TOYO TIRES

INTEGRATED REPORT 2026

Toyo Tire Corporation

ESG Promotion Dept., Corporate Infrastructure Division
2-2-13, Fujinoki, Itami City, Hyogo 664-0847, Japan
Tel: +81-72-789-9126
https://www.toyotires.co.jp/csr/

Published in July 2026

CONTENTS

Editorial Policy

This report is intended to serve as a tool for promoting constructive dialogue with our stakeholders and furthering understanding of our company's medium- to long-term value creation. With the announcement of our Medium-Term '26 Plan, this year we focused on presenting a concise integrated overview of our future vision and supporting growth strategies, as well as the value creation process that will drive their implementation. We have structured this report to facilitate a solid understanding of the way we think about medium- to long-term growth and improvement in corporate value.
Through this report, we will continue fostering mutual understanding with our stakeholders, and incorporate their feedback in our decision-making to further enhance our corporate value.

Reporting period:
From January 2025 to December 2025
* The report contains some information from outside the above period

Scope:
Toyo Tire Corporation and group companies in and outside Japan (consolidated subsidiaries)

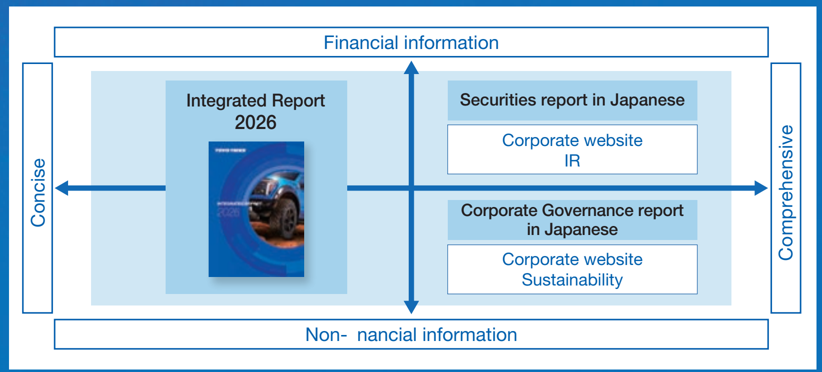
Organization names in this report:
Toyo Tire Corporation itself is referred to as "Toyo Tire Corporation" or "we" The entire Group is referred to as "Toyo Tire Group," "the Group" or "we" Individual companies in the Group are referred to by their company name

Guidelines and other references:
- International Integrated Reporting Council (IIRC), *The International Integrated Reporting Framework*
- Japan's Ministry of Economy, *Trade and Industry, Guidance for Collaborative Value Creation 2.0*
- Global Reporting Initiative, *GRI Standards (sustainability reporting standards)*

Note on forward-looking statements

This report contains forward-looking statements concerning future performance.
These statements are not a guarantee of future performance and involve risks and uncertainties. Please note that factors such as changes in the operational environment may cause the actual future performance to deviate from planned figures.

Positioning of this report



Our Philosophy

Company Philosophy

We will endeavor to continuously improve our products, and create value for everyone who we work with.

The company philosophy is positioned as the highest concept in our philosophy system.
It is the all-important spirit of our founding that we will continue to pass on into the future.

Our Mission

To create excitement and surprise with our products that exceed customer expectations and enriches society.

This is the definition of our purpose in society in our own words.
It expresses our duty to society, and is, so to speak, a promise that we make to it.

Our Vision

Our goal is to be a company that:

- Stays one step ahead of the future through constant technological innovation;
- Drives entrepreneurial and creative spirit through a progressive culture ; and
- Shares in the enjoyment felt by everyone involved in our activities.

These are definitions, in our own words, of the kind of company we are aiming to become in order to fulfill our corporate mission (or our “promise to society”).
In other words, they illustrate the ideal image of the company that we are aiming to be.

Our Fundamental Values: “The TOYO WAY”

Fairness	Be fair and selfless in one’s actions to benefit society.
Pride	Take pride in one’s self, work and company, and to persevere.
Initiative	Show initiative in all matters, and take ownership of one’s actions.
Appreciation	Demonstrate sincere compassion and appreciation for people and society.
Solidarity	Continuously advance creativity and innovation by working together to mobilize our corporate knowledge and capabilities.

The definition of the foundation of our way of thinking, and values that are equally important to all officers and employees in order to fulfill our mission in society and achieve our ideal vision of a company

[The spirit that underpins our Company Philosophy]

Founding president,
Rikimatsu Tomihisa

Industry progresses steadily day by day and never rests.
We must understand the importance of our work well and make progress every day.
We must research, create and be ingenious, always determined that we will be better today than yesterday.
Abundance of high-quality materials may make it easier to produce good products, but they are not always available, and knowledge and skills vary also from person to person.
We must start with the understanding that there are too many change factors to have stability, and be relentless in our pursuit of improvement in order to produce good, balanced products consistently.
Our motto must be to sell valuable products at the right prices, and we must above all refrain from seeking to profiteer to thedetriment of people.
Consumers do not just mean customers; the next process at workis also a consumer.
Everyone in a company is a necessary person.
Conversely, every person has an importantresponsibility.
Everyone must do their very best at work.

The Spirit That Underpins Our Company Philosophy

We will endeavor to continuously improve our products, and create value for everyone who we work with.

Our Company Philosophy was established by the founding president, Rikimatsu Tomihisa, in September 1950 to serve as a clear statement of his management philosophy. This short statement reflects the noble spirit that he believed business people should aspire to in a time when Japan's economy was rising out of the post-war period of rebuilding to a phase of rapid growth dubbed the Japanese economic miracle. However, this spirit that underlies our Company Philosophy is not an outdated idea that is relevant only to manufacturing in times of material scarcity. Times may have changed and our business environment transformed, but the perspectives and insights contained in these words still ring true today. What materials do we use to make our products? How do we make them? What value do we provide to the customers who pay us? We believe that we must continue exploring these questions as we respond to the demands of our times and look to the future. The principle behind the Company Philosophy, that we must sell valuable products at the right prices, is the spring from which our value creation process flows.

For this reason, we place our Company Philosophy at the top of our Philosophy statements as the spirit that we should always maintain and pass on into the future as we engage in our work.

Our Philosophy

Our Philosophy was published in 2017, replacing the old Philosophy statements we had up until then. This change was prompted by the issue of data fabrication that came to light in 2015 concerning the seismic isolation rubber business and anti-vibration rubber business. As the Company faced this existential crisis in 2016, the management team responded to the need to take another, serious look at our social mission and responsibility so that we can reemerge as a company that society needs and relies on, and decided, as the first step, to reform the company culture and realign the values shared by all officers and employees by reviewing and reconstructing our Philosophy.

The guiding principle of the company-wide project was to approach the task not merely from the perspective of implementing a root-and-branch reform of the organizational culture that led to the problem, but also from the perspective of how a global business must act and behave. Under this guiding principle, we discussed and debated three key questions: "what values do our colleagues hold as important through work?"; "what values have we come to learn as important in view of the scandals we have gone through?"; and "what values do we want to hold on to as important now and in the future?" The common values distilled from the dialogue were put together to formulate our new Philosophy statements.

At work, what values do our colleagues hold as important at work?	In view of the scandals, what values have we come to learn as important?	Now and in the future, what values do we want to hold on to as important?
Words	Words	Words

Shared philosophy

Our Philosophy and Sustainability

When we launched the Medium-Term '21 Plan, we made clear that our purpose as a company was to make our Philosophy a reality, and that the management plan was a means of achieving it.

When we started working on the shift toward sustainability management presented in the Medium-Term '21 Plan, this shared understanding provided a basis for our discussions of policies to promote sustainability and of the material issues for the Company, enabling us to keep to the essence of the ideas contained in the Philosophy statements such as contributing to the enrichment of society through our business and serving and caring for our stakeholders. One of our key focuses was to ensure that the way we viewed and considered was always connected to the Philosophy so that we stayed true to our uniqueness, and through four months of these discussions, we identified our material issues. We strive to embody our Philosophy through the efforts to address these material issues.

Our Mission

To create excitement and surprise with our products that exceed customer expectations and enriches society.

Our Vision

Our goal is to be a company that:

- Stays one step ahead of the future through constant technological innovation;
- Drives entrepreneurial and creative spirit through a progressive culture; and
- Shares in the enjoyment felt by everyone involved in our activities.

Material issues

1. Help create a society of sustainable mobility
2. Support the enjoyment of mobility for all
3. Support diverse talent with motivating challenges and job satisfaction
4. Continue innovating next-generation mobility technology
5. Pursue decarbonization in all corporate activities
6. Promote supply chain sustainability
7. Ensure the fundamentals of manufacturing: quality and safety

*See P.42, 43 for details of material issues.

Instilling the Philosophy

Since the Philosophy was defined, we have continuously been implementing a variety of initiatives to raise the awareness and understanding of it across our workforce.

In Japan, we have incorporated a lecture on the Philosophy and its context into our internal training program, which is held at each stage of level-specific training for newly promoted employees ranging from junior employees to general managers. The program is designed to ensure consistency by having challenges identified at each level carried forward as themes for managers and general managers to examine, and emphasizes how the Philosophy connects to each employee's daily work so that it is understood and put into practice. We also encourage employees to take ownership of the Philosophy and apply it in their day-to-day performance and departmental operations so that it is embodied throughout our organization.

We also provide e-learning for the Group's entire workforce, including employees at overseas bases, which ensures that everyone understands how our Philosophy relates to our sustainability actions and value creation.

Our human resources management system clarifies what is expected of each role at each level, and one of the expectations is "to embody and instill the Philosophy." By ensuring that the evaluation and career progression of employees are based not only on their performance in achieving targets but also on their ways of "thinking and acting" through which those achievements were made, we nurture a pool of talents that not only understand the Philosophy as knowledge but embody it in their performance of tasks and running of departments.

VOICE Comments from Philosophy training participants

New employee: By consciously and consistently acting in accordance with the Philosophy, I hope to become someone who can make a meaningful contribution to society and our customers.

Assistant manager: This training helped me reorient the TOYO WAY as a guiding principle for the way I communicate and accomplish my duties.

General manager: I'm striving to first embody the Philosophy myself and speak about it in my own words to help instil it throughout our organization.

Growth Trajectory

The Toyo Tire Group can trace its roots back to 1945, a time of unprecedented disarray around the end of World War II. Since then, we have experienced a period of high economic growth and the bubble economy, and we have overcome recessions, continuously delivering a multitude of values, including “safety,” “the joy of driving” and “a society of sustainable mobility,” to the world by expanding globally while adapting to the diversifying automobile market.

1945-1970:

Founding and groundwork for growth

In August 1945, amid the turmoil just before the end of World War II, Toyo Rubber Industrial, which had been strengthened and developed by Toyo Boseki (now Toyobo) to promote the advancement of the rubber industry, merged with Hirano Rubber Manufacturing, resulting in the establishment of the Company. We advanced the establishment of core technologies and product development, strengthened our business foundation in step with the growth of the domestic market, and laid the groundwork for overseas expansion.

Ceremony to celebrate the first shipment of the year

Toyo Tire（U.S.A.）Corp

1971-2003:

Diversification and globalization

Under a diversification strategy, we expanded our business domains and strengthened our production, sales, and R&D frameworks. We expanded our presence to countries including Australia, West Germany, and China, building a corporate structure capable of competing globally.

Toyo Reifen GmbH

Tire Technical Center

2004-2015:

Taking on the North American market and further global expansion

We established a tire production base in North America, marking our transition to a full-scale global business. By introducing a proprietary new manufacturing method, we enhanced both product competitiveness and supply capability, establishing a strong presence in the large-diameter tire category for pickup trucks and SUVs in the North American market. During this period, we strengthened our global production and supply system by establishing tire production bases in Asia and steadily implementing sales strategies in European countries, Thailand, and Mexico.

TNA（the U.S. tire production base）

2016-2020:

“Second founding” with mobility business at our core

Starting with the reconstruction of our corporate philosophy and organizational reform, we shifted our management focus to mobility business. By establishing a new plant in Serbia and strengthening our R&D center in Europe, we further reinforced our global development and production structure, enhancing our competitiveness.

Headquarters (in Itami, Hyogo Prefecture, Japan)

2021-2025:

Integration of business growth and sustainability

We pressed ahead with the Medium-Term ’21 Plan with a focus on our ability to respond to change swiftly and flexibly. We strengthened our global framework by bringing the Serbia Plant online and consolidating our sales functions in Europe. We promoted the integration of business and sustainability by establishing the Sustainability Committee and identifying material issues.

Serbia Plant

2026~:

Launching the Medium-Term ’26 Plan, strengthening our earnings base, and accelerating growth

Having announced the Medium-Term ’26 Plan and in pursuit of decision-making speed and uniqueness that set us apart in the industry, we will concentrate management resources in areas where we can best demonstrate our strengths. Under a local production for local consumption business model, we will accelerate growth centered on North America, drive renewed growth in Europe and Japan, and advance our sustainability initiatives in tandem with our business activities.

Serbia R&D Center

Changes in operating income and loss

At a glance (FY2025)

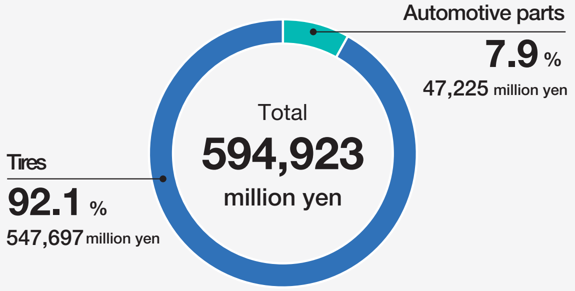
Tire Business

The primary business of the Toyo Tire Group, which accounts for approximately 90% of net sales, is the production and global sale of automotive tires for passenger vehicles, light trucks and SUVs, and trucks and buses, and other related products. The tire market is primarily classified into original equipment tires (global), replacement tires for the Japanese market and replacement tires for global markets. The replacement tires for the North American market in particular accounts for a significant proportion of our sales.

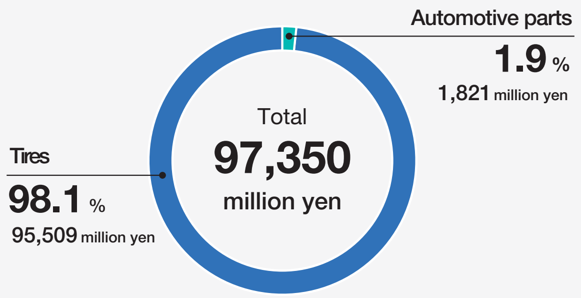
Automotive Parts Business

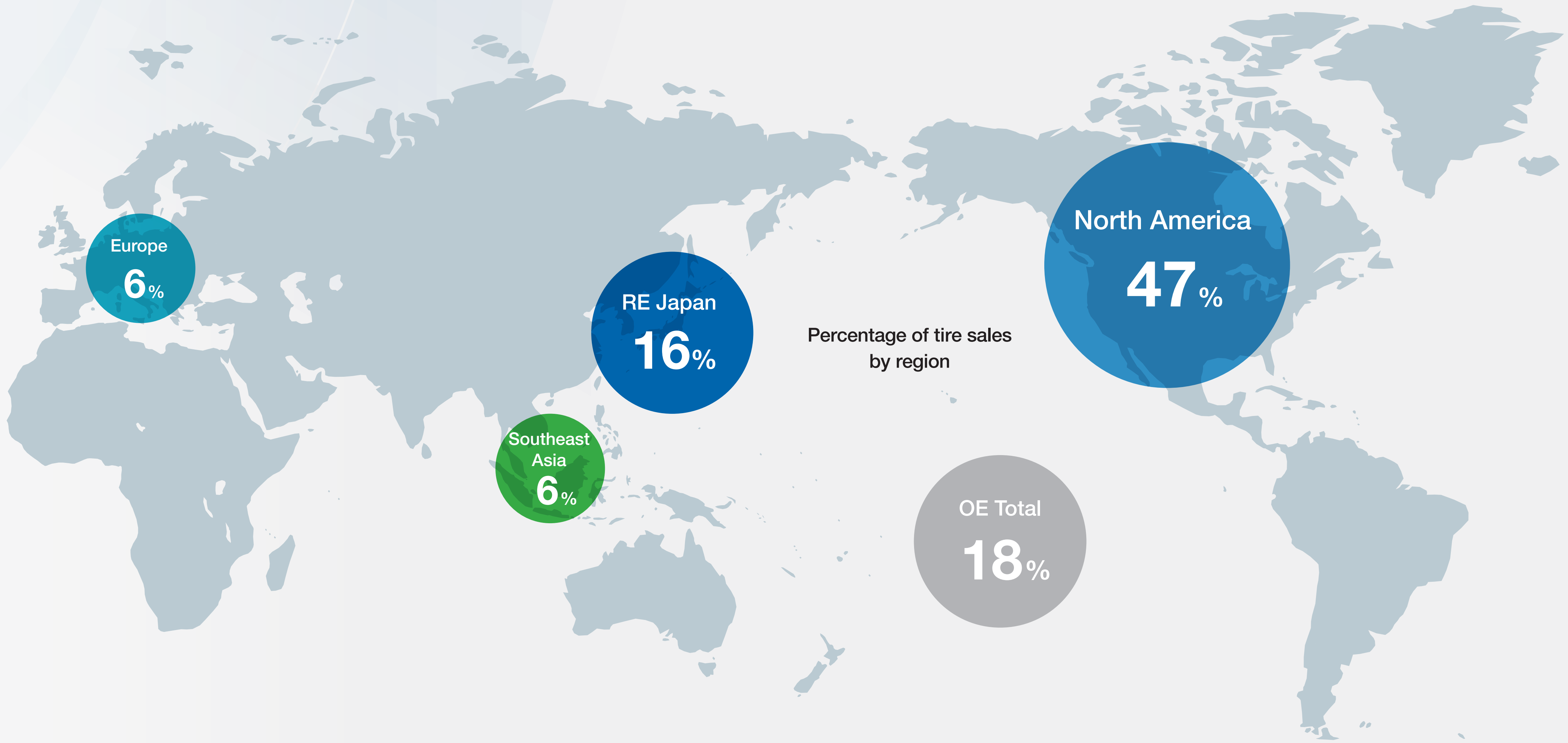
The Toyo Tire Group leverages its vibration control technology to supply products that improve automotive handling stability and soundproofing. We are striving to establish a solid position as a supplier by promptly proposing products that match the needs of automakers.

Net sales by business segment



Operating Income by business segment





The Toyo Tire Group has 12 production bases and 5 R&D centers, and is developing its tire and automotive parts business globally.

* Figures current as of December 2025

Number of global bases

14 countries **39** bases*

Regional headquarters:	3
Production bases:	12
Sales companies, etc.:	23
R&D Centers:	5

* Some bases have more than one function and there fore the total number does not match.

Number of countries in which we operate:

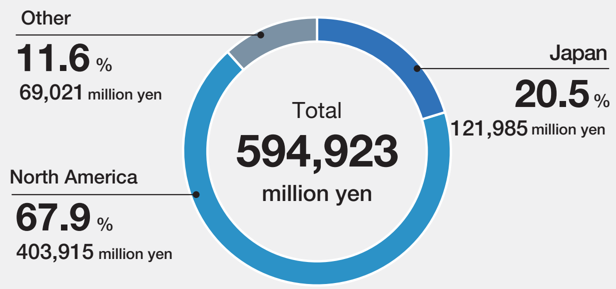
More than **100** countries

Consolidated number of employees

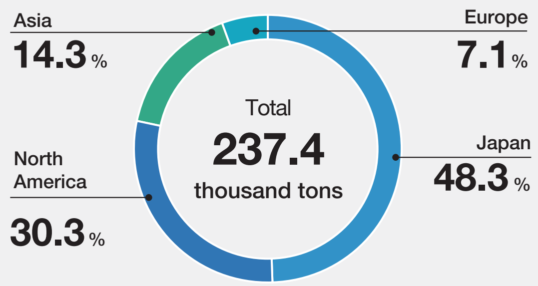
10,702

(including temporary employees)

Net sales by region



Percentage of tire production volume (new rubber) by region



Message from the President & CEO

Ensuring reliable growth by continually refining our profit-generating structures

Toyo Tire's Medium-Term '21 Plan succeeded in enhancing the company's profitability and strengthening its financial base by reinforcing collaboration between production, sales and R&D functions. Now, in this age defined by uncertainty, the company is aiming for even greater growth through faster decision-making and uniqueness that sets it apart in the industry. In this interview, President Takashi Shimizu discusses the growth philosophy behind the Medium-Term '26 Plan, as well as the foundations and strategies that will drive its achievement.

Q1 How has Toyo Tire achieved growth through quality transformation?

Management platforms built through the Medium-Term '21 Plan

The Medium-Term '21 Plan served not only as our roadmap for business growth, but also as the driver for a five-year transformation of the way we engage in management itself.

When I became president in 2015, the company was facing financial difficulties and a number of management challenges, such as product quality issues and governance. I made it my highest priority to build a business structure capable of generating stable profits. Without this structure, I felt that it would be impossible to address product quality issues, and the company's survival itself would be in jeopardy. We didn't hesitate in taking whatever decisive action was necessary, including overhauling our portfolio and reforming the organization. We positioned the field of mobility at the core of our business, and switched from an individual business-based structure to a function-based organization. This is a structure that takes a holistic approach to the business across the functional areas of production, sales and R&D. Our aim was to transform the organization into one that thinks together beyond departmental boundaries and strives for overall optimization.

The goals of the Medium-Term '21 Plan were to establish that cross-functional coordination and bolster our ability to respond promptly and flexibly to change. We happened to start holding daily meetings during the COVID-19 pandemic, and sharing updates across all functions enabled rapid decision-making. This practice has taken root as our standard mechanism. We fully visualized our earnings structure and focused on pursing quality (profitability) rather than scale. We also acted decisively to overhaul business models that did not align with this management policy. Naturally, there was certain amount of uncertainty and discord, these actions gradually fostered an aligned awareness that has helped us evolve into an organization that drives transformation by facing common challenges head on.

As a result, we achieved an industry-leading level of profitability and improved our financial health. I think our greatest achievement was becoming an organization that truly does what needs to be done.

Q2 How do you view the rapidly changing business environment?

Views on risks and opportunities in the business environment

A number of risks have begun to manifest that could have a major impact on our operations around the world, and the path ahead looks increasingly uncertain. In addition to inflation, fluctuating raw material prices and intensifying geopolitical risks, technological advances such as digital transformation and AI are changing the structure of industry itself. Then there are ESG-related requirements, such as climate change measures and stronger regulations, that vary in intensity and focus across regions and over time, requiring both sophisticated and agile responses from companies.

Europe, for example, has environmental and safety regulations regarding noise and wet-weather performance, and now discussion is progressing on new standards that cover things like tire wear particulate matter and performance evaluations across the entire lifecycle. For companies like us, this presents not only new regulatory requirements that need to be complied with, but also an expanding competitive domain where technological capabilities can make all the difference.

In an environment where many changes are happening simultaneously, conventional assumptions and competitive conditions often shift rapidly. Uncertainty poses risks, but it also presents opportunities to create new competitive advantages. As we find ourselves in this situation, we know that we will be tested more than ever on our ability to build corporate capabilities that translate into competitive advantage.

Q3 How will Toyo Tire secure a competitive advantage in this kind of environment?

The pursuit of decision-making speed and uniqueness

When uncertainty becomes the norm, I personally believe that competitive advantage is determined by the ability to adapt to change while still proceeding according to plan. It will become increasingly essential for us to internalize this adaptability as a structure within management. To that end, we are pursuing an even greater dimension of decision-making speed and uniqueness through our Medium-Term '26 Plan.

Up until now, we have followed a consistent process of using data-driven discussions to make on-the-spot decisions, then quickly moving on to implementation. I believe that this tight coupling between decision-making and action is a key source of our competitive advantage.

In terms of uniqueness, ours goes beyond products and branding to include the way we generate revenue. We have improved profitability by visualizing our earnings structure from multiple angles, pinpointing issues hidden beneath the surface of otherwise healthy results and taking rigorous action.

The stability of our business is also supported by the solid customer base and excellent brand reputation we have built up in North America. There is a specific segment in particular that forms a loyal core of support for our products, and this has allowed us to establish a value-added business model that avoids price competition. This base will continue to be a key element as we build a robust, self-reliant business structure.

Resilience in the face of change is ultimately essential, and we will further strengthen this in our management platforms to continue growing our corporate value.

Q4 In which segments will Toyo Tire focus on building competitive advantage?

Our growth strategy and differentiation drivers

The growth strategy of our Medium-Term '26 Plan is based on identifying potential areas of strength, allocating management resources accordingly, then using the successes to drive further growth.

In North America, we have focused management resources on the high-value-added wide light truck tire (WLTR) sector and established a business foundation that can generate stable profits. Yet if we are to achieve lasting growth over the medium to long term, we need to leverage our ability to supply products across multiple categories to strengthen our entire business foundation, ensuring we continue to be chosen by our customers and the market beyond just the specific areas where we have a competitive advantage. From this perspective, our plan is to expand our passenger car tire (PCR) and truck and bus tire (TBR) businesses by identifying specific segments to focus on within these categories. In other words, this means securing revenue in sectors where we can win and reinvesting it in other growth sectors. That is the kind of proprietary growth model we are working on.

Central to this policy is our PCR strategy, which focuses primarily on Europe. While this one of the markets where our company has historically achieved high profitability, our presence there gradually diminished from the 2000s as we made our historical and strategic shift toward North America. Europe is the mecca of the automotive industry; it has a car culture where cutting-edge technologies converge and performance is perfected. Manufacturers that compete here are seen as the leading players in the global market.

Through our Medium-Term '21 Plan, we quietly laid a foundation for regrowth in Europe by structurally reforming our sales, R&D and production. Now we have set our sights within PCR on the high-value-added segment of ultra-high-performance (UHP) tires. This is a segment where products tend to be chosen based not only on price but also function and brand, making it very compatible with the value-driven business model we established in North America. By narrowing this down to the large-diameter tire segment, we plan to clearly define a unique position enabled by our company's scale without having to compete based on volume. The European market is characterized by its rigorous quality requirements and wide variety of driving conditions, including high-speed driving. The performance and quality we cultivate there will serve as a driver of our competitive advantage globally as we build on those technologies to enhance the competitiveness of our products in North America and other regions.

Our founding TBR business is another sector where we're investing in growth opportunities. We have consistently demonstrated strong technical capabilities in design and production, such as ensuring uniformity in large-diameter tires, and have also been recognized for functional performance, including the durability and retreadability required in TBR tires. Having strengthened our financial base through the Medium-Term'21 Plan, we are now at a phase where we can leverage these capabilities to drive growth. As the North American TBR market continues to perform well, we plan to strengthen our supply capabilities in areas where we can demonstrate a performance advantage based on the needs of each use case, thereby driving greater profitability.

These strategies are supported by technology and production innovation. In the past, we utilized our proprietary manufacturing methods to produce products with superior design and uniformity, which helped give us a competitive advantage in the North American WLTR sector. However, we have since found that increasing demands for driving performance and other factors have made it difficult to maintain production efficiency with our traditional manufacturing methods. This made us realize that, rather than relying on past successes, we needed to take a fresh and objective look at the capabilities of our North American plants. After many open and impartial discussions by the Board of Directors, we reached a shared understanding across management that updating production infrastructure is vital to the growth of our North American business. This requires leveraging the strengths of our proprietary manufacturing methods while integrating insights gained from the latest non-proprietary equipment that has proven successful at our Serbia Plant. Through the renovation of our North American plants, we will pursue both greater performance and increased supply capacity, further enhancing the product capabilities of our North American WLTR business.

Ultimately, we must not simply remain satisfied with our current strengths, but use them as a starting point for continuous evolution. Using the earnings base we have built in WLTR to advance our European PCR technology and expand into TBR and other business areas, we plan to achieve both profitability and a strong competitive position in the future, thereby establishing a lasting competitive advantage.

Q5 How do digital transformation and human capital support this growth strategy?

The foundation for sound, lasting growth

Digital transformation at Toyo Tire forms the foundation for improving our decision-making speed and precision. We hold daily meetings to discuss the right products for each market and how to produce them at which facilities, and we base this on detailed data such as profitability. These initiatives can be considered the starting point that shaped our current portfolio, and represent a unique strength cultivated through our experience in North America that supports our profitability. There is, however, room for improvement in the ways we gather and analyze that information.

Under our Medium-Term '26 Plan, we will reform our enterprise resource planning and use AI to accelerate information gathering, centralize our data, and advance our analytics, further improving our ability to identify revenue opportunities and optimize capital allocation. This will allow us to establish a system to rapidly make optimal decisions that lead to further improvements in profitability.

Equally important is developing talent capable of interpreting and using that data. In the past we have worked on increasing expertise within each organizational function, but we now see it essential to unite these capabilities and foster human resources that can make cross-functional decisions regarding operations and management. We plan to enhance our decision-making capabilities as an organization by both continuing job rotations that allow employees to gain a variety of experience early in their careers, and incorporating insights mid-career hires bring from other organizations.

This integration of data and talent will strengthen our foundational decision-making through overall, rather than individual, optimization.

Q6 How will the company balance investment in growth, capital efficiency, and shareholder returns?

Our financial strategy and approach to capital allocation

Our company has made significant improvements in both our profitability and underlying financial base. With our Medium-Term '26 Plan, we aim to further raise the level of our earnings with a target operating income of 120 billion yen and operating income margin of 18% or higher by fiscal 2030. In terms of capital efficiency, we have made both ROE and ROIC clear KPIs to more accurately gauge the profitability of invested capital. We also plan to maximize corporate value by combining a progressive dividend policy with share buybacks.

Our style of financial management has always strived to balance growth investments, capital efficiency and shareholder returns. The Medium-Term '26 Plan builds on this approach to manage these three areas—investment in growth opportunities, maintenance and improvement of capital efficiency, and shareholder returns—as an integrated whole using cash generated from our earnings base as the starting point. In terms of growth investments, we will prioritize allocation to areas that contribute to expanding our business foundation and enhancing our competitive advantage based on the strategies outlined earlier.

Given our current financial position, we believe we can secure a certain amount of investment capacity in addition to our operating cash flow. We plan to allocate this capacity exclusively to projects that are expected to generate returns exceeding capital cost. We will also focus on enhancing the quality of our investment decisions from the perspective of medium- to long-term value creation, which includes addressing environmental and social issues.

To make investment decisions, we set multiple scenarios based on the assumption of uncertainty in the business environment, and use them to evaluate risks and returns from both quantitative and qualitative perspectives. Even after making an investment, we use KPIs to continuously monitor progress and make prompt adjustments as necessary. Through this disciplined approach to capital allocation, we aim to achieve lasting growth in corporate value.

The key thing is to not pursue these objectives individually, but to make decisions based on a consistent policy with the single goal of enhancing corporate value. Maintaining this consistency will ensure we allocate capital in the optimal way.

Q7 What is your philosophy for lasting growth?

I personally believe that the essence of management lies in designing a structure capable of generating profits no matter how the business environment changes, and ensuring that this structure is reliably implemented. Practicing this philosophy over time is what has led to our success thus far. By integrating our business strategy, capital allocation, and ability to execute into a unified approach through our Medium-Term '26 Plan, we will continue to enhance the quality of value we provide to our customers and society, and achieve lasting growth.

Value Creation Process

Our Mission

To create excitement and surprise with our products that exceed customer expectations and enriches society.

Inputs

Financial capital

- Total assets: 753.2B yen (end FY2025)
- Strategic investment: 340.0B yen (during the medium-term plan)

Manufactured capital

- Manufacturing equipment that generates high value-added products
- Number of production sites: 12 (Japan: 5, International: 7) (as of the end of FY2025)

Intellectual capital

- R&D expenditure: 90.0B yen (during the medium-term plan)
- THiiiNK framework for materials, design, and simulation technologies
- Global R&D functions and technology platforms
- In-house evaluation equipment & analysis/analytical expertise

Human capital

- Human resource base centered on key talent to be intensively developed, such as management talent, DX talent, and highly specialized talent
- Number of consolidated employees: 10,702 (In Japan 5,567; Outside Japan 5,135) (end FY2025)

Social and relationship capital

- Brand power in the large-diameter tire arena
- Loyalty of earnest fans
- Solid customer base based on sustainable relationships
- Partnerships with external research organizations
- Trust-driven supplier relationship base

Natural capital

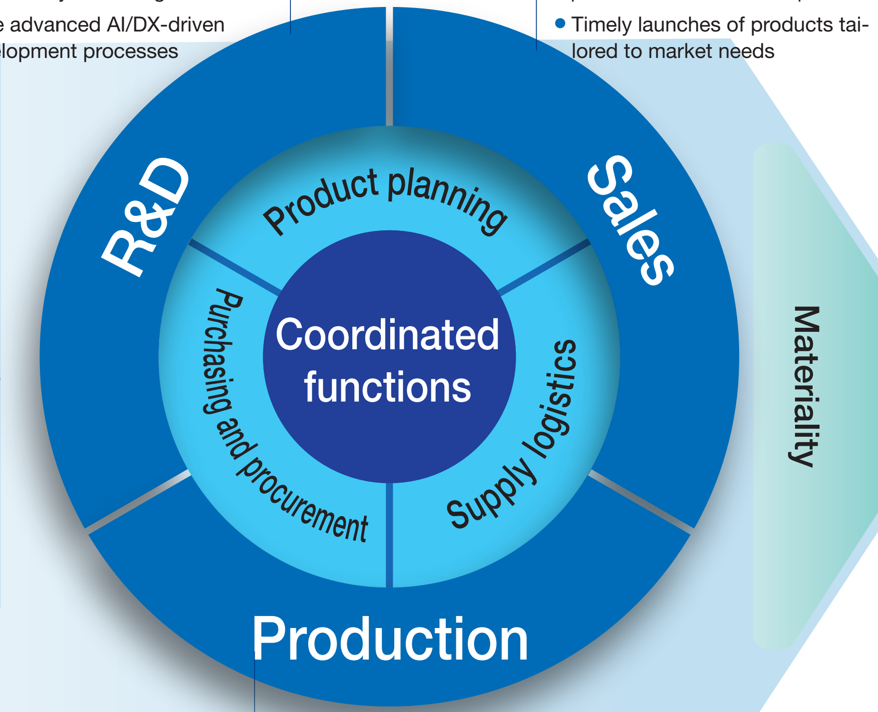
- Natural rubber and other raw material resources
- Energy and water resources that support production activities

Business processes

Medium-Term '26 Plan: Pursuit of decision-making speed and uniqueness that set us apart in the industry

Medium-Term '26 Plan
- High-level balance between functionality and design
- More advanced AI/DX-driven development processes

Medium-Term '26 Plan
- Fast product supply based on local production for local consumption model
- Timely launches of products tailored to market needs



Medium-Term '26 Plan
- Advancement of in-house manufacturing methods through equipment upgrades
- High-quality, efficient production using MES*1
- Optimal global supply

Creating Management Foundation to Support Sustainable Growth

Human resource base | Financial base | Digital transformation platform

Sustainability Policy

Enterprise risk management

Corporate governance

Our philosophy

Outputs

Outputs

Embodying manufacturing that contributes to social sustainability and products that bring joy to the people who use them

WLTR Enthusiastic support for honest craftsmanship
Global expansion from North America

OPEN COUNTRY

UHP High-level basic performance
Global expansion from Europe

PROXES

TBR Global expansion of reliable quality

- Working environments that support employee health, well-being, and engagement at work
- Lowering environmental impact through CO_2 emissions reduction
- Building a supply chain that ensures stable supply

Outcomes

Medium-Term '26 Plan

Consolidated operating income	120.0B yen
Consolidated operating income margin	18% or higher
ROE	13% or higher
ROIC	10% or higher
Dividend on equity	4.5%
Dividend payout ratio	30% or higher

Safety, peace of mind, and comfort

- Inbuilt safety performance that adapts to social and mobility changes

The ultimate enjoyment, excitement, and surprise of driving

- The satisfaction of enjoying the quality of life that mobility brings, the ultimate joy of connecting society through mobility

Mobility with reduced impact on the environment

- Helping achieve a carbon-neutral society through lifecycle product planning and development

2030 targets

Ratio of sustainable raw materials per products	40%
Reducing emissions Scope1, Scope2	Reduce 50% compared to 2019
Reducing emissions Scope3	Contribute to 20% reduction per tire against 2019
Sustainable supplier ratio*2	85% or above

Our Vision

(The vision of how we want our Company to be in order to keep our promise to society (=our mission))

*1 Manufacturing Execution System *2 As determined by Toyo Tire's supplier evaluation criteria

Medium-Term ’21 Plan Review

We pursued a five-year Medium-Term ’21 Plan from 2021 to 2025.
We have largely achieved the plan’s key performance indicator targets and strengthened our earnings base while swiftly and flexibly responding to changes in the external environment.

Medium-Term ’21 Plan vision

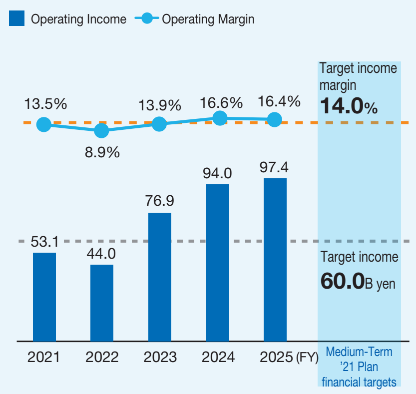
- Promote sales of priority products
- Achieve highly efficient production based on a local production for local consumption strategy
- Achieve high quality through process assurance that helps improve customer satisfaction
- Develop a “one-step ahead” management foundation that supports sustainable growth
- Focus on data-driven management that strives to achieve ultimate efficiency and profitability
- Strengthen three-pronged R&D framework, improve differentiated products
- Reduce distribution costs through centralized global supply and demand management

Achievement of key performance indicators

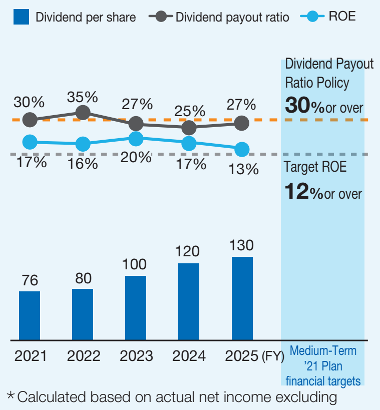
By focusing on the quality of our product mix in the market and steadily promoting sales of our priority product group centered on our unique, high value-added products, as well as capturing tailwinds from the external environment, we achieved our targets for operating income and operating income margin in fiscal 2025.

Furthermore, our efforts to promote management with a focus on improving capital efficiency helped achieve an average ROE of 16% over the five-year period, which was higher than targeted. In terms of shareholder returns, we set a target dividend payout ratio of 30% or higher, and we have also been using dividend on equity (DOE) as a guide to help steadily and consistently increase dividends.

Changes in operating income and operating margin

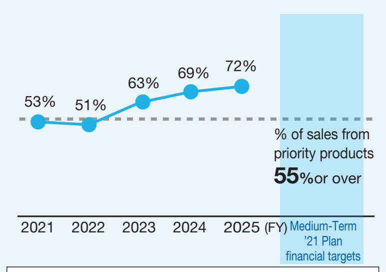


Dividends, dividend payout ratio* and ROE



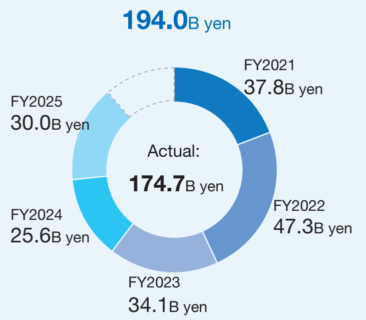
* Calculated based on actual net income excluding extraordinary gains/losses

Changes in percentage of sales from priority products



Priority products: Tire product categories that epitomize Toyo Tire’s strengths and that are vital for achieving our targets for operating income and operating income margin, such as new products, core products, and differentiated products

Capital investment



* The capital investment figure excludes right-of-use assets

Medium-Term ’21 Plan initiatives

R&D

Build a foundation for advancing our global technological competitiveness

Production

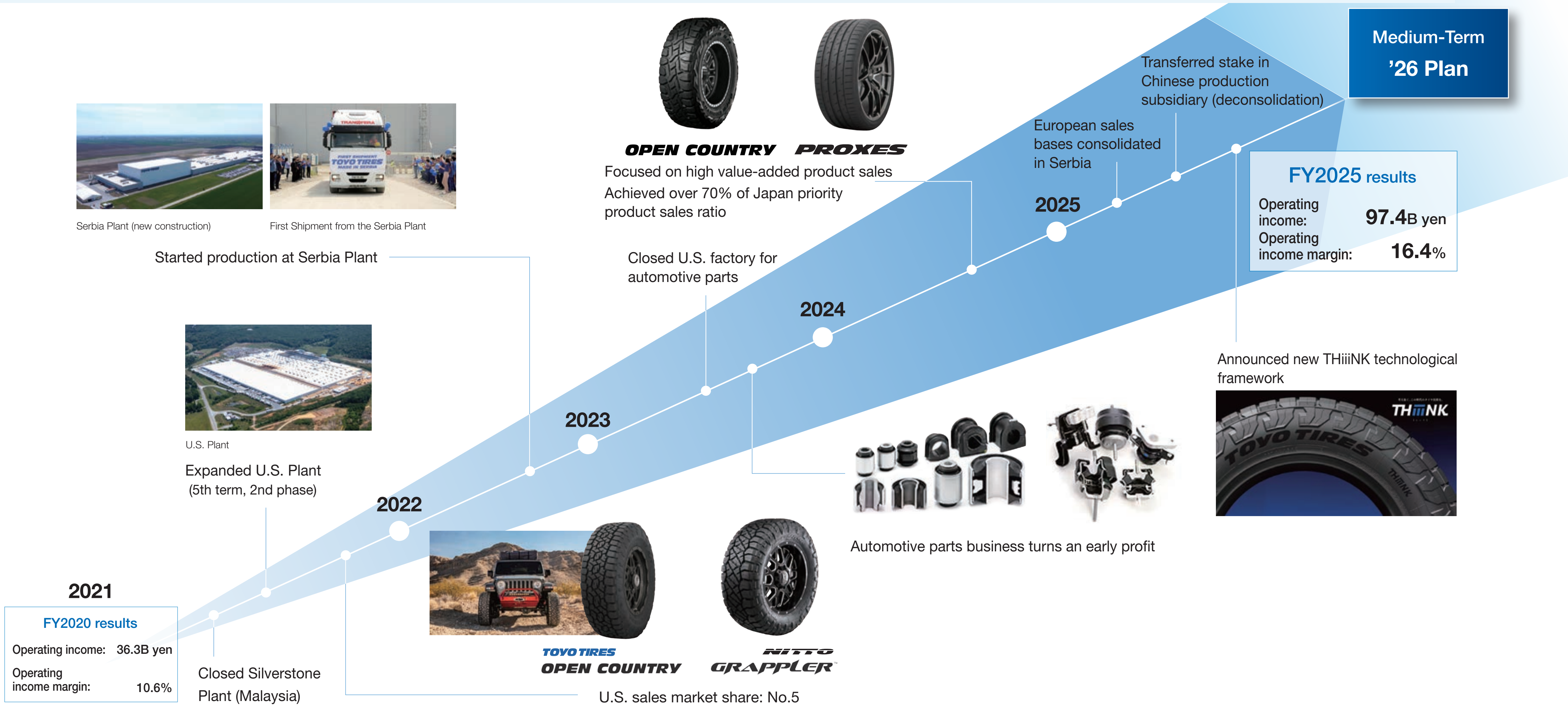
Create a globally balanced supply framework with the launch of our Serbia Plant

Sales

Expand contact with potential customers, enhance our unique presence in the market

Realize effective coordination among R&D, production and sales functions Establish a management platform to drive our growth strategies and enhance human resources

【Corporate】



External Environment and Risks & Opportunities

Taking into account anticipated changes in the business environment over the five-year period of the Medium-Term '26 Plan, we will identify the risks and opportunities that may affect our business, adapt to them, and create value for society through our unique products, services, and targeted initiatives.

External environment

Politics and economics

- Expansion of geopolitical risks
- Accelerated nationalism, decline of international cooperation
- Rising inflationary pressures primarily in the U.S. and Japan
- Increased fluctuations in resource and energy prices

Environment

- Uncertainty associated with environmental regulatory trends
- Progressing decarbonization
- Transition to a circular economy
- Growing interest in natural capital

Society

- Greater use of AI/IT (mobility-related data linking)
- Changing working population and composition
- Growing importance of human capital
- Upholding human rights in the supply chain
- Increasing demand for labor-saving measures and greater efficiencies in the logistics sector
- High quality- and safety-related demands

Opportunity

- Expanding market opportunities where environment-conscious technologies and design quality are highly valued
- Increase in low-emission vehicles in light of environmental and social issues in the logistics industry
- Demand for maintenance-free features in next-generation transportation services
- Continued popularity of SUVs and pickup trucks in the U.S.

Risk

- Uncertainty surrounding business operations due to geopolitical tensions
- Rising costs due to soaring renewable energy prices and purchase of carbon credits
- Increasing uncertainty surrounding prices of raw materials derived from fossil fuels
- Increased cost of establishing traceability systems
- Difficulty securing quality human capital in sufficient numbers
- Expanding demands to address environmental issues and human rights violations in the supply chain
- Rising costs associated with development of technical responses and quality control/assurance systems
- Increasing sophistication of cybersecurity measures

Regional demand trends in the mobility field

U.S.

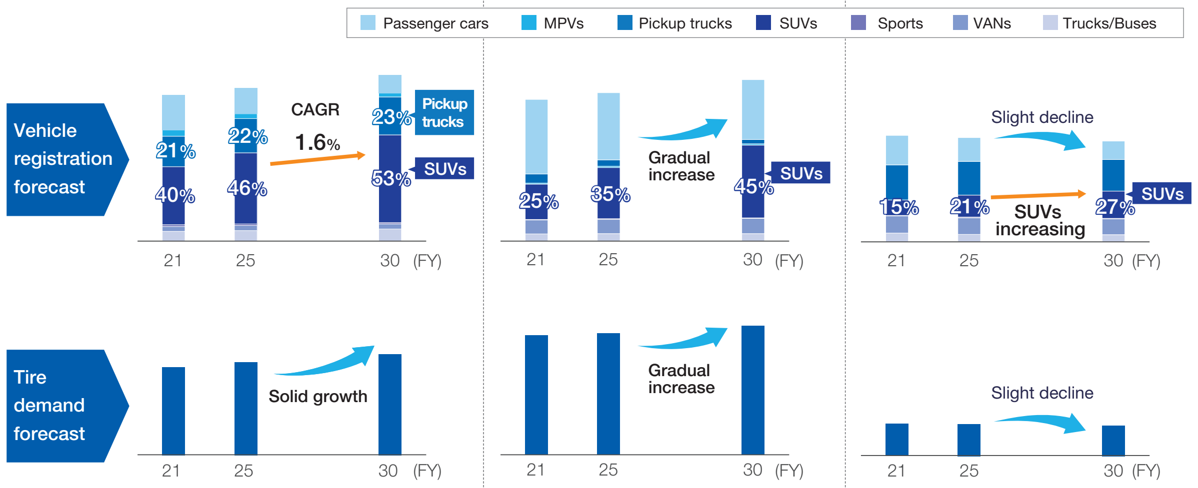
While overall automotive demand is expected to grow only moderately, demand for larger vehicles such as SUVs and pickup trucks is likely to show solid growth, representing a continued opportunity. At the same time, we need to pay close attention to changes in the competitive landscape.

Europe

While automotive demand is expected to grow gradually, demand for SUVs is particularly notable and represents an opportunity. At the same time, we need to respond to intensifying technological competition aimed at ensuring environmental compliance and improving overall vehicle performance.

Japan

The automotive market is moving toward a shrinking equilibrium with structural shifts in demand, such as population decline and young people's declining interest in cars, forcing companies to adapt. Within this environment, the accelerating popularity of SUVs is likely to be an opportunity.



In all regions, continued upsizing and growing SUV demand are expected, and against this backdrop, demand for high value-added tires is projected to grow. In the United States, demand for large SUVs and pickup trucks, as well as the wide light truck (WLTR) market, remains steady. In Europe, the ultra-high performance (UHP) market is expanding alongside continued upsizing. In Japan, structural shifts in demand driven by population decline are progressing, but growth in demand for high value-added tires is expected, reflecting a rising SUV ratio. At the same time, competition on both market and technological fronts is intensifying in each market, making it essential to strengthen competitiveness through improved product appeal and differentiation. Given our strengths in high value-added, distinctive segments such as off-road and luxury, we will capture opportunities in each market by enhancing the cost competitiveness of our manufacturing base and further honing our differentiated product appeal.

New Medium-Term Business Plan (Medium-Term’26 Plan)

Toyo Tire Corporation has formulated a new medium-term business plan, Medium-Term ’ 26 Plan, covering the five years from starting fiscal 2026. Even today, uncertainty is rising amid heightened geopolitical risks and prolonged inflation. Looking ahead, we believe it will be increasingly important to promote swift decision-making and steady strategy implementation over the next five years. With this in mind, we have adopted “the pursuit of decision-making speed and uniqueness that set us apart in the industry” as the slogan for the Medium-Term ’ 26 Plan.
By improving the speed and accuracy of our decision-making and strategically allocating management resources to areas where we can leverage our core strengths, we will build a competitive advantage for growth and continue working to enhance corporate value over the long term.

Management indicators

The selected management indicators emphasize a balance between growth potential, capital efficiency, and shareholder returns.

Profitability	
Build a robust earnings base	･Operating income: **120.0** billion yen ･Operating margin: **18**% or higher
Capital efficiency	
Optimize capital efficiency Reduce capital costs	･ROE: **13**% or higher ･ROIC: **10**% or higher
Shareholder returns	
Stable, progressive dividend payments Conduct share buybacks	･Dividend on equity: **4.5**% ･Dividend payout ratio: **30**% or higher ･Total share buybacks: **100.0** billion yen

Key sustainability indicators

The plan incorporates sustainability indicators that are linked to our business strategy.

Supply chain	
Promote responsible procurement	･Natural rubber traceability: **95**% or above (district level) ･Sustainable supplier ratio*: **85**% or above * As determined by Toyo Tire’s supplier evaluation criteria
Decarbonization	
Reduce GHG emissions throughout product lifecycle	･Scope1 & 2: Reduce by **50**% (compared to 2019) ･Scope 3: Contribute to a **20** reduction in emissions per tire (compared to 2019)

Growth strategy

With a long-term perspective looking beyond 2030, we aim to enhance our business portfolio and boost overall profitability.
The Medium-Term ’26 Plan positions the following business segments as the pillars of our business strategies to achieve this aim.

*1 Wide light truck tires
*2 Ultra-high-performance tires
*3 Tires for truck and bus radial
*4 The images are AI-generated conceptual illustration

Enhance WLTR*1 business

In the Wide Light Truck Tire (WLTR) business, we will work to strengthen our stable business base by expanding supply capacity while introducing products that combine designability and functional performance. We will expand sales primarily in the North American market, further solidifying our high profitability and strong presence in the WLTR category.

Renovate the U.S. Plant

Expand TBR*2 business

In the Truck and Bus Radial Tire (TBR) business, we will increase supply capacity while leveraging our strengths in durability and wear resistance to drive sales growth. By expanding the business scale, we will strengthen our earnings base.

New plant projects*4

Strengthen UHP*3 PROXES brand

In the PROXES brand, a leader in the Ultra High Performance (UHP) segment, we will accelerate the rollout of high-inch, high value-added products. We will work to enhance profitability and the brand’s value as a global flagship, thereby strengthening the competitiveness of our passenger car tire business as a whole.

Open the Serbia R&D center

Goals under Medium-Term ’26 Plan

Under our previous medium-term business plan, the Medium-Term ’21 Plan, we cultivated the ability to swiftly and flexibly adapt to change by coordinating all functions on a global scale while encouraging each functional organization to enhance its expertise. Even when our external environment changed more than anticipated at the time the plan was formulated, we were able to overcome each situation through close inter-functional collaboration and agile action. These experiences enabled us to strengthen our management structure into a leaner, more resilient one, and as a result, we concluded the plan with results that exceeded our targets.

Under the Medium-Term ’26 Plan, we have set “the pursuit of decision-making speed and uniqueness that set us apart in the industry” as the key goal.

The “speedy management” element refers to our ability to seamlessly carry the entire process, from decision-making, execution, revision, and adaptation, through to completion. To date, the Toyo Tire Group has made decisions based on frontline information and swiftly executed the resulting actions by coordinating production, sales, and R&D. Under the Medium-Term ’26 Plan, we will facilitate greater data standardization and visualization across functional organizations by leveraging digital transformation (DX), thereby enhancing the speed and accuracy of horizontal decision-making and further promoting speedy management.

The “uniqueness” element represents a profitability-enhancing business strategy that channels management resources into focused areas where we can fully demonstrate our particular strengths, rather than expanding the scale of our business by offering a full product lineup.

In North America, Europe, and other regions, we intend to build a local production for local consumption business model that skillfully coordinates production, sales, and R&D. By accurately and promptly capturing market changes, we will promote investment in technological innovation and increased production capacity, thereby driving profit growth.

To translate these “speedy management” and “uniqueness” elements into an effective competitive advantage, we will invest in human capital to build a solid human resource base characterized by agility and specialized expertise.

Ultimately, we seek to turn change into growth opportunities and enhance corporate value by perfecting our strengths as the source of our competitive advantage and increasing the speed from decision-making to implementation.

Technical Strategy

New THiiiNK technological framework

Among the various technologies we have cultivated over many years, we have identified materials technology, simulation technology, and design technology as our core technologies, and have continued to refine them through product development. We have established a new technological framework called THiiiNK that closely links and integrates these three technology areas, which had previously been developed independently, into a unified system. We will leverage this new technological framework as the fundamental philosophy and core technological foundation for next-generation tire development.

Technological innovation surrounding next-generation mobility, including the growing adoption of EVs, advances in autonomous driving technology, and the progress of Software Defined Vehicle strategies*1, is currently accelerating. As a result, the performance and value required of tires are becoming increasingly sophisticated and diverse. In addition to further improving quietness, fuel efficiency, and wear resistance, there is also a growing need to develop, with both precision and speed, products that meet new functional requirements such as sensor integration and real-time data connectivity. THiiiNK is an approach that addresses these challenges by effectively utilizing high value-added data based on our platform technologies, thereby evolving the very nature of technical development.

*1 A strategy that controls and updates vehicle functions through software to enhance performance and offer new services

Materials technology

We use Nano Balance Technology*2 to promote advanced material design that combine material data collected over many years with materials informatics (MI)*3. Deriving the optimal material formulation based on targeted performance parameters helps minimize the time required for prototyping and verification, thereby achieving stable performance and reducing development hours.

*2 Toyo Tire's proprietary material design platform technology that analyzes, designs, and controls rubber materials at nano (molecular) level

*3 An approach that leverages AI and data analysis to predict material performance and streamline research and development

Design technology

To achieve a high level of both aesthetic appeal and functionality, we are introducing AI and digital transformation (DX) technologies based on our proprietary design technology cultivated ever since our founding. We seek to reduce trial and error and optimize product value by providing design support that simultaneously considers design concepts, required performance, and tire bench characteristics.

Simulation technology

By integrating our proprietary simulation platform technology with AI-driven design support technology, we have further advanced our tire development process. Linking design data with simulation data enhances the added value of that data, which can then be leveraged as training data for new analysis and prediction. In addition, the use of driving simulators that reflect vehicle conditions, road surfaces, and driving environments helps shorten the verification process and reduce lead time in product development.

Instead of optimizing these three technology areas individually, the THiiiNK approach connects the processes of product planning, design, prototyping, and evaluation across the board, seamlessly integrating the development process as a whole and simultaneously enhancing our technological capabilities and improving development efficiency.

By using this technological framework and data infrastructure as a common base for engineering thinking, our engineers can shorten development lead time by 50% and improve investment efficiency, thus promoting greater technological competitive advantage and value creation.

Collaboration among global R&D bases

The Toyo Tire Group has R&D bases in Japan, North America, and Europe, and we are enhancing our global R&D capabilities while also addressing technical issues related to specific regional market characteristics and usage environments. In Europe, with the aim of further strengthening our competitiveness, we are consolidating our R&D function in Serbia, where we already have production and sales functions, establishing a European structure with closely integrated technological capabilities.

Our R&D function in Serbia serves as a center for technical refinement that perfects material design and processing technologies through compliance with strict regulations and response to third-party evaluations. The sophisticated materials and processing technologies cultivated in Serbia are being deployed across R&D functions in both Japan and North America, and reflected in each region's product development processes. Through such tripartite R&D cooperation and knowledge-sharing across the globe, the Group seeks to strengthen its technological prowess on a globally integrated basis and improve development efficiency, and ultimately facilitate the continuous and rapid development and launch of high value-added products.

The Technical Center in Japan is responsible for overseeing and advancing the platform technologies underpinning the THiiiNK framework and serves as the Group's R&D hub, including talent development. We help enhance technological prowess and sustainable value creation by consolidating regionally developed technologies and expertise into a common stock of technology assets that can be systematically shared and expanded across the Company.

The R&D Center in North America, firmly rooted in the local market, leverages its market proximity to quickly develop products that reflect local customer needs and usage environments. The center evaluates and verifies technologies and products based on actual driving data to enhance technology implementation and accelerate product commercialization, while also helping to boost market competitiveness.

Developing high-value-added tires

Toyo Tire's high-value-added tire development revolves around three technology categories: wide light truck tires (WLTR), ultra-high performance tires (UHP), and truck and bus radial tires (TBR). We develop material technologies, structural designs, and evaluation and analysis technologies that are tailored to their respective usage environments and performance requirements.

The sharing and integration of this tailored technical and evaluation expertise across our global R&D bases is working to promote the adoption of universally applicable technologies and the consistent creation of high-value-added products.

For WLTR, we are pursuing more sophisticated structural designs with a focus on performance balance and uniformity in order to facilitate stable driving performance even in tough usage environments. We also ensure consistent basic performance, such as handling stability and wear life, by optimizing tire design and controlling quality variation. In terms of pattern design, we promote the development of high-value-added tires that balance performance and design by considering the aesthetic appeal of products that have already met their performance requirements.

For UHP tires, we are developing technologies that combine material, simulation, and processing technologies to satisfy increasingly sophisticated performance demands including handling and safety at high speeds. We also use analysis technology to improve the accuracy of rubber material design and structural design. We conduct multiple checks during the development phase including evaluations of actual vehicles and bench tests to ascertain whether the intended design performance is being achieved in practice. Promoting integrated materials development, analysis, and evaluation allows us to develop more advanced UHP technologies that offer both high performance and reliability.

Regarding TBR, leveraging our strength in structural design technology, we are advancing our design technology with a focus on durability and wear resistance to facilitate the consistent demonstration of required performance even under demanding usage conditions. We are working to improve overall tire performance balance by optimizing tire structure based on driving conditions and long driving periods.

Furthermore, we are elevating the quality and shape stability of the casing, which can withstand repeated use, to an even higher level. These efforts are helping enhance the reliability of our TBR technology for long-term use.

Nurturing technical talent

The Toyo Tire Group expects professionals who not only possess a deep understanding of fundamental tire engineering, materials, and structures, but who can also accurately grasp changes and challenges in the market environment and convert them into opportunities for sustainable growth, to play a key role in our R&D function. While the use of AI and digital transformation (DX) technologies is advancing, we believe it is important to train engineers not to accept generated results at face value but to develop a full understanding of any underlying principles or physical phenomena and form independent judgments.

We have a company-wide training system and generally train our young engineers on the job. We seek to improve specialized skills and transfer knowledge and expertise that can be hard to standardize or verbalize through the Toyo Tire educational curriculum (Tire Technology & Engineering Course: 20 lectures, approximately 180 hours). We promote technical exchanges across our tripartite global R&D framework, and our European R&D Center hires local engineers to incorporate diverse perspectives and cutting-edge technologies and integrate technical expertise. Meanwhile, we promote implementation of AI and DX technologies by encouraging staff, particularly in advanced technology divisions, to obtain doctorate degrees and proactively hiring and assigning staff with PhDs (current PhD holders: 14) to help accelerate the creation of next-generation technology by highly skilled personnel.

Through these initiatives, talent with a well-balanced combination of advanced knowledge and capabilities serves as a core foundation supporting the execution of our technical strategy.

Product Brand Strategy

We carry out product planning that enables differentiation in each market based on region-specific growth strategies, while also promoting the value of these products through brand-building and motorsports activities. We formulate a medium-term product plan and roll it over annually, strategically strengthening our product brands.
Through collaboration among our product planning, R&D, and sales functions, we translate our accumulated technical expertise and insight, together with market-focused product planning, into concrete products. This enables us to continuously deliver unique products tailored to each region and application, thereby enhancing our brand value.

Improving product functionality through motorsports activities

We position motorsports activities as an opportunity to refine our technical capabilities, enabling us to apply insights gained under extreme real-world driving conditions to product development.

In the off-road category, in order to hone the performance of our SUV and pickup truck tires, we provide our OPEN COUNTRY series tires (including racing models) to teams competing in some of the toughest races including the SCORE Baja 1000, where most of the course runs across deserts and only around a half of entrants finish, and the Dakar Rally, reputedly the most grueling off-road endurance rally in the world. The learnings from these competitive events are used to develop rubber composition and internal structure that ensure high durability on rough terrains, and design features and bead structures that minimize tire damage caused by impacts during high-speed driving.

In the on-road category, in order to hone the high dynamic performance required of ultra-high performance (UHP) tires, we compete in races at the Nürburgring in Germany, renowned as one of the world's most demanding race tracks, with vehicles fitted with special PROXES racing tires. With 300 meters of elevation change and more than 170 corners, the North Course of Nürburgring is renowned for its difficulty, and the lap times and performance quality achieved on this course are important indicators for assessing the ultimate performance of UHP tires. We use the data and insights gained through races under these arduous conditions to improve the handling, stability and durability of our products during high-intensity driving at high speed. These learnings from motorsports activities are also used in product development. An example of that is new materials developed and tuned through racing activities that have now been incorporated into commercial tires in stages.

Going forward, with the goal of competing in the top class of each race and achieving overall victories, we will focus on product development centered on wide light truck (WLTR) tires in the off-road category, working to deliver tires that combine high functionality with unique styling.

In the on-road category, we will further verify and refine our accumulated expertise at an even higher level, thereby enhancing the dynamic performance of our UHP tires and leveraging these achievements to increase our brand value and strengthen our market presence.


An off-road rally vehicle fitted with OPEN COUNTRY tires


A race vehicle fitted with PROXES tires competing at the Nürburgring

SUV and pickup truck tires

OPEN COUNTRY: Functionality and style converge

The wide light truck (WLTR) category of tires for SUVs and pickup trucks is an important business segment for us. WLTR tires must be able to perform under a range of different road surface conditions and use cases including off-road driving, while providing driving comfort and durability in on-road driving.

For the SUV and pickup truck tire market where WLTR is a key segment, our product offering centers around the OPEN COUNTRY brand. Originally launched in the North American market in 1983, OPEN COUNTRY is one of our longest-standing tire brands, which is rooted in off-road driving and custom car culture and has been supported by a loyal core fan base for many years. In North America, against the backdrop of the widespread popularity of SUVs and pickup trucks and users' growing appetite for vehicle customization, tires are valued not only for their driving performance but also for their design, which affects visual impression as a form of self-expression. The OPEN COUNTRY brand has earned strong support as a product that combines high durability and off-road performance in demanding conditions with a commitment to aggressive tread patterns and distinctive tire designs, thereby contributing to our company's sales growth and improved profitability.

Close collaboration among market research, product planning, R&D, and sales, which are rooted in the local market, underpins this product development. We maintain close communication with vehicle customization shops and dealers through local sales subsidiaries to gain a granular understanding of how drivers use their vehicles and what the prevailing tastes and latest customization trends are. The product planning teams take the lead in sharing this on-the-ground information with the R&D and sales functions so that it can be reflected in performance specifications and designs, ensuring that product planning is fully aligned with market needs.

We have continued expanding our product lineup to address the growing diversity of road surfaces, operating conditions and applications. In the Japanese market as well, following its relaunch in 2016, we have advanced tuning tailored to the unique characteristics of Japanese vehicle models and usage environments, along with size expansion, thereby building on the brand value cultivated in North America and earning strong support from an increasing number of users in the country.

OPEN COUNTRY A/T Ⅲ

OPEN COUNTRY R/T

Ultra-high performance tires

PROXES: In pursuit of the next-level motion performance

The ultra-high performance (UHP) category of tires is designed for superb stability at high speeds, superior handling on both dry and wet surfaces and excellent braking performance. In recent years, UHP tires have also been expected to achieve a balance between comfort and environmental performance in everyday driving, such as quietness and fuel efficiency, in addition to their high dynamic performance.

PROXES, which is our long-standing brand offering in this category, marked its 35th anniversary in 2026. Under the brand philosophy of demonstrating excellent performance in all conditions based on high-speed stability, we have pursued the performance required of UHP tires across a wide range of uses from motorsports to daily driving.

The PROXES Sport series is our primary lineup in the UHP segment designed to satisfy two contradicting requirements: fuel efficiency and wet surface performance. PROXES Sport 2 is a particularly well-balanced product that meets the needs of today's UHP market, featuring an asymmetrical tread pattern designed to provide superior handling and braking performance both on dry and wet surfaces while offering characteristics that ensure good environmental performance such as low rolling resistance.

The product planning and R&D functions work closely to feed advanced insights verified through racing participation at the Nürburgring back into product development. In Europe, tire tests conducted by German specialist magazines, which are known to influence consumer purchasing behavior, serve as an important guide for product evaluation. We use these tests as part of our performance verification process, making continuous improvements based on the resulting data. By reflecting the technical insights gained through such racing activities, as well as the challenges identified through market evaluation, in our product development, we continue to advance our product offerings that achieve a high-level balance of the various performance requirements, further enhancing the product strength and brand value of PROXES.

PROXES Sport 2

35th ANNIVERSARY PROXES ESTD.1991

Truck and bus tires

Combining transport efficiency and environmental impact reduction

The environment surrounding logistics and public transportation faces challenges common across the globe, including the intensifying labor shortage driven by a shrinking workforce, the resulting need for greater transport efficiency, and mounting social demand for reduced environmental impact. To address these challenges, we contribute to more efficient and stable transport operations by developing and offering truck and bus radial (TBR) tires tailored to actual applications and operating environments.

Developing TBR tires, which are used under a heavy load over a long period at a high internal pressure, involves simultaneously achieving multiple performance requirements, including durability, wear resistance, and fuel efficiency. Optimizing this balance calls for advanced design capabilities. Through our proprietary technology, which combines structural design that contributes to shape stability, such as the use of high-rigidity beads, with optimization simulation, we minimize trade-offs among these performance requirements while achieving a high-level balance among them. To enhance wear resistance in particular, we have suppressed uneven wear by equalizing ground contact pressure and optimizing rigidity balance. This has extended replacement cycles, helping to reduce operating costs and improve vehicle uptime.

We offer a comprehensive product lineup addressing the challenges associated with diverse vehicle characteristics and operating conditions, including long-haul transport, low-floor trucks, regional transit and bus applications. Beyond simply offering products by application, we design tires with the entire tire lifecycle in mind, thereby reducing replacement frequency and maintenance burden, contributing to stable vehicle operation, and supporting sustainable transport at its most fundamental level.

In addition, through continuous engagement with transport operators, we reflect the operational data and on-site challenges we gather in product development, further enhancing the value we provide to address real-world challenges. These field-driven initiatives have enabled us to deliver highly effective product value that contributes to improving customers' operational efficiency, while also strengthening confidence in our brand.

M177+

M630

Sales Strategy

Sales strategies for priority products

Under the Medium-Term '21 Plan, to further strengthen our competitive edge, we have promoted a priority product sales strategy that stands apart from the pursuit of a full product line or scale. Under this policy of aiming to maximize profit through thorough, consolidated profitability management across each market globally, product development, production, and sales functions have worked as one to deliver high value-added products tailored to the characteristics of each market.

Priority products are an original tire product category that epitomizes Toyo Tire's strengths, comprising new, core, and differentiated products. Our sales function has worked to enhance the quality of its product mix in each region in line with local market characteristics, using the percentage of sales from priority products as a key indicator when developing sales activities. The Medium-Term '26 Plan continues with this approach, pursuing profitability-oriented growth.

Marketing activities

Tires are a core component essential to mobility. With this in mind, and grounded in the act of driving and operating a vehicle, we develop marketing activities tailored to the diverse interests of our users.

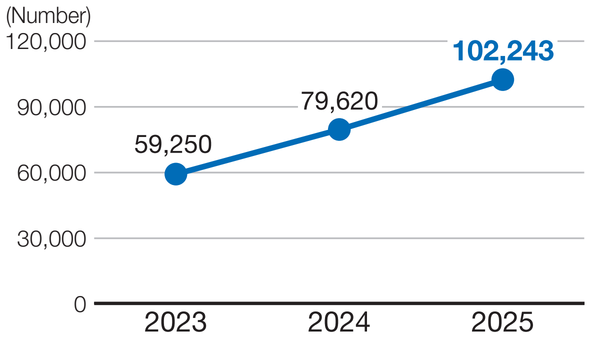
Motorsports, in particular, offer an ideal setting for showcasing tire performance. By accumulating a track record in racing, we actively pursue not only product performance appeal among fans but also opportunities for brand engagement. Through promotional activities featuring well-known drivers as brand ambassadors, we have them convey the appeal of our products through their firsthand experience as professional drivers, further enhancing brand favorability and trust.

The worldview embodied by PROXES, a brand that has continually evolved in pursuit of high performance, resonates strongly with the challenger spirit of Yuichi Nakayama, a driver affiliated with TOYOTA GAZOO Racing (TGR). His appointment as a brand ambassador reflects this shared affinity.

For users who are attuned to trends and whose choice of tires reflects their personal taste, we are also taking a distinctive approach to user insights, for example, building a fan base for OPEN COUNTRY with outdoor activities, rather than hardcore off-road driving, as the starting point. A notable example of this demand comes from users who want tires stable enough for driving on gravel campground roads, forest trails, grassland, and rough terrain, while also being fully suited to everyday driving. Targeting this need, we leverage social media to promote tires featuring highly distinctive tread pattern designs that achieve both off-road and on-road performance.

Instagram followers

(Account: @teamtoyotiresjp)



PROXES brand ambassador Yuichi Nakayama

Regional sales strategies

North America

In North America, we seek to maintain and enhance Toyo Tire's presence and expand sales with a WLTR-focused branding strategy. At the same time, we use TBR as a growth driver to strengthen supply capacity and profitability and sharpen our competitive advantage.

● Consolidating our WLTR presence and promoting further growth

The Medium-Term '21 Plan focused on strategic product development centered around OPEN COUNTRY (TOYO TIRES) /GRAPPLER (NITTO) tires and on the offering of tailored promotions to strengthen dealer relationships. This strategy propelled Toyo Tire rise to No.5 on the U.S. sales table, and helped steadily increase WLTR presence in the North American market.
Demand for wide light truck tires (WLTR) is expected to continue expanding steadily, supported by the upward trend in vehicle sales in the North American market and the rising rate of WLTR installation on new vehicles from major automakers. Traditionally, users have focused on WLTR designability and durability but in recent years, more and more users are also interested in basic performance elements such as better wet performance and rolling resistance. While our WLTR products place particular emphasis on sophisticated features, we are also advancing product development that responds to the market's performance requirements, and we expect demand for our products to remain firm as a result. In North America, market data on price, size, and other factors is readily accessible, and we believe that swiftly and accurately capturing customer feedback will be key to strengthening our competitiveness.
The underlying policy in the Medium-Term '26 Plan is to maintain and enhance WLTR presence, in which the Group has the competitive edge, and promote further growth. We intend to strengthen our brand strategy centered around OPEN COUNTRY/GRAPPLER tires to better compete with leading brands. We will also aim to expand WLTR sales through marketing designed to foster a passionate WLTR fan base. Ultimately, our aim is to increase WLTR sales volume over the medium-term plan period by a minimum of 10% compared to 2025.
In terms of frontline sales, we remain committed to our fundamental approach of staying attuned to market needs and developing a swift response, rapidly bringing the necessary sizes to the market in line with the timing at which demand materializes.

Market offensive that leverages TBR strengths

Under the Medium-Term '21 Plan, we focused on expanding the sales of truck and bus radial tires (TBR) and delivered firm sales performance over the plan period.
While our TBR products have earned strong recognition and support in the market, we have not always been able to adequately satisfy these expectations due to certain constraints on our supply capacity.
The current Medium-Term '26 Plan positions the expansion of our TBR market share as a key growth driver and aims to expand its sales volume by 50% compared to the 2025 level. In terms of supply, in addition to our Kuwana Plant in Japan, we plan to build a new TBR plant to strengthen our supply capacity.

Europe

Having consolidated production, sales, and R&D functions in Serbia, we will now turn our attention to strengthening our brand power by integrating these functions, improving supply capacity and lead times by pursuing local production for local consumption, and expanding sales and accelerating revenue growth in the European market by focusing on UHP.

Consolidating sales functions in Serbia

In the European market, during the Medium-Term '21 Plan period, we consolidated our sales companies previously located across multiple regions into a newly established sales company in Serbia, where our production plant is located, achieving a significant streamlining of our cost structure. Going forward, by advancing the consolidation of our production, sales, and R&D functions in Serbia, we will swiftly build the foundation needed to strengthen our competitiveness in the European market.
Under the Medium-Term '26 Plan, we will fully capitalize on this structure to take a more aggressive approach to growth in the European market. While we have earned a certain degree of recognition through third-party evaluations such as magazine tire tests and motorsports activities, we recognize that we have not yet fully conveyed the technical value behind our products. To address this, our production, sales, and R&D functions will work as one on the marketing front to clearly showcase a strengthened brand power backed by technological excellence.
These strong results in magazine ratings and high-end motorsports, together with our stable supply system and low complaint rate, give our frontline personnel a strong sense of confidence, motivating them to pursue further quality and continuous improvement. We believe this will help establish a virtuous cycle in which heightened awareness enhances quality and performance, encourage stronger external evaluations, and generate even stronger results. Leveraging the strengths generated by coordinating production, sales, and R&D initiatives from a single location will enable us to rapidly share these strong results, and drive more organic and sophisticated ideas and activities.

Establishing local production for local consumption frameworks

Under the Medium-Term '21 Plan, product supply to the European market was based primarily on shipments from our plant in Japan, which required a certain lead time from order receipt to delivery.
Establishing a local production for local consumption framework will enable us to substantially shorten supply lead times to the European market, while also allowing for a broader product lineup. Going forward, this accelerated supply will drive a major shift in both the quality and tactics of our sales.

Enhancing the PROXES (UHP) brand and European offensive

During the Medium-Term '21 Plan period, we worked to maintain and strengthen relationships with medium- and large-scale dealers in Europe that have their own retail networks and warehouse distribution systems, while securing a sales base for future business expansion. In addition, productivity at our Serbia Plant has improved, steadily strengthening our competitiveness in terms of supply. Through these efforts, we are building a framework that will enable us to compete in earnest under the Medium-Term '26 Plan.
Under the Medium-Term '26 Plan, we aim to expand sales to roughly 2.5 times their current level by capturing a wide range of replacement demand across summer, winter, and all-season tires. We have positioned the UHP category as the primary field in which we will compete, pursuing our own technological refinement to deliver added value and rising to the challenge of enhancing our presence. Europe is a market that can be considered the true home of UHP, and we will feed back the recognition and trust we gain there into the Japanese and other Asian markets. We will also work to strengthen communication with customers by expanding our product lineup and shortening logistics lead times.
Looking beyond the Medium-Term '26 Plan, we need to establish PROXES as a competitive presence in the premium price segment, positioning it as a brand that stands alongside OPEN COUNTRY as twin pillars of our lineup. Building on the technological strength cultivated through the unity of our production, sales, and R&D functions in Europe, we will develop PROXES into a high value-added, globally competitive PCR brand.

Japan

Focusing on core brands and optimizing sales structures

In the Japanese market, we focus on building relationships with sales partners who share our approach and can work together with us to deliver products to customers. Under the Medium-Term '21 Plan, we worked to build win-win relationships that would lead to sustainable growth over the long term. Through measures such as consolidating sales outlets and enhancing call center functions, we fundamentally overhauled our sales structure, driving this restructuring consistently in line with our market strategy. As fixed cost structures have been reviewed and sales efficiency has improved, a robust business foundation is steadily taking shape in our operations in Japan.
Against that background, under the Medium-Term '26 Plan, we will continue to strengthen our competitiveness by focusing on core brands and developing unique products. On the sales front, as in the European market, we will place emphasis on promoting high value-added products. We will further deepen the efficiency gains achieved through the sales structure reforms carried out during the Medium-Term '21 Plan, leveraging AI and digital transformation (DX) to build a more sophisticated sales framework with greater quality, while further accelerating our shift toward a compact and resilient profit structure. We recognize that establishing OPEN COUNTRY and PROXES as our two flagship brands and using them to elevate the presence of the TOYO TIRES brand is the key to achieving sustainable growth in Japan.

Other markets

Acquiring brand-conscious customers

In the Southeast Asian market, we will steadily capture demand by appealing to the tastes and preferences of brand-conscious, discerning high-end customers through our product strength and brand power, while working to strengthen our sales base. In recent years, the spread of EVs has helped boost demand for large-diameter tires, one of our focal areas, and this has proved a welcome tailwind for us. We consider product strength and stable supply to be key drivers of our competitive edge, and we will build a flexible supply system that combines supply from both Malaysia and Japan.
In Malaysia, we have leveraged our strength in local production for local consumption to expand both replacement and OEM sales channels and secure the No.1 market share. Pickup trucks remain consistently popular in the market, and our tire lineup complements those vehicles well, enabling us to readily demonstrate our product advantages there.
Thailand is a highly competitive market, but given the high proportion of pickup trucks, it is a market where we can leverage our strengths, and we will continue to aim for expanding our presence there.

Production and Supply Strategy

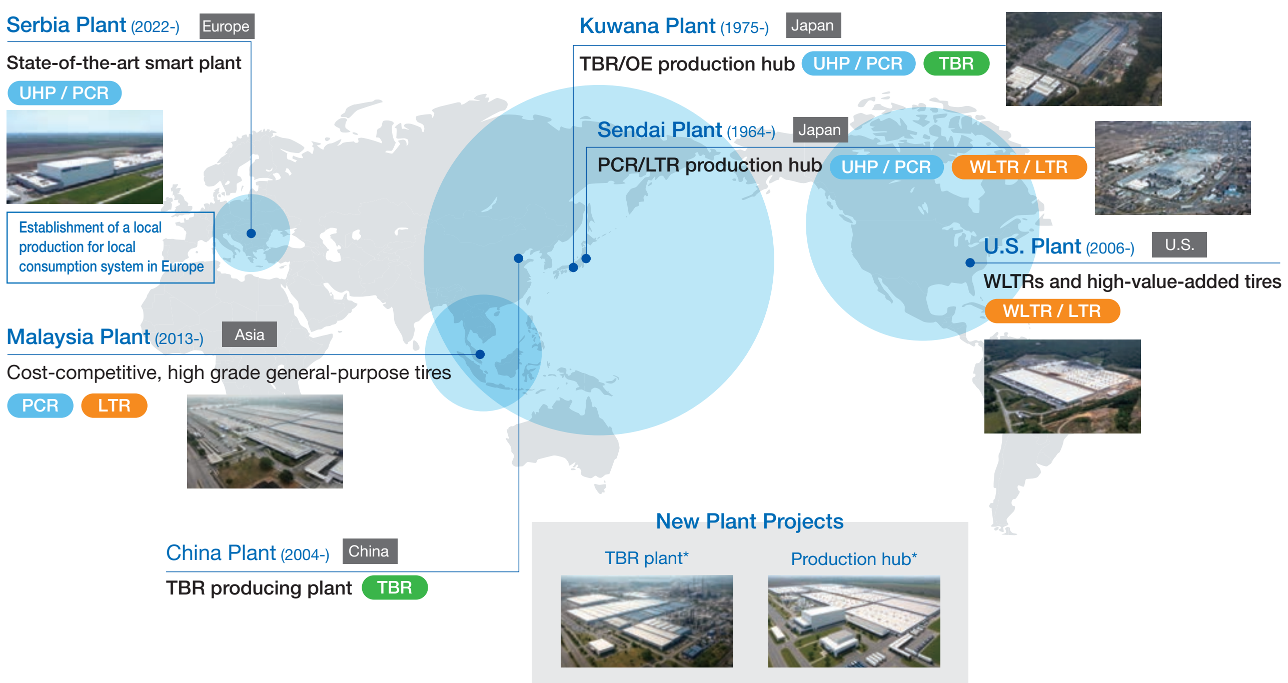
Global production and supply system

In the early stages of the Medium-Term '21 Plan, the global pandemic and the resulting lockdowns affected production activities across every industry. Our Group was not immune to this impact and was forced to temporarily shut down plants around the world. Even so, in order to meet expectations of us as an essential business, we put in place production arrangements suited to conditions in each region and continued to fulfill our responsibility to supply.

Amid growing workforce turnover, we also faced challenges in employee retention in Europe and the United States. We focused on improving productivity to minimize the impact on our business, and also succeeded in getting supply from our newly established Serbia Plant on track. Furthermore, we seized the opportunity to carry out a disciplined replacement of assets to strengthen our competitiveness, including the closure of the Silverstone Plant in Malaysia and an automotive parts plant in the United States.

In the Medium-Term '26 Plan, while maintaining the basic principle of local production for local consumption, we are evolving our global production system further so that production bases in different regions can complement one another, enhancing supply capability based on market needs. We are also strengthening the inter-functional collaboration between production, sales and R&D within each region to ensure that market trends and customer needs captured are accurately incorporated into products. By managing all processes from product development to production and supply in such an integrated manner, we can improve our responsiveness and competitiveness.

As each market has a distinct demand structure and product characteristics, our plants in Japan, North America, Europe and Asia are each assigned specific roles and functions to supply their local market as a priority with maximum supply flexibility and efficiency. Furthermore, we will strive to optimize supply allocation in accordance with demand-supply dynamics, which will improve the operational stability and profitability of the business as a whole.



*The images are AI-generated conceptual illustration of TBR plant and Production hub

Building on our unique Advanced Tire Operation Module (A.T.O.M.) manufacturing method, our U.S. plant is actively introducing and utilizing the technical expertise and know-how accumulated at our other bases to elevate quality and productivity to the next stage and further strengthen our competitiveness.

In Europe, the Serbia Plant plays a central role, around which we are building an integrated production, sales and R&D system. This enables us to respond flexibly to dynamic demands in the region, and the seamless linking of different processes from product development to production ensures stable supplies of high value-added products and a more agile response to market demand. We have introduced state-of-the-art facilities to maximize competitiveness both in quality and cost.As our global mother plants, our two plants in Japan are responsible for developing technologies and facilities and deploying them to sites overseas, while also advancing human resource development, thereby supporting the foundation of our global production and supply system as a whole. By linking knowledge and insights from both within and outside Japan, we will pursue the advancement and continuous evolution of our manufacturing technologies.

Our plant in Malaysia takes advantage of the favorable cost structure in the region to function as a volume production base. While primarily supplying to meet regional demand, it also serves as a hub that responds flexibly to demand fluctuations across global markets, supporting the stability of our global production system.

Looking ahead beyond the Medium-Term '26 Plan, we will realize our plans for a new plant, strengthening our supply capability to support continuous growth.

We will further strengthen the distinct roles of each plant as well as facilitate more coordination and collaboration among the plants, establishing a production and supply foundation resilient enough to withstand a changing market environment.

Smart factories

Our Group is promoting the development of smart factories to strengthen the competitiveness and resilience of our production bases. In the manufacturing process, we collect and visualize digital data related to production equipment and quality, advancing our quality assurance system through the prediction and prevention of defects. This enables both quality improvement at each process and the early detection of defects through data analysis. Our Serbia Plant has been analyzing and utilizing quality data since 2024. Going forward, we will expand the scope of this initiative and roll it out to other production bases, driving quality improvement across the entire Group.

We are also carrying out phased renovations at our existing plants to update facilities and optimize layouts, improving productivity, quality, and safety, while building a stable supply system for high value-added products through manufacturing process reforms that include our proprietary methods.

Production and managerial human resource development

Our Group considers the transfer of the skills and know-how developed on the production floor, along with the development of managerial talent, to be an important management priority, as these serve as the foundation for advancing our production sites through data utilization and for realizing a flexible production system.

In response to the declining working-age population, we are promoting the standardization and automation of work processes through AI and digital transformation (DX) in Japan, while reducing workload and eliminating reliance on specific personnel, thereby fostering a work environment where employees can work comfortably regardless of age or gender. At our overseas locations, in light of the fluid labor market, we are streamlining the transfer of skills through means such as video versions of standard operating procedures (SOPs), and building a framework that enables training within a shorter timeframe. At our U.S. plant in particular, we are enhancing on-the-job training delivered by process-specific trainers under our global standard training system.

At our production bases, we are also working to develop management talent equipped not only with expertise in production engineering and quality control, but also with the ability to make decisions based on production, supply/demand, and profitability data. In addition, through human resource exchanges between locations and the rollout of advanced initiatives across sites, we are sharing diverse frontline experience and insights, thereby promoting the development of production managers who combine a management perspective with strong execution capabilities.

Human Capital Management

Medium-Term ’21 Plan: Building the foundation

In the Medium-Term ’21 Plan, we set out to build a solid foundation to support sustainable growth by: (1) promoting organic teamwork and job satisfaction and empowerment among diverse talent; and (2) cultivating individuality, quality and competencies through talent development. The aim was to prepare a foundation on which diverse talents were able to develop and thrive regardless of their nationality, gender, age or experience. In recruitment and appointment, we promoted a policy of assessing candidates and employees on the basis of competencies, aptitude and track record, and placing them in roles that matched their strengths in order to ensure we had the best mix of talent. In terms of investment in human capital, our policy of developing talents, promoting diversity and creating healthy working environments (workstyle reform) guided our medium- to long-term resource allocations to the system to develop talents for business executive and functional professional roles systematically, the office environments and human resource systems that provide optimal working conditions for diverse talents, and working arrangements and tools for improving employee performance and communication.

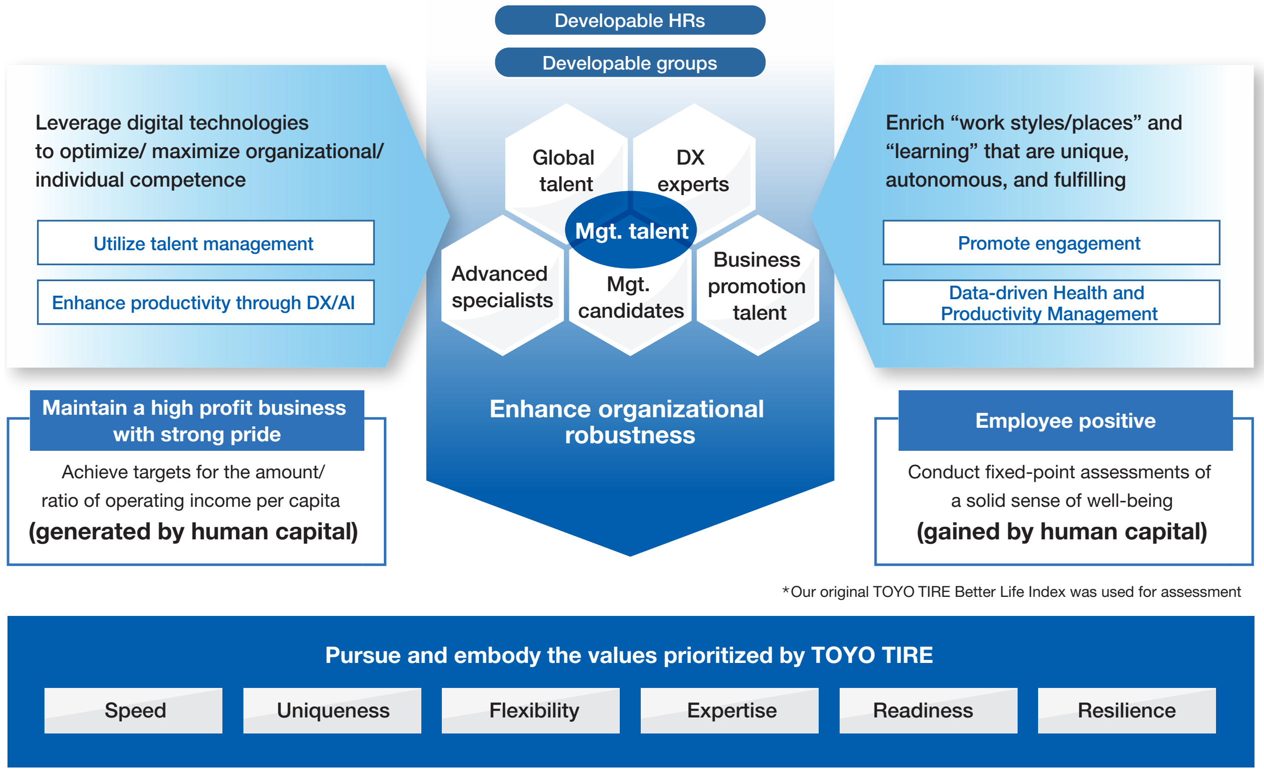
As a result of the measures implemented under the Medium-Term ’21 Plan, we were able to build a small, lean and talented organization that can contribute to making the Company structurally profitable.

Deepening the Medium-Term ’26 Plan

Under the Medium-Term ’26 Plan, we will further deepen our human capital initiatives in earnest in response to changes in the business environment and promote human capital management across the Toyo Tire Group. Our goal is to nurture talents that can pursue and embody the values that are important to us: speed, uniqueness, flexibility, expertise, readiness and resilience. At the same time, we will make our organization more robust so that these talents can function cohesively as an organization. In order to maintain a proudly high-profit business that is positive for employees, we will make full use of a talent management system to develop talents that can play a role in maintaining and expanding the Group’s management and business operations (P.49), promote engagement to motivate these talents (P.50), and practice data-driven health and productivity management to ensure they can always perform to their full potential (P.51). We will implement these actions speedily and steadily in order to build a solid foundation of human resources that can help to achieve the targets of an operating income of 120 billion yen or higher and an operating income margin of 18% or higher by the final year of the Medium-Term ’26 Plan (fiscal 2030).

For human capital management, we have defined key goal indicators (KGIs) for each goal. (1) To maintain a high-profit business with strong pride, we track the operating income and margin targets per capita (generated by human capital). (2) To create a positive environment for our employees, we track the strength of the employees’ sense of well-being (gained by human capital). In order to measure the sense of well-being, we have devised our own metric, the Toyo Tire Better Life Index, to assess the level on an ongoing basis.

Proactively circulate human capital investment to build a solid HR foundation composed of a selected few with agility and uniqueness



Financial Strategy

Basic approach

Under the Medium-Term '21 Plan, Toyo Tire Corporation increased the production of wide light truck radial (WLTR) tires, expanded the sales of priority products and started the operation of the Serbia Plant, all of which strengthened our earning power and cash-generating ability and enabled us to achieve financial targets such as profitability, capital efficiency and shareholder returns. Under the Medium-Term '26 Plan, we will forge ahead with our growth strategy, implement structural reforms and strengthen our financial foundation in order to achieve even higher levels of profit while establishing a robust earnings structure. Through these efforts, we aim to maintain and improve our profit-generating capability, strengthen our balance sheet management for better capital efficiency, and enhance shareholder returns by fiscal 2030.

In order to execute our growth strategy successfully as we face the prospect of even more uncertainty in the business environment, disciplined financial management is essential. Through investment decision-making that optimizes capital efficiency and focuses on reducing capital costs, combined with appropriate cash allocations, we will maximize the potential for growth, while working to enhance the medium- to long-term corporate value and pressing forward with a financial strategy that rewards the confidence of our stakeholders, shareholders and the wider society in us.

Medium-Term '26 Plan financial targets

The Medium-Term '26 Plan sets out financial targets that aim for high levels of both profitability and capital efficiency in order to ensure a sustainable growth in corporate value. These targets are to achieve an operating income of 120 billion yen or higher and an operating income margin of 18% or higher by fiscal 2030, along with important indicators of the sustainability of the Company's earning capacity, targeting a return on equity (ROE) of 13% or higher and a return on invested capital (ROIC) of 10% or higher.

The ROE achieved during the course of the Medium-Term '21 Plan was partly boosted by transient factors such as gains on the sale of non-operating assets such as strategic shareholdings and idle real estate. Therefore, we should not regard this ROE as representing our underlying performance without taking these factors into account. In the Medium-Term '26 Plan, we are entering a phase where we increase the ROE further by making strategic growth investments and improving the substantive earning capacity of our business, with the ROIC added as a new financial indicator.

Corporate management focused on capital efficiency

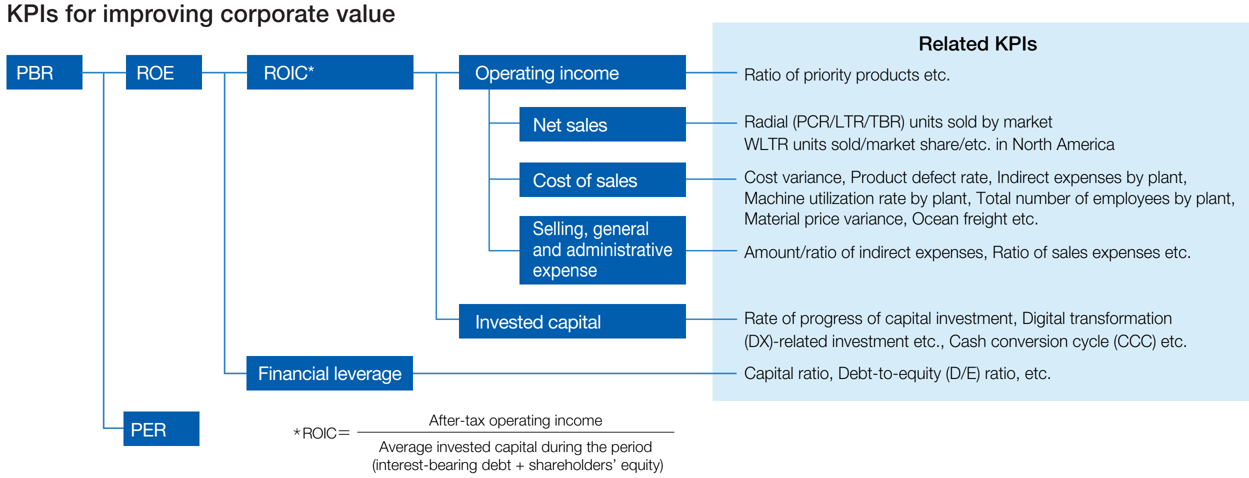
In order to ensure our corporate management is focused on capital costs, the Medium-Term '26 Plan places the ROIC at the core of corporate management along with the ROE. When making an investment decision, our policy has been to make careful assessment to ascertain that the internal rate of return (IRR) exceeds the weighted average cost of capital (WACC), taking into consideration any downside risks, in order to prioritize the certainty of returns exceeding capital costs. We are introducing the ROIC as an additional indicator in order to gain a more comprehensive understanding of the return on the invested capital and make it more directly visible how much value the invested capital has generated through our business activities. We are incorporating the perspective of capital efficiency not only at the time of making an investment but also afterwards when the outcome of the investment is assessed, which will strengthen our effort to improve capital efficiency.

The ROIC is a corporate management indicator that focuses on a specific business activity and is used for business portfolio reviews and resource allocation decision-making, as corporate value rises when the ROIC is higher than the cost of capital. Under the Medium-Term '26 Plan, we will generate returns in excess of capital costs on a stable basis, building on the foundation of the strong earning power we have cultivated to date and making growth investments aligned with our technology, product branding, regional, and supply strategies.

Furthermore, in order to achieve the financial targets set out in the Medium-Term '26 Plan along with the annual plan, we will define key performance indicators (KPIs) at the beginning of each period from the perspectives of the functional headquarters, regions and bases, which will be managed on a Group-wide basis. The progress against the KPIs will be reviewed monthly, and as we did during the Medium-Term '21 Plan period, we will continue holding Group-wide discussions to consider what actions should be taken to achieve the targets. In concrete terms, monthly review meetings will examine a range of KPIs, such as tire sales quantities by type and region, the share of the sales of priority products, the number of units/rubber volume produced by base, the cost, the defect rate, the material cost and the logistics cost, in order to ensure these numbers are tightly managed.

Through these KPI management, we aim to maintain stable business operations in the face of an uncertain and rapidly changing economic environment, and to continue our efforts to improve capital efficiency by scrutinizing our business assets, to ensure cash flow-focused management by strengthening our cash-generating capacity and accelerating cash cycles, and to maintain financial soundness with due consideration to the balance between interest-bearing debt and equity capital and stable shareholder returns through share buybacks and progressive dividend payments. Through these efforts, we will build a robust financial base on which corporate value can grow, which will enable a sustainable improvement in our corporate value.

KPIs for improving corporate value



Strategic investment under Medium-Term '26 Plan

In order to sustain growth over the medium- to long-term, the Medium-Term '26 Plan includes a plan for strategic investments totaling 340 billion yen over five years, as well as 90 billion yen of R&D expenses with sights set on the development of proprietary technologies. These investments will be interlinked with our growth strategy and allocated strategically to areas with a potential to expand our future revenue base.

In relation to production, we will introduce new equipment and carry out renovations at our North America Plant for the purpose of bolstering our unique competitive edge in the North American market further. In addition, we are planning to invest in two new plant projects, one to boost our production capacity for truck and bus radial (TBR) tires and another involving plans for replacing the existing outdated plant with a next-generation production hub, totaling around 100 billion yen. These investments will provide a more advanced global production system and reinforce our supply stability.

In the area of research and development, we are embarking on a project to strengthen our R&D function centered in Europe. We will invest in its core facility, the Serbia R&D Center, to strengthen our processing technology and roll it out globally, while pursuing the research and development of core technologies such as ultra-high performance (UHP) tire development, in order to establish a European supply system for the regional market and to strengthen its technological foundation.

We position our investments into digital transformation (DX) as foundational investments to enable a real-time visualization of the Company's activities, which is necessary to realize data-driven management. By automating routine tasks and strengthening our operational base through an enterprise resource planning (ERP) upgrade, we aim to achieve industry-leading speed in business decision-making and further pursuit of uniqueness. Furthermore, we will invest in our human capital through measures to foster a new generation of dynamic and unique talents in order to establish a robust organization that can support our growth strategy.

Environment and social (ES) investment

As part of our drive for sustainability management, we define investments in environmental and social areas as a prerequisite for our business activities and have been making continuous efforts to invest in these areas. We recognize decarbonization-related investments in particular as a critical element needed to ensure our future business sustainability and competitiveness.

With decarbonization-related investments, it can be difficult to fully evaluate the CO_2 reduction impact of an investment in the standard profitability analysis method used to assess regular investment projects, resulting in the project being judged to be inconsistent with the principle of sustainability management. In order to address this issue, we use internal carbon pricing (ICP) as a tool to quantify the impact of reducing CO_2 emissions in monetary terms and incorporate it into investment decision-making, so that it can be reflected in management decisions. The ICP is reviewed on a regular basis, and for fiscal 2025, we have set the monetary value of the impact of emissions reduction at 10,000 yen per ton in calculating the impact of investments into measures to reduce emissions. This method allows decisions to be based on quantitative assessments when entering into a power purchase agreement (PPA), which is a new way of procuring electricity from renewable sources, or when making environment-related investment decisions on projects such as the installation of photovoltaic power generation and cogeneration facilities at production plants.

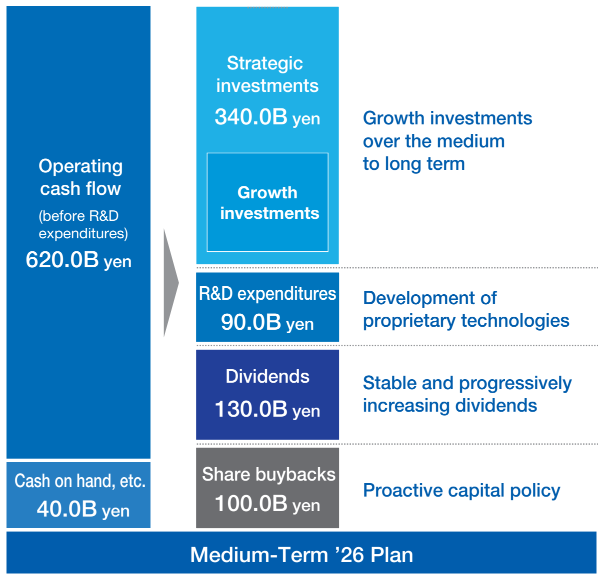
In the Medium-Term '26 Plan, these efforts are not treated as separate, special measures but placed, maintained and refined within the framework of management decision-making in the same way as investments into facilities and R&D. By embedding the concept of capturing the monetary value of the impact of CO2 emissions reduction in investment decision-making, we are increasing the effectiveness of decarbonization and other environment-related investments, which, together with investments into the social foundations, underpin our growth strategy.

Cash allocation

In the Medium-Term '26 Plan, we are adopting a policy of a balanced allocation of cash flows and cash on hand over the five-year period to: ordinary investments necessary to maintain our competitiveness; proactive funding of production capacity expansions, digital transformation/AI and other growth investments as well as R&D expenses; and shareholder returns such as dividends and share buybacks.

Standing upon the foundation of the strong earning power and cash flow-generating capacity built over the period of the Medium-Term '21 Plan, we will continue managing our finances with a focus on the balance among growth investments, capital efficiency and shareholder returns during the Medium-Term '26 Plan.

In terms of fund management, we have adopted cash pooling across Japan, North America and Malaysia in order to improve the efficiency of fund use and respond flexibly to investment needs by allowing funds within a region to be drawn elsewhere. We will continue this practice during the Medium-Term '26 Plan and explore how we can manage funds globally in the optimal and most efficient way, while taking issues such as currency fluctuations and financial regulations into consideration.



Shareholder returns and capital policy

In the Medium-Term '26 Plan, we have set out policies for capital investment and shareholder returns in addition to capital efficiency indicators such as ROE and ROIC in order to pursue both profitability and efficiency in a well-balanced manner.

Under these policies, we have set shareholder return targets of 4.5% for the dividend on equity (DOE) ratio and 30% or higher for the dividend payout ratio. The DOE ratio is considered a particularly important indicator that forms the basis of our shareholder returns. By adopting the basic principle of progressive dividend payments centered around the DOE ratio, we can make long-term holdings even more appealing.

In addition to dividend payments, we are going to carry out share buybacks totaling around 100 billion yen as a further proactive measure to boost shareholder returns while achieving the optimal balance between capital and debt.

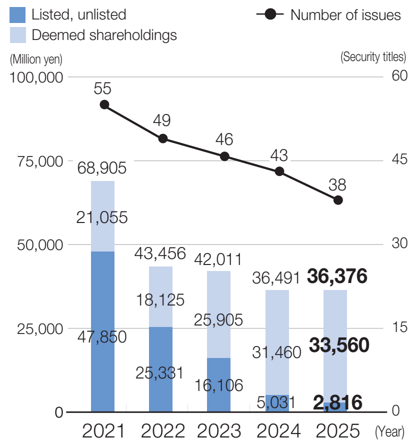
During the Medium-Term '21 Plan period, we continued to accelerate the effort to reduce our strategic shareholdings. We hold strategic shares only in cases where such holdings are deemed reasonable due to business alliances or a need to maintain or strengthen trading leverage in business activities. In order to reduce these strategic shareholdings, the Board of Directors conducts a review of each individual issue on an annual basis to ascertain the appropriateness of the holding, and sells off any shares that are judged to be no longer necessary to continue holding. In fiscal 2025, we reduced strategic shareholdings by five issues, reducing the number of holdings to 38 issues as of December 31, 2025, which represent 0.5% of consolidated net assets (6.8% if deemed shareholdings are included).

In exercising voting rights on the strategic shareholdings, we scrutinize the purpose and details of each proposal individually, and exercise such voting rights appropriately after deciding on the overall merits of the proposal as to whether or not it will contribute to the enhancement of the corporate value of both the Company and the investee.

Number of issues of strategic shares held and balance sheet amount

Category		2021	2022	2023	2024	2025
Number of issues (Security titles)	Listed	18	13	12	10	6
	Unlisted	37	36	34	33	32
	Total	55	49	46	43	38
Balance sheet amount (Millions of yen)	(i) Listed	47,499	24,983	15,764	4,701	2,486
	(ii) Unlisted	350	347	342	330	330
	(iii) Deemed shareholdings	21,055	18,125	25,905	31,460	33,560
Percentage of consolidated net assets	(i)+(ii)	17.0%	7.8%	4.1%	1.1%	0.5%
	(i)+(ii)+(iii)	24.5%	13.5%	10.6%	7.7%	6.8%

Trend of shareholdings



Financial situation

(Millions of yen)

	FY2023	FY2024	FY2025
Total assets	645,480	722,666	753,248
Equity capital	395,199	472,552	522,659
Capital ratio (%)	61.2	65.4	69.4
Cash and cash equivalents at end of the year	52,879	86,636	117,256
Interest-bearing debt at end of the year	102,714	108,449	92,349

Throughout the Medium-Term '26 Plan, we aim to maintain a good balance between ordinary investments required to maintain the competitiveness of our existing business and strategic investments for future growth while making optimal allocations to shareholder returns in order to ensure that our finances remain healthy, and that our corporate value continues to grow.

Sustainability Policy

In 2022, our Group formulated its Sustainability Management Policy. With this policy, we clarified our approach to enhancing corporate value over the medium to long term by addressing social issues and creating social value through our business, guided by five perspectives for advancing sustainability: our identity based on our corporate philosophy, medium- to long-term view, contribution to a sustainable society, value creation cycle, and stakeholder collaboration.

Based on this policy, we have identified seven material issues as key priorities to be addressed in implementing sustainability management.

In identifying our material issues, we first extracted themes that we should address in order to realize our Philosophy, taking into account our products and services, their target audiences, and future societal changes. We then comprehensively evaluated the significance and priority of the business opportunities and social value generated through these initiatives, as well as the risks we recognize through our business activities, considering their impact on value creation and the status of our risk management, among other factors.

For each material issue, we have set corresponding activity themes and goals/key performance indicators (KPIs), and we are advancing our initiatives through the strategic allocation of internal resources. Our activity themes and goals/KPIs are continuously reviewed based on the results of progress monitoring by the Sustainability Committee, changes in the external environment and our business strategy, and feedback obtained through stakeholder engagement.

In 2025, with the aim of aligning the challenges for medium- to long-term value creation identified through our sustainability activities to date with our growth strategy launching in 2026, namely our new Medium-Term '26 Plan, so that the two can be pursued in parallel and as one, we updated the activity themes, goals/KPIs, and action plans associated with our material issues.

Building on this, under the Medium-Term '26 Plan, we will integrate and drive sustainability and our business strategy as one, strengthening our value creation capabilities while advancing the human resources and technology base that support them. We will also further enhance our response to risks, such as those related to decarbonization and the supply chain, that could affect the execution of the Medium-Term '26 Plan. Through these efforts, we aim to achieve a sustained increase in corporate value.

	Material issue	Vision	KPI (2030 targets)
1	Help create a society of sustainable mobility	● Contribute to achieving a carbon-neutral society by developing tires that enhance fuel efficiency and the value of electric vehicles ● Improve safety through products with a high level of both wear resistance and wet-grip performance ● Provide safety that meets the evolving mobility needs of society using puncture-proof and maintenance-free technologies	■ Reduced rolling resistance ■ Improvements to fuel efficiency and wear resistance based on the medium-term product development plan ■ Extended tread life of TBR tires
2	Support the enjoyment of mobility for all	● Share the enjoyment of driving through products with quality design, lower environmental impact, and comfort	■ Enhanced ability to develop high-value-added products combining functionality, design, and lower resource usage, and launch them in a timely manner ■ Reduction in development time: 50%
3	Support diverse talent with motivating challenges and job satisfaction	● Improve well-being and work engagement ● Create workplaces where employees can thrive based on health management, respect for human rights, and diversity ● Develop talent to support business growth	■ Increased positive response rate of employee opinion survey ■ Continuously reduced presenteeism, new cases of medical leave, and smoking rate ■ Operation of an effective grievance mechanism ■ Greater diversity in management-level talent ■ Progress in developing talent for key positions ■ Progress in building a human resource base aligned with business strategy
4	Continue innovating next-generation mobility technology	● Strengthen development technologies that contribute to reducing environmental impact and ensuring safe driving ● Secure intellectual property rights in the sustainability field	■ Increased sustainable raw material ratio*1 40% by 2030 and 100% by 2050 *1 Within our Group, this refers to recycled and biomass-derived raw materials ■ Number of sustainability-related patents held ■ Patent Asset Index: Technology Relevance*2 *2 An index calculated using the patent analytics tool LexisNexis® PatentSight+™
5	Pursue decarbonization in all corporate activities	● Achieve carbon neutrality in Scopes 1 and 2 ● Promote net-zero initiatives across the entire value chain, including Scope 3	■ Scope1, Scope 2: Reduce GHG emissions by 50% compared to 2019 ■ Scope 3: Reduce GHG emissions per tire by 20% compared to 2019 ■ Percentage of suppliers that have set science-based CO_2 emission reduction targets Coverage of emissions from purchased products and services:89% (target: end of 2029)
6	Promote supply chain sustainability	● Ensure natural rubber traceability ● Establish a sustainable supply chain management system ● Improve logistics productivity and efficiency while ensuring safety	■ Natural rubber supply chain traceability: 95% or higher at the regional level ■ Percentage of sustainable suppliers*3: 80% or more *3 Based on our supplier evaluation criteria ■ Reduced truck stand-by times and improved cargo handling efficiency
7	Ensure the fundamentals of manufacturing: quality and safety	● Contribute throughout the entire product lifecycle to improving the safety and security of mobility in society	■ Continuous quality management system improvement ISO 9001 certification: 100% retention IATF 16949 certification rate: 75% or higher Continuous third-party factory audits (JMAC): At least two bases per business segment per year ■ Production of RFID products compliant with the European Ecodesign for Sustainable Products Regulation ■ Systematic implementation of safety awareness campaigns in collaboration with stakeholders ■ Skills improvement in tire service technicians (training opportunities provided)

1 Help create a society of sustainable mobility

2 Support the enjoyment of mobility for all

Our policy

We recognize that ensuring the sustainability of a mobility society is a key prerequisite directly linked to the Group's medium- to long-term business foundation as a manufacturer of tires and automotive parts. Based on this recognition, we have been working to improve product performance that reduces environmental impacts, enhances safety, and facilitates more efficient movement and transportation.
In addition to advancing these fundamental performance aspects, we aim to create added value that supports the qualitative enrichment of a mobility society by offering products and services that cater to the diverse values in people's mobility-related lifestyles.

Organizational responsibilities (April 2026)

Spearheaded by our R&D Headquarters, we are working together with product planning, production management, sales planning and digital transformation (DX) functions and promoting sustainability-related activities based on various themes that correlate with the aims of our medium-term business plan. The Technical Committee oversees the overall implementation of those activities, reports progress to the Sustainability Committee, and submits important matters to the Executive Committee for discussion.

- Executive Committee
  - Sustainability Committee
  - Technical Committee
  - R&D Headquarters
  - Business Headquarters
    - Product Planning Division
  - Production Headquarters
    - Production Management Department
  - Sales Headquarters
    - Sales Planning Department
  - Digital Transformation Headquarters

Toward a society of sustainable mobility

Reducing the environmental impact of mobility

Improvements in fuel efficiency with each new model release

Reducing vehicles' CO_2 emissions is a challenging issue that needs to be addressed throughout the supply chain in order to achieve carbon neutrality by 2050. We are pressing ahead with initiatives that contribute to reducing CO_2 emissions from mobility by improving tire performance, which affects energy consumption during driving.

We aim to contribute to a 20% reduction in CO_2 emissions per tire by 2030 compared with 2019.
To achieve this target, we will steadily enhance fuel efficiency at each model change of our core products based on our medium-term product development plan, continuously building on performance improvements. Our R&D function is advancing platform technologies focused on reducing rolling resistance in anticipation of trends in the automotive industry and the performance levels required in the future. They also incorporate into product planning the needs identified by our sales function, based on the demand and actual usage conditions in each market. By combining these two perspectives and clearly defining functional and performance upgrades, including fuel efficiency performance, as development requirements, we bring them to life in the form of products.

Our EV strategy

The global shift toward EVs may be slowing, but electrification remains one of the most effective options for reducing automobile CO_2 emissions, so we expect the spread of EVs to continue as energy conditions and vehicle usage in each country and region evolve. Given that considerable emphasis is placed on EV cruising range on a single charge, we are working to develop tires characterized by low power consumption that contributes to extending this range. At the same time, we are working to achieve performance that accommodates the increased vehicle weight from battery installation and the handling changes caused by the use of regenerative braking*1.

*1 A form of electric braking that uses shaft rotation power to convert kinetic energy into electrical energy that can be captured and reused, as opposed to, under normal conditions, using a motor to convert electric power into a driving rotational force

Efforts to reduce TRWP

TRWP (tire and road wear particles) is dust generated by friction between a tire and the road surface, consisting of a mixture of tire tread material and road pavement material. Since TRWP is released into the environment, we recognize that reducing its generation is one important challenge for tire manufacturers. To address this challenge, we are working to improve wear resistance and reduce uneven wear through ongoing efforts in material development and optimization of tire-to-road contact performance.

Reducing environmental impact through virtual development

We are applying our integrated technological framework, THiiiNK, which combines our proprietary material design technology, simulation technology, and AI-driven design technology, to all product development. By expanding the scope of model-based development, we aim not only to improve the accuracy and speed of design and evaluation, but also to eventually achieve prototype-free development and virtual evaluation, thereby reducing the environmental impact associated with manufacturing and disposing of evaluation prototypes.

Ensuring safety and security in mobility

Achieving stable driving performance and longer tire life

As mobility is indispensable to social infrastructure, ensuring safe driving and stable transportation is key to realizing a sustainable mobility society. Trucks and buses form the foundation that underpins logistics and the flow of people, and tires that play a role in their operation are likewise required to ensure safety and reliability. Through research and development aimed at reducing uneven wear, we work to maintain the inherent performance of tires, such as water drainage performance, as well as handling stability, thereby helping to reduce driving risks. Furthermore, we believe that reducing uneven wear not only conserves resources by extending tire life, but also enhances comfort by reducing vibration and noise, and helps lessen driver workload by decreasing the frequency of tire replacements.

Adapting to changing weather patterns and road surfaces

Due to heavy rainfall and other events caused by intensifying climate change, road surface conditions during driving can now change rapidly, making it increasingly important for us to ensure stable driving performance in our tires. We consider the enhancement of wet performance as a key development theme and are advancing product development that delivers stable grip and water drainage performance even on wet road surfaces. We will contribute to the realization of mobility that can be used with confidence by anticipating a wide variety of driving conditions.

Examples of products that contribute to value creation

Safety + Comfort + Environment

PROXES LuK II

— Premium tire for kei-class tall wagons

This tire ensures handling stability and soundproofing through tread pattern design that takes into account the swaying characteristic of tall wagons during driving. Furthermore, by adopting a fuel-efficient compound developed with our proprietary material design technology, this tire reduces rolling resistance by 9%*2 and improves wet-braking performance by 12%*3 compared with our previous products, thereby achieving both greater energy efficiency (fuel economy) and safety.

*2 [Test conditions]
● Location: Toyo Tire Corporation indoor drum-type rolling resistance testing equipment ● Test method: ISO 28580 force-type ● Tire size: TRANPATH LuK 155/65R14 75H; PROXES LuK II 155/65R14 75H ● Rim size: 14 x 4.5 ● Tire pressure: 210 kPa ● Load: 3.04 kN ● Speed: 80 km/h

*3 [Test conditions]
● Location: Toyo Tire Corporation tire proving ground
● Vehicle used: Daihatsu Tanto ● Model: 5BA-LA650S ● Engine capacity: 0.65 L (with ABS) ● Driving system: Front-wheel drive
● Tire size: TRANPATH LuK 155/65R14 75H; PROXES LuK II 155/65R14 75H
● Rim size: 14 x 4.5 ● Tire pressure: Front 240 kPa; Rear 240 kPa
● Load: Equivalent to two passengers Test method: JATMA test method
● Speed: From 100 km/h to 0 km/h ● Road type: Asphalt (wet surface)
● Water depth: Approximately 1 mm ● Average braking distance: PROXES LuK II (53.7 m); TRANPATH LuK (61.1 m)

PROXES LuK II

Safety + Environment

NANOENERGY M648 EV

— Tire for fixed-route EV electric buses

We are making multilateral improvements in materials, structure, and tread pattern design to address the load conditions unique to EVs, such as increased vehicle weight and high torque. In particular, by adopting a wear-resistant NCP compound developed with our proprietary material design technology, this tire improves wear resistance by 8%*4 and reduces rolling resistance, which affects electric power efficiency, by 4%*5 compared with our previous products. We aim to deliver value that contributes to reducing environmental impact and improving operational efficiency in the public transportation sector by extending tire life, lowering energy consumption, and easing the burden of tire replacement and maintenance.

*4 [Test conditions]
●Evaluated size: 275/70R22.5 148/145J ●Location: Near Itsukaichi, Akiruno City ●Distance traveled: 9,084 km (vehicle A) and 9,366 km (vehicle B) ●Vehicle used: BYD K8; Axle arrangement: 2-D ●Rated output: 150 kW ●Rim size: 22.5 x 8.25 ●Tire pressure: 900 kPa ●Rotation: Yes ●Evaluation method: Comparison of total average estimated wear life of rear axle (calculated using a minimum remaining tread depth of 1.6 mm)

*5 Measurement method: Rolling resistance values measured using the Toyo Tire Corporation indoor drum-type rolling resistance testing equipment.
[Test conditions]
●Evaluated size: 275/70R22.5 148/145J ●Location: Toyo Tire Corporation Kuwana Plant ●Testing equipment: TB rolling resistance testing equipment ●Test method: UN R117 force-type ●Rim size: 22.5 x 8.25 ●Tire pressure: 900 kPa ●Load: 26.26 kN ●Speed: 60 km/h

NANOENERGY M648 EV

Safety + Environment

M630

— All-weather tire for trucks and buses

This product was developed with a focus on reducing shoulder wear, which is a common issue in large four-axle low-floor trucks used in the logistics industry. By adopting a new tread pattern that effectively suppresses block deformation, this tire reduces shoulder wear—which shortens replacement cycles—by 61%*6 compared with our previous products. Furthermore, by optimizing block rigidity and stabilizing the contact footprint, this tire also achieves a reduction in rolling resistance.

This product was developed through collaboration with customers on tire concept planning and performance verification using actual operational data, thereby contributing to enhanced safety and improved economic efficiency under real operating conditions.

*6 [Test conditions]
●Evaluated size: 245/70R19.5 136/134J ●Location: Transport between Nara and Tokyo (operated on the same route by the same user using the same vehicle type) ●Vehicle used: Mitsubishi 2PG-FS74HZ (engine capacity of 10.67 L) ●Distance traveled: 87,512 km (M630); 117,207 km (M646) ●Rim size: 19.5 x 6.75 ●Tire pressure: 850 kPa
Rotation: No Evaluation method: Comparison of wear differences on the second front axle (converted to 100,000 km)

M630

VOICE

Toyo Tire Japan Co., Ltd.
Toshimitsu Yamada

This development began as a result of an encounter with Fuji Transport Company at an exhibition in 2019. To address the challenges of our customer, we sought to deliver a level of performance exceeding that of other companies' products, and we accordingly propelled development and commercialization through continuous dialogue and integrated efforts across production, sales, and R&D. In preliminary evaluations, the product's effectiveness in reducing uneven wear was rated highly.

Technology Development Division
TB Tire Development Dept.
Yuji Izuhara

The M630 is a product that tackles our customers' challenges by pursuing both uneven wear resistance and overall wear resistance. Even though limiting uneven wear and maintaining wear durability are typically design trade-offs, we achieved both by increasing the tread width and block rigidity, thereby preventing shoulder wear while ensuring a level of wear resistance. As a result, more uniform wear also helps lower maintenance requirements, for example by reducing the frequency of tire rotations.

Toward a fulfilling mobility life, inspired by the joy of driving

We are working to create value along two axes: fundamental value that supports a mobility society (measures to address safety and the environment) and added value that enhances people's quality of life (enjoyment and diversity).

In addition to improving basic tire performance and sustainability requirements, we are advancing technological developments and commercializing products in pursuit of ultimate driving enjoyment and exquisite design features, beginning with value creation that resonates with the sensibilities of users. To that end, we are deepening our understanding of customer insights through market research while also exploring design trends and accumulating design pattern expertise. We believe that our purpose lies in supporting the qualitative enrichment of people's mobility-related lifestyles through this series of activities.

The Open Country series, which offers a high degree of balance between functionality and design, has garnered high praise and support from users who share the brand's values not only in North America but also in Japan and other Asian countries, and its size lineup continues to expand. Furthermore, we are responding to the broad-ranging preferences of users by expanding the lineup with visually appealing options such as white-letter designs. (Refer to the Product Strategy section on page 27 for more information)

Examples of products that contribute to value creation

Driving enjoyment + Environment

OPEN COUNTRY H/T II

— Highway terrain tire*7

OPEN COUNTRY H/T II

This product was developed in response to user demand for a lineup that combines aggressive tread pattern designs with performance more attuned to city driving. By adopting a super-active polymer that enhances silica dispersion to improve rubber strength through our proprietary material design technology, this tire optimizes fuel efficiency, wet performance, and wear resistance while achieving a high degree of balance with designability.

*7 A category of quieter tires that are better suited to driving on paved roads and high ways and offer higher degree of driving comfort than the all-terrain category.

Providing value for evolving mobility in a changing society

In Japan, the deployment of so-called green slow mobility*8 services is progressing as one solution to a wide range of social issues faced by local communities, including the uptake of low-carbon mobility, the viability of local transportation in aging communities, and the rollout of new mobility services as tourism resources.

Our "noair" airless tire features a structure that does not use air, eliminating the need for puncture repairs or air pressure maintenance. This means less maintenance overall is required, while still achieving stable driving performance. In particular, in addition to its application in green slow mobility services, which operate at low and constant speeds, we believe this technology has the potential to be used in operating environments with limited maintenance opportunities because it can help prevent decreased performance and safety risks resulting from insufficient maintenance. Furthermore, we are working to reduce rolling resistance and weight, which is also expected to help lower environmental impacts by reducing energy consumption during driving. We are also pressing ahead with demonstration testing with a view to practical application. For example, we provided electric carts equipped with "noair" tires for use by officials involved in the operation and management of the 2025 World Expo.

*8 A small mobility service that uses electric vehicles permitted on public roads that are capable of speeds up to 20 km/h

Materiality

3 Support diverse talent with motivating challenges and job satisfaction

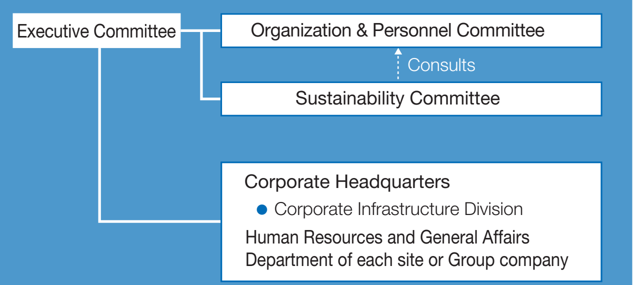
Our policy

In the Medium-Term '26 Plan, we will evolve and deepen the human capital initiatives launched in the Medium-Term '21 Plan and comprehensively and proactively manage human capital across the Toyo Tire Group. As part of that human capital management, we will position the development of a strong human resource base consisting of small select teams that boast impressive agility and unique skills as a core principle by actively circulating investment in human capital, and we will promote a wide range of measures in a positive and steady manner.

Overview of human capital management P.36

Organizational responsibilities (April 2026)

The Organization & Personnel Committee, which is under the jurisdiction of Executive Committee, discusses and determines policies and important measures for strengthening the Group's human resource base, and the Corporate Headquarters is directly responsible for supervising the measure execution of these policies. The areas of activity relating to human resources that are entrusted to the Sustainability Committee are also based on these policies, and the committee will consult with the Organization & Personnel Committee when necessary.



Human Resource Base

Building a robust human resource base

Our goal for human capital management is to build strong talent and strong teams. To achieve this, we will strengthen organizational resilience through a comprehensive approach to (1) utilizing talent management, (2) promoting employee engagement, (3) pursuing data-driven health management, (4) advancing relevant systems, (5) promoting diversity, equity and inclusion (DE&I), (6) respecting human rights, and (7) utilizing HR-related technologies. By actively circulating investment in human capital, we will build a strong human resource base consisting of small select teams that boast impressive agility and unique skills and can help achieve operating income of 120 billion yen and an operating income margin of 18%, two targets laid out in the Medium-Term '26 Plan for the final year of the plan in fiscal 2030.

Regarding measure (4) advancing relevant systems, we will continue to evolve and deepen current relevant systems, including systems that seek to ensure fair and equitable treatment of diverse talent based on competencies, aptitudes, and track record; work systems that enable diverse talent to work organically together (further evolve and deepen workstyles); and systems that encourage diverse talent to refine their own individual skills, qualities, and competencies. With regard to measure (5) promoting DE&I, we will accelerate various initiatives designed to nurture a working culture and environment in which all talent can thrive, irrespective of their nationality, gender, age, background, or recruitment status. We will accelerate efforts to increase the number of women in management positions as stipulated in the Act on Promotion of Women's Participation and Advancement in the Workplace. We will strive to further evolve and deepen our working culture and environments so employees currently balancing childcare, nursing care, or other personal responsibilities can fully demonstrate their abilities. Measures for (6) respecting human rights include conducting awareness-building activities through training to ensure our management and business operations uphold the human rights not just of our employees but all our stakeholders (see P.52 for more details). Measure (7) utilizing HR-related technologies aims to improve productivity through digital transformation (DX) and AI and involves building systems that can effectively manage and utilize data on various types of employees and creating an environment that minimizes HR management tasks to make it easier to adjust job allocations and frees up employees to focus on more creative challenges.

Using talent management to nurture human resources to support business operations

We are incorporating talent management as a human resource development initiative to help the Medium-Term '26 Plan vision of pursuing industry-leading decision-making speed and uniqueness. We are working on two initiatives: (1) managing and training successors for key positions, and (2) selecting and developing personnel for intensive training.

Managing and training successors for key positions

Once we have identified key positions, we will promote systematic development by selecting successor candidates and formulating individual training plans. We will regularly confirm how a successor candidate's training is progressing, visualize the timing of likely assignments, and ensure that each position is being fulfilled appropriately and effectively.

Selecting and developing personnel for intensive training

We have categorized talent who can help maintain and expand our business operations into five types (DX talent, global talent, highly specialized talent, management talent, and business development talent). We select personnel and provide selective training tailored to each of these talent types. Furthermore, we provide intensive training for talent who possess capabilities that span across these categories as candidates for future management roles.

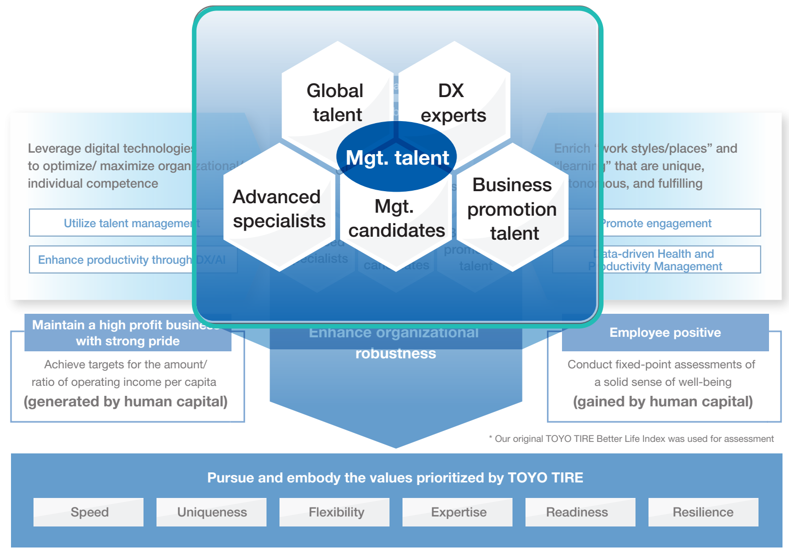
We also arrange job assignments, personnel transfers, and promotions to specific positions to help selected talent gain diverse experience.

The relevant KPIs for each measure are expected to be achieved by the final year of the Medium-Term '26 Plan (fiscal 2030), and we have already started some initiatives.

In the first year (fiscal 2026), we are starting by visualizing the current situation. We visualize human resource requirements (expected roles, required knowledge, skills, and experience) and candidate selection and status, create individual candidate training plans, and implement a plan-do-check-act (PDCA) training cycle.

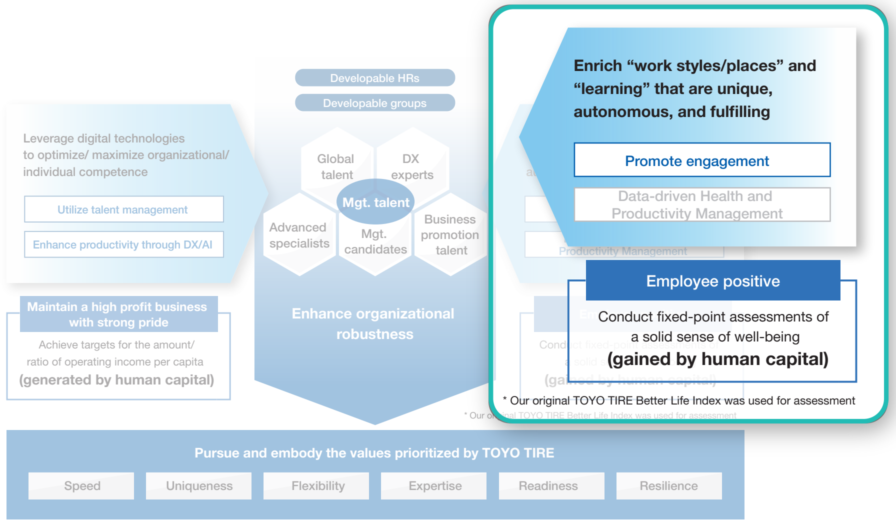
Talent management 2030 KPI targets

- Rate of successor preparation for key positions (Toyo Tire Group)
- Fulfilment of a talent portfolio that visualizes both qualitative and quantitative aspects of personnel capable of maintaining and expanding business operations (Toyo Tire Corporation)



Promoting diverse talent engagement

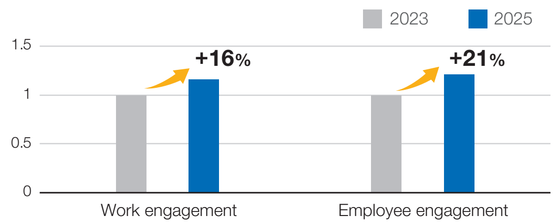
We conduct employee awareness surveys every two years to monitor organizational health at fixed points, with the aim of improving engagement and facilitating optimal and accurate management. Since the 2025 survey, we have been analyzing results in greater detail across two dimensions: work engagement (job motivation) and employee engagement (trust in and attachment to the Company). We are building action plans that interweave bottom-up initiatives with the conventional top-down approach to steadily enhance engagement.



Employee awareness survey results and improved areas

As a result of implementing effective action plans to improve the organizational circumstances and challenges highlighted in the previous survey, we achieved a significant 16% improvement in work engagement (job motivation) and 21% improvement in employee engagement (trust in and attachment to the Company).

Engagement improvements

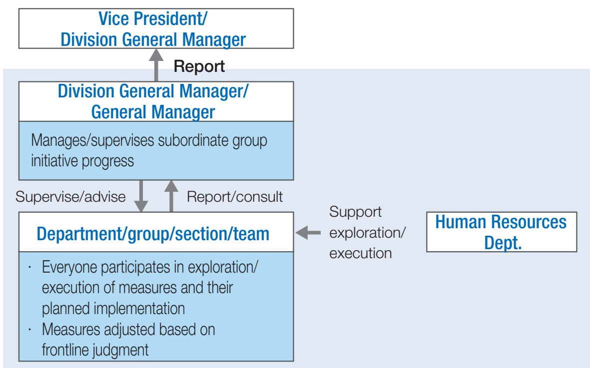


Initiatives from 2025

Since 2025, in addition to the conventional organizational improvement and enhancement measures (action plans) implemented by individual divisions and headquarters, we have been promoting bottom-up frontline-driven initiatives. To assist the implementation of more detailed bottom-up improvement and enhancement measures, we are not only conducting measures at the department level, but are breaking down organizational units further so that measures can also be implemented at the group or section level. Our ultimate aim is to establish systems that enable each member to proactively consider ways to solve issues within their organizations and further improve job performance and working environments.

In addition, each organization works together with the HR department when considering and implementing these measures to better understand and specify the issues, and discusses the formulation of useful initiatives. While each department will take the lead on implementing future measures, the HR department will be there to provide timely support and help generate more effective improvements and enhancements.

We have set 2030 KPI targets for both work and employee engagement and will promote various initiatives to help achieve those targets through the final year of the Medium-Term '26 Plan.



Engagement 2030 KPI targets

- Work engagement (job motivation): A similar level to benchmark Japanese companies, or higher (Toyo Tire Group (Japan))
- Employee engagement (trust and affinity toward the Company): A similar level to benchmark Japanese companies, or higher (Toyo Tire Group (Japan))

Practicing data-driven health management

We believe that any efforts to maintain or improve employee health are investments that will enhance profitability and generate other future benefits, so we position health (hygiene) management as a key management issue.

If employees can tackle their work with vitality and in good health, that will help increase productivity and invigorate our overall organization, ultimately generating business growth and creating social value. On that basis, we are actively implementing a whole range of health management initiatives.

Toyo Tire health management organizes causal relationships from health investment to health benefits and productivity gains into the health management strategy map.

Initiatives pursued to date

We managed to create a smoke-free environment across the Company in 2024 by pursuing attentive dialogues with employees and supporting employees who wanted to quit smoking. We also recommended 100% remote work for staff at our head office and other office sites during heatwaves to reduce the stress of commuting and prevent heatstroke. This was later adopted as a permanent option. We not only encourage discussions on how to further improve employee comfort and safety at our production sites, but are also always investing in improvement measures. Specifically, we are enhancing air conditioning equipment and heat-reflecting materials at production sites to create workplace environments that are both safe and comfortable.

As a result of these efforts, our overall investment in health promotion measures increased by 29%. We were selected, for the second consecutive year, as a White 500 stock in the large corporation category in Health & Productivity Management Outstanding Organization 2026 series recognized by the Japan's Ministry of Economy, Trade and Industry and the Japan Health Council

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

Evolving and deepening data-driven health management

As part of the Medium-term '26 Plan, various types of data on internal employees, such as health data, work data, and organizational information, were collected, turned into anonymous data so they could not be traced back to the individual employee, and then analyzed to help estimate any factors that might hinder health management efforts to improve productivity and enhance organizational vitality. Various measures were then formulated and the health management strategy map updated. We aim to achieve an even more sophisticated level of health management by also using data-driven analysis in the processes for confirming the effectiveness and validity of different initiatives.

Health management 2030 KPI targets

- Presenteeism: -5pt (compared to 2024) (Toyo Tire Corporation)
- Number of new leave takers: 20pt improvement (compared to 2024) (Toyo Tire Corporation)
- Smoking rate: 10% (Toyo Tire Corporation)

Human Rights

Our policy

The Global Human Rights & Labor Policy introduced in January 2019 sets out our clear commitment that, as our business globalizes and our stakeholders diversify, the Toyo Tire Group strives to carry out its business in a way that respects the human rights of everyone involved in our corporate activities, including those in our workplaces, at our suppliers, and within the communities where we operate, contributing to creating an inclusive society. We also engage with our suppliers to ensure that they understand our policy and encourage them to work with us to fulfill our common corporate responsibility to uphold human rights.

Global Human Rights & Labor Policy

Organizational responsibilities (April 2026)

Our Group has established a system in which, according to the nature of the potentially affected rights holders and the anticipated risks, the departments responsible for specific human rights risks work with related departments to prevent human rights violations and mitigate our impact. The Corporate Infrastructure Division's ESG Promotion Department serves as the coordinating function, monitoring and managing the status of these initiatives through company-wide collaboration and adjustment. This information is reported to the Sustainability Committee, and the Executive Committee and Board of Directors as necessary.

Human rights due diligence

In accordance with our Global Human Rights & Labor Policy, we conduct human rights due diligence to identify and address any adverse human rights impacts (human rights risks) within our own business activities and our supply chain.

Advised by external experts in business and human rights, in 2023 we comprehensively identified and assessed human rights risks, focusing on severity to identify our important risks of priority. We review these important risks annually and are continuously working to prevent and mitigate them.

Addressing important risks (forced and child labor)

We are aware of the risks of forced and child labor throughout our supply chain, and their potential to cause enormous and serious harm to rights holders. We have thus made this one of our most prioritized human rights issues out of all important risks, and have established specific action plans for each type of rights holder that we are implementing to prevent these risks.

Results of initiatives for important risks can be found on our website.

● Group employees

We aim for zero incidents of forced and child labor among Group employees, and are implementing extensive measures to eliminate these risks.

In 2023, we confirmed that there is no one under the age of 18 employed at any of our Group bases around the world. In 2024, we created guidelines for production bases to communicate the internationally-recognized definitions of forced and child labor, important information regarding labor practices and routine prevention measures and incidence response processes across the Group. In 2025, we used these guidelines to conduct self-assessments at all production bases globally.

The assessments confirmed that there is no forced or child labor at any of our production bases, and that age verification is being properly implemented during the hiring process to prevent child labor. Even at bases that have not recently conducted hiring, we gained valuable insights for strengthening our child labor prevention system, including the reaffirmation of important considerations for future hiring.

We will continue conducting self-assessments at least once every three years and training employees to further strengthen and embed our prevention systems.

Self-assessment period: Jan-Mar 2025

Production bases assessed: 13
Assessment topics: Forced labor, child labor
Assessment items: 19
Example assessment items:
- Is employee movement away from workplaces, dormitories or factories restricted outside of working hours?
- Is candidate age verification using official documents required during the hiring process?

● Manufacturing contractors, distributors and raw material suppliers

We are enhancing our manufacturing contractor and distributor management in accordance with the Toyo Tire Group CSR Procurement Guidelines.

In 2024, we distributed the Toyo Tire Group CSR Procurement Guidelines to 17 warehousing contractors in Japan and 31 manufacturing contractors around the world, focusing on those that need to be prioritized based on the work we outsource, and requested that they promote these initiatives. We conducted a survey at the same time, and received responses back from all companies that confirmed no serious human rights violations.

Through these efforts, we will continue engaging with our business partners and visualizing their progress on human rights to identify risks as early as possible and take corrective action.

We are promoting engagement with our raw material suppliers through supplier assessments.

Supply Chain P.62

TOYO TIRE Group CSR Procurement Guidelines

Survey period: Sept 2024-Feb 2025

Respondent companies: 17 warehousing contractors in Japan, 31 manufacturing contractors globally (with one company providing responses for two locations)
Survey topics: Forced labor, child labor, long working hours, insufficient or non-payment of wages, occupational health and safety
Questions: 29
Example questions:
- Do you have company rules or regulations about child labor?
- Do you conduct education or awareness-raising about health and safety?

Raising awareness of respect for human rights

We work continuously to raise awareness of the company's responsibility to respect human rights through e-learning sessions on our Corporate Code of Conduct as well as level-specific and other training. We also participate in human rights awareness activities at every region where our business sites are located, and strive to respect the human rights of everyone related to our business operations, including those at our suppliers and within the communities where we operate.

On Human Rights Day, the President of Toyo Tire Corporation sends a message to all Group employees, stressing the importance of having a foundation of deeply diverse talent to generate value through our business, and of demonstrating sincerity with all stakeholders.

Grievance mechanism

We have set up a number of grievance intake systems, including a natural rubber supply chain complaint desk and a harassment advice desk for employees. With each system, reports and concerns are investigated and corrective action taken as necessary according to established procedures, giving due consideration to the protection of privacy for those involved.

In 2025, there were no reports of human rights violations related to the natural rubber supply chain. All concerns regarding harassment from employees were responded to and investigated following designated procedures, and none were confirmed to constitute a serious human rights violation.

4 Continue innovating next-generation mobility technology

Our policy

The Toyo Tire Group believes that the value we provide through our products and services must support the evolution of mobility required for a new age. We will continue to challenge technological innovation to help build a society that exists in harmony with the environment and supports safe driving.

Organizational responsibilities (April 2026)

R&D Headquarters is responsible for promoting initiatives in this area. The Technical Committee oversees all initiatives and reports progress to the Sustainability Committee.

- Executive Committee
  - Sustainability Committee
  - Technology Committee
  - R&D Headquarters
    - Central Research Center
    - Production Engineering Division
    - Technology development Division
  - Business Headquarters
    - Product Planning Division

Platform technologies

Expanding the use of sustainable raw materials*1

Raising the ratio of sustainable raw materials to improve resource circulation

We believe it is our mission as a manufacturing company to help promote the transition from a society that consumes resources to a society that circulates resources. We conduct research and development with the aim of increasing the ratio of sustainable raw materials*2 used in our products to 40% by 2030, and 100% by 2050. That ratio reached 30% at the end of 2025. Going forward, we will continue developing the technologies needed to increase the use of recycled raw materials such as reclaimed rubber made from used tires, recovered carbon black (rCB) and recycled bead wire, as well as bio-based raw materials such as biomass-derived synthetic rubber (ISCC PLUS-certified*3) and rice husk ash silica. These efforts will reduce our use of petroleum-derived raw materials, which have a significant negative impact on the climate, and will help reduce greenhouse gas (GHG*4) emissions over the tire lifecycle.

Moreover, these actions strengthen our ability to respond to environmental regulations while also helping to increase our corporate value in the medium to long term by meeting the market needs for sustainable products and offering products with higher environmental performance.

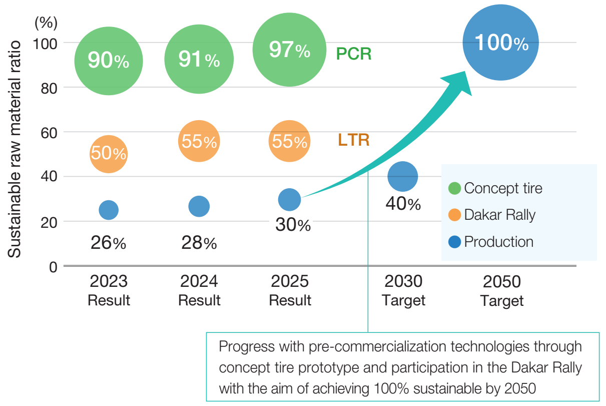
*1 Toyo Tire Corporation defines sustainable raw materials as recycled raw materials and bio-based raw materials.

*2 The ratio is based on the weight of sustainable raw materials used in products at the end of each year.

*3 A third-party certification system that validates that biomass-derived or recycled raw materials and products are appropriately managed in the supply chain.

*4 Any gas that contributes to global warming

Ratio of sustainable raw materials: targets and actual results



Working toward ISCC PLUS certification

In December 2024, the Sendai Plant (located in Iwanuma City, Miyagi Prefecture), our main tire manufacturing site in Japan, received ISCC PLUS certification along with our manufacturing subsidiary Fukushima Rubber Co., Ltd. (located in Fukushima City, Fukushima Prefecture).

This certification means that the two plants are now able to ensure that certified raw materials are managed in compliance with the mass balance approach*5 and are fully traceable. Looking ahead, the Toyo Tire Group will continue working systematically toward the certification of our production bases within and outside Japan and build the required production system with a view to complying with the European Ecodesign Regulation and addressing Scope 3 GHG emissions.

*5 An accounting method used when products contain a mixture of raw materials with differing characteristics. It enables a certain percentage of any manufactured products to be assigned a characteristic (e.g., certification as recycled) according to the input volume of raw materials with that characteristic.

Certificate Holder ISCC International Sustainability & Carbon Certification


Sendai Plant


Fukushima Rubber Co., Ltd.

Intellectual property strategy

We relentlessly pursue technological innovation and product development in order to reduce lower environmental impact and support safe mobility. We also believe that the new technologies and products we create through these efforts truly acquire social value only when they are delivered into the hands of our customers and put to use. Our products have been developed through innovative research and development into areas such as recycled raw materials, renewable raw materials, and rubber compounds and tread and structural designs that help improve fuel efficiency. We proactively acquire intellectual property rights that provide technological underpinning so that customers can use these products with confidence. At the same time, we also engage in activities designed to make the value of our intellectual property rights visible. We believe that these ongoing intellectual property efforts will help to create value for the future era of mobility as well as securing our own presence in that arena.

VOICE

Technology Development Division Materials Development Dept. Takashi Miyasaka

We are committed to reducing the environmental impact of our tire production throughout the process, beginning with raw materials. In our project to introduce carbon black made from used tires, we were able to commercialize some applications while maintaining performance and quality levels. We will continue our contribution toward creating a sustainable society through closer cooperation with our suppliers to ensure stable supply and quality, and through our pursuit of circular manufacturing.


Carbon black made from used tires

5 Pursue decarbonization in all corporate activities

Our policy

The impact of climate change is becoming increasingly severe and society's demands regarding mobility are increasing all the time. The mobility business lies at the very heart of the Toyo Tire Group operation and, as such, we recognize that addressing climate change is the most important issue, and one which has the power to greatly influence our growth. We support the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and strive to disclose information based on the TCFD framework in order to stimulate dialogue, engage stakeholders and promote climate change initiatives. We are also working toward the long-term goals set out in the Paris Agreement and will expand our use of renewable energy as part of our ongoing commitment to reduce greenhouse gas emissions.

Organizational responsibilities (April 2026)

The Toyo Tire Sustainability Committee is chaired by the president and meets four times a year. The committee reports, deliberates and makes decisions on how to respond to climate-related and other sustainability issues, and what progress is being made. The Decarbonization Task Force, which sits under the Sustainability Committee, discusses climate-related activity plans, targets and KPIs, and the Sustainability Committee regularly confirms and monitors the status of those activities. Any climate-related matters that have been debated and approved in the Sustainability Committee are then reported to or debated in the Executive Committee and reflected in the formulation or review of our annual and medium-term business plans. The developments are reported to the Board of Directors in a timely and appropriate fashion.

Board of Directors
Executive Committee
Sustainability Committee

Decarbonization Task Force	
Leader	Officer in charge of Quality Assurance, Environment & Safety Headquarters
Members	Participants from R&D, Business, Production and Sales Headquarters
Support	ESG Promotion Department, Corporate Strategy Division, Corporate Administration Division, Digital Transformation Headquarters

Decarbonization

Responding to climate change risks and opportunities (TCFD)

We conducted scenario analysis to ascertain the impact of climate change on the Group's business activities.

Scenario analysis process

1 Select scenarios to use and understand the outlook of each scenario

2 Investigate risks and opportunities

3 Assess the significance of risks and opportunities, identify those of high significance and establish measures against risks

4 We calculated the financial impact of any risks that are expected to have a significant impact, and examined possible countermeasures.

Scenarios and outlooks

We selected a current policies scenario (3°C to 4°C warming) and a transition scenario (1.5°C warming). The outlook for each scenario is shown in the table below.

Baseline scenario		Transition scenario	
Overview	A scenario in which no additional measures are taken to reduce emissions, resulting in an average temperature rise of up to 3-4°C by the end of the 21st century	Overview	A scenario in which decarbonization measures advance to limit the rise in average global temperatures to 1.5°C by the end of the 21st century
Scenario outlook	• No new political policies or stronger regulations other than what is currently envisioned • GHG emissions increase in some areas following economic growth • Extreme heat, heavy rainfall and other natural disasters intensify as temperatures rise	Scenario outlook	• New policies and stronger regulations are enacted to curb climate change • Global GHG emissions decline to net zero by 2050 • Climate change causes sea level rises and changes in weather patterns, but they remain below those in the baseline scenario
Main scenarios referenced	• IEA Current Policies Scenario (CPS) • IPCC SSP5-8.5	Main scenarios referenced	• IEA Net Zero Emission Scenario by 2050 case (NZE) • IPCC SSP1-2.6 • IPCC SSP1-1.9

Highly significant risks and opportunities, and actions to address risks

Highly significant risks and opportunities

		Procurement	Upstream transportation	Product manufacturing	Downstream transportation	Sales
Risks	Baseline	• **Changes in climate patterns** Increased raw material prices due to changes in the natural rubber crop environment and other factors • **Intensification of torrential rain and flooding** Increased procurement costs and decreased sales due to flooding of natural rubber plantations and other factors		• **Intensification of torrential rain and flooding** Decreased sales due to Group facility shutdowns and transport network disruptions		
Risks	Transition	• **Increase in raw material costs** Fewer natural rubber plantations and skyrocketing prices of fossil fuel-derived raw materials • **Introduction of carbon pricing** Increased prices of fossil fuel energy		• **Introduction of carbon pricing** Increased R&D costs for low-carbon products, increased costs for purchasing carbon credits • **Growth of renewable energy and low-carbon technologies** Increased capital expenditure on equipment and technology (PV systems, batteries, etc.)		• **Tighter product environmental regulations** Decreased sales if regulations cannot be met (rolling resistance performance, etc.)
Opportunities	Baseline					• **Changes in climate patterns, temperature rises** Increased sales driven by greater demand for differentiated products (high durability, etc.)
Opportunities	Transition	• **Widespread adoption of renewable energy** Stronger stakeholder support and increased sales through greater early-stage renewable energy procurement				• **Greater eco-conscious behavior by stakeholders** Greater business opportunities and increased sales through environmentally responsible management and product development

Measures against risks

• Develop technologies that reduce tire weight to minimize raw material usage • Promote the development of tires aimed at reducing the environmental impact of mobility, including through fuel-efficient performance	Material issue 1, 2
• Develop high efficiency, high precision tires using THiiiNK to reduce R&D costs	Material issue 4
• Strengthen supply capacity at production bases in Europe and the United States to create an agile and optimized global supply system and lessen the impact of reduced production and rapidly rising distribution costs	
• Promote GHG emission reduction throughout the supply chain as part of obtaining SBTi certification	Material issue 5
• Minimize damage and loss and restore operations promptly using business continuity plans	Enterprise risk management

We calculated the financial impact of any risks that are expected to have a significant impact, and examined possible countermeasures

1. Impact of changing climate patterns on the procurement of natural rubber [risk]

Climate-related events/ financial impact on business	Impact amount/ impact timing	Calculation method	Countermeasures
Changes in climate patterns Changing climate patterns will generate changes in the areas in which natural rubber plants can grow, a deterioration in quality and other issues, all of which could increase the cost of natural rubber procurement	Approx. 0.7 to 9.7 billion yen (Medium-term: 2030)	(Minimum) Volume of natural rubber procurement × Increase in natural rubber prices ● The estimated volume of natural rubber procurement for 2030 is calculated on past trends ● The increase in natural rubber prices is calculated by averaging out the price increase in past months of high flooding across the whole year (Maximum) Increase in natural rubber procurement cost × Percentage increase in natural rubber procurement volume ● The increase in natural rubber procurement cost is set at the same level as the increase in procurement cost in years when large-scale flooding occurred ● The percentage increase in natural rubber procurement volume is the estimated percentage increase in procurement volume between the year when large-scale flooding occurred through to the year 2030	● Reduce the amount of natural rubber used in each tire by seeking to reduce tire weight while also paying due attention to reducing rolling resistance ● Continue efforts to increase the usage of sustainable raw materials and reduce consumption of natural rubber by gradually introducing products made from recycled raw materials such as recycled rubber from used tires ● Achieve stable natural rubber procurement by encouraging the entire supply chain to build solutions to issues faced by natural rubber production sites (deforestation, infringement of local residents' rights)

2. Impact of carbon pricing mechanism (risk)

Climate-related events/ financial impact on business	Impact amount/ impact timing	Calculation method	Countermeasures
Introduction of carbon pricing Introducing carbon pricing will boost the cost of CO_2 emissions.	Approx. 0.5 billion yen (Medium-term: 2030)	Shortfall in CO_2 reduction target × Carbon tax ● The shortfall in CO_2 reduction targets is the volume outstanding supposing the Company's targeted CO_2 volume reduction in 2030 is lower than expected by 10% ● The carbon tax is the 2030 carbon tax for developed countries designed to help achieve the 2050 net zero emissions target announced by the IEA ● The percentage increase in natural rubber procurement volume is the estimated percentage increase in procurement volume between the year when large-scale flooding occurred through to the year 2030	● The Toyo Tire Group will continue to reduce CO_2 emissions through efficient energy use in our products and business activities inside and outside the organization ● Help reduce CO_2 emissions by promoting the procurement of renewable energy at production sites using internal carbon pricing (ICP), as well as fuel conversion and equipment upgrades
	Approx. 5.7 billion yen (Medium-term: 2030)	CO_2 emissions × Carbon tax ● CO_2 emissions are the company's target for CO_2 emissions in 2030 ● The carbon tax is the 2030 carbon tax for developed countries designed to help achieve the 2050 net zero emissions target announced by the IEA	

Climate-related metrics

- Greenhouse gas (GHG) emissions (Scope 1, 2, 3)
  →2019-2025 results
- GHG emissions intensity
  →2019-2025 results

Climate-related targets

GHG emissions reduction targets

Decided by the Sustainability Committee in November 2021 and approved by the Executive Committee in December 2021. Announced on February 15, 2022

Scope1, Scope2	GHG emissions: Reduce GHG emission by 50%* by 2030 compared to 2019 and aim to achieve carbon neutrality by 2050. * Target increased from 46% to 50% as decided by the Sustainability Committee in November 2025 and approved by the Executive Committee in December
Scope3	GHG emission per unit: Aim to help reduce GHG emissions per tire in 2030 by 20% compared to 2019.

Reducing greenhouse gas (GHG) emissions

Greenhouse gas emissions are seen as a major cause of climate change so the Toyo Tire Group is working to reduce GHG emissions through its products and business activities inside and outside the organization.

Scope 1, Scope2 initiatives

While energy consumption inevitably increases with production volume, we are striving to address Scope 1 and Scope 2 emissions with initiatives such as the following.

- Optimizing heat sources (by switching from steam to electricity, etc.) to reduce heat loss
- Reinforcing heat insulation of steam pipes and metal molds and removing unneeded pipes to reduce heat loss
- Applying radiative cooling paint to buildings to reduce cooling load
- Using steam highly efficiently (utilizing waste heat and installing accumulators) and upgrading to highly efficient equipment to increase energy efficiency
- Converting forklift trucks to electric power (11 units were converted in 2025, achieving an annualized CO_2 emissions reduction of approximately 450 tons)
- Converting boilers to gas fuel with fewer GHG emissions (completed at all bases in Japan, except those requiring major gas infrastructure development)

Scope 3 initiatives

The Toyo Tire Group aims to contribute to a 20% reduction in Scope 3 GHG emissions per tire by 2030 compared to 2019. A calculation of GHG emissions throughout the Group's value chain based on the Japan Automobile Tyre Manufacturers Association's (JATMA) Tyre $LCCO_2$ Calculation Guidelines Ver. 3.0.1 revealed that emissions from the Category 11 product use phase account for at least 80% of overall GHG emitted.

Our technical division is working to develop technologies to enhance fuel efficiency of tires by reducing their rolling resistance and weight. The Group is planning to enlist the help of the Product Planning Division in upgrading fuel efficiency performance each time we change a tire model. As of 2025, emissions from PCR have been reduced by 3.0% compared to 2019, which is a reduction of 182 thousand tons-CO_2e.

Increasing use of renewable energy

From the second half of 2022, the Toyo Tire Group began switching electricity purchased primarily at production sites to power derived from renewable sources. We will systematically promote efforts to achieve a global 90% renewable energy usage ratio by 2030. That ratio stood at 91.9% on a purchased electricity basis at the end of 2025 (on a purchased electricity basis). We are also actively introducing photovoltaic (PV) power generation systems for in-house use. We have installed photovoltaic (PV) power generation systems at several bases, including our plants in Serbia and Malaysia and our Corporate Technology Center in Japan, which are expected to reduce CO_2 emissions by approximately 19,000 tons per year. As part of our efforts to increase our use of renewable energy, we began procuring electricity for our Kuwana Plant via an off-site power purchase agreement (PPA) in July 2026. The power source is specific solar power generation facilities located in the Chubu region (central Japan), from which we receive both the electricity generated and its associated environmental value in the form of certificates. These facilities have a total of installed capacity of approximately 7.8 kW and an estimated annual power generation of approximately 9.7 MWh. We will continue using off-site PPA and other approaches to steadily and systematically adopt renewable energy.

Energy Consumption

(thousand GJ)

	2022	2023	2024	2025
Total energy consumption	7,370.8	7,686.9	7,328.5	7,211.3
Consumption of fuel from non-renewable energy	5,130.8	5,302.7	5,133.2	5,063.2
Purchased electricity consumption	1,923.5	2,027.6	1,853.7	1,854.0
Percentage of purchased electricity with a renewable energy certificate	5.9%	71.1%	85.5%	91.9%
Consumption of purchased electricity from renewable energy sources, consumption equivalent to procurement of non-fossil certificates	114.2	1,442.5	1,584.2	1,703.9
Consumption of fuel from renewable energy sources (photovoltaics)	0.7	41.1	112.5	115.5
Purchased steam consumption	315.8	315.4	229.1	178.6

GHG emissions

(Thousand t-CO_2e)

		2019	2020	2021	2022	2023	2024	2025
Total direct (Scope 1) GHG emissions	CO_2 emission derived from energy	296.3	263.8	268.2	265.3	274.5	265.1	260.6
	CO_2 emissions associated with the use of dry ice	—	—	—	—	—	—	0.2
	CH_4 and N_2O emissions from the use of natural gas and city gas	—	—	—	—	—	3.6	1.7
	HFC emissions	—	—	—	—	—	—	0.3
Total indirect (Scope 2) GHG emissions	Location based	294.6	271.6	284.4	253.6	280.5	244.6	240.5
	Market based	—	—	—	—	105.8	55.2	34.2
Total other indirect (Scope 3) GHG emissions		13,626.4	12,059.8	12,932.2	13,019.8	16,388.7	14,784.5	14,780.3
	Category1	—	—	—	—	—	2,325.0	2,373.8
	Category2	—	—	—	—	—	81.7	95.7
	Category3	—	—	—	—	—	106.4	104.3
	Category4	—	—	—	—	—	140.1	284.0
	Category5	—	—	—	—	—	11.1	10.7
	Category6	—	—	—	—	—	1.6	1.6
	Category7	—	—	—	—	—	5.4	5.5
	Category10	—	—	—	—	—	4.0	4.2
	Category11	—	—	—	—	—	11,879.0	11,655.9
	Category12	—	—	—	—	—	227.7	242.4
	Category15	—	—	—	—	—	2.5	2.1

SBTi* initiatives

In November 2024, Toyo Tire Corporation received SBT certification from the Science Based Targets Initiative (SBTi) for its GHG emissions reduction targets set for 2030, which are based on scientific evidence to limit global warming to within 1.5°C.

Classification	Target
•Scope1 •Scope2	46.20% reduction in total emissions by 2030 (compared to 2019)
•Scope3 (Category 1)	Science-based targets to be set by suppliers accounting for 89.00% of emissions connected to purchased goods and services by 2029.

*SBTi: The Science Based Targets Initiative is designed to achieve a goal of limiting any rise in average global temperatures to 1.5°C. It is aligned with the Paris Agreement's long-term goal of keeping the global average temperature rise well below 2°Cabove pre-industrial levels and to pursue efforts to limit the increase to 1.5°C.

CDP Climate Change Assessment

In the 2025 assessment by the international environmental disclosure platform CDP, we received an "A" rating—the highest possible rating—in the climate change category. This is based on a comprehensive evaluation of our climate change-related governance, strategy, risk management, metrics and targets, and disclosure transparency. We have continuously focused on efforts such as enhancing disclosures based on TCFD recommendations, reducing greenhouse gas emissions, and expanding our use of renewable energy. Going forward, we will continue to prioritize climate change as one of our most important management issues, and remain committed to promoting effective measures and enhancing the quality of our disclosures to help achieve a sustainable society.

6 Promote supply chain sustainability

Our policy

The Toyo Tire Group has established the Toyo Tire Group Basic Purchasing Policies and seeks to secure appropriate product quality and price through fair transactions.
We also formulated the Toyo Tire Group CSR Procurement Guidelines and the Sustainable Natural Rubber Procurement Policy. We work with our suppliers to further promote sustainable procurement that aims to mitigate the negative impact of our corporate activities on the environment and society and to improve our corporate value and competitiveness.
We also support sustainable logistics by improving the productivity and efficiency of truck transportation and ensuring safe cargo handling operations.

Organizational responsibilities (April 2026)

We established the Supply Chain Task Force under the jurisdiction of the Sustainability Committee to discuss activity themes, targets and KPIs in relation to ESG issues in the supply chain. The Sustainability Committee regularly confirms and monitors the status of these activities.

Executive Committee

Sustainability Committee

Sustainable Supply Chain Task Force	
Leader	Vice President of Business Headquarters
Members	Procurement Division, Environment & Safety Division, Quality Assurance Division, SCM Division
Support	ESG Promotion Department, Compliance & Legal Division

Supply chain

Supplier engagement

We share our approach to sustainable procurement with our suppliers based on the Toyo Tire Group CSR Procurement Guidelines and we work to address environmental and social issues across the entire supply chain. We request that our suppliers convey the purpose of these guidelines further up the supply chain as part of our efforts to address global social issues.

Evaluation of suppliers

We have entered into a contract with EcoVadis, a third-party organization that conducts Sustainability assessments, and we evaluate our suppliers' initiatives related to environmental and social issues such as decarbonization, water treatment, human rights, safety, and anti-corruption in order to identify and manage risks.

As of the end of 2025, 96% of our tire raw material suppliers, based on transaction value, had completed the assessment process, which means that we have achieved our target of 95% or higher. Going forward, we will set the evaluation benchmark at 45 points or higher and aim to achieve a procurement ratio of 95% or more from suppliers that meet or exceed this level by fiscal 2030.

For suppliers that have not yet undergone the assessment, we will encourage them to do so, and for those scoring below the benchmark, we will support improvements in their initiatives by requesting reassessments and promoting attendance at seminars conducted by EcoVadis. In addition, if a supplier continues to score below the benchmark or remains unassessed for a certain period, we will consider taking measures such as holding internal discussions regarding the continuation of the business relationship.

Procuring sustainable natural rubber

Natural rubber is an important raw material for the Group's businesses. In particular, securing a stable supply of natural rubber into the future is a key management issue. Based on our Sustainable Natural Rubber Procurement Policy, we are working to inform and request the cooperation of our suppliers regarding the policy, while promoting activities to ensure traceability and protect the environment in line with the medium- to long-term action plan formulated by our Supply Chain Task Force.

International cooperation for building a sustainable supply chain

We recognize that the natural rubber industry faces environmental and social issues such as deforestation and infringement of local residents' rights, and that it is imperative that we address these issues across the entire supply chain.

We are a member of the Global Platform for Sustainable Natural Rubber (GPSNR)*, which was launched in 2018 under the leadership of the Tire Industry Project (TIP) of the World Business Council for Sustainable Development (WBCSD). Through our participation in this initiative, we are working across the industry to prevent deforestation, conserve biodiversity and water resources, respect human rights, support local communities, improve natural rubber productivity, and enhance supply chain transparency.

Since fiscal 2025, we have contributed to the promotion of sustainable natural rubber procurement by investing through the GPSNR in projects that help improve the livelihoods and productivity of smallholder farmers, as well as support forest conservation activities.

GPSNR
Global Platform for Sustainable Natural Rubber

* A platform that seeks to transcend industrial boundaries and ensure that the production and use of the world's natural rubber is carried out in a way that is more conscious of the natural environment and social issues.

Compliance with EUDR

We have made steady progress in preparing for the enforcement of the EU Deforestation Regulation (EUDR), which covers natural rubber, and as of the end of 2025 we have identified harvest areas that account for approximately 40% of our total procurement volume.

Responding to raw material-related risks (Conflict minerals)

When procuring minerals and raw materials such as tin, tantalum, tungsten, and gold that are mined or produced in conflict-affected or high-risk areas, the Group's policy is to ensure that these materials are not linked to human rights violations, environmental destruction, conflict, or corruption. We enlist the cooperation of our suppliers to trace back to the smelters and confirm that the raw materials procured by the Group are not associated with any such activities. If any involvement is suspected, we would request corrective action through our suppliers.

Efficient and sustainable logistics

We are promoting efficient and sustainable logistics to address the growing shortage of truck drivers and changes in the logistics industry environment. Based on the amended Act on Advancement of Logistics Efficiency, which will come into full effect in 2026, we are strengthening our company-wide management structure as a specified consignor by appointing logistics managers and formulating longer-term plans, thereby building on our previous efforts.

Going forward, we will press ahead with initiatives that improve logistics productivity while reducing driver workloads and ensuring safety by establishing KPIs related to truck waiting times and cargo handling efficiency, and strengthening data-driven management. We will also bolster collaboration among relevant departments and aim to build a stable logistics framework through continuous improvement.

Specific initiatives

- Promoted a modal shift in long-distance truck transportation, where the burden on drivers is high
  1. Introduced and expanded coastal container transportation from the Kuwana Logistics Center
  2. Introduced and expanded JR large container transportation from the Sendai and Kuwana Logistics Centers
- Improved the efficiency of truck cargo handling and visualized and reduced stand-by times through scheduled vehicle dispatching, the use of IT tools, the introduction of loading assistance by warehouse staff, and the installation of simple conveyors
- Installed monitoring cameras at logistics centers in each plant and distribution centers in Japan to ensure safe operation; installed monitoring cameras to ensure safe forklift operation

VOICE

Americas Sales Division
Americas Sales Dept.
Atsushi Yamamoto

Through my work in sales and shipping operations to Central and South America, I have realized that improving transportation efficiency leads to both a smaller environmental footprint and higher profitability. By maximizing container loading efficiency and reducing the number of shipments, we are cutting CO_2 emissions while also improving profit margins through lower logistics costs. We are also working to visualize transportation status and we hope to contribute to achieving both sustainability and strong business results.

Natural Capital

Our policy

In 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) published version 1.0 of its recommendations and the Science Based Targets Network (SBTN) published version 1.0 of its guidance for setting Science Based Targets for Nature (SBTs for Nature), which clearly set out the role that companies must play for nature: avoid and reduce the impact of their business activities, and regenerate and restore ecosystems.We recognize that our operations depend on natural capital including natural rubber and water resources, and that we as a company have a significant impact on nature. In 2023, we established a long-term roadmap that guides our operations onto a sustainable footing by assessing the current status of the locations where we operate, minimizing our negative impact on nature, and creating a positive impact.

	Phase1 Assess current status 2023～2025	Phase2 Minimize impact ～2030	Phase3 Create positive impact ～2050
Water Resources	● Track basic data ● Assess risks ● Set targets for high-risk sites	● Reduce water withdrawal and minimize wastewater impact at high-risk sites ● Promote improvement efforts to address water resource issues in cooperation with suppliers	Address issues at watersheds through collaboration with stakeholders
WASH*1	● Identify WASH issues at our bases, watersheds, and supply chains	● Improve problem areas ● Promote improvement efforts to address WASH issues in cooperation with suppliers	
Biodiversity	● Identify dependencies and impacts ● Assess risks and opportunities	● Minimize impact at high-risk sites	
Governance and Communication	● Increase knowledge on natural capital (water and biodiversity)	● Strengthen internal governance ● Enhance stakeholder communication	

*1 WASH:Water, sanitation and hygiene

● Entire Group ● Outside Japan ● Suppliers

Addressing nature-related risks and opportunities

In 2025, we assessed the natural rubber plantations and natural rubber processing plants in the upstream of our supply chain, as well as the production bases we operate directly, in order to identify risks and opportunities, taking account of our dependencies and impacts on natural capital.

Dependency and impact on natural capital

Using the tool recommended by the TNFD for assessing dependencies and impacts on natural capital (ENCORE*2), we have conducted assessments of the dependencies and impacts of our business activities based on the actual processes they involve and identified areas of relatively high dependency and impact as shown in the table below.

*2 A tool that helps users to examine their exposure to nature-related risks and understand their dependencies and impacts on nature.

Dependencies/Impacts			Dependencies																					Impacts								
Category			Provisioning services				Regulating and maintenance services															Cultural services		Resources		Changes in use		Emissions and discharges				Invasive alien species
Sub-category			Biomass provisioning	Genetic material	Genetic material	Other provisioning	Global climate regulation	Rainfall pattern regulation	Local climate regulation	Air filtration	Soil quality regulation	Soil and sediment retention	Solid waste remediation	Water purification	Water flow regulation	Flood mitigation	Storm mitigation	Pollination	Biological control	Nursery population and habitat maintenance	Other regulating and maintenance services	Education, scientific and research	Spiritual, artistic and symbolic	Water use	Other biotic resource extraction	Area of land use	Area of freshwater use	Emissions of toxic pollutants	Emissions of nutrient pollutants	Generation and release of solid waste	Disturbances (ex. noise, light)	Invasive alien species
Operational stages	Upstream	Cultivation of natural rubber	High	High	High	Moderate	High	High	High	Moderate	High	High	High	High	High	High	High	Moderate	High	High	Moderate	Low	Moderate	High	High	High	Moderate	Moderate	High	High	Moderate	Moderate
		Chemical processing of natural rubber	Moderate	Low	High	Moderate	Moderate	Moderate	Low	Low	Low	Moderate	High	High	High	Moderate	Moderate	Low	Moderate	Low	Low	Moderate	Moderate	High	Low	High	Low	Low	Low	High	Moderate	Low
	Direct operations	Tire manufacturing	Low	Low	Moderate	Low	Low	Low	Low	Low	Low	Low	Low	Moderate	Moderate	Moderate	Moderate	Low	Low	Low	Low	Low	Low	Moderate	Low	Low	Low	Moderate	Low	Moderate	Moderate	Low
		Automotive part manufacturing	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Moderate	Moderate	Moderate	Moderate	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Moderate	Low	Low	Moderate	Low

Dependency/impact level: High | Moderate | Low

Risks and opportunities

Based on our dependencies and impacts shown above, we identified the nature-related risks and opportunities in our business operations. We then assessed the significance of these risks and opportunities and determined the following to be highly significant:

Risks

Value chain		Scenario	Category	Description	Possible risk	Financial impact
Upstream	Natural rubber plantations	Transition	Policy	Changes to legislation/regulations aimed at generating nature-positive impacts and reducing negative impacts	Introduction or tightening of regulations on land use and natural forest harvesting, restricting the expansion of natural rubber plantations	Increased procurement costs due to raw material price volatility and change of raw material suppliers
					Introduction or tightening of regulations on the use of nutrient pollutants and fertilizers, limiting the application of nutrients and fertilizers	
			Liability	Fines/penalties due to nature-negative outcomes (legal liability for nature-related risks)	Claims for damages by victims of our negative impacts on nature	
			Market	Shifting customer/investor values or preferences toward companies that generate nature-positive impacts and reduce negative impacts, and that offer products and/or services with lower nature dependency	Being required to switch to species more resilient to flooding and storms and to make environmental adaptations	
					Being required to switch to species that are productive with less fertilizer and to make environmental adaptations	
			Reputational	Changes in sentiment toward the organization/brand due to impacts on nature	Deterioration in the company's reputation due to its negative impacts on nature	
	Natural rubber processing plants	Physical	Chronic	Changes in the ecosystem services the organization is dependent on or impacted by	Deterioration of the freshwater provisioning and water flow regulation functions causing water resource reduction in the watershed and resulting in a decrease in the volume of natural rubber processed	
Direct operations		Transition	Market	Shifting customer/investor values or preferences toward companies that generate nature-positive impacts and reduce negative impacts, and that offer products and/or services with lower nature dependency	Boycotts by customers due to the company's failure to respond adequately to customers' demand for environmental impact reduction	Decrease in sales due to boycotts by customers
			Technology	Requirements to transition to more efficient, resilient and less environmentally damaging technologies, and to respond to new monitoring technologies used by regulators	Being required to introduce/develop new technologies for nature conservation and environmental impact reduction	Increased R&D costs due to introduction/development of new technologies

Opportunities

Value chain	Scenario	Category	Description	Possible opportunity	Financial impact
Direct operations	Business performance	Reputational capital	Actions that have nature-positive impacts/mitigate nature-negative impacts that improve the organization's reputation	Brand value improvement resulting from actions to avoid/reduce environmental damage and restore nature, and from effective messaging	Increase in sales due to improved brand value

Future plans

We identified the risks and opportunities in the upstream (cultivation and processing of natural rubber) and direct operations. Going forward, we will examine the local characteristics of these value chain in finer detail and consider how to manage the risks and create opportunities reflecting those characteristics.

7 Ensure the fundamentals of manufacturing: quality and safety

Our policy

Our principle for manufacturing is to provide high-quality and safe products and services that are useful to society, and we state our basic policy for product quality and code of conduct in the Toyo Tire Group Global Product Safety Policy. The policy clearly states that product safety and global environmental protection must be taken into consideration throughout the value chain, from the product planning, development and design stages to production, sales, use and after-use.

We operate a quality management system based on IATF 16949 (or ISO 9001 at some production sites) predominantly at our production bases, and take measures against risk.

—ISO 9001 certification (as of the end of May 2026)
Production bases: 12 sites (3 Toyo Tire Corporation sites*1, 9 affiliated company sites)
Sales bases (affiliated companies): 1 site

*1 The Kuwana Plant has independently acquired certification at two sites: its tire production plant and automobile parts plant.

—IATF 16949 certification (as of the end of March 2026)
Production bases: 8 sites (3 Toyo Tire Corporation sites, 5 affiliated company sites)

Organizational responsibilities (April 2026)

Quality Assurance, Environment & Safety Headquarters is responsible for promoting initiatives in this area, and reports progress to the Sustainability Committee.

Executive Committee
- Sustainability Committee
- Quality Assurance Committee
- Quality Assurance, Environment & Safety Headquarters
  - Quality Assurance Division
- Quality assurance departments of manufacturing subsidiaries
- R&D Headquarters
  - Technology Development Division
- Sales Headquarters
  - Americas Sales Division
  - Original Equipment Sales Division
  - Europe, Africa & Middle East Sales Dept.
  - Asia & Oceania Sales Dept.
- Group sales companies

Quality

Visualizing manufacturing quality using manufacturing execution systems (MES)

Improving production processes

Improving quality in the upstream stages of manufacturing is crucial, and we are committed to enhancing quality in both our products and the entire development and production process. For new products, our quality assurance divisions and other related departments work together to support design review at each stage from planning through production preparation, ensuring quality in both the product and the manufacturing process. We also use robotic process automation to help prevent human error and wrongdoing, as well as improve operational efficiency.

Visualizing manufacturing quality using manufacturing execution systems (MES)

We are currently implementing a manufacturing execution system (MES) that collects and visualizes quality and production data using automatic measuring instruments to predict and prevent issues in the manufacturing process. This system enables quality assurance and data-driven trend detection at each stage. We began operating an enhanced MES at our Serbia Plant in 2024, and have been gradually expanding its use to quality domains and other production bases, while also fostering data-centric talent.

Meeting the quality standards of each country

As environmental performance and quality regulations around the world become increasingly rigorous and complex in the context of climate change, our Group is committed to enhancing compliance with global quality standards. Each year we hold a Global Quality Management Committee meeting attended by quality assurance managers from our bases worldwide to discuss a range of topics including raising quality assurance standards, improving processes, strengthening process controls, regulatory trends, customer satisfaction, and quality training. We also maintain ISO/IEC 17025 accreditation at our four bases in Japan and continuously work to improve test accuracy and reliability.

ISO/IEC17025 certificate of accreditation

Example efforts to meet quality standards

- Collecting information locally
- Making recommendations by participating in industry groups
- Exchanging opinions with regulatory institutions
- Sharing information on the latest legal and regulatory trends
- Giving presentations on legal and regulatory matters


A Global Quality Management Committee meeting

Implementing an individual product management system using RFID*2

In 2025, our Group joined the GDSO,*3 an international nonprofit organization established in May 2022 to standardize and share tire data within the tire industry. We have begun utilizing RFID to enhance our information management throughout the tire lifecycle, with the aim of leveraging the data we accumulate to offer high-value-added services such as retreading and maintenance through a solutions business in the future. Working toward this goal, we are progressively outfitting production facilities with technology and exploring ways to utilize tire data.

GDSO
STANDARDIZE. SHARE. SIMPLIFY.

*2 Radio frequency identifier
*3 Global Data Service Organization for Tires and Automotive Components

Increasing customer satisfaction

Improving quality and customer satisfaction

As a manufacturer, we are committed to improving quality across the entire value chain, driven by the recognition that our Group impacts customers and society through our products and services.

Our quality assurance begins at the raw material procurement stage and continues at our production bases, where we are constantly striving to make improvements that raise quality standards. Our technical service departments continuously investigate customer product satisfaction levels in the market and provide feedback on the results to our planning, design and production departments.

Feedback and inquiries received by the Customer Relations Dept. are analyzed and used to improve our products and services. Our Group has also held quality control (QC) circle activities led by frontline employees for over 50 years, with about 200 circles now active company-wide in pursuit of better quality. We hold an annual Toyo Tire QC Circle Convention for groups to share their results and learn from one-another, which helps improve on-site capabilities at our production sites and enhances customer satisfaction.

Responding to consumer feedback

Feedback and suggestions from our customers are valuable opportunities to improve our products and services. Our customer service center in Japan received 2,584 inquiries in 2025, and we have made every effort to provide accurate and easy-to-understand responses. These voices are analyzed and shared with relevant departments to improve the way we develop products and provide information. We respond to complaints promptly and courteously, working with sales and technical service departments to build and maintain trust with our customers.

Improving customer service quality

The Group's tire sales subsidiaries are dedicated to improving employee customer service skills and the technical skills of tire technicians so that consumers can choose our products with confidence, peace of mind and satisfaction. For example, Toyo Tire Japan Co., Ltd. and independent sales companies in Japan conduct job-specific training to help staff achieve the service quality required for roles such as sales and service. Sales associates receive training to develop the practical skills needed to clearly and accurately convey product value and proper tire usage to customers, while technicians participate in a Truck and Bus Tire Servicing Contest to help improve their service level.

Promoting improved awareness of tire safety

As a tire manufacturer with a key role in the mobility industry, we believe that the responsibility of companies that produce and sell tires extends beyond product development, manufacturing and sales to include protecting the safety of customers. With this in mind, we communicate the importance of safety to the general public through our TOYO TIRES DRIVE SAFE PROJECT, which includes activities such as cooperating with JATMA to encourage tire inspections and raise safety awareness, providing special training related to tire inflation service, conducting safety awareness activities to prevent wheel detachment accidents involving large vehicles, and raising safety awareness through drive simulator experiences.

We promote the importance of safety to the general public through our TOYO TIRES DRIVE SAFE PROJECT using initiatives such as tire safety awareness activities, safety awareness promotion in partnership with JATMA, and a Truck and Bus Tire Servicing Contest for Group technicians.

Governance

Sound governance

Our policy

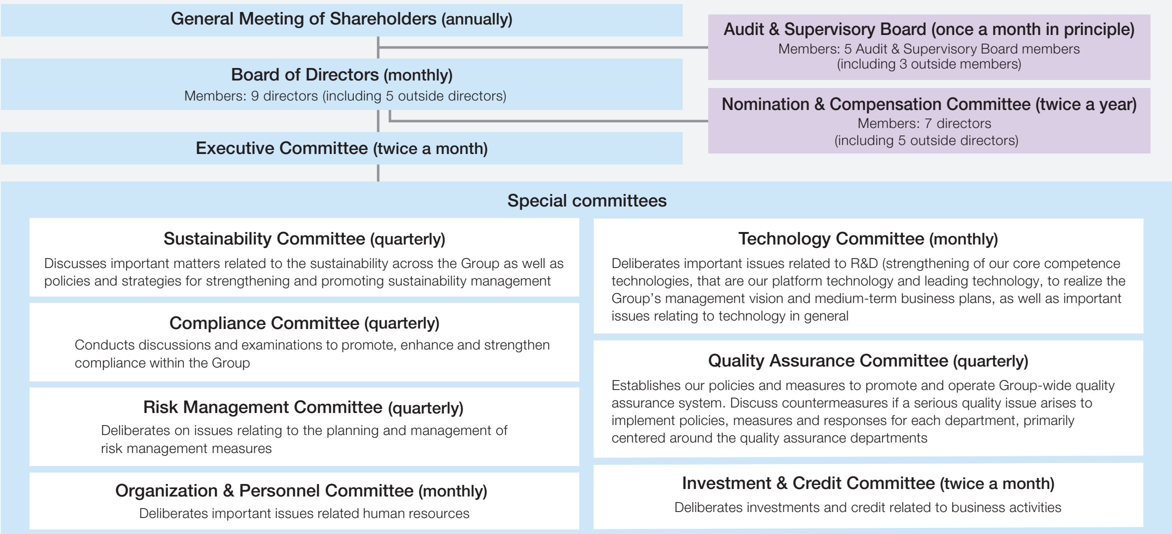
The Toyo Tire Group practices the principles of Japan's Corporate Governance Code in an appropriate fashion to ensure effective corporate governance. We seek to ensure the rights and equal treatment of shareholders and to appropriately cooperate and engage in dialogue with our other stakeholders. We strive to make appropriate information disclosure and ensure transparency to help achieve those aims. The Board of Directors is accountable to the Company's shareholders and, as such, strives to appropriately execute its roles and responsibilities in order to enhance profitability and capital efficiency and, by extension, achieve the Company's sustainable growth and increase corporate value over the medium to long term.

We practice the ideals set forth in our Company Philosophy, Mission, Vision, and Fundamental Values, which together make up our philosophy framework. In order to meet the expectations of our stakeholders and improve our corporate value, we seek to ensure management transparency and efficiency, work to maintain and build appropriate management systems, and endeavor to further strengthen our corporate governance, internal control systems, and compliance.

As part of our efforts to strengthen compliance, which we consider to be the essential element that embodies our philosophy, we established the Toyo Tire Group Charter of Corporate Behavior as a set of common principles to help all Group companies conduct sincere business activities. We also formulated the Toyo Tire Group Code of Conduct to assist all executives and employees in implementing the Charter of Corporate Behavior, and seek to instill that code across the whole Group. The Charter of Corporate Behavior and the Code of Conduct are reviewed when appropriate and any necessary revisions are resolved upon by the Board of Directors.

Governance structure

Governance structure (April 2026)



Our corporate governance system consists of the Board of Directors, which is responsible for decision-making and supervisory functions, and, under that, the Nomination & Compensation Committee, which acts as an advisory body to the Board of Directors on personnel affairs, compensation and other matters pertaining to directors. In addition, the Audit & Supervisory Board audits the Board of Directors and the execution of Board member duties. We have established a system that enables all those functions to be fully executed.

We also have an Executive Committee that makes decisions on business execution, under which various special committees that deliberate and consult on individual fields.

The Board of Directors meets, in principle, once a month to supervise the execution of duties by directors and decide important matters, including the appointment of the representative director and executive directors, determination of basic management policies, approval of important investment plans, determination or approval of the convening of general meetings of shareholders, agenda items to be presented and the proposals and documents to be submitted (including financial statements and supplementary statements) at the general meeting of shareholders, and to hear reports on the status of business execution. Outside directors attend Board meetings, where they actively share opinions from diverse perspectives based on their own management and business administration background, and monitor and supervise management from an independent standpoint. The Board of Directors also receives regular reports on important issues such as sustainability, compliance, risk management, and organizational personnel that have been debated and reported on in the Executive Committee or special committees, thus fulfilling its roles and responsibilities in terms of ensuring the Company's sustainable growth and enhancing medium- to long-term corporate value.

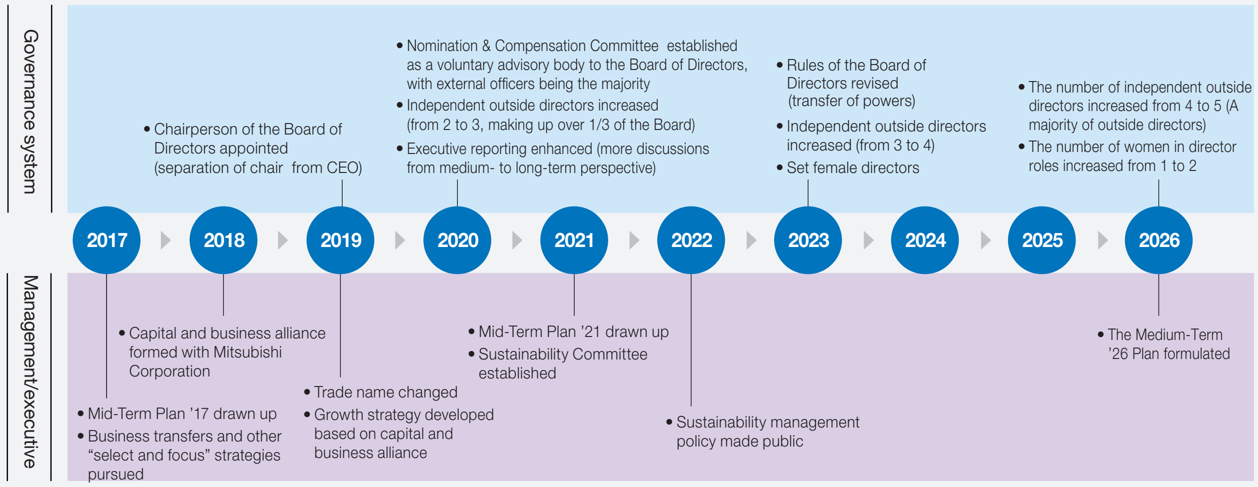
The Nomination & Compensation Committee, which acts as an advisory body to the Board of Directors, met twice in fiscal 2025 to discuss executive candidates, executive compensation policies, and the amount of executive compensation, and to give advice, recommendations, and reports to the Board of Directors.

Governance overview

Organizational format	Company with an Audit & Supervisory Board
Directors	9
Outside directors	5
Female directors	2
Audit & Supervisory Board members	5
Outside members	3
Independent offcers (including Audit & Supervisory Board members)	8
Number of Board of Directors' meetings (FY2025)	18
Attendance of outside directors at Board meetings (FY2025)	100 %

Progress in governance

We have been strengthening our corporate governance system on an ongoing basis. We will continue reviewing our governance arrangements based on the results of the annual effectiveness assessments and take the necessary measures to improve the effectiveness of the Board of Directors.



Appropriate composition of Board of Directors

In our Medium-Term '26 Plan, we have set a goal of using digital transformation (DX) and AI to promote innovative business reforms and improve productivity as well as achieving even faster industry-leading decision-making speed and uniqueness, and we are working to realize that goal. As part of our value creation process, which seeks to create value as a company, we aim to enhance and increase the added value of business processes (business management activities) by leveraging our strong inter-functional collaboration capabilities to maximize the value created for society at large.

Moreover, in order to deepen discussions on growth strategies, we have worked to ensure that the Board of Directors is well balanced overall, by appointing one or more persons with expert knowledge and experience in the areas of "sales and marketing," "research and development," "manufacturing and quality assurance," "experience outside Japan," "digital transformation," and "sustainability."

Directors

Director, Chairman of the Board
Yasuhiro Yamada
Significant concurrent positions
Outside Director, Fujikura Ltd.

Representative Director, President & CEO
Takashi Shimizu

Director, Senior Corporate Officer
Satoru Moriya

Director, Corporate Officer
Kiyohito Hasumi

Outside Director
Michio Yoneda
Significant concurrent positions
Outside Director (Audit & Supervisory Committee Member), Sumitomo Chemical Company, Limited

Outside Director
Yukiko Araki
Significant concurrent positions
Outside Director, Nakanishi Inc.

Outside Director
Takehiro Honjo
Significant concurrent positions
Chairman and Director, Osaka Gas Co., Ltd.
Outside Director, Asahi Broadcasting Group Holdings Corporation

Outside Director
Atsuko Ishii
Significant concurrent positions
Outside Director, Mitsui Sumitomo Insurance Company, Limited
Chairman of the Board, Daito Bunka Gakuen

Outside Director
Mikio Katayama
Significant concurrent positions
President and CEO, Kconcept Corporation
Outside Director, Roland Corporation
Outside Director, SRS Holdings Co., Ltd.

For details on directors' career background, please refer to the Notice of the 110th Annual General Meeting of Shareholders.

Skills Matrix

Name	Officer category	Years in office*	Skills: Corporate management	Sales and marketing	Research and development	Manufacturing and quality assurance	Finance and accounting	Legal and risk management	Overseas experience	DX	Sustainability	2025 Attendance rate atmeetings of the Board of Directors	Nomination and Compensation Committee
Yasuhiro Yamada (Male)	Director, Chairman of the Board	7	●	●				●	●			100% (18/18 times)	●
Takashi Shimizu (Male)	Representative Director, President & CEO	10	●	●	●	●	●	●	●	●	●	100% (18/18 times)	●
Satoru Moriya (Male)	Director, Senior Corporate Officer	5	●	●	●	●				●	●	100% (18/18 times)	
Kiyohito Hasumi (Male)	Director, Corporate Officer	1	●	●			●	●	●	●	●	100% (18/18 times)	
Michio Yoneda (Male, Outside, Independent)	Director	6	●				●	●			●	100% (18/18 times)	●
Yukiko Araki (Female, Outside, Independent)	Director	3	●						●		●	100% (18/18 times)	●
Takehiro Honjo (Male, Outside, Independent)	Director	新任	●				●	●			●	—	●
Atsuko Ishii (Female, Outside, Independent)	Director	新任	●					●			●	—	●
Mikio Katayama (Male, Outside, Independent)	Director	新任	●		●	●				●		—	●

* As of March 27, 2026

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member	Mitsunobu Kohno
Standing Audit & Supervisory Board Member	Satoshi Takashina

Audit & Supervisory Board Member	Yasuhiro Kitao
Audit & Supervisory Board Member	Tsukasa Takahashi
Audit & Supervisory Board Member	Kenji Fukuda

Yasuhiro Kitao, Tsukasa Takahashi, Kenji Fukuda are outside auditors.

Assessing the effectiveness of the Board

Since 2017, we have been analyzing and assessing the operation, composition, and activities of the Board of Directors on an annual basis and reporting the results of that process to the Board so that directors can develop a common understanding of the issues at hand, contributing to enhancing the Board's overall functional effectiveness. To ensure a fair process, we use a third-party body to aggregate and evaluate survey results.

The main updates made in fiscal 2025 relate to the assessment criteria. We reviewed the previous content and updated the existing questions to confirm whether the Board of Directors was closely monitoring and actively engaged in the business activities conducted in accordance with the Medium-Term '21 Plan.

Overview of assessment

Assessment subject	Self-assessment by directors and auditors, with third-party evaluation
Methodology	Questionnaire (19 questions)
Questionnaire design	Five-point scale scoring with comment field for each question
Assessment criteria	①Composition and operation of Board of Directors (10 questions) →Board size, composition, operational status, quality of information provided, etc. ②Management strategy & management planning (5 questions) →Discussions and the level of contribution surrounding the forming of strategy and overall direction, sustainability initiatives based on risks and opportunities, reports and discussions related to the promotion of DX, etc. ③Risk management (2 questions) →Encouraging a measured risk-taking approach, supervising management, etc. ④Overall assessment (2 questions)

Assessment process

Previous year	Around December	Review	Review assessment methodology
This year	Mid-January	Survey	Survey directors and auditors
	Late February	Analysis	Aggregation and feedback of evaluation results by third-party body
	Late March	Report	Report to Board of Directors and consider next course of action

Overview of FY2025 assessment results and next course of action

Most of the assessment results have been positive, and improvements have been made in areas where issues were raised in the last year, which suggest that the Board of Directors as a whole is functioning effectively. The third-party evaluation has also confirmed that our Board of Directors is functioning properly in general, and that it is structured in a way that assures effectiveness.

Among the individual assessment criteria, the effectiveness of management supervision continues to be rated highly. Regarding efforts to improve the quality and timing of information provision, which has been an issue in the past, the survey noted some progress had been made on the faster advance provision of materials for Board meetings and better reporting of the status of business execution. We will continue to improve the ways in which we provide information.

In fiscal 2026, we will focus on setting appropriate agenda items to facilitate debate on the progress of the new Medium-Term '26 Plan and external business environment considerations, and will strive to further enhance the effectiveness of the Board.

Strengthen governance foundation through executive training

We are expanding training opportunities for directors with the aim of consistently broadening the management knowledge of directors and executives and enhancing the effectiveness of the Board's business supervisory function.

We have introduced e-learning courses for internal directors and executive officers that are accessible throughout the year, and are building an environment that enables them to consistently update their basic knowledge of corporate governance, compliance, risk management, and many other areas. We also work hard to consistently incorporate the latest trends, successful case studies, and practical insights by featuring important governance and management-related topics and planning special training sessions with external experts.

Newly appointed executive officers have the opportunity to participate in executive training sessions provided by external organizations. They are also encouraged to broaden their perspectives and build personal networks by interacting with executives from other companies. For outside directors, we are expanding opportunities for them to visit production sites and deepen their understanding of the Toyo Tire Group's operations and business challenges.

A site visit to the Sendai Plant

Director compensation

Basic policy on director compensation

The Company's basic policy for director compensation is to establish a compensation system that links to shareholder interests in order to function sufficiently as an incentive for the sustainable enhancement of corporate value, and that determines the individual compensation for directors at an appropriate level based on their position. Specifically, compensation for executive directors and the Chair of the Board will be made up of base compensation as a fixed-amount compensation as well as share-based compensation and performance-linked compensation on both a short-term and a medium-to-long-term basis (executive directors only). Given the nature of their duties, compensation for outside directors with a supervisory function shall only consist of base compensation.

Determining director compensation

The policy for determining detailed compensation for individual directors is resolved by the Board of Directors. Before making such resolutions, the Board consults with the Nomination & Compensation Committee in advance on the matters to be resolved and receives its recommendations. When determining compensation for individual directors in the current financial period, the Board of Directors confirmed the policy for determining the content of that compensation and also whether the compensation content was indeed consistent with that policy. It also confirmed that the recommendations of the Nomination & Compensation Committee had been upheld, and judged that the process was consistent with the policy for determining compensation.

The composition of executive officer compensation

Director compensation consists of a monthly base compensation element, a short-term performance-linked compensation (bonus) element that reflects the previous year's performance, and restricted stock (RS) compensation and performance stock units (PSU), both of which are linked to medium- to long-term corporate value. The composition of compensation for each officer category is illustrated in the below table:

Compensation component	Internal directors (Executive directors)	Chair of the Board (Non-executive director)	Outside directors	Description
Base compensation	○	○	○	A fixed monthly compensation based on a position-specific salary table. The base compensation amount is reviewed when appropriate depending on the Company's performance, compensation levels at other companies, societal conditions, and other factors.
Short-term performance-linked compensation (bonus)	○	–	–	Designed to raise awareness of the need to improve performance each fiscal year and to steadily execute the medium-term business plan, this compensation component is a cash award (bonus) that reflects progress made on medium-term business plan key performance indicators (KPI: operating income, operating income margin, ROE, ROIC). The compensation calculation is based on a standard amount for each position and also reflects the degree of achievement of the current year's targets and the individual's goals, and an evaluation of individual qualities.
Restricted stock compensation (RS)	○	○	–	Designed to promote the sharing of value with shareholders and to encourage officers to strive to enhance medium- to long-term corporate and shareholder value, restricted stock that is not linked to performance is paid as non-monetary compensation. The standard amount for this compensation is determined according to an individual's position and responsibilities, and a number of shares corresponding to that standard amount is granted annually at a specified time. Compensation paid for the granting of restricted stock is treated as a monetary claim. The total amount of that compensation must be within the annual range of director compensation up to 250 million yen (not including salaries for directors who also serve as employees). The total number of common stock issued or disposed of must not exceed 250,000 shares per year (including a PSU compensation limit of 200 million yen and 200,000 shares per year).
Performance stock units(PSU)	○	–	–	Performance stock units (PSU) are paid as an incentive to achieve the performance targets laid out in the medium-term business plan and consistently enhance corporate value through medium- to long-term performance. To further strengthen the links between shareholder interests and business performance, PSU reflects the key performance indicators (KPI: operating income, operating profit margin, ROE, ROIC) in the medium-term business plan. Each fiscal year, the Company grants units corresponding to the standard amount for each position, and after the performance evaluation period (FY2026-2030), a number of shares are granted based on the number of units and the degree of achievement of each KPI. The compensation is limited to a maximum of 200 million yen per year (not including salaries for directors who also serve as employees) and the total number of common stock issued or disposed of must not exceed 200,000 shares per year.

Note: When determining the proportions of different types of compensation for executive directors and the Chair of the Board, we use compensation levels at other companies of a similar scale and in related industries and business types as a benchmark. When the key performance indicators are fully achieved, the compensation composition for executive directors would generally be base compensation: bonus: RS: PSU=33:33:8:25.

Total compensation by executive officer category in FY2025

Officer category	Total compensation (Millions of yen)	Total amount by compensation type (Millions of yen)			Number of eligible officers
		Base compensation	Performance-linked compensation	Non-monetary compensation	
Director (excluding outside directors)	349	145	176	27	5
Audit & Supervisory Board member (excluding outside Audit & Supervisory Board members)	44	44	–	–	2
Outside officers	74	74	–	–	8

Notes: 1. The performance stock unit (PSU) system will be introduced from FY2026.
2. Of the above, executive bonuses and medium- to long-term performance-linked cash compensation fall under the category of performance-linked compensation.
3. Of the above, only restricted stock (RS) compensation is classed as non-monetary compensation.
4. The above includes one director and one outside Audit & Supervisory Board member who retired on March 26, 2025.

Engaging in dialogue with shareholders and investors

Our top management engages frequently in dialogue with institutional investors and securities analysts through such events as annual general meetings of shareholders and quarterly financial results briefings. We also promote deeper understanding of our Group strategies in individual meetings and respond proactively to dialogue requests from institutional investors around the world.

In 2025, senior executives engaged with institutional investors (some of whom are shareholders) and securities analysts, with 74 attendees from 65 institutions. We also conducted individual interviews with 508 attendees from 356 institutions.

Furthermore, we are expanding opportunity for dialogue by conducting ESG-themed interviews and various other briefings. Opinions and requests obtained through such dialogue are promptly fed back to the Company and used to enhance information disclosure.

Company-wide risk management system

Our policy

We will manage any risks that might affect the Group's business activities on a company-wide basis through our basic approach set out in the Risk Management Policy and Risk Management Rules. We will thus strive to promote sustainable growth, uphold our corporate value and fulfil our responsibilities to our stakeholders.
The Group conducts risk management from two perspectives, namely the management of risks that we could potentially face and the response to any crisis events that might occur when a risk does materialize.

Organizational responsibilities (April 2026)

The Group has a Risk Management Committee that operates independently from the Audit & Supervisory Board and sits under the Executive Committee, which is the decision-making body for business execution. The Risk Management Committee meets, in principle, four times a year to improve risk management and crisis management frameworks and monitor their progress. The details of that progress are reported twice a year to the Executive Committee and once a year to the Board of Directors.

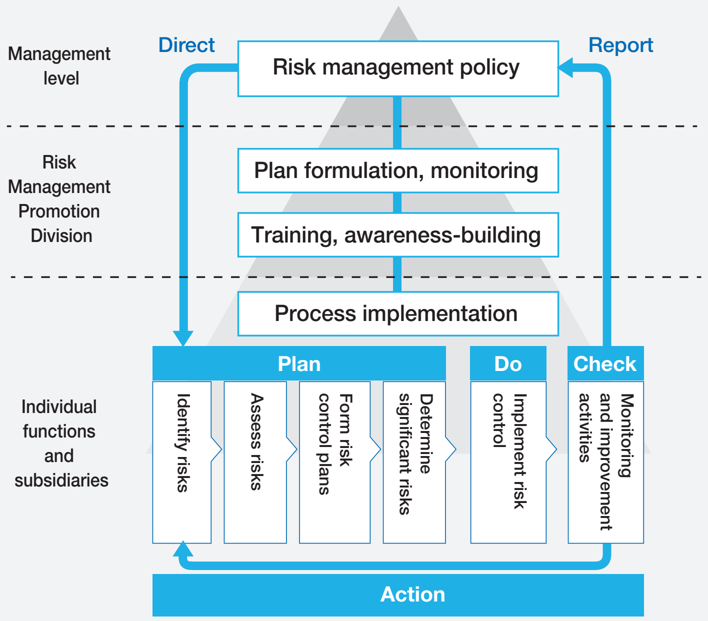
Risk management initiatives

We recognize that, as the Group's business activities and supply chain expand globally, a wide variety of risks become more intricately linked and complex. The Risk Management Committee is in charge of group-wide risk management and, as such, the Committee identifies potential risks in the Group's value chain based on individual factors that might cause those risks to occur, and inspects and manages those risks on a lateral and regular basis. Within that framework, the Committee works continuously and strategically on particular risks that could have a significant impact on the Group's long-term business operations if they were to occur or materialize, and positions those risks as "significant risks" that should be addressed with the utmost priority.

Furthermore, we continue to give high priority to addressing risks related to cyberattacks, including system failures and information leaks, as well as geopolitical risks.

The Corporate Headquarters identifies risks associated with climate change and human rights risks in all our business activities, including our supply chain, and assesses their significance, formulates countermeasures in cooperation with relevant divisions and reports on such activities to the Sustainability Committee. The Risk Management Committee, which oversees company-wide risk management, investigates and confirms the effectiveness of the risk management activities conducted by various special committees and organizational functions within the Company, including any measures taken to counter the above-mentioned type of ESG risks, on a quarterly basis. The Risk Management Committee regularly reports the results of its investigations to the Executive Committee and the Board of Directors.

Each year, the Risk Management Committee identifies and assesses risks, and plans and implements risk control measures. The Committee also reviews significant risks when deemed necessary in light of changes in the external environment or the Group's business environment.



Crisis management initiatives

We appoint a crisis management officer for each major crisis event expected to exert a significant impact on the Toyo Tire Group, and compile individual response manuals specifying the measures to be taken both regularly and in times of emergency. If an emergency does occur, the Chief Risk Management Officer will convene an emergency response meeting to ascertain the optimal course of action based on the magnitude of the emergency's impact on the Toyo Tire Group and its stakeholders, and strive to solve any issues that arise. We have also prepared business continuity plans (BCP) for events, such as large-scale natural disasters or pandemics, based on the scale of estimated damage. We conduct systematic BCP drills annually, and work tirelessly to improve those plans through various business continuity management initiatives.

Compliance

Our policy

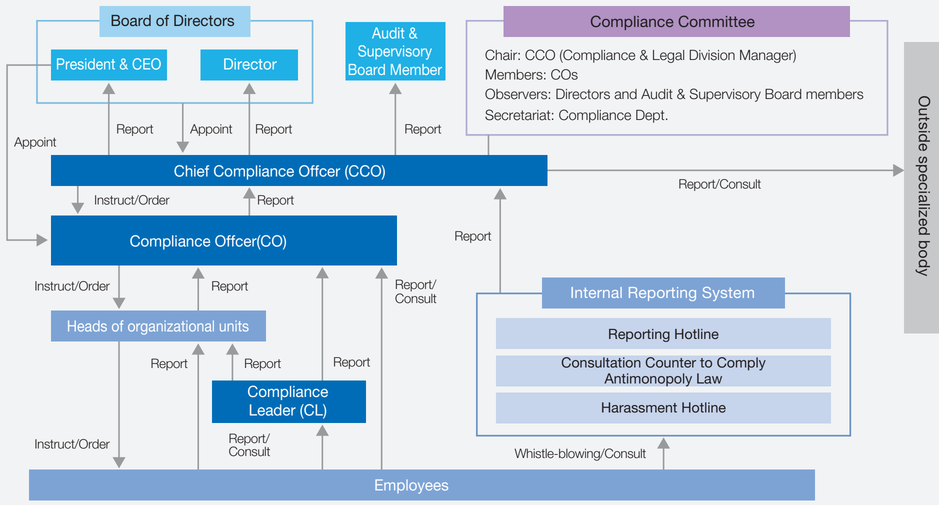
We ensure that all executives and employees within the Group prioritize compliance in their day-to-day operations.

Organizational responsibilities (April 2026)

We set up the Compliance Committee as one of the special committees under the jurisdiction of the Executive Committee to consult and investigate ways to promote compliance. The Chief Compliance Officer (CCO), compliance officers (CO) and compliance leaders (CL) play a key role in promoting compliance under our compliance officer system.

The Compliance Committee, chaired by the CCO appointed by the Board of Directors, meets quarterly in principle, and reports the results of its discussions twice a year to the Executive Committee, which is supervised by the Board of Directors. The status of activities to promote compliance is also reported to the Board of Directors as appropriate.

The Compliance Department provides support at all stages so that the system functions properly and effectively.



CCO : Investigates, gives instructions and orders (including the suspension of operations and shipments, etc.) and makes suggestions on compliance matters for the entire Group
CO: Investigates, gives instructions and orders (including suspension of operations and shipments, etc.) and makes suggestions on compliance matters in their department
CL: Assists COs and reports to department managers and COs upon becoming aware of a compliance incident when promoting compliance activities in the workplace

Instilling the Group Charter of Corporate Behavior and Code of Conduct

We have developed the Global Code of Conduct Handbook, which provides guidance for employees to put the Toyo Tire Group Charter of Corporate Behavior and the Toyo Tire Group Code of Conduct into practice. The handbook has been translated into the local languages of the countries and regions in which our bases are located in the effort to instill the principles of the Charter and the Code into every Group employee and strengthen compliance.

In Japan, we conduct read-along training sessions every year for all executives and employees, including those of Group companies, using the Code of Conduct Handbook and the Supplementary Reader that gives specific examples relevant to front-line production and sales staff. Upon completing the training, each participant submits a written pledge to promote compliance.

Conducting compliance awareness surveys

We conduct annual compliance awareness surveys to ascertain the degree of compliance-related awareness among employees and aid our future endeavors. Although the most recent survey response rate and other indicators declined compared to the previous year, compliance awareness remains high and we plan to address the identified challenges to further solidify it.

2025 compliance awareness survey results

2025 compliance awareness survey results	Response rate **87%** (2024: 90%)
Implementing activities to promote compliance	
Made one or more attempts to raise compliance awareness over the past year	**95%** (2024: 95%)
Degree of compliance awareness and understanding	
Understand what compliance means * Toyo Tire compliance: Instead of simply adhering to laws and regulations, we must comply with laws, regulations and internal rules, and be guided in our actions by a keen sense of ethics.	**86%** (2024: 89%)
Degree of embedding of compliance	
Remain conscious of compliance when conducting own work activities	**94%** (2024: 95%)

Whistleblowing system

The Toyo Tire Group has been operating a whistleblowing system since 2006. We have set up whistleblowing hotlines through which our Group employees, former employees and suppliers can report or consult directly on compliance matters and other concerns that could develop into a crisis event. These hotlines can be accessed through multiple channels, including those provided by an external third-party, with some channels accepting reports and consultations 24 hours a day, 365 days a year.

We prohibit retaliatory actions against whistleblowers, and internal regulations stipulate that such conduct may result in disciplinary action in accordance with company rules. The hotlines accept anonymous reports, and the details of these reports are kept confidential from all parties except those necessary for investigations or remedies, with a system in place so that the information needed to address issues is more likely to reach the governance bodies. In fiscal 2025, the hotlines received 16 reports and consultations, with the majority related to internal rules. All reports are investigated swiftly and, where necessary, actions are taken to remedy the issue or prevent recurrence.

To detect and solve harassment incidents at an early stage, we have also set up harassment hotlines for employees and assigned counselors at each of our business sites in Japan. Their contact details are posted on noticeboards in company premises, and the counselors are given relevant training to ensure they can handle matters reported to them appropriately. In addition, we conduct training sessions for employees as well as managers and supervisors from time to time to promote awareness and provide correct information on how to prevent harassment. In fiscal 2025, the harassment hotlines received 16 reports, and all have been dealt with and investigated in accordance with the defined process for handling harassment cases.

We have also set up a customer service center and web-based inquiry form for consumers, local communities, and other members of the general public to better address a wider range of opinions and questions.

Message from the Chairman of the Board of Directors

Enhancing the Board's effectiveness with a view to achieving the Medium-Term '26 Plan by focusing on quality of discussion, diversity, and relationships of trust

Director, Chairman of the Board **Yasuhiro Yamada**

In the previous Medium-Term '21 Plan, we achieved our key performance targets—operating income, operating income margin, and ROE—ahead of schedule. In addition, we steadily executed our growth strategies, including the launch of our first new plant in Europe, and undertook structural reforms in unprofitable business segments such as the automotive parts business in an effort to restructure our business portfolio. These initiatives lived up to the expectations of stakeholders. Meanwhile, we have prioritized discussions at the meetings of the Board of Directors regarding the shortage of supply capacity in the U.S. market, which we recognize to be a challenge going forward in terms of capitalizing on growth opportunities. We also acknowledge that we are only halfway toward realizing the goals we set ourselves in the Medium-Term '21 Plan regarding stronger product competitiveness in the European market and the shift to company-wide data-driven management.

Given these challenges, when the new Medium-Term '26 Plan was being formulated, the Board shared and discussed the key assumptions and directions of measures, including increased production capacity, the specifics of regional strategies, management target levels, the appropriateness of capital policy, and investments in R&D and human capital. We recognize that this process of repeated examination and discussion from multiple perspectives led to the development of a more effective medium-term management plan.

To achieve the goals of the Medium-Term '26 Plan, I believe that the role of the Board is not to delve into the progress of each KPI, but rather to oversee from a medium- to long-term and multi-stakeholder perspective whether those KPIs align with management objectives and whether their progress is being appropriately managed. At Board meetings, we have made reporting on business execution a regular practice and we continuously review each department's KPI progress and medium- to long-term issues. The meetings of the Board serve not only as reporting opportunities but also as forums for open discussion. Through this framework, we will continue to monitor the progress of the Medium-Term '26 Plan and further strengthen the Board's oversight function.

From my position as chair of the Board of Directors, I believe that the quality of discussion, diversity, and relationships of trust are essential elements in achieving this.

I will remain constantly mindful of whether our discussions at Board meetings are conducted with a focus on enhancing corporate value over the medium-to-long term. This is because, while our discussions are sometimes focused on individual agenda items, I believe it is necessary to maintain the quality of discussion by continuing to deliberate matters from the standpoint of total optimization, covering such areas as growth strategy, appropriate risk-taking, and business portfolio. The Company's outside directors, who constitute the majority of Board members, draw on their respective expertise and experience to facilitate discussions from a wide range of perspectives. I would like to further enhance the effectiveness of the Board by incorporating this diversity into the decision-making process. In addition, relationships of trust form the basis for open and candid exchanges without undue deference — a key factor underpinning the effectiveness of the Board. Reducing the asymmetries in information between the outside directors and the Company's executives remains an ongoing challenge, and we will look to further foster a culture of constructive discussion at Board meetings by enhancing the information provided and strengthening communication.

Looking ahead, the Board of Directors will continue working to enhance the quality of discussions by fostering mutual trust and respect among inside and outside directors, as well as the Company's executives, and by engaging in in-depth discussions from diverse perspectives. Through such efforts, we will steadily execute the Medium-Term '26 Plan and generate tangible results.

Dialogue Between Outside Directors

Advancing to the next stage of business management and governance

Outside Director
Michio Yoneda

Outside Director
Yukiko Araki

Reflections on the Medium-Term ’21 Plan

Yoneda: It’s wonderful that Toyo Tire was able to achieve its Medium-Term ’21 Plan targets ahead of schedule. I really commend this achievement. While the exchange rate also helped, the Company succeeded in improving profitability by internalizing its management policy of prioritizing quality over quantity, as seen with its sales strategy for priority products. Financial health improved, thanks in part to the effects of measures like structural reforms of plants around the world and sales of strategic shareholdings. The Company also demonstrated its ability to make quick decisions and respond flexibly to major external changes, such as the COVID-19 pandemic and geopolitical risks.

Araki: Absolutely. Focusing management resources on highly profitable segments and establishing differentiation has helped enhance Toyo Tire’s competitive advantage — a sign that the Company has been consistently shifting to a leaner structure. I also commend the Company for restructuring its business portfolio, including improving the profitability of its automotive parts business and reorganizing its business in China.

Yoneda: There are some continuing key challenges, such as fostering data-driven management, establishing a business structure in Europe, and improving productivity at existing plants in North America and elsewhere. The business environment is changing faster than ever, and past assumptions may no longer hold true. Instead of relying on earlier successes, it is essential for the Company to maintain its existing strengths while establishing the next pillars for growth.

Araki: I agree that, while Toyo Tire has made progress in strengthening its system in Europe, including restructuring its research, manufacturing and sales networks, there is still a long way to go in terms of improving competitiveness and transforming that into profit. There are also other challenges relevant to achieving lasting growth, such as strengthening the human capital foundation — including securing and developing talent to drive business growth — and addressing aging factories in Japan and North America. I hope to see consistent progress toward solving them.

Medium-Term ’ 26 Plan: Expectations and challenges

Yoneda: As I mentioned earlier, I think a vital part of the Medium-Term ‘26 Plan will be maintaining existing strengths while building the next growth pillars. The growth forecast for North America is stable, and Toyo Tire’s strength there is an asset for the Company. However, when the business environment changes, heavy reliance on a specific area could pose a risk. The Company must keep a close eye on these changes as it executes its growth strategy, including strengthening the truck and bus tire business, developing products that enhance its presence in the European market, and effectively utilizing manufacturing and R&D in Serbia to achieve these goals.

Araki: That is a very important point. Looking ahead, Toyo Tire’s global strategy must not rely exclusively on North America. In Europe, the Company has been restructuring its operations to achieve a leaner sales structure, and over the course of the Medium-Term ’26 Plan, it needs to consistently advance initiatives that will lead to future growth, charting a course to the next stage. One key question regarding Europe will be how to leverage strengths in technology and R&D to drive business expansion as both the competitive landscape and environmental and safety regulations change.

Yoneda: From the perspective of improving our ability to act, one answer to that is digital transformation. This transformation has advanced from simply setting up systems to understanding how accumulated data can be leveraged to improve management and business operations. As data and AI need to be used in increasingly sophisticated ways, it will all depend on how much the Company can improve IT literacy across the entire organization.

Araki: Digital transformation must go beyond just improving the efficiency of individual processes, and function as a mechanism for creating value as a company. Data should be used not only in individual departments, but also linked and integrated across the company. I think it will be crucial to take a more concrete, directed approach to recruiting, training and raising the overall skill level of the talent needed to support these initiatives, and ensuring that these plans are put into action.

The effectiveness of the Board of Directors

Yoneda: Looking back on my tenure, I feel that the Board of Directors has gradually become more effective. To make discussions even more productive, I think it is important to set clearer priorities in the agenda and ensure sufficient time and meeting sessions are allocated for discussing major themes. Instead of seeing the executive side and outside directors as simply opposing forces, we need to build a mutually trusting relationship with a positive sense of tension. Rather than going along to get along, I think that exchanging opinions openly and maintaining a relationship that supports rational decision-making is what will lead to genuine improvement in the effectiveness of the Board of Directors.

Araki: The Board has made improvements in the way information is provided and shared, including sending documents earlier. As you say, I feel it would be even more beneficial to have a forum for discussing broader, company-wide strategic themes that affect the future — an opportunity for executives from both inside and outside the Company to constructively align perspectives. I think it’s essential to have a platform for continued discussion of agenda items that can’t be easily agreed upon then and there.

Making sustainability integral to business

Araki: As I’ve mentioned before, while there is broad discourse on ESG and sustainability globally, it’s important for the Company to identify what aspects should be incorporated into our own business strategy and move forward centered on that. The Medium-Term ’26 Plan outlines the Company’s approach to the value chain as a whole, and I’d like to see this integrated into overall strategy so that every employee can think about how to apply it in their own work.

Yoneda: I agree. There was a time when ESG and sustainability were considered an extension of CSR and treated as costs. Now they are no longer peripheral issues — they must be made integral to business management itself. It has become crucial to find ways to translate things like environmental and resource circulation initiatives into improved profits and business opportunities, and companies are expected to clearly communicate their approaches both internally and externally.

Mindset as an outside director

Yoneda: As uncertainty increases, growth requires taking appropriate risks. I have observed a lot of companies through my experience in the financial industry, and have found that the ones that grow are those that continue to take on challenges while keeping a close eye on risk, embracing change in the process to drive innovation. It is also crucial for Toyo Tire to identify signs of risk and changes in the environment early and respond promptly. I want to promote discussion and make recommendations to ensure that happens.

Araki: I also approach Board discussions objectively and from a management perspective, drawing on a wide range of information, so that I can properly support the risk-taking needed to drive growth. As we advance toward the next stage and the next era, I believe that seeing change as inevitable and remaining agile and proactive in taking on challenges will increase our corporate value. I am committed to helping us do that as a company.

Messages from the Outside Directors

Sharpen unique strengths and rise to the transformation challenge

Outside Director Takehiro Honjo

Toyo Tire Corporation has built a solid earnings platform and presence by focusing on the mobility sphere and developing inimitable products in the North American market, but how will this great potential be passed on to future generations? With the auto industry on the cusp of a transformative era, it is vital to remain firmly committed to solving social issues as we embark on the Medium-Term '26 Plan. The Board of Directors needs to deepen the debate on using current strong performance as a springboard for developing technological strategies that anticipate and achieve the Company's ideal vision 10 or 20 years from now and determine the right growth investment strategy to support that vision.

Having worked in infrastructure business management, I believe that anticipating and adapting to change is an essential skill for any company looking to achieve sustainable growth. My job as an outside director is to help Toyo Tire Corporation's management steer this period of significant transformation through multifaceted and constructive dialogue, and to support its growth and development as a company that consistently meets the expectations of its shareholders.

Encourage quality debate, support human capital management

Outside Director Atsuko Ishii

The company's pillar tire products are crucial auto parts that protect people's lives and property, but they are also unsung heroes that play a crucial role in ensuring optimum vehicle performance and comfort. Having said that, the surrounding environment is undergoing dramatic change and the business is becoming increasingly difficult to steer.

I was only appointed as an outside director in March of this year but straight away I felt reassured by the easy atmosphere and lively discussions in Board meetings. I will work to enhance the quality of important policy debates by offering objective comments and criticisms and injecting the distinctive external perspective of an outside director. I also believe that a company's people, or human resources, are the key to enhancing technological prowess, product and production capabilities, and quality, and the source of all efforts to enhance corporate value. I want to use my professional expertise to contribute to the deepening of human capital management set out in the Medium-Term '26 Plan.

View change as a growth opportunity, encourage debate on enhancing corporate value

Outside Director Mikio Katayama

Toyo Tire Corporation is entering a challenging phase in its journey toward the next stage of growth under the new medium-term business plan. It is important to further refine the Company's key strengths which include strong global business platforms formed over many years, an ability to make rapid decisions based on inter-function coordination, and unique product and technological capabilities.

Previously, I was involved in technology development, structural reform, growth investment, and frontline transformation at a manufacturing company with global operations. In my experience, achieving sustainable growth in a rapidly changing era requires not only frontline capabilities and technical skills, but a corporate culture that encourages employees to take challenges and a keen ability to make swift management decisions. These qualities are essential.

The Medium-Term '26 Plan will likely drive the Company forward while simultaneously navigating these changes. For my part, I will supervise management and encourage repeated and constructive discussion on how to view change as a growth opportunity and enhance corporate value over the medium to long term.

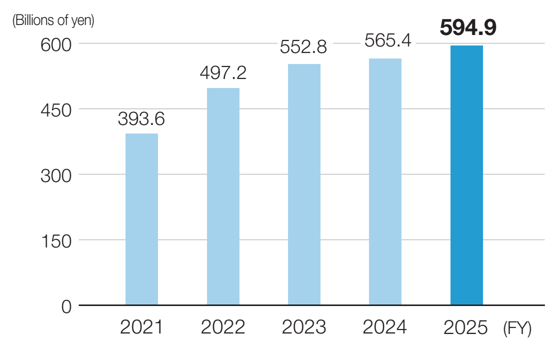
Data Section

Financial Summary (11 years)

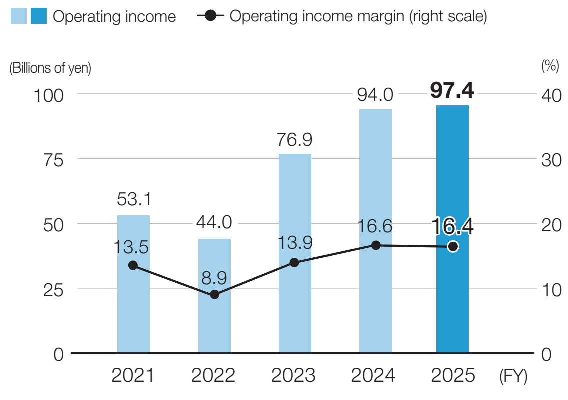
	2015.12	2016.12	2017.12	2018.12	2019.12	2020.12	2021.12	2022.12	2023.12	2024.12	2025.12
Year-end consolidated financial position (millions of yen)											
Net sales	407,789	381,635	404,999	393,220	377,457	343,764	393,647	497,213	552,825	565,358	594,923
Gross profit	153,500	136,267	136,982	134,169	130,822	123,239	161,041	197,976	216,511	230,763	234,814
Selling, general and administrative expenses	90,119	86,952	91,674	91,779	92,374	86,911	107,960	153,930	139,612	136,782	137,464
Operating income	63,381	49,315	45,308	42,390	38,447	36,328	53,080	44,046	76,899	93,981	97,350
Profit (loss) attributable to owners of parent	1,674	△12,260	15,476	10,553	24,482	11,682	41,350	47,956	72,273	74,810	63,614
Capital expenditure	48,338	23,930	22,381	29,722	42,633	26,967	37,766	47,303	34,102	25,589	29,995
Depreciation and amortization	24,828	24,856	25,538	25,795	25,162	21,005	21,468	26,748	30,772	35,106	35,555
Net cash provided by (used in) operating activities	41,305	38,865	13,430	19,063	11,229	53,796	34,465	15,172	86,503	67,059	93,060
Net cash provided by (used in) investing activities	△46,009	△13,785	△10,633	△28,428	△38,271	△27,856	△37,538	△16,712	△14,661	△15,214	△ 23,079
Net cash provided by (used in) financing activities	19,051	△31,317	△13,513	12,829	20,732	△12,638	11,697	△16,231	△62,894	△23,077	△ 43,827
Year-end consolidated financial position (millions of yen)											
Total assets	522,937	491,088	473,876	469,377	468,746	445,579	531,229	598,889	645,480	722,666	753,248
Total liabilities	347,572	345,466	310,061	312,130	244,237	222,885	251,073	277,974	250,281	250,113	230,588
Interest-bearing debt	162,035	132,930	119,963	137,327	118,545	110,578	128,784	135,436	102,714	108,449	92,349
Net assets	175,364	145,621	163,815	157,251	224,509	222,694	280,155	320,915	395,199	472,552	522,659
Non-controlling interests	3,513	4,043	4,735	4,511	1,747	1,918	201	231	-	-	-
Equity capital	171,851	141,578	159,079	152,739	222,761	220,776	279,954	320,683	395,199	472,552	522,659
Data per share (yen)											
Earnings per share (EPS)	13.19	△96.54	121.87	83.11	161.41	75.89	268.62	311.51	469.42	485.86	413.10
Cash dividends per share (annual)	45	45	45	45	45	45	76	80	100	120	130
Net assets per share (BPS)	1,353.19	1,114.82	1,252.66	1,202.75	1,447.23	1,434.23	1,818.60	2,083.00	2,566.76	3,069.02	3,393.98
Financial ratio (%)											
Operating income margin	15.54	12.92	11.19	10.78	10.19	10.57	13.48	8.86	13.91	16.62	16.36
Gross profit margin	37.64	35.71	33.82	34.12	34.66	35.85	40.91	39.82	39.16	40.82	39.47
Selling, general and administrative expenses margin (%)	22.10	22.78	22.64	23.34	24.47	25.28	27.43	30.96	25.25	24.19	23.11
Return on equity (ROE) (%)	0.95	△7.82	10.30	6.77	13.04	5.27	16.52	15.97	20.19	17.24	12.78
Return on assets (ROA) (%)	11.31	8.70	8.33	8.14	7.81	6.76	11.45	9.03	13.83	14.93	13.73
Capital ratio	32.86	28.83	33.57	32.54	47.52	49.55	52.70	53.55	61.23	65.39	69.39
Debt / equity ratio (Times)	0.94	0.94	0.75	0.90	0.53	0.50	0.46	0.42	0.26	0.23	0.18
Payout ratio	341.26	-	36.92	54.15	27.88	59.30	28.29	25.68	21.30	24.70	31.47

Financial Highlights

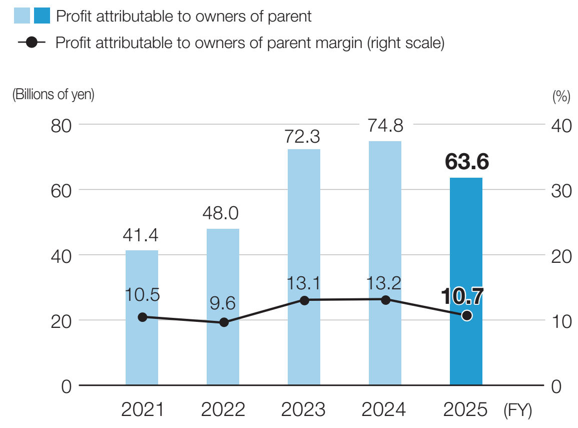
Net sales



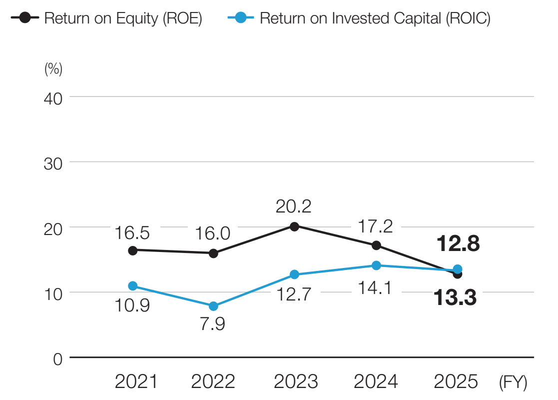
Operating income / Operating income margin



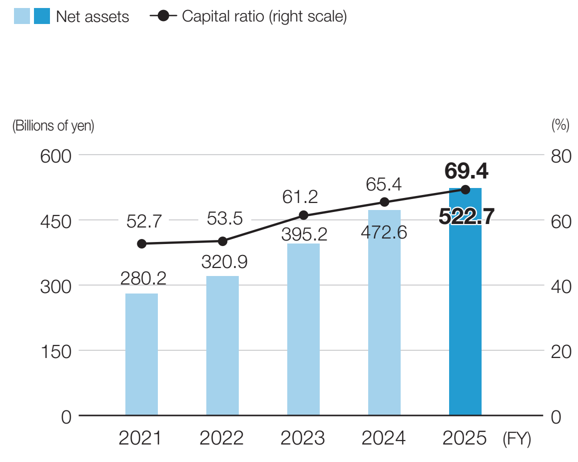
Profit attributable to owners of parent / Profit attributable to owners of parent margin



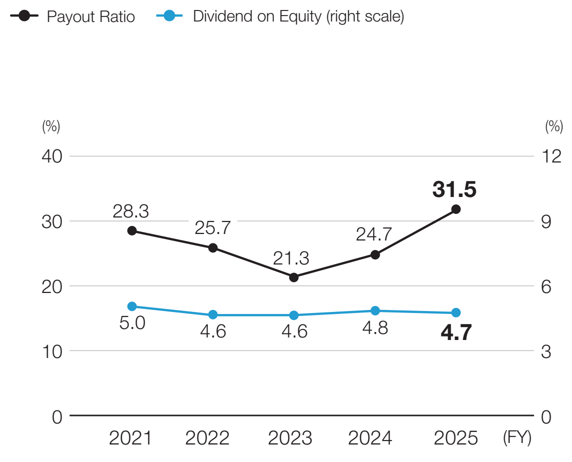
Return on Equity (ROE) / Return on Invested Capital (ROIC)



Net assets / Capital ratio



Payout Ratio / Dividend on Equity*



*Annual total dividend / End-of-period shareholders' equity.

Progress on Materiality Initiatives (2021-2025)

	Materiality	2021～2025年の主な実績
1	Help create a society of sustainable mobility	・Product development that reduces mobility's environmental impact and enhances safety - Enhanced fuel efficiency when introducing new models of core products - Expanded products offering better wear resistance and wet performance - Expanded commercial vehicle tire lineup to address environmental and social issues in the transportation sector
2	Support the enjoyment of mobility for all	・Product development that combines functionality and designability for the joy of driving - Expanded OPEN COUNTRY brand products - Improved environmental performance and used sustainable raw materials in OPEN COUNTRY products ・Testing airless tires to promote green slow mobility* * Green slow mobility is a small mobility service that uses electric vehicles permitted on public roads that are capable of speeds up to 20 km/h
3	Support diverse talent with motivating challenges and job satisfaction	・Reorganized personnel and evaluation systems ・Incorporated flexible work styles, including remote working ・Improved environments and opportunities for autonomous and proactive learning (including reskilling) ・Improved corporate culture based on employee opinion surveys ・Selected as a KENKO Investment for Health Stock (2025) for the first time, and certified as a White 500 Outstanding Health & Productivity Management Organization ・Took measures to prevent child and forced labor based on human rights risk assessments
4	Continue innovating next-generation mobility technology	・Increased ratio of sustainable raw materials Concept tires: 96.5%, Manufactured products: 30.2% (2025 data) ・Promoted sustainable materials research Successful synthesis of CO_2-derived butadiene rubber in collaboration with the University of Toyama ・Acquired ISCC PLUS certification for two Japanese factories (Sendai Plant and Fukushima Rubber Co., Ltd.)
5	Pursue decarbonization in all corporate activities	・Acquired SBT certification for GHG emissions reduction targets ・Earned an A rating in the CDP climate change category ・Reduced GHG emissions Reduced Scope 1,2 emissions by 50.1% vs. 2019 Scope 3: Achieved a cumulative 3.0% reduction in GHG emissions per tire vs. 2019 (2025 data) ・Percentage of electricity from renewable sources used at production sites Over 92% (2025 data)
6	Promote supply chain sustainability	・Natural rubber traceability to district level: 40% ・Percentage of primary suppliers achieving or exceeding benchmark scores in third-party sustainability evaluations: 94% ・Survey of dependence and impact on natural capital in natural rubber processing plant areas ・Reducing environmental impact and improving logistical efficiency through modal shifts (Long- distance truck transportation from Japanese factories reduced by 27%*1 compared to 2019) *1 During the fiscal year starting in April and ending the following March *2 All 2025 data
7	Ensure the fundamentals of manufacturing: quality and safety	・Quality management systems (2025 data) - ISO 9001 certification: 13 Group sites (including 10 affiliated company sites) - IATF 16949 certification: 8 Group sites (including 5 affiliated company sites) ・Progressively improving quality and processes by visualizing and utilizing production process data ・Building frameworks to support the manufacture and deployment of RFID-compatible products ・Conducting tire safety awareness activities (drive simulator experience) across Japan Participants (2021-2025): Approx. 9,000. Improved safety awareness: Over 95% (survey results)

Corporate Data

Overview (As of December 31, 2025)

Trade name	Toyo Tire Corporation
Established	August 1, 1945
Paid-in capital	55,935 million yen
Number of employees	10,702 (consolidated, including temporary employees)
Headquarters	2-2-13 Fujinoki, Itami City, Hyogo 664-0847, Japan Phone: +81-72-789-9100
Plants	Sendai Plant / Kuwana Plant, others
Lines of business	[Tire Business] Tires (for passenger vehicles, light trucks, trucks & buses) [Automotive Parts Business] Automotive anti-vibration rubber

Network in Japan

Office	Office Address
Headquarters	2-2-13 Fujinoki, Itami City, Hyogo 664-0847
Tokyo Office	19F Shinagawa Seaside Park Tower, 4-12-4 Higashishinagawa, Shinagawa-ku, Tokyo 140-0002
Nagoya Office	3 Syogayama, Uchikoshi-cho, Miyoshi City, Aichi 470-0213
Hiroshima Office	13-20 Hikari machi 1-chome, Higashi-Ku, Hiroshima City, Hiroshima 732-0052
Sendai Plant	3-5-1 Fukiage, Iwanuma City, Miyagi 989-2484
Kuwana Plant	2400 Oaza Nakagami, Toin-cho, Inabe-gun, Mie 511-0294
Hyogo Manufacturing Complex	1183 Rokubuichi, Inami-cho, Kako-gun, Hyogo 675-1112
Corporate Technology Center	3-10-1 Yato, Kawanishi, Hyogo 666-0131
Tire Technical Center	2-2-13 Fujinoki, Itami City, Hyogo 664-0847
Automotive Parts Technical Center	3 Syogayama, Uchikoshi-cho, Miyoshi City, Aichi 470-0213
Miyazaki Tire Proving Ground	2318 Kawakita, Tsuno-cho, Koyu-gun, Miyazaki 889-1201
Saroma Tire Proving Ground	Nishitomi, Saroma-cho, Tokoro-gun, Hokkaido 093-0504

Consolidated subsidiaries	Address
Toyo Tire Japan Co., Ltd.	2-2-13 Fujinoki, Itami City, Hyogo 664-0847
Toyo Tires Logistics Co., Ltd.	2-2-13 Fujinoki, Itami City, Hyogo 664-0847
Orient Machinery Co., Ltd.	2-3-6 Fujinoki, Itami City, Hyogo 664-0847
Toyo Chemical Industrial Products Co., Ltd.	1183 Rokubuichi, Inami-cho, Kako-gun, Hyogo 675-1112
Fukushima Rubber Co., Ltd.	28 Aza Domae, Miyashiro, Fukushima City, Fukushima 960-0116
Ayabe Toyo Rubber Co., Ltd.	115 Kuri-cho, Sawa, Ayabe City, Kyoto 623-0222
Toyo Tire Refine Corporation	2-2-13 Fujinoki, Itami City, Hyogo 664-0847

Global network

Consolidated subsidiaries	Country
North America	
TOYO TIRE HOLDINGS OF AMERICAS INC.	U.S.A
TOYO TIRE U. S. A. CORP.	U.S.A
NITTO TIRE U. S. A. INC.	U.S.A
TOYO TIRE NORTH AMERICA OE SALES LLC	U.S.A
TOYO TIRE NORTH AMERICA MANUFACTURING INC.	U.S.A
TOYO AUTOMOTIVE PARTS (USA),INC.	U.S.A
TOYO TIRE CANADA INC.	Canada
Central & South America	
NT MEXICO S. DE R. L. DE C. V.	Mexico
TOYO AUTOMOTIVE PARTS DE MEXICO, S. A. DE C. V.	Mexico
Europe	
TOYO TIRE HOLDINGS OF EUROPE GMBH	Germany
TOYO TYRE (UK) LTD.	U.K.
TOYO TIRE BENELUX B. V.	Netherlands
TOYO TIRE ITALIA S. P. A.	Italy
TOYO TIRE RUS LLC	Russia
TOYO TIRE SERBIA D. O. O.	Serbia
TOYO TIRE SALES AND MARKETING EUROPE D.O.O. INDIJA	Serbia
Oceania	
TOYO TYRE AUSTRALIA PTY LTD	Australia
Asia	
SILVERSTONE BERHAD	Malaysia
SILVERSTONE POLYMER INDUSTRIES SDN BHD	Malaysia
TOYO TYRE MALAYSIA SDN BHD	Malaysia
TOYO TYRE SALES AND MARKETING MALAYSIA SDN.BHD.	Malaysia
TOYO RUBBER CHEMICAL PRODUCTS (THAILAND) LIMITED	Thailand
TOYO TIRE (THAILAND) CO.,LTD.	Thailand
TOYO TIRE (SHANGHAI) CO.,LTD.	China
TOYO TIRE (ZHUCHENG) CO.,LTD.	China
TOYO AUTOMOTIVE PARTS (GUANGZHOU) CO.,LTD	China

Investor Information

Stock information (As of December 31, 2025)

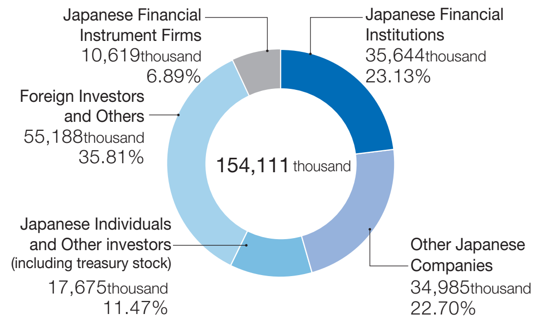
Total number of issued shares:	154,111,029
Number of shareholders:	60,114
Stock exchange listing:	Tokyo Stock Exchange
Shareholder register administrator and account management institution for special account:	Mitsubishi UFJ Trust and Banking Corporation
Independent auditor:	KPMG AZSA LLC
Fiscal year:	January 1 – December 31
Annual general meeting of shareholders:	March

Major Shareholders (As of December 31, 2025)

Name	Number of Holding Shares (thousand)	Percentage of share ownership* (%)
Mitsubishi Corporation	30,822	20.01
The Master Trust Bank of Japan, Ltd. (TrustAccount)	18,676	12.12
Custody Bank of Japan, Ltd. (Trustaccount)	8,324	5.40
STATE STREET BANK AND TRUSTCOMPANY 505001	5,516	3.58
JPMorgan Securities Japan Co., Ltd.	3,656	2.37
STATE STREET BANK AND TRUSTCOMPANY 510312	3,123	2.02
THE NOMURA TRUST AND BANKINGCO., LTD. AS THE TRUSTEE OFREPURCHASE AGREEMENT MOTHERFUND	2,728	1.77
STATE STREET BANK AND TRUSTCOMPANY 510311	2,590	1.68
STATE STREET BANK AND TRUSTCOMPANY 505223	2,542	1.65
Japan Securities Finance Co., Ltd.	2,152	1.39

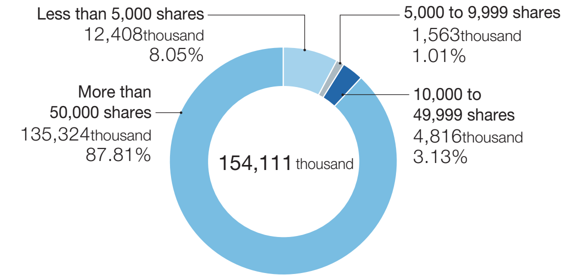
Note: The percentage of share ownership is calculated excluding treasury stock (115,100 shares)

Breakdown by Shareholder Type (As of December 31, 2025)

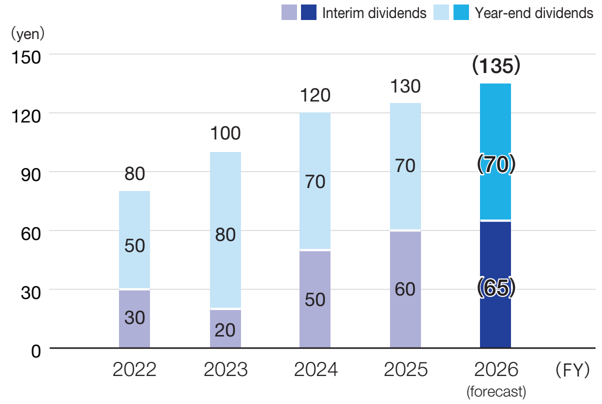


Breakdown by Number of Holding Shares

(As of December 31, 2025)



Changes in dividends per share



Dividend / Dividend payout ratio

	FY2022	FY2023	FY2024	FY2025
Dividends per share (yen)	80	100	120	130
Dividend payout ratio (%)	25.68	21.30	24.70	31.47

Total shareholder return

	FY2022	FY2023	FY2024	FY2025
Total shareholder return (%)	105.4	166.8	179.9	308.7
Comparison index: TOPIX including dividends (%)	109.98	141.05	169.91	213.16