

TOYO TIRES

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

August 10, 2022

Toyo Tire Corporation

1. Financial Results for 2nd Quarter of FY2022

2. Financial Forecast for FY2022

3. Topics

- **Sales to the North American market remained strong** on the back of a recovery in utilization at the U.S. Plant and amid robust demand
- Operating income came in at **26.0** billion yen, **on par with the forecast** announced at the end of the previous quarter
- After the benefits of the yen's depreciation are fully factored in, ordinary income amounted to **38.5** billion yen and profit attributable to owners of parent totaled **31.0** billion yen, both representing **record highs* for the 1st half (Jan-Jun)**

* Previous record-high 1H ordinary income: 29.2 billion yen (FY2021)
 Previous record-high 1H profit attributable to owners of parent: 20.7 billion yen (FY2021)

- Given the 1H results and 2H forecast, **full-year ordinary income forecast** has been revised upward from 53.0 billion yen to **60.0** billion yen. In anticipation of a gain on sales of investment securities, **full-year profit attributable to owners of parent forecast** has been revised upward from 38.5 billion yen to **53.0** billion yen.
- Dividend per share forecasts were revised up from 40 yen to **50** yen for **year-end payments**, and from 70 yen to **80** yen for **annual payments**.

Financial Results for 2nd Quarter of FY2022 (Jan-Jun)

(Unit: Millions of Yen)

	2022 1H Results	2021 1H Results	Change	Change (%)	2022 1H Forecast	Change	2022 Apr-Jun Results	Change (YoY)
Net Sales	223,667	186,392	+ 37,274	+ 20.0%	219,000	+ 4,667	121,893	+ 23,245
Operating Income	25,972	26,958	(985)	(3.7%)	26,500	(528)	9,799	(4,455)
Margin	11.6%	14.5%	—	—	12.1%	—	8.0%	—
Ordinary Income	38,509	29,219	+ 9,289	+ 31.8%	30,000	+ 8,509	17,979	+ 4,766
Margin	17.2%	15.7%	—	—	13.7%	—	14.7%	—
Profit Attributable to Owners of Parent	31,030	20,673	+ 10,356	+ 50.1%	24,000	+ 7,030	13,232	+ 4,712

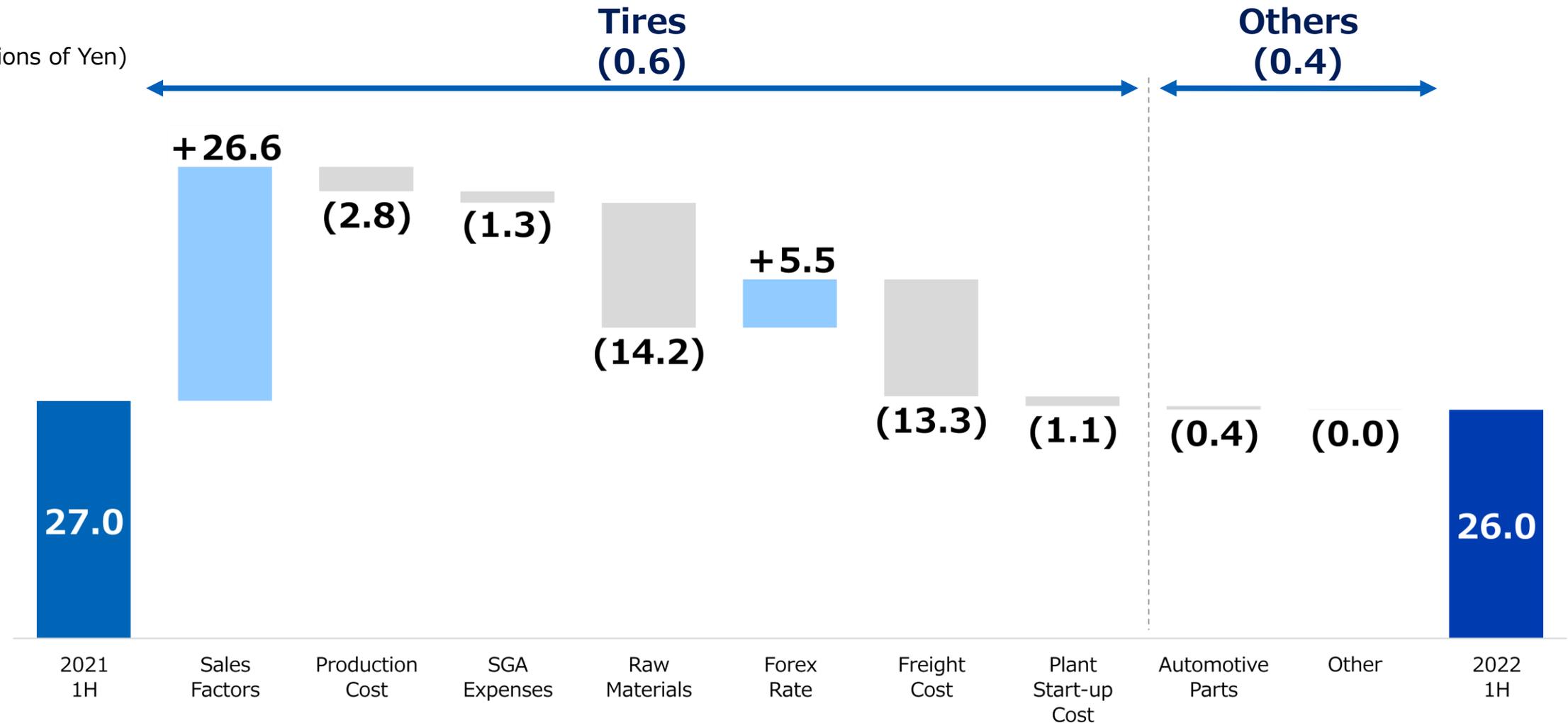
※Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Interim Dividends per Share	30 Yen	20 Yen	+ 10 Yen	—
-----------------------------------	---------------	--------	----------	---

USD	122 Yen	107 Yen	+ 15 Yen
EUR	132 Yen	130 Yen	+ 2 Yen

Analysis of Operating Income for 2nd Quarter of FY2022 (Jan-Jun) (vs 2021)

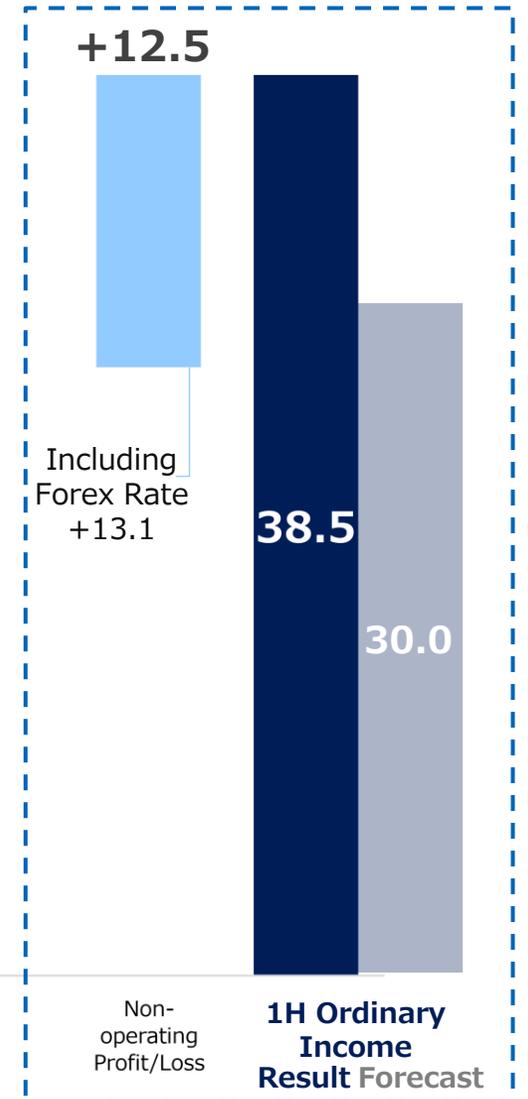
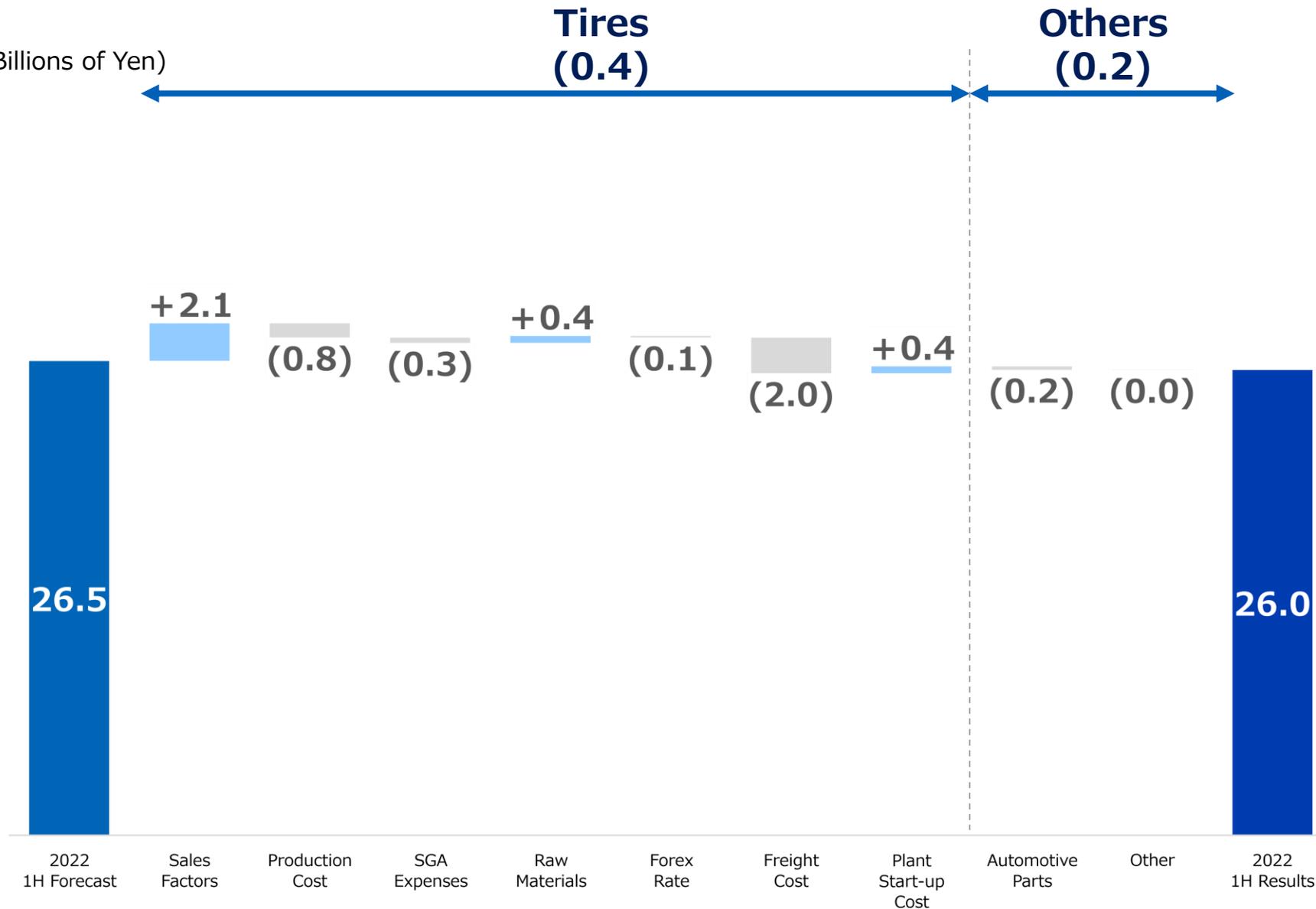
(Unit: Billions of Yen)



	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	+3.5
Apr-Jun	+10.8	(1.8)	(0.6)	(7.2)	+2.5	(7.4)	(0.5)	(0.4)	(0.0)	(4.5)

Analysis of Operating Income for 2nd Quarter of FY2022 (Jan-Jun) (vs Previous Forecast)

(Unit: Billions of Yen)



Business Segments for 2nd Quarter of FY2022 (Jan-Jun)



(Unit: Millions of Yen)

Net Sales	2022 1H Results	2021 1H Results	Change	Change (%)	2022 1H Forecast	Change	2022 Apr-Jun Results	Change (YoY)
Tires	203,936	166,488	+37,448	+22.5%	198,000	+5,936	112,335	+23,589
Automotive Parts	19,721	19,884	(163)	(0.8%)	21,000	(1,279)	9,552	(340)
Other	31	47	(15)	(34.0%)	0	+31	15	(4)
Adjustments	(22)	(28)	+5	—	0	(22)	(11)	0
Total	223,667	186,392	+37,274	+20.0%	219,000	+4,667	121,893	+23,245

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 1H Results	2021 1H Results	Change	Change (%)	2022 1H Forecast	Change	2022 Apr-Jun Results	Change (YoY)
Tires	27,332	27,888	(555)	(2.0%)	27,700	(368)	10,661	(4,036)
Margin	13.4%	16.8%	(3.3%)	—	14.0%	—	9.5%	—
Automotive Parts	(1,354)	(938)	(415)	—	(1,200)	(154)	(859)	(400)
Margin	(6.9%)	(4.7%)	(2.1%)	—	(5.7%)	—	(9.0%)	—
Other	(2)	16	(18)	—	0	(2)	0	(20)
Adjustments	(3)	(7)	+4	—	0	(3)	(1)	+1
Total	25,972	26,958	(985)	(3.7%)	26,500	(528)	9,799	(4,455)

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for 2nd Quarter of FY2022 (Jan-Jun)



(Unit: Millions of Yen)

Net Sales	2022 1H Results	2021 1H Results	Change	Change (%)	2022 1H Forecast	Change	2022 Apr-Jun Results	Change (YoY)
Japan	45,617	47,452	(1,835)	(3.9%)	48,500	(2,883)	22,460	(1,167)
N.America	147,117	109,035	+38,082	+34.9%	139,800	+7,317	84,072	+23,873
Other	30,932	29,903	+1,028	+3.4%	30,700	+232	15,360	+539
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	223,667	186,392	+37,274	+20.0%	219,000	+4,667	121,893	+23,245

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 1H Results	2021 1H Results	Change	Change (%)	2022 1H Forecast	Change	2022 Apr-Jun Results	Change (YoY)
Japan	13,175	15,745	(2,570)	(16.3%)	15,200	(2,025)	6,229	(1,805)
N.America	10,426	8,104	+2,321	+28.7%	9,100	+1,326	5,086	+487
Other	2,567	2,710	(142)	(5.3%)	1,500	+1,067	867	(278)
Eliminations or Adjustments	(196)	397	(594)	—	700	(896)	(2,384)	(2,860)
Total	25,972	26,958	(985)	(3.7%)	26,500	(528)	9,799	(4,455)

1 . Financial Results for 2nd Quarter of FY2022

2 . Financial Forecast for FY2022

3 . Topics

Financial Forecast for FY2022 (Jan-Dec)

TOYO TIRES

(Unit: Millions of Yen)

	2022 Forecast	2021 Results	Change	Change (%)	2022 Previous Forecast	Change	2022 2H Forecast	Change (YoY)
Net Sales	500,000	393,647	+106,352	+27.0%	485,000	+15,000	276,332	+69,077
Operating Income	50,000	53,080	(3,080)	(5.8%)	50,000	0	24,027	(2,095)
Margin	10.0%	13.5%	—	—	10.3%	—	8.7%	—
Ordinary Income	60,000	55,909	+4,090	+7.3%	53,000	+7,000	21,490	(5,199)
Margin	12.0%	14.2%	—	—	10.9%	—	7.8%	—
Profit Attributable to Owners of Parent	53,000	41,350	+11,649	+28.2%	38,500	+14,500	21,969	+1,292

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

Annual Dividends per Share	80 Yen	76 Yen	+4 Yen	—
----------------------------	--------	--------	--------	---

USD	128 Yen	110 Yen	+18 Yen
EUR	135 Yen	130 Yen	+5 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**

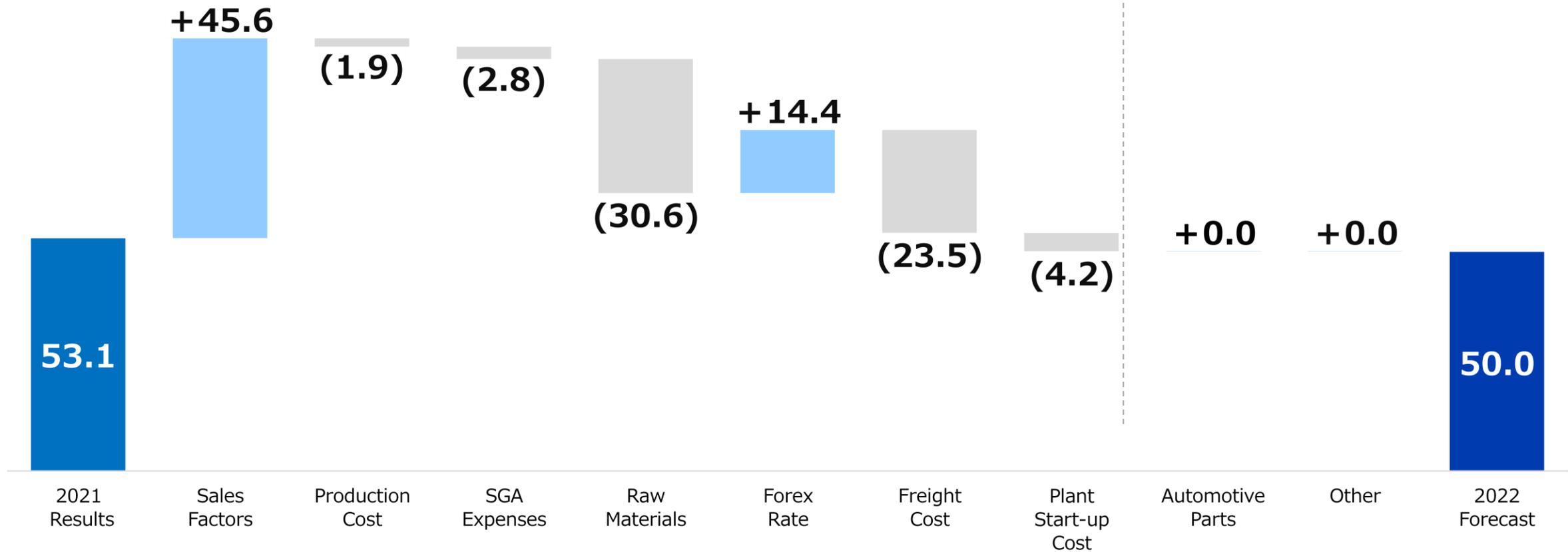
EUR **0.1B Yen/Year**

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

(Unit: Billions of Yen)

**Tires
(3.1)**

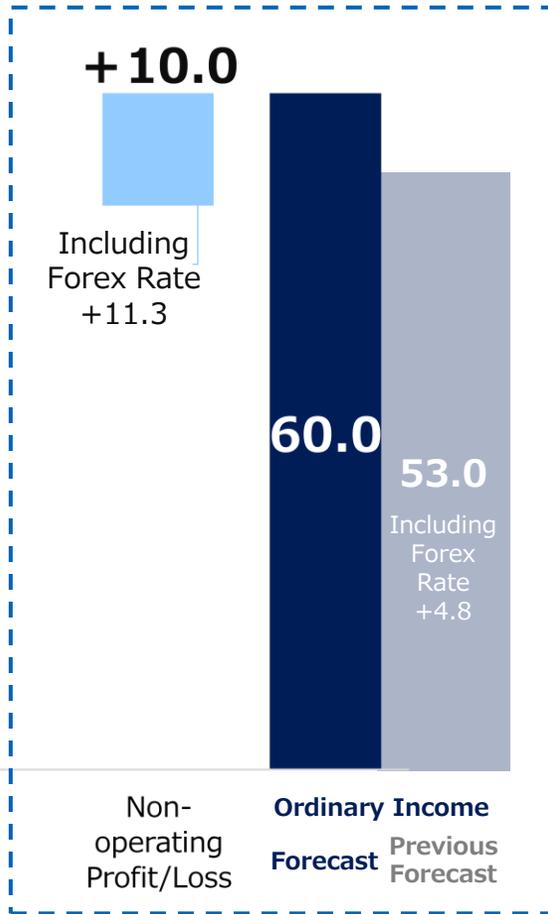
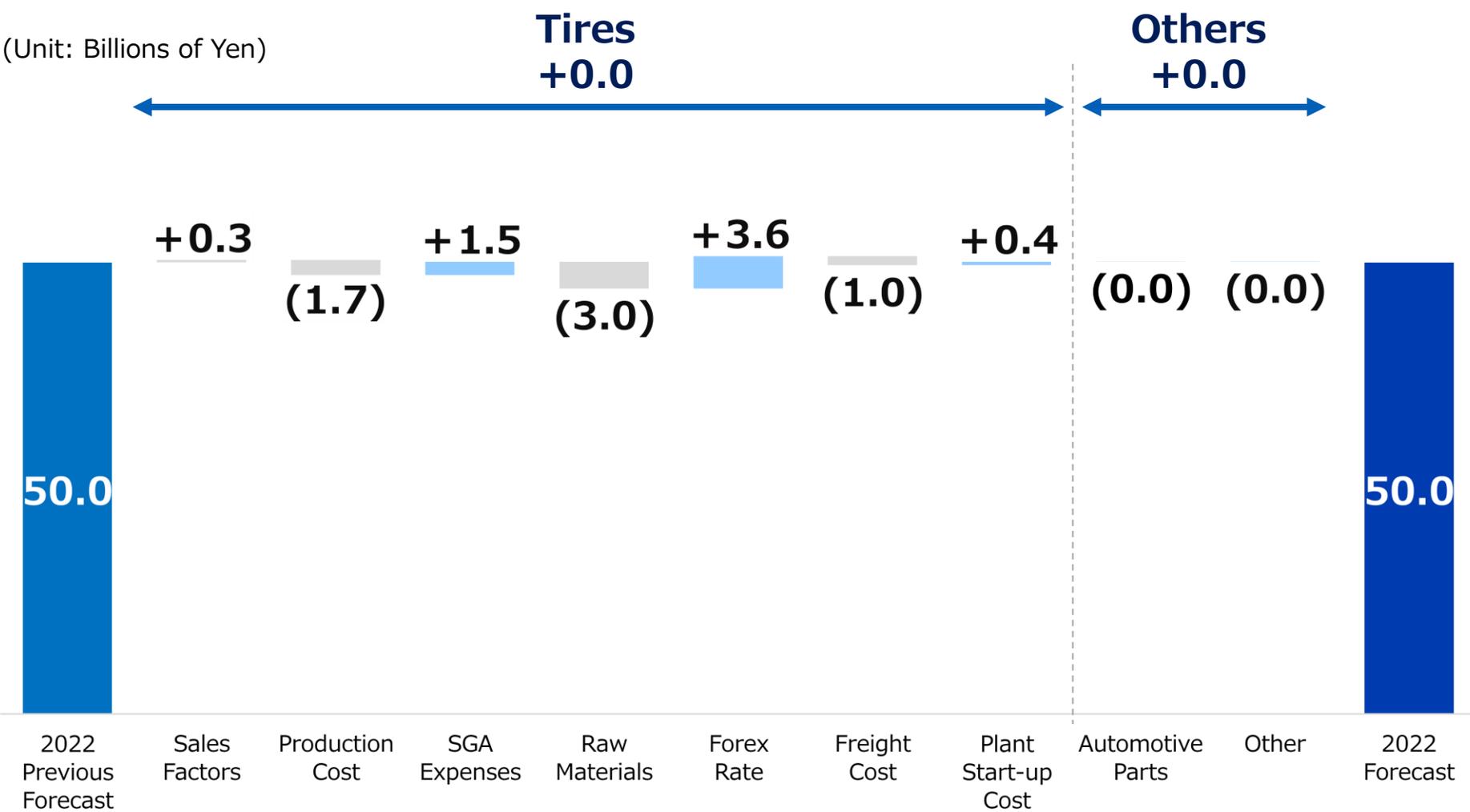
**Others
+0.0**



2021 2H Results	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	2022 2H Forecast
26.1	+19.0	+0.9	(1.6)	(16.4)	+8.9	(10.3)	(3.2)	+0.4	0.0	24.0

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

(Unit: Billions of Yen)



2022 Previous 2H Forecast	Sales Factors	Production Cost	SGA Expenses	Raw Materials	Forex Rate	Freight Cost	Plant Start-up Cost	Automotive Parts	Other	2022 2H Forecast
23.5	(1.8)	(0.9)	+1.8	(3.4)	+3.7	+1.0	(0.0)	+0.2	0.0	24.0

Business Segments for FY2022 (Jan-Dec)

(Unit: Millions of Yen)

Net Sales	2022 Forecast	2021 Results	Change	Change (%)	2022 Forecast (May.2022)	Change	2022 2H Forecast	Change (YoY)
Tires	456,000	354,641	+101,358	+28.6%	440,000	+16,000	252,063	+63,910
Automotive Parts	44,000	38,979	+5,020	+12.9%	45,000	(1,000)	24,278	+5,184
Other	0	79	(79)	—	0	0	(8)	(41)
Adjustments	0	(51)	+51	—	0	0	0	+23
Total	500,000	393,647	+106,352	+27.0%	485,000	+15,000	276,332	+69,077

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 Forecast	2021 Results	Change	Change (%)	2022 Forecast (May.2022)	Change	2022 2H Forecast	Change (YoY)
Tires	52,000	55,089	(3,089)	(5.6%)	52,000	±0	24,667	(2,534)
Margin	11.4%	15.5%	—	—	11.8%	—	9.8%	—
Automotive Parts	(2,000)	(2,008)	+8	—	(2,000)	±0	(645)	+423
Margin	(4.5%)	(5.2%)	—	—	(4.4%)	—	(2.7%)	—
Other	0	14	(14)	—	0	±0	2	+4
Adjustments	0	(15)	+15	—	0	±0	3	+11
Total	50,000	53,080	(3,080)	(5.8%)	50,000	±0	24,027	(2,095)

*Segment profit adjustment amounts include intersegment eliminations

Geographic Area Segments for FY2022 (Jan-Dec)

(Unit: Millions of Yen)

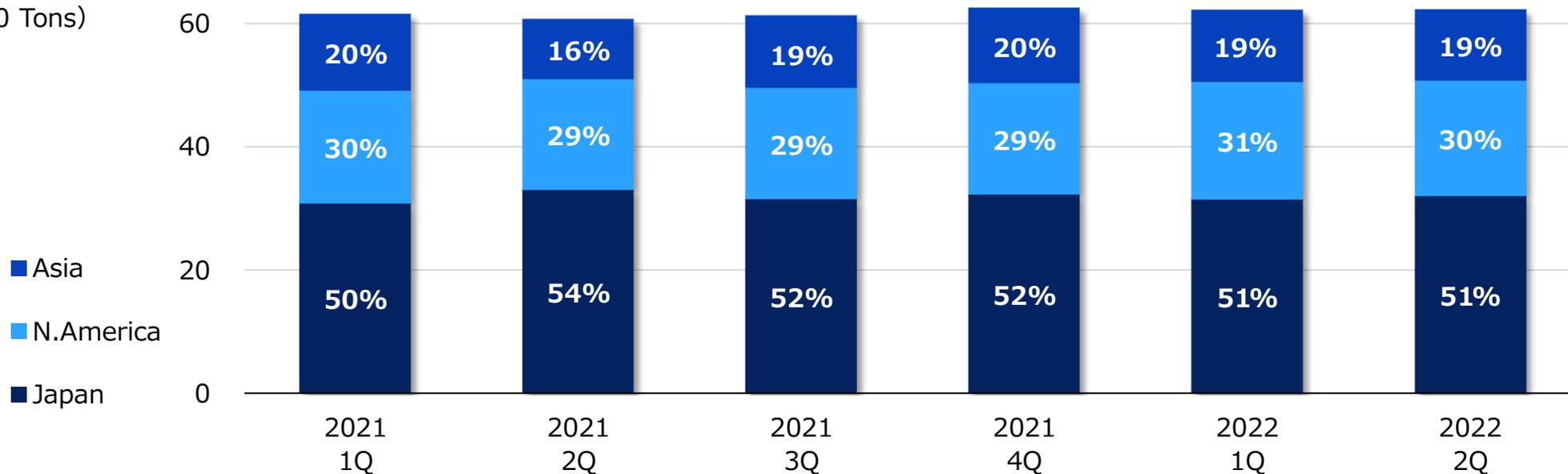
Net Sales	2022 Forecast	2021 Results	Change	Change (%)	2022 Forecast (May.2022)	Change	2022 2H Forecast	Change (YoY)
Japan	115,800	104,168	+11,631	+11.2%	116,500	(700)	70,182	+13,467
N.America	319,500	229,318	+90,181	+39.3%	305,800	+13,700	172,382	+52,099
Other	64,700	60,161	+4,538	+7.5%	62,700	+2,000	33,767	+3,510
Eliminations or Adjustments	—	—	—	—	—	—	—	—
Total	500,000	393,647	+106,352	+27.0%	485,000	+15,000	276,332	+69,077

*Net sales include intersegment internal net sales or transfers

Operating Income	2022 Forecast	2021 Results	Change	Change (%)	2022 Forecast (May.2022)	Change	2022 2H Forecast	Change (YoY)
Japan	27,400	28,942	(1,542)	(5.3%)	32,200	(4,800)	14,224	+1,027
N.America	19,700	17,057	+2,642	+15.5%	19,500	+200	9,273	+321
Other	2,300	4,920	(2,620)	(53.3%)	(900)	+3,200	(267)	(2,478)
Eliminations or Adjustments	600	2,159	(1,559)	—	(800)	+1,400	+796	(965)
Total	50,000	53,080	(3,080)	(5.8%)	50,000	±0	24,027	(2,095)

Bar graph values show tire production volume composition ratio by region

(Unit: 1,000 Tons)



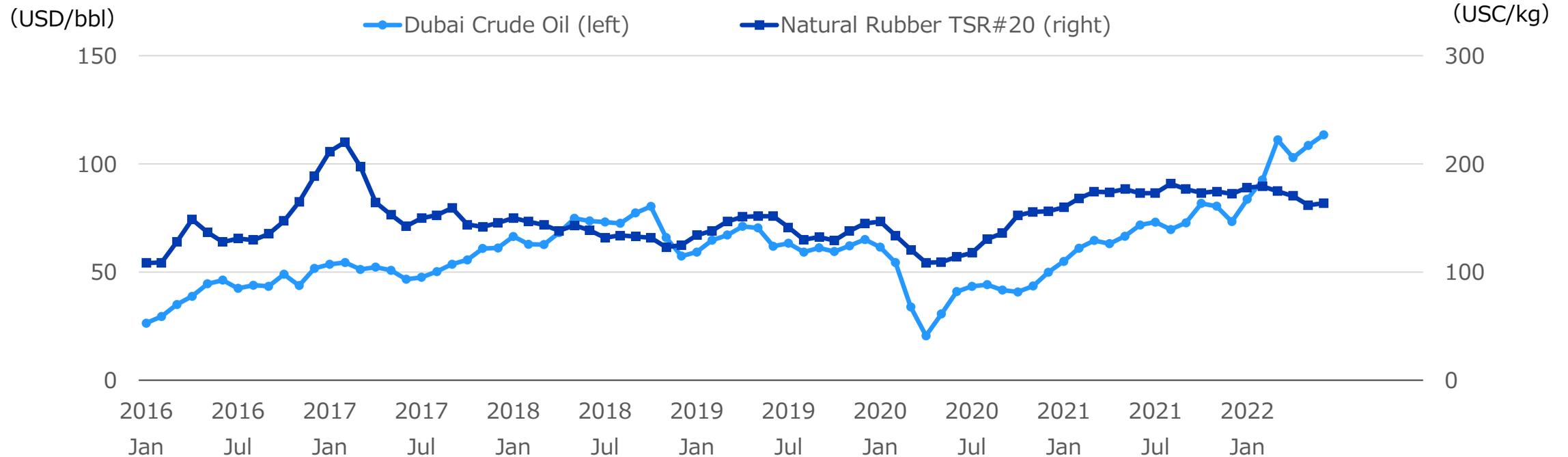
	2021					2022			2022 1H Forecast	2022 Forecast	2022 Previous Forecast
	1Q	2Q	3Q	4Q	Total	1Q	2Q	1H			
Japan	30.9	33.0	31.6	32.3	127.7	31.5	32.0	63.5	63.9	129.8	129.7
N.America	18.2	17.9	17.9	17.9	71.9	19.0	18.6	37.6	38.8	78.1	79.9
Asia	12.4	9.7	11.7	12.2	46.0	11.7	11.6	23.2	23.5	46.2	48.3
Europe	—	—	—	—	—	—	—	—	—	2.7	2.7
Total	61.5	60.6	61.2	62.4	245.7	62.1	62.2	124.3	126.1	256.9	260.6
YoY	107%	176%	108%	98%	116%	101%	103%	102%	103%	105%	106%

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

(%)

	2021					2022			2022 Forecast	2022 Previous Forecast
	1Q	2Q	3Q	4Q	Total	1Q	2Q	1H		
OE Total	103	210	76	86	104	87	95	91	111	120
RE Japan	108	105	97	103	103	102	96	99	105	104
RE Overseas	101	133	87	102	103	95	97	96	99	98
N.America	125	133	93	104	111	107	108	107	110	111
Europe	74	163	76	123	97	81	70	76	76	74
SE Asia	76	92	46	66	68	78	108	92	88	81
Total	102	135	87	99	103	95	97	96	102	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	4Q	Total	1Q	2Q	1H		
Natural Rubber	(0.6)	(1.2)	(1.6)	(1.3)	(4.7)	(0.1)	(0.2)	(0.3)	(0.1)	(0.7)
Petroleum Products	+0.4	(1.9)	(4.3)	(5.2)	(11.0)	(3.9)	(4.4)	(8.3)	(19.8)	(16.9)
Other Raw Materials	+0.1	(0.7)	(1.0)	(1.7)	(3.3)	(3.0)	(2.6)	(5.6)	(10.7)	(9.9)
Total	(0.2)	(3.7)	(7.0)	(8.1)	(19.0)	(7.0)	(7.2)	(14.2)	(30.6)	(27.5)

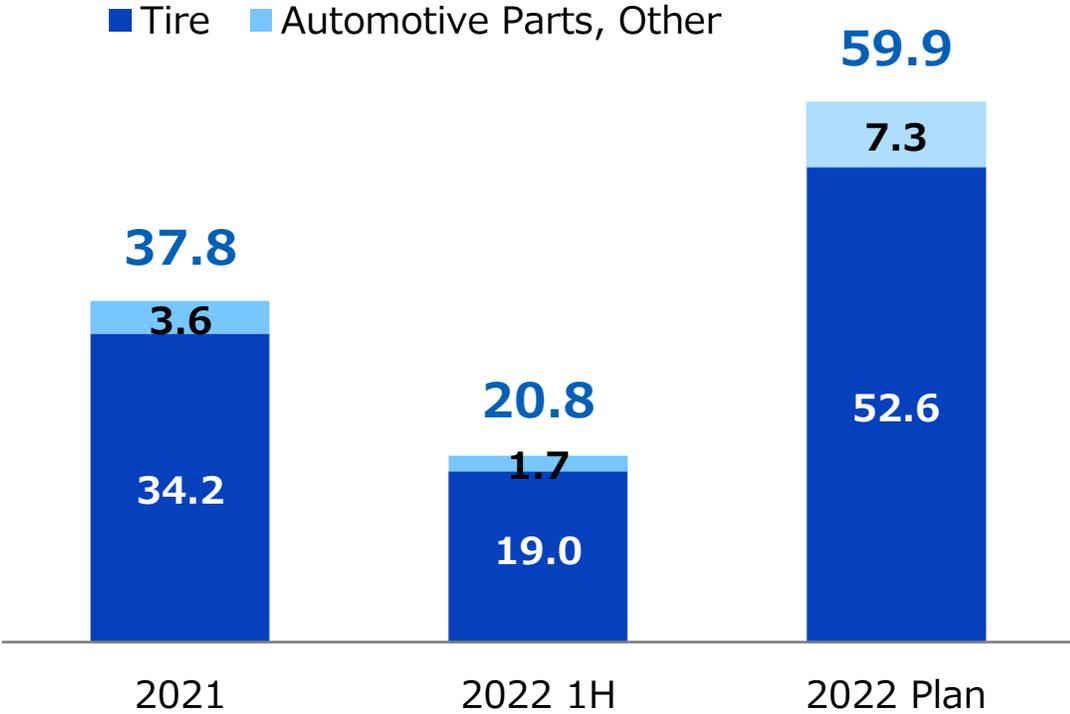
Change in Capital Expenditure

2022 Plan

Capital Expenditure : 59.9 Billion Yen

Execution rate as of the first quarter = **34.7%**
(Tire : 36.1% Automotive Parts, Other : 23.3%)

(Unit: Billions of Yen)



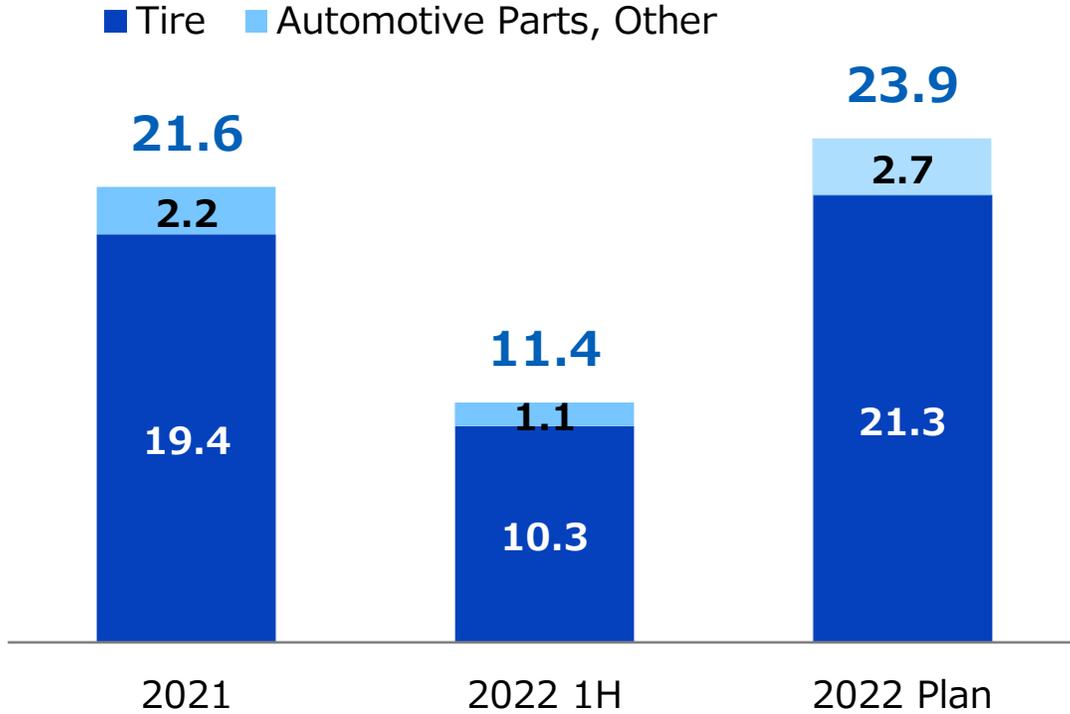
Change in Depreciation

2022 Plan

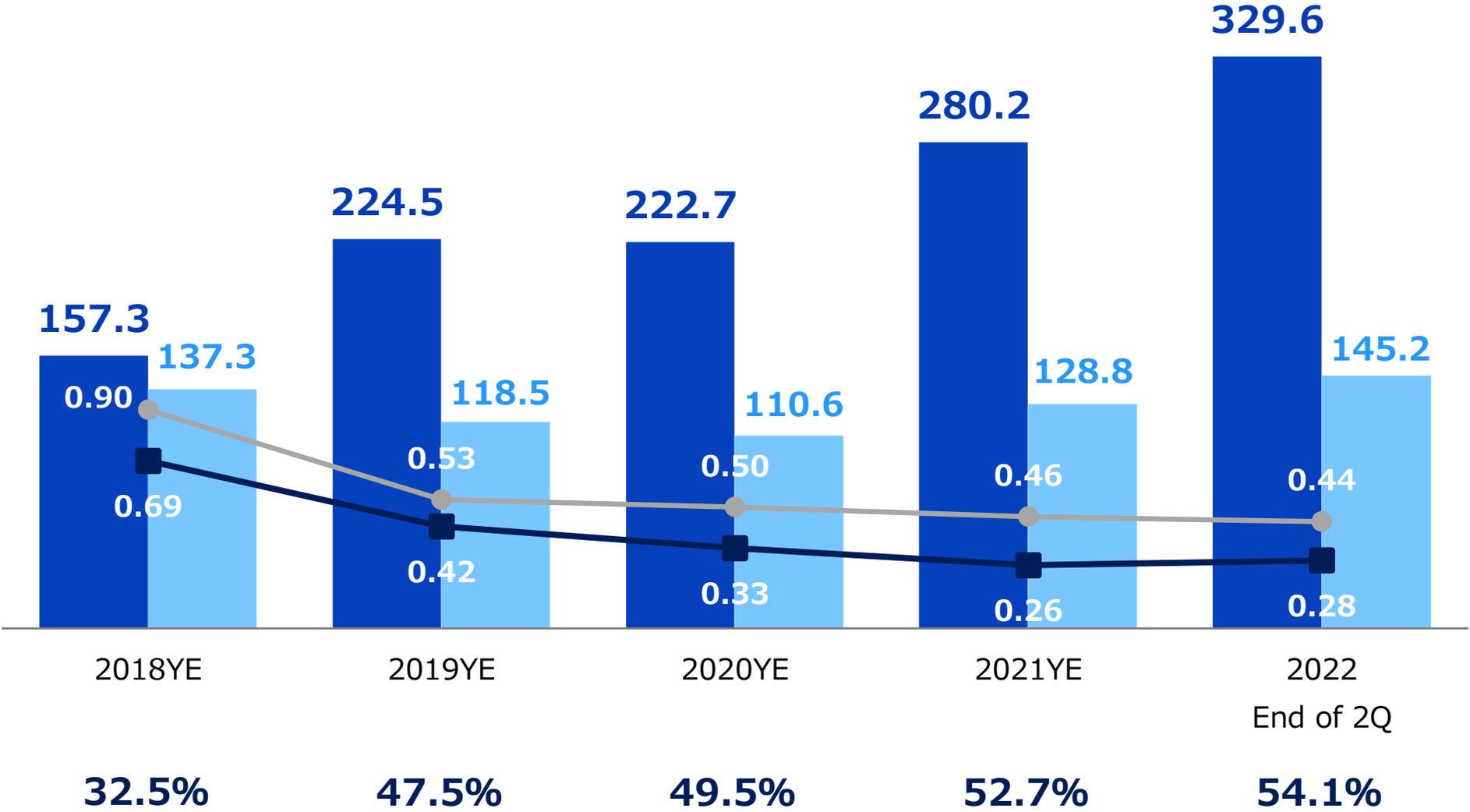
Depreciation : 23.9 Billion Yen

Execution rate as of the first quarter = **47.7%**
(Tire : 48.4% Automotive Parts, Other : 40.7%)

(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)



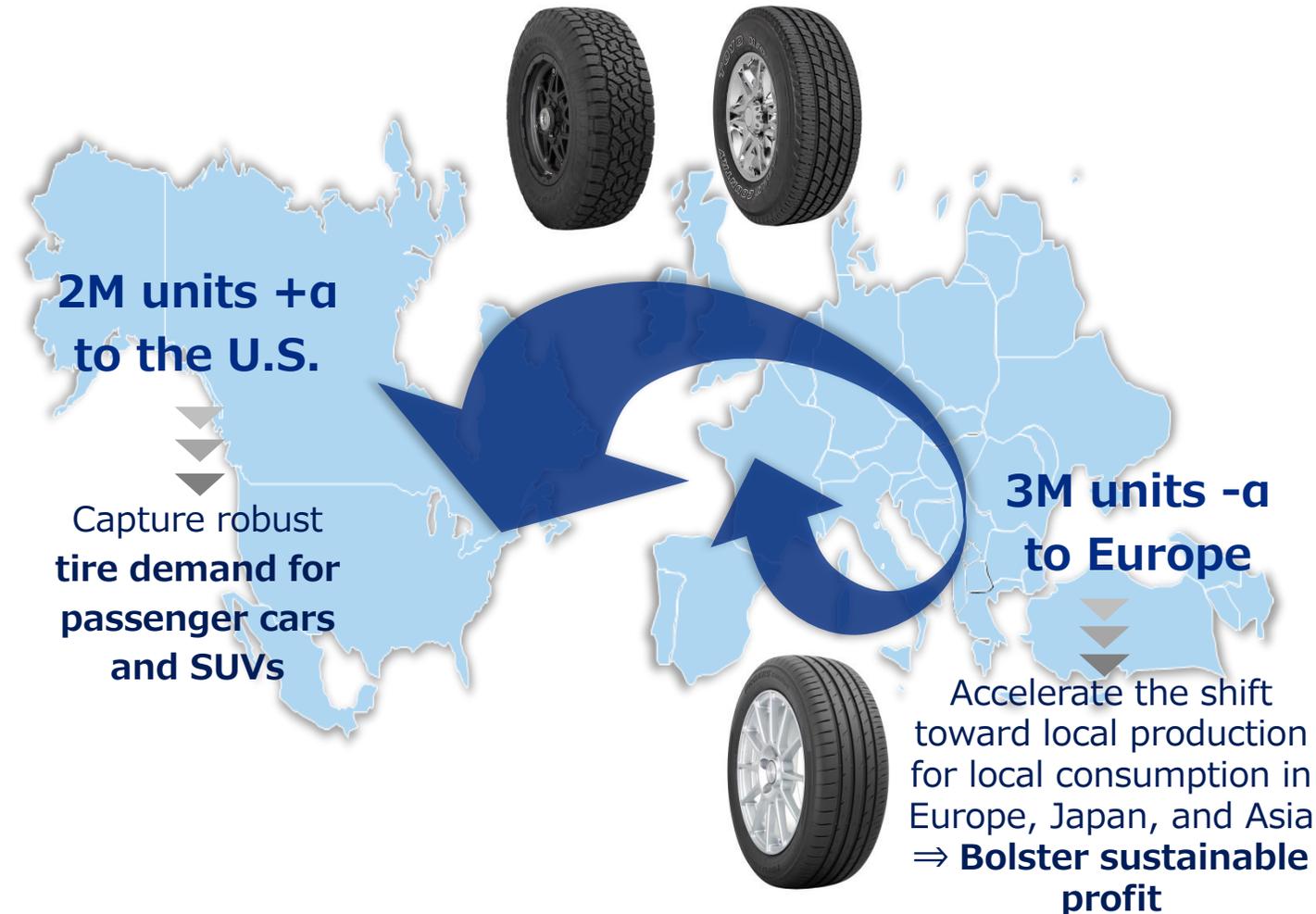
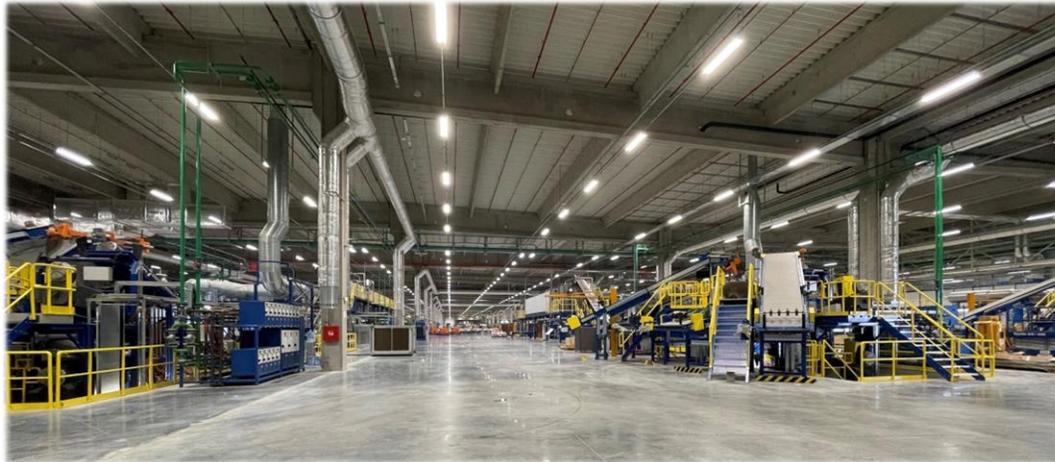
- 1 . Financial Results for 2nd Quarter of FY2022
- 2 . Financial Forecast for FY2022

3 . Topics

① **New Serbian Plant Went into Operation**

Became operational on July 27
(shipments to begin in August)
→ To preferentially supply the U.S. until the
end of this year to meet the robust demand there

**Ramping up capacity to produce 5M units of
cost-competitive tires per year** (from September 2023)



② Initiatives that Underpin Robust Sales in the U.S.

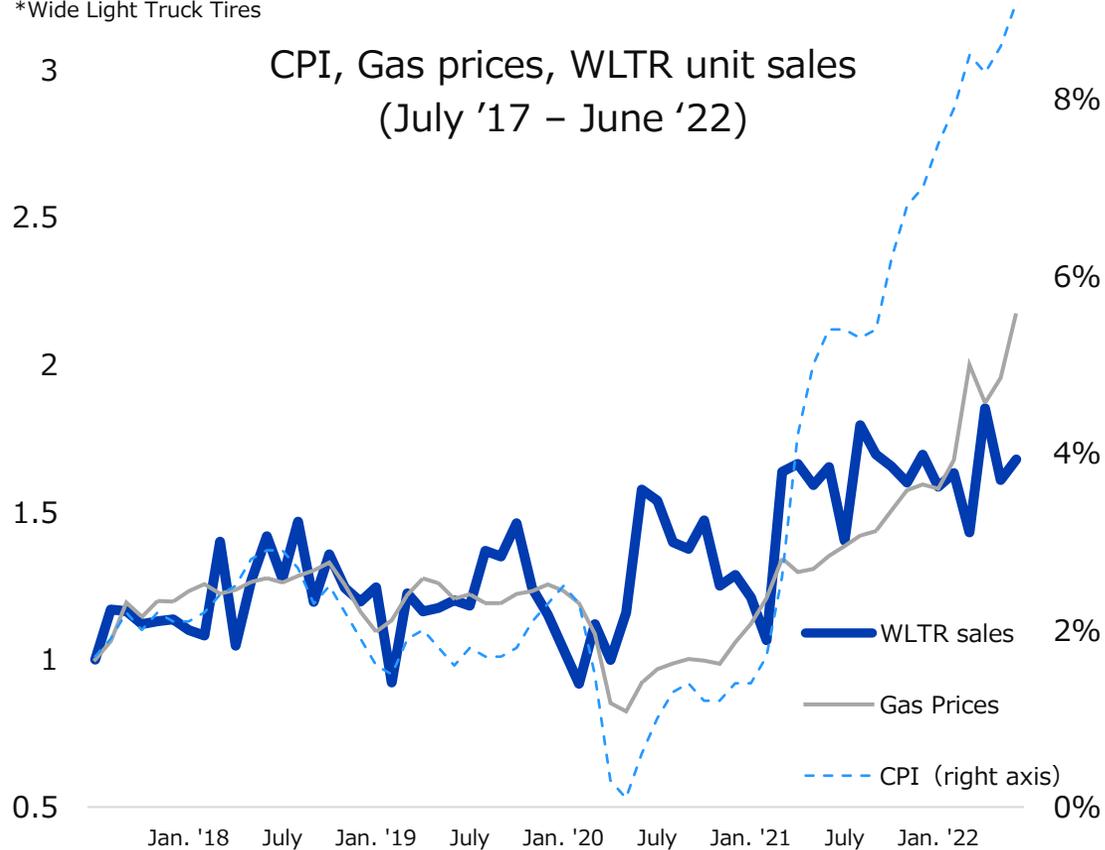
Rising consumer price index (CPI) and gas prices on the back of rapid economic recovery and the situation in Ukraine



Demand/unit sales of WLTR* trending steadily

*Wide Light Truck Tires

CPI, Gas prices, WLTR unit sales (July '17 – June '22)



WLTR sales volume: Unit sales in July '17 = 1
 Gas prices: Prices of lead-free regular gasoline in July '17 as announced by the U.S. Bureau of Labor Statistics = 1
 CPI: YoY increase/decrease as announced by the U.S. Bureau of Labor Statistics

The extensive lineup from two top brands of TOYO/NITTO



**Connecting with fans via SNSs
 Strong brand power gained through tough races**

Instagram follower count (10K)

TOYO TIRES 199

NITTO 51

Company A 69

Company B 56

Company C 32

*Current as of August 5, 2022
 (According to our research)



Supporting a team competing at SCORE BAJA 1000, one of the world's toughest races

OPEN COUNTRY A/T^{III} (Launched in July 2022)



Well-balanced SUV tires for diverse weather / road surface conditions

- Ensures stable operability and comfort on open roads
Supports stable performance for off-road driving
- Enhanced performance in snow fall conditions*



*compared to OPEN COUNTRY A/T plus

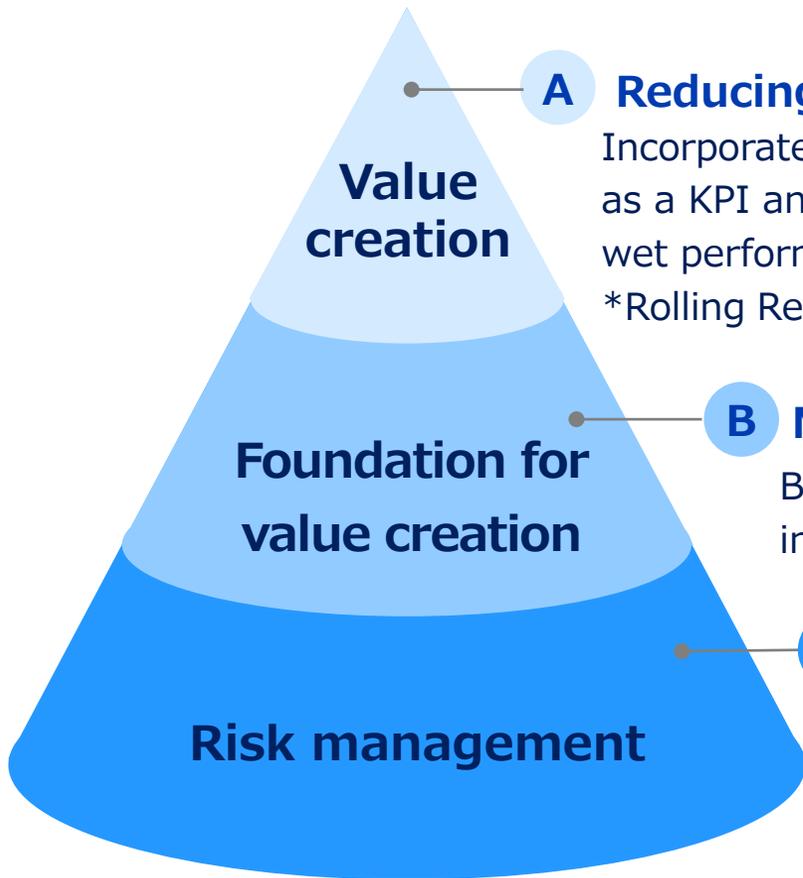
M937 (Launched in September 2022)

Studless tires exclusively for public transport buses, developed with year-round use in consideration



- Improved wear resistance when tires are subject to heavy loads, including starting at low speeds and frequent turns and stops
- Ensures driving performance on snow-covered or frozen road surfaces





A Reducing the environmental impact of mobility

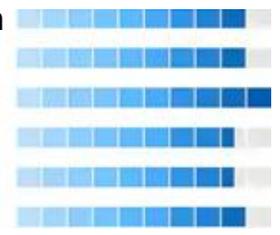
Incorporated RRC* into product planning requirements as a KPI and developed tires with high fuel efficiency, wet performance, and durability.

*Rolling Resistance Coefficient



TRANPATH mp7

Fuel consumption
Dry performance
Wet performance
Noise
Comfort
Mileage



B Motivating challenges and job satisfaction for diverse talent

Built a new training system that also supports remote skill development in conjunction with our new HR evaluation system introduced in 2021.



C Decarbonization of production bases

Japan: Two plants began using energy from renewable sources.
Overseas: Serbian plant was decided to install an on-site solar power generation system. (scheduled to operate within 2022)

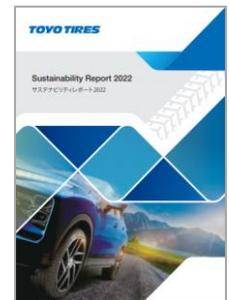


D Information disclosure

Published 2022 Sustainability Report (Japanese version)

<https://www.toyotires.co.jp/csr/report/>

* English version to be published in September 2022



E Third-party evaluation

Selected for inclusion in ESG investment indexes

Three years running

Newly adopted

(Unit: Millions of Yen)

	2022			2015	2016	2017	2018	2019	2020	2021
	1Q	2Q	1H							
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	230	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	230	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 Apr-Jun	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. 93 million yen</u>
From July 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 NÜRBURGRING ENDURANCE SERIES

Victory in the Rd.3 SP10 Class



PROXES

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.