	37.6%
UD Trucks	11.6%	19.2%

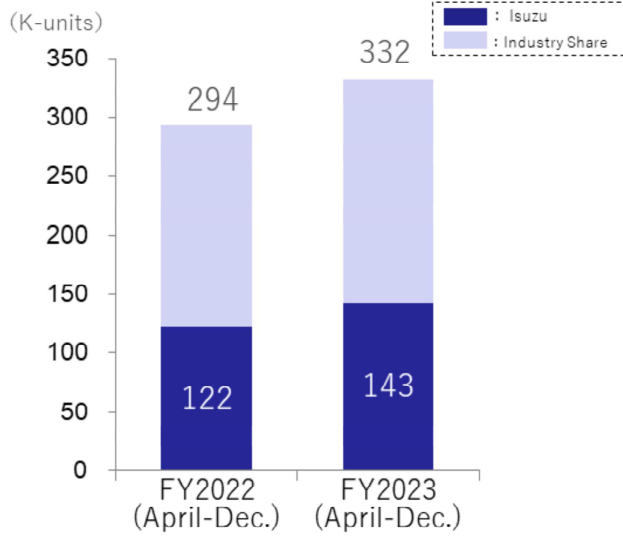


April-Dec. Share

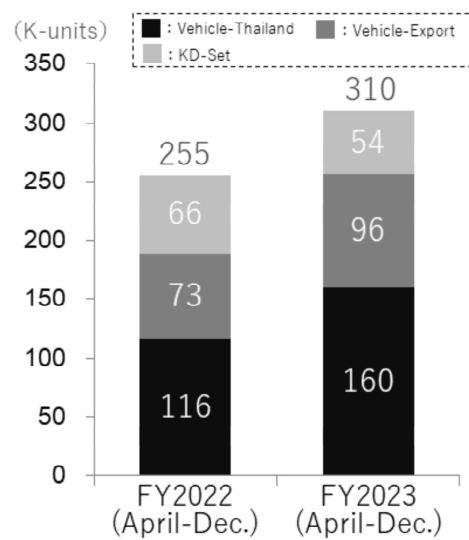
Isuzu	37.3%	33.6%
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Thailand LCV Industry Sales & Share /LCV Production Units (Cumulative 9 months (April-Dec.))

Thailand LCV Industry Sales



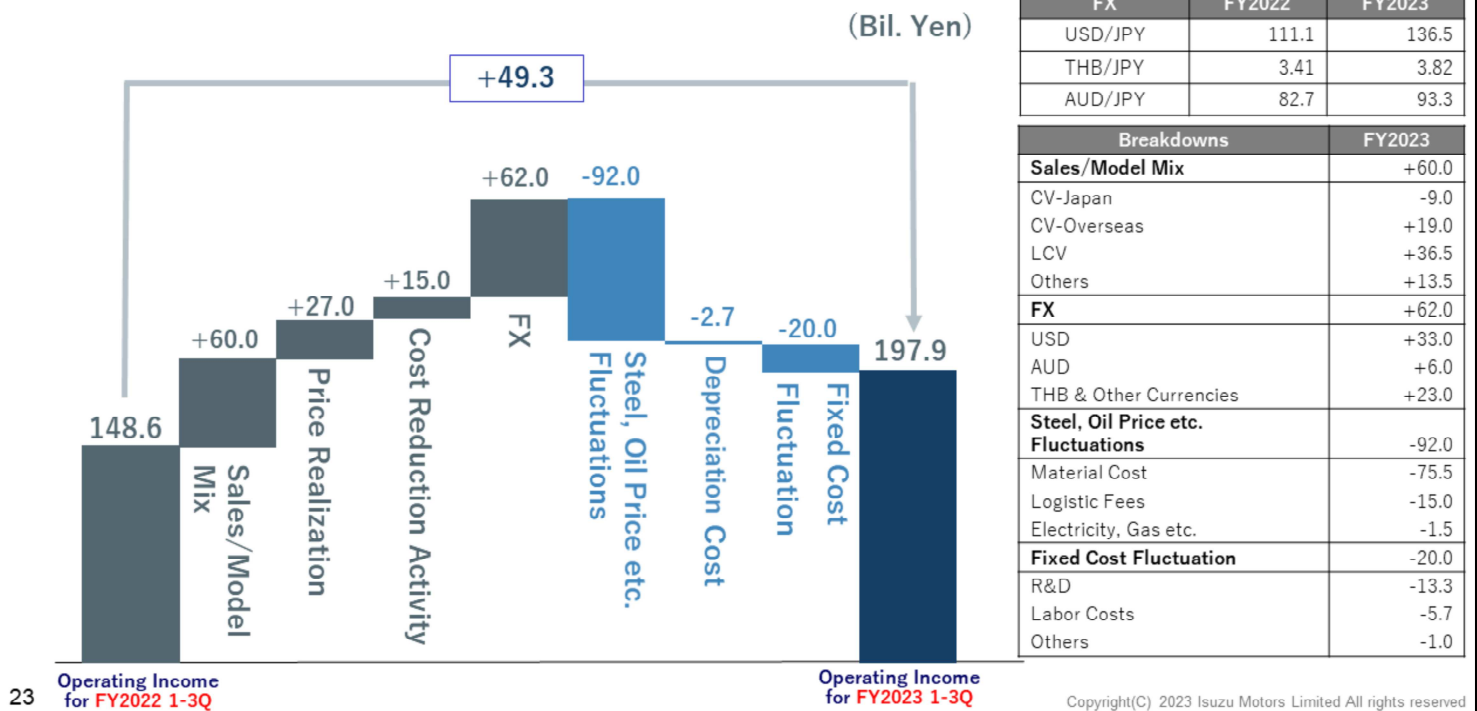
LCV Production Units in Thailand



April-Dec.
Share

Isuzu	41.4%	43.0%
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FY2022 3Q vs. FY2023 3Q Fluctuations (Cumulative 9 months (April-Dec.))
- Consolidated operating income : analysis of change -



2022年3月期 第3四半期営業利益実績の前年比増減分析でございます。

主な増益要因は、売上変動/構成差が+34億円、為替+82億円、原価低減活動+43億円となりました。また、UDトラックスの連結化影響は+11億円となりました。

主な減益要因は経済変動▲72億円、費用増減他が▲40億円、償却費が▲7億円となりました。

11月公表の見通しとの比較では、売上変動/構成差、資材費・物流費が悪化したものの、為替の好転、費用面での改善により、ほぼ想定通りの業績となりました。為替実績は、表に記載した通りでございます。

FY2023 3Q Consolidated Results (Cumulative 9 months (April-Dec.)) - Year-on-year Comparison -

ISUZU

(Bil. Yen)	FY2023 1-3Q	FY2022 1-3Q	Changes	
Sales	2,344.0	1,783.8	560.2	31%
Operating Income	197.9	148.6	49.3	33%
Ordinary Income	210.3	159.9	50.4	32%
*Net Income	125.9	104.7	21.2	20%

	FY2023	FY2022		FY2023	FY2022
Operating Income	197.9	148.6	Ordinary Income	210.3	159.9
Share of profit of entities accounted for using equity method	4.3	5.0	Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.	1.5	-0.8
Foreign exchange gains/losses	-2.5	2.4	Income Taxes	-53.3	-32.7
Others	10.6	3.9	Profit attributable to non-controlling interests	-32.6	-21.7
Ordinary Income	210.3	159.9	*Net Income	125.9	104.7