

FY2023 1Q Financial Results

August 5, 2022
ISUZU MOTORS LIMITED

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

Naoto Nakamata

1. Overview

1. FY2023 1Q Financial Results

(Year-over-Year Comparison)

- Sales units of CVs dropped in result of insufficient parts supplies caused by the Shanghai lockdown.
- Sales units of LCVs increased thanks to improvement in parts procurement.
- Though LCV sales units grew and FX rates moved in our favor, profits decreased mainly due to soaring prices of raw materials and logistic fees.

(Comparison with Full-Year Outlook)

- Profits overpassed our assumptions with favorable FX rates.

2. FY2023 Full-Year Outlook

- Demand remains robust for both CVs and LCVs in markets outside Japan.
- Normalization of chips supplies for CVs shall take more time than our original assumptions. Making thorough discussions to minimize the financial impact in the full-year.
- No revisions to our full-year outlook.

I am Nakamata, Deputy Division Executive of the Corporate Planning & Finance Division.
First, I will briefly explain about our business overview.

The first quarter of this fiscal year started with a year-over-year decrease in CV unit sales due to supply chain disruptions caused mainly by a lockdown in Shanghai. On the contrary, LCV unit sales exceeded the previous fiscal year since there was an improvement in parts supply.

On the profit and loss front, sales increased but profit decreased in the first quarter. This was due to the negative impacts from the continuing hike in raw materials and logistics costs, exceeding the positive impacts of growing LCV unit sales and favorable foreign exchange rates. Meanwhile, earnings exceeded our forecast announced last May thanks to favorable foreign exchange rates.

As for the full year outlook of the fiscal year ending March 2023, we expect strong sales to continue in overseas markets for both CVs and LCVs. However, we expect the supply of semiconductors for CVs not to normalize as soon as we anticipated. We are exploring various measures to minimize the impact on our earnings to counteract the chip shortage. The full-year earnings forecast will remain unchanged from what was announced last May.

3. Affects from Supply Chain Disruptions

	FY2023 1Q	FY2023 2Q-4Q
Japan	<ul style="list-style-type: none"> • Shortage of semiconductors continues • Saw disruptions in supply of parts for H/D and L/D trucks owing to lockdown in Shanghai. • Was forced to reduce production units by temporarily stopping production lines. 	<ul style="list-style-type: none"> • Burdens caused by Shanghai lockdown has been cleared. • Chip supply is forecasted to normalize some time in the latter half of the fiscal year.
Thailand	<ul style="list-style-type: none"> • Though supply of specific components are still unstable, affects to production is limited. 	<ul style="list-style-type: none"> • While uncertainty in procurement of some components remains, planning high-level of production.

I will now discuss the impact of the supply chain disruptions on our business.

In the first quarter, the production lines in Japan were suspended for five days due to the Shanghai lockdown, resulting in a production cutback of CV units. Production volume has now been restored to normal levels.

As for the shortage of semiconductors, we believe it will last longer than we originally anticipated. Currently, we expect to see supply normalization at some point in the second half of the fiscal year ending March 2023.

Meanwhile, the supply disruption has not caused a major impact on production lines in Thailand, although deliveries of some components are insufficient to fully answer our needs. We project production in Thailand to remain high going forward.

Overview -FY2023 1st Quarter Results-

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Global Sales Units (K-units)		FY2023 1Q	FY2022 1Q	Changes	
CV Total	CV-Japan	11	*17	-6	-35%
	CV-Overseas	66	*62	4	7%
		77	*79	-2	-2%
LCV Total	LCV-Thailand	48	37	11	30%
	LCV-Export	52	48	4	9%
		100	85	15	18%
Total		177	164	13	8%

*Above FY2022 1Q figures includes sales units of UD Trucks (2K-units for both CV-Japan and CV-Overseas.)

Financial Results (Bil. Yen)

Sales	*688.2	529.6	*158.6	30%
Operating Income	54.8	59.3	-4.5	-8%
Ordinary Income	58.8	62.2	-3.4	-5%
Net Income	36.1	46.4	-10.3	-22%

*79.3 billion yen increase in sales is recorded as result of consolidation of UD Trucks.

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Global CV unit sales in the first quarter of fiscal year ending March 2023 fell from the previous year due to a COVID lockdown in Shanghai. However, on the other hand, global LCV unit sales in the first quarter largely surpassed unit sales in the last first quarter.

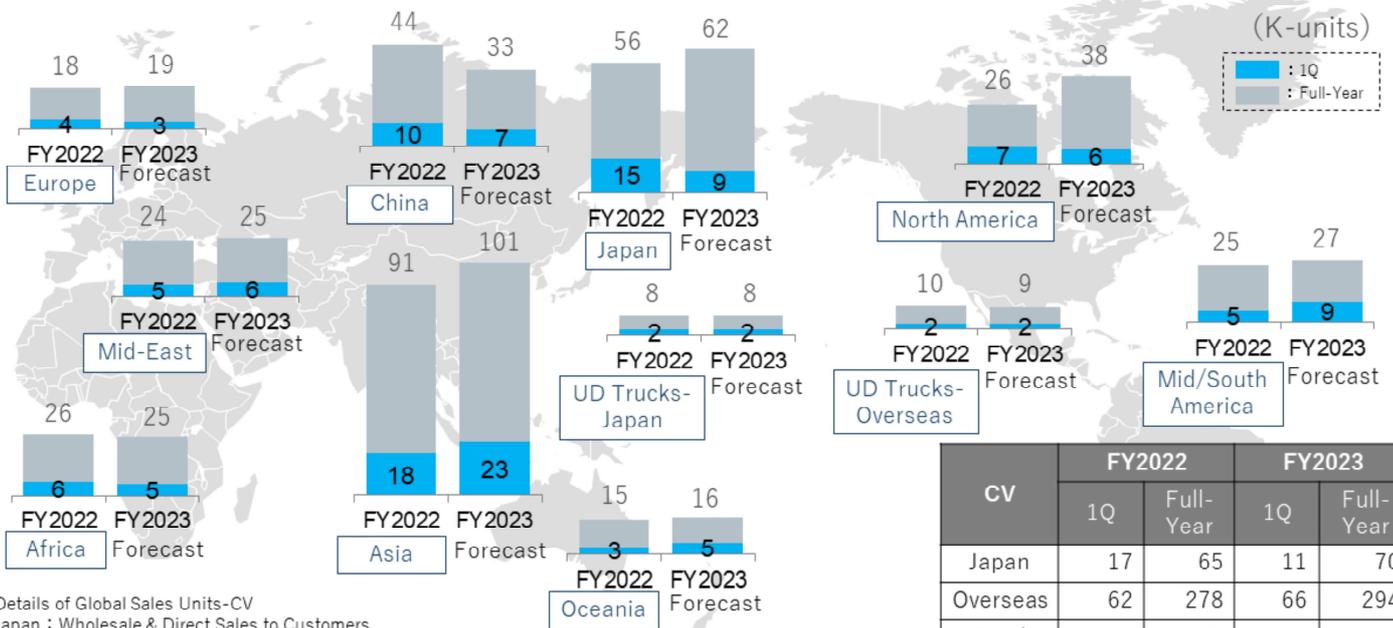
As a note, UD Trucks unit sales from April to June are included in the FY2022 global unit sales while the financial results are not.

Sales grew by 158.6 billion yen from the previous year, thanks to the increase in unit sales, and the consolidation of UD Trucks. However, operating income, ordinary income and net income decreased because of the big impact stemming from a steep rise in materials and logistics costs.

2. FY2023 1Q Financial Results

Global Sales Units-CV

■ Demand stays strong. Affects from Shanghai lockdown etc. caused 1Q sales units to remain the same level as the previous year.



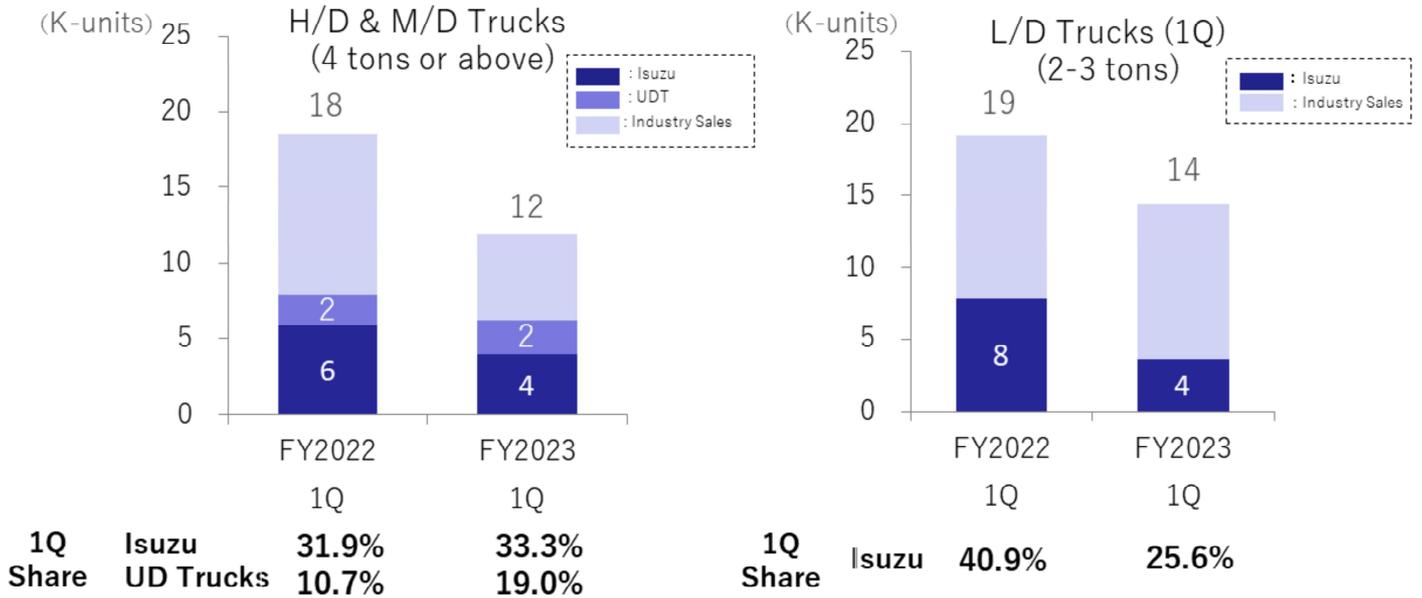
Details of Global Sales Units-CV
 Japan : Wholesale & Direct Sales to Customers
 North America / Australia: Wholesale of Local Distributors
 8 Other Regions: Shipment from Japan

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Next, I will explain global CV unit sales. Global CV unit sales in the first quarter of fiscal year ended March 2023 decreased by 2,000 units from the previous year to 77,000 units. Although demand has been robust, unit sales in the first quarter of fiscal year ended March 2023 remained at the same level as the same period last fiscal year because of parts supply shortages caused by the COVID-19 lockdown in Shanghai and other factors.

Japan Industry Sales and Isuzu Share

- Industry sales dropped from the previous year due to production restrictions. Both Isuzu and UD Trucks' share rose in the H/D & M/D trucks segment.
- Affects from production constraints for L/D trucks is critical; caused Isuzu's share to plummet.



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Next, I will explain industry sales in Japan, and Isuzu's market share results.

Industry sales of both light-duty truck, and mid-/heavy-duty truck segment dropped from the previous year because of production constraints of OEMs. Isuzu's market share in the mid-/heavy-duty truck surpassed that of the previous year to 33.3%.

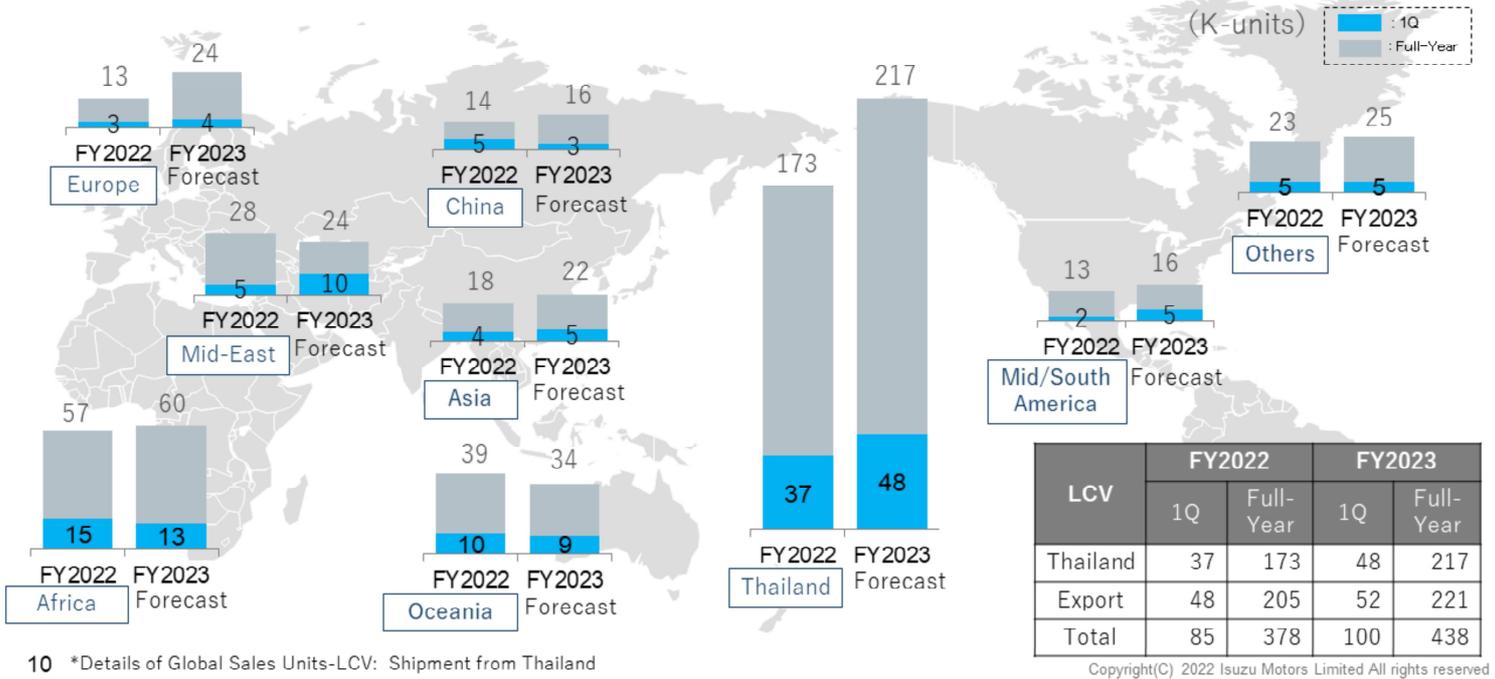
UD Trucks, which became a consolidated subsidiary of Isuzu from fiscal year ended March 2022, has significantly increased its market share by concentrating and expanding the sales of heavy-duty trucks through compartmentalizing sales roles and clarifying goals within the Isuzu group.

On the other hand, Isuzu's market share in the light-duty truck segment plummeted because of production constraints.

The full-year outlook for industry sales remains undetermined.

Global Sales Units-LCV

■ Thanks to robust demand, sales units surpassed that of the previous year, principally in Thailand.



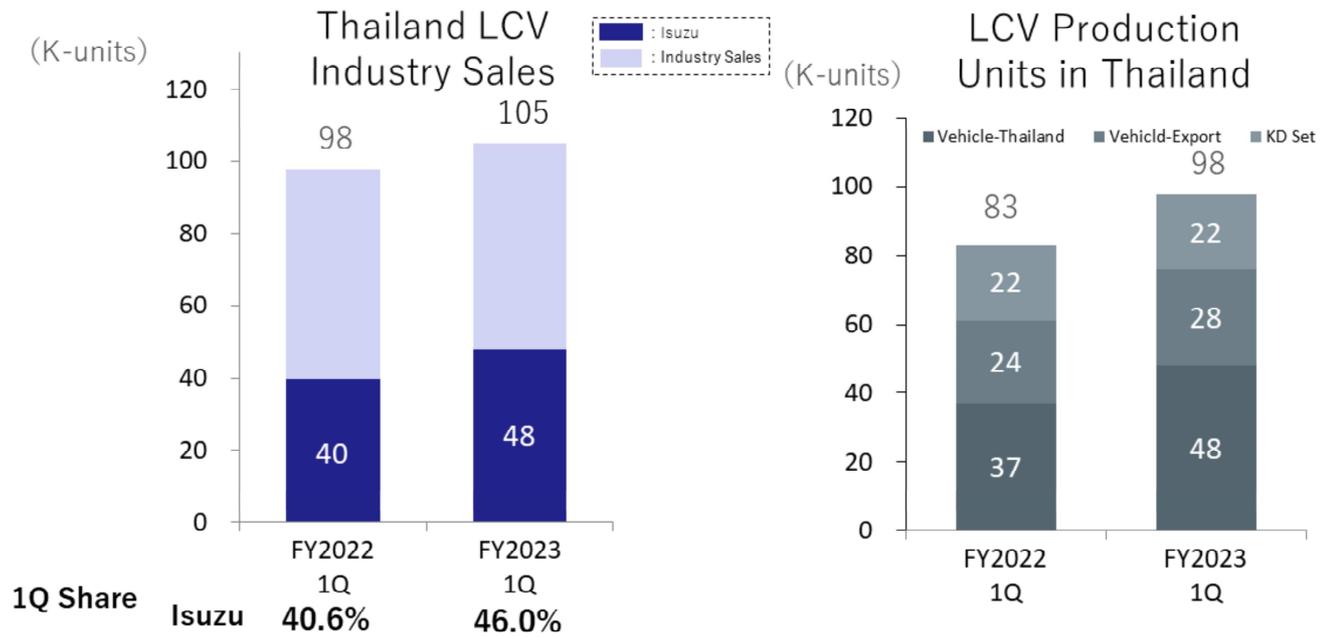
Let us now look at LCV global unit sales.

Demand remains strong in many markets. Although sales volume saw a decrease in some countries and regions affected by parts shortages, LCV global unit sales increased for both the Thai domestic market and for export, amounting to 100,000 units, up 15,000 units from the previous fiscal year. LCV production will maintain a high level taking in account of the large number of backorders.

Thailand LCV Industry Sales & Share /LCV Production Units



- Unstablensness remains for some parts. Thus, 1Q industry sales saw only a slight increase.
- Taking advantage of improvements in parts procurement, both Isuzu's production units and share saw a rise from the previous 1Q.



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Next, I will talk about industry unit sales, Isuzu market share, and production volume of LCVs in Thailand.

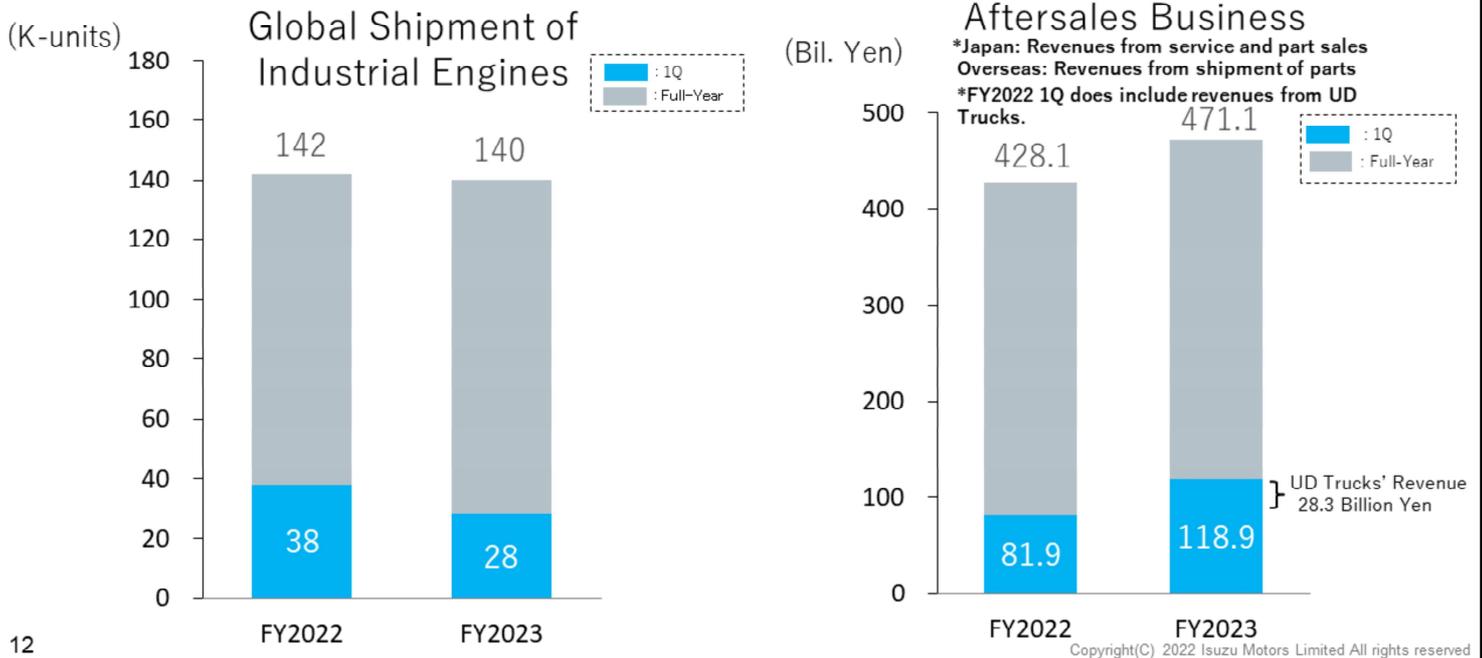
Industry unit sales marked only a slight increase from the previous fiscal year mainly due to continued instability in the supply of some components. The market share surpassed that of the previous fiscal year owing to production constraints of other OEMs.

Following improvements in parts procurement, we were able to increase production volume of LCVs in Thailand, mainly with vehicles for the Thai domestic market.

Industrial Engine Global Shipment/Revenue from Aftersales Business

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- Industrial Engines : With slowdowns in construction machinery demand in China, shipment fell accordingly.
- Aftersales Business : Not only revenues expanded due to consolidation of UD Trucks, but it also increased as Isuzu was successful in enlarging revenues in both Japan and overseas.



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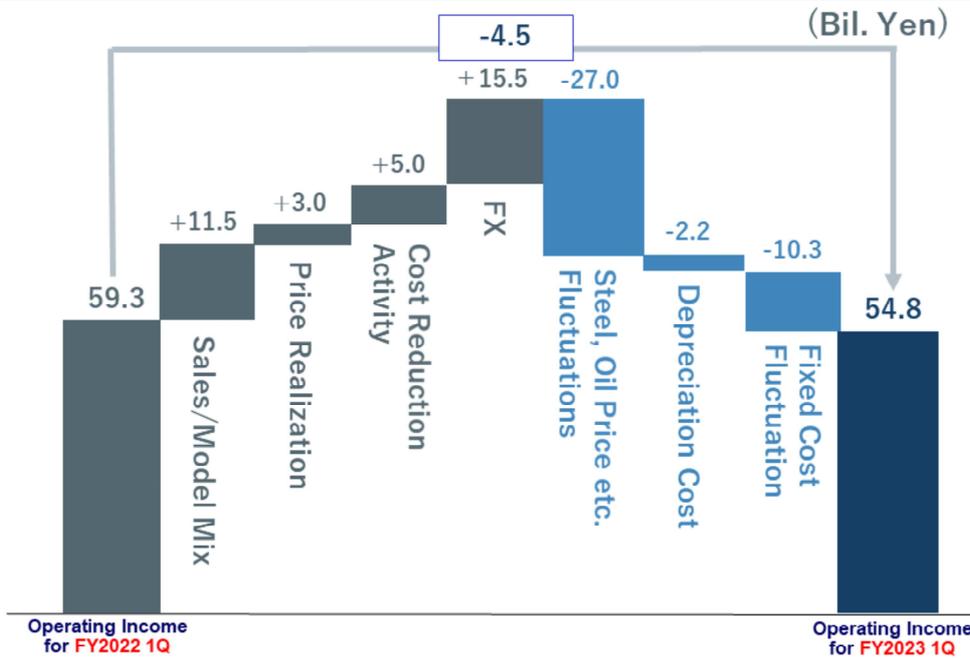
Now, I will turn to industrial engines and aftersales business.

Global shipment of industrial engines fell from the previous fiscal year due to a slowdown in the demand of Chinese construction machinery.

Sales of aftersales business significantly grew as we included April to June 2022 sales of UD Trucks in our earnings. Furthermore, sales of Isuzu's aftersales business have been steadily increasing both at home and abroad.

FY2022 1Q vs. FY2023 1Q Fluctuations
- Consolidated operating income : analysis of change -

■ Despite growing sales units, promotion of cost reduction activities, and favorable FX rates, operating income dropped owing to steel, oil price etc. fluctuations and increase in other expenses.



FX Rates	FY2022	FY2023
USD/JPY	109.4	129.8
THB/JPY	3.49	3.77
AUD/JPY	84.3	92.7

Breakdowns	FY2023
Sales/Model Mix	+11.5
CV-Japan	-7.0
CV-Overseas	+3.5
LCV	+9.5
Others	+5.5
FX	+15.5
USD	+7.0
AUD	+1.0
THB & Other Currencies	+7.5
Fixed Cost Fluctuation	-10.3
R&D	-8.7
Labor Costs	-2.0
Others	+0.4

Next, I will explain the analysis of the changes in operating income by comparing the variances between the first quarters of fiscal year ending March 2022 and March 2023.

Despite an increase in unit sales, promotion of cost reduction activities, and favorable foreign exchange rates, operating income decreased due to inflation of materials and logistics costs.

The foreign exchange rates are as listed in the table.

FY2023 1st Quarter Consolidated Results - Year-on-year Comparison -

(Bil. Yen)	FY2023 1Q	FY2022 1Q	Changes	
Sales	688.2	529.6	158.6	30%
Operating Income	54.8	59.3	-4.5	-8%
Ordinary Income	58.8	62.2	-3.4	-5%
*Net Income	36.1	46.4	-10.3	-22%

Operating Income	54.8	Ordinary Income	58.8
Share of profit of entities accounted for using equity method	0.9	Loss on valuation of investment securities, Loss on disposal of non-current assets, etc.	-0.4
Foreign exchange gains/losses	1.8	Income Taxes	-11.9
Others	1.3	Profit attributable to non-controlling interests	-10.4
Ordinary Income	58.8	*Net Income	36.1

* Net income attributable to owners of parent

I will now explain the financial figures beyond the operating income.

Net income was 36.1 billion yen calculated by subtracting loss on disposal of non-current assets, income taxes, and profit attributable to non-controlling interests from ordinary income of 58.8 billion yen.

That brings me to the end of my presentation. Thank you.

Trucks for life
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