

Summary Report of Consolidated Business Performance
for the First Quarter of Fiscal Year 2023
(January 1, 2023 – December 31, 2023)

HYOGO, JAPAN – May 11, 2023 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the first quarter of fiscal year 2023 (January 1, 2023 through December 31, 2023) as follows:

Quantitative information concerning the quarterly financial results

(1) Business Results

- Net Sales: 129,160 million yen (an increase of 27,386 million yen, or 26.9% from the same period in FY2022)
- Operating Income: 14,574 million yen (a decrease of 1,598 million yen, or 9.9% from the same period in FY2022)
- Ordinary Income: 15,801 million yen (a decrease of 4,728 million yen, or 23.0% from the same period in FY2022)
- Profit Attributable to Owners of Parent: 10,883 million yen (a decrease of 6,914 million yen, or 38.8% from the same period in FY2022)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 117,955 million yen (an increase of 26,354 million yen, or 28.8% from the same period in FY2022) and an operating income of 14,613 million yen (a decrease of 2,058 million yen, or 12.3% from the same period in FY2022).

The Automotive Parts Business Unit posted net sales of 11,200 million yen (an increase of 1,031 million yen, or 10.1% from the same period in FY2022) and an operating loss of 38 million yen (an increase of 455 million yen from the same period in FY2022).

(3) Status of provision of reserves for product warranties and allowance for product repairs pertaining to the Company's seismic isolation rubber issue

In the fiscal year ended December 2015, some products shipped by the Company did not conform to performance evaluation criteria certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. When applying for Ministry certification for seismic isolation rubber for construction, the certification was in some cases based on applications lacking technical grounds.

For the first quarter of FY2023, the Company posted an extraordinary loss of 78 million yen as product compensation response—measure expenses (primarily in payroll for the Seismic Isolation Rubber Task Force, etc.).

Depending on how this is handled in the following quarter and beyond, if future costs arise (mainly business compensation and repairs for damages such as delayed damages, expenses, etc. when repair work expenses are found to additionally exceed the reserve provisions), additional provision of reserves for product warranties may be posted. At the present time, however, it is difficult to make a reasonable estimation of the corresponding amount.

(4) Explanation of financial situation

Total assets at the end of the first quarter of FY2023 of the consolidated accounting period were 599,570 million yen, an increase of 680 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 272,120 million yen, a decrease of 5,854 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 149,684 million yen, an increase of 14,247 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the first quarter of FY2023 of the consolidated accounting period were 327,450 million yen, an increase of 6,535 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 1.1 points compared to the end of the previous consolidated accounting period to 54.6 %.

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year March 31, 2023
Assets		
Current Assets		
Cash and deposits	41,601	38,503
Notes and accounts receivable – trade	109,468	111,795
Merchandise and finished goods	78,315	83,247
Work in process	5,091	5,023
Raw materials and supplies	29,477	26,474
Other	25,952	20,213
Allowance for doubtful accounts	(328)	(399)
Total current assets	289,579	284,859
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	81,501	81,860
Machinery, equipment and vehicles, net	116,847	119,208
Other, net	66,702	66,552
Total property, plant and equipment	265,051	267,621
Intangible Assets	8,529	9,267
Investments and other assets		
Investment securities	27,204	29,714
Other	8,628	8,210
Allowance for doubtful accounts	(102)	(103)
Total investments and other assets	35,729	37,822
Total fixed assets	309,310	314,711
Total assets	598,889	599,570

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	42,577	36,767
Commercial papers	43,000	50,000
Short-term loans payable	24,780	32,571
Accounts payable – other	31,225	20,557
Income taxes payable	11,816	5,067
Provision for product compensation	4,820	4,757
Other	32,827	35,724
Total current liabilities	191,048	185,445
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	51,366	50,391
Net defined benefit liability	3,523	3,483
Provision for product compensation	1,380	1,320
Provision for loss on litigation	1,340	1,340
Other provision	97	92
Other	19,218	20,046
Total non-current liabilities	86,926	86,674
Total liabilities	277,974	272,120
Net assets		
Shareholders' equity		
Common stock	55,935	55,935
Capital surplus	54,341	54,341
Retained earnings	159,837	163,022
Treasury stock	(132)	(132)
Total shareholders' equity	269,981	273,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,743	14,460
Deferred gains or losses on hedges	58	12
Foreign currency translation adjustments	32,359	34,267
Remeasurements of defined benefit plans	5,541	5,451
Total accumulated other comprehensive income	50,702	54,191
Non-controlling interests	231	91
Total net assets	320,915	327,450
Total liabilities and net assets	598,889	599,570

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to March 31, 2022)	FY2023 (From January 1, 2023 to March 31, 2023)
Net sales	101, 773	129, 160
Cost of sales	53, 276	76, 808
Gross profit	48, 497	52, 351
Selling, general and administrative expenses	32, 325	37, 777
Operating income	16, 172	14, 574
Non-operating income		
Interest income	110	176
Dividends income	170	185
Foreign exchange gains	4, 775	1, 269
Equity in earnings of affiliates	8	5
Other	276	259
Total non-operating income	5, 341	1, 896
Non-operating expenses		
Interest expenses	306	267
Other	677	401
Total non-operating expenses	984	669
Ordinary income	20, 529	15, 801
Extraordinary income		
Gain on sales of investment securities	4, 436	—
Gain on sales of shares of subsidiaries and associates	32	—
Total extraordinary income	4, 468	—
Extraordinary loss		
Loss on retirement of non-current assets	61	101
Impairment loss	33	464
Loss on liquidation of subsidiaries and associates	—	247
Loss on product compensation	136	78
Total extraordinary loss	230	891
Profit before income taxes	24, 767	14, 909
Income taxes	6, 964	4, 167
Profit	17, 803	10, 742
Profit (Loss) attributable to non-controlling interests	5	(140)
Profit attributable to owners of parent	17, 797	10, 883

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to March 31, 2022)	FY2023 (From January 1, 2023 to March 31, 2023)
Profit	17,803	10,742
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,445)	1,716
Deferred gains or losses on hedges	(199)	(46)
Foreign currency translation adjustment	10,966	1,867
Remeasurements of defined benefit plans, net of tax	(74)	(89)
Share of other comprehensive income of associates accounted for using equity method	105	41
Total other comprehensive income	9,352	3,490
Comprehensive income	27,155	14,233
(Comprehensive income attributable to)		
Owners of the parent	27,137	14,372
Comprehensive income attributable to non-controlling interests	18	(139)