

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

[Japanese GAAP] (Consolidated)

English translation from the original Japanese-language document



July 29, 2021

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Stock Listing: Tokyo and Nagoya

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021–June 30, 2021)

(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	%
1Q of FY 2022	343,547	—	16,173	—	15,710	—	6,341	—
1Q of FY 2021	300,393	-32.7	-10,605	—	-11,775	—	-8,080	—

(Note) Comprehensive income: 1Q of FY 2022: ¥ 8,419 million (295.9%) 1Q of FY 2021: ¥ 2,126 million (-71.4%)

	Profit per share	Diluted profit per share
	Yen	Yen
1Q of FY 2022	11.05	—
1Q of FY 2021	-14.08	—

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1Q of FY 2022	1,215,682	605,603	45.6
FY 2021	1,231,495	604,872	45.0

(Reference) Equity capital: 1Q of FY 2022: ¥ 554,344 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 first quarter of the current consolidated accounting period. Accordingly, the figures for the first quarter of the term ending March 2022 reflect said accounting standard, etc.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	5.00	—	7.00	12.00
FY 2022	—				
FY 2022 (forecast)		7.00	—	7.00	14.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(% of change from FY2021)

	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 2022	1,330,000	—	47,000	—	42,000	—	11,000	—	19.16

(Note) Changes from the latest financial forecast: None

(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 above consolidated earnings forecasts reflect said accounting standard, etc., and year-on-year increase/decrease rates are not indicated.

*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: 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 “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Consolidated Financial Statements (Revision to the Accounting Policy)” on page 7 of the attached document.

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	1Q of FY 2022	574,580,850 shares	FY 2021	574,580,850 shares
2) Number of treasury stock at end of term	1Q of FY 2022	553,033shares	FY 2021	552,655shares
3) Average number of shares (quarterly consolidated cumulative period)	1Q of FY 2022	574,027,943shares	1Q of FY 2021	574,029,284shares

*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.

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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 first quarter (three months), the impact of the third declaration of emergency on truck market is limited, so the total demand for heavy- and medium-duty trucks was 18.6 thousand units, an increase of 0.2 thousand units (0.9%) compared to the same quarter in the previous year and total demand for light-duty truck was 19.2 thousand units, an increase of 2.4 thousand units (14.0%) compared to the same quarter in the previous year.

As for Japanese domestic sales, we conducted our sales activities while thoroughly implementing measures to prevent the infection amid the coronavirus pandemic. As a result, the total sales volume of trucks and buses was 13.6 thousand units, an increase of 0.1 thousand units (1.0%) compared to the same quarter in the previous year.

As for overseas sales, sales volume was healthy in Asia, Latin America, etc. As a result, sales volume was 23.0 thousand units, an increase of 8.5 thousand units (58.2%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses were 36.6 thousand units, an increase of 8.6 thousand units (30.7%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, the sales volume of mainly SUVs increased, so total sales volume was 35.5 thousand units, an increase of 19.0 thousand units (114.6%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current first quarter were ¥343,547 million, which is an increase of ¥43,154 million as compared to the same quarter in the previous year. As for profit and loss, due mainly to an increase in net sales, operating income was ¥16,173 million which is an increase of ¥26,779 million compared to the same quarter in the previous year (operating loss of ¥10,605 million in the first quarter of the previous year), ordinary income was ¥15,710 million which is an increase of ¥27,485 million compared to the same quarter in the previous year (ordinary loss of ¥11,775 million in the first quarter of the previous year), and profit attributable to owners of parent was ¥6,341 million which is an increase of ¥14,421 million compared to the same quarter in the previous year (loss attributable to owners of parent of ¥8,080 million in the first quarter of the previous year).

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the first quarter of the current consolidated accounting period. Accordingly, the sales for the first quarter of the current consolidated accounting period decreased 67,575 million yen. For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Consolidated Financial Statements (Revision to the Accounting Policy).”

(2) Information on Consolidated Financial Position

Total assets at the end of the first quarter decreased to ¥1,215,682 million by ¥15,812 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥19,861 million.

Liabilities decreased to ¥610,079 million by ¥16,543 million compared to the end of the previous fiscal year. This is because interest-bearing liabilities declined 27,767 million yen, while notes and accounts payable - trade augmented 6,950 million yen.

Net assets increased to ¥605,603 million by ¥730 million compared to the end of the previous fiscal year. This is because cumulative adjustment for retirement benefits increased 407 million yen and valuation difference on available-for-sale securities rose 168 million yen.

(3) Information on Forecasts of Consolidated Financial Results

There is no change from the previously announced forecasts (April 27, 2021).

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (As of March 31, 2021)	First Quarter of FY 2022 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	56,188	53,192
Notes and accounts receivable - trade	300,569	280,707
Merchandise and finished goods	132,816	139,704
Work in process	33,810	33,407
Raw materials and supplies	34,036	36,699
Other	54,794	54,170
Allowance for doubtful accounts	-3,584	-3,497
Total current assets	608,632	594,384
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	172,976	171,907
Machinery, equipment and vehicles, net	84,907	81,705
Land	128,068	127,767
Other, net	49,135	51,567
Total property, plant and equipment	435,087	432,948
Intangible assets	26,918	26,766
Investments and other assets		
Investment securities	127,307	128,094
Deferred tax assets	19,657	19,187
Other	16,898	17,271
Allowance for doubtful accounts	-3,005	-2,970
Total investments and other assets	160,857	161,583
Total non-current assets	622,862	621,298
Total assets	1,231,495	1,215,682
Liabilities		
Current liabilities		
Notes and accounts payable - trade	229,329	236,280
Short-term borrowings	159,099	131,983
Current portion of long-term borrowings	6,243	7,171
Income taxes payable	2,450	1,093
Provision for product warranties	30,341	27,937
Other provisions	7,590	9,294
Other	91,157	97,486
Total current liabilities	526,210	511,245
Non-current liabilities		
Long-term borrowings	14,201	12,621
Deferred tax liabilities	1,602	2,449
Deferred tax liabilities for land revaluation	2,765	2,765
Retirement benefit liability	54,627	54,236
Other provisions	2,038	1,519
Other	25,176	25,241
Total non-current liabilities	100,412	98,833
Total liabilities	626,622	610,079

(Millions of yen)

	FY 2021 (As of March 31, 2021)	First Quarter of FY 2022 (As of June 30, 2021)
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,775	65,775
Retained earnings	376,402	375,851
Treasury shares	-197	-198
Total shareholders' equity	514,696	514,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,911	52,080
Deferred gains or losses on hedges	-175	-188
Revaluation reserve for land	2,325	2,325
Foreign currency translation adjustment	-8,871	-8,784
Remeasurements of defined benefit plans	-5,640	-5,233
Total accumulated other comprehensive income	39,548	40,198
Non-controlling interests	50,627	51,259
Total net assets	604,872	605,603
Total liabilities and net assets	1,231,495	1,215,682

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

[Quarterly Consolidated Statements of Income]

[Consolidated First Quarter of FY 2022 and FY 2021 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2021 (From April 1, 2020 to June 30, 2020)	First Quarter of FY 2022 (From April 1, 2021 to June 30, 2021)
Net sales	300,393	343,547
Cost of sales	264,376	280,559
Gross profit	36,017	62,988
Selling, general and administrative expenses		
Salaries and allowances	12,086	12,324
Provision for bonuses	1,672	1,798
Retirement benefit expenses	898	906
Other	31,965	31,785
Total selling, general and administrative expenses	46,622	46,814
Operating profit (loss)	-10,605	16,173
Non-operating income		
Interest income	288	258
Dividend income	699	582
Foreign exchange gains	195	—
Miscellaneous income	714	863
Total non-operating income	1,897	1,704
Non-operating expenses		
Interest expenses	1,332	677
Foreign exchange losses	—	736
Share of loss of entities accounted for using equity method	1,248	141
Miscellaneous expenses	487	613
Total non-operating expenses	3,067	2,168
Ordinary profit (loss)	-11,775	15,710
Extraordinary income		
Gain on sale of non-current assets	17	4
Gain on sale of investment securities	577	240
Other	19	21
Total extraordinary income	614	267
Extraordinary losses		
Loss on sale and retirement of non-current assets	286	63
Expenditure related to transactions in North America	—	2,615
Other	44	102
Total extraordinary losses	330	2,781
Profit (loss) before income taxes	-11,492	13,195
Income taxes - current	-647	4,564
Income taxes - deferred	-2,074	865
Total income taxes	-2,721	5,430
Profit (loss)	-8,770	7,765
Profit (loss) attributable to non-controlling interests	-690	1,423
Profit (loss) attributable to owners of parent	-8,080	6,341

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated First Quarter of FY 2022 and FY 2021 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2021 (From April 1, 2020 to June 30, 2020)	First Quarter of FY 2022 (From April 1, 2021 to June 30, 2021)
Profit (loss)	-8,770	7,765
Other comprehensive income		
Valuation difference on available-for-sale securities	9,064	405
Deferred gains or losses on hedges	-1	-20
Foreign currency translation adjustment	2,031	-166
Remeasurements of defined benefit plans, net of tax	153	393
Share of other comprehensive income of entities accounted for using equity method	-351	42
Total other comprehensive income	10,897	654
Comprehensive income	2,126	8,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,993	6,991
Comprehensive income attributable to non-controlling interests	-866	1,428

(3) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no related information.

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

We started applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. from the beginning of the first quarter of the current consolidated accounting period. For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Consolidated Financial Statements (Revision to the Accounting Policy)” on page 7 of the attached document.

(Revision to the Accounting Policy)

(Application of the Accounting Standard for Revenue Recognition)

We started applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter called “the Revenue Recognition Standard”), etc. from the beginning of the first quarter 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 first quarter of the current consolidated accounting period is included in the retained earnings at the beginning of said first quarter, and the new accounting policy has been applied from the balance at the beginning of said first quarter. However, the new accounting policy was not retroactively applied to the contracts in which almost all revenues in the period before said first quarter 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 first quarter 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 first quarter.

As a result, for the first quarter of the current consolidated accounting period, sales decreased 67,575 million yen, cost of sales declined 62,789 million yen, and SGA dropped 4,785 million yen. In addition, the initial balance of retained earnings decreased 2,873 million yen.

(Application of the Accounting Standard for Fair Value Measurement)

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter called “Fair Value Accounting Standards”), etc., from the beginning of the fiscal year ending March 31, 2021. We will apply a new accounting policy established by Fair Value Accounting Standards, etc., in accordance with the transitional treatment specified in Paragraph 19 of Fair Value Accounting Standards and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019). This has no effect on the quarterly consolidated financial statements for the first quarter of 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 current 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 deferred tax assets, etc.

2. Extraordinary loss (expenses related to transactions in North America)

Since there emerged a problem with the process of U.S. statutory tests for certifying engines (hereinafter called “the Certification Problem”), we decided to suspend the production of vehicles at West Virginia Factory of Hino Motors Manufacturing, U.S.A., Inc. and Woodstock Factory of Hino Motors Canada, Ltd. until the end of September 2021, at the meeting of the board of directors held on December 23, 2020.

Accordingly, we postponed the release of vehicles equipped with a new model year engine in the U.S. and Canada, suspending the production and supply of vehicles. Due to the Certification Problem, we posted a loss from compensation of 2,615 million yen based on the agreements with dealers, suppliers, and customers as expenses related to transactions in North America in extraordinary loss.

(Contingent Liabilities)

(Expenses Related to Transactions in North America)

As for engines for North America, there emerged a problem with the process of U.S. statutory tests for certifying engines, so we decided to suspend the production of vehicles at West Virginia Factory of Hino Motors Manufacturing, U.S.A., Inc. and Woodstock Factory of Hino Motors Canada, Ltd. until the end of September 2021, at the meeting of the board of directors held on December 23, 2020. Accordingly, we postponed the release of vehicles equipped with a new model year engine in both countries.

We are currently negotiating with related organizations, and it is difficult to reasonably estimate its effect, so it is not reflected in consolidated financial statements.

3. Supplementary Information

(1) Actual Production (Consolidated)

Category	FY 2021 (From April 1, 2020 to June 30, 2020)	FY 2022 (From April 1, 2021 to June 30, 2021)	Change
Trucks and buses	23,915 units	38,698 units	14,783 units
Toyota brand vehicles	16,458 units	35,559 Units	19,101 units

(2) Actual Sales (Consolidated)

Category		FY 2021 (From April 1, 2020 to June 30, 2020)		FY 2022 (From April 1, 2021 to June 30, 2021)		Change	
		Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
	Japan	13,481	108,095	13,618	102,866	137	—
	Overseas	14,537	61,718	23,001	92,102	8,464	—
	Supplies of parts for overseas production	—	207	—	219	—	—
Total trucks and buses		28,018	170,021	36,619	195,189	8,601	—
Total Toyota brand		16,550	40,486	35,516	23,051	18,966	—
	Japan	—	14,303	—	14,927	—	—
	Overseas	—	10,792	—	14,803	—	—
	Total service parts	—	25,096	—	29,730	—	—
	Japan	—	39,575	—	45,538	—	—
	Overseas	—	7,702	—	8,305	—	—
	Toyota	—	17,510	—	41,732	—	—
Total others		—	64,789	—	95,576	—	—
Total net sales		—	300,393	—	343,547	—	—

(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 first quarter of the current consolidated accounting period. Accordingly, the figures for the first quarter of the term ending March 2022 reflect said accounting standard, etc., and increase/decrease from the same quarter of the previous year are not indicated.