

***TOYO TIRES***

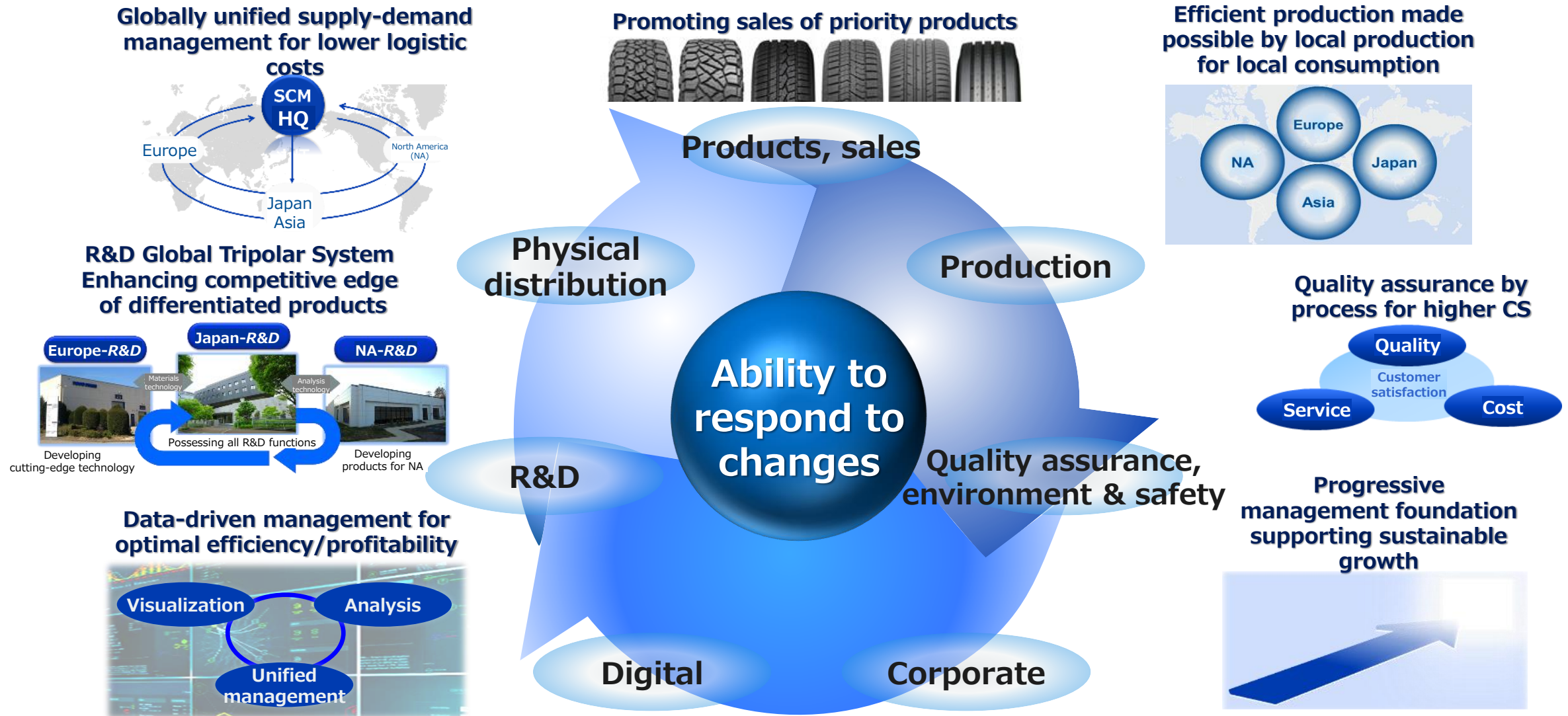
# Progress of Medium-Term Business Plan and Sustainability Management

February 14, 2023

**Toyo Tire Corporation**

- 1. Progress of Medium-Term Business Plan,  
" Mid-Term '21 Plan (MTP) "**
2. Progress of Sustainability Management

## Bolstering Ability To Promptly And Flexibly Respond Through Global Collaboration



Flexibly respond to changes in the business environment and shift to **robust income growth** to achieve our targets

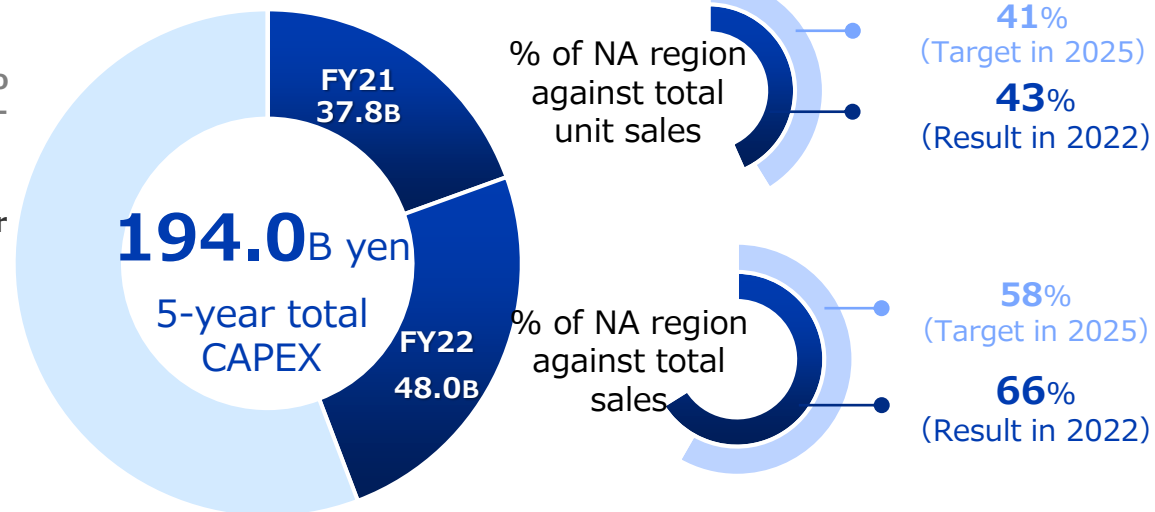
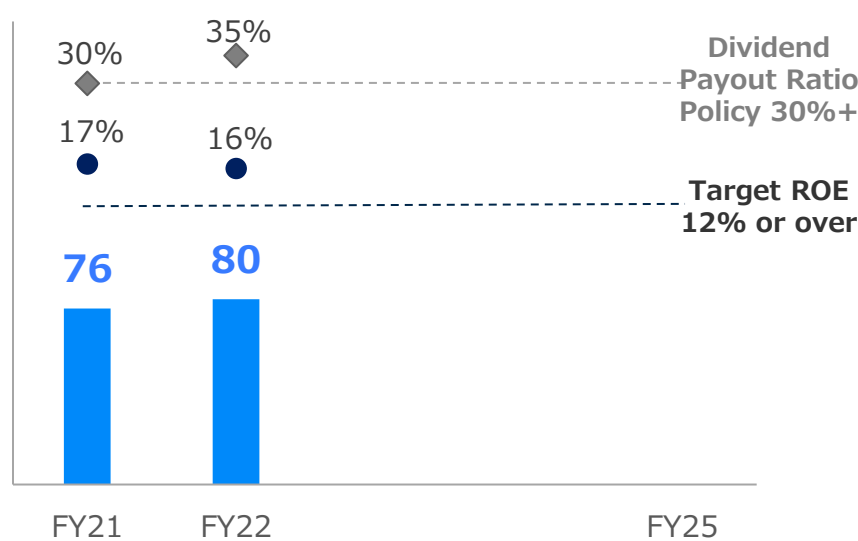
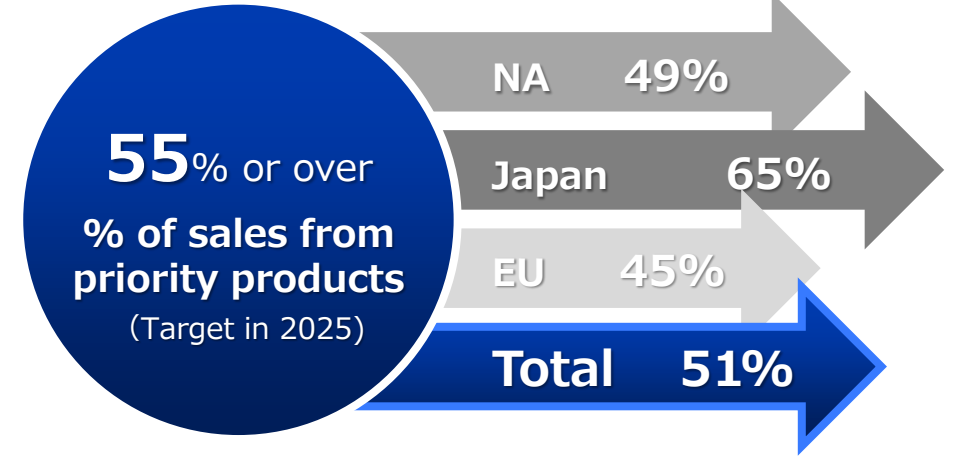
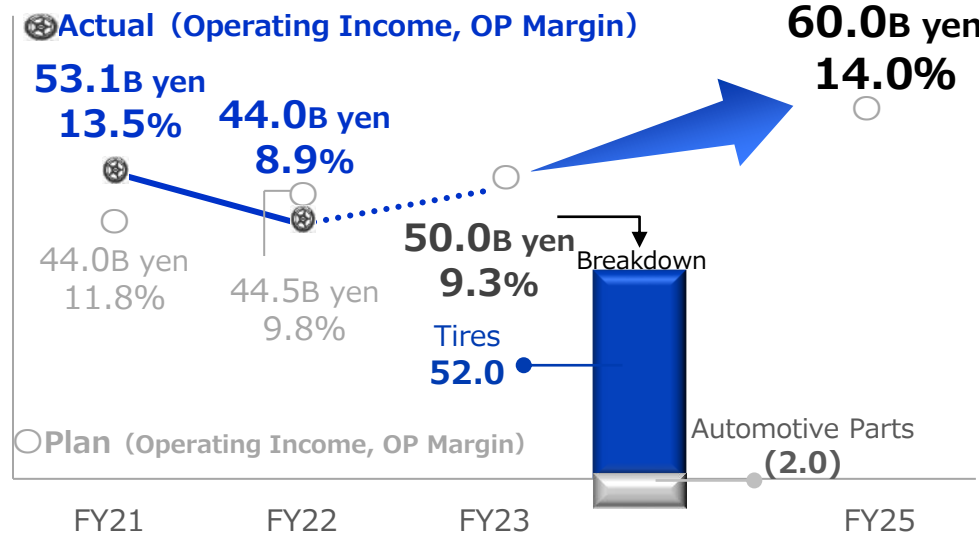
**60.0B yen**  
Consolidated Operating Income

**14% or over**  
Consolidated OP Margin  
(Target in 2025)

During MTP,  
ROE

**12% or over**

Dividend Payout Ratio  
**30%+**



Develop and continuously introduce new products with uniqueness and palatability to the market



**NOMAD GRAPPLER**  
Launched in Feb '22

**CELSIUS Sport**  
Launched in Mar '22

**OPEN COUNTRY R/T TRAIL**  
Launched in Nov '22

Supply products via the nationwide sales network in the U.S.

Take a firm grip on the top position for the large-diameter off-road tire series



Enhance performance and brand power through motorsports events



Supported the overall champion team at the 3rd SCORE BAJA 400

Conduct direct marketing to over 2 million followers

Product Planning

Sales

Establish presence and supply products that capture customer needs in the North American market

Marketing

R&D

R&D of EV tires for SUVs and pick-up trucks



Promote early commercialization by expanding the application of modular design

The 5<sup>th</sup> largest sales share in NA\*



## Europe

- Start full operation at the Serbian Plant, Strengthen collaboration with sales channels
- Design products by utilizing state-of-the-art equipment



Opening Ceremony of the new plant in Serbia

## Boost brand power by competing in races



Supported the team that won the production cars category in the Dakar Rally 2023

## Asia

- Expand sales of "TOYO" branded products
- Develop/distribute products that cater to regional preferences



## Japan

- Optimize the organizational setup and sales/logistic sites
- Proactively introduce highly-desirable, high-performance products



**OPEN COUNTRY A/T III**  
Launched in Jul '22



**M937**

Launched in Sep '22



**PROXES Sport 2**  
Launched in Feb '23

## Original Equipment

Boost brand recognition by supplying customers' flagship models



Toyota Motor Corporation  
Crown



Mazda Motor Corporation  
MAZDA CX-60

## Serbian Plant - First shipment in August 2022 and grand opening in December 2022-



First truck leaving the plant



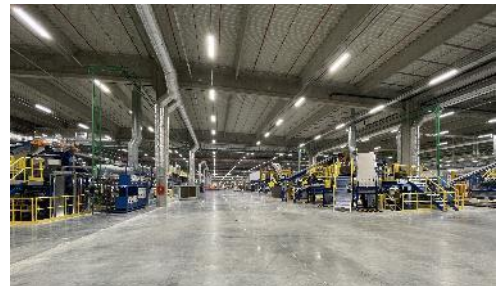
President & CEO Shimizu speaking at the opening ceremony



Opening ceremony

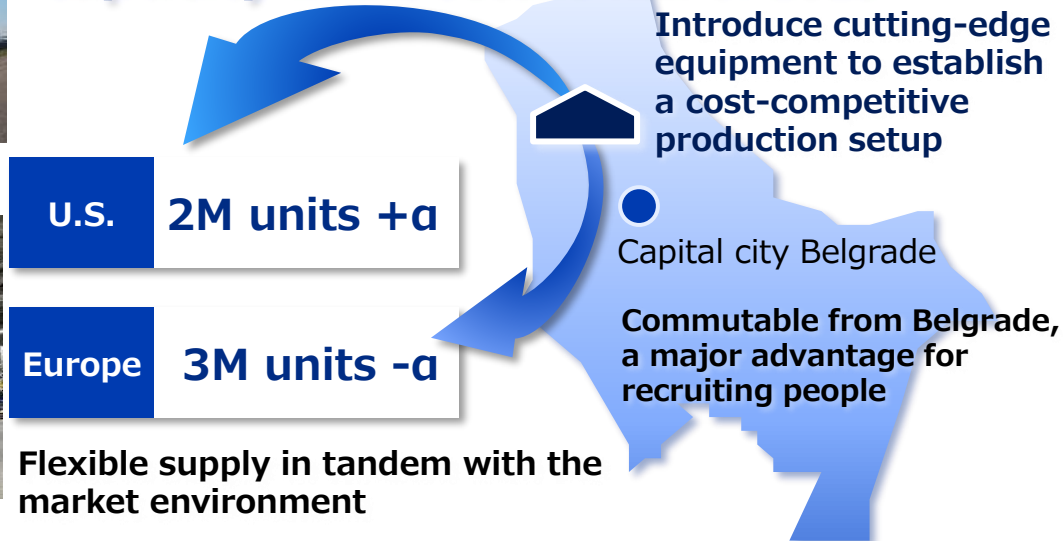


Panoramic view of the plant



Manufacturing process

### To reach 5M unit annual production capacity in the second half of 2023



**OPEN COUNTRY M/T**

### U.S. Plant

Boost production capacity at WLTR

### Japan Plant

- Refurbish production bases by replacing obsolete equipment
- Promote "local production for local consumption"

### Malaysian Plant

- Increase production efficiency by integrating production bases
- Focus on the production of "TOYO" branded products



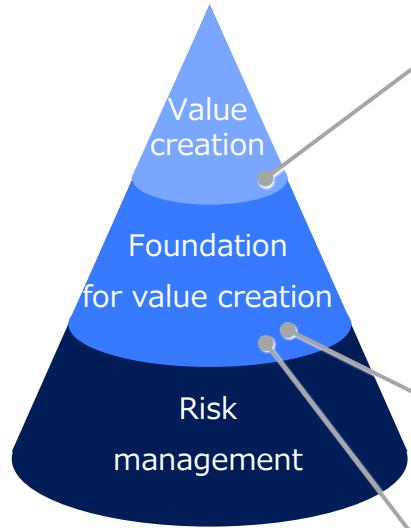
**PROXES CR1**

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**2. Progress of Sustainability Management**



## Status of Materiality-related Initiatives



### 1 Help create a society of sustainable mobility

Reducing the environmental impact of mobility

- ▶ Enhancing fuel efficiency with every new model

Safe mobility

- ▶ Improving product life and wet braking performance

### 2 Support the enjoyment of mobility for all

The enjoyment of driving

- ▶ Developing differentiated products for SUVs/CUVs

### 4 Continue innovating next-generation mobility technology

- ▶ New and sustainable materials  
Aiming to use 40% sustainable materials in product development by 2030



**PROXES comfort II S**

- Reduced rolling resistance, improved wet and wear performance using new silica dispersant
- 28% lower rolling resistance compared to PROXES C1S\*1
- New silica dispersant uses naturally-derived sustainable materials
- Launching in the Japan market from March 2023



**PROXES Sport 2**

- Utilizes knowledge gained from the extreme conditions of motor sports to achieve the high-level handling and braking performance demanded from sports tires
  - 16% shorter wet braking distance compared to PROXES Sport.\*1
  - Launched in the Japan market from February 2023
- \*1 Measured under internally specified conditions



**OPEN COUNTRY M/T-R**

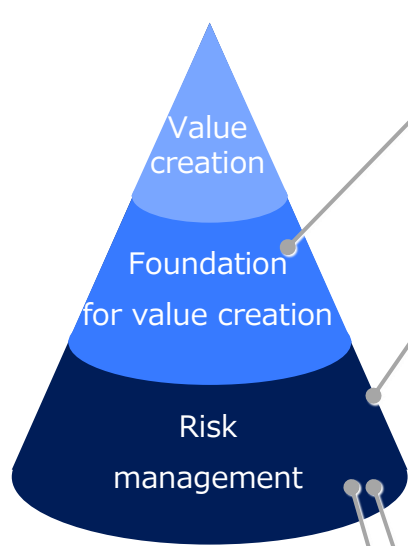
- In the OPEN COUNTRY M/T-R specs for the Dakar Rally 2023, the tread, carcass ply and sidewall components are primarily made from biomass-derived\*2 butadiene rubber and styrene-butadiene rubber, and recycled bead wire is used as a recycled material

\*2 Created from renewable materials such as plants

- The experience gained competing under the extreme conditions of offroad racing is being applied throughout product development to make continuous improvements in performance and technology



## Status of Materiality-related Initiatives



### 3 Support diverse talent with motivating challenges and job satisfaction

- ▶ Promoting employee engagement  
Established an action plan to improve issues at each organization based on the results of the FY2021 employee opinion survey (in progress)

### 5 Pursue decarbonization in all corporate activities

- ▶ Scopes 1 & 2
  - Updated to high-efficiency equipment
  - 100% of purchased energy at the Sendai plant is now from renewable sources. Kuwana and U.S. plants to also be 100% converted in FY2023
  - Started solar power generation at the Serbian plant (generating 8.4MW of electricity that helps reduce annual CO2 emissions by 7,100 tons)
- ▶ Scopes 3 (transportation stage)  
Modal shift and promotion of direct delivery of tires in Japanese domestic line haul transport have resulted in a 9.0% reduction in CO2 emissions per unit weight of tires compared to FY2019
- ▶ Test introduction of internal carbon pricing system  
Effectiveness of decarbonization-related investment/cost assessment being verified in FY2023 ahead of planned official introduction in FY2024

### 6 Promote supply chain sustainability

- ▶ Promoting responsible raw material procurement  
Introduced third-party audit/assessment system to objectively evaluate environmental and social risks in the supply chain  
Supplier assessment to be 100% completed by the end of FY2025

### 7 Ensure the fundamentals of manufacturing: quality and safety

- ▶ Furthered visualization of quality in production processes
- ▶ Tire safety awareness activities with proprietary driving simulator



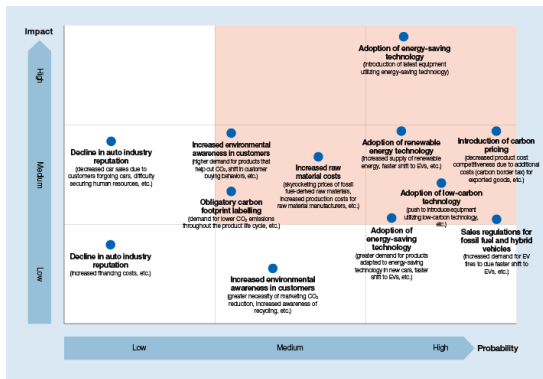
## Improved Disclosure

### ◆ Response to TCFD

October 2022

- Declared support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Disclosed risks and opportunities based on scenario analysis <https://www.toyotires-global.com/csr/materiality/decarbonization/>

Evaluated significance of risks and opportunities

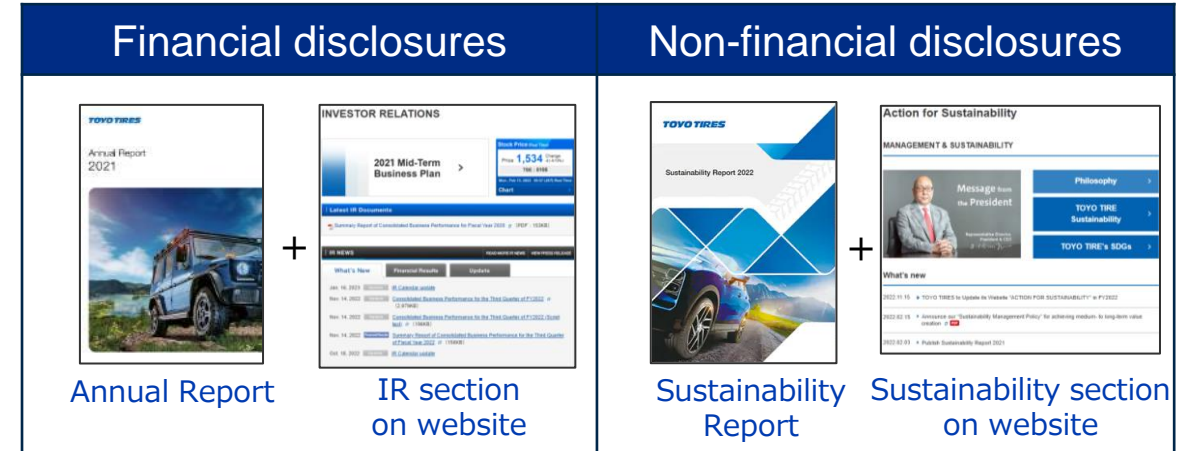


## List of risks and opportunities

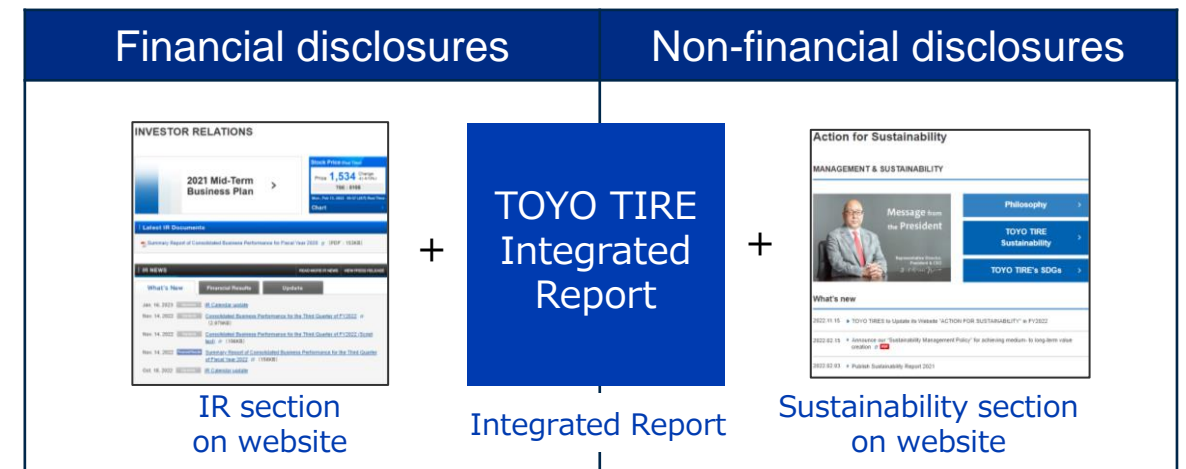
Transition Scenario Short-term: around 2025, Medium-term: around 2030, Long-term: around 2050

Category	Type	Climate-related event	Impact on business	Main financial impact	Significance
Risk	Policy	Introduction of carbon pricing <small>Medium to long term</small>	• Increased service prices as costs are passed on	• Increased distribution costs	High
			• Introduction of carbon border tax • Introduction of environmental taxes to auto-related exports • Increased trading price of carbon credits	• Increased costs of R&D and equipment investment (shift to low-carbon products) • Worsened profits (tariffs) • Increased costs for purchasing carbon credits	Medium
		Sales regulations for fossil fuel vehicles and HEVs <small>Short to long term</small>	• Increased demand for EV tires • Changes in tire performance requirements • Smaller fossil fuel/hybrid vehicle market	• Increased costs of R&D and equipment investment (development of EV tires, performance improvements) • Decreased sales (decreased tire demand)	Medium

## ◆ Integrated Report FY2022



## FY2023



***TOYO TIRES***

The forward-looking statements contained in these business outlooks and plans are based on information available at the current time and contain potential risks and uncertainties. Therefore, please keep in mind that actual results may, due to a variety of factors, differ from those expressed in the forward-looking statements.