

FY2023 Third Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2022 through December 31, 2022)

English Translation of the Original Japanese-Language Document



February 9, 2023

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/company/investor/
Representative	: Masanori Katayama, President
Contact	: Takuo Maeda, General Manager, PR and Government Relations Department Tel. (045)299-9099
Scheduled date for submission of quarterly financial statements	: February 14, 2023
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, 2022 through December 31, 2022)

<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	%
FY2023 3rd Quarter	2,343,984	31.4	197,885	33.2	210,313	31.6	125,851	20.2
FY2022 3rd Quarter	1,783,801	36.4	148,616	135.8	159,858	141.0	104,669	267.6

[Note] Comprehensive Income	FY2023 3rd Quarter	186,954	millions of yen	30.3%
	FY2022 3rd Quarter	143,444	millions of yen	133.0%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2023 3rd Quarter	162.35	-
FY2022 3rd Quarter	135.11	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	The Capital adequacy ratio
	millions of yen	millions of yen	%
FY2023 3rd Quarter	3,015,025	1,484,747	42.5
FY2022	2,856,139	1,394,425	41.8

[Note] Total Amount of Shareholders' Equity	FY2023 3rd Quarter	1,281,315	millions of yen
	FY2022	1,194,101	millions of yen

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
FY2022	yen -	yen 29.00	yen -	yen 37.00	yen 66.00
FY2023	-	36.00	-	-	-
FY2023(Forecast)	-	-	-	36.00	72.00

[Note] Revision to the projected dividend for FY2023: None

3. Consolidated Financial Forecast for FY2023 (April 1, 2022 through March 31, 2023)

(% 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
FY2023	3,100,000	23.3	230,000	22.9	245,000	17.6	140,000	10.9	180.61

[Note] Revision to Consolidated Financial Forecast for FY2023: None

*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 : Yes

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

Changes in accounting estimates : None

Retrospective restatement : None

Note: For more information, please refer to
"2. Notes on Consolidated Quarterly Financial Statements
(6) Changes in Accounting Policies"

<4> Number of shares issued (common stock)

Number of shares issued and outstanding	FY2023 3rd Quarter	777,442,069	Shares
at the end of the term (inclusive of treasury shares)	FY2022	777,442,069	Shares
Number of treasury shares at the end of the term	FY2023 3rd Quarter	2,258,579	Shares
	FY2022	2,307,049	Shares
Average number of shares issued	FY2023 3rd Quarter	775,178,265	Shares
	FY2022 3rd Quarter	774,702,291	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 FY2023 Third Quarter (3)Overview of Future Estimates such as Consolidated Financial Forecast"
- The Company has posted its financial results on its web site on February 9, 2023.

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1. Qualitative Information Concerning Consolidated Financial Results for FY2023 Third Quarter

(1) Overview of Consolidated Financial Results

Commercial vehicle demand for the current fiscal year's nine-month period ended on December 31, 2022 remained steady and robust on the whole, especially in overseas markets. The total number of vehicles sold at home and abroad rose by 93,352 units (22.7%) compared with the same period last fiscal year to 504,521 units, although the Company's manufacturing operations were affected by supply chain disruptions.

Vehicle unit sales in Japan fell by 2,774 units (6.6%) over the same period last fiscal year to 39,024 units due to the impacted production. In contrast, the number of vehicles sold abroad increased by 96,126 units (26.0%) year-on-year to 465,497 units, mainly due to an increase in sales volumes of pickup trucks.

As regards sales amounts of products other than vehicles, sales of parts for overseas production fell by 5.7 billion yen (14.7%) year-over-year to 33.3 billion yen, and engine and component sales decreased by 2.6 billion yen (2.0%) year-over-year to 125.5 billion yen, as demand for such products fell in some markets. On the other hand, other sales grew by 88.7 billion yen (21.9%) year-over-year to 493.7 billion yen, thanks to growth in vehicle life-cycle management business.

Consequently, net sales rose by 560.1 billion yen (31.4%) over the same period last fiscal year to 2,343.9 billion yen, which comprised 699.8 billion yen posted for Japan, up 9.5% year-on-year, and 1,644.1 billion yen for the rest of the world, up 43.6% year-on-year.

On the profit and loss front, the Company enjoyed increases in both revenue and profit: operating income amounted to 197.8 billion yen, up 33.2% year-over-year, as the yen's depreciation, in addition to the improved sales volumes, more than offset year-over-year cost increases due to soaring material and freight costs. Ordinary income reached 210.3 billion yen, up 31.6% year-over-year, and net income attributable to owners of the parent stood at 125.8 billion yen, up 20.2% year-over-year.

(2) Overview of Consolidated Financial Position

Total assets as of the end of the current fiscal year's third quarter rose by 158.8 billion yen from March 31, 2022 to 3,015.0 billion yen, mainly due to increases in cash and deposits of 15.0 billion yen, notes and accounts receivable, and contract assets of 23.6 billion yen, and inventories of 136.3 billion yen, partially offset by a decrease in investment securities of 32.2 billion yen owing to a fall in market values of listed shares and a disposal of DMAX, Ltd. shares.

Liabilities increased by 68.5 billion yen from March 31, 2022 to 1,530.2 billion yen, mainly because of increases in interest-bearing liabilities of 38.4 billion yen and notes and accounts payable of 45.1 billion yen.

Net assets grew by 90.3 billion yen from March 31, 2022 to 1,484.7 billion yen, mainly due to 125.8 billion yen posted as net income attributable to owners of the parent and an increase in foreign currency translation adjustment of 34.8 billion yen, partially offset by a decrease in retained earnings of 56.7 billion yen as a result of dividend payments.

The capital adequacy ratio stood at 42.5%, compared with 41.8% as of March 31, 2022.

Interest-bearing liabilities rose by 38.4 billion yen from March 31, 2022 to 568.9 billion yen.

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

There is no change to the full-year consolidated financial forecast released on November 9, 2022.

This forecast for the current fiscal year is a prediction deemed rational by the Company based on information currently available, and it therefore includes risks and uncertainties such as global economic trends, market trends and foreign 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.

2. Consolidated Quarterly Financial Statements and Major Notes

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	356,018	371,046
Notes and accounts receivable, and contract assets	371,249	394,882
Lease receivables and investments in leases	190,522	190,956
Merchandise and finished goods	281,309	389,228
Work in process	49,946	45,954
Raw materials and supplies	146,422	178,859
Other	96,494	108,412
Allowance for doubtful accounts	(1,217)	(2,617)
Total Current Assets	1,490,745	1,676,722
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	209,638	214,412
Machinery, equipment and vehicles, net	168,786	165,744
Land	371,765	370,822
Leased assets, net	7,346	6,109
Vehicles on operating leases, net	85,727	84,175
Construction in progress	44,914	35,485
Other, net	30,702	46,158
Total Property, Plant and Equipment	918,881	922,907
Intangible assets		
Goodwill	20,519	17,035
Other	66,887	58,009
Total Intangible Assets	87,407	75,044
Investments and other assets		
Investment securities	249,832	217,606
Long-term loans receivable	1,035	1,049
Retirement benefit asset	3,144	3,284
Deferred tax assets	55,095	63,333
Other	51,534	56,376
Allowance for doubtful accounts	(1,537)	(1,300)
Total Investments and Other Assets	359,104	340,349
Total Non-Current Assets	1,365,394	1,338,302
TOTAL ASSETS	2,856,139	3,015,025

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable	436,365	466,819
Electronically recorded obligations - operating	60,332	74,994
Short-term borrowings	139,160	144,873
Commercial papers	-	3,400
Lease obligations	8,659	7,189
Income taxes payable	27,593	20,225
Accrued expenses	100,735	103,000
Provision for bonuses	23,553	12,100
Provision for bonuses for directors	246	43
Provision for product warranties	5,075	4,773
Deposits received	4,898	9,976
Other	91,576	87,050
Total Current Liabilities	898,195	934,447
NON-CURRENT LIABILITIES		
Bonds payable	80,000	80,000
Long-term borrowings	286,650	311,388
Lease obligations	16,009	22,118
Deferred tax liabilities	4,272	5,591
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	6,170	7,086
Provision for share-based remuneration for directors	418	594
Net defined benefit liability	97,151	96,310
Provision for product warranties	4,859	4,727
Long-term deposits received	2,723	2,548
Other	23,127	23,328
Total Non-Current Liabilities	563,518	595,830
TOTAL LIABILITIES	1,461,714	1,530,277
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Share capital	40,644	40,644
Capital surplus	42,606	42,048
Retained earnings	928,371	994,905
Treasury shares	(3,290)	(3,226)
Total Shareholders' Equity	1,008,332	1,074,372
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	53,990	38,253
Deferred gains or losses on hedges	(1,102)	362
Revaluation reserve for land	83,952	83,952
Foreign currency translation adjustment	49,459	84,288
Remeasurements of defined benefit plans	(531)	86
Total Accumulated Other Comprehensive Income	185,768	206,942
NON-CONTROLLING INTERESTS	200,324	203,432
TOTAL NET ASSETS	1,394,425	1,484,747
TOTAL LIABILITIES AND NET ASSETS	2,856,139	3,015,025

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

Consolidated Quarterly Statements of Income

(millions of yen)

For the first nine months ended	FY2022 3rd Quarter December 31, 2021	FY2023 3rd Quarter December 31, 2022
Net sales	1,783,801	2,343,984
Cost of sales	1,445,054	1,894,654
GROSS PROFIT	338,746	449,330
Selling, general and administrative expenses	190,129	251,445
OPERATING INCOME	148,616	197,885
Non-operating income		
Interest income	2,481	3,836
Dividend income	3,277	3,469
Share of profit of entities accounted for using equity method	4,963	4,273
Foreign exchange gains	2,363	-
Other	2,913	7,700
Total non-operating income	15,998	19,280
Non-operating expenses		
Interest expenses	1,594	1,684
Foreign exchange losses	-	2,493
Litigation settlement	72	33
Currency option cost	184	736
Other	2,905	1,904
Total non-operating expenses	4,757	6,851
ORDINARY INCOME	159,858	210,313
Extraordinary income		
Gain on sales of non-current assets	172	144
Gain on sales of investment securities	754	2,529
Total extraordinary income	927	2,673
Extraordinary losses		
Loss on disposal of non-current assets	1,200	833
Impairment loss	287	258
Loss on sales of investment securities	36	13
Loss on valuation of investment securities	38	152
Loss on COVID-19	103	-
Total extraordinary losses	1,666	1,257
PROFIT BEFORE INCOME TAXES	159,118	211,729
Income taxes	32,701	53,324
PROFIT	126,417	158,404
Profit attributable to non-controlling interests	21,747	32,553
Profit attributable to owners of the parent	104,669	125,851

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

	FY2022 3rd Quarter December 31, 2021	FY2023 3rd Quarter December 31, 2022
For the first nine months ended		
Profit	126,417	158,404
Other comprehensive income		
Valuation difference on available-for-sale securities	6,464	(15,781)
Deferred gains or losses on hedges	279	1,464
Foreign currency translation adjustment	4,953	32,423
Remeasurements of defined benefit plans, net of tax	612	632
Share of other comprehensive income of entities accounted for using equity method	4,716	9,810
Total other comprehensive income	17,026	28,549
Comprehensive income	143,444	186,954
Comprehensive income attributable to:		
owners of the parent	120,395	147,025
non-controlling interests	23,048	39,929

(3) Notes on Premise of a Going Concern

None

(4) Segment Information

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.

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

None

(6) Changes in Accounting Policies

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31, revised on June 17,2021, hereinafter referred to as the "Implementation Guidance") since the beginning of the current fiscal year's first quarter, applying into the future the new accounting policy stipulated by the Implementation Guidance, according to the transitional treatment provided in 27-2 thereof. This adoption has no impact on the Company's consolidated financial statements for the current fiscal year's third quarter.

(Adoption of ASU 2016-02 Leases)

The Company's US consolidated subsidiaries have adopted ASU 2016-02 Leases (hereinafter the "Standard") since the beginning of the current fiscal year's first quarter. Accordingly, in principle, all operating lease transactions by the lessee are accounted for as right-of-use assets and lease liabilities.

In adopting the Standard, the cumulative effect of adopting it is recognized at the date of initial adoption, which is permitted as a transitional measure.

Due to the adoption of the Standard, property, plant and equipment increased by 4,322 million yen, current liabilities rose by 723 million yen, and non-current liabilities climbed by 4,060 million yen on the consolidated balance sheets for the current fiscal year's third quarter. The impact of this adoption on the consolidated statements of income for the current fiscal year's nine-month period ended on December 31, 2022 is immaterial.

(7) Important Subsequent Events

None

3. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

		FY2022 (Fiscal year ending December 31, 2021)		FY2023 (Fiscal year ending December 31, 2022)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	21,256	208,814	20,752	219,877	(504)	11,063
	Overseas	35,013	187,904	47,565	301,203	12,552	113,298
HD/MD vehicles		56,269	396,719	68,317	521,080	12,048	124,361
	Japan	20,542	79,666	18,272	70,512	(2,270)	(9,153)
	Overseas	334,358	735,223	417,932	1,099,790	83,574	364,567
LD vehicles, etc		354,900	814,890	436,204	1,170,303	81,304	355,413
	Japan	41,798	288,481	39,024	290,390	(2,774)	1,909
	Overseas	369,371	923,128	465,497	1,400,994	96,126	477,865
Total vehicles		411,169	1,211,609	504,521	1,691,384	93,352	479,774
	Overseas	-	39,082	-	33,350	-	(5,731)
	Parts for overseas production	-	39,082	-	33,350	-	(5,731)
	Japan	-	44,057	-	44,751	-	693
	Overseas	-	84,089	-	80,771	-	(3,318)
Engines / Components		-	128,146	-	125,522	-	(2,624)
	Japan	-	306,456	-	364,719	-	58,263
	Overseas	-	98,506	-	129,007	-	30,500
Other		-	404,962	-	493,726	-	88,764
	Japan	-	638,994	-	699,861	-	60,866
	Overseas	-	1,144,806	-	1,644,123	-	499,316
Sales amount		-	1,783,801	-	2,343,984	-	560,183

<Overseas Sales>

FY2022 (April 1, 2021 through December 31, 2021)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	109,791	494,214	540,800	1,144,806
2 Consolidated sales	-	-	-	1,783,801
3 Overseas sales per Consolidated sales	% 6.2	% 27.7	% 30.3	% 64.2

1. This segmentation is based on the geographical area.

2. Major countries or areas included

(1) North America---USA

(2) Asia---Thailand, China, Vietnam, Philippines

(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.

FY2023 (April 1, 2022 through December 31, 2022)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	180,609	723,413	740,099	1,644,123
2 Consolidated sales	-	-	-	2,343,984
3 Overseas sales per Consolidated sales	% 7.7	% 30.9	% 31.6	% 70.1

1. This segmentation is based on the geographical area.

2. Major countries or areas included

(1) North America---USA

(2) Asia---Thailand, China, Indonesia, Philippines

(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.