

Summary Report of Consolidated Business Performance  
for the Second Quarter of Fiscal Year 2023  
(January 1, 2023 – December 31, 2023)

HYOGO, JAPAN – August 10, 2023 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the second quarter of fiscal year 2023 (January 1, 2023 through December 31, 2023) as follows:

Quantitative information concerning the quarterly financial results

(1) Business Results

●Net Sales:	265,457 million yen (an increase of 41,790 million yen, or 18.7% from the same period in FY2022)
●Operating Income:	26,673 million yen (an increase of 701 million yen, or 2.7% from the same period in FY2022)
●Ordinary Income:	38,761 million yen (an increase of 251 million yen, or 0.7% from the same period in FY2022)
●Profit Attributable to Owners of Parent:	29,122 million yen (a decrease of 1,907 million yen, or 6.1% from the same period in FY2022)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 242,523 million yen (an increase of 38,586 million yen, or 18.9% from the same period in FY2022) and an operating income of 27,400 million yen (an increase of 67 million yen, or 0.2% from the same period in FY2022).

The Automotive Parts Business Unit posted net sales of 22,925 million yen (an increase of 3,203 million yen, or 16.2% from the same period in FY2022) and an operating loss of 728 million yen (an increase of 625 million yen from the same period in FY2022).

(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 FY2023, the Company posted an extraordinary loss of 135 million yen as product compensation response—measure expenses (primarily in payroll for the Seismic Isolation Rubber Task Force, etc.).

#### (4) Explanation of financial situation

Total assets at the end of the second quarter of FY2023 of the consolidated accounting period were 642,256 million yen, an increase of 43,366 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 280,319 million yen, an increase of 2,345 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 133,620 million yen, a decrease of 1,815 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the second quarter of FY2023 of the consolidated accounting period were 361,936 million yen, an increase of 41,021 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 2.8 points compared to the end of the previous consolidated accounting period to 56.3 %.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year June 30, 2023
Assets		
Current Assets		
Cash and deposits	41,601	42,218
Notes and accounts receivable – trade	109,468	123,222
Merchandise and finished goods	78,315	78,912
Work in process	5,091	5,868
Raw materials and supplies	29,477	26,105
Other	25,952	26,077
Allowance for doubtful accounts	(328)	(289)
Total current assets	289,579	302,114
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	81,501	88,699
Machinery, equipment and vehicles, net	116,847	128,367
Other, net	66,702	62,202
Total property, plant and equipment	265,051	279,269
Intangible Assets	8,529	11,132
Investments and other assets		
Investment securities	27,204	33,049
Other	8,628	16,793
Allowance for doubtful accounts	(102)	(102)
Total investments and other assets	35,729	49,739
Total fixed assets	309,310	340,141
Total assets	598,889	642,256

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year June 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	42,577	35,991
Commercial papers	43,000	50,500
Short-term loans payable	24,780	16,694
Accounts payable – other	31,225	31,056
Income taxes payable	11,816	14,338
Provision for product compensation	4,820	4,397
Provision for loss on liquidation of subsidiaries and associates	—	3,272
Other	32,827	37,415
<b>Total current liabilities</b>	<b>191,048</b>	<b>193,666</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	51,366	50,055
Net defined benefit liability	3,523	3,506
Provision for product compensation	1,380	1,267
Provision for loss on litigation	1,340	1,340
Other provision	97	92
Other	19,218	20,391
<b>Total non-current liabilities</b>	<b>86,926</b>	<b>86,653</b>
<b>Total liabilities</b>	<b>277,974</b>	<b>280,319</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	55,935	55,935
Capital surplus	54,341	54,352
Retained earnings	159,837	181,262
Treasury stock	(132)	(119)
<b>Total shareholders' equity</b>	<b>269,981</b>	<b>291,429</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,743	16,824
Deferred gains or losses on hedges	58	(132)
Foreign currency translation adjustments	32,359	48,341
Remeasurements of defined benefit plans	5,541	5,362
<b>Total accumulated other comprehensive income</b>	<b>50,702</b>	<b>70,396</b>
<b>Non-controlling interests</b>	<b>231</b>	<b>110</b>
<b>Total net assets</b>	<b>320,915</b>	<b>361,936</b>
<b>Total liabilities and net assets</b>	<b>598,889</b>	<b>642,256</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to June 30, 2022)	FY2023 (From January 1, 2023 to June 30, 2023)
Net sales	223,667	265,457
Cost of sales	127,714	167,325
Gross profit	95,952	98,131
Selling, general and administrative expenses	69,979	71,457
Operating income	25,972	26,673
Non-operating income		
Interest income	198	353
Dividends income	689	559
Foreign exchange gains	13,065	11,916
Equity in earnings of affiliates	67	—
Other	926	764
Total non-operating income	14,948	13,593
Non-operating expenses		
Interest expenses	641	550
Equity in losses of affiliates	—	11
Other	1,769	943
Total non-operating expenses	2,411	1,505
Ordinary income	38,509	38,761
Extraordinary income		
Gain on sales of investment securities	4,503	759
Gain on sales of shares of subsidiaries and associates	32	—
Total extraordinary income	4,536	759
Extraordinary loss		
Loss on retirement of non-current assets	155	140
Impairment loss	214	1,290
Loss on liquidation of subsidiaries and associates	—	3,631
Loss on product compensation	230	135
Provision for loss on litigation	1,294	—
Loss on COVID-19	28	—
Total extraordinary loss	1,923	5,197
Profit before income taxes	41,121	34,322
Income taxes	10,083	5,331
Profit	31,037	28,990
Profit (Loss) attributable to non-controlling interests	7	(132)
Profit attributable to owners of parent	31,030	29,122

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to June 30, 2022)	FY2023 (From January 1, 2023 to June 30, 2023)
Profit	31,037	28,990
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,583)	4,081
Deferred gains or losses on hedges	(103)	(190)
Foreign currency translation adjustment	29,616	15,865
Remeasurements of defined benefit plans, net of tax	(148)	(178)
Share of other comprehensive income of associates accounted for using equity method	196	127
Total other comprehensive income	26,978	19,705
Comprehensive income	58,015	48,695
(Comprehensive income attributable to)		
Owners of the parent	57,969	48,817
Comprehensive income attributable to non-controlling interests	45	(121)

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to June 30, 2022)	FY2023 (From January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Income before income taxes and minority interests	41,121	34,322
Depreciation and amortization	11,408	14,463
Increase (decrease) in net defined benefit liability	(93)	(27)
Decrease (increase) in retirement benefit asset	—	21
Interest and dividends income	(888)	(912)
Interest expenses	641	550
Foreign exchange losses (gains)	(6,043)	(6,826)
Equity in (earnings) losses of affiliates	(67)	11
Loss (gain) on sales of investment securities	(4,503)	(759)
Loss (gain) on sale of shares of subsidiaries and associates	(32)	—
Loss on retirement of noncurrent assets	155	140
Impairment loss	214	1,290
Loss on product compensation	230	135
Provision for loss on litigation	1,294	—
Loss on liquidation of subsidiaries and associates	—	3,631
Decrease (increase) in notes and accounts receivable-trade	(6,689)	(5,303)
Decrease (increase) in inventories	(18,723)	9,587
Increase (decrease) in notes and accounts payable-trade	(1,968)	(7,319)
Other, net	(6,506)	(911)
Sub-total	9,549	42,096
Interest and dividends income received	862	909
Interest expenses paid	(661)	(487)
Payments of product compensation	(1,742)	(596)
Income taxes paid	(10,433)	(14,499)
Income taxes refund	122	76
Net cash provided by (used in) operating activities	(2,303)	27,499
Cash flows from investing activities		
Additions to property, plant and equipment	(23,049)	(11,821)
Proceeds from sales of property, plant and equipment	4,530	7
Additions to intangible assets	(1,369)	(3,450)
Additions to investments in securities	(9)	(6)
Proceeds from sales and redemption of investment securities	6,677	9
Proceeds from sale of shares of subsidiaries and associates	86	—
Other, net	1,938	(150)
Net cash provided by (used in) investing activities	(11,195)	(15,410)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	1,131	1,370
Increase (decrease) in commercial papers	19,000	7,500
Payments of long-term debt	(6,153)	(12,459)
Repayments of lease liabilities	(728)	(1,995)
Cash dividends paid	(8,612)	(7,689)
Other, net	22	23
Net cash provided by (used in) financing activities	4,659	(13,249)
Effect of exchange rate change on cash and cash equivalents	7,607	1,778
Net Increase (decrease) in cash and cash equivalents	(1,232)	616
Cash and cash equivalents at beginning of the year	53,592	41,600
Cash and cash equivalents at end of the period	52,360	42,217