



Chapter

1

# Hino's value creation

- 04 Message from the President
- 07 The path to value creation
- 08 Business and features
- 09 Value creation process

# Message from the President

We will pursue the “Ideal State” of Hino, ensuring that we contribute to solving social issues, and enhance our long-term corporate value.

**Satoshi Ogiso**

President & CEO, Member of the Board of Directors



## Meeting our responsibilities to support social infrastructure

### We make a better world and future by helping people and goods get where they need to go

As a company whose primary products are the trucks and buses that serve as social infrastructure, the Hino Group has set as its Corporate Mission: We make a better world and future by helping people and goods get where they need to go. This is our very reason for existence and is a mission that has gone unchanged since the Company was formed. When I think about our responsibility to support social infrastructure amidst the rapidly changing environment surrounding the transportation of people and goods, I feel that we must support and aid our customers who conduct their businesses using commercial vehicles.

However, we have not yet resumed shipping of some models of trucks and buses, which continues to cause inconvenience, and I would like to take this opportunity to offer my profound apologies to our customers and stakeholders. We will move forward a step at a time to resume shipping our products, and to become a company that truly engages with its customers.

Looking to the future, Hino will continue to work to regain the trust held in us and will strive to enhance the strength of our products and improve our competitiveness as we endeavor to restore our business as rapidly as possible.

### Promoting management based on the HINO Way

The HINO Way serves as the cornerstone for decisions and actions in the Hino Group's business activities. In 2023, we formulated the “Ideal State” of Hino as a long-term vision that extends past 2030, and identified eight materialities that we should work toward in order to achieve it.

By incorporating these materialities as top-level policies in our medium-term business plan, annual company policy, annual divisional policy, and individual goals, we hope to enhance the quality of the values we offer society and our customers, increase the contribution we make to resolving social issues, and improve the corporate value and sustainable growth of the Hino Group. It is my belief that doing so will further enhance the Hino brand and take us to a new stage.

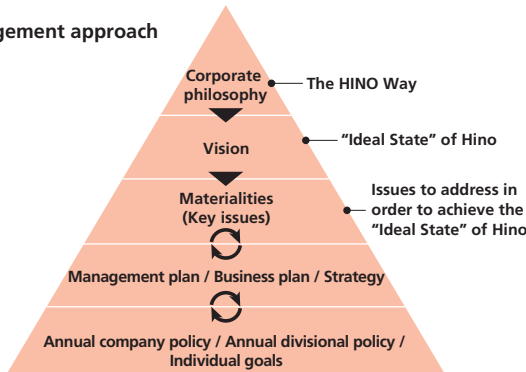
Moreover, working with determination never to engage in misconduct again, management is taking the lead in promoting the “Three Reforms” that the entire Group is working on, with all efforts centered on the HINO Way. Of these, in terms of implementing “work

# Message from the President

in the right way" for each employee, on which our business activities are predicated, we established more transparent systems for supervision and oversight of model designation applications, and in April 2024, Hino Motors, Ltd. acquired ISO 9001 certification, an international standard for quality management systems (QMS) for truck and bus engine design and development processes and for processes used for application to this office for engine certification. I view this as a significant achievement. Going forward, Hino management will act in close cooperation with workplaces to ensure that awareness of compliance is given priority.

P20 Acquiring ISO 9001

## Management approach



## Engaging in repeated dialogues with employees to promote the dissemination of our philosophy

Over the past year we have focused on instilling the HINO Way in the awareness of every person working in the Hino Group. We have held management information sharing meetings and dialogue sessions that serve as a forum for mutual communication between management and employees and engaged in a range of discussions based on the HINO Way. I am encouraged that such activities are yielding results, and that we are training human resources able to think for themselves in the workplace, find their own answers, and then take action.

However, it is by no means simple to disseminate a philosophy and link it to the behavior of each individual. I believe that we must continue our activities going forward, and that people will develop in the midst of such efforts.

Moreover, in FY2024, we plan to hold study sessions centered on discussions that focus on finding commonalities between the HINO Way and each person that works in the Hino Group, with the goal of accelerating the dissemination of the HINO Way.

We will continue to make improvements going forward, with management taking the lead in disseminating it in a persistent, diligent manner.

## Pursuing the "Ideal State" of Hino

### Improving the quality of the value we provide and enhancing the management base on which it is founded

In order for us to continue to be of use to society and our customers, we must stand in our customers' shoes and keep thinking about how we can contribute to the growth of their businesses as we create new value.

Along with the "Ideal State" of Hino, the Hino Group has formulated a roadmap of how we can achieve it. In terms of offering value, we will first begin providing our products again as soon as possible, seeking to minimize inconvenience to our customers. Beyond that, we will promote initiatives toward carbon neutrality, and toward solving issues related to the transportation of people and goods. We also focus on strengthening the management base that supports these effects, and while working on the "Three Reforms," are promoting human resources strategies focused on the growth of personnel.

I am aware that we were able to achieve progress that was most in line with the steps laid out in the roadmap in FY2023, but I believe that we must accelerate our efforts with regard to the growth of personnel and the minimization of inconvenience. Looking to the future, we will confront each and every issue we face and move ahead steadfastly in pursuit of the "Ideal State" of Hino.

As the "Ideal State" of Hino suggests, Hino will focus on development of human resources and the evolution of products and services, centering our efforts on the contributions to society and our customers that are our foundation. In moving away from a strategy that was overly focused on sales volumes and earnings and instead returning to this foundation, I believe that we will be able to strengthen both our corporate base and our human resources, leading in turn to the sustainable growth of our Company.

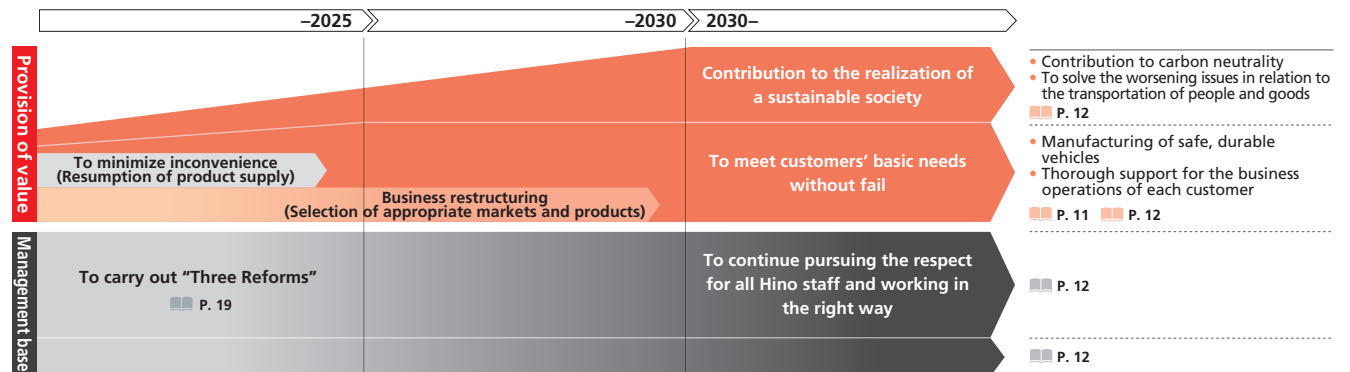
## Toward providing value to customers

### Continuing to focus on Overall Quality

Of the engines for which shipping was halted to due engine certification issues, we have resumed shipping of vehicles equipped with the large-sized A09C in Japan. We are working to reacquire type approval as soon as possible in Japan for the medium-sized A05C (HC-SCR) and large-sized E13C engines and deliver vehicles to their customers.

Additionally, to continue to provide value to our customers, I intend for us to manage our Company with a focus on products and services, and continue to hone the Overall Quality that is our strength. To that end, it is important that we move away from management that prioritizes volume and business expansion, and instead restructure our businesses as necessary to an appropriate scale. We have reviewed our businesses in China and have decided to withdraw from the parts business in the United States and have made some progress in choosing markets and products that are appropriate to our size. At the same time, we will strive to offer a

## A roadmap to achieving the "Ideal State" of Hino



## Message from the President


sincere response to our customers and other stakeholders inconvenienced by our managerial decisions and will work to maintain open communications with our employees. I would like to take this opportunity to express my heartfelt gratitude for the support we have received thus far.

Going forward, we must establish deeper, longer-lasting relationships with our customers, offering in-depth support for their businesses as we work to strengthen the Hino brand itself. To reiterate, the management team at Hino will work together across the entire Group to create value for our customers.

### Further accelerating initiatives toward achieving carbon neutrality and addressing issues related to the transportation of people and goods

We hope to solve a range of issues that are both serious social issues and customer needs, such as carbon neutrality and the transportation of people and goods, providing new value.

In October 2023, we made public the policies, strategies, and initiatives of the Hino Group with regard to carbon neutrality. In addition to promoting the adoption of electric vehicles, we will accelerate the move to carbon neutrality in commercial vehicles by providing a diverse range of solutions that are in step with the needs of a variety of customers, utilizing multiple pathways such as fuel diversification, and improving the fuel efficiency of vehicles with internal combustion engines.

 P. 23 Minimization of environmental impact and contribution to the achievement of a carbon-neutral society

Hino is already making progress with laying the ground for these efforts. For example, in addition to increasing sales of the Hino Duto Z EV, a light-duty BEV\*1 truck, we are supporting deployment and operation of electric commercial vehicles through CUBE-LINX Co., LTD., a Hino Group company. Next Logistics Japan, Ltd., another Group company, is engaged in a variety of initiatives such as driving demonstrations of fuel cell heavy-duty trucks jointly developed by Toyota Motor Corporation and our Company, since May 2023.

The Company also took part in CJPT-Asia, which was established in Thailand in October 2023 by CJPT Corporation.\*2 In addition to realizing a carbon neutral society, we will improve and accelerate initiatives with partners who have the same ambition, seeking to help solve social issues by addressing the shortage of transport capacity in logistics, enhancing social infrastructure, and improving safety.

\*1 BEV: Battery Electric Vehicle


\*2 Commercial Japan Partnership Technologies Corporation. Established in April 2021 as a business that aims to implement and promote the adoption of CASE technologies in society, centering on the two pillars of electrification and improving logistical efficiency. Toyota Motor Corporation, Isuzu Motors Limited., Suzuki Motor Corporation, and Hino have invested.

### Strengthening our management base to provide value

#### Starting a new human resources medium-term plan focused on the growth of personnel

To improve the quality of the value we provide society and our customers, each of the employees who are part of this effort must grow. That is why, in April 2024, we formulated a new human resources medium-term plan, clearly articulating our focus on the growth of personnel that had previously been sidelined in favor of management that pursued quantity. We will launch a range of measures to support each person through their growth and the challenges they face, providing an environment in which they can work with vitality and fulfillment while taking pride in their Company, such as revitalizing in-house communications and offering human resources development focused on supporting them in their individual career development.

Concurrently, we have revised the methods we use to evaluate personnel, so that our systems emphasize human resources development and improving motivation, and prioritize clarity, fairness, and credibility more than ever before.

 P. 40 Respect for employees and active participation of a diverse range of human resources

#### Strengthening our financial base for further growth

I am aware that strengthening our financial base is also a pressing issue. Unfortunately, due to the ongoing engine certification issues and the impact of unprofitable business, our results for FY2023 and the forecast for FY2024 show earnings that are short of those anticipated. By using our assets effectively, reducing waste in fixed and indirect costs, and improving Overall Quality, we will maintain a sense of urgency in achieving expected profit levels and will link this to securing resources for growth and strengthening our financial base.

### Demonstrating powerful synergies through a four-company collaboration and two-company management integration

#### Working together with like-minded colleagues to help solve social issues

In May 2023, Hino, Mitsubishi Fuso Truck and Bus Corporation, our parent company Toyota Motor Corporation, and Daimler Truck Holding

AG, parent company of Mitsubishi Fuso Truck and Bus Corporation concluded a memorandum of understanding regarding a four-company collaboration and two-company management integration.

Achieving carbon neutrality and resolving issues with the transportation of people and goods requires a great many management resources, including investment in technology development, and is difficult for a single company to achieve alone. Due to the effect of ongoing engine certification issues and the need to obtain approval and licensing based on the Competition Law and other laws and regulations, the schedule for conclusion of the final contract and completion of the integration was postponed. However, there has been no change in the significance of our Company regarding the four-company collaboration and two-company management integration.

We will achieve powerful synergies with like-minded partners and help to solve social issues.

### To our stakeholders

#### Seeking to become a business group that is needed by society

Once again, I view customers as being the starting point for value creation. The Hino Group can only create value for society if we answer the expectations of both society and our customers, becoming the choice of both.

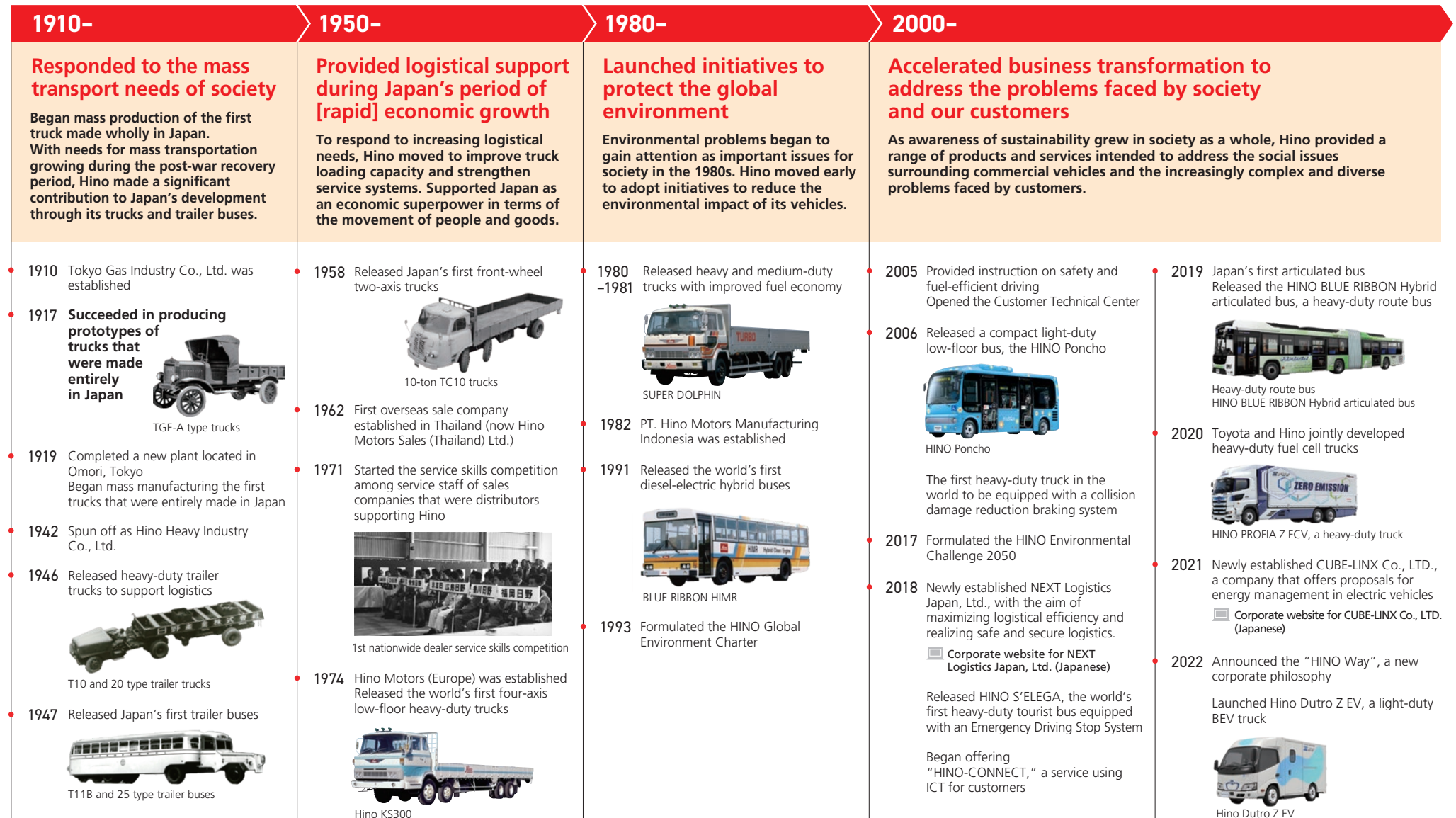
The Toyota Group Vision, “Inventing our path forward, together,” was announced in January 2024. Inspired by the passion and attitude for invention that we believe to be at the heart of the Toyota Group, the Hino Group will also look back to the principles on which we were founded, and will work unceasingly as a whole to become a business that is needed by society and our customers by supporting the transportation of people and goods, with the HINO Way as the cornerstone for everything we do. Working from that platform, we will create value for society, continuing to respond to the expectations of investors and, indeed, of all of our stakeholders, as well as seeking to achieve growth in the medium and long term. Looking to the future, we will strive to further improve our corporate value, leveraging the feedback we receive through dialogue and information disclosure to our management.

**Satoshi Ogiso**

President & CEO, Member of the Board of Directors

## The path to value creation

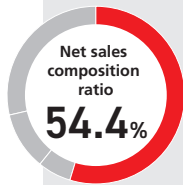
Since successfully test-producing Japan's first 100% domestically designed and manufactured truck in 1917, the Hino Group has responded to society's needs for mass transportation and supported Japan's postwar recovery and rapid economic growth. Beginning in the 1980s, we launched initiatives to protect the global environment and began offering our customers support for their business on a full-scale basis. In recent years, we are utilizing cutting-edge technologies to address the issues that society and customers face regarding the movement of goods and people.



## Business and features

The Hino Group focuses on providing trucks and buses pursuing safety, environmental friendliness, and comfort, and is developing its businesses in light of the Corporate Mission: We make a better world and future by helping people and goods get where they need to go. We have built a system that integrates everything from research and development to production, sales, service, and support, in a globally expanding network.

### Business



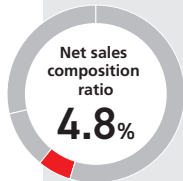
#### Trucks and buses

In the domain of transport of people and goods, we are expanding in Japan and overseas to offer products with excellent quality, durability, and reliability, while pursuing safety, environmental friendliness, and comfort, as we work to solve the issues faced by our customers and by society.



HINO S'ELEGA,  
a heavy-duty tourist bus

HINO PROFIA Hybrid,  
a heavy-duty truck



#### Toyota brand vehicles

We manufacture TOYOTA brand vehicles on consignment.



Land Cruiser



#### Vehicle parts

In order to provide a comprehensive level of after-sales service, we supply the vehicle parts needed for proper servicing and maintenance. We leverage our nationwide network of sales locations to provide rapid delivery of reliable, high-quality parts.



Hino Global Logistics



#### Others

In addition to providing after-sales service to support our customers in operating their vehicles, as well as a range of solution services, we also sell industrial diesel engines.



Mechanic staff at a dealership

### At a Glance

Related capital  
The source of  
value creation

<b>Manufacturing that supports product QDR*</b> <small>* QDR: Quality, Durability, and Reliability</small>	Capital expenditure <b>73.7 billion yen</b>	Production plants <b>4 plants in Japan, 13 plants overseas</b>	<b>Manufactured capital</b>
	R&D expenses <b>55.3 billion yen</b>	Patents (Acquired between 2003 and the end of March 2024) <b>2,475</b>	
<b>Human resources that provide value to our customers</b>	Number of employees <b>34,072 (Hino only: 12,175)</b>		<b>Human capital</b>
<b>Strong, sustainable supply chain, expanding on a global scale</b>	Suppliers (tier 1) <b>Approx. 400 companies</b>		<b>Social and relationship capital</b>
<b>Sales and service networks that support customer businesses</b>	Sales locations <b>40 locations in Japan, 14 locations overseas</b>	Cumulative total number of users of the Customer Technical Center <b>111,000 people</b>	
<b>Relation with local communities</b>	Number of municipalities hosting a Hino Plant in Japan (Hino only) <b>1 metropolis, 1 province, 4 prefectures, 11 municipalities</b>	Number of countries and regions where Hino products are sold outside Japan <b>94 countries</b>	
<b>Effective use of natural resources</b>	Renewable energy electricity usage <b>305,461 MWh</b>	Non-renewable energy electricity usage <b>225,847 MWh</b>	<b>Natural capital</b>
	Fuel consumption <b>2,024,000 GJ</b>	Water usage <b>2,829,000 tons</b>	
<b>Financial base for value creation</b>	Net sales <b>1,516.3 billion yen</b>	Profit attributable to owners of the parent <b>17.1 billion yen</b>	<b>Financial capital</b>
	Capital stock <b>317.0 billion yen</b>	Paid-in capital <b>72.7 billion yen</b>	
	Operating profit <b>-8.1 billion yen</b>	Interest-bearing debt <b>373.8 billion yen</b>	

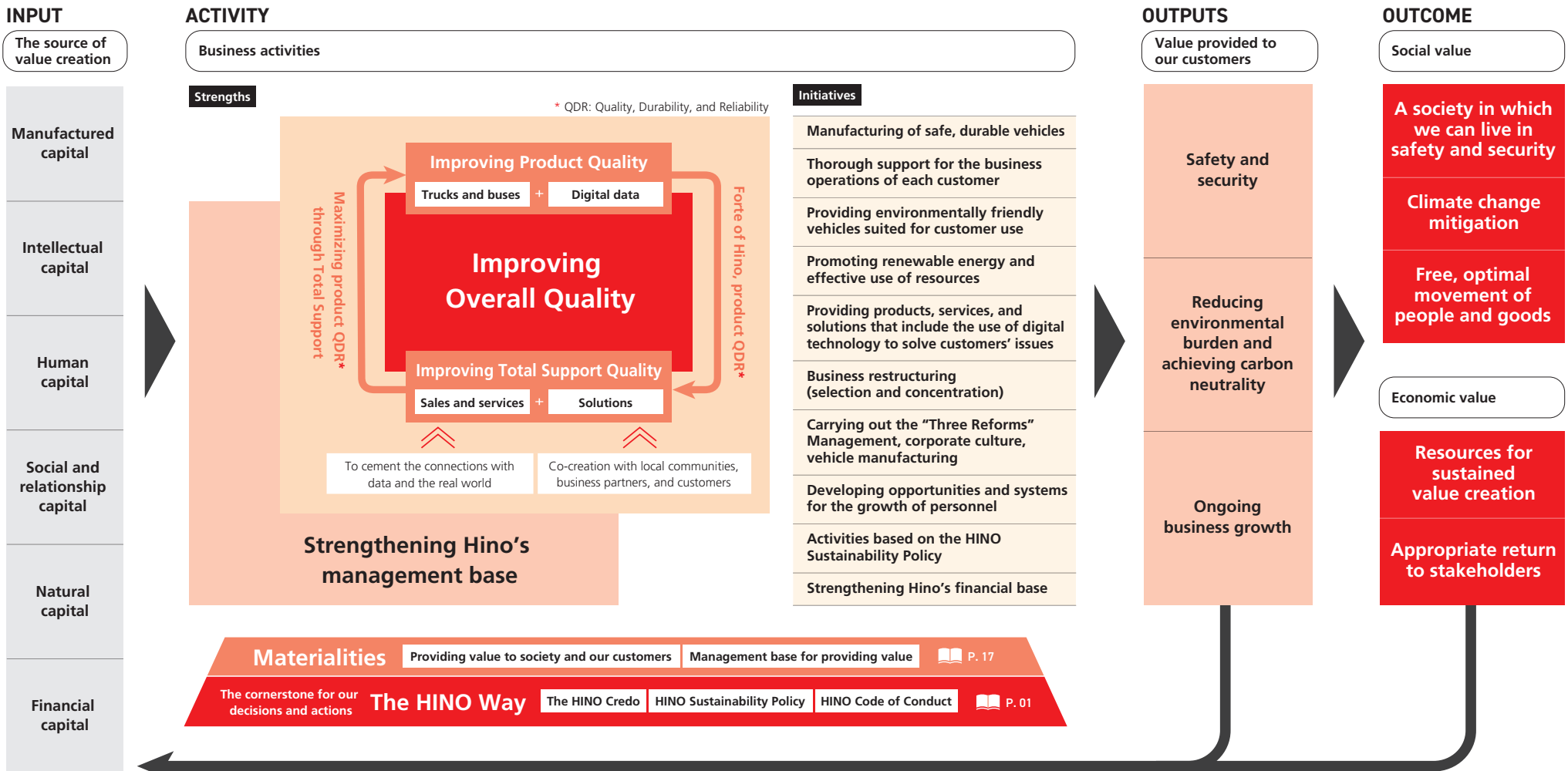
Note: All figures are results for FY2023

# Value creation process

## We improve corporate value and achieve a sustainable society by providing solutions to the issues faced by society and our customers through our business

The Hino Group will work to further enhance the Overall Quality that is one of its strengths, and to improve our management base, while continuing to provide value to society and our customers, thus enhancing sustainable corporate value.

**The HINO Credo** Corporate Mission **We make a better world and future by helping people and goods get where they need to go.**



Value cycles and sustained connections with stakeholders