

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

HYOGO, JAPAN – August 10, 2022 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the second quarter of fiscal year 2022 (January 1, 2022 through December 31, 2022) as follows:

Quantitative information concerning the quarterly financial results

(1) Business Results

●Net Sales:	223,667 million yen (an increase of 37,274 million yen, or 20.0% from the same period in FY2021)
●Operating Income:	25,972 million yen (a decrease of 985 million yen, or 3.7% from the same period in FY2021)
●Ordinary Income:	38,509 million yen (an increase of 9,289 million yen, or 31.8% from the same period in FY2021)
●Profit Attributable to Owners of Parent:	31,030 million yen (an increase of 10,356 million yen, or 50.1% from the same period in FY2021)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 203,936 million yen (an increase of 37,448 million yen, or 22.5% from the same period in FY2021) and an operating income of 27,332 million yen (a decrease of 555 million yen, or 2.0% from the same period in FY2021).

The Automotive Parts Business Unit posted net sales of 19,721 million yen (a decrease of 163 million yen, or 0.8% from the same period in FY2021) and an operating loss of 1,354 million yen (a decrease of 415 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 second quarter of FY2022, the Company posted an extraordinary loss of 230 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 second quarter of FY2022 of the consolidated accounting period were 608,366 million yen, an increase of 77,137 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 278,793 million yen, an increase of 27,719 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 145,237 million yen, an increase of 16,452 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the second quarter of FY2022 of the consolidated accounting period were 329,573 million yen, an increase of 49,417 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 1.4 points compared to the end of the previous consolidated accounting period to 54.1 %.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year June 30, 2022
Assets		
Current Assets		
Cash and deposits	55,615	52,363
Notes and accounts receivable – trade	83,292	101,945
Merchandise and finished goods	57,332	82,541
Work in process	3,882	4,816
Raw materials and supplies	19,733	23,981
Other	17,334	24,255
Allowance for doubtful accounts	(356)	(387)
Total current assets	236,833	289,517
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	65,209	69,933
Machinery, equipment and vehicles, net	101,901	110,367
Other, net	59,495	75,183
Total property, plant and equipment	226,606	255,484
Intangible Assets	6,325	7,275
Investments and other assets		
Investment securities	49,921	44,081
Other	11,646	12,110
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	61,464	56,089
Total fixed assets	294,395	318,849
Total assets	531,229	608,366

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year June 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	34,004	33,504
Commercial papers	27,000	46,000
Short-term loans payable	13,196	21,823
Accounts payable – other	24,053	21,501
Income taxes payable	6,774	10,782
Provision for product compensation	4,460	2,478
Other	25,860	36,491
<b>Total current liabilities</b>	<b>135,350</b>	<b>172,582</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	75,476	64,366
Net defined benefit liability	3,829	3,741
Provision for product compensation	4,705	4,862
Provision for loss on litigation	—	1,294
Other provision	97	97
Other	21,613	21,848
<b>Total non-current liabilities</b>	<b>115,723</b>	<b>106,211</b>
<b>Total liabilities</b>	<b>251,073</b>	<b>278,793</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	55,935	55,935
Capital surplus	54,330	54,341
Retained earnings	125,119	147,528
Treasury stock	(143)	(131)
<b>Total shareholders' equity</b>	<b>235,242</b>	<b>257,674</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	26,450	23,866
Deferred gains or losses on hedges	(17)	(120)
Foreign currency translation adjustments	11,428	41,202
Remeasurements of defined benefit plans	6,850	6,702
<b>Total accumulated other comprehensive income</b>	<b>44,712</b>	<b>71,651</b>
<b>Non-controlling interests</b>	<b>201</b>	<b>247</b>
<b>Total net assets</b>	<b>280,155</b>	<b>329,573</b>
<b>Total liabilities and net assets</b>	<b>531,229</b>	<b>608,366</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to June 30, 2021)	FY2022 (From January 1, 2022 to June 30, 2022)
Net sales	186,392	223,667
Cost of sales	111,739	127,714
Gross profit	74,653	95,952
Selling, general and administrative expenses	47,694	69,979
Operating income	26,958	25,972
Non-operating income		
Interest income	129	198
Dividends income	692	689
Foreign exchange gains	3,187	13,065
Equity in earnings of affiliates	104	67
Other	872	926
Total non-operating income	4,986	14,948
Non-operating expenses		
Interest expenses	706	641
Other	2,018	1,769
Total non-operating expenses	2,725	2,411
Ordinary income	29,219	38,509
Extraordinary income		
Gain on sales of investment securities	333	4,503
Gain on sales of shares of subsidiaries and associates	—	32
Total extraordinary income	333	4,536
Extraordinary loss		
Loss on retirement of non-current assets	219	155
Loss on sales of investment securities	92	—
Impairment loss	230	214
Loss on product compensation	586	230
Provision for loss on litigation	—	1,294
Loss on COVID-19	380	28
Total extraordinary loss	1,510	1,923
Profit before income taxes	28,042	41,121
Income taxes	7,223	10,083
Profit	20,818	31,037
Profit attributable to non-controlling interests	145	7
Profit attributable to owners of parent	20,673	31,030

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to June 30, 2021)	FY2022 (From January 1, 2022 to June 30, 2022)
Profit	20,818	31,037
Other comprehensive income		
Valuation difference on available-for-sale securities	5,937	(2,583)
Deferred gains or losses on hedges	(6)	(103)
Foreign currency translation adjustment	8,644	29,616
Remeasurements of defined benefit plans, net of tax	(64)	(148)
Share of other comprehensive income of associates accounted for using equity method	133	196
Total other comprehensive income	14,644	26,978
Comprehensive income	35,463	58,015
(Comprehensive income attributable to)		
Owners of the parent	35,212	57,969
Comprehensive income attributable to non-controlling interests	251	45