

Financial Results for the Fiscal Year Ended March 31, 2023
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



April 26, 2023

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
Code Number: 7205 URL: <http://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 Annual Meeting of Shareholders: June 27, 2023
Scheduled Date of Financial Statements Filing: June 27, 2023
Scheduled Date of Dividend Payment Start: -
Supplementary materials for Financial Results: Yes
Investor conference for Financial Results: Yes (For Mass Media and Analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022– March 31, 2023)

(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 2023	1,507,336	3.3	17,406	-48.5	17,587	-58.4	-117,664	—
FY 2022	1,459,706	—	33,810	—	37,986	—	-84,732	—

(Note) Comprehensive income FY 2023: ¥ -78,297 million (—%) FY 2022: ¥ -74,716 million (—%)

	Profit per share	Diluted Profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2023	-204.98	—	-28.5	1.2	1.2
FY 2022	-147.61	—	-16.7	3.1	2.3

(Reference) Equity in earnings of affiliated companies: FY 2023: ¥900 million FY 2022: ¥ 186 million

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the previous 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 2023	1,361,735	433,409	27.0	640.94
FY 2022	1,258,350	516,007	36.4	798.17

(Reference) Equity capital: FY 2023: ¥ 367,914 million FY 2022: ¥ 458,169 million

(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 2023	-40,799	-60,257	114,208	75,683
FY 2022	106,711	-62,181	-39,147	62,662

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 2022	—	10.00	—	0.00	10.00	5,741	—	1.1
FY 2023	—	0.00	—	0.00	0.00	—	—	—
FY 2024 (forecast)	—	—	—	—	—	—	—	—

(Note) Due to some uncertain events at present, the year-end and annual dividend forecasts for FY2024 have not been determined.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (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

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

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2023	574,580,850 shares	FY 2022	574,580,850 shares
2) Number of treasury stock at end of term	FY 2023	554,114 shares	FY 2022	553,582 shares
3) Average number of shares	FY 2023	574,027,093 shares	FY 2022	574,027,580 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-Consolidated Financial Results

(% of change from previous year.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2023	832,061	-3.7	-15,761	—	-25,743	—	-119,189	—
FY 2022	863,642	—	-3,003	—	11,611	—	-88,599	—

	Profit per share	Diluted Profit per share
	Yen	Yen
FY 2023	-207.59	—
FY 2022	-154.31	—

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. were applied from the beginning of the previous 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 2023	832,468	195,566	23.5	340.62
FY 2022	780,850	309,968	39.7	539.87

(Reference) Equity capital: FY 2023: ¥ 195,566 million FY 2022: ¥ 309,968 million

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

In FY2023, our company saw operating loss worsening, due to the skyrocketing prices of materials in addition to the impact of the suspension of shipment caused by the misconduct of our company. In non-consolidated financial results, we posted ¥32,031 million as the provision of allowance for doubtful accounts accompanying the loans receivable from consolidated subsidiaries in the section of non-operating expenses, so ordinary loss worsened. For details, please refer to “3 Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Additional Information)” on page 15 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.

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1 Operating Results Overview

(1) Operating Results Overview for Current Term

As for the Japanese domestic truck market in this consolidated fiscal year, the total demand for heavy-, medium-, and light-duty trucks decreased because, in addition to the effect of our company's fraudulent actions regarding engine certification, the manufacturing was affected by the insufficient supply of parts caused by the global shortage of semiconductors, the novel coronavirus, etc. In the domestic bus market, total demand declined mainly due to a drop in tourism demand caused by the prolonged impact of COVID-19. As a result of the above, total domestic demand for trucks and buses was 131.0 thousand vehicles, a decrease of 24.8 thousand vehicles (-15.9%) compared to the previous fiscal year.

As for Japanese domestic sales, while sales of medium and heavy-duty trucks decreased due to the suspension of shipment because of the misconduct for certification, sales of light-duty trucks remained steady. As a result, the total sales volume of heavy-, medium-, and light-duty trucks and buses was 38.0 thousand units, a decrease of 19.8 thousand units (-34.2%) compared to the previous fiscal year.

The overseas truck and bus market is on a recovery trend, mainly in ASEAN countries, and overseas sales volume of trucks and buses was 113.9 thousand vehicles, an increase of 13.5 thousand vehicles (13.4%) compared to the previous fiscal year.

As a result of the above, total unit sales of Hino Brand trucks and buses decreased to 151.9 thousand units by 6.3 thousand units (-4.0%) compared to the previous fiscal year.

As for the volume of sales to Toyota Motor Corporation, because the sales of SUV and light-duty truck decreased, total sales volume decreased to 127.9 thousand units by 13.8 thousand units (-9.8%) compared to the previous fiscal year.

As a result of the above, net sales in this consolidated fiscal year were ¥1,507,336 million, which is an increase of ¥47,630 million (3.3%) compared to the previous fiscal year. As for profit and loss, despite a favorable turnaround in the foreign exchange environment, due to the deterioration in the vehicle mix caused by the decline in domestic sales volume and soaring material price, etc., operating income was ¥17,406 million which is a decrease of ¥16,404 million (-48.5%) compared to the previous fiscal year and ordinary income was ¥15,787 million which is a decrease of ¥22,199 million (-58.4%) compared to the previous fiscal year. Loss attributable to owners of parent was ¥117,664 million which is a decrease of ¥32,932 million compared to the previous fiscal year (loss attributable to owners of parent of ¥84,732 million in the previous fiscal year), because a loss related to domestic certification of ¥90,790 million was posted as an extraordinary loss and income taxes of ¥18,619 million was posted.

(2) Financial Position Overview for Current Term

Total assets as of the end of this fiscal year increased to ¥1,361,735 million by ¥103,385 million compared to the end of the previous fiscal year. This is mainly because cash and deposits increased by ¥15,896 million and inventories increased by ¥52,367 million.

Liabilities increased to ¥928,326 million by ¥185,984 million compared to the end of the previous fiscal year. This is mainly because interest-bearing debt increased by ¥129,204 million and provision for certification-related loss increased by ¥70,108 million.

Net assets decreased to ¥433,409 million by ¥82,598 million compared to the end of the previous fiscal year. This is mainly because loss attributable to owners of parent of ¥117,664 million was recorded while defined retirement benefit plans increased by ¥15,017 million.

(3) Cash Flow Overview for Current Term

Cash flows for this fiscal year are as follows.

Cash used in operating activities was ¥40,799 million. This was mainly due to provision for certification-related loss increased by ¥70,108 million, loss before income taxes of ¥89,524 million was recorded, and inventories increased by ¥45,836 million.

Cash used in investing activities was ¥60,257 million. This was mainly due to the expenditure of ¥58,334 million on purchase of non-current assets centering on production facilities.

Cash provided by financing activities was ¥114,208 million. This was mainly due to net increase in short-term loans payable of ¥95,932 million and proceeds from long-term borrowings of ¥27,150 million.

As a result, cash and cash equivalents at the end of this fiscal year increased to ¥75,683 million by ¥13,020 million compared to the end of the previous fiscal year

(4) Future Outlook

<Re-establishment of the management base>

We profoundly regret causing significant inconvenience to all stakeholders, including customers, by betraying their trust through the misconduct for engine certification. We will assign top priority to removing the inconvenience we have caused.

We recognize that the wrongdoing was committed because our management disregarded the compliance with laws and regulations and the fostering of a sound corporate culture, to achieve numerical goals and keep up with schedules.

So that our company will never commit such a misconduct, all of our staff will join hands to execute “three reforms” while our management will take the initiative and set good examples.

First of all, so that all judgments and actions will follow “HINO Way,” we will make efforts to diffuse “HINO Way” among all employees by sharing its philosophy through interactive communication between management staff and employees at dialogue sessions, etc., setting a corporate policy based on “HINO Way,” and reforming our personnel systems.

In addition, in order to reform our organizational culture centered on the “respect for human resources,” we will enhance the rotation measure linked to career development, to bring out the independence and abilities of employees, and establish a culture in which all of our staff will attend to customers and cooperate with one another. Regarding corporate governance, we will strengthen the internal control function based on the “threefold structure” and the internal audit function based on the effectiveness evaluation by external organizations.

Then, we will reform our structure by adopting a quality management system including external audits, in order to proceed with processes properly for realizing new “manufacturing of vehicles of Hino.”

In order to be reborn as a new Hino Motors, we will focus on the “growth of personnel,” which is the source of all corporate activities, and strive to re-establish our management base while believing that “corporate growth” will be achieved only after the “growth of personnel.”

<Provision of value to customers and society>

As the value we aim to provide, we will offer comprehensive support that will keep each customer’s vehicles in operation and polish the quality, durability, and reliability (QDR) of products to provide safe, durable vehicles after reviewing the basic requirements for commercial vehicles used by customers, and support each customer’s business thoroughly with the “all-around quality” of Hino combining “comprehensive support quality” and “product quality.”

From now on, we will prioritize the improvement in quality over the expansion of quantity, and revise our product lineup to maximize the customer satisfaction level through standardization and integration, to attend to customers more diligently and deepen and keep relationships with them for a longer period of time.

Furthermore, we will tackle environmental challenges, including the achievement of carbon neutrality, and the worsening problems with the transportation of people and goods, to contribute to a sustainable society. For environmental issues, we will pursue the layout of auto parts unique to electric vehicles (EVs) to improve usability according to the travel distance, load capacity, purpose of use, etc. of each customer, and promote the distribution of EVs by supporting recharging management and infrastructure development. Regarding the social problems with the transportation of people and goods, we will not only supply vehicles, but also streamline the processes in the entire logistics field, to solve problems with customers and society and then contribute to society.

The Hino Group will make incessant efforts to regain the trust of customers and society as soon as possible and become an enterprise demanded by customers around the world and society by offering the value based on the “all-around quality” of Hino, with the management base where we thoroughly pursue the development of an organization culture centered on the “respect for human resources” and “faithful work” prioritizing the compliance with laws and regulations.

Accordingly, the earnings forecast for the next term is as follows.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,700,000 million
Operating income	¥20,000 million
Ordinary income	¥15,000 million
Profit attributable to owners of parent	¥10,000 million
Japan unit sales of trucks and buses.....	43.0 thousand units
Overseas unit sales of trucks and buses	116.0 thousand units
Unit sales of Toyota brand vehicles.....	129.1 thousand units

* The above forecasts are created based on the information available to the company and on certain assumptions deemed reasonable and are not guaranteed to be achieved.

(5) Basic Policy on Profit Distribution and Dividends for FY2023 and FY2024

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 ¥117,664 million, we have regrettably decided not to pay the term-end dividend.

Regarding dividends for the next fiscal year, we expect to post a profit attributable to owners of parent of 10 billion yen. Still, due to some uncertainties, it is still undecided at this time. We will disclose the dividend forecast as soon as possible, when it is ready.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	66,253	82,150
Notes and accounts receivable - trade	288,044	288,668
Lease receivables	25,401	32,850
Merchandise and finished goods	127,565	162,018
Work in process	50,665	66,189
Raw materials and supplies	47,906	50,296
Other	33,797	56,293
Allowance for doubtful accounts	-4,878	-5,287
Total current assets	634,755	733,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	178,778	183,690
Machinery, equipment and vehicles, net	86,643	73,730
Tools, furniture and fixtures, net	18,529	18,205
Land	128,202	128,740
Leased assets, net	6,066	5,936
Construction in progress	26,040	29,550
Assets for rent, net	33	332
Total property, plant and equipment	444,293	440,187
Intangible assets		
Software	30,071	30,688
Other	1,058	994
Total intangible assets	31,129	31,682
Investments and other assets		
Investment securities	122,444	133,260
Retirement benefit asset	995	1,169
Deferred tax assets	9,890	12,202
Other	17,900	13,281
Allowance for doubtful accounts	-3,059	-3,229
Total investments and other assets	148,171	156,684
Total non-current assets	623,594	628,554
Total assets	1,258,350	1,361,735

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	250,780	243,640
Short-term borrowings	144,568	247,798
Current portion of bonds payable	—	1,470
Current portion of long-term borrowings	8,400	5,376
Lease liabilities	570	1,227
Accounts payable - other	22,100	20,056
Income taxes payable	2,383	5,480
Provision for bonuses	7,156	7,600
Provision for bonuses for directors (and other officers)	596	560
Provision for product warranties	52,333	45,597
Provision for certification related loss	29,970	100,078
Other	95,346	97,201
Total current liabilities	614,204	776,089
Non-current liabilities		
Bonds payable	—	4,410
Long-term borrowings	8,279	31,397
Lease liabilities	9,175	14,098
Deferred tax liabilities	26,680	32,021
Deferred tax liabilities for land revaluation	2,742	2,742
Retirement benefit liability	56,174	42,504
Provision for retirement benefits for directors (and other officers)	1,700	1,576
Asset retirement obligations	1,410	1,566
Other	21,974	21,919
Total non-current liabilities	128,137	152,237
Total liabilities	742,342	928,326
Net assets		
Shareholders' equity		
Share capital	72,717	72,717
Capital surplus	65,952	65,956
Retained earnings	279,087	161,423
Treasury shares	-201	-202
Total shareholders' equity	417,556	299,894
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,315	51,315
Deferred gains or losses on hedges	-125	-53
Revaluation reserve for land	2,273	2,273
Foreign currency translation adjustment	170	7,487
Remeasurements of defined benefit plans	-8,020	6,996
Total accumulated other comprehensive income	40,613	68,020
Non-controlling interests	57,837	65,494
Total net assets	516,007	433,409
Total liabilities and net assets	1,258,350	1,361,735

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

[Consolidated Statements of Income]

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Net sales	1,459,706	1,507,336
Cost of sales	1,209,200	1,267,676
Gross profit	250,505	239,659
Selling, general and administrative expenses		
Sales commission	7,375	8,457
Transportation and storage costs	12,587	16,086
Provision for product warranties	42,303	41,525
Advertising expenses	1,504	1,119
Salaries and allowances	55,616	58,466
Provision for bonuses	3,714	4,023
Provision for bonuses for directors (and other officers)	596	560
Retirement benefit expenses	3,365	3,668
Provision for retirement benefits for directors (and other officers)	371	340
Rent expenses	8,166	8,174
Other	81,093	79,830
Total selling, general and administrative expenses	216,694	222,253
Operating profit	33,810	17,406
Non-operating income		
Interest income	1,140	1,913
Dividend income	2,553	2,737
Rental income	1,385	1,275
Foreign exchange gains	1,507	—
Share of profit of entities accounted for using equity method	186	—
Miscellaneous income	2,941	5,604
Total non-operating income	9,714	11,530
Non-operating expenses		
Interest expenses	2,849	6,792
Share of loss of entities accounted for using equity method	—	900
Foreign exchange losses	—	2,295
Miscellaneous expenses	2,689	3,161
Total non-operating expenses	5,539	13,150
Ordinary profit	37,986	15,787

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Extraordinary income		
Gain on sale of non-current assets	66	3,838
Gain on sale of investment securities	709	409
Subsidy for estate	—	670
Other	349	268
Total extraordinary income	1,125	5,186
Extraordinary losses		
Loss on sale and retirement of non-current assets	301	3,579
Loss related to domestic certification	40,000	90,790
Loss related to North American certification	27,304	1,432
Impairment losses	1,616	14,598
Other	1,373	98
Total extraordinary losses	70,595	110,498
Loss before income taxes	-31,484	-89,524
Income taxes - current	12,140	17,388
Income taxes - deferred	34,711	1,230
Total income taxes	46,852	18,619
Loss	-78,337	-108,144
Profit attributable to non-controlling interests	6,395	9,520
Loss attributable to owners of parent	-84,732	-117,664

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Loss	-78,337	-108,144
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,196	5,645
Deferred gains or losses on hedges	113	204
Revaluation reserve for land	-51	—
Foreign currency translation adjustment	11,124	9,224
Remeasurements of defined benefit plans, net of tax	-2,521	14,920
Share of other comprehensive income of entities accounted for using equity method	-847	-148
Total other comprehensive income	3,620	29,846
Comprehensive income	-74,716	-78,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-83,667	-90,258
Comprehensive income attributable to non-controlling interests	8,950	11,960

(3) Consolidated Statements of Changes in Net Assets
Previous 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

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(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	65,952	279,087	-201	417,556	46,315	-125
Changes during period							
Profit (loss) attributable to owners of parent			-117,664		-117,664		
Purchase of treasury shares				-0	-0		
Change in ownership interest of parent due to transactions with non-controlling interests		3			3		
Net changes in items other than shareholders' equity						4,999	71
Total changes during period	—	3	-117,664	-0	-117,662	4,999	71
Balance at end of period	72,717	65,956	161,423	-202	299,894	51,315	-53

	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	2,273	170	-8,020	40,613	57,837	516,007
Changes during period						
Profit (loss) attributable to owners of parent						-117,664
Purchase of treasury shares						-0
Change in ownership interest of parent due to transactions with non-controlling interests						3
Net changes in items other than shareholders' equity		7,317	15,017	27,406	7,657	35,063
Total changes during period	—	7,317	15,017	27,406	7,657	-82,598
Balance at end of period	2,273	7,487	6,996	68,020	65,494	433,409

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Loss before income taxes	-31,484	-89,524
Depreciation	54,956	57,293
Impairment losses	1,616	14,598
Increase (decrease) in allowance for doubtful accounts	1,211	439
Increase (decrease) in provision for product warranties	21,992	-6,736
Increase (decrease) in provision for certification related loss	29,970	70,108
Increase (decrease) in retirement benefit liability	983	910
Interest and dividend income	-3,694	-4,650
Interest expenses	2,849	6,792
Share of loss (profit) of entities accounted for using equity method	-186	900
Loss (gain) on sale of investment securities	-709	-409
Loss (gain) on sale and retirement of non-current assets	234	-258
Decrease (increase) in trade receivables	22,291	6,096
Decrease (increase) in lease receivables	3,688	-6,817
Decrease (increase) in inventories	-16,861	-45,836
Increase (decrease) in trade payables	16,573	-11,324
Decrease (increase) in other current assets	-5,594	-18,084
Increase (decrease) in other current liabilities	18,013	-13
Other, net	-2,404	-521
Subtotal	113,447	-27,037
Interest and dividends received	3,828	4,769
Interest paid	-2,592	-6,518
Income taxes refund (paid)	-7,972	-12,013
Net cash provided by (used in) operating activities	106,711	-40,799
Cash flows from investing activities		
Payments into time deposits	-2,460	-2,621
Proceeds from withdrawal of time deposits	453	—
Purchase of property, plant and equipment	-49,432	-58,334
Proceeds from sale of property, plant and equipment	1,056	7,588
Purchase of intangible assets	-12,070	-8,922
Purchase of investment securities	-352	-987
Proceeds from sale of investment securities	1,037	465
Long-term loan advances	-1,847	-1,935
Proceeds from collection of long-term loans receivable	1,795	1,901
Other, net	-360	2,587
Net cash provided by (used in) investing activities	-62,181	-60,257

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-22,778	95,932
Proceeds from issuance of bonds	—	6,650
Redemption of bonds	—	-770
Proceeds from long-term borrowings	4,596	27,150
Repayments of long-term borrowings	-9,571	-9,054
Proceeds from share issuance to non-controlling shareholders	166	—
Dividends paid	-9,760	—
Dividends paid to non-controlling interests	-1,583	-4,355
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-169	—
Other, net	-45	-1,344
Net cash provided by (used in) financing activities	-39,147	114,208
Effect of exchange rate change on cash and cash equivalents	2,629	-130
Net increase (decrease) in cash and cash equivalents	8,011	13,020
Cash and cash equivalents at beginning of period	54,651	62,662
Cash and cash equivalents at end of period	62,662	75,683

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no related information.

(Additional Information)

Extraordinary loss

(Loss related to domestic certification)

Our company has confirmed that there was fraud in the engine certification procedure for the Japanese market, and that there was a problem with engine performance. Accordingly, we posted a recall cost of ¥4,072 million, a cost for additional payment of tax benefits regarding exhaust gas and fuel efficiency of ¥14,110 million, and a loss for compensating suppliers, customers, and others of ¥72,608 million (¥59,160 million for fuel cost compensation, etc.), for a total of ¥90,790 million as domestic certification-related losses in extraordinary losses.

(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 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), 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 through September 30, 2022. 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.

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

(Segment Information, etc.)

【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

Accounting methods for reported business segments are generally the same as the method used for preparing consolidated financial statements. Intersegment revenues and transfers are based on prevailing market prices.

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

Previous 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 (Losses)	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 (losses) of ¥ -2,098 million includes inter-segment eliminations and adjustments for inventory assets.

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

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

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Report Segment			Other *1	Total	Adjusted Amount*2 Japan	Consolidated financial statements amount *3 Asia
	Japan	Asia	Total				
Net Sales							
Trucks and buses	347,636	336,047	683,684	142,720	826,404	—	826,404
Vehicles for Toyota	94,681	824	95,505	—	95,505	—	95,505
Spare parts	73,471	36,059	109,531	45,829	155,360	—	155,360
Other	217,335	144,839	362,174	67,889	430,064	—	430,064
Sales to External Customers	733,124	517,771	1,250,896	256,439	1,507,336	—	1,507,336
Inter-Segment Sales and Transfers	289,779	19,215	308,995	3,752	312,747	-312,747	—
Total	1,022,904	536,987	1,559,891	260,191	1,820,083	-312,747	1,507,336
Segment Earnings (Losses)	2,529	42,113	44,643	-17,592	27,051	-9,644	17,406
Segment Assets	991,704	332,609	1,324,313	183,550	1,507,864	-146,128	1,361,735
Other Categories							
Depreciation and amortization	40,171	10,498	50,669	6,624	57,293	—	57,293
Investment in Equity Method Affiliates	25,143	773	25,916	1,176	27,093	—	27,093
Increase in Tangible and Intangible Fixed Assets	45,617	8,674	54,291	14,697	68,989	—	68,989

*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 (losses) of ¥ -9,644 million includes inter-segment eliminations and adjustments for inventory assets.

(2) The adjusted amount of segment assets of ¥ -146,128 million includes inter-segment eliminations of debts and credits and adjustments for inventory assets.

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

(Per Share Information)

Item	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Net assets per share	798.17	640.94
Loss per share	-147.61	-204.98

(Note) 1. Diluted net income per share is not written, because there are no dilutive shares.

2. The base for calculating loss per share are as follows:

Item	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Loss per share		
Loss attributable to owners of parent (Millions of yen)	-84,732	-117,664
Amount not attributable to common shareholders (Millions of yen)	—	—
Loss attributable to owners of parent associated with common shares (Millions of yen)	-84,732	-117,664
Average number of common shares (Shares)	574,027,580	574,027,093

(Significant Subsequent Events)

There is no related information.

4. Other**(1) Actual Production (Consolidated)**

Category	FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)		Change
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	
Trucks and buses	155,825 units		157,387 units		1,562 units
Toyota brand vehicles	141,672 units		127,854 units		-13,818 units

(2) Actual Sales (Consolidated)

Category	FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	57,756	421,967	37,988	224,328	-19,768	-197,639
Overseas	100,383	421,097	113,867	601,968	13,484	180,871
Supplies of parts for overseas production	—	490	—	107	—	-383
Total trucks and buses	158,139	843,555	151,855	826,404	-6,284	-17,150
Total Toyota brand vehicles	141,671	97,566	127,858	95,505	-13,813	-2,060
Japan	—	62,964	—	70,482	—	7,518
Overseas	—	62,346	—	84,877	—	22,531
Total service parts	—	125,310	—	155,360	—	30,050
Japan	—	187,986	—	187,807	—	-179
Overseas	—	31,789	—	18,336	—	-13,452
Toyota	—	173,497	—	223,920	—	50,423
Total others	—	393,273	—	430,064	—	36,791
Total net sales	—	1,459,706	—	1,507,336	—	47,630

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