

TOYO TIRES

Financial Results for 2nd Quarter of FY2023

August 10, 2023

Toyo Tire Corporation

1. Financial Results for 2nd Quarter of FY2023

2. Financial Forecast for FY2023

3. Topics

- Net sales hit **the record high (for the Second Quarter) of 265.5 billion yen**, driven mainly by growing sales of light truck tires in North America.
- Buoyed by external factors such as ocean freight cost, forex and other factors, operating income **increased year-on-year to 26.7 billion yen**.
- Profit attributable to owners of parent came in at **29.1 billion yen**, which represents a year-on-year decrease primarily owing to a decrease in gain on sale of securities
- Given the current situation, full-year forecasts for operating income have been revised up from 50.0 billion yen to **60.0 billion yen**, and profit attributable to owners of parent, from 29.0 billion yen to **55.0 billion yen**.
- Dividend per share forecasts have been revised up from 35 yen to **58 yen** for **year-end payments**, and from 55 yen to **78 yen** for **annual payments**.

Financial Results for 2nd Quarter of FY2023 (Jan-Jun)



(Unit: Millions of Yen)	2023 1H Results	2022 1H Results	Change	Change (%)	2023 1H Forecast	Change	2023 Apr-Jun Results	Change (YoY)
Net Sales	265,457	223,667	+41,790	+18.7%	259,000	+6,457	136,296	+14,403
Operating Income	26,673	25,972	+701	+2.7%	18,000	+8,673	12,099	+2,299
Margin	10.0%	11.6%	–	–	6.9%	–	8.9%	–
Ordinary Income	38,761	38,509	+251	+0.7%	13,000	+25,761	22,959	+4,980
Margin	14.6%	17.2%	–	–	5.0%	–	16.8%	–
Profit Attributable to Owners of Parent*	29,122	31,030	(1,907)	(6.1%)	8,600	+20,522	18,239	+5,007

*Profit attributable to parent company shareholders

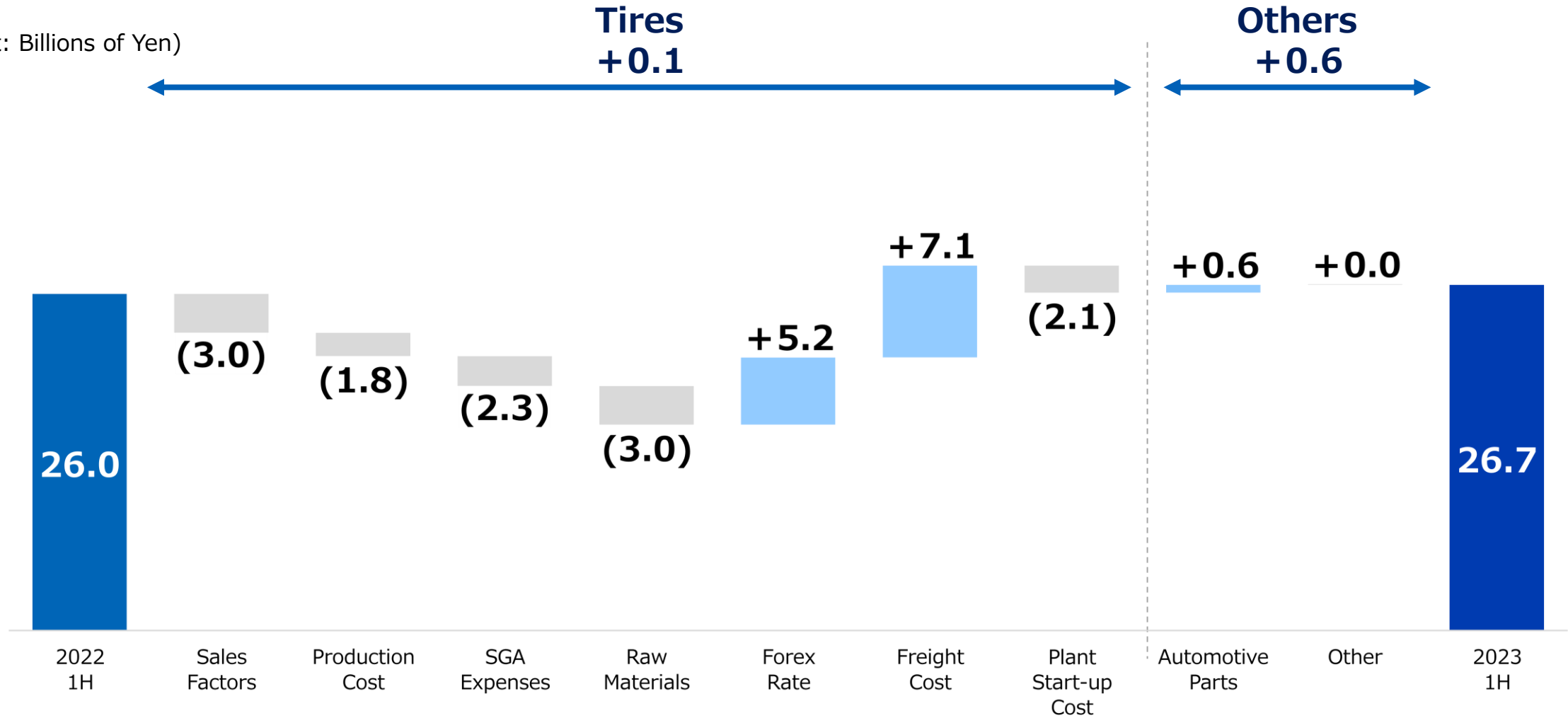
Interim Dividends per Share	20 Yen	30 Yen	(10 Yen)	–
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1 USD	135 Yen	122 Yen	+13 Yen
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1 EUR	144 Yen	132 Yen	+12 Yen
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Analysis of Operating Income for 2nd Quarter of FY2023 (Jan-Jun) (vs 2022)

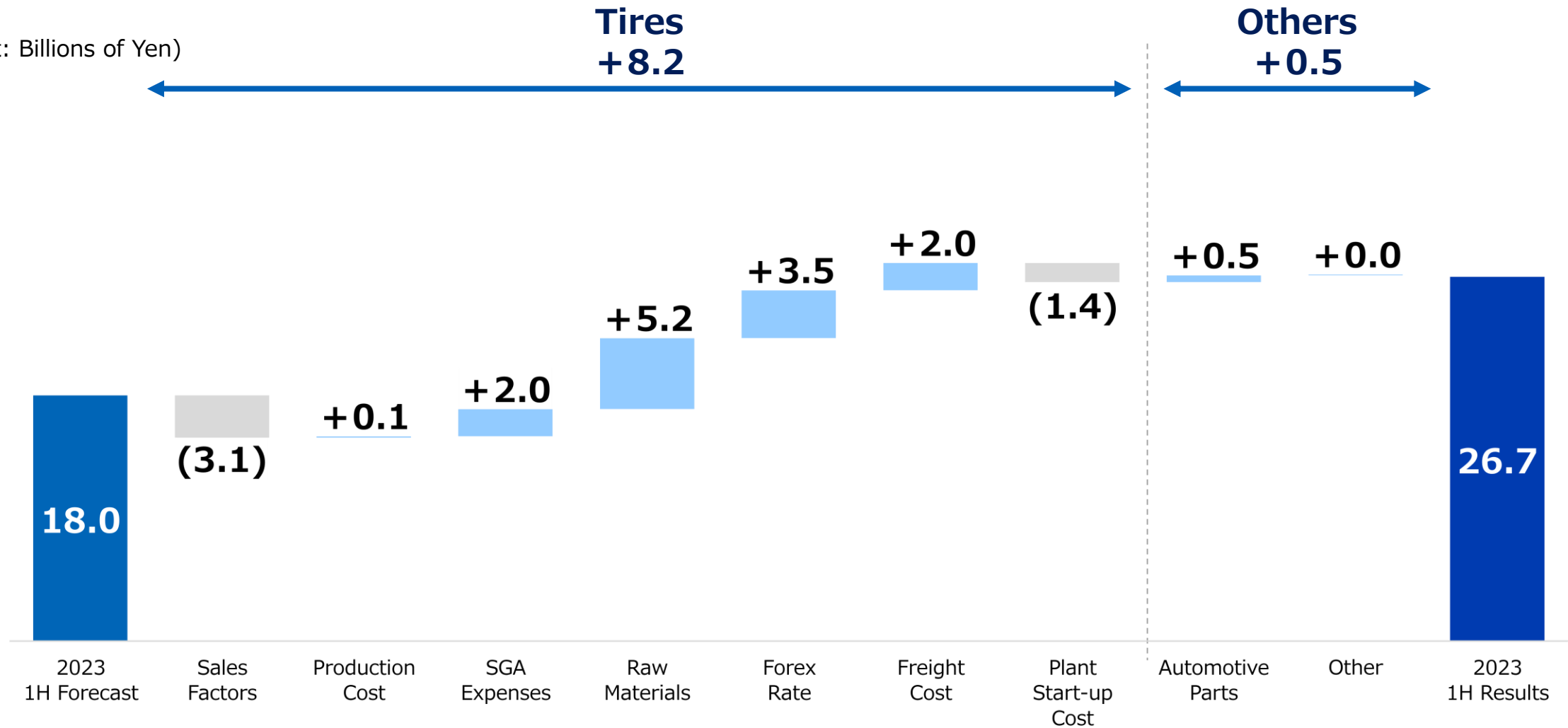
(Unit: Billions of Yen)



	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
Jan-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

Analysis of Operating Income for 2nd Quarter of FY2023 (Jan-Jun) (vs Previous Forecast)

(Unit: Billions of Yen)



Business Segments for 2nd Quarter of FY2023 (Jan-Jun)



(Unit: Millions of Yen)

Net Sales	2023 1H Results	2022 1H Results	Change	Change (%)	2023 1H Forecast	Change	2023 Apr-Jun Results	Change (YoY)
Tires	242,523	203,936	+38,586	+18.9%	237,000	+5,523	124,567	+12,232
Automotive Parts	22,925	19,721	+3,203	+16.2%	22,000	+925	11,724	+2,172
Other	18	31	(13)	(41.9%)	0	+18	9	(6)
Adjustments	(9)	(22)	+13	—	0	(9)	(4)	+7
Total	265,457	223,667	+41,790	+18.7%	259,000	+6,457	136,296	+14,403

*Net sales include intersegment internal net sales or transfers

Operating Income	2023 1H Results	2022 1H Results	Change	Change (%)	2023 1H Forecast	Change	2023 Apr-Jun Results	Change (YoY)
Tires	27,400	27,332	+67	+0.2%	19,200	+8,200	12,785	+2,124
Margin	11.3%	13.4%	—	—	8.1%	+3.2%	10.3%	+0.8%
Automotive Parts	(728)	(1,354)	+625	—	(1,200)	+472	(688)	+171
Margin	(3.2%)	(6.9%)	—	—	(5.5%)	+2.3%	(5.8%)	+3.1%
Other	1	(2)	+4	—	0	+1	2	+2
Adjustments	0	(3)	+3	—	0	—	0	+1
Total	26,673	25,972	+701	+2.7%	18,000	+8,673	12,099	+2,299

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for 2nd Quarter of FY2023 (Jan-Jun)



(Unit: Millions of Yen)

Net Sales	2023 1H Results	2022 1H Results	Change	Change (%)	2023 1H Forecast	Change	2023 Apr-Jun Results	Change (YoY)
Japan	55,744	45,617	+10,127	+22.2%	53,200	+2,544	27,375	+4,915
N.America	174,316	147,117	+27,199	+18.5%	171,300	+3,016	92,385	+8,313
Other	35,396	30,932	+4,464	+14.4%	34,500	+896	16,535	+1,175
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	265,457	223,667	+41,790	+18.7%	259,000	+6,457	136,296	+14,403

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

Operating Income	2023 1H Results	2022 1H Results	Change	Change (%)	2023 1H Forecast	Change	2023 Apr-Jun Results	Change (YoY)
Japan	22,909	13,175	+9,734	+73.9%	12,800	+10,109	14,258	+8,028
N.America	9,968	10,426	(457)	(4.4%)	7,500	+2,468	5,101	+14
Other	2,033	2,567	(534)	(20.8%)	2,400	(367)	704	(163)
Eliminations or Adjustments	(8,237)	(196)	(8,040)	—	(4,700)	(3,537)	(7,964)	(5,579)
Total	26,673	25,972	+701	+2.7%	18,000	+8,673	12,099	+2,299

1 . Financial Results for 2nd Quarter of FY2023

2. Financial Forecast for FY2023

3. Topics

Financial Forecast for FY2023 (Jan-Dec)



(Unit: Millions of Yen)	2023 Forecast	2022 Results	Change	Change (%)	2023 Previous Forecast	Change	2023 2H Forecast	Change (YoY)
Net Sales	560,000	497,213	+62,786	+12.6%	540,000	+20,000	294,542	+20,995
Operating Income	60,000	44,046	+15,953	+36.2%	50,000	+10,000	33,326	+15,252
Margin	10.7%	8.9%	—	—	9.3%	—	11.3%	—
Ordinary Income	61,000	51,035	+9,964	+19.5%	43,000	+18,000	22,238	+9,712
Profit Attributable to Owners of Parent*	55,000	47,956	+7,043	+14.7%	29,000	+26,000	25,877	+8,950

*Profit attributable to parent company shareholders

Annual Dividends per Share	78 Yen	80 Yen	(2 Yen)	—	55 Yen
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1 USD	133 Yen	131 Yen	+2 Yen
1 EUR	144 Yen	137 Yen	+7 Yen

Mid-Term '21 Plan Key Performance Indicators

Consolidated OP margin

Over **14%**

Dividend policy (Dividend payout ratio)

30% or higher

Forex Rate Sensitivity 2023

USD	0.7 Billion Yen/Year
EUR	0.1 Billion Yen/Year

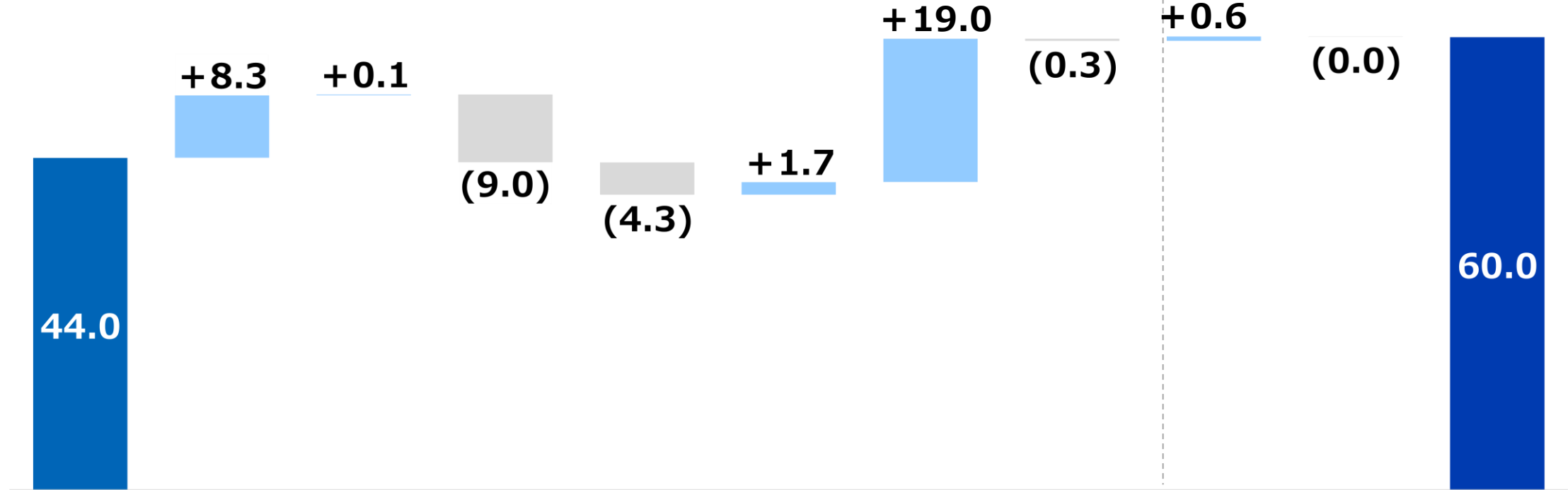
Impact of 1 yen fluctuation on operating income

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

(Unit: Billions of Yen)

**Tires
+15.4**

**Others
+0.6**



2022 Results

Sales Factors

Production Cost

SGA Expenses

Raw Materials

Forex Rate

Freight Cost

Plant Start-up Cost

Automotive Parts

Other

2023 Forecast

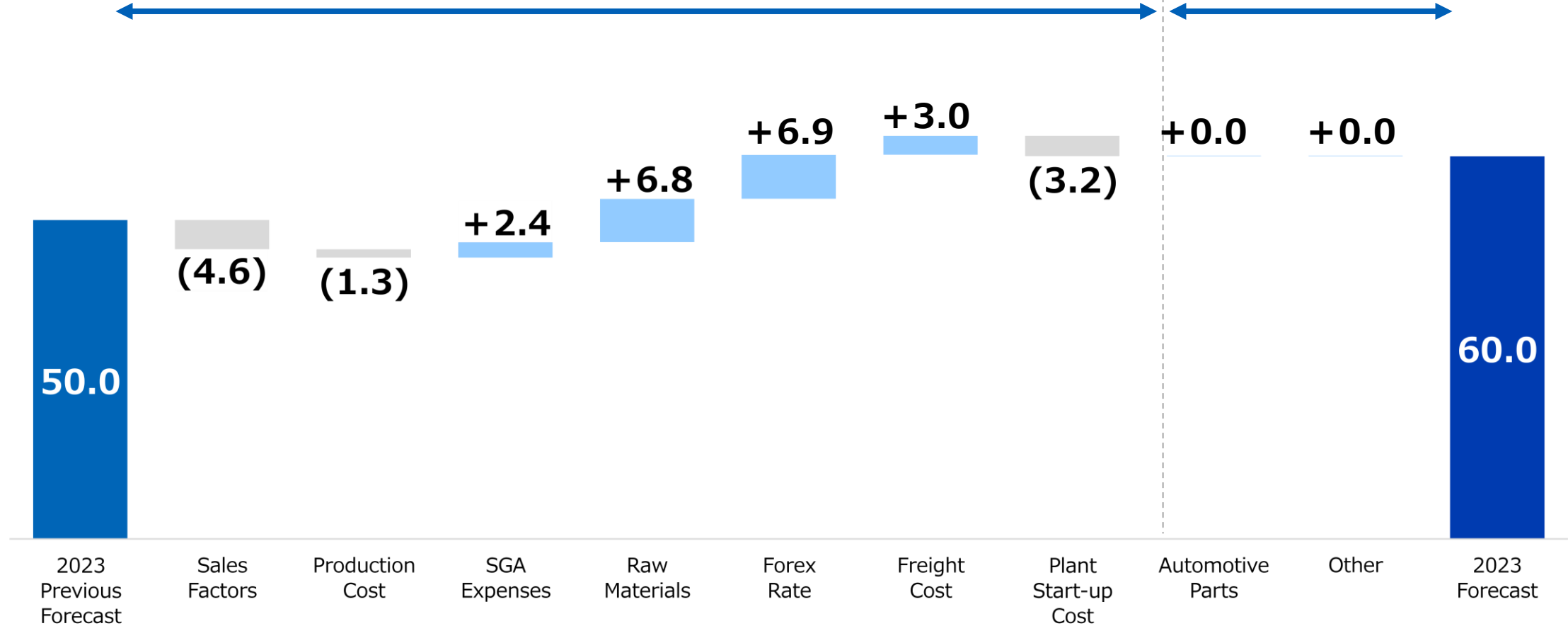
	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	Total
Jan-Jun Results	(3.0)	(1.8)	(2.3)	(3.0)	+5.2	+7.1	(2.1)	+0.6	+0.0	+0.7
Jul-Dec Forecast	+11.2	+1.9	(6.7)	(1.3)	(3.5)	+11.9	+1.8	(0.0)	(0.0)	+15.3

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

(Unit: Billions of Yen)

**Tires
+10.0**

**Others
+0.0**



2023 2H Previous Forecast	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	2023 2H Forecast
32.0	(1.5)	(1.3)	+0.5	+1.5	+3.4	+1.0	(1.8)	(0.5)	+0.0	33.3

Business Segments for FY2023 (Jan-Dec)

(Unit: Millions of Yen)

Net Sales	2023 Forecast	2022 Results	Change	Change (%)	2023 Previous Forecast	Change	2023 2H Forecast	Change (YoY)
Tires	514,000	455,796	+58,203	+12.8%	497,000	+17,000	271,476	+19,616
Automotive Parts	46,000	41,346	+4,653	+11.3%	43,000	+3,000	23,074	+1,449
Other	0	116	(116)	—	0	±0	(9)	(94)
Adjustments	0	(45)	+45	—	0	±0	0	+23
Total	560,000	497,213	+62,786	+12.6%	540,000	+20,000	294,542	+20,995

*Net sales include intersegment internal net sales or transfers

Operating Income	2023 Forecast	2022 Results	Change	Change (%)	2023 Previous Forecast	Change	2023 2H Forecast	Change (YoY)
Tires	62,000	46,636	+ 15,363	+ 32.9%	52,000	+ 10,000	34,599	+ 15,296
Margin	12.1%	10.2%	—	—	10.5%	—	12.7%	—
Automotive Parts	(2,000)	(2,591)	+ 591	—	(2,000)	±0	(1,271)	(34)
Margin	(4.3%)	(6.3%)	—	—	(4.7%)	—	(5.5%)	—
Other	0	7	(7)	—	0	±0	(1)	(11)
Adjustments	0	(6)	+6	—	0	±0	0	+2
Total	60,000	44,046	+ 15,953	+ 36.2%	50,000	+ 10,000	33,326	+ 15,252

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for FY2023 (Jan-Dec)



(Unit: Millions of Yen)

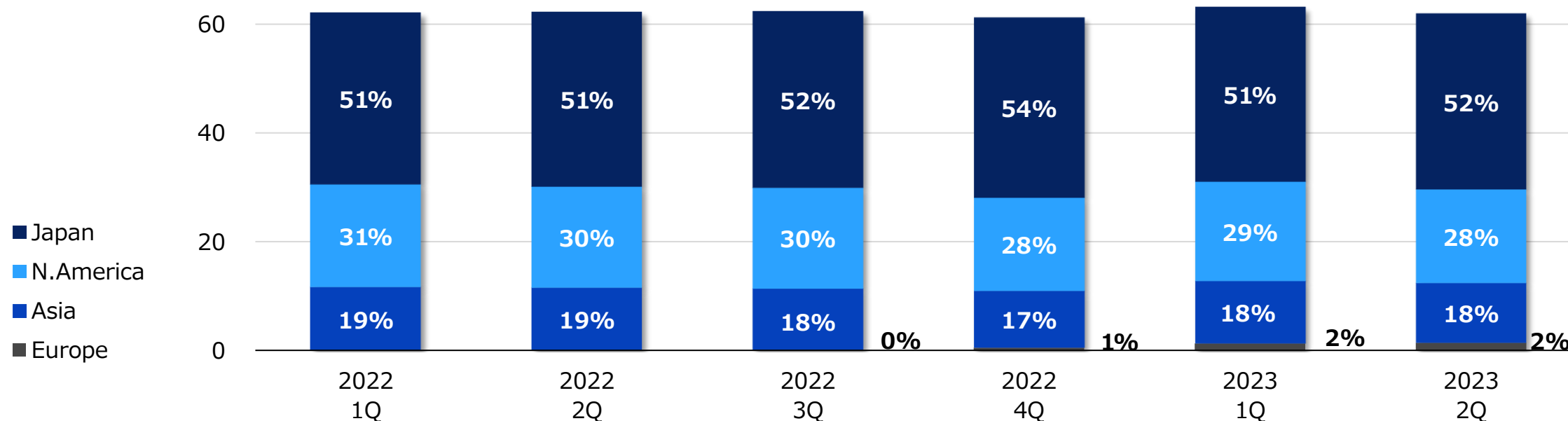
Net Sales	2023 Forecast	2022 Results	Change	Change (%)	2023 Previous Forecast	Change	2023 2H Forecast	Change (YoY)
Japan	122,400	109,892	+12,507	+11.4%	118,800	+3,600	66,655	+2,380
N.America	364,100	320,230	+43,869	+13.7%	349,100	+15,000	189,783	+16,670
Other	73,500	67,090	+6,409	+9.6%	72,100	+1,400	38,103	+1,945
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	560,000	497,213	+62,786	+12.6%	540,000	+20,000	294,542	+20,995

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

Operating Income	2023 Forecast	2022 Results	Change	Change (%)	2023 Previous Forecast	Change	2023 2H Forecast	Change (YoY)
Japan	47,100	23,273	+23,826	+102.4%	32,900	+14,200	24,190	+14,092
N.America	18,900	19,760	(860)	(4.4%)	16,500	+2,400	8,931	(402)
Other	3,500	2,729	+770	+28.2%	5,600	(2,100)	1,466	+1,304
Eliminations or Adjustments	(9,500)	(1,717)	(7,782)	—	(5,000)	(4,500)	(1,262)	+258
Total	60,000	44,046	+15,953	+36.2%	50,000	+10,000	33,326	+15,252

Bar graph values show tire production volume composition ratio by region

(Unit: 1,000 Tons)



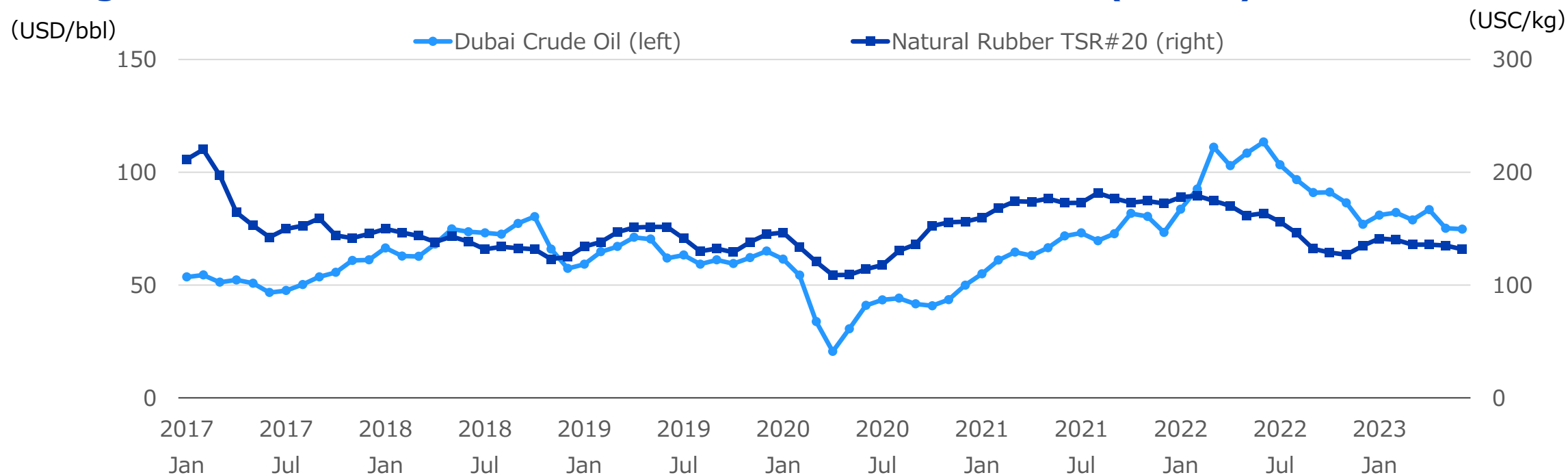
	2022				
	1Q	2Q	3Q	4Q	Total
Japan	31.5	32.0	32.3	33.0	128.8
N.America	19.0	18.6	18.6	17.2	73.4
Asia	11.7	11.6	11.3	10.5	45.0
Europe	—	—	0.1	0.5	0.6
Total	62.1	62.2	62.4	61.2	247.8
YoY	101%	103%	102%	98%	101%

	2023			2023 1H Forecast	2023 Forecast	2023 Previous Forecast
	1Q	2Q	1H			
Japan	32.0	32.2	64.3	65.4	129.7	131.0
N.America	18.3	17.3	35.6	36.6	73.3	76.1
Asia	11.5	11.0	22.5	22.7	45.4	45.6
Europe	1.3	1.4	2.7	3.5	9.3	10.2
Total	63.1	62.0	125.1	128.2	257.7	263.0
	102%	100%	101%	103%	104%	106%

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

	(%)	2022				Total	2023			2023 Forecast	2023 Previous Forecast
		1Q	2Q	3Q	4Q		1Q	2Q	1H		
OE Total		87	95	144	108	106	120	122	121	120	125
RE Japan		102	96	111	106	104	104	102	103	96	98
RE Overseas		95	97	105	100	99	107	100	103	105	108
N.America		107	108	104	114	108	110	104	106	110	113
Europe		81	70	94	76	80	103	96	100	95	96
SE Asia		78	108	139	79	98	106	86	95	98	103
Total		95	97	111	103	101	108	103	106	106	109

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			2023 Forecast	2023 Previous Forecast
	1Q	2Q	3Q	4Q	Total	1Q	2Q	1H		
Natural Rubber	(0.1)	(0.2)	+0.4	+0.7	+0.9	+0.9	+2.0	+2.9	+3.0	+4.2
Petroleum Products	(3.9)	(4.4)	(5.0)	(5.2)	(18.5)	(3.0)	(2.2)	(5.2)	(5.2)	(12.2)
Other Raw Materials	(3.0)	(2.6)	(3.2)	(1.5)	(10.3)	(0.7)	+0.0	(0.7)	(2.1)	(3.0)
Total	(7.0)	(7.2)	(7.8)	(5.9)	(27.9)	(2.8)	(0.2)	(3.0)	(4.3)	(11.1)

Change in Capital Expenditure

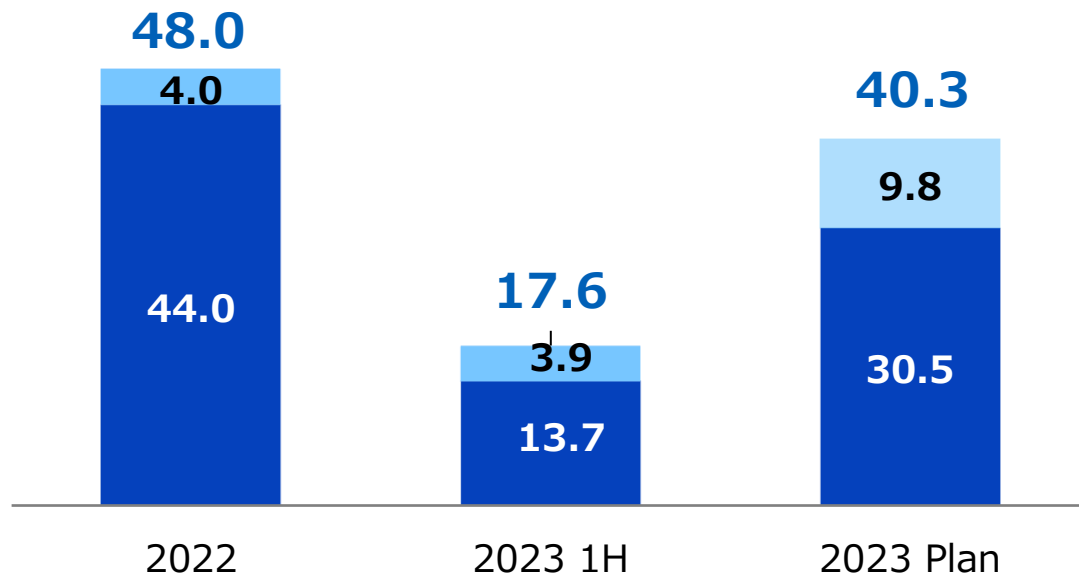
2023 Plan

Capital Expenditure : 40.3 Billion Yen

Execution rate as of the second quarter = 43.6%

(Unit: Billions of Yen)

■ Tire ■ Automotive Parts, Other



Change in Depreciation

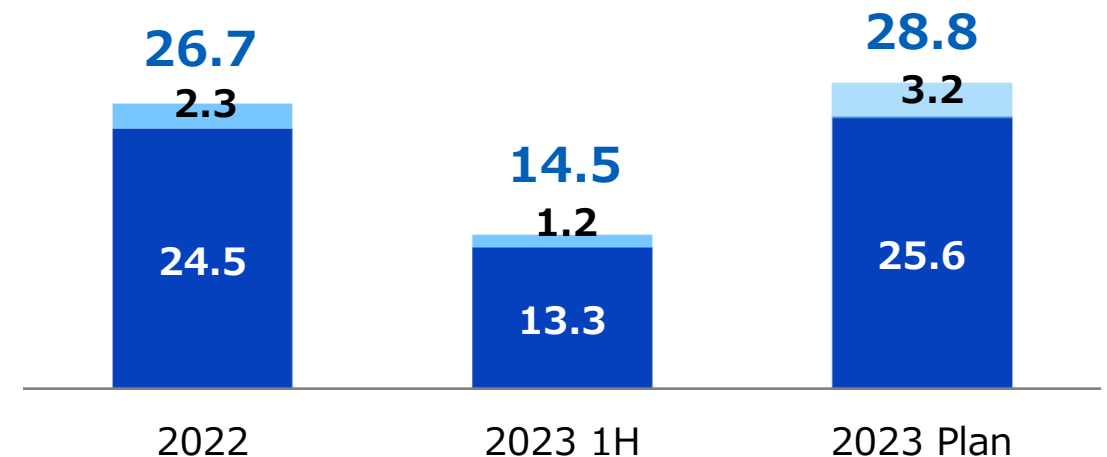
2023 Plan

Depreciation : 28.8 Billion Yen

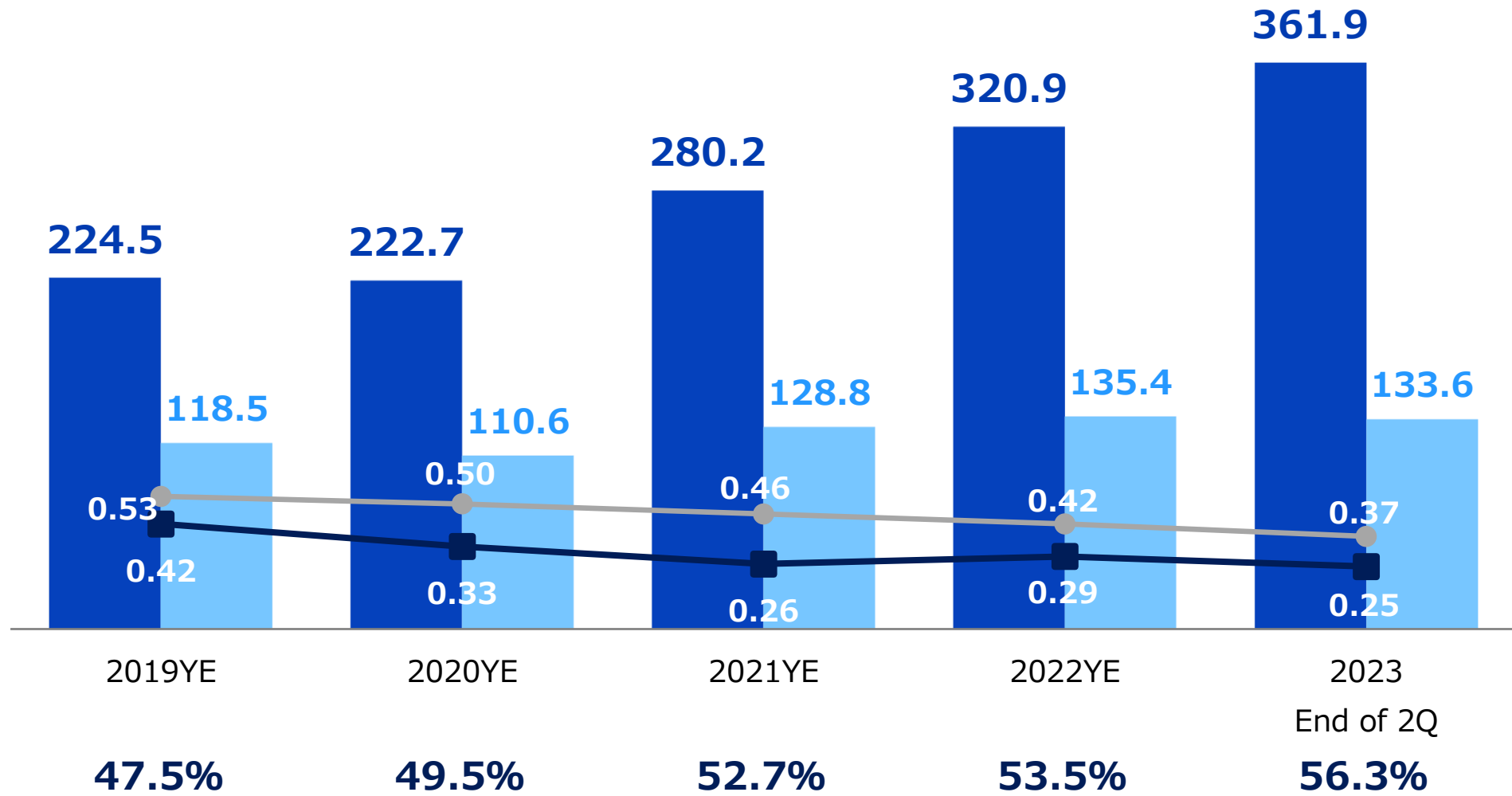
Execution rate as of the second quarter = 50.2%

(Unit: Billions of Yen)

■ Tire ■ Automotive Parts, Other



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

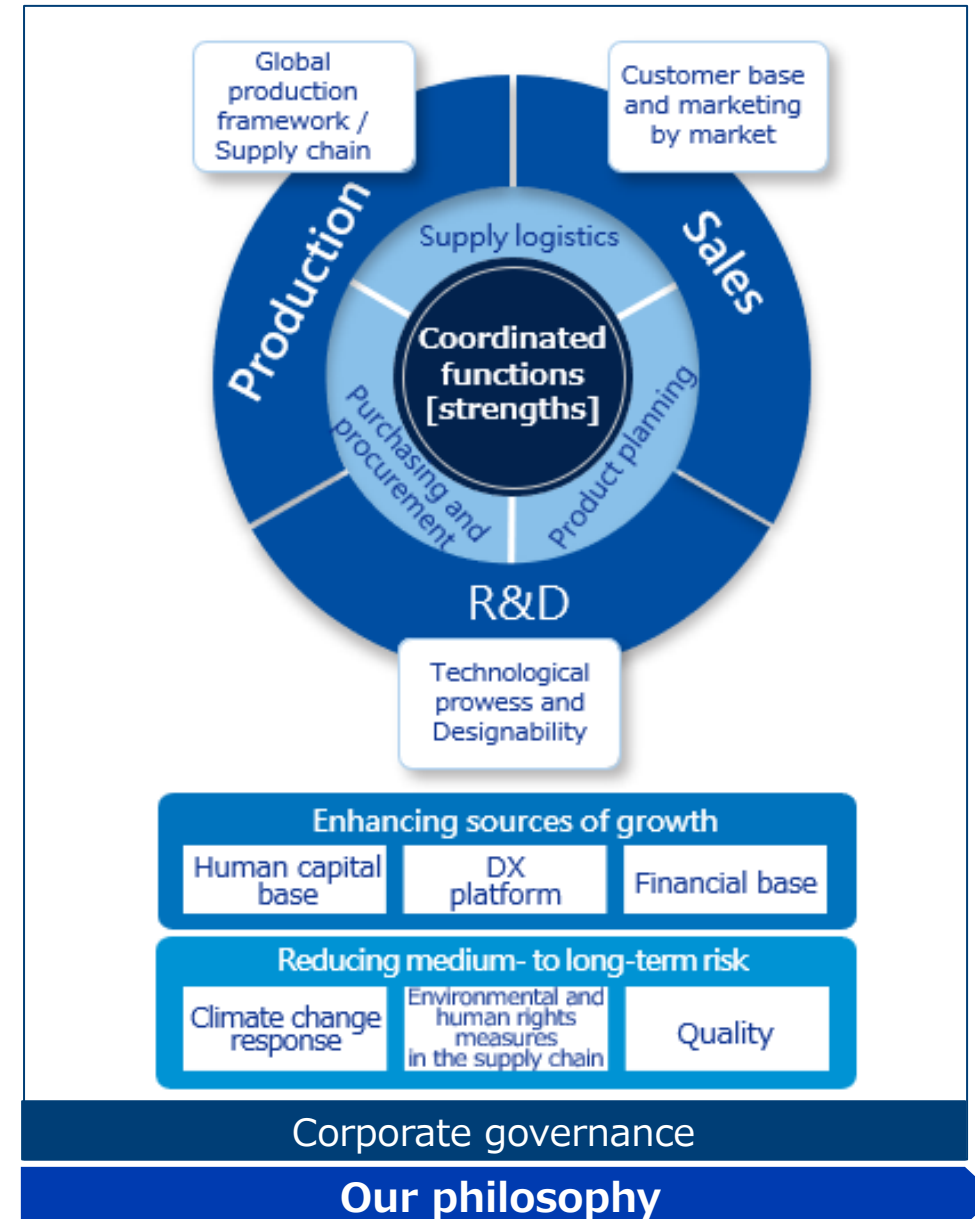


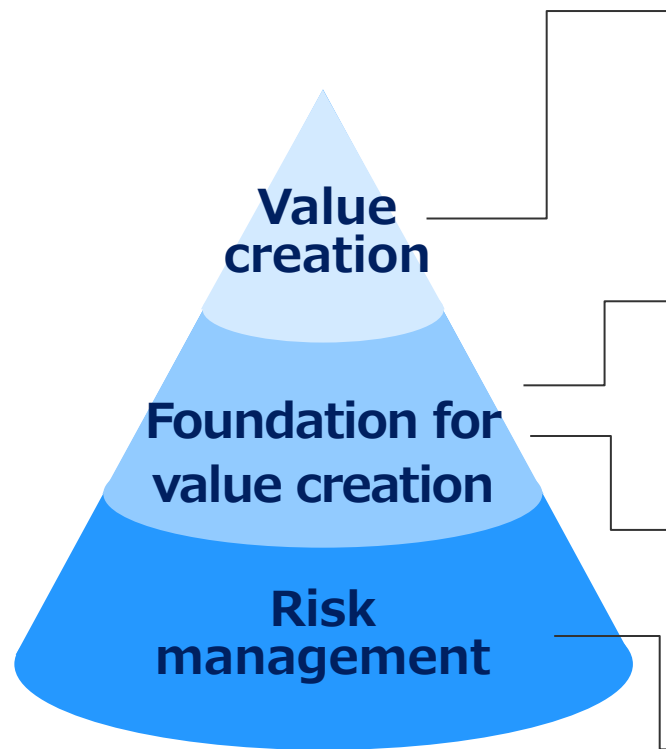
1. Financial Results for 2nd Quarter of FY2023
2. Financial Forecast for FY2023

3. Topics

- * Systematized and verbalized the value that our company creates in society through its business activities
- * Deepen communication with stakeholders to further improve the quality of management

Key contents	
Introduction	Our philosophy, growth trajectory, and corporate profile
Top Message	Message from Representative Director, President & CEO, including his thoughts on publication, how he is steering "Mid-Term '21 Plan," how he will go about creating value, etc.
Vision	External environment, risks & opportunities, materiality, value creation process, and our strengths
Strategy	Financial strategy, "Mid-Term '21 Plan" progress, DX policy, business overview, and financial/non-financial highlights
Materiality	Medium- to long-term value creation, foundation for value creation, risk management for protecting value created, and messages from Vice Presidents of R&D/Production/Sales H.Q.
Governance	Corporate governance system, progress of compliance, messages from the Chairperson and the Outside Directors
Data	Financial statements, investor information, and corporate data





Safe mobility

- ▶ Developed tires for trucks/buses in response to the growing demand for longer service life and better braking performance on icy surfaces, promotion of work style reform in transportation/shipping industries and minimization of frequency of tire changes/rotations



M939

- Enhanced braking performance on ice-covered conditions
- Reduced uneven wear
- * Launch: Aug. '23

Motivating challenges and job satisfaction for diverse talent

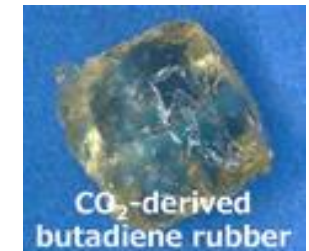
- ▶ As part of diversity awareness raising campaign, organized panel discussions on "empowerment of women." Every manager and above attended this training session either live or on demand.



Panel discussions

Expedited development of sustainable materials

- ▶ Succeeded in synthesizing butadiene rubber from carbon dioxide for the manufacture of tires using sustainable materials. (joint research with the University of Toyama)



Decarbonization of production bases

- ▶ Kuwana Plant (Japan) converted 100% of its purchased electricity into energy from renewable sources.
- * Sendai Plant (Japan) completed the conversion in 2022.

Third-party evaluation

Selected for inclusion in ESG investment indexes

Four years running

Two years running

Strengthen foundations

Automotive Parts Review business systems in North America to improve profitability

A subsidiary producing automotive parts:
dissolution decided

Toyo Automotive Parts (USA), Inc.

- Profit improvement not visible
- Production to discontinue on October 31, 2023

Extraordinary loss of
JPY3.8B
posted



Now

Sales company in North America



Toyo Tire North America OE Sales LLC

- Pursue production at right places, etc. to continue sales in North America
Source parts from other production sites
- Focus on development of new products for EVs, etc.
- Continue taking orders in a disciplined manner

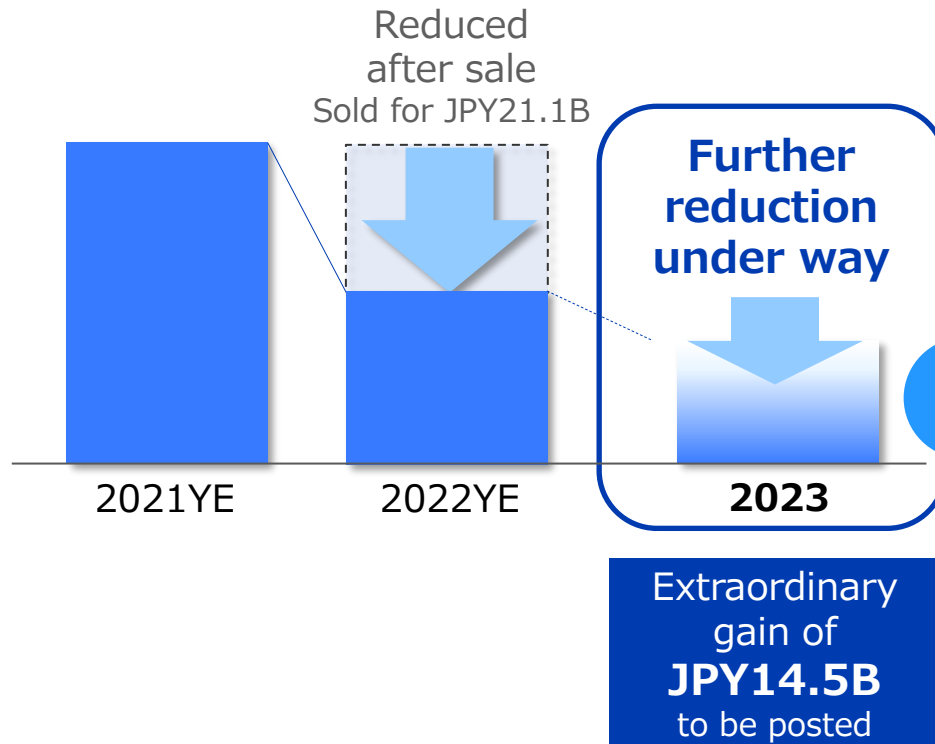


Mid-Term '21 Plan : Automotive parts business to climb into black by 2025
→ **Accelerate improvement of profitability of the business for early achievement of the target**

Growth

Capital policy

Expedite sale of investment securities to further increase capital efficiency



- Expedite sale of investment securities without exception
- Aim at increasing capital efficiency

To be allocated to growth investments

- | | |
|--------------------------------|--|
| Capex | <ul style="list-style-type: none"> ❑ Ramp up capacity for large-diameter tires in the U.S. ❑ Promote renovation of existing production sites |
| New product development | <ul style="list-style-type: none"> ❑ Develop tires for EVs ❑ Put greater focus on solution business |

Aspire to enhance corporate value from the medium-to long-term perspective

OPEN COUNTRY A/T III (Launched in Sep. 2023) **M939** (Launched in Aug. 2023)

Debut of white letter version of full-fledged all-terrain (A/T) tires for SUVs



- Broader line-up in response to diversifying user demand amid the expansion of the SUV market
- Due to high popular demand, the “white letter” tire will be added to the A/T (All Terrain) type.

Launch of studless tires for trucks/buses with enhanced braking performance and durability



- Offers superior braking performance in icy conditions and wear resistance
- Enhanced maintainability to minimize frequency of tire change/rotation

CELSIUS (Launched in Aug. 2023)

Launch of all-season tires “CELSIUS” exclusively for taxis



- To allow for the distinctive usage conditions of taxis, uses compounds with added wear-resistant polymer and carbon for enhanced wear resistance
- The asymmetrically-designed tread pattern is fit for wet/dry roads and snowy conditions, supporting safer, secure operation of taxis

“PROXES” for Toyota ALPHARD new model

- Leverages the PROXES series’ proven technology to achieve superior quietness and ride comfort



Toyota ALPHARD



PROXES Comfort

OPEN COUNTRY A/T III

Won Auto-Supplies Grand Prix 2023 Tire Category, Nikkan Jidosha Shimbun (Daily Automotive News)



OPEN COUNTRY A/T III

OPEN COUNTRY R/T

Won Minkara PARTS OF THE YEAR 2023 First-half Grand Prix



OPEN COUNTRY R/T

PROXES Sport 2

Won the Red Dot Award 2023, a prestigious global design award



reddot winner 2023



PROXES Sport 2

TOYO TIRES

2023 SCORE BAJA 500

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.