





## Looking Back on Past Medium-term Management Plans

|                                    | <b>Medium-term Management Plan</b><br>FY2015–FY2017<br>GD100 Phase IV    | <b>Medium-term Management Plan</b><br>FY2018–FY2020<br>GD2020   |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
|------------------------------------|---|--|---------------------|------------------|--------------------|-------------------------|--------------|------------------|-------------------|------------------|--------------------|-----------|--------------------------|--|---------------|---------------------|-----------------|--------------------|------------------------|------------|--------------|--|-----|------------|-----------|------------------|
| <b>Vision</b>                      | <p style="text-align: center;"><b>All for Growth</b></p> <p style="text-align: center;">Open the way for the next 100 years by bringing together the potential of Yokohama Rubber</p>   | <p style="text-align: center;">Fortifying our business foundation by redefining Yokohama's strengths and deploying growth strategy through original approaches</p>   |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| <b>Management indicators</b>       | <p><b>FY2017</b></p> <table border="0"> <tr> <td>Net sales</td> <td style="text-align: right;"><b>¥770 billion</b></td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;"><b>¥80 billion</b></td> </tr> <tr> <td>Operating income margin</td> <td style="text-align: right;"><b>10.4%</b></td> </tr> <tr> <td>ROA (net income)</td> <td style="text-align: right;"><b>5% or more</b></td> </tr> <tr> <td>ROE (net income)</td> <td style="text-align: right;"><b>12% or more</b></td> </tr> <tr> <td>D/E ratio</td> <td style="text-align: right;"><b>0.8 times or less</b></td> </tr> </table>   | Net sales  | <b>¥770 billion</b> | Operating income | <b>¥80 billion</b> | Operating income margin | <b>10.4%</b> | ROA (net income) | <b>5% or more</b> | ROE (net income) | <b>12% or more</b> | D/E ratio | <b>0.8 times or less</b> | <p><b>FY2020</b></p> <table border="0"> <tr> <td>Sales revenue</td> <td style="text-align: right;"><b>¥700 billion</b></td> </tr> <tr> <td>Business profit</td> <td style="text-align: right;"><b>¥70 billion</b></td> </tr> <tr> <td>Business profit margin</td> <td style="text-align: right;"><b>10%</b></td> </tr> <tr> <td>Operating CF</td> <td style="text-align: right;"><b>¥200 billion</b><br/>(three-year cumulative total)</td> </tr> <tr> <td>ROE</td> <td style="text-align: right;"><b>10%</b></td> </tr> <tr> <td>D/E ratio</td> <td style="text-align: right;"><b>0.6 times</b></td> </tr> </table> | Sales revenue | <b>¥700 billion</b> | Business profit | <b>¥70 billion</b> | Business profit margin | <b>10%</b> | Operating CF | <b>¥200 billion</b><br>(three-year cumulative total) | ROE | <b>10%</b> | D/E ratio | <b>0.6 times</b> |
| Net sales                          | <b>¥770 billion</b>   |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Operating income                   | <b>¥80 billion</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Operating income margin            | <b>10.4%</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| ROA (net income)                   | <b>5% or more</b>   |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| ROE (net income)                   | <b>12% or more</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| D/E ratio                          | <b>0.8 times or less</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Sales revenue                      | <b>¥700 billion</b>   |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Business profit                    | <b>¥70 billion</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Business profit margin             | <b>10%</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| Operating CF                       | <b>¥200 billion</b><br>(three-year cumulative total)  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| ROE                                | <b>10%</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| D/E ratio                          | <b>0.6 times</b>  |  |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| <b>Strategies and main results</b> | <p><b>Acquired strengths</b></p> <p><b>Progress of Global Expansion</b></p> <ul style="list-style-type: none"> <li>Enhanced network of production, sales and technology sites</li> <li>Expanded overseas business of tires for new vehicles</li> <li>Enhanced global brand recognition (partnership agreement with English Premier League Club Chelsea FC)</li> </ul> <p><b>Improvements to Technologies That Contribute to the Environment</b></p> <ul style="list-style-type: none"> <li>Achieved a 100% ratio of products that contribute to the environment</li> <li>Global rollout of fuel-efficient replacement tires</li> <li>Expanded adoption and delivery of fuel-efficient tires for new vehicles</li> </ul> <p><b>Strengthening of the Business Portfolio</b></p> <ul style="list-style-type: none"> <li>Acquired agricultural machinery and construction vehicle tire maker (ATG)</li> <li>Acquired industrial vehicle tire maker (Aichi Tire Industry)</li> </ul> | <p><b>Consumer Tire Business: Expanding Our Presence in the Premium Tire Markets</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>Winter tire strategy: Introduced three new products including BluEarth-4S AW21 all-season tires and iceGUARD iG53 studless tires for North America.</li> <li>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.</li> <li>Communications strategy: Reinforced direct marketing using digital technologies and proactive communication with end users.</li> </ol> <p><b>Commercial Tire Business: Making Commercial Tires a Pillar of Revenue for the Next 100 Years</b></p> <ol style="list-style-type: none"> <li>OHT business: Growth of ATG, acquired in 2016, resulted in a higher-than-expected commercial tire business share of net sales.</li> <li>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.</li> </ol> <p><b>MB Business: Focusing Resources in Areas of Strength</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul> |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |
| <b>Issues</b>                      | <p><b>Weaknesses to overcome</b></p> <ul style="list-style-type: none"> <li>Improving product mix by concentrating resources on high value-added products</li> <li>Realizing benefits of major investments and acquisitions made in Phase IV</li> <li>Strengthening the financial position</li> </ul>   | <p><b>Strategic aspect</b></p> <ul style="list-style-type: none"> <li>Consumer tires: Expanding our presence in premium tire markets</li> <li>Commercial tires: Further strengthening the OHT and TBR business.</li> <li>MB: Focusing resources in areas of strength</li> </ul> <p><b>Business environment aspect</b></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 slowdown caused by the global spread of COVID-19 in 2020.</p>   |                     |                  |                    |                         |              |                  |                   |                  |                    |           |                          |  |               |                     |                 |                    |                        |            |              |  |     |            |           |                  |

## Medium-term Management Plan

FY2021–FY2023

### Yokohama Transformation 2023 (YX2023)



Vision

## Transformation based on our "Exploitation × Exploration" strategy

Management indicators

|                     | YX2023 results                                      | Targets   |
|---------------------|---|---|
| Sales revenue       | <b>¥985.3 billion</b>                               | <b>¥700 billion</b>                                 |
| Business profit (%) | <b>¥99.1 billion 10.1%</b>                          | <b>¥70 billion 10%</b>                              |
| D/E ratio           | <b>0.63 times</b>                                   | <b>0.4 times</b>                                    |
| ROE                 | <b>9.9%</b>   | <b>10%</b>  |
| ROIC                | <b>5.3%</b>   | <b>7%</b>   |
| Operating CF        | <b>¥267.2 billion</b> (three-year cumulative total) | <b>¥250 billion</b> (three-year cumulative total)   |
| Capital investment  | <b>≤ depreciation</b> (excl. strategic investments) | <b>≤ depreciation</b> (excl. strategic investments) |

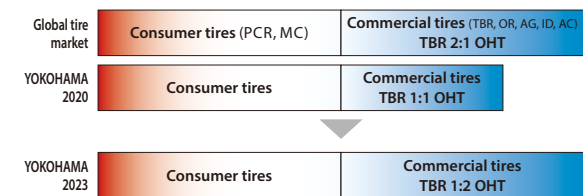
### "Culmination of the Past 100 Years"

The Medium-term Management Plan "YX2023" was implemented for three years from 2021 to 2023 as the "Culmination of the past 100 years." During each fiscal year of the plan, we significantly exceeded our initial sales revenue and business profit targets. Although we did not reach our target of ¥1 trillion in sales revenue in the fiscal 2023, which was the final year of the plan, the business profit margin exceeded 10% for the first time. However, D/E ratio fell short of the target due to the acquisition of Trelleborg Wheel Systems Holding AB (TWS) and ROE was 9.9%, also falling short of the target.

### Tire Business Strategy

In 2020, our consumer tire to commercial tire sales ratio was 3:2, while the global market ratio was an even 1:1, indicating that we needed to optimize our sales composition ratio. The acquisition of TWS in fiscal 2023 brought the ratio in line with the global market ratio of 1:1. In addition, the composition of our commercial tire business is now more heavily weighted toward more highly profitable OHT (off-highway tires), with an OHT to TBR ratio of 2:1, the reverse of the global market's 2:1 ratio favoring TBR. During YX2023, we were able to achieve a grand strategy for the transformation of our Tire Business structure.

### Transformation of the Tire Business Structure



PCR: passenger car tires MC: Motorcycle tires TBR: Truck and bus tires  
OR: Off-road (construction and mining vehicles) tires AG: Tires for agricultural & forestry machinery  
ID: industrial & port-use machinery tires AC: Aircraft tires

### Consumer Tire Business: Maximizing the Ratio of High Value-added Products

As a result of steadily implementing product strategies tailored to each specific regional market, sales in all regions increased significantly. On the other hand, although we worked to increase sales of ADVAN, GEOLANDAR, and winter tires with the aim of maximizing the ratio of high value-added products, targets were not achieved. However, we were able to reach our sales target for 18-inch and larger size tires as we expanded the lineups to 637 sizes during YX2023's three years.

### Commercial Tire Business: Capture Market Changes to Further Strengthen Business

In the OHT business, in addition to the growth of YOHT (Yokohama Off-Highway Tires), the acquisition of TWS has dramatically increased both our production capacity and revenue. In addition, we have achieved a top-class product lineup in the OHT category, establishing a structure for further growth.

In the TBR business, we achieved the medium-term production plan targets at the Mississippi plant in the US and achieved profitability in fiscal 2023. However, unit sales in fiscal 2023 slipped to 2% below the fiscal 2018 levels owing to the difficult market environment in Europe and the US.

### Multiple Business (MB): Shift to a High-growth, Highly Stable Portfolio

Although the MB business had been performing significantly below targets since fiscal 2020, during the final year of YX2023, the business management structure was substantially revised and the business made a concerted effort to improve, resulting in the MB Business achieving 2023 targets. We also completed structural reforms, including the sale of the Hamatite business in November 2021 and the integration of the aerospace products division into the industrial products division in March 2022, laying the foundation for growth in the next medium-term management plan.

Strategies and main results Acquired strengths