



11-year Key Financial and Non-Financial Data

Years ended December 31

Japan GAAP

Unit	FY2013	FY2014	FY2015	FY2016	
Financial Data					
Profit and Loss					
Sales revenue	(Billions of yen)	601.6	625.2	629.9	596.2
Business profit	(Billions of yen)	56.6	59.1	54.5	42.3
Business profit margin	(%)	9.4	9.4	8.7	7.1
Profit attributable to owners of parent	(Billions of yen)	35.0	40.5	36.3	18.8
Financial Position					
Total assets	(Billions of yen)	653.6	734.5	710.7	903.0
Interest-bearing debt	(Billions of yen)	175.3	184.3	190.9	336.4
Equity attributable to owners of the parent	(Billions of yen)	270.8	323.6	339.0	348.8
Management Indicators					
Ratio of equity attributable to owners of parent*1	(%)	41.4	44.1	47.7	38.6
Return on assets*2	(%)	5.8	5.8	5.0	2.3
Return on equity*3	(%)	14.7	13.6	11.0	5.5
D/E ratio*4	(Times)	0.65	0.57	0.56	0.96
Cash Flows					
Cash flows from operating activities	(Billions of yen)	46.7	59.0	57.5	75.4
Cash flows from investing activities	(Billions of yen)	(44.6)	(53.7)	(55.1)	(166.5)
Free cash flows	(Billions of yen)	2.1	5.3	2.5	(91.1)
Cash flows from financing activities	(Billions of yen)	8.5	(0.1)	(6.4)	100.2
Investment					
Capital expenditures*5	(Billions of yen)	33.5	55.3	50.9	35.9
Depreciation & Amortization*5	(Billions of yen)	24.0	27.4	31.4	33.2
R&D expenses	(Billions of yen)	12.6	13.4	14.2	14.5
Return on Invested Capital	(%)	7.2	8.1	7.3	3.0
Dividends per share					
Annual	(yen)	22	26	39*7	52
Dividend payout ratio*6	(%)	20.31	10.37	17.25	44.38
Earnings per share	(yen)	108.32	250.67	226.07	117.17
Non-financial Data					
Business					
Patents		4,589	4,868	4,941	5,109
Tire production volume*8	(thousand tons)	596	668	681	662
Environment					
Greenhouse gas emissions Scope 1-2 (consolidated)*9	(thousand tons)	610	685	697	714
Greenhouse gas emissions Scope 3 (consolidated)	(thousand tons)	23,301	30,844	23,831	23,920
Total energy consumption*10	(MWh)	–	1,231,611	1,313,523	1,341,111
Total amount of waste (consolidated)	(tons)	18,165	30,967	32,901	35,782
Recycling rate (consolidated)	(%)	93	97	96	91
Total water withdrawal (consolidated)	(thousand m ³)	8,525	8,660	8,682	8,925
Biodiversity preservation activity implementation rate at production sites	(%)	32	32	40	41
Number of production sites implementing biodiversity preservation activities		10	10	12	14
Cumulative number of trees planted and saplings provided under YOKOHAMA Forever Forest Activities		487,384	602,232	682,394	756,039
Cumulative CO ₂ absorption and fixation volume	(tons)	329	447	576	711
Employees					
Total number of employees (consolidated)		19,770	21,441	22,187	24,610
Total number of employees (non-consolidated)		5,336	5,316	5,263	5,242
Percentage of female employees (non-consolidated)	(%)	6.3	6.6	6.6	6.7
Percentage of persons with disabilities (domestic)*11	(%)	2.1	2.1	2.0	2.3
Number of employees taking childcare leave (non-consolidated)		10	15	30	31
Rate of lost-worktime injuries (consolidated)*12		0.59	0.08	0.38	0.60

*1. Ratio of equity attributable to owners of parent = Total equity attributable to owners of parent / Total assets × 100

*2. Return on assets = Profit attributable to owners of parent / Assets (average of previous and current fiscal period) × 100

*3. Return on equity = Profit attributable to owners of parent / Total equity attributable to owners of parent (average of previous and current fiscal period) × 100

*4. Debt-to-equity ratio = Interest bearing debt / Total equity attributable to owners of parent

*5. From 2019 onwards, depreciation on right-of-use assets is excluded due to the application of IFRS 16 Leases.

*6. Payout ratio = Dividend per share / Earnings per share

*7. On July 1, 2015, the Company conducted a one-for-two reverse stock split.

IFRS

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	646.3	650.2	650.5	551.1	670.8	860.5	985.3
	58.3	59.3	50.1	35.9	62.2	70.1	99.1
	9.0	9.1	7.7	6.5	9.3	8.1	10.1
	40.0	35.6	42.0	26.3	65.5	45.9	67.2
	920.8	855.8	907.6	860.4	985.0	1,151.1	1,600.5
	315.6	260.4	239.9	207.8	177.2	238.7	469.4
	379.8	374.0	418.9	415.5	525.3	614.4	739.6
	41.2	43.7	46.2	48.3	53.3	53.4	46.2
	4.4	4.0	4.8	3.0	7.1	4.3	4.9
	11.1	9.5	10.6	6.3	13.9	8.1	9.9
	0.83	0.70	0.57	0.50	0.34	0.39	0.63
	60.5	82.8	75.4	78.3	68.3	39.2	159.7
	(29.7)	(43.1)	(43.6)	(27.9)	(4.5)	(46.4)	(344.0)
	30.7	39.7	31.7	50.4	63.8	(7.1)	(184.3)
	(28.1)	(64.9)	(35.5)	(46.6)	(55.2)	35.2	205.8
	39.9	46.9	51.3	28.4	38.8	54.9	62.4
	34.6	36.8	36.0	37.5	38.3	41.9	49.8
	15.1	15.2	15.0	14.1	15.3	16.0	18.0
	5.7	6.1	6.5	4.5	8.2	5.2	5.3
	62	62	64	64	65	66	84
	24.87	27.91	24.46	39.00	15.91	23.05	20.03
	249.32	222.12	261.61	164.09	408.47	286.38	419.32
	5,480	5,675	5,956	6,291	6,009	6,242	6,479
	685	678	866	799	962	1,000	955
	716	720	1,270	1,155	1,300	1,241	1,082
	23,237	22,055	24,155	22,578	25,701	26,661	25,718
	1,353,082	1,333,451	1,787,203	1,678,571	1,879,142	1,837,184	1,726,924
	43,991	53,044	52,564	48,275	51,884	48,865	54,632
	97	95	96	95	95	98	97
	8,266	8,102	8,718	8,036	8,494	8,247	9,164
	43	47	49	49	50	50	50
	18	20	21	21	21	21	21
	853,047	943,788	997,401	1,039,318	1,089,655	1,197,915	1,242,307
	858	1,009	1,173	1,358	1,576	1,649	1,888
	25,439	26,274	27,428	27,252	27,222	28,468	33,617
	5,245	5,473	5,543	5,574	5,257	5,399	5,480
	6.8	7.1	7.3	7.4	7.5	7.2	7.3
	2.2	2.2	2.4	2.5	2.6	2.7	2.6
	30	35	37	40	35	42	41
	0.50	0.36	0.30	0.24	0.18	0.28	0.28

*8. Total volume based on tire product weight

*9. From FY2019 onwards, emissions of greenhouse gases Scope 1 and 2 include the emissions of Yokohama TWS before the merger.

*10. Calculated and disclosed since FY2014

*11. Four companies, The Yokohama Rubber Co., Ltd., Yokohama Peer Support Co., Ltd., Yokohama Tire Japan Co., Ltd., Yokohama Industrial Products Japan Co., Ltd.

*12. An indicator of the frequency of occupational accidents, expressed as the number of employees experiencing lost worktime due to occupational accidents per million total hours worked



Financial Section

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 8)	¥ 97,613	¥ 75,572	\$ 688,241
Trade and other receivables (Notes 9 and 31)	243,393	193,749	1,716,091
Other financial assets (Notes 11 and 31)	6,217	3,594	43,836
Inventories (Note 10)	249,721	216,392	1,760,709
Other current assets	21,160	14,673	149,192
Total current assets (Note 18)	618,105	503,980	4,358,070
NON-CURRENT ASSETS:			
Property, plant and equipment (Notes 12, 14, 15 and 18)	492,796	372,933	3,474,556
Goodwill (Notes 13 and 15)	275,830	104,244	1,944,794
Intangible assets (Notes 13, 14 and 15)	73,013	37,168	514,789
Other financial assets (Notes 11 and 31)	104,812	112,804	738,999
Deferred tax assets (Note 16)	9,141	8,140	64,450
Other non-current assets (Note 20)	26,761	11,808	188,685
Total non-current assets (Note 18)	982,353	647,097	6,926,273
TOTAL ASSETS	¥ 1,600,458	¥ 1,151,076	\$ 11,284,343
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Trade and other payables (Notes 17 and 31)	¥ 105,239	¥ 78,131	\$ 742,009
Bonds and borrowings (Notes 18 and 31)	96,135	117,480	677,817
Other financial liabilities (Notes 14, 19 and 31)	28,989	24,470	204,396
Income taxes payable	38,085	8,581	268,524
Other current liabilities	79,441	65,846	560,112
Total current liabilities	347,889	294,508	2,452,858
NON-CURRENT LIABILITIES:			
Bonds and borrowings (Notes 18 and 31)	373,221	121,221	2,631,470
Other financial liabilities (Notes 14, 19 and 31)	41,497	36,901	292,580
Liabilities for retirement benefits (Note 20)	17,707	15,584	124,844
Deferred tax liabilities (Note 16)	58,856	48,702	414,975
Other non-current liabilities	12,494	11,038	88,091
Total non-current liabilities	503,774	233,447	3,551,959
TOTAL LIABILITIES	851,663	527,955	6,004,818
EQUITY:			
Share capital (Note 21)	38,909	38,909	274,337
Share premium (Note 21)	31,255	31,308	220,373
Retained earnings (Note 21)	510,004	432,224	3,595,879
Treasury shares (Note 21)	(11,587)	(11,650)	(81,694)
Other components of equity	170,983	123,633	1,205,549
Total equity attributable to owners of the parent	739,565	614,424	5,214,444
Non-controlling interests	9,231	8,698	65,082
TOTAL EQUITY	748,795	623,121	5,279,526
TOTAL LIABILITIES AND EQUITY	¥ 1,600,458	¥ 1,151,076	\$ 11,284,343

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
CONTINUING OPERATIONS			
Revenue (Notes 6 and 7)	¥ 985,333	¥ 860,477	\$ 6,947,279
Cost of sales (Notes 12, 13 and 20)	(659,442)	(572,803)	(4,649,521)
Gross profit	325,891	287,674	2,297,758
Selling, general, and administrative expenses (Notes 12, 13, 20 and 23)	(226,764)	(217,585)	(1,598,847)
Business profit (Note 6)	99,127	70,089	698,911
Other income (Note 24)	7,559	2,266	53,298
Other expenses (Notes 15 and 25)	(6,335)	(3,504)	(44,666)
Operating profit	100,351	68,851	707,543
Finance income (Note 26)	12,764	10,341	89,998
Finance costs (Note 26)	(7,140)	(7,571)	(50,341)
Profit before tax	105,975	71,622	747,200
Income taxes (Note 16)	(37,545)	(24,473)	(264,720)
Profit for the year	68,430	47,149	482,480
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent	67,234	45,918	474,044
Non-controlling interests	1,197	1,231	8,436
Profit for the year	68,430	47,149	482,480
EARNINGS PER SHARE (YEN/U.S. DOLLARS):			
Basic earnings per share (Note 28)	419.32	286.38	2.96
Diluted earnings per share (Note 28)	418.31	285.80	2.95



Financial Section

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
PROFIT FOR THE YEAR	¥ 68,430	¥ 47,149	\$ 482,480
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss			
Gains (losses) on financial assets measured at fair value through other comprehensive income (Notes 27 and 31)	14,469	(2,281)	102,014
Remeasurements of defined benefit plans (Notes 20 and 27)	6,794	1,131	47,904
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges (Note 27)	(1,388)	(1,253)	(9,790)
Exchange differences on translating foreign operations (Note 27)	49,128	56,358	346,386
Total other comprehensive income, net of tax	69,002	53,955	486,514
COMPREHENSIVE INCOME	¥ 137,432	¥ 101,104	\$ 968,995
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	135,926	99,561	958,371
Non-controlling interests	1,507	1,542	10,624
COMPREHENSIVE INCOME	¥ 137,432	¥ 101,104	\$ 968,995

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2023 and 2022

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen					
	Equity attributable to owners of the parent				Other components of equity	
	Share capital	Share premium	Retained earnings	Treasury shares	Exchange differences on translating foreign operations	Cash flow hedges
BALANCE, JANUARY 1, 2023	¥ 38,909	¥ 31,308	¥ 432,224	¥ (11,650)	¥ 72,854	¥ 1,083
Profit for the year			67,234			
Other comprehensive income (Note 27)					48,821	(1,388)
Comprehensive income	—	—	67,234	—	48,821	(1,388)
Purchase of treasury shares (Note 21)				(4)		
Disposal of treasury shares (Note 21)		1				
Share-based payment transactions (Notes 21 and 29)		79		68		
Dividends from surplus (Note 22)			(10,768)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(133)				
Transfer to retained earnings			21,342			
Others			(28)			
Total transactions with owners	—	(52)	10,546	63	—	—
BALANCE, DECEMBER 31, 2023	¥ 38,909	¥ 31,255	¥ 510,004	¥ (11,587)	¥ 121,674	¥ (305)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Total	Total equity attributable to owners of the parent			
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans						
BALANCE, JANUARY 1, 2023	¥ 49,695	¥ —	¥ 123,633	¥ 614,424	¥ 8,698	¥ 623,121		
Profit for the year			—	67,234	1,197	68,430		
Other comprehensive income (Note 27)	14,461	6,799	68,692	68,692	310	69,002		
Comprehensive income	14,461	6,799	68,692	135,926	1,507	137,432		
Purchase of treasury shares (Note 21)			—	(4)		(4)		
Disposal of treasury shares (Note 21)			—	1		1		
Share-based payment transactions (Notes 21 and 29)			—	147		147		
Dividends from surplus (Note 22)			—	(10,768)	(961)	(11,730)		
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(133)	(13)	(145)		
Transfer to retained earnings	(14,542)	(6,799)	(21,342)	—		—		
Others			—	(28)		(28)		
Total transactions with owners	(14,542)	(6,799)	(21,342)	(10,785)	(974)	(11,759)		
BALANCE, DECEMBER 31, 2023	¥ 49,614	¥ —	¥ 170,983	¥ 739,565	¥ 9,231	¥ 748,795		



Financial Section

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

	Millions of Yen					
	Equity attributable to owners of the parent				Other components of equity	
	Share capital	Share premium	Retained earnings	Treasury shares	Exchange differences on translating foreign operations	Cash flow hedges
BALANCE, JANUARY 1, 2022	¥ 38,909	¥ 31,261	¥ 391,949	¥ (11,758)	¥ 16,790	¥ 2,336
Profit for the year			45,918			
Other comprehensive income (Note 27)					56,063	(1,253)
Comprehensive income	—	—	45,918	—	56,063	(1,253)
Purchase of treasury shares (Note 21)				(2)		
Disposal of treasury shares (Note 21)		0		0		
Share-based payment transactions (Notes 21 and 29)		27		110		
Dividends from surplus (Note 22)			(10,603)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		20				
Transfer to retained earnings			4,962			
Others			(1)			
Total transactions with owners	—	47	(5,643)	108	—	—
BALANCE, DECEMBER 31, 2022	¥ 38,909	¥ 31,308	¥ 432,224	¥ (11,650)	¥ 72,854	¥ 1,083

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Total	Total equity attributable to owners of the parent			
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans						
BALANCE, JANUARY 1, 2022	¥ 55,825	¥ —	¥ 74,952	¥ 525,312	¥ 7,646	¥ 532,958		
Profit for the year			—	45,918	1,231	47,149		
Other comprehensive income (Note 27)	(2,283)	1,115	53,643	53,643	312	53,955		
Comprehensive income	(2,283)	1,115	53,643	99,561	1,542	101,104		
Purchase of treasury shares (Note 21)			—	(2)		(2)		
Disposal of treasury shares (Note 21)			—	0		0		
Share-based payment transactions (Notes 21 and 29)			—	137		137		
Dividends from surplus (Note 22)			—	(10,603)	(573)	(11,177)		
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	20	(55)	(35)		
Transfer to retained earnings	(3,847)	(1,115)	(4,962)	—		—		
Others			—	(1)	138	137		
Total transactions with owners	(3,847)	(1,115)	(4,962)	(10,450)	(490)	(10,940)		
BALANCE, DECEMBER 31, 2022	¥ 49,695	¥ —	¥ 123,633	¥ 614,424	¥ 8,698	¥ 623,121		

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Thousands of U.S. Dollars					
	Equity attributable to owners of the parent				Other components of equity	
	Share capital	Share premium	Retained earnings	Treasury shares	Exchange differences on translating foreign operations	Cash flow hedges
BALANCE, JANUARY 1, 2023	\$ 274,337	\$ 220,741	\$ 3,047,481	\$ (82,141)	\$ 513,669	\$ 7,639
Profit for the year			474,044			
Other comprehensive income (Note 27)					344,220	(9,790)
Comprehensive income	—	—	474,044	—	344,220	(9,790)
Purchase of treasury shares (Note 21)				(28)		
Disposal of treasury shares (Note 21)		8				
Share-based payment transactions (Notes 21 and 29)		560		476		
Dividends from surplus (Note 22)			(75,925)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(936)				
Transfer to retained earnings			150,473			
Others			(194)			
Total transactions with owners	—	(368)	74,354	448	—	—
BALANCE, DECEMBER 31, 2023	\$ 274,337	\$ 220,373	\$ 3,595,879	\$ (81,694)	\$ 857,889	\$ (2,150)

	Equity attributable to owners of the parent					
	Gains (losses) on financial assets measured at fair value through other comprehensive income			Other components of equity		
	Remeasurements of defined benefit plans	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity	
BALANCE, JANUARY 1, 2023	\$ 350,387	\$ —	\$ 871,695	\$ 4,332,113	\$ 61,324	\$ 4,393,437
Profit for the year			—	474,044	8,436	482,480
Other comprehensive income (Note 27)	101,958	47,939	484,327	484,327	2,187	486,514
Comprehensive income	101,958	47,939	484,327	958,371	10,624	968,995
Purchase of treasury shares (Note 21)			—	(28)		(28)
Disposal of treasury shares (Note 21)			—	8		8
Share-based payment transactions (Notes 21 and 29)			—	1,036		1,036
Dividends from surplus (Note 22)			—	(75,925)	(6,777)	(82,703)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(936)	(89)	(1,025)
Transfer to retained earnings	(102,534)	(47,939)	(150,473)	—		—
Others			—	(194)		(194)
Total transactions with owners	(102,534)	(47,939)	(150,473)	(76,039)	(6,866)	(82,906)
BALANCE, DECEMBER 31, 2023	\$ 349,811	\$ —	\$ 1,205,549	\$ 5,214,444	\$ 65,082	\$ 5,279,526



Financial Section

CONSOLIDATED STATEMENT OF CASH FLOWS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax	¥ 105,975	¥ 71,622	\$ 747,200
Depreciation and amortization	59,494	49,914	419,474
Impairment losses	2,296	285	16,190
Increase (decrease) in liabilities for retirement benefits	(322)	(267)	(2,273)
Interest and dividend income	(5,244)	(5,021)	(36,972)
Interest expenses	6,300	2,939	44,423
Loss (gain) on sale and retirement of non-current assets	12	78	86
Decrease (increase) in trade receivables	(1,172)	(11,733)	(8,261)
Increase (decrease) in trade payables	(6,194)	5,983	(43,670)
Decrease (increase) in inventories	31,643	(47,682)	223,105
Gain on sale of businesses	(3,316)	—	(23,381)
Other	(4,530)	(571)	(31,938)
Subtotal	184,944	65,547	1,303,983
Interests and dividends received	5,236	5,017	36,918
Interests paid	(6,155)	(2,890)	(43,399)
Income taxes (paid) refund	(24,284)	(28,444)	(171,217)
Net cash provided by operating activities	159,741	39,231	1,126,285
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from withdrawal of time deposits	5,868	2,283	41,373
Payments into time deposits	(8,944)	—	(63,061)
Purchases of property, plant and equipment	(58,253)	(54,378)	(410,724)
Proceeds from sale of property, plant and equipment	2,969	2,072	20,935
Purchases of intangible assets	(473)	(514)	(3,333)
Purchases of investment securities	(612)	(326)	(4,315)
Proceeds from sale of investment securities	29,863	7,340	210,553
Proceeds from sale of businesses	5,386	—	37,975
Payments for acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 32)	(321,928)	—	(2,269,814)
Other	2,108	(2,834)	14,864
Net cash used in investing activities	(344,015)	(46,357)	(2,425,545)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings (Note 30)	(41,646)	34,460	(293,633)
Net increase (decrease) in commercial paper (Note 30)	(7,000)	7,000	(49,355)
Proceeds from long-term borrowings (Note 30)	314,700	13,524	2,218,854
Repayments of long-term borrowings (Note 30)	(29,894)	(19,494)	(210,775)
Proceeds from issuance of bonds (Note 30)	—	30,000	—
Redemption of bonds (Note 30)	(9,000)	(12,000)	(63,456)
Purchases of treasury shares	(4)	108	(28)
Proceeds from sale of treasury shares	148	27	1,044
Cash dividends paid (Note 22)	(10,767)	(10,603)	(75,917)
Other (Note 30)	(10,777)	(7,849)	(75,983)
Net cash provided by financing activities	205,760	35,172	1,450,750
Effect of exchange rate changes on cash and cash equivalents	555	5,003	3,914
Net increase (decrease) in cash and cash equivalents	22,041	33,049	155,403
Cash and cash equivalents at the beginning of year (Note 8)	75,572	42,523	532,838
Cash and cash equivalents at the end of year (Note 8)	¥ 97,613	¥ 75,572	\$ 688,241

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries

1. REPORTING ENTITY

The Yokohama Rubber Co., Ltd. (the “Company”) is a corporation located in Japan. The consolidated financial statements of the Company consist of the Company and its consolidated subsidiaries (collectively, the “Group”), and the consolidated financial statements for the fiscal year ended December 31, 2023 were approved by the Board of Directors on March 28, 2024. The details of the Group’s main businesses are described in 6. “SEGMENT INFORMATION.”

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Statement of Compliance with IFRS

The Group prepares its consolidated financial statements in accordance with IFRS issued by the International Accounting Standards Board. As the Company meets all the requirements for a “specified company under designated international accounting standards” prescribed in Article 1-2 of the Ordinance on Consolidated Financial Statements, the Company applies Article 93 of the Ordinance.

2. Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis, except for financial instruments and other items presented in 3. “MATERIAL ACCOUNTING POLICIES.”

3. Presentation Currency and Unit

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency, and fractions less than one million yen are rounded to the nearest million.

The US dollar amounts included herein are solely for the convenience of the reader and have been translated from the Japanese yen amounts at the rate of ¥141.83 = \$1.00, the approximate exchange rate prevailing on December 31, 2023.

4. Changes in Accounting Policies

Standards and Interpretations applied by the Group from the fiscal year ended December 31, 2023 were as follows:

IFRS	Overview of the amendment or new establishment
IAS 1 <i>Presentation of Financial Statements</i>	Requires companies to disclose <i>material</i> accounting policies in place of <i>significant</i> accounting policies.
IAS 12 <i>Income Taxes</i>	Introduces a temporary exception to the accounting for income taxes and disclosure requirements arising from the enactment or substantive enactment of tax laws to implement the Pillar Two model rules announced by OECD.

Judgements for material accounting policies were reviewed based on the amended standard, and changes (deletions) were made accordingly. Please refer to Note 3 for the revised material accounting policies. Apart from those explained in above notes, there are no effects to the consolidated financial statements for the year ended December 31, 2023 resulting from the application of these changes.

3. MATERIAL ACCOUNTING POLICIES

1. Basis of Consolidation

Subsidiaries are entities over which the Group has control. The Group determines that it has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All subsidiaries of the Group are consolidated from the acquisition date (that is, the date on which the Group obtains control) until the date on which the Group loses the control.

When the accounting policies of a subsidiary are different from those of the Group, adjustments are reflected, as needed, to the financial statements of the subsidiary.

Any changes in interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and the gains or losses are not recognized. On the other hand, if there are any changes in interest in a subsidiary that result in a loss of control, the Group derecognizes the subsidiary’s assets and liabilities as well as non-controlling interests and the cumulative amount of other comprehensive income related to the subsidiary.

Comprehensive income of a subsidiary is attributed to the Company’s interest and non-controlling interests in the subsidiary even if this results in the non-controlling interests having a deficit balance. Intra-group balances of receivables and payables, intra-group transactions, and unrealized gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.



Financial Section

2. Business Combinations

Business combinations are accounted for by the acquisition method. The Group elects to measure non-controlling interests in the acquiree for each business combination at either fair value or at the proportionate share of the acquiree's identifiable net assets. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date. Acquisition costs incurred are expensed when incurred.

Goodwill is measured as the excess of the aggregate of the consideration transferred in a business combination, the amount of non-controlling interest in the acquiree and the fair value of equity interest in the acquiree previously held by the acquirer, over the net amount of identifiable assets and liabilities at the acquisition date.

3. Foreign Currency Translation

(1) Foreign Currency Transactions

Foreign currency transactions are translated into each functional currency of the Company and its subsidiaries at the spot exchange rate on the transaction date.

Foreign currency monetary assets and liabilities at the end of the fiscal year are retranslated into the functional currency using the exchange rate at the end of the fiscal year, and exchange differences arising from the translation and settlement are recognized in profit or loss; provided that exchange differences arising from financial assets and liabilities measured at fair value through other comprehensive income are recognized in other comprehensive income, and the cumulative amount of the exchange differences is recognized in other components of equity.

(2) Translation of Foreign Operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the fiscal year, while revenue and expenses of the foreign operations are translated into Japanese yen using the average exchange rate for the fiscal year, unless there have been material changes in exchange rates during the period. Exchange differences arising from the translation of financial statements of the foreign operations are recognized in other comprehensive income, and the cumulative amount of the exchange differences is recognized in other components of equity.

4. Financial Instruments

(1) Non-derivative Financial Assets

(i) Initial recognition and measurement

Trade and other receivables are initially recognized on the date when they occur. All other financial assets are initially recognized on the trade date when the Group becomes a party to the contract of the financial assets. All financial assets, other than those measured at fair value through profit or loss, are initially measured at fair value plus transaction costs. Financial assets are classified into financial assets measured at amortized cost, at fair value through profit or loss, and at fair value through other comprehensive income. The classification is determined at initial recognition of the financial asset. Financial assets that meet both of the following conditions are classified as financial assets measured at amortized cost.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

When the Group elects to recognize equity financial assets measured at fair value through other comprehensive income, the Group shall make the designation thereof and apply such method of recognition consistently in subsequent periods.

Debt financial assets measured at fair value that meet both of the following conditions are classified as financial assets measured at fair value through other comprehensive income and all other debt financial assets are classified as financial assets measured at fair value through profit or loss.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Subsequent measurement

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

For equity financial assets measured at fair value that are designated as measured at fair value through other comprehensive income, any changes in fair value are recognized in other comprehensive income. When these financial assets are derecognized or the decline in their fair value is significant, cumulative gains or losses previously recognized in other comprehensive income are transferred directly to retained earnings.

For debt financial assets measured at fair value that are classified as measured at fair value through other comprehensive income, any changes in fair value, excluding impairment gains or losses and foreign currency exchange gains or losses, are recognized in other comprehensive income until the financial assets are derecognized. When these financial assets are derecognized, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Dividends on equity financial assets measured at fair value through other comprehensive income are recognized as finance income.

(iii) Impairment of financial assets

For impairment of financial assets measured at amortized cost, an allowance for doubtful receivables is recognized for expected credit losses on the financial assets.

Expected credit losses are measured as the present value (discounted using the effective interest rate determined at initial recognition) of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. At the end of each fiscal year, the Group assesses whether the credit risk on financial instruments has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the allowance for doubtful receivables at an amount equal to 12-month expected credit losses. Meanwhile, if the credit risk has increased significantly since initial recognition, the Group measures the allowance for doubtful receivables at an amount equal to lifetime expected credit losses. However, for receivables, such as trade receivables, the Group always measures the allowance for doubtful receivables at an amount equal to lifetime expected credit losses.

The provision of allowance for doubtful receivables on financial assets is recognized in profit or loss. When an event that results in a reduction of the allowance for doubtful receivables occurs, the amount of reversal of the allowance for doubtful receivables is recognized in profit or loss.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the end of the fiscal year about past events, current conditions, and forecasts of future economic conditions.

(iv) Derecognition

The Group derecognizes financial assets when the contractual rights to receive cash flows of the financial assets expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset as a result of transferring the contractual right to receive cash flows of that financial asset.

(2) Non-derivative Financial Liabilities

(i) Initial recognition and measurement

The Group initially recognizes debt securities issued by the Group at the date of issuance. Financial liabilities other than debt securities are initially recognized on the transaction date when the Group becomes a party to the contract of the financial liabilities. All financial liabilities are classified as financial liabilities measured at amortized cost and are initially measured at fair value less transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

(iii) Derecognition

The Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation specified in the contract is discharged or canceled or expires.

(3) Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and presented as a net amount in the consolidated statement of financial position when, and only when, the Group currently has a legal right to set off their balances and intends either to settle on a net basis or to recover the asset and settle the liability simultaneously.

(4) Derivatives and Hedge Accounting

The Group uses derivatives, such as forward foreign exchange contracts, to hedge foreign currency risk and interest rate risk. Such derivatives are initially measured at fair value on the date when the contract is entered into and are subsequently measured at fair value. Changes in the fair value of derivatives are accounted for depending on the hedging purpose and hedge designation when the derivatives are designated as qualifying hedging instruments, and are recognized in profit or loss when the derivatives are not designated as qualifying hedging instruments.



Financial Section

5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments that are readily convertible to cash and subject to an insignificant risk of changes in value with original maturities of three months or less.

6. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined primarily using the weighted average method.

7. Property, Plant and Equipment

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes costs directly attributable to the acquisition of the asset, the costs of dismantling and removing the asset and restoring the site to the original condition, and borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset.

Expenditure incurred after the acquisition of an item of property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the expenditure will flow to the Group; and
- the expenditure can be measured reliably.

Property, plant and equipment are initially recognized at cost, which is measured using the cost model.

Property, plant, and equipment are depreciated using the straight-line method over the estimated useful life of each asset.

The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures	5 to 50 years
Machinery, equipment, and vehicles	2 to 10 years
Tools, furniture, and fixtures	2 to 10 years

The depreciation method, residual value, and estimated useful life of an asset are reviewed at the end of each fiscal year. Any changes are applied prospectively as changes in accounting estimates.

The gain or loss realized on the disposal of an asset is calculated as the difference between the price for disposal and the carrying amount of the asset, and included in profit or loss.

8. Goodwill and Intangible Assets

(1) Goodwill

Goodwill is presented at cost less accumulated impairment losses. Goodwill is not amortized and is tested for impairment. For impairment, please refer to “(10) Impairment of Non-financial Assets.”

(2) Other Intangible Assets

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets are subsequently measured using the cost model and presented at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of major intangible assets are as follows:

Customer-related assets:	11 to 13 years
Software:	primarily 5 years

The amortization method, residual value, and estimated useful life of an asset are reviewed at the end of each fiscal year. Any changes are applied prospectively as changes in accounting estimates.

9. Leases

A right-of-use asset is depreciated systematically over the lease term.

Lease payments are allocated to finance costs and the repayments of the remaining balance of a lease liability in order to produce a constant rate of interest on the remaining balance of the lease liability. The finance costs are presented separately from the depreciation charge for the right-of-use assets in the consolidated statement of profit or loss.

A lease liability under a lease transaction is measured at the discounted present value of the total lease payments that are not paid at the commencement date of the lease. A right-of-use asset is initially measured at the amount of the initial measurement of the lease liability, adjusted by any initial direct costs, prepaid lease payments, and other elements, together with costs for the restoration and other obligations required by the lease contract.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement even if the arrangement does not take the legal form of a lease.

Lease payments relating to leases with a lease term of 12 months or less and those for which the underlying asset is of low value are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

10. Impairment of Non-financial Assets

The Group assesses whether there is any indication of impairment for each asset. When an event or change in circumstance indicates that the carrying amount might not be recoverable, the asset is tested for impairment. Intangible assets with indefinite useful lives and goodwill are, regardless of whether there is an indication of impairment or not, tested for impairment annually at a cash-generating unit (CGU) level by estimating the recoverable amount of the CGU to which the asset belongs.

Impairment tests are performed by estimating the recoverable amount of an asset or CGU and comparing it with the carrying amount. For the purpose of impairment testing, individual assets are grouped at the lowest levels for which there are separately identifiable cash flows. Goodwill is allocated to each CGU or a group of CGUs that is expected to benefit from the synergies of the business combination. The recoverable amount is the higher of fair value less cost to sell the asset and its value in use. In calculating the value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects the time value of money and inherent risks of the asset.

The Group assesses at the end of the fiscal year the possibility of reversal of impairment losses recognized in prior years for property, plant and equipment and intangible assets other than goodwill.

11. Retirement Benefits

The Group has a defined contribution plan and a defined benefit plan.

(1) Defined contribution plan

Under a defined contribution plan, the employer contributes a fixed amount to an independent company and has no legal or constructive obligation to pay an amount in excess of the contributed amount. Therefore, the amount of contribution to be paid to the defined contribution plan is recognized as an expense in the period in which employees render related services to the Group.

(2) Defined benefit plan

The Group determines the present value of defined benefit obligations and the related current service cost and past service cost using the projected unit credit method for each plan individually.

The discount rate is determined by reference to yields at the end of the fiscal year on high quality corporate bonds corresponding to a discounting period set based on a period until the expected date of benefit payment in each future fiscal year.

The present value of the defined benefit obligations less the fair value of the plan assets is recognized as an asset or liability.

Service cost, past service cost, and interest cost on the net defined benefit liability (asset) are recognized in profit or loss. Remeasurements of the net defined benefit liability (asset) are recognized in its entirety in other comprehensive income in the period in which they occur and are immediately transferred to retained earnings.

12. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. When the time value of money is material, the provisions are determined by discounting the estimated future cash flows to the present value at a pre-tax discount rate that reflects the time value of money and the risks specific to the obligation.

13. Revenue

The Group recognizes revenue in the amount that reflects a consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to separate performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

Revenue from the sale of goods is recognized when the control of goods is transferred to customers. Expected returns, discounts, rebates, and other items are deducted from revenue. The amount of returns is derived by estimating an expected return rate of goods based on historical data and other information. The amount of discounts and rebates is derived by estimating future payments based on the contract or through other means. Please also refer to 7.

"REVENUE."

14. Income Taxes

Income taxes comprise current taxes and deferred taxes. They are recognized in profit or loss, except for items arising from business combinations, items recognized in other comprehensive income, and items directly recognized in equity.

Current taxes are measured as the amount that is expected to be paid to or refunded for current taxable profit based on the tax rates and the tax laws that have been enacted or substantively enacted by the end of the fiscal year.



Financial Section

Deferred taxes are recognized, through an asset-and-liability approach, for the differences (temporary differences) between the tax base of assets and liabilities and their carrying amount for accounting purposes at the end of the fiscal year.

However, deferred tax assets and liabilities are not recognized for the following temporary differences:

- temporary differences arising from the initial recognition of goodwill;
- differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, that affects neither accounting nor taxable profit (loss), and that does not give rise to equal taxable and deductible temporary differences at the time of the transaction; and
- taxable temporary differences associated with investments in subsidiaries or associates, to the extent that the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to taxable profit for the fiscal year in which the temporary differences will be reversed. Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and when income taxes are levied by the same taxation authority on the same taxable entity.

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on May 23, 2023 and June 27, 2023, respectively, the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB) issued amendments to IAS 12 Income taxes introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group applied the temporary exception at December 31, 2023.

15. Equity

(1) Share Capital and Share Premium

The issue prices of equity financial instruments issued by the Company are recognized in share capital and share premium. Transaction costs directly attributed to the issuance are deducted from equity.

(2) Treasury Shares

When treasury shares are acquired, the acquisition cost is recognized as a deduction item from equity. When treasury shares are disposed of, any difference between the carrying amount and the consideration received at the time of disposal is recognized in share premium.

16. Share-based Payment

The Group has adopted a restricted stock compensation plan for payments to the Company's members of the Board excluding outside members based on equity-settled shares. Consideration for services received is measured at fair value of the Company's shares at the grant date, recognized as an expense in the consolidated statement of profit or loss over the vesting period starting from the grant date, and the corresponding amount is recognized as an increase in equity in the consolidated statement of financial position.

17. Discontinued Operations

The Group classifies its business operation, a unit for managerial decision making, as a discontinued operation if it has been disposed of, or meets the criteria to be classified as held for sale.

4. MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

To prepare consolidated financial statements in conformity with IFRS, the Group uses judgments, accounting estimates, and assumptions that have an impact on the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Estimates and assumptions are based on management's best judgments made based on various factors which are considered to be reasonable in accordance with past results and conditions. By their nature, actual results may differ from these estimates and assumptions.

These estimates and assumptions, the basis of the estimates, are reviewed on an ongoing basis. The effects of any revisions to these estimates are recognized in the period of the revisions and future periods which are impacted by the revisions.

Although it is still uncertain when the ongoing Ukraine situation and Israeli-Palestinian conflict will settle down, the Group assumes that these factors will not significantly affect its operating environment.

However, given that the above assumptions used for estimates involve a lot of uncertainties, any changes in the operating environment may affect the estimates and assumptions.

Information related to judgments made in the process of applying accounting policies that have a material impact on the consolidated financial statements is as follows:

- Scope of consolidated subsidiaries (3. "MATERIAL ACCOUNTING POLICIES (1) Basis of Consolidation")
- Revenue recognition (3. "MATERIAL ACCOUNTING POLICIES (13) Revenue," 7. "REVENUE")

Estimates and assumptions that have a material impact on the amounts recognized in the consolidated financial statements are as follows:

- Measurement of inventories (10. "INVENTORIES")

Inventories are measured at cost. When their net realizable value at the end of a reporting period falls below their cost, inventories are measured at such net realizable value and, in principle, the difference between the net realizable value and the cost is recognized as cost of sales. The net realizable value is the estimated selling price in the ordinary course of business less estimated cost required for completion and estimated selling expenses.

The estimates can be affected by factors such as uncertain future changes in the market environment. A loss may arise in the event of significant decline in the net realizable value.

- Impairment of non-financial assets (15. "IMPAIRMENT OF NON-FINANCIAL ASSETS")

Impairment tests for non-financial assets are conducted by calculating the recoverable amounts based on a number of assumptions and estimates, such as assumptions for measuring fair value of CGUs after deducting the costs of disposal, or estimates of future cash flows of CGUs and assumptions of discount rates for calculating their value in use. These assumptions and estimates might cause material revisions to the amount of impairment losses as a result of uncertain future changes in economic conditions. Estimates and assumptions of the material CGUs for which indication of impairment was identified in the fiscal year ended December 31, 2022 are described in 15. "IMPAIRMENT OF NON-FINANCIAL ASSETS."

- Recoverability of deferred tax assets (16. "INCOME TAXES")

In calculating income taxes, estimates and judgments are required for various factors, such as the interpretation of tax laws and regulations and the results of tax investigations in prior years. Therefore, the amount recognized as income taxes may differ from the amount actually imposed. Furthermore, deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; however, the timing and amount of available taxable profits may be affected by uncertain future changes in economic conditions. If the actual timing and amount differ from their estimates, they might cause material changes in the amount to be recognized in the following fiscal years.

- Measurement of defined benefit obligations (20. "EMPLOYEE BENEFITS")

The present value of defined benefit obligations and relevant service costs are calculated based on actuarial assumptions. In determining actuarial assumptions, estimates and judgments on a broad range of variables, such as discount rates and salary increase rates, are required.

The Group has obtained an external actuary's advice regarding the appropriateness of actuarial assumptions, including these variables.

Actuarial assumptions are determined based on management's best estimates and judgments; however, they may be affected by uncertain future changes in economic conditions and the amendment or promulgation of relevant laws and regulations. Any revision to actuarial assumptions, when necessary, might cause material changes in the amounts to be recognized in the consolidated financial statements in the following fiscal years.

- Valuation of financial instruments (31. "FINANCIAL INSTRUMENTS")

The Group uses valuation techniques using inputs that are unobservable in the market in measuring the fair value of certain financial instruments which are categorized as Level 3. Unobservable inputs may be affected by uncertain future changes in economic conditions. When revisions are needed, they might cause material changes in the amounts to be recognized in the following fiscal years.

- Contingent liabilities (36. "CONTINGENT LIABILITIES")

For contingent liabilities, items which may have a material impact on future business operations are disclosed by considering all available evidence at the end of the fiscal year and taking into account the likelihood and financial impact.

5. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLIED

There are no material standards or interpretations that have been established or amended by the date of approval of the consolidated financial statements but have not been applied by the Group as of December 31, 2023.



Financial Section

6. SEGMENT INFORMATION

1. Outline of Reportable Segments

The Group's business segments are organizational units for which the Group is able to obtain discrete financial information in order for the Company's Board of Directors to regularly review performance to determine the distribution of management resources and evaluate business results.

The Group classifies organizational units by product and service. Each organizational unit plans domestic or overseas general strategies for its products and services and operates its business.

Major products in each reportable segment

Reportable segment	Major products
Tires	Tires for passenger cars, trucks and buses, light trucks, agricultural machinery, construction equipment, industrial equipment, forestry machinery, etc.; tire tubes; aluminum alloy wheels; and auto supplies
MB	Conveyor belts, hoses, pneumatic marine fenders, oil fences, marine hoses, and aerospace products

2. Information on Segment Revenues and Results

The accounting methods applied to the reportable segments are the same as those described in 3. "MATERIAL ACCOUNTING POLICIES."

The figures related to reportable segments are based on business profit. Intersegment revenues are based on prevailing market prices.

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

	Millions of Yen					
	Reportable segment		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Tires	MB				
Revenues						
Revenue from external customers	¥ 754,309	¥ 96,248	¥ 9,919	¥ 860,477	¥ —	¥ 860,477
Intersegment revenue	1,212	146	10,465	11,823	(11,823)	—
Total	¥ 755,521	¥ 96,394	¥ 20,384	¥ 872,300	¥ (11,823)	¥ 860,477
Segment profit						
(business profit) (Note 2)	66,843	3,965	(758)	70,050	40	70,089
Other income and expenses						(1,238)
Operating profit						68,851
(Other material items) (Note 4)						
Depreciation and amortization	37,777	2,964	101	40,841	1,042	41,883
Impairment losses	247	38	—	285	—	285
Capital expenditures	48,678	3,895	332	52,904	2,038	54,942

Notes:

1. "Others" includes the sports business.
2. Segment profit (business profit) is calculated by deducting cost of sales and selling, general, and administrative expenses from revenues.
3. Segment profit adjustments include the elimination of intersegment transactions.
4. Depreciation and capital expenditures for right-of-use assets are not included.

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen					
	Reportable segment		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Tires	MB				
Revenues						
Revenue from external customers	¥ 874,863	¥ 101,885	¥ 8,585	¥ 985,333	¥ —	¥ 985,333
Intersegment revenue	1,196	103	12,395	13,694	(13,694)	—
Total	¥ 876,059	¥ 101,988	¥ 20,980	¥ 999,026	¥ (13,694)	¥ 985,333
Segment profit						
(business profit) (Note 2)	92,026	7,155	(76)	99,105	22	99,127
Other income and expenses						1,224
Operating profit						100,351
(Other material items) (Note 4)						
Depreciation and amortization	45,871	3,020	119	49,010	838	49,848
Impairment losses	6	2,290	—	2,296	—	2,296
Capital expenditures	55,145	5,383	292	60,821	1,592	62,412

	Thousands of U.S. Dollars					
	Reportable segment		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Tires	MB				
Revenues						
Revenue from external customers	\$ 6,168,392	\$ 718,358	\$ 60,529	\$ 6,947,279	\$ —	\$ 6,947,279
Intersegment revenue	8,433	726	87,392	96,551	(96,551)	—
Total	\$ 6,176,825	\$ 719,084	\$ 147,922	\$ 7,043,830	\$ (96,551)	\$ 6,947,279
Segment profit						
(business profit) (Note 2)	648,844	50,449	(537)	698,756	155	698,911
Other income and expenses						8,632
Operating profit						707,543
(Other material items) (Note 4)						
Depreciation and amortization	323,423	21,292	840	345,555	5,911	351,466
Impairment losses	44	16,145	—	16,190	—	16,190
Capital expenditures	388,812	37,957	2,058	428,827	11,223	440,050

Notes:

1. "Others" includes the sports business.
2. Segment profit (business profit) is calculated by deducting cost of sales and selling, general, and administrative expenses from revenues.
3. Segment profit adjustments include the elimination of intersegment transactions.
4. Depreciation and capital expenditures for right-of-use assets are not included.

3. Revenue from External Customers by Product and Service Category

Disclosure is omitted because product and service categories are the same as the reportable segments.



Financial Section

4. Geographic Information

(1) Revenue from External Customers

Revenue from external customers by area is presented in 7. "REVENUE."

(2) Non-current Assets

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Japan	¥ 167,475	¥ 151,277	\$ 1,180,814
United States of America ("USA")	73,552	57,925	518,594
India	208,985	184,280	1,473,492
China	37,452	32,432	264,064
Philippines	28,372	29,944	200,043
Europe	266,086	19,743	1,876,092
Others	70,377	44,954	496,204
Total	¥ 852,299	¥ 520,555	\$ 6,009,303

Note:

Non-current assets are classified based on the location of each company in the Group. They exclude other financial assets, assets for retirement benefits, and deferred tax assets.

5. Information on Major Customers

There was no single external customer that accounted for 10% or more of revenue on the consolidated statement of profit or loss.

7. REVENUE

1. Disaggregation of Segment Revenues by Geographic Area

Fiscal year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

	Millions of Yen			
	Tires	MB	Others	Total
Areas				
Japan	¥ 199,140	¥ 51,837	¥ 6,808	¥ 257,784
North America	279,384	23,626	269	303,279
Asia	116,713	15,462	2,843	135,017
Europe	106,672	1,807	—	108,479
Others	52,402	3,516	—	55,917
Total	¥ 754,309	¥ 96,248	¥ 9,919	¥ 860,477

Note:

Revenues are classified based on the location of customers and exclude intersegment transactions.

North America mainly refers to the USA (¥284,938 million).

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen			
	Tires	MB	Others	Total
Areas				
Japan	¥ 217,165	¥ 55,151	¥ 6,512	¥ 278,828
North America	285,872	23,038	65	308,975
Asia	126,514	13,969	2,008	142,491
Europe	180,413	3,254	—	183,667
Others	64,898	6,473	—	71,371
Total	¥ 874,863	¥ 101,885	¥ 8,585	¥ 985,333
	Thousands of U.S. Dollars			
	Tires	MB	Others	Total
Areas				
Japan	\$ 1,531,167	\$ 388,853	\$ 45,914	\$ 1,965,934
North America	2,015,599	162,433	456	2,178,488
Asia	892,010	98,490	14,159	1,004,659
Europe	1,272,039	22,943	—	1,294,982
Others	457,577	45,639	—	503,216
Total	\$ 6,168,392	\$ 718,358	\$ 60,529	\$ 6,947,279

Note:

Revenues are classified based on the location of customers and exclude intersegment transactions.

North America mainly refers to the USA (¥289,004 million, \$2,037,682 thousand).

The Group is engaged in the manufacturing of products in the Tires, MB, and Others segments, and conducts a range of business with the tire business at its core. In these businesses, the Group itself is a party to contracts with customers.

Since performance obligations for revenues from automakers, retailers, and other business operators, all of which are the major customers of the Tires and MB segments, are satisfied when the Group's products are delivered to customers, revenues are recorded at that point in time. This is because control over the Group's products is deemed to be transferred on delivery, the point in time in which customers can use and sell the products on their own will and obtain benefits from the products.

The amounts of contractual considerations include no significant financing components since they are paid primarily within one year from the delivery of products to customers.

In the Tires and MB segments, the Group determines product transaction prices when initiating transactions with each customer. For some transactions which provide sales rebates and sales fees according to the volume of transactions and other aspects for certain periods from several months to one year, the Group adjusts transaction prices by estimating the amounts of variable consideration based on contractual conditions and other factors. Refund liabilities relating to these adjustments are included in "Other financial liabilities." Since the variable consideration payable to customers is reasonably estimable, it is determined that significant reversal of cumulative revenue recognized will not occur and thus the estimate of variable consideration will not be constrained.

The Tires and MB segments do not classify product warranties as independent performance obligations or allocate part of transaction prices to product warranties because they do not provide service-type product warranties, such as providing services beyond repairing defects that existed at the time of sale.

The Tires segment, which records a reversal of revenues from winter tires mainly sold in Japan partly due to returns from winter to spring, reduces revenues by estimating expected returns, and the right to collect products to be returned is recognized as a returned asset in "Other current assets."

2. Contract Balance

The Group's contract balance consists of receivables (notes and accounts receivables) arising from contracts with customers and contract liabilities (advances received). The balance of receivables arising from contracts with customers is presented in 9. "TRADE AND OTHER RECEIVABLES." The balance of contract liabilities recorded under "Other current liabilities" is as follows:

During the fiscal years ended December 31, 2022 and 2023, the amounts of revenues recognized from the performance obligations satisfied in the previous periods are immaterial.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Contract liabilities	¥ 3,904	¥ 1,446	\$ 27,526



Financial Section

3. Transaction Prices Allocated to Remaining Performance Obligations

The Group has no material transactions whose respective contract period exceeds one year. The Group applies the practical expedient set forth in Paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations that have original expected durations of one year or less.

Moreover, consideration arising from contracts with customers includes no material amounts excluded from transaction prices.

4. Assets Recognized from Costs for Obtaining or Performing Contracts with Customers

The Group has no additional costs for obtaining contracts or costs for performing contracts which should be recognized as assets.

8. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Cash and deposits	¥ 85,924	¥ 63,238	\$ 605,820
Time deposits with maturities of three months or less	11,690	12,335	82,421
Total	¥ 97,613	¥ 75,572	\$ 688,241

9. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Notes and accounts receivable-trade	¥ 227,427	¥ 182,511	\$ 1,603,519
Others	19,844	14,780	139,916
Allowance for doubtful receivables	(3,878)	(3,542)	(27,344)
Total	¥ 243,393	¥ 193,749	\$ 1,716,091

The amounts less allowance for doubtful receivables are presented in the consolidated statement of financial position.

Trade and other receivables are classified as financial assets measured at amortized cost.

Credit risk management and the fair value of trade and other receivables are presented in 31. "FINANCIAL INSTRUMENTS."

10. INVENTORIES

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Merchandise and finished goods	¥ 173,446	¥ 152,697	\$ 1,222,916
Work in progress	12,185	9,319	85,911
Raw materials and supplies	64,091	54,376	451,883
Total	¥ 249,721	¥ 216,392	\$ 1,760,709

The valuation loss on inventories was ¥1,371 million and ¥3,089 million (\$21,778 thousand) for the fiscal years ended December 31, 2022 and 2023, respectively.

The valuation loss on inventories for the fiscal year ended December 31, 2022 includes fixed manufacturing costs of ¥52 million that incurred during the operation restriction period to prevent the spread of COVID-19.

During the fiscal year ended December 31, 2023, fixed manufacturing costs incurred due to the decline in operation in some of the Group's overseas manufacturing subsidiaries caused by the impact of the situation in Ukraine were reclassified from cost of sales to other expenses. Please refer to 25. "OTHER EXPENSES" for the amount reclassified.

11. OTHER FINANCIAL ASSETS

The breakdown of other financial assets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Non-derivative financial assets measured at amortized cost			
Loans	¥ 389	¥ 317	\$ 2,741
Others	7,418	3,848	52,305
Allowance for doubtful receivables	(163)	(118)	(1,146)
Non-derivative financial assets measured at fair value through profit or loss			
Others	170	179	1,200
Non-derivative financial assets measured at fair value through other comprehensive income			
Shares	94,847	102,935	668,740
Others	1,035	610	7,294
Derivative assets	7,333	8,626	51,701
Total	¥ 111,029	¥ 116,398	\$ 782,835
Current assets	6,217	3,594	43,836
Non-current assets	104,812	112,804	738,999
Total	¥ 111,029	¥ 116,398	\$ 782,835

The amounts less allowance for doubtful receivables are presented in the consolidated statement of financial position.

Derivative assets are classified as financial assets measured at fair value through profit or loss, except for those to which hedge accounting is applied.

Major equity financial assets measured at fair value through other comprehensive income and their fair values were as follows:

Fiscal Year Ended December 31, 2022 (December 31, 2022)

Share issuer	Millions of Yen
	Amount
TOYOTA MOTOR CORPORATION	¥ 31,377
Zeon Corporation	25,060
Honda Motor Co., Ltd.	9,504
SUZUKI MOTOR CORPORATION	3,519
ADEKA Corporation	2,382

Fiscal Year Ended December 31, 2023 (December 31, 2023)

Share issuer	Millions of Yen
	Amount
TOYOTA MOTOR CORPORATION	¥ 31,430
Zeon Corporation	16,837
Honda Motor Co., Ltd.	9,650
SUZUKI MOTOR CORPORATION	3,480
Yellow Hat Ltd.	1,946

Share issuer	Thousands of U.S. Dollars
	Amount
TOYOTA MOTOR CORPORATION	\$ 221,606
Zeon Corporation	118,711
Honda Motor Co., Ltd.	68,040
SUZUKI MOTOR CORPORATION	24,535
Yellow Hat Ltd.	13,721

These shares are classified as equity financial assets measured at fair value through other comprehensive income as they are mainly held for strategic investment purposes.



Financial Section

The Group sells (derecognizes) equity financial assets measured at fair value through other comprehensive income to streamline and effectively use the assets it holds.

The fair values and accumulated gains or losses recognized in other comprehensive income in equity at the time of sale in each fiscal year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Fair value	¥ 29,776	¥ 7,701	\$ 209,944
Accumulated gains (losses) recognized in other components of equity (Note)	¥ 14,544	¥ 3,847	\$ 102,545

Note:

Accumulated gains or losses recognized in other components of equity were transferred to retained earnings at the time of sale.

The breakdown of dividends received which are recognized from equity financial instruments is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Investments derecognized during the year	¥ 640	¥ 156	\$ 4,516
Investments held as of the end of the year	2,617	3,794	18,452
Total	¥ 3,258	¥ 3,950	\$ 22,968

12. PROPERTY, PLANT AND EQUIPMENT

Changes

Changes in the cost, accumulated depreciation, and accumulated impairment losses and carrying amounts of property, plant and equipment were as follows:

Millions of Yen							
Cost	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at January 1, 2022	¥ 217,185	¥ 509,805	¥ 92,814	¥ 47,959	¥ 22,835	¥ 65,286	¥ 955,884
Individual acquisition	193	1,506	1,955	—	49,660	6,848	60,163
Sale or disposal	(2,071)	(8,986)	(5,680)	(674)	(221)	(560)	(18,193)
Exchange differences on translating foreign operations	11,473	29,845	4,704	1,716	2,448	3,332	53,518
Transfer from construction in progress	8,317	29,711	6,252	3,163	(47,443)	—	—
Others	(1,033)	(147)	17	(1,449)	1,025	(354)	(1,942)
Balance at December 31, 2022	¥ 234,064	¥ 561,734	¥ 100,062	¥ 50,715	¥ 28,304	¥ 74,552	¥ 1,049,431
Individual acquisition	434	1,635	2,579	112	56,714	10,600	72,074
Acquisition through business combinations	28,525	34,326	5,431	13,183	7,041	5,544	94,050
Sale or disposal	(5,555)	(11,718)	(4,689)	(507)	(391)	(6,901)	(29,760)
Exchange differences on translating foreign operations	10,612	17,619	3,116	1,805	1,081	2,635	36,867
Transfer from construction in progress	9,550	32,961	6,982	—	(49,493)	—	—
Others	(2,166)	2,685	(837)	(109)	(3,490)	(9,800)	(13,717)
Balance at December 31, 2023	¥ 275,464	¥ 639,241	¥ 112,645	¥ 65,199	¥ 39,766	¥ 76,630	¥ 1,208,944

Thousands of U.S. Dollars							
Cost	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at December 31, 2022	\$ 1,650,315	\$ 3,960,612	\$ 705,509	\$ 357,575	\$ 199,563	\$ 525,642	\$ 7,399,216
Individual acquisition	3,058	11,528	18,185	791	399,874	74,737	508,174
Acquisition through business combinations	201,120	242,021	38,292	92,947	49,647	39,090	663,117
Sale or disposal	(39,164)	(82,620)	(33,059)	(3,575)	(2,758)	(48,654)	(209,830)
Exchange differences on translating foreign operations	74,820	124,223	21,970	12,727	7,619	18,577	259,936
Transfer from construction in progress	67,331	232,398	49,231	—	(348,960)	—	—
Others	(15,268)	18,930	(5,904)	(770)	(24,606)	(69,097)	(96,715)
Balance at December 31, 2023	\$ 1,942,211	\$ 4,507,092	\$ 794,225	\$ 459,695	\$ 280,379	\$ 540,296	\$ 8,523,898



Financial Section

Millions of Yen

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at January 1, 2022	¥ (124,740)	¥ (390,080)	¥ (77,615)	¥ (530)	¥ (23)	¥ (26,627)	¥ (619,616)
Depreciation	(6,868)	(23,119)	(7,315)	—	—	(8,031)	(45,334)
Impairment losses	(12)	(88)	(12)	(173)	—	—	(285)
Sale or disposal	1,892	8,503	5,532	189	—	528	16,644
Exchange differences on translating foreign operations	(4,663)	(19,615)	(3,504)	(67)	(4)	(1,012)	(28,865)
Others	677	19	47	—	—	215	958
Balance at December 31, 2022	¥ (133,715)	¥ (424,380)	¥ (82,868)	¥ (581)	¥ (27)	¥ (34,927)	¥ (676,498)
Depreciation	(8,363)	(27,239)	(8,426)	—	—	(9,646)	(53,674)
Impairment losses	(509)	(1,573)	(211)	—	(1)	—	(2,295)
Sale or disposal	4,782	9,206	4,266	—	—	5,189	23,443
Exchange differences on translating foreign operations	(3,042)	(11,359)	(2,083)	(27)	0	(953)	(17,463)
Others	157	138	429	(27)	27	9,616	10,338
Balance at December 31, 2023	¥ (140,690)	¥ (455,208)	¥ (88,894)	¥ (635)	¥ (1)	¥ (30,721)	¥ (716,148)

Thousands of U.S. Dollars

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at December 31, 2022	\$ (942,782)	\$ (2,992,174)	\$ (584,277)	\$ (4,097)	\$ (189)	\$ (246,258)	\$ (4,769,778)
Depreciation	(58,965)	(192,056)	(59,411)	—	—	(68,008)	(378,440)
Impairment losses	(3,590)	(11,094)	(1,488)	—	(7)	—	(16,178)
Sale or disposal	33,718	64,908	30,076	—	—	36,586	165,288
Exchange differences on translating foreign operations	(21,448)	(80,087)	(14,685)	(187)	0	(6,722)	(123,128)
Others	1,104	971	3,023	(193)	189	67,800	72,893
Balance at December 31, 2023	\$ (991,962)	\$ (3,209,531)	\$ (626,764)	\$ (4,477)	\$ (7)	\$ (216,601)	\$ (5,049,342)

Millions of Yen

Carrying amount	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets (Note)	Total
Balance at January 1, 2022	¥ 92,446	¥ 119,726	¥ 15,198	¥ 47,429	¥ 22,812	¥ 38,658	¥ 336,269
Balance at December 31, 2022	100,349	137,354	17,194	50,134	28,277	39,625	372,933
Balance at December 31, 2023	134,774	184,033	23,751	64,564	39,765	45,910	492,796

Thousands of U.S. Dollars

Carrying amount	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets (Note)	Total
Balance at December 31, 2023	\$ 950,249	\$ 1,297,561	\$ 167,461	\$ 455,218	\$ 280,372	\$ 323,695	\$ 3,474,556

The carrying amounts of right-of-use assets were as follows:

Millions of Yen					
Right-of-use assets	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Total
Balance at January 1, 2022	¥ 28,974	¥ 3,366	¥ 897	¥ 5,422	¥ 38,658
Balance at December 31, 2022	29,223	3,840	907	5,655	39,625
Balance at December 31, 2023	35,087	3,979	898	5,946	45,910

Thousands of U.S. Dollars					
Right-of-use assets	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Total
Balance at December 31, 2023	\$ 247,390	\$ 28,053	\$ 6,328	\$ 41,923	\$ 323,695

Depreciation of property, plant and equipment is included in "Cost of sales" and "Selling, general, and administrative expenses" in the consolidated statement of profit or loss.

13. GOODWILL AND INTANGIBLE ASSETS

1. Changes

Changes in the cost, accumulated amortization, and accumulated impairment losses and carrying amounts of goodwill and intangible assets were as follows:

Millions of Yen						
Cost	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at January 1, 2022	¥ 90,130	¥ 29,134	¥ 15,156	¥ 6,340	¥ 7,292	¥ 148,052
Individual acquisition	—	—	—	511	2	514
Sale or disposal	—	—	—	(131)	(64)	(195)
Exchange differences on translating foreign operations	14,114	4,454	2,390	295	433	21,686
Others	—	—	—	(1,671)	(9)	(1,680)
Balance at December 31, 2022	¥ 104,244	¥ 33,588	¥ 17,546	¥ 5,344	¥ 7,654	¥ 168,376
Individual acquisition	—	—	2	393	39	434
Acquisition through business combinations	154,949	6,596	23,617	666	5,947	191,775
Sale or disposal	—	—	—	(76)	(4)	(80)
Exchange differences on translating foreign operations	16,637	2,716	2,060	240	660	22,313
Others	—	—	1,256	(866)	(78)	311
Balance at December 31, 2023	¥ 275,830	¥ 42,901	¥ 44,480	¥ 5,702	¥ 14,217	¥ 383,130

Thousands of U.S. Dollars						
Cost	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2022	\$ 734,993	\$ 236,821	\$ 123,709	\$ 37,678	\$ 53,969	\$ 1,187,169
Individual acquisition	—	—	17	2,770	272	3,059
Acquisition through business combinations	1,092,500	46,506	166,513	4,698	41,929	1,352,146
Sale or disposal	—	—	—	(533)	(28)	(561)
Exchange differences on translating foreign operations	117,301	19,153	14,524	1,695	4,650	157,323
Others	—	—	8,854	(6,106)	(553)	2,195
Balance at December 31, 2023	\$ 1,944,794	\$ 302,480	\$ 313,617	\$ 40,202	\$ 100,239	\$ 2,701,331



Financial Section

Accumulated amortization and accumulated impairment losses	Millions of Yen					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at January 1, 2022	¥ —	¥ (12,491)	¥ (475)	¥ (3,521)	¥ (5,342)	¥ (21,829)
Amortization	—	(2,535)	(15)	(1,268)	(766)	(4,584)
Impairment losses	—	—	—	(0)	—	(0)
Sale or disposal	—	—	—	129	35	164
Exchange differences on translating foreign operations	—	(1,921)	(135)	(210)	(245)	(2,511)
Others	—	—	—	1,783	13	1,796
Balance at December 31, 2022	¥ —	¥ (16,947)	¥ (626)	¥ (3,087)	¥ (6,305)	¥ (26,964)
Amortization	—	(3,205)	(760)	(1,091)	(766)	(5,822)
Impairment losses	—	—	—	(2)	—	(2)
Sale or disposal	—	—	—	70	0	70
Exchange differences on translating foreign operations	—	(1,203)	(132)	(152)	(167)	(1,654)
Others	—	—	(1,296)	1,374	6	85
Balance at December 31, 2023	¥ —	¥ (21,355)	¥ (2,813)	¥ (2,888)	¥ (7,231)	¥ (34,287)

Accumulated amortization and accumulated impairment losses	Thousands of U.S. Dollars					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2022	\$ —	\$ (119,488)	\$ (4,411)	\$ (21,767)	\$ (44,451)	\$ (190,117)
Amortization	—	(22,597)	(5,361)	(7,690)	(5,402)	(41,050)
Impairment losses	—	—	—	(11)	—	(11)
Sale or disposal	—	—	—	493	4	497
Exchange differences on translating foreign operations	—	(8,481)	(930)	(1,075)	(1,178)	(11,664)
Others	—	—	(9,134)	9,688	45	598
Balance at December 31, 2023	\$ —	\$ (150,566)	\$ (19,836)	\$ (20,362)	\$ (50,984)	\$ (241,748)

Carrying amount	Millions of Yen					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at January 1, 2022	¥ 90,130	¥ 16,643	¥ 14,681	¥ 2,819	¥ 1,950	¥ 126,223
Balance at December 31, 2022	104,244	16,641	16,920	2,257	1,350	141,412
Balance at December 31, 2023	275,830	21,546	41,667	2,814	6,986	348,843

Carrying amount	Thousands of U.S. Dollars					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2023	\$ 1,944,794	\$ 151,914	\$ 293,781	\$ 19,839	\$ 49,255	\$ 2,459,583

Amortization of intangible assets is included in “Cost of sales” and “Selling, general, and administrative expenses” in the consolidated statement of profit or loss.

2. Intangible Assets with Indefinite Useful Lives

The carrying amount of intangible assets with indefinite useful lives at the end of the fiscal year ended December 31, 2022 was ¥16,895 million, representing trademark rights acquired in the business combination with YOHT, which is a CGU.

The carrying amount of intangible assets with indefinite useful lives at the end of the fiscal year ended December 31, 2023 was ¥31,098 million (\$219,265 thousand), representing trademark rights acquired in the business combinations with YOHT and Y-TWS, both of which are CGUs. They were deemed to have indefinite useful lives in the fiscal year ended December 31, 2023 since they will basically survive as long as the business continues.

3. Material Goodwill and Intangible Assets

Goodwill at the end of the fiscal year ended December 31, 2022 was mainly attributable to YOHT, which is a CGU, whose carrying amount was ¥103,475 million. Material intangible assets other than goodwill were mainly customer-related assets of YOHT, whose carrying amount was ¥16,640 million.

Goodwill at the end of the fiscal year ended December 31, 2023 was mainly attributable to YOHT and Y-TWS, both of which are CGUs, and their carrying amounts were ¥274,999 million (\$1,938,935 thousand). Material intangible assets other than goodwill were mainly customer-related assets of YOHT and Y-TWS, and technology-related assets of Y-TWS, whose carrying amounts were ¥21,544 million (\$151,902 thousand) and ¥5,866 million (\$41,358 thousand), respectively.

The remaining amortization periods at the end of the fiscal year ended December 31, 2023 were six years for customer-related assets of YOHT, 10 years for customer-related assets of Y-TWS, and nine years for technology-related assets of Y-TWS.

4. Research and Development Expenses

Research and development expenses recognized in the fiscal years ended December 31, 2022 and 2023 were ¥16,034 million and ¥17,972 million (\$126,715 thousand), respectively, which were included in "Cost of sales" and "Selling, general, and administrative expenses" in the consolidated statement of profit or loss.

14. LEASE TRANSACTIONS

(Lease transactions as lessee)

As a lessee, the Group leases buildings and structures, machinery, equipment, and vehicles, tools, furniture, and fixtures, land, and other assets. Lease liabilities are presented in "Other financial liabilities" in the consolidated statement of financial position.

1. Information on Lease-related Expenses

The breakdown of lease-related expenses was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Depreciation of right-of-use assets by class of underlying asset			
Buildings and structures	¥ 6,640	¥ 5,299	\$ 46,819
Machinery, equipment, and vehicles	2,183	1,555	15,389
Tools, furniture, and fixtures	514	413	3,626
Land	306	762	2,159
Other assets	2	2	16
Subtotal	9,646	8,031	68,008
Interest expenses on lease liabilities	830	794	5,852
Expense relating to short-term leases	1,507	1,567	10,628
Expense relating to leases of low-value assets (excluding short-term leases)	16	2	110
Variable lease payments	507	624	3,572
Income from subleasing right-of-use assets	831	341	5,862

2. Variable Lease Payments

Lease contracts include variable lease payments, which are primarily lease payments that vary based on the number of tires kept in tire warehouses.

3. Extension Options and Termination Options

Extension options and termination options are mainly included in real estate leases of stores, offices, and warehouses, and the need to exercise these options is considered as appropriate for the purpose of utilizing such property for the Group's business.

4. Residual Value Guarantees

There are no material lease contracts for which residual value guarantees are provided.

5. Lease Contracts Not Yet Commenced to Which the Lessee Is Committed

There are no material lease contracts which had been concluded but for which leases had not yet commenced.

6. Restrictions or Covenants Imposed by Leases

There are no material restrictions imposed by lease contracts (restrictions on additional borrowings or additional leases, etc.).

7. Sale and Leaseback Transactions

There were no sale and leaseback transactions during the fiscal years ended December 31, 2022 and 2023.

8. Short-term Leases and Leases of Low-value Assets

Lease payments relating to leases with a lease term of 12 months or less or those for which the underlying asset is of low value are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.



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15. IMPAIRMENT OF NON-FINANCIAL ASSETS

1. Impairment Losses

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

Non-financial assets are grouped by the smallest CGU that generates cash inflows that are largely independent. Impairment losses were recorded on the following assets in the fiscal year ended December 31, 2022.

Usage	Segment	Type	Millions of Yen	
			Amount	
Business assets	Tires	Buildings	¥	9
		Structures		0
		Machinery and equipment		88
		Tools, furniture, and fixtures		12
		Land		138
		Software		0
		Subtotal		247
Business assets	MB	Buildings		3
		Tools, furniture, and fixtures		0
		Land		35
		Subtotal		38
		Total		285

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

Non-financial assets are grouped by the smallest CGU that generates cash inflows that are largely independent. Impairment losses were recorded on the following assets in the fiscal year ended December 31, 2023.

Usage	Segment	Type	Millions of Yen		Thousands of U.S. Dollars	
			Amount		Amount	
Business assets	Tires	Machinery and equipment	¥	3	\$	23
		Tools, furniture, and fixtures		1		7
		Software		1		7
		Construction in progress		1		7
		Subtotal		6		44
Business assets	MB	Buildings		509		3,590
		Machinery and equipment		1,563		11,022
		Vehicles		7		49
		Tools, furniture, and fixtures		210		1,481
		Software		1		4
		Subtotal		2,290		16,145
		Total		2,296		16,190

After reviewing the business plan of the consolidated subsidiaries engaged in the MB business based on changes in the business environment and their operating results, some items under property, plant and equipment were deemed no longer recoverable, and their carrying amounts were reduced to their recoverable amounts. The reduction of ¥2,290 million (\$16,145 thousand) was recorded in "Other expenses" in the consolidated statement of profit or loss as impairment losses. The recoverable amount of this asset group, ¥313 million (\$2,205 thousand), was measured at value in use, which was determined by discounting estimates of future cash flows based on a management-approved five-year business plan to the present value using a pre-tax discount rate of 12.7%.

2. Impairment Tests on Goodwill and Intangible Assets with Indefinite Useful Lives

The Group performs impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and whenever there is an indication that an asset may be impaired.

(1) CGU

The main balances of goodwill allocated to CGUs are as follows.

CGU	Reportable segment	Millions of Yen		Thousands of U.S. Dollars
		2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
YOHT	Tires	¥ 110,594	¥ 103,475	\$ 779,766
Y-TWS	Tires	164,405	—	1,159,168

(2) Basis of recoverable amounts

(i) CGU: YOHT

Recoverable amounts used for impairment tests on goodwill and intangible assets with indefinite useful lives are calculated based on value in use.

Value in use is determined by using pre-tax cash-flow forecasts based on a management-approved business plan of up to five years. For periods beyond those covered by the business plan, continuing value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the continuing value, a publicly disclosed growth rate is used.

Major assumptions used as the basis of calculation of value in use are as follows:

- Long-term average growth rate of the market to which the CGU belongs used to extend cash flow forecasts
Fiscal year ended December 31, 2023: 1.9%–5.5%, Fiscal year ended December 31, 2022: 1.9%–4.0%
- Pre-tax discount rate applied to cash flow forecasts (calculated based on a weighted-average cost of capital)
Fiscal year ended December 31, 2023: 10.2%, Fiscal year ended December 31, 2022: 11.3%

Concerning the goodwill and intangible assets with indefinite useful lives, since the recoverable amount of the CGU sufficiently exceeds the carrying amount, the Group considers that the CGU is unlikely to result in a material impairment loss even if the major assumptions change within a reasonable range.

(ii) CGU: Y-TWS

Recoverable amounts used for impairment tests on goodwill and intangible assets with indefinite useful lives are calculated based on value in use.

Value in use is determined by using pre-tax cash-flow forecasts based on a management-approved business plan of up to five years. For periods beyond those covered by the business plan, continuing value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the continuing value, a publicly disclosed growth rate is used.

Major assumptions used as the basis of calculation of value in use are as follows:

- Long-term average growth rate of the market to which the CGU belongs used to extend cash flow forecasts
Fiscal year ended December 31, 2023: 1.9%–5.5%
- Pre-tax discount rate applied to cash flow forecasts (calculated based on a weighted-average cost of capital)
Fiscal year ended December 31, 2023: 9.2%

Concerning the goodwill and intangible assets with indefinite useful lives, since the recoverable amount of the CGU sufficiently exceeds the carrying amount, the Group considers that the CGU is unlikely to result in a material impairment loss even if the major assumptions change within a reasonable range.

16. INCOME TAXES

1. Income Taxes

The breakdown of income taxes recognized through profit or loss is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Current tax expense	¥ 37,858	¥ 24,285	\$ 266,928
Deferred tax expense	(313)	188	(2,208)
Total	¥ 37,545	¥ 24,473	\$ 264,720

Deferred tax expense includes expenses arising from valuation losses on deferred tax assets and the reversal of valuation losses recorded in prior fiscal years.



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2. Reconciliation of Effective Tax Rate

The breakdown of major factors contributing to differences between the statutory effective tax rate and the actual effective tax rate is as follows.

The Company and its domestic subsidiaries were mainly subject to national corporate income tax, inhabitant tax, and enterprise tax, which, in aggregate, would result in the statutory effective tax rate of 30.3% for the fiscal years ended December 31, 2022 and 2023.

The overseas subsidiaries were subject to local corporate and other taxes.

	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)
Statutory effective tax rate (Reconciliation)	30.3 %	30.3 %
Difference between statutory effective tax rates of overseas consolidated subsidiaries	(1.6)	(2.1)
Permanently nondeductible expenses	0.3	0.4
Permanently nontaxable income	(0.3)	(0.5)
Tax deduction for research and development	(1.7)	(1.9)
Effect of recoverability assessment of deferred tax assets	0.1	(0.4)
Taxable temporary differences associated with investments in subsidiaries or associates	1.9	5.3
Foreign withholding taxes	1.2	2.2
Foreign income taxes, etc.	4.1	—
Others	1.1	0.9
Average actual effective tax rate	35.4 %	34.2 %

3. Deferred Tax Assets and Deferred Tax Liabilities

The major breakdown of deferred tax assets and deferred tax liabilities is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Deferred tax assets			
Liabilities for retirement benefits	¥ 7,588	¥ 10,290	\$ 53,499
Unrealized gains	5,906	3,420	41,644
Accrued expenses	2,479	2,101	17,476
Accrued vacation payable	1,696	1,424	11,955
Valuation loss on inventories	2,758	2,737	19,448
Impairment losses	2,869	2,914	20,228
Others	9,019	6,433	63,594
Total deferred tax assets	32,315	29,318	227,845
Deferred tax liabilities			
Intangible assets identified as a result of business combinations	(24,017)	(12,167)	(169,333)
Liabilities for pension and severance payments	(4,993)	(4,993)	(35,204)
Gain on receipt of stock set by pension plan	(1,107)	(1,581)	(7,803)
Reserve for advanced depreciation of non-current assets	(6,045)	(6,449)	(42,624)
Retained earnings of overseas subsidiaries	(14,091)	(12,129)	(99,350)
Non-current assets	(9,319)	(7,317)	(65,707)
Unrealized gains on securities	(17,727)	(18,420)	(124,988)
Others	(4,732)	(6,825)	(33,361)
Total deferred tax liabilities	(82,030)	(69,881)	(578,370)
Net deferred tax liabilities	¥ (49,715)	¥ (40,562)	\$ (350,525)

Net deferred tax assets and net deferred tax liabilities are included in the following items in the consolidated statement of financial position.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Deferred tax assets	¥ 9,141	¥ 8,140	\$ 64,450
Deferred tax liabilities	(58,856)	(48,702)	(414,975)

Changes in net deferred tax assets and net deferred tax liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Beginning balance	¥ (40,562)	¥ (42,279)	\$ (285,993)
Tax expense or income recognized through profit or loss (Note)	(313)	188	(2,208)
Amount recognized in other comprehensive income			
Cash flow hedges	481	300	3,391
Gains (losses) on financial assets measured at fair value through other comprehensive income	(6,289)	992	(44,342)
Remeasurements of defined benefit plans	(3,031)	237	(21,373)
Total	(8,839)	1,529	(62,323)
Ending balance	¥ (49,715)	¥ (40,562)	\$ (350,525)

Note:

Foreign exchange translation differences are included in tax expense or income recognized through profit or loss.

The Group recognized deferred tax assets by taking into account taxable temporary differences, the estimation of taxable profit, and tax planning.

Deductible temporary differences, tax loss carryforwards, and tax credit carryforwards for which deferred tax assets were not recognized were as follows.

The amounts of deductible temporary differences, tax loss carryforwards, and tax credit carryforwards are on a tax amount basis multiplied by the effective tax rate.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Deductible temporary differences	¥ 6,642	¥ 6,233	\$ 46,829
Tax loss carryforwards and tax credit carryforwards	1,668	1,637	11,759

The tax loss carryforwards and tax credit carryforwards for which deferred tax assets were not recognized will expire as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
First year	¥ 75	¥ 280	\$ 530
Second year	2	168	13
Third year	—	101	—
Fourth year	92	72	650
Fifth year and after	534	322	3,764
Indefinite	965	694	6,802
Total	¥ 1,668	¥ 1,637	\$ 11,759



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Total taxable temporary differences associated with investments in subsidiaries or associates for which deferred tax liabilities were not recognized in the fiscal years ended December 31, 2022 and 2023 were ¥2,038 million and ¥1,981 million (\$13,972 thousand), respectively.

Deferred tax liabilities were not recognized for these temporary differences because the Group was able to control the timing of reversal of the temporary differences and it was probable that the temporary differences would not be reversed in the foreseeable future.

In the fiscal years ended December 31, 2022 and 2023, dividend payouts from the Group to shareholders had no impact on income taxes.

Pillar Two legislation has been enacted or substantively enacted in Japan, the jurisdiction in which the Group operates. The Group assessed its potential exposure to Pillar Two income taxes in preparing to comply with Pillar Two legislation which will apply from fiscal years beginning on or after January 1, 2025.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, there are a limited number of jurisdictions and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

17. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Accounts and notes payable-trade	¥ 86,089	¥ 64,842	\$ 606,987
Others	19,150	13,289	135,022
Total	¥ 105,239	¥ 78,131	\$ 742,009

Trade and other payables are classified as financial liabilities measured at amortized cost.

18. BONDS AND BORROWINGS

1. The Breakdown of Bonds and Borrowings Is as Follows:

	Millions of Yen		Thousands of U.S. Dollars	Average interest rate	Repayment period
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)		
Short-term borrowings	¥ 46,192	¥ 85,875	\$ 325,684	2.06 %	
Commercial papers	—	7,000	—		
Current portion of bonds (Note)	—	9,000	—		
Current portion of long-term borrowings	49,943	15,605	352,133	0.95	
Bonds (Note)	39,847	39,818	280,948		
Long-term borrowings	333,375	81,403	2,350,523	1.05	2025–2033
Total	469,356	238,701	3,309,287	—	—
Current liabilities	96,135	117,480	677,817		
Non-current liabilities	373,221	121,221	2,631,470		
Total	¥ 469,356	¥ 238,701	\$ 3,309,287		

Bonds and borrowings are classified as financial liabilities measured at amortized cost.

Average interest rate is calculated based on the outstanding balances and the interest rates at December 31, 2023.

The Company's borrowings at December 31, 2022 and 2023 include those under syndicated loan agreements (total agreement amount: \$720 million and ¥54,240 million (\$382,430 thousand), respectively) concluded with the counterparty banks on June 30, 2016.

Those agreements are subject to the following financial covenants:

- From the fiscal year ended December 31, 2016, total equity recorded on the consolidated statement of financial position at the end of each fiscal year must be maintained at a designated level or higher on a year-on-year basis.
- From the fiscal year ended December 31, 2016, the Company must not record operating losses on the consolidated statement of profit or loss for two consecutive years.

The Company's borrowings at December 31, 2023 include those under syndicated loan agreements (total agreement amount: ¥214,700 million (\$1,513,784 thousand)) concluded with the counterparty banks on June 28, 2023 and a loan agreement (total agreement amount: ¥100,000 million (\$705,069 thousand)) concluded with the Japan Bank for International Cooperation (JBIC) on June 30, 2023.

Those agreements are subject to the following financial covenants:

- From the fiscal year ended December 31, 2023, total equity recorded on the consolidated statement of financial position at the end of each fiscal year must be maintained at a designated level or higher on a year-on-year basis.
- From the fiscal year ended December 31, 2023, the Company must not record operating losses on the consolidated statement of profit or loss for two consecutive years.

The Company's borrowings at December 31, 2022 and 2023 include those under syndicated loan agreements (total agreement amount: \$52 million) concluded between ATC Tires AP Private Ltd., the Company's subsidiary, and the counterparty banks on October 21, 2020.

Those agreements are subject to the following financial covenants:

- From the end of March 2025, ATC Tires AP Private Ltd. must not record a negative net worth on the balance sheet.

The Company's borrowings at December 31, 2022 and 2023 include those under a loan agreement (total agreement amount: \$96 million) concluded between ATC Tires AP Private Ltd., the Company's subsidiary, and the counterparty banks on August 16, 2021.

This agreement is subject to the following financial covenant:

- From the end of March 2025, ATC Tires AP Private Ltd. must not record a negative net worth on the balance sheet.

Note:

The summary of the terms for issuing bonds is as follows:

Company name	Trading name	Issuance date	Millions of Yen		Thousands of U.S. Dollars	Interest rate	Collateral	Maturity date
			2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)			
The Company	Thirteenth series of unsecured bonds	December 9, 2016	¥ —	¥ 8,994	\$ —	0.250	Unsecured	December 8, 2023
The Company	Fourteenth series of unsecured bonds	July 27, 2020	9,964	9,959	70,255	0.360	Unsecured	July 26, 2030
The Company	Fifteenth series of unsecured bonds	June 6, 2022	16,939	16,928	119,433	0.490	Unsecured	June 6, 2029
The Company	Sixteenth series of unsecured bonds	June 6, 2022	12,943	12,937	91,259	0.580	Unsecured	June 4, 2032
Total	—	—	¥ 39,847	¥ 48,818	\$ 280,948	—	—	—

2. Assets Pledged as Collateral and Corresponding Liabilities Were as Follows:

(1) Assets Pledged as Collateral

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Cash and cash equivalents	¥ 8,008	¥ 6,289	\$ 56,459
Trade and other receivables	2,974	3,515	20,972
Inventories	2,947	2,959	20,775
Other current assets	453	296	3,194
Property, plant and equipment	434	441	3,059
Total	¥ 14,815	¥ 13,500	\$ 104,459

(Note) The above assets are pledged as collateral mainly to secure borrowings under a commitment line agreement.

(2) Liabilities Corresponding to Assets Pledged as Collateral

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Short-term borrowings	¥ 100	¥ 100	\$ 705
Total	¥ 100	¥ 100	\$ 705



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19. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Non-derivative financial liabilities measured at amortized cost			
Lease liabilities	¥ 48,732	¥ 41,578	\$ 343,597
Others	21,369	18,978	150,666
Derivative liabilities	385	815	2,713
Total	70,486	61,371	496,976
Current liabilities	28,989	24,470	204,396
Non-current liabilities	41,497	36,901	292,580
Total	¥ 70,486	¥ 61,371	\$ 496,976

Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss (except for those to which hedge accounting is applied).

20. EMPLOYEE BENEFITS

1. Outline of Defined Benefit Plans

The Company, its domestic consolidated subsidiaries, and some of its overseas consolidated subsidiaries have adopted defined retirement benefit plans to cover employee retirement benefits.

In addition to the above plans, the Company and some of its consolidated subsidiaries have defined contribution pension plans.

The Group has mainly adopted lump-sum retirement benefit plans as defined retirement benefit plans. Under lump-sum retirement benefit plans, the source of funds is not saved externally but lump-sum benefits are paid to employees when they retire or voluntarily resign. Lump-sum retirement benefits are paid based on retirement benefit regulations under the Work Rules. Moreover, the Group has established a retirement benefit trust for the payment of lump-sum retirement benefits.

Some of the consolidated subsidiaries in the US have adopted post-retirement medical benefit plans. Post-retirement medical benefit plans are included in liabilities for retirement benefits as they have similar features to those of post-retirement benefits.

2. Defined Benefit Plans

(1) Breakdown of Liabilities or Assets for Retirement Benefits

Reconciliation of defined benefit obligations and plan assets, and liabilities or assets for retirement benefits in the consolidated statement of financial position is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Defined benefit obligations	¥ 71,780	¥ 65,836	\$ 506,101
Plan assets	(70,175)	(55,849)	(494,779)
Net liabilities (assets) for retirement benefits presented in the consolidated statement of financial position	1,606	9,987	11,322
Amounts presented in the consolidated statement of financial position			
Liabilities for retirement benefits	17,707	15,584	124,844
Assets for retirement benefits	16,101	5,598	113,522

Assets for retirement benefits are included in "Other non-current assets" in the consolidated statement of financial position.

(2) Defined Benefit Obligations

Changes in defined benefit obligations were as follows:

	Millions of Yen	
	Defined benefit plans	Post-retirement medical benefits
At January 1, 2022	¥ 63,816	¥ 7,599
Current service cost	3,442	204
Interest cost	902	192
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	(3)	78
Actuarial losses (gains) arising from changes in financial assumptions	(9,765)	(2,037)
Actuarial losses (gains) arising from other factors	279	448
Benefits paid	(3,341)	(513)
Past service cost (gains)	—	—
Exchange differences on translating foreign operations, etc.	3,376	1,160
At December 31, 2022	¥ 58,706	¥ 7,130
Current service cost	2,746	111
Interest cost	1,725	343
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	364	244
Actuarial losses (gains) arising from changes in financial assumptions	263	206
Actuarial losses (gains) arising from other factors	271	(176)
Benefits paid	(3,672)	(513)
Past service cost (gains)	63	—
Exchange differences on translating foreign operations, etc.	3,775	195
At December 31, 2023	¥ 64,241	¥ 7,539

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2022	\$ 413,920	\$ 50,271
Current service cost	19,360	780
Interest cost	12,164	2,418
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	2,569	1,721
Actuarial losses (gains) arising from changes in financial assumptions	1,853	1,449
Actuarial losses (gains) arising from other factors	1,909	(1,242)
Benefits paid	(25,891)	(3,614)
Past service cost (gains)	446	—
Exchange differences on translating foreign operations, etc.	26,617	1,372
At December 31, 2023	\$ 452,947	\$ 53,155

The weighted-average duration of defined benefit obligations was as follows:

	Years	
	2023 (December 31, 2023)	2022 (December 31, 2022)
Weighted-average duration	10.5	10.7



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(3) Plan Assets

Changes in plan assets were as follows:

	Millions of Yen	
	Defined benefit plans	Post-retirement medical benefits
At January 1, 2022	¥ 61,760	¥ —
Interest income	897	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	(10,106)	—
Contributions from employer	791	—
Benefits paid	(1,263)	—
Exchange differences on translating foreign operations, etc.	3,770	—
At December 31, 2022	¥ 55,849	¥ —
Interest income	1,636	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	10,997	—
Contributions from employer	833	—
Benefits paid	(1,408)	—
Exchange differences on translating foreign operations, etc.	2,266	—
At December 31, 2023	¥ 70,175	¥ —

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2022	\$ 393,776	\$ —
Interest income	11,537	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	77,536	—
Contributions from employer	5,876	—
Benefits paid	(9,925)	—
Exchange differences on translating foreign operations, etc.	15,979	—
At December 31, 2023	\$ 494,779	\$ —

The asset management policies relating to domestic and overseas plans of the Company and its consolidated subsidiaries have been prepared in order to optimize total return from a medium- and long-term perspective under risks accepted to secure future benefits for employees.

The Group will contribute ¥1,560 million (\$10,997 thousand) to defined benefit plans in the fiscal year ending December 31, 2024.

(4) Major Components of Plan Assets

The major components of total plan assets are as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2023 (December 31, 2023)			2022 (December 31, 2022)			2023 (December 31, 2023)		
	With quoted prices in active markets	Without quoted prices in active markets	Total	With quoted prices in active markets	Without quoted prices in active markets	Total	With quoted prices in active markets	Without quoted prices in active markets	Total
Cash and deposits	¥ 4,143	¥ —	¥ 4,143	¥ 3,496	¥ —	¥ 3,496	\$ 29,208	\$ —	\$ 29,208
Equity financial instruments									
Domestic equity securities	40,505	—	40,505	30,698	—	30,698	285,585	—	285,585
Foreign equity securities	3,558	—	3,558	3,150	—	3,150	25,084	—	25,084
Debt instruments									
Foreign bonds	19,133	—	19,133	16,953	—	16,953	134,899	—	134,899
Others	1,519	1,318	2,837	1,098	456	1,553	10,713	9,290	20,002
Total	¥ 68,857	¥ 1,318	¥ 70,175	¥ 55,393	¥ 456	¥ 55,849	\$ 485,489	\$ 9,290	\$ 494,779

(5) Items Related to Actuarial Assumptions

Major actuarial assumptions were as follows:

	2023 (December 31, 2023)	2022 (December 31, 2022)
Discount rate (weighted-average)	3.1 %	2.6 %

In addition to the above item, actuarial assumptions include expected salary increase rates, mortality rates, and expected retirement rates.

Note:

The sensitivity of defined benefit obligations for each fiscal year against changes in major assumptions is as follows. It assumes that the other variables are constant, but in reality, the assumptions do not always change independently. Negative figures represent decreases in defined benefit obligations, and positive figures represent increases in defined benefit obligations.

	Changes in assumptions	Millions of Yen		Thousands of U.S. Dollars
		2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Discount rate	0.5% increase	¥ (3,489)	¥ (3,295)	\$ (24,601)
	0.5% decrease	3,658	3,463	25,794

3. Defined Contribution Pension Plans

Contributions to defined contribution pension plans for the fiscal years ended December 31, 2022 and 2023 were ¥1,854 million and ¥1,960 million (\$13,819 thousand), respectively.

4. Employee Benefit Expenses

Employee benefit expenses included in the consolidated statement of profit or loss for the fiscal years ended December 31, 2022 and 2023 were ¥168,714 million and ¥194,804 million (\$1,373,506 thousand), respectively.

They are recorded mainly in "Cost of sales" and "Selling, general, and administrative expenses."



Financial Section

21. SHARE CAPITAL AND OTHER EQUITY ITEMS

1. Share Capital

(1) Number of Authorized Shares

The number of authorized shares of common stock as of December 31, 2022 and 2023 was 400,000,000.

(2) Number of Issued Shares (Fully Paid-in)

Changes in the number of issued shares were as follows:

	Thousands of Shares	Millions of Yen	
	Number of issued shares	Share capital	Share premium
January 1, 2022	169,549	¥ 38,909	¥ 31,261
Changes	—	—	47
2022 (December 31, 2022)	169,549	38,909	31,308
Changes	—	—	(52)
2023 (December 31, 2023)	169,549	¥ 38,909	¥ 31,255

	Thousands of Shares	Thousands of U.S. Dollars	
	Number of issued shares	Share capital	Share premium
2022 (December 31, 2022)	169,549	\$ 274,337	\$ 220,741
Changes	—	—	(368)
2023 (December 31, 2023)	169,549	\$ 274,337	\$ 220,373

All shares issued by the Company are no-par common stock without any limitation on the rights.

2. Treasury Shares

Changes in the number of treasury shares were as follows:

	Thousands of Shares	Millions of Yen
	Number of shares	Amount
January 1, 2022	8,934	¥ 11,758
Changes	(83)	(108)
2022 (December 31, 2022)	8,851	11,650
Changes	(50)	(63)
2023 (December 31, 2023)	8,801	¥ 11,587

	Thousands of Shares	Thousands of U.S. Dollars
	Number of shares	Amount
2022 (December 31, 2022)	8,851	\$ 82,141
Changes	(50)	(448)
2023 (December 31, 2023)	8,801	\$ 81,694

The number of treasury shares decreased in the fiscal years ended December 31, 2022 and 2023 due to disposal associated with payment of restricted stock compensation.

3. Share Premium and Retained Earnings

(1) Share Premium

The Companies Act of Japan prescribes that at least one-half of the payment or delivery relating to the issuance of equity financial instruments must be incorporated into share capital and the remaining amount must be incorporated into legal capital surplus.

In addition, legal capital surplus may be incorporated into share capital by resolution of a general meeting of shareholders.

(2) Retained Earnings

Retained earnings consist of legal retained earnings and other surpluses.

The Companies Act prescribes that one-tenth of the amount to be distributed as dividends from retained earnings must be set aside as legal capital surplus or legal retained earnings until the total amount of legal capital surplus or legal retained earnings reaches one-fourth of share capital. In addition, legal retained earnings may be reversed by resolution of a general meeting of shareholders.

22. DIVIDENDS

1. Dividends Paid

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

Resolution	Class of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 30, 2022 General Meeting of Shareholders	Common stock	¥ 5,300	¥ 33	December 31, 2021	March 31, 2022
August 10, 2022 Board of Directors meeting	Common stock	¥ 5,303	¥ 33	June 30, 2022	August 31, 2022

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

Resolution	Class of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 30, 2023 General Meeting of Shareholders	Common stock	¥ 5,303	¥ 33	December 31, 2022	March 31, 2023
August 10, 2023 Board of Directors meeting	Common stock	¥ 5,465	¥ 34	June 30, 2023	August 31, 2023

Resolution	Class of stock	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Record date	Effective date
March 30, 2023 General Meeting of Shareholders	Common stock	\$ 37,390	\$ 0.23	December 31, 2022	March 31, 2023
August 10, 2023 Board of Directors meeting	Common stock	\$ 38,535	\$ 0.24	June 30, 2023	August 31, 2023

2. Dividend Plans for Common Stock

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

Resolution	Class of stock	Source of dividends	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 30, 2023 General Meeting of Shareholders	Common stock	Retained earnings	¥ 5,303	¥ 33	December 31, 2022	March 31, 2023

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

Resolution	Class of stock	Source of dividends	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 28, 2024 General Meeting of Shareholders	Common stock	Retained earnings	¥ 8,037	¥ 50	December 31, 2023	March 29, 2024

Resolution	Class of stock	Source of dividends	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Record date	Effective date
March 28, 2024 General Meeting of Shareholders	Common stock	Retained earnings	\$ 56,669	\$ 0.35	December 31, 2023	March 29, 2024



Financial Section

23. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general, and administrative expenses is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Employee benefit expenses	¥ 77,864	¥ 65,569	\$ 548,998
Freightage and warehousing expenses	72,204	90,424	509,091
Advertising and promotion expenses	13,751	11,496	96,956
Others	62,945	50,095	443,803
Total	¥ 226,764	¥ 217,585	\$ 1,598,847

24. OTHER INCOME

The breakdown of other income is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Gain on sale of non-current assets	¥ 1,268	¥ 545	\$ 8,942
Gain on sale of businesses (Note)	3,316	—	23,381
Others	2,975	1,721	20,976
Total	¥ 7,559	¥ 2,266	\$ 53,298

Note:

The gain arises from the transfer of the main assets related to Friend Tire Company (Missouri, U.S.A.), a consolidated subsidiary in the Tires segment, which were classified as assets held for sales, and liabilities directly related to these assets in the fiscal year ended December 31, 2023 to Southern Tire Mart.

25. OTHER EXPENSES

The breakdown of other expenses is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Loss on sale and retirement of non-current assets	¥ 1,280	¥ 622	\$ 9,028
Impairment losses (Note 1)	2,296	285	16,190
Others (Note 2)	2,758	2,597	19,449
Total	¥ 6,335	¥ 3,504	\$ 44,666

Notes:

1. During the fiscal year ended December 31, 2023, the carrying amounts of non-current assets that were deemed not recoverable upon a review of the business plan mainly in the MB business were reduced to their recoverable amounts. The reduction, ¥2,290 million (\$16,145 thousand), was recorded in "Other expenses" in the consolidated statement of profit or loss as impairment losses.
2. There was a slowdown in operations at some of the Group's overseas manufacturing subsidiaries due to the impact of the situation in Ukraine. "Others" includes fixed manufacturing costs incurred as a result of the slowdown for the fiscal years ended December 31, 2022 and 2023, of ¥807 million and ¥123 million (\$867 thousand), respectively.

26. FINANCE INCOME AND FINANCE COSTS

1. The Breakdown of Finance Income is as Follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Interest income			
Financial assets measured at amortized cost	¥ 1,986	¥ 1,070	\$ 14,004
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	3,258	3,950	22,968
Foreign exchange gains	6,920	—	48,790
Gain on valuation of derivatives	376	5,305	2,651
Others	225	16	1,585
Total	¥ 12,764	¥ 10,341	\$ 89,998

2. The Breakdown of Finance Costs is as Follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Interest expenses			
Financial liabilities measured at amortized cost	¥ 6,300	¥ 2,939	\$ 44,423
Foreign exchange losses	—	3,726	—
Loss on valuation of derivatives	—	—	—
Others	839	905	5,919
Total	¥ 7,140	¥ 7,571	\$ 50,341



Financial Section

27. OTHER COMPREHENSIVE INCOME

The breakdown of amounts recognized in other comprehensive income, amounts reclassified to profit or loss, and tax effects are as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Exchange differences on translating foreign operations			
Amount recognized	¥ 49,128	¥ 56,358	\$ 346,386
Before tax effects	49,128	56,358	346,386
Exchange differences on translating foreign operations	49,128	56,358	346,386
Cash flow hedges			
Amount recognized	1,784	3,969	12,580
Amount reclassified	(3,654)	(5,522)	(25,762)
Before tax effects	(1,869)	(1,553)	(13,181)
Tax effects	481	300	3,391
Cash flow hedges	(1,388)	(1,253)	(9,790)
Gains (losses) on financial assets measured at fair value through other comprehensive income			
Amount recognized	20,758	(3,273)	146,356
Before tax effects	20,758	(3,273)	146,356
Tax effects	(6,289)	992	(44,342)
Gains (losses) on financial assets measured at fair value through other comprehensive income	14,469	(2,281)	102,014
Remeasurements of defined benefit plans			
Amount recognized	9,826	894	69,277
Before tax effects	9,826	894	69,277
Tax effects	(3,031)	237	(21,373)
Remeasurements of defined benefit plans	6,794	1,131	47,904
Total			
Amount recognized	81,495	57,948	574,599
Amount reclassified	(3,654)	(5,522)	(25,762)
Before tax effects	77,842	52,426	548,838
Tax effects	(8,839)	1,529	(62,323)
Other comprehensive income	69,002	53,955	486,514

28. EARNINGS PER SHARE

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Profit for the year attributable to owners of the parent	¥ 67,234	¥ 45,918	\$ 474,044

	Thousands of shares	
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)
Weighted-average number of common stock	160,340	160,339
Share-based payment	388	327
Weighted-average number of diluted common stock	160,728	160,666

	Yen		U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Basic earnings per share	¥ 419.32	¥ 286.38	\$ 2.96
Diluted earnings per share	418.31	285.80	2.95

29. SHARE-BASED PAYMENT

1. Outline of Stock Compensation Plan

The Group has introduced a restricted stock compensation plan for the members of the Board and officers excluding outside members (hereinafter the "Directors, etc.") to share with other shareholders the merits and risks of share price fluctuations, thereby further increasing their incentive to raise the stock price and enhance corporate value. This plan provides for the payment of monetary compensation receivables required for the allotment of restricted shares as compensation to the Directors, etc. and each of the Directors, etc. will then make an in-kind investment of all such monetary compensation receivables in return for the receipt of said shares.

The Company will conclude a restricted share allotment agreement with the Directors, etc. Directors, etc. to whom restricted shares have been allotted may not transfer the shares to third parties, establish a pledge or a security interest on the shares, use them as an inter vivos gift, bequest them to another party or otherwise dispose of the allotted shares (hereinafter the "Transfer Restrictions") for a period of between five and 30 years, as specified by the Company's Board of Directors (hereinafter the "Transfer Restriction Period"). The Transfer Restrictions are removed on the transfer of all shares allotted to Directors, etc. upon conclusion of the Transfer Restriction Period if the holder of the shares has been a member of the Board, an officer or an employee of the Company continuously from the initial day of the Transfer Restriction Period until the day of the first subsequent Ordinary General Meeting of Shareholders. On the other hand, the Company may reacquire the allotted shares free of charge in cases where the Transfer Restrictions have not been removed at the expiration of the Transfer Restriction Period.

2. Number of Shares Granted during the Year and Fair Value

	Yen (unless otherwise stated)		U.S. Dollars (unless otherwise stated)
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Grant date	May 26, 2023	May 27, 2022	May 26, 2023
Number of shares granted (Shares)	51,295	83,649	51,295
Fair value at grant date	¥ 2,886	¥ 1,638	\$ 20.35

3. Expenses related to Share-based Payments

Expenses related to share-based payments were ¥134 million and ¥145 million (\$1,022 thousand) for the fiscal years ended December 31, 2022 and 2023, respectively, which were included in "Selling, general, and administrative expenses" and "Cost of sales" in the consolidated statement of profit or loss.



Financial Section

30. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

1. Reconciliation of Financing Activity Items

Changes in liabilities arising from financing activities were as follows:

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

	Millions of Yen					
	Balance at January 1, 2022	Cash flows	Non-cash changes			Balance at December 31, 2022
			Acquisition	New leases	Others	
Short-term borrowings	¥ 50,714	¥ 34,460	¥ —	¥ —	¥ 701	¥ 85,875
Long-term borrowings	95,585	(5,971)	—	—	7,393	97,008
Commercial papers	—	7,000	—	—	—	7,000
Bonds	30,935	18,000	—	—	(117)	48,818
Lease liabilities	40,588	(6,609)	—	6,299	1,299	41,578
Financial liabilities	¥ 217,823	¥ 46,881	¥ —	¥ 6,299	¥ 9,277	¥ 280,279

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen					
	Balance at January 1, 2023	Cash flows	Non-cash changes			Balance at December 31, 2023
			Acquisition	New leases	Others	
Short-term borrowings	¥ 85,875	¥ (41,646)	¥ —	¥ —	¥ 1,963	¥ 46,192
Long-term borrowings	97,008	284,806	—	—	1,504	383,318
Commercial papers	7,000	(7,000)	—	—	—	—
Bonds	48,818	(9,000)	—	—	29	39,847
Lease liabilities	41,578	(9,651)	—	10,064	6,741	48,732
Financial liabilities	¥ 280,279	¥ 217,509	¥ —	¥ 10,064	¥ 10,236	¥ 518,089

	Thousands of U.S. Dollars					
	Balance at January 1, 2023	Cash flows	Non-cash changes			Balance at December 31, 2023
			Acquisition	New leases	Others	
Short-term borrowings	\$ 605,477	\$ (293,633)	\$ —	\$ —	\$ 13,839	\$ 325,684
Long-term borrowings	683,973	2,008,079	—	—	10,604	2,702,656
Commercial papers	49,355	(49,355)	—	—	—	—
Bonds	344,203	(63,456)	—	—	201	280,948
Lease liabilities	293,155	(68,045)	—	70,958	47,529	343,597
Financial liabilities	\$ 1,976,162	\$ 1,533,590	\$ —	\$ 70,958	\$ 72,174	\$ 3,652,885

31. FINANCIAL INSTRUMENTS

1. Capital Management

In order to realize the Group's sustainable growth and enhancement of corporate value, the Group's capital management aims to improve capital efficiency to secure sufficient capital for the growth of its core business.

The Group monitors, as indicators related to capital management, equity ratio and return on equity (ROE) attributable to owners of the parent.

2. Basic Policies on Financial Risk Management

The Group is exposed to financial risks in the course of conducting business activities. To avoid or reduce such risks, the Group practices risk management based on prescribed policies.

The Group conducts derivative transactions only for actual demand and not for speculative purposes.

3. Credit Risk

(1) Credit Risk Management and Maximum Exposure to Credit Risk

Trade receivables such as notes and accounts receivables held by the Group are exposed to customer credit risk. For such credit risk, the Group monitors creditworthiness of main counterparties on a regular basis and manages due dates and outstanding balances of each counterparty. In addition, efforts are made to promptly identify and reduce the risk of uncollectibility due to deterioration of financial position of counterparties or other reasons. The Group's consolidated subsidiaries also manage credit risk in accordance with the internal policies for managing receivables.

The Group is not exposed to credit risk that is significantly concentrated on any particular counterparty.

The maximum exposure to the credit risk of financial assets is the carrying amount after impairment of the financial assets presented in the consolidated statement of financial position.

(2) Credit Risk Management Practices

The Group recognizes allowance for doubtful receivables on financial assets classified as measured at amortized cost. In recognizing and measuring the allowance for doubtful receivables, the Group categorizes financial assets into three stages based on whether there has been a significant increase in the credit risk and whether the financial asset has been credit impaired.

Stage 1: There is no indication of a significant increase in credit risk.

Stage 2: There is an indication of a significant increase in credit risk, but no indication of credit impairment.

Stage 3: A significant increase in credit risk and credit impairment are both apparent.

A significant increase in credit risk refers to a significant increase in the risk of default occurring at the end of the fiscal year compared to the initial recognition. The Group determines whether there is a significant increase in credit risk mainly based on the principal and interest payment in arrears for over 30 days, in light of the economic conditions of the industry to which the debtor belongs and the possibility of future changes in debtor's solvency.

The Group determines that a default has been triggered when events occur, such as significant financial difficulties of the debtor or issuer and the principal and interest payment in arrears.

If it is determined that the default is occurring, an objective evidence of credit impairment is considered to exist, and such financial assets are classified as credit-impaired financial assets.

Irrespective of the above three stages, when it is reasonably determined that all or part of a financial asset is not collectable, such as in the case of financial assets legally being extinguished, the carrying amount of the financial asset is directly written off.

In estimating allowance for doubtful receivables, expected credit losses of trade receivables are measured on a collective basis, and each group company individually sets its own grouping or sub-grouping of credit losses.

In measuring the 12-month and lifetime expected credit losses, the Group uses reasonable and supportable information that is available without undue cost or effort at the end of the fiscal year about past events, current conditions and forecasts of future economic conditions.

In measuring the expected credit losses on a collective basis, the actual rate of default from the past experiences may be used.



Financial Section

(3) Changes in Allowance for Doubtful Receivables

Changes in allowance for doubtful receivables are as follows:

	Millions of Yen							
	2023 (From January 1, 2023 to December 31, 2023)				2022 (From January 1, 2022 to December 31, 2022)			
	Allowance for doubtful receivables for financial instruments other than trade and other receivables (12-month expected credit loss)	Allowance for doubtful receivables for trade and other receivables (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments that are credit-impaired (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments other than trade and other receivables (12-month expected credit loss)	Allowance for doubtful receivables for trade and other receivables (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments that are credit-impaired (Lifetime expected credit loss)
Beginning balance	¥ —	¥ 1,345	¥ 1,020	¥ 1,293	¥ —	¥ 1,046	¥ 649	¥ 1,573
Provision (Note)	—	899	26	20	—	558	28	—
Utilization through write-off	—	(86)	—	(1)	—	(105)	—	(1)
Reversal (Note)	—	(372)	(66)	—	—	(236)	(41)	(13)
Other	—	54	—	(94)	—	82	384	(266)
Ending balance	¥ —	¥ 1,840	¥ 980	¥ 1,218	¥ —	¥ 1,345	¥ 1,020	¥ 1,293

	Thousands of U.S. Dollars			
	2023 (From January 1, 2023 to December 31, 2023)			
	Allowance for doubtful receivables for financial instruments other than trade and other receivables (12-month expected credit loss)	Allowance for doubtful receivables for trade and other receivables (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	Allowance for doubtful receivables for financial instruments that are credit-impaired (Lifetime expected credit loss)
Beginning balance	\$ —	\$ 9,480	\$ 7,193	\$ 9,117
Provision (Note)	—	6,339	184	141
Utilization through write-off	—	(604)	—	(5)
Reversal (Note)	—	(2,621)	(469)	—
Other	—	381	—	(664)
Ending balance	\$ —	\$ 12,975	\$ 6,909	\$ 8,589

Note:

Provision and reversal of allowance for doubtful receivables for trade and other receivables (lifetime expected credit loss) are due to an increase or decrease in trade and other receivables mainly as a result of sale and collection of those assets.

(4) Carrying Amount of Financial Instruments related to Allowance for Doubtful Receivables

The carrying amount (before allowance for doubtful receivables) of financial instruments related to allowance for doubtful receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Financial instruments other than trade and other receivables (12-month expected credit loss)	¥ 7,602	¥ 4,006	\$ 53,598
Trade and other receivables (Lifetime expected credit loss)	246,220	196,065	1,736,019
Financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	236	290	1,667
Credit-impaired financial instruments (Lifetime expected credit loss)	1,021	1,095	7,196

(5) Analysis of Credit Risk

Below is the aged analysis of trade and other receivables.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
30 days or less past due	¥ 12,926	¥ 12,370	\$ 91,140
Over 30 days to 60 days or less past due	4,563	2,943	32,170
Over 60 days to 90 days or less past due	1,385	1,020	9,764
Over 90 days past due	4,001	7,105	28,211
Total	¥ 22,875	¥ 23,438	\$ 161,286

With regard to financial instruments related to allowance for doubtful receivables other than trade and other receivables, there is no concentration of credit risk on any particular rating.

4. Liquidity Risk

(1) Liquidity Risk Management

The Group raises funds mainly through borrowings from banks and issuance of bonds. Therefore, the Group is exposed to liquidity risk, where the deterioration in the financing environment and other reasons may hinder the Group from fulfilling its obligations to make payments by the due date.

To manage liquidity risk within the Group, the Company's finance department creates and updates cash plans as necessary, based on information obtained from the departments and major consolidated subsidiaries of the Company. At the same time, the Company constantly monitors the operating environment to maintain and ensure appropriate liquidity in hand in response to changing conditions.



Financial Section

(2) Balance of Financial Liabilities (including Derivative Financial Instruments) by Settlement Date

The balance of financial liabilities (including derivative financial instruments) by settlement date is as follows:

Fiscal Year Ended December 31, 2022 (December 31, 2022)

	Millions of Yen							
	Carrying amount	Contractual cash flows	1 year or less	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Non-derivative financial liabilities								
Trade and other payables	¥ 78,131	¥ 78,131	¥ 78,131	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds and borrowings	238,701	245,826	118,997	19,081	19,695	27,038	8,839	52,176
Lease liabilities	41,578	46,779	9,104	7,052	5,396	4,105	3,786	17,335
Subtotal	358,410	370,736	206,232	26,133	25,092	31,143	12,625	69,511
Derivative financial liabilities	815	815	764	51	—	—	—	—
Total	¥ 359,224	¥ 371,550	¥ 206,995	¥ 26,184	¥ 25,092	¥ 31,143	¥ 12,625	¥ 69,511

Fiscal Year Ended December 31, 2023 (December 31, 2023)

	Millions of Yen							
	Carrying amount	Contractual cash flows	1 year or less	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Non-derivative financial liabilities								
Trade and other payables	¥ 105,239	¥ 105,239	¥ 105,239	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds and borrowings	469,356	487,523	99,919	53,849	58,353	42,179	36,746	196,477
Lease liabilities	48,732	54,785	12,057	8,764	5,933	5,321	4,520	18,191
Subtotal	623,328	647,547	217,214	62,613	64,286	47,499	41,266	214,668
Derivative financial liabilities	385	385	385	—	—	—	—	—
Total	¥ 623,713	¥ 647,932	¥ 217,599	¥ 62,613	¥ 64,286	¥ 47,499	¥ 41,266	¥ 214,668

	Thousands of U.S. Dollars							
	Carrying amount	Contractual cash flows	1 year or less	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Non-derivative financial liabilities								
Trade and other payables	\$ 742,009	\$ 742,009	\$ 742,009	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds and borrowings	3,309,287	3,437,374	704,496	379,674	411,431	297,389	259,087	1,385,296
Lease liabilities	343,597	386,273	85,007	61,794	41,833	37,513	31,867	128,259
Subtotal	4,394,894	4,565,656	1,531,513	441,468	453,264	334,903	290,953	1,513,556
Derivative financial liabilities	2,713	2,713	2,713	—	—	—	—	—
Total	\$ 4,397,607	\$ 4,568,369	\$ 1,534,225	\$ 441,468	\$ 453,264	\$ 334,903	\$ 290,953	\$ 1,513,556

5. Foreign Exchange Risk

(1) Foreign Exchange Risk Management

The Group operates businesses globally and therefore is involved in foreign currency transactions. Foreign currency receivables and payables arising from those transactions are exposed to foreign exchange fluctuation risk.

The Group's foreign exchange risk arises mainly from the fluctuation of the U.S. Dollar and the Euro. The Company and its certain consolidated subsidiaries assess foreign exchange fluctuation risk of trade receivables and payables denominated in foreign currencies for each currency every month, and hedge part of the risk by using forward foreign exchange contracts.

(2) Foreign Exchange Sensitivity Analysis

For financial instruments held by the Group at the end of each fiscal year, the effects of a 1% increase in Japanese yen against the U.S. Dollar and the Euro on profit before tax are as follows. All other variables are assumed to be constant.

	Currency	Millions of Yen		Thousands of U.S. Dollars
		2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Effects on profit before tax	U.S. Dollar	¥ (365)	¥ (193)	\$ (2,572)
	Euro	2	(431)	13

6. Interest Rate Risk

(1) Interest Rate Risk Management

The Group is exposed to interest rate risk from variable interest rates on some of the interest-bearing liabilities assumed by the Group.

The Group uses interest rate swaps to reduce the risk of fluctuation in the interest rates on borrowings.

(2) Interest Rate Sensitivity Analysis

For interest-bearing liabilities with variable interest rates assumed by the Group at the end of each fiscal year, the effects of a 1% increase in the interest rate on profit before tax are as follows. All other variables are assumed to be constant.

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Effects on profit before tax	¥ (603)	¥ (880)	\$ (4,249)

7. Share Price Fluctuation Risk

(1) Share Price Fluctuation Risk Management

The Group holds shares in other listed companies with which the Group has business relationships for certain purposes, such as reinforcing sales foundations. Thus, the Group is exposed to the share price fluctuation risk of equity financial instruments.

For these equity financial instruments, the Group monitors the share prices and financial position of issuers on a regular basis and reviews its shareholdings on an ongoing basis by considering the relationship with the issuer of the equity instruments.

(2) Share Price Fluctuation Sensitivity Analysis

For equity financial assets (shares) in active markets held by the Group at the end of each fiscal year, if all quoted prices are assumed to decrease by 1% at the end of the fiscal year, the effects on other comprehensive income (before tax) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Effects on other comprehensive income (before tax)	¥ (787)	¥ (898)	\$ (5,549)



Financial Section

8. Carrying Amount and Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are as follows.

Financial assets and financial liabilities other than bonds and long-term borrowings are not included below as their fair value approximates their carrying amount.

	Millions of Yen				Thousands of U.S. Dollars	
	2023 (December 31, 2023)		2022 (December 31, 2022)		2023 (December 31, 2023)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings (Note)	¥ 383,318	¥ 376,521	¥ 97,008	¥ 96,186	\$ 2,702,656	\$ 2,654,735
Bonds (Note)	39,847	38,051	48,818	46,393	280,948	268,289

Note:

The balance due within one year is included.

The fair value of long-term borrowings and bonds is determined by discounting each obligation classified by term using a rate that takes into account time to maturity and credit risk.

The fair value hierarchy of long-term borrowings and bonds is categorized within Level 3.

9. Fair Value Hierarchy of Financial Instruments

Financial instruments measured at fair value on a recurring basis after the initial recognition are categorized into three levels of the fair value hierarchy depending on the observability and materiality of inputs used for the fair value measurement.

Each level of fair value hierarchy is defined as follows:

Level 1: Fair values measured at quoted prices in active markets

Level 2: Fair values measured using direct or indirect observable inputs other than those of Level 1

Level 3: Fair values measured using unobservable inputs

When two or more inputs are used for the measurement of fair value, the level of fair value is determined based on the lowest level input that is material to the entire measurement.

Transfers between the levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarterly period.

There were no transfers between Level 1, Level 2 and Level 3 during the fiscal years ended December 31, 2022 and 2023.

Assets measured at fair value on a recurring basis are as follows:

Fiscal Year Ended December 31, 2022 (December 31, 2022)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Non-derivative financial assets measured at fair value through profit or loss				
Other	¥ —	¥ 179	¥ —	¥ 179
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	89,793	—	13,142	102,935
Other	—	—	610	610
Derivative assets	195	8,431	—	8,626
Total	¥ 89,988	¥ 8,610	¥ 13,752	¥ 112,351
Financial liabilities				
Derivative liabilities				
Total	¥ —	¥ 815	¥ —	¥ 815

Fiscal Year Ended December 31, 2023 (December 31, 2023)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Non-derivative financial assets measured at fair value through profit or loss				
Other	¥ —	¥ 170	¥ —	¥ 170
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	78,703	—	16,144	94,847
Other	—	—	1,035	1,035
Derivative assets	—	7,333	—	7,333
Total	¥ 78,703	¥ 7,503	¥ 17,179	¥ 103,385
Financial liabilities				
Derivative liabilities				
Total	¥ —	¥ 385	¥ —	¥ 385

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Non-derivative financial assets measured at fair value through profit or loss				
Other	\$ —	\$ 1,200	\$ —	\$ 1,200
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	554,913	—	113,827	668,740
Other	—	—	7,294	7,294
Derivative assets	—	51,701	—	51,701
Total	\$ 554,913	\$ 52,901	\$ 121,121	\$ 728,935
Financial liabilities				
Derivative liabilities				
Total	\$ —	\$ 2,713	\$ —	\$ 2,713

The fair value of shares that have an active market is determined based on market prices, and therefore is categorized within Level 1. When the fair value of shares that do not have an active market is measured at the amount which is determined using material unobservable inputs through methods including the comparable peer company analysis, it is categorized within Level 3.

Certain derivative assets and derivative liabilities including forward foreign exchange contracts and interest rate swaps are not traded in an active market. Their fair value is determined by making the best use of observable market data to the extent available and does not depend on the Group's own estimation to the extent possible. If all material inputs are observable, it is categorized within Level 2.

The fair value of non-derivative financial assets categorized within Level 3 is evaluated using price book-value ratio (PBR) under the comparable peer company analysis.

In accordance with the Group's policies and procedures on the valuation of the fair value measurement, the finance department decides the method of evaluating financial instruments under review and measures their fair value.

The results of the fair value measurement are approved by an appropriate person responsible for valuation.



Financial Section

Changes in financial instruments measured at fair value on a recurring basis that are categorized within Level 3 are as follows:

	Millions of Yen
	Financial assets
Balance at January 1, 2022	¥ 11,879
Total gains and losses	
Other comprehensive income (Note)	1,706
Purchase	155
Sale	(1)
Other	14
Balance at December 31, 2022	¥ 13,752
Total gains and losses	
Other comprehensive income (Note)	2,013
Purchase	—
Sale	(41)
Acquisition through business combinations	873
Other	581
Balance at December 31, 2023	¥ 17,179

	Thousands of U.S. Dollars
	Financial assets
Balance at December 31, 2022	\$ 96,963
Total gains and losses	
Other comprehensive income (Note)	14,195
Purchase	—
Sale	(288)
Acquisition through business combinations	6,152
Other	4,099
Balance at December 31, 2023	\$ 121,121

Note:

Other comprehensive income related to financial assets measured at fair value through other comprehensive income, which is included in “Gains (losses) on financial assets measured at fair value through other comprehensive income.”

10. Derivative Transactions and Hedging Activities

Cash flow hedges

The Group primarily designates the following as cash flow hedges: forward foreign exchange contracts and option contracts to fix cash flows of forecast transactions denominated in foreign currencies, interest rate swaps to fix variable interest rates on long-term borrowings, and commodity futures transactions to offset price fluctuations of raw material purchase prices.

The amounts recognized in profit or loss for hedge ineffectiveness and the portion excluded from the assessment of hedge effectiveness are not material for the fiscal years ended December 31, 2022 and 2023.

Changes in the fair value of hedging instruments that are used as a basis for the calculation of hedge ineffectiveness are not material for the fiscal years ended December 31, 2022 and 2023.

(1) Fair Value of Hedging Instruments under Hedge Accounting

The fair value of hedging instruments under hedge accounting by type of hedge is as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2023		2022		2023	
	(December 31, 2023)		(December 31, 2022)		(December 31, 2023)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Interest rate swaps	¥ 827	¥ —	¥ 848	¥ —	\$ 5,832	\$ —
Forward foreign exchange contracts	264	216	1,785	707	1,862	1,525
Option contracts	—	—	—	6	—	—
Commodity futures transactions	—	—	195	—	—	—
Subtotal	1,091	216	2,827	713	7,693	1,525
Total	¥ 1,091	¥ 216	¥ 2,827	¥ 713	\$ 7,693	\$ 1,525

In the consolidated statement of financial position, the fair value of assets as hedging instruments is included in "Other financial assets (Current assets)" and "Other financial assets (Non-current assets)," and the fair value of liabilities as hedging instruments is included in "Other financial liabilities (Current liabilities)" and "Other financial liabilities (Non-current liabilities)."

(2) Notional Amount and Average Price of Hedging Instruments under Hedge Accounting

The notional amount and average price of hedging instruments under hedge accounting are as follows:

Type of risk	Type of hedge	Hedging instrument	Notional amount and average price	Millions of Yen				Thousands of U.S. Dollars	
				2023		2022		2023	
				(December 31, 2023)		(December 31, 2022)		(December 31, 2023)	
			Within 1 year	Over 1 year	Within 1 year	Over 1 year	Within 1 year	Over 1 year	
Interest rate risk	Cash flow hedge	Pay fixed, receive variable interest rate swaps	Notional amount	¥ 10,212	¥ 20,424	¥ 9,554	¥ 28,663	\$ 72,000	\$ 144,000
		Short EUR Forward foreign exchange contracts	Notional amount	14,256	—	22,352	—	100,514	—
			Average price (USD/EUR)	1.1	—	1.2	—	1.1	—
		Long INR Forward foreign exchange contracts	Notional amount	9,575	—	12,144	2,117	67,511	—
			Average price (USD/INR)	84.6	—	82.7	86.1	84.6	—
Foreign exchange risk	Cash flow hedge	Long THB Forward foreign exchange contracts	Notional amount	19,618	—	14,250	—	138,317	—
			Average price (JPY/THB)	4.1	—	3.9	—	4.1	—
		Long ILS Forward foreign exchange contracts	Notional amount	12,509	—	11,107	—	88,200	—
			Average price (USD/ILS)	3.8	—	3.4	—	3.8	—
		Long ILS Put option contracts	Notional amount	—	—	4,034	—	—	—
			Average price (USD/ILS)	—	—	3.6	—	—	—
Commodity price fluctuation risk	Cash flow hedge	Long Natural rubber Commodity futures transactions	Notional amount	—	—	2,457	—	—	—
			Average price (USD/t)	—	—	1,230.0	—	—	—

The interest rate swaps that were entered into to fix variable interest payments against interest rate fluctuation risk bear variable interest of 6-month USD LIBOR, with a fixed payment rate ranging from negative 0.011% to positive 0.010%.



Financial Section

(3) Changes in Other Components of Equity (Changes in Fair Value of Hedging Instruments)

(i) Interest rate fluctuation risk

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Beginning of the year	¥ 228	¥ 231	\$ 1,607
Amount recognized	1,745	717	12,303
Amount reclassified to profit for the year (Note)	(1,808)	(720)	(12,747)
End of the year	165	228	1,163

Note:

The amounts before tax effects are ¥(851) million and ¥(1,835) million (\$12,941) thousand for the fiscal years ended December 31, 2022 and 2023, respectively, and are included in "Finance costs" in the consolidated statement of profit or loss.

(ii) Foreign exchange fluctuation risk

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Beginning of the year	¥ 641	¥ 2,068	\$ 4,518
Amount recognized	(143)	2,238	(1,007)
Amount reclassified to profit for the year (Note)	(1,047)	(3,665)	(7,385)
End of the year	(549)	641	(3,873)

Note:

The amounts before tax effects are ¥(4,684) million and ¥(1,441) million (\$10,163) thousand for the fiscal years ended December 31, 2022 and 2023, respectively, and are included in "Revenue" and "Selling, general, and administrative expenses" in the consolidated statement of profit or loss.

(iii) Commodity price fluctuation risk

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Beginning of the year	¥ 215	¥ 38	\$ 1,514
Amount recognized	151	167	1,064
Amount reclassified to profit for the year (Note)	(286)	10	(2,017)
End of the year	79	215	560

Note:

The amounts before tax effects are ¥13 million and ¥(377) million (\$2,658) thousand for the fiscal years ended December 31, 2022 and 2023, respectively, and are included in "Cost of sales" in the consolidated statement of profit or loss.

32. BUSINESS COMBINATIONS

Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

Not applicable.

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

1. Overview of the business combination

(1) Acquiree

Name of acquiree: Trelleborg Wheel Systems Holding AB

Description of business: Manufacture and sale of tires for agricultural and industrial machinery

(2) Main reason for the business combination

Acquisition through share purchase

On May 2, 2023, the Company has completed the acquisition of all outstanding shares of Trelleborg Wheel Systems Holding AB (hereinafter, TWS) from Trelleborg AB based on a share purchase agreement which was concluded on March 25, 2022. Accordingly, TWS has become a wholly-owned subsidiary. All applicable prior approvals by authorities in relevant countries and regions based on competition laws and other requirements for the transaction had either been fulfilled or waived by April 2023.

Reason for the acquisition of shares

Since fiscal 2021, the Group has been implementing its medium-term management plan, "Yokohama Transformation 2023 (YX 2023)," a three-year plan covering fiscal 2021 to fiscal 2023.

While commercial tires account for half of sales in the global tire market, the Company's sales ratio of consumer tires to commercial tires is 2:1. To secure business stability and earnings growth, the growth of the OHT business, which is capable of securing a high level of earnings among the commercial tire business, has been one of the key challenges for the Company.

With this acquisition, the Company will further expand its commercial tire business and accelerate its global expansion.

(3) Date of acquisition

May 2, 2023

(4) Percentage of voting equity interests acquired

100%

(5) Method used to obtain control of the acquiree

Share acquisition in exchange for cash

(6) Reportable segment

Tires

2. Consideration

	Millions of Yen	Thousands of U.S. Dollars
Cash	¥ 347,939	\$ 2,453,212
Total	347,939	2,453,212

Consideration is measured at TWS's enterprise value plus adjustments arising from a performance-linked earn-out and other clauses all of which are included in the share purchase agreement. A professional has been appointed to appraise TWS's enterprise value in determining the consideration for the share acquisition.

3. Acquisition-related costs

Costs related to the business combination for the fiscal year ended December 31, 2023 of ¥1,933 million (\$13,631 thousand) were recorded in "Selling, general, and administrative expenses."



Financial Section

4. Fair value of assets acquired and liabilities assumed, and goodwill at the date of the acquisition

	Millions of Yen	Thousands of U.S. Dollars
CURRENT ASSETS:		
Cash and cash equivalents	¥ 27,981	\$ 197,286
Trade and other receivables	32,305	227,770
Inventories	53,126	374,572
Other	10,169	71,699
NON-CURRENT ASSETS:		
Property, plant and equipment	94,050	663,117
Intangible assets	36,826	259,646
Other	2,579	18,183
Current liabilities	42,534	299,896
Non-current liabilities	21,511	151,665
Assets acquired and liabilities assumed (net)	192,990	1,360,712
Goodwill	¥ 154,949	\$ 1,092,500

There are no material receivables that are deemed unrecoverable. Intangible assets consist of customer-related assets of ¥6,366 million (\$44,883 thousand), technology-related assets of ¥5,922 million (\$41,751 thousand), and trademark rights of ¥23,390 million (\$164,918 thousand). Goodwill represents future excess earning power expected from ongoing business development. No material amount is included in tax deductibles expected for the goodwill recognized.

The Company has appointed an external appraiser to allocate the consideration for the acquisition. Goodwill, assets acquired and liabilities assumed at the date of the business combination and other amounts are accounted for provisionally as of the end of the fiscal year ended December 31, 2023, as identifiable assets and liabilities at that date are currently being examined, and the allocation of the consideration is yet to be completed.

The initial allocation of consideration made during the fiscal year has partly been revised at the end of the fiscal year ended December 31, 2023, but disclosure is omitted as it is immaterial.

5. Impact on the Group

Revenue and profit that arose after the date of business acquisition were ¥103,740 million (\$731,441 thousand) and ¥6,330 million (\$44,630 thousand), respectively. Assuming that the business combination took place at the beginning of the fiscal year ended December 31, 2023, revenue and profit for the fiscal year would be ¥162,670 million (\$1,146,934 thousand) and ¥10,348 million (\$72,961 thousand), respectively.

The statement above is pro forma information not subject to audit.

6. Financing

The Company's borrowings to finance the acquisition of TWS shares are as follows:

	Syndicated loan agreements	Loan agreement with JBIC
Amount	¥214,700 million (\$1,513,784 thousand)	¥100,000 million (\$705,069 thousand)
Contract date	June 28, 2023	June 30, 2023
Execution date	June 30, 2023	
Final repayment date	June 30, 2033	
Term	10 years	
Interest rate	Fixed interest rate (mainly the rate consisting of the base rate plus a spread)	
Lead arranger	Mizuho Bank, Ltd. Mizuho Bank Ltd., The Bank of Yokohama, Ltd., The Norinchukin Bank, MUFG Bank, Ltd., Kanagawa Kenshinren, The Shizuoka Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, JA-Bank Hokkaido, The Hyakugo Bank, Ltd., JA Mie Shinren, The 77 Bank, Ltd., Mizuho Trust & Banking Co., Ltd.,	-
Participating banks	Ibaraki Shinren, The Joyo Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Aomori Bank, Ltd., The Gunma Bank, Ltd., The Hachijuni Bank, Ltd., The Bank of Fukuoka, Ltd., The Hokuriku Bank, Ltd., and The Musashino Bank, Ltd.	Japan Bank for International Cooperation
Assets pledged as collateral	None	

Financial covenants in the agreements are described in 18. "BONDS AND BORROWINGS."

33. SUBSIDIARIES

1. Major Subsidiaries

The Company's major subsidiaries are as follows:

Name	Location	Ownership percentage of voting rights
Yokohama Tire Japan Co., Ltd.	Tokyo, Japan	91.0 %
Ibaraki Yokohama Tire Sales Co., Ltd.	Mito, Japan	45.0
Niigata Yokohama Tire Co., Ltd.	Niigata, Japan	50.0
Kagoshima Yokohama Tire Co., Ltd.	Kagoshima, Japan	50.0
Okinawa Yokohama Tire Co., Ltd.	Haebaru, Japan	40.0
Sasson Yokohama Tire Co., Ltd.	Otaru, Japan	50.0
YFC Co., Ltd.	Hiratsuka, Japan	100.0
Yokohama Tire Retread Co., Ltd.	Onomichi, Japan	100.0
Kameyama Bead Co., Ltd.	Kameyama, Japan	100.0
Aichi Tire Industry Co., Ltd.	Komaki, Japan	100.0
Hamagomu Engineering Co., Ltd.	Hiratsuka, Japan	100.0
Hamagomu Logistics Co., Ltd.	Hiratsuka, Japan	100.0
Yokohama Mold Co., Ltd.	Omitama, Japan	100.0
Yokohama Tire Corporation	California, United States of America	100.0
Yokohama Tire (Canada) Inc.	British Columbia, Canada	100.0
Yokohama Corporation of America	California, United States of America	100.0
Yokohama Corporation of North America	California, United States of America	100.0
Yokohama Tire Manufacturing Mississippi, LLC.	Mississippi, United States of America	100.0
Yokohama Tire Manufacturing Virginia LLC.	Virginia, United States of America	100.0
Yokohama Tire Mexico S. De R.L. De C.V.	Guanajuato, Mexico	100.0
Yokohama Tire Australia Pty. Ltd.	New South Wales, Australia	100.0
Yokohama Europe GmbH	Düsseldorf, Germany	100.0
Yokohama (Suisse) S.A.	Payerne, Switzerland	100.0
Yokohama Scandinavia AB	Stockholm, Sweden	100.0
Yokohama H.P.T. Ltd.	Milton Keynes, the United Kingdom	100.0
Yokohama Iberia, S.A.	Madrid, Spain	100.0
Yokohama France S.A.S	Genas, France	100.0
Yokohama CEE Spółka z. o.o.	Warsaw Poland	100.0
Yokohama Tire Sales Philippines, Inc.	Makati City, Philippines	100.0
Yokohama Tire Philippines, Inc.	Clark Freeport Zone, Philippines	100.0
Yokohama Tire Taiwan Co., Ltd.	Taipei, Taiwan	75.0
Hangzhou Yokohama Tire Co., Ltd.	Zhejiang, China	100.0
Suzhou Yokohama Tire Co., Ltd.	Jiangsu, China	100.0
Yokohama Rubber (China) Co., Ltd.	Shanghai, China	100.0
Yokohama Tire Sales (Shanghai) Co., Ltd.	Shanghai, China	100.0
Yokohama Russia L.L.C.	Moscow, Russia	100.0
LLC Yokohama R.P.Z.	Lipetsk, Russia	100.0
Yokohama Tire Sales (Thailand) Co., Ltd.	Bangkok, Thailand	100.0
Yokohama Tire Manufacturing (Thailand) Co., Ltd.	Rayong, Thailand	100.0
Yokohama Mold (Thailand) Co., Ltd.	Rayone, Thailand	100.0
Yokohama Tyre Vietnam Inc.	Binh Duong, Vietnam	100.0
Yokohama India Private Ltd.	Haryana, India	100.0
Yokohama Asia Co., Ltd.	Bangkok, Thailand	100.0
Yokohama Tire Korea Co., Ltd.	Seoul, South Korea	100.0
Yokohama Tyre Sales Malaysia Sdn. Bhd.	Selangore, Malaysia	51.0
Yokohama Rubber Singapore Pte. Ltd.	Singapore	100.0
Yokohama Off-Highway Tires K.K.	Hiratsuka, Japan	100.0
Alliance Tire Company Ltd.	Haifa, Israel	100.0
ATC Tires Private Ltd.	Maharashtra, India	100.0
Alliance Tire Europe B.V.	North Holland, Netherlands	100.0
Yokohama Off-Highway Tires America Inc.	Massachusetts, United States of America	100.0
ATC Tires AP Private Ltd.	Maharashtra, India	100.0
Yokohama Industrial Products Japan Co., Ltd.	Tokyo, Japan	100.0
Furusawa Shokai Co., Ltd.	Kita-Hiroshima, Japan	100.0
Yokohama Industries Americas Inc.	Kentucky, United States of America	100.0
Yokohama Industries Americas Ohio Inc.	Ohio, United States of America	100.0



Financial Section

Name	Location	Ownership percentage of voting rights
Yokohama Industries Americas de Mexico S. de R.L. de C.V.	Aguascalientes, Mexico	100.0
SC Kingflex Corporation	Taoyuan, Taiwan	49.0
Yokohama Rubber (Thailand) Co., Ltd.	Rayong, Thailand	79.8
Shandong Yokohama Rubber Industrial Products Co., Ltd.	Shandong, China	77.0
Yokohama Aerospace America, Inc.	Washington, United States of America	80.0
Yokohama Industrial Products Sales-Shanghai Co., Ltd.	Shanghai, China	100.0
Yokohama Industrial Products Asia-Pacific Pte. Ltd.	Singapore	100.0
Yokohama Industrial Products-Hangzhou Co., Ltd.	Zhejiang, China	100.0
PT Yokohama Industrial Products Manufacturing Indonesia	Batam, Indonesia	100.0
Yokohama Rubber Marine & Aerospace Co., Ltd.	Hiratsuka, Japan	100.0
HAMAGOMU AICOM INC.	Yokohama, Japan	100.0
PRGR Co., Ltd.	Hiratsuka, Japan	100.0
Y.T. Rubber Co., Ltd.	Suratthani, Thailand	95.0
Yokohama TWS Holding AB	Trelleborg, Sweden	100.0
Yokohama TWS S.p.A	Lazio, Italy	100.0
Yokohama TWS Czech Republic a.s.	Prague, Czech Republic	100.0
Yokohama TWS North America, Inc.	Delaware, United States of America	100.0
Yokohama TWS Brazil Ltda.	Sao Paulo, Brazil	100.0
Yokohama TWS Australia Pty Ltd.	Victoria, Australia	100.0

2. Subsidiaries with Material Non-controlling Interests

The Group has no subsidiaries with material non-controlling interests or individually material associates.

34. RELATED PARTIES

Remunerations for major executives

Remunerations for major executives of the Group were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (From January 1, 2023 to December 31, 2023)	2022 (From January 1, 2022 to December 31, 2022)	2023 (From January 1, 2023 to December 31, 2023)
Remunerations and bonuses	¥ 452	¥ 404	\$ 3,186
Performance-linked remuneration	153	57	1,081
Share-based payment	118	110	829
Total	¥ 723	¥ 571	\$ 5,096

35. COMMITMENTS

Commitments related to the acquisition of assets at or after the end of each fiscal year are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023 (December 31, 2023)	2022 (December 31, 2022)	2023 (December 31, 2023)
Agreements on the acquisition of property, plant and equipment and intangible assets	¥ 22,458	¥ 19,722	\$ 158,348

36. CONTINGENT LIABILITIES

In operating their businesses, the Company and its group companies may be subject to investigations by government agencies or may be involved in cases that can develop into disputes in Japan or in overseas jurisdictions.

At December 31, 2023, there are tax investigations conducted by taxation authorities concerning the interpretation and application of taxation systems mainly in emerging economies, notices of reassessment issued, and unresolved claims, including litigation and settlement negotiations. Based on consultation with legal and tax professionals, the Company estimates the likelihood that these contingent liabilities will have material consequences and recognizes a liability when it is probable that an outflow of resources embodying economic benefits will be required to settle the liability and a reliable estimate can be made of the amount of the liability.

Such liabilities are recorded based on currently available information; however, due to the inherent uncertainty of estimates, additional liabilities may be incurred if new facts become known in the future.

37. SUBSEQUENT EVENTS

Material capital expenditure

The Company has resolved at the Board of Director's meeting held in February 2024, that it will build a passenger car tire plant in Mexico to strengthen its capacity to supply tires to the North American market. The new plant will have an annual production capacity of 5 million tires, with a planned capital expenditure totaling US\$380 million (approx. ¥52.1 billion). Construction of the new plant will start in the second quarter of 2024, and production is scheduled to start in the first quarter of 2027. The new plant will be built on a site with a total area of about 610,000 square meters, which will be able to accommodate future expansion.

The Company recognizes that local production for local demand will be indispensable for rapidly meeting the expected increase in demand for tires in the North American market. The new plant will be located in the Mexican state of Coahuila and will have access to a major railway line and expressway that will facilitate timely supply of tires to customers throughout North America.

This capital expenditure does not impact consolidated results for the year ended December 2023, as the plant is expected to launch operation in the first quarter of 2027.

Outline of new plant

Location: Alianza Industrial Park, Saltillo, Coahuila, Mexico

Business: Production of passenger car tires

Site area: Approx. 610,000 square meters

Annual production capacity: 5 million tires

(2) Other

Quarterly information for the fiscal year ended December 31, 2023

Millions of Yen

	First three months	First six months	First nine months	Full year
Revenue	¥ 204,314	¥ 443,164	¥ 692,505	¥ 985,333
Profit before tax	14,251	37,067	60,128	105,975
Profit attributable to owners of the parent	9,705	27,678	44,583	67,234
Basic earnings per share (Yen)	60.53	172.62	278.05	419.32

Thousands of U.S. Dollars

	First three months	First six months	First nine months	Full year
Revenue	\$ 1,440,555	\$ 3,124,617	\$ 4,882,640	\$ 6,947,279
Profit before tax	100,479	261,351	423,947	747,200
Profit attributable to owners of the parent	68,428	195,148	314,343	474,044
Basic earnings per share (U.S. Dollars)	0.43	1.22	1.96	2.96

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	¥ 60.53	¥ 112.09	¥ 105.43	¥ 141.27

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. Dollars)	\$ 0.43	\$ 0.79	\$ 0.74	\$ 1.00



Glossary

Term	Explanation
AG (agriculture tire)	Tires for agricultural machinery vehicles
All-season tires	All-weather tires that can be driven in all four seasons. These tires perform similarly to summer tires in sunny and rainy conditions, and similar to studless (non-studded tires) tires on snow-covered roads. All-season tires stamped with the "snowflake mark" can be driven on roads restricted to vehicles equipped with winter tires. However, chains must be used when chain requirements are in effect (studless tires are recommended on icy and heavy snow-covered roads).
CASE (connected, autonomous, shared & service, electric)	A concept that indicates the future direction of automotive evolution.
Commercial tires	Tires for trucks, buses, agricultural machinery, and other infrastructure-related vehicles that support industries such as transportation and production.
Consumer tires	Tires for passenger cars and other vehicles used by average consumers.
Grassroots category	In motorsports, "grassroots" refers to relatively small-scale competitions that are primarily participated in as a hobby or entry-level event, and are an important foundation for the fostering of motorsports fans and the development of future professional drivers.
HAICoLab	Yokohama Rubber's AI utilization framework for digital innovation formulated in 2020. The name was created from the concept of "humans and AI collaborating for digital innovation," and is used in the development of rubber materials for new products and in the calculation of the optimal pitch arrangement for tires. It also has the meaning of a joint research institute combining humans and AI.
ID (industrial tires)	Tires for industrial vehicles.
LTR (light truck radial tires)	Tires for small trucks.
MaaS (mobility as a service)	Mobility is not only a means of transportation, but a next-generation transportation service that combines various technologies such as autonomous driving and AI.
OHT (off-highway tires)	A generic term for tires used on agricultural machinery, construction vehicles, industrial vehicles, forestry machinery, etc.
OTR (off the road tire)	Tires for construction machinery and mining machinery.
PCR (passenger car radial tires)	Tires for passenger cars.
PFO (pressure field operation)	A tire standard for large agricultural machinery. Compared to VF tires, enhanced load capacity at low speeds makes it possible to operate machinery at lower tire pressures, further reducing soil compression damage.
Pickup trucks	A vehicle used for carrying small cargo with an open storage area behind the driver's seat.
Replacement tires	Tires used to replace the old tires installed on their new vehicles when they become worn or damaged.
Retread tires	Tires for which the worn tread rubber (the parts of a tire that make contact with the road's surface) is replaced with new rubber to restore the tire's functionality for reuse. They are also referred to as regenerated tires.
Side walls	The sides of a tire. The surface is covered with a layer of rubber to protect the cord layer underneath, and the tire size, brand name, and manufacturer's name are stamped on the sidewall.
SUV (sport utility vehicle)	Sport utility vehicles are suitable for everyday activities such as shopping as well as driving on unmaintained roads and other outdoor leisure pursuits.
TBR (truck and bus radial tires)	Tires for trucks and buses.
T.M.S (tire management system)	Service that utilizes a database to compile tire operation information. This system provides total support for tire management, from tire inspections to data entry, collection, and proposals, contributing to safer operations and greater efficiency.
VF (very high flexion)	A tire standard for large agricultural machinery. VF tires can support the same load at 40% less air pressure than conventional radial tires, enabling driving farm vehicles at low tire pressures, which is expected to reduce damage from soil compaction and improve productivity in agricultural operations.
Y-ATG	A business unit of the OHT Business Division, Y-ATG mainly sells tires for agricultural machinery vehicles and construction machinery vehicles under the Alliance brand.
Y-OTR	A business unit of the OHT Business Division, Y-OTR mainly sells YOKOHAMA brand tires for mining, construction, and industrial vehicles.
Y-TWS	Abbreviation for Yokohama TWS, a subsidiary of the OHT Business Division. The company mainly sells tires for agricultural machinery vehicles and industrial vehicles, such as Trelleborg brand tires.
Wide base tires	Wide tires that can replace double wheels (sets of two tires) with a single wheel (one tire) on trucks and buses.
Winter tires	Tires designed for use in low temperatures and on snow-covered roads. These include studless tires with enhanced grip on icy roads.

News Release and Timely Disclosure on Progress of YX2026

News Release

March 18, 2024

Yokohama Rubber to build a new passenger car tire plant in Mexico

Yokohama Rubber decided to build a new plant in order to promote its "Product and Regional Strategies" and to strengthen its capacity to supply tires to the North American market. Construction of the new plant will start in the second quarter of 2024, and production is scheduled to start in the first quarter of 2027.

<https://www.y-yokohama.com/release/pdf/2024031815mg001.pdf>

May 14, 2024

Yokohama Rubber to expand motorsports tire production capacity at its Mishima Plant

Aiming to maximize the ratio of high value-added tires, the Company will expand the production lines of 18-inch and larger motorsports tires.

<https://www.y-yokohama.com/release/pdf/2024051410mg001.pdf>

July 1, 2024

Yokohama Rubber to build a new passenger car tire plant in China; Increasing local capacity for supplying the growing Chinese market

The construction of the new plant is in response to a request by the Chinese government to relocate the existing plant in Hangzhou and construct a new plant in the Hangzhou Qiantang New Area as an urban renewal project. Production at the new plant is scheduled to start in the second quarter of 2026. This is the first plant to be built as part of the "1-year plant" challenge, which is part of our growth strategy for consumer tires.

<https://www.y-yokohama.com/release/pdf/2024070110mg003.pdf>

July 22, 2024

Yokohama Rubber to acquire Goodyear's Off the Road tire business

Signed an agreement to acquire the Off the Road Tire (OTR) business of the Goodyear Tire & Rubber Company in the United States as a strategic investment under our "Programmatic M&A" strategy for growth of the OHT Business, a business which is a driver of growth for the Company.

<https://www.y-yokohama.com/release/pdf/2024072216mg001.pdf>

Timely disclosures

March 18, 2024

Notice of Sale of Investment Securities

Revenue from sales of cross-shareholdings was approximately ¥52.5 billion compared to the target of approximately ¥60 billion, demonstrating favorable progress.

https://www.y-yokohama.com/ir/pdf/document/disclosure_59.pdf (Japanese only)

May 14, 2024

Notice of Sale of Investment Securities

Revenue from sales of cross-shareholdings was approximately ¥63.8 billion compared to the target of approximately ¥60 billion, signifying that the target was achieved.

https://www.y-yokohama.com/ir/pdf/document/disclosure_63.pdf (Japanese only)



Corporate Information

Corporate Data

Company Name	The Yokohama Rubber Co., Ltd.
Established	October 13, 1917
Paid-in capital	¥38,909 million (as of December 31, 2023)
Sales revenue	¥985,333 million (for the year ended December 31, 2023)
Fiscal year-end	December 31
Representatives	Chairman & CEO, Chairman of the Board Masataka Yamaishi President & COO Shinji Seimiya
Head Office	2-1 Oiwake, Hiratsuka City, Kanagawa Prefecture, 254-8601, Japan
Mainstay Products	<p>▮ Tires Tires for passenger cars, trucks and buses, light trucks, mining and construction equipment, industrial vehicles and agricultural and forestry machinery, aluminum alloy wheels and automobile-related components</p> <p>▮ Multiple Business High pressure and resin hoses, couplings, conveyor belts, fenders, marine hoses, aircraft components (water tanks), etc.</p> <p>▮ Others Golf-related products, information processing services, and others</p>
Number of Employees	5,480 (as of December 31, 2023, non-consolidated basis) 33,617 (as of December 31, 2023, consolidated basis)

Group Sites

Business operations: **39** countries
As of December 31, 2023

Major regions of operation	No. of bases	No. of employees
Japan	68	10,042
Asia	51	14,969
Europe	36	4,929
North America	22	3,129
South America	7	548

Regarding Publication of the Yokohama Rubber Group Integrated Report 2024



Masahiro Yuki

Member of the Board and Officer, in charge of Corporate Finance & Accounting Dept. and IR Dept., Deputy Head of Tire Business Planning Div., Chairman of Yokohama Rubber (China) Co. Ltd.

Yokohama Rubber has been publishing an integrated report since 2022 to deepen stakeholders' understanding of its initiatives for medium- to long-term corporate value creation. Integrated Report 2024 serves as the third integrated report published by the Company.

In this report, we have taken into account the opinions of our stakeholders as much as possible in order to provide a clear understanding of the business model behind our initiatives and the value creation story we envision, as well as how we aim to achieve sustainable growth through Hockey Stick Growth in our new Medium-term Management Plan YX2026.

As the director with overall responsibility for the production of this report, I hereby state that the process by which it was prepared was conducted properly and the information contained herein is accurate.

My hope is that this report will facilitate an understanding of the Group and provide opportunities for the co-creation of value with stakeholders.

Share Information

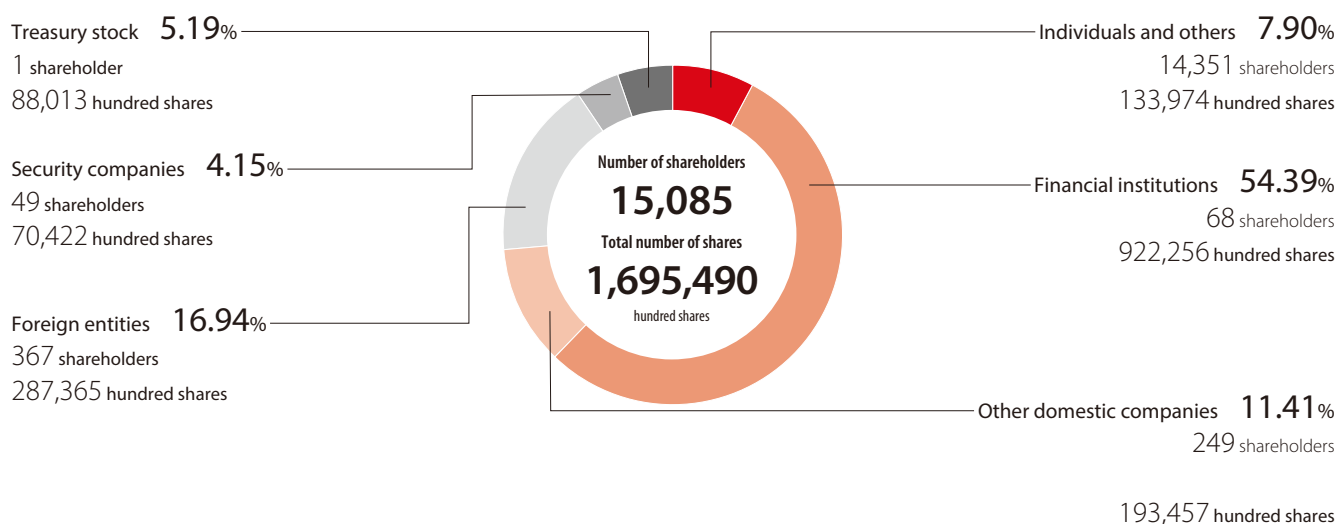
As of December 31, 2023

Basic Information

Sector	Rubber products
Stock exchange listing	Prime Market of the Tokyo Stock Exchange
Stock code	5101
Fiscal year-end	December 31
Record dates	December 31 (June 30 for interim dividends)

Trading unit	100 shares
Authorized number of shares	400,000,000
Number of shares issued and outstanding	169,549,081
Number of shareholders	15,085

Shareholder composition



Major shareholders

Shareholder name	Holdings (hundreds)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (trust account)	286,951	17.85
Custody Bank of Japan, Ltd. (trust account)	189,115	11.76
Asahi Mutual Life Insurance Company	109,055	6.78
Zeon Corporation	103,685	6.45
Mizuho Bank, Ltd.	61,300	3.81
The Nomura Trust and Banking Co., Ltd. (investment trust account)	32,896	2.04
The Dai-ichi Life Insurance Company, Limited	26,600	1.65
The Bank of Yokohama, Ltd.	24,999	1.55
Yokohama Rubber Business Partner Stock Holding Association	22,137	1.37
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-trust Trustee, Custody Bank of Japan, Ltd.	18,585	1.15



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