

February 14, 2025

To whom it may concern:

Company name: Toyo Tire Corporation
(Stock code: 5105, TSE Prime Market)
Representative: Takashi Shimizu
Representative Director, President & CEO
Hiroshi Nobuzawa
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Announcement Regarding Change in Consolidated Subsidiary in China (Partial Transfer of Equity Interests)

Toyo Tire Corporation (Headquarters: Itami City, Hyogo; President & CEO: Takashi Shimizu; hereinafter, “the Company”) hereby announces that, at the Board of Directors meeting held on February 14, 2025, it resolved to conclude a memorandum stating that the Company will transfer 86% of its equity interests in TOYO TIRE ZHANGJIAGANG CO., LTD. (Headquarters: Zhangjiagang City, Jiangsu; hereinafter, “TTZ”), its tire manufacturing subsidiary in China, to Liaoning Hengdasheng Investment Co., Ltd. (Headquarters: Shenyang City, Liaoning; hereinafter, “LHI”).

1. Reasons for transfer of equity interests

Established in 2010 to manufacture and sell tires for passenger vehicles and light trucks in the Chinese market, TTZ has primarily produced tires for China and other Asian countries. However, in the Chinese passenger vehicle tire market, TTZ has struggled to fully leverage its competitive advantage as a local manufacturer/supplier, due to slower-than-expected brand and product recognition. Given these challenges, the Company has decided to reassess the strategic role of its China business within its global strategy and has concluded that transferring a controlling interest in TTZ to LHI, its marketing alliance partner since 2023, will ensure that TTZ has access to the necessary operational support. Meanwhile, the tires produced and sold by TTZ for Asian countries will be supplied from bases in Japan and Malaysia.

The Toyo Tire Group will continue to pursue flexible and agile business operations in North America and other high-growth markets by promoting the optimal allocation of its management resources and establishing an optimal global supply system.

2. Overview of the consolidated subsidiary

(1) Name	TOYO TIRE ZHANGJIAGANG CO., LTD. (TTZ)	
(2) Address	58, Donghai Road, Jiangsu Yangtze River International Chemical Industrial Park, Zhangjiagang City, Jiangsu Province, China	
(3) Name and title of representative	Hiroya Toda, Chairperson	
(4) Line of business	Manufacture and sale of tires for passenger vehicles and light trucks, sale of unfinished tires, and provision of after-sales and technical consulting services	
(5) Capital	USD100 million	
(6) Establishment	April 19, 2010	
(7) Major shareholders and their equity ownership	The Company: 100%	
(8) Relationship	Capital	TTZ is the Company's 100% consolidated subsidiary.

between the companies	relationship		
	Personnel relationship	Two employees of the Company are seconded to TTZ.	
	Business relationship	TTZ is the Company's consolidated subsidiary and a related party of the Company.	
(9) Results of operations and financial conditions for the past three years (Millions of RMB)			
Fiscal year	Ended December 31, 2022	Ended December 31, 2023	Ended December 31, 2024
Net assets	320	332	328
Total assets	506	451	447
Net sales	348	302	203
Operating income	12	13	-5
Ordinary income	8	13	-3

3. Overview of the transferee

(1) Name	Liaoning Hengdasheng Investment Co., Ltd. (LHI)	
(2) Address	No. 2 Shenxi 8th East Road, Shenyang Economic and Technological Development Zone, Liaoning Province, China	
(3) Name and title of representative	Cao Song	
(4) Line of business	Industrial investment, investment information consulting, and management of portfolio companies	
(5) Capital	RMB58 million	
(6) Establishment	August 25, 2017	
(7) Net assets	Not disclosed	
(8) Total assets	Not disclosed	
(9) Major shareholders and their equity ownership	Jin peng hui: 100%	
(10) Relationship between the companies	Capital relationship	None
	Personnel relationship	None
	Business relationship	The Company sells its products to one of LHI's subsidiaries.
	Status as a related party	None

4. Overview of transfer of equity interests

(1) Percentage of equity interests before the transfer	100%
(2) Percentage of equity interest to be transferred	86%
(3) Transfer price	Not disclosed
(4) Percentage of equity interests after the transfer	14%

5. Timeline

(1) Date of conclusion of the memorandum	February 14, 2025
(2) Date of conclusion of the equity interest transfer agreement	February 28, 2025 (tentative)

(3) Date of transfer of equity interests	June 30, 2025 (tentative)
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6. Financial outlook

Effective from the date of the equity interest transfer, TTZ will be excluded from the Company's scope of consolidation. For details on the consolidated financial results for the fiscal year ended December 31, 2024, and the consolidated financial forecasts for the fiscal year ending December 31, 2025, which reflect the impact of this transfer, please refer to the "Summary Report of Consolidated Business Performance for the Fiscal Year 2024" announced today.