

TOYO TIRES

**Consolidated Business
Performance
for the Third Quarter of FY2022**

November 14, 2022

Toyo Tire Corporation

1. Financial Results for 3rd Quarter of FY2022

2. Financial Forecast for FY2022

3. Topics

- Price hike and the favorable yen-dollar rate in the U.S. market resulted in **more record-high sales*** both for the 3-month (Jul-Sep) and 9-month (Jan-Sep) periods.

 - * Previous record-high 3rd quarter(Jul-Sep) net sales: 106.6 billion yen (FY2015)
 - Previous record-high net sales for the first 9-month period: 301.0 billion yen (FY2015)
- Due to lower utilization at the U.S. plant and worsening of region/product mixes, operating income for 3rd quarter (Jul-Sep) **came in at 5.4 billion yen, which was below the forecast.**
- Due to the favorable forex situation, etc., ordinary income amounted to **45.3** billion yen and profit attributable to owners of parent totaled **44.8** billion yen, both representing **record highs for the 9-month period (Jan-Sep)***.

 - * Previous record-high ordinary income for the 9-month period: 41.8 billion yen (FY2021)
 - Previous record-high profit attributable to owners of parent for the 9-month period: 28.9 billion yen (FY2021)
- Given the results year-to-date, **full-year operating income forecast** has been revised downward from 50.0 billion yen to **40.0** billion yen.
- Dividend per share forecasts remain unchanged at **80** yen for annual payments.

Financial Results for 3rd Quarter of FY2022 (Jan-Sep)



(Unit: Millions of Yen)

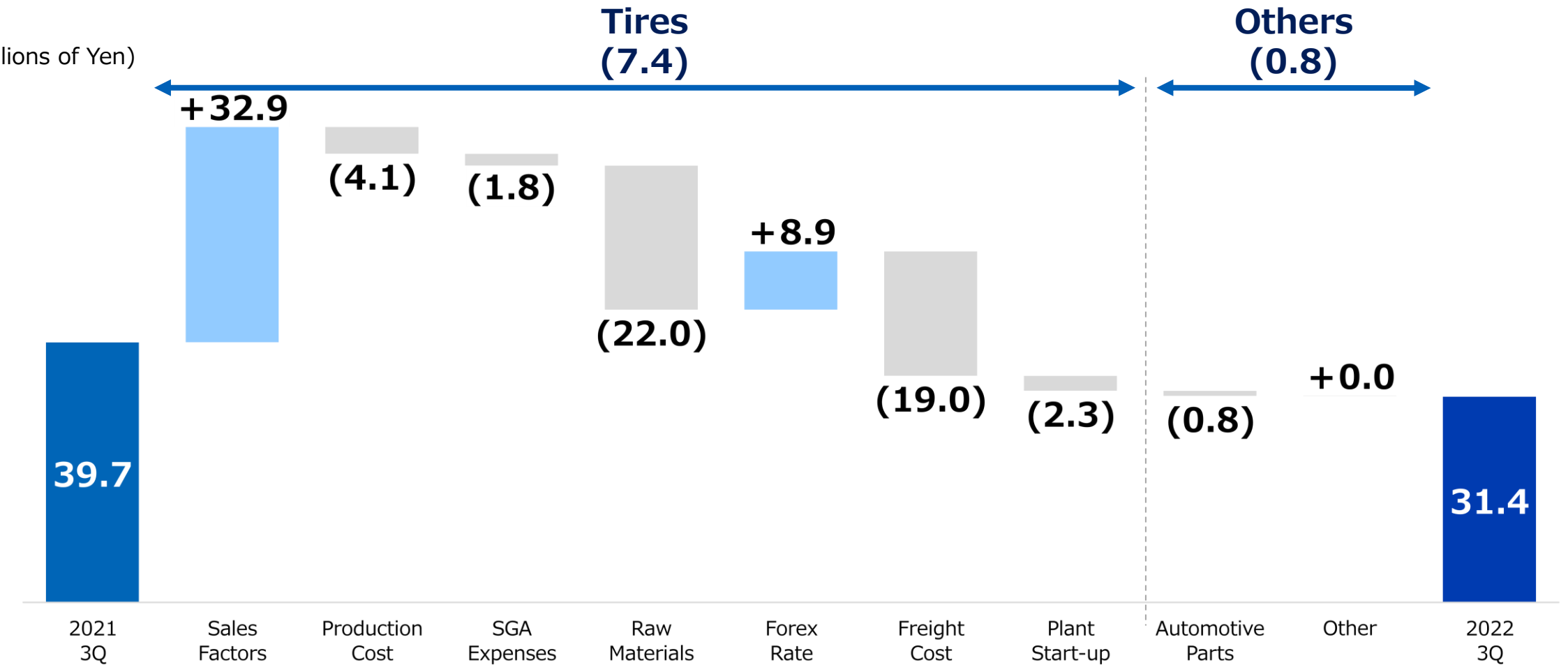
	2022 3Q Results	2021 3Q Results	Change	Change (%)	2022 1H Results	Change	2022 Jul-Sep Results	Change (YoY)
Net Sales	350,430	282,808	+67,622	+23.9%	223,667	+37,274	126,763	+30,347
Operating Income	31,391	39,663	(8,272)	(20.9%)	25,972	(985)	5,419	(7,286)
Margin	9.0%	14.0%	—	—	11.6%	—	4.3%	—
Ordinary Income	45,288	41,781	+3,506	+8.4%	38,509	+9,289	6,778	(5,783)
Profit Attributable to Owners of Parent (※)	44,768	28,866	+15,901	+55.1%	31,030	+10,356	13,738	+5,545

※Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

USD	126 Yen	108 Yen	+18 Yen
EUR	135 Yen	130 Yen	+5 Yen

Analysis of Operating Income for 3rd Quarter of FY2022 (Jan-Sep) (vs 2021)

(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-Mar	+15.7	(1.1)	(0.7)	(7.0)	+2.9	(5.9)	(0.6)	(0.0)	+0.0	+3.4
Apr-Jun	+10.9	(1.8)	(0.6)	(7.2)	+2.5	(7.4)	(0.5)	(0.4)	(0.0)	(4.4)
Jul-Sep	+6.3	(1.3)	(0.5)	(7.8)	+3.5	(5.7)	(1.2)	(0.4)	+0.0	(7.3)

Business Segments for 3rd Quarter of FY2022 (Jan-Sep)

(Unit: Millions of Yen)

Net Sales	2022 3Q Results	2021 3Q Results	Change	Change (%)	2022 1H Results	Change	2022 Jul-Sep Results	Change (YoY)
Tires	320,114	253,968	+66,145	+26.0%	203,936	+37,448	116,177	+28,697
Automotive Parts	30,249	28,816	+1,433	+5.0%	19,721	(163)	10,528	+1,596
Other	105	63	+42	+66.7%	31	(15)	74	+58
Adjustments	(39)	(39)	0	—	(22)	+5	(16)	(5)
Total	350,430	282,808	+67,622	+23.9%	223,667	+37,274	126,763	+30,347

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 3Q Results	2021 3Q Results	Change	Change (%)	2022 1H Results	Change	2022 Jul-Sep Results	Change (YoY)
Tires	33,738	41,161	(7,422)	(18.0%)	27,332	(555)	6,405	(6,867)
Margin	10.5%	16.2%	(5.7%)	—	13.4%	—	5.5%	—
Automotive Parts	(2,346)	(1,497)	(849)	—	(1,354)	(415)	(992)	(434)
Margin	(7.8%)	(5.2%)	(2.6%)	—	(6.9%)	—	(9.4%)	—
Other	5	11	(5)	(54.5%)	(2)	(18)	8	+12
Adjustments	(5)	(11)	5	—	(3)	+4	(2)	+1
Total	31,391	39,663	(8,272)	(20.9%)	25,972	(985)	5,419	(7,286)

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for 3rd Quarter of FY2022 (Jan-Sep)

(Unit: Millions of Yen)

Net Sales	2022 3Q Results	2021 3Q Results	Change	Change (%)	2022 1H Results	Change	2022 Jul-Sep Results	Change (YoY)
Japan	72,651	70,076	+2,575	+3.7%	45,617	(1,835)	27,034	+4,411
N.America	227,674	168,847	+58,827	+34.8%	147,117	+38,082	80,556	+20,744
Other	50,104	43,884	+6,220	+14.2%	30,932	+1,028	19,172	+5,191
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	350,430	282,808	+67,622	+23.9%	223,667	+37,274	126,763	+30,347

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

Operating Income	2022 3Q Results	2021 3Q Results	Change	Change (%)	2022 1H Results	Change	2022 Jul-Sep Results	Change (YoY)
Japan	14,586	22,506	(7,919)	(35.2%)	13,175	(2,570)	1,411	(5,349)
N.America	13,127	12,801	+326	+2.5%	10,426	+2,321	2,701	(1,995)
Other	3,637	3,243	+393	+12.1%	2,567	(142)	1,069	+536
Eliminations or Adjustments	39	1,111	(1,072)	(96.5%)	(196)	(594)	236	(477)
Total	31,391	39,663	(8,272)	(20.9%)	25,972	(985)	5,419	(7,286)

1 . Financial Results for 3rd Quarter of FY2022

2 . Financial Forecast for FY2022

3 . Topics

Financial Forecast for FY2022 (Jan-Dec)

(Unit: Millions of Yen)	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 Oct-Dec Forecast	Change (YoY)
Net Sales	500,000	393,647	+106,352	+27.0%	500,000	±0	149,569	+38,729
Operating Income	40,000	53,080	(13,080)	(24.6%)	50,000	(10,000)	8,608	(4,808)
Margin	8.0%	13.5%	—	—	10.0%	—	5.8%	—
Ordinary Income	53,000	55,909	(2,909)	(5.2%)	60,000	(7,000)	7,711	(6,416)
Profit Attributable to Owners of Parent (※)	50,000	41,350	+8,649	+20.9%	53,000	(3,000)	5,231	(7,252)

※Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Annual Dividends per Share	80 Yen	76 Yen	+4 Yen
USD	130 Yen	110 Yen	+20 Yen
EUR	137 Yen	130 Yen	+7 Yen

Mid-Term '21 Plan Key Performance Indicators

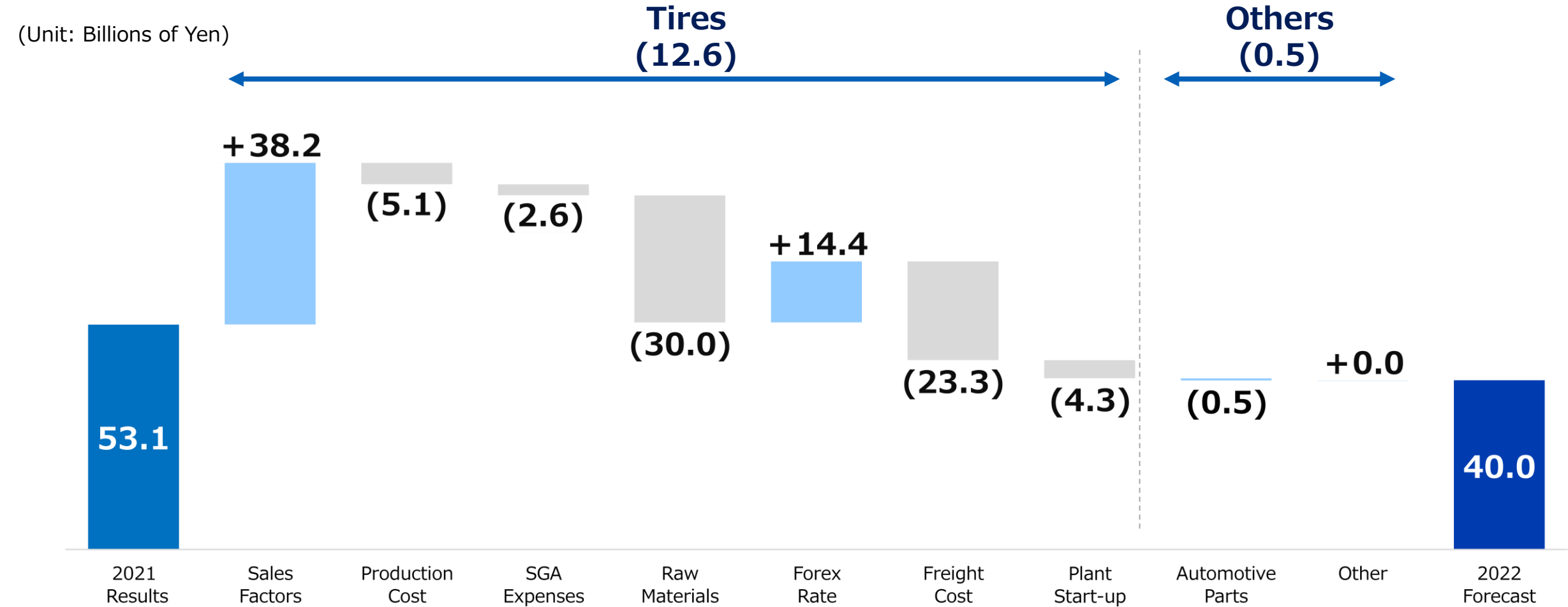
Consolidated OP margin Over **14%**
 Dividend policy **30%** or higher
 (Dividend payout ratio)

Forex Rate Sensitivity 2022

(Impact of 1 yen depreciation on operating income)

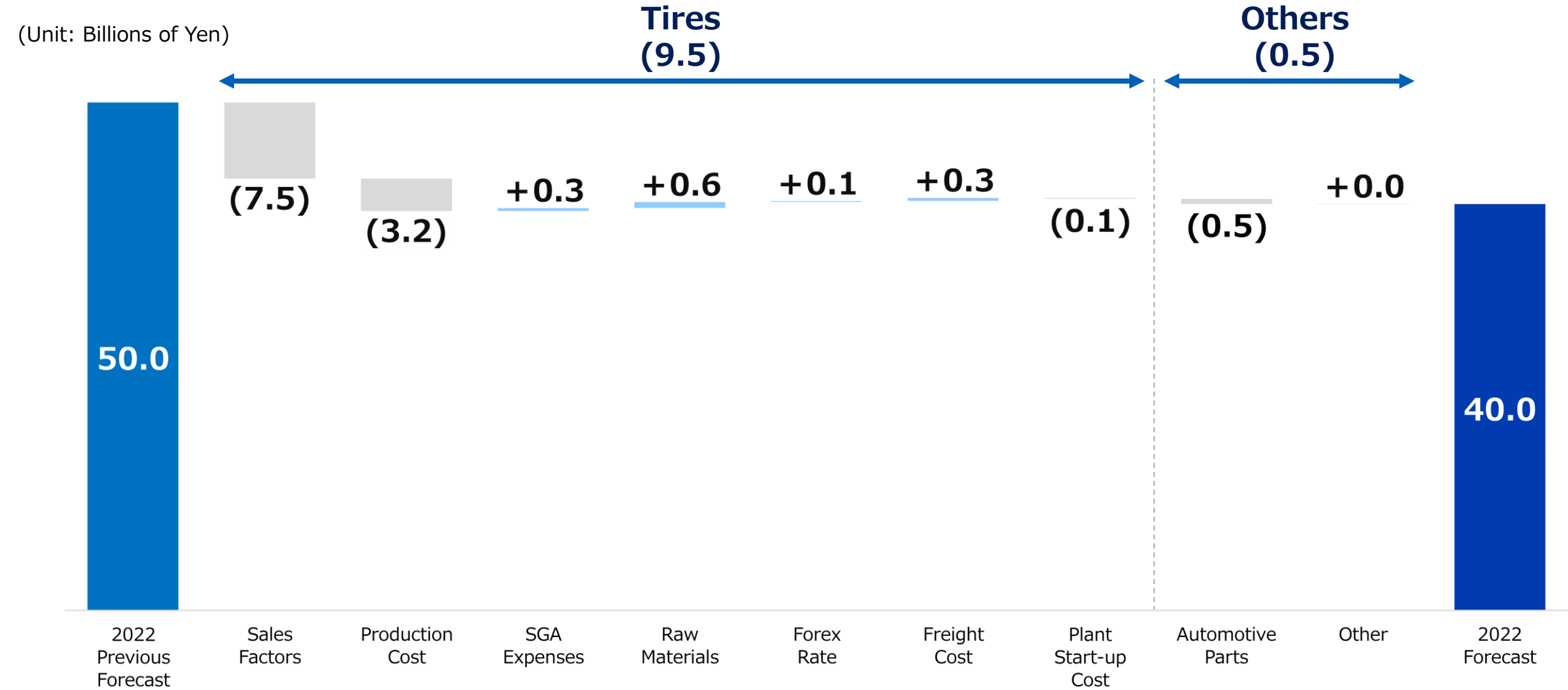
USD **0.7B Yen/Year**
 EUR **0.1B Yen/Year**

Analysis of Operating Income for FY2022 (Jan-Dec) (vs 2021)



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
1H	+26.6	(2.8)	(1.3)	(14.2)	+5.5	(13.3)	(1.1)	(0.4)	(0.0)	(1.0)
Jul-Sep	+6.3	(1.3)	(0.5)	(7.8)	+3.5	(5.7)	(1.2)	(0.4)	+0.0	(7.3)
Oct-Dec Forecast	+5.3	(0.9)	(0.8)	(8.0)	+5.5	(4.3)	(2.0)	+0.4	+0.0	(4.8)

Analysis of Operating Income for FY2022 (Jan-Dec) (vs Previous Forecast)



Business Segments for FY2022 (Jan-Dec)

(Unit: Millions of Yen)

Net Sales	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 Oct-Dec Forecast	Change (YoY)
Tires	457,000	354,641	+102,358	+28.9%	456,000	+1,000	136,885	+36,213
Automotive Parts	43,000	38,979	+4,020	+10.3%	44,000	(1,000)	12,750	+2,587
Other	0	79	(79)	—	0	±0	(105)	(121)
Adjustments	0	(51)	+51	—	0	±0	39	+51
Total	500,000	393,647	+106,352	+27.0%	500,000	±0	149,569	+38,729

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 Oct-Dec Forecast	Change (YoY)
Tires	42,500	55,089	(12,589)	(22.9%)	52,000	(9,500)	8,761	(5,166)
Margin	9.3%	15.5%	—	—	11.4%	—	6.4%	—
Automotive Parts	(2,500)	(2,008)	(491)	—	(2,000)	(500)	(153)	+358
Margin	(5.8%)	(5.2%)	—	—	(4.5%)	—	(1.2%)	—
Other	0	14	(14)	—	0	±0	(5)	(9)
Adjustments	0	(15)	+15	—	0	±0	5	+9
Total	40,000	53,080	(13,080)	(24.6%)	50,000	(10,000)	8,608	(4,808)

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for FY2022 (Jan-Dec)



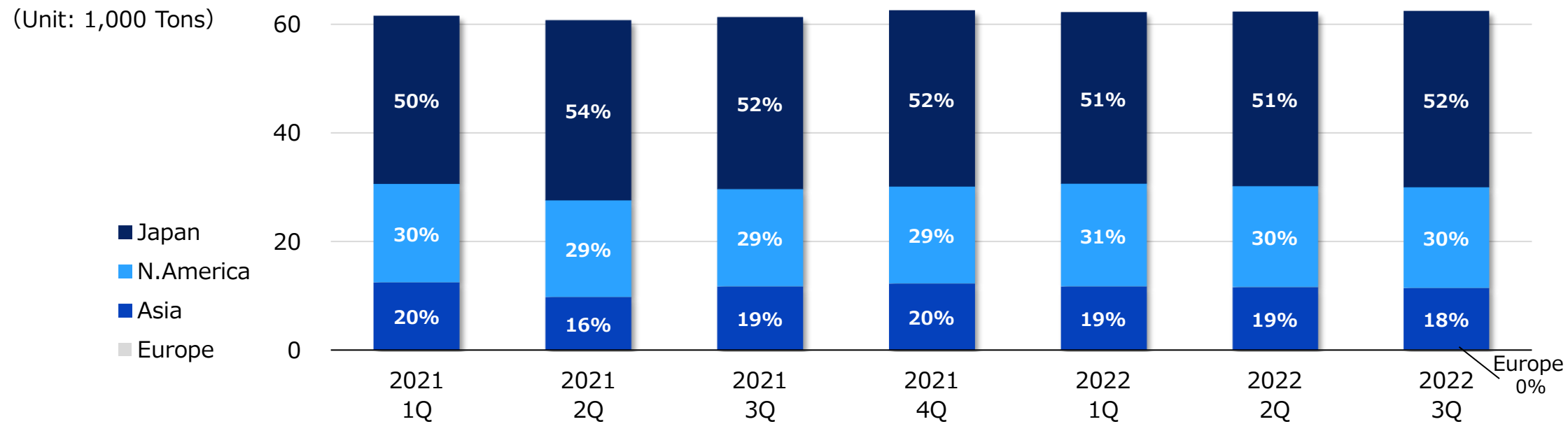
(Unit: Millions of Yen)

Net Sales	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 Oct-Dec Forecast	Change (YoY)
Japan	116,072	104,168	+11,904	+11.4%	115,800	+272	43,421	+9,329
N.America	316,003	229,318	+86,684	+37.8%	319,500	(3,496)	88,329	+27,857
Other	67,923	60,161	+7,762	+12.9%	64,700	+3,223	17,819	+1,542
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	500,000	393,647	+106,352	+27.0%	500,000	±0	149,569	+38,729

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

Operating Income	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 Oct-Dec Forecast	Change (YoY)
Japan	22,149	28,942	(6,793)	(23.5%)	27,400	(5,250)	7,563	+1,126
N.America	17,852	17,057	+794	+4.7%	19,700	(1,847)	4,724	+468
Other	3,211	4,920	(1,709)	(34.7%)	2,300	+911	(425)	(2,102)
Eliminations or Adjustments	(3,213)	2,159	(5,373)	—	600	(3,813)	(3,253)	(4,300)
Total	40,000	53,080	(13,080)	(24.6%)	50,000	(10,000)	8,608	(4,808)

Bar graph values show tire production volume composition ratio by region



	2021					
	1Q	2Q	3Q	Jan-Sep	4Q	Total
Japan	30.9	33.0	31.6	95.4	32.3	127.7
N.America	18.2	17.9	17.9	54.0	17.9	71.9
Asia	12.4	9.7	11.7	32.3	12.2	46.0
Europe	—	—	—	—	—	—
Total	61.5	60.6	61.2	183.3	62.4	245.7
YoY	107%	176%	108%	123%	98%	116%

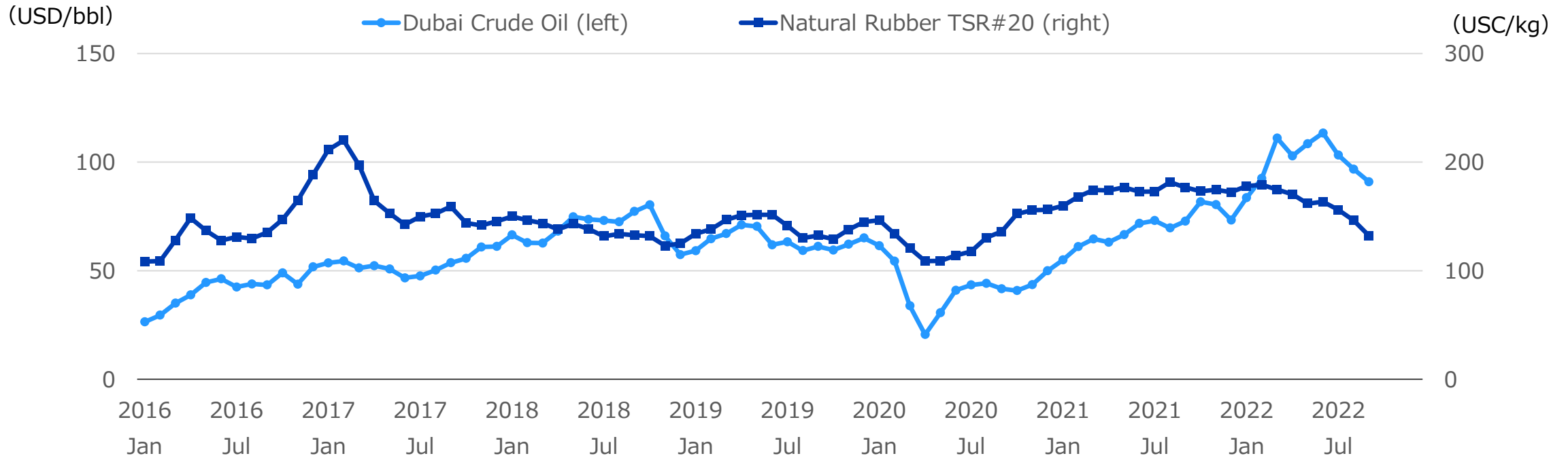
	2022						2022 Previous Forecast
	1Q	2Q	3Q	Jan-Sep	4Q Forecast	2022 Forecast	
Japan	31.5	32.0	32.3	95.8	33.2	129.1	129.8
N.America	19.0	18.6	18.6	56.2	17.2	73.4	78.1
Asia	11.7	11.6	11.3	34.5	11.4	46.0	46.2
Europe	—	—	0.1	0.1	1.0	1.1	2.7
Total	62.1	62.2	62.4	186.7	62.9	249.5	256.9
YoY	101%	103%	102%	102%	101%	102%	105%

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

(%)

	2021						2022				2022 Forecast		2022 Previous Forecast
	1Q	2Q	3Q	Jan-Sep	4Q	Total	1Q	2Q	3Q	Jan-Sep	4Q	Total	
OE Total	103	210	76	112	86	104	87	95	144	105	128	111	111
RE Japan	108	105	97	103	103	103	102	96	111	103	109	105	105
RE Overseas	101	133	87	104	102	103	95	97	105	99	92	97	99
N.America	125	133	93	114	104	111	107	108	104	106	101	105	110
Europe	74	163	76	91	123	97	81	70	94	81	71	79	76
SE Asia	76	92	46	68	66	68	78	108	139	104	65	94	88
Total	102	135	87	105	99	103	95	97	111	101	101	101	102

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)

	2021						2022				2022 Forecast	2022 Previous Forecast
	1Q	2Q	3Q	Jan-Sep	4Q	Total	1Q	2Q	3Q	Jan-Sep		
Natural Rubber	(0.6)	(1.2)	(1.6)	(3.4)	(1.3)	(4.7)	(0.1)	(0.2)	+0.4	+0.1	+0.7	(0.1)
Petroleum Products	+0.4	(1.9)	(4.3)	(5.8)	(5.2)	(11.0)	(3.9)	(4.4)	(5.0)	(13.3)	(19.0)	(19.8)
Other Raw Materials	+0.1	(0.7)	(1.0)	(1.6)	(1.7)	(3.3)	(3.0)	(2.6)	(3.2)	(8.8)	(11.6)	(10.7)
Total	(0.2)	(3.7)	(7.0)	(10.9)	(8.1)	(19.0)	(7.0)	(7.2)	(7.8)	(22.0)	(30.0)	(30.6)

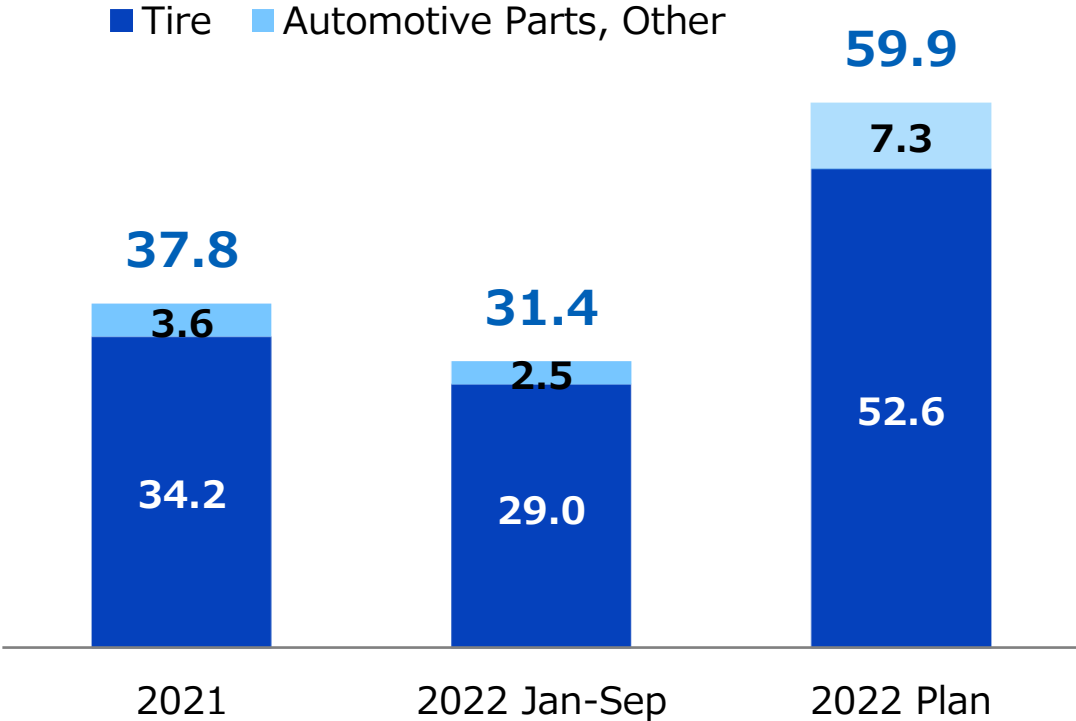
Change in Capital Expenditure

2022 Plan

Capital Expenditure : 59.9 Billion Yen

Execution rate as of the first quarter = **52.5%**
 (Tire : 55.1% Automotive Parts, Other : 33.9%)

(Unit: Billions of Yen)



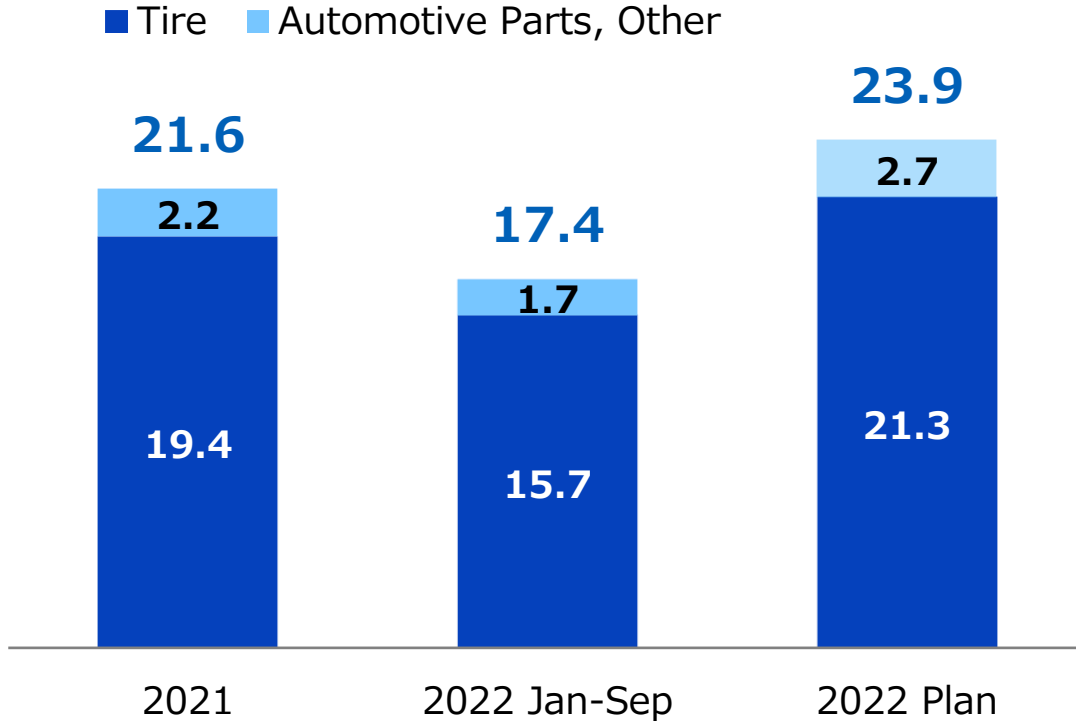
Change in Depreciation

2022 Plan

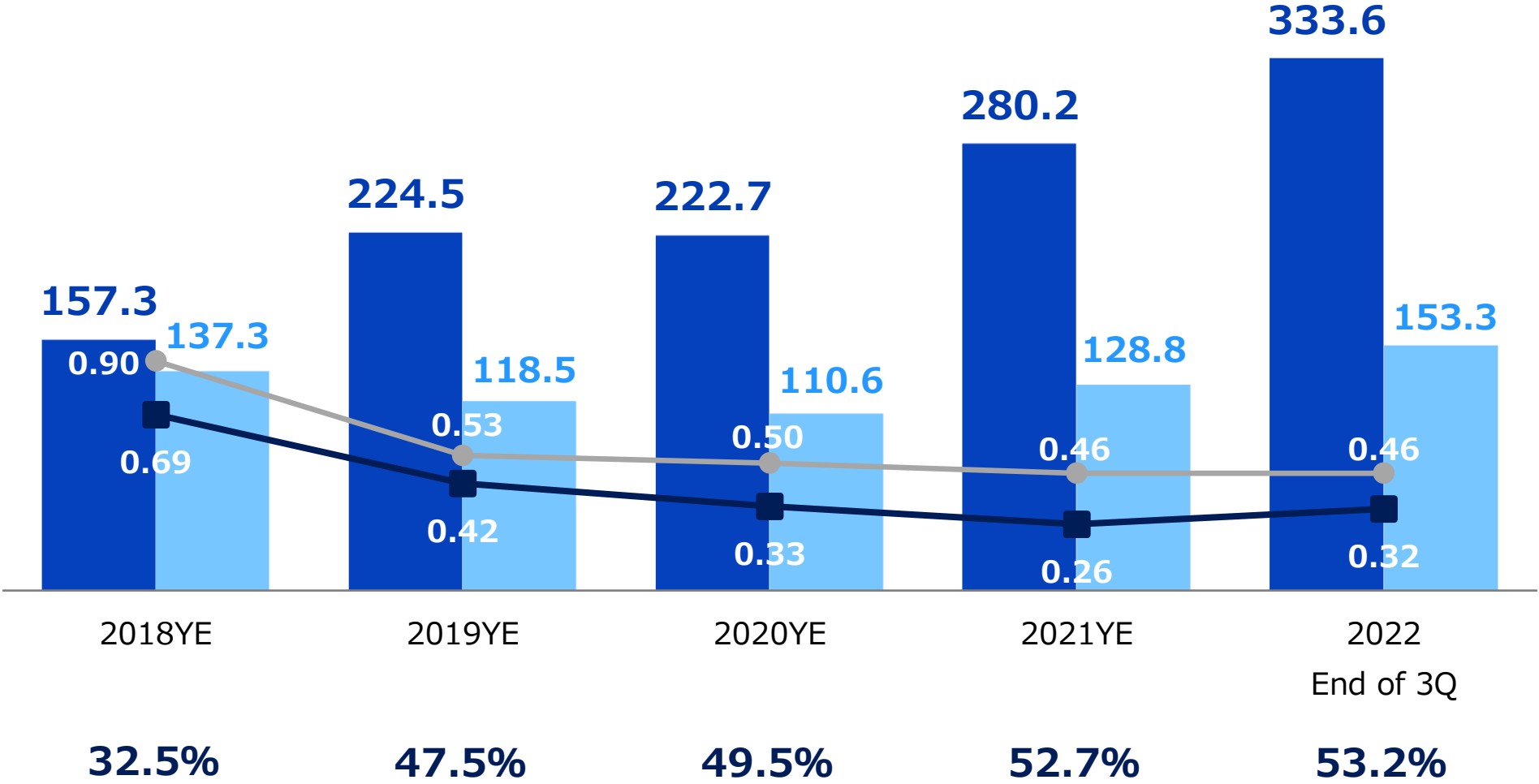
Depreciation : 23.9 Billion Yen

Execution rate as of the first quarter = **72.7%**
 (Tire : 73.6% Automotive Parts, Other : 64.1%)

(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)



- 1 . Financial Results for 3rd Quarter of FY2022
- 2 . Financial Forecast for FY2022

3 . Topics

① **New Serbian Plant Up and Running**

First shipment made on August 9 (local time)
 →To preferentially supply the U.S. until the end of this year to meet robust demand there

Building up production equipment to reach an annual capacity of 5M units of tires (3Q/FY2023)

- All of the main facilities to become installed and operational in Dec. 2022
- Opening ceremony scheduled for Dec. with customers and parties concerned attending



First truck leaving the plant



"Made in Serbia" tires



Preparation underway to start full production



Three products won the Good Design Award 2022



**GOOD DESIGN
AWARD 2022**



In recognition of our approach to developing products that fit with the times by accurately capturing changes in the usage environment and customer needs using our proprietary pattern design technology

OPEN COUNTRY A/T III **TRANSPATH mp7**

M937

- All-terrain tires for SUVs : **OPEN COUNTRY A/T III**
(Launched in July 2022)

- Tires exclusively for mini vans: **TRANSPATH mp7**
(Launched in January 2022)

- Studless tires exclusively for public transport buses: **M937**
(Launched in September 2022)

PROXES adopted for new Toyota Crown



Toyota Crown

PROXES Sport

Supplying tires produced at each production site to the market via a local sales company



(Unit: Millions of Yen)

	2022				2015	2016	2017	2018	2019	2020	2021
	1Q	2Q	3Q	Jan-Sep							
For 55 buildings	—	—	—	—	23,063	17,034	608	8,794	—	568	—
For 99 buildings	—	—	—	—	7,386	35,068	12,281	2,360	—	1,698	—
Charges	136	93	122	352	12,104	10,418	3,156	4,858	3,365	3,507	989
Compensation costs, etc.	—	—	—	—	4,119	4,260	2,590	1,516	645	1,406	94
Total	136	93	122	352	46,674	66,781	18,637	17,529	4,010	7,178	1,083

*55 buildings : disclosed on March 13, 2015, 99 buildings : disclosed on April 21, 2015

Breakdown of Calculation

2022 Jul-Sep	Seismic isolation product costs or renovation/construction costs for changes to the 55 buildings and 99 buildings : <u>No costs incurred</u> Compensation costs and charges (primarily, in payroll for the Seismic Isolation Rubber Task Force, etc.) : <u>Approx. 122 million yen</u>
From Oct 2022 onward	As at the present time it is difficult to reasonably estimate the amount, in the event that costs arise in the future, an additional reserve for product warranties may be posted depending upon the progress of measures.

TOYO TIRES

2022 SCORE BAJA 400

Over All Winner



OPEN COUNTRY M/T-R

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.