

INTEGRATED REPORT **2024**

CREATING VALUE FOR PEOPLE





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Editorial Policy

To give all stakeholders including shareholders and investors a proper understanding of the Yokohama Rubber Group’s management strategies and business activities in general, we believe it is important to systematically identify and explain non-financial information such as society, the environment, human resources and corporate governance in addition to financial information such as results, business overviews and management strategy. Based on this approach, we have been publishing an integrated report since fiscal 2022 as part of our efforts to further enhance and integrate non-financial information. During the editing process, we have made use of reference sources including the International Integrated Reporting Framework from the IFRS Foundation and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry, among other materials, as well as have made every effort to compile the report in a way that places an emphasis on the perspective of stakeholders.

Through this report, we hope to provide even more stakeholders with a deeper understanding of the Yokohama Rubber Group.

Corporate Philosophy

Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.

Management Policies

- ◆ Take on the challenge of new technologies to produce new value.
- ◆ Develop proprietary business fields to expand the scope of business.
- ◆ Create a workplace that values, improves and energizes people.
- ◆ Deal fairly with society and value harmony with the environment.

Action Guidelines

- ◆ Develop ourselves so that we may give our personal best.
- ◆ Trust, challenge and improve one another.
- ◆ Nurture a welcoming, open spirit.

Corporate Slogan

Excellence by nature

The Founding Spirit

1. Production business is a social service. Its purpose is to make people's lives more convenient and enjoyable. Its aim should be to offer good, useful products at moderate prices.
2. There must be a basic commitment to delivering quality products unrivaled by those of competitors.
3. Management should adhere to the principles of fairness and consideration. The mission of a fair, honest management is to ensure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers to act, in other words, rationally.
4. A company should have as few employees as possible and make the best use of the productivity of machines.
This is the great secret for improving efficiency.
5. The success or failure of a business depends on how much one is willing to study, and with how much determination, to mutually improve and grow. Accordingly, one must make a great effort.

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Reporting scope	The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
Reporting period	January 1, 2023 to December 31, 2023 * Information includes some activities which were conducted in or after January 2024
Month of issue	October 2024

Cautionary Note Regarding Forward-Looking Statements

This report contains statements on the Yokohama Rubber Group's projections, targets, plans, strategies and other matters related to the future. These statements are based on determinations made from available information at the time this report was published. Be aware that the actual performance and other metrics may differ from these forward-looking statements due to a variety of factors.



Contributing to the Solution of Social Issues by Supporting Mobility

Through the development of environmentally friendly tires, the improvement of recycling technologies, and the promotion of traffic safety, Yokohama Rubber is working on initiatives to achieve global environment protection and the safe, secure and comfortable movement of people. In addition, by utilizing rubber polymer technology and rubber processing technology cultivated in our tire business, we are working on the development of various products including hose and couplings, industrial products, aerospace products, and golf gear. Our products are used in various industries of land, sea and air.

Port

Tires for large port vehicles

Improving operational efficiency by supporting safe movement at ports



Marine hoses

Providing highly reliable hoses that support safe marine transport of petroleum and crude oil, and prevent oil leakage



Fenders

Protecting the safety of ships and maintaining marine environments



Aircraft

Products for aircraft

Water tanks

Contributing to the safe and secure water supply with resin material conforming to the specifications of drinking water and the improvement of fuel economy in aircraft



Lavatory modules

Contributing to the improvement of fuel economy in aircraft by providing significant cost and weight savings while securing comfortable spaces



Agricultural land

Tires for agricultural machinery

Improving agricultural productivity by balancing high traction performance and the suppression of soil compaction



Trucks and buses

Tires for trucks and buses

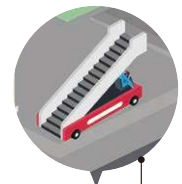
Contributing to fuel-saving by supporting safe and secure driving of trucks and buses



All-season tires



Rib tires for small trucks



Mining sites

Tires for construction vehicles

Improving operational efficiency by supporting safe movement at construction sites

Tires for dump trucks



Tires for wheel loaders

Conveyor belt

Contributing to the productivity of mineral transport and energy saving with belts allowing reduced power consumption that are environmentally friendly and economically efficient



Passenger cars

Tires and wheels for passenger cars

Contributing to fuel-saving by supporting safe and secure driving of passenger cars



Automotive air-conditioner hoses compatible with next-generation environment

Contributing to the fuel-saving of passenger cars by making the hose thinner and achieving a significant weight reduction of 50% compared to conventional hoses



Transport companies

Tire Management System (T.M.S)

Contributing to the safety of drivers and the reduction of burden of tire maintenance by grasping the conditions of tires installed on vehicles on a real-time basis



Retreading

Contributing to effective resource utilization by producing retread tires from well-worn tires



Factories

Tires for forklifts

Improving operational efficiency by supporting safe cargo movement within factories



Construction sites

Hydraulic hoses and fittings

Improving operational efficiency at construction sites by supporting the power of construction machinery with high performance and durability



Airports

Tires for airport special vehicles

Supporting safe movement of aircraft



Golf courses

Golf clubs

Improving the joy of playing golf by applying technology for metal and composite materials, and delivering the full potential of golfers scientifically





Message from the CEO

We aim to achieve further through the “Exploitation

Masataka Yamaishi

Chairman & CEO, Chairman of the Board

We launched the Medium-term Management Plan “Yokohama Transformation 2026 (YX2026)” under our new management structure. We aim to overcome market competition in Japan and overseas to achieve sales revenue of ¥1 trillion, and be a sustainable company that will continue over the next 100 years.

| Aiming for Sustainable Growth under the New Management Structure

I was appointed president in 2017, when Yokohama Rubber celebrated its 100th anniversary.

We have continued to grow based on our Corporate Philosophy of “To enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.” However, to put it a bit harshly, a bit of dust has accumulated over the past 100 years.

I am thinking specifically of the technology and production departments that are the foundation of Yokohama Rubber’s business. We still hold to the mindset that so long as we make good products we will succeed, without considering the cost. With the automotive industry facing a once-in-a-century major transformation, this complacency on the technological and production fronts has caused our competitiveness to wane, and we are now being threatened by makers from emerging countries such as China and India.

I believe that my mission is to sweep away this dust to create an organization that can survive for another 100 years. As such, I have been implementing reforms over the past seven years.

We have made progress in transforming our business structure, particularly in the planning, sales, and marketing departments.

However, there is still room for improvement in the technology and production departments. I believe that if we can change the mindset of all departments across the board, from planning to development, production, logistics, and sales, we will be able to survive.

When I became president, sales revenue was about ¥600 billion. We are now close to achieving sales revenue of ¥1 trillion through business acquisitions and other measures. However, due to the rapid expansion of overseas sales and significant changes in the organization, certain aspects of our business have become sluggish.

To address these management issues, we decided to appoint a new management team. As CEO and Chairman of the Board, I will handle major decisions regarding overall management and our business in North America. Shinji Seimiya was appointed President & COO, responsible for technology and production, quality assurance, and business in Japan, China and elsewhere in Asia. Nitin Mantri was appointed Senior Managing Officer & Co-COO, responsible for our prized OHT (off-highway tire) business and operations in other overseas regions.

We will each carry out our roles responsibly, supporting the rapid expansion of Yokohama Rubber.

growth by completing our transformation × Exploration” strategy

There is a growing sense of crisis around the world about environmental, economic, and social sustainability issues, such as climate change, biodiversity, and human rights. As such, it is important that we create shared value with stakeholders. With the formulation of the new YX2026 management plan launched in fiscal 2024, the Yokohama Rubber Group reviewed its materiality in light of changes in the business environment and societal issues, and identified new materiality that takes into account the impact that our business activities have on society and the environment, as well as how society and the environment affect our business activities. In line with this materiality, we will implement initiatives aimed at achieving our vision.

In recent years, the production capacity of Chinese tire makers has gained momentum. For example, one-third of the world's consumer tires are now being produced in China, and nearly half of this output is exported. The commercial TBR (truck and bus tire) business in China is gaining even further, with Chinese makers accounting for nearly half of the world's production volume, half of which is exported.

Nevertheless, the position of Japanese tire makers remains firm. The four major tire makers (Bridgestone, Sumitomo Rubber, Yokohama Rubber, and TOYO TIRES) together hold a 25% share of the ¥20 trillion global tire market. Japanese tire makers are still in a strong market position, even as the market share of Japanese companies in

many automotive-related industries is declining. Further, although our overseas network is expanding, keeping production in Japan creates employment, and exports bring in foreign currency. Having served as Chairman of the Japan Automobile Tyre Manufacturers Association (JATMA), I can affirm that all four of Japan's major tire makers, as well as the Ministry of Economy, Trade and Industry, hold a similar view. Therefore, I believe that our purpose as a technology-oriented Japanese company remains firm.

A particular strength for the Yokohama Rubber Group is the OHT business. The OHT market is currently worth about ¥4 trillion, and we anticipate an annual growth rate of about 6%, compared to just 2% for the consumer tire market. We estimate that agricultural and forestry machinery will account for about 40% of global OHT demand. The Yokohama Rubber Group has the top share in these areas, overtaking Michelin. We also have the second-largest share in industrial and port-use machinery tires, which accounts for 25% of the OHT market.

While maintaining these market positions, to address societal issues, we will fulfill our responsibilities as a maker by applying our Corporate Philosophy: “To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.”

The YX2023 management plan covered the three years from 2021 to 2023 as the “Culmination of the past 100 years.” We came close to achieving 100% of the aims of this plan.

During each fiscal year, we were able to significantly exceed our initial sales revenue and business profit targets. In fiscal 2023, although sales revenue did not reach ¥1 trillion, we posted sales revenue of ¥985.3 billion, greatly surpassing our initial target of ¥700 billion. Business profit was ¥99.1 billion, surpassing the initial target of ¥70 billion. The D/E ratio fell short of target due to the acquisition of Trelleborg Wheel Systems Holding AB (TWS), while ROE was also below target at 9.9%. However, operating cash flow expanded to ¥267.2 billion (cumulative total for three years),

surpassing the target of ¥250 billion.

We achieved our grand strategy of restructuring the Tire Business. In 2020, the year when the YX2023 plan was formulated, our consumer tire to commercial tire sales ratio was 3:2, while the global market ratio was an even 1:1. The acquisition of TWS in fiscal 2023 dramatically increased both production capacity and revenue for commercial tires. In addition, we were able to offer a top-class product lineup in the OHT category, achieving a 1:1 consumer tire to commercial tire sales ratio, the same ratio as the general market. In addition, the composition of our commercial tire business is now more heavily weighted toward the more highly profitable OHT, with an OHT to TBR ratio of 2:1, the reverse of the



Message from the CEO

global market's 2:1 ratio favoring TBR.

Structural reforms of our MB Business were completed with the sale of the Hamatite business in November 2021, and the integration of the aerospace products division into the industrial products division in March 2022. We now have a solid foundation for growth under the new management plan.

Cross-shareholdings have also been steadily unraveled since I

became president in 2017. We have reduced our position from 122 issues with a total balance sheet value of ¥96 billion to 86 issues worth ¥77 billion as of the end of 2023. We also sold idle assets, businesses, and subsidiaries, generating a total of more than ¥100 billion over the past seven years. These funds have been allocated to strategic investments for further growth that will enhance our corporate value.

Overview of the New YX2026 Plan and Longer Term Vision

I do not think that we were able to fully transform Yokohama Rubber under the YX2023 plan. Accordingly, we launched the YX2026 plan in fiscal 2024 with the intent of continuing the “exploitation” and “exploration” strategies implemented during YX2023, and completing the transformation of the Yokohama Rubber Group, leaving no negative legacies for the next generation.

The YX2026 plan aims to establish a foundation to address two major concerns: 1) How to respond to China's aggressive rise in the passenger car tire market, which is one of our priority areas, and 2) How to move away from competitive Red Ocean areas, and develop business in more open Blue Ocean markets.

Our fundamental policy for increasing corporate value is to pursue a growth strategy. Rather than the gradual gains we have made to date, we are aiming for “Hockey Stick Growth” that we think matches our stakeholders' expectations.

First, we aim to achieve sales revenue of ¥1,000 billion with business profit ¥100 billion, levels that show that we are a leading Japanese company. We expect to achieve that level this fiscal year, and have set targets for fiscal 2026 of ¥1,150 billion in sales revenue, with business profit of ¥130 billion.

By the end of the YX2026 plan, in the passenger car tire

business, we expect that our high value-added products ADVAN, GEOLANDAR, and winter tires, (which we collectively refer to as “AGW”), will account for half of the total production volume, and generate a high profit margin. Regarding Yokohama brand standard tires, which account for the remaining 50% of our passenger car tires, we will increase revenue and earnings by reducing costs, generating profits, and firmly competing against China. As part of these efforts, we are building a new factory for passenger car tire production in Mexico to increase our local production capacity to meet local consumption in the North American market. This factory is scheduled to start production in the first quarter of 2027 with a capacity of five million tires per year, with the potential for future expansion.

In the commercial tire business, since Chinese makers are emerging in the TBR business, we will increase sales and profits by concentrating resources on business areas where Yokohama Rubber has competitive advantages. Growth of sales in its commercial tire business is gradual but steady, and we hope to expand in such areas. In the OHT business, the acquisition of TWS has provided us with production bases in the major OHT markets of Europe and the US, which will generate synergies going forward.

Sustainability Initiatives and Corporate Growth

Companies must grow with a focus on increasing revenue and earnings, but we also view sustainability initiatives as a strategy to strengthen our business. Through a variety of activities from an ESG (environment, society, and governance) perspective, we aim to achieve sustainable growth in corporate value.

Sustainability initiatives, as corporate activities, should contribute to corporate growth. Instead of making excessive investments now that will place a burden on future management, we need to

ensure that our environment-related investments conform to normal investment recovery standards, and are compatible with our efforts to generate earnings.

For reducing greenhouse gas emissions, which includes efforts by our sales subsidiary Yokohama-TWS (Y-TWS), we plan to reduce greenhouse gas emissions by 30% by 2026 versus 2019 levels, and 40% by 2030, while also lowering costs. We will continue this effort after 2030, aiming to achieve carbon net zero by 2050.

To further the use of sustainable raw materials, we have set a usage target of 28% by 2026 and 30% by 2030, without increasing costs. Utilizing our technical capabilities, we believe it is possible to expand sustainable raw material use to 40% by 2030 without any additional burden.

In addition, we plan to conduct an employee engagement survey starting in fiscal 2024. As we begin to clarify the mechanisms and methods that make our company profitable, we want to create an organization where employees understand these processes, work toward achieving targets, and share in the rewards. Further, as KPIs for human resource development, by fiscal 2026 we aim for 15% of department heads to have participated in MBA programs or received other types of management education, and 10% of administrative and technical staff to have participated in DX leadership training.

We are committed to pursuing these initiatives to achieve our goals of sustainable growth and increasing corporate value.



Initiatives for Strengthening Corporate Governance

With the aim of strengthening the supervisory function of the Board of Directors and further enhancing corporate governance, in 2023, we transitioned our governance structure from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee.

We believe governance effectiveness will be ensured by the composition of our Board of Directors, which has eight internal directors and seven external directors. Two internal and three external directors serve on the Personnel and Remuneration Committee for Corporate Officers and Directors. Our challenge for

the future is to change our consciousness while respecting our history. When a Yokohama Head Office employee assumes the position of president of an overseas subsidiary or sales company, he or she is likely to make decisions based on a Japanese way of thinking. To change this mindset and achieve better execution of our global strategy, we need to appoint management personnel who understand the local market and staff. We also are considering increasing the number of non-Japanese directors, which currently is only one - Mr. Nitin Mantri.

To Our Stakeholders

Soon after Yokohama Rubber was founded, it boasted the top tire sales in Japan. We have since fallen behind the wave of motorization, and are now in third position. Although sales are not everything, in the tire industry, where economies of scale are important, we believe that raising our market position even one rank will benefit our shareholders, employees, and all stakeholders.

We have established our Corporate Philosophy and Management Policies based on our Founding Spirit, which begins

with the words “Production business is a social service.” We have conducted our activities in accordance with this spirit for over 100 years, and will not change for the next 100 years. We must continue to march forward. Under our new management structure, we will first show our stakeholders how much we can do and how we can achieve results over the three years of the YX2026 plan. We look forward to your continued support as we continue to grow as a sustainable and trusted company that can survive for the next 100 years.



Message from the COO

Pursuing innovation

Shinji Seimiya

President & COO

The watchword for the new medium-term management plan is “Low cost, speedy development of quality products.” To stay ahead of the competition, I will take the lead in addressing challenges and ensuring that Yokohama Rubber continues to create distinctive products.

On Becoming President

I assumed the position of President & COO in March 2024. Since I first joined the Company, I have been involved in tire design and development. From that perspective, my primary focus for Yokohama Rubber is the distinctive quality and performance of our products.

The automotive industry is currently undergoing a major transformation, and it is essential that we respond to the various technological demands involved, such as environmental performance and electrification. Looking at the tire industry overall, customer needs are diversifying in a global market, competition from China and India is intensifying, and supply chains are

increasingly complex. To stay ahead of the competition, we must maintain a sense of urgency, without being bound by the conventional thinking of Japanese manufacturing.

In such an environment, looking at the Company overall, I felt that to further enhance the corporate structure reformed under the leadership of Chairman Yamaishi, we needed to strengthen the production and technology department. As a manufacturing company, technology and production must take center stage, with sales, logistics, and other departments providing support. I am taking decisive action for reform so that we can continue to stay ahead of the competition in the future.

The Technological Superiority Cultivated by Yokohama Rubber

Yokohama Rubber’s strength is its advanced rubber blending and mixing technology, used in high value-added products such as ADVAN ultra-high performance tires, GEOLANDAR tires for SUVs and pickup trucks, and winter tires.

In 2022, to further advance the HAICoLab AI Utilization Concept, we developed and implemented a proprietary rubber compound design system that incorporates AI compound generation technology. This system provides us with new insights, such as compound formulas that human engineers are unlikely to consider. We are working to further refine the system, while utilizing it to accelerate development of high-performance products.

▶P46-49 “A Roundtable Discussion between Our COO and Young Engineers”

We are also highly skilled at fine-tuning products to meet the demands of automakers. In addition to Japanese car makers, Yokohama tires are fitted on new premium cars from prominent firms such as Porsche, Mercedes-AMG, and BMW-M.

Further, synergies derived from acquisitions have enhanced our competitiveness in the global market. Yokohama Rubber acquired Alliance Tire Group B.V. (ATG) in 2016, Aichi Tire Industry Co., Ltd. in 2017, and Trelleborg Wheel Systems Holding AB (TWS) in 2023. Yokohama Rubber and TWS are focused on quality and performance, while ATG’s strengths are productivity and cost competitiveness. Combining these areas of expertise and learning from each other has generated synergies in terms of productivity and quality, making Yokohama Rubber Group stronger overall.

through technical and production reforms

The new Yokohama Transformation 2026 (YX2026) management plan was designed to strengthen the foundation of the Yokohama Rubber Group overall. The watchword for this plan is “Low cost, speedy development of quality products.” Quality is the most important factor for expanding sales of high value-added products. Our focus is on the things that matter, such as ensuring that our tires are chosen for next-generation new premium vehicles, so we pursue development without compromising performance. Yokohama Rubber leads the industry in the number of tire sizes with grade “a” traction ratings for wet surface performance in the Japanese replacement tire market. We will continue to focus on maintaining this position, and with the full-fledged shift to electric vehicles now underway around the world, ensuring full compliance with environmental guidelines and other regulations.

At the same time, the market environment is rapidly changing, so speed has become increasingly important. Yokohama Rubber needs a sense of urgency that is second to none. For example, as a manufacturing company, we inevitably tend to focus on making products that will receive a perfect score.

At one time, Japanese makers paid little heed to the

inexpensive products made by companies in China and other emerging markets, taking the time to repeatedly make prototypes for every component, and creating products that scored 100% in terms of quality. However, as emerging market makers have gained experience, rapidly honed their technological capabilities and expanded their market share around the world, we have no choice but to compete with them. We need to increase our cost competitiveness in certain areas, and launch new products with an emphasis on speed.

Through the YX2026 plan, we aim to achieve low cost and high efficiency. As the centerpiece of our “Hockey Stick Growth” plan for consumer tires, we have adopted a “1-year plant” strategy to establish within a year new factories or production lines that are more than just makeshift facilities. Further, to achieve the aim of “Low cost, speedy development of quality products,” we will accelerate tire development by utilizing AI and simulation technology, strengthen the development of tires for next-generation premium vehicles, and substantially reduce manufacturing costs by applying ATG’s low-cost production model. As head of the Company, I will take the lead in implementing these reforms.

As a company, our responsibility to stakeholders is to achieve growth, with the aim of increasing sales and profits regardless of the market environment. For this reason as well, we must strengthen Yokohama Rubber’s foundations. It is essential for us to create products that customers will use, and to help realize a sustainable world. This is our mission and purpose.

We absolutely do not want to compete on cost with makers in China and other emerging markets. Our aim is to reduce costs and strengthen the foundations of profitability while maintaining the distinctive quality of Yokohama Rubber, and never forget our commitment to developing and producing the sort of high value-added products that so many stakeholders appreciate.

The key to realizing this ambition is the distinctive qualities of Yokohama Rubber. It is essential that people think of YOKOHAMA as a trusted brand that differs from the competition. We will continue to strive to increase our corporate value, without forgetting the perspective of stakeholders. Thank you for your continued support.





Message from the Co-COO



Contributing to and overseas tire

Nitin Mantri

Member of the Board and Senior Managing Officer & Co-COO

We are building upon our solid legacy to create value and transform society through the tire business. As we leverage our strong global presence, technical know-how and adaptability, we are well-positioned to implement the strategies that will lead to further, more sustainable growth.

My Journey to Co-COO

Building profitable businesses comes naturally to me but, over the years, I have come to realize that fulfillment for me comes not just from financial success, but from making a positive difference in the lives of others. I have held many fulfilling jobs during my career, but one period that helped define my leadership purpose was when I was leading Yokohama India (YIN). This was a perennially underperforming business, but in a short span of three years, we more than doubled our market share and improved profits by over five times. The impact this success had on the confidence and morale of the team was palpable. I was also amazed by the impact on the larger community where we created hundreds of jobs and literally changed lives by moving families into middle class. This is when my leadership purpose started

to become clear: “build successful businesses that make a positive difference in the lives of others.”

Growing up, I could not have even dreamt that I would end up where I am now. I strongly believe that this was possible thanks to the support of great mentors and champions who took a risk and put me into challenging roles that helped me grow. I am always on lookout for opportunities where I can do the same for others and help them succeed. Therefore, my management style is based on delegation and empowerment. I like to divide a business into manageable chunks and assign leaders who are empowered to take decisions and are fully responsible for the results. In my view, this allows leaders to grow and reach their full potential.

The OHT Business: Strengths and Outlook

With the acquisitions of Alliance Tire Group in 2016, Aichi Tire Industry in 2017 and TWS in 2023, we now have the third largest share in the global OHT business. We may also be the only company in the OHT business that has strong brands and market share in both premium and value segments. We run these companies as separate entities with strong leadership teams. From the point of view of customers, this means that they get the same experience that they were getting before, but we are still able to harness synergies in the back end in areas such as raw materials procurement and manufacturing.

As we continue our growth trajectory, we are entering new product segments and new markets. Yokohama TWS (Y-TWS) the

agricultural tracks segment, which has huge growth potential, using their in-house R&D expertise. They have already homologated these tracks with a key OEM who is very happy with the performance as compared to the competition. Yokohama ATG (Y-ATG) team is re-entering the huge Indian market, which it could not serve in the past due to capacity constraints. They have developed “fit for market” products for this market that provide best in class performance at an attractive price. Finally, Yokohama OTR (Y-OTR) team is working on developing three star products that will provide best in class cost/hour performance to the end customers.

The OHT business is expected to grow at a healthy clip of 6%

sustainable growth with stronger OHT businesses

a year due to positive tail winds. As the growing population and improved standard of living require food, grains, new roads and infrastructure, the demand for agricultural and construction equipment is expected to remain strong. Due to the attractiveness of this business, we are seeing increasing competition

In the Medium-term management plan YX2026, programmatic M&A is a key element of our “offense” strategy. While we continue to grow organically, as seen by our new plant additions in Vizag (India) and Saltillo (Mexico), we continue to look for opportunities to enter new product segments and markets using acquisitions. We have already been able to generate significant financial value with past acquisitions and got access to global management talent that is helping broader YRC. Y-TWS, for example, brings in a few unique elements to YRC. With superior technology and strong brands, it has built a solid premium position in the marketplace. It is also a truly global organization with a “local for local” mindset. We are now using some of the learned lessons and techniques to move other brands up a tier. We plan to leverage these assets and infrastructure to repeat this success story with future acquisitions.

We will maintain our multi-brand strategy of having brands in every tier of the OHT business and will manage these brands separately so as to maintain their brand promise. We will continue to aggressively grow our Interfit centers, which deliver services to the end customer and improve our understanding of customer needs and provide additional outlets for our premium offerings.

One of the key issues we face in promoting these growth strategies is the integration of new acquisitions into YRC. For an

acquisition to be successful, it is important to maintain the brand integrity and provide freedom to the incoming management team so that they can operate effectively. However, we also need to realize synergies from these acquisitions by leveraging YRC’s scale and global footprint. We have gained many insights in this area which has helped in fine-tuning our approach for future acquisitions. We now proactively create a detailed plan of how an acquisition will be integrated into YRC and communicate this future structure with all involved to get them aligned.

Going forward, in the OHT business, I would like us to maintain the growth trajectory and become a strong No.3 player in the world. There are many segments and markets that are still untapped, and I would like to gain significant share in those areas. Regarding the overseas tire business, we will have to fundamentally change how we go to market in many countries. Today, the business is run as an export business out of Japan, which prevents it from reaching full potential in many regions. We have come to experiment in a few markets and have seen significant success in Europe and India, where we built leadership teams with local experts and empowered them to grow the business. I would like to replicate this model of a “global brand with local management” in other parts of the world so that we can achieve a step change in our PCR/TBR growth trajectory.

In line with the vision set by our Chairman, we are making good progress in transforming society and creating value with tires during the once in a century transformation that started in 2017. While we plan to respect and build on our legacy of over 100 years, YRC will be a very different company at the end of YX2026. We also continue to regard sustainability management as one

of our practical business strategies to strengthen our business. These efforts will lead to improvements in our corporate value through various activities from an environmental, social and governance perspective.

Pioneering History and Changes in Our Business Portfolio

Yokohama Rubber's history of over 100 years is also a history of pioneering, leading the times with pride as a manufacturer and strong ambition as a challenger. For the next 100 years, we will continue to contribute to solving social issues through our business activities by carving out unique areas through the creation of new value.

Strengthening of the Management Base

1917

Established.

1952

Completed Phase 1 of the Hiratsuka Plant in Kanagawa Prefecture and started production there of belts, large tires, and vinyl products.


1961

Completed construction of the new corporate headquarters, the Yokohama Rubber Building.


1969

Established Yokohama Tire Corporation, a US tire sales company.

1974

Started operations at the Ibaraki Plant. Started production of high-pressure hoses.


1986

Built the D-PARC comprehensive tire proving ground in Ibaraki Prefecture.



Business Transitions

1954

Launched the Y-29, Japan's first snow tire.


1955

Launched the HAMA SAFETY and HAMA LINER, Japan's first tubeless tires.


1965

Launched sales of Unicon Belt, a commodity conveyor belt.

1967

Launched sales of G.T. SPECIAL, a radial tire for passenger cars (left photo). Launched sales of the Surge Series of high-pressure hoses (right photo).


1971

Launched sales of G.T. SPECIAL STEEL, Japan's first steel radial tubeless tire.


1983

Launched sales of PRGR golf equipment.



Photo shows a PRGR carbon driver.

1978

Developed Japan's first sports radial tire, ADVAN HF.

Changes in Society

1950

Start of the Korean War.

1964

Tokyo Olympics held.

1973

Oil crisis.

1983

Birth of the Internet.

Topics

▶

Completed Hiranuma Plant (located in Hiranuma-cho, Yokohama City). Started production of belts, tires, etc.



▶

Japanese company name changed to match the English, The Yokohama Rubber Co., Ltd.

▶

Rally cars equipped with G.T. SPECIAL tires won the Safari Rally Championship and the Southern Cross Rally. The Southern Cross victory marked the fifth victory in a row (1972-76).

▶

Racing car equipped with ADVAN racing tires won the Japan Endurance Championship series for the third consecutive year.



▶

Completed the Yokohama Plant (located in Tsurumi-ku, Yokohama City).

▶

Started operations at the Yokohama Plant (the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration, would later become our Founding Spirit).



1917

1950

1960

1970

1980

1991

Completed R&D integrated center (RADIC) at the Hiratsuka Factory.

**1996**

Established Yokohama Tire Philippines Inc., a tire manufacturing and sales subsidiary.

2006

We aimed to become a company with top-level contributions to the environment with Environmental GD100 as our guiding principle, and enhanced our CSR management under our medium-term management plan GD100.

2009

Merged with domestic tire sales companies and established Yokohama Tire Japan Co., Ltd.

2016

Acquired the Alliance Tire Group B.V. (ATG), a Dutch company that manufactures and sells tires for agricultural and construction machinery.

2017

Our 100th anniversary.

**2023**

Acquired Trelleborg Wheel Systems Holding AB, a Swedish company that manufactures and sells tires for agricultural and industrial machinery.

1990

Launched sales of SY101, a studless tire for trucks and buses.

**1994**

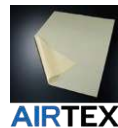
Developed components for H-II rocket engines.

**2000**

Launched sales of DNA dB, a fuel-efficient tire for passenger cars.

2009

Developed AIRTEX Advanced liner, enabling lighter weight tires.

**2023**

Introduced our original “E+” mark, which signifies that the tire is compatible with electric vehicles.

**2023**

Launched sales of ADVAN Sport EV, an ultra-high performance summer tire for EVs.

**1992**

Collapse of the economic bubble.

1997

Adoption of the Kyoto Protocol.

2008

Lehman Brothers collapse.

2011

Great East Japan Earthquake.

2015

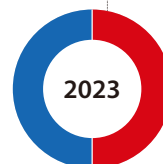
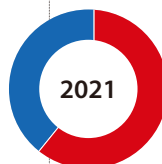
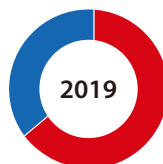
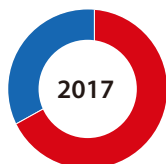
SDGs adopted.

2020

Outbreak of COVID-19.

Changes in Our Business Portfolio

■ Consumer Tires ■ Commercial Tires



► 1999 All Yokohama Rubber plants in Japan receive ISO 14001 certification.

► 2007 Started the Yokohama Forever Forest tree-planting project. First tree-planting ceremony was held at the Hiratsuka Factory.



► 2011 Electric car equipped with BluEarth tires won the Pike's Peak Hill Climb in the US in record time.



Nine-month settlement of accounts due to change in fiscal year end.

Three-month settlement of accounts due to change in fiscal year end.

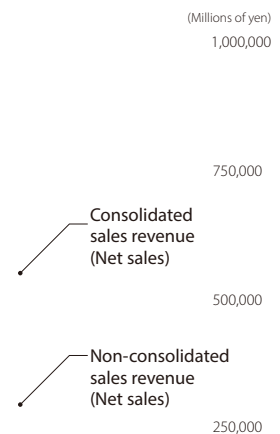
1990

2000

2010

2020

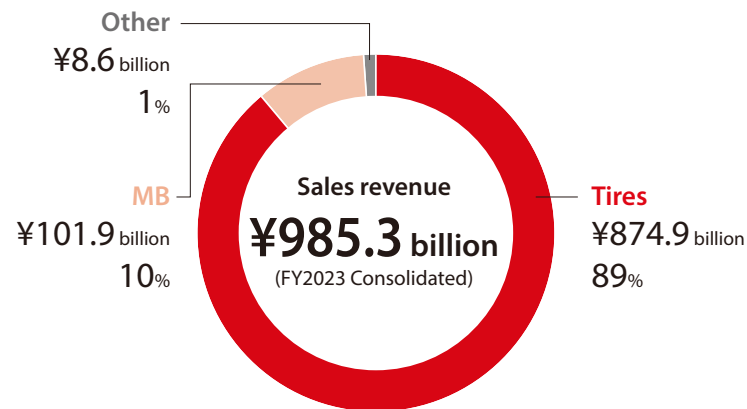
2023



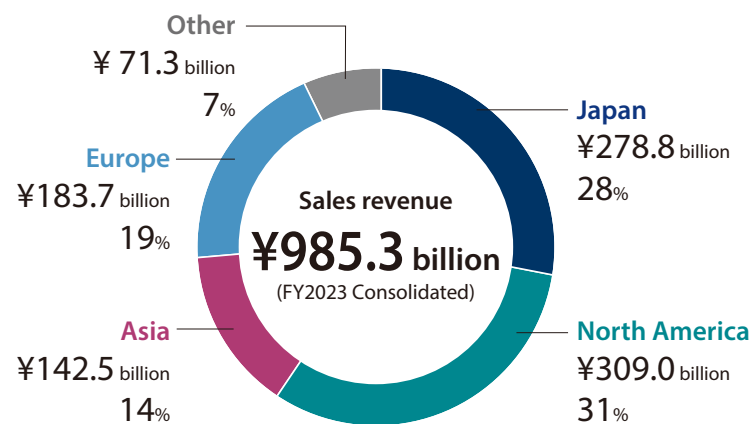


At a Glance

Sales Revenue by Business Segment



Global Expansion (Sales Revenue by Region)



Head Office

- Tire production sites
- Tire sales and marketing support bases
- MB production sites
- MB sales and marketing support bases
- Natural rubber processing site

47 production sites

(Tires: 35 / MB: 11 / natural rubber processing: 1)

More than **50** sales offices

(As of July 31, 2024)

Tire Business

Consumer Tire Business



Yokohama Rubber develops, manufactures, and sells high quality tires used in almost every aspect of our world, from tires for passenger cars for everyday use, truck and bus tires supporting people's mobility and logistics, tires for construction and mining vehicles at work on construction sites and in resource development, tires for industrial machinery to tires for agricultural and forestry machinery.

In the Consumer Tire Business, we develop, manufacture and sell high value-added tires for passenger cars, meeting diverse needs of drivers.



ADVAN, Yokohama Rubber's global flagship tire brand

Strengths and competitive advantages

Proprietary technology, quality, product performance, product lineup and global sales network

Customers

Car makers and drivers

Commercial Tire Business



In the Commercial Tire Business, we develop, manufacture and sell tires for trucks, buses, construction, mining and industrial machinery, and agricultural and forestry machinery.

507U E+



507U, an EV-compatible Rib-Lug tire for low-floor buses

Strengths and competitive advantages

Proprietary technology, quality, durability, product lineup, cost competitiveness, global sales and service network

Customers

Vehicle makers (truck and bus, construction, mining and industrial machinery, and agricultural and forestry machinery) and companies

MB Business

We also carry a broad range of other products including hydraulic hoses and fittings for construction vehicles and various machine tools, automotive hoses, conveyor belts, marine products and aerospace products. Yokohama Rubber has played a significant role around the world for many years contributing to the development of a host of industries, including automobiles, petroleum, gas, mining, construction and aviation.



Hydraulic hoses used in construction machinery

Strengths and competitive advantages

Proprietary technology, quality, product performance, product lineup and global sales network

Customers

Makers (automobiles, construction machinery, machine tools, aircraft, etc.), petroleum, steel and other industries

Other Business

In other business, we manufacture and sell golf gear under the PRGR (Pro Gear) brand.



RS X series

Strengths and competitive advantages

Proprietary technologies, innovative ideas and analyzing hitting data at directly operated stores

Customers

Golfers around the world



Brands Supporting Yokohama Rubber’s “Exploitation” and “Exploration”

Consumer Tire Business

With the aim of maximizing the sales ratio of high value-added tires, we are making efforts in three categories: ultra-high-performance tires, tires for SUVs and pickup trucks, and winter tires. We are actively developing products, with a main focus on high value-added tires for ADVAN, GEOLANDAR, and winter tire lineups.

ADVAN

ADVAN is a global flagship tire brand delivering a high level of driving performance by bringing out the full potential of passenger cars.


GEOLANDAR

GEOLANDAR is a brand of tires for SUVs based on the concept of “driving freely on all roads and terrain across the planet.”


iceGUARD

The iceGUARD brand of winter tires offers a wide selection of products, as well as unique compound and design technologies of tread pattern realizing high performance on ice and snow.


BluEarth

The BluEarth brand of fuel-efficient tires balances basic performance with enhanced fuel efficiency, wet surface and tread life, making it suitable for a wide range of uses, from city driving to leisure activities.



The OE installation of our tires on new premium cars, including renowned brands such as Porsche, BMW, Mercedes-AMG, and LEXUS, is a testimony of confidence in our world-class quality and technological capabilities.

We are accelerating the expansion of our GEOLANDAR tire brand product lineup for SUVs and pickup trucks to meet increasingly diverse needs in the SUV market.

MB (Multiple Business)

Versatran


This brand of hydraulic hoses for overseas markets was created by integrating three main series of hoses. The performance of the products has been greatly improved, and they are now available for use in mines and other challenging operating environments.

HAMAHEAT


One of the most widely recognized conveyor belt brands both in Japan and overseas. These products have a strong reputation for their heat resistance performance, especially in the steel and cement industries.

Seaflex


The world’s top brand of marine hose, highly valued by major oil companies and other users around the world for its outstanding quality.

Commercial Tire Business

We provide a wide range of tires, including tires for trucks and buses and off-highway tires for construction and industrial vehicles, and for agricultural and forestry equipment. As one of the world’s leading commercial tire specialists, we contribute to improving safety and productivity on the most demanding worksites.

Truck and bus tires (TBR)
Light truck tires (LTR)



Truck and bus tire brand provides not only basic performance such as fuel economy, tread life, and durability, but also improves the load-bearing performance required for EVs.



We will contribute to the new era of logistics with tires for trucks and buses designed with safe operation, environmental friendliness, cost reduction, and efficiency.

Off-highway tires (OHT)



Off-highway tire brands comprise product lineups in all categories, from basic and standard, to premium, providing powerful traction support for vehicles used on agricultural, mining, and construction sites, and in other locations.



We provide agricultural machinery tires for a variety of applications on farms in Japan and overseas, contributing to the improvement of overall agricultural productivity.

PRGR (Pro Gear) Business



Viewing golf from a scientific perspective, we proposed the industry’s first “head speed (H/S) theory,” and have created numerous hit products that have been popular with golfers for the past 40 years.



We leverage a variety of innovative technologies to develop products that enable people to experience the fun and joy of golf.



Yokohama Rubber's Strengths

Since the establishment of Yokohama Rubber Manufacturing Co., Ltd. in 1917, Yokohama Rubber has overcome difficulties and opened up a new era in the face of any trial by always being a challenger and pioneer. What has supported this passion is our pride as a domestic maker and strong ambition as a challenger to develop high-quality rubber products with our own hands competing with the US and European countries that have been taking the lead in technological capabilities. Always foreseeing the changes of the times, Yokohama Rubber has developed innovative technologies and products. This history constitutes Yokohama Rubber's strength.

Advanced technical prowess validated by an extensive track record of success

Yokohama Rubber has accumulated know-how in tire development technology that delivers advanced and safe handling even in the harshest conditions. Our long-standing tire making technology and high reliability in quality have been recognized worldwide, with our tires used not only on Japanese automakers' vehicles, but also European luxury brands such as Porsche, Mercedes-AMG, and BMW. In addition, our rubber technology cultivated in tire business is also utilized in the Multiple Business (MB) segment. For example,

Yokohama Pneumatic Fenders, which represent a world-first product developed with our rubber technology, are widely used around the world as shock absorbing materials for ships to berth at sea and within port in a number of fields such as petroleum, mining, fisheries, and offshore drilling.



Specialty commercial tires supplied only by a handful of companies around the world

Commercial tires are a highly profitable and growing segment where demand is expected to increase further in the future due to increased food production and expansion of logistics following economic development. Yet, the number of makers that offer commercial tires is limited due to the particularly advanced technological capabilities required for development and production. With the completion of the acquisition of Trelleborg Wheel Systems Holding AB

(TWS) in 2023, we completed the brand portfolio of OHT covering all categories from basic to premium, and our sales ranking in the OHT market has risen to the third largest in the world (Yokohama Rubber estimate). Making our position in this market a competitive advantage, we will accelerate the further enhancement of the business of commercial tires including those for trucks and buses.

After TWS joining: Tire product portfolio

	Passenger Light Trucks Vans	Trucks Bus	Agriculture	Construction	Earthmover and Mining	Forestry	Lawn Garden & Turf	ATV UTV	Material Handling	Truck (off highway)	Two-wheelers	Rims
YOKOHAMA	✓	✓		✓	✓				✓	✓		
AICHI TIRE	✓	✓		✓	✓	✓	✓		✓	✓		
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓		✓	✓		
After TWS joining												
YOKOHAMA	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
AICHI TIRE	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
TRELLEBORG			✓	✓	✓	✓	✓		✓		✓	
Mitas			✓	✓	✓	✓	✓		✓		✓	
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Production system compatible with high-mix, low-volume production

With the motto “Low cost, speedy development of quality products,” we are ready to provide a wide range of production lines that support various product lineups globally. In order to respond to the different needs of each region, including summer, all-season and winter tires for passenger cars, and trucks and buses, we adopted our unique high-mix, low-volume, small-scale production system that allows us to quickly and flexibly expand our production capacity. We also became the first Japanese tire maker to set up business operations in Vietnam. This high-mix, low-volume production system, which can respond finely to demand, has led to the establishment of a competitive advantage as one of our strengths. At production sites,

by combining just-in-time production and other methods, we can efficiently produce a variety of products while responding quickly to fluctuations in demand. We are also actively using digital technology in production, and we use real-time information to visualize and optimize production processes in production planning and production line monitoring. By utilizing data analysis and forecasting models, we optimize demand forecasts and production plans, and realize a high-mix, low-volume production system with greater accuracy.



Research & development system that can address market needs in a timely manner

By establishing tire R&D centers in regions close to the market, Yokohama Rubber is promoting the speedy launch of new products that meet local needs. The Group as a whole has tire R&D centers in Japan, Thailand, China and the US, and a four comprehensive tire test courses in Japan, Thailand and Sweden.

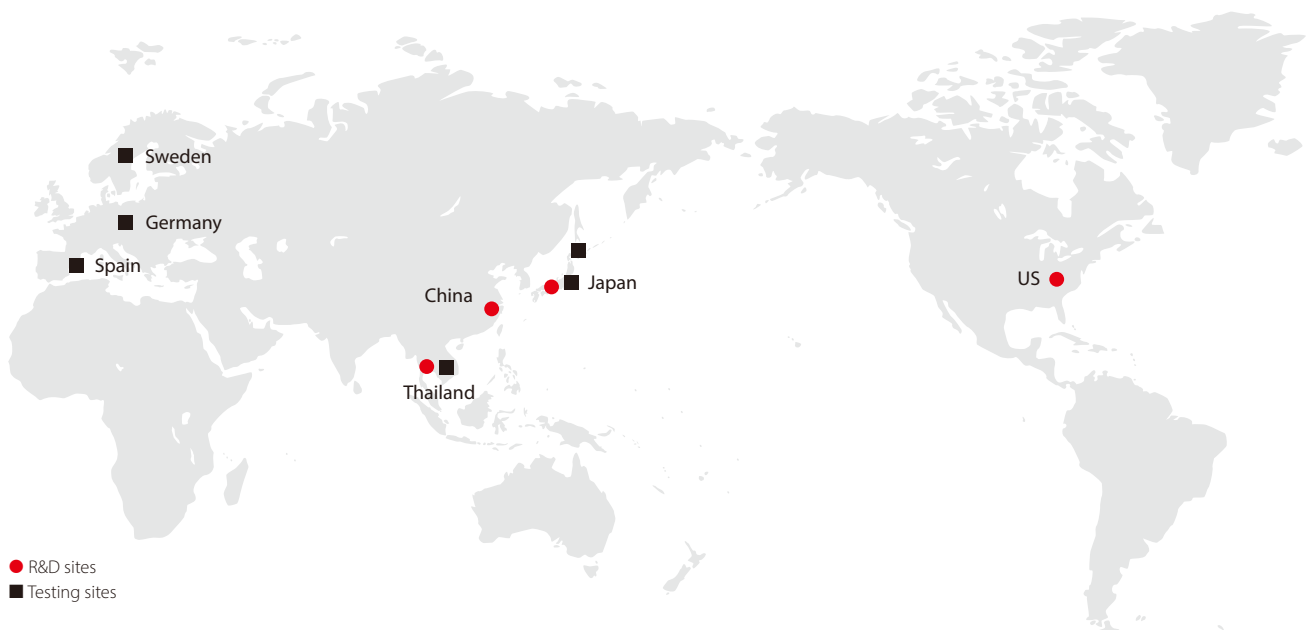
In addition, we have been working on the development of new technologies and materials from an early stage, and making efforts in technological innovation to meet market needs and address social and environmental issues, such as the growing demand for sustainable materials with low environmental impact, the improvement of energy efficiency, and the digitalization of the automotive industry. In 2014, we became the first company in the world to create simulation technology to visualize the “sound” around tires, and we have

pioneered other technologies ahead of our peers by making full use of our advanced simulation technology. We have incorporated aerodynamic technology, a new perspective in tire design, and are working to develop products that not only reduce the air resistance of tires but also reduce the air resistance of the entire vehicle.

Additionally, we are using IT to strengthen our information management system and data analysis capabilities. As part of this, we have independently developed a tire characteristic value prediction system that utilizes digital AI to enable a huge number of virtual experiments, and we are using this system for a wide range of tire development.



Map of Sites



Extensive global network

Yokohama Rubber engages in business in countries around the world, and has 47 production and sales bases, not to mention more than 50 sales offices* as part of its extensive global network. This presence supports corporate growth and contributes to local communities by providing products and services tailored to local needs, efficient production systems, and innovative technological development. We are providing ample production capacity to meet local demand. In addition to Japan, we have production bases in every corner of the globe, such as Asia, Europe, and the US, to meet the demands of each region. In 2022, production began at the newly constructed Visakhapatnam plant in India to increase YOHT's production capacity. In 2024, we plan to further bolster our production lines

for passenger cars.

Our global sales network includes sales offices, agents and distributors to serve automotive makers, consumers and companies around the world by providing our products. Yokohama Rubber is developing products and sales strategies tailored to products features and market needs in many regions. Furthermore, we have established partnerships with makers, parts suppliers, research institutes, and others. Thus, we have established a system that allows us to respond quickly to the environment in the fiercely competitive global market and reflect this in our products and sales.

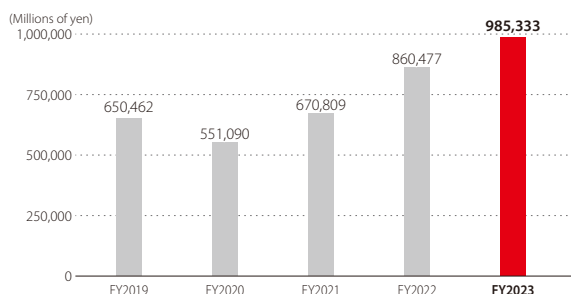
*As of July 31, 2024



Financial & Non-Financial Highlights

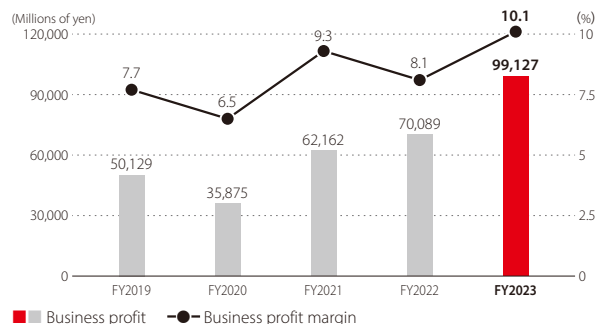
Financial Highlights

Sales Revenue



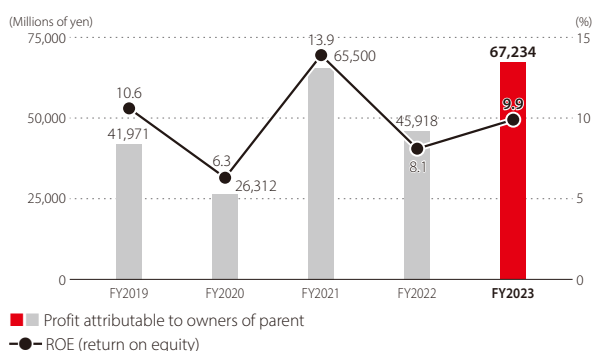
Sales revenue reached a record high of ¥985,333 million (14.5% increase year on year), reflecting the expanded sales of high value-added products such as ADVAN and GEOLANDAR, the spread of price rise, and the influence from the yen's gradual fall in the foreign exchange market, as well as the effect of the new consolidation of Y-TWS's performance in the tire business.

Business Profit / Business Profit Margin



Business profit increased as much as 41.4% year on year to ¥99,127 million, reflecting the improvement of costs such as ocean freight and adherence to price discipline, despite an increase in unrealized profit on inventories and transient expenses due to the acquisition of TWS. The business profit margin increased 2.0 points year on year to 10.1%, exceeding 10% for the first time.

Profit Attributable to Owners of Parent / ROE (Return on Equity)*1

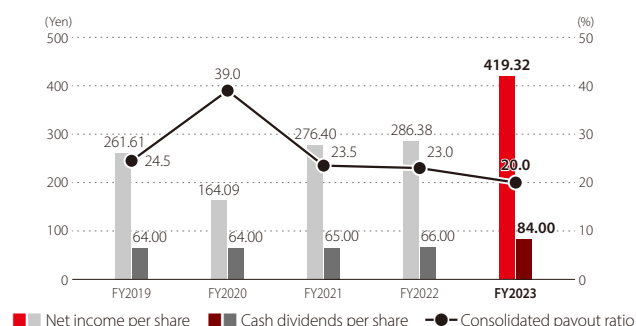


Profit attributable to owners of parent increased 46.4% year on year to ¥67,234 million due to recording proceeds from the sale of a subsidiary involved in tire sales in the US. ROE (return on equity attributable to owners of parent) greatly improved, increasing 1.8 points year on year to 9.9%.

1 ROE (return on equity) = Profit attributable to owners of parent / Average total equity attributable to owners of the parent × 100

* Simple average of amounts at beginning and end of year

Net Income per Share / Cash Dividends per Share / Consolidated Payout Ratio*2

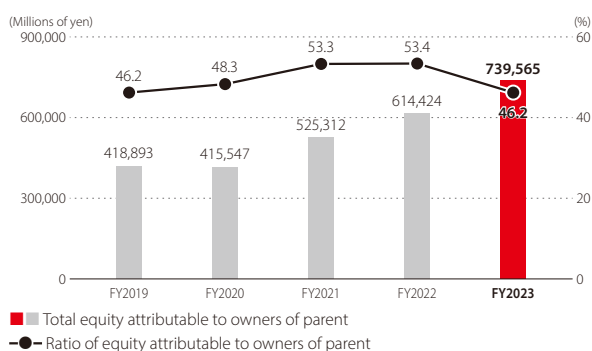


Net income per share was ¥419.32, an increase of ¥132.94 year on year. Cash dividends per share were ¥84, an ¥18 year-on-year increase. The consolidated payout ratio was 20.0%, a year-on-year decrease of 3.0 points.

(Note) Net income per share and the consolidated payout ratio in fiscal 2021 are calculated based on an amount that excludes extraordinary factors such as the sales of the head office and the Hamatite business.

*2 Consolidated payout ratio = Cash dividends per share / Net income per share

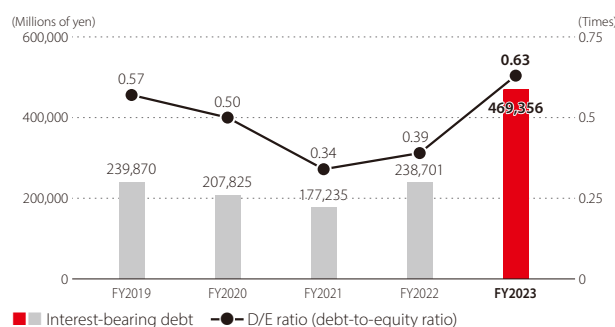
Total Equity Attributable to Owners of Parent / Ratio of Equity Attributable to Owners of Parent*3



Equity attributable to owners of parent rose ¥125,141 million compared with the end of the previous fiscal year to ¥739,565 million because of an increase in retained earnings and other components of equity. The ratio of equity attributable to owners of parent decreased 7.2 points year on year to 46.2% due to increase in interest-bearing debt.

*3 Ratio of equity attributable to owners of parent = Total equity attributable to owners of the parent / Total assets × 100

Interest-bearing Debt / D/E Ratio (Debt-to-equity ratio)*4

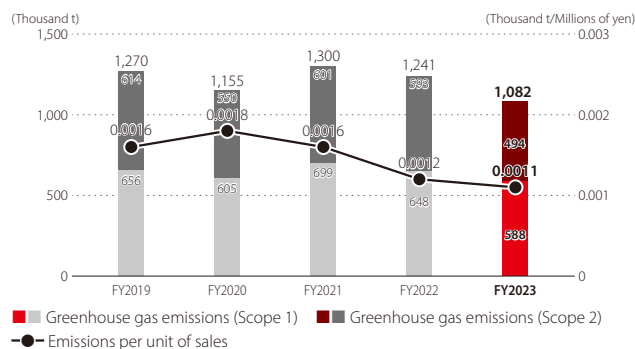


Interest-bearing debt increased ¥230,655 million year on year to ¥469,356 million. Interest-bearing debt as a percentage of total assets of the Yokohama Rubber Group was 29.3% (as of December 31, 2023). The D/E ratio (debt-to-equity ratio) increased 0.24 points to 0.63 times.

*4 D/E ratio (debt-to-equity ratio) = Interest-bearing debt / Total equity attributable to owners of the parent

Non-Financial Highlights

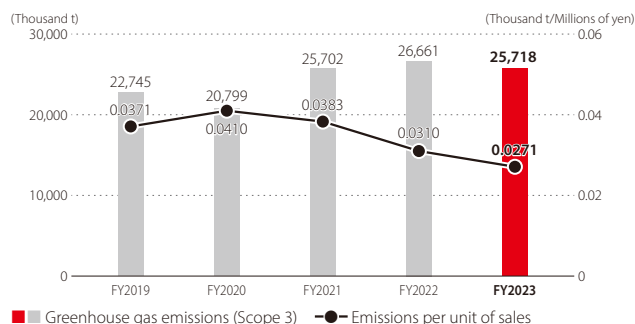
Greenhouse Gas Emissions (Scope 1-2) (Consolidated)



Greenhouse gas emissions (Scope 1 and Scope 2) decreased year on year, with Scope 1 emissions decreasing 9.3% and Scope 2 emissions decreasing 17%, as a result of promoting reduction efforts. Emissions per unit of sales of Scope 1 and Scope 2 showed slight improvement.

(Note) Actual greenhouse gas emissions of each fiscal year (Scope 1 and 2) include actual emissions from Yokohama TWS before its merger.

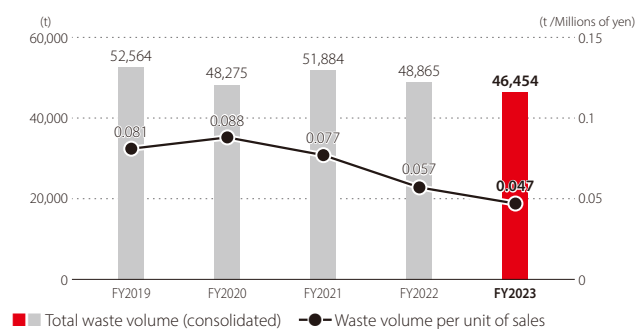
Greenhouse Gas Emissions (Scope 3) (Consolidated)



Greenhouse gas emissions (Scope 3) decreased 4% year on year due to decrease in category 1 (purchased goods and services), category 11 (use of sold products), etc. Emissions per unit of sales of Scope 3 improved 13% year on year.

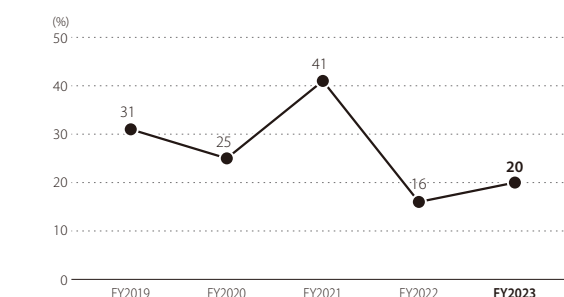
(Note) Actual greenhouse gas emissions of each fiscal year (Scope 3) do not include actual emissions from Yokohama TWS before its merger. In addition, there were no actual emissions classified in the categories of 8, 13 or 14.

Total Waste Volume (Consolidated)



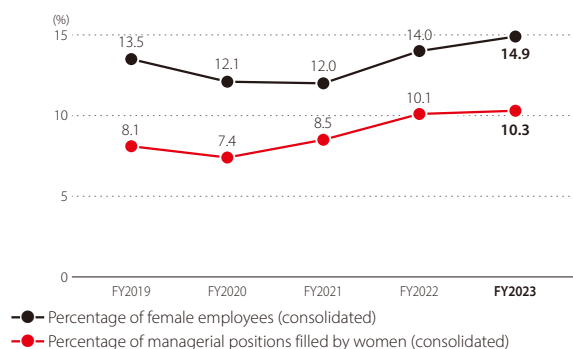
As a result of Group-wide efforts to strengthen waste reduction and resource recycling, total waste volume decreased 5% year on year.

Percentage of Women Employed in Comprehensive Work Positions (Non-Consolidated)



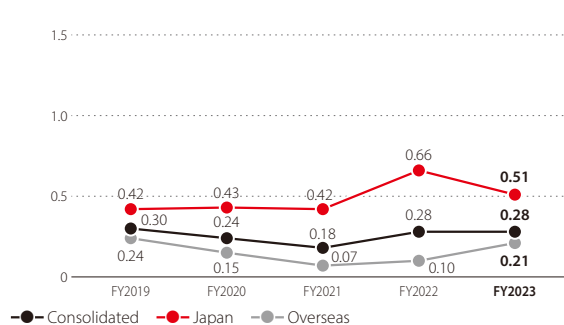
As result of aiming to improve the percentage of women employed in comprehensive work positions to promote Diversity & Inclusion, the percentage of women employed in comprehensive work positions (non-consolidated) rose 4 points year on year to 20%.

Percentage of Female Employees (Consolidated) / Percentage of Managerial Positions Filled by Women (Consolidated)



As a result of positioning the promotion of active participation by women as one of the important measures and promoting the creation of a workplace in which all women can play an active role, the percentage of both female employees and managerial positions filled by women increased year on year in fiscal 2023 results.

Lost-Time Injury Frequency Rate (LTIFR)



As a result of ongoing efforts to reduce the lost-time injury frequency rate (LTIFR) globally, the LTIFR remained at 0.28.



Value Creation Process

Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products

Social Change and Issues

Products and Technologies

- The spread of CASE and MaaS in the automotive industry
- Innovation through the utilization of technology
- Increasingly diverse customer needs (cost, performance, quality, environmental and social contributions)
- The safety and security of customers

Environment

- Climate change challenges
- Achieving carbon neutrality
- Promoting a circular economy
- Achieving a nature positive world
- Preserving biodiversity
- Sustainable use and management of natural resources
- Prevention of pollution and chemical substance management
- Conservation of water and marine resources

People

- Respect for human rights
- Diversity and inclusion
- Workstyle reforms
- Human resources development
- Occupational health and safety

Community

- Regional environmental issues, such as water and air pollution, and environmental destruction
- Regional social issues such as respecting the land rights of indigenous peoples, human rights violations, disasters, health-care, trading irregularities and conflict minerals
- Revitalizing local communities, creating economic effects
- Communication with local communities

Governance

- Maintenance and strengthening of foundation for proper organizational governance
- Sustainable improvement of corporate value
- Effectiveness and diversity of meeting bodies such as the Board of Directors and committees (requirements, etc.)
- Strict adherence to compliance
- Sophistication of risk management
- Dialogue with stakeholders and disclosures
- Independence, diversity and transparency

Inputs

(FY2023 results)

Financial Capital

- Total capital: ¥748.8 billion
- Interest-bearing debt: ¥469.4 billion (excluding lease liabilities)
- Cash and deposits: ¥97.6 billion

Manufactured Capital

- Tire production sites: 8 domestic plants, 27 overseas plants
- MB production sites: 3 domestic plants, 8 overseas plants
- Natural rubber production site: 1 overseas plant
- Research and development bases: 1 domestic site, 3 overseas sites
- Test courses: 2 domestic courses, 2 overseas courses
- Capital expenditures: ¥62.4 billion

Intellectual Capital

- R&D expenses: ¥18.0 billion
- Number of patents held: 6,479

Human Capital

- Number of employees: 33,617 (consolidated) (overseas: 23,575, Japan: 10,042)
- Employee training cost: ¥612 million (consolidated)
- Percentage of managerial positions filled by women: 2.0% (non-consolidated), 8.1% (consolidated)
- Percentage of female employees: 7.3% (non-consolidated), 13.8% (consolidated)
- Continued employment rate of employees after reaching 65 years of age (non-consolidated) FY2021–FY2023
Average rate for the period: 63.6%
- Capacity-building training participation rate: 6.0%

Social and Relationship Capital

- Main countries of operation: 39 countries and regions
- The YOKOHAMA brands cultivated over 107 years in business (ADVAN, BluEarth, GEOLANDAR, ALLIANCE, GALAXY, PRIMEX, and more)

Natural Capital

- Total energy consumption: 2,036,777 MWh (consolidated)
- Total water intake: 9,164,000 m³

Business Model

Value Chain

Sales/Service

Driving force for value creation

Advanced technology evident in our numerous records

Specialty in commercial tires reserved for several companies in the

High-mix low-volume production approach

Research & development structure capable of promptly meeting market

Extensive global network

Distribution

Production

Medium-term Management Plan

We aim to achieve “Hockey Stick Growth” by further advancing our “exploitation” and “exploration” strategy set forth in YX2023, the previous medium-term management plan, and completing the transformation of the Yokohama Rubber Group in order not to leave a negative legacy for the next generation.

Materiality

Provision of products and services that contribute to a sustainable society

Contribution to a decarbonized society and circular economy

Coexistence with nature

Coexistence with local communities

Development of human capital capabilities for sustainable corporate value enhancement

Yokohama Rubber has always been ahead of the times in pioneering unique fields, creating products, and creating value for the world through our advanced technology and extensive global network amassed over the years. Together with our stakeholders, we will strive to realize our basic philosophy, "To enrich people's lives and contributing to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products."

⇒ P. 18

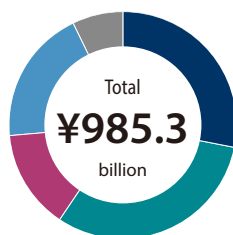
Outputs

Fiscal 2023 sales revenue by business segment



■ Tires	¥874.9 billion	89%
■ MB	¥101.9 billion	10%
■ Other	¥8.6 billion	1%

Fiscal 2023 sales revenue by region



■ Japan	¥278.8 billion	28%
■ North America	¥309.0 billion	31%
■ Asia	¥142.5 billion	14%
■ Europe	¥183.7 billion	19%
■ Other regions	¥71.3 billion	7%

Outcomes

Financial Capital

- TSR 6.2% (10 year annual rate)

Intellectual Capital

- Number of patents acquired (1 year): 649
- Developed a system for rubber compound property estimation, compound design, and tire property value estimation based on the HAI Colab AI utilization concept ⇒ P.46

Human Capital

- Ratio of female managers: 2.0% (+0.3 points year on year)
- Ratio of non-Japanese managers: 24.2% (-9.9 percentage points year-on-year)
- Number of employees taking childcare leave: 41 (-2% year-on-year)
- Ratio of male employees taking childcare leave: 86.2% (+26.7 percentage points year-on-year)
- LGBTQ related welfare system
- Lost-time injuries frequency rate: 0.28 (±0 year-on-year)

Social and Relationship Capital

- Economic stability and development of local communities and business partners (employment of local residents, expanded transactions with local companies, etc.)
- Addressing issues in local communities (education, infrastructure, disaster recovery, minority support)
- Contribution to the realization of a next-generation mobility society (provision of products and services compatible with CASE, MaaS, etc.): Started demonstration experiments using EV buses in cooperation with Kanagawa Chuo Kotsu Co., Ltd.

Natural Capital

- Reducing environmental impact through climate change countermeasures and environmental conservation

⇒ Quantitative data

(GHG, water, volume of energy reduction/increase)

- Contribution towards "nature positive" by turning production sites into sites that coexist with nature
- ⇒ Yokohama Rubber's Ibaraki Plant certified by the Ministry of the Environment as a "Nationally Certified Sustainably Managed Natural Site**"

* A certification system officially launched by the Ministry of the Environment in 2023 with the aim of achieving an international goal of conserving and protecting more than 30% of land and sea by 2030

- Ratio of renewable energy: 2.5%
- Ratio of sustainable materials: 27.9% (+1.7 percentage points year-on-year)
- Number of trees planted (YOKOHAMA Forever Forest): cumulative of 1,240 thousand trees (83% progress in relation to target)

Impacts

Realization of a safe, secure, and comfortable mobility society

Contribution to economic and social development through the provision of off-highway tires (OHT), hose and couplings, and industrial products

Improved customer convenience and efficiency through services utilizing DX

Realization of a decarbonized society through the provision of products that contribute to the environment

Reduced environmental impact through support for sustainable raw materials and next-generation energy

Improved natural rubber productivity and the living standard of rubber farmers by providing continuous support for them

Economic revitalization of local communities through local employment and procurement

Contribution to the realization of a nature positive world through biodiversity conservation activities in cooperation with local communities

Establishment of a sustainable supply chain

Improvement of management resilience by strengthening corporate governance



Value Co-Creation with Stakeholders by Capital

Individual activities in the value chain shown in the value creation process lead to the co-creation of high-quality products by leveraging Yokohama Rubber’s capital and the strength produced from that. Yokohama Rubber will steadily meet the expectations, interests and needs of our stakeholders, and provide further value.

Type of Capital	Yokohama Rubber’s Strengths	Stakeholders
 Financial	- Profit expansion by “Product and Regional Strategies” in the consumer tire business, as well as by the maximization of the ratio of high value-added products (AGW strategy), and sustainable growth driven by the OHT business with high market growth rate including tires for agricultural machinery vehicles boasting the world’s top market share in the commercial tire business - Implementation of strategic investment toward the improvement of corporate value, and the ability to generate cash flows	- Shareholders (increased attention from domestic institutional investors as well as overseas institutional investors with the progress of business globalization) - Financial institutions (banks in Japan and overseas, and government-affiliated financial institutions)
 Human	- Utilization of personnel with different nationalities - Introduction of a home office system and satellites offices, and upgrading of work-from-home and flexible work systems - Development and selection of value-added human resources - Assignment of right person to the right high-level position - Links between duty, performance and compensation (managers) - Investment in safety measures aiming to achieve zero occupational accidents	Employees
 Intellectual	- Launching Japan’s first fuel-efficient tires (1998) - Tires and rubber products (conveyor belts, etc.) with increased ratio of sustainable raw materials (conveyor belts, etc.) - HAI CoLab: Product development utilizing AI (material design and structure design) - Development of sustainable raw materials in collaboration with business partners (NEDO Green Innovation Fund Projects, etc.)	- Employees - Customers - Business partners (collaboration) - Public institutions (collaborative research)
 Manufacturing	- Acquisition of technical approval for the world’s leading premium cars - World class specialties in commercial tires (ones for trucks and buses, and OHTs) - Production system compatible with high-mix, low-volume production - Production of high-performance pneumatic fenders and hydraulic pressure hoses for vehicles and construction machinery	- Local communities - Business partners - Customers - Employees
 Social and Relationship	- Achievement of the speedy launch of new products that meet local needs by establishing tire R&D centers in regions close to the market - Broad-ranging and global customer base not only for PC, but also for OHT and MB (hose and couplings, industrial products, etc.) - Activities to support farmers at natural rubber plantations in Thailand and Indonesia (holding seminar events regularly)	- Local communities - Business partners - Customers - Employees
 Natural	- Environmental research at a natural rubber plantation in Thailand - Introduction of renewable energy and continuous implementation of Company-wide energy-saving activities - Biodiversity preservation activities in collaboration with local residents and local governments around production sites - YOKOHAMA Forever Forest Activities (activities to grow seedlings of potential natural vegetation tree species by ourselves, provide nursery trees, and plant them with local residents)	Natural environment

Expectations, Interests and Needs of Stakeholders

- Improvement of capital efficiency (liquidation of cross-shareholdings and non-business assets)
- Strengthening of IR activities (enhancement of connections with investors, and improvement of disclosures)
- Pursuit of optimal capital structure

- Diversity & Inclusion
- Work style reforms (flexible working hours, and work-life balance)
- Employees' own growth through work
- Consideration to occupational health and safety

- Development of products that contribute to the environment
- Development of high-performance and heavy-duty products
- Provision of services utilizing technology

- Sustainable raw materials procurement (supply chains without environmental and human rights risks)
- Supplying of high-performance and high value-added products
- Environmental conservation, economic development, and the resolution of issues in local communities
- Productivity improvement
- Achievement of carbon neutrality

- Maintenance and promotion of good relationships
- Fair operating practices
- Provision of safe and high-quality products and services
- Sustainable raw materials procurement (land use, forest resources conservation, impact on biodiversity, elimination of child labor and forced labor, etc.)
- Respect for human rights

- Sustainable raw materials procurement (land use, forest resources conservation, elimination of impact on biodiversity, etc.)
- Climate change countermeasures
- Measures against environmental deterioration and biodiversity loss
- Management of water resources

Initiatives for Further Value Creation

- Business growth by continuous strategic investment
- Improvement of asset efficiency by the sale of cross-shareholdings
- Optimal balance sheet management tailored to business structure
- Strengthening investor engagement by holding IR events, etc.

- Improvement of employee engagement
- Increase the ratio of female managers
- Expansion of skills development programs
- Utilization of senior human resources

- Development and launch of “E+” tires equipped with technologies that meet the special needs of electrified vehicles, such as the strength to withstand the higher loads associated with the installation of electric batteries
- Improvement of customer convenience and efficiency by services utilizing DX

Low cost, speedy development of quality products

- Low cost: Drastic reduction of product costs
- Speedy development: the “1-year plant” challenge and speeding up of tire development
- Quality products: Strengthening development of OE tires suitable for the next-generation of premium cars

- Enhancement of stakeholder engagement

- Participation in a Japan Ministry of the Environment project using advanced technology for evaluating and verifying sustainable procurement of natural capital from the ASEAN region
- Introduction of RubberWay Geo-Mapping, a risk assessment tool, toward the promotion of sustainable natural rubber procurement