

Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



February 1, 2024

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
 Code Number: 7205 URL: <https://www.hino.co.jp/>
 Representative: Satoshi Ogiso, President & CEO, Member of the Board of Directors
 Contact Point: Hiroshi Hashimoto, General Manager, Corporate Communications Dept., Public Affairs Div
 Phone: (042) 586-5494

Scheduled Date of Quarterly Financial Statements Filing: February 7, 2024

Scheduled Date of Dividend Payment Start: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes (For Mass Media and Analysts)

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023–December 31, 2023)

(1) Consolidated Financial Results (Cumulative) (% of change from the same quarter of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q of FY 2024	1,141,512	2.8	4,668	-81.8	4,063	-83.8	-10,267	—
3Q of FY 2023	1,110,377	3.8	25,635	-48.6	25,093	-52.1	-23,721	—

(Note) Comprehensive income: 3Q of FY 2024: ¥ 10,654 million (—%) 3Q of FY 2023: ¥ -3,673 million (—%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
3Q of FY 2024	-17.89		—	
3Q of FY 2023	-41.32		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
3Q of FY 2024	1,404,689		437,494		26.2	
FY 2023	1,361,735		433,409		27.0	

(Reference) Equity capital: 3Q of FY 2024: ¥ 368,192 million FY 2023: ¥ 367,914 million

2. Dividends

	Dividends per share					
	1Q	2Q	3Q	Year-end	Annual	
	Yen		Yen		Yen	
FY 2023	—		0.00		0.00	
FY 2024	—		0.00		—	
FY 2024 (forecast)	—		—		—	

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% of change from FY2023)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2024	1,500,000	-0.5	1,000	-94.3	-4,000	—	-22,000	—	-38.33

(Note) Changes from the latest financial forecast: None

*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: None
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	3Q of FY 2024	574,580,850 shares	FY 2023	574,580,850 shares
2) Number of treasury stock at end of term	3Q of FY 2024	554,767 shares	FY 2023	554,114 shares
3) Average number of shares (quarterly consolidated cumulative period)	3Q of FY 2024	574,026,457 shares	3Q of FY 2023	574,027,167 shares

*Summary of financial results is out of scope of audit by Certified Public Accountants or Audit companies.

*Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable, and the Company gives no guarantees that it will achieve these results. In addition, actual financial results may significantly vary due to various factors.

Appendix

Table of contents of the appendix

1. Qualitative Information Regarding the Financial Performance for the Current Quarter	2
(1) Information on Consolidated Operating Results	2
(2) Information on Consolidated Financial Position	2
(3) Information on Forecasts of Consolidated Financial Results	2
2. Quarterly Consolidated Financial Statements and Major Notes.....	3
(1) Quarterly Consolidated Balance Sheets	3
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
[Quarterly Consolidated Statements of Income]	
[Consolidated Third Quarter of FY 2024 and FY 2023 (Cumulative)]	5
[Quarterly Consolidated Statements of Comprehensive Income]	
[Consolidated Third Quarter of FY 2024 and FY 2023 (Cumulative)]	6
(3) Notes to Quarterly Consolidated Financial Statements	6
Notes on Going Concern Assumption	7
Notes on Significant Changes in the Amount of Shareholders' Equity	7
Additional Information	7
Contingent Liabilities	8
3. Supplementary Information.....	9
(1) Actual Production (Consolidated)	9
(2) Actual Sales (Consolidated)	9

1. Qualitative Information Regarding the Financial Performance for the Current Quarter

(1) Information on Consolidated Operating Results

As for the Japanese domestic truck market during the current third quarter (nine months), the delay vehicle production due to global semiconductor shortage was recovered, therefore the total demand for heavy-duty, medium-duty, and light-duty trucks increased and the demand for buses in domestic market also increased in the same way due to the recovery trend of customers demand raised after COVID-19 situation. Accordingly, the total demand for trucks and buses in Japan were 110.7 thousand units, representing 21.8 thousand units (+24.5%) year on year increase.

As for domestic sales in Japan, the impact of the suspension shipments due to misconduct of engine tests persists. However, the resumption of shipment for some models raised slightly, remained total sales volume of trucks and buses were 27.6 thousand units, representing 1.1 thousand units (+4.2%) year on year increase.

As for overseas market, mainly decreased from declining demand in ASEAN countries. The sales volume were 73.6 thousand units, representing 12.7 thousand units (-14.8%) year on year decrease.

As all the above reasons, it results in total unit sales of Hino Brand were 101.2 thousand units, representing 11.6 thousand units (-10.3%) year on year decrease.

As for the sales volume to Toyota Motor Corporation were 90.4 thousand units, representing 11.4 thousand units (-11.2%) year on year decrease. Mainly from the sales volume of SUVs and light-duty trucks decreased.

In addition to the above-mentioned, according to the impact of the conversion of foreign currency to yen currency and price revisions, remained total net sales in the current third quarter were ¥1,141,512 million, which increased ¥31,135 million (+2.8%) compared to the same quarter in the previous year.

As for profit and loss, even though the Japanese yen has been weakening but the decreased in overseas sales volume and the worsening of the materials market, it results in operating income was ¥4,668 million which decreased ¥20,967 million (-81.8%) compared to the same quarter in the previous year and ordinary income was ¥4,063 million which decreased ¥21,029 million (-83.8%) compared to the same quarter in the previous year.

In addition, a gain on sale of non-current assets was recorded in extraordinary income for ¥51,533 million. Meanwhile a loss related to domestic and North American certification were recorded in the section of extraordinary loss for ¥20,056 million and ¥34,709 million respectively. As a result, loss attributable to owners of parent changed from ¥23,721 million to ¥10,267 million, representing ¥13,453 million year on year gain increased.

(2) Information on Consolidated Financial Position

Total assets at the end of the third quarter increased to ¥1,404,689 million by ¥42,953 million compared to the end of the previous fiscal year. Mainly increased from inventories by ¥45,172 million, property, plant and equipment by ¥9,068 million. Meanwhile notes and accounts receivable - trade decreased by ¥25,365 million.

Liabilities increased to ¥967,194 million by ¥38,867 million compared to the end of the previous fiscal year. The main cause is interest-bearing liabilities increased by ¥43,977 million.

Net assets increased to ¥437,494 million by ¥4,085 million compared to the end of the previous fiscal year. The main causes are foreign currency translation adjustment increased by ¥5,620 million and valuation difference on available-for-sale securities increased by ¥4,248 million, while loss attributable to owners of parent amounting to ¥10,267 million was recorded.

(3) Information on Forecasts of Consolidated Financial Results

There is no change from the previously announced forecasts (October 27, 2023).

2. Quarterly Consolidated Financial Statements and Major Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	82,150	86,802
Notes and accounts receivable - trade	288,668	263,303
Merchandise and finished goods	162,018	208,653
Work in process	66,189	60,368
Raw materials and supplies	50,296	54,655
Other	89,144	96,739
Allowance for doubtful accounts	-5,287	-5,735
Total current assets	733,181	764,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	183,690	182,569
Machinery, equipment and vehicles, net	73,730	71,276
Land	128,740	127,552
Other, net	54,025	67,857
Total property, plant and equipment	440,187	449,255
Intangible assets	31,682	29,415
Investments and other assets		
Investment securities	133,260	139,338
Deferred tax assets	12,202	11,831
Other	14,450	13,217
Allowance for doubtful accounts	-3,229	-3,157
Total investments and other assets	156,684	161,229
Total non-current assets	628,554	639,900
Total assets	1,361,735	1,404,689
Liabilities		
Current liabilities		
Notes and accounts payable - trade	243,640	210,999
Short-term borrowings	247,798	284,529
Current portion of bonds payable	1,470	3,513
Current portion of long-term borrowings	5,376	10,999
Income taxes payable	5,480	7,093
Provision for product warranties	45,597	43,442
Provision for certification related loss	100,078	89,979
Other provisions	8,161	4,064
Other	118,486	159,202
Total current liabilities	776,089	813,824
Non-current liabilities		
Bonds payable	4,410	8,246
Long-term borrowings	31,397	27,140
Deferred tax liabilities	32,021	32,335
Deferred tax liabilities for land revaluation	2,742	2,742
Retirement benefit liability	42,504	42,642
Other provisions	1,576	1,421
Other	37,584	38,841
Total non-current liabilities	152,237	153,370
Total liabilities	928,326	967,194

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,956	65,956
Retained earnings	161,423	151,155
Treasury shares	-202	-202
Total shareholders' equity	299,894	289,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,315	55,564
Deferred gains or losses on hedges	-53	-16
Revaluation reserve for land	2,273	2,273
Foreign currency translation adjustment	7,487	13,108
Remeasurements of defined benefit plans	6,996	7,636
Total accumulated other comprehensive income	68,020	78,565
Non-controlling interests	65,494	69,302
Total net assets	433,409	437,494
Total liabilities and net assets	1,361,735	1,404,689

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

[Quarterly Consolidated Statements of Income]

[Consolidated Third Quarter of FY 2024 and FY 2023 (Cumulative)]

(Millions of yen)

	FY 2023 (From April 1, 2022 to December 31, 2022)	FY 2024 (From April 1, 2023 to December 31, 2023)
Net sales	1,110,377	1,141,512
Cost of sales	922,374	956,899
Gross profit	188,003	184,613
Selling, general and administrative expenses		
Salaries and allowances	40,427	41,513
Provision for bonuses	2,073	2,109
Retirement benefit expenses	2,717	2,459
Other	117,149	133,861
Total selling, general and administrative expenses	162,367	179,944
Operating profit	25,635	4,668
Non-operating income		
Interest income	1,367	1,620
Dividend income	2,584	2,407
Foreign exchange gains	—	2,712
Share of profit of entities accounted for using equity method	572	236
Miscellaneous income	3,303	2,935
Total non-operating income	7,828	9,912
Non-operating expenses		
Interest expenses	4,372	8,576
Foreign exchange losses	2,325	—
Miscellaneous expenses	1,672	1,940
Total non-operating expenses	8,370	10,516
Ordinary profit	25,093	4,063
Extraordinary income		
Gain on sale of investment securities	395	9,042
Gain on sale of non-current assets	195	51,533
Subsidy for estate	670	—
Other	45	64
Total extraordinary income	1,307	60,640
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,627	626
Loss related to domestic certification	28,474	20,056
Loss related to North American certification	—	34,709
Other	34	524
Total extraordinary losses	31,136	55,917
Profit (loss) before income taxes	-4,735	8,786
Income taxes - current	11,250	13,208
Income taxes - deferred	617	-1,109
Total income taxes	11,867	12,098
Loss	-16,603	-3,312
Profit attributable to non-controlling interests	7,117	6,955
Loss attributable to owners of parent	-23,721	-10,267

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated Third Quarter of FY 2024 and FY 2023 (Cumulative)]

(Millions of yen)

	FY 2023 (From April 1, 2022 to December 31, 2022)	FY 2024 (From April 1, 2023 to December 31, 2023)
Loss	-16,603	-3,312
Other comprehensive income		
Valuation difference on available-for-sale securities	1,032	3,614
Deferred gains or losses on hedges	111	85
Foreign currency translation adjustment	11,099	8,413
Remeasurements of defined benefit plans, net of tax	642	654
Share of other comprehensive income of entities accounted for using equity method	44	1,199
Total other comprehensive income	12,930	13,966
Comprehensive income	-3,673	10,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-14,435	278
Comprehensive income attributable to non-controlling interests	10,762	10,376

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

Extraordinary income

(Gain on sale of non-current assets)

The gain on sale of non-current assets is primarily attributable to the sale of land. (Western area of the old Hino's factory in Hino City, Tokyo)

Extraordinary losses

(Loss related to domestic certification)

The misconduct concerning about engine certification related to engine performance problem for Japan market was revealed and confirmed. Accordingly, our company recorded compensation for suppliers, customers and valuation of inventories amount ¥20,056 million as a loss related to domestic certification in the section of extraordinary loss.

(Loss related to North American certification)

Regarding the major factors in the loss related to the certification in North America, a lawsuit was filed against our company and U.S. subsidiaries in the U.S. District Court for the Southern District of Florida, Miami Division on August 5, 2022 (local time), but our company entered into a settlement agreement with the plaintiff on October 25, 2023. Due to this settlement, a loss related to the certification in North America amount ¥34,675 million was recorded in the section of extraordinary loss.

(Contingent Liabilities)

- Certification issues

Although the investigation of the engine by special committee for Japan market has been completed but the impact of the engine certification issue for the North American and Japan market is still ongoing for verification, investigation and communication with the related parties.

Accordingly, other impacts were already determined, and it will not be affected in the quarterly consolidated financial statements due to the difficult of reasonably estimated.

- Litigation against our company and subsidiaries outside Japan

Class action lawsuit in Victoria, Australia

On September 30, 2022 (local time) and April 17, 2023 (local time) at the Superior Court of Victoria in Australia, our company and subsidiaries company in Australia were sued by the plaintiff on behalf of the person who have purchased, leased, or having legal rights to our trucks in Australia from January 1, 2003 due to suffered damages as a result of fraud and other acts that related to violations of emission performance and fuel economy standards from our company's engines.

In the complaint filed in this fraud and misconduct case, the plaintiffs are demanding compensation from our company due to the damage in connection with quality assurance under Australian laws and regulations, however the specific amount of claims charged has not been disclosed.

Regarding of the procedures for the two class-action including the discussions to consolidate and organize the claims charged was held on November 21, 2023, and the court decided to review only for the class-action lawsuit filed on April 17, 2023.

Although there is a possibility that we may incur losses depending on the class-action judgment result. However, the impact amount of this case is difficult to reasonably estimate, and our company has not reflected this impact in our quarterly consolidated financial statements.

A class-action lawsuit in British Columbia, Canada

On October 19, 2023 (local time) at the Superior Court of British Columbia in Canada, a lawsuit was filed against our parent company and subsidiaries company in the U.S. and Canada by the plaintiff on behalf of the person who have purchased or rented the vehicles from 2004 to 2021 model that manufactured by our company and sold in Canada due to suffered damage from the past misconduct.

In the complaint for this lawsuit, the plaintiff is requesting compensatory and punitive damages to our company. However, the exact amount demanded has not been disclosed.

Class-action lawsuit in Quebec, Canada

On November 1, 2023 (local time) at the Superior Court of Quebec, a lawsuit was filed against our parent company and the subsidiaries company in Canada by the plaintiff on behalf of the person who have purchased or rented the vehicles from 2004 to 2021 model that manufactured by our company and sold in Quebec, Canada due to suffered damage from misrepresentation.

In the complaint filed in this lawsuit, the plaintiff is requesting our company to pay compensation amount 10,000 Canadian dollars for each plaintiff due to the damage caused by misrepresentation and demanded total amount of 25 million Canadian dollars due to punitive damages.

Regarding the two class-action lawsuits filed in Canada, our company is confirming the claims of the plaintiffs, and although there is a possibility that we may incur losses depending on the class-action judgment result. However, the impact amount of this case is difficult to reasonably estimate, and our company has not reflected this impact in our quarterly consolidated financial statements.

3. Supplementary Information

(1) Actual Production (Consolidated)

Category	FY 2023 (From April 1, 2022 to December 31, 2022)	FY 2024 (From April 1, 2023 to December 31, 2023)	Change
Trucks and buses	116,577 units	102,495 units	-14,082 units
Toyota brand vehicles	101,804 units	90,421 units	-11,383 units

(2) Actual Sales (Consolidated)

Category		FY 2023 (From April 1, 2022 to December 31, 2022)		FY 2024 (From April 1, 2023 to December 31, 2023)		Change	
		Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
	Japan	26,505	152,694	27,621	199,052	1,116	46,358
	Overseas	86,338	449,815	73,600	422,239	-12,738	-27,576
	Supplies of parts for overseas production	—	99	—	22	—	-76
Total trucks and buses		112,843	602,609	101,221	621,314	-11,622	18,705
Total Toyota brand		101,808	74,363	90,421	56,799	-11,387	-17,564
	Japan	—	51,300	—	56,058	—	4,757
	Overseas	—	63,187	—	66,920	—	3,732
	Total service parts	—	114,488	—	122,978	—	8,489
	Japan	—	142,118	—	154,573	—	12,455
	Overseas	—	15,347	—	16,776	—	1,428
	Toyota	—	161,449	—	169,070	—	7,620
Total others		—	318,916	—	340,420	—	21,504
Total net sales		—	1,110,377	—	1,141,512	—	31,135

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