

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



July 27, 2023

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

Scheduled Date of Quarterly Financial Statements Filing: August 3, 2023

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 First Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023–June 30, 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	%
1Q of FY 2024	371,914	4.5	1,134	-73.7	2,858	-61.7	-16,524	—
1Q of FY 2023	355,856	3.6	4,316	-73.3	7,469	-52.5	723	-88.6

(Note) Comprehensive income: 1Q of FY 2024: ¥ 6,439 million (-54.4%) 1Q of FY 2023: ¥ 14,119 million (67.7%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
1Q of FY 2024	-28.79		—	
1Q of FY 2023	1.26		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1Q of FY 2024	1,380,741		434,087		26.8	
FY 2023	1,361,735		433,409		27.0	

(Reference) Equity capital: 1Q of FY 2024: ¥ 369,676 million FY 2023: ¥ 367,914 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2023	—	0.00	—	0.00	0.00
FY 2024	—				
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	1,700,000	12.8	20,000	14.9	15,000	-5.0	10,000	—	17.42

(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	1Q of FY 2024	574,580,850 shares	FY 2023	574,580,850 shares
2) Number of treasury stock at end of term	1Q of FY 2024	554,136 shares	FY 2023	554,114 shares
3) Average number of shares (quarterly consolidated cumulative period)	1Q of FY 2024	574,026,728 shares	1Q of FY 2023	574,027,268 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 First Quarter of FY 2024 and FY 2023 (Cumulative)]	5
[Quarterly Consolidated Statements of Comprehensive Income]	
[Consolidated First Quarter of FY 2024 and FY 2023 (Cumulative)]	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Notes on Going Concern Assumption	7
Notes on Significant Changes in the Amount of Shareholders' Equity	7
Additional Information	7
Contingent Liabilities	7
3. Supplementary Information.....	8
(1) Actual Production (Consolidated).....	8
(2) Actual Sales (Consolidated).....	8

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 delay in vehicle manufacturing due to the global shortage of semiconductors was alleviated, so the total demand for heavy-duty, medium-duty, and light-duty trucks increased. In the domestic bus market, too, the total demand for buses increased, mainly due to the recovery trend of demand for sightseeing, which declined due to the COVID-19. Accordingly, the total demand for trucks and buses in Japan was 35.3 thousand units, an increase of 8.6 thousand units (32.5%) compared to the same quarter in the previous year.

As for Japanese domestic sales, the impact of suspension of shipment due to the misconduct of our company for engine certification was lingering, but thanks to the resumption of shipment of some vehicles, the total sales volume of trucks and buses was 9.8 thousand units, an increase of 0.5 thousand units (5.3%) compared to the same quarter in the previous year.

As for overseas sales, mainly due to the decline in sales in ASEAN countries, sales volume was 24.6 thousand units, a decrease of 3.2 thousand units (-11.5%) 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 34.4 thousand units, a decrease of 2.7 thousand units (-7.3%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, the sales volume of SUVs and light-duty trucks decreased. As a result, total sales volume was 30.9 thousand units, a decrease of 4.5 thousand units (-12.7%) compared to the same quarter in the previous year

As a result of the above, net sales in the current first quarter were ¥371,914 million, which is an increase of ¥16,058 million (4.5%) as compared to the same quarter in the previous year. As for profit and loss, the yen was still weak, but due to the decrease in overseas sales volume, the worsening of the market of materials, etc., operating income was ¥1,134 million which is a decrease of ¥3,181 million (-73.7%) compared to the same quarter in the previous year and ordinary income was ¥2,858 million which is a decrease of ¥4,611 million (-61.7%) compared to the same quarter in the previous year. As a loss related to domestic certification of ¥13,059 million was posted in the section of extraordinary loss, loss attributable to owners of parent was ¥16,524 million which is a decrease of ¥17,247 million (profit attributable to owners of parent of ¥723 million in the same quarter in the previous year) compared to the same quarter in the previous year.

(2) Information on Consolidated Financial Position

Total assets at the end of the first quarter increased to ¥1,380,741 million by ¥19,005 million compared to the end of the previous fiscal year. This is mainly because inventories increased by ¥27,265 million and investment securities increased by ¥22,419 million, although cash and deposits decreased by ¥12,302 million and notes and accounts receivable – trade decreased by ¥15,319.

Liabilities increased to ¥946,654 million by ¥18,327 million compared to the end of the previous fiscal year. This is mainly because deferred tax liabilities increased by ¥4,941 million and provision for bonuses increased by ¥3,773 million.

Net assets increased to ¥434,087 million by ¥677 million compared to the end of the previous fiscal year. This is because valuation difference on available-for-sale securities increased by ¥14,274 million and foreign currency translation adjustment increased by ¥3,442 million, although loss attributable to owners of parent of ¥16,524 million was posted.

(3) Information on Forecasts of Consolidated Financial Results

There is no change from the previously announced forecasts (April 26, 2023).

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

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	82,150	69,848
Notes and accounts receivable - trade	288,668	273,349
Merchandise and finished goods	162,018	179,901
Work in process	66,189	44,255
Raw materials and supplies	50,296	81,613
Other	89,144	84,053
Allowance for doubtful accounts	-5,287	-5,452
Total current assets	733,181	727,570
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	183,690	186,372
Machinery, equipment and vehicles, net	73,730	75,239
Land	128,740	129,588
Other, net	54,025	53,267
Total property, plant and equipment	440,187	444,468
Intangible assets	31,682	30,633
Investments and other assets		
Investment securities	133,260	155,680
Deferred tax assets	12,202	11,019
Other	14,450	14,658
Allowance for doubtful accounts	-3,229	-3,287
Total investments and other assets	156,684	178,069
Total non-current assets	628,554	653,171
Total assets	1,361,735	1,380,741
Liabilities		
Current liabilities		
Notes and accounts payable - trade	243,640	242,054
Short-term borrowings	247,798	247,969
Current portion of bonds payable	1,470	1,557
Current portion of long-term borrowings	5,376	6,554
Income taxes payable	5,480	6,346
Provision for product warranties	45,597	42,825
Provision for certification related loss	100,078	100,796
Other provisions	8,161	11,374
Other	118,486	126,717
Total current liabilities	776,089	786,195
Non-current liabilities		
Bonds payable	4,410	4,672
Long-term borrowings	31,397	31,971
Deferred tax liabilities	32,021	36,962
Deferred tax liabilities for land revaluation	2,742	2,742
Retirement benefit liability	42,504	42,728
Other provisions	1,576	1,249
Other	37,584	40,131
Total non-current liabilities	152,237	160,458
Total liabilities	928,326	946,654

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,956	65,956
Retained earnings	161,423	144,899
Treasury shares	-202	-202
Total shareholders' equity	299,894	283,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,315	65,589
Deferred gains or losses on hedges	-53	-105
Revaluation reserve for land	2,273	2,273
Foreign currency translation adjustment	7,487	10,930
Remeasurements of defined benefit plans	6,996	7,618
Total accumulated other comprehensive income	68,020	86,306
Non-controlling interests	65,494	64,410
Total net assets	433,409	434,087
Total liabilities and net assets	1,361,735	1,380,741

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	FY 2023 (From April 1, 2022 to June 30, 2022)	FY 2024 (From April 1, 2023 to June 30, 2023)
Net sales	355,856	371,914
Cost of sales	296,773	313,658
Gross profit	59,083	58,256
Selling, general and administrative expenses		
Salaries and allowances	13,332	13,522
Provision for bonuses	1,817	1,911
Retirement benefit expenses	878	857
Other	38,737	40,829
Total selling, general and administrative expenses	54,766	57,121
Operating profit	4,316	1,134
Non-operating income		
Interest income	372	549
Dividend income	592	804
Foreign exchange gains	1,994	2,578
Share of profit of entities accounted for using equity method	316	—
Miscellaneous income	1,342	978
Total non-operating income	4,617	4,911
Non-operating expenses		
Interest expenses	895	2,491
Share of loss of entities accounted for using equity method	—	30
Miscellaneous expenses	569	665
Total non-operating expenses	1,464	3,188
Ordinary profit	7,469	2,858
Extraordinary income		
Gain on sale of non-current assets	52	37
Gain on sale of investment securities	—	3
Subsidy for estate	670	—
Other	11	33
Total extraordinary income	733	74
Extraordinary losses		
Loss on sale and retirement of non-current assets	155	16
Loss related to domestic certification	1,997	13,059
Loss related to North American certification	—	34
Other	11	652
Total extraordinary losses	2,163	13,762
Profit (loss) before income taxes	6,039	-10,830
Income taxes - current	3,285	3,639
Income taxes - deferred	-91	79
Total income taxes	3,193	3,718
Profit (loss)	2,845	-14,548
Profit attributable to non-controlling interests	2,122	1,975
Profit (loss) attributable to owners of parent	723	-16,524

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

(Millions of yen)

	FY 2023 (From April 1, 2022 to June 30, 2022)	FY 2024 (From April 1, 2023 to June 30, 2023)
Profit (loss)	2,845	-14,548
Other comprehensive income		
Valuation difference on available-for-sale securities	1,705	13,593
Deferred gains or losses on hedges	-39	-36
Foreign currency translation adjustment	9,474	5,810
Remeasurements of defined benefit plans, net of tax	138	668
Share of other comprehensive income of entities accounted for using equity method	-5	952
Total other comprehensive income	11,273	20,988
Comprehensive income	14,119	6,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,497	1,762
Comprehensive income attributable to non-controlling interests	4,621	4,677

(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)

There is no related information.

(Additional Information)

Extraordinary losses

(Loss related to domestic certification)

The misconduct in the procedure for engine certification for the Japanese market was confirmed, and it was revealed that there was a problem with engine performance. Accordingly, our company posted a loss from compensation for suppliers, customers, etc. amounting to ¥13,059 million as a loss related to domestic certification in the section of extraordinary loss.

(Contingent Liabilities)

• Certification issues

Regarding the impact of the certification issue for engines for the North American and Japanese markets, the investigation by the special investigation committee for engines for the Japanese market has been completed, but some verification, investigations and communications with related parties are still ongoing. Accordingly, it is difficult to reasonably estimate the impact other than the amount already identified at this time and our company has not reflected the impact in our quarterly consolidated financial statements.

• Litigation against our company and subsidiaries outside Japan

Class action lawsuit in Florida, U.S.A.

On August 5, 2022 (local time), our company and U.S. subsidiaries were sued in the U.S. District Court for the Southern District of Florida, Miami Division.

The plaintiffs, in a putative class action lawsuit on behalf of persons who purchased or leased our company's 2004 through 2021 model year trucks sold in the United States, allege, among other things, that they have suffered damages as a result of past fraud and other wrongful acts.

In the complaint in this lawsuit, the plaintiffs claim damages, punitive damages, and rescission of the purchase agreement, etc., against our company and others, but the specific amounts claimed by the plaintiffs are not disclosed in any way

Class action lawsuit in Victoria, Australia

On September 30, 2022 (local time) and April 17, 2023 (local time), our company and Australian subsidiaries were sued in the Superior Court of Victoria, Australia.

The plaintiffs are suing as a class action on behalf of all persons in Australia who purchased, leased, or otherwise legally entitled to our trucks from January 1, 2003. The lawsuit alleges, among other things, that the plaintiffs have suffered damages as a result of fraudulent and other acts relating to violations of emission performance standards and fuel economy standards for our company's engines.

In the complaint in this lawsuit, the plaintiffs claim damages against our company and others for fraud and other wrongful acts in connection with quality assurance under Australian laws and regulations, but the specific amounts claimed by the plaintiffs are not disclosed in any way.

The procedures, including whether to consolidate and organize the claims for the two class action lawsuits, are scheduled to be organized by the court on the date for scheduling conference.

Since it is difficult to reasonably predict the impact of the above three lawsuits at this time, the amounts are not reflected in the quarterly consolidated financial statements.

3. Supplementary Information

(1) Actual Production (Consolidated)

Category	FY 2023 (From April 1, 2022 to June 30, 2022)	FY 2024 (From April 1, 2023 to June 30, 2023)	Change
Trucks and buses	37,675 units	33,981 units	-3,694 units
Toyota brand vehicles	35,378 units	30,882 units	-4,496 units

(2) Actual Sales (Consolidated)

Category		FY 2023 (From April 1, 2022 to June 30, 2022)		FY 2024 (From April 1, 2023 to June 30, 2023)		Change	
		Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
	Japan	9,317	54,894	9,812	62,484	495	7,589
	Overseas	27,781	143,164	24,579	139,089	-3,202	-4,074
	Supplies of parts for overseas production	—	17	—	10	—	-6
Total trucks and buses		37,098	198,076	34,391	201,585	-2,707	3,508
Total Toyota brand		35,382	24,774	30,882	19,122	-4,500	-5,651
	Japan	—	16,197	—	17,460	—	1,263
	Overseas	—	17,498	—	22,960	—	5,461
	Total service parts	—	33,695	—	40,420	—	6,725
	Japan	—	44,558	—	48,592	—	4,034
	Overseas	—	6,167	—	3,635	—	-2,532
	Toyota	—	48,584	—	58,558	—	9,973
Total others		—	99,310	—	110,786	—	11,475
Total net sales		—	355,856	—	371,914	—	16,058

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

Reference for Financial Results for the Fiscal Year Ending March 31, 2024 (Consolidated)

	Prior 1Q Actual Results (First quarter of FY ended March 2023) (April 1, 2022 to June 30, 2022)		Current 1Q Actual Results (First quarter of FY ending March 2024) (April 1, 2023 to June 30, 2023)		Prior Year Actual Results (FY ended March 2023) (April 1, 2022 to March 31, 2023)		Current Year Forecasts (FY ending March 2024) (April 1, 2023 to March 31, 2024)	
	(Thousands of units)	Year-on-year rate	(Thousands of units)	Year-on-year rate	(Thousands of units)	Year-on-year rate	(Thousands of units)	Year-on-year rate
Global Unit Sales (Retail Sales)								
Hino brands	37.0	2.0%	31.3	-15.4%	144.6	-7.6%	159.0	9.9%
Japan	9.5	-26.6%	9.1	-3.7%	36.2	-37.8%	43.0	18.9%
Overseas	27.6	17.8%	22.2	-19.4%	108.4	10.3%	116.0	7.0%
Toyota	35.4	-0.4%	30.9	-12.7%	127.9	-9.8%	129.1	1.0%
Unit production								
Trucks and buses	37.7	-2.6%	34.0	-9.8%	157.4	1.0%	163.0	3.6%
Toyota brand vehicles	35.4	-0.5%	30.9	-12.7%	127.9	-9.8%	129.1	1.0%
Net sales	(Billions of yen) 355.9	3.6%	(Billions of yen) 371.9	4.5%	(Billions of yen) 1,507.3	3.3%	(Billions of yen) 1,700.0	12.8%
Operating income <Profit margin>	(Billions of yen) 4.3 (1.2%)	-73.3%	(Billions of yen) 1.1 (0.3%)	-73.7%	(Billions of yen) 17.4 (1.2%)	-48.5%	(Billions of yen) 20.0 (1.2%)	14.9%
Ordinary income <Profit margin>	(Billions of yen) 7.5 (2.1%)	-52.5%	(Billions of yen) 2.9 (0.8%)	-61.7%	(Billions of yen) 15.8 (1.0%)	-58.4%	(Billions of yen) 15.0 (0.9%)	-5.0%
Profit attributable to owners of parent <Profit margin>	(Billions of yen) 0.7 (0.2%)	-88.6%	(Billions of yen) -16.5 (-4.4%)	-	(Billions of yen) -117.7 (-7.8%)	-	(Billions of yen) 10.0 (0.6%)	-
Variation factors (Based on operating income)	(Billions of yen)		(Billions of yen)		(Billions of yen)		(Billions of yen)	
	«Profit increase factors»		«Profit increase factors»		«Profit increase factors»		«Profit increase factors»	
	Improvement in cost of sales	1.0	Effect of sales	11.2	Environmental change	4.6	Effect of sales	50.0
			Improvement in cost of sales	0.9	Improvement in cost of sales	3.2	Improvement in cost of sales	9.0
	«Profit decrease factors»		«Profit decrease factors»		«Profit decrease factors»		«Profit decrease factors»	
	Effect of sales	8.5	Environmental change	10.0	Effect of sales	21.5	Environmental change	40.0
	Change in cost structure etc.	4.4	Change in cost structure etc.	5.3	Change in cost structure etc.	2.7	Change in cost structure etc.	16.4
	Total	-11.9	Total	-3.2	Total	-16.4	Total	2.6
Performance evaluation	Increased revenue + Decreased profit		Increased revenue + Decreased profit		Increased revenue + Decreased profit		Increased revenue + Increased profit	
Capital expenditure	(Billions of yen) 11.4		(Billions of yen) 11.8		(Billions of yen) 69.0		(Billions of yen) 80.0	(*1)
Depreciation	(Billions of yen) 14.2		(Billions of yen) 13.3		(Billions of yen) 57.3		(Billions of yen) 57.0	(*1)
R&D	(Billions of yen) 12.1		(Billions of yen) 12.2		(Billions of yen) 52.5		(Billions of yen) 46.0	
Exchange rate	125 yen / US\$		135 yen / US\$		135 yen / US\$		130 yen / US\$	

(*1)Capital expenditure and Depreciation include intangible assets.