



February 25, 2021

To Whom it may concern

Company name	Toyo Tire Corporation (Stock code: 5105, TSE 1st Section)
Representative	Takashi Shimizu Representative Director, President & CEO
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Announcement of new Mid-Term Business Plan

Hyogo, Japan - February 25, 2021 - Toyo Tire Corporation (Headquarters: Itami City, Hyogo Prefecture; President & CEO: Takashi Shimizu) announces new Mid-Term Business Plan "Mid-Term '21 Plan" covering a period from FY2021 to FY2025.

For further details, please refer to the attached material.

End of document

New Medium-Term Business Plan

Mid-Term '21 Plan

(FY2021 - FY2025)

February 25, 2021

Toyo Tire Corporation



New Medium-Term Business Plan “Mid-Term ’21 Plan”

- The TOYO TIRE Philosophy
- Goals Under Mid-Term ’21 Plan
- The Mid-Term ‘17 Plan in Review
- The Business Environment
- Basic Policy for Mid-Term ’21 Plan
- Growth Strategy
- Capital and Business Alliance with Mitsubishi Corporation
- Creating Management Foundation to Support Sustainable Growth
- Investment Plan and Shareholder Return

Our Philosophy (Re-established in January 2017)

Company Philosophy

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

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.

Our Fundamental Values: “The TOYO WAY”

Fairness

Be fair and selfless in your actions, and benefit society.

Pride

Take pride in yourself, your work and company, and persevere.

Initiative

Show initiative in all matters and take ownership of your actions.

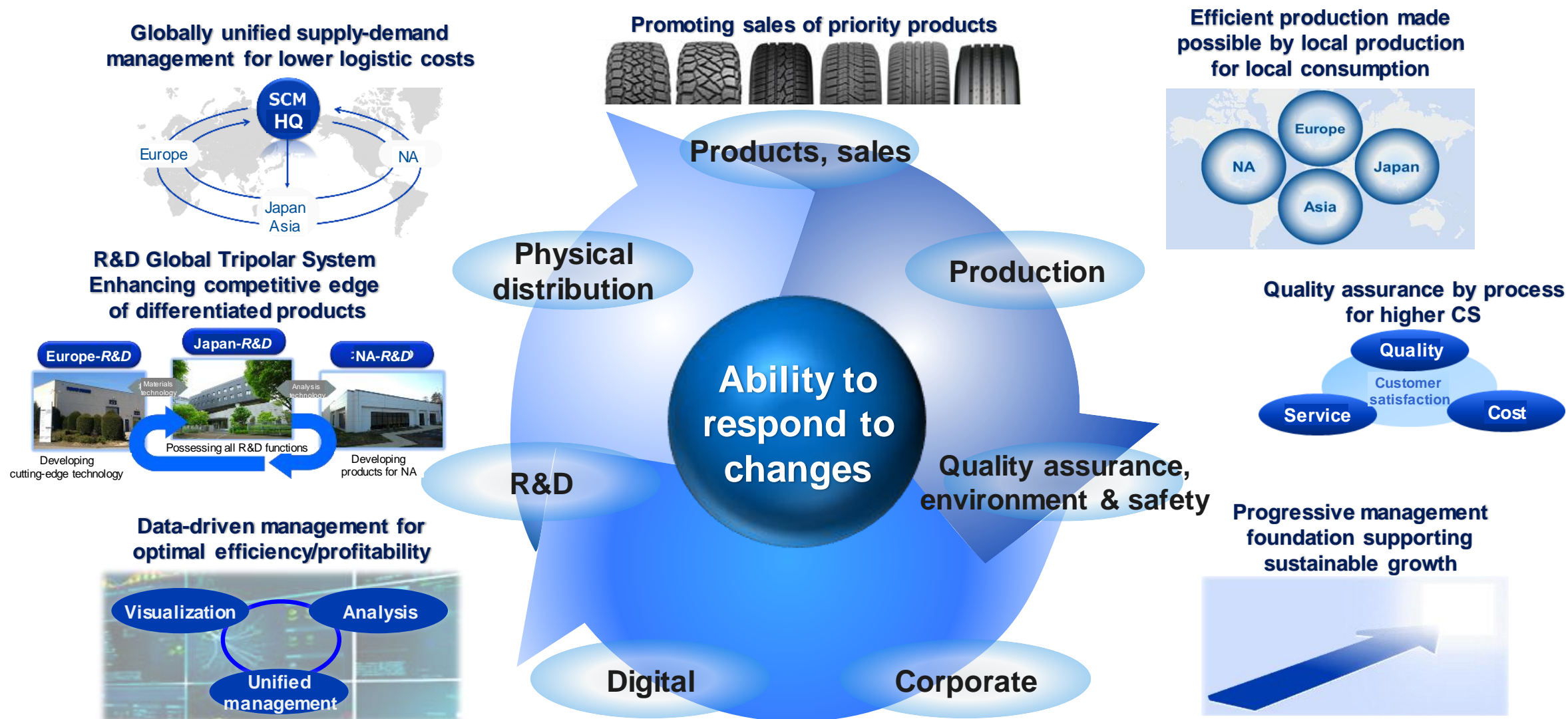
Appreciation

Demonstrate compassion and appreciation for people and society.

Solidarity

Continuously create and innovate by working together to mobilize our corporate knowledge and capabilities.

Bolstering Ability To Promptly And Flexibly Respond Through Global Collaboration

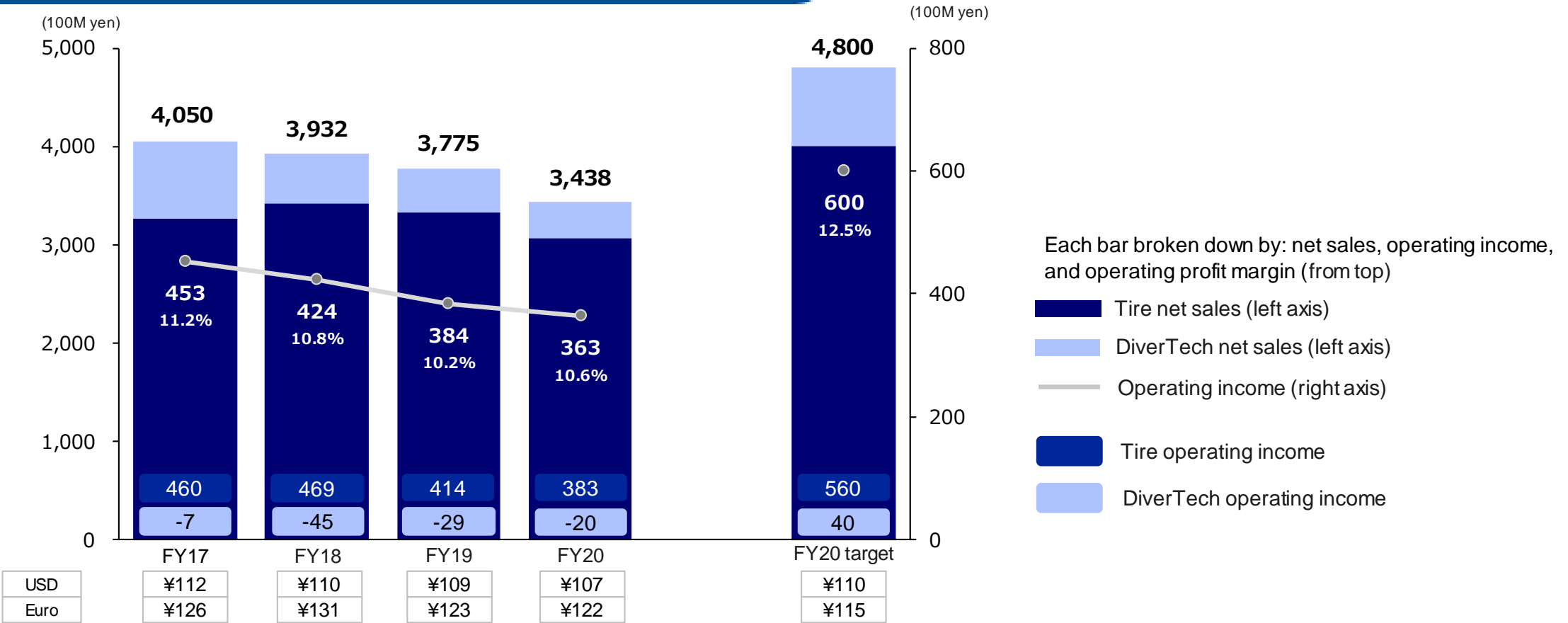




1. The Mid-Term '17 Plan in Review

The Mid-Term '17 Plan in Review

Net Sales & Operating Income



	Reasons for discrepancies against targets	Remedial action
Tire Business	Sales shortfall due to deferred production expansion Appreciation of Yen against key currencies	New Serbian plant Improved market/product mix
DiverTech Business	Lower profits due to divestment of industrial chemical product & rigid polyurethane foam businesses Profit erosion on automobile parts	Leveraged links to tire business Reduced costs by shifting production centers

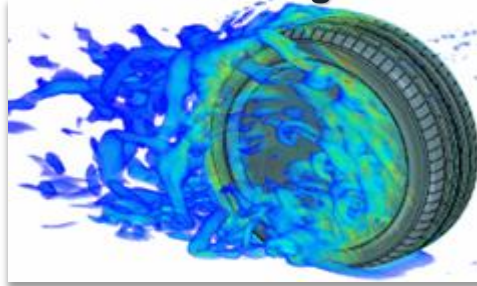
Expand and Develop Products That Combine Foundational Design & Elemental Technology

noair Non-Pneumatic Concept Tire



2017

Mobility & Aerodynamic Technologies



2018

Evolution of nano-balance technology



2019

2020



PROXES SPORT



NANOENERGY
M675



OPEN COUNTRY
R/T White Letter



M646



CELSIUS



OPEN COUNTRY
A/T III



OBSERVE GIZZ

Adopted New Brand Statement To Globally Promote A Unique World View

Asia Cross Country Rally

5th
straight
win^{*1}



Ignite your BLUE.

TOYO TIRES
Open Roads Await



Best in the Desert Vegas to Reno

2nd
straight
win^{*3}



SCORE BAJA 1000



FIA Intercontinental Drifting Cup

3rd
straight
win^{*2}



ESSEN MOTOR SHOW



TOKYO AUTO SALON



SEMA SHOW



^{*1} Vehicle equipped with Toyo Tires won five straight years through '19

^{*2} Two consecutive years in '18 and '19

^{*3} Three consecutive years up to '19

Refine Uniqueness Through Steady Implementation of Measures in Each Market

North American Market

Market share increased to 5.3%

- 7th position in NA (as of 2019)

U.S. Plant: Phase V Expansion

- 1st step: Production started (Jan. '20)
- 2nd step: Operational (Jan. '21)



Japanese Market

Steadily captured growing demand for SUV tires

- Released high-value-added off-road tires
- Stimulated demand through strategic partnership

Restructured sales system

- Launched special project to strengthen the commercial tire service structure

SUV tires as %
of our total sales
('20 target:40%)

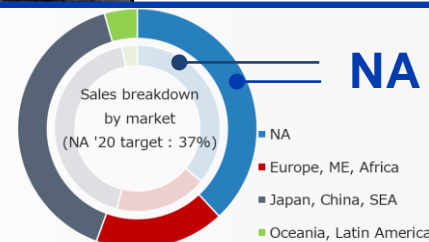
'16: 36%

'20: 41%

SUV tires as %
of our total OE sales
('20 target:50%)

'16: 45%

'20: 54%



'16: 36%

'20: 38%

(in value)
(45%)

(57%)

European Market

Decision to establish new plant in Serbia

- Gained a foothold to build a more flexible global production system

Established R&D center in Germany

- Strengthened fundamental technologies for cutting-edge materials and high-performance tires



Asia Market

Malaysian Plant: Phase II Expansion

(Operational in Apr. '20)

Shored up distributors and sales channels

OE Segment Strategy

Continued with order taking strategy that helped to build on our strengths



Increased Production Capacity After Carefully Evaluating Likelihood of Success

Competitive products to be supplied to the U.S.

U.S. Plant

Phase V Expansion:
Production started

1st step: 1.2M units* (Apr. '19~)
2nd step: 0.55M units** (Jan. '21~)

*Quantity based upon Passenger/Light Truck tires produced
**Quantity based upon WLTR tires produced



Serbian Plant

Passenger Car
& Light Truck Tires
Decision on new plant
5M units (Apr. '22~)



Chinese Plant

Truck and Bus Tires
Increased capacity
70K units (Nov. '19~)

For sale in China & Japan



Japanese Plant

Truck and Bus Tires
Increased capacity
0.2M units (Sept. '20~)

Malaysian Plant

Phase II Expansion: Production started

1st step: 2.4M units* (Oct. '19~)

*Quantity based upon Passenger/Light Truck tires produced



Increased supply from Japan and Malaysia to capture robust demand in the U.S.

The Mid-Term '17 Plan in Review

DiverTech Business; Corporate Infrastructure

TOYO TIRES

DiverTech Business

Established
**framework for growth of
mobility and other
businesses**



**Focused on the automotive
components business**

Strategic order taking
linked to tire business



Chemical Industrial
Products Business
[Divested]

Rigid Polyurethane
Foam Business
[Divested]

Flexible Polyurethane
Foam Business
[Divested]

Air Springs for Truck
and Bus Business
[Divested]

2017

2018

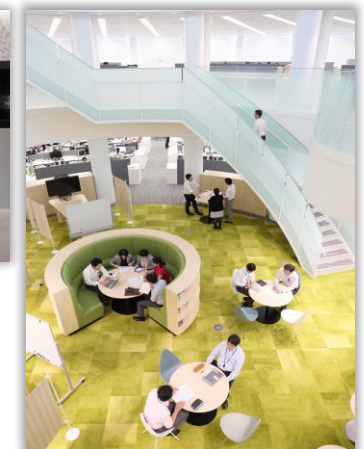
2019

2020

Corporate Infrastructure

**Introduced function-based
organizational structure**

Strengthened quality of
management foundation



- Implemented measures to promulgate new Company Philosophy across Group, stimulated cross-sectional internal communication
- Strengthened corporate governance through organizational changes, establishment of Special Committee, personnel from MC

2. The Business Environment



Macro Trends Amidst a Period of Unprecedented Turbulence



Significant changes in consumer behavior in the post-COVID-19 era

Mindset

Home bound, budget-minded, avoiding person-to-person contact

Behavior

EC/cashless purchases, changes in requested services



Aligning of social & environmental interests with economic interests accelerated

- Prioritization of employee/customer satisfaction increased
- Accelerated trend to align public interest with economic interests through customer-producer collaboration



Increase in geopolitical risks

- Decoupling trend continued, including competition for leadership between U.S. and China
- Economic disparities widening due to COVID-19 also aggravate populism



Evolution and accelerated introduction of labor-saving technology

- Digital investment accelerated to make up for slow growth in worker headcount
- Advanced roles for humans as quality/quantity of data increased



The global economic outlook remains uncertain, as nations struggle to reopen. Any recovery could be intermittent and uneven across the world.

U.S.



Democratic control of gov't should result in further pump-priming. Eyeing interest-rate movements



Return to the Paris Accord on Climate Change. Investing in the environment/infrastructure while tightening environmental regulations



Demand has not returned to pre-COVID-19 levels
Shift to EVs accelerated. Demand for SUVs and pick-up trucks growing due to the popularity of outdoor leisure activities



Punitive duties on Chinese imports maintained
Anti-dumping tax imposed on imports from four Asian countries

Japan



Difficulty with COVID-19 counter-measures and reviving economy



Accelerating measures to reduce greenhouse gas emissions to virtually zero→ All new cars will be EVs* in the 2030s



Shrinking/aging population, younger generation turning away from cars
→ Demand declining gradually, "The strong always win in the end"
⇔ "Kei" cars and minivan sales strong, SUVs increasing



Abnormal weather patterns raising interest in performance of cars
Outdoor activities remain popular, "Dressing-up" trend increasing

Europe



Eyeing where "EU without the U.K." will head in terms of politics, economy, and society



Tightening regulations and pursuit of Green Deal investments leading to a circular economy



The ratio of EVs increasing with government subsidies. Development of new technology and next-generation vehicles continue

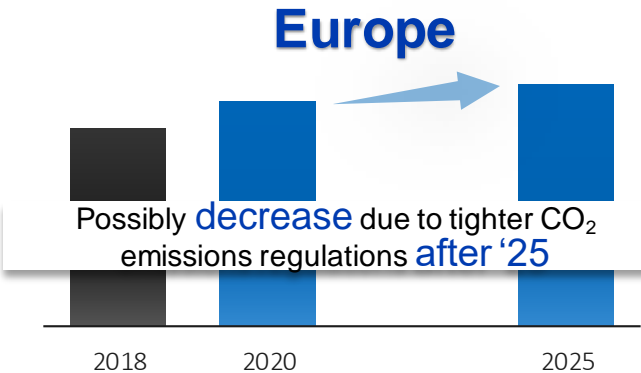
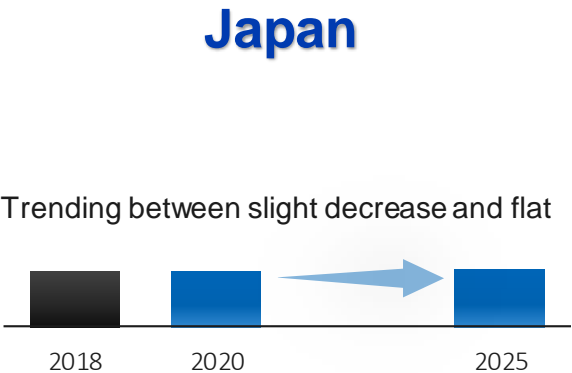
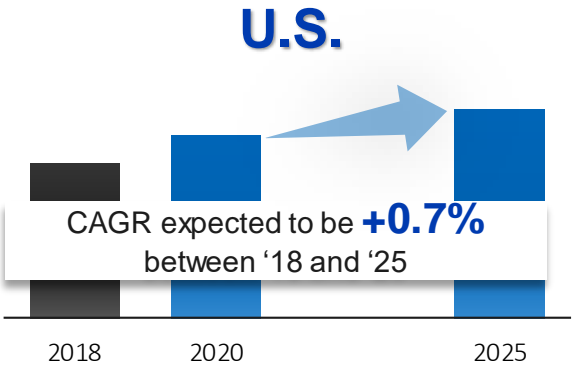


Decreasing demand stemming from pandemic
⇔ Supply impacted by plant shutdown, etc

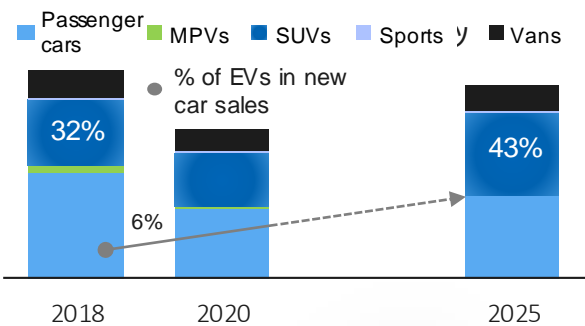
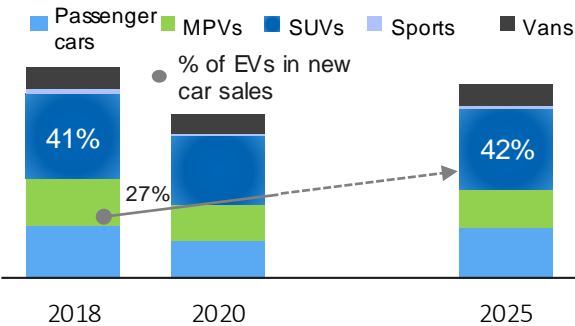
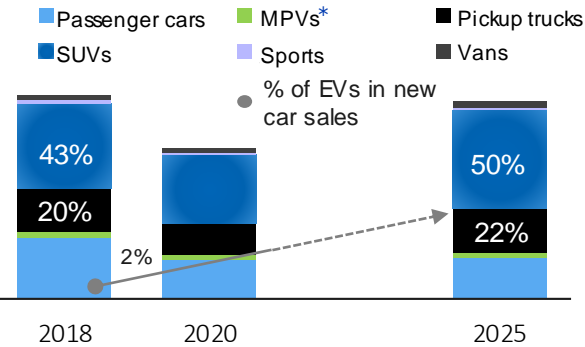
Market Trends in Automotive & Tire Business

(Company survey)

Vehicle registration forecast

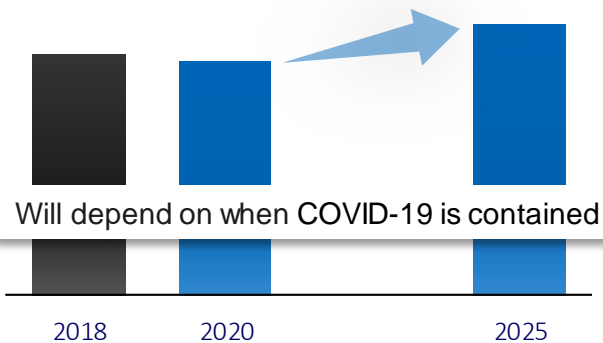
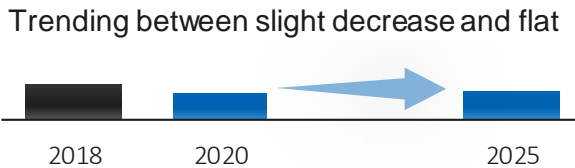
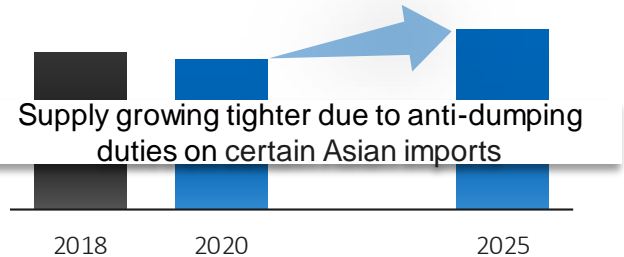


Production forecast by Vehicle type



*MPVs : Multi Purpose Vehicles.

Tire demand forecast





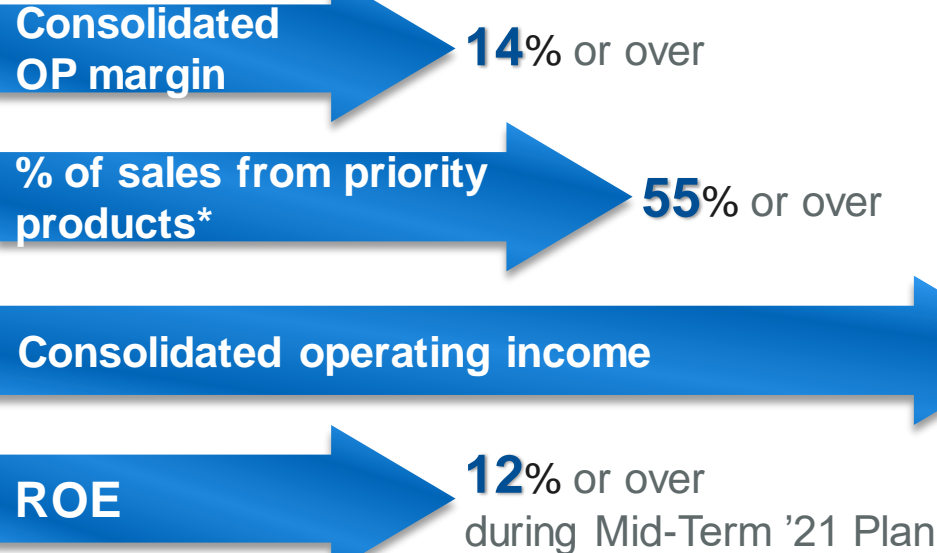
3. Basic Policy for Mid-Term '21 Plan



Mid-Term '21 Plan Key Performance Indicators

Established Financial Indicators Emphasizing Efficiency Adopted Financial Policy Balancing Growth And Return

Financial indicators



* Tire product categories that embody Toyo Tire's "strengths". E.g., new products, core products, and differentiated products. These are essential to achieving operating income (value and %) targets

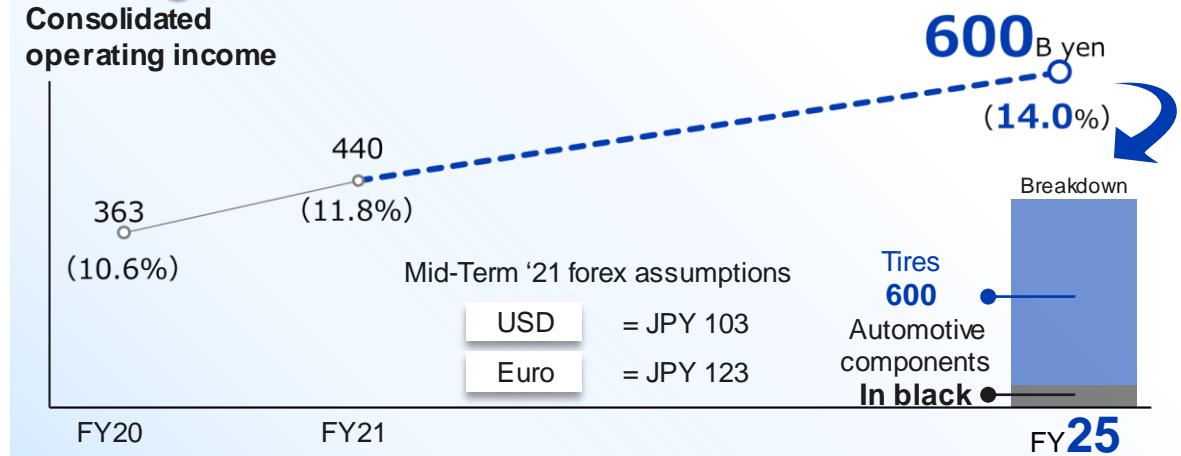
Financial policy

Capex plan

5-year total: **194.0** billion yen (maintenance/replacement of equipment + growth investment)

Shareholder return

Maintaining dividend payout ratio of **30%+**; subject to achieving the target ROE



Target weight of NA region against total



4. Growth Strategy

- R&D
- Regions (NA, Europe, Japan, Asia)
- Original Equipment Tires
- Production and Supply
- Our Initiatives for the Solutions Business



Offer “differentiated products” by strengthening unique technology developed through collaboration between the 3 R&D centers in Japan, the U.S., and Europe

Advanced Design

Achieving multiple performance requirements at a high level



Refining ability to design tire structures and mix materials



Establish technology that allows for visualization of tires behavior

Customer-oriented product development

Identifying customer needs for timely product development



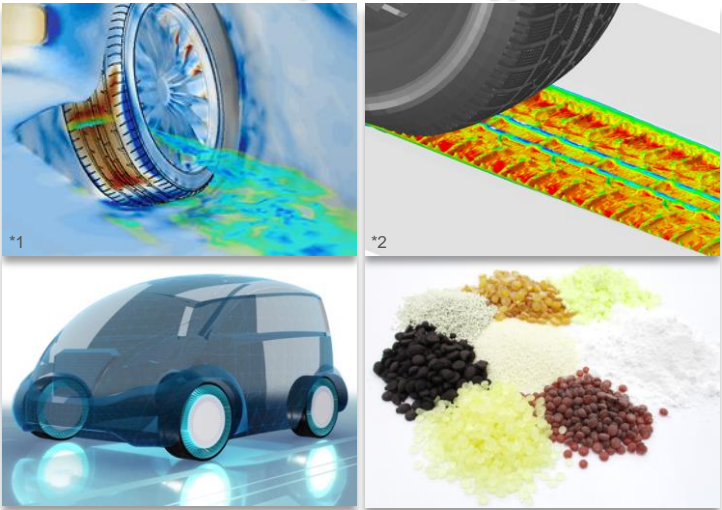
Understanding customer expectations to create products they desire



Timely commercialization through the use of modules

Next-generation Technology

Building unique next-generation mobility technology



Developing/finding new materials with lower environmental impact



Establishing unique solutions business

^{*1} Simcenter™, STAR-CCM+™, Software STAR-CCM+, and STAR-CD are trademarks or registered trademarks of Siemens Industry Software Computational Dynamics Ltd. All other trademarks and registered trademarks or service marks belong to respective holders.

^{*2} For calculation, Dassault Systèmes K.K.'s Abaqus was used.

Offer early adopters our “differentiated products”
that incorporate advanced next-generation mobility solutions

In response to rapid rise of EVs
develop applicable technologies

Characteristics of EVs



Blending **eco-friendly technologies and sophisticated features**



Continuous Focus On Introducing Differentiated Products With Enhanced Strengths

N. American sales

Challenge for
5th place

(7th in 2020)

U.S. Plant
Capacity
Increase

Sendai Plant
Exports

Product
planning

R&D

Marketing

Holding
company

Production

Serbian Plant
Exports

Sales



Timely introduction of high-
value-added products

Truck and Bus Tires
Increased Share



NANOENERGY



CELSIUS

All-season tires
Sales surging



GRAPPLER OPEN COUNTRY
Maintaining a dominant
position in wide light truck
tire segment



Growth Strategy: Europe, Japan, Asia

TOYO TIRES

Introducing Pinnacle technology (Europe)



PROXES Sport



Discovering & tapping into customer preferences (Japan)



OPEN COUNTRY R/T



Catering to regional preferences to boost sales (Asia excluding Japan)



PROXES CL1 SUV



Customer input
Strengthen Ties

R&D for positive
differentiation

Focus on
priority
products

Competitive
production/
supply system

Sharpen performance / Enhance branding



24 Hours Nürburgring
2020



Dakar Rally 2019

“Bold hardware reorganization” x “Revolutionary Digitization”



Fast decision-making,
flexible strategies

Increase market
presence

Consolidate
corporate
functions

Optimizing
logistics
system

Digitalize
sales
activities

Optimally realign
sales network

Innovating
sales
foundation

**Focus on priority products
that meet customer expectations**

Expanding
sales network

Connecting OE
Tires to aftermarket
sales

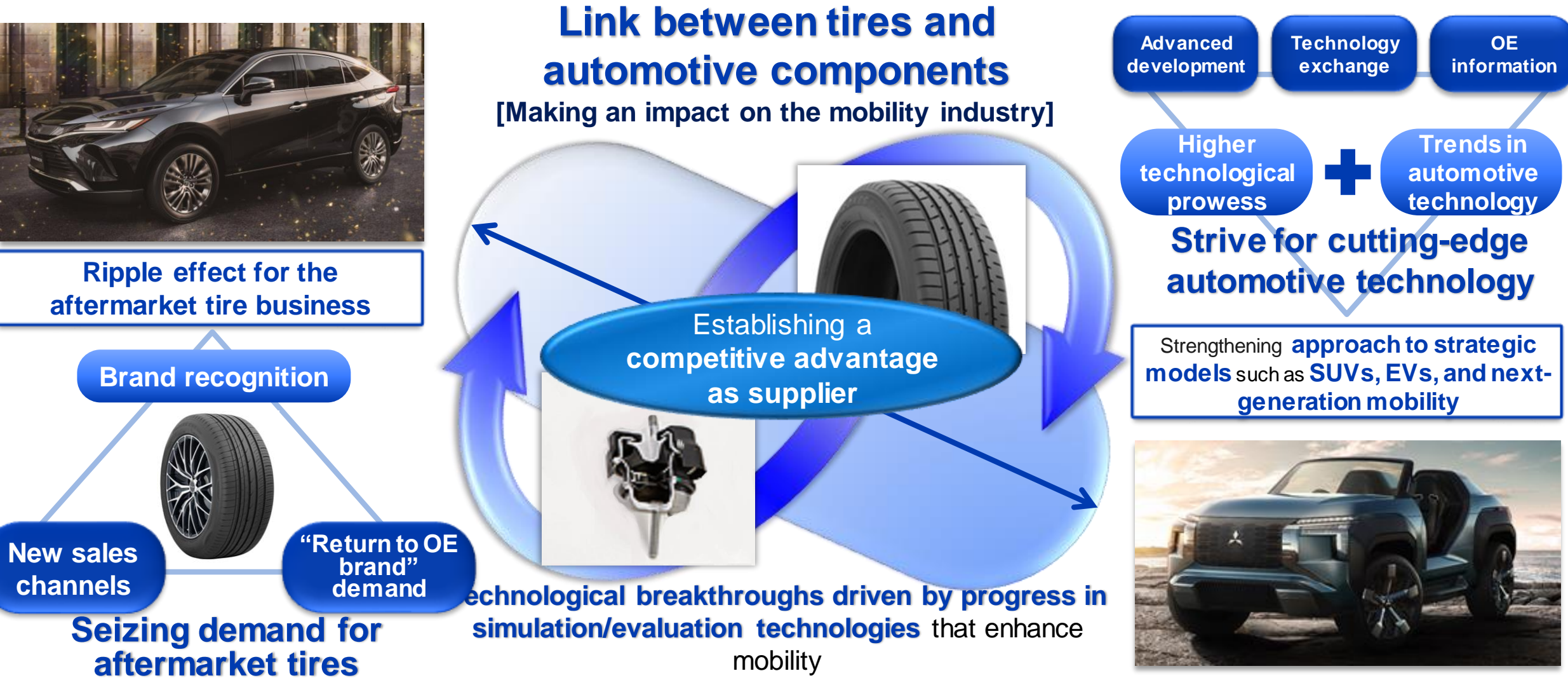
Making full
use of local
production

Strengthening
development of
region-specific
products

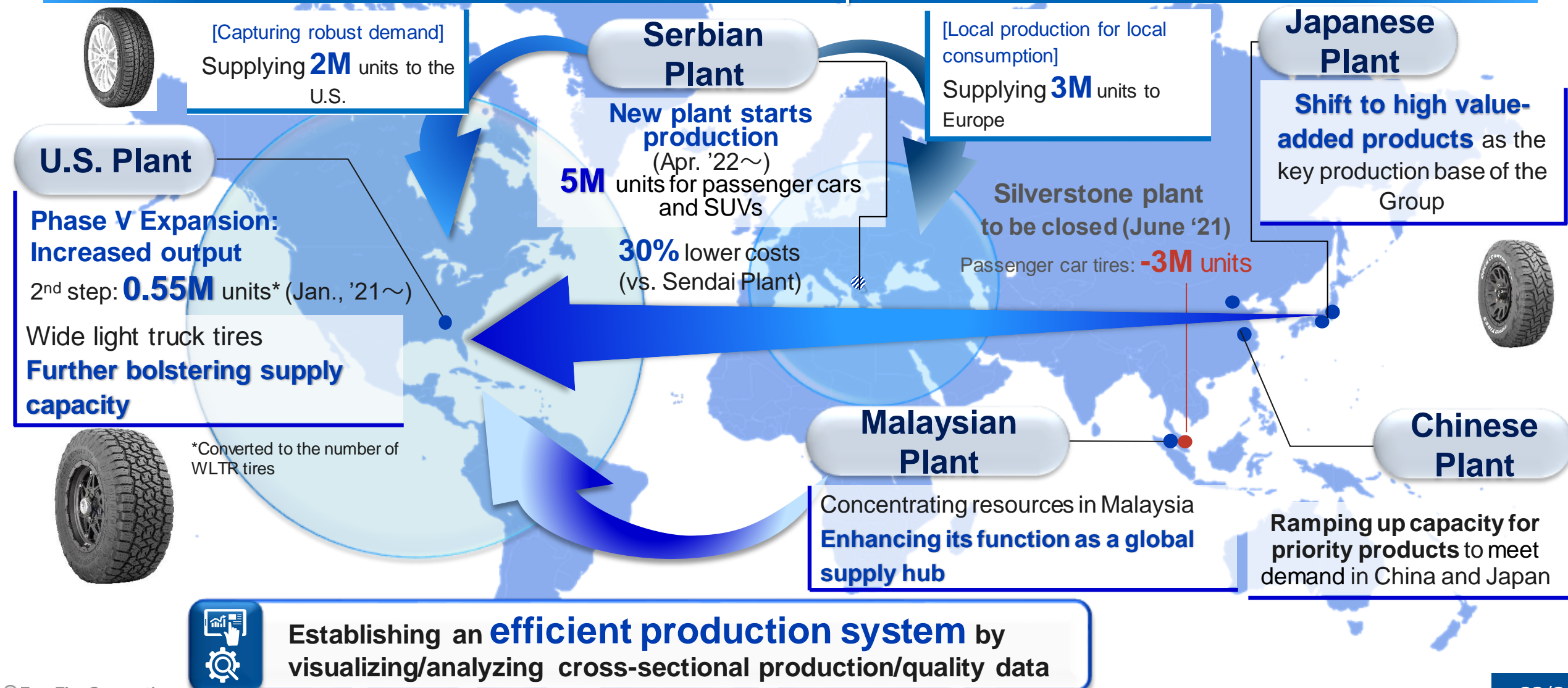
Focusing on digital marketing



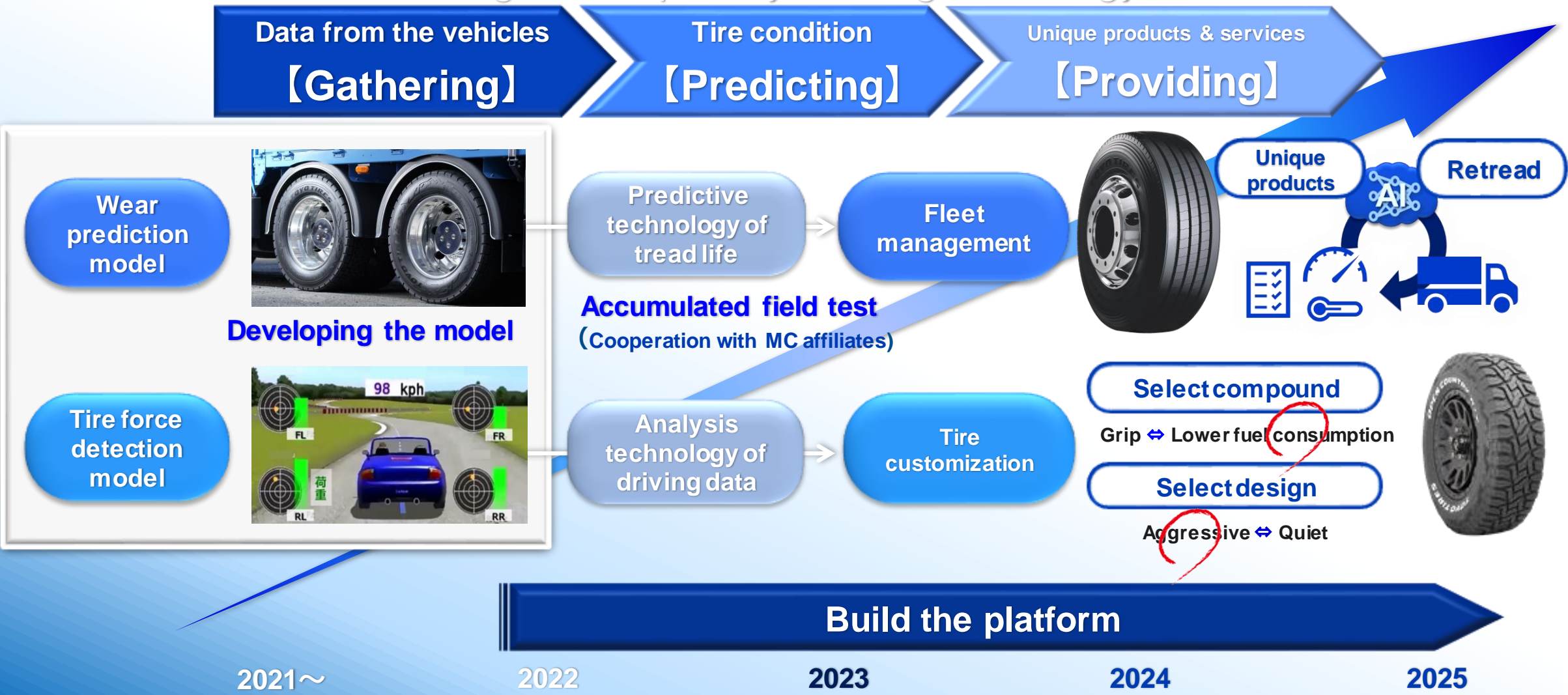
Contributing To Progress in Mobility Through A Combination Of Tires and Automotive Components



Building A Base For Stable Supply of Tires for the U.S. Market Serbian Plant as Most Cost-competitive Production Center



Developing a Solutions Business to Offer New Value
Using Our Proprietary Sensing Technology





5. Capital and Business Alliance with Mitsubishi Corporation

Effect of the Capital & Business Alliance with Mitsubishi Corporation

All numbers represent an increase from corresponding numbers in FY18 on a consolidated operating income basis

TOYO TIRES

**Shared Mission: Increasing Toyo Tire's Enterprise Value
→ Cooperation to Maximize Toyo Tire's Profitability**

Effect on value

+10.0B yen

~FY2020

FY2021~2023

~FY2025

+1.4B yen

- **Eliminated MC's export commission**
- **Dissolved all sales JVs**; make them wholly-owned Toyo subsidiaries
- Reduced insurance premiums, etc.

Japan

[Sales] Full-scale **sales promotion of industrial tires, etc.** to MC's customers
[Logistics] Further reduced costs by **reorganizing sales/logistics sites in Japan**



Asia

Delivering SUV tires as original equipment
Expanding sales channels for service tires (retail, etc.)

Europe

The Middle East

China

The alliance will prioritize markets where we can best promote and achieve a high return for our differentiated products

Next-generation R&D

Focusing on projects that could **drive growth**, such as EV-related technology and digital solutions

Impact

+6.0B yen



Kuwana Plant: Ramping up capacity for truck/bus tires
(Started production in Sept. '20 → Full-operation in Jan. '21)



U.S. Plant: Phase V Step 2
(Started production in Jan. '21 → Full-operation in Sep. '21)



Serbian Plant: New facility to start operation in Apr. '22
(Full-operation in 4Q/23)

Impact

+4.0B yen

 **Mitsubishi Corporation**

TOYO TIRES Strengthen corporate governance
+ more

Accelerating Implementation Of Key Projects; Solidifying Management Foundation

Personnel from the Two Companies Working Together

6. Creating Management Foundation to Support Sustainable Growth



Pursuing our Philosophy; Towards Strengthening our Business Management Infrastructure

Realizing value creation and sustainable growth by offering solutions to social issues

Global

Long-term
perspective

Integrated with
business

Reconfiguring digital/ICT infrastructure



Strengthening the foundation for Digital Innovation

- Developing a digital foundation to achieve higher profitability
 - Upgrading ERP, accelerating the PDCA cycle
- Strengthening data governance
- Realizing diverse work styles

Shifting to sustainability management



Creating social value through business



- Redefining materiality and raising our awareness
 - Established the Sustainability Committee
 - Integrating business management with sustainability
- Creating social value with business strategies

Rebuilding the organization, system and infrastructure



Programs for the organization and Human Resources

- Revitalizing the organization with new HR systems
 - Diverse staff collaborating organically
 - Programs for higher job satisfaction and empowerment (“function-based recruitment”, Diversity, 360-degree evaluation)
- Training system focused on individuality, quality, and competencies

Shoring up the financial foundation



Enhancing our efficiency and resilience to changes in the business environment

- Improving asset efficiency through careful evaluation of business assets and investments
- Achieving and maintaining a healthy level of financial leverage

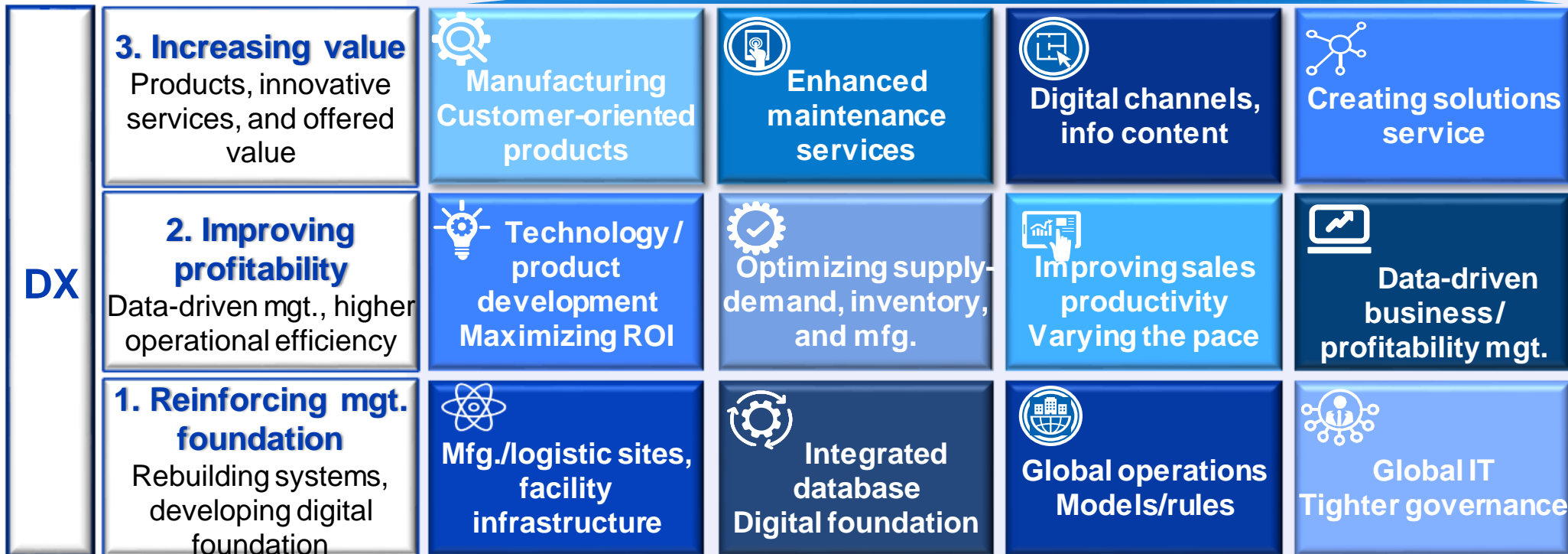


Emphasis on cash flows

- Managing funds globally
- Generating more cash and speeding up the cash cycle

Role of Digital Transformation (DX) to Streamline the Management Foundation

Supporting Change to the Corporate Culture and Realizing Steady Growth

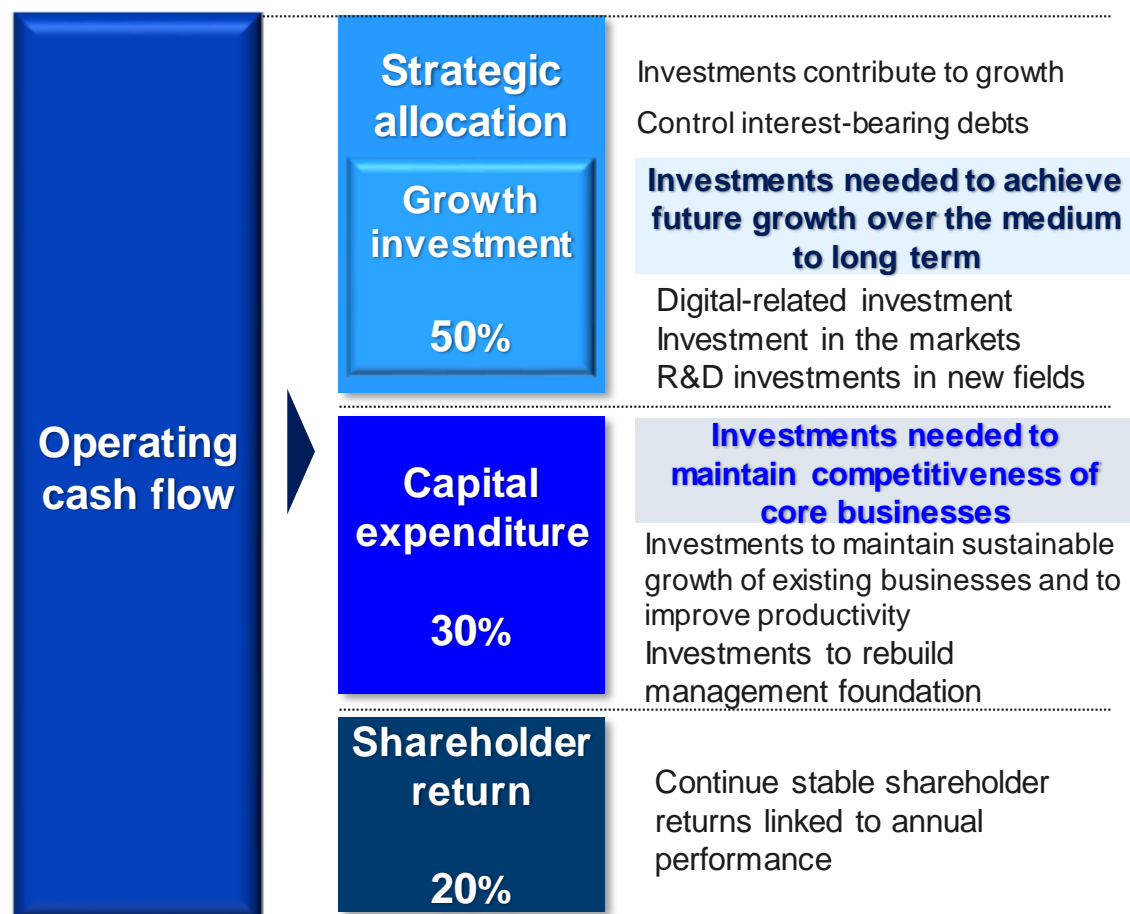




7. Investment Plan and Shareholder Return

Investment Plan and Capital Allocation

Basic Investment Policy and Cash Flow Allocation of Mid-Term '21 Plan



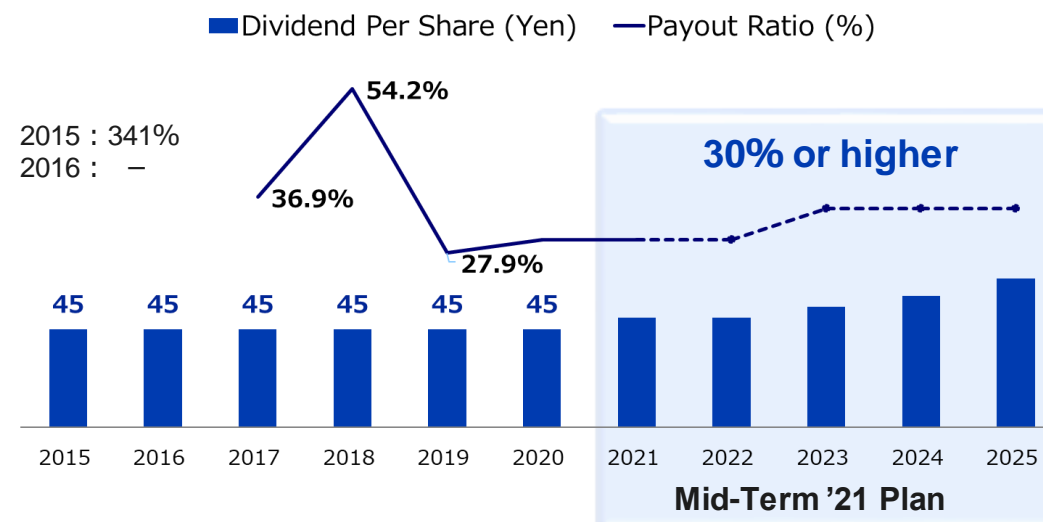
Shareholder Return

Basic policy

- Maintain proper balance between investments (to promote future growth) and shareholder dividends
- Pursue performance-linked, stable returns

Dividend policy

Payout ratio: **30%** or higher





Ignite your BLUE.

TOYO TIRES
Open Roads Await

Earnings plans, business plans, and other information contained in this material are based solely on the company's current assumptions of the economic environment and other factors that may occur in the future. Actual performance, etc. may differ materially from these statements due to various factors. As such, these statements are not the company's guarantees of its future performance.