

Summary Report of Consolidated Business Performance
for the First Quarter of Fiscal Year 2022
(January 1, 2022 – December 31, 2022)

HYOGO, JAPAN – May 12, 2022 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the first quarter of fiscal year 2022 (January 1, 2022 through December 31, 2022) as follows:

Quantitative information concerning the Full-year financial results

(1) Business Results

●Net Sales:	101,773 million yen (an increase of 14,028 million yen, or 16.0% from the same period in FY2021)
●Operating Income:	16,172 million yen (an increase of 3,470 million yen, or 27.3% from the same period in FY2021)
●Ordinary Income:	20,529 million yen (an increase of 4,522 million yen, or 28.3% from the same period in FY2021)
●Profit Attributable to Owners of Parent:	17,797 million yen (an increase of 5,644 million yen, or 46.4% from the same period in FY2021)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 91,600 million yen (an increase of 13,858 million yen, or 17.8% from the same period in FY2021) and an operating income of 16,671 million yen (an increase of 3,480 million yen, or 26.4% from the same period in FY2021).

The Automotive Parts Business Unit posted net sales of 10,168 million yen (an increase of 176 million yen, or 1.8% from the same period in FY2021) and an operating loss of 494 million yen (a decrease of 14 million yen from the same period in FY2021).

(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 FY2022, the Company posted an extraordinary loss of 136 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 FY2022 of the consolidated accounting period were 549,866 million yen, an increase of 18,636 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 251,175 million yen, an increase of 101 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 133,320 million yen, an increase of 4,536 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the first quarter of FY2022 of the consolidated accounting period were 298,690 million yen, an increase of 18,535 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 1.6 points compared to the end of the previous consolidated accounting period to 54.3 %.

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year March 31, 2022
Assets		
Current Assets		
Cash and deposits	55,615	48,861
Notes and accounts receivable – trade	83,292	84,872
Merchandise and finished goods	57,332	74,819
Work in process	3,882	4,297
Raw materials and supplies	19,733	20,538
Other	17,334	15,026
Allowance for doubtful accounts	(356)	(381)
Total current assets	236,833	248,035
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	65,209	67,028
Machinery, equipment and vehicles, net	101,901	105,144
Other, net	59,495	65,142
Total property, plant and equipment	226,606	237,316
Intangible Assets	6,325	6,864
Investments and other assets		
Investment securities	49,921	45,964
Other	11,646	11,788
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	61,464	57,649
Total fixed assets	294,395	301,830
Total assets	531,229	549,866

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	34,004	31,958
Commercial papers	27,000	34,000
Short-term loans payable	13,196	17,455
Accounts payable – other	24,053	16,211
Income taxes payable	6,774	9,111
Provision for product compensation	4,460	3,292
Other	25,860	29,958
Total current liabilities	135,350	141,987
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	75,476	68,823
Net defined benefit liability	3,829	3,819
Provision for product compensation	4,705	4,843
Other provision	97	97
Other	21,613	21,603
Total non-current liabilities	115,723	109,187
Total liabilities	251,073	251,175
Net assets		
Shareholders' equity		
Common stock	55,935	55,935
Capital surplus	54,330	54,330
Retained earnings	125,119	134,296
Treasury stock	(143)	(143)
Total shareholders' equity	235,242	244,418
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,450	25,004
Deferred gains or losses on hedges	(17)	(217)
Foreign currency translation adjustments	11,428	22,487
Remeasurements of defined benefit plans	6,850	6,776
Total accumulated other comprehensive income	44,712	54,051
Non-controlling interests	201	220
Total net assets	280,155	298,690
Total liabilities and net assets	531,229	549,866

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to March 31, 2021)	FY2022 (From January 1, 2022 to March 31, 2022)
Net sales	87,744	101,773
Cost of sales	52,224	53,276
Gross profit	35,520	48,497
Selling, general and administrative expenses	22,817	32,325
Operating income	12,702	16,172
Non-operating income		
Interest income	76	110
Dividends income	124	170
Foreign exchange gains	3,690	4,775
Equity in earnings of affiliates	38	8
Other	415	276
Total non-operating income	4,346	5,341
Non-operating expenses		
Interest expenses	363	306
Other	678	677
Total non-operating expenses	1,041	984
Ordinary income	16,007	20,529
Extraordinary income		
Gain on sales of investment securities	246	4,436
Gain on sales of shares of subsidiaries and associates	—	32
Total extraordinary income	246	4,468
Extraordinary loss		
Loss on retirement of non-current assets	53	61
Impairment loss	93	33
Loss on product compensation	299	136
Total extraordinary loss	446	230
Profit before income taxes	15,807	24,767
Income taxes	3,525	6,964
Profit	12,281	17,803
Profit attributable to non-controlling interests	128	5
Profit attributable to owners of parent	12,153	17,797

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to March 31, 2021)	FY2022 (From January 1, 2022 to March 31, 2022)
Profit	12,281	17,803
Other comprehensive income		
Valuation difference on available-for-sale securities	3,380	(1,445)
Deferred gains or losses on hedges	(102)	(199)
Foreign currency translation adjustment	7,896	10,966
Remeasurements of defined benefit plans, net of tax	(31)	(74)
Share of other comprehensive income of associates accounted for using equity method	101	105
Total other comprehensive income	11,244	9,352
Comprehensive income	23,526	27,155
(Comprehensive income attributable to)		
Owners of the parent	23,318	27,137
Comprehensive income attributable to non-controlling interests	207	18