



Tire Business

Consumer Tires Maximizing the ratio of high value-added tires

To maximize the ratio of high value-added tires in the consumer tire business, we are focusing on the following three tire categories: Ultra-high-performance tires, tires for SUVs and pickup trucks, and winter tires. To this end, we will actively promote sales of ADVAN, GEOLANDAR, and winter tires with the aim of improving profitability.



Summary of YX2023

In recent years, emerging low-cost, low-priced tire makers have expanded their production capacity. Specifically, the growth of Chinese tire makers has been remarkable, with one-third of the world's consumer tires being produced in China and nearly half of Chinese makers' output being exported. As part of our "Product and Regional Strategies," we have been striving to increase sales of ADVAN, GEOLANDAR, and winter tires (AGW), and steadily implementing product strategies tailored to each region. With a compound annual growth rate (CAGR) of 4% in Japan, 15% in Europe, 17% in North America, 10% in China, and 16% in other overseas markets, we were able to significantly increase sales in all regions. However, in the lower price zone, Chinese tire makers were on the offensive, with the sales growth rate of ADVAN falling short of its target at 135% compared to fiscal 2019, (initial target : 150%), GEOLANDAR at 109% (initial target: 115%), and winter tires at 119% (initial target: 120%).

On the other hand, we were able to increase sales of 18-inch and larger size tires by 159%, exceeding our target of 155% by as we expanded the lineups to 637 sizes during YX2023's three years.

YX2026 growth strategy

We will continue to actively promote maximizing the ratio of high value-added tires and aim to improve profitability. However, to achieve the "Hockey Stick Growth" we are aiming for during YX2026,

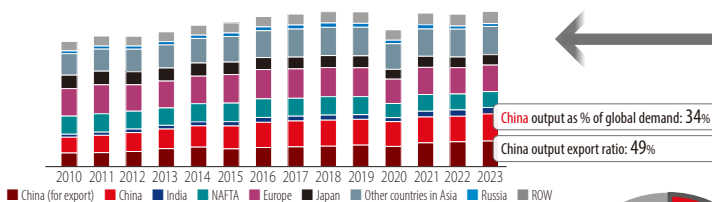
we must compete with the cost-competitiveness of tire makers in emerging countries.

Applying the know-how that we acquired in India and China during YX2023, we aim to achieve low costs and high efficiency by taking on the "1-year plant" challenge, matching the examples set by Chinese tire makers in bringing new plants on line within one year.

At the same time, with regard to maximizing the ratio of high value-added tires, we will aim to increase the ratio of AGW from the current 40% to more than 50% of the total number of consumer tires sold. Specifically, we will further deepen our "Product and Regional Strategies" by installing OE tires on new premium cars such as the LEXUS LBX and TOYOTA ALPHARD, and by participating in motor-sports events around the world such as the Nürburgring 24-Hour Race, SUPER GT GT500, and King of the Hammers (US) in order to enhance our brand value. We will continue to promote our "Product and Regional Strategies" focused on strengthening the development, supply, and sales of tires that respond to specific trends in each regional market, aiming to increase the number of consumer tires sold in each region, increasing the compound annual growth rate (CAGR) from 2023 to fiscal 2026 to 1.8% in Japan, 14.2% in Europe, 1.2% in North America, 14.0% in China, and 4.5% in other overseas markets collectively. Furthermore, in fiscal 2026, we aim to increase sales of ADVAN by 206%, GEOLANDAR by 127%, winter tires by 108%, and 18-inch and larger size tires by 154% compared to fiscal 2023.

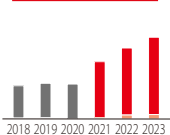
Global Consumer Tire Production Trend

(YRC estimates)

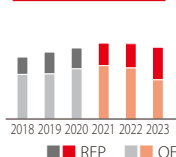


Drastic Reduction of Product Costs (Exploration)

YRC India sales

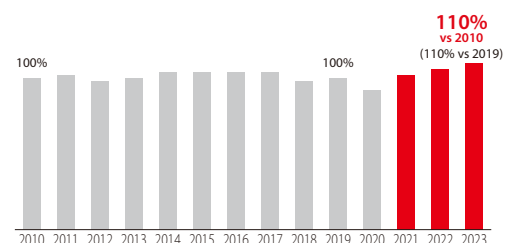


YRC China sales



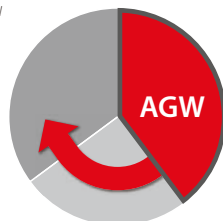
"1-year plant" challenge

Yokohama Rubber Consumer Tire Unit Sales Trend

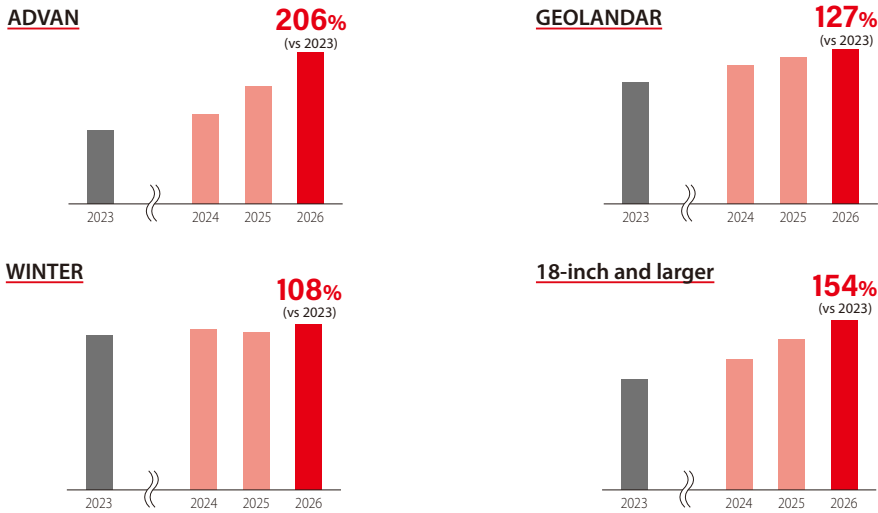


AGW (Exploitation)

**Brand MIX
Size MIX
Sales company/distributor policy**



AGW Unit Sales Targets (vs 2023)



Priority measures in fiscal 2024

In fiscal 2024, the first year of YX2026, we aim to increase unit sales of ADVAN by 121%, GEOLANDAR by 113%, and winter tires by 104% year-on-year through brand value enhancement measures and product and our "Product and Regional Strategies,"

which are also the initiatives of YX2026, and increase the share of AGW share of our consumer tire sales from the current level of 42% to 44%. We also aim to increase sales of 18-inch and larger size tires, another indicator of improved profitability, by 114% year-on-year.



A Practical Example from Our Exploitation × Exploration Strategy

Launch of ADVAN Sport EV, a Tire Specifically Designed for Electric Vehicles

The popularization of EVs is accelerating with the global trend toward carbon neutrality. However, EVs being released these days are increasingly larger and there are more high-performance type premium EVs, so tire requirements are also changing drastically. In order to respond to the growth of premium EVs, we have developed and launched the ADVAN Sport EV, a tire specifically designed for electric vehicles that offers high performance.

In addition, we have adopted the optimum EV technology for each tire concept based on the various technologies we have accumulated through technological development thus far. The tire carries the "E+" mark, which signifies that the tire is compatible with electric vehicles. In addition to being displayed on the sidewall of YOKOHAMA tires, starting with ADVAN Sport EV, that incorporate technologies that meet the special needs of electrified vehicles, the "E+" mark will be prominently displayed in tire catalogs and websites to facilitate customers' tire selection.



ADVAN Sport EV

ADVAN Sport EV



E+ mark

* We set "the provision of products and services that contribute to a sustainable society" as a product- and service-related material issue and aim to provide a lineup of 10 "E+" tires (for electric vehicles) by fiscal 2026.