



June 28, 2021

To Whom it may concern

Company name Toyo Tire Corporation  
(Stock code: 5105, TSE 1st Section)  
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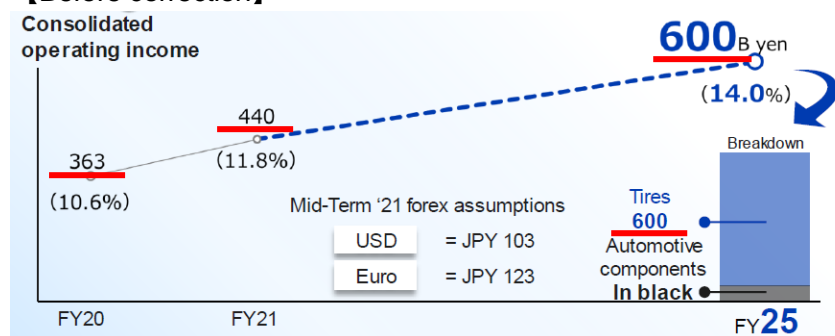
### (Correction) Partial corrections of “Announcement of new Mid-Term Business Plan”

Toyo Tire Corporation hereby announces partial corrections in the attachment of “Announcement of new Mid-Term Business Plan” made on February 25, 2021, as shown below. The revised material is attached hereto.

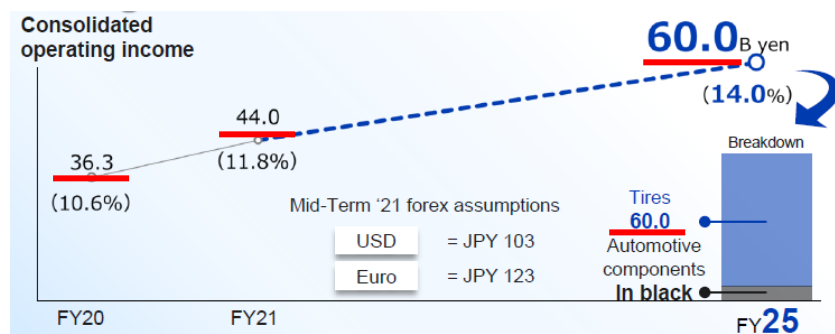
#### ➤ Details of correction

##### ● P.16

##### 【Before correction】



##### 【After correction】



- P.22

【Before correction】

**Technological breakthroughs driven by progress in  
simulation/evaluation technologies** that enhance  
mobility

【After correction】

**Technological breakthroughs driven by progress in  
simulation/evaluation technologies** that enhance  
mobility

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

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

### Our Mission

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

### Our Vision

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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”

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**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.

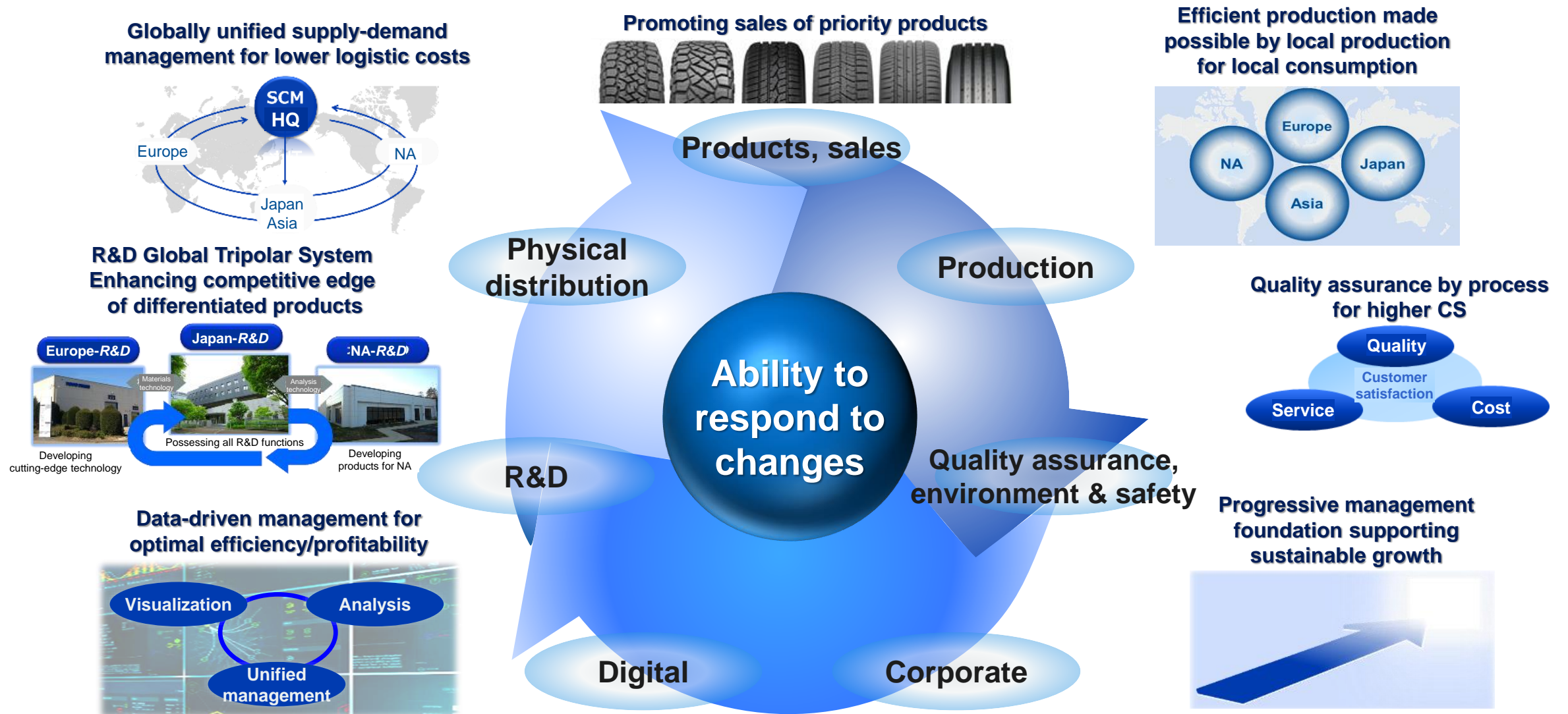
**Appreciation**

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



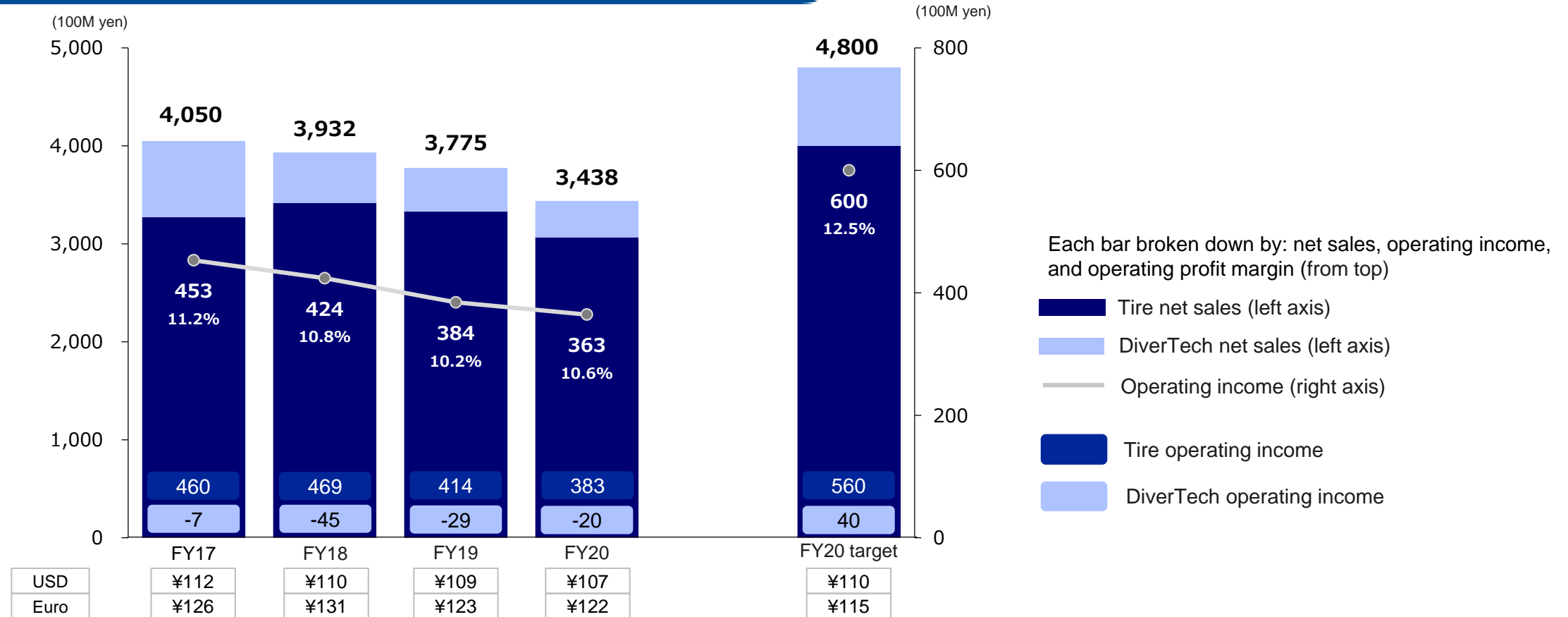


## 1. The Mid-Term '17 Plan in Review



# 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

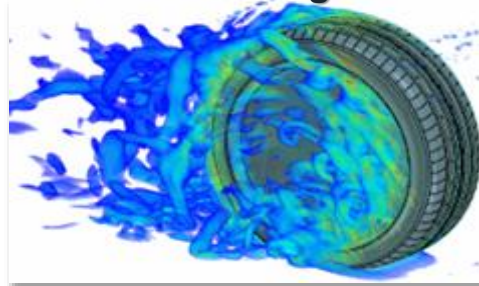
### Expand and Develop Products That Combine Foundational Design & Elemental Technology

#### 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/TⅢ



OBSERVE GIZ2



### Adopted New Brand Statement To Globally Promote A Unique World View

Asia Cross Country Rally

**5th**  
straight  
win<sup>\*1</sup>



Ignite your BLUE.

**TOYO TIRES**  
Open Roads Await



Best in the Desert Vegas to Reno

**2nd**  
straight  
win<sup>\*3</sup>



SCORE BAJA 1000



FIA Intercontinental Drifting Cup

**3rd**  
straight  
win<sup>\*2</sup>



ESSEN MOTOR SHOW



TOKYO AUTO SALON



SEMA SHOW



<sup>\*1</sup> Vehicle equipped with Toyo Tires won five straight years through '19

<sup>\*2</sup> Two consecutive years in '18 and '19

<sup>\*3</sup> 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%**

- 7<sup>th</sup> position in NA (as of 2019)

#### U.S. Plant: Phase V Expansion

- 1<sup>st</sup> step: Production started (Jan. '20)
- 2<sup>nd</sup> 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%)

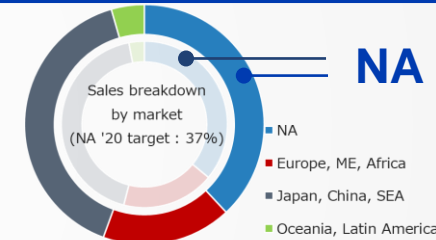
'16: 36%

'20: 41%

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

'16: 45%

'20: 54%



**NA**

'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)

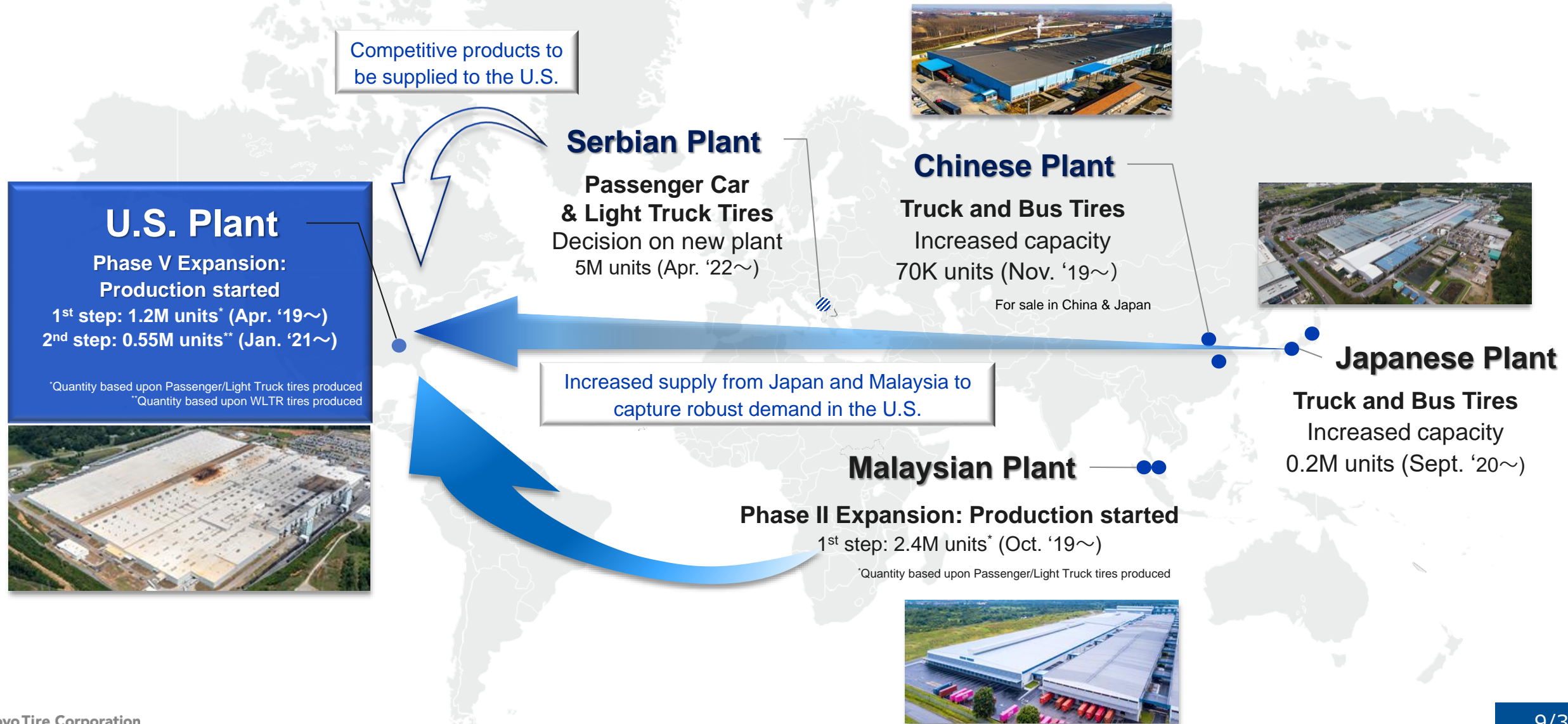
#### Shored up distributors and sales channels

#### OE Segment Strategy

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



### Increased Production Capacity After Carefully Evaluating Likelihood of Success





# 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]

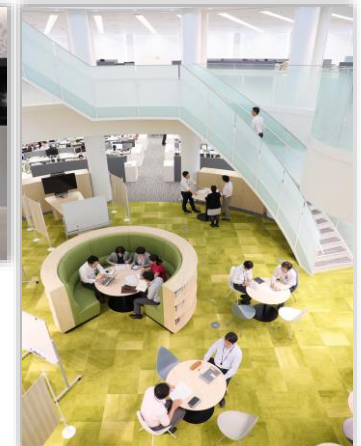
Air Springs for Truck  
and Bus Business  
[Divested]

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

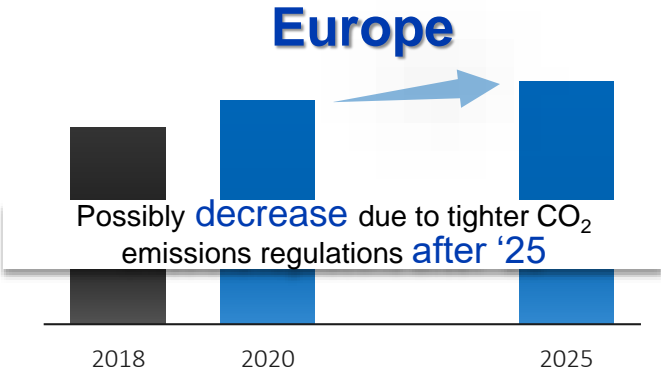
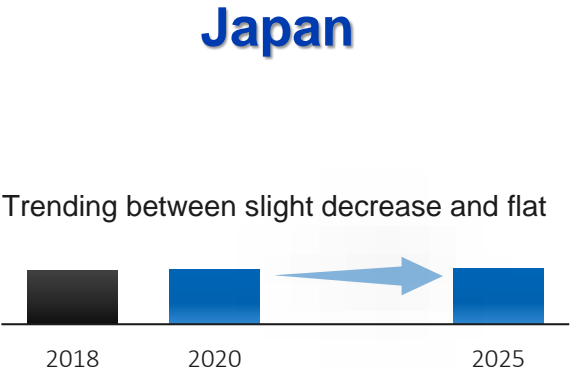
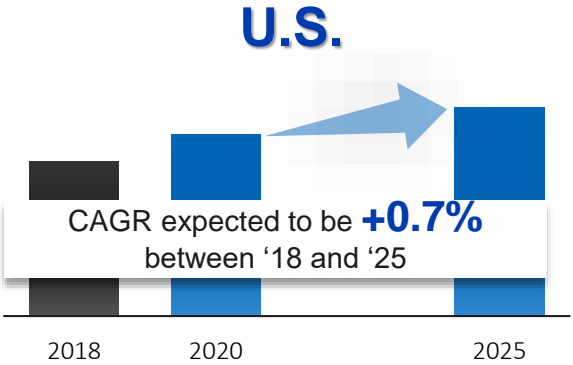


Decreasing demand stemming from pandemic  
⇔ Supply impacted by plant shutdown, etc

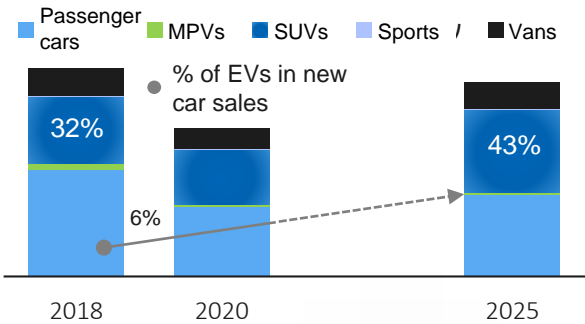
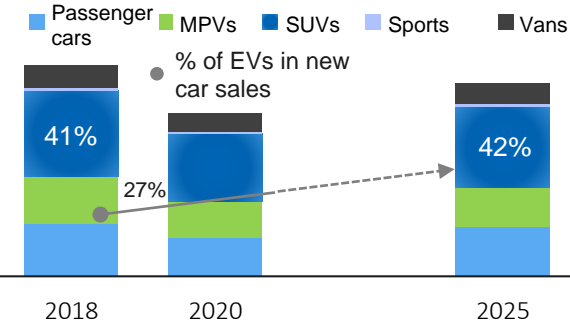
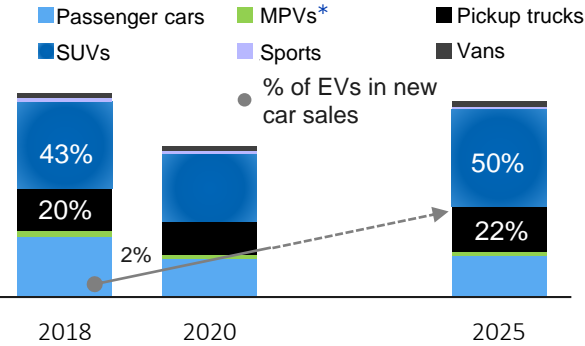
# Market Trends in Automotive & Tire Business

(Company survey)

Vehicle registration forecast

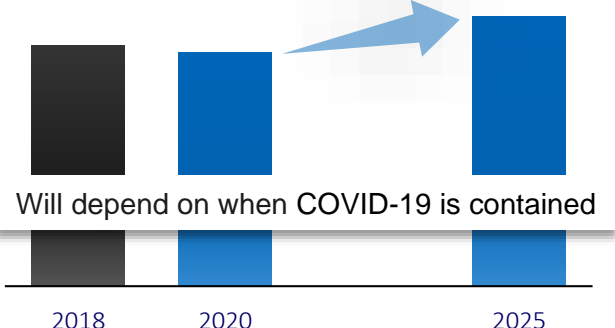
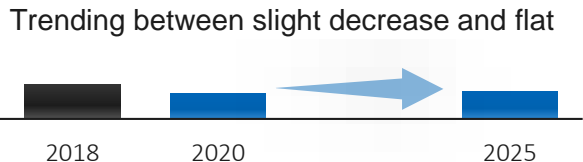
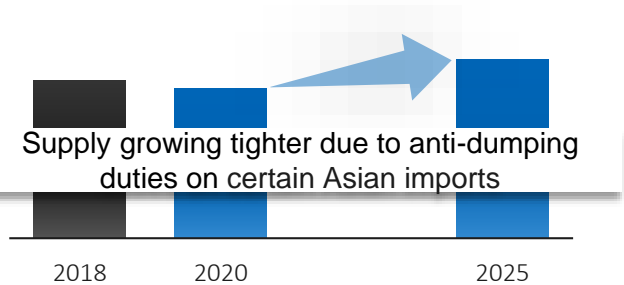


Production forecast by Vehicle type



\*MPVs : Multi Purpose Vehicles.

Tire demand forecast





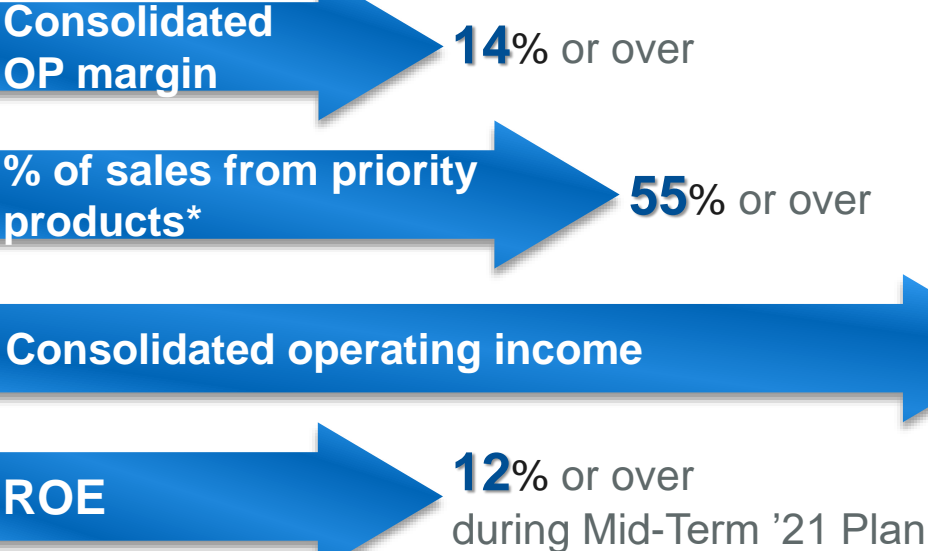


### 3. Basic Policy for Mid-Term '21 Plan



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

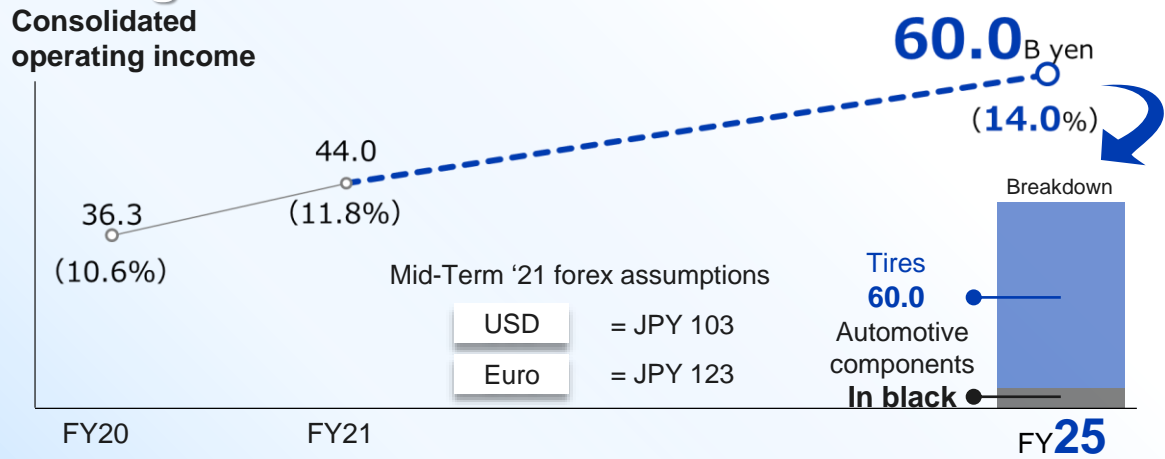
Financial indicators



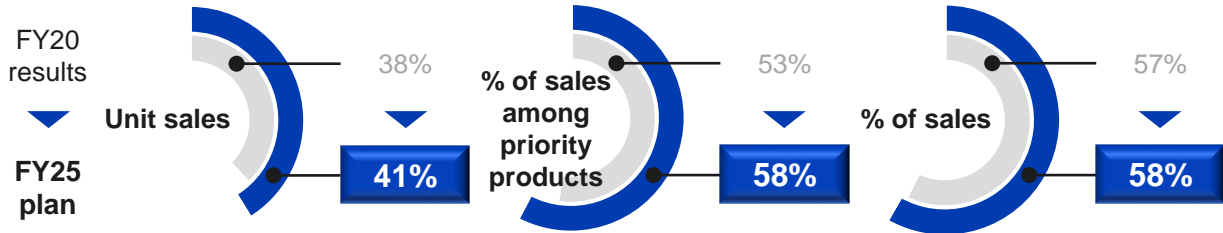
\* Tire product categories that embody Toyo Tire's "strengths". E.g., new products, core products, and differentiated products. These are essential to achieving operating income (value and %) targets

Financial policy

Capex plan	5-year total: <b>194.0</b> billion yen (maintenance/replacement of equipment + growth investment)
Shareholder return	Maintaining dividend payout ratio of <b>30%+</b> ; 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



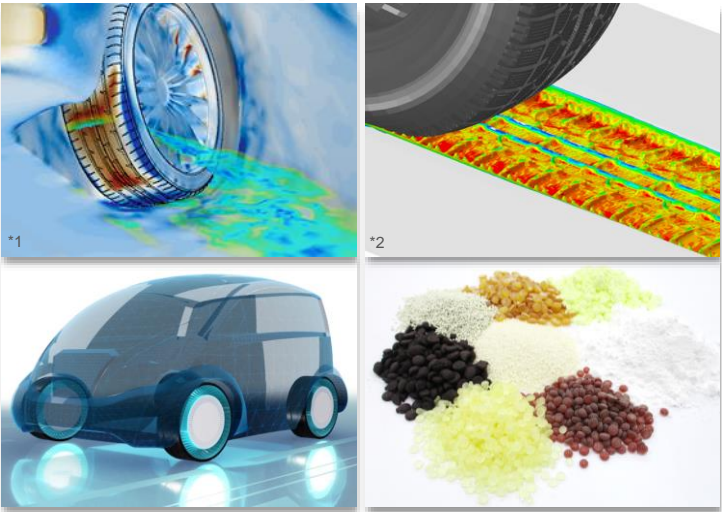
Understanding customer expectations to create products they desire



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

<sup>\*1</sup> 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.

<sup>\*2</sup> For calculation, Dassault Systèmes K.K.'s Abaqus was used.

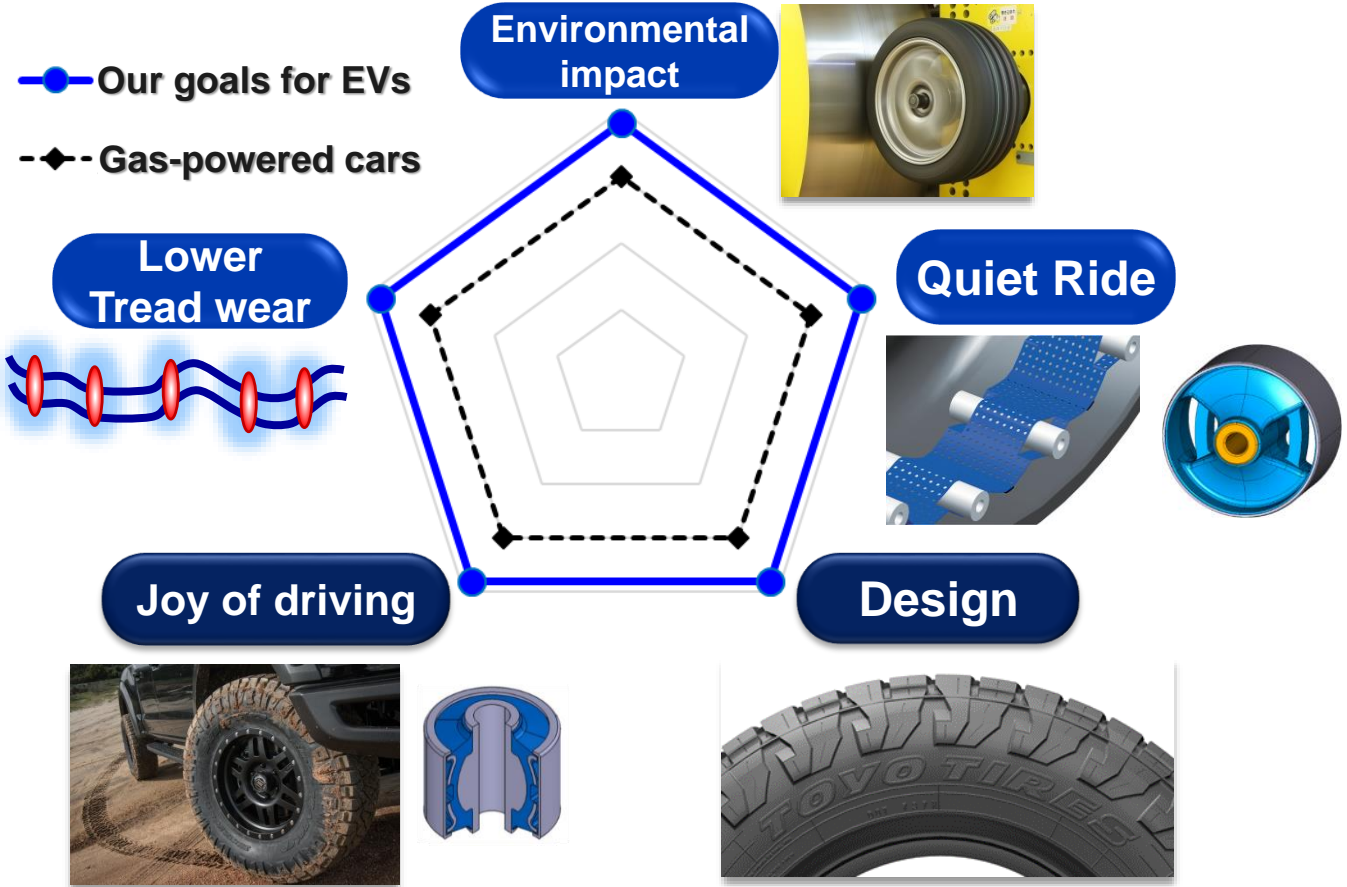
Offer early adopters our “differentiated products”  
that incorporate advanced next-generation mobility solutions

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  
5<sup>th</sup> place

(7<sup>th</sup> in 2020)

U.S. Plant  
Capacity  
Increase

Sendai Plant  
Exports

Product  
planning

R&D

Marketing

Holding  
company

Production

Sales

Serbian Plant  
Exports



Timely introduction of high-  
value-added products

Truck and Bus Tires  
Increased Share

Kuwana Plant  
Capacity  
Increase



NANOENERGY



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



CELSIUS

All-season tires  
Sales surging



# Growth Strategy: Europe, Japan, Asia

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

Focus on  
priority  
products

Competitive  
production/  
supply system

R&D for positive  
differentiation

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

Optimally realign  
sales network

Digitalize  
sales  
activities

Innovating  
sales  
foundation

Focus on priority products  
that meet customer expectations

Expanding  
sales network

Making full  
use of local  
production

Strengthening  
development of  
region-specific  
products

Connecting OE  
Tires to aftermarket  
sales

Focusing on digital marketing



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

## Link between tires and automotive components

[Making an impact on the mobility industry]



Ripple effect for the aftermarket tire business

Brand recognition



New sales channels

“Return to OE brand” demand

Seizing demand for aftermarket tires



Advanced development    Technology exchange    OE information

Higher technological prowess + Trends in automotive technology

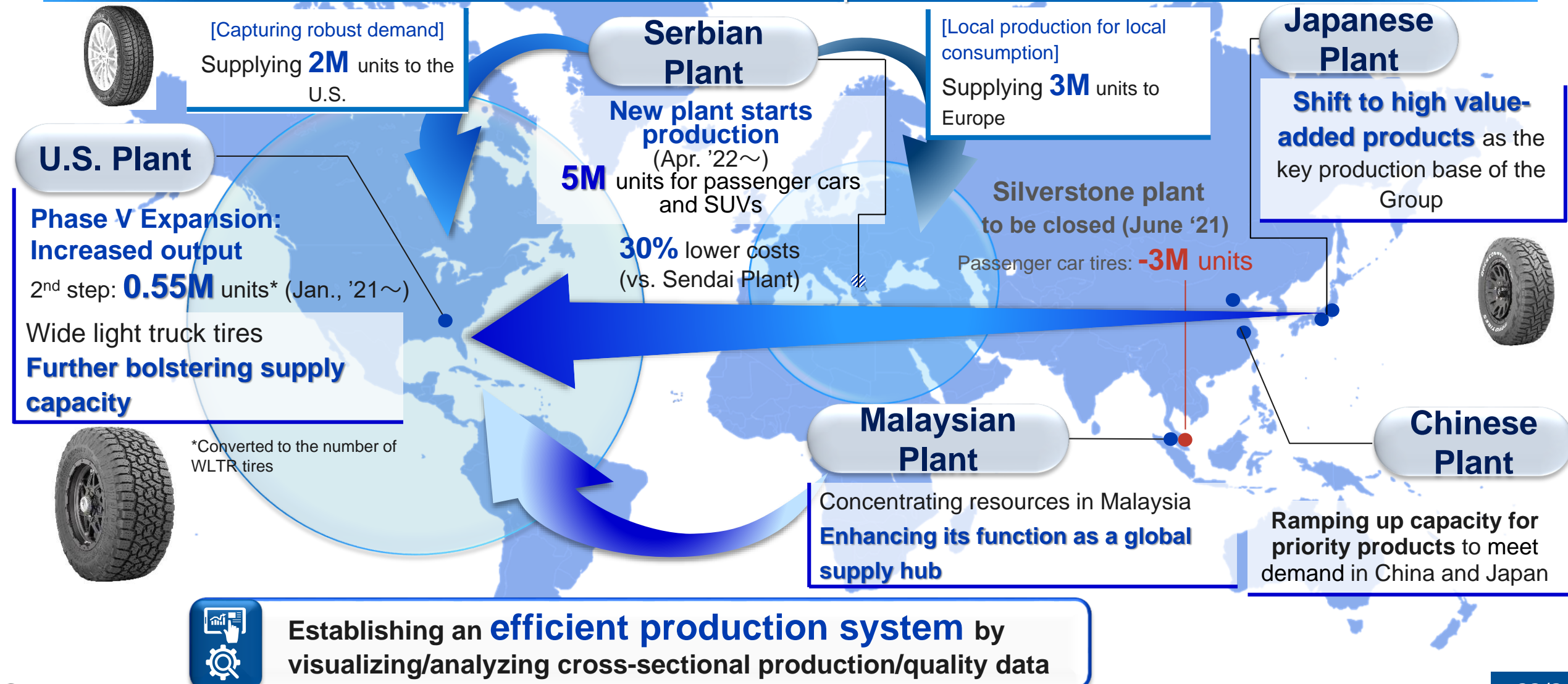
Strive for cutting-edge automotive technology

Strengthening approach to strategic models such as SUVs, EVs, and next-generation mobility

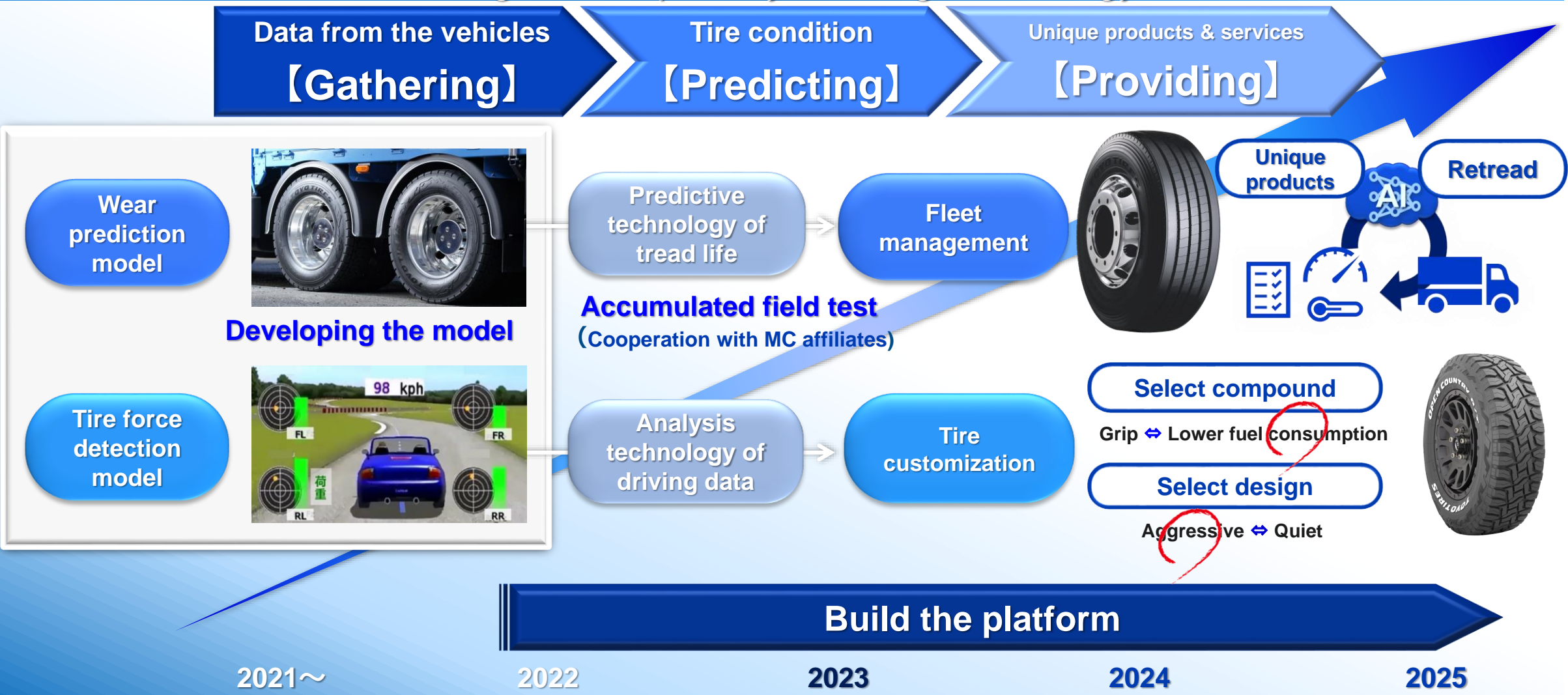




## Building A Base For Stable Supply of Tires for the U.S. Market Serbian Plant as Most Cost-competitive Production Center



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)

Impact



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

**+4.0B yen**



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

**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



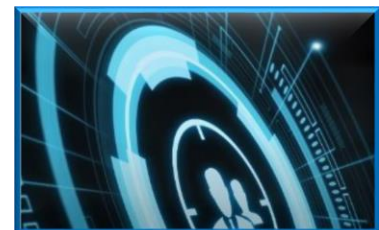
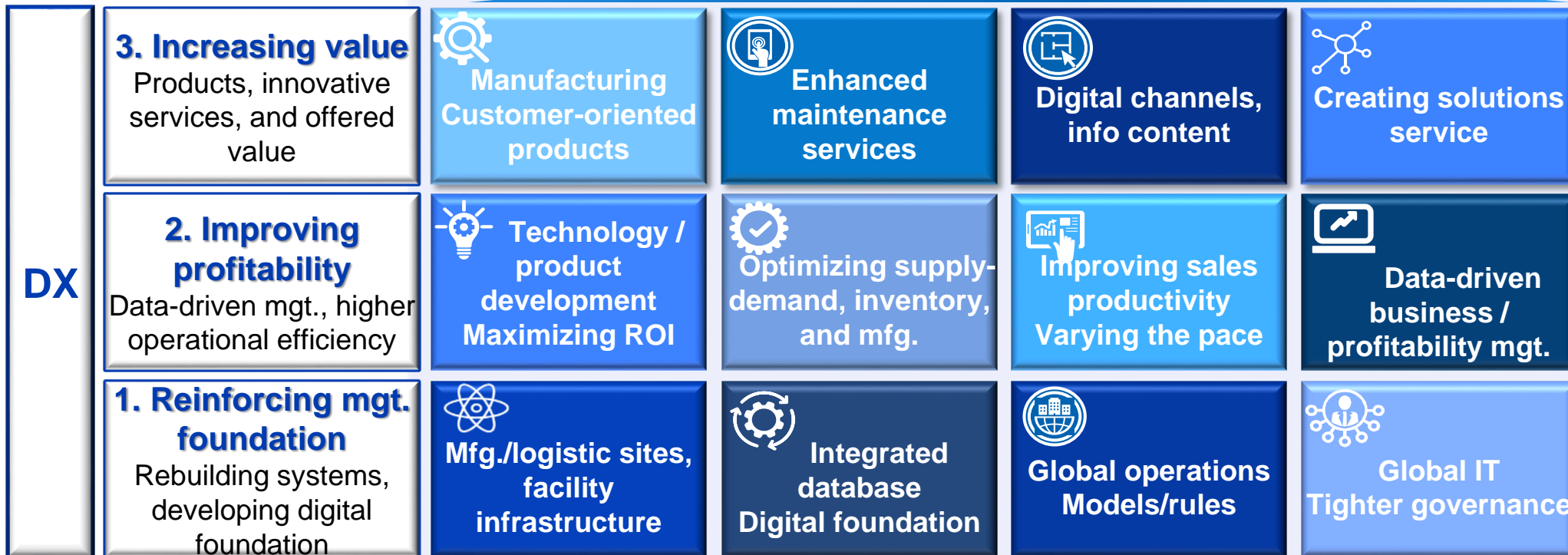
#### Emphasis on cash flows

- 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



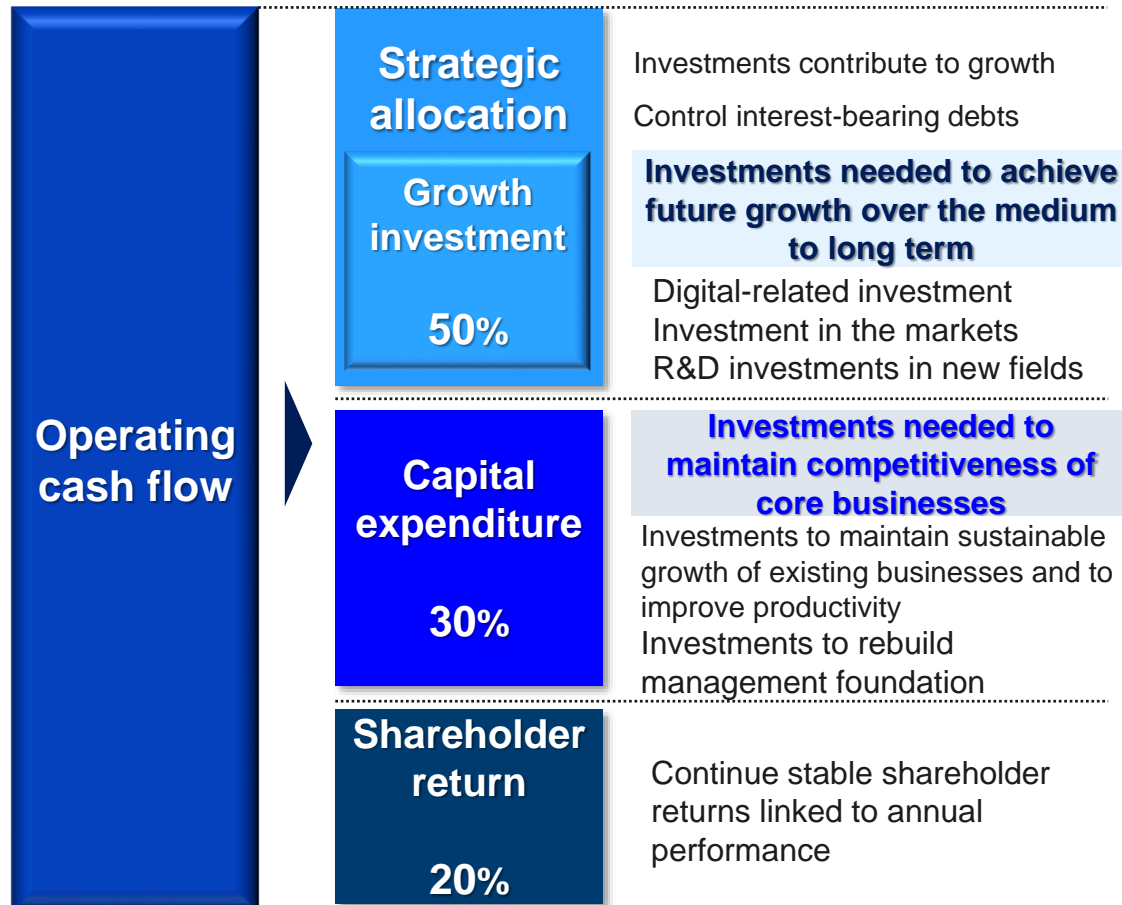


## 7. Investment Plan and Shareholder Return



## Investment Plan and Capital Allocation

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



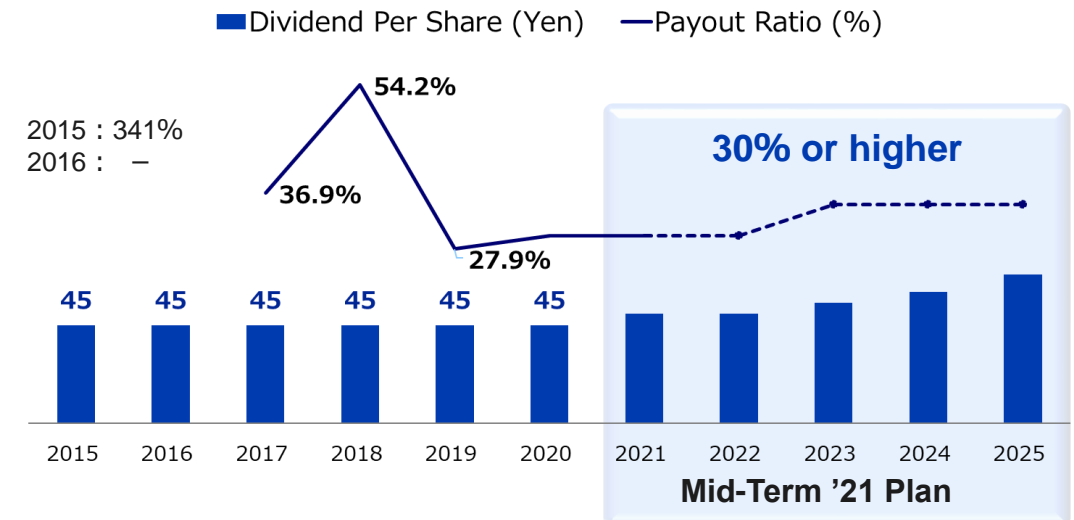
## Shareholder Return

### 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.