

Value Creation Process

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

Management Capital

*As of December 31, 2021

Financial Capital

Consolidated total assets

¥985 billion

Ratio of equity attributable to owners of parent

53.3%

Manufactured Capital

Manufacturing sites

40 sites

Capital expenditures

¥38.8 billion

Intellectual Capital

Patents

6,009

R&D expenses

¥15.3 billion

Human Capital

Number of employees (Consolidated)

27,222

Percentage of women employed in comprehensive work positions (non-consolidated)

41%

Social and Relationship Capital

Major regions of operation

28 countries and regions

Number of consolidated subsidiaries

109

Natural Capital

YOKOHAMA Forever Forest Activities Tree planting and provision of saplings

**1.09 million trees
and saplings to date**

Yokohama's Business Activities

Management Policies



Products and Services Provided

◆ Tires

(Consumer Tires)

In addition to tires for passenger vehicles and motorsports, Yokohama produces and sells tire tubes, aluminum wheels and other automotive components.

(Commercial Tires)

Yokohama produces and sells tires for trucks and buses, agricultural machinery, industrial vehicles, construction vehicles and more.

◆ MB

Multiple Business

The Multiple Business (MB) segment comprises two businesses for hose and couplings and industrial materials, and includes the manufacturing and sale of various high-pressure hoses, conveyor belts, fenders, marine hoses, aircraft lavatory modules and water tanks.

◆ Others

We manufacture and sell PRGR brand golf goods and provide services within the Yokohama Group.

Basic Philosophy

Based on its 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,” Yokohama Rubber is working on the exploitation and exploration of business and contributions to social issues linked to its business activities through the Yokohama Transformation 2023 (YX2023) Medium-Term Management Plan and striving to create diverse value.

Value Creation Initiatives

The Value We Create

Medium-Term Management Plan: YX2023 **YX** **Exploitation** and **Exploration**

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

Raise high-value-added tire sales ratio

ADVAN GEOLANDER WINTER

Consumer Tires: Exploitation

- Raise high-value-added tire sales ratio (AGW strategy)
- Strengthen core products and brands by leveraging original technologies and superior quality
- Strengthen return sales in the return market
- Promoting product and regional business strategies

Respond to market changes

Costs

Services

DX: Digital Transformation

Product lineup

Commercial Tires: Exploration

- Strengthening cost competitiveness
- Strengthening our system of services (tire change and maintenance)
- Promoting Digital Transformation (DX) (IoT tires and TMS)
- Expanding our product lineup

Strengthen/expand by allocating resources to core product areas

Hose and couplings (Growth driver)

Industrial products (Stable earnings)

Business restructuring

Hamatite (Business transfer completed)

Aerospace products (Structural reforms)

MB Business: Focusing Resources in Areas of Strength

- Hose and couplings (growth drivers)
- Industrial products (stable earnings)

- Tackle carbon neutrality
- Tackle the circular economy
- Develop safe and pleasant workplaces
- Revitalize partnerships with communities

Contribute to Solving Social Issues through Business Activities

CSR Slogan “Caring for the Future”

Make life more fulfilling for people everywhere.

<p>Products</p> <p>Deliver fun and peace of mind.</p>	
<p>For the Earth</p> <p>Leave a sound environment to future generations.</p>	
<p>People</p> <p>Build on each other’s strengths.</p>	
<p>Community</p> <p>Coexisting and building trust</p>	
<p>Corporate Governance</p> <p>Lay a solid foundation for fulfilling social expectations.</p>	

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

Economic Value (Medium-Term Management Plan Targets)

Results achieved through “Exploitation” and “Exploration”

	Targets	2021 results
Sales revenue	¥700 billion	¥670.8 billion
Business profit	¥70 billion	¥62.2 billion
Business profit margin	10%	9.30%
D/E ratio	0.4 times	0.34 times
ROE	10%	13.9%
ROIC	7%	8.2%
Operating CF	¥250 billion (3-year total)	¥222.0 billion
Capital investment (excluding strategic investments)	Within depreciation	¥38.8 billion
Payout ratio	30.00%	15.94%

Social Value (Value Provided to Stakeholders)

Delivering fun and peace of mind through driving

Making life more fulfilling for people everywhere

*As of December 31, 2021

Customers	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
Number of cases where rules and regulations or voluntary rules have been violated regarding safety of products, labeling, or supply/use of products (consolidated)	0
Shareholders and Investors	Grow businesses and enhance corporate value.
Economic performance (Total, Non-consolidated basis)	¥354.9 billion
Employees	Create a workplace that values, improves and energizes people.
Rate of lost-worktime injuries (consolidated/per 1 million work hours)	0.20
Business Partners	Promote CSR activities throughout the value chain.
Number of companies that responded to the CSR procurement questionnaire	1,151/100%
The Earth	To protect the blue earth and its people, we will take on the challenge of developing a sustainable society in harmony with the environment.
Percentage of total production yielding environmentally friendly products (consolidated)	100%
Community	We will contribute to the prosperity and development of local communities and become a company that contributes to the earth and earns the unwavering trust of society.
Implementation percentage of community activities and dialogues at production sites (consolidated)	100%