FY2021 Consolidated Financial Results (Japan GAAP)

(April 1, 2020 through June 30, 2020)

English Translation of the Original Japanese-Language Document

August 5, 2020

Company name	: ISUZU MOTORS LIMITED
Stock exchange on which the shares are listed	: Tokyo Stock Exchange in Japan
Code number	: 7202
URL	: https://www.isuzu.co.jp/world/investor/index.html
Representative	: Masanori Katayama, President
Contact	: Takuo Maeda, General Manager, PR and Government Relations Department Tel. (03)5471-1138
Scheduled date for submission of quarterly financial statements	: August 7, 2020
Expected starting date for distribution of cash dividends	: -
The supplement materials of the quarterly financial results	: Yes
Holding of the quarterly financial results meeting	: Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights (April 1, 2020 through June 30, 2020)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2021 1st Quarter	327,446	(35.7)	2,187	(95.2)	516	(98.8)	(9,759)	-
FY2020 1st Quarter	509,064	4.3	46,029	(12.2)	43,972	(21.8)	27,386	(28.1)

[Note] Comprehensive Income

FY2021 1st Quarter	298	millions of yen	(99.0%)
FY2020 1st Quarter	30,225	millions of yen	(20.6%)

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2021 1st Quarter	(13.23)	-
FY2020 1st Quarter	37.13	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2021 1st Quarter	2,050,325	1,117,779	45.8
FY2020	2,152,090	1,133,381	44.3

[Note] Total Amount of Shareholders' Equity

FY2021 1st Quarter	938,258	millions of yen	
FY2020	952,939	millions of yen	

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2020	-	19.00	-	19.00	38.00
FY2021	-				
FY2021(Forecast)		8.00	-	8.00	16.00

[Note] Revision to the projected dividend for FY2021: Yes

3. Consolidated Financial Forecast for FY2021 (April 1, 2020 through March 31, 2021)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
FY2021	1,700,000	(18.3)	50,000	(64.4)	48,000	(68.2)	12,000	(85.2)	16.27

[Note] Revision to Consolidated Financial Forecast for FY2021: Yes

*Notes

<1> Changes in significant subsidiaries during this period : None

Newly consolidated : -
Excluded from the scope of consolidation : -

Note: This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during this period.

<2> Adoption of specific accounting methods for presenting quarterly consolidated financial statements : None

<3> Changes in accounting policies, accounting estimates and retrospective restatement

Changes in accounting policies due to revisions of accounting standards : None
Changes in accounting policies due to factors other than revisions of accounting standards : None
Changes in accounting estimates : None
Retrospective restatement : None

<4> Number of shares issued (common stock)

Number of shares issued and outstanding at the end of the term (inclusive of treasury shares)	FY2021 1st Quarter	848,422,669	Shares
	FY2020	848,422,669	Shares
Number of treasury shares at the end of the term	FY2021 1st Quarter	110,881,694	Shares
	FY2020	110,881,195	Shares
Average number of shares issued	FY2021 1st Quarter	737,541,258	Shares
	FY2020 1st Quarter	737,512,933	Shares

Note: "Number of treasury shares at the end of the term" include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.
"Average number of shares issued" does not include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

*Consolidated financial results (Japan GAAP) are not subject to audit procedures.

*Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

・The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present. Consequently, the actual financial performance may vary significantly from the forecast due to various factors. For such assumptions and notes with respect to performance forecast, please refer to "1. Qualitative Information Concerning Consolidated Financial Results for FY2021 First Quarter (3)Overview of Future Estimates such as Consolidated Financial Forecast ”

・The Company has posted its financial results on its web site on August 5, 2020.

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1. Qualitative Information Concerning Consolidated Financial Results for FY2021 First Quarter

(1) Overview of Consolidated Financial Results

In the current fiscal year's first quarter, vehicle unit sales in Japan fell by 4,713 units (26.5%) compared with the same period last fiscal year to 13,041 units due to the decreased domestic total industry volume after the last-minute demand for trucks ahead of changes of emissions regulations and laws.

Overseas vehicle unit sales dropped by 61,634 units (56.3%) over the same period last fiscal year to 47,842 units owing to the impact of the global pandemic of COVID-19, the disease caused by the novel coronavirus.

As a result, the total number of vehicles sold in Japan and abroad decreased by 66,347 units (52.1%) year-on-year to 60,883 units.

As regards sales amounts of products other than vehicles, sales of parts for overseas production dropped by 1.6 billion yen (21.2%) year-over-year to 6.0 billion yen, engine and component sales fell by 9.6 billion yen (28.1%) year-on-year to 24.8 billion yen, and other sales fell by 13.0 billion yen (11.8%) over the same period last fiscal year to 97.6 billion yen.

Consequently, net sales declined by 181.6 billion yen (35.7%) compared with the same period last fiscal year to 327.4 billion yen, which comprised 166.9 billion yen posted for Japan, down 11.4% year-on-year, and 160.4 billion yen for the rest of the world, down 49.9% year-over-year.

On the profit and loss front, operating income amounted to 2.1 billion yen, down 95.2% year-over-year, and ordinary income reached 0.5 billion yen, down 98.8% year-on-year, as cost-cutting and rationalization efforts were largely offset by the sharp decrease in net sales caused by worsening global market situations. Net loss attributable to owners of the parent stood at 9.7 billion yen, compared to 27.3 billion yen posted as net income attributable to owners of the parent for the same period last fiscal year.

(2) Overview of Consolidated Financial Position

Total assets as of the end of the current fiscal year's first quarter fell by 101.7 billion yen from March 31, 2020 to 2,050.3 billion yen. This is due primarily to decreases in notes and accounts receivable of 104.5 billion yen, other current assets of 10.9 billion yen, and differed tax assets of 6.4 billion yen, partially offset by increases in investment securities of 9.8 billion yen and inventories of 8.2 billion yen.

Liabilities decreased by 86.1 billion yen from March 31, 2020 to 932.5 billion yen. This is mainly because of decreases in notes and accounts payable of 95.3 billion yen, other current liabilities of 14.4 billion yen, and accrued expenses of 10.2 billion yen, partially offset by increases in interest-bearing liabilities of 24.9 billion yen and provision for bonuses of 8.7 billion yen.

Net assets dropped by 15.6 billion yen from March 31, 2020 to 1,117.7 billion yen. This is due largely to 9.7 billion yen recorded as net loss attributable to owners of the parent and a decrease in retained earnings of 14.0 billion yen as a result of dividend payments, partially offset by an increase in valuation difference on available-for-sale securities of 8.5 billion yen.

The capital adequacy ratio stood at 45.8%, compared with 44.3% as of March 31, 2020.

Interest-bearing liabilities rose by 24.9 billion yen from March 31, 2020 to 361.6 billion yen.

(3) Overview of Future Estimates such as Consolidated Financial Forecast

As the widespread COVID-19 and foreseeable timing of its convergence leaves the future global economy uncertain, we have forecasted the recovery of each market based on the current market information available.

We have assumed that the Japanese truck market has bottomed out July to September 2020, while the overseas truck market is assumed to have bottomed out in April to June 2020. Both markets will recover gradually, but will remain at around 90% at the end of FY2021, when compared with the previous fiscal year. As to the Thai pickup trucks, the decline was somewhat lighter than our assumptions in the first half of the fiscal year, but sluggish market will continue in the latter half owing mainly to the stagnation in the tourism industry and finance tightening. In the overseas pickup truck market, slow recovery in the Philippines, Latin America, the Middle East, and other regions is becoming to be apparent, making the assumed recovery from the second of the fiscal year awkward.

Although there were changes by regions, there were no major changes overall to the forecasted global sales units announced in May, Thus, we believe the probability has increased.

In light of the market environment described above, the forecast for FY2021 will be announced as follows.

Ordinary income and net income attributable to owners of the parent, which had been undecided due to the difficulty in calculation of a rational outlook in May, will be announced hereby based on the information available.

In the event that operations are suspended due to re-expansion of COVID-19, the outlook for the future may be significantly reduced.

As lower sales shall necessarily result in decline in profits, we will accelerate measures such as cost reduction activities, to secure profits.

[Forecast of Full-Year Consolidated Financial Results]

Net sale	1,700 billion yen
Operating Income	50 billion yen
Ordinary Income	48 billion yen
Net Income Attributable to Owners of Parent	12 billion yen

* This forecast for the current fiscal year is calculated by the Company based on information available at this moment of various markets around the world, as well as on the assumption about possible timing of recovery in demand. It also includes risks and uncertainties such as global economic trends and exchange rate fluctuations. The Company's actual consolidated financial results may differ considerably from the forecast above, which therefore should not be the sole basis for any investment decisions.

(4) Basic Policy regarding Earnings Appropriation and Dividend for FY2021

The Company deems dividend payment to shareholders and repurchase of its own stock as important actions for corporate management. Thus, when it decides to do so, it carefully assesses and secures an optimal balance between rewarding shareholders in a continuous and stable manner and securing an optimal amount of retained earnings for building a stronger business foundation and future business development.

With regard to the dividends for the current fiscal year, the Company, emphasizing the importance of rewarding shareholders in a continuous and stable manner, plans to pay an annual dividend of 16 yen per share (consisting of the interim dividend of 8 yen and the year-end dividend of 8 yen), as the probability of market recovery in the latter half of the year or later is now higher, though a substantial fall in profits is expected compared with the last fiscal year.

2. Notes on Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2020	**As of June 30, 2020**
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	321,427	322,404
Notes and accounts receivable	266,919	162,345
Lease receivables and investments in leases	136,852	137,423
Merchandise and finished goods	215,111	216,970
Work in process	25,352	28,338
Raw materials and supplies	83,342	86,770
Other	71,631	60,702
Allowance for doubtful accounts	(1,098)	(984)
Total Current Assets	**1,119,539**	**1,013,971**
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	174,478	175,947
Machinery, equipment and vehicles, net	171,604	172,847
Land	282,125	282,449
Leased assets, net	5,000	5,512
Vehicles on operating leases, net	68,280	68,494
Construction in progress	29,721	27,704
Other, net	30,711	30,075
Total Property, Plant and Equipment	**761,922**	**763,032**
Intangible assets		
Goodwill	4,573	3,784
Other	18,701	18,376
Total Intangible Assets	**23,274**	**22,161**
Investments and other assets		
Investment securities	154,556	164,361
Long-term loans receivable	987	963
Retirement benefit asset	2,158	2,167
Deferred tax assets	58,502	52,102
Other	31,822	32,253
Allowance for doubtful accounts	(674)	(686)
Total Investments and Other Assets	**247,352**	**251,160**
Total Non-Current Assets	**1,032,550**	**1,036,353**
TOTAL ASSETS	**2,152,090**	**2,050,325**

(millions of yen)

	As of March 31, 2020	**As of June 30, 2020**
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable	312,048	219,118
Electronically recorded obligations - operating	49,897	47,490
Short-term borrowings	80,178	101,271
Lease obligations	5,568	5,035
Income taxes payable	17,060	14,066
Accrued expenses	48,226	37,951
Provision for bonuses	20,619	29,366
Provision for bonuses for directors	233	236
Provision for product warranties	6,636	6,214
Deposits received	3,413	7,749
Other	59,310	44,858
Total Current Liabilities	**603,193**	**513,358**
NON-CURRENT LIABILITIES		
Long-term borrowings	234,642	238,810
Lease obligations	16,321	16,539
Deferred tax liabilities	792	487
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	3,886	4,251
Provision for share-based remuneration for directors	198	225
Net defined benefit liability	99,066	98,995
Long-term deposits received	1,635	1,572
Other	16,837	16,168
Total Non-Current Liabilities	**415,515**	**419,187**
TOTAL LIABILITIES	**1,018,708**	**932,546**
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Share capital	40,644	40,644
Capital surplus	42,503	42,503
Retained earnings	924,729	900,939
Treasury shares	(150,441)	(150,442)
Total Shareholders' Equity	**857,436**	**833,645**
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	25,597	34,139
Deferred gains or losses on hedges	302	54
Revaluation reserve for land	83,881	83,881
Foreign currency translation adjustment	(5,517)	(5,015)
Remeasurements of defined benefit plans	(8,760)	(8,446)
Total Accumulated Other Comprehensive Income	**95,503**	**104,613**
NON-CONTROLLING INTERESTS	**180,442**	**179,520**
TOTAL NET ASSETS	**1,133,381**	**1,117,779**
TOTAL LIABILITIES AND NET ASSETS	**2,152,090**	**2,050,325**

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

(millions of yen)

For the first three months ended	FY2020 1st Quarter June 30, 2019	**FY2021 1st Quarter June 30, 2020**
Net sales	**509,064**	**327,446**
Cost of sales	**416,184**	**282,116**
GROSS PROFIT	**92,880**	**45,329**
Selling, general and administrative expenses	**46,850**	**43,142**
OPERATING INCOME	**46,029**	**2,187**
Non-operating income		
Interest income	1,264	843
Dividend income	225	110
Share of profit of entities accounted for using equity method	442	182
Other	870	628
Total non-operating income	**2,802**	**1,765**
Non-operating expenses		
Interest expenses	749	700
Foreign exchange losses	625	1,247
Litigation settlement	23	21
Compensation expenses	2,378	373
Currency option cost	290	127
Other	791	965
Total non-operating expenses	**4,859**	**3,436**
ORDINARY INCOME	**43,972**	**516**
Extraordinary income		
Gain on sales of non-current assets	22	80
Gain on sales of investment securities	3	−
Total extraordinary income	**26**	**80**
Extraordinary losses		
Loss on disposal of non-current assets	199	215
Loss on COVID-19	−	3,040
Total extraordinary losses	**199**	**3,256**
PROFIT (LOSS) BEFORE INCOME TAXES	**43,799**	**(2,659)**
Income taxes	**9,773**	**8,210**
PROFIT (LOSS)	**34,026**	**(10,870)**
Profit (loss) attributable to non-controlling interests	**6,640**	**(1,110)**
Profit (loss) attributable to owners of the parent	**27,386**	**(9,759)**

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first three months ended	FY2020 1st Quarter June 30, 2019	**FY2021 1st Quarter June 30, 2020**
Profit (loss)	34,026	(10,870)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,989)	8,589
Deferred gains or losses on hedges	359	(247)
Foreign currency translation adjustment	(1,653)	5,142
Remeasurements of defined benefit plans, net of tax	780	319
Share of other comprehensive income of entities accounted for using equity method	1,700	(2,634)
Total other comprehensive income	**(3,801)**	**11,168**
Comprehensive income	**30,225**	**298**
Comprehensive income attributable to:		
owners of the parent	22,273	(649)
non-controlling interests	7,951	947

(3) Additional Information

There is no material change concerning the assumption, and the accounting estimates based on it, about how COVID-19, the disease caused by the new coronavirus, will spread further and influence economic and corporate activities, when it will subside, etc., which were stated in the Additional Information section of the Annual Securities Report for the previous fiscal year.

(4) Notes on Premise of a Going Concern

None

(5) Segment Information

The First Quarter Cumulative Period of Fiscal Year 2020

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

The First Quarter Cumulative Period of Fiscal Year 2021

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

(6) Notes in the case of a Significant Change in Shareholders' Equity

None

(7) Events after the Reporting Period

None

3. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

		FY2020 (Fiscal year ending June 30, 2019)		FY2021 (Fiscal year ending June 30, 2020)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	5,897	55,362	5,835	53,943	(62)	(1,419)
	Overseas	9,036	44,558	4,911	24,455	(4,125)	(20,103)
HD/MD vehicles		14,933	99,921	10,746	78,399	(4,187)	(21,522)
	Japan	11,857	39,006	7,206	28,175	(4,651)	(10,830)
	Overseas	100,440	217,258	42,931	92,387	(57,509)	(124,870)
LD vehicles, etc		112,297	256,264	50,137	120,563	(62,160)	(135,701)
	Japan	17,754	94,369	13,041	82,118	(4,713)	(12,250)
	Overseas	109,476	261,817	47,842	116,843	(61,634)	(144,973)
Total vehicles		127,230	356,186	60,883	198,962	(66,347)	(157,224)
	Overseas	-	7,693	-	6,060	-	(1,633)
Parts for overseas production		-	7,693	-	6,060	-	(1,633)
	Japan	-	17,382	-	10,989	-	(6,393)
	Overseas	-	17,117	-	13,820	-	(3,296)
Engines / Components		-	34,499	-	24,810	-	(9,689)
	Japan	-	76,761	-	73,875	-	(2,886)
	Overseas	-	33,922	-	23,738	-	(10,184)
Other		-	110,684	-	97,613	-	(13,070)
	Japan	-	188,514	-	166,983	-	(21,530)
	Overseas	-	320,550	-	160,462	-	(160,087)
Sales amount		-	509,064	-	327,446	-	(181,618)

（Note） The above amounts do not include consumption tax.

<Overseas Sales>

FY2020 (April 1, 2019 through June 30, 2019)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	50,099	151,771	118,679	320,550
2 Consolidated sales	-	-	-	509,064
3 Overseas sales per Consolidated sales	% 9.8	% 29.8	% 23.3	% 63.0

FY2021 (April 1, 2020 through June 30, 2020)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	24,655	59,778	76,028	160,462
2 Consolidated sales	-	-	-	327,446
3 Overseas sales per Consolidated sales	% 7.5	% 18.3	% 23.2	% 49.0

1. This segmentation is based on the geographical area.
2. Major countries or areas included
   (1) North America---USA
   (2) Asia---Thailand, China, Philippines, Indonesia
   (3) Other---Saudi Arabia, Australia, Columbia, South Africa, Italy
3. Overseas sales are sales to all countries and areas excluding Japan made by the parent company and consolidated subsidiaries.