

**Notification of extraordinary loss and difference between consolidated earnings forecast and actual earnings for cumulative second quarter of the fiscal year ending December 2018**

Hyogo, Japan – August 10, 2018 – TOYO TIRE & RUBBER CO., LTD. (President & CEO: Takashi Shimizu) hereby makes notification of an extraordinary loss for the first half of the fiscal year ending December 2018 (January 1, 2018–June 30, 2018) and of a difference between the earnings forecast for the cumulative second quarter of the fiscal year ending December 2018 announced May 11, 2018 and the actual earnings announced today.

**Note**

**1. Posting of extraordinary loss and related details**

In the fiscal year ending in December 2015, various facts came to light, including that some of the products we had shipped were not compliant with performance criteria set by the Ministry of Land, Infrastructure, Transport and Tourism.

For the second quarter of fiscal year 2018, the company posted an extraordinary loss of 10,844 million yen (product compensation response measure expenses of 2,312 million yen and a provision of reserves for product compensation of 8,531 million yen). This was because it became possible to make calculations as the situation progressed, and the company recorded 6,820 million yen in cost for repairs and replacement of seismic isolation products, 94 million yen in compensation etc., and 2,568 million yen in miscellaneous charges (primarily premiums for insurance related to replacement of seismic isolation products, in payroll for the seismic isolation rubber task force, in expenses related to equipment for the replacing seismic isolation rubber, etc.).

Depending on the progress of how this is handled in the following quarter and beyond, if future costs arise (mainly business compensation and repairs for damage such as delayed damage, expenses, etc., when repair work expenses are found to additionally exceed the reserve provisions), additional provision of reserves for product warranties may be posted, but at the present time it is difficult to reasonably estimate the amount.

**2. Difference between earnings forecasts and actual earnings for the cumulative second quarter of the fiscal year ending December 2018 (January 1, 2018–June 30, 2018)**

(millions of yen)					
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (Yen)
Previously announced forecast (A) (Announced May 11, 2018)	189,000	20,600	18,900	12,400	97.64
Actual (B)	185,738	20,805	19,009	7,068	55.66
Difference (B-A)	(3,262)	205	109	(5,332)	-
Percentage difference	(1.7%)	1.0%	0.6%	(43.0%)	-
(Reference) Actual for second quarter of the previous fiscal year (Second quarter of fiscal year ended December 2017)	192,041	21,834	18,695	11,076	87.22

### 3. Reason for revision

For the cumulative second quarter of the fiscal year, profit attributable to parent company shareholders fell short of the forecast announced May 11, 2018, because of the extraordinary loss discussed in item 1. above.