

Financial Results for the Fiscal Year Ended March 31, 2022
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



April 27, 2022

Name of Listed Company: Hino Motors, Ltd.
Code Number: 7205 URL: <http://www.hino.co.jp/>
Representative: Satoshi Ogiso, President, Member of the Board
Contact Point: Hiroshi Hashimoto, General Manager, Corporate Communications, Public Affairs Dept.
Phone: (042) 586-5494
Scheduled Date of Annual Meeting of Shareholders: June 23, 2022
Scheduled Date of Financial Statements Filing: June 23, 2022
Scheduled Date of Dividend Payment Start: -
Supplementary materials for Financial Results: Yes
Investor conference for Financial Results: Yes (For Mass Media and Analysts)

Stock Listing: Tokyo and Nagoya

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021– March 31, 2022)

(1) Consolidated Financial Results (% of change from 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	%
FY 2022	1,459,706	—	33,810	—	37,986	—	-84,732	—
FY 2021	1,498,442	-17.5	12,250	-77.7	12,261	-75.3	-7,489	—

(Note) Comprehensive income FY 2022: ¥ -74,716 million (—%) FY 2021: ¥ 20,611 million (9.9%)

	Profit per share	Diluted Profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2022	-147.61	—	-16.7	3.1	2.3
FY 2021	-13.05	—	-1.4	1.0	0.8

(Reference) Equity in earnings of affiliated companies: FY 2022: ¥186 million FY 2021: ¥ -3,460 million

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the current consolidated accounting period. Accordingly, the figures for the fiscal year ending March 2022 reflect said accounting standard, etc., and increase/decrease rates from the previous year are not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2022	1,258,350	516,007	36.4	798.17
FY 2021	1,231,495	604,872	45.0	965.54

(Reference) Equity capital: FY 2022: ¥ 458,169 million FY 2021: ¥ 554,245 million

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the current consolidated accounting period. Accordingly, the figures for the fiscal year ending March 2022 reflect said accounting standard, etc.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2022	106,711	-62,181	-39,147	62,662
FY 2021	108,429	-56,211	-38,408	54,651

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2021	—	5.00	—	7.00	12.00	6,889	—	1.3
FY 2022	—	10.00	—	0.00	10.00	5,741	—	1.1
FY 2023 (forecast)	—	—	—	—	—		—	

(Note) Due to the uncertain business environment at present, the year-end and annual dividend forecasts for FY2023 have not been determined.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

At this point, there are some uncertain factors that may affect our business results, so we will refrain from disclosing it in the financial results. Consolidated earnings forecast will be announced when it becomes reasonably predictable.

For details, please refer to “1. Operating Results Overview (4) Forecasts for the Fiscal Year Ending March 31, 2023” on page 3 of the attachment.

*Notes

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

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

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

(Note) For details, please refer to “3 Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Revision to the Accounting Policy)” on page 13 of the attachment.

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2022	574,580,850 shares	FY 2021	574,580,850 shares
2) Number of treasury stock at end of term	FY 2022	553,582 shares	FY 2021	552,655 shares
3) Average number of shares	FY 2022	574,027,580 shares	FY 2021	574,028,861 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022	863,642	—	-3,003	—	11,611	—	-88,599	—
FY 2021	1,013,243	-20.6	-8,751	—	13,937	-57.1	2,827	-89.9

	Profit per share	Diluted Profit per share
	Yen	Yen
FY 2022	-154.31	—
FY 2021	4.93	—

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the current accounting period. Accordingly, the figures for the fiscal year ending March 2022 reflect said accounting standard, etc., and increase/decrease rates from the previous year are not indicated.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2022	780,850	309,968	39.7	539.87
FY 2021	809,768	421,436	52.0	734.01

(Reference) Equity capital: FY 2022: ¥ 309,968 million FY 2021: ¥ 421,436 million

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the current accounting period. Accordingly, the figures for the fiscal year ending March 2023 reflect said accounting standard, etc.

<Reasons for the difference in non-consolidated results from the previous fiscal year>

In FY2022, Net income (net loss) fell below the previous year's result. This is mainly because, although the operating loss improved from the previous year due to an increase in export volume, a domestic certification-related loss was recorded, and an income tax adjustment of 32,251 million yen was recorded in the non-consolidated financial statements due to reduce deferred tax assets. For details, please refer to “3 Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Additional Information)” on page 13 of the attachment.

* 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

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1 Operating Results Overview

(1) Operating Results Overview for Current Term

We would like to express our profound apology to shareholders and customers for causing significant inconvenience and worries, due to the wrongdoing regarding engine certification (described in our press release dated March 4, 2022 and March 25, 2022).

As for the Japanese domestic truck market in this consolidated fiscal year, manufacturing was affected by the insufficient supply of parts caused by the global shortage of semiconductors, the novel coronavirus, etc., so the total demand for heavy- and medium-duty trucks was 77.3 thousand units, a decrease of 8.6 thousand units (-10.0%) compared to the previous year, and total demand for light-duty truck was 74.5 thousand units, a decrease of 11.5 thousand units (-13.4%) compared to the previous year.

As for Japanese domestic sales, we continued down-to-earth sales activities, so the total sales volume of heavy-, medium-, and light-duty trucks and buses was 57.8 thousand units, a decrease of only 1.9 thousand units (-3.1%) compared to the previous year.

As for overseas sales, thanks to the market recovery trend mainly in ASEAN countries, sales volume was 100.4 thousand units, an increase of 26.8 thousand units (36.4%) compared to the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 158.1 thousand units by 24.9 thousand units (18.7%) from the previous fiscal year.

As for the volume of sales to Toyota Motor Corporation, because the sales of SUV and light-duty truck increased, total sales volume increased to 141.7 thousand units by 33.0 thousand units (30.3%) from the previous fiscal year.

As a result of the above, consolidated net sales were ¥1,459,706 million. As for profits, the business environment worsened due to the skyrocketing of prices of raw materials, etc., but we strengthened our revenue base by enhancing sales activities mainly in ASEAN activities, expanding revenues from comprehensive support, and improving revenues per vehicle. In addition, we invested in cutting-edge technologies, the fortification of our business base, etc. and rationalized fixed costs through the reform of workstyles. This made up for the decline in revenues caused by the changes in the business environment, so our earning capacity improved steadily. However, our business was affected by the insufficient supply of parts, the augmentation of quality assurance costs, and the suspension of manufacturing and shipment in the wake of the wrongdoing regarding engine certification, so consolidated operating income fell below the amount in the term ended March 2020 before the outbreak of the coronavirus pandemic (54,859 million yen), although it increased 21,560 million yen from the previous term to 33,810 million yen.

Ordinary income was 37,986 million yen, up 25,725 million yen from the previous term, but down from the term ended March 2020 (49,596 million yen).

In addition, loss attributable to owners of parent was 84,732 million yen (loss of 7,489 million yen in the previous consolidated fiscal year; profit of 31,467 million yen in the term ended March 2020), as the loss related to domestic certification was 40 billion yen, the loss related to certification in North America was 27,304 million yen, and the income taxes-deferred due to the reduction of deferred tax assets, etc. was 34,711 million yen.

The Accounting Standard for Revenue Recognition (Corporate Accounting Standards No. 29; March 31, 2020), etc. were applied from the beginning of the current consolidated accounting period. Accordingly, the sales for the current consolidated accounting period decreased ¥269,385 million. For details, please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Revision to the Accounting Policy).”

(2) Financial Position Overview for Current Term

Total assets as of the end of this fiscal year increased to ¥1,258,350 million by ¥26,854 million compared to the end of the previous fiscal year. This is mainly because inventories increased by ¥25,473 million and property, plant and equipment increased by ¥9,206 million, while notes and accounts receivable – trade decreased by ¥12,525 million.

Liabilities increased to ¥742,342 million by ¥115,719 million from the end of the previous fiscal year. This is mainly because notes and accounts payable - trade increased by ¥21,451 million and provision for certification-related loss increased by ¥29,970 million, and deferred tax liabilities increased by ¥25,078 million.

Net assets decreased to ¥516,007 million by ¥88,864 million compared to the end of the previous fiscal year. This is mainly because loss attributable to owners of parent of ¥84,732 million was recorded and dividends from retained earnings of ¥9,760 million were paid.

(3) Cash Flow Overview for Current Term

Cash flows for this fiscal year are as follows.

Cash provided by operating activities was ¥106,711 million. This was mainly due to posting depreciation and amortization of ¥54,956 million, notes and accounts receivable – trade decreased by ¥22,291 million, and provision for certification-related loss increased by ¥29,970 million.

Cash used in investing activities was ¥62,181 million. This was mainly due to the expenditure of ¥61,503 million on purchase of non-current assets centering on production facilities.

Cash used in financing activities was ¥39,147 million. This was mainly due to net decrease in short-term loans payable of ¥22,778 million and dividends paid of ¥9,760 million.

As a result, cash and cash equivalents at the end of this fiscal year increased to ¥62,662 million by ¥8,011 million compared to the end of the previous fiscal year.

(4) Forecasts for the Fiscal Year Ending March 31, 2023

<Regarding the wrongdoing for engine certification>

We seriously take the wrongdoing for engine certification, while considering from currently available information that we failed to cope with the pressure to attain numerical goals and strictly follow schedules at each workplace.

For corporate management from now on, we will clarify our stance of giving top priority to compliance, improve corporate governance by reforming our organization and business operation processes, and raise individual employees' awareness.

As comprehensive inspection, we will continue the thoroughgoing investigation into facts related to engine certification procedures, and the surveys on the compliance with the certification process and engine performance. In addition, we established a special investigation committee composed of external intellectuals who have no stake in our company, while considering the importance of that case, and entrusted the committee with the formulation of a proposal for drastic measures for preventing the recurrence of such a case, for the purposes of elucidating the full details of that case, analyzing the root cause, and discussing ideal organizations and development processes for our company.

Based on the results of these measures, we will make continuous efforts to prevent the recurrence for regaining trust and redevelop a corporate structure for giving top priority to compliance.

<Future outlook>

In FY2023, we expect that the global economy will keep recovering as a whole, although it varies among countries and regions, but the outlook will remain uncertain, due to geopolitical risks, the insufficient supply of parts, and stagnation of distribution of goods. In addition, we are required to take proactive actions for conserving the earth environment, and in the automobile field, the advance of new technologies for CASE (Connected, Autonomous, Shared, and Electric) is accelerating year by year. Recognizing this business environment, the Hino Group will steadily proceed with the structural reform for realizing a business structure that will not be swayed by changes in the business environment and measures for actualizing carbon neutrality, and aim to realize “an affluent, comfortable, sustainable society.”

Regarding the consolidated earnings forecast for the next term, it is still difficult to reasonably predict when we will be able to resume the shipment of models for which the wrongdoing was found, so we would like to refrain from announcing the forecast in the brief report on financial results. As soon as reasonable estimation becomes possible, we will disclose the consolidated earnings forecast.

(5) Basic Policy on Profit Distribution and Dividends for FY2022 and FY2023

Our company will strive to achieve a consolidated payout ratio of 30% stably and continuously, while fortifying its financial standing and considering its business performance, new investments, etc. in each term.

However, for this term, since we recorded a net loss of ¥84,732 million, we have regrettably decided not to pay the term-end dividend.

As for the dividends for the next term, they are still to be determined, because it is difficult to forecast our business performance. As soon as the disclosure of forecast dividends becomes possible, we will disclose them.

2 Basic Policy on Selection of Accounting Standards

As the Group is not listed on overseas markets, and for ease of comparison with other companies, Japanese standards are used, and regarding the selection of IFRS (International Financial Reporting Standards), the accounting standards used by other companies domestically will be considered as we continue to gather information and discuss the issue with experts, and the decision will be made carefully.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	56,188	66,253
Notes and accounts receivable - trade	300,569	288,044
Lease receivables	26,749	25,401
Merchandise and finished goods	132,816	127,565
Work in process	33,810	50,665
Raw materials and supplies	34,036	47,906
Other	28,044	33,797
Allowance for doubtful accounts	-3,584	-4,878
Total current assets	608,632	634,755
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	172,976	178,778
Machinery, equipment and vehicles, net	84,907	86,643
Tools, furniture and fixtures, net	17,734	18,529
Land	128,068	128,202
Leased assets, net	726	6,066
Construction in progress	30,653	26,040
Assets for rent, net	21	33
Total property, plant and equipment	435,087	444,293
Intangible assets		
Software	25,757	30,071
Other	1,161	1,058
Total intangible assets	26,918	31,129
Investments and other assets		
Investment securities	127,307	122,444
Retirement benefit asset	801	995
Deferred tax assets	19,657	9,890
Other	16,096	17,900
Allowance for doubtful accounts	-3,005	-3,059
Total investments and other assets	160,857	148,171
Total non-current assets	622,862	623,594
Total assets	1,231,495	1,258,350

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	229,329	250,780
Short-term borrowings	159,099	144,568
Current portion of long-term borrowings	6,243	8,400
Lease liabilities	383	570
Accounts payable - other	16,719	22,100
Income taxes payable	2,450	2,383
Provision for bonuses	6,815	7,156
Provision for bonuses for directors (and other officers)	775	596
Provision for product warranties	30,341	52,333
Provision for certification related loss	—	29,970
Other	74,054	95,346
Total current liabilities	526,210	614,204
Non-current liabilities		
Long-term borrowings	14,201	8,279
Lease liabilities	2,213	9,175
Deferred tax liabilities	1,602	26,680
Deferred tax liabilities for land revaluation	2,765	2,742
Retirement benefit liability	54,627	56,174
Provision for retirement benefits for directors (and other officers)	2,038	1,700
Asset retirement obligations	1,391	1,410
Other	21,572	21,974
Total non-current liabilities	100,412	128,137
Total liabilities	626,622	742,342
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,775	65,952
Retained earnings	376,402	279,087
Treasury shares	-197	-201
Total shareholders' equity	514,696	417,556
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,911	46,315
Deferred gains or losses on hedges	-175	-125
Revaluation reserve for land	2,325	2,273
Foreign currency translation adjustment	-8,871	170
Remeasurements of defined benefit plans	-5,640	-8,020
Total accumulated other comprehensive income	39,548	40,613
Non-controlling interests	50,627	57,837
Total net assets	604,872	516,007
Total liabilities and net assets	1,231,495	1,258,350

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

[Consolidated Statements of Income]

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Net sales	1,498,442	1,459,706
Cost of sales	1,285,609	1,209,200
Gross profit	212,832	250,505
Selling, general and administrative expenses		
Sales commission	21,347	7,375
Transportation and storage costs	9,738	12,587
Provision for product warranties	30,341	42,303
Advertising expenses	1,245	1,504
Salaries and allowances	54,539	55,616
Provision for bonuses	3,570	3,714
Provision for bonuses for directors (and other officers)	773	596
Retirement benefit expenses	3,159	3,365
Provision for retirement benefits for directors (and other officers)	418	371
Rent expenses	8,336	8,166
Other	67,111	81,093
Total selling, general and administrative expenses	200,582	216,694
Operating profit	12,250	33,810
Non-operating income		
Interest income	1,074	1,140
Dividend income	1,819	2,553
Rental income	1,166	1,385
Foreign exchange gains	2,556	1,507
Share of profit of entities accounted for using equity method	—	186
Miscellaneous income	3,411	2,941
Total non-operating income	10,028	9,714
Non-operating expenses		
Interest expenses	4,107	2,849
Share of loss of entities accounted for using equity method	3,460	—
Miscellaneous expenses	2,449	2,689
Total non-operating expenses	10,017	5,539
Ordinary profit	12,261	37,986

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Extraordinary income		
Gain on sale of non-current assets	237	66
Gain on sale of investment securities	1,475	709
Other	49	349
Total extraordinary income	1,762	1,125
Extraordinary losses		
Loss on sale and retirement of non-current assets	985	301
Loss related to domestic certification	—	40,000
Loss related to North American certification	14,556	27,304
Other	364	2,990
Total extraordinary losses	15,907	70,595
Loss before income taxes	-1,883	-31,484
Income taxes - current	5,976	12,140
Income taxes - deferred	-1,562	34,711
Total income taxes	4,414	46,852
Loss	-6,297	-78,337
Profit attributable to non-controlling interests	1,191	6,395
Loss attributable to owners of parent	-7,489	-84,732

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Loss	-6,297	-78,337
Other comprehensive income		
Valuation difference on available-for-sale securities	14,140	-4,196
Deferred gains or losses on hedges	-68	113
Revaluation reserve for land	—	-51
Foreign currency translation adjustment	6,837	11,124
Remeasurements of defined benefit plans, net of tax	5,527	-2,521
Share of other comprehensive income of entities accounted for using equity method	471	-847
Total other comprehensive income	26,909	3,620
Comprehensive income	20,611	-74,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,002	-83,667
Comprehensive income attributable to non-controlling interests	2,609	8,950

(3) Consolidated Statements of Changes in Net Assets
Previous Fiscal Year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	72,717	64,830	390,781	-196	528,132	37,653	-36
Changes during period							
Dividends of surplus			-6,889		-6,889		
Profit (loss) attributable to owners of parent			-7,489		-7,489		
Purchase of treasury shares				-1	-1		
Change in ownership interest of parent due to transactions with non-controlling interests		944			944		
Net changes in items other than shareholders' equity						14,257	-139
Total changes during period	—	944	-14,378	-1	-13,435	14,257	-139
Balance at end of period	72,717	65,775	376,402	-197	514,696	51,911	-175

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,325	-14,601	-11,283	14,057	50,491	592,680
Changes during period						
Dividends of surplus						-6,889
Profit (loss) attributable to owners of parent						-7,489
Purchase of treasury shares						-1
Change in ownership interest of parent due to transactions with non-controlling interests						944
Net changes in items other than shareholders' equity	—	5,730	5,642	25,491	136	25,627
Total changes during period	—	5,730	5,642	25,491	136	12,192
Balance at end of period	2,325	-8,871	-5,640	39,548	50,627	604,872

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	72,717	65,775	376,402	-197	514,696	51,911	-175
Cumulative effects of changes in accounting policies			-2,873		-2,873		
Restated balance	72,717	65,775	373,529	-197	511,823	51,911	-175
Changes during period							
Dividends of surplus			-9,760		-9,760		
Profit (loss) attributable to owners of parent			-84,732		-84,732		
Purchase of treasury shares				-4	-4		
Change in ownership interest of parent due to transactions with non-controlling interests		177			177		
Reversal of revaluation reserve for land			51		51		
Net changes in items other than shareholders' equity						-5,595	50
Total changes during period	—	177	-94,441	-4	-94,267	-5,595	50
Balance at end of period	72,717	65,952	279,087	-201	417,556	46,315	-125

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,325	-8,871	-5,640	39,548	50,627	604,872
Cumulative effects of changes in accounting policies						-2,873
Restated balance	2,325	-8,871	-5,640	39,548	50,627	601,999
Changes during period						
Dividends of surplus						-9,760
Profit (loss) attributable to owners of parent						-84,732
Purchase of treasury shares						-4
Change in ownership interest of parent due to transactions with non-controlling interests						177
Reversal of revaluation reserve for land						51
Net changes in items other than shareholders' equity	-51	9,041	-2,379	1,065	7,210	8,275
Total changes during period	-51	9,041	-2,379	1,065	7,210	-85,991
Balance at end of period	2,273	170	-8,020	40,613	57,837	516,007

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Loss before income taxes	-1,883	-31,484
Depreciation	54,754	54,956
Increase (decrease) in allowance for doubtful accounts	205	1,211
Increase (decrease) in provision for product warranties	-5,773	21,992
Increase (decrease) in provision for certification related loss	—	29,970
Increase (decrease) in retirement benefit liability	2,047	983
Interest and dividend income	-2,894	-3,694
Interest expenses	4,107	2,849
Foreign exchange losses (gains)	-37	—
Share of loss (profit) of entities accounted for using equity method	3,460	-186
Loss (gain) on sale of investment securities	-1,475	-709
Loss (gain) on sale and retirement of non-current assets	748	234
Decrease (increase) in trade receivables	-8,491	22,291
Decrease (increase) in lease receivables	7,827	3,688
Decrease (increase) in inventories	60,232	-16,861
Increase (decrease) in trade payables	-10,406	16,573
Decrease (increase) in other current assets	7,179	-5,594
Increase (decrease) in other current liabilities	10,540	18,013
Other, net	-727	-787
Subtotal	119,413	113,447
Interest and dividends received	3,071	3,828
Interest paid	-4,914	-2,592
Income taxes refund (paid)	-9,140	-7,972
Net cash provided by (used in) operating activities	108,429	106,711
Cash flows from investing activities		
Payments into time deposits	-826	-2,460
Proceeds from withdrawal of time deposits	169	453
Purchase of property, plant and equipment	-50,410	-49,432
Proceeds from sale of property, plant and equipment	1,224	1,056
Purchase of intangible assets	-8,608	-12,070
Purchase of investment securities	-65	-352
Proceeds from sale of investment securities	2,327	1,037
Long-term loan advances	-1,353	-1,847
Proceeds from collection of long-term loans receivable	1,321	1,795
Other, net	10	-360
Net cash provided by (used in) investing activities	-56,211	-62,181

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-20,088	-22,778
Proceeds from long-term borrowings	3,907	4,596
Repayments of long-term borrowings	-13,972	-9,571
Proceeds from share issuance to non-controlling shareholders	1,282	166
Dividends paid	-6,889	-9,760
Dividends paid to non-controlling interests	-2,549	-1,583
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-97	-169
Other, net	-1	-45
Net cash provided by (used in) financing activities	-38,408	-39,147
Effect of exchange rate change on cash and cash equivalents	1,048	2,629
Net increase (decrease) in cash and cash equivalents	14,858	8,011
Cash and cash equivalents at beginning of period	39,793	54,651
Cash and cash equivalents at end of period	54,651	62,662

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no related information.

(Revision to the Accounting Policy)

(Application of the Accounting Standard for Revenue Recognition)

We started applying the Accounting Standard for Revenue Recognition (Corporate Accounting Standards No. 29; March 31, 2020; hereinafter called “the Revenue Recognition Standard”), etc. from the beginning of the current consolidated accounting period. When promised assets or services have been transferred to customers, the compensations to be received for said assets or services will be recognized as revenues.

As for transactions in which Enterprise A provides Enterprise B with materials, etc. while charging a price for said materials, etc., Enterprise B produces products by processing said materials, etc., and Enterprise A buys said products, the selling price of said products including the price of the materials has been recognized as revenues, but the price of said materials, etc. is now deducted from said selling price. As for kickback transactions, the kickback amounts to be paid to customers have been posted in SGA, but the amount calculated by deducting the kickback amounts from the selling prices to customers is now recognized as revenues.

The Revenue Recognition Standard is applied in accordance with the proviso for transitional handling in Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of the retroactive application of the new accounting policy to the period before the current consolidated accounting period is included in the retained earnings at the beginning of said accounting period, and the new accounting policy has been applied from the balance at the beginning of said accounting period. However, the new accounting policy was not retroactively applied to the contracts in which almost all revenues in the period before said accounting period were recognized in accordance with the previous method and the method specified in Paragraph 86 of the Revenue Recognition Standard was applied. In addition, regarding the contracts that were revised before said accounting period and were applied the method specified in the proviso (1) of Paragraph 86 of the Revenue Recognition Standard, accounting was conducted based on the conditions of revised contracts and those cumulative effect amounts were included in the retained earnings at the beginning of said accounting period.

As a result, for the current consolidated accounting period, sales decreased ¥269,385 million, cost of sales declined ¥253,933 million, and SGA dropped ¥15,451 million. In addition, the initial balance of retained earnings decreased ¥2,873 million.

(Application of the Accounting Standards, etc. for Calculation of Market Values)

At the beginning of the current consolidated accounting period, we started applying “the accounting standards for calculation of market values” (Corporate Accounting Standards No. 30; July 4, 2019; hereinafter referred to as “the Accounting Standards for Market Value Calculation”), and we plan to apply the new accounting policy specified by the Accounting Standards for Market Value Calculation, etc. in accordance with the transitional processes set forth in Paragraph 19 of the Accounting Standards for Market Value Calculation and Paragraph 44-2 of “the accounting standards for financial instruments” (Corporate Accounting Standards No. 10; July 4, 2019). This application will produce no effects on the consolidated financial statements for the current consolidated accounting period.

(Additional Information)

1. Estimation of the impact of COVID-19 in accounting

Our corporate group assumes that the impact of COVID-19 will linger in the next consolidated accounting year, and estimates that economic recovery will be gentle in both domestic and overseas markets. Under this assumption, we estimated the impairment of fixed assets, realizability of collecting deferred tax assets, etc.

2. Extraordinary loss

(Loss related to certification in North America)

Since there emerged a problem with the process of tests for certifying engines of vehicles in the U.S., we suspended the production of vehicles at our factories in the U.S. and Canada until the end of September 2021, based on the resolution at the meeting of the board of directors held on December 23, 2020. Due to the Certification Problem, we posted a loss from compensation of ¥27,304 million based on the agreements with dealers, suppliers, and customers as a loss related to certification in North America in extraordinary loss.

(Loss related to domestic certification)

We confirmed that wrongdoing was committed in the engine certification procedures for the Japanese market, and found that engine performance was inadequate. As a result, we posted ¥10,030 million as recall costs and ¥29,970 million as expenses for additional payments of tax benefits regarding exhaust gases and fuel efficiency, for a total of ¥40,000 million as a loss related to domestic certification in the section of extraordinary loss.

(Contingent Liabilities)

The impact of the problem with engine certification for the North American and Japanese markets is still under investigation, and we are communicating with related sections. It is still difficult to reasonably predict the effects other than already confirmed ones, so they have not been reflected in consolidated financial statements.

(Segment Information)

1. Overview of Report Segment

The reporting segment for our company can acquire separate financial information for individual components of our company, and is the target of periodic evaluations so that the board of directors can determine allocation of management resources and evaluate results.

The main business of our company is production and sales of trucks and buses, as well as production on commission for Toyota Motor Corporation and other services such as development and planning of related products. Domestic areas are covered by our company and domestic subsidiaries and overseas areas are covered by local overseas subsidiaries, with strategies created for each market for the services and products handled.

Therefore, our company production and sales structure is composed of separate regional segments, with these segments reported as “Japan” and “Asia”.

2. Method of calculating amounts for Sales, Earnings, Losses, Assets and Other Categories for Each Reporting Segment

The accounting method for report segments is mostly the same as the one used for producing consolidated financial statements. The internal returns and transfers for each segment are based on current market prices.

3. Information on Amounts for Sales, Earnings, Losses, Assets and Other Categories for Each Reporting Segment

Previous Fiscal Year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Report Segment			Other *1	Total	Adjusted Amount*2	Consolidated financial statements amount *3
	Japan	Asia	Total				
Net Sales							
Sales to External Customers	1,079,291	276,329	1,355,621	142,821	1,498,442	—	1,498,442
Inter-Segment Sales and Transfers	139,875	12,414	152,289	2,689	154,979	-154,979	—
Total	1,219,166	288,744	1,507,910	145,510	1,653,421	-154,979	1,498,442
Segment Earnings (Loss)	9,931	4,435	14,367	-4,765	9,601	2,648	12,250
Segment Assets	954,534	254,519	1,209,053	124,609	1,333,663	-102,167	1,231,495
Other Categories							
Depreciation and amortization	41,882	9,290	51,173	3,580	54,754	—	54,754
Investment in Equity Method Affiliates	24,231	3,887	28,118	252	28,371	—	28,371
Increase in Tangible and Intangible Fixed Assets	38,957	6,658	45,615	7,487	53,103	—	53,103

*1 The “other” section is the regions not included in the reporting segments, including North America and Oceania etc.

*2 The adjusted amount is listed as below.

(1) The adjusted amount of segment earnings (loss) of ¥ 2.648 million includes elimination of transactions and adjustments for inventory assets in inter-segment.

(2) The adjusted amount of segment assets of ¥ -102,167 million includes elimination of debts and credits and adjustments for inventory assets in inter-segment.

*3 Segment earnings (loss) are adjusted with operating income from the consolidated statement of income.

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Report Segment			Other *1	Total	Adjusted Amount*2	Consolidated financial statements amount *3
	Japan	Asia	Total				
Net Sales							
Trucks and buses	525,557	230,551	756,109	87,445	843,555	—	843,555
Vehicles for Toyota	97,010	556	97,566	—	97,566	—	97,566
Spare parts	65,817	23,988	89,805	35,504	125,310	—	125,310
Other	214,155	129,848	344,004	49,268	393,273	—	393,273
Sales to External Customers	902,541	384,945	1,287,486	172,219	1,459,706	—	1,459,706
Inter-Segment Sales and Transfers	225,446	14,501	239,947	4,022	243,970	-243,970	—
Total	1,127,987	399,447	1,527,434	176,242	1,703,676	-243,970	1,459,706
Segment Earnings (Loss)	19,778	22,900	42,678	-6,769	35,909	-2,098	33,810
Segment Assets	941,957	292,767	1,234,724	155,364	1,390,089	-131,739	1,258,350
Other Categories							
Depreciation and amortization	40,522	9,694	50,217	4,738	54,956	—	54,956
Investment in Equity Method Affiliates	24,199	2,896	27,095	569	27,665	—	27,665
Increase in Tangible and Intangible Fixed Assets	43,271	6,798	50,070	9,861	59,931	—	59,931

*1 The “other” section is the regions not included in the reporting segments, including North America and Oceania etc.

*2 The adjusted amount is listed as below.

(1) The adjusted amount of segment earnings of ¥ -2,098 million includes elimination of transactions and adjustments for inventory assets in inter-segment.

(2) The adjusted amount of segment assets of ¥ -131,739 million includes elimination of debts and credits and adjustments for inventory assets in inter-segment.

*3 Segment earnings are adjusted with operating income from the consolidated statement of income.

(Per Share Information)

FY 2021 (From April 1, 2020 to March 31, 2021)		FY 2022 (From April 1, 2021 to March 31, 2022)	
Net assets per share	965.54	Net assets per share	798.17
Loss per share	-13.05	Loss per share	-147.61
Diluted profit per share is not written because it is loss per share and there are no dilutive shares.		Diluted profit per share is not written because it is loss per share and there are no dilutive shares.	

(Note) The base for calculating loss per share and diluted profit per share are as follows:

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Loss per share		
Loss attributable to owners of parent (Millions of yen)	-7,489	-84,732
Amount not attributable to common shareholders (Millions of yen)	—	—
Loss attributable to owners of parent associated with common shares (Millions of yen)	-7,489	-84,732
Average number of common shares (Shares)	574,028,861	574,027,580
Diluted profit per share		
Current-term profit attributable to owners of parent adjustment (Millions of yen)	—	—
Increase in the number of common shares (Shares)	—	—
Increase in the number of stock acquisition rights (Shares)	(—)	(—)

(Significant Subsequent Events)

There is no related information.

4. Other

(1) Actual Production (Consolidated)

Category	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)	Change
Trucks and buses	120,047 units	155,825 units	35,778 units
Toyota brand vehicles	108,628 units	141,672 units	33,044 units

(2) Actual Sales (Consolidated)

Category	FY 2021 (From April 1, 2020 to March 31, 2021)		FY 2022 (From April 1, 2021 to March 31, 2022)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	59,628	474,476	57,756	421,967	-1,872	—
Overseas	73,615	298,353	100,383	421,097	26,768	—
Supplies of parts for overseas production	—	1,124	—	490	—	—
Total trucks and buses	133,243	773,954	158,139	843,555	24,896	—
Total Toyota brand	108,698	265,958	141,671	97,566	32,973	—
Japan	—	61,475	—	62,964	—	—
Overseas	—	50,918	—	62,346	—	—
Total service parts	—	112,393	—	125,310	—	—
Japan	—	172,795	—	187,986	—	—
Overseas	—	31,698	—	31,789	—	—
Toyota	—	141,640	—	173,497	—	—
Total others	—	346,135	—	393,273	—	—
Total net sales	—	1,498,442	—	1,459,706	—	—

(Note 1) Amounts are rounded down to the nearest one million yen.

(Note 2) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the current consolidated accounting period.

Accordingly, the figures for the fiscal year ending March 2022 reflect said accounting standard, etc., and increase/decrease from the previous year are not indicated.