Governance

Sound governance

Our policy

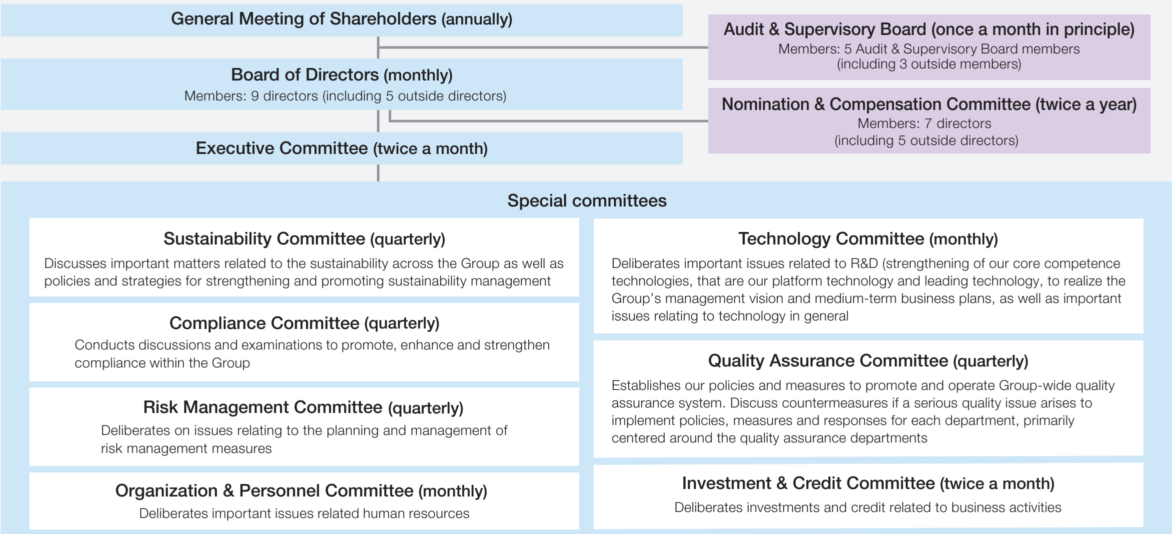
The Toyo Tire Group practices the principles of Japan's Corporate Governance Code in an appropriate fashion to ensure effective corporate governance. We seek to ensure the rights and equal treatment of shareholders and to appropriately cooperate and engage in dialogue with our other stakeholders. We 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.

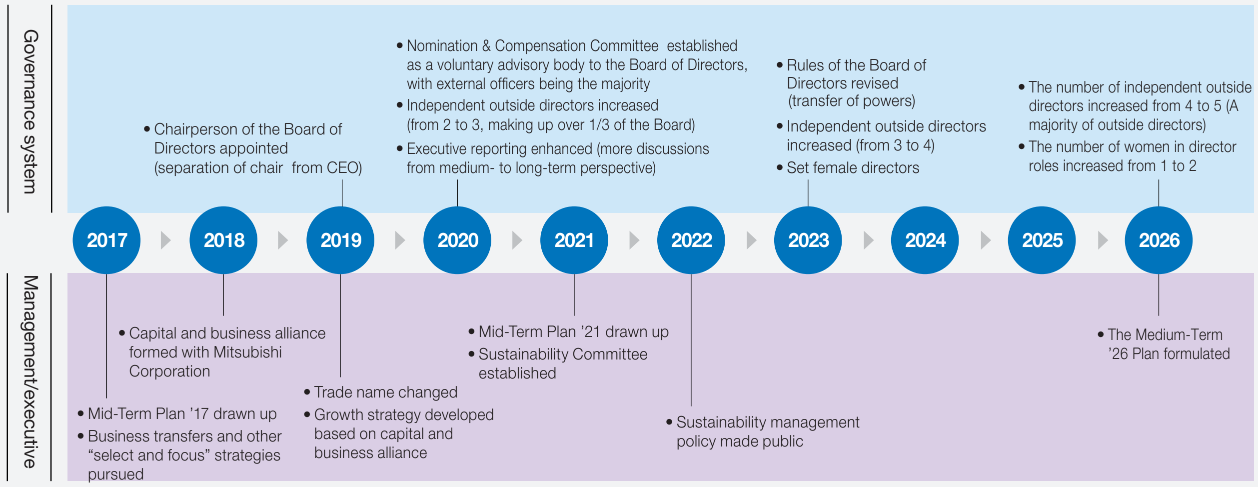
The Nomination & Compensation Committee, which acts as an advisory body to the Board of Directors, met twice in fiscal 2025 to discuss executive candidates, executive compensation policies, and the amount of executive compensation, and to give advice, recommendations, and reports to the Board of Directors.

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.

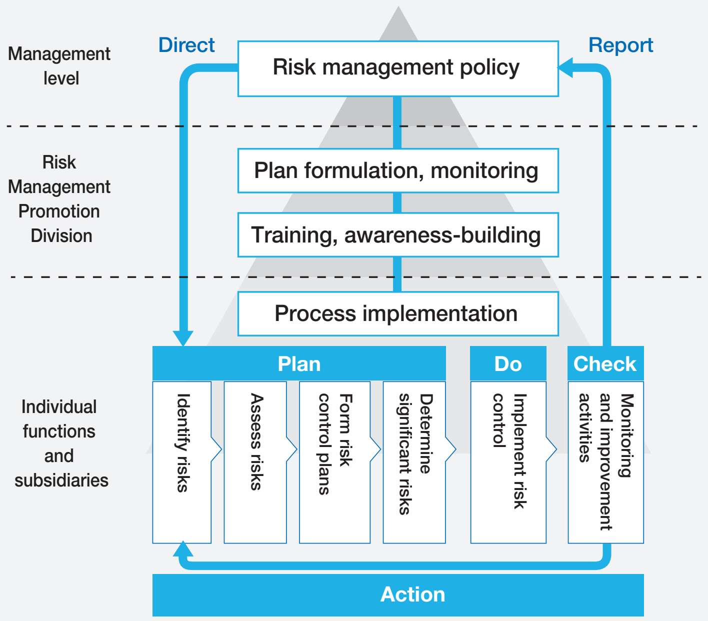
Risk management initiatives

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

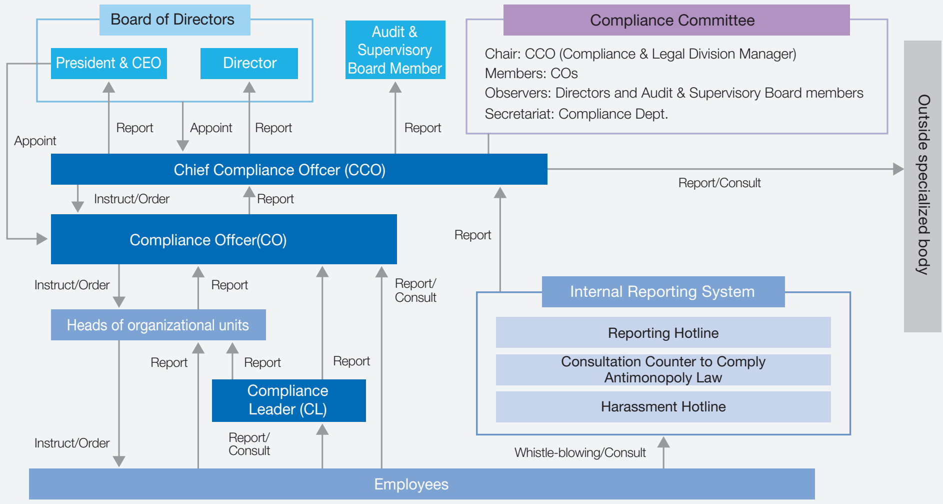
We ensure that all executives and employees within the Group prioritize compliance in their day-to-day operations.

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	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.