



## Message from the Co-COO



## Contributing to and overseas tire

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Member of the Board and Senior Managing Officer & Co-COO

We are building upon our solid legacy to create value and transform society through the tire business. As we leverage our strong global presence, technical know-how and adaptability, we are well-positioned to implement the strategies that will lead to further, more sustainable growth.

### My Journey to Co-COO

Building profitable businesses comes naturally to me but, over the years, I have come to realize that fulfillment for me comes not just from financial success, but from making a positive difference in the lives of others. I have held many fulfilling jobs during my career, but one period that helped define my leadership purpose was when I was leading Yokohama India (YIN). This was a perennially underperforming business, but in a short span of three years, we more than doubled our market share and improved profits by over five times. The impact this success had on the confidence and morale of the team was palpable. I was also amazed by the impact on the larger community where we created hundreds of jobs and literally changed lives by moving families into middle class. This is when my leadership purpose started

to become clear: “build successful businesses that make a positive difference in the lives of others.”

Growing up, I could not have even dreamt that I would end up where I am now. I strongly believe that this was possible thanks to the support of great mentors and champions who took a risk and put me into challenging roles that helped me grow. I am always on lookout for opportunities where I can do the same for others and help them succeed. Therefore, my management style is based on delegation and empowerment. I like to divide a business into manageable chunks and assign leaders who are empowered to take decisions and are fully responsible for the results. In my view, this allows leaders to grow and reach their full potential.

### The OHT Business: Strengths and Outlook

With the acquisitions of Alliance Tire Group in 2016, Aichi Tire Industry in 2017 and TWS in 2023, we now have the third largest share in the global OHT business. We may also be the only company in the OHT business that has strong brands and market share in both premium and value segments. We run these companies as separate entities with strong leadership teams. From the point of view of customers, this means that they get the same experience that they were getting before, but we are still able to harness synergies in the back end in areas such as raw materials procurement and manufacturing.

As we continue our growth trajectory, we are entering new product segments and new markets. Yokohama TWS (Y-TWS) the

agricultural tracks segment, which has huge growth potential, using their in-house R&D expertise. They have already homologated these tracks with a key OEM who is very happy with the performance as compared to the competition. Yokohama ATG (Y-ATG) team is re-entering the huge Indian market, which it could not serve in the past due to capacity constraints. They have developed “fit for market” products for this market that provide best in class performance at an attractive price. Finally, Yokohama OTR (Y-OTR) team is working on developing three star products that will provide best in class cost/hour performance to the end customers.

The OHT business is expected to grow at a healthy clip of 6%

# sustainable growth with stronger OHT businesses

a year due to positive tail winds. As the growing population and improved standard of living require food, grains, new roads and infrastructure, the demand for agricultural and construction equipment is expected to remain strong. Due to the attractiveness of this business, we are seeing increasing competition

from new players from Asia in the value segment. Interestingly, some of the premium brands that had left this business are also re-entering the market. But with our strong brands and "fit for purpose" business models, we believe that we can continue to grow at a pace that is faster than the market.

## Growth Strategy for the YX2026 Plan and Beyond

In the Medium-term management plan YX2026, programmatic M&A is a key element of our "offense" strategy. While we continue to grow organically, as seen by our new plant additions in Vizag (India) and Saltillo (Mexico), we continue to look for opportunities to enter new product segments and markets using acquisitions. We have already been able to generate significant financial value with past acquisitions and got access to global management talent that is helping broader YRC. Y-TWS, for example, brings in a few unique elements to YRC. With superior technology and strong brands, it has built a solid premium position in the marketplace. It is also a truly global organization with a "local for local" mindset. We are now using some of the learned lessons and techniques to move other brands up a tier. We plan to leverage these assets and infrastructure to repeat this success story with future acquisitions.

We will maintain our multi-brand strategy of having brands in every tier of the OHT business and will manage these brands separately so as to maintain their brand promise. We will continue to aggressively grow our Interfit centers, which deliver services to the end customer and improve our understanding of customer needs and provide additional outlets for our premium offerings.

One of the key issues we face in promoting these growth strategies is the integration of new acquisitions into YRC. For an

acquisition to be successful, it is important to maintain the brand integrity and provide freedom to the incoming management team so that they can operate effectively. However, we also need to realize synergies from these acquisitions by leveraging YRC's scale and global footprint. We have gained many insights in this area which has helped in fine-tuning our approach for future acquisitions. We now proactively create a detailed plan of how an acquisition will be integrated into YRC and communicate this future structure with all involved to get them aligned.

Going forward, in the OHT business, I would like us to maintain the growth trajectory and become a strong No.3 player in the world. There are many segments and markets that are still untapped, and I would like to gain significant share in those areas. Regarding the overseas tire business, we will have to fundamentally change how we go to market in many countries. Today, the business is run as an export business out of Japan, which prevents it from reaching full potential in many regions. We have come to experiment in a few markets and have seen significant success in Europe and India, where we built leadership teams with local experts and empowered them to grow the business. I would like to replicate this model of a "global brand with local management" in other parts of the world so that we can achieve a step change in our PCR/TBR growth trajectory.

## To Our Stakeholders

In line with the vision set by our Chairman, we are making good progress in transforming society and creating value with tires during the once in a century transformation that started in 2017. While we plan to respect and build on our legacy of over 100 years, YRC will be a very different company at the end of YX2026. We also continue to regard sustainability management as one

of our practical business strategies to strengthen our business. These efforts will lead to improvements in our corporate value through various activities from an environmental, social and governance perspective.