

# Investor FAQ

## Q1

**In fiscal 2022, Yokohama Rubber achieved record-high business profit. Compared to other companies, your profits have grown substantially over the past few years. What is driving this growth?**

Despite a challenging business environment in fiscal 2022 due to soaring raw material prices and logistics costs, as well as reduced automobile production caused by semiconductor shortages, in Yokohama Rubber's mainstay tire business, overseas sales of high-value-added consumer tire products increased, we promoted sales of off-highway tires (OHT) for agricultural machinery and other vehicles, and improved the product mix and raised prices both in Japan and overseas, all of which resulted in maintaining strong sales. Since the previous Medium-term Management Plan GD2020, we have been promoting business selection and concentration, and made efforts to strengthen highly profitable businesses and proactively invest in growth areas, which have also led to these recent achievements.

⇒ P.10 Message from the President

## Q2

**What measures are you considering in response to the Tokyo Stock Exchange request for improvement affecting companies trading below 1x PBR?**

To improve the price-to-book ratio (PBR), we must realize the enhancement of corporate value. This requires that we improve profitability, capital efficiency, and our ability to generate cash flows, while reducing the cost of capital through transparent disclosure and stronger governance. In terms of measures, we will build a strong financial base through the optimal allocation of cash flows to achieve both proactive investment in strategic areas and stable shareholder returns. Further, we will achieve sustainable growth through various measures, including YX2023 exploitation and exploration (incorporating sustainability and market changes), balance sheet management as growth capital, ensuring sufficient debt financing capacity, and strategic and human capital investments as growth investments for sustainable growth (expected growth rate improvement). We will also strive to reduce cost of capital by enhancing investor relations activities to promote dialogues with the market (engaging in dialogues and conducting meetings with senior management), utilizing debt under strong bank relationships, and strengthening governance by changing our governance structure.

⇒ P.34 Financial Strategy and Shareholder Return Policy

## Q3

**What are Yokohama Rubber's views on dividends and dividend payout ratio?**

Yokohama considers the improvement of total shareholder return (TSR) to be an important management issue for the enhancement of corporate value through the implementation of shareholder returns based on medium- and long-term business plans and the formation of an appropriate share price. Our policies regarding dividends and the dividend payout ratio are to provide dividends while ensuring internal funds sufficient to conduct capital investment, R&D, and other activities essential to maintaining market competitiveness and improving

earnings. Considering current performance and financial condition, we believe that we have an appropriate level of dividend payout ratio.

Going forward, Yokohama Rubber will continue to provide dividends and return profit earned from business growth to our shareholders.

⇒ P.34 Financial Strategy and Shareholder Return Policy

## Q4

**What are the drivers of growth and future plans for Yokohama Off-Highway Tires (YOHT)?**

Demand for OHT is growing worldwide, and since our acquisition of Alliance Tire Group (ATG) in 2016, OHT has continued to grow at a high annual rate of nearly 10%, reflecting its overwhelming cost competitiveness and advantage being based in India. YOHT is proactively investing in production capacity expansion to meet growing demand. In addition to expansion of the existing Dahej plant, where production capacity increased 1.6 times, the Visakhapatnam plant commenced production in August 2022, increasing production capacity by 40% in 2022.

⇒ P.23 Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)

## Q5

**What is the purpose of acquiring Trelleborg Wheel Systems (TWS) and how will it contribute to earnings?**

Yokohama acquired all shares of TWS in May 2023 for the purpose of expanding earnings in the OHT business, with the acquisition expected to contribute high, stable earnings. TWS is the world's leading manufacturer of tires for agricultural machinery and industrial vehicles. This acquisition completes our product lineup of tires for agricultural machinery and construction vehicles in all categories, from basic and standard, to premium. With this acquisition, our position in the global OHT market is estimated to be the third largest in the world, and our sales revenue is expected to reach a record high of ¥1 trillion in the fiscal year ending December 31, 2023.

⇒ P.8 Helping transform the mobility industry by strengthening our presence in the OHT business

## Q6

**What efforts are you making with regard to EVs in light of anticipated market growth?**

EV tires must facilitate low power consumption and quietness. Regarding low power consumption, we have achieved increases in cruising range by incorporating a low rolling resistance compound developed using HAI CoLab AI technology. In terms of quietness, specially designed polyurethane foam is applied to the inner surface of tires to reduce cavernous resonance generated when driving on uneven road surfaces. The reputation of this advanced technological capability has led to these tires being installed as new equipment on electric vehicles, including EV models manufactured by BMW and Mercedes-AMG. Additionally, in 2023, we are conducting demonstration testing of TPRS for EV buses and utilizing the data obtained to develop EV bus tires, while at the same time strengthening support for EVs through efforts that include becoming the first truck and bus tire brand to be installed on new EVs.

⇒ P.23 Medium-term Management Plan YOKOHAMA Transformation 2023 (YX2023)