

Message from the President



President, Chairman of the Board

Masataka Yamaishi

Using the principles of “offense and defense” as a guideline for management

Since becoming President of Yokohama Rubber in 2017, I have been asked a lot about my motto. In such cases, I always try to answer “play offense and defense (Sogyo Shusei).”

The term “Sogyo Shusei” is found in the “The Essentials of Governance” by Emperor Taizong of the China’s Tang Dynasty which contains exchanges between the emperor and his ministers. The term questions whether it is more difficult to establish a new country or to protect it, but I think it raises an essential issue that is also common to modern management, even though it was written about 1,400 years ago. In management, if we interpret “Shusei” (defense) as internal improvements for business continuity and “Sogyo” (offense) as a growth strategy, which is more important? I find that both are equally important, and I believe that we cannot survive in the market unless we promote them at the same time.

In order for a company to grow sustainably, it must pursue both

increased sales and profits in terms of performance, and investments in growth areas made possible by profits. It is naturally important to carry out existing business activities steadily. On the other hand, it is also important to establish (“Sogyo”) a business and create new value by innovating it in anticipation of drastic changes in the environment. They are not separate, but complementary.

While making a solid profit from existing businesses and securing cash flow, we will establish (“Sogyo”) new businesses using that cash. The strategy of creating and expanding business domains through M&A and other means is also part of the founding (“Sogyo”) process. I believe that only by continuing to implement these approaches will we be able to achieve revenue growth. This way of thinking is the basis of my management philosophy, and I continue to put it into practice consistently as a principle in management.

Transforming society and creating value with tires during a once in a century transformation

Under the YX2023 Medium-Term Management Plan, we are promoting a shift in our business portfolio while expanding existing businesses and aggressively investing in growth. In 2023, the final year of the plan, we will achieve sales revenue of 1 trillion yen for the first time as the culmination of the past 100 years, and embark on a new path for the next 100 years.

Promoting YX2023 strategies based on market changes

In fiscal 2022, as the second year of our three-year medium-term management plan YOKOHAMA Transformation 2023 (YX2023) launched in 2021, we worked to further promote the plan based on the positive results of the first year.

The basic strategies are to pursue the “Exploitation” of strengths in existing businesses, and to promote “Exploration” to seek new possibilities in markets facing a once in a century transformation.

The current global tire market is valued at about ¥20 trillion, of which consumer tires such as passenger car tires and commercial tires such as tires for trucks, buses, and agricultural machinery each account for about half of the total. However, emerging trends such as Connected, Autonomous, Shared, Electric (CASE), Mobility as a Service (MaaS), and Digital Transformation (DX) are projected to reduce the number of privately owned vehicles and increase the demand for infrastructure vehicles. Furthermore, when comparing

our current situation with the global market, the composition ratio of consumer tires and commercial tires is 1:1 in the global market, while the same ratio for Yokohama Rubber is 2:1, showing bias towards consumer tires. As customer needs shift from individuals to corporations and consumer tires shift to commercial tires, we are strategically promoting initiatives by emphasizing two approaches: “Exploitation” of consumer tires and “Exploration” of opportunities in commercial tires.

In consumer tires, we are focusing on three categories of ADVAN ultra-high-performance tires, GEOLANDAR tires for SUVs and pickup trucks, and WINTER tires, with the aim of maximizing the high value-added tire sales ratio. Our goal is to boost profits by increasing the ratio of high value-added tires sold from 40% in fiscal 2019 to 50% or more.

In commercial tires, there is an urgent need to grow off-highway

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tires (OHT) in order to bring our overall composition closer to the market composition ratio and to increase profits. By adding Trelleborg Wheel Systems Holding AB (TWS), which we acquired in May 2023, to our tire business, we will not only optimize the overall revenue composition, but also make it a more profitable product mix compared to the market, and strengthen our commercial tire product lineup, cost, service, and DX.

Applying the aforementioned concept of “Sogyo Shusei,” the expansion and strengthening of high-value-added products in consumer tires is regarded as defense (“Shusei”) when it comes to the transformation of the Group’s entire business portfolio. Through the acquisition of TWS, we will realize a full lineup within the OHT business at once and achieve non-continuous growth, which can be described as offense (“Sogyo”) in regard to the business domain that will become our new strength.

Record high sales revenue and profits in fiscal 2022

In fiscal 2022, despite a challenging business environment marked by the ongoing situation in Ukraine, soaring raw materials prices and logistics costs, a reduction in automobile production due to the semiconductor shortage, surging energy costs due to inflation, and a sharp deterioration in business sentiment, sales revenue totaled ¥860.5 billion and business profit was ¥70.1 billion, setting new record highs for the second consecutive year following fiscal 2021. This strong performance is attributed to strong sales in North America and other regions as a result of efforts to expand sales of high-value-added products and OHTs for agricultural machinery in our mainstay tire business, improve the MIX, and raise prices in Japan and overseas. In addition, the yen’s depreciation, which has continued since last year, also contributed to business performance.

Accelerated shift of consumer tires to high value-added products

In consumer tires, we are working to expand original equipment (OE) use of ADVAN and GEOLANDAR on new vehicles, strengthen return sales in the replacement market, expand the product size lineup including winter tires, and strengthen sales measures tailored to each region. In fiscal 2022, a large number of luxury cars and EVs were equipped with ADVAN or GEOLANDAR tires. In addition, in the replacement market, we positioned fiscal 2022 as the “YOKOHAMA Summer Offensive”-themed year and worked to expand sales, focusing on new ADVAN products. As a result of these activities, the ratio of high value-added products reached 42% in fiscal 2022.

In fiscal 2023, we will continue to maximize the ratio of high value-added products. Under the theme of “Mud Match,” we will strengthen sales of GEOLANDAR tires, launch new products, and expand the size lineup. We will also increase the ratio of high value-added products to 47% and seek to achieve the target of 50%.

ADVAN, which will celebrate its 45th anniversary in 2023, has always been used in racing since its inception. We will continue to carry out grassroots activities that literally support the feet of racing fans. The reason I decided to join the company was simple: I like cars and motorcycles. Motorsports is considered a grand testing ground for technological development, and through the supply of high-performance tires, we hope to showcase our “quality” and “fun to drive” attributes and strongly emphasize the presence of Yokohama Tire to fans and the market.

Our achievements in motorsports included the following. We won back the series championship for the first time in two years in the GT300 class of the 2022 SUPER GT. In the United States, a car with ADVAN tires has won the overall championship running at the 100th Pikes Peak International Hill Climb, and a car with GEOLANDAR tires won the overall victory in the Asia Cross Country Rally 2022. These stellar results both inside and outside of Japan show that Yokohama Rubber’s technologies truly lead the field in motorsports and beyond.

Our tires, which have been highly evaluated around the world through these efforts, are now used in such iconic performance cars as Mercedes-Benz in its top-grade AMG and BMW M.

In commercial tires, the growing OHT business posted substantial growth

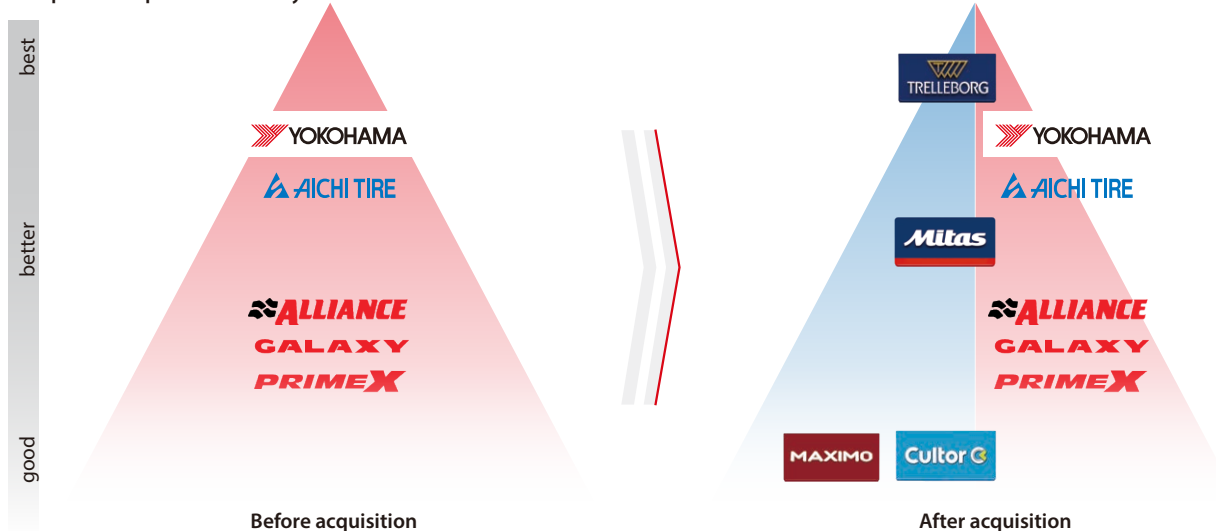
One of our most significant achievements in fiscal 2022 was the acquisition of Trelleborg Wheel Systems Holding AB (TWS) in the OHT business, which is a growth driver.

In order to respond to business changes such as the increased demand for commercial tires, we acquired Alliance Tire Group (ATG) in 2016 and Aichi Tire Industry in 2017 to position our business for growth. Subsequently, in 2021, we integrated our OHT business with ATG and Aichi Tire Industry to form Yokohama Off-Highway Tires, and we are now working together to promote our growth strategy.

The TWS acquisition is a major acquisition with a different significance from previous acquisitions and business integrations. TWS is developing its global production and sales business of tires for agricultural machinery and industrial vehicles, mainly in Europe, Asia (including China), North America, and Central and South America. Estimates place its enterprise value at 2,074 million euro (using a

➤ OHT brand system after TWS joined the Group

Completion of product brand system



performance-linked earn-out method) and EBITDA multiple at approximately 9.5 times. Particularly noteworthy are the company's premium brands.

To date, Yokohama Rubber OHT has significantly increased sales and profits, mainly for cost-competitive products made in India. In addition, the acquisition will add premium brand Trelleborg and standard brand Mitas to complete the good, better and best product lineup. In addition, as our production sites and sales channels are expanding around the world, our diverse lineup will provide greater stability against economic fluctuations. Moreover, by incorporating the maintenance and inspection services of premium brands and DX know-how into the Group, we can expect to improve the services of the entire Group. Eventually, we would like to unify our R&D system across the Group and incorporate advanced European knowledge in the environmental field.

Creating a large number of business synergies in this way and increasing the ratio of highly profitable OHT businesses will enable us to improve the stability of our business and further grow our sales revenues.

Furthermore, in order to meet the growing demand, the new plant in Visakhapatnam, India began operations ahead of schedule in

August 2022. In fiscal 2023, we will proceed with full capacity operation and the second phase of enhancements. In the truck and bus tire business, the Mississippi Plant in the U.S. has improved supply and production has reached a record high, and we are also investing in increasing production at the Mie Plant. Our production of small-diameter truck tires, for which demand is growing, and tires for regular trucks and buses will increase by more than 100,000 units. In Japan, we are actively supporting the transportation business using a next-generation tire management system (T.M.S) that utilizes IoT, and are promoting DX.

MB business focusing resources on growth businesses

In the MB (Multiple Business) business, we focused resources on our strengths in the Hose & Couplings business and Industrial Products business.

In the Hose & Couplings business, we decided to reorganize our automotive production systems in the United States and Mexico, and to increase production at the Ibaraki Plant, following our investment in increased production capacity at our Chinese plant for hydraulic hoses. Going forward, we will increase our production capacity for large-diameter products to seize demand.

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In the Industrial Products business, as a result of efforts to maximize our domestic market share of conveyor belts, strengthen domestic sales, and expand the lineup of standard inventory, we achieved sales 1.5 times larger than the previous fiscal year and acquired a market share of about 50%. In order to further maximize our market share, we will continue to increase the production capacity of the Hiratsuka Factory.

In terms of structural reforms, in November 2021, we transferred the Hamatite business, which produces and sells adhesives and

sealants, to Sika AG, headquartered in Switzerland, and in March 2022, we integrated the Aerospace Parts Division into the Industrial Materials Division.

In fiscal 2023, in the Hose & Couplings business, we will increase the production ratio of automotive hoses in Mexico to 31% and strive to maximize the production capacity of hydraulic hoses at our plant in China. In the Industrial Products Business, we will continue to focus on maximizing our share of conveyor belts and plan to launch new products.

Promoting sustainability management

When applying "Sogyo Shusei" to management, the management foundation plays a particularly important role in defense ("Shusei"). We regard sustainability management as one of our practical business strategies to strengthen our business, and these efforts are leading to the sustainable improvement of corporate value through various activities from an environmental, social, and governance perspective.

Our corporate slogan is "Excellence by nature," and this phrase applies perfectly to environmental initiatives. Since we are a business that deals with natural rubber, we believe that it is our responsibility as a company to contribute to the sustainability of society. We have been working to protect the environment and reduce CO₂ emissions from an early stage, and have been disclosing greenhouse gas emissions up to Scope 3 since fiscal 2013. In recognition of these efforts, we have been selected for inclusion in the FTSE4Good Index Series for 18 consecutive years and the FTSE Blossom Japan Index for six consecutive years.

In fiscal 2022, we further accelerated our activities in the environmental field, such as turning the Shinshiro-Minami Plant into a carbon-neutral model plant, researching and developing tires using sustainable materials, and working toward Nature Positive through the planting of the YOKOHAMA Forever Forest activities. Furthermore, in January 2023, we endorsed the philosophy of the Task Force on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum, an international stakeholder organization that supports the establishment of a framework to encourage companies to disclose information on risks and opportunities related to the natural environment and biodiversity. Also in January, we joined the 30 by 30 Alliance for Biodiversity, a coalition launched by Japan's Ministry of the Environment and other organizations with the goal of conserving and protecting more than 30% of the land and sea by 2030.

Human capital is also a priority measure in YX2023, and through the formulation of the Human Rights Policy and personnel system reform in 2022, we are creating an organization that enables diverse human resources to demonstrate their abilities without being limited in their work styles. As part of these efforts, in March 2023, we integrated the Shimbashi Head Office and the Hiratsuka Factory. The aim of this integration is to break away from vertically divided operations by eliminating the physical distance between departments and to speed up decision-making from the perspective of total optimization. By creating an environment where business can be executed regardless of location or time, we will improve business efficiency and make decisions more quickly. In order to quantitatively grasp employee engagement for these initiatives, we plan to conduct an engagement survey this year.

We will strengthen governance and sell a portion of our cross-shareholdings, which have been considered to be high in the industry, and will continue to actively reduce them.

Diversity is one of our issues, but in fiscal 2022, we appointed a woman as an outside director and are working to increase this number one step at a time.

With the aim of strengthening the supervisory function of the Board of Directors, we transitioned our governance structure from a Company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee on March 30, 2023. With the progress of business globalization, the proportion of foreign shareholders is also increasing, but we are still about 10% below the market average. In fiscal 2023, we will enhance effectiveness by strengthening our governance system, further improving these activities, and actively disclosing information in a fair and transparent manner.

Taking the next step after reaching ¥1 trillion in sales revenue for the first time

The current economic situation in Japan is recovering against the backdrop of increased production in the automobile industry and production machinery industry, mainly due to the improvement in the supply situation of semiconductors, and increased personal consumption and inbound tourism consumption, while raw material prices continue to climb. Overseas, capital investment has been slowing due to monetary tightening and the bankruptcy of some banks in the United States that surfaced in January. In Europe, while the situation in Ukraine shows no signs of improvement, financial system anxiety has erupted due to the bankruptcy of financial institutions in the United States, and high inflation continues to weigh on the economy.

Overall, the business environment remains challenging, but as I have explained so far, the Group has promoted a portfolio shift without exception in each business, and has decisively sold assets or allocated them to growth investments with an eye toward future business development.

Our investment policy is based on the cost of capital (WACC). When investing, we carefully select portfolio companies using the discounted payback period method, which determines whether the investment can be recovered within 10 years, and proactively raise funds through the sale of cross-shareholdings so that we can use our own funds as much as possible.

During YX2023, we sold our fixed assets at the Head Office and the Hamatite business in 2021, and sold cross-shareholdings in 2022. In 2023, we sold a tire wholesale subsidiary in the United States and have already sold cross-shareholdings on two occasions, resulting in a gain of ¥11.4 billion. Going forward, we plan to continue selling non-business assets such as cross-shareholdings, and use the cash obtained to repay loans and make new investments.

As a result of these initiatives, the further depreciation of the yen, the downward trend in ocean freight rates, and the completion of the acquisition of TWS, we expect both sales and profit to exceed fiscal 2022 and reach record highs in fiscal 2023. We expect to see sales revenue of ¥1 trillion and business profit of ¥84.5 billion, operating profit of ¥87.0 billion, and profit attributable to owners of the parent of ¥57.0 billion. Under the motto of stable dividends and consecutive dividends, we plan to increase dividends for the third consecutive year to ¥68 per share, paying out an interim dividend of ¥34 per share and a year-end dividend of ¥34.

In 2017, the 100th anniversary of Yokohama Rubber, we had set

targets of net sales of ¥1 trillion and operating profit of ¥100 billion, but unfortunately we fell short. This year, the final year of YX2023, we will achieve ¥1 trillion in sales revenue, which is the culmination of the past 100 years and could not be achieved in the Medium-Term Management Plan GD100 (Grand Design 100) from fiscal 2006 to fiscal 2017, and we will take the next step toward new growth.

As a company, various factors are necessary to ensure that we achieve increased sales and profits and continue to achieve profitable growth in a sustainable manner. To that end, it is necessary to appropriately utilize people, goods, and money. We will continue to take on the challenge of enhancing our corporate value over the next 100 years through appropriate investment and the creation of new value for our stakeholders. We will contribute to the creation of a sustainable society together with our stakeholders and grow as a company trusted by customers around the world.

I ask for your continued support and understanding as we move forward.



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

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



Environment

- Climate change challenges
- 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




Materiality

⇒ P. 20



Products

Deliver fun and peace of mind.



People

Build on each other's strengths.



Community

Coexisting and building trust.



For the Earth

Leave a sound environment to future generations.



Corporate Governance

Lay a solid foundation for fulfilling social expectations.

Inputs

(FY2022 results)

Financial Capital

- Total capital: ¥623.1 billion
- Interest-bearing debt: ¥238.7 billion (excluding lease liabilities)
- Cash and deposits: ¥75.6 billion

Manufactured Capital

- Tire production sites: 8 domestic plants, 13 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: ¥54.9 billion

Intellectual Capital

- R&D expenses: ¥16.0 billion
- Number of patents held: 6,242

Human Capital

- Number of employees: 28,468 (Consolidated) (Overseas: 18,500, Japan: 9,968)
- Employee training cost: 374 million yen (consolidated)
- Percentage of managerial positions filled by women: 1.7% (non-consolidated), 10.1% (consolidated)
- Percentage of female employees: 7.2% (non-consolidated), 14.0% (consolidated)

Social and Relationship Capital


- Main countries of operation: 28 countries and regions
- The YOKOHAMA brands cultivated over 106 years in business (ADVAN, BluEarth, GEOLANDAR, ALLIANCE, GALAXY, PRIMEX, and more)

Natural Capital

- Total energy consumption: 1,837,184 MWh (consolidated)
- Total water intake: 8,247,000 m³



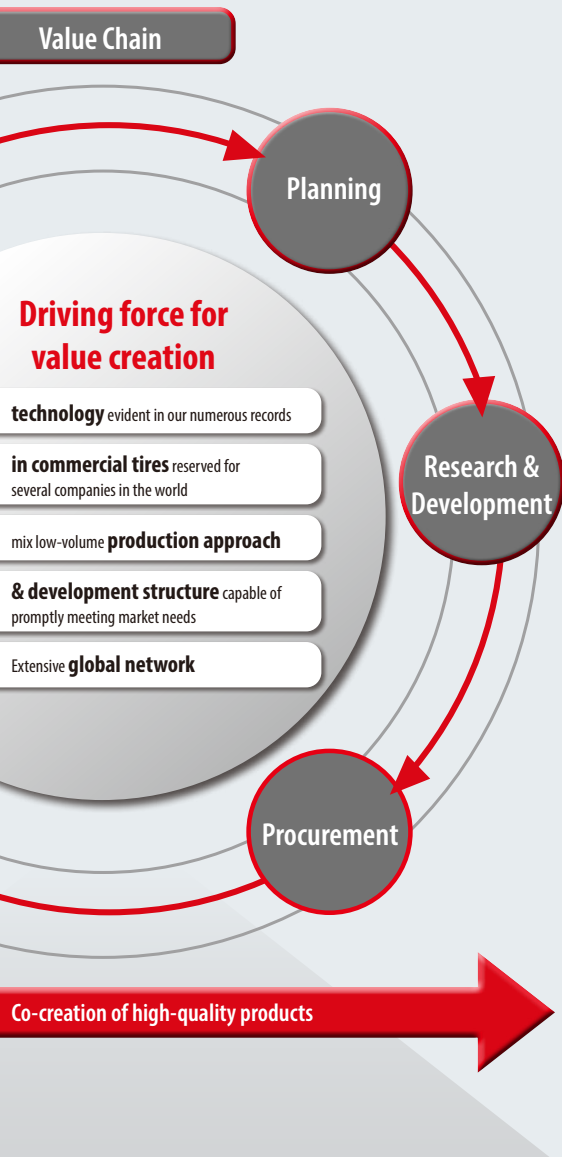
Medium-



Yokohama Rubber strives to create diverse value ahead of the times through its advanced technology and global network amassed over the years. We aim to embody the 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” throughout our entire value chain, from planning to production and sales, together with our stakeholders.

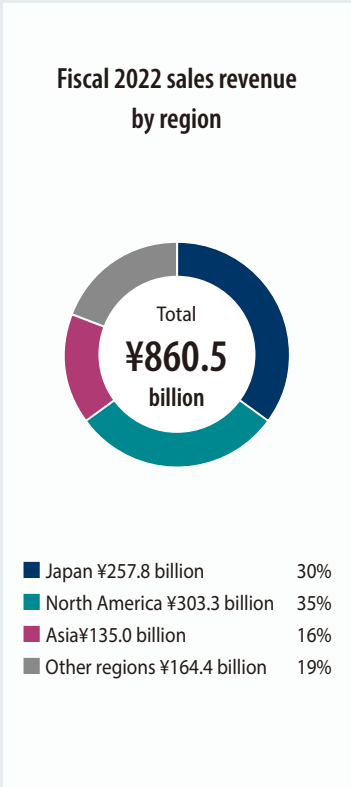
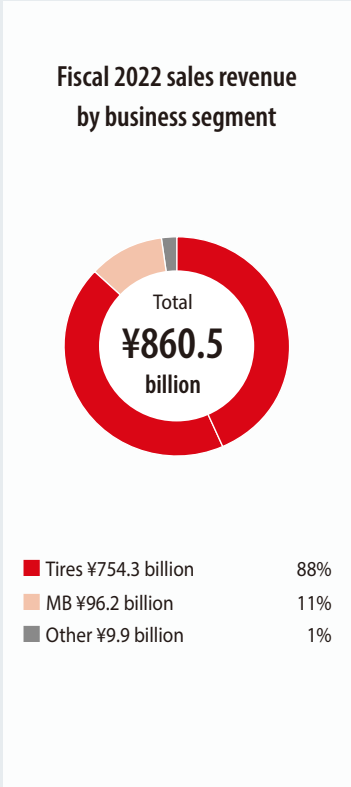
Business Model >>> **Output** >>> **Outcome (value provision)**

⇒ P. 18



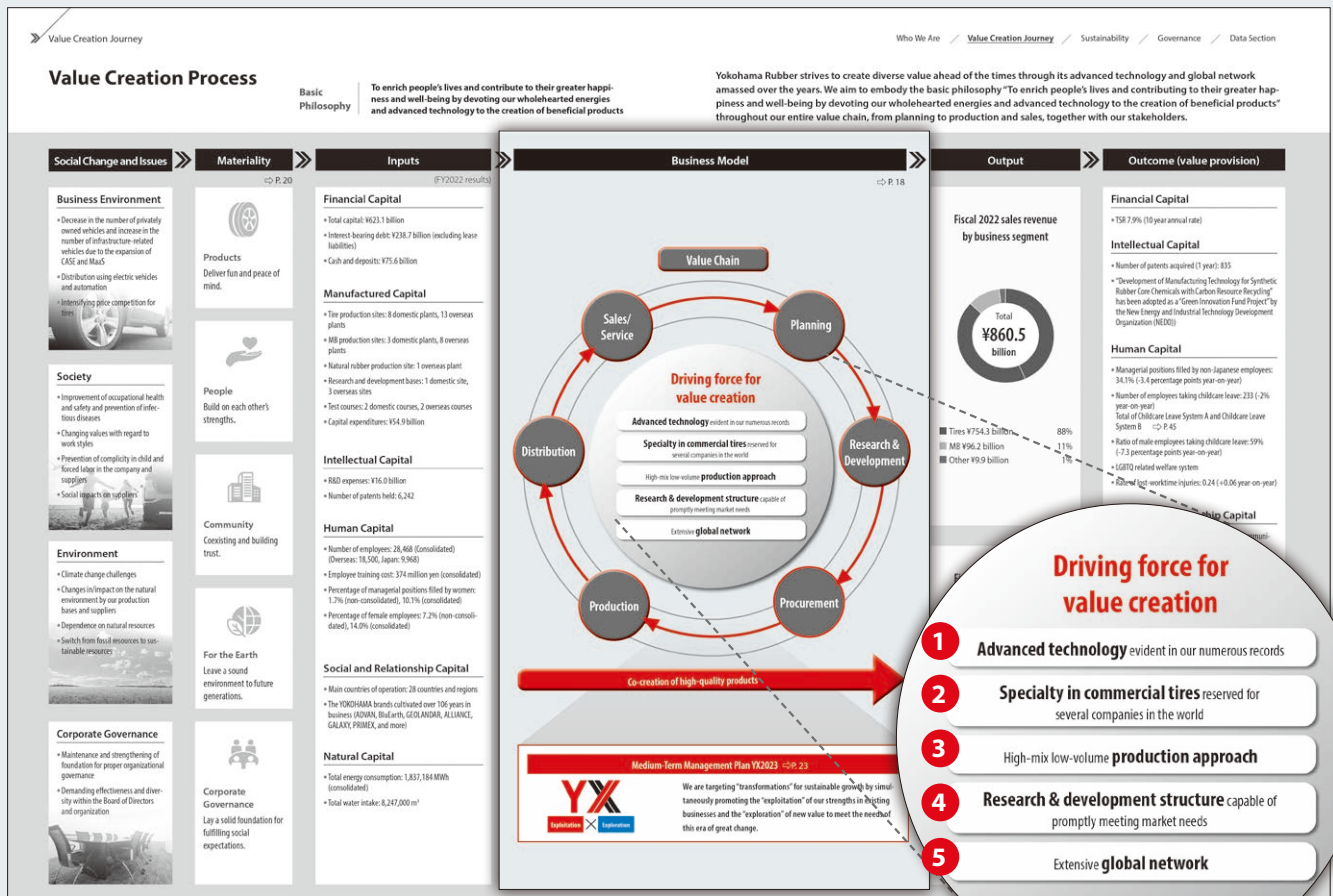
Term Management Plan YX2023 ⇒ P. 23

We are targeting “transformations” for sustainable growth by simultaneously promoting the “exploitation” of our strengths in existing businesses and the “exploration” of new value to meet the needs of this era of great change.



- #### Financial Capital
- TSR 7.9% (10 year annual rate)
- #### Intellectual Capital
- Number of patents acquired (1 year): 835
 - “Development of Manufacturing Technology for Synthetic Rubber Core Chemicals with Carbon Resource Recycling” has been adopted as a “Green Innovation Fund Project” by the New Energy and Industrial Technology Development Organization (NEDO)
- #### Human Capital
- Managerial positions filled by non-Japanese employees: 34.1% (-3.4 percentage points year-on-year)
 - Number of employees taking childcare leave: 233 (-2% year-on-year)
Total of Childcare Leave System A and Childcare Leave System B ⇒ P. 45
 - Ratio of male employees taking childcare leave: 59% (-7.3 percentage points year-on-year)
 - LGBTQ related welfare system
 - Rate of lost-worktime injuries: 0.24 (+0.06 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 a next-generation mobility society (provision of products and services compatible with MaaS, CASE, etc.): started practical testing of tire solution service for taxi companies
- #### 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 those that coexist with nature
⇒ 5 domestic plants acquired ABINC certification*
- * ABINC certification refers to Ikimono Kyosei Jigyosho* certification from the Association for Business Innovation in Harmony with Nature and Community (ABINC), which recognizes business locations demonstrating consideration for biodiversity.
- Percentage of renewable energy: 4.6%
 - Percentage of sustainable materials: 26.2% (+0.7 percentage points year-on-year)
 - Number of trees planted (YOKOHAMA Forever Forest): cumulative of 1,200 thousand trees (92% progress in relation to target)

Sources of Value Creation



1 Advanced technical prowess validated by an extensive track record of success

Yokohama Rubber's long-standing tire manufacturing 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. Furthermore, by

participating in motor sports in Japan and overseas, we have accumulated know-how in tire development technology that delivers advanced and safe handling even in the harshest conditions. In addition, 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 in port for a number of fields such as petroleum, mining, fisheries, and offshore drilling.

2 Specialty commercial tires supplied by several 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 manufacturers that offer commercial tires is limited due to the particularly advanced technological capabilities required for development and production. In anticipation of these changes in the business environment, we decided to increase the ratio of commercial tires in our business portfolio, especially the OHT business, with the

acquisition of Alliance Tire Group B.V. (ATG) in 2016 to strengthen our development of tires for agriculture and forestry machinery. In 2017, we acquired Aichi Tire Industry, and in 2021, we integrated it under the name Yokohama Off-Highway Tires (YOHT). With the completion of the acquisition of Trelleborg Wheel Systems Holding AB (TWS) in 2023, we expanded our brand from Tier 1 to Tier 3 and established a full lineup of tire products. Our sales ranking in the OHT market has risen to the third largest in the world (Yokohama Rubber estimate). Going forward, we will leverage business synergies such as mutual utilization of our 22 global OHT production bases and joint purchasing of raw materials to demonstrate a high degree of competitiveness in the global market.

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

Believing that the mission of a manufacturer is to provide “good, affordable products in a timely manner,” we have 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, trucks and buses, and motorsports, we adopted our unique high-mix, low-volume, small-scale production system that allows us to quickly and flexibly expand our production capacity. We were also the first Japanese tire manufacturer 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.

4 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 United States, and a total of 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 are 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, improved 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.

5 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. Our tires and rubber products are manufactured at 11 plants in Japan and 36 plants overseas, 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 United States, 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 manufacturers, consumers and companies around the world. Through our sales network, Yokohama Rubber is developing products and sales strategies tailored to market needs in many regions. Furthermore, we have established partnerships with automakers, parts suppliers, research institutes, universities, and others. As a result, 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 August 1, 2023

Risks and Opportunities in Sustainability Management & Materiality

Process for Identifying Materiality

Materiality	Issues to Be Recognized	Medium- and Long-Term Business Risks and Opportunities
<p>Products Deliver fun and peace of mind.</p> 	<ul style="list-style-type: none"> The spread of CASE*1 and MaaS*2 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 <p>*1 CASE: An acronym for Connected, Autonomous, Shared & Services, and Electric *2 MaaS: Mobility as a Service. A new concept of integrating various types of transportation services into one and providing them to users</p>	<p>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value Mid- to long-term Decline in product demand due to changing customer needs Mid- to long-term Decrease in demand for winter tires due to decrease in snowfall Short- to mid-term Sharp rise in resource prices <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term New business opportunities through adapting to CASE and MaaS Mid- to long-term Responding to changing customer needs and stricter regulations at an early stage Mid- to long-term Improvements in competitiveness and profitability through reuse and recycling
<p>The Earth Leave a sound environment to future generations.</p> 	<ul style="list-style-type: none"> Climate change issues Achieving carbon neutrality Promoting a circular economy Preserving biodiversity Sustainable use and management of natural resources Prevention of pollution and chemical substance management 	<p>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Environmental laws and regulations and litigation risks Mid- to long-term Impact on climate change and air pollution, increase in energy costs Mid- to long-term Environmental impact of waste and emissions Mid- to long-term Depletion and shortage of water resources <p>Opportunities</p> <ul style="list-style-type: none"> Short- to mid-term Reduction of energy costs by improving manufacturing process efficiency Short- to mid-term Reduction of resource price fluctuation risks and improvements in operational efficiency through reuse and recycling Short- to mid-term Reduction of environmental protection costs
<p>People Build on each other's strengths.</p> 	<ul style="list-style-type: none"> Respect for human rights Diversity & inclusion Workstyle reforms Human resources development Occupational health and safety 	<p>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Human rights violations in the supply chain Short- to mid-term Losses and business impact due to occupational accidents, natural disasters, infectious diseases, etc. Short- to mid-term Work absences due to poor mental health, lost productivity due to decreased satisfaction <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term Work style reform emphasizing diversity and lifestyles Mid- to long-term Establishing traceability for the sustainable procurement of natural rubber Mid- to long-term Improving skills and developing pleasant workplaces through human resources development Mid- to long-term Retaining talented human resources through health and productivity management
<p>Community Earn the confidence of our neighbors.</p> 	<ul style="list-style-type: none"> 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, healthcare, trading irregularities and conflict minerals Revitalizing local communities, creating economic effects Communication with local communities 	<p>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Local community opposition to operations due to the environmental impact of waste and emissions Short- to mid-term Risk of legal action and reputational risks due to social issues such as human rights violations occurring <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term Revitalization of local communities by solving environmental and social issues Mid- to long-term Contributing to economic development by creating jobs in local communities Mid- to long-term Provision of products and services tailored to changes to mobility services in the era of an aging population, depopulated areas and the new normal
<p>Corporate Governance Lay a solid foundation for fulfilling social expectations.</p> 	<ul style="list-style-type: none"> 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 Dialogue with stakeholders and disclosures 	<p>Risks</p> <ul style="list-style-type: none"> Mid- to long-term Compliance with laws and regulations, responding to systemic changes Mid- to long-term Social demands to strengthen corporate governance Mid- to long-term Violations of antitrust laws, bribery, price cartels, export controls, etc. <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term Practicing offensive management to enhance corporate value Mid- to long-term Strengthening the risk management system



Initiatives in fiscal 2022

- Promoted the supply of tires for original equipment (OE) use in electric vehicles
- Developed racing tires utilizing sustainable materials
- Researched and developed rubber materials using biomass-derived resources
- Developed a technology to estimate the state of wear based on in-tire sensing waveforms
- Started demonstration tests on tire solution service for taxi business operators
- Began field demonstration tests of sensing systems to be installed in conveyor belts and marine hoses

- Started turning the Shinshiro-Minami Plant into a carbon-neutral model plant and installed solar power generation system
- Switched electricity used at plants to renewable energy-derived electricity (in plants in India, among others)
- Promoted YOKOHAMA Forever Forest Activities
- The Hiratsuka Factory received the FY2022 Distinguished Services Award for Regional Environmental Conservation from the Ministry of the Environment
- Yokohama Rubber's Mie Plant and Shinshiro Plant obtained the Ikimono Kyosei Jigyosho® certification as factories showing consideration for biodiversity

- Formulated the Yokohama Rubber Group Human Rights Policy
- Revised the CSR procurement guidelines
- Hosted seminar events aimed at supporting natural rubber framers in Thailand and Indonesia and improving quality
- Hosted Suppliers' Day, a networking event with natural rubber suppliers
- Tackled health and productivity management through Collaborative Health in conjunction with health insurance societies

- Held briefing sessions for local residents on environmental conservation activities at plants and set up exhibition booths at local events
- Conducted biodiversity conservation activities and social contribution activities in collaboration with local residents, local governments, schools and businesses (for example, the Nodagawa Firefly Project by Shinshiro Plant)
- Conducted environmental outreach classes for elementary school students in the community
- Provided seedlings cultivated at plants to local residents and tree planting events
- Supported social contribution organizations and disaster victims through the YOKOHAMA Magokoro Fund

- Expanded the Global Whistle-Blowing System (Vietnam, Thailand)
- Reviewed the corporate governance system (moved from a company with auditors to a company with an audit and supervisory committee with approval at the General Meeting of Shareholders held in March 2023)

Yokohama Rubber's Initiatives and Vision

- Manufacture and sale of tires and industrial materials with high levels of safety, quality and environmental performance
- Manufacture and sale of carbon neutral products
- Development of biomass rubber and promotion of retread tires
- Development of products and services that utilize AI and IoT technologies (wear detection, road surface detection, tire management, damage prediction)
- Manufacturing and selling tires for industrial and construction vehicles that support social infrastructure, agriculture and forestry machinery that contribute to sustainable production in the agriculture and forestry industry
- Manufacturing and selling industrial products that contribute to greenhouse gas reduction

- Achieve carbon neutrality in Yokohama activities by 2050
- Sustainable material usage rate of 100% by 2050
- Reach 1.3 million cumulative trees planted in YOKOHAMA Forever Forest Activities by 2030
- Sustainable natural rubber procurement
- Coexistence and shared prosperity with agroforestry farming method promotion and rubber farmers
- Roll out activities to preserve biodiversity at production sites

- Prevent and mitigate the risk of human rights abuses through human rights due diligence
- Implementation of procurement in accordance with CSR procurement guidelines
- Strengthening activities in the Diversity & Inclusion Promotion Taskforce
- Expanding systems for flexible workstyles
- Developing and selecting value-added human resources
- Strengthening of safety and disaster preparedness initiatives
- Health management initiatives

- Supporting biodiversity conservation activities, healthcare and education in local communities
- Disaster prevention and disaster relief activities in local communities
- Collaboration with the YOKOHAMA Magokoro Fund and NPOs
- Implementation of procurement in accordance with CSR procurement guidelines
- Creation of employment in regions where our business is developed

- Clarifying commitment to business plans through medium-term performance-linked compensation scheme
- Diverse executive personnel with the skills necessary for management strategy
- Strengthening the governance system
- Strengthening business continuity plans (BCPs)
- Developing systems to promote compliance

Looking Back on Past Medium-Term Management Plans

Looking Back on Past Medium-Term Management Plans

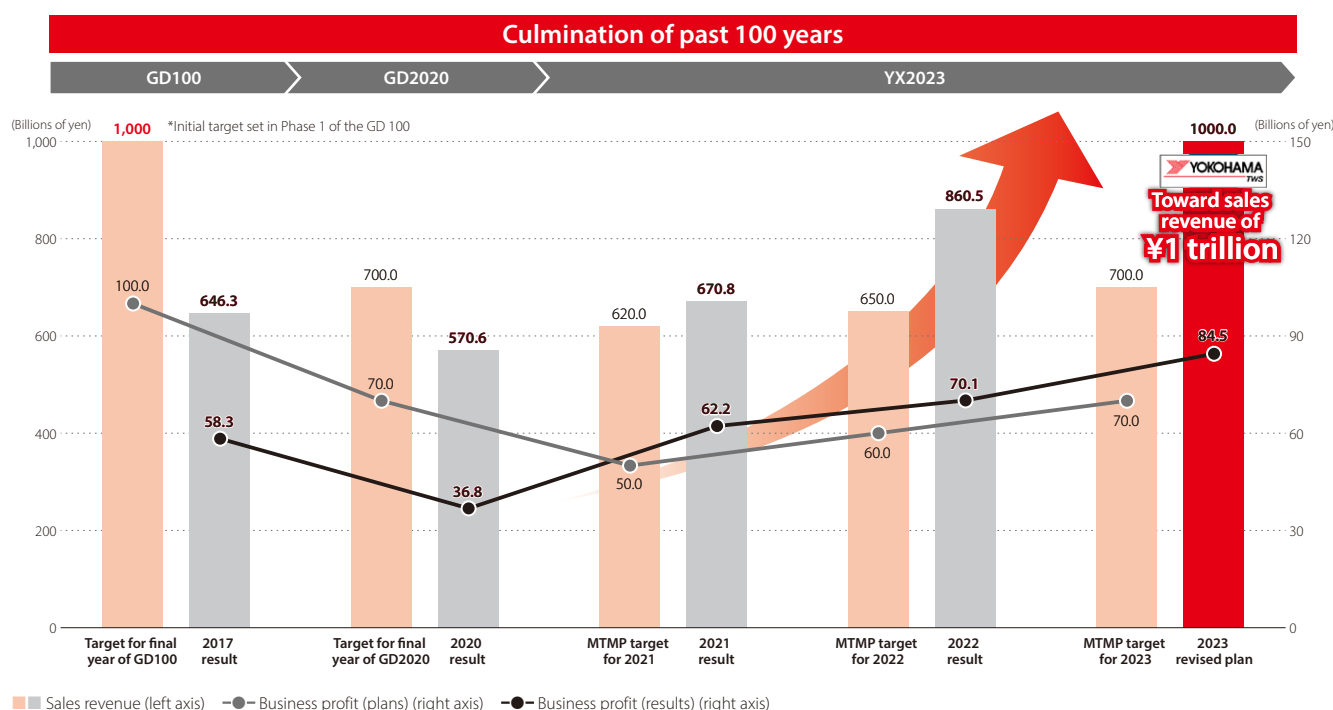
	Medium-Term Management Plan FY2015–FY2017 GD100 Phase IV	Medium-Term Management Plan FY2018–FY2020 GD2020																												
Vision	All for Growth Open the way for the next 100 years by bringing together the potential of Yokohama Rubber	Fortifying our business foundation by redefining Yokohama's strengths and deploying growth strategy through original approaches																												
Management indicators	<table border="1"> <thead> <tr> <th colspan="2">FY2017</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">¥770 billion</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">¥80 billion</td> </tr> <tr> <td>Operating income margin</td> <td style="text-align: right;">10.4%</td> </tr> <tr> <td>ROA (net income)</td> <td style="text-align: right;">5% or more</td> </tr> <tr> <td>ROE (net income)</td> <td style="text-align: right;">12% or more</td> </tr> <tr> <td>D/E ratio</td> <td style="text-align: right;">0.8 times or less</td> </tr> </tbody> </table>	FY2017		Net sales	¥770 billion	Operating income	¥80 billion	Operating income margin	10.4%	ROA (net income)	5% or more	ROE (net income)	12% or more	D/E ratio	0.8 times or less	<table border="1"> <thead> <tr> <th colspan="2">FY2020</th> </tr> </thead> <tbody> <tr> <td>Sales revenue</td> <td style="text-align: right;">¥700 billion</td> </tr> <tr> <td>Business profit</td> <td style="text-align: right;">¥70 billion</td> </tr> <tr> <td>Business profit margin</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>Operating CF</td> <td style="text-align: right;">¥200 billion (three-year cumulative total)</td> </tr> <tr> <td>ROE</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>D/E ratio</td> <td style="text-align: right;">0.6 times</td> </tr> </tbody> </table>	FY2020		Sales revenue	¥700 billion	Business profit	¥70 billion	Business profit margin	10%	Operating CF	¥200 billion (three-year cumulative total)	ROE	10%	D/E ratio	0.6 times
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Strategies and main results	<p>Progress of Global Expansion</p> <ul style="list-style-type: none"> Enhanced network of production, sales and technology sites Expanded overseas business of tires for new vehicles Enhanced global brand recognition (partnership agreement with English Premier League Club Chelsea FC) <p>Improvements to Technologies That Contribute to the Environment</p> <ul style="list-style-type: none"> Achieved a 100% ratio of products that contribute to the environment Global rollout of fuel-efficient replacement tires Expanded adoption and delivery of fuel-efficient tires for new vehicles <p>Strengthening of the Business Portfolio</p> <ul style="list-style-type: none"> Acquired agricultural machinery and construction vehicle tire manufacturer (ATG) Acquired industrial vehicle tire manufacturer (Aichi Tire Industry) 	<p>Consumer Tire Business: Expanding Our Presence in the Premium Tire Markets</p> <ol style="list-style-type: none"> Premium car strategy: Expanded installation on new vehicles, centered on high-inch, high-performance tires, to 13 car models, including the Porsche Cayenne and BMW X3. Winter tire strategy: Introduced new products including BluEarth-4SAW21 all-season tires and iceGUARD iG53 studless tires for North America. Hobby tire strategy: Introduced six new products to meet the tastes of all types of automobile users, including the GEOLANDAR X-AT for SUVs and pickup trucks. Communications strategy: Reinforced direct marketing using digital technologies and proactive communication with end users. <p>Commercial Tire Business: Making Commercial Tires a Pillar of Revenue for the Next 100 Years</p> <ol style="list-style-type: none"> OHT business: Growth of ATG, acquired in 2016, resulted in a higher-than-expected commercial tire business share of net sales. TBR business: Despite impairment losses recorded in 2018 with respect to the Mississippi plant (US), which commenced operations in 2015, Yokohama Rubber made efforts to improve supplies, including addressing equipment and human resource issues, and expanded sales. <p>MB business: Focusing Resources in Areas of Strength</p> <ul style="list-style-type: none"> Expanded shipments of automotive hoses in North America in the automotive parts business, delivered the world's largest floating pneumatic fenders in the marine products business, strengthening both businesses. 																												
Issues	<p>Weaknesses to overcome</p> <ul style="list-style-type: none"> Improving product mix by concentrating resources on high-value-added products Realizing benefits of major investments and acquisitions made in Phase IV Strengthening the financial position 	<p>Strategic aspect</p> <ul style="list-style-type: none"> Consumer tires: Expanding our presence in premium tire markets Commercial tires: Further strengthening the OHT and TBR business. MB: Focusing resources in areas of strength <p>Business environment aspect</p> <p>Initial targets of ¥700 billion in sales revenue and ¥70 billion in business profit were not achieved due to factors such as the economic slow-down caused by the global spread of COVID-19 in 2020.</p>																												

Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)

The Yokohama Rubber Group is currently promoting the three-year medium-term management plan, YOKOHAMA Transformation 2023 (YX2023), which runs from FY2021 to FY2023. The “Y” stands for YOKOHAMA and the “X” for transformation, as we plan to transform the Group through “exploitation” and “exploration.” Under YX2023, we are targeting “transformations” for sustainable growth by simultaneously promoting the “exploitation” of our strengths in existing businesses and the “exploration” of new value to meet the needs of this era of great change.



Sales Revenue and Business Profit Targets



Financial Targets

The Yokohama Rubber Group targets all-time high sales revenue of ¥1 trillion and business profit of ¥84.5 billion in fiscal 2023, the final year of YX2023, representing the culmination of our efforts over the past 100 years. In 2017, the 100th anniversary of our founding, we targeted ¥1 trillion in net sales and ¥100 billion yen in operating income, but ultimately fell short. In FY2023, having acquired the business of Trelleborg Wheel Systems, we achieved our FY2017 goal of ¥1 trillion in sales revenue, taking the next step toward growth with profitability.

YFY2022 results and YX2023 plan

(Billions of yen)	2021 results	2022 results	YX2023 targets
Sales revenue	670.8	860.5	1,000
Business profit	62.2	70.1	84.5
Business profit margin	9.3%	8.1%	8.5%
Operating income	83.6	68.9	-
Profit attributable to owners of parent	65.5	45.9	-
ROIC	8.2%	5.2%	5.2%
ROE	13.9%	8.1%	9.0%
D/E ratio (Net D/E ratio)	0.34 times (0.26 times)	0.39 times (0.27 times)	0.73 times (0.63 times)
Operating CF	68.3	39.2	122.5
Capital investment	38.8	54.9	≤ depreciation (excl. strategic investments)

Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)

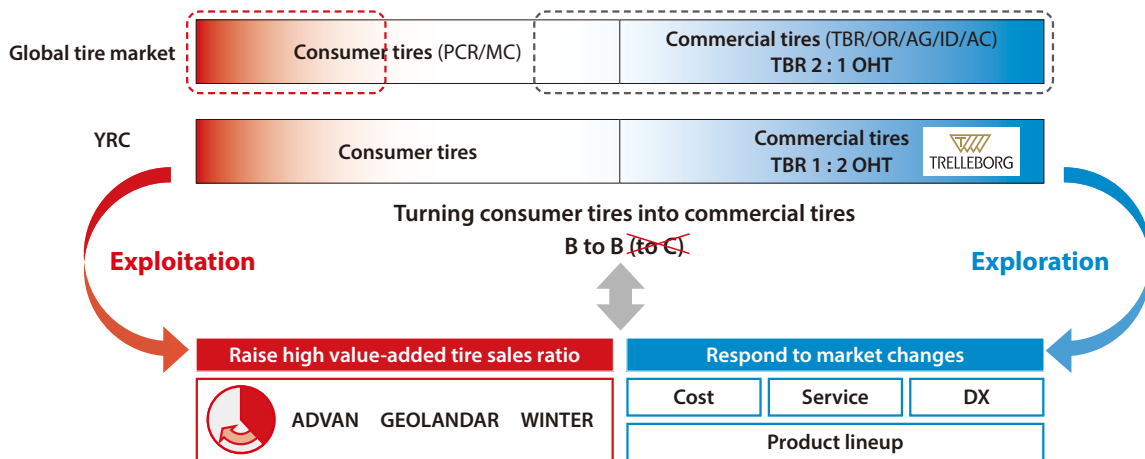
Megatrends

Mobility industry structural changes and tire business strategy

At present, the size of the global tire market is approximately ¥20 trillion, split almost equally between “consumer tires” such as tires for passenger cars, and “commercial tires” including tires for trucks, buses, and agricultural machinery. Going forward, however, developments such as Connected, Autonomous/Automated, Shared, Electric (CASE), Mobility as a Service (MaaS), and Digital Transformation (DX) are expected to reduce the number of privately owned vehicles, and at the same time, increase the number of public infrastructure vehicles supporting the movement of people and goods. This means that, as customers transition from individuals to corporations, consumer products in the tire market are expected to become commercial products.

In response to these changes, Yokohama Rubber is advancing a strategy based on two key approaches, “exploitation” and “exploration.” In consumer tires, we will raise the ratio of high-value-added tire sales through the “exploitation” of ADVAN, GEOLANDAR, and winter tire sales. In commercial tires, to optimize the sales composition ratio of consumer tires to commercial tires, currently 2:1, to 1:1 in line with the size of the global market, we acquired Trelleborg Wheel Systems Holding AB (TWS) based on our belief in the importance of off-highway tires (OHT), which are positioned as a growth driver. In addition to optimizing overall tire composition, we will engage in the “exploration” of market changes under the themes of product lineup expansion, costs, services, and DX.

Impact of CASE/MaaS on tire business



Logistics transformations and our product strategies

At present, deliveries are made by drivers operating a range of vehicles, from large trailer trucks to small trucks and vans, but going forward, vehicle electrification and autonomous driving are expected to facilitate the transport of goods over long and short distances, including the last mile to the recipient, without drivers. The various types of vehicles used for logistics in the near future will require

different types of tires. For example, last-mile vehicles may be equipped with no-puncture solid tires. Our strength lies in our ability to provide a one-stop source for a wide variety of tires, from truck and bus tires, to airless resistant tires in response to this logistics transformation. Going forward, we will continue to further expand product varieties with the aim of further strengthening our competitive advantage in the market.

Expected transformation of vehicles used in each stage of the distribution process



Tire Business Consumer Tires: Maximizing the ratio of high-value-added Tires

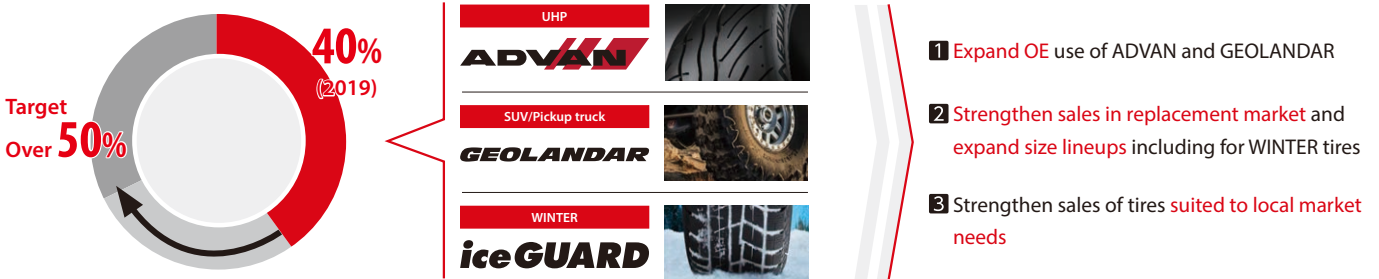
To raise the sales ratio of high-value-added tires in the consumer tire business, we aim to maximize sales with a focus on ADVAN ultra-high-performance tires, GEOLANDAR for SUVs and pickup trucks, and winter tires.

Maximizing the Ratio of High-value-added Tires

Under YX2023, we aim to increase the ratio of high-value-added ADVAN, GEOLANDAR, and winter tire (AGW) unit sales within consumer tires from 40% in fiscal 2019 to 50% or higher. To this end, we are expanding ADVAN and GEOLANDAR tires as original equipment

on new cars, strengthening sales in the tire replacement market, and expanding the size lineups for these brands as well as winter tires, and enhancing sales measures in line with the characteristics of specific regions.

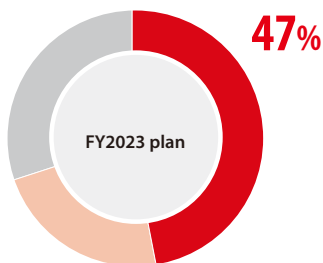
High value-added tire sales ratio target



In fiscal 2022, the ratio of high-value-added tires was 42%, with sales of ADVAN, GEOLANDAR, winter tires, and tires measuring 18 inches and larger surpassing those in fiscal 2021. In fiscal 2023, we plan to increase the ratio of high-value-added tires to 47%. Sales of ADVAN

tires exceeded initial plans and are now 172% of fiscal 2019, while sales of 18-inch and larger tires have been revised upward from 155% to 169%.

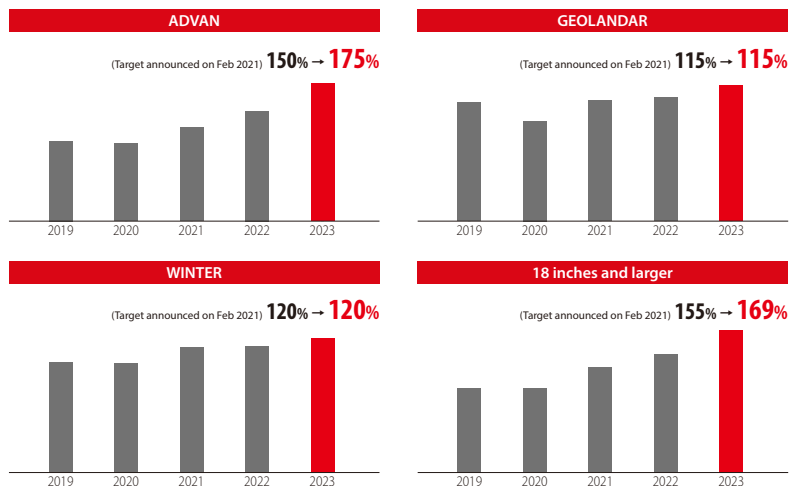
AGW sales ratio



OE/REP Size Lineup Expansion Trends (Launching new tires & expanding available sizes) (No. of sizes)

	2022	2023 plan
ADVAN	195	97
GEOLANDAR	39	139
WINTER	109	126
AGW total	343	362

AGW sales volumes (vs FY2019)



Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)

Efforts in Fiscal 2022

Expanding OE installation of ADVAN and GEOLANDAR

In terms of OE installations on new premium cars, ADVAN V61 tires were installed on the Lexus RX, the Toyota bZ4X and other cars, and ADVAN Sport V107 tires were installed on the Nissan Fairlady Z. ADVAN V61 tires were developed using the proprietary HAICoLab framework which incorporates AI, and to achieve the high degree of quiet specifically required for EVs, we used advanced computations (genetic algorithms), one of the technologies facilitated by the HAICoLab, to realize optimal pitch arrangements. ADVAN Sport V107 for the new Nissan Fairlady Z adopts our SILENTFOAM noise reduction technology to improve quietness. Cavernous resonance (tire vibrations caused by uneven road surfaces resonate inside tires, resulting in tire noise that can be heard through the suspension in the cabin) is reduced by coating the inside of the tire with a specially designed polyurethane foam. Regarding GEOLANDAR, GEOLANDAR X-CV tires were installed on the LEXUS LX. The GEOLANDAR X-CV is a new dimension highway terrain tire developed for high-performance SUVs that emphasize high-speed performance and mobility, which have been on the rise in recent years.



Toyota bZ4X

Lexus LX



Strengthening sales in the tire replacement market

In the replacement market, we positioned fiscal 2022 as the “YOKOHAMA Summer Offensive” -themed year and succeeded in efforts to expand sales of ADVAN products, mainly ADVAN Sport V107 ultra-high-performance tires and ADVAN NEOVA AD09 high-performance street sport tires. We also saw strong sales of BluEarth-RV RV03, the first new product launched in the area of fuel-efficient tires specifically designed for minivans in seven years.

Fiscal 2023 Initiatives and Issues Going Forward

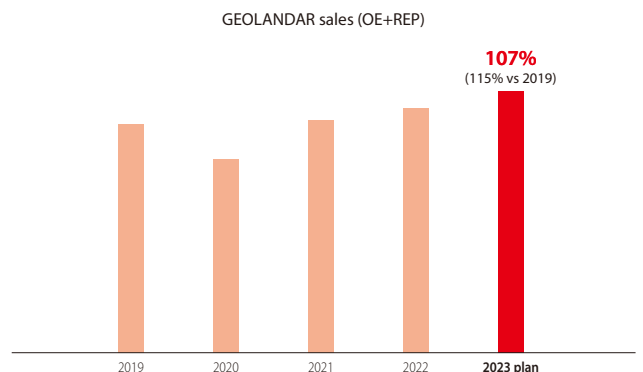
In FY2023, we will strive to further expand sales with the launch of GEOLANDAR and other new products under the theme “Mud Match.”

Regarding the GEOLANDAR brand, in addition to new GEOLANDAR A/T XD tires, we will launch the GEOLANDAR X-AT for passenger cars and the GEOLANDAR CV 4S, and expand sizes of each pattern. We will also begin delivery of tires for the Toyota Tundra and other new vehicles in North America, and further increase production of large outer diameter tires at our plants in Mie Prefecture and Thailand in response to increased sales. Through these efforts, we aim to achieve the target set forth in YX2023, with FY2023GEOLANDAR sales reaching 107% of the FY2022 level and 115% of the fiscal 2019 level.

Regarding ADVAN tires, which celebrate their 45th anniversary this year, we plan to deliver ADVAN APEX V601 tires for new installation on the Toyota Corolla GR, and launch electric vehicle (EV) tires in the replacement market. We will take on various

challenges in an attempt to maximize the ratio of high-value-added products with the aim of achieving YX2023 targets in this final year of the plan.

- Increase GEOLANDAR sales Aiming to boost sales to 107% the previous year’s level (115% the 2019 level)



Tire Business Commercial Tires: Incorporating market changes to further strengthen business

In commercial tires, we aim to “explore” market changes under the themes of cost, services, digital transformation (DX), and expanded product lineups. In acquiring TWS, we aim to improve profitability by expanding the OHT business.



Efforts in Fiscal 2022

OHT Business: New plant in India commences operations

Yokohama Off-Highway Tires (YOHT), a subsidiary that manufactures and sells off-highway tires (OHT), including tires for agricultural machinery, continues

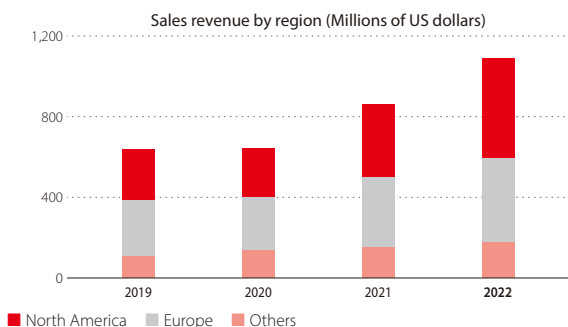


to grow well above the growth rate of the market. In response, the existing Dahej plant achieved a 1.6-fold increase in production capacity, and construction of the Visakhapatnam plant began in the third quarter of 2020. This plant was originally scheduled to commence operations in 2023, but to meet strong demand, plans were moved forward and production commenced in August 2022. As a result, production capacity at the end of fiscal 2022 was approximately 40% higher than in fiscal 2019. The annual production capacity of the new plant is projected to be 69 tons per day (rubber weight) in the first phase and 132 tons per day (rubber weight) with the addition of second phase expansions. The second phase of production is scheduled to start in the first quarter of 2024, with a view to further capacity expansions in the future.

OHT Business: Leveraging cost advantages to increase sales

In the OHT business, we leveraged cost advantages to increase sales in each channel, including North America, achieving ongoing growth in fiscal 2022 despite the challenging environment.

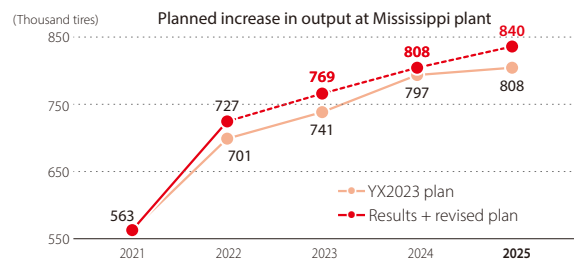
Cost advantages supporting sales growth



Supply improvement in the TBR plant in the US

In the truck and bus tires (TBR) business, we promoted improvements at the Mississippi plant in the US, with fiscal 2022 production volume reaching a record-high 727,000 tires and achieving the medium-term production plan established under YX2023.

Increasing output at the TBR plant in the US



Investing in increased production at the Mie Plant, launching new products

At the Mie Plant, we have decided to invest in the increased production of tires for trucks and buses, the demand for which is growing in Japan, Europe, and the US, with the aim of commencing operations in 2024.

We are also proactively launching new products, with products for Japan launched in 2022 such as 905W studless tires, which emphasize driving performance on ice and snow, and BluEarth 711L all-season tires, which emphasize fuel-efficient performance.

905W tires provide the long-life performance that made the previous model popular, while further improving grip on winter road surfaces and driving performance on ice and snow.

BluEarth 711L tires offer the highest fuel efficiency in the history of Yokohama truck tires, and demand for this product is expected to increase in light of its substantial contribution to reducing customer transportation costs. These tires also received the Good Design Award for 2022. This is the third time Yokohama truck and bus tires have received this award after receiving it in 2019 and 2020.

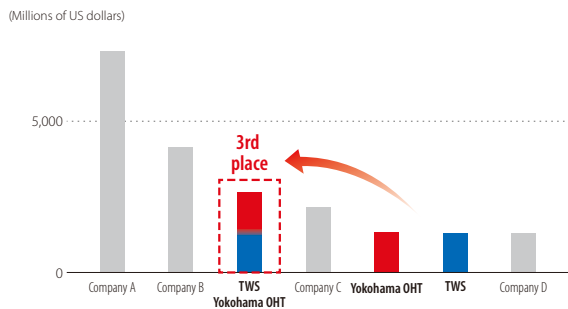
Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)

Fiscal 2023 Initiatives and Issues Going Forward

Completed acquisition of Trelleborg Wheel Systems Business

In May 2023, we completed our acquisition of Trelleborg Wheel Systems Holding AB (TWS). With this acquisition, we estimate our position in the global OHT market will be the third largest in the world (based on a simple aggregate of Yokohama Rubber Group and TWS sales in FY2022). In addition to making our position in this market a competitive advantage, we will build a solid position in the OHT market by enhancing our broad brand lineup of basic, standard, and premium products, and strengthening our R&D, production, and service systems in Japan, North America, Asia, and Europe, where global demand is highest. We also aim to provide new products and services combining the knowledge of both companies in the use of DX and sustainable raw materials. In fiscal 2023, we will firmly implement a PMI program to maximize synergies created by the TWS acquisition to achieve this goal. ⇒ For details, please see "Special Feature" on P.8.

OHT market sales ranking



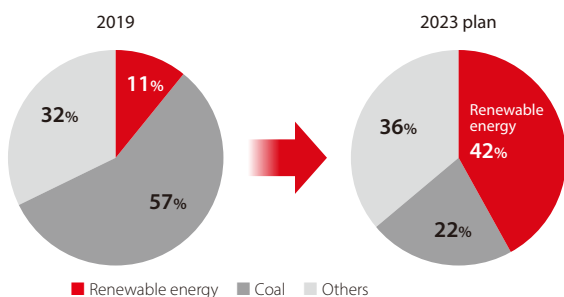
* Our estimate

OHT business initiatives

In the OHT business, we target ongoing growth on the strength of YOHT's extensive product lineup and overwhelming cost competitiveness, as well as YOKOHAMA-TWS (Y-TWS) world-class product, brand, technological, and service capabilities. The new Visakhapatnam plant, which commenced production in August 2023, is planned to be fully operational in FY2024, with a second

Usage of renewable energy

Power source composition of YOHT Dahej and Tirunelveli plants



phase of expansion already underway. Further, the Dahej and Tirunelveli plants will increase the use of renewable energy from 11% in fiscal 2019 to 42% in fiscal 2023 with the aim of contributing to the environment and reducing costs.

Investments to expand production at the Mie Plant

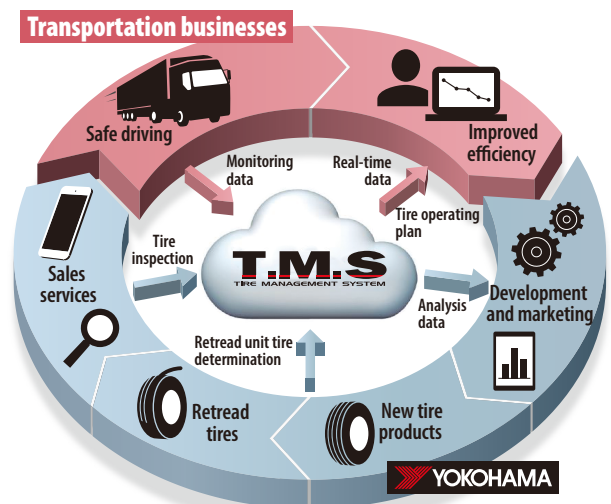
We will make additional investments in the Mie Plant to increase production capacity by approximately 100,000 tires to meet brisk demand for standard-sized truck and bus tires, and consider further production increases going forward.

DX and service enhancements

With regard to DX and services, we will maintain our focus on enhancing knowledge and expertise accumulated through the Tire Management System (TMS) we have been developing since 2003. The number of vehicles inspected in 2022 rose to 180% of the year before. In fiscal 2023, we will continue efforts to improve inspection efficiency and increasingly incorporate digital devices with the aim of solving customer problems.

Additionally, with the aim of establishing a new tire solution service, in March 2023 we commenced demonstration testing of a tire air pressure remote access system (TPRS) using an EV bus equipped with tire pressure sensors attached to the inner surface of the tires. With the global shift to EVs in full swing, we aim to establish a solution service that contributes to improving EV bus economy, safety, and efficient tire use by conducting demonstration tests using actual EV buses, which require high levels of fuel efficiency (electricity expenses), performance, and durability, as well as quiet tires. Data obtained from demonstration testing will be utilized in the development of tires for EV buses, with the aim of providing high-value-added products and services facilitating the shift to EVs.

TMS concept diagram



Multiple Business (MB) Transitioning to a high-growth, highly stable portfolio

By concentrating resources on our strengths in the Hose and Couplings and Industrial Products businesses, we can establish a portfolio that ensures stable earnings. We have also made the decision to implement reforms in the Aerospace Products business to ensure stable earnings with the aim of developing business that meets modern needs.

Efforts in Fiscal 2022

Focusing resources to strengthen and expand business	
Hose and Couplings Growth driver Increase production capacity, reorganize production sites	Industrial Products Stable earnings Maximize market share
Business restructuring	
Hamatite Transfer completed in November 2021	Aerospace Products Structural reforms

In the Hose and Couplings business, we reorganized the production system for automotive hose couplings in the US and Mexico. Further, with regard to hydraulic hoses, after investing in increased production capacity at the China plant, we made the decision to invest in increased



Hydraulic hoses for construction machinery

production at the Ibaraki Plant. Going forward, we will increase the production capacity for large-diameter hoses to capture growing demand.

In the Industrial Products business, we set out to maximize our domestic market share of conveyor belts, and as a result of efforts to



Highly heat-resistant conveyor belt

strengthen domestic sales and expand our lineup of standard stock products, we achieved a 1.5-fold increase in sales over the previous year and gained approximately 50% of the market share. To further strengthen our supply system, we will continue to increase the production capacity of conveyor belts at the Hiratsuka Factory. Additionally, the Aerospace Products business was integrated with the Industrial Products business in March 2022 to promote structural reforms aimed at ensuring stable earnings by concentrating resources.

Fiscal 2023 Initiatives and Issues Going Forward

In the Hose and Couplings business, we will maintain efforts to reorganize automotive hose coupling production bases. In fiscal 2023, we plan to increase the ratio of production at our base in Mexico to 31%. Regarding hydraulic hoses, we will further strengthen supply systems

in Japan and overseas, aiming for growth in line with profitability.

In the Industrial Products business, we plan to focus on maximizing our share of the domestic conveyor belt market while also launching new conveyor belt and fender products.

Other Business (PRGR Business)

In the PRGR (Pro Gear) business, we aim to provide excellent products and services grounded in the customers' perspective so that everyone can experience the fun and joy of golf. To provide excellent products and services, we will improve our product capabilities by establishing a product system that meets the needs of users in Japan and overseas, and by exploring user needs and realizing the performance requirements for our products.

In fiscal 2022, we utilized test hitting data from directly-managed stores to design the center of gravity for each target in our new line of IRON

products for 2023. To provide customers with clubs that fit even better, in 2023 we are expanding sales of custom-ordered products by strengthening unique fittings at retailer events and directly-managed stores.



By exploring these new technologies and strengthening marketing, as well as promoting business activities based on transparent health and safety and compliance, we aim to sustainably enhance corporate value to create a prosperous society.



PRGR 02 IRON

Research & Development

Yokohama Rubber is working to develop high-quality tires using innovative technologies based on changing needs. While pursuing performance improvements such as durability, safety, and fuel efficiency, we test and evaluate the behavior and performance of tires under various conditions in Japan and overseas. We are also focusing on research into the use of sustainable materials, weight reduction, and recycling technologies, and are promoting the manufacture of environmentally friendly products. The results of our R&D lead to improved tire performance and reduced environmental impact, contributing to the safety and sustainability of the automotive industry as a whole.

Relevant material issues	Initiatives
 Products	<ul style="list-style-type: none"> • Manufacturing and selling tires and industrial materials with advanced safety, quality and environmental performance • Manufacturing and selling carbon neutral products • Developing products and services utilizing AI and IoT (wear detection, road surface detection, tire management and damage prediction) • Manufacturing and selling tires for industrial and construction vehicles supporting social infrastructure and tires for agricultural and forestry machinery supporting natural capital
 The Earth	<ul style="list-style-type: none"> • Achieve carbon neutrality of our own activities by 2050 • Achieve 100% usage of sustainable raw materials by 2050

Basic Policy on Research & Development

The Yokohama Rubber Group's research and development involves taking on challenges on the forefront of global technology and providing pioneering, world-first products to the market. On our frontline of research and development, we engage in multi-faceted and comprehensive research and development activities from material development to product design, testing and evaluation along the themes of

ingenuity, application and greater sophistication of technologies, and pursue the possibilities of various technologies and products, including rubber polymer technologies. In addition, outside the field of tires, we use innovative ideas unconstrained by conventional thinking and cutting-edge technologies to pursue the development of new materials and the design of products with a view toward the next generation.

Research & Development Promotion System

Under the idea of "local production for local consumption," Yokohama Rubber is strengthening tire research and development activities in regions close to major markets in Japan and overseas. Utilizing our global R&D system close to consumer areas, such as the Tire Test Center of Asia in Thailand, the Yokohama China Technical Center in China, and the Yokohama Development Center America in North Carolina, United States, we are able to quickly launch new products suitable for each market.



Evaluating Tires Around the World to Guarantee Performance

In order to verify tire performance, we have set up test courses in consumer areas in Japan and overseas to utilize information on the actual local climate and environment in our products, and are earnestly working on research from all angles such as safety, drivability, and comfort. The enormous amount of data obtained from driving tests at Yokohama Rubber's comprehensive tire test courses at the Daigo Proving-ground and Research Center (D-PARC, Ibaraki) and the Tire Test Center of Asia (Thailand), the Nürburgring Test Center (Germany) and winter tire test courses at the Hokkaido Tire Test Center and Yokohama Test Center of Sweden is sent instantly to the

Research and Development Integrated Center (RADIC) at the Hiratsuka Factory in Hiratsuka City, Kanagawa Prefecture, where it is used to improve tire performance and develop next-generation tires.



Comprehensive tire test course at D-PARC (Ibaraki Prefecture)



Winter tire test course at Yokohama Test Center of Sweden

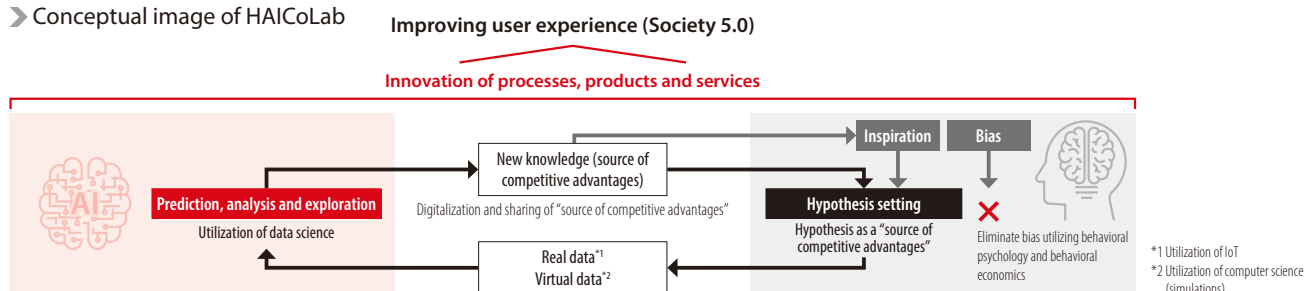
HAICoLab* AI-powered data utilization framework

For more than a decade, Yokohama Rubber has been developing technologies to apply computer science and machine learning to the development of materials. The HAICoLab, which came on line in 2020, is our proprietary AI-powered data utilization framework that combines simulation technologies and AI technologies and also focuses on human characteristics. We aim to promote new discoveries through “human-specific inspiration” and “creativity” and

“collaboration between the enormous data processing capabilities that AI excels at” aimed at non-continuous and radical innovation. The new knowledge gained by generating and collecting virtual data from real data and simulations, and predicting, analyzing, and searching with AI is being utilized for innovation in tire technology development.

*A coined term based on “Humans and AI collaborate for digital innovation.”

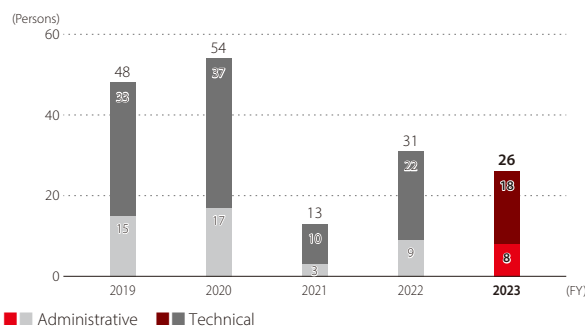
Conceptual image of HAICoLab



Securing and Developing Talent in Development

Yokohama Rubber strives to secure human resources stably in technology development as core human resources to maintain our strengths of high technology and innovation. In the recruitment of new graduates, we maintain strong cooperation with universities to ensure stable recruitment every year. We also hire a wide range of mid-career employees. Of the number of new graduates hired in fiscal 2023, 18 were technical personnel, while six of the mid-career hires during the year were also technical personnel. In addition, the Yokohama Techno Forum (YTF), which is held as an opportunity to share knowledge and raise awareness of internal technology research, was held 38 times in 2022.

New graduate recruitment



Intellectual Property

Intellectual property activities are an important investment in the protection and development of our business. We are conducting intellectual property activities to strengthen high value-added products, carbon neutrality, and circular economy, among others, which are covered under the policy of YX2023. In addition, we promptly reflect the status and direction of our business in activities such as the acquisition and utilization of rights such as patents, designs, and



trademarks, and efficiently and proactively carry out activities such as the acquisition of rights in cooperation with business departments. As a result, the number of domestic and overseas patent rights held during the previous management plan (GD2020) increased by more than 10%. At least once a year, we report on the status of intellectual property strategies and activities at meetings attended by members of executive management with technical expertise.

Future Issues and Measures

At Yokohama Rubber, one of our challenges is to make more effective use of the vast amount of research and development data (actual product and lab sample test results, simulation results, manufacturing and processing conditions, etc.) that we have accumulated

to date. This is an area that we are now working to address. In the future, we will develop a foundation that makes it easier for engineers to use this data, leading to the improvement of individual skills, new awareness, and quantification of tacit knowledge (skill transfer).

Production & Quality

Related material issues	Initiatives
 Products	<ul style="list-style-type: none"> • Manufacture and sell tires and industrial materials with advanced safety, quality and environmental performance • Manufacture and sell carbon neutral products • Develop products and services utilizing AI and IoT (wear detection, road surface detection, tire management and damage prediction) • Manufacture and sell tires for industrial and construction vehicles supporting social infrastructure and tires for agricultural and forestry machinery supporting natural capital
 The Earth	<ul style="list-style-type: none"> • Achieve carbon neutrality of our own activities by 2050 • Achieve 100% usage of sustainable materials by 2050

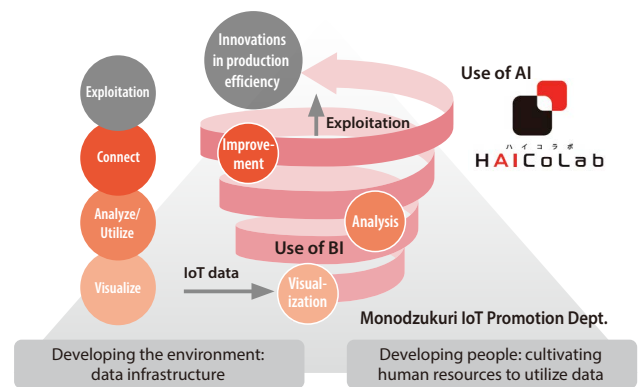
Production Initiatives

Building a production and logistics structure that is resilient to environmental changes and fluctuating orders

In order to supply good quality products at a low price in a timely manner to customers around the world, Yokohama Rubber conducts manufacturing at its global production bases with the latest technology and thorough quality management. As it is a fundamental policy in YX2023 to raise the high-value-added tire sales ratio, we strive to push forward with our strengths in high-mix low-volume production systems, and enhance production efficiency through the utilization of digital technology, such as IoT and AI, and Jidouka (autonomation).

Yokohama Rubber also puts efforts into creating an environmentally friendly production system. In fiscal 2022, efforts were implemented to achieve carbon neutrality at the Shinshiro-Minami Plant, which serves as a model plant. All production bases in Japan have achieved complete zero emissions by reducing the amount of landfill disposal of industrial waste to zero. Going forward, we plan to implement IT-based initiatives in overseas locations as well as strive to achieve a circular economy.

Developing Infrastructure for the Utilization of Manufacturing Data and Fostering a Data-Driven Culture



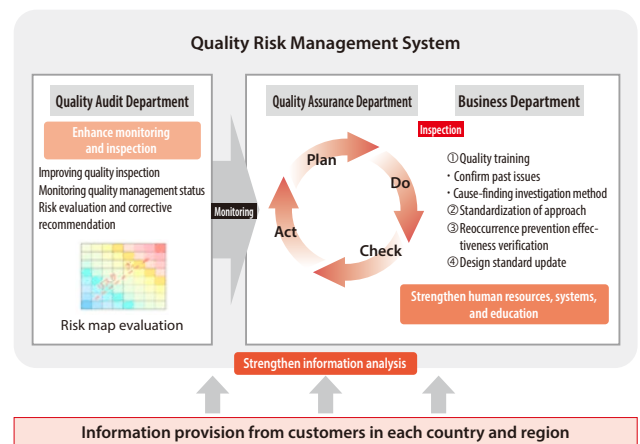
Quality Initiatives

Quality management system

Yokohama Rubber places the safety of customers as a top priority. We have developed our own risk map to ensure prompt, legal, and appropriate internal processes are carried out in business, quality assurance, and service departments, which are overseen and monitored by the Quality Audit Department.

We conduct quantitative categorization of potential risks following the quality management system (QMS) and embrace proactive safety design approach based on FMEA* to establish a structure that prevents the reoccurrence of similar quality issues. Moreover, we conduct internal quality training as well as encourage managers and supervisors to acquire the certification of internal quality auditor. In fiscal 2022, three employees obtained their certification (total 147 certified to date).


We appoint experienced engineers at sales subsidiaries and sales locations in the domestic and overseas markets to systematically host internal training on product knowledge and handling.



* Failure Mode and Effect Analysis (FMEA): A method of systematically analyzing potential failures for the purpose of failure/defect prevention.

Motorsports Activities

For 60 years, since the Company began supplying tires to motorsports in Japan in 1963, Yokohama Rubber has participated in a wide range of motorsports in Japan and abroad, including races and rallies. By utilizing the advanced technical capabilities and knowledge cultivated in the field of motorsports, where extreme driving is required, in the development of tires for passenger cars, we are creating high-performance tires with excellent safety and quietness levels, and reduced environmental impacts while offering an exhilarating driving experience.

Relevant material issues	Initiatives
 Products	<ul style="list-style-type: none"> • Manufacture and sell tires and industrial materials with advanced safety, quality and environmental performance • Manufacture and sell carbon neutral products
 The Earth	<ul style="list-style-type: none"> • Achieve carbon neutrality of our own activities by 2050 • Achieve 100% utilization rate of sustainable raw materials by 2050

Yokohama Rubber’s Commitment to Motorsports

Yokohama Rubber supplies tires to a wide range of motorsports in Japan and abroad, from the top category to the grassroots category. Motorsports is a grand testing ground for tire development, and the technology cultivated through competition is fed back to our development of high-performance, high-quality new passenger car and

aftermarket tires. In addition to reducing the rolling resistance and improving the quietness and safety of tires, which results in the reduction of CO₂ emissions from passenger cars, we will fulfill our responsibilities as a tire manufacturer by pursuing “exhilarating driving experiences” as a form of added value.



Results in FY2022

GT300 Class Series Champion

A car using Yokohama Rubber’s global flagship tire brand ADVAN won the series championship for the first time in two years in the GT300 class of the 2022 SUPER GT, Japan’s highest level touring race. The ADVAN racing tires provided by Yokohama Rubber were a powerful ally in helping the car recapture the title thanks to excellent grip and handling stability.



this traditional hill climb race that has been held since 1916, our tires demonstrated our high level of technical ability to achieve stable driving even in harsh conditions.



Pikes Peak International Hill Climb Overall Champion

At the 100th Pikes Peak International Hill Climb, a car with ADVAN tires won the overall championship for the first time in two years. In

Asia Cross Country Rally Overall Champion

In the Asia Cross Country Rally 2022, a car with GEOLANDAR tires won the overall championship (4 of the 5 winning cars used GEOLANDAR). The tire’s high off-road performance has been proven in many races.



Future Issues and Measures

In response to growing environmental awareness in the motorsports industry, Yokohama Rubber is developing racing tires using renewable and recycled raw materials. In the All Japan Super Formula Championship, we began supplying dry tires that use approximately 33% of sustainable materials from 2023, and we are developing them to further increase the ratio of sustainable materials. In addition, in 2022, we participated in a harsh hill climb race in the United States

with tires made of sustainable materials, and are promoting the development of technologies to reduce the environmental impact through actual races. We will continue to develop racing tires using sustainable materials to further improve the environmental performance of tires for production vehicles and contribute to the development of sustainable motorsports.

Financial Strategy and Shareholder Return Policy



Working to enhance corporate value while striking a balance between financial soundness and capital efficiency.

Masahiro Yuki

Member of the Board and Officer, Head of Corporate Planning Division

Under YOKOHAMA Transformation 2023 (YX2023), our medium-term management plan, we are working to further increase sales revenue and profitability while boosting our ability to generate cash through organic business growth. Aimed at achieving growth through our financial capital strategy, we continue focusing on four key issues; namely (1) increasing earnings power by exploiting existing businesses and exploring ways to address market changes, (2) improving capital efficiency by increasing the business asset turnover rate, (3) ensuring and sustaining financial stability by balancing growth investments with greater capital efficiency and reduced liabilities, and (4) building internal reserves while maintaining a stable dividend and allocating these funds to growth areas while maintaining an appropriate level of financial leverage.

Progress of Medium-Term Management Plan

Under YX2023, which kicked off in fiscal 2021, we aim to achieve our best performance ever by simultaneously pursuing the “Exploitation”

of strengths in existing businesses while “Exploration” to create new value in the Midst of a Once in a Century Transformation.

Financial Position

(Billions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Sales revenue	650.2	650.5	551.1	670.8	860.5
Business profit	59.3	50.1	35.9	62.2	70.1
Business profit margin (%)	9.1	7.7	6.5	9.3	8.1
Operating profit	53.5	58.6	36.0	83.6	68.9
Operating profit margin (%)	8.2	9.0	6.5	12.5	8.0
Profit attributable to owners of parent	35.6	42.0	26.3	65.5	45.9
Total assets	855.8	907.6	860.4	985.0	1,151.1
Interest-bearing debt	260.4	239.9	207.8	177.2	238.7
Total liabilities	473.4	479.9	437.5	452.0	528.0
Equity	382.4	427.7	422.9	533.0	623.1
ROE (return on equity) (%)	9.5	10.6	6.3	13.9	8.1
D/E ratio (times)	0.70	0.57	0.50	0.34	0.39
Net D/E ratio (times)	0.61	0.51	0.43	0.26	0.27
ROIC (%)	6.1	6.5	4.5	8.2	5.2

In fiscal 2022, we recorded sales revenue of ¥860.5 billion and business profit of ¥70.1 billion as a result of efforts to improve the MIX, raise prices, and expand sales. With regard to capital efficiency, ROIC was 5.2% and ROE was 8.1% thanks to our initiatives to increase profitability and divest real estate holdings and cross-shareholdings. In addition, the D/E ratio stood at 0.39 times and the net D/E ratio 0.27 times, enabling us to secure sufficient debt capacity for growth investments. Even in an uncertain environment, our robust financial base was highly evaluated and we were able to raise funds in a variety of ways. The acquisition of Trelleborg Wheel Systems Holding AB

(TWS) was completed in May 2023 at an acquisition price of ¥307.2* billion with the aim of strengthening our footprint in commercial tires. Based on a financial base supported by strong relationships with banks, we have reduced the cost of capital by raising funds for growth investments through bank borrowing within the range of appropriate financial leverage and achieved a sustainable enhancement of corporate value. In this manner, we have been able to secure investment funds in growth areas while maintaining a JCR credit rating of A+.

* The enterprise value was estimated at 2,074 million euro (using a performance-linked earn-out method)

Investments in Intellectual Capital and Human Capital

The theme of YX2023 is to maximize corporate value by actively investing for future growth and balancing both profit growth and increased capital efficiency. In terms of investment in human capital, we have made digital investment for work style reforms, educational

investment, and recruitment investment, greatly transforming the way employees work over the past three years. We are investing in human and intellectual capital that will support the future of our business.

Strengthening Cash Management

In terms of cash management, we will generate operating cash flow through solid operations and use the cash generated from asset disposals to repay debts to improve our financial position. While promoting existing businesses that maintain high utilization rates through "Exploitation" and "Exploration," creating operating cash flow

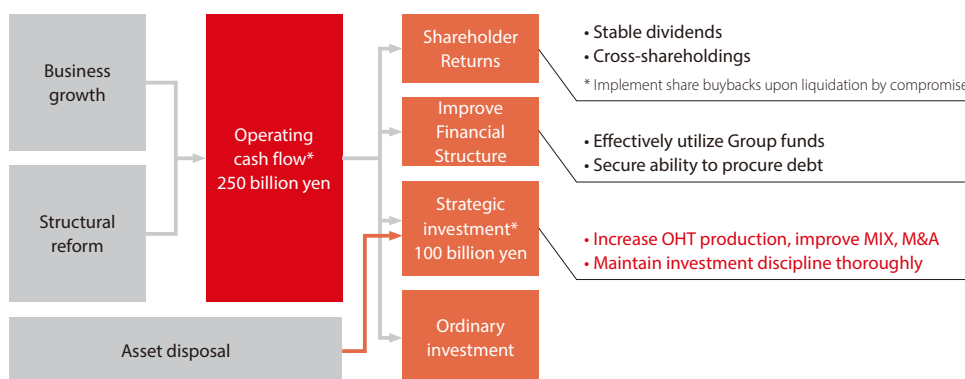
through early inclusion of TWS, and making growth investments (increasing production, improving MIX), we will curb investment cash flow by continuing to sell non-operating assets and reduce external debts by effectively utilizing the Groups funds, including TWS.

Funding and Capital Costs

Fundraising is conducted by the most appropriate means, such as our own funds, borrowing, or the sale of assets, according to various conditions such as the timing and amount necessary for the business. When raising funds by increasing debt, it is our policy to

maintain financial discipline ensuring that our JCR issuer rating stays at A+. In addition, we calculate and determine the hurdle rate adopted for investment decisions for each individual project based on interest rates, country risk, and expected rate of return.

Capital Allocation



* Cumulative total over three years (2021 to 2023)

Together with operating cash flow earned from organic growth over the three years of YX2023 and cash from asset disposals, we will allocate funds in a well-balanced manner to growth investments, shareholder returns, and debt repayment. Specifically, cash will be allocated to investments, improving our financial position, and shareholder returns, and the maintaining financial discipline with a JCR issuer rating of A+, while optimizing liabilities and assets, as necessary.

Financial Strategy and Shareholder Return Policy

Approach to Shareholder Returns

We consider the improvement of TSR as an important management issue in order to enhance corporate value through the implementation of shareholder returns based on medium- to long-term business plans and appropriate stock price formation. We will continue to pay dividends while securing internal funds to implement capital investment and R&D, which are essential for maintaining market

competitiveness and improving earnings. Dividends will be determined by holistically taking into account performance trends, financial position, dividend payout ratio, and other factors. We are committed to paying continuous dividends and returning profits from business growth to our shareholders.

TSR (10 years, dividends included)



Investment period	1 year	3 years		5 years		10 years	
	Cumulative/ annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Yokohama Rubber	+15.2%	+5.7%	+1.9%	-13.9%	-3.0%	+106.9%	+7.5%
TOPIX	-2.5%	+18.1%	+5.7%	+17.2%	+3.2%	+174.2%	+10.6%

*Total shareholder return (TSR): Total rate of return on investment that combines capital gains with dividends

*TSR for Yokohama Rubber is calculated based on cumulative dividends and stock price fluctuations. TSR for TOPIX is calculated with a stock price index including dividends. (Created by Yokohama Rubber using Bloomberg data and other sources.)

*TSR values are index numbers calculated by setting the market closing price as of December 31, 2012 as 100. (Holding period ends December 31, 2022)

ROIC Management

We have introduced ROIC as a business management indicator. We are using it as an indicator of how much profit we were able to generate from the funds invested in our business. In order to improve ROE and enhance corporate value, it is necessary to exceed WACC,

which is the cost of raising investment capital, at the very minimum, and we are promoting management that is conscious of capital costs in addition to profitability.

Ensuring Financial Stability

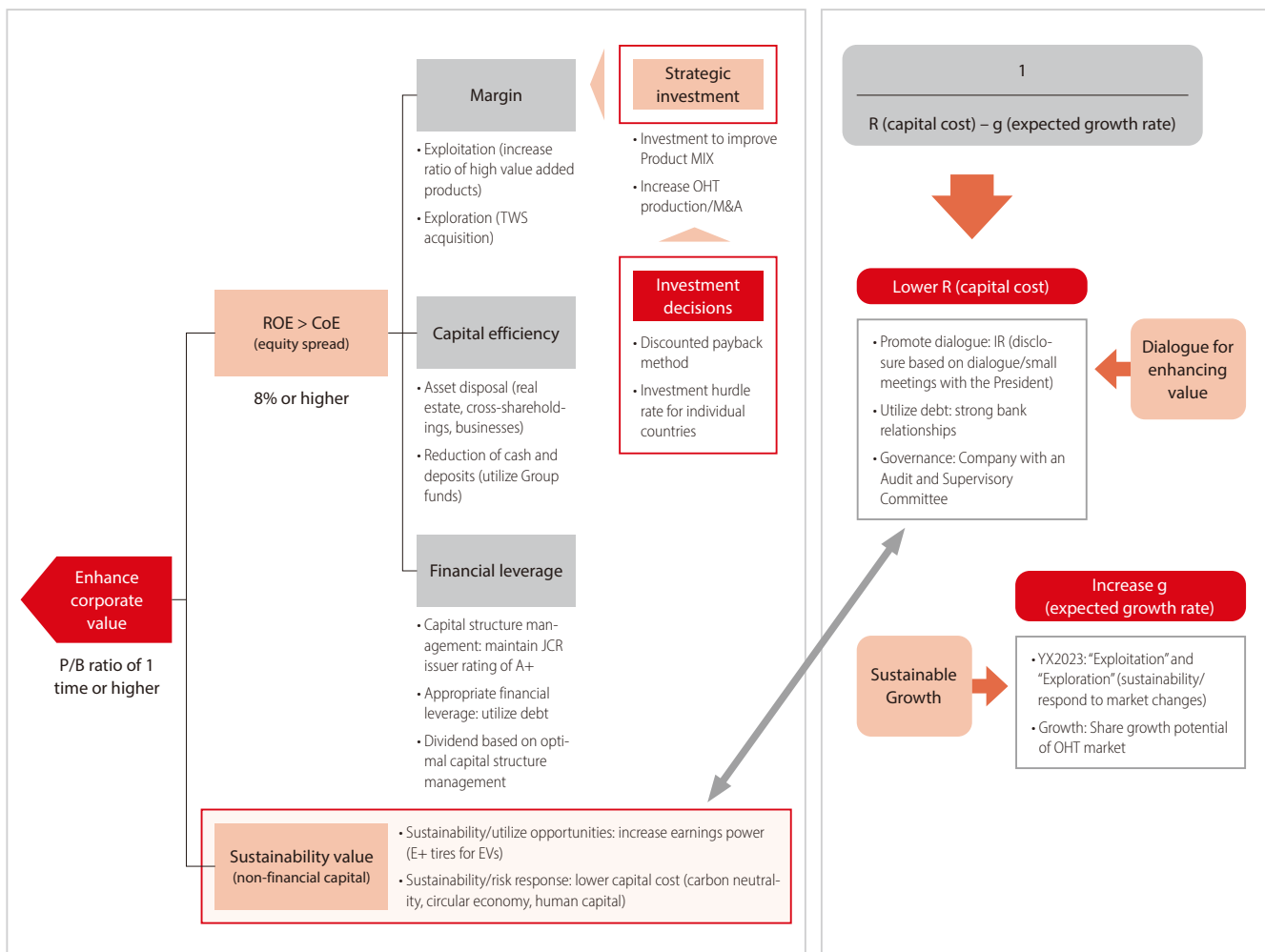
Ensuring the stability of our financial base is an important management issue. We have set a financial target to keep our D/E ratio at less than 0.4 times, and while maintaining a JCR credit rating of A+ as a financial discipline, and we are returning profits with an awareness of shareholder returns, such as via growth investments and stable dividends. Our ability to generate cash has steadily improved, and we have secured sufficient debt capacity for growth investments.



Importance of Dialogue with Markets

We place importance on dialogue with the capital markets, and we believe that it is necessary to fulfill our accountability to shareholders and to demonstrate that our shareholder returns are appropriate. It is also important to obtain perspectives, suggestions, and advice from the capital markets through dialogue.

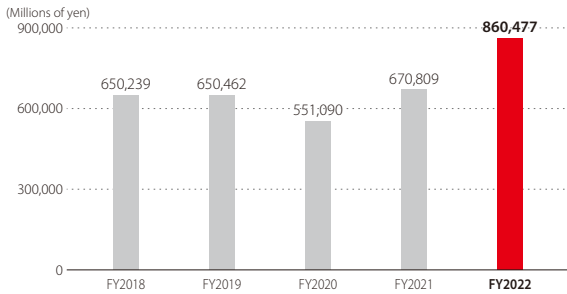
Going forward, we will need to examine how corporate value is formed with intangible assets such as human capital and intellectual assets, and how non-financial capital is linked to financial value. We hope to build relationships of trust with the capital markets through engagement.



Financial & Non-Financial Highlights

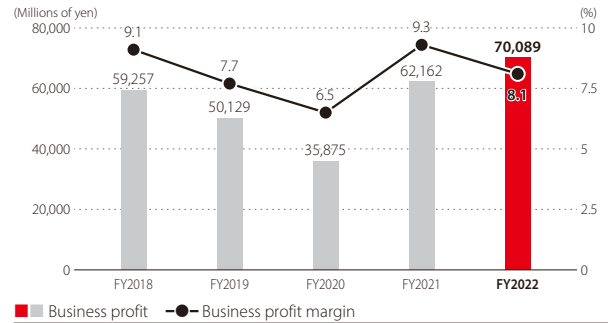
Financial Highlights

Sales Revenue



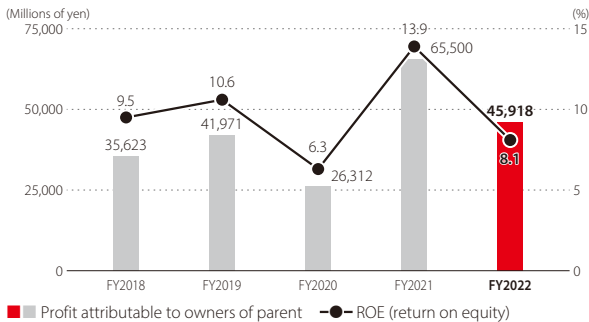
Sales revenue increased 28.3% year on year to ¥860,477 million, reflecting increased production by automakers, and acquisition of new models in North America in the tire business and record-high sales and profits in the OHT business, as well as the ongoing depreciation of the yen.

Business Profit / Business Profit Margin



Business profit increased 12.8% year on year to ¥70,089 million, in part reflecting the growth in OHT business, in addition to growth in overseas tire sales. The business profit margin fell 1.2 points year on year to 8.1% due to SG&A expenses increased by ¥56,116 million from the previous year.

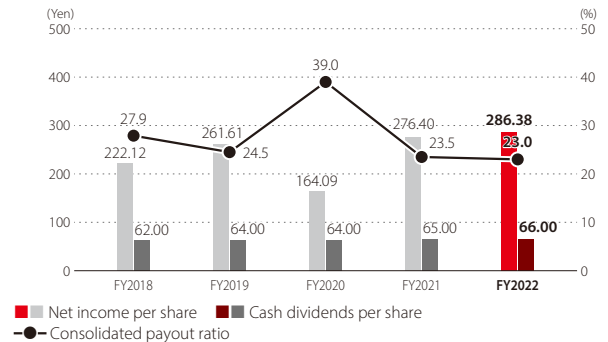
Profit Attributable to Owners of Parent / ROE (Return on Equity)*1



Profit attributable to owners of parent decreased 29.9% year on year, to ¥45,918 million due to extraordinary factors such as the sales of the head office and the Hamatite business. ROE (return on equity attributable to owners of parent) decreased 5.8 points year on year to 8.1%.

1 ROE (Return on Equity) = Profit attributable to owners of parent / Average total equity attributable to owners of the parent x 100
* Simple average of amounts at beginning and end of year

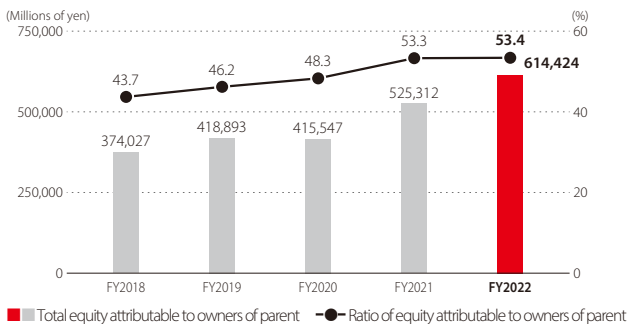
Net Income per Share / Cash Dividends per Share / Consolidated Payout Ratio*2



Net income per share was ¥286.38, an increase of ¥9.98 year on year. Cash dividends per share were ¥66.0, a ¥1 year-on-year increase. The consolidated payout ratio was 23.0%, a year-on-year decrease of 0.5 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

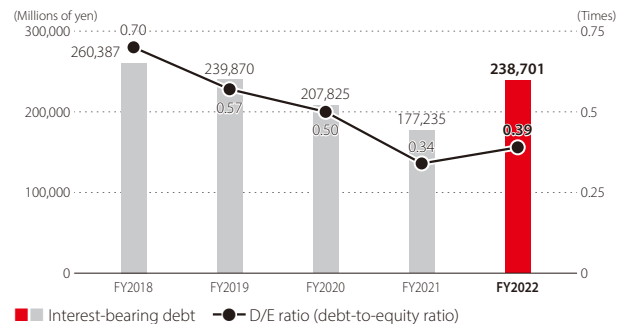
Total Equity Attributable to Owners of Parent / Ratio of Equity Attributable to Owners of Parent*3



Equity attributable to owners of parent rose ¥89,112 million compared with the end of the previous fiscal year to ¥614,424 million because of an increase in retained earnings and other components of equity. The ratio of equity attributable to owners of parent remained almost the same year on year at 53.4%.

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

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

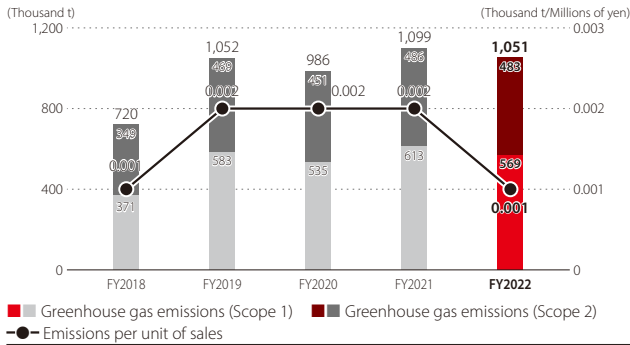


Interest-bearing debt increased ¥61,467 million year on year to ¥238,701 million. Interest-bearing debt as a percentage of total assets of the Yokohama Group was 20.7% (as of December 31, 2022). The debt-to-equity ratio (D/E ratio) increased 0.05 points to 0.39 times.

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

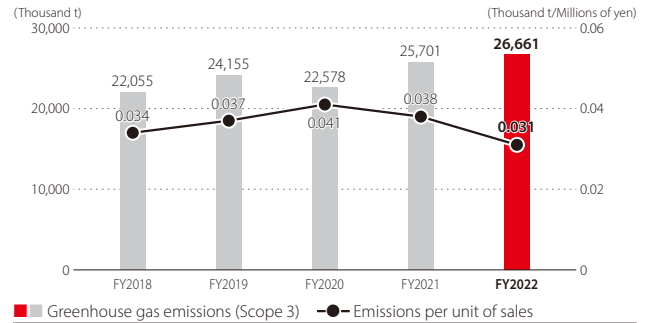
Non-Financial Highlights

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



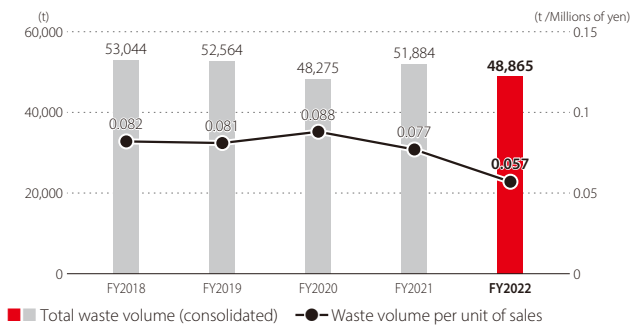
Greenhouse gas emissions (Scope 1 and Scope 2) decreased year on year, with Scope 1 emissions decreasing 7% and Scope 2 emissions decreasing 1% due to Group-wide reduction efforts despite 4% increase in tire production. Emissions per unit of sales improved 25% year on year for Scope 1 + Scope 2.

Greenhouse Gas Emissions (Scope 3) (Consolidated)



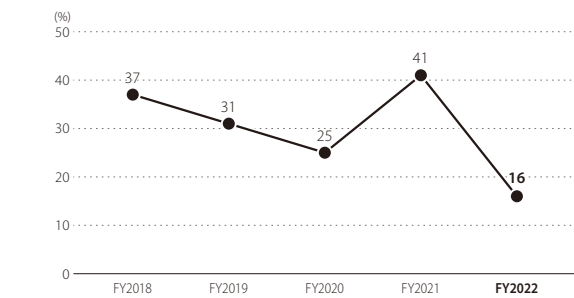
Greenhouse gas emissions (Scope 3) increased 4% year on year along with the increase in tire production volume. Emissions per unit of sales improved 19% year on year.

Total Waste Volume (Consolidated)



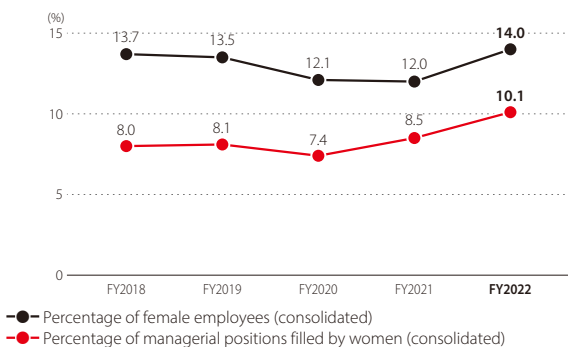
As a result of Group-wide efforts implemented on reducing waste, total waste volume decreased 7% year on year. Waste volume per unit of sales improved 6% year on year.

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



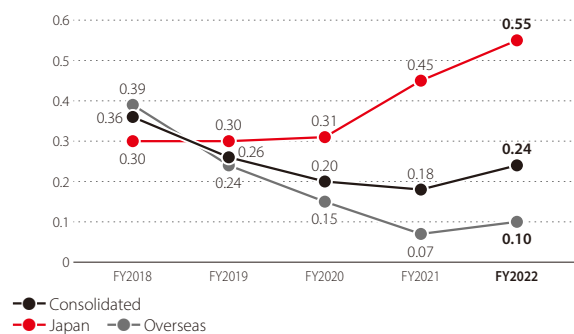
The percentage of women employed in comprehensive work positions (non-consolidated) decreased 25 points year on year because of a significant increase in overall number of new hires for comprehensive work positions since last year, and of which the number of women hired has increased slightly.

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



The Yokohama Rubber Group positions the promotion of active participation by women as one of the important measures. The percentage of female employees (consolidated) rose 2.0 points year on year. The percentage of managerial positions filled by women (consolidated) increased 1.6 points year on year.

Lost-Time Injury Frequency Rate (LTIFR)



Despite ongoing efforts on occupational health and safety to reduce the LTIFR globally, the LTIFR increased to 0.24.