

# Formulating the Medium-term Management Plan YX2023 and Caring for the Future

Yokohama Rubber is committed to enriching both the earth and society through its medium-term management plan, Yokohama Transformation 2023 (YX2023).

## Social Change and Challenges

### Business Environment

- Decrease in the number of privately owned vehicles and increase in the number of infrastructure-related vehicles due to the expansion of CASE and MaaS
- Distribution using electric vehicles and automation
- Intensifying price competition for tires

### Society

- Improvement of occupational health and safety and prevention of infectious diseases
- Changing values with regard to work styles
- Prevention of complicity in child and forced labor in the company and suppliers
- Social impacts on suppliers

### The Environment

- Climate change problems
- Changes in/impact on the natural environment by our production bases and suppliers
- Dependence on natural resources
- Switch from fossil resources to sustainable resources

### Corporate Governance

- Maintenance and strengthening of foundation for proper organizational governance
- Demanding effectiveness and diversity within the board of directors and organization

## Medium-term Management Plan YX2023



**Exploitation  
and  
Exploration**

Implement a growth strategy for the next generation based on two approaches: "Exploitation" of existing businesses and "Exploration" in response to changes in the market.



**Products**



**The Earth**



**People**



**Community**



**Corporate Governance**

## Exploitation

Raise high value-added tire sales ratio



## Consumer Tires

- Raise high value-added tire sales ratio
- Strengthen core products and brands by leveraging original technologies and superior quality
- Promoting product and regional business strategies

## Exploration

Respond to market changes

Costs	Product lineup
Services	
DX: Digital Transformation	

## Commercial Tires

- Strengthening cost competitiveness and our system of services
- Promoting Digital Transformation (DX)
  - Formulating Yokohama Sensor Tire Technology, etc.
- Developing a full line of products to reform distribution
- Integrating off-highway tire business and multi-brand strategy
- Strengthening the foundation for growth in our truck and bus tire business

P. 07



## Focusing resources in areas of strength

Strengthen / expand by allocating resources to core product areas

Hose & couplings Growth drivers	Industrial products Stable earnings
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Business restructuring

Hamatite Focus on core areas	Aerospace products Structural reforms
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## Multiple Business

- Shift Portfolio to Products with Highly Stable Earnings and Strong Growth Potential
  - Hydraulic hoses: Strengthen market presence
  - Car pipes: New growth-driving technologies (response to CASE)
  - Strengthen efforts toward hydrogen society (hydrogen filling hose)
  - Belts: Establish dominant presence in core-strength markets
  - Marine products: Maintain high market share & strengthen production bases

- Continue to supply 100% of environmentally friendly products
- Carbon neutrality initiatives
- Circular economy initiatives
  - Renewable/recycled raw materials: 30% or more by 2030
- Sustainable natural rubber procurement
- Carbon-positive initiatives: 1.3 million trees to be planted by 2030 through Yokohama Forever Forest

P. 11



- Human resource measures to enhance both management and managers
- Create an environment where everyone can maximize their abilities.
- Promote diversity
- Creating a safe and secure workplace

P. 13



- Promote procurement in accordance with the CSR Procurement Guidelines
- Contribution to the local community through COVID-19 measures
- Support for disaster area
- Helping to resolve difficult issues through the YOKOHAMA Magokoro Fund

P. 15



- Global governance
  - Strengthen global management
  - Expand our whistleblower system to overseas sites

P. 17



## Financial Targets for FY2023

**Sales revenue:** 700 billion yen  
**Business profits:** 70 billion yen  
**Business profit margin:** 10%  
**D/E ratio:** 0.4x  
**ROE:** 10%  
**ROIC:** 7%  
**Operating CF:** 250 billion yen (3-year cumulative total)  
**Capital investments:** Not exceeding depreciation and amortization (excludes strategic investments)

## Social value created

Delivering fun and peace of mind through driving.

Make life more fulfilling for people everywhere.

SUSTAINABLE DEVELOPMENT GOALS

