

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



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 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, Member of the Board
 Contact Point: Hiroshi Hashimoto, Operating Officer, Public Affairs Dept.
 Phone: (042) 586-5494

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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, 2022 (April 1, 2021–December 31, 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	%
3Q of FY 2022	1,069,427	—	49,834	—	52,333	—	18,836	—
3Q of FY 2021	1,074,463	-21.8	-996	—	-1,672	—	-2,162	—

(Note) Comprehensive income: 3Q of FY 2022: ¥ 22,549 million (—%) 3Q of FY 2021: ¥ 12,293 million (-72.1%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
3Q of FY 2022	32.81		—	
3Q of FY 2021	-3.77		—	

(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 third 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		%	
3Q of FY 2022	1,275,153		613,379		43.9	
FY 2021	1,231,495		604,872		45.0	

(Reference) Equity capital: 3Q of FY 2022: ¥ 559,633 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 third 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	—	10.00	—		
FY 2022 (forecast)				7.00	17.00

(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	1,460,000	—	54,000	—	51,000	—	15,000	—	26.13

(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 8 of the attached documents.

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) at end of term	3Q of FY 2022	574,580,850 shares	FY 2021	574,580,850 shares
2) Number of treasury stock at end of term	3Q of FY 2022	553,477 shares	FY 2021	552,655 shares
3) Average number of shares (quarterly consolidated cumulative period)	3Q of FY 2022	574,027,677 shares	3Q of FY 2021	574,029,038 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.

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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 consolidated third quarter (nine months), it was firm, but the supply of trucks was stagnant due to the delay of vehicle production caused by the global shortage of semiconductors, etc. As a result, the total demand for heavy- and medium-duty trucks was 60.1 thousand units, a decrease of 2.1 thousand units (-3.4%) compared to the same quarter in the previous year, and total demand for light-duty truck was 56.1 thousand units, a decrease of 4.9 thousand units (-8.0%) compared to the same quarter in the previous year.

Our share in the entire truck market reached 36.1%, as we took thoroughgoing measures for preventing the infection of COVID-19 and made group-wide efforts to sell our products. The total domestic sales volume of light-, medium-, and heavy-duty trucks and buses increased 0.5 thousand vehicles (1.2%) from the same quarter in the previous year to 43.7 thousand vehicles.

As for overseas sales, the impact of COVID-19 was lingering in some countries, but sales volume continued to be healthy in Asia, Latin America, etc. As a result, total sales volume of trucks and buses was 73.5 thousand units, an increase of 23.2 thousand units (46.3%) 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 117.2 thousand units, an increase of 23.8 thousand units (25.4%) 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 105.1 thousand units, an increase of 26.2 thousand units (33.3%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current consolidated third quarter were ¥1,069,427 million. As for profit and loss, due mainly to an increase in net sales, operating income was ¥49,834 million which is an increase of ¥50,830 million compared to the same quarter in the previous year (operating loss of ¥996 million in the same quarter of the previous year), ordinary income was ¥52,333 million which is an increase of ¥54,005 million compared to the same quarter in the previous year (ordinary loss of ¥1,672 million in the same quarter of the previous year), and profit attributable to owners of parent was ¥18,836 million which is an increase of ¥20,998 million compared to the same quarter in the previous year (loss attributable to owners of parent of ¥2,162 million in the same quarter of the previous year).

The Accounting Standard for Revenue Recognition (Corporate Accounting Standards 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 third quarter of the current consolidated accounting period decreased ¥201,562 million. For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements (Revision to the Accounting Policy).”

(2) Information on Consolidated Financial Position

Total assets at the end of the current consolidated third quarter increased to ¥1,275,153 million by ¥43,657 million compared to the end of the previous consolidated fiscal year. This is mainly because inventories increased by ¥33,057 million.

Liabilities increased to ¥661,774 million by ¥35,151 million compared to the end of the previous consolidated fiscal year. This is because notes and accounts payable - trade increased by ¥12,248 million and interest-bearing liabilities increased by ¥11,546 million.

Net assets increased to ¥613,379 million by ¥8,506 million compared to the end of the previous consolidated fiscal year. This is mainly because dividends from retained earnings of ¥9,760 million were paid as profit attributable to owners of parent of ¥18,836 million was recorded.

(3) Information on Forecasts of Consolidated Financial Results

There is no change from the previously announced forecasts (October 28, 2021).

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

(Millions of yen)

	FY 2021 (As of March 31, 2021)	Third Quarter of FY 2022 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	56,188	65,439
Notes and accounts receivable - trade	300,569	297,085
Merchandise and finished goods	132,816	147,653
Work in process	33,810	40,304
Raw materials and supplies	34,036	45,763
Other	54,794	58,047
Allowance for doubtful accounts	-3,584	-4,104
Total current assets	608,632	650,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	172,976	177,743
Machinery, equipment and vehicles, net	84,907	76,864
Land	128,068	127,536
Other, net	49,135	55,143
Total property, plant and equipment	435,087	437,289
Intangible assets	26,918	29,460
Investments and other assets		
Investment securities	127,307	124,707
Deferred tax assets	19,657	19,676
Other	16,898	16,943
Allowance for doubtful accounts	-3,005	-3,113
Total investments and other assets	160,857	158,214
Total non-current assets	622,862	624,963
Total assets	1,231,495	1,275,153
Liabilities		
Current liabilities		
Notes and accounts payable - trade	229,329	241,578
Short-term borrowings	159,099	171,907
Current portion of long-term borrowings	6,243	10,084
Income taxes payable	2,450	7,094
Provision for product warranties	30,341	28,376
Other provisions	7,590	3,640
Other	91,157	96,201
Total current liabilities	526,210	558,882
Non-current liabilities		
Long-term borrowings	14,201	9,099
Deferred tax liabilities	1,602	2,445
Deferred tax liabilities for land revaluation	2,765	2,765
Retirement benefit liability	54,627	54,324
Other provisions	2,038	1,621
Other	25,176	32,636
Total non-current liabilities	100,412	102,891
Total liabilities	626,622	661,774

(Millions of yen)

	FY 2021 (As of March 31, 2021)	Third Quarter of FY 2022 (As of December 31, 2021)
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,775	65,784
Retained earnings	376,402	382,605
Treasury shares	-197	-200
Total shareholders' equity	514,696	520,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,911	48,180
Deferred gains or losses on hedges	-175	-151
Revaluation reserve for land	2,325	2,325
Foreign currency translation adjustment	-8,871	-6,783
Remeasurements of defined benefit plans	-5,640	-4,843
Total accumulated other comprehensive income	39,548	38,727
Non-controlling interests	50,627	53,745
Total net assets	604,872	613,379
Total liabilities and net assets	1,231,495	1,275,153

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	Third Quarter of FY 2021 (From April 1, 2020 to December 31, 2020)	Third Quarter of FY 2022 (From April 1, 2021 to December 31, 2021)
Net sales	1,074,463	1,069,427
Cost of sales	931,062	872,691
Gross profit	143,400	196,736
Selling, general and administrative expenses		
Salaries and allowances	36,553	37,915
Provision for bonuses	2,092	2,001
Retirement benefit expenses	2,627	2,600
Other	103,123	104,383
Total selling, general and administrative expenses	144,396	146,902
Operating profit (loss)	-996	49,834
Non-operating income		
Interest income	810	816
Dividend income	1,786	2,405
Foreign exchange gains	973	—
Share of profit of entities accounted for using equity method	—	640
Miscellaneous income	3,326	2,931
Total non-operating income	6,898	6,793
Non-operating expenses		
Interest expenses	3,369	2,109
Foreign exchange losses	—	484
Share of loss of entities accounted for using equity method	2,253	—
Miscellaneous expenses	1,950	1,699
Total non-operating expenses	7,573	4,294
Ordinary profit (loss)	-1,672	52,333
Extraordinary income		
Gain on sale of investment securities	1,265	642
Gain on sale of non-current assets	230	42
Other	50	37
Total extraordinary income	1,545	722
Extraordinary losses		
Loss on sale and retirement of non-current assets	907	192
Expenditure related to transactions in North America	—	12,580
Other	95	2,338
Total extraordinary losses	1,002	15,112
Profit (loss) before income taxes	-1,129	37,944
Income taxes - current	1,503	13,186
Income taxes - deferred	-1,075	1,786
Total income taxes	428	14,972
Profit (loss)	-1,557	22,971
Profit attributable to non-controlling interests	605	4,135
Profit (loss) attributable to owners of parent	-2,162	18,836

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

(Millions of yen)

	Third Quarter of FY 2021 (From April 1, 2020 to December 31, 2020)	Third Quarter of FY 2022 (From April 1, 2021 to December 31, 2021)
Profit (loss)	-1,557	22,971
Other comprehensive income		
Valuation difference on available-for-sale securities	11,990	-2,888
Deferred gains or losses on hedges	-176	63
Foreign currency translation adjustment	1,087	2,080
Remeasurements of defined benefit plans, net of tax	747	759
Share of other comprehensive income of entities accounted for using equity method	201	-436
Total other comprehensive income	13,851	-421
Comprehensive income	12,293	22,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,906	18,016
Comprehensive income attributable to non-controlling interests	387	4,533

(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 (Corporate Accounting Standards 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 Quarterly Consolidated Financial Statements (Revision to the Accounting Policy)."

(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 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 third quarter of the current consolidated accounting period, sales decreased ¥201,562 million, cost of sales declined ¥188,460 million, and SGA dropped ¥13,101 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 first quarter of the consolidated accounting period, we started applying the Accounting Standard for Fair Value Measurement (Corporate Accounting Standards No. 30; July 4, 2019; hereinafter referred to as "the Accounting Standard for Fair Value Measurement"), and we plan to apply the new accounting policy specified by the Accounting Standards for Fair Value Measurement, etc. in accordance with the transitional processes set forth in Paragraph 19 of the Accounting Standards for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (Corporate Accounting Standards No. 10; July 4, 2019). This application will produce no effects on the consolidated financial statements for the third 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 collecting 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, 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 this certification problem, we posted a loss from compensation of ¥12,580 million based on the agreements with dealers, suppliers, and customers as expenses related to transactions in North America in extraordinary loss.

(Contingent Liabilities)

As for medium-duty truck engines for North America, there emerged a problem with the process of U.S. statutory tests for certifying engines, so we suspended the production of vehicles. In October 2021, we resumed the operation of factories in the U.S. and Canada, and started selling vehicles equipped with a new model year engine.

Regarding light-duty trucks, we started selling vehicles in December 2021.

We are continuously investigating the effects of said problem and communicating with relevant institutions. As of now, it is difficult to estimate the effects reasonably, so it has not been reflected in the quarterly consolidated financial statements.

3. Supplementary Information

(1) Actual Production (Consolidated)

Category	3Q of FY2021 (From April 1, 2020 to December 31, 2020)	3Q of FY2022 (From April 1, 2021 to December 31, 2021)	Change
Trucks and buses	82,086 units	119,367 units	37,281 units
Toyota brand vehicles	78,855 units	105,060 units	26,205 units

(2) Actual Sales (Consolidated)

Category	3Q of FY2021 (From April 1, 2020 to December 31, 2020)		3Q of FY2022 (From April 1, 2021 to December 31, 2021)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	43,209	344,449	43,712	322,651	503	—
Overseas	50,205	204,531	73,453	298,025	23,248	—
Supplies of parts for overseas production	—	880	—	430	—	—
Total trucks and buses	93,414	549,861	117,165	621,107	23,751	—
Total Toyota brand vehicles	78,839	193,001	105,059	71,998	26,220	—
Japan	—	45,781	—	46,864	—	—
Overseas	—	35,485	—	45,627	—	—
Total service parts	—	81,266	—	92,492	—	—
Japan	—	126,571	—	137,018	—	—
Overseas	—	23,779	—	25,862	—	—
Toyota	—	99,982	—	120,948	—	—
Total others	—	250,333	—	283,828	—	—
Total net sales	—	1,074,463	—	1,069,427	—	—

(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 third 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.