

Summary Report of Consolidated Business Performance
for the First Quarter of Fiscal Year 2021
(January 1, 2021 – December 31, 2021)

HYOGO, JAPAN – May 14, 2021 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the first quarter of fiscal year 2021 (January 1, 2021 through December 31, 2021) as follows:

Quantitative information concerning the quarterly financial results

(1) Business Results

●Net Sales:	87,744 million yen (an increase of 5,650 million yen, or 6.9% from the same period in FY2020)
●Operating Income:	12,702 million yen (an increase of 5,766 million yen, or 83.1% from the same period in FY2020)
●Ordinary Income:	16,007 million yen (an increase of 12,270 million yen, or 328.3% from the same period in FY2020)
●Profit Attributable to Owners of Parent:	12,153 million yen (an increase of 10,011 million yen, or 467.6% from the same period in FY2020)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 77,741 million yen (an increase of 5,444 million yen, or 7.5% from the same period in FY2020) and an operating income of 13,191 million yen (an increase of 5,791 million yen, or 78.3% from the same period in FY2020).

The Automotive Parts Business Unit posted net sales of 9,992 million yen (an increase of 210 million yen, or 2.1% from the same period in FY2020) and an operating loss of 479 million yen (a decrease of 4 million yen from the same period in FY2020).

(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 first quarter of FY2021, the Company posted an extraordinary loss of 299 million yen as product compensation response—measure expenses (primarily in payroll for the Seismic Isolation Rubber Task Force, etc.).

Depending on how this is handled in the following quarter and beyond, if future costs arise (mainly business compensation and repairs for damages such as delayed damages, expenses, etc. when repair work expenses are found to additionally exceed the reserve provisions), additional provision of reserves for product warranties may be posted. At the

present time, however, it is difficult to make a reasonable estimation of the corresponding amount.

(4) Explanation of financial situation

Total assets at the end of the first quarter of the consolidated accounting period were 461,364 million yen, an increase of 15,785 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 219,017 million yen, a decrease of 3,867 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 111,447 million yen, an increase of 868 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the first quarter of the consolidated accounting period were 242,346 million yen, an increase of 19,652 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 2.5 points compared to the end of the previous consolidated accounting period to 52.1%.

Revisions to the consolidated results forecasts for the first half of the fiscal year ending December 31, 2021 (January 1, 2021 to June 30, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent
Previous forecasts (A) (announced on February 15, 2021)	175,500	17,500	16,700	10,100
Revised forecasts (B)	175,500	17,500	20,400	12,600
Change (B-A)	—	—	3,700	2,500
Percentage of change	—	—	22.2%	24.8%

Revisions to the full-year consolidated results forecasts for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent
Previous forecasts (A) (announced on February 15, 2021)	372,000	44,000	42,700	26,400
Revised forecasts (B)	372,000	44,000	46,400	28,900
Change (B-A)	—	—	3,700	2,500
Percentage of change	—	—	8.7%	9.5%

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2020	End of current fiscal year March 31, 2021
Assets		
Current Assets		
Cash and deposits	37,650	36,195
Notes and accounts receivable – trade	72,598	69,694
Merchandise and finished goods	40,061	46,431
Work in process	3,030	3,395
Raw materials and supplies	12,690	14,871
Other	15,050	13,542
Allowance for doubtful accounts	(343)	(361)
Total current assets	180,739	183,769
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	62,309	65,216
Machinery, equipment and vehicles, net	92,574	100,855
Other, net	45,823	40,372
Total property, plant and equipment	200,707	206,444
Intangible Assets		
Other	4,851	5,155
Total intangible assets	4,851	5,155
Investments and other assets		
Investment securities	39,986	44,699
Other	19,398	21,398
Allowance for doubtful accounts	(104)	(103)
Total investments and other assets	59,280	65,994
Total fixed assets	264,839	277,594
Total assets	445,579	461,364

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2020	End of current fiscal year March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	29,666	25,559
Commercial papers	6,000	5,000
Short-term loans payable	16,200	15,422
Accounts payable – other	21,580	17,504
Income taxes payable	1,766	4,878
Provision for product compensation	9,192	7,256
Other	24,236	25,630
Total current liabilities	108,643	101,251
Non-current liabilities		
Bonds payable	—	10,000
Long-term loans payable	86,010	78,536
Net defined benefit liability	5,437	5,650
Provision for product compensation	9,126	9,233
Other provision	100	100
Other	13,567	14,245
Total non-current liabilities	114,242	117,766
Total liabilities	222,885	219,017
Net assets		
Shareholders' equity		
Common stock	55,935	55,935
Capital surplus	54,504	54,504
Retained earnings	90,866	99,170
Treasury stock	(146)	(147)
Total shareholders' equity	201,159	209,463
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,086	22,466
Deferred gains or losses on hedges	3	(98)
Foreign currency translation adjustments	(2,609)	5,309
Remeasurements of defined benefit plans	3,136	3,104
Total accumulated other comprehensive income	19,616	30,782
Non-controlling interests	1,918	2,101
Total net assets	222,694	242,346
Total liabilities and net assets	445,579	461,364

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2020 (From January 1, 2020 to March 31, 2020)	FY2021 (From January 1, 2021 to March 31, 2021)
Net sales	82,094	87,744
Cost of sales	52,860	52,224
Gross profit	29,233	35,520
Selling, general and administrative expenses	22,297	22,817
Operating income	6,936	12,702
Non-operating income		
Interest income	116	76
Dividends income	215	124
Foreign exchange gains	—	3,690
Equity in earnings of affiliates	68	38
Other	613	415
Total non-operating income	1,014	4,346
Non-operating expenses		
Interest expenses	510	363
Foreign exchange losses	2,957	—
Other	745	678
Total non-operating expenses	4,213	1,041
Ordinary income	3,737	16,007
Extraordinary income		
Gain on sales of investment securities	1,255	246
Total extraordinary income	1,255	246
Extraordinary loss		
Loss on retirement of non-current assets	114	53
Impairment loss	68	93
Loss on product compensation	691	299
Loss on provision for product compensation	365	—
Total extraordinary loss	1,239	446
Profit before income taxes	3,753	15,807
Income taxes	1,709	3,525
Profit	2,043	12,281
Profit (Loss) attributable to non-controlling interests	(97)	128
Profit attributable to owners of parent	2,141	12,153

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2020 (From January 1, 2020 to March 31, 2020)	FY2021 (From January 1, 2021 to March 31, 2021)
Profit	2,043	12,281
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,892)	3,380
Deferred gains or losses on hedges	25	(102)
Foreign currency translation adjustment	(4,142)	7,896
Remeasurements of defined benefit plans, net of tax	(57)	(31)
Share of other comprehensive income of associates accounted for using equity method	(35)	101
Total other comprehensive income	(10,101)	11,244
Comprehensive income	(8,057)	23,526
(Comprehensive income attributable to)		
Owners of the parent	(7,912)	23,318
Comprehensive income attributable to non-controlling interests	(145)	207