



March 29, 2022

To Whom It May Concern

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Notice Regarding Recording of Expected Operating Charges and Extraordinary Losses and Revision of Earnings Forecast

Hino Motors, Ltd.(Hino) hereby announces that it expects to record the following operating charges and extraordinary losses in the fiscal year ending March 2022 (April 1, 2021 to March 31, 2022), as well as that the consolidated earnings forecast for the fiscal year ending March 2022 that was released at the time of the financial results announcement on October 28, 2021 has been revised.

Details

1. Recording of expected operating charges (reserve amount for product warranties)

With respect to the recall notification in relation to the “defect in two-stage turbocharging equipped on heavy duty trucks” (notification No. 5016) which was submitted on September 15, 2021, in order to facilitate proper market measurement, Hino changed the way in which it makes repairs from the replacement of connecting rods, as planned in earlier stages, to that of engine assembly. As a result, Hino expects to record operating charges of approximately 18 billion yen (reserve amount for product warranties) for the additional costs.

2. Recording of expected extraordinary loss (certification-related expenses)

Hino submitted notification to the Ministry of Land, Infrastructure, Transport and Tourism on March 25, 2022 of a recall of vehicles equipped with engines for which misconduct in relation to the certification of such engines was identified and that were found to have performance issues.

It is now expected that an extraordinary loss of approximately 40 billion yen (certification-related expenses) will be recorded due to the recall costs for in-use vehicles and additional tax incentive payment costs in the financial statements for the fiscal year ending March 2022.

Further, Hino expected compensation losses of 16 billion yen based on the agreements with dealers, suppliers, and customers arising from the homologation issues in the engines shipped for the North American market. However, Hino later determined that the amount would be higher by 12 billion yen than expected in earlier stages, and it expects to record an extraordinary loss (certification-related expenses) of approximately 28 billion yen in total.

3. Revision of earnings forecast

(1) Full-year consolidated earnings forecast for the fiscal year ending March 2022 (April 1, 2021 to March 31, 2022)

	Sales	Operating income	Ordinary profit	Net income attributable to parent company shareholders	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	1,460,000	54,000	51,000	15,000	26.13
Revised forecast (B)	1,420,000	32,000	34,000	- 54,000	- 94.07
Increase / decrease (B-A)	- 40,000	- 22,000	- 17,000	- 69,000	—
Rate of change (%)	-2.7%	-40.7%	33.3%	—	—
(Reference) Results for the previous term (March FY2021)	1,498,442	12,250	12,261	-7,489	-13.05

(2) Reason for revision of earnings forecast

The consolidated financial results for the fiscal year ending March 2022 are expected to show a deterioration in the operating income owing to shipments being suspended due to Hino's misconduct in relation to engine certification as well as the recording of operating charges (reserve amount for product warranties) (see section 1 above).

Further, since extraordinary losses are expected to be recorded (see section 2 above), revisions will be made as described above.

In addition, the forecast of year-end dividends currently is being reviewed to determine the necessity of making any changes.

(Note) The forecast figures above are based on the information currently available to Hino and certain assumptions that Hino deems reasonable, and therefore, actual business performance may differ due to various factors.

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