

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

HYOGO, JAPAN – February 14, 2024 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the fiscal year 2023 (January 1, 2023 through December 31, 2023) as follows:

Quantitative information concerning the Full-year financial results

(1) Business Results

- Net Sales: 552,825 million yen (an increase of 55,611 million yen, or 11.2% from the same period in FY2022)
- Operating Income: 76,899 million yen (an increase of 32,853 million yen, or 74.6% from the same period in FY2022)
- Ordinary Income: 86,047 million yen (an increase of 35,012 million yen, or 68.6% from the same period in FY2022)
- Profit Attributable to Owners of Parent: 72,273 million yen (an increase of 24,316 million yen, or 50.7% from the same period in FY2022)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 505,438 million yen (an increase of 49,642 million yen, or 10.9% from the same period in FY2022) and an operating income of 76,725 million yen (an increase of 30,089 million yen, or 64.5% from the same period in FY2022).

The Automotive Parts Business Unit posted net sales of 47,374 million yen (an increase of 6,028 million yen, or 14.6% from the same period in FY2022) and an operating income of 178 million yen (an increase of 2,769 million yen from the same period in FY2022).

(3) Explanation of financial situation

Total assets at the end of the FY2023 of the consolidated accounting period were 645,480 million yen, an increase of 46,590 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 250,281 million yen, a decrease of 27,693 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 102,714 million yen, a decrease of 32,722 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the FY2023 of the consolidated accounting period were 395,199 million yen, an increase of 74,284 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 7.7 points compared to the end of the previous consolidated accounting period to 61.2 %.

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year December 31, 2023
Assets		
Current assets		
Cash and deposits	41,601	52,879
Notes and accounts receivable – trade	109,468	107,794
Merchandise and finished goods	78,315	77,465
Work in process	5,091	5,060
Raw materials and supplies	29,477	24,536
Other	25,952	31,504
Allowance for doubtful accounts	(328)	(269)
Total current assets	289,579	298,972
Fixed Assets		
Property, plant and equipment		
Buildings and structures	140,461	150,674
Accumulated depreciation	(58,960)	(63,878)
Buildings and structures, net	81,501	86,796
Machinery, equipment and vehicles	380,917	407,350
Accumulated depreciation	(264,069)	(280,329)
Machinery, equipment and vehicles, net	116,847	127,020
Tools, furniture and fixtures	73,487	78,975
Accumulated depreciation	(63,610)	(65,417)
Tools, furniture and fixtures, net	9,876	13,557
Land	17,972	17,862
Lease assets	1,445	1,434
Accumulated depreciation	(1,001)	(938)
Lease assets, net	443	496
Right-of-use assets	13,256	30,694
Accumulated depreciation	(5,273)	(9,549)
Right of use assets, net	7,983	21,145
Construction in progress	30,426	19,911
Total property, plant and equipment	265,051	286,790
Intangible assets		
Software	8,144	15,515
Other	384	287
Total intangible assets	8,529	15,802
Investments and other assets		
Investment securities	27,204	17,750
Long-term loans receivable	142	118
Net defined benefit asset	1,993	10,936
Deferred tax assets	2,847	7,601
Other	3,643	7,610
Allowance for doubtful accounts	(102)	(102)
Total investments and other assets	35,729	43,915
Total fixed assets	309,310	346,508
Total assets	598,889	645,480

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2022	End of current fiscal year December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	42,577	38,262
Commercial papers	43,000	—
Short-term loans payable	24,780	11,653
Accounts payable - other	31,225	32,527
Income taxes payable	11,816	18,783
Provision for directors' bonuses	110	85
Provision for product compensation	4,820	456
Provision for loss on liquidation of subsidiaries and associates	—	1,997
Other	32,716	39,055
Total current liabilities	191,048	142,822
Non-current liabilities		
Bonds payable	10,000	25,000
Long-term loans payable	51,366	45,992
Provision for directors' retirement benefits	10	6
Provision for environmental measures	86	86
Provision for product compensation	1,380	928
Provision for loss on litigation	1,340	1,432
Retirement benefit liability	3,523	3,524
Deferred tax liabilities	10,478	8,138
Other	8,740	22,351
Total non-current liabilities	86,926	107,459
Total liabilities	277,974	250,281
Net assets		
Shareholders' equity		
Common stock	55,935	55,935
Capital surplus	54,341	54,197
Retained earnings	159,837	221,333
Treasury stock	(132)	(120)
Total shareholders' equity	269,981	331,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,743	6,812
Deferred gains or losses on hedges	58	103
Foreign currency translation adjustments	32,359	45,170
Remeasurements of defined benefit plans	5,541	11,767
Total accumulated other comprehensive income	50,702	63,854
Non-controlling interests	231	—
Total net assets	320,915	395,199
Total liabilities and net assets	598,889	645,480

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Net sales	497,213	552,825
Cost of sales	299,237	336,314
Gross profit	197,976	216,511
Selling, general and administrative expenses	153,930	139,612
Operating income	44,046	76,899
Non-operating income		
Interest income	523	883
Dividends income	1,084	868
Foreign exchange gains	7,736	8,620
Equity in earnings of affiliates	199	—
Other	1,741	1,866
Total non-operating income	11,286	12,239
Non-operating expenses		
Interest expenses	1,278	1,068
Equity in losses of affiliates	—	30
Other	3,018	1,991
Total non-operating expenses	4,297	3,090
Ordinary income	51,035	86,047
Extraordinary income		
Gain on sale of non-current assets	299	—
Gain on sales of investment securities	18,252	15,106
Gain on sales of shares of subsidiaries and associates	32	—
Total extraordinary income	18,583	15,106
Extraordinary loss		
Loss on retirement of non-current assets	395	620
Loss on sales of investment securities	7	—
Impairment loss	736	2,051
Loss on liquidation of subsidiaries and associates	—	2,166
Loss on product compensation	456	230
Provision for loss on litigation	1,340	—
Loss on COVID19	58	—
Total extraordinary losses	2,994	5,069
Profit before income taxes	66,624	96,084
Income taxes - current	20,452	31,292
Income taxes - deferred	(1,783)	(7,394)
Total income taxes	18,668	23,898
Profit	47,956	72,186
Profit (Loss) attributable to non-controlling interests	0	(87)
Profit attributable to owners of parent	47,956	72,273

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Profit	47,956	72,186
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,706)	(5,930)
Deferred gains or losses on hedges	75	45
Foreign currency translation adjustment	20,912	12,706
Remeasurements of defined benefit plans, net of tax	(1,309)	6,226
Share of other comprehensive income of associates accounted for using equity method	48	119
Total other comprehensive income	6,020	13,166
Comprehensive income	53,977	85,352
(Comprehensive income attributable to)		
Owners of the parent	53,946	85,425
Comprehensive income attributable to non-controlling interests	30	(72)

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Income before income taxes and minority interests	66,624	96,084
Depreciation and amortization	26,748	30,772
Increase (decrease) in retirement benefit liability	(390)	(4)
Decrease (increase) in retirement benefit asset	4,476	(151)
Interest and dividends income	(1,608)	(1,752)
Interest expenses	1,278	1,068
Foreign exchange losses (gains)	(4,438)	(5,998)
Equity in (earnings) losses of affiliates	(199)	30
Loss (gain) on sales of noncurrent assets	(299)	—
Loss (gain) on sales of investment securities	(18,245)	(15,106)
Loss (gain) on sale of shares of subsidiaries and associates	(32)	—
Loss on retirement of non-current assets	395	620
Impairment loss	736	2,051
Loss on liquidation of subsidiaries and associates	—	2,166
Loss on product compensation	456	230
Provision for loss on litigation	1,340	—
Decrease (increase) in notes and accounts receivable-trade	(17,887)	7,484
Decrease (increase) in inventories	(23,794)	11,909
Increase (decrease) in notes and accounts payable-trade	7,573	(4,999)
Other, net	(9,172)	(10,141)
Sub-total	33,563	114,265
Interest and dividends income received	1,528	1,820
Interest expenses paid	(1,292)	(1,187)
Payments of product compensation	(3,086)	(4,705)
Income taxes paid	(16,067)	(24,407)
Income taxes refund	527	717
Net cash provided by (used in) operating activities	15,172	86,503
Cash flows from investing activities		
Additions to property, plant and equipment	(43,030)	(22,664)
Proceeds from sales of property, plant and equipment	6,135	119
Additions to intangible assets	(3,360)	(8,039)
Additions to investments in securities	(16)	(14)
Proceeds from sales and redemption of investment securities	21,623	15,998
Proceeds from sale of shares of subsidiaries and associates	86	—
Other, net	1,849	(61)
Net cash provided by (used in) investing activities	(16,712)	(14,661)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	7,159	(4,401)
Increase (decrease) in commercial papers	16,000	(43,000)
Proceeds from long-term debt	10,400	400
Payments of long-term debt	(32,562)	(15,905)
Repayments of lease liabilities	(4,023)	(3,926)
Proceeds from issuance of bonds	—	15,000
Cash dividends paid	(13,228)	(10,768)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(313)
Other, net	22	22
Net cash provided by (used in) financing activities	(16,231)	(62,894)
Effect of exchange rate change on cash and cash equivalents	5,779	2,249
Net Increase (decrease) in cash and cash equivalents	(11,992)	11,197
Cash and cash equivalents at beginning of the year	53,592	41,600
Cash and cash equivalents at end of the period	41,600	52,798