

***TOYO TIRES***

# Financial Results for FY2023

February 14, 2024  
**Toyo Tire Corporation**

**1 . Financial Results for FY2023**

2 . Financial Forecast for FY2024

3 . Progress of Management Measures

- Net sales hit **the record high\* of 552.8 billion yen**, driven mainly by growing unit sales of tires in North America.
- Operating income, too, hit **the record high\* of 76.9 billion yen**, buoyed by external factors such as ocean freight cost and forex, as well as successful sales promotion of priority products.
- Ordinary income reached **86.0 billion yen**, primarily owing to foreign exchange gains, and profit attributable to owners of parent came in at **72.3 billion yen**, primarily owing to a gain on sale of securities, both of which set **a record high\***.
- Dividend per share exceeded the earlier forecast to **100 yen for annual payments**
- Financial forecast for FY2024: Both net sales and operating income to grow YoY  
**Net sales: 560 billion yen, Operating income: 78.0 billion yen**  
Annual dividend per share : **105 yen**

# Financial Results for FY2023 (Jan-Dec)



(Unit: Millions of Yen)	2023 Results	2022 Results	Change	Change (%)	2023 Forecast	Change	2023 Oct-Dec Results	Change (YoY)
Net Sales	<b>552,825</b>	497,213	+ 55,611	+ 11.2%	560,000	(7,174)	143,604	(3,179)
Operating Income	<b>76,899</b>	44,046	+ 32,853	+ 74.6%	65,000	+ 11,899	26,574	+ 13,920
Margin	<b>13.9%</b>	8.9%	—	—	11.6%	—	18.5%	—
Ordinary Income	<b>86,047</b>	51,035	+ 35,012	+ 68.6%	70,000	+ 16,047	21,558	+ 15,810
Profit Attributable to Owners of Parent*	<b>72,273</b>	47,956	+24,316	+50.7%	60,000	+ 12,273	15,505	+ 12,317

\*Profit attributable to parent company shareholders

Annual Dividends per Share	<b>100 Yen</b>	80 Yen	+ 20 Yen
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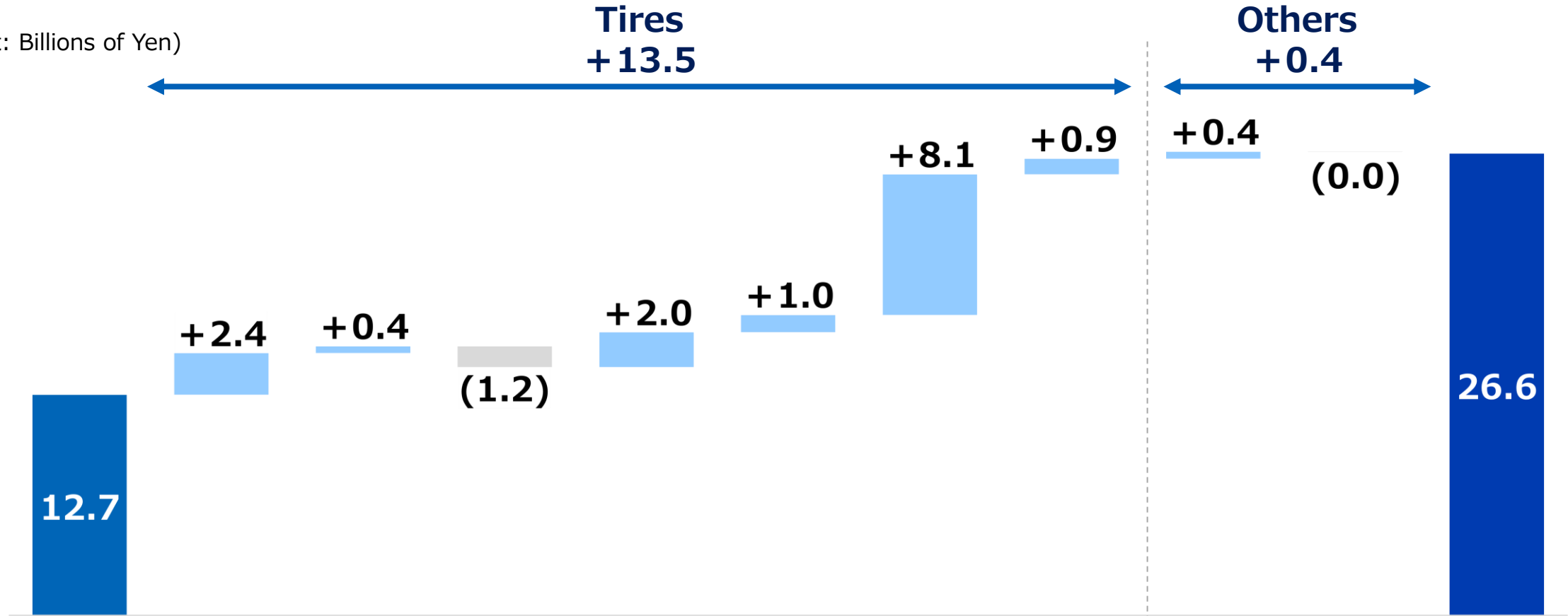
1 USD **141 Yen** 131 Yen + 10 Yen

1 EUR **152 Yen** 137 Yen +15 Yen

# Analysis of Operating Income for 4th Quarter of FY2023 (Oct-Dec) (vs 2022)



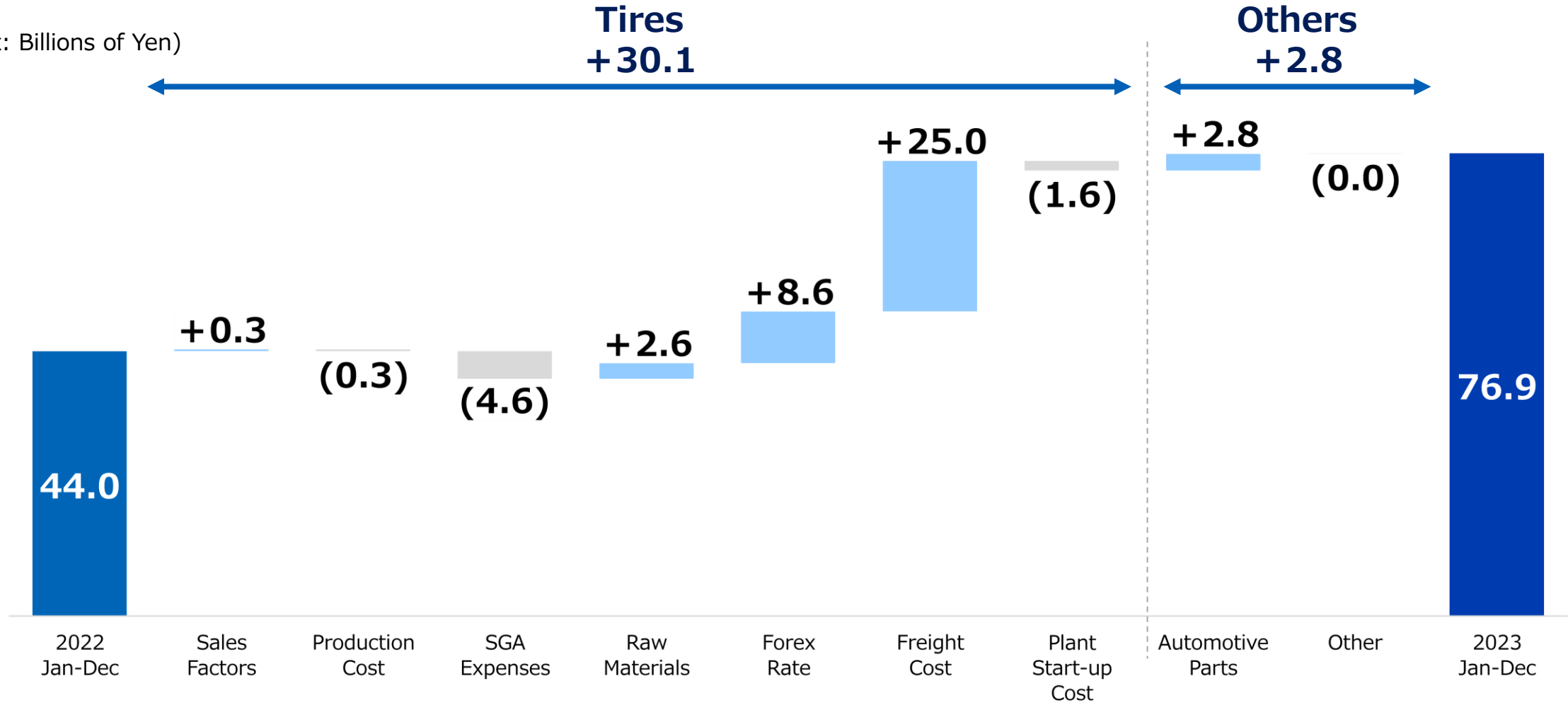
(Unit: Billions of Yen)



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
2022 Oct-Dec										12.7
Jan-Mar	+0.4	(1.5)	(0.4)	(2.8)	+3.7	+0.3	(1.7)	+0.5	+0.0	(1.6)
Apr-Jun	(3.3)	(0.4)	(1.8)	(0.2)	+1.5	+6.7	(0.4)	+0.2	+0.0	+2.3
Jul-Sep	+0.9	+1.1	(1.1)	+3.6	+2.5	+9.9	(0.3)	+1.8	(0.0)	+18.2
2023 Oct-Dec										26.6

# Analysis of Operating Income for FY2023 (Jan-Dec) (vs 2022)

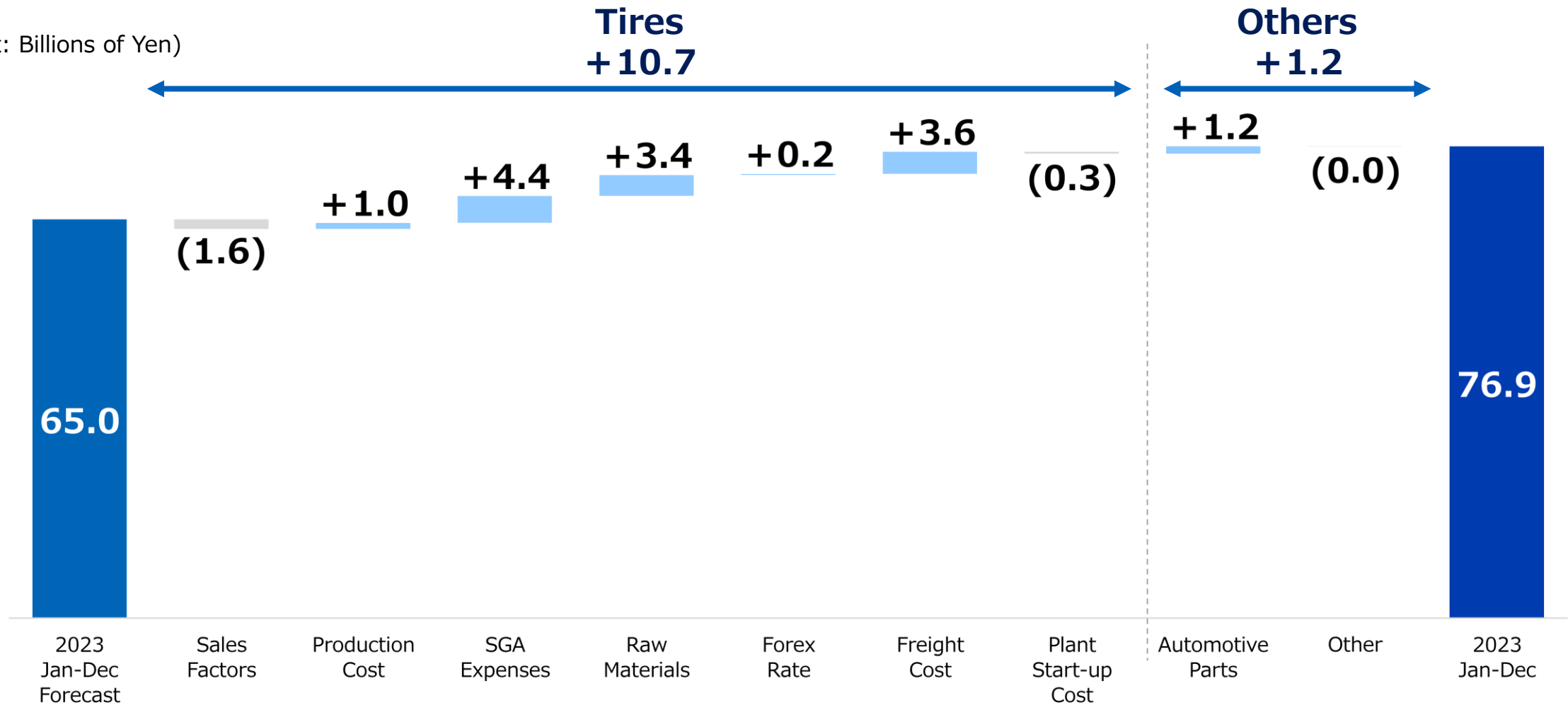
(Unit: Billions of Yen)



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
Jan-Sep	(2.1)	(0.7)	(3.4)	+0.6	+7.7	+16.9	(2.4)	+2.4	(0.0)	+18.9
Oct-Dec	+2.4	+0.4	(1.2)	+2.0	+1.0	+8.1	+0.9	+0.4	(0.0)	+13.9

# Analysis of Operating Income for FY2023 (Jan-Dec) (vs Previous Forecast)

(Unit: Billions of Yen)



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
Oct-Dec Forecast	+4.0	(0.6)	(5.6)	(1.4)	+0.8	+4.5	+1.2	(0.8)	(0.0)	+2.0
Oct-Dec Result	+2.4	+0.4	(1.2)	+2.0	+1.0	+8.1	+0.9	+0.4	(0.0)	+13.9

# Business Segments for FY2023 (Jan-Dec)

(Unit: Millions of Yen)

<b>Net Sales</b>	<b>2023 Results</b>	2022 Results	Change	Change (%)	2023 Forecast	Change	2023 Oct-Dec Results	Change (YoY)
Tires	<b>505,438</b>	455,796	+49,642	+10.9%	514,000	(8,562)	131,275	(4,407)
Automotive Parts	<b>47,374</b>	41,346	+6,028	+14.6%	46,000	+1,374	12,328	+1,232
Other	<b>25</b>	116	(91)	(78.4%)	0	+25	0	(11)
Adjustments	<b>(13)</b>	(45)	+32	—	0	(13)	(0)	+6
<b>Total</b>	<b>552,825</b>	497,213	+55,611	+11.2%	560,000	(7,174)	143,604	(3,179)

\*Net sales include intersegment internal net sales or transfers

<b>Operating Income</b>	<b>2023 Results</b>	2022 Results	Change	Change (%)	2023 Forecast	Change	2023 Oct-Dec Results	Change (YoY)
Tires	<b>76,725</b>	46,636	+30,089	+64.5%	66,000	+10,725	26,446	+13,549
Margin	<b>15.2%</b>	10.2%	—	—	12.8%	—	20.1%	—
Automotive Parts	<b>178</b>	(2,591)	+2,769	—	(1,000)	+1,178	131	+375
Margin	<b>0.4%</b>	(6.3%)	—	—	(2.2%)	—	1.1%	—
Other	<b>(4)</b>	7	(11)	—	0	(4)	(4)	(5)
Adjustments	<b>(0)</b>	(6)	+6	—	0	(0)	(0)	+0
<b>Total</b>	<b>76,899</b>	44,046	+32,853	+74.6%	65,000	+11,899	26,574	+13,920

\*Segment profit adjustment amounts include intersegment eliminations



# Geographic Area Segments for FY2023 (Jan-Dec)



(Unit: Millions of Yen)

<b>Net Sales</b>	<b>2023 Results</b>	2022 Results	Change	Change (%)	2023 Forecast	Change	2023 Oct-Dec Results	Change (YoY)
Japan	122,206	109,892	+12,314	+11.2%	124,700	(2,494)	37,751	+510
N.America	357,801	320,230	+37,570	+11.7%	362,700	(4,899)	88,163	(4,393)
Other	72,817	67,090	+5,726	+8.5%	72,600	+217	17,689	+703
Eliminations or Adjustments	—	—	—	—	—	—	—	—
<b>Total</b>	<b>552,825</b>	<b>497,213</b>	<b>+55,611</b>	<b>+11.2%</b>	<b>560,000</b>	<b>(7,174)</b>	<b>143,604</b>	<b>(3,179)</b>

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

<b>Operating Income</b>	<b>2023 Results</b>	2022 Results	Change	Change (%)	2023 Forecast	Change	2023 Oct-Dec Results	Change (YoY)
Japan	67,047	23,273	+43,774	+188.1%	56,500	+10,547	23,199	+14,512
N.America	17,589	19,760	(2,170)	(11.0%)	17,200	+389	2,745	(3,886)
Other	3,323	2,729	+593	+21.8%	2,500	+823	315	+1,222
Eliminations or Adjustments	(11,061)	(1,717)	(9,344)	—	(11,200)	+139	313	+2,070
<b>Total</b>	<b>76,899</b>	<b>44,046</b>	<b>+32,853</b>	<b>+74.6%</b>	<b>65,000</b>	<b>+11,899</b>	<b>26,574</b>	<b>+13,920</b>

- 1 . Financial Results for FY2023
- 2 . Financial Forecast for FY2024**
- 3 . Progress of Management Measures

# Financial Forecast for FY2024 (Jan-Dec)



(Unit: Millions of Yen)

	2024 Forecast	2023 Results	Change	Change (%)	2024 Jan-Jun Forecast	Change	2024 Jul-Dec Forecast	Change
Net Sales	560,000	552,825	+7,174	+1.3%	270,000	+4,542	290,000	+2,631
Operating Income	78,000	76,899	+1,100	+1.4%	40,000	+13,326	38,000	(12,225)
Margin	13.9%	13.9%	—	—	14.8%	—	13.1%	—
Ordinary Income	68,000	86,047	(18,047)	(21.0%)	32,000	(6,761)	36,000	(11,286)
Profit Attributable to Owners of Parent*	45,000	72,273	(27,273)	(37.7%)	21,000	(8,122)	24,000	(19,150)

\*Profit attributable to parent company shareholders

Annual Dividends per Share	105 Yen	100 Yen	+5 Yen
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1 USD	135 Yen	141 Yen	(6 Yen)
1 EUR	146 Yen	152 Yen	(6 Yen)

## Mid-Term '21 Plan Key Performance Indicators

Consolidated OP margin

Over **14%**

Dividend policy (Dividend payout ratio)

**30%** or higher

## Forex Rate Sensitivity 2024

USD	0.8 Billion Yen/Year
EUR	0.1 Billion Yen/Year

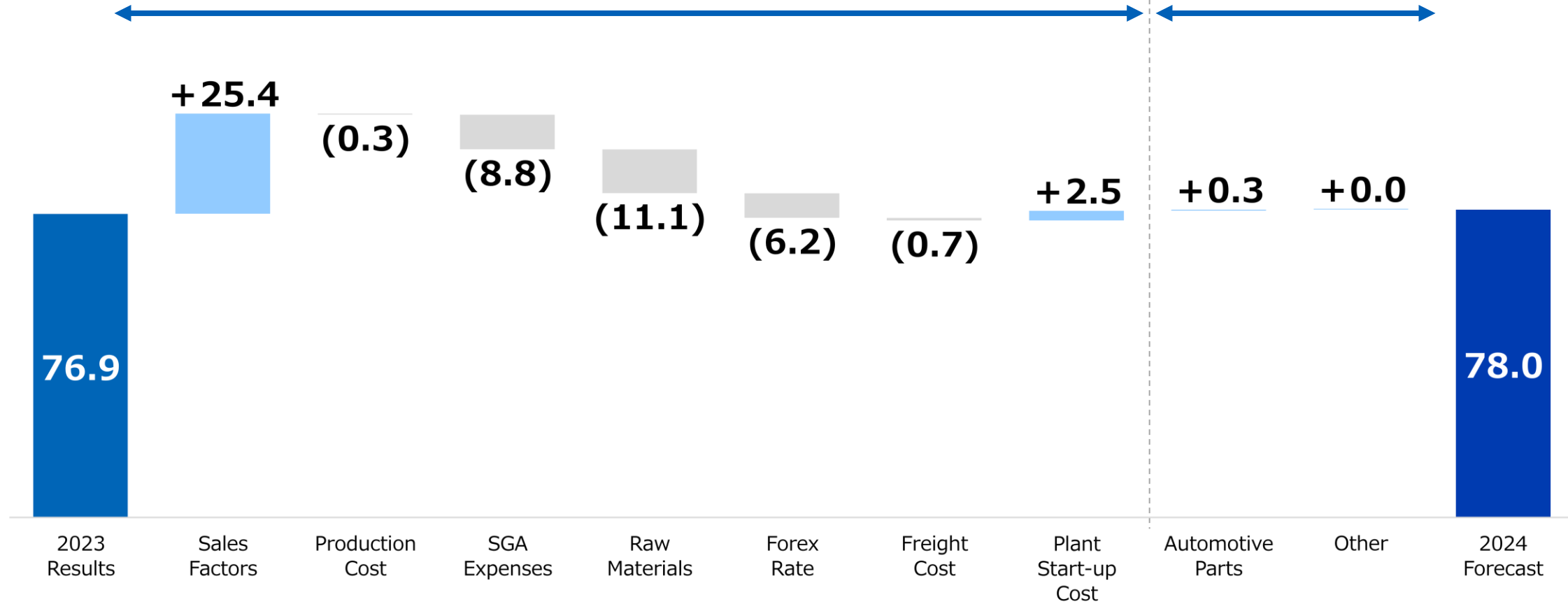
Impact of 1 yen fluctuation on operating income

# Analysis of Operating Income for FY2024 (Jan-Dec) (vs 2023)

(Unit: Billions of Yen)

**Tires  
+0.8**

**Others  
+0.3**



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
Jan-Jun Forecast	+15.0	+1.0	(5.3)	(3.1)	+0.4	+3.2	+1.0	+1.0	(0.0)	<b>+13.3</b>
Jul-Dec Forecast	+10.4	(1.3)	(3.5)	(8.0)	(6.6)	(4.0)	+1.5	(0.7)	+0.0	<b>(12.2)</b>

# Business Segments for FY2024 (Jan-Dec)



(Unit: Millions of Yen)

## Net Sales

	2024 Forecast	2023 Results	Change	Change (%)	2024 Jan-Jun Forecast	Change	2024 Jul-Dec Forecast	Change (YoY)
Tires	517,000	505,438	+11,561	+2.3%	249,000	+6,476	268,000	+5,084
Automotive Parts	43,000	47,374	(4,374)	(9.2%)	21,000	(1,925)	22,000	(2,449)
Other	0	25	(25)	—	0	(18)	0	(6)
Adjustments	0	(13)	+13	—	0	+9	0	+3
合計	560,000	552,825	+7,174	+1.3%	270,000	+4,542	290,000	+2,631

\*Net sales include intersegment internal net sales or transfers

## Operating Income

	2024 Forecast	2023 Results	Change	Change (%)	2024 Jan-Jun Forecast	Change	2024 Jul-Dec Forecast	Change (YoY)
Tires	77,500	76,725	+774	+1.0%	39,700	+12,299	37,800	(11,524)
Margin	15.0%	15.2%	—	—	15.9%	—	14.1%	—
Automotive Parts	500	178	+321	+180.3%	300	+1,028	200	(706)
Margin	1.2%	0.4%	—	—	1.4%	—	0.9%	—
Other	0	(4)	+4	—	0	(1)	0	+6
Adjustments	0	(0)	+0	—	0	+0	0	+0
Total	78,000	76,899	+1,100	+1.4%	40,000	+13,326	38,000	(12,225)

\*Segment profit adjustment amounts include intersegment eliminations

# Geographic Area Segments for FY2024 (Jan-Dec)



(Unit: Millions of Yen)

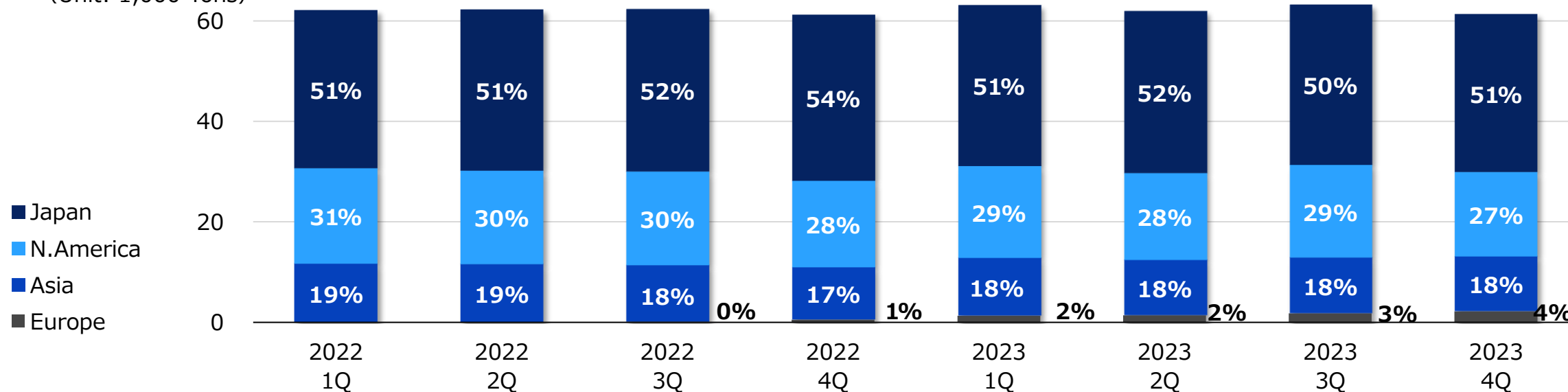
<b>Net Sales</b>	<b>2024 Forecast</b>	2023 Results	Change	Change (%)	2024 Jan-Jun Forecast	Change	2024 Jul-Dec Forecast	Change (YoY)
Japan	<b>123,300</b>	122,206	+1,093	+0.9%	55,300	(444)	68,000	+1,537
N.America	<b>363,300</b>	357,801	+5,498	+1.5%	178,700	+4,383	184,600	+1,115
Other	<b>73,400</b>	72,817	+582	+0.8%	36,000	+603	37,400	(20)
Eliminations or Adjustments	<b>—</b>	—	—	—	—	—	—	—
<b>Total</b>	<b>560,000</b>	552,825	+7,174	+1.3%	270,000	+4,542	290,000	+2,631

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

<b>Operating Income</b>	<b>2024 Forecast</b>	2023 Results	Change	Change (%)	2024 Jan-Jun Forecast	Change	2024 Jul-Dec Forecast	Change (YoY)
Japan	<b>48,900</b>	67,047	(18,147)	(27.1%)	26,300	+3,390	22,600	(21,538)
N.America	<b>16,800</b>	17,589	(789)	(4.5%)	7,900	(2,068)	8,900	+1,278
Other	<b>10,800</b>	3,323	+7,476	+225.0%	5,600	+3,566	5,200	+3,910
Eliminations or Adjustments	<b>1,500</b>	(11,061)	+12,561	—	200	+8,437	1,300	+4,123
<b>Total</b>	<b>78,000</b>	76,899	+1,100	+1.4%	40,000	+13,326	38,000	(12,225)

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

(Unit: 1,000 Tons)



	2022				
	1Q	2Q	3Q	4Q	Total
Japan	31.5	32.0	32.3	33.0	128.8
N.America	19.0	18.6	18.6	17.2	73.4
Asia	11.7	11.6	11.3	10.5	45.0
Europe	—	—	0.1	0.5	0.6
<b>Total</b>	62.1	62.2	62.4	61.2	247.8
YoY	101%	103%	102%	98%	101%

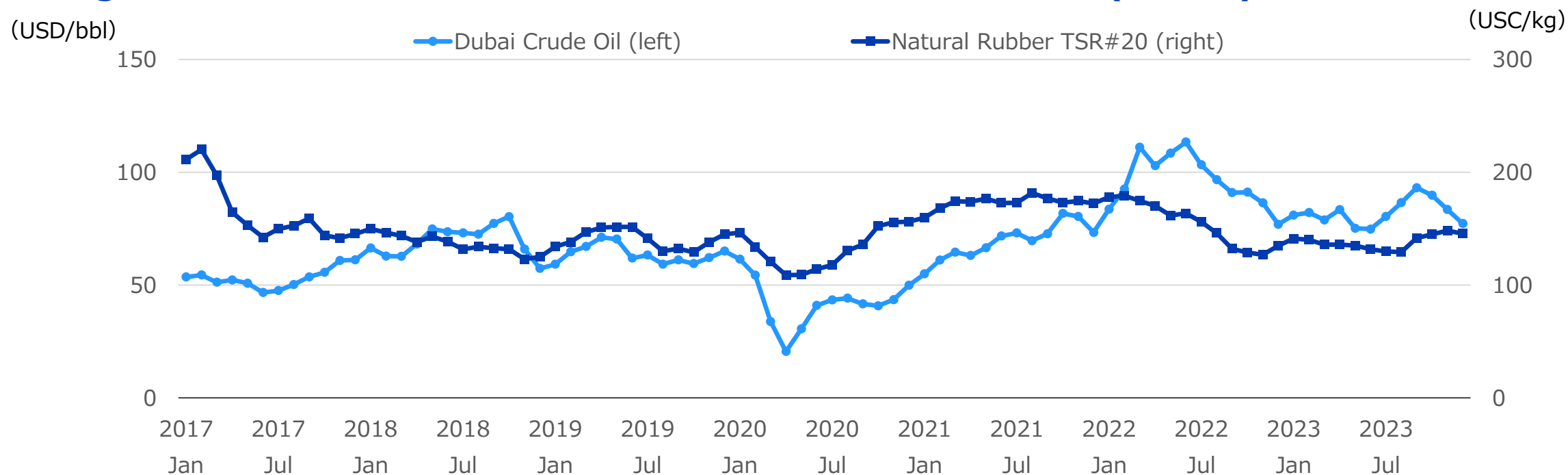
	2023				Total	2024 Forecast
	1Q	2Q	3Q	4Q		
Japan	32.0	32.2	31.9	31.4	127.5	125.9
N.America	18.3	17.3	18.4	16.8	70.8	76.2
Asia	11.5	11.0	11.1	10.9	44.5	42.1
Europe	1.3	1.4	1.8	2.2	6.8	15.5
<b>Total</b>	63.1	62.0	63.2	61.3	249.6	259.8
YoY	102%	100%	101%	100%	101%	104%

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

(%)	2022					2023					2024 Jan-Dec Forecast
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
OE Total	87	95	144	108	106	120	122	108	108	<b>114</b>	<b>107</b>
RE Japan	102	96	111	106	104	104	102	79	81	<b>90</b>	<b>107</b>
RE Overseas	95	97	105	100	99	107	100	103	93	<b>101</b>	<b>104</b>
N.America	107	108	104	114	108	110	104	112	96	<b>105</b>	<b>106</b>
Europe	81	70	94	76	80	103	96	94	80	<b>94</b>	<b>94</b>
SE Asia	78	108	139	79	98	106	86	92	99	<b>95</b>	<b>101</b>
Total	95	97	111	103	101	108	103	99	93	<b>101</b>	<b>105</b>



### 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					2024 Forecast
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Natural Rubber	(0.1)	(0.2)	+0.4	+0.7	+0.9	+0.9	+2.0	+1.0	+0.5	+4.4	(4.4)
Petroleum Products	(3.9)	(4.4)	(5.0)	(5.2)	(18.5)	(3.0)	(2.2)	+2.2	+0.8	(2.2)	(5.7)
Other Raw Materials	(3.0)	(2.6)	(3.2)	(1.5)	(10.3)	(0.7)	+0.0	+0.4	+0.7	+0.5	(1.0)
<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>(0.2)</b>	<b>+3.6</b>	<b>+2.0</b>	<b>+2.6</b>	<b>(11.1)</b>

## Change in Capital Expenditure

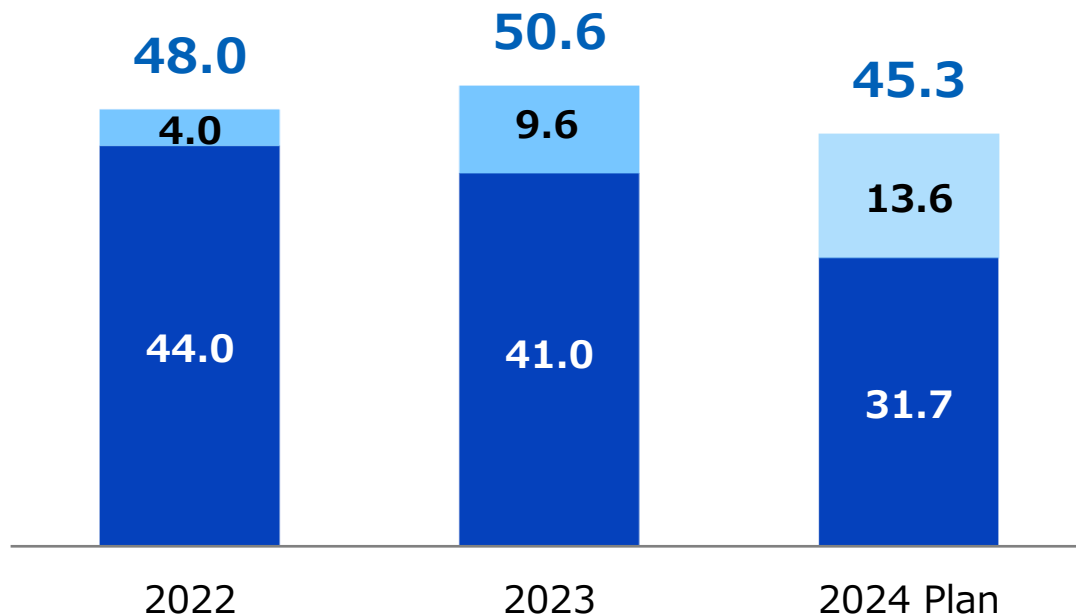
**2024 Plan**

Capital Expenditure : 45.3 Billion Yen

Tire : 31.7 Billion Yen    Other : 13.6 Billion Yen

(Unit: Billions of Yen )

■ Tire    ■ Other



## Change in Depreciation

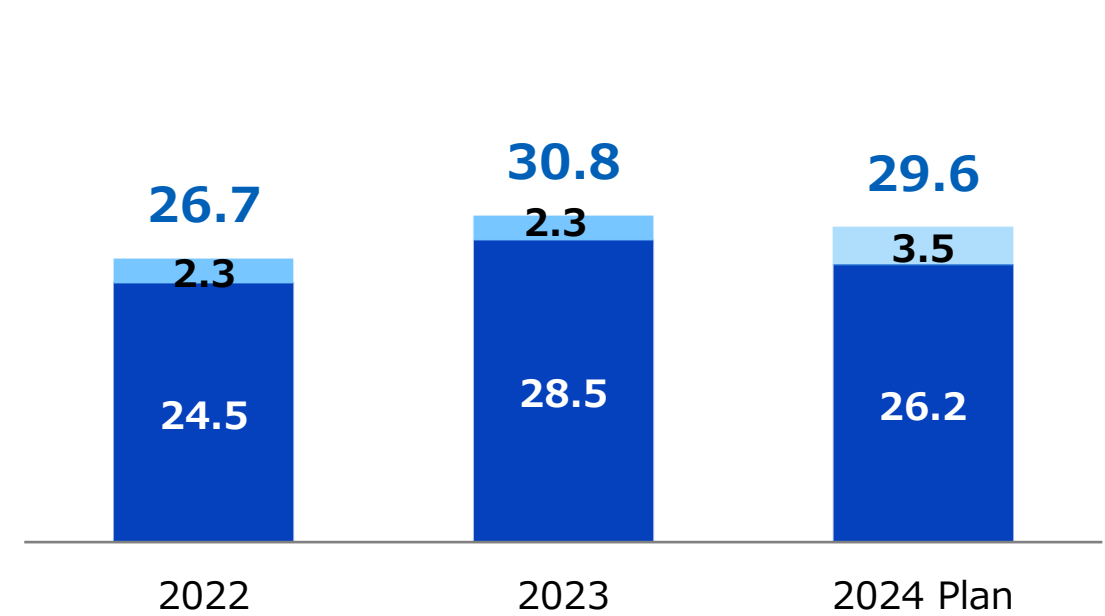
**2024 Plan**

Depreciation : 29.6 Billion Yen

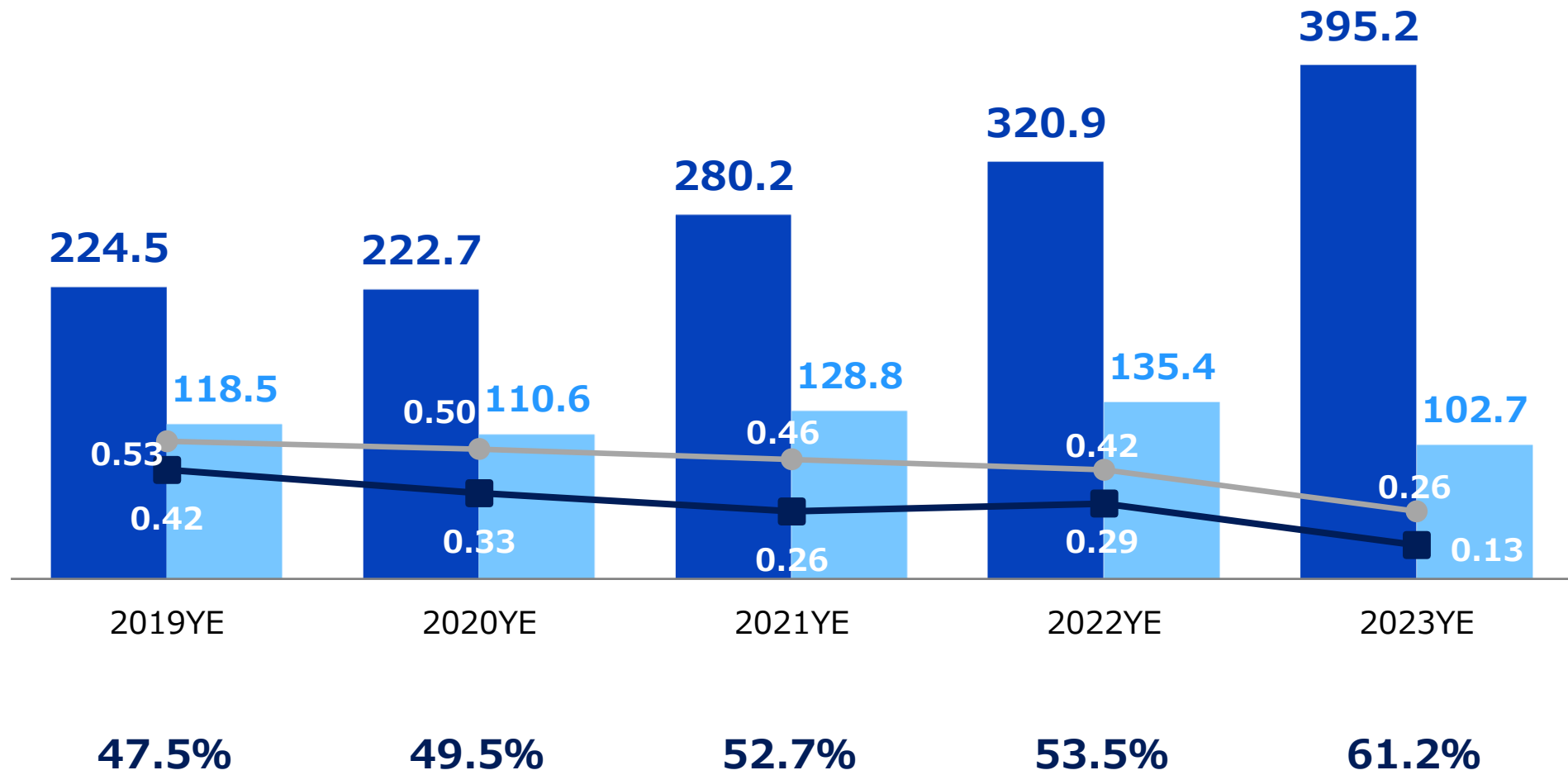
Tire : 26.2 Billion Yen    Other : 3.5 Billion Yen

(Unit: Billions of Yen )

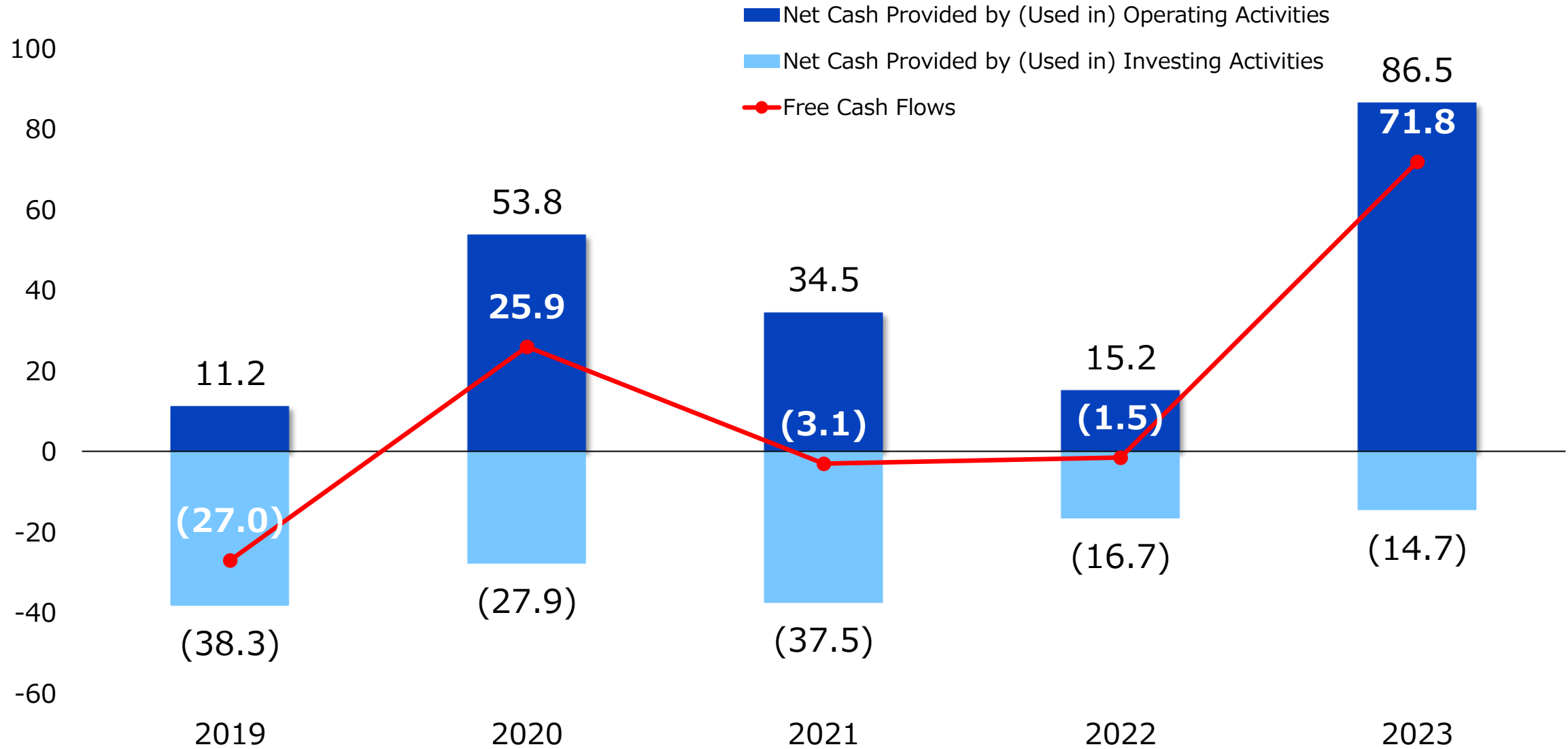
■ Tire    ■ Other



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



(Billions of Yen)

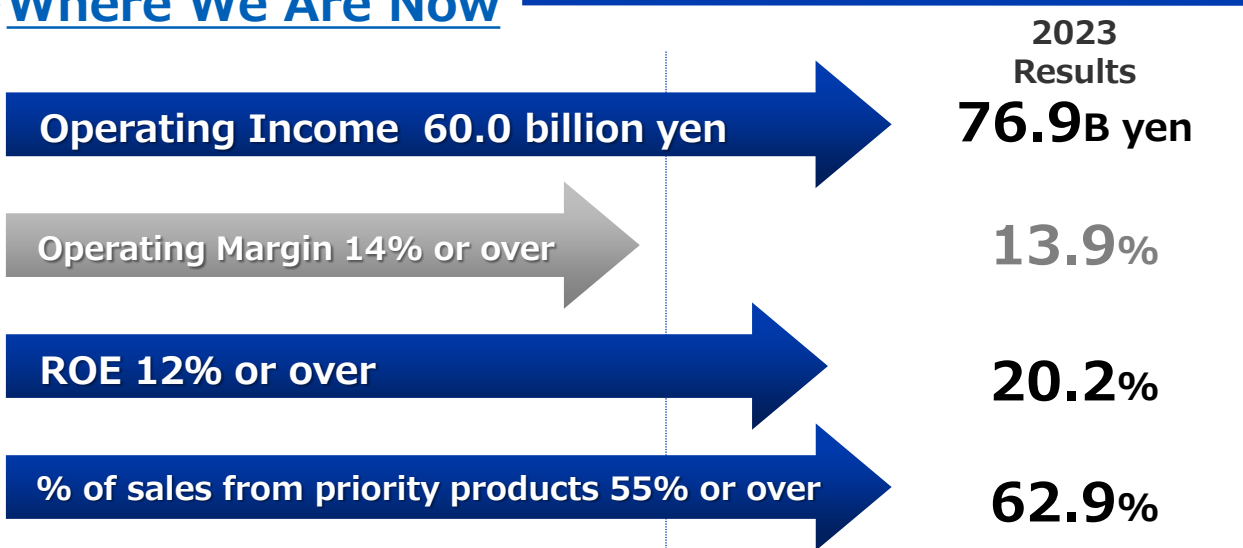


1 . Financial Results for FY2023

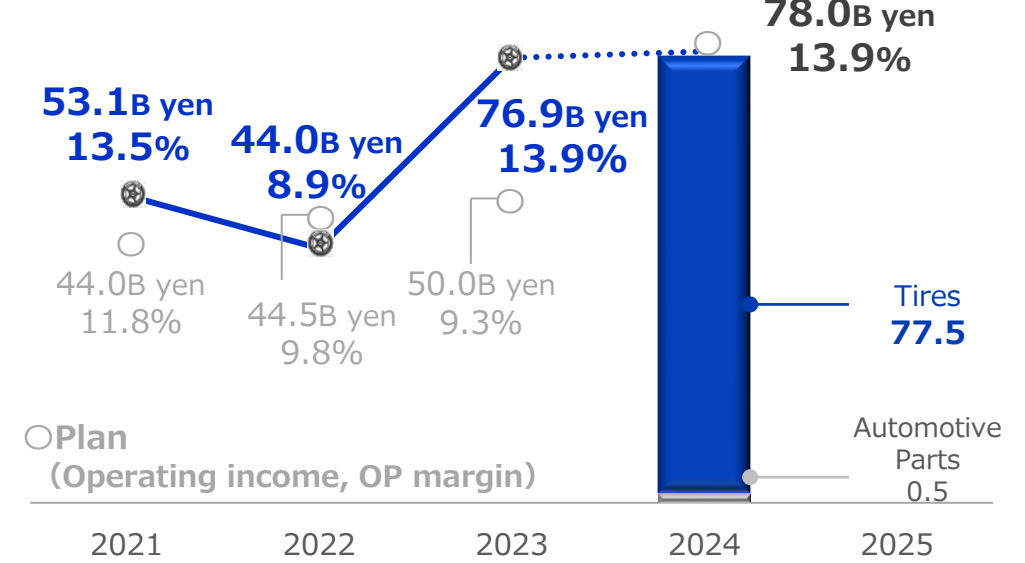
2 . Financial Forecast for FY2024

**3 . Progress of Management Measures**

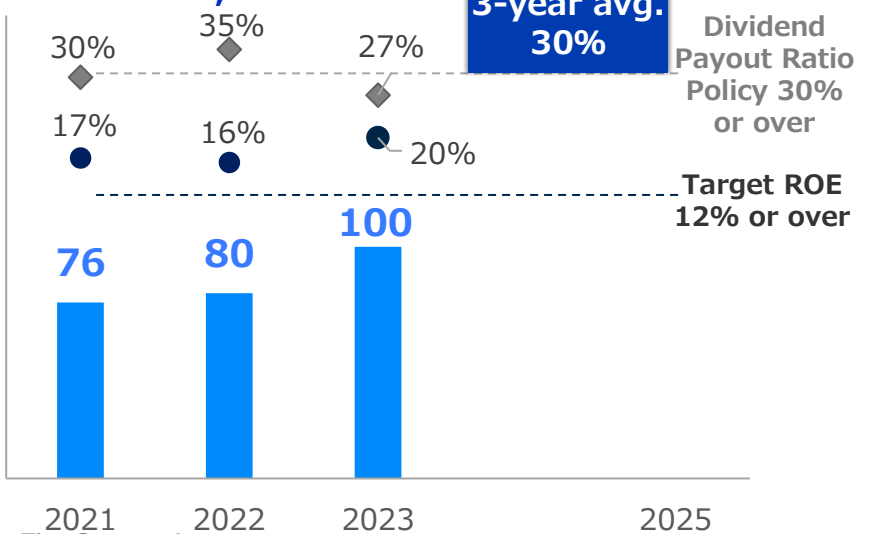
### ◆ Where We Are Now



### ⊗ Operating Income, Margin



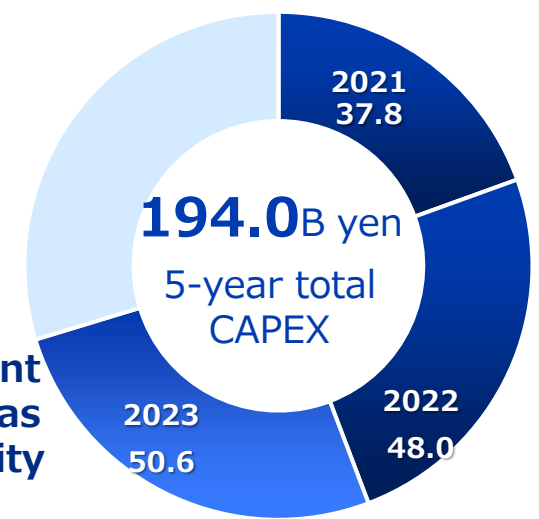
### ⊗ Dividends, ROE



**Aiming at stable dividend payments linked to performance and capital**

- **Maintain the target dividend payout ratio of 30% or over laid out in the Mid-Term '21 Plan**
- **Aiming for stable payment of dividends over the long term by taking into account a comprehensive range of factors such as the dividend on total shareholders' equity ratio**

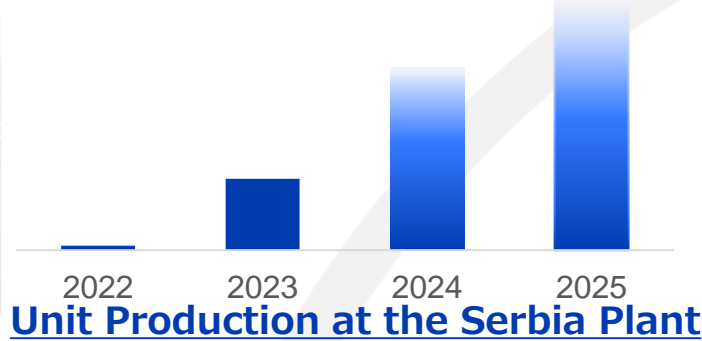
### ⊗ Capital Investment



**Promoting various measures designed to achieve the targets and further enhance profitability**



**Establish a globally optimized supply system as the Serbia Plant becomes fully operational**



**Develop products catering to needs and launch them in a timely manner**

- Launch LTR tires for EVs (Feb. '24)
- Continue product development in line with the accelerated shift of light trucks, etc. toward EVs.
- Reduce environmental impact by mobility and develop products that deliver the joy of driving



**OPEN COUNTRY A/T III EV**

- Establish a production system in tune with demand trends
- Accelerate profitability enhancement through cost control



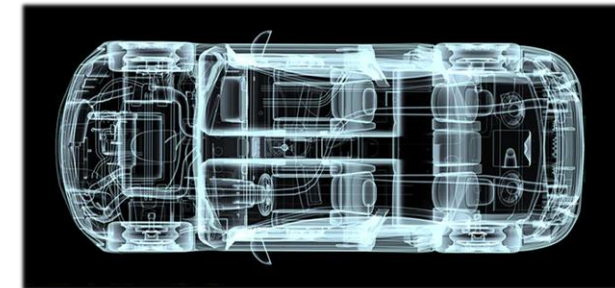
**Achieve consistent profits for the automotive parts business**



**Boost WLTR tire production capacity in the U.S.**



- Increase the ratio of WLTR tires by moving PCR tire production to the Serbia Plant, etc.



- Discontinued production at the U.S. base (Oct. '23)
  - ➔ Achieve consistent profits and further enhance profitability under the new streamlined system



Value Creation	Sustainable mobility in society	<b>Reducing environmental impact of mobility</b>	▶ Promote technology and product development based on our fuel efficiency upgrade plans for each new model
	Diverse mobility for all	<b>Unique EV strategy</b>	▶ Unveiled our Open Country A/T III EV tires in Japan and the U.S. Starting full sales launch in the North American Market in 2024.
Foundation for value creation	Challenging and satisfying jobs for diverse talent	<b>Promoting diversity &amp; inclusion</b>	▶ Raised awareness of DE&I by offering training on empowering women and unconscious bias.
	Innovating next-generation mobility technology	<b>Employee engagement: fixed point observation</b>	▶ Analyzed/evaluated second employee opinion survey. Determined improvements and started introducing measures to improve the organizational culture.
Managing risk to protect the value creation process	Pursuing decarbonization in all corporate activities	<b>Greater use of sustainable materials</b>	▶ Target: 40% by 2030, 100% by 2050. Progress: 26%* in 2023 *Weight-based in products as of the end of 2023
		<b>Promoting industry-academia partnerships</b>	▶ Our European R&D Center started a joint research project with the University of Novi Sad, Serbia.
	Promoting supply chain sustainability	<b>Officially introducing internal carbon pricing (ICP)</b>	▶ Based on trial ICP in 2023, we set ICP at 10,000 yen per tCO <sub>2</sub> e from 2024. Officially started using this measure in environment-related investment/cost assessments.
		<b>Acquiring SBT certification</b>	▶ Started preparing to acquire Science Based Target (SBT) certification.
New company-wide risk management system	Efficient logistics	<b>Sustainable raw materials procurement</b>	▶ Used third-party survey system to complete environmental and social risk assessments of primary natural rubber suppliers.
		<b>Establishing new risk management systems</b>	▶ Reduced ratio of goods transported by truck in Japan by promoting a modal shift to ships and rail.
			▶ Formulated/announced our company-wide risk management policy. Established systems for comprehensively managing potential current and future business risks. Began quarterly monitoring.



## Value Creation



**PROXES CF3**

### Reducing environmental impact of mobility

- [January 2024 product launches in Japan]

  - Launched as a standard fuel-efficient product that boasts a 16%\* reduction in rolling resistance compared to the Nano Energy 3 Plus tire.
  - \*Measured under internally specified conditions
  - Some of the silica dispersing agents are made from natural sustainable raw materials.



**OPEN COUNTRY A/T III EV**

### Ultimate driving enjoyment

- [Sale in the North American Market in February 2024]

    - The perfect tire for EV pickup trucks and SUVs.
    - Leverages our renowned strengths in design and fuel performance (electricity efficiency) achieved through proprietary technology.
- More information on p. 22

## Foundation for value creation



### More flexible work styles and workplaces

- Introduced flexible work styles that include the option of working from home. Transformed the office to enable autonomous and diverse work styles.
- Over 90% of employees said they were satisfied with this arrangement (opinion survey).



### Concept tire (90% sustainable materials)

- Approx. 60% renewable materials (biomass-derived butadiene rubber and other materials, plant-derived oils, etc.)
- Approx. 30% recycled materials (including CO<sub>2</sub>-derived butadiene rubber currently being developed with Toyama University)

## Managing risk to protect the value creation process

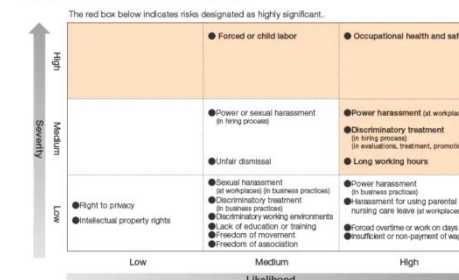


Corporate Technology Center

### Promoting the use of renewable energy

- Converting energy purchased to renewable energy and promoting in-house consumption of photovoltaic power not only at production bases inside and outside Japan but also at our Japanese administrative and technical bases.

(1) Right holders: Group employees, job applicants

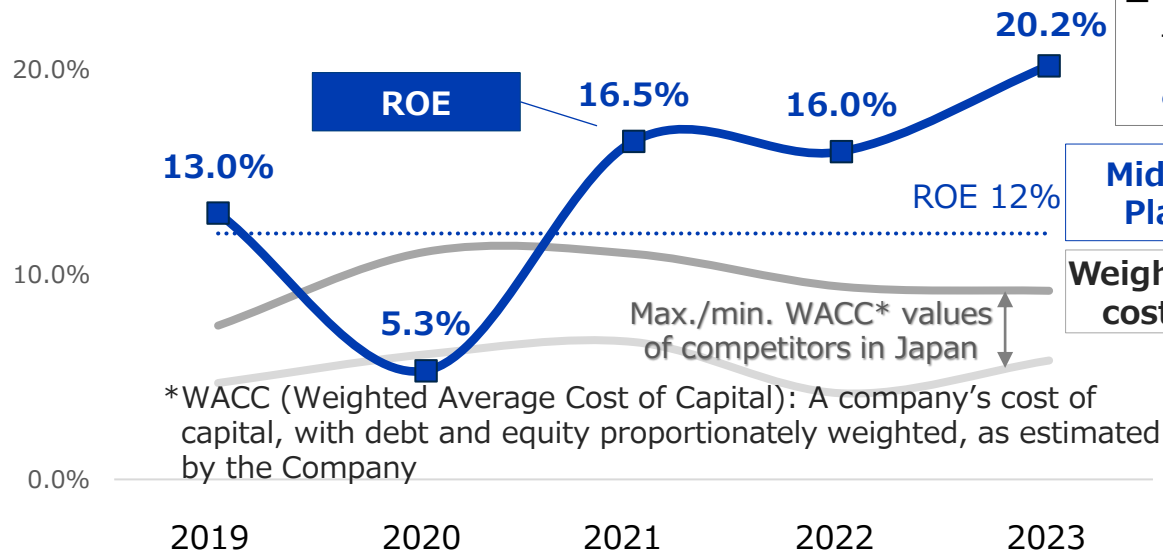


- Identified relevant human rights risks in Group business activities and the supply chain. Assessed the significance of each risk.
- Began implementing action plans starting with the most significant identified risks.

### Human rights risk assessment

## Analysis of Present State

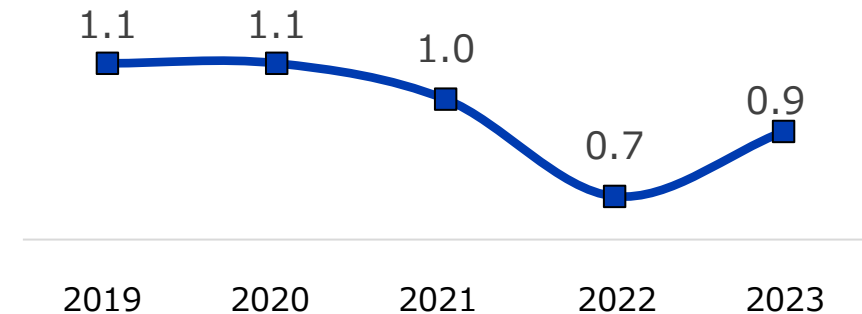
### ● Capital Cost and ROE (Return on Equity)



■ Return on capital outperforming capital cost. PBR trending around x1.0  
 ■ To retain the favorable market evaluation, promote measures designed to **further enhance profitability over the mid-/long-term and optimize capital**

### ● Market Evaluation: PBR

(Price Book-value Ratio)



## Future actions

- **Promote measures aimed at stable growth over the mid-/long-term** -

### Further Enhance Profitability

- Establish a system of stable supply from the Serbia Plant  
 → **Increase cost competitiveness by building an optimized supply system**
- Supply differentiated products with enhanced competitiveness and further increase their sales ratio

### Optimize Capital

- Carry out development and capital investment that contribute to growth over the mid-/long-term
- Providing profit returns to shareholders that are both performance-linked and stable  
 → Aiming for stable payment of dividends over the long term by taking into account a comprehensive range of factors such as the dividend on total shareholders' equity ratio, with the primary objective of a dividend payout ratio of 30% or higher



**TOYO TIRES**

# DAKAR RALLY 2024

Victory in the Stock Category



**OPEN COUNTRY**

***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.