

***TOYO TIRES***

# **Financial Results for 1st Quarter of FY2023**

May 11, 2023

**Toyo Tire Corporation**

**1. Financial Results for 1st Quarter of FY2023**

2. Financial Forecast for FY2023

3. Topics

- Net sales hit **the record high (for the First Quarter) of 129.2 billion yen**, driven mainly by growing sales of light truck tires in North America.
- A change in the product mix resulted in operating income **recording negative year-on-year growth of 14.6 billion yen.**
- Profit attributable to owners of parent came in at **10.9 billion yen, which represents a decrease from the same period last year when gain on sales of investment securities was recorded.**
- The Company is not revising its previous forecasts, but still forecasts net sales of **540.0 billion yen** and operating income of **50.0 billion yen** for FY2023.

# Financial Results for 1st Quarter of FY2023 (Jan-Mar)



(Unit: Millions of Yen)	2023 1Q Results	2022 1Q Results	Change	Change (%)
Net Sales	129,160	101,773	+27,386	+26.9%
Operating Income	14,574	16,172	(1,598)	(9.9%)
Margin	11.3%	15.9%	—	—
Ordinary Income	15,801	20,529	(4,728)	(23.0%)
Profit Attributable to Owners of Parent*	10,883	17,797	(6,914)	(38.8%)

\*Profit attributable to parent company shareholders

1 USD	133 Yen	115 Yen	+18 Yen
1 EUR	142 Yen	129 Yen	+13 Yen

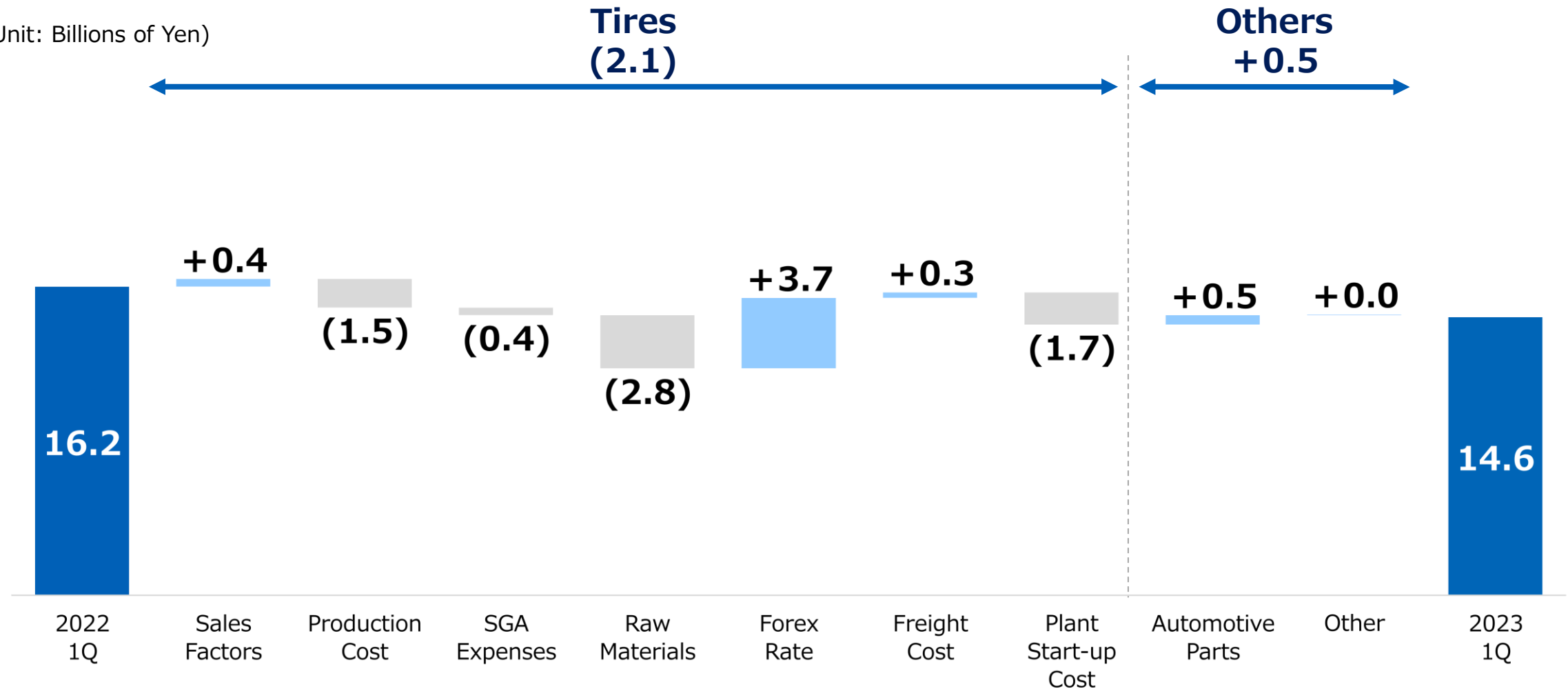
Forex Rate Sensitivity 2023

USD	0.7 Billion Yen/Year
EUR	0.1 Billion Yen/Year

Impact of 1 yen fluctuation on operating income

# Analysis of Operating Income for 1st Quarter of FY2023 (Jan-Mar) (vs 2022)

(Unit: Billions of Yen)



2021 4Q	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	2022 4Q
13.4	+4.8	(0.5)	+0.2	(5.9)	+5.5	(3.0)	(2.3)	+0.3	+0.0	12.7

# Business Segments for 1st Quarter of FY2023 (Jan-Mar)



(Unit: Millions of Yen)

<b>Net Sales</b>	<b>2023 1Q Results</b>	<b>2022 1Q Results</b>	<b>Change</b>	<b>Change (%)</b>
Tires	<b>117,955</b>	91,600	+26,354	+28.8%
Automotive Parts	<b>11,200</b>	10,168	+1,031	+10.1%
Other	<b>9</b>	15	(6)	(40.0%)
Adjustments	<b>(4)</b>	(11)	+6	–
<b>Total</b>	<b>129,160</b>	101,773	+27,386	+26.9%

\*Net sales include intersegment internal net sales or transfers

<b>Operating Income</b>	<b>2023 1Q Results</b>	<b>2022 1Q Results</b>	<b>Change</b>	<b>Change (%)</b>
Tires	<b>14,613</b>	16,671	(2,058)	(12.3%)
Margin	<b>12.4%</b>	18.2%	(5.8%)	–
Automotive Parts	<b>(38)</b>	(494)	+455	–
Margin	<b>(0.3%)</b>	(4.9%)	–	–
Other	<b>0</b>	(2)	+2	–
Adjustments	<b>0</b>	(1)	+1	–
<b>Total</b>	<b>14,574</b>	16,172	(1,598)	(9.9%)

\*Segment profit adjustment amounts include intersegment eliminations

# Geographic Area Segments for 1st Quarter of FY2023 (Jan-Mar)



(Unit: Millions of Yen)

<b>Net Sales</b>	<b>2023 1Q Results</b>	<b>2022 1Q Results</b>	<b>Change</b>	<b>Change (%)</b>
Japan	28,368	23,156	+5,212	+22.5%
N.America	81,931	63,045	+18,885	+30.0%
Other	18,860	15,572	+3,288	+21.1%
Eliminations or Adjustments	—	—	—	—
<b>Total</b>	<b>129,160</b>	<b>101,773</b>	<b>+27,386</b>	<b>+26.9%</b>

\*Net sales do not include intersegment internal net sales or transfers

<b>Operating Income</b>	<b>2023 1Q Results</b>	<b>2022 1Q Results</b>	<b>Change</b>	<b>Change (%)</b>
Japan	8,651	6,945	+1,705	+24.6%
N.America	4,866	5,339	(472)	(8.9%)
Other	1,329	1,700	(370)	(21.8%)
Eliminations or Adjustments	(273)	2,187	(2,460)	—
<b>Total</b>	<b>14,574</b>	<b>16,172</b>	<b>(1,598)</b>	<b>(9.9%)</b>

1. Financial Results for 1st Quarter of FY2023

**2. Financial Forecast for FY2023**

3. Topics



# Financial Forecast for 2nd Quarter of FY2023 (Jan-Jun)

There is no change from February forecast



(Unit: Millions of Yen)	2023 1H Forecast	2022 1H Results	Change	Change (%)
Net Sales	259,000	223,667	+35,332	+15.8%
Operating Income	18,000	25,972	(7,972)	(30.7%)
Margin	6.9%	11.6%	–	–
Ordinary Income	13,000	38,509	(25,509)	(66.2%)
Profit Attributable to Owners of Parent*	8,600	31,030	(22,430)	(72.3%)
*Profit attributable to parent company shareholders				
Interim Dividends per Share	20 Yen	30 Yen	(10 Yen)	–
1 USD	129 Yen	122 Yen	+7 Yen	
1 EUR	139 Yen	132 Yen	+7 Yen	

# Financial Forecast for FY2023 (Jan-Dec)



There is no change from February forecast

(Unit: Millions of Yen)	2023 Forecast	2022 Results	Change	Change (%)
Net Sales	540,000	497,213	+42,786	+8.6%
Operating Income	50,000	44,046	+5,953	+13.5%
Margin	9.3%	8.9%	—	—
Ordinary Income	43,000	51,035	(8,035)	(15.7%)
Profit Attributable to Owners of Parent*	29,000	47,956	(18,956)	(39.5%)
Annual Dividends per Share	55 Yen	80 Yen	(25 Yen)	—
1 USD	127 Yen	131 Yen	(4 Yen)	
1 EUR	137 Yen	137 Yen	+0 Yen	

\*Profit attributable to parent company shareholders

2023 2H Forecast	Change (YoY)
281,000	+7,453
32,000	+13,926
11.4%	—
30,000	+17,474
20,400	+3,473

## Mid-Term '21 Plan Key Performance Indicators

**Consolidated OP margin**

Over **14%**

**Dividend policy (Dividend payout ratio)**

**30%** or higher

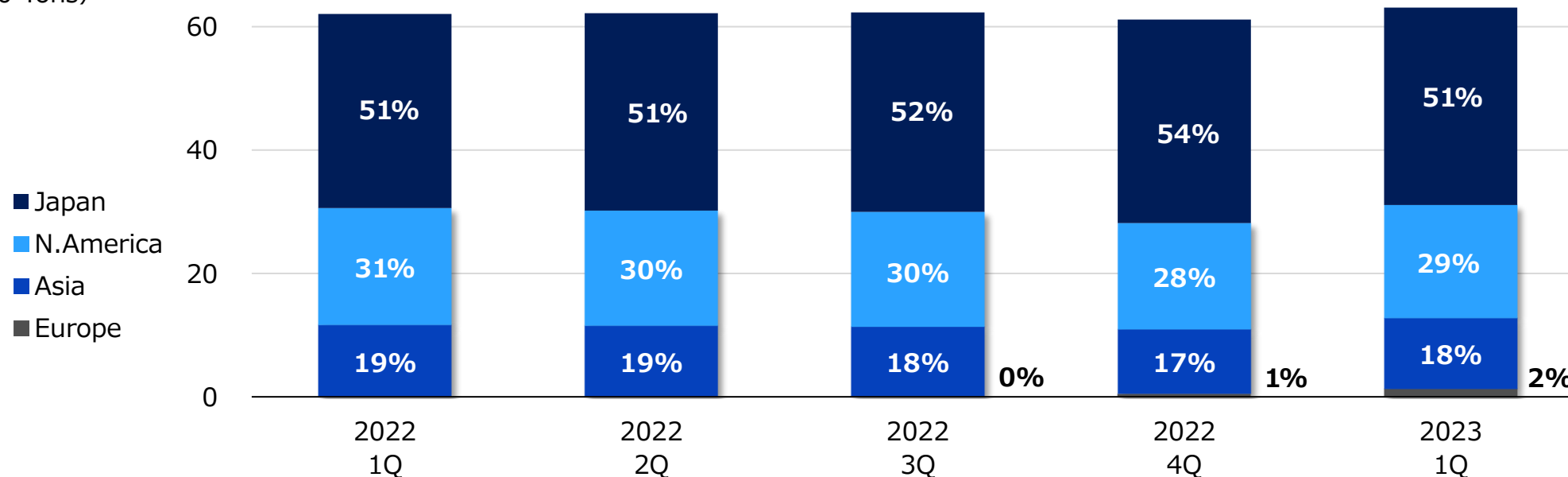
Forex Rate Sensitivity 2023

<b>USD</b>	<b>0.7 Billion Yen/Year</b>
<b>EUR</b>	<b>0.1 Billion Yen/Year</b>

Impact of 1 yen fluctuation on operating income

## Bar graph values show tire production volume composition ratio by region

(Unit: 1,000 Tons)

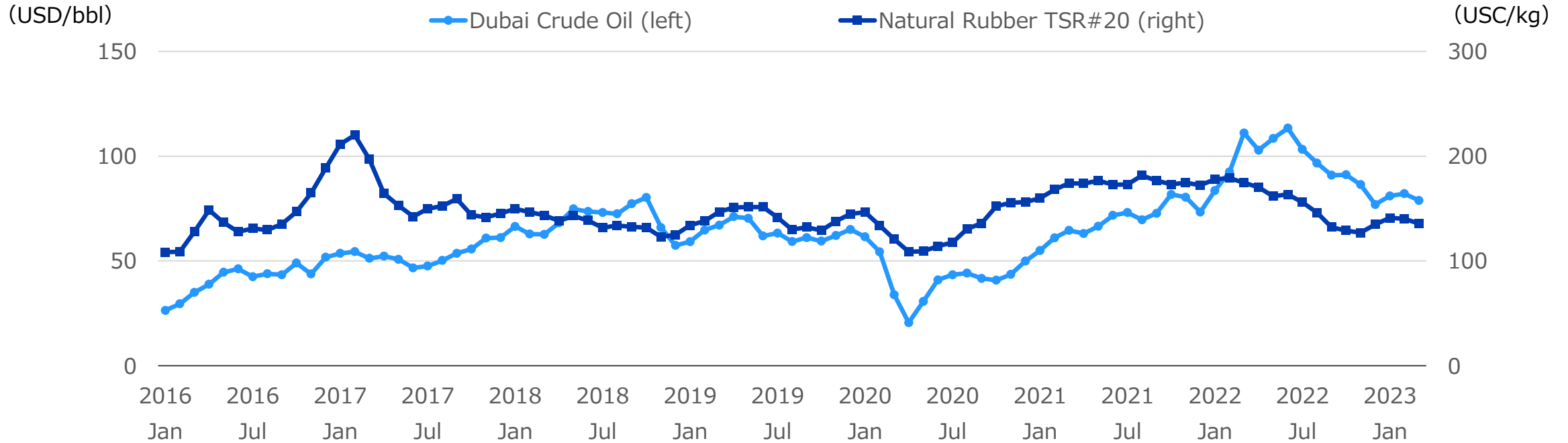


	2022					2023 1Q Results	2023 1H Forecast	2023 Forecast	2023 Previous Forecast
	1Q	2Q	3Q	4Q	Total				
Japan	31.5	32.0	32.3	33.0	128.8	32.0	65.4	131.0	132.5
N.America	19.0	18.6	18.6	17.2	73.4	18.3	36.6	76.1	76.6
Asia	11.7	11.6	11.3	10.5	45.0	11.5	22.7	45.6	45.9
Europe	—	—	0.1	0.5	0.6	1.3	3.5	10.2	14.5
<b>Total</b>	62.1	62.2	62.4	61.2	247.8	63.1	128.2	263.0	269.4
YoY	101%	103%	102%	98%	101%	102%	103%	106%	109%

Year-on-Year when the same period of the previous year = 100

	2022	2022				Total	2023 1Q Results	2023 Forecast	2023 Previous Forecast
		(%)	1Q	2Q	3Q				
OE Total		87	95	144	108	106	120	125	128
RE Japan		102	96	111	106	104	98	96	
RE Overseas		95	97	105	100	99	107	108	108
N.America		107	108	104	114	108	110	113	114
Europe		81	70	94	76	80	103	96	90
SE Asia		78	108	139	79	98	106	103	102
Total		95	97	111	103	101	108	109	108

## Change in Dubai Crude Oil and Natural Rubber TSR #20 Prices (SICOM)



## Price Changes & Impact of Raw Materials (Operating Income Basis)

(Unit: Billions of Yen)	2022					2023 1Q Results	2023 Forecast
	1Q	2Q	3Q	4Q	Total		
Natural Rubber	(0.1)	(0.2)	+0.4	+0.7	+0.9	+0.9	+4.2
Petroleum Products	(3.9)	(4.4)	(5.0)	(5.2)	(18.5)	(3.0)	(12.2)
Other Raw Materials	(3.0)	(2.6)	(3.2)	(1.5)	(10.3)	(0.7)	(3.0)
<b>Total</b>	<b>(7.0)</b>	<b>(7.2)</b>	<b>(7.8)</b>	<b>(5.9)</b>	<b>(27.9)</b>	<b>(2.8)</b>	<b>(11.1)</b>

## Change in Capital Expenditure

**2023 Plan**

**Capital Expenditure : 40.3 Billion Yen**

---

Execution rate as of the first quarter = 21.8%

## Change in Depreciation

**2023 Plan**

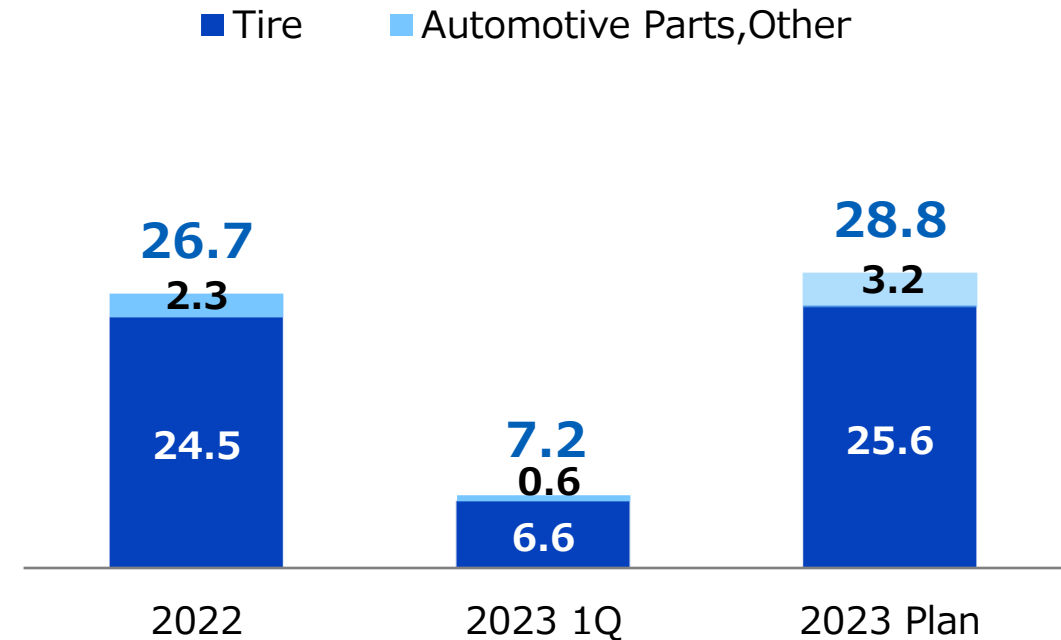
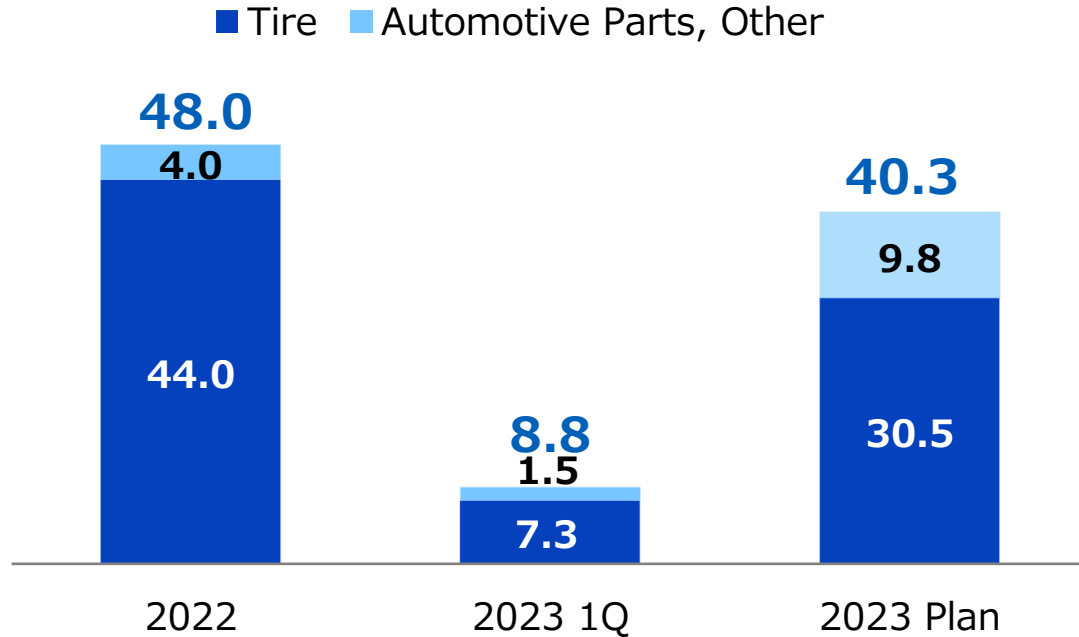
**Depreciation : 28.8 Billion Yen**

---

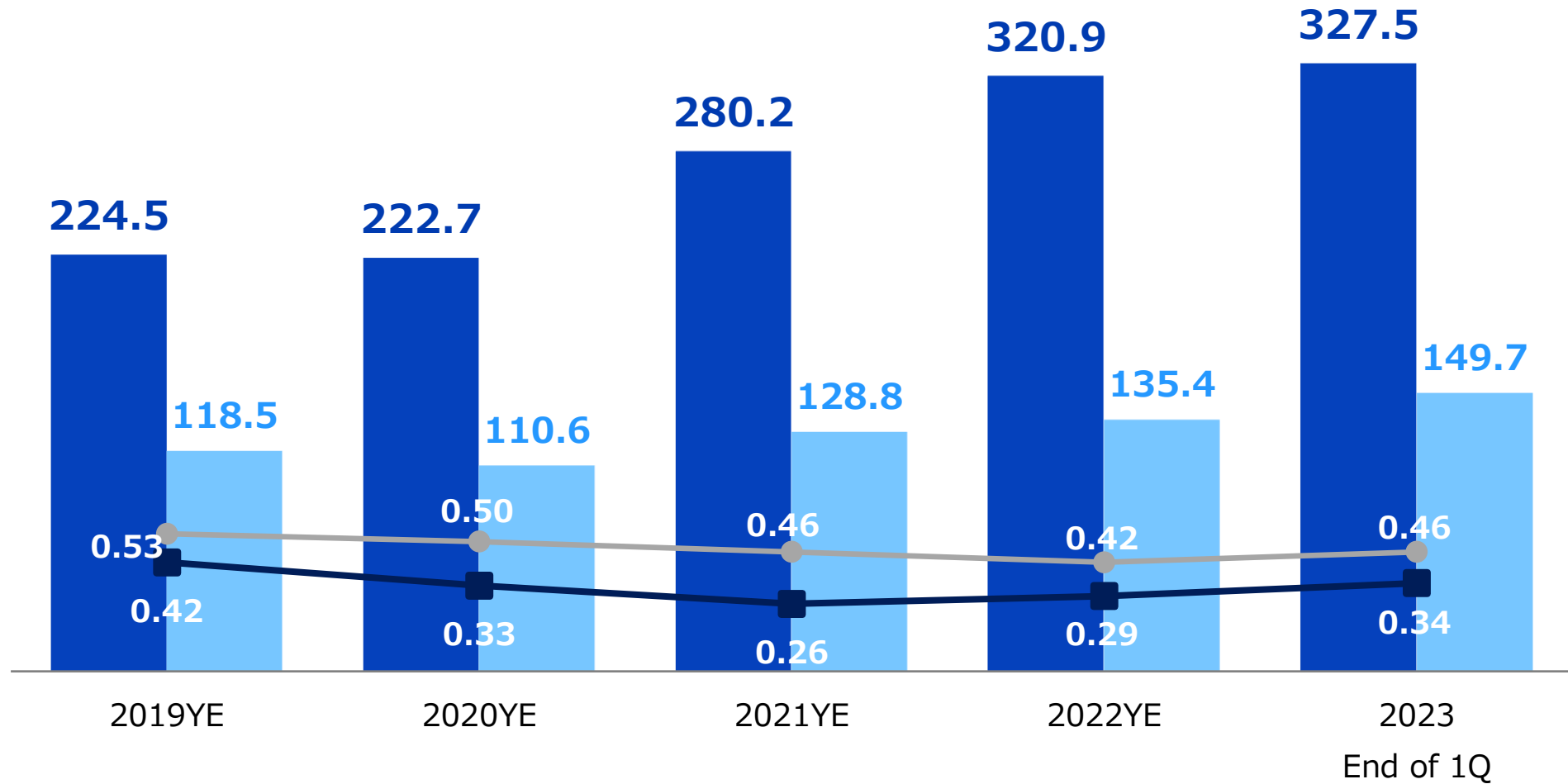
Execution rate as of the first quarter = 25.0%

(Unit: Billions of Yen )

(Unit: Billions of Yen )



■ Net Assets (Billions of Yen)
 ■ Interest-Bearing Debt Balance (Billions of Yen)
 ● Debt / Equity Ratio (ratio)
 ■ Net Debt / Equity Ratio (ratio)



Capital Ratio

**47.5%**

**49.5%**

**52.7%**

**53.5%**

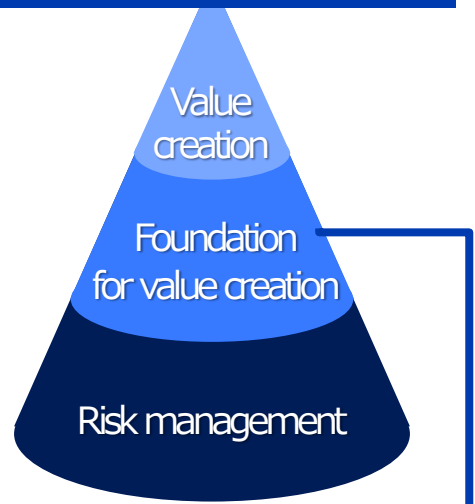
**54.6%**

1. Financial Results for 1st Quarter of FY2023
2. Financial Forecast for FY2023

### **3. Topics**

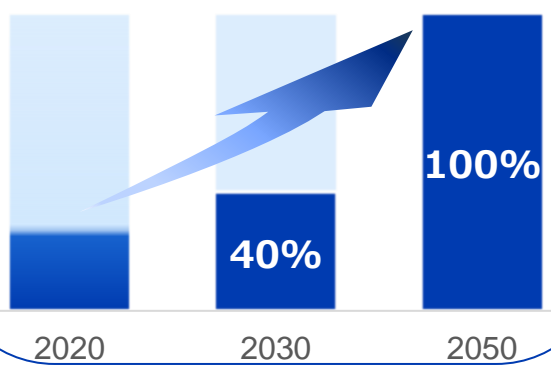


**Initiatives related to the Materiality**

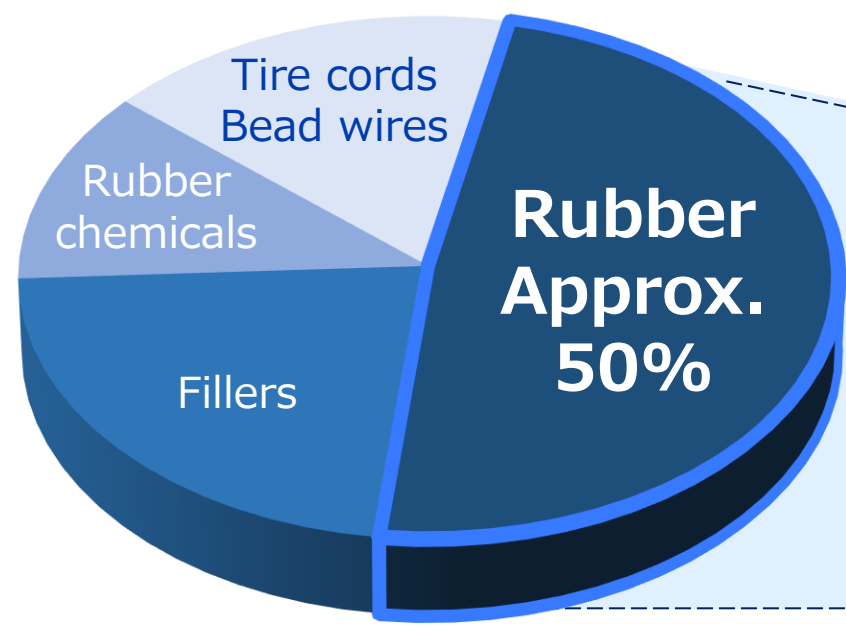


Continue innovating next-generation mobility technology

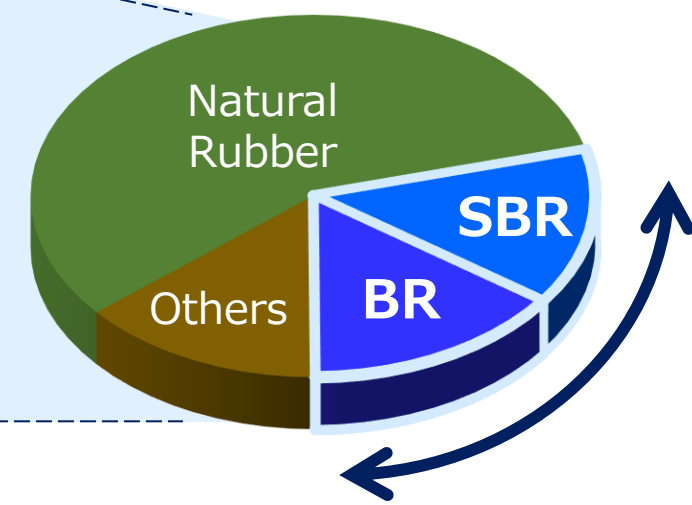
Ratio of sustainable materials used for product development (targets)



[Raw materials for automotive tires]



Synthetic Rubber including Butadiene Units accounts for approx. 30%



Imperative to respond to climate change  
**Urgent need to develop tires that embody sustainability**

Replacement of petroleum-derived resources with **alternative resources**



One of the highest conversion ratio in the world



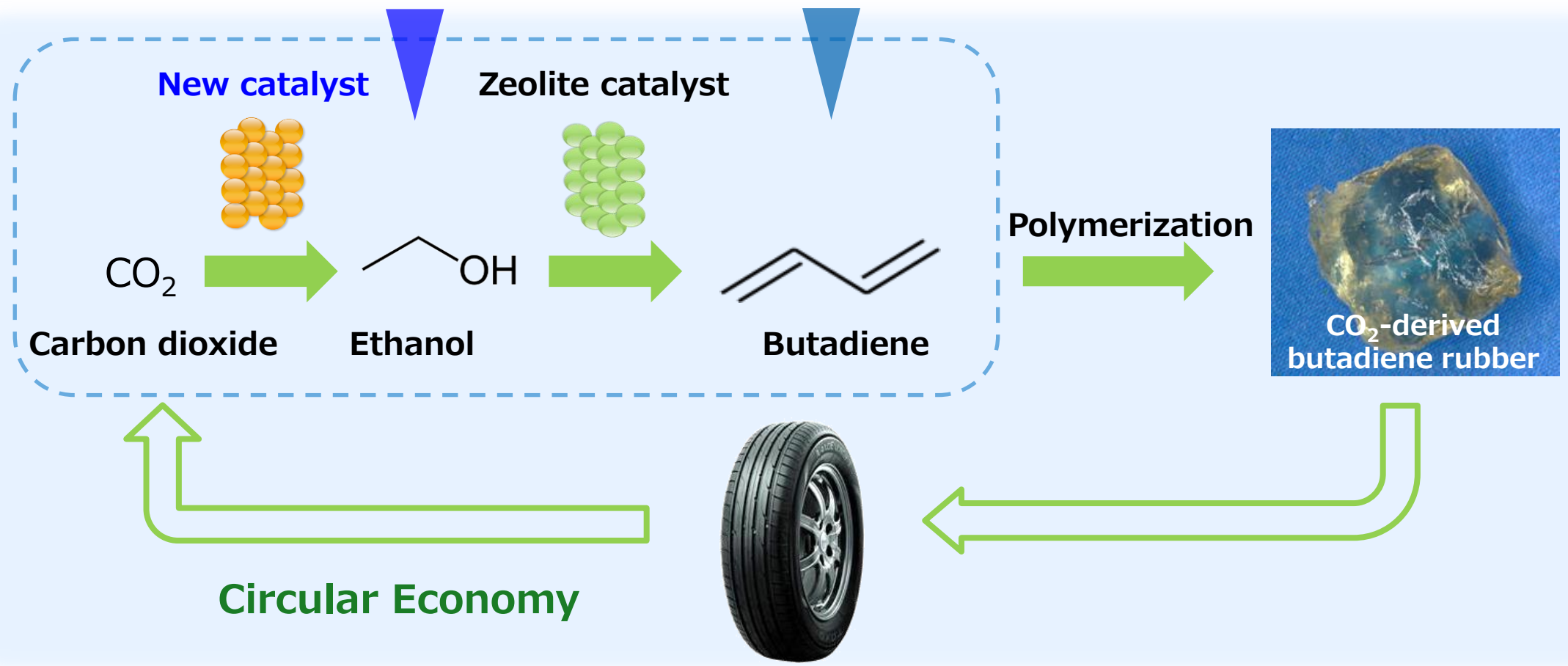
UNIVERSITY OF TOYAMA



New technology

1. Conversion of CO<sub>2</sub> into ethanol by new catalyst

2. Conversion of ethanol into butadiene by Zeolite catalyst



**PROXES Sport 2** (Launched in Feb. 2023)

**PROXES Comfort II\_s** (Launched in Mar. 2023)

**Premium sports tires / premium comfort tires from the global flagship brands**



- Using asymmetrically-designed tread pattern compound (material compounding)
- Achieves a higher level of handling and braking performance required of sports tires



- Using a brand new silica dispersant. Optimizes rolling resistance, wet-surface performance, and wear resistance at a high level
- Reduces tire noise energy by 22%\* to achieve a high level of quietness

\* Compared to the Company's existing models

**H30** (Launched in Feb. 2023)

**CELSIUS II** (Launched in the U.S. in Feb. 2023)

**Dress-up tires for business vans**

**High-performing all-weather tires**



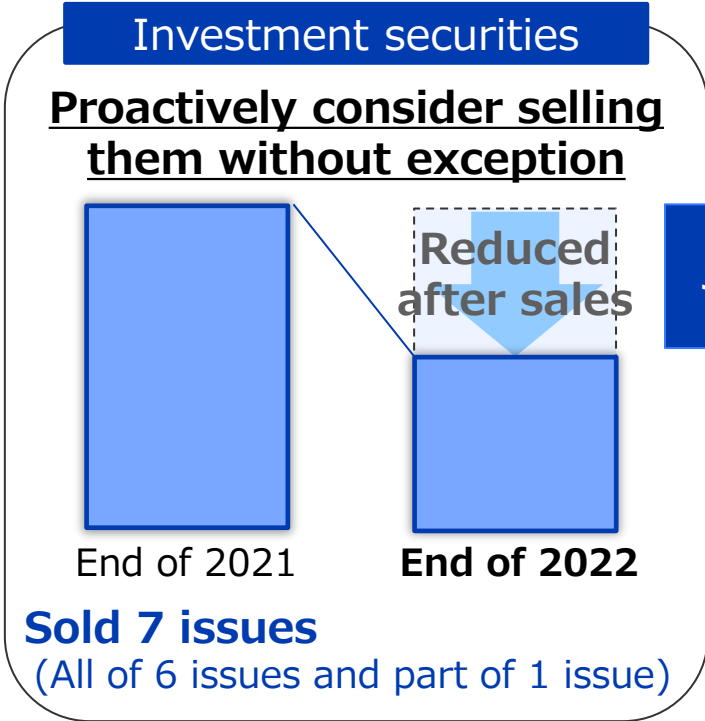
- Compound with additional silica lowers rolling resistance and improves wet-surface performance
- White tire lettering design enhances the impression of speed



- Asymmetrically-designed tread pattern fit for wet/dry roads and cold climates\*
- Ensures driving comfort, wet-surface performance, and snow performance

\*Awarded the Three-Peak Mountain Snowflake symbol, a certificate that the tire demonstrates sufficient performance in cold climates

■ Efficiently use funds to invest in growth areas that lead to enhanced corporate value



- Meet supply needs on the premise of maintaining/improving high productivity



- Tap into our uniqueness to develop products that follow the needs



**TOYO TIRES**

CELEBRATING THE 40TH ANNIVERSARY OF  
**OPEN COUNTRY**

**40**  
ANNIVERSARY  
**OPEN COUNTRY**  
ESTD 1983

***TOYO TIRES***

The forward-looking statements contained in these business outlooks and plans are based on information available at the current time and contain potential risks and uncertainties. Therefore, please keep in mind that actual results may, due to a variety of factors, differ from those expressed in the forward-looking statements.