

# Medium-term Management Plan

## 2024-2026

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**February 16, 2024**  
**The Yokohama Rubber Co., Ltd.**  
**Masataka Yamaishi**  
**President, Chairman of the Board**

I am Yokohama Rubber President Masataka Yamaishi.

My presentation today will include an introduction to our new medium-term management plan.

# Medium-term Management Plan

## 2024-2026

1. Corporate Philosophy
2. YX2023 Results
3. Medium-term Management Plan
  - 3-1) Business Strategies
  - 3-2) Sustainability
  - 3-3) Financial Strategy

This slide presents the contents of today's presentation.

# Medium-term Management Plan 2024-2026

1. Corporate Philosophy
2. YX2023 Results
3. Medium-term Management Plan
  - 3-1) Business Strategies
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  - 3-3) Financial Strategy

Before presenting the new medium-term plan, I would like to briefly present our corporate philosophy.

## 1. Corporate Philosophy



### “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 the best value.
2. The fundamental policy is to deliver quality products unrivaled by any competitors.
3. Management should adhere to the principles of fairness and consideration.  
The mission of a fair and honest management is to secure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers in a fair manner.
4. A company should make appropriate investments, update its machinery and increase productivity.  
This is the key to improving efficiency.
5. The success or failure of a business depends on how much one is willing to study and with how much determination, in order to improve and grow. Accordingly one must make a great effort.

#### 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”**

#### Management Policies

- Take on the challenge of new technologies to create 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.

Our “Founding Spirit” shown here is based on a cautionary tale by Suekichi Nakagawa, who was the Company's president in 1929 when our Yokohama Plant was opened in what is now Tsurumi-ku, Yokohama City.

Our current corporate philosophy and core management policies shown on this slide were established in 1992, based on this “Founding Spirit.” Yokohama Rubber has conducted its activities with a consistent and unchanging spirit for over 100 years and will continue to do so for the next 100 years. The new medium-term plan that I will present today is based on this unwavering corporate spirit.

# Medium-term Management Plan 2024-2026

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2. YX2023 Results
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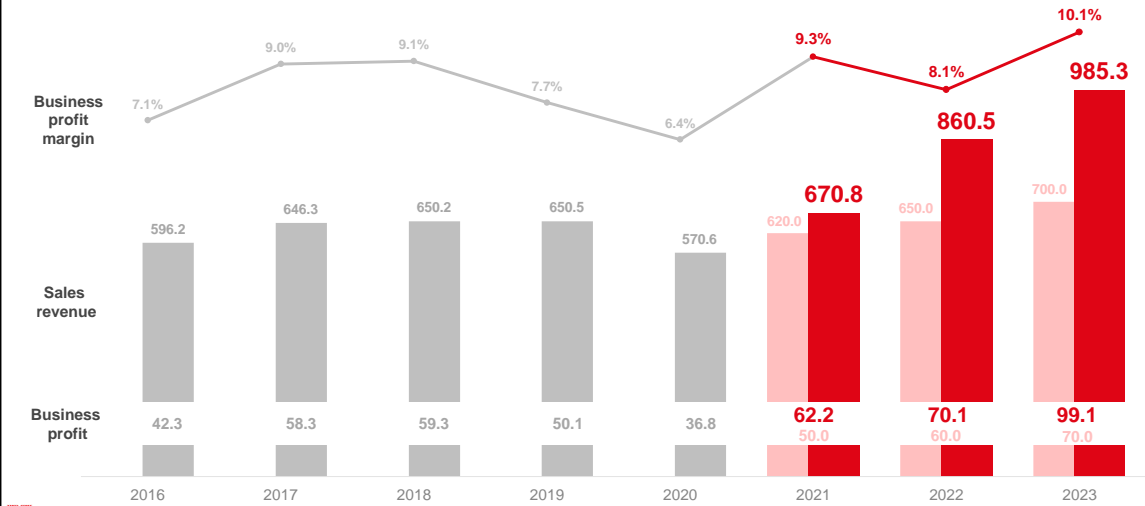
Before presenting our new medium-term management plan, I would like to present a general overview of the results of our previous plan, Yokohama Transformation 2023 (YX2023).

## 2. YX2023 Results

■ Past results/YX2023 annual targets    ■—● YX2023 annual results



### Culmination of the past 100 years



YOKOHAMA

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During YX2023, which was implemented for three years from 2021 to 2023 as the “Culmination of the past 100 years,” we greatly exceeded each year’s initial targets for sales revenue and business profit.

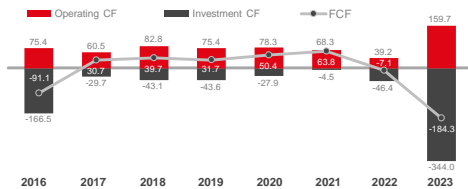
Sales revenue in FY2023, the plan’s final year, fell short of our target of ¥1 trillion, but we achieved a business profit margin above 10% for the first time ever.

## 2. YX2023 Results

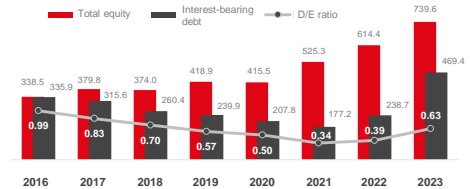


	YX2023 result	Target
Sales revenue	¥985.3 billion	¥700 billion
Business profit Margin (%)	¥99.1 billion 10.1%	¥70 billion 10%
D/E ratio	0.63x	0.4x
ROE	9.9%	10%
ROIC	5.3%	7%
Cash flow from operations	¥267.2 billion (3yr cumulative)	¥250 billion (3yr cumulative)
Capital investment	Within scope of depreciation (excluding strategic investments)	Within scope of depreciation (excluding strategic investments)

Cash Flow (billion yen)

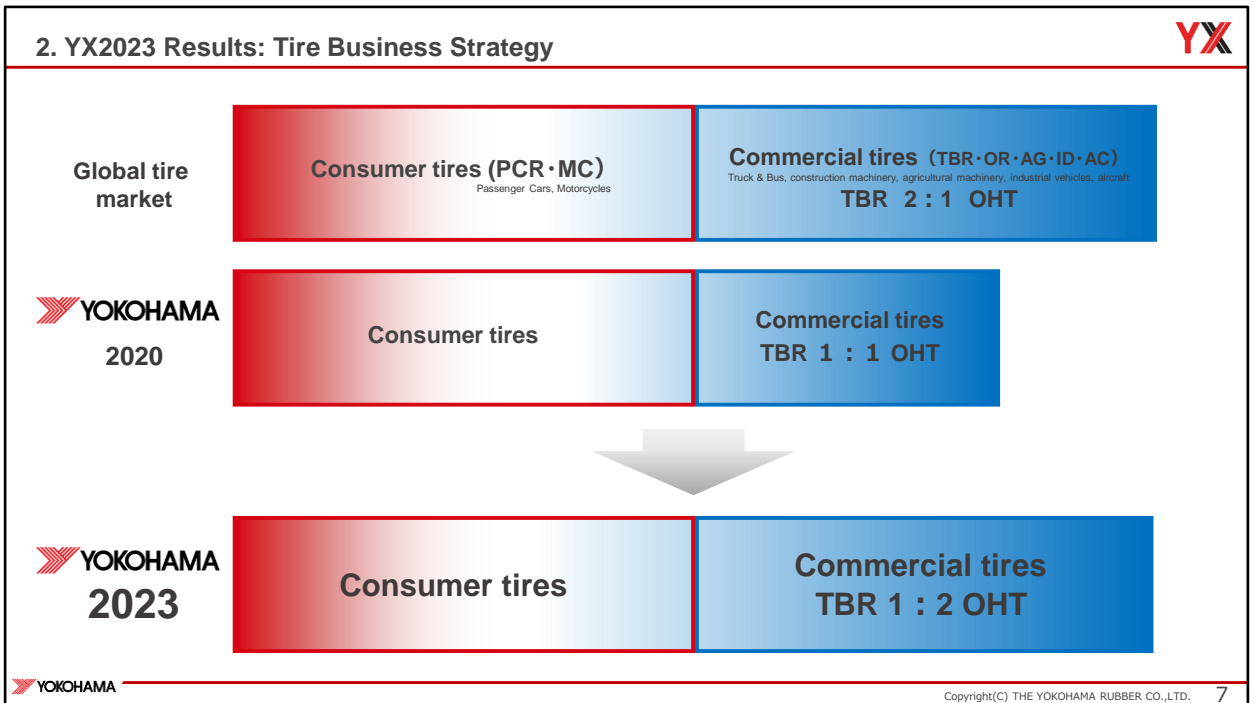


Interest-bearing debt, total equity, D/E ratio (billion yen/times)



As this slide shows, we were unable to reach our targeted D/E ratio, but the higher ratio reflects our acquisition of Trelleborg Wheel Systems. ROE also came in a bit below target at 9.9%. On the plus side, cumulative cash flow from operations during the three years of YX2023 came in above target at ¥267.2 billion.

## 2. YX2023 Results: Tire Business Strategy



This slide shows the result achieved by our Tire Business Strategy during YX2023. In 2020, our consumer tire to commercial tire sales ratio was 3:2, while the global market ratio was an even 1:1. The acquisition of Trelleborg Wheel Systems (TWS) in FY2023 brought at ratio in line with the global market ratio of 1:1.

In addition, the composition of our commercial tire business is now more heavily weighted toward more highly profitable OHT, with an OHT to TBR ratio of 2:1, the reverse of the global market's 2:1 ratio favoring TBR.

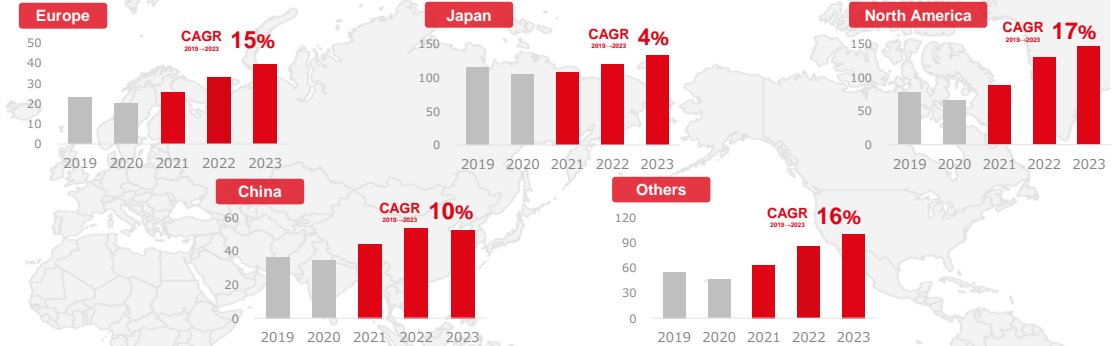
During YX2023, we were able to achieve our grand strategy for the transformation of our Tire Business structure.



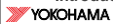
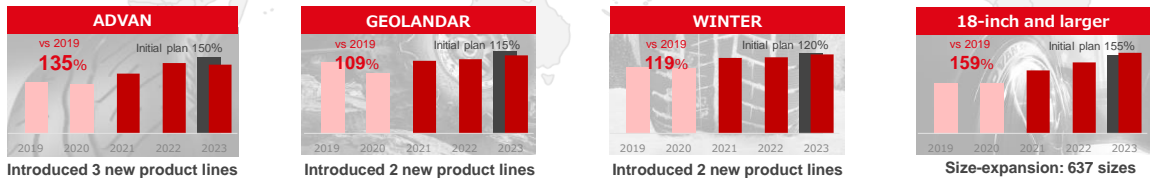
## 2. YX2023 Results: Consumer Tires - Product & Regional Strategies



### Consumer tire growth in each region (billion yen)



### High value-added tire growth (Sales units)



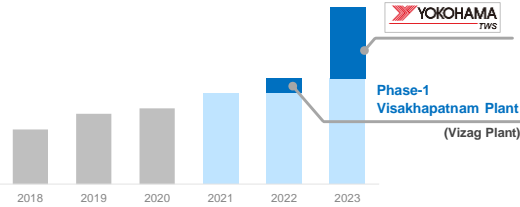
This slide summarizes the results achieved by the product and regional strategies implemented in our consumer tire business. Our strategy of pursuing product strategies tailored to each specific regional market resulted in large increases in sales in all regions, as the graphs here illustrate.

During YX2023, we also endeavored to increase sales of our ADVAN, GEOLANDAR and WINTER tires as we aimed to maximize the sales ratio of these high value-added tires. Unfortunately, we fell short of our target ratios for these tires. However, we achieved our target ratio for 18-inch and larger size tires, as we expanded the lineups to 637 sizes during YX2023's three years.

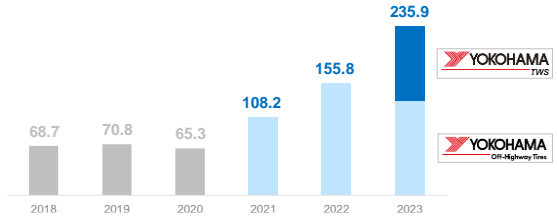
## 2. YX2023 Results: Commercial Tires - OHT Business



OHT production capacity trend (rubber weight)



OHT sales trend (billion yen)



Company	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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	



Next, let's look at the results we achieved in commercial tires. We greatly expanded our OHT production capacity and sales, with the acquisition of TWS supplementing the organic growth at YOHT. In addition, we now have the industry's most comprehensive OHT product lineup, which positions us for further growth of our OHT business.

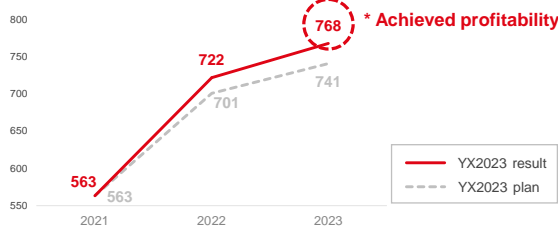
## 2. YX2023 Results: TBR Business / MB Business



### TBR Business

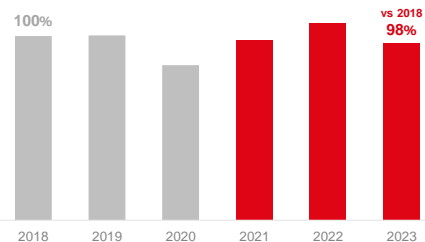
#### US TBR Plant Production units trend (1,000 tires)

Production volume at Mississippi Plant in United States



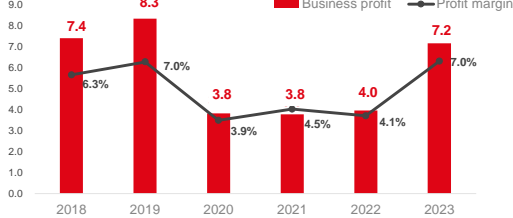
### TBR Business

#### TBR·LTR unit sales trend



### MB Business

(billion yen)



Strengthened/expanded by allocating resources to core product areas

**Hose & Couplings**  
Change from Old-fashioned organization

**Industrial products**  
Discontinued unprofitable products

Sold

**Hamatite**  
Transfer completed in 2021

Business restructuring

**Aerospace products**  
Return to profit



The TBR Business fulfilled the YX2023 plan for expanding production at its Mississippi plant in the U.S. and achieved profitability in FY2023. However, unit sales in FY2023 slipped to 2% below the FY2018 level owing to the difficult market environments in Europe and the U.S.

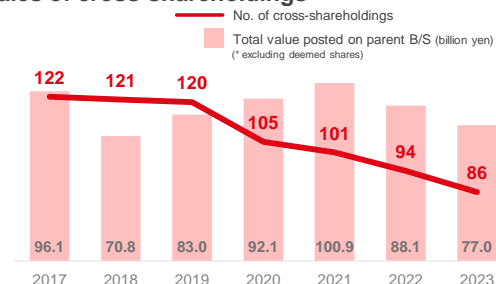
The MB Business was a source of considerable concern in the three years from 2020, posting results far below our announced targets. However, in the final year of YX2023, we rebuilt the management structure of our MB division. That and other measures enabled the business to achieve its announced targets.

The MB Business restructured its operations during YX2023, including the sale of its Hamatite business in November 2021 and the integration of its aerospace products division into the industrial products division in March 2022. It now has a solid foundation for growth during our new medium-term management plan.

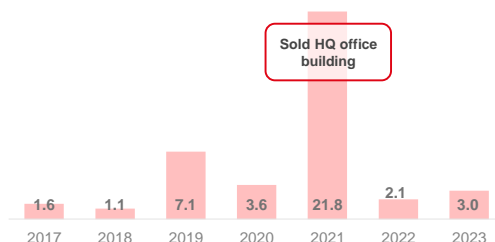
## 2. YX2023 Results: Corporate Governance - Improved Asset Efficiency



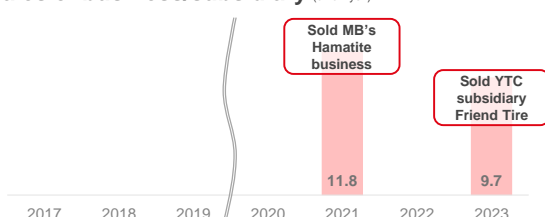
### Sales of cross-shareholdings



### Sales of idle assets (billion yen)



### Sales of business/subsidiary (billion yen)



### ■ Cash from asset sales in 2017-2023

**Cross-shareholdings** ¥42.8 billion  
**Idle assets** ¥40.3 billion  
**Business/subsidiary** ¥21.5 billion  
**Total ¥104.6 billion**  
 (during YX2023: 85.6 billion yen)

Since I became president in 2017, we have steadily advanced corporate governance measures, including the unwinding of cross-shareholdings, the sale idle assets, and the sale of a subsidiary in addition to the Hamatite business sale mentioned in my comment about the MB Business. These measures generated more than ¥100 billion over the past seven years. These funds have been allocated to strategic investments aimed at further growth that will enhance our corporate value.

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That concludes my review of YX2023.

Now, I will explain the basic concepts in our new medium-term management plan.



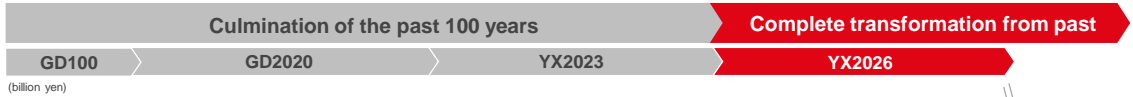
**YOKOHAMA  
Transformation 2026**

**Completing Transformation under  
Exploitation × Exploration Strategy**

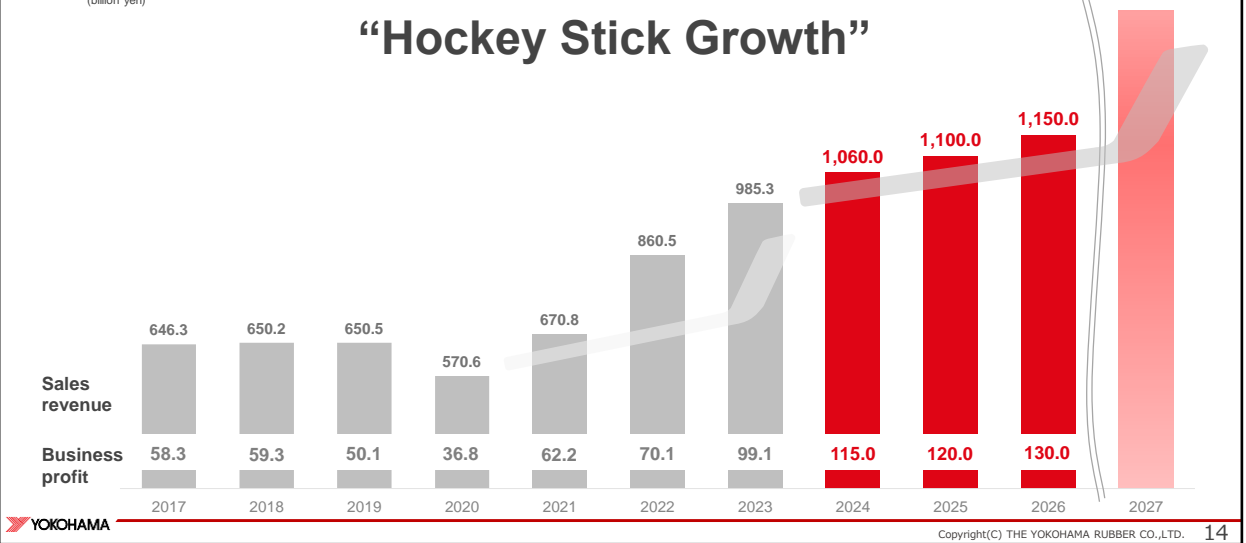
**\* Leave no negative legacies for next generation**

We have named the new plan “Yokohama Transformation 2026”, or “YX2026” for short. We consider this naming a strong expression of our intent to continue the “exploitation” and “exploration” strategy implemented during YX2023 and complete the transformation of the Yokohama Rubber Group and leave no negative legacies for the next generation.

### 3. Medium-term Management Plan: Targets



## “Hockey Stick Growth”



Our fundamental policy for increasing corporate value is a growth strategy. Not content with the slight gains achieved to date, we are aiming for "Hockey Stick Growth" that we think will live up to our stakeholders' expectations.

During YX2026 we will prepare and implement various measures that we expect will bear fruit in 2026 at the earliest and 2027 at the latest.

Our initial YX2026 targets exclude the potential impact from these new measures and assume the improvements made to date will continue to fuel growth. On that basis, we are targeting sales revenue of ¥1,150 billion and business profit of ¥130 billion in 2026.

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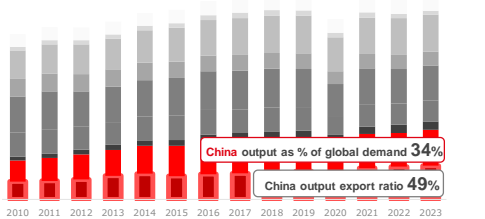
I will now explain the strategies that will guide each of our businesses during YX2026.



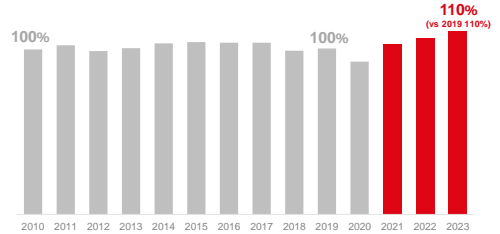
### 3-1) Medium-term Business Strategies: Consumer Tires Growth Strategy



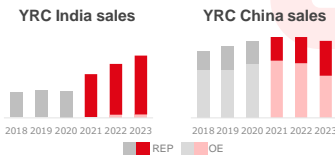
**Global consumer tire production trend** (Unit: tires)  
(YRC estimates)



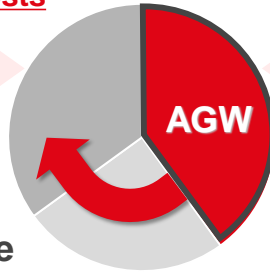
**Yokohama Rubber unit sales trend**



**Drastic reduction of product costs**  
(Exploration)



**“1-year plant” challenge**



**AGW**  
(Exploitation)

**Brand MIX**  
**Size MIX**  
**Sales company-**  
**distributor policy**

First is our consumer tires growth strategy. In recent years, Chinese tire makers have aggressively expanded their production capacity. As a result, one-third of the annual global production of consumer tires is now made in China, and nearly half of Chinese makers' output is exported.

In that environment, we have endeavored to increase sales and profit by focusing on increasing our sales of high value-added tires. Although that strategy achieved a measure of success, the offensive launched by Chinese makers in the lower price zone prevented us from achieving “Hockey Stick Growth.”

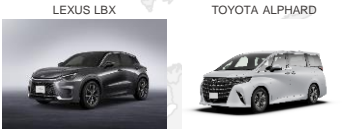
During YX2026, we will of course continue our effort to maximize the sales ratio of our high value-added tires as we aim to increase profitability. However, to achieve the “Hockey Stick Growth” we are aiming for during YX2026, we must compete with the cost-competitiveness of tire makers in emerging countries.

During YX2023, we acquired knowhow in India and China that will help us respond to this challenge. During YX2026, we will apply that knowhow as we aim to achieve low costs and high efficiency by taking on the “1-year plant” challenge, matching the examples set by Chinese tire makers in bringing new plants on line within one year. We will provide more details as soon as our plan for implementing the “1-year plant challenge is finalized.

### 3-1) Medium-term Business Strategies: Consumer Tires Growth Strategy



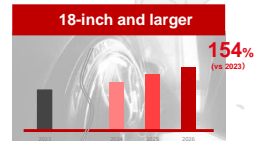
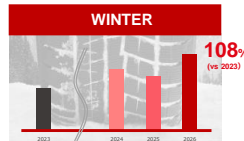
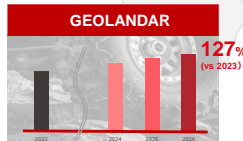
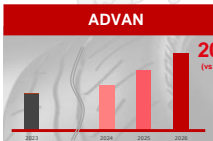
#### OE on premium cars



#### Motorsports activities



#### Consumer tire unit sales targets



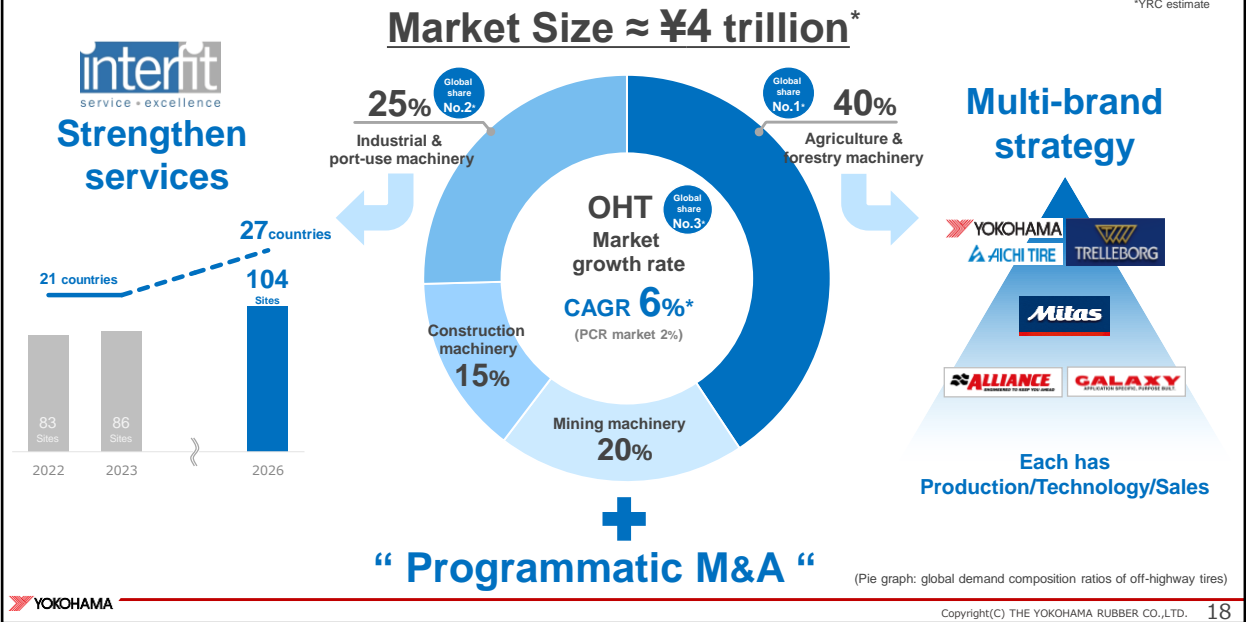
During YX2023 we increased the sales ratio of our high value-added tires, and we will continue and strengthen our efforts to maximize that ratio during YX2026. In addition to enhancing brand value by promoting our tires as original equipment for premium cars and participating in motorsports events around the world, we will widen the implementation of our product and regional strategies.

By meeting needs in each market, we will aim to increase unit sales in each region and expand sales of our ADVAN, GEOLANDAR, and WINTER tires as well as 18-inch and larger tires, as shown in this slide.

### 3-1) Medium-term Business Strategies: Commercial Tires - OHT Business Growth Strategy



\*YRC estimate



The next two slides present the growth strategy for the OHT segment of our commercial tire business. The OHT tire market size is currently about ¥4 trillion, and we expect it to expand at an annual growth rate of about 6%, compared to just 2% for the consumer tire market.

We estimate agriculture & forestry machinery account for about 40% of global demand, and the Yokohama Rubber Group has the top share in these markets. During YX2026, we will further strengthen our market position by applying a multi-brand strategy that leverages our production, sales, and technology strengths in each tier of this market segment.

The next largest segment of the OHT market, with a 25% share, is industrial & port-use machinery. The Yokohama Rubber Group has the second largest share in this market segment, where we are aiming for profitable growth by expanding and strengthening our network providing maintenance service for industrial & port-use machinery tires.

The remaining one-third of the OHT market includes tires for construction machinery and mining machinery. We currently have rather small shares in the markets for these tires but plan to use programmatic M&A to expand our shares in these market segments, where we also aim for “Hockey Stick Growth.”

Programmatic M&A refers to a series of small and large M&A deals, which was used by Trelleborg AB to build its strength in the global OHT market. We plan to use a similar growth strategy and will keep our eyes and ears open for deals in the global OHT market.

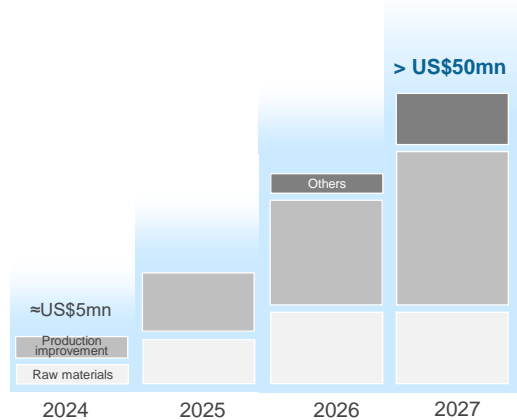
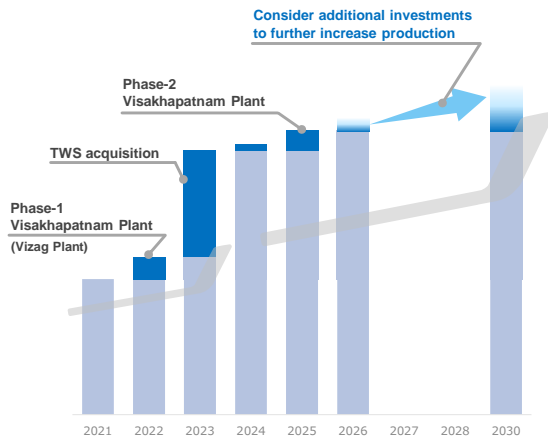
### 3-1) Medium-term Business Strategies: Commercial Tires - OHT Business Growth Strategy



#### OHT Business Increase Production Capacity

(Image of change in production capacity on a rubber volume basis)

#### Generate Synergies



As the graph on the left of this slide shows, the TWS acquisition and investment in new plants has enabled us to expand our OHT production capacity in recent years, and going forward we will continue to invest to further expand our production capacity and grow our OHT business. In addition, the entire Yokohama Rubber Group will strengthen efforts to generate synergies made possible by the acquisition of TWS. We aim to generate more than \$50 million in savings on raw materials, production, logistics, and back office and IT operations.

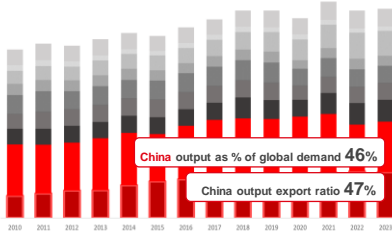
### 3-1) Medium-term Business Strategies: Commercial Tires - TBR / MB Growth Strategies



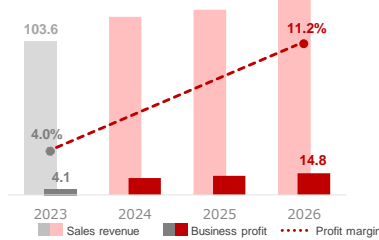
\* According to YRC research

#### TBR Business

Global production for TBR · LTR tires (Unit: tires)  
(YRC estimates)



TBR Business YX2026 targets (billion yen)  
(Internal Management Accounting Numbers)



Protective measures

**U.S.**  
Antidumping +  
countervailing duties  
Max **88.03%**\*

**EU**  
Antidumping +  
countervailing duties  
Max **51.00%**\*

#### MB Business

Strengthen & expand by concentrating resource allocation

**Hoses & Couplings**  
Growth driver

**Industrial products**  
Stable earnings

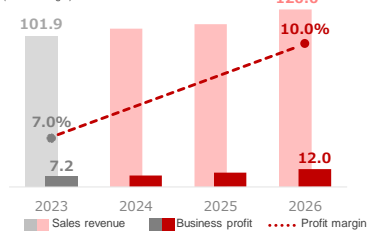
◆ Hydraulic hoses  
Value chain restructuring

◆ Conveyor belts  
Top share in Japan

◆ Automotive hoses  
Restructure production

◆ Marine hoses  
Establish high-profit structure

MB Business YX2026 targets (billion yen)  
(Internal target)



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Next is the growth strategy for our TBR business. Chinese tire makers have expanded their production capacity for TBR tires even more than for consumer tires and now account for nearly half of global TBR production, with half of their output being exported.

This is being met by antidumping and countervailing duties in Europe and the U.S., which is creating a gap between supply and demand. We will aim for profitable growth by strengthening sales in countries and regions where these measures are supporting the maintenance of appropriate pricing.

The MB business is now shifting to a growth strategy based on the strengthened management foundation it realized during YX2023. YX2026 has positioned the hose & couplings business as a growth driver, and the business will restructure its hydraulic hose value chain and restructure its automotive hose production network in North America.

The industrial products business aims to solidify its leading share in Japan's conveyor belt market and undertake internal reforms to establish a more stable high-profit structure in its marine hose operations. Through these improvements, the MB Business is aiming for a 10% business profit margin in fiscal 2026 that will elevate its presence within the Yokohama Rubber Group.

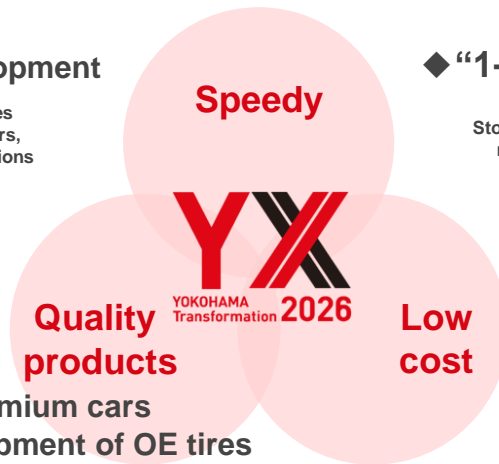
**“Low cost, speedy development of quality products”**

◆ **Speed up tire development**

Use AI-simulation technologies  
Respond to emerging car makers,  
maximize new product introductions

◆ **“1-year plant” challenge**

Early start-up → Early ROI  
Stop “Not Invented Here syndrome”,  
maximize acquisition synergies



◆ **Next-generation premium cars  
Strengthen development of OE tires**

Meet needs of premium electrified vehicles  
with lightweight, wear-resistant tires

◆ **Drastic reduction  
of product costs**

Apply ATG’s high-efficiency model  
Economies of scale realized by recent acquisitions  
will reduce raw material procurement costs

That brings me to our technology and production strategies. During YX2026, Yokohama Rubber will strengthen its business foundations by implementing strategies that target the “Low cost, speedy development of quality products.”

“Quality products” refers to strengthening development of OE tires suitable for the next-generation of premium cars. “Low cost” refers to drastically reduced costs that can’t be beat by other companies, and “Speedy” refers to the “1-year plant” challenge that is the centerpiece of the consumer tire strategy aimed at achieving “Hockey Stick Growth” and efforts to speed up tire development. Directing our efforts in these areas will be one of the tasks undertaken by my successor as president, Shinji Seimiya, who will assume the post after the approval of management changes at the March shareholders meeting.

# Medium-term Management Plan 2024-2026

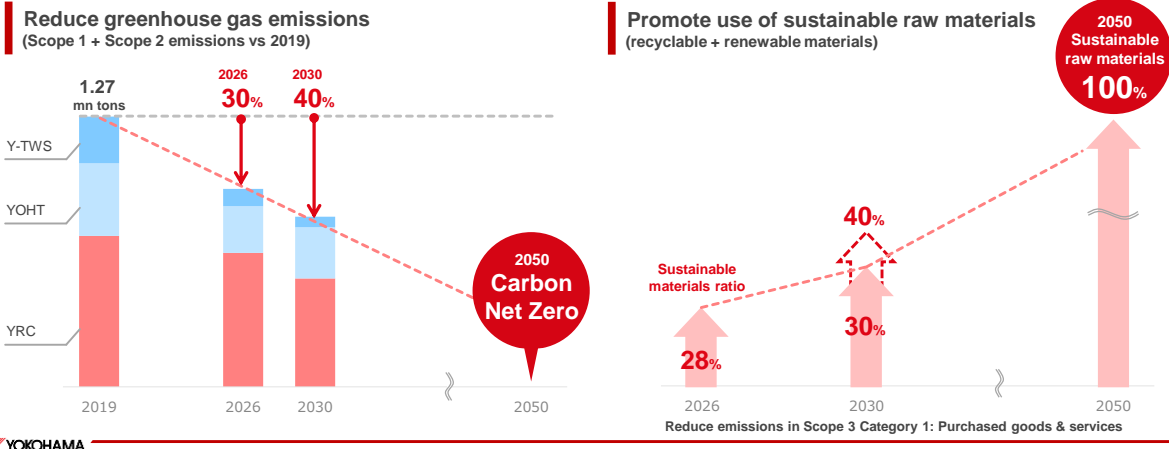
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Next, I would like to briefly explain the direction of our sustainability efforts during YX2026.

**“Contribute to decarbonized and recycling-oriented society while increasing profits”**

1. Update materialities and KPIs
2. Increase engagement with stakeholders



We consider sustainability activities an important corporate activity that should contribute to the company’s growth. In other words, instead of making excessive investments now that will place a burden on future management, we will make sure that our environment-related investments conform to normal investment recovery standards and are compatible with our efforts to generate profits.

This slide introduces a couple examples of our sustainability activities guided by this philosophy. First is our effort to reduce greenhouse gas emissions. We plan to reduce the Group’s 2019-level Scope 1 & 2 emissions of greenhouse gases by 30% by 2026 and 40% by 2030 while also reducing costs. We will continue this effort after 2030 as we aim to achieve carbon net zero in 2050.

Next is our effort to expand our use of sustainable raw materials, which will contribute to the reduction of Scope 3 emissions. We presently target increasing our sustainable materials ratio to 28% in 2026 and 30% in 2030 without incurring any increase in current costs. During YX2026 we will consider raising that target to 40%, again without taking on any additional costs.



# Medium-term Management Plan 2024-2026

1. Corporate Philosophy
2. YX2023 Results
3. Medium-term Management Plan
  - 3-1) Business Strategies
  - 3-2) Sustainability
  - 3-3) Financial Strategy



That brings us to the last topic in today's presentation—our financial strategy.

**Increase PBR**

**ROE above 10%**

**PER**

**Raise profitability**

**Asset efficiency**

**B/S suited to business structure**

**Reduce cost of capital  
Raise expected growth rate**

**Strategic investments**

**Cross-shareholdings**

**Equity ratio**

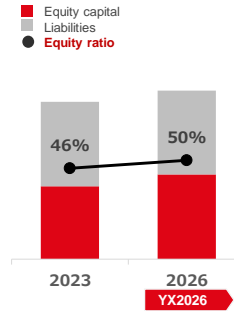
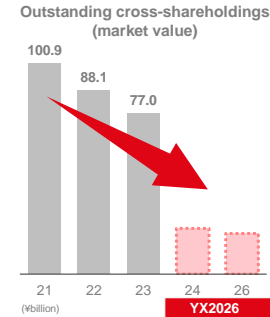
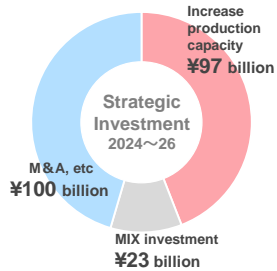
**Deepen dialog with investors**

**¥220 billion**

**≈¥60 billion sold**

**50% target**

- ◆Expand investor contact points
- ◆Strengthen IR activities
- ◆Enhance disclosures
  - Growth potential of AG market
  - Response to market changes
  - Sustainability initiatives

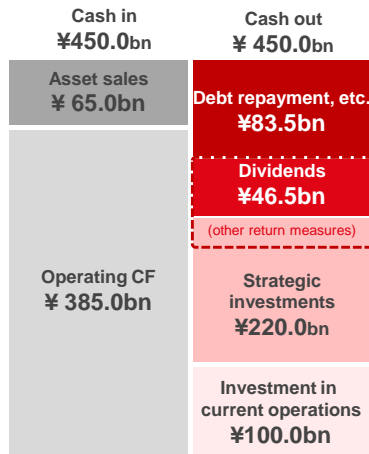


**CEO · COO · CFO · ESG-responsible directors, etc. Strengthen IR activity**

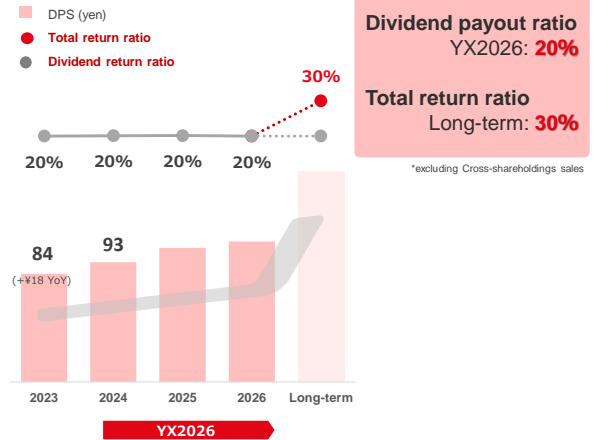
During YX2026, we aim to enhance corporate value by continuing strategic investments aimed at realizing “Hockey Stick Growth.” To improve asset efficiency, we will unwind many of our cross-shareholdings. We will also strengthen our capital structure through optimal balance sheet management that will raise our equity capital ratio to around 50%. To raise our PER, we plan to meet investor expectations by strengthening our IR activities. I will be joined by our COO, CFO and ESG-responsible director in this effort to increase and strengthen IR events and improve the quantity and quality of information disclosures.

## Increase PBR

### Capital allocation



### Shareholder Return



Regarding capital allocation, we expect cash inflows during the three years of YX2026 to come to about ¥450 billion. About ¥83.5 billion of that amount will be used to repay debts and about ¥320 billion will be allocated to strategic investments and investments in ongoing operations. The remaining ¥46.5 billion will be allocated to dividends for our shareholders. However, if strategic investments turn out to be fewer than in the budget for next three years, we may consider additional shareholder returns.

Lastly, I will explain our shareholder return policy. We have endeavored to provide shareholders with stable dividends, and we anticipate no change to this basic policy going forward. However, one impact from the strong profits recorded during YX2023 was a relatively low dividend ratio. We therefore have decided to apply a dividend payout ratio of 20% from FY2023.

Also, based on our concept of an optimal capital structure mentioned earlier, in the long term we may consider raising our total return ratio to 30% to keep our equity capital ratio from greatly exceeding 50%.

### FY2026 Financial Targets

Sales revenue	¥1,150 billion
Business profit	¥130 billion
Business profit margin	11%
Equity ratio	50% target
ROE	Above 10%
Operating CF	¥385 billion (3yr cumulative)
Capital investment	Within scope of depreciation (excluding strategic investments)

Today's last slide shows the FY2026 financial targets we aim to achieve through the strategies and activities outlined in today's presentation. The entire Yokohama Rubber Group will work together to achieve these targets.



**YOKOHAMA**  
**Transformation 2026**

I look forward to your continued guidance and support.