

FY2023 Financial Results

May 12, 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.

1. Overview

1. FY2023 Financial Results

- Sales units of both CVs and LCVs increased as parts procurements has improved. Despite soaring prices of material costs and logistic fees, profits grew thanks to increase in sales units, weaker Japanese yen, and outcome of cost realization activities.
- Profits exceeded forecast announced in Feb. 2023, thanks to increase in shipment volume of vehicles, stable revenues from the aftersales business, further cost realization and decrease in costs.

2. FY2024 Full-Year Outlook

- Sales units of CVs for Japanese and North American markets are assumed to surpass those of FY2023 as lack of parts is forecasted to lessen. Only, we shall see negative impacts of inflation and rise in interest rates in some markets, mainly in the ASEAN region.
- Demand of LCVs in Thailand are forecasted to diminish. Export units are to expand, but production constraints will continue.
- While material and energy-related costs are assumed to rise further, with improvements in model mix, price realization, and promotion of cost reduction, shall aim operating income of 260.0 billion yen.

I am Yamaguchi.

I will briefly explain the overview of our business.

In the fiscal year ended March 2023, both CV and LCV sales volume increased thanks to improvements in parts shortages.

Against the forecast announced last February, earnings increased due to higher shipment units, stable aftersales revenue, additional price realization, and decrease in costs.

In the fiscal year ending March 2024, we expect CV sales to increase in Japan and North America where parts shortages are now easing, while some markets, particularly the ASEAN region, will be negatively affected by inflation and rising interest rates. We anticipate demand for LCVs to decline in Thailand. Although exports are expected to increase, they will be impacted by lack of parts.

On the profit and loss front, we are set to achieve record-high operating income of 260.0 billion yen through a combination of the improvement in model mix, price realization and cost reduction, despite higher material and energy-related costs.

Overview: FY2023 Consolidated Results

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Global Sales Units (K-units)		FY2023	FY2022	Changes		FY2023 Outlook Announced Feb. 2023
CV Total	CV-Japan	67	*65	2	4%	69
	CV-Overseas	287	*278	9	3%	281
CV Total		354	*343	11	3%	350
LCV Total	LCV-Thailand	202	173	29	17%	206
	LCV-Export	215	205	10	5%	218
LCV Total		417	378	39	10%	424
Total		771	721	50	7%	774

Financial Results (Bil. Yen)

*FY2022 : Above figures include April-June sales units of UD Trucks (a total of 4K-units, 2K-units for both CV-Japan and CV-Overseas)

Sales	*3,195.5	*2,514.3	*681.2	27%	3,100.0
Operating Income	253.5	187.2	66.3	35%	230.0
Ordinary Income	269.9	208.4	61.5	30%	245.0
Net Income	151.7	126.2	25.5	20%	140.0
Dividends per Share	79 Yen	66 Yen	13 Yen		72 Yen

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*Effect of consolidation of UD Trucks: 79.3 billion yen

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I will discuss the business performance of fiscal year ended March 2023.

Global sales units of both CVs and LCVs surpassed those of the previous year ended March 2022, as component shortages eased markedly.

The earnings are shown at the bottom.

The year-end dividend is 43 yen per share, an increase of 7 yen from the previous forecast of 36 yen, due to higher than expected net income. The annual dividend, including the interim dividend, is 79 yen per share.

Overview: FY2024 Full-Year Outlook

Global Sales Units (K-units)		FY2024	FY2023	Changes	
CV Total	CV-Japan	90	67	23	33%
	CV-Overseas	275	287	-12	-4%
CV Total		365	354	11	3%
LCV Total	LCV-Thailand	181	202	-21	-10%
	LCV-Export	224	215	9	4%
LCV Total		405	417	-12	-3%
Total		770	771	-1	-0%

Financial Forecast (Bil. Yen)

Sales	3,300.0	3,195.5	104.5	3%
Operating Income	260.0	253.5	6.5	3%
Ordinary Income	275.0	269.9	5.1	2%
Net Income	155.0	151.7	3.3	2%
Dividends per Share	80 Yen	79 Yen	1 Yen	

I now turn to the forecasts of unit sales and earnings for the fiscal year ending March 2024.

Overall, global sales units are expected to be at the same level as the fiscal year ended March 2023 as CV volume is expected to increase while LCV volume decreases.

The earnings are as described in the slide.

We plan to pay an annual dividend of 80 yen, an increase of 1 yen from the fiscal year ended March 2023.

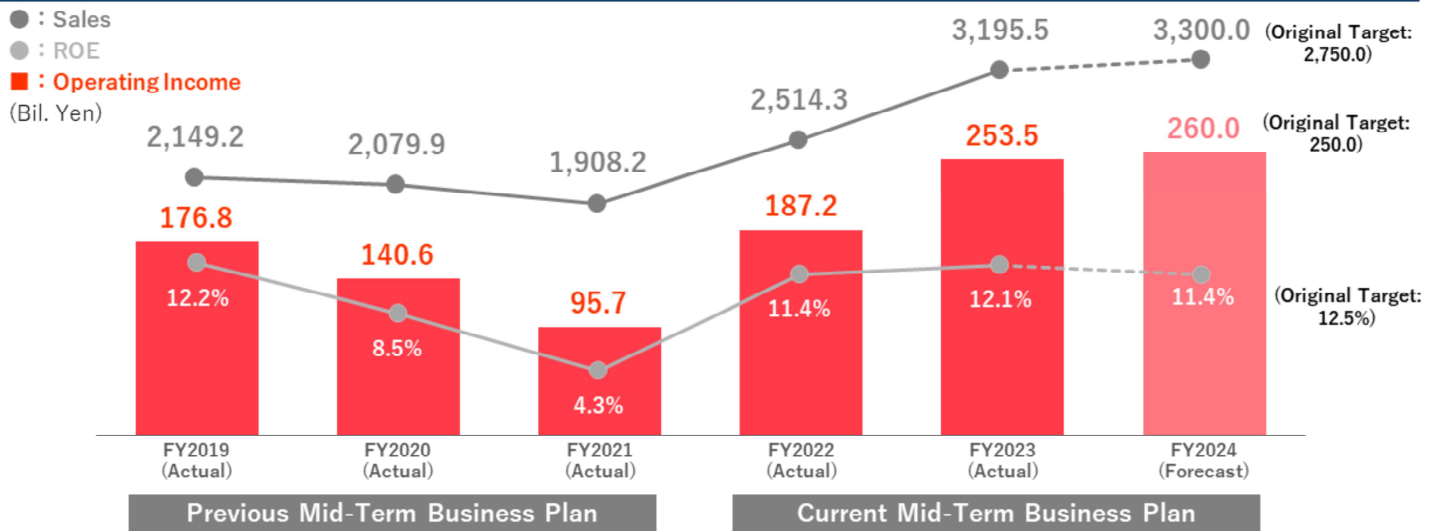
2. Progress of Mid-Term Business Plan

Next, I will explain the progress of the mid-term business plan.

Financial Performance of Current Mid-Term Business Plan Period

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- Business environment has changed drastically since the announcement of Mid-Term Business Plan in May 2021. While material cost, logistic fees, and energy-related costs have risen to a historic level, Japanese yen has depreciated significantly.
- With promotion of price realization and cost reduction activities, shall aim to achieve the financial targets set in the Mid-Term Business Plan.
- Shall strive to achieve the ROE target (12.5% in FY2024) by further increase in profit.



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Here is an update on the progress we have made during the current mid-term business plan.

The business environment has changed significantly since the announcement of the mid-term business plan in 2021, with material, logistics and energy-related costs soaring to historic levels, while the yen has depreciated significantly.

In the current fiscal year, which is the final year of the mid-term business plan, we aim to achieve the quantitative targets set out when we formulated the mid-term business plan by promoting price realization and cost reduction activities.

Although ROE shall not reach the mid-term business plan target of 12.5%, we strive to achieve it through further earnings growth. At the same time, we will continue to consider possibilities of share buybacks.

(Appendix) Sales Units & Financial Indicators

Current Mid-Term Business Plan

Sales Units (K-units)	FY2021	FY2022	FY2023	FY2024	
	Actual	Actual	Actual	Target	Forecast
CV-Japan	70	65	67	78	90
CV-Overseas	190	278	287	281	275
LCV	295	378	417	448	405
Industrial Engines	138	142	116	145	139

Sales Units of UD Trucks (included in above figures) (K-units)

CV-Japan	-	8	9	8	10
CV-Overseas	-	10	11	9	10

Investments & Financial Indicators (Bil. Yen)	FY2021	FY2022	FY2023	FY2024	
	Actual	Actual	Actual	Target	Forecast
R&D	91.0	104.8	119.0	115.0	125.0
CAPEX	69.8	78.4	82.2	100.0	140.0

Interest-Bearing Liabilities (Excl. Lease)	112.4	317.4	241.1	260.0	230.0
Equity Ratio	46%	42%	43%	48%	44%

This slide shows changes of sales units and financial indicators of the mid-term business plan. Our R&D expenses and CAPEX are expected to total 265 billion yen, including a 45 billion-yen investment in innovation.

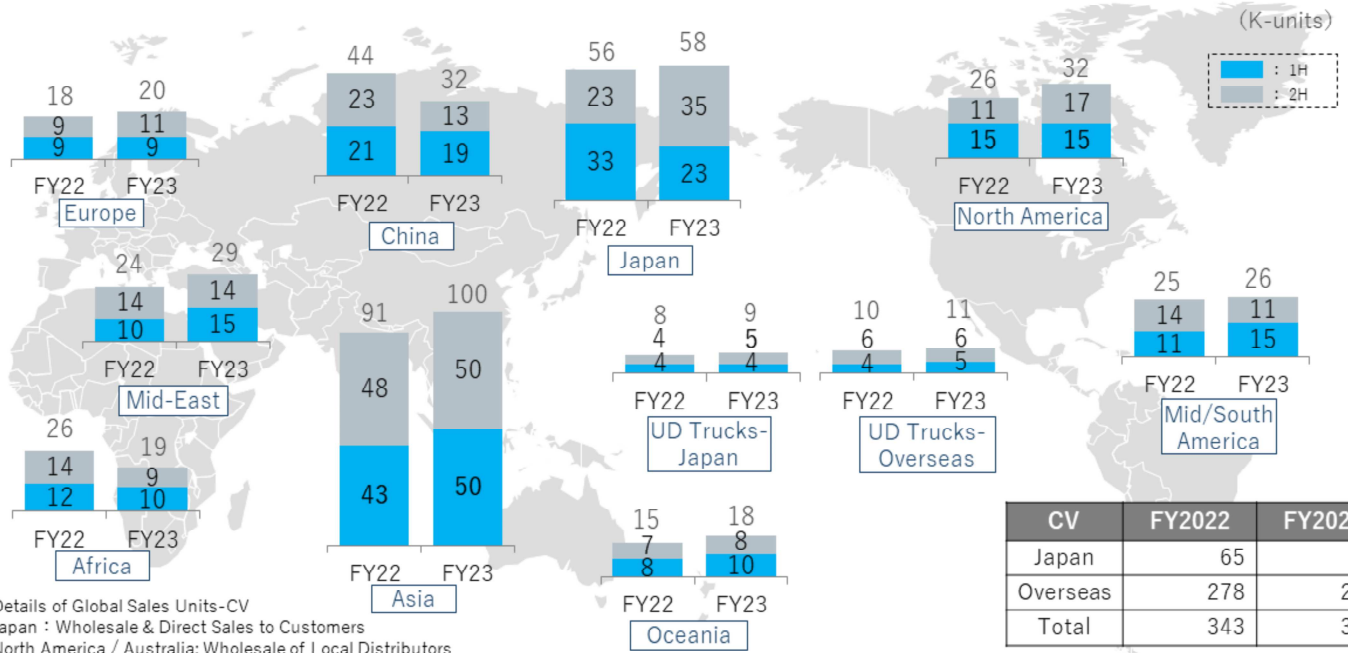
That's all from me.

3. FY2023 Financial Results

Next, I, Yamakita, will explain the results for the financial results of FY2023 ended March 2023 and the outlook of FY2024 ending March 2024.

FY2023 Global Sales Units-CV

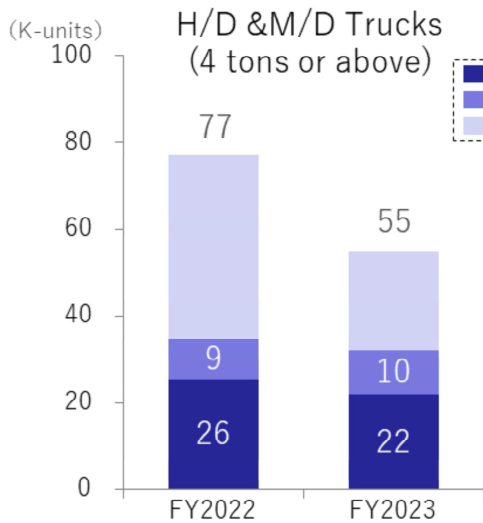
■ As production constraints improved from the previous year, sales units rose in both Japan and overseas.



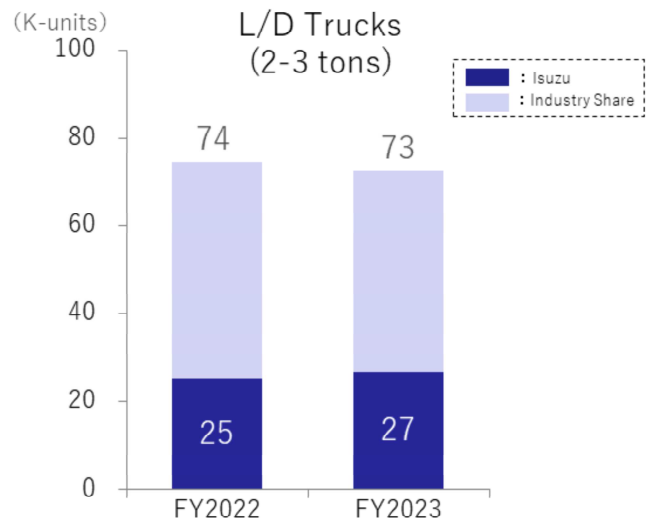
As for the FY2023 results, I will start out with the global CV sales units. The sales units in both Japan and overseas increased from FY2022 due to improvements in parts shortages.

FY2023 Japan Industry Sales and Isuzu Share

- H/D & M/D: Sales units dropped from FY2022 when we faced less production constraints. On the other hand, both Isuzu and UD Trucks' share rose as a result of constraints of other OEMs.
- L/D: As production constraints has eased, both sales units and shares increased.



	FY2022	FY2023
Isuzu	33.0%	39.9%
UD Trucks	11.9%	18.3%



	FY2022	FY2023
Isuzu	33.9%	37.0%

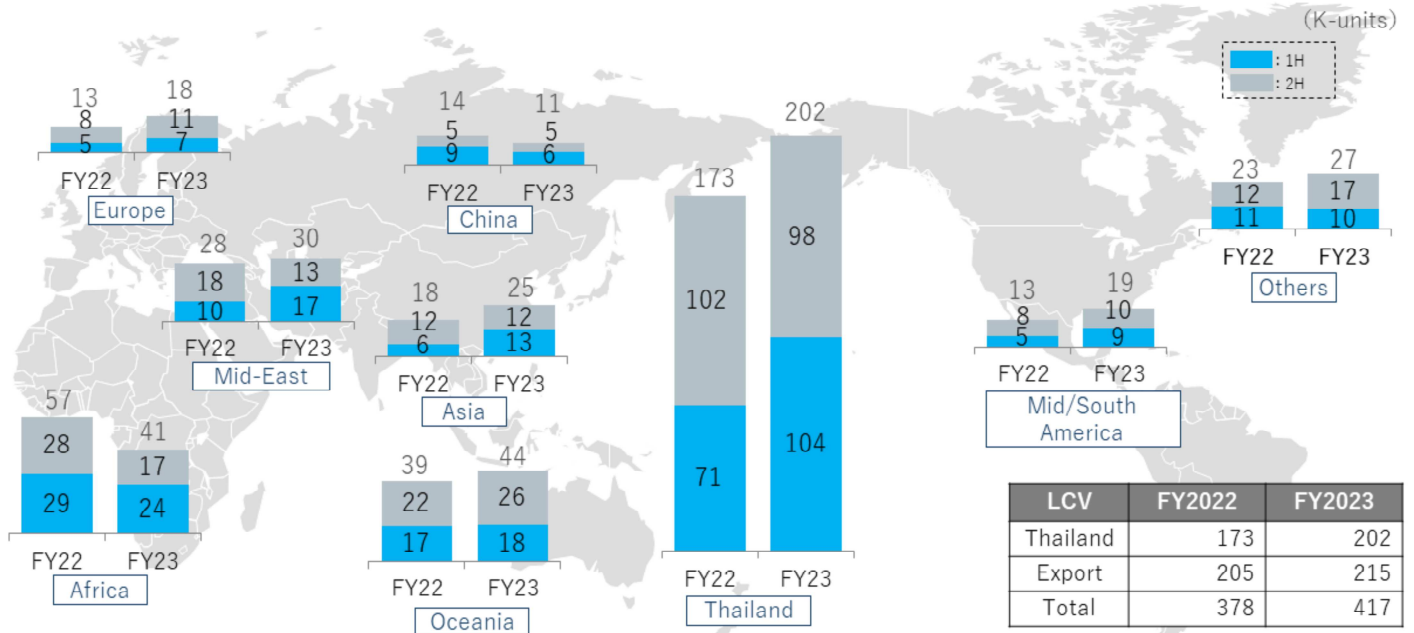
Now, I will talk about the FY 2023 results of the industry sales in Japan and our market share.

The industry sales of heavy- and medium-duty trucks have declined significantly, partly due to constraints of other OEMs . The unit sales of Isuzu dropped from FY2022 because of production constraints. Both Isuzu and UD Trucks improved the market shares.

In light-duty trucks, both our sales units and market share increased as production constraints eased.

FY2023 Global Sales Units-LCV

■ Thailand and export units grew thanks to improvements in parts procurements when compared with FY2022.



12 *Details of Global Sales Units-LCV: : Thai Shipment

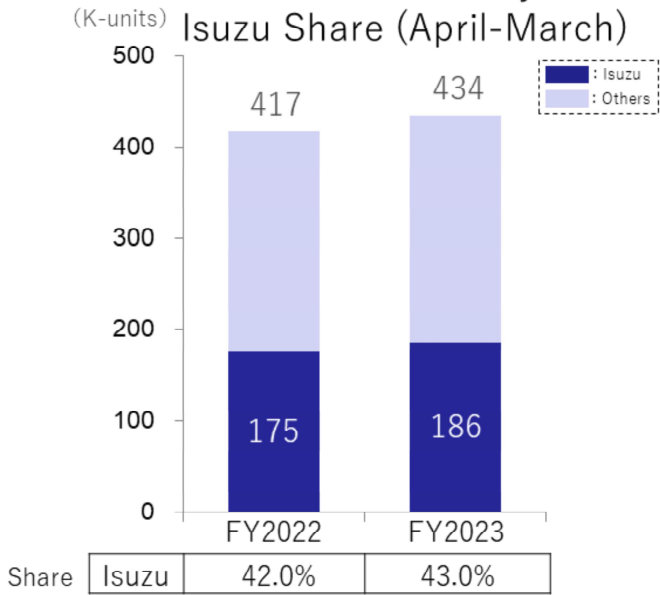
Next, I will explain the global LCV sales units.

Compared with FY2022, sales units in both Thailand and export markets increased, thanks to an improvement in the parts shortages.

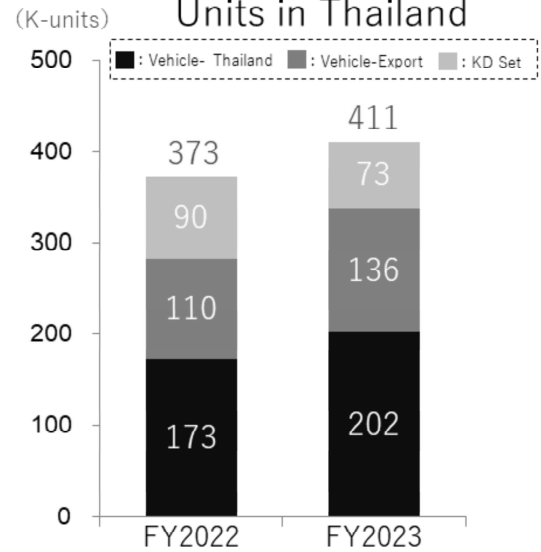
FY2023 Thailand LCV Industry Sales & Share /LCV Production Units

- Industry Sales/Share: While industry sales showed only a slight increase, Isuzu's shares rose.
- Production Units: Lack of parts has improved, thus production units increased substantially.

Thailand LCV Industry Sales/
Isuzu Share (April-March)



LCV Production
Units in Thailand



I will now touch on the LCV industry unit sales, Isuzu market share, and LCV production units in Thailand.

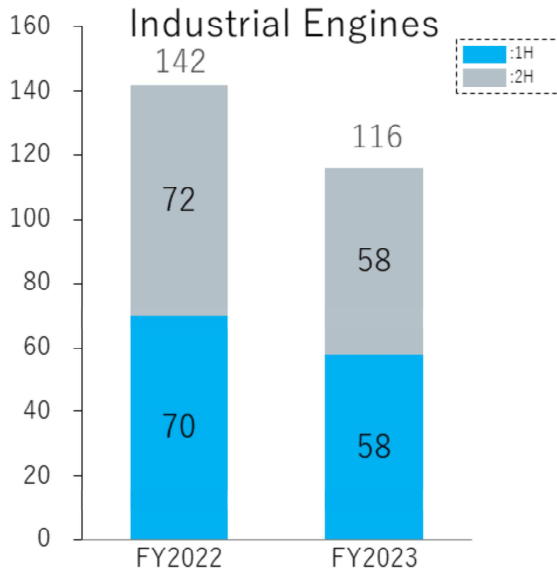
Although the industry unit sales in Thailand increased only slightly from FY2022, the Isuzu market share grew.

The LCV production volume jumped substantially as part shortages eased.

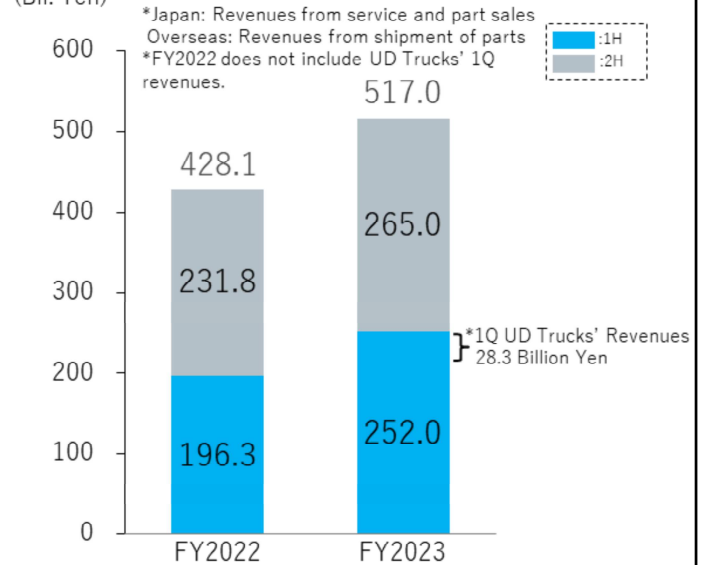
FY2023 Industrial Engine Global Shipment/Revenue from Aftersales Business **ISUZU**

- **Industrial Engines:** Chip shortages and China's decrease in construction machinery demand and inventory adjustment caused shipment volumes to decrease.
- **Aftersales Business:** In addition to stable increase in both Japan and overseas markets, favorable FX caused a substantial rise in revenues from FY2022.

(K-units) Global Shipment of Industrial Engines



(Bil. Yen) Aftersales Business



I will turn to the industrial engine and aftersales business.

The shipment of industrial engines fell from FY2022, which is attributed to the declining construction machinery demand and inventory adjustment in China, and the chip shortage.

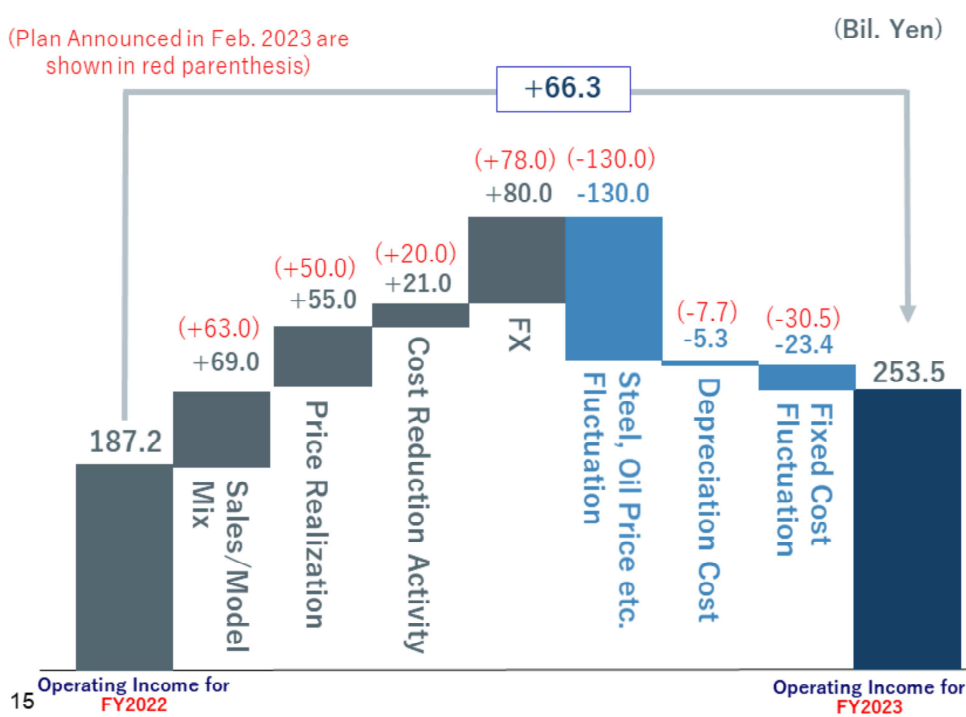
The aftersales revenue rose significantly from FY2022, thanks to the steady growth in both Japan and its overseas markets, and the favorable FX in Japanese yen.

For your information, the FY2022 revenue does not include the revenue of UD Trucks recorded between April and June 2021.

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

- Though material cost, logistic fees, and energy-related costs have shot up, operating income grew owing to weaker Japanese yen, increase in sales units, price realization, and promotion of cost reduction activities.

(Plan Announced in Feb. 2023 are shown in red parenthesis)



FX	FY2022	FY2023	Feb. 2023 Plan
USD/JPY	112.4	135.5	134.9
THB/JPY	3.44	3.84	3.82
AUD/JPY	83.1	92.6	92.5

Breakdowns	FY2023	Feb. 2023 Plan
Sales/Model Mix	+69.0	+63.0
CV-Japan	+7.0	+10.0
CV-Overseas	+17.0	+10.0
LCV	+25.0	+27.0
Others	+20.0	+16.0
FX	+80.0	+78.0
USD	+41.0	+40.0
AUD	+7.5	+7.5
THB & Other Currencies	+31.5	+30.5
Steel, Oil Price etc. Fluctuation	-130.0	-130.0
Material Cost	-107.0	-107.0
Logistic Fees	-20.0	-20.0
Electricity, Gas etc.	-3.0	-3.0
Fixed Cost Fluctuation	-23.4	-30.5
R&D	-14.2	-15.2
Labor Cost	-6.0	-8.8
Others	-3.2	-6.5

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Next, I will talk about the analysis of the changes in operating income in FY 2023.

Though the material costs, logistics fees, and energy-related costs shot up, we managed to grow the operating income by 66.3 billion yen, thanks to weaker Japanese yen, unit sales increase, price realization, and cost reduction activities.

The exchange rates are shown in the table.

Forecast announced last February is shown in red parenthesis. Actual operating income exceeded the forecast by 23.5 billion yen mainly due to the following factors: sales/ model mix surpassed by 6.0 billion yen, price realization by 5.0 billion yen, while costs decreased 7.1 billion yen.

FY2023 Consolidated Results - Year-on-year Comparison -

(Bil. Yen)	FY2023	FY2022	Changes	
Sales	3,195.5	2,514.3	681.2	27%
Operating Income	253.5	187.2	66.3	35%
Ordinary Income	269.9	208.4	61.5	30%
*Net Income	151.7	126.2	25.5	20%

	FY2023	FY2022		FY2023	FY2022
Operating Income	253.5	187.2	Ordinary Income	269.9	208.4
Share of profit of entities accounted for using equity method	5.8	9.6	Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.	-0.1	-4.1
Foreign exchange gains/losses	-2.4	5.8	Income Taxes	-73.2	-47.6
Others	13.0	5.8	Profit attributable to non-controlling interests	-44.9	-30.5
Ordinary Income	269.9	208.4	*Net Income	151.7	126.2

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

Ordinary income was 269.9 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 253.5 billion yen.

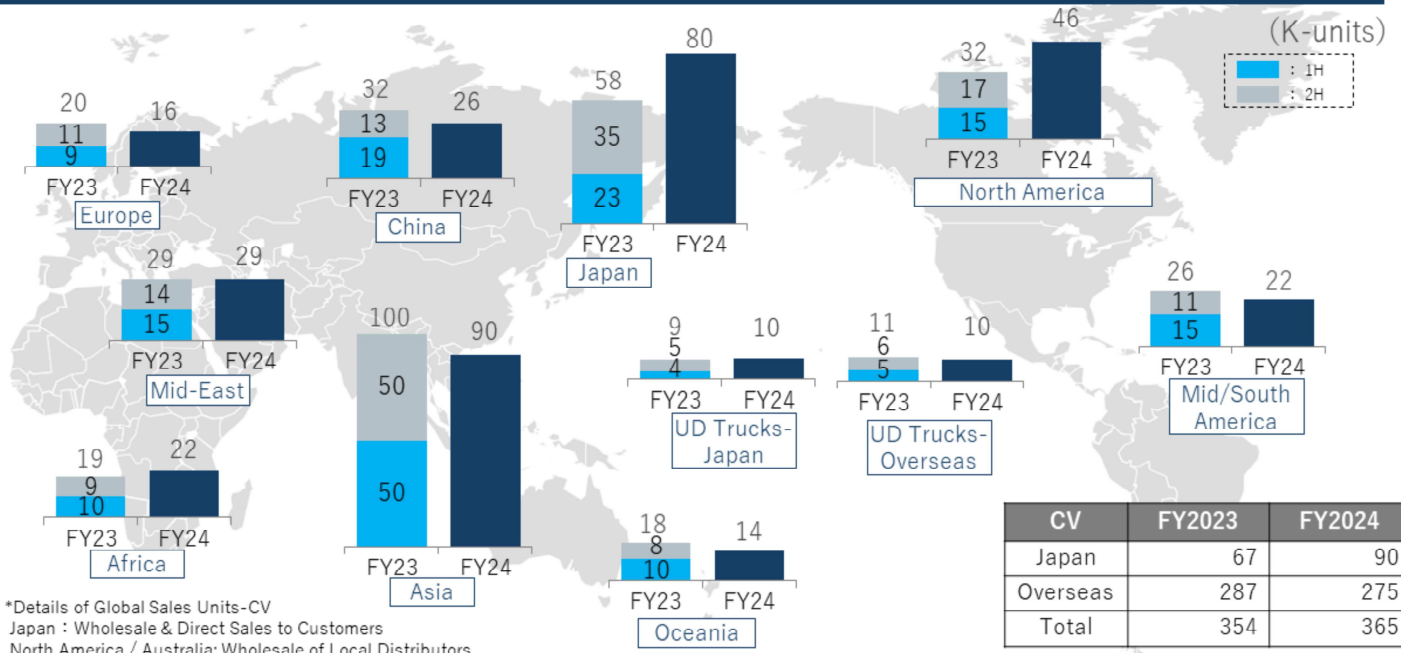
Net income was 151.7 billion yen after subtracting the gain and loss on sales of investment securities and loss on disposal of non-current assets, etc., income taxes, and profit attributable to non-controlling interests from ordinary income of 269.9 billion yen. In addition, a 1.7-billion-yen write-down on assets held by the consolidated subsidiary in Russia is recorded as an extraordinary loss.

4. FY2024 Full-Year Outlook

Now, I will talk about the business outlook in the fiscal year ending March 2024.

FY2024 Global Sales Units-CV

■ While sales units mainly in Asia shall fall due to affects from rise in interest rates and inflation, units in Japan and North America shall increase due to improvements in chip shortages. Thus, CV sales units as a whole will exceed FY2023.

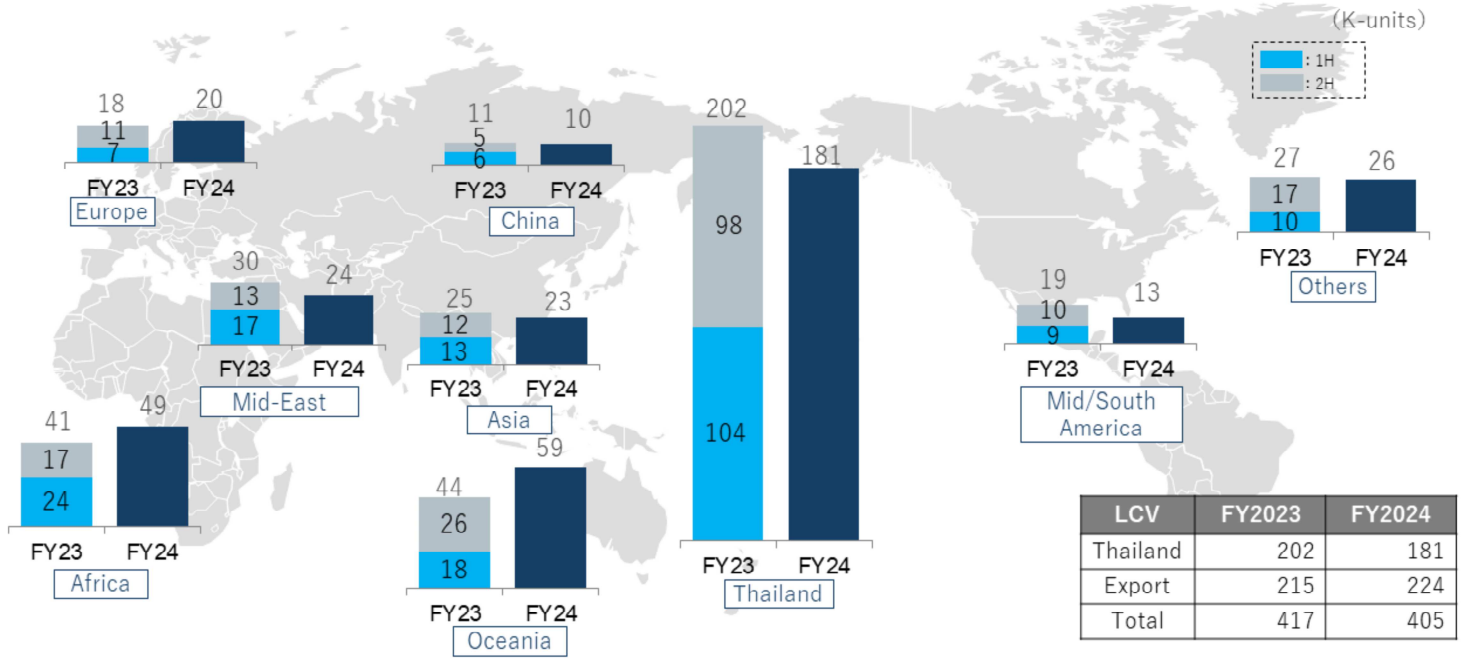


*Details of Global Sales Units-CV
 Japan : Wholesale & Direct Sales to Customers
 North America / Australia: Wholesale of Local Distributors
 Other Regions: Shipment from Japan

While global CV sales units are projected to decline mainly in Asia due to rising interest rates and the impact of inflation, we expect sales in Japan and North America to increase thanks to improvements of semiconductor shortages. As a whole, we plan to sell more units than in the previous fiscal year.

FY2024 Global Sales Units-LCV

■ Though demand in Thailand is forecasted to fall, export units is anticipated to increase. Sales units as a whole shall decrease due to parts shortages.



19 *Details of Global Sales Units-LCV: : Thai Shipment

I will now turn to global LCV sales units.

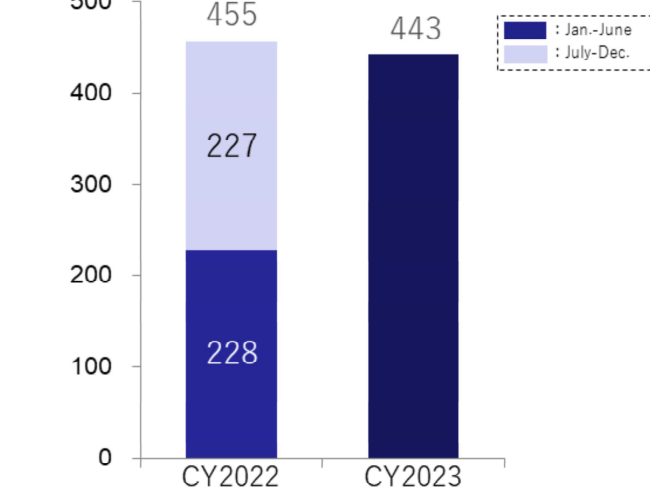
While demand in Thailand is anticipated to decrease, we aim to expand the unit sales for export markets. Overall, however, we expect sales units to be lower than those of the previous year impacted by parts shortages.

FY2024 Thailand LCV Industry Sales /LCV Production Units



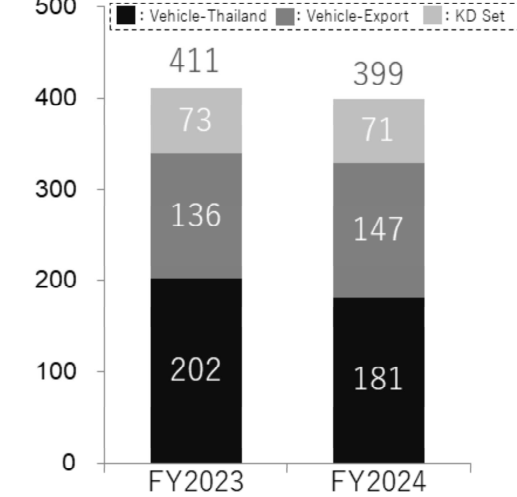
- Industry Sales: Shall decrease due to stricter financing.
- Production Units: Forecasting a drop from the previous year due to falling demand in Thailand and production constraints for export units.

Thailand LCV Industry Sales (K-units)
(Jan.-Dec.)



Share	Isuzu	43.1%	-

LCV Production Units in Thailand (K-units)

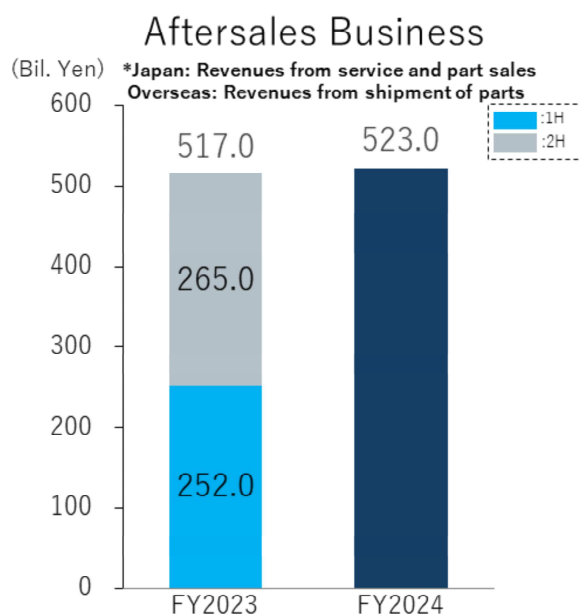
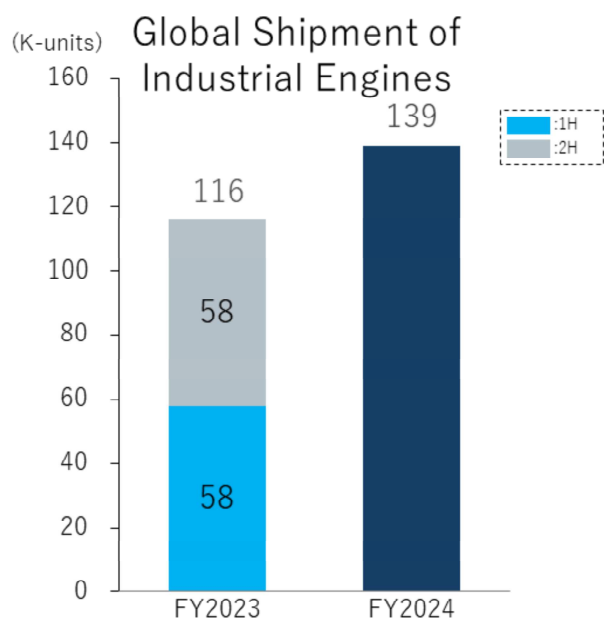


As for the outlook of industry sales and production units of LCVs in Thailand, LCV's industry sales in Thailand in CY2023 is expected to be lower than those of the previous year due to stricter financing. Also, LCV production volume is projected to fall below the previous year's level caused by lower demand in Thailand and production constraints for exports.

FY2024 Industrial Engine Global Shipment/Revenue from Aftersales Business

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- Industrial Engines: Expecting a rise from FY2023 as inventory adjustment ends in China and semiconductor shortages improves.
- Aftersales Business: Forecasting a rise in revenues for both Japan and overseas markets.



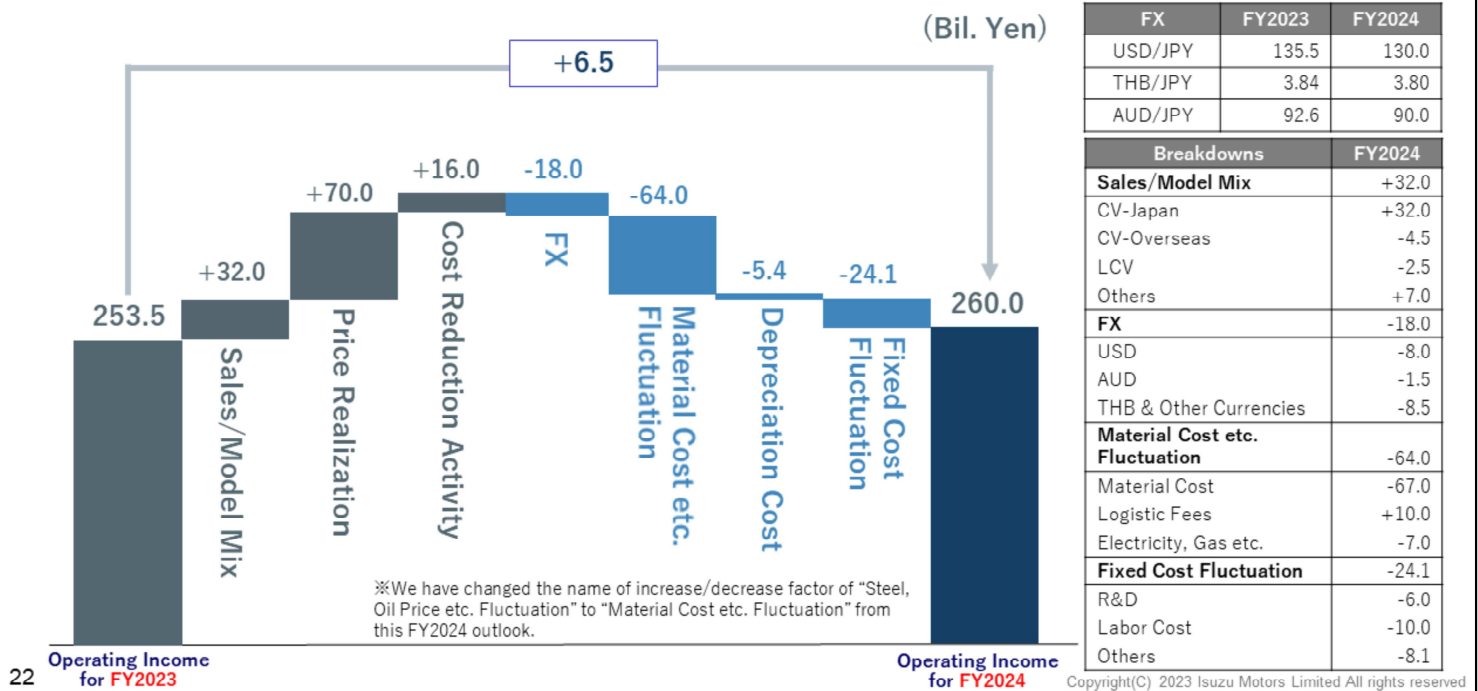
Next, I will discuss industrial engines and aftersales business in FY2024.

Shipments of industrial engines are expected to surpass those of the previous fiscal year because of improvement in chip shortage as well as completion of inventory adjustment in China.

As for the revenues of aftersales business, while parts demand saw a significant increase in the previous fiscal year amid supply shortage of new vehicles, we expect a certain decline this fiscal year in demand as vehicle supply will recover. We forecast further revenue growth by expanding sales both in Japan and overseas markets.

FY2023 vs. FY2024 Fluctuations- Consolidated operating income : analysis of change - ISUZU

- Shall aim for higher operating income than FY2023 with improved model mix, additional price realization, promotion of cost reduction activities, despite rise in material and energy-related costs.



I will now explain the change analysis of the full-year outlook of operating income for the fiscal year ending March 2024.

Although higher materials and energy-related costs are anticipated, we aim to increase operating income by improving model mix, additional price realization, and promoting cost reduction activities.

We have adopted a foreign exchange rate assumption of 130.0 yen per US dollar, 3.80 yen per Thai Baht, and 90.0 yen per Australian dollar.

Items under the category of "steel, oil prices, etc. fluctuation" are indicated as "material cost etc. fluctuation" from this FY2024 outlook, but there is no change in the contents.

FY2024 Full-year Outlook

- Consolidated, Year-on-year Comparison -

(Bil. Yen)	FY2024	FY2023	Changes	
Sales	3,300.0	3,195.5	104.5	3%
Operating Income	260.0	253.5	6.5	3%
Ordinary Income	275.0	269.9	5.1	2%
*Net Income	155.0	151.7	3.3	2%

	FY2024	FY2023		FY2024	FY2023
Operating Income	260.0	253.5	Ordinary Income	275.0	269.9
Share of profit of entities accounted for using equity method	7.5	5.8	Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.	-3.0	-1.0
Foreign exchange gains/losses	±0	-2.4	Income Taxes	-74.0	-73.2
Others	7.5	13.0	Profit attributable to non-controlling interests	-43.0	-44.9
Ordinary Income	275.0	269.9	*Net Income	155.0	151.7

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* Net income attributable to owners of parent

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The changes in the financial figures beyond the operating income are as listed in the slide.

This is the end of Isuzu Motors' financial results briefing of the fiscal year ended March 2023. Thank you for your attention.

Moving the World – for You

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(Appendix) Main Financial Index

