



August 10, 2023

To whom it may concern

Company name	Toyo Tire Corporation (Stock code: 5105, TSE Prime Market)
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Announcement Regarding the Dissolution of Toyo Automotive Parts (USA), Inc. and Debt Waiver

Hyogo, Japan – August 10, 2023 – Toyo Tire Corporation (Headquarters: Itami City, Hyogo Prefecture; President & CEO: Takashi Shimizu; hereinafter, “Toyo Tire”) hereby announces the dissolution of Toyo Automotive Parts (USA), Inc. (Kentucky, U.S.; hereinafter, “TAP”), its wholly-owned subsidiary producing automotive parts and the waiver of debts that the U.S. subsidiary has to Toyo Tire.

1. Reasons for dissolution and debt waiver

The automotive parts business is working to further enhance its competitiveness by, for example, improving profitability and developing new products with the ongoing shift to electric vehicles (EVs) in mind. Having supplied anti-vibration rubber and other parts to auto manufacturers in the North American market since 2001, TAP now finds it difficult to maintain or improve its profitability due to the soaring costs of materials, energy, and labor. This being the case, Toyo Tire has decided to discontinue production at and dissolve TAP, aiming to optimize the allocation of management resources and increase the resilience of the automotive parts business. Production of parts that TAP currently supplies will be transferred to other sites from which their sales will be continued. As part of the liquidation proceedings, Toyo Tire will waive its loan claims of 120 million U.S. dollars* from TAP.

* This is an amount of liabilities in excess of assets at the time of liquidating TAP. Regarding 130 million U.S. dollars, the amount of the claims as of August 10, 2023, we have recorded an allowance for doubtful receivables in non-consolidated accounting by the second quarter of the fiscal year ending December 31, 2023.

2. Overview of Subsidiary to be Dissolved

(1) Company Name	Toyo Automotive Parts (USA), Inc.
(2) Location	521 Page Drive, Franklin, Kentucky 42134, U.S.A.
(3) Representative	Tomihiko Saki (President)
(4) Business Activity	Manufacture of automotive parts
(5) Paid-in Capital	US\$29,000,000

(6)	Date Established	February, 2001		
(7)	No. of employees	207		
(8)	Major Shareholders and Ownership Ratio	Toyo Tire 100%		
(9)	Relationship between Toyo Tire Corporation and TAP	Capital Relationship	Toyo Tire's wholly-owned consolidated subsidiary	
		Personnel Relationship	Two employees are seconded from Toyo Tire to TAP.	
		Business Relationship	Toyo Tire extends loans to TAP.	
		Related Party Status	TAP is Toyo Tire's consolidated subsidiary and falls under the category of related parties to Toyo Tire.	
(10)	Business Performance and Financial Position for the Past Three Years			
	Fiscal Year	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022
	Net assets	(US\$67,709,163)	(US\$80,794,939)	(US\$94,592,735)
	Total assets	US\$38,900,617	US\$36,622,402	US\$36,246,002
	Net assets per share	(US\$233,480)	(US\$278,603)	(US\$326,182)
	Net sales	US\$52,785,369	US\$52,063,385	US\$47,493,670
	Operating income	(US\$11,000,005)	(US\$12,237,640)	(US\$10,739,425)
	Ordinary income	(US\$12,459,766)	(US\$13,075,769)	(US\$13,797,796)
	Net income attributable to owners of parent	(US\$12,459,941)	(US\$13,085,776)	(US\$13,797,021)
	Earnings per share (EPS)	(US\$42,965)	(US\$45,123)	(US\$47,576)
	Cash dividends per share	-	-	-

3. Schedule for Dissolution

Production at TAP is due to end on October 31, 2023. The dissolution procedures are due to start by November 30, 2023 and will proceed as appropriate in compliance with local regulations.

4. Details of debt waiver

- (1) Type and amount of claims: Long-term loans receivable, etc.; 120 million U.S. dollars
- (2) Date of waiver: November 30, 2023 (subject to change)

5. Amount of loss on the dissolution and future outlook

Following the resolution on the discontinued production at and dissolution of TAP, Toyo Tire posted a loss on impairment of fixed assets of 370 million yen and a loss on liquidation of subsidiaries and associates of 3,386 million yen, which totaled 3,756 million yen, for the second quarter of the fiscal year ending December 31, 2023. This has been announced in the press release dated today,

“Announcement Regarding Differences between Consolidated Financial Forecasts and Results for the Cumulative Second Quarter of the Fiscal Year Ending December 31, 2023, Revisions to the Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2023, and Revisions to Dividend Forecasts.” Regarding the claims to be waived, an allowance for doubtful receivables was recorded on non-consolidated financial statements in the past fiscal year. As such, the debt waiver's impact on non-consolidated accounting is negligible. Similarly, the debt waiver does not have any impact on consolidated income statements, as it is offset in the consolidated accounting.