The Yokohama Rubber Co., Ltd.

Summary of FY2026 2Q Results Briefing Q&A Session with Analysts

Regarding 2Q results and full-year plan

Q: Please tell us if any special factors or the Middle East situation had an impact on 2Q (Apr-Jun) results.
A: There were no significant special factors in 2Q. We estimate the situation in the Middle East will push up the cost of raw materials about ¥33 billion over the full year, with about ¥30 billion of that affecting 2H earnings. 60% of that ¥33 billion rise in costs will be passed on to product prices, and 10% will be covered by sales and fixed-cost cuts. We expect various other activities will cover the remaining 30%.

Q: Please tell us the reasons for the existing tire business' weak 2Q results in North America and your pricing strategy for 2H.
A: In North America, the reduction in transactions with a major dealer in mid-2025 was offset by sales to other clients, but logistics and other reasons led to new shipments being consolidated in November and December. With snowfall weighing on the market from January to March this year, buyers' inventories were not cleared until early this May. Since June, sales volumes have rebounded to planned levels, and we are aiming to achieve our 2H plan. While we have not factored price pass-through into our plan to cover rising costs in North America caused by the situation in the Middle East, we will consider responses based on our monitoring of industry trends.

Q: Please tell us the factors that contributed to the OHT business' improved 2Q results and the outlook for that business in 2H.
A: ATG's response to last year's tariffs was more positive than competitors' and that enabled it to continue expanding its share in North America in 2Q. The business also curtailed sales in India in response to the depreciation of India's currency. That allowed the business to focus on the more profitable North American market, which contributed to its higher profit margin. We expect typically weak 3Q sales during the European summer holidays but look forward to a rebound in 4Q, driven by US sales. The situation in the Middle East is making some customers cautious about placing orders, but we expect the situation to normalize in the months ahead.

Q: Please explain the difference between business profit and operating profit (other income and expenses about -¥6.9 billion) in 2H forecast.
A: The estimate difference is due mostly to structural reform expenses associated with the closure of the Salem plant in the United States, which we announced in March 2026.

Regarding the next medium-term management plan

Q: Are you facing any challenges as you move toward your next management plan?
A: While our performance is on an upward trend, there is still much room for improvement, and we believe that working steadily on those areas will contribute to further growth and higher profit margins. In particular, on the production side, where we are making LCC (low-cost conversion) and high-value-added products, we aim to increase production of high-value-added products while enhancing the cost-competitiveness of our standard brand tires.

Q: Please tell us about your plans for capital investment in existing plants for 2029.
A: We will continue to invest to improve product MIX, including increasing output of high-inch tires, and to improve productivity. Related initiatives are included in YX2029, and while continuing to implement measures to enhance efficiency and competitiveness, we expect the overall investment level to stabilize.

Q: As the scale of investment is expected to decline in the future, what are your plans to strengthen shareholder returns and ROE?
A: LCC investments and repayment of borrowings for our acquisition of ATG will essentially be completed by the end of this or next fiscal year. We have already secured the land and buildings for new plants in China and India, so future investments will be limited to acquiring needed machinery and equipment. With these major investments completed, we aim to raise our dividend payout ratio to 40% by 2029 at the latest and achieve a total return ratio of more than 40%. We are aiming for an ROE of at least 13%.