

Medium-Term '21 Plan Progress

We announced our five-year medium-term business plan that we call Medium-Term '21 Plan in 2021. The plan was formulated to enhance our ability to swiftly and flexibly adapt to change by coordinating all functions on a global scale. Fiscal 2025 is the final year of the plan, but we have already largely achieved our key performance indicators by the end of fiscal 2024.

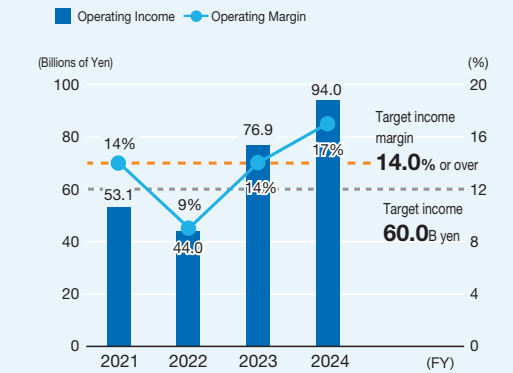
Medium-Term '21 Plan vision

- 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

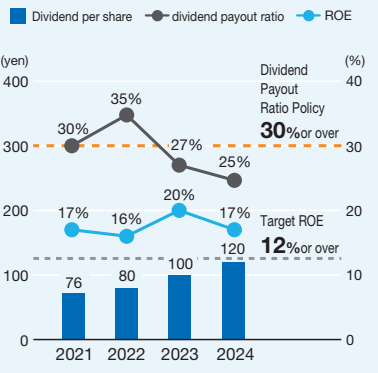
Progress on key performance indicators

Thanks to our successful promotion of priority product sales as well as exchange rate benefits and other external tailwinds, we achieved our targets for operating income and operating margin in fiscal 2024. We are also striving to promote management with a focus on improving capital efficiency. Those efforts helped boost ROE above the target level. In terms of dividends, we set a target payout ratio of 30% or higher, and expect to achieve that level over the five-year medium-term plan period.

Changes in operating income and operating margin

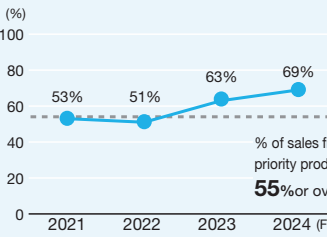


Dividends, dividend payout ratio* and ROE



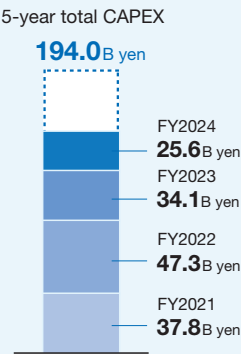
*Calculated based on actual net income excluding extraordinary gains/losses

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 margin, such as new products, core products, and differentiated products

Capital Investment



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

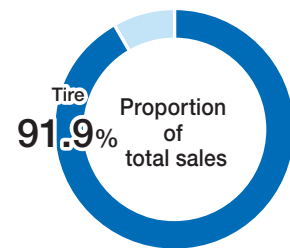
Progress on basic policy and individual strategies

	Growth strategies for R&D, production and sales	Individual measures	Progress
<div>R&D</div> <div>Build a foundation for advancing our global technological competitiveness</div>	Strengthen our proprietary technology by joining up the R&D of Japan, the U.S. and Europe to develop highly preferable and differentiated products that meet environmental and other next-generation mobility needs	<ul style="list-style-type: none">Achieve both a wide range and a high level of performance, speedily commercialize products to satisfy customer needsDevelop tires that combine a high degree of environmental performance and sophisticated featuresDevelop the technologies and products to suit the low noise, high torque, and increased weight of EVsDevelop products that set us apart from other companies by fully demonstrating our unique commitment to the joy of driving and offering of design features	<ul style="list-style-type: none">Developed a concept tire made from 90% sustainable materialsLaunched ribbed and studless tires for small EV trucksAdvanced T-MODE, our proprietary tire design platform for ultimate efficiency and precisionDeveloped the digital Tire SAPRI application for managing the condition of truck and bus tiresLaunched New Products that Highlight Our Uniqueness, including Nitto TERRA GRAPPLER G3
<div>Production</div> <div>Create a globally balanced supply framework with the launch of our Serbia Factory</div>	Build a stable supply base for the North American market and make the Serbia Factory highly cost competitive	<ul style="list-style-type: none">Shift into full production at the Serbia Factory to achieve stable supply to the North American market and timely supply to the European marketIncrease production at our U.S. plant of large-diameter light truck tires that are expected to witness even higher demand in the North American marketRealize optimal global supply systems centered around efforts to establish production systems at the Serbia Factory and expand production capacity at our U.S. plantExpansion of the Use of Sustainable Raw Materials for the Realization of a Circular Society	<ul style="list-style-type: none">Completed the introduction of equipment into the Serbia Factory, established systems and promoted training to support full operationsIncreased production capacity for large-diameter light truck tires at our U.S. plantShifted production of low-inch tires from our U.S. plant to other production baseAcquired ISCC PLUS certification at two Japanese factories to facilitate the handling of certified raw materials in accordance with the mass balance approach
<div>Sales</div> <div>Expand contact with potential customers, enhance our unique presence in the market</div>	Enhancing our approach to strategic models by launching original products inspired by tailored strategies in each region, and encouraging close cooperation between our tire and automotive parts businesses	<ul style="list-style-type: none">Promote sales activities that focus on large-diameter tires for light trucks, where we have a strong presence, by forming strong cooperative relationships with nationwide dealers in the United StatesHone our focus on the product categories in which we excel and concentrate on perfecting differentiated products primarily in the Japanese, Asian and European marketsExpand brand recognition and fan bases through direct marketing that maximizes social media and other digital tools, and participation in motorsports	<ul style="list-style-type: none">Gathered data on user needs and promoted sales of high value-added products by strengthening ongoing relationships with local dealers in North AmericaConsistently introduced sophisticated products, mainly centered around light truck tiresPromoted a sales strategy in Japan, Asia and Europe that focuses on high value-added products rather than pursuing sales volume

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

[Corporate]

Tire business



We develop two brands: the Toyo Tires brand that offers an impressive lineup of tires for passenger cars, light trucks, trucks and buses, and the sophistication-focused Nitto brand for discerning car enthusiasts.

We boast an especially strong presence in the North American market for large-diameter tires for light trucks. We have earned strong support in the market by developing the two brands and offering an impressive lineup of high-quality, highly designable products that respond meticulously to customer needs.



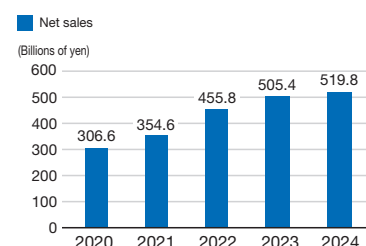
FY2024 review

While the number of units sold declined compared to fiscal 2023, both sales and operating income increased year on year thanks to the determined promotion of priority products and the depreciation of the Japanese yen.

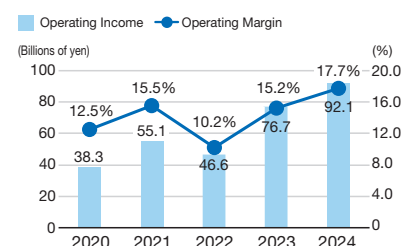
Although the total units sold remained the same as the previous year, the net sales exceeded those of the previous year thanks to our efforts to expand sales of priority products. The ratios of sales/units sold/priority products in the North American market have all far exceeded the targets set in the Medium-Term '21 Plan.

In Japan, we focused on sales of priority products that offered high added value. As a result, net sales increased year on year despite the decline in the total number of units sold. In Europe, the number of units sold also declined year on year amid a sluggish demand environment, but we are working to improve profitability by reviewing projects that generate low profits.

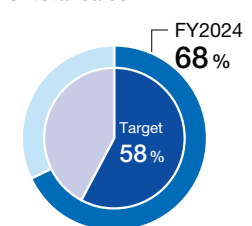
Net sales



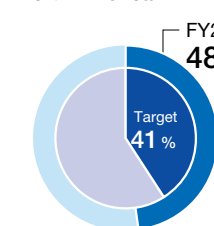
Changes in Operating Income, Margin



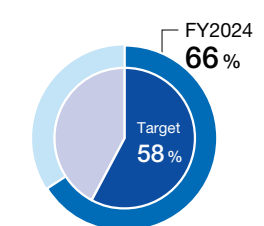
North America proportion of total sales



Ratio of units sold to North America



Ratio of priority products to total sales in North America



The external environment and future outlook

Light truck sales constitute a high 75% of new vehicle sales in the United States (fiscal 2024). We expect replacement demand for light truck tires, where Toyo Tire enjoys a strong presence, to continue to increase going forward.

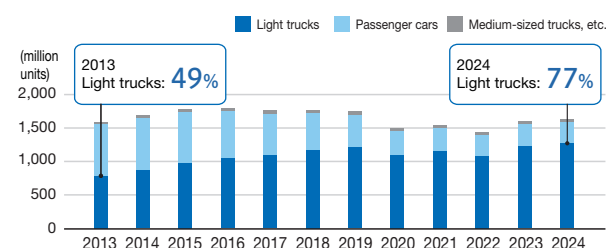
In Japan and Europe, demand for replacement tires is expected to remain steady thanks to high levels of automobile ownership. With regard to new vehicle sales, the number of SUVs continues to increase and the diameter of tires installed in new vehicles continues to expand, so we see opportunities to expand sales in the areas in which we excel.

Vehicle power sources are diversifying and new mobility ideas are being shaped around the green slow mobility* concept which is expected to help solve social issues such as logistics relating to the last mile of product and service delivery to customers, aging populations and addressing

working hours in the future. As the mobility landscape evolves, customers may possibly demand some entirely new performance features that differ from conventional tire offerings.

* 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

Breakdown of new vehicle sales in the U.S. market

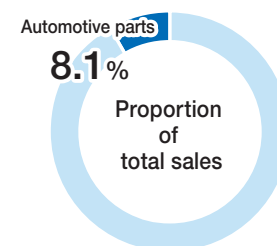


Mass production framework at the Serbia Factory

The Serbia Factory, which is our first production base in Europe, started operating in 2022 and is capable of producing high-quality tires by aligning highly productive facilities with a high degree of precision. The factory now boasts a mass production framework that can respond flexibly to demand in the European and North American markets, and will undoubtedly play a significant part in optimizing our global supply system.



Automotive parts business



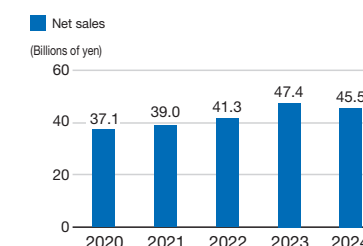
We leverage our vibration control technology to supply automakers with engine and motor mounts for fixing engines and EV motors in the vehicle body, as well as bushes, couplings, constant velocity universal joint boots, and other parts that are installed on various vehicle joints.



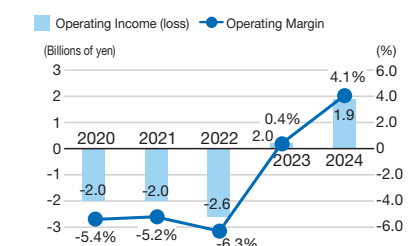
FY2024 review and future outlook

While net sales declined year on year, operating income increased significantly thanks to production system reviews and other profitability-enhancing measures. The diversification of mobility needs over the medium to long term is expected to fuel demands for more sophisticated or different automotive parts performance, so we will strive to utilize our differentiation technologies to develop high value-added products.

Net sales



Changes in Operating Income, Margin



Progress on digital transformation

We position digital transformation (DX) as a set of initiatives designed to back up efforts to improve our corporate structure and to steadily realize the growth strategy laid out in Medium-Term '21 Plan. As such, we are promoting company-wide digital innovation on three levels: (1) strengthening management platforms, (2) improving profitability, and (3) enhancing value. We are also working with the Human Resources Department to establish DX education frameworks and enhance the training of personnel with the ability to effectively utilize data. We will establish an integrated digital strategy that helps facilitate customer-oriented manufacturing and high-profit business management, and supports our growth strategy.

