

Summary Report of Consolidated Business Performance  
for the Fiscal Year 2021  
(January 1, 2021 – December 31, 2021)

HYOGO, JAPAN – February 15, 2022 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the fiscal year 2022 (January 1, 2021 through December 31, 2021) as follows:

Quantitative information concerning the Full-year financial results

(1) Business Results

- Net Sales: 393,647 million yen (an increase of 49,883 million yen, or 14.5% from the same period in FY2020)
- Operating Income: 53,080 million yen (an increase of 16,752 million yen, or 46.1% from the same period in FY2020)
- Ordinary Income: 55,909 million yen (an increase of 25,021 million yen, or 81.0% from the same period in FY2020)
- Profit Attributable to Owners of Parent: 41,350 million yen (an increase of 29,667 million yen, or 254.0% from the same period in FY2020)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 354,641 million yen (an increase of 48,032 million yen, or 15.7% from the same period in FY2020) and an operating income of 55,089 million yen (an increase of 16,746 million yen, or 43.7% from the same period in FY2020).

The Automotive Parts Business Unit posted net sales of 38,979 million yen (an increase of 1,868 million yen, or 5.0% from the same period in FY2020) and an operating loss of 2,008 million yen (an increase of 12 million yen from the same period in FY2020).

(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 FY2021, the Company posted an extraordinary loss of 1,083 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 FY 2021 of the consolidated accounting period were 531,229 million yen, an increase of 85,650 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 251,073 million yen, an increase of 28,188 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 128,784 million yen, an increase of 18,205 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the FY 2021 of the consolidated accounting period were 280,155 million yen, an increase of 57,461 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 3.2 points compared to the end of the previous consolidated accounting period to 52.7 %.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2020	End of current fiscal year December 31, 2021
Assets		
Current Assets		
Cash and deposits	37,650	55,615
Notes and accounts receivable – trade	72,598	83,292
Merchandise and finished goods	40,061	57,332
Work in process	3,030	3,882
Raw materials and supplies	12,690	19,733
Other	15,050	17,334
Allowance for doubtful accounts	(343)	(356)
Total current assets	180,739	236,833
Fixed Assets		
Property, plant and equipment		
Buildings and structures	116,496	123,701
Accumulated depreciation	(54,186)	(58,492)
Buildings and structures, net	62,309	65,209
Machinery, equipment and vehicles	329,715	354,943
Accumulated depreciation	(237,141)	(253,042)
Machinery, equipment and vehicles, net	92,574	101,901
Tools, furniture and fixtures	69,316	70,664
Accumulated depreciation	(60,378)	(61,247)
Tools, furniture and fixtures, net	8,938	9,416
Land	19,495	19,032
Lease assets	1,400	1,406
Accumulated depreciation	(718)	(869)
Lease assets, net	681	537
Right of use assets	5,036	6,313
Accumulated depreciation	(1,149)	(1,809)
Right of use assets, net	3,886	4,504
Construction in progress	12,821	26,003
Total property, plant and equipment	200,707	226,606
Intangible Assets		
Software	4,335	5,882
Other	515	442
Total intangible assets	4,851	6,325
Investments and other assets		
Investment securities	39,986	49,921
Long-term loans receivable	178	150
Net defined benefit asset	1,032	4,229
Deferred tax assets	6,913	2,510
Other	11,272	4,755
Allowance for doubtful accounts	(104)	(103)
Total investments and other assets	59,280	61,464
Total fixed assets	264,839	294,395
Total assets	445,579	531,229

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2020	End of current fiscal year December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	29,666	34,004
Commercial papers	6,000	27,000
Short-term loans payable	16,200	13,196
Accounts payable – other	21,580	24,053
Income taxes payable	1,766	6,774
Provision for directors' bonuses	100	117
Provision for sales returns	313	306
Provision for product compensation	9,192	4,460
Other	23,823	25,436
<b>Total current liabilities</b>	<b>108,643</b>	<b>135,350</b>
<b>Noncurrent liabilities</b>		
Bonds payable	—	10,000
Long-term loans payable	86,010	75,476
Provision for directors' retirement benefits	7	9
Provision for environmental measures	92	88
Provision for product compensation	9,126	4,705
Net defined benefit liability	5,437	3,829
Deferred tax liabilities	10,057	16,868
Other	3,509	4,745
<b>Total noncurrent liabilities</b>	<b>114,242</b>	<b>115,723</b>
<b>Total liabilities</b>	<b>222,885</b>	<b>251,073</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	55,935	55,935
Capital surplus	54,504	54,330
Retained earnings	90,866	125,119
Treasury stock	(146)	(143)
<b>Total shareholders' equity</b>	<b>201,159</b>	<b>235,242</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	19,086	26,450
Deferred gains or losses on hedges	3	(17)
Foreign currency translation adjustment	(2,609)	11,428
Remeasurements of defined benefit plans	3,136	6,850
<b>Total accumulated other comprehensive income</b>	<b>19,616</b>	<b>44,712</b>
<b>Non controlling interests</b>	<b>1,918</b>	<b>201</b>
<b>Total net assets</b>	<b>222,694</b>	<b>280,155</b>
<b>Total liabilities and net assets</b>	<b>445,579</b>	<b>531,229</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Net sales	343,764	393,647
Cost of sales	220,524	232,606
Gross profit	123,239	161,041
Selling, general and administrative expenses	86,911	107,960
Operating income	36,328	53,080
Non-operating income		
Interest income	294	356
Dividends income	1,293	1,372
Foreign exchange gains	—	5,090
Equity in earnings of affiliates	59	167
Rent income	414	623
Other	1,232	1,081
Total non-operating income	3,295	8,691
Non-operating expenses		
Interest expenses	1,747	1,458
Foreign exchange losses	4,059	—
Other	2,928	4,405
Total non-operating expenses	8,736	5,863
Ordinary income	30,887	55,909
Extraordinary income		
Gain on sales of noncurrent assets	—	4,280
Gain on sales of investment securities	1,265	358
Total extraordinary income	1,265	4,639
Extraordinary loss		
Loss on retirement of noncurrent assets	499	487
Loss on sale of investment securities	—	92
Impairment loss	6,033	1,136
Loss on liquidation of subsidiaries and associates	1,159	—
Loss on product compensation	2,942	1,083
Loss on provision for product compensation	4,235	—
Loss on COVID-19	1,581	385
Total extraordinary loss	16,452	3,185
Income before income taxes	15,700	57,362
Income taxes - current	5,048	10,605
Income taxes - deferred	(1,224)	5,292
Total income taxes	3,824	15,897
Net income	11,876	41,465
Profit attributable to non controlling interests	193	114
Profit attributable to owners of parent	11,682	41,350

## Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Profit	11,876	41,465
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,136)	7,363
Deferred gains or losses on hedges	13	(20)
Foreign currency translation adjustment	(5,192)	13,898
Remeasurements of defined benefit plans, net of tax	579	3,714
Share of other comprehensive income of associates accounted for using equity method	16	231
Total other comprehensive income	(6,719)	25,187
Comprehensive income	5,156	66,652
(Comprehensive income attributable to)		
Owners of the parent	4,928	66,445
Comprehensive income attributable to non controlling interests	227	206

## Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Income before income taxes and minority interests	15,700	57,362
Depreciation and amortization	21,005	21,468
Increase (decrease) in net defined benefit liability	334	477
Interest and dividends income	(1,588)	(1,729)
Interest expenses	1,747	1,458
Foreign exchange losses (gains)	1,132	(2,654)
Equity in (earnings) losses of affiliates	(59)	(167)
Loss (gain) on sales of noncurrent assets	—	(4,280)
Loss (gain) on sales of investment securities	(1,265)	(265)
Loss on retirement of noncurrent assets	499	487
Impairment loss	6,033	1,136
Loss on product compensation	2,942	1,083
Loss on provision for product compensation	4,235	—
Loss on liquidation of subsidiaries and associates	1,159	—
Decrease (increase) in notes and accounts receivable-trade	651	(5,808)
Decrease (increase) in inventories	18,251	(20,271)
Increase (decrease) in notes and accounts payable-trade	(2,716)	3,568
Other, net	168	(2,316)
Sub-total	68,233	49,549
Interest and dividends income received	1,711	1,706
Interest expenses paid	(1,903)	(2,050)
Payments of product compensation	(12,754)	(9,419)
Income taxes paid	(4,309)	(5,859)
Income taxes refund	2,818	539
Net cash provided by (used in) operating activities	53,796	34,465
Cash flows from investing activities		
Additions to property, plant and equipment	(22,302)	(36,312)
Proceeds from sales of property, plant and equipment	241	524
Additions to intangible assets	(1,616)	(2,410)
Additions to investments in securities	(17)	(20)
Proceeds from sales and redemption of investment securities	2,796	1,138
Payments for investments in capital of unconsolidated subsidiaries	(6,488)	—
Other, net	(470)	(457)
Net cash provided by (used in) investing activities	(27,856)	(37,538)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(3,815)	(1,742)
Increase (decrease) in commercial papers	6,000	21,000
Proceeds from long-term debt	24,264	4,500
Payments of long-term debt	(31,265)	(18,082)
Proceeds from issuance of bonds	—	10,000
Cash dividends paid	(6,920)	(6,922)
Dividends paid to non-controlling interests	(56)	(24)
Payments from changes in investments in capital of subsidiaries that do not result in change in scope of consolidation	—	(2,146)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	6,128
Other, net	(843)	(1,013)
Net cash provided by (used in) financing activities	(12,638)	11,697
Effect of exchange rate change on cash and cash equivalents	(1,077)	3,765
Net Increase (decrease) in cash and cash equivalents	12,223	12,390
Cash and cash equivalents at beginning of the year	24,079	36,303
Proceeds from sale and leaseback transactions	—	4,898
Cash and cash equivalents at end of the period	36,303	53,592