



Chapter

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Message

Hino Motors' commitment to restoring trust and business recovery

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Message from the President



Our efforts to restore trust have made significant progress. We will now embark on a journey of business revitalization and new advancement.

Satoshi Ogiso

President & CEO, Member of the Board of Directors

Introduction

We deeply regret the considerable inconvenience and concern we caused to our stakeholders by the misconduct related to engine certification announced in 2022. In January 2025, we reached a resolution with the US authorities, bringing closure to this series of certification issues. With this, we are now on a path toward business normalization and have begun advancing toward the next stage of growth based on the planned business integration with Mitsubishi Fuso Truck and Bus Corporation.

Hino's strengths and purpose Our unchanging foundation

We position our core products—high-quality, affordable trucks and buses—as part of society's infrastructure. Our greatest strength lies in what we call "Overall Quality," which combines "Product Quality (QDR*)" that ensures uninterrupted vehicle operation with "Total Support Quality." By continuously refining this strength, we fulfill our Corporate Mission: *We make a better world and future by helping people and goods get where they need to go.* This mission defines the enduring purpose of the Hino Group. In a time of rapid change, I remain committed to revisiting this foundation and ensuring consistent management.

To prevent future misconduct, we will continue to firmly promote the Three Reforms. At the same time, we recognize that our pursuit of excessive volume beyond our true capabilities contributed to various problems, including the recent misconduct. We are therefore accelerating efforts to break away from that approach.

With our corporate philosophy, the HINO Way—built on the values of Integrity, Contribution, and Empathy—as the foundation for all decisions and actions, we will provide value by contributing to our customers and society through Overall Quality, while placing the growth of personnel at the core of our management. Guided by this "Ideal State," we will advance our business activities as Team HINO to address the eight materiality topics



Message from the President

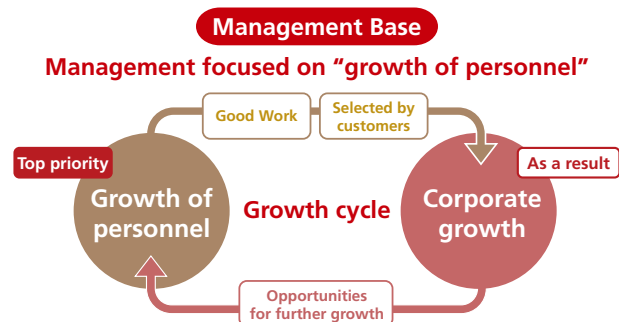
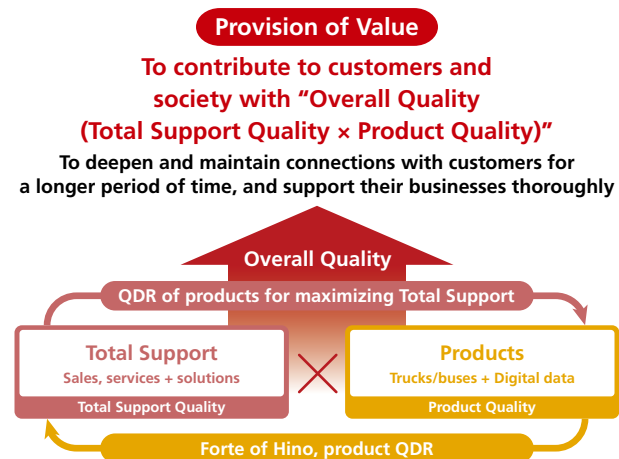
we have identified. Remaining true to our foundation, we will continue working to restore the trust of our customers and society and strive as one to enhance our corporate value.

* QDR: Quality, Durability, Reliability

FY2025 Initiatives and Achievements Returned to operating profitability

In FY2025, domestic sales of heavy-duty trucks remained strong,

Ideal State



with shipments already resumed. Together with higher Toyota branded vehicle deliveries and the positive impact of the weaker yen, operating profit recovered to ¥57.5 billion. However, due to extraordinary losses caused mainly by certification issues in North America, we recorded a net loss of ¥217.8 billion.

Amid these circumstances, we have begun a fundamental review of our business structure to strengthen our financial base and competitiveness. We are proactively pursuing selection and concentration, including withdrawal from our US parts business and downsizing in China, while taking a comprehensive approach to streamlining by optimizing vehicle inventories and reducing vehicle models and part types.

At the same time, we focused on strengthening human capital, the foundation of our corporate value. We launched a medium-term human resources plan centered on the growth of personnel and revised our evaluation and compensation systems. We also improved workplace environments by implementing heat countermeasures at factories and updating workwear based on employee feedback. As a result of these initiatives, all indicators in the FY2025 employee engagement survey showed improvement.

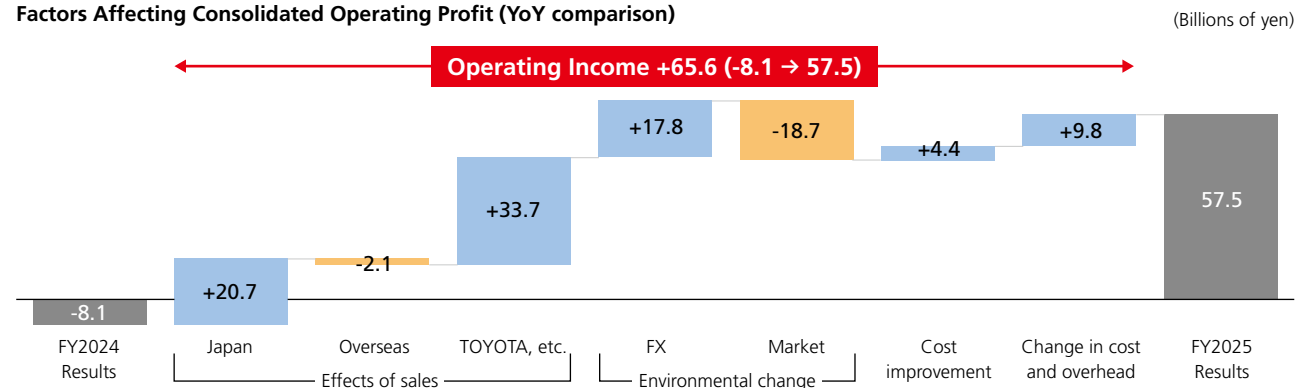
Response to engine certification issues in the US

Reached final agreement with US authorities following their recognition of our exemplary cooperation

Regarding the engine certification issues announced in 2022, investigations by US federal and California state authorities into engine emissions certification testing and performance had been ongoing. Through sincere cooperation with the authorities, we reached a final agreement in January 2025 and were recognized for our exemplary cooperation during the investigation. With this, we consider we reached a global resolution on the engine certification issues in the US. In addition, all class actions in the US, Canada, and Australia have been settled, leaving only the class action filed in New Zealand in March 2025 currently pending.

Following the agreement with the US authorities, we will faithfully implement the agreed [field fix/remedial actions in the field] and the Environmental Mitigation Program to offset excess emissions. We have also formulated and began implementing enhancement of our compliance program that focuses even more on US environmental laws and regulations. Through this program,

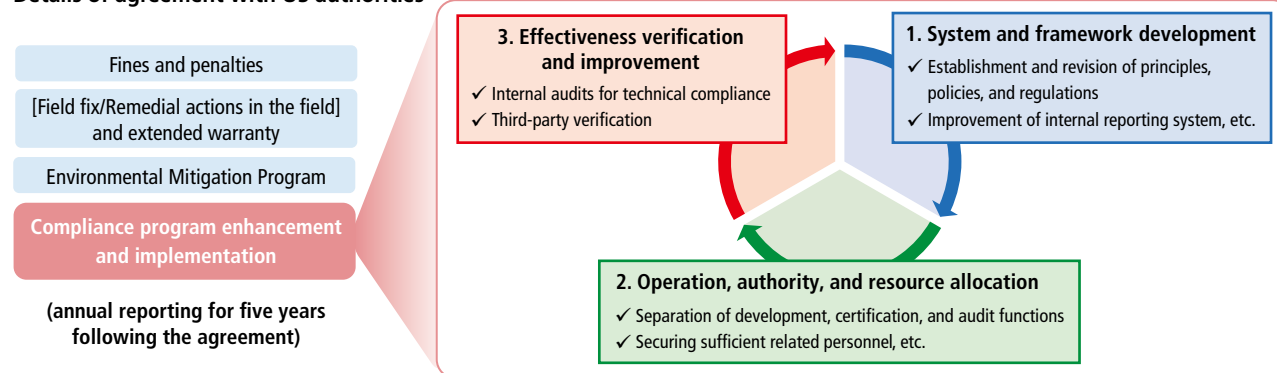
Factors Affecting Consolidated Operating Profit (YoY comparison)





Message from the President

Details of agreement with US authorities



we will continue to improve and strengthen our compliance framework and build a self-regulating organization. Finally, we will embed these efforts so they become self-reinforcing.

Progress of the Three Reforms Accelerating reform in management, corporate culture, and vehicle manufacturing

Following the announcement of the certification issues, we reexamined the challenges facing the Hino Group from multiple perspectives and are promoting the Three Reforms: (1) management reforms to emphasize “respect for all Hino staff” and “promote working in the right way,” (2) organizational culture reforms with “respect for all Hino staff” as a core value, and (3) structural reforms for a new “Hino vehicle manufacturing.” These three reforms are closely interconnected, and with a strong awareness that neglecting even one could risk a recurrence of misconduct, we are pursuing all of them with unwavering determination.

In response to the correction order issued by Japan’s Ministry of Land, Infrastructure, Transport and Tourism (MLIT), we have been implementing recurrence prevention measures that include the Three Reforms and regularly reporting our progress. We

have now moved all such measures, including rebuilding internal checking systems, strengthening compliance and governance, reviewing development frameworks, and fundamentally reforming organizational culture, all of which are included in the correction order from the MLIT, into the implementation phase.

As part of our specific initiatives in FY2025, we obtained the ISO 9001 certification, an international standard for quality management systems. To enhance proper data management, we introduced a new external system that automates the storage of certification test data and reinforces access control. As a measure to prevent data tampering, we also introduced facial and fingerprint authentication for certification testing equipment, with monitoring by a third party to ensure continuous recording. In addition, to ensure that the misconduct is never forgotten, we designated March 4, the date on which the certification issues was announced, as the “Day of a New Beginning,” on which all employees reflect together each year.

With regard to the organizational culture reform, we place importance on moving forward together as “Team HINO,” united by a shared purpose. Through interactive management information sharing meetings, the management

team actively shares messages with employees and hosts case study events to deepen understanding of and disseminate the HINO Way, while encouraging behavioral change among individuals. As a result of these persistent efforts, a style of following rules and taking initiative, along with a culture of speaking up and expressing one’s opinions clearly, is steadily taking root.

In vehicle manufacturing, we are strengthening mechanisms that ensure traceability to restore trust in our product quality. At the same time, the legacy of business expansion beyond our true capabilities and a volume- and sales-driven mindset has led to excessive inventories of materials, work in progress, and finished vehicles, increasing unnecessary management costs and delaying recovery of our earning power. We also recognize that by drifting from our foundation and prioritizing volume over Overall Quality, we have risked losing competitiveness. In addition, the pursuit of optimization within individual functional divisions has resulted in inefficiencies across the organization. Aiming to return to our foundation, address these issues, advance a “management based on the products” approach that delivers Overall Quality, Hino’s core strength, as our value proposition, we established the Product Business Planning Office. We will continue to engage in ongoing dialogue with employees, review progress in improving our organizational culture and operations, and further deepen the Three Reforms.



HINO Way Case Study Sharing Event: Communicating Reform Initiatives and Paving the Way for Tomorrow



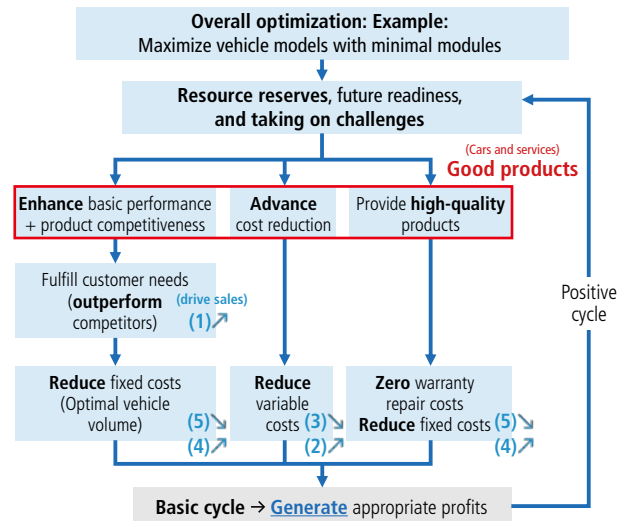
Message from the President

Business strategy based on “management based on the products” Promoting the business strategy to achieve an operating profit margin of 8% or higher

While advancing the Three Reforms, the Hino Group aims to restore its profit levels in stages and achieve an operating profit margin of over 8% by FY2031. To this end, we will focus our management resources on markets where we have competitive advantages and on improving and expanding sales of products that are highly rated by our customers.

In terms of products, although we have not yet resumed shipments for some models, we are boldly streamlining our product lineup. For the time being, we will enhance customer value through improved models of our main products, the heavy-duty truck HINO PROFIA, the medium-duty truck HINO RANGER, the light-duty truck HINO DUTRO, and route buses, while continuing to refine our Total Support Quality.

Moving forward: Management based on the products



(1) Sales (2) Gross profit (3) Cost of sales (4) Operating profit (5) SG&A expenses

In terms of providing Total Support, we are addressing social challenges related to the movement of people and goods while ensuring uninterrupted vehicle operation for our customers. We continue to establish, expand, and upgrade our sales and service locations, focusing on building a system that stays connected anytime and anywhere, detects problems or early warning signs quickly, and provides support faster than anyone else.

At the same time, as a top priority in developing and providing high-quality, affordable trucks and buses, we are accelerating efforts to strengthen product quality and reduce costs based on overall optimization, with the aim of restoring our earning power.

Social role to fulfill as a commercial vehicle manufacturer Strengthening CASE technologies to address social challenges

While promoting business strategies to restore our earning power, we also recognize that social challenges related to the movement of people and goods, such as global warming, serious traffic accidents, and driver shortages, are becoming increasingly severe. For the Hino Group, these are pressing challenges that demand immediate action. We therefore place the highest priority on investing in CASE (Connected, Autonomous, Shared, and Electric) technologies, which are essential to addressing these challenges.

To achieve carbon neutrality, we are promoting initiatives through multiple pathway efforts, recognizing that the optimal solution differs for each customer. This approach advances both internal combustion engine and electric vehicles. The light-duty BEV*1 truck HINO DUTRO Z EV, launched in 2022, has earned strong praise from customers focused on decarbonization in last-mile delivery operations, as the model is easy to use on such occasions. In addition, we will launch the fuel cell truck HINO PROFIA Z FCV, jointly developed with Toyota Motor Corporation, as Japan's first mass-produced heavy-duty fuel cell truck model. Designed for long-haul transportation, it combines load capacity, driving range, and environmental performance at



a high level, contributing to the advancement of a hydrogen-based society. Furthermore, at the Osaka-Kansai Expo 2025 in Japan, we are collaborating with ENEOS Corporation and West Japan JR Bus Company to operate Japan's first station shuttle buses using synthetic fuel. We are also participating in CJPT-Asia, established in Thailand by Commercial Japan Partnership Technologies (CJPT) Corporation*2, to further contribute to carbon neutrality across Asia.

To address social challenges in the movement of people and goods, we are actively advancing demonstration programs that apply CASE technologies in collaboration with partners across industries. Through our participation in the Ministry of Land, Infrastructure, Transport and Tourism's "Public-Private Partnership Platform for Solving Transportation Gaps," municipalities are steadily adopting our public ride-share operation management service, and we are expanding its coverage. In FY2025, we began a joint public-private demonstration on the Shin-Tomei Expressway using heavy-duty trucks equipped with autonomous driving technology. In addition, at the Port of Tomakomai in Hokkaido, we are conducting demonstration tests to advance container trailer operations in collaboration with Tomakomai Kuribayashi Unyu Co., Ltd. and Mitsui E&S Co., Ltd. We have also begun providing services using vehicles with Level 4 autonomous driving capabilities at Taisei Rotec Corporation's next-generation pavement testing facility.

Drawing on the extensive experience and expertise we have built through the manufacturing, sales, and maintenance of trucks and buses, the Hino Group will continue to adopt CASE technologies effectively to advanced solutions that ensure



Message from the President

uninterrupted vehicle operation and to new systems that support the movement of people and goods. Through these efforts, we aim to deliver sustainable next generation commercial mobility and remain an essential presence for our customers and society into the future.

*1 BEV: Battery Electric Vehicle

*2 Commercial Japan Partnership Technologies Corporation (CJPT): Established in April 2021 to promote the social implementation and wider adoption of CASE technologies, focusing on the following two pillars - electrification and logistics efficiency. Investors include Toyota Motor Corporation, Isuzu Motors Limited, Suzuki Motor Corporation, Daihatsu Motor Co., Ltd., and Hino Motors, Ltd.

Toward business integration

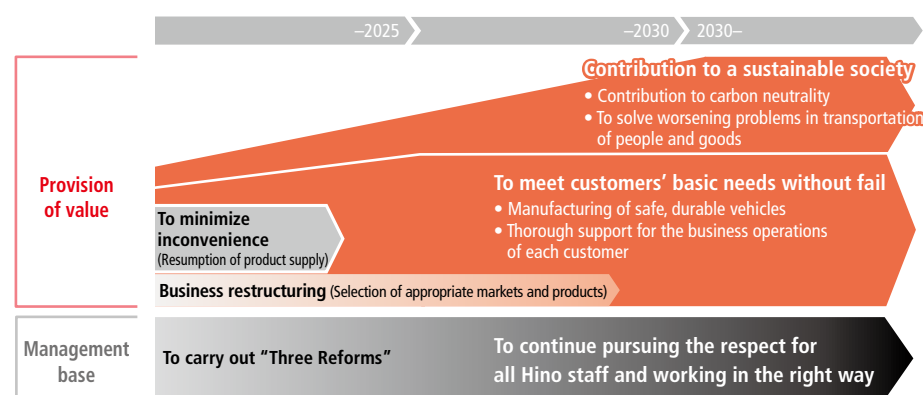
Four-company collaboration and two-company business integration represents a once-in-a-lifetime opportunity

In May 2023, the Company, Mitsubishi Fuso Truck and Bus Corporation, and their respective parent companies, Toyota Motor Corporation and Daimler Truck AG, signed a basic agreement on four-company collaboration and two-company business integration. Since then, the Company and Mitsubishi Fuso Truck and Bus have engaged in constructive discussions toward business integration, deepening mutual understanding of each other's strengths and corporate cultures.

Both Daimler Truck and Toyota share the strength of offering a global full lineup tailored to regional needs and value multiple pathway efforts that provide diverse options suited to local conditions and customer usage as they work toward carbon neutrality. Beyond business synergies, the fusion of different cultures and corporate backgrounds will generate immense synergistic benefits. The Company and Mitsubishi Fuso Truck and Bus, which are integrating business with the aim of 'delivering the future of commercial mobility,' are united in the belief that together we will form a stronger, more resilient team that supports the movement of people and goods in an even more advanced way.

Achieving carbon neutrality through the use of hydrogen and addressing challenges in the movement of people and goods through CASE technologies require significant management

A roadmap to achieving the "Ideal State" of Hino



Moving forward: based on products

Hino QDR - A Trusted Brand

Never Stops Running +
'Commercial vehicles people want to drive and load'

Products Designed for the Market

Safe and Durable Products

- Built into the Process: Quality Control and Improvement
- Thorough Market Research and Competitor Comparison
- Basic Performance + Safety/Security and No. 1 Reliability

Contribution to Customers and Society

Thorough support for the business operations of each customer

- Anytime, Anywhere, Faster Than Anyone
- Stay Connected, Detect Issues Quickly

"Always dependable, always Hino."

resources, including substantial investment in technological development. Recognizing that it is no longer feasible for the Company to take on these efforts alone, we view this four-company collaboration and two-company business integration as a once-in-a-lifetime opportunity. Although the schedule for integration has been delayed from the original plan due to the need for approvals under competition-related and other laws, as well as our response to the engine certification issues, the four companies signed a business integration agreement in June 2025 and we are now steadily preparing for the launch of a new structure in April 2026.

Through this integration, the two companies will work to improve efficiency in areas such as development, procurement, and production from the perspective of overall optimization, substantially enhancing our global competitiveness as Japan's leading commercial vehicle manufacturers.

To our stakeholders

Bringing closure to the certification issues and aiming to evolve through business revitalization and business integration

Once again, we sincerely apologize for the significant net loss

recorded in FY2025, which was due to extraordinary losses related to the engine certification issues. However, by steadily executing the Three Reforms in line with the roadmap toward realizing our "Ideal State," we resumed shipments of vehicles equipped with the A09C heavy-duty engine in February 2023, following the revocation of its type designation by the Ministry of Land, Infrastructure, Transport and Tourism. In addition, we have reached a settlement with the authorities in the US regarding the engine certification issues.

As Team HINO, we will strengthen unity and collaboration across the Company by linking our development, procurement, production, and sales functions, replacing function-based operations with overall optimization through management based on the products. With a strong sense of urgency, we will dedicate ourselves to revitalizing our business and evolving through the business integration. We sincerely ask our stakeholders for your continued warm support of the Hino Group.

小木曾 聡

President & CEO, Member of the Board of Directors



Four-company collaboration and two-company business integration

Delivering the future of commercial mobility

Daimler Truck AG (hereafter Daimler Truck), Mitsubishi Fuso Truck and Bus Corporation (hereafter “Mitsubishi Fuso”), Toyota Motor Corporation (hereafter Toyota), and the Company have reached a final agreement on the integration of Mitsubishi Fuso and the Company. A new holding company, ARCHION Corporation (ARCHION), has been established to oversee both Mitsubishi Fuso and the Company. The name “ARCHION” represents the connection between the companies and their stakeholders, as well as Mitsubishi Fuso and Hino, and the aspiration to create the future of transportation, connecting to a better life for the next generation.

ARCHION embodies the shared aspiration of the four companies to contribute to a prosperous society through mobility. We aim to enhance business efficiency and sharpen competitiveness through integration, while promoting safe, reliable and environmentally friendly vehicles that elevate the value of mobility in society.

Integrated platform strategy by combining strengths

ARCHION will pursue an integrated platform strategy as the main initiative to enhance competitiveness. By leveraging the strengths of both companies, we will enhance product competitiveness, improve cost efficiency for faster higher-quality products launches.

Enhancing efficiency and competitiveness through scale

ARCHION will actively pursue the streamlining of development, procurement, production, and logistics functions to significantly boost operational efficiency. Consolidating development functions allows the reduction of duplicate investments to substantially boost operational efficiency as well. By integrating purchasing functions and bundling purchase volumes, substantial cost reductions can be achieved across a wide range of direct and

indirect procurement categories. Furthermore, by optimizing production sites and logistics networks, by the end of 2028, the five domestic truck production sites will be consolidated into three locations: Kawasaki Plant (Kawasaki City, Kanagawa Prefecture), Koga Plant (Koga City, Ibaraki Prefecture), and Nitta Plant (Ota City, Gunma Prefecture). In addition, we aim to advance the consolidation of indirect functions over time to optimize overlaps, achieving both cost efficiency and operational excellence.

Contribution to the realization of a sustainable society through CASE technologies

Resources generated through integration and efficiency improvements will be partially reallocated to investments in advancing existing technologies and the CASE domain. By leveraging the technological capital and scale advantages of Daimler Truck and Toyota, we will develop market-leading products across all ZEV segments. In the area of hydrogen, in particular, the ARCHION Group will draw on the combined expertise and cooperation of Toyota and Daimler Truck for world-class fuel cell technology to develop and promote the system. We will also accelerate development in the autonomous driving domain. In the area of connected mobility, we will improve

solution offerings while effectively utilizing fleet data for better customer value.

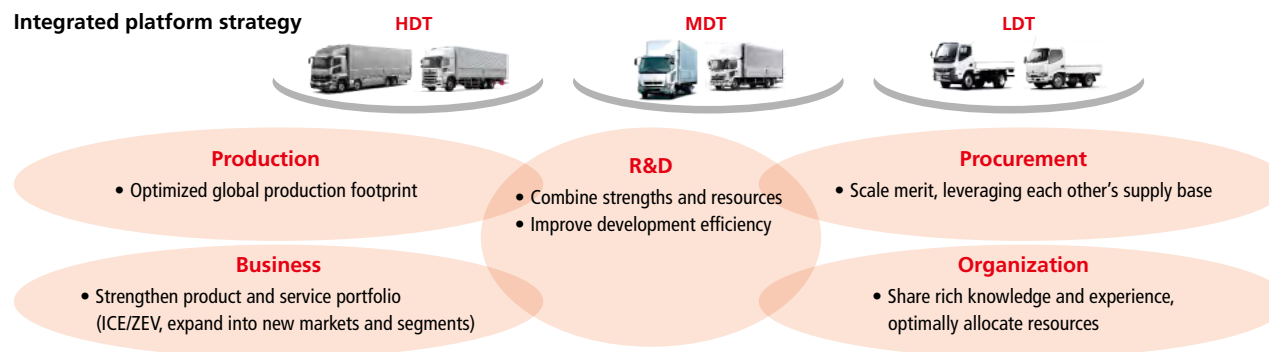
Building on the synergies, the two distinct ‘FUSO’ and ‘HINO’ brands will enhance each other’s value through healthy competition in the market. This will enable the ARCHION Group to provide customers with higher-quality products and continue making sustainable contributions to a wide range of stakeholders.

■ New company overview

- Trade Name: ARCHION Corporation (Holding Company of Mitsubishi Fuso and Hino)
- Address: Shinagawa Ward, Tokyo
- Representatives (Scheduled appointments as of October 9):
Representative Director & CEO: Karl Deppen
Representative Director & CFO: Hetal Laligi
Executive Director & CTO: Satoshi Ogiso
Non-Executive Director: Christian Herrmann
Non-Executive Director: Kiyotaka Ise
- * The appointment of four independent outside directors and key management positions will be announced once finalized.
- Date of Establishment: June, 2, 2025
- Planned Business Commencement: April 1, 2026
- Target Shareholder Structure: Daimler Truck and Toyota aim to each hold 25%
- Listing Exchange: Aiming for listing on the Tokyo Stock Exchange Prime Market
- ARCHION Corporation is expected to hold 100% of Mitsubishi Fuso and Hino shares

Updates on the Integration of Mitsubishi Fuso and Hino Motors

Integrated platform strategy





Message from the COO



Stringing together organizational functions to drive business reforms and enhance overall quality

Naoki Sato

Senior Managing Officer, Member of the Board of Directors, and Chief Operating Officer (COO) of the Japan Business

Leading by example to fulfill my promises

I made the following four promises to myself when our new organizational structure was established in 2023. (1) Break down sectionalism, (2) adhere closely to a process of on-site, on-hand, and on-the-spot verification, (3) think together and make decisions as COO, and (4) build open and transparent relationships. I have made it a point to lead by example in order

to fulfill these promises.

In recognizing that breaking down sectionalism is an urgent issue, I have positioned myself as a hub to connect various functions such as development, procurement, production, and sales to achieve overall business optimization. For example, I realized that as a result of sales and production pursuing stand-alone optimization, inventory had become more bloated than expected. Therefore, I have personally stepped in at our work

sites to verify actual production and sales conditions with my own eyes in an effort to significantly reduce inventory. In addition, through a process of discussions with everyone, I am pressing ahead with the consolidation and standardization of the many parts and vehicle variations that came about from excessive expansionism in the past, and I am in the process of developing a policy to reduce the types of specific units by half. Moreover, some adjustments are being made to ensure that everyone is on the same page when it comes to cost cutting because each department has had different ideas on how to go about it.

On the other hand, there have been cases where our excessive focus on the customer has led to the development of low-margin vehicle models or the inability to set appropriate prices for products and services. The relationship between Hino and our customers will not last unless it is a win-win situation, so I am also working to make some course corrections regarding these issues. Furthermore, I am closely collaborating with the COO of the Overseas Business, with whom I share many management resources, including development resources, to work on optimization from a Company-wide perspective.

As to building open and transparent relationships, I have been holding management information sharing meetings since FY2023, during which I like to share information about the Company's management with employees and have the management team directly answer questions. In the midst of this, I actively visit customers and dealers, and I continue to share my insights gained from them through our internal messaging app. As such, I think the distance between management and our work sites is gradually narrowing.

Transitioning to management based on the products

Going forward, we will shift to a style of Management based



Message from the COO

on the products rather than a functional axis, adopting the slogan “Building better trucks and buses.” We will aim to further enhance overall quality by combining safe and durable products with total support, striving to build long-lasting and deep relationships with our customers.

Initiatives for regaining trust

Regarding the engine certification issues, since the issue was made public in March 2022, we have been fulfilling our accountability to stakeholders, including employees, while compensating the customers we inconvenienced and working to restore trust. We have also dispatched support members to our dealers to assist with various issues faced by our customers. To ensure that such certification issues do not occur again, we are advancing reforms in management, culture, and vehicle manufacturing. Also, among the engines for which the type designation was retracted, the 13-liter large engine E13C has completed its durability degradation testing, and we have submitted an application for type designation. The Company has been making a concerted effort to make preparations to swiftly transition to production as soon as we receive the type designation. We are also preparing to roll out the 5-liter medium-duty engine A05C (HC-SCR) as the A05C (Urea SCR) which is being developed as the 2026 model.

Actively promoting CASE initiatives

We are focusing on CASE to achieve a carbon-neutral society and address challenges in the movement of people and goods. We consider autonomous driving technology in particular to be a viable solution to the worsening driver shortage in Japan and have conducted various demonstration tests in

collaboration with the public and private sectors. We have now put unmanned autonomous heavy vehicles into practical use and have commenced full-scale road surface durability testing at the next-generation road surface testing track of Taisei Rotec Corporation. This project marks our first service offering utilizing autonomous driving technology. We are steadily making progress toward the realization of autonomous driving in fields where access for general pedestrians is restricted, such as highways and construction sites.

On the connected technology front, we are continuing to develop our HINO-CONNECT service, which connects drivers and fleet managers through a communications system and provides a wide range of information such as vehicle location and fuel consumption. With this system, we can utilize big data to predict vehicle issues in advance and conduct preventive maintenance, thereby preventing unexpected operational stoppages. In the future, we will not only improve the accuracy of preventive maintenance, but also expand the application of connected technology to include proposals for the optimal operation of vehicles.

As for electric vehicles, in addition to providing the Hino Dutro Z EV, our light-duty battery electric truck that primarily supports last-mile deliveries, we will also launch a mass-produced model of a large FCEV (fuel cell vehicle) powered by hydrogen. However, while electrification is one means to achieve carbon neutrality, various solutions exist depending on regional energy circumstances, infrastructure environments, and the businesses of our customers. That is why we are also focusing on the development of internal combustion engines powered by carbon-neutral fuels such as hydrogen, synthetic fuels, and biofuels. In this way, we are adopting a basic policy of utilizing multiple pathways and are taking steps to improve fuel efficiency and diversify our fuel sources.

Becoming a leader in the Japanese commercial vehicle industry

We are a Japanese company, and Japan is our home market. We seek to further hone our overall quality in the Japanese market, which has stringent quality requirements, and turn the value created there into success on the global stage. The Japanese commercial vehicle industry is facing multiple challenges, not only in responding to carbon neutrality, but also in the shortage of drivers and mechanics. Japan is indeed a country at the forefront of challenges, and we believe that the technologies developed to solve these issues will be utilized in other countries in the future, so to that end, we will thoroughly rebuild our operations in Japan.

We see the business integration as an enormous opportunity to realize new challenges that have hitherto been difficult on a stand-alone basis, so in this sense, it is very exciting. Currently, we are discussing the cooperative framework for the integration, and it has turned into a great opportunity to reaffirm each other's strengths and advantages. I am confident that by driving forward our business reforms and engaging in collaboration among four companies and integration of two entities, we can bring together our respective technological strengths and know-how to accelerate the development of next-generation technologies mainly in the areas of carbon neutrality and autonomous driving, thereby positioning the Group as a driving force in the Japanese commercial vehicle industry. We will steadily do whatever it takes to make this business integration happen.



Message from the CCO

Strengthening compliance and improving culture with front-line input to make a stronger Hino's foundation and contribute to sustained growth

Norio Yoshida

Chief Compliance Officer and Operating Officer, Internal Audit



of trust. Together with the other two values of the HINO Way—“Contribution” and “Empathy”—I believe this philosophy should be put into practice through self-driven actions as a guideline for the conduct of each and every employee. Since the misconduct was made public, we have examined how each workplace and each employee should specifically practice the HINO Way, and various initiatives have already started, yielding positive results.

Objectives of our “Three Reforms” and current progress

In response to the public announcement of engine certification issues in Japan in March 2022, we formulated “Three Reforms”—management reforms, organizational culture reforms, and reforms for new vehicle manufacturing—and we embarked on a radical review of our corporate structure. We are promoting Company-wide measures to prevent recurrence based on recommendations from external experts, including a management overhaul, stronger cross-organizational communication, and the introduction of a

Settlement with authorities concerning US engine certification issues

In January 2025, after years of investigation and negotiation, we reached a comprehensive settlement on criminal and civil procedures with US authorities regarding engine certification issues. In March, I appeared in US federal district court to receive a judgment in relation to the criminal settlement, and after more than two hours of testimony, the terms of the settlement were legally confirmed. In response to the judge's question of “guilty or not guilty,” when I answered “guilty,” I once again reflected deeply on the sheer number of people who were affected by the Company's wrongdoing. In court, I stated that we fully recognize and reflect on the seriousness of the past engine certification issues, and I pledged that we will uphold our post-settlement obligations, including the strengthening of compliance, and to continue internal reforms to prevent such issues from happening again.

Legal and regulatory compliance is the starting point for corporate survival and the restoration of trust

When we think of compliance, it often tends to be perceived as

a passive notion of simply following rules. However, I believe that compliance and adherence to laws are, by nature, indispensable as a core foundation of corporate management, as expressed in the “Integrity” value of our management philosophy, the HINO Way, that we established in 2022. For us, especially after causing a serious engine certification issues compliance serves as the starting point for corporate survival and the restoration

Main acts of certification issues in the US

Falsification of test data	<ul style="list-style-type: none"> Altered and falsified emissions test data and durability tests Failing to use test cells that does not comply with the applicable regulations; used insulation and did not disclose in application Repeatedly relied on falsified carryover data in applications, knowing such data was invalid, to secure the certificates Submitted, or used, false and fraudulent carbon dioxide (CO₂) emissions test data
OBD*1	Listed certain OBD monitors as being operational, knowing that they were “paper monitors,” that is, not functioning and knowing that OBD demonstration tests were not done in compliance with regulations and data was altered/fabricated
AECD*2	Failed to disclose AECDs, which altered the functioning of an engine's emissions control system, as required by regulation
Importing of products	Imported non-conforming engines into the United States and subsequently sell those same engines in interstate commerce and through the use of interstate wires
Fraudulent receipt of subsidies	Submitting false data for the hybrid vehicle incentive program in California to receive subsidies

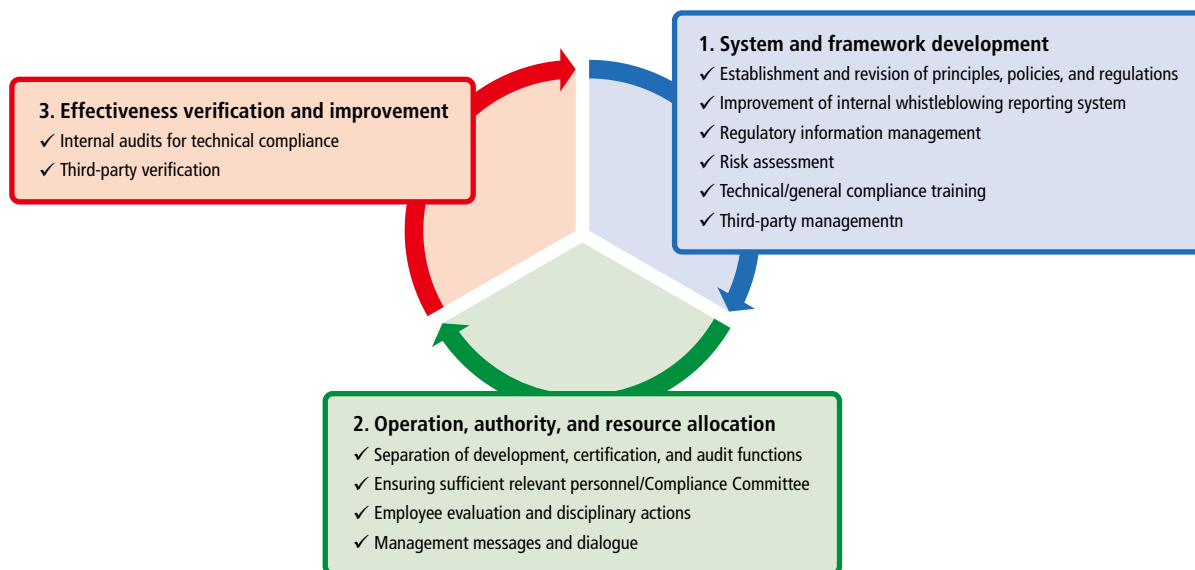
*1 On-Board Diagnostics

*2 Auxiliary Emission Control Device



Message from the CCO

Enhanced Compliance Program (12 items)



system to reflect the opinions of frontline workers in management. The progress of reforms has been confirmed through both quantitative and qualitative results, such as internal awareness surveys and an increase in the number of internal whistleblowing reports, and we have also completed six quarterly progress reports to the Ministry of Land, Infrastructure, Transport and Tourism. In addition, in the settlement with authorities in the US, we provided a detailed explanation of our initiatives, which I believe became one of the key considerations in reaching the settlement.

However, the entrenchment of compliance practices cannot be achieved overnight. We will continue with autonomous improvement activities, bridge the gap between the frontline and management, and aim to realize an open organizational culture. Certification operations are the very basis of an automotive manufacturer, and preventing recurrence requires not only the

establishment of systems but also a fundamental transformation of structure and corporate culture. Starting with the approach of senior management (which we refer to as the “tone at the top”), we are strengthening compliance as an internal control initiative that encompasses the establishment of rules, training, risk assessment, internal reporting, and third-party audits, thereby continuously making improvements through the PDCA cycle. We are working to create an environment where employees can voice their concerns and share issues, aiming to foster a consistent compliance culture on a global basis.

These initiatives are being rolled out in the context of our relationship with US authorities through the formulation and implementation of an enhanced compliance program that takes into account US environmental laws and regulations. Its implementation will be evaluated by external organizations, and

we will provide annual reports to the authorities for the next five years, reflecting the findings in the following year’s plans through the PDCA cycle.

My role as CCO and contributions to corporate value

I have over 30 years of experience in management roles related to legal/compliance, risk management, and internal auditing at other companies, focusing on system development and case resolution from a global perspective. Leveraging that experience, as CCO, I have taken on a leadership role to strengthen the Company’s compliance system and activities, with a focus on resolving the engine certification issues and enhancing internal controls.

The engine certification issues resulted in severe consequences that significantly impacted corporate management, including the revocation of certifications and suspension of shipments in Japan, substantial fines and criminal convictions in the US, and settlements of class action lawsuits. However, together with management and other team members, we faced these challenges head-on, and with external support, we were able to engage in persistent negotiations that led to a definitive resolution, allowing us to move into the preparation phase for a future business integration.

Going forward, we plan to ensure that we uphold our post-settlement obligations, including the enhanced compliance program that we are committed to implementing for the US authorities, while also looking ahead to the business integration. We will be restructuring the enhanced compliance program to make it globally applicable. In doing so, we aim not only to establish systems but also to reflect the opinions of the frontline in management in an effort to foster a corporate culture where employees can think for themselves and practice “working in the right way.” We are committed to strengthening our management base and continuously enhancing corporate value.



Message from the CFO



Taking the first step toward restoring trust and achieving growth, and targeting longer-term enhancement of corporate value

Yasushi Nakano
Chief Financial Officer

FY2025 results

FY2025 was a crucial period for Hino, serving as a stepping stone for our resurgence. Net sales increased to ¥1,697.2 billion from the previous year, and operating profit was ¥57.5 billion, a swing to the black from an operating loss last year. This driven by the resumption of heavy-duty truck shipments in Japan, stronger sales of SUVs to Toyota, and depreciation of the yen.

On the other hand, extraordinary losses stemming from the engine certification issues have weighed heavily on our earnings, resulting in a net loss of ¥217.8 billion for the period. Certification-related losses in North America amounted to approximately ¥258.4 billion, and the settlement amount for the class action lawsuit in Australia was ¥8.7 billion. As a result,

the impact was greater than expected. We had substantially completed the recognition and processing of these losses in FY2025, and I believe that we have passed a major milestone in addressing the losses related to the engine certification issues.

Even in such difficult circumstances, we are steadily improving profitability through internal initiatives. We are working to streamline our business through cost reductions and a focus on selection and concentration. FY2025 was the first step toward regaining trust and achieving financial soundness, and I believe we have laid the foundation for sustainable growth beyond FY2026. Moving forward, we will continue to ensure transparency in management and demonstrate our accountability while striving to enhance corporate value.

Regional conditions

Looking at the conditions in each region, in the domestic market, the resumption of heavy-duty truck shipments and the normalization of parts supply meant both sales volumes and net sales were solid. In overseas markets, there was a sharp decline due to the sluggishness of the mainstay Asian market.

In Indonesia, general transportation demand stagnated, leading to a slowdown in the overall economy.

In Thailand, the market is contracting due to stricter loan screening and other factors.

In other regions, there was an increase in sales volume in North America due to the end of the parts supply issues seen in the previous year.

As to the outlook for international markets, there are some uncertain factors at play in the external environment, such as the issue of US tariffs and forex volatility.

We will keep a close eye on these developments as we go about strengthening our competitiveness.

Sales by region (units)

Region	FY2024	FY2025	Change	% Change
Global	130,199	125,048	-5,151	(-4.0%)
Japan	36,253	41,253	+5,000	(+13.8%)
Overseas	93,946	83,795	-10,151	(-10.8%)
Asia	54,611	44,882	-9,729	(-17.8%)
Central and South America	15,304	15,166	-138	(-0.9%)
North America	7,289	9,023	+1,734	(+23.8%)
Oceania	6,980	5,952	-1,028	(-14.7%)
Middle East	5,556	4,420	-1,136	(-20.4%)
Africa	4,010	4,129	+119	(+3.0%)
Europe	196	223	+27	(+13.8%)



Message from the CFO

Earnings improvement measures and outlook for FY2026

To improve profitability, we have steadily pressed ahead with cost cutting and a “selection and concentration” strategy, while harnessing the knowledge and ingenuity of the work sites. For example, we are making steady improvements through such measures as reducing inventory vehicles, cost cutting measures aimed at designing parts more economically, establishing more suitable production systems, and making work operations more efficient in administrative and technical office workplaces using the Toyota Production System. At our domestic and overseas production sites, we have spearheaded process improvements and supply chain restructuring to greatly reduce both fixed and variable costs. We are also reviewing our business portfolio, making bold decisions to withdraw from, or scale down, unprofitable businesses and products, and accelerating the reallocation of resources to growth areas.

In FY2026, we expect to record lower sales and profits due to a decrease in global sales volume. Even still, we will focus on strengthening our global competitiveness and stabilizing our profit base and set our sights on an operating profit margin of 8% by FY2031. While challenges still remain, such as the speed of recovery in the ASEAN market and the risk of fluctuations

in exchange rates and raw material prices, we will stick closely to a work site-oriented approach to reflect the feedback of frontline workers in management, and flexibly respond to the rapidly changing business environment. We will continue to pursue a balance between getting profit levels back on track and sustainable growth, and the entire organization will work together as one to make this happen.

Capital allocation

Capital allocation is one of the most important management themes that supports the Company’s sustainable growth. Until now, we have prioritized stabilizing our financial base in response to the engine certification issues and changes in the global operating environment. For example, for the purpose of improving asset efficiency, we have sold some land around the Hino Plant, as well as some shareholdings, and redirected the proceeds toward improving our financial structure and making growth investments.

Meanwhile, we are also steadily making investments for the future. In particular, research and development related to hydrogen and carbon neutrality are key areas that will determine our competitiveness. In FY2025, our R&D expenses amounted to approximately ¥55 billion, as we worked on the development

of fuel cell electric trucks and EV technology. We are also allocating approximately ¥71 billion to capital expenditure in Japan and overseas to optimize our production system and adopt new technologies. In particular, in Japan, we are focusing on renovating our development centers and dealership locations, while also bolstering local production facilities in Asia and North America. These investments are directly linked to the building a system capable of flexibly responding to demand fluctuations and changes in the market environment.

On the capital policy front, our emphasis is on improving our equity ratio and maintaining financial soundness while also taking shareholder returns into account. We were unable to pay a dividend in FY2025, but going forward, we aim to deliver stable and continuous dividends alongside a recovery in earnings.

We will continue to double down on the “selection and concentration” of operations, prioritize the allocation of limited capital to growth fields and areas with high social value, and aim to achieve sustained growth and the maximization of corporate value.

In conclusion

We are now at a major turning point with the upcoming business integration. The purpose of this integration is to safeguard the foundation of the commercial vehicle industry in Japan and Asia, while continuously providing sustained value to society and our stakeholders. Commercial vehicles are essentially pieces of social infrastructure, and addressing societal challenges such as carbon neutrality and efficiency in logistics requires cross-industry collaboration rather than stand-alone efforts. I am confident that through the integration, we can enhance business efficiency in areas such as development, production, and procurement, and refine our competitiveness to create greater synergies. As CFO, I will continue to prioritize the balance between financial soundness and growth investments while also considering shareholder returns.

Through this integration, we will make every effort to meet the expectations of society and investors under the shared aspiration to contribute to a prosperous society through mobility, and aim to maximize corporate value.

Key points in FY2025 and FY2026 results

	Results in FY2025		Forecasts for FY2026	
Unit sales	Global unit sales 125.0 thousand units Decrease 4.0% year on year	<ul style="list-style-type: none"> Japan 41.2 thousand units <Y/y increase 13.8%> Sales growth thanks to the resumption of shipment of A09C Overseas 83.8 thousand units <Y/y decrease 10.8%> Slowdown in the ASEAN market, mainly Thailand 	Global unit sales 115.0 thousand units Decrease 1.0 thousand units or 8.0% year on year	<ul style="list-style-type: none"> Japan 37.0 thousand units <Y/y decrease 10.2%> Resumption of shipment of vehicles in FY2026 Sluggish sales of light-duty trucks Overseas 78.0 thousand units <Y/y decrease 6.9%> Slowdown in the Indonesian and Thai markets
Operating income	57.5 billion yen Increase 65.6 billion yen year on year	<ul style="list-style-type: none"> Grew due to the resumption of shipment of heavy-duty trucks in Japan, the increase in unit sales for Toyota, and the weakening of the yen despite the downturn in the ASEAN market. 	40.0 billion yen Decrease 17.5 billion yen year on year	<ul style="list-style-type: none"> Decline in profit due to external factors, such as the yen appreciation and the augmentation of procurement costs Steady improvement in profitability thanks to in-company efforts
Net loss/income	-217.8 billion yen Decrease 234.9 billion yen year on year	<ul style="list-style-type: none"> Related to certification in North America (-258.4 billion yen) Settlement money for a class action lawsuit in Australia (-8.7 billion yen) Sale of the land of the former Hino factory (+33.7 billion yen) Gain on sale of shares held (+18 billion yen) 	20.0 billion yen Increase 237.8 billion yen year on year	<ul style="list-style-type: none"> Certification-related loss had been dealt with as a whole by FY2025, and we will no longer incur this loss.