Message from the CEO

Achieving Growth Surpassing Competitors Through the "Best Alternative" Strategy Under the Grand Design for the Tire Business

In fiscal 2025, we achieved record-high results while further advancing structural reforms and growth investments aimed at sustained future growth.



Masataka Yamaishi
Chairman & CEO, Chairman of the Board

Record-High Results for the Fifth Consecutive Year

In fiscal 2025, although higher U.S. tariffs had an impact, lower costs, including declines in energy prices, helped support generally resilient performance in Japan. Overseas, however, conditions remained challenging. Economic growth slowed in the United States, particularly in consumer spending; external demand weakened in Europe following the tariff increases; and domestic demand in China continued to slow. Competition also intensified with the emergence of new Chinese tire makers.

Despite these challenging conditions, in fiscal 2025 we recorded sales revenue of ¥1.235 trillion (up ¥140.2 billion year on year), business profit of ¥166.6 billion (up ¥32.2 billion), and profit attributable to owners of parent of ¥105.4 billion (up ¥30.5 billion). As a result, we achieved higher sales revenue and profit for the fifth consecutive year, setting new record highs for sales revenue, business profit, operating profit, and profit attributable to owners of parent for the fifth consecutive year. We also exceeded the upwardly revised forecasts announced in August 2025, with business profit surpassing the forecast by ¥13.6 billion and profit attributable to owners of parent by ¥17.4 billion.

I assumed the position of president in 2017. Compared with the year prior to my appointment (fiscal 2016), sales revenue has increased by 110%, while business profit increased by 290%. ROE also reached 11.0%, exceeding the 10% target set in our medium-term management plan. As a result, we have risen to sixth place*1 globally in the tire industry and second place in Japan.*2 We have been able to achieve steady growth above that of our competitors despite the market conditions.

*1 Tire business sales revenue ranking (based on Yokohama Rubber research)
*2 Group sales revenue ranking among domestic tire makers, including tire and non-tire businesses (based on Yokohama Rubber research)

Message from the CEO

The "Best Alternative" Strategy is Driving Growth

I believe these results reflect the success of the Grand Design for the Tire Business strategy, which we have pursued consistently for more than a decade.

Today, the global tire market is broadly divided into two segments: consumer tires, such as passenger car tires, and commercial tires, such as truck and bus tires and agricultural machinery tires. At an exchange rate of ¥152 to the U.S. dollar, each segment represents a market of approximately ¥15 trillion, making them roughly equal in size. Within the commercial tire segment, truck and bus tires account for approximately ¥9 trillion and off-highway tires (OHT) approximately ¥6 trillion.

Through the acquisitions of Alliance Tire Group in 2016, and Trelleborg Wheel Systems in 2023, and Goodyear's off-the-road (OTR) tire business in February 2025, we have brought the ratio of consumer tires to commercial tires in our business portfolio into line with that of the global market at 1:1. All of these acquired businesses generated high levels of EBITDA and met our investment discipline criteria. Through appropriate post-acquisition investment and management improvements, they have steadily delivered results without a single impairment loss being recorded. As a result, Yokohama is widely regarded and characterized as an OHT company. In reality, however, our existing tire businesses have been powerfully driving our Hockey Stick Growth in recent years, even more so than the acquired OHT businesses.

The fundamental objective of the Grand Design strategy has been to establish a product lineup comparable to those of the leading tier 1 tire makers, enabling us to become the "Best Alternative" to them—and to achieve growth in both revenue and profit across all product categories.

The acquisition of Goodyear's OTR business in February 2025 completed our full product lineup, making us the only tire maker in the industry to offer a lineup on par with the leading tier 1 tire makers and establishing our position as the "Best Alternative" to them. We have thus become one of the few tire makers capable of meeting the needs of independent tire dealers, which account for approximately 60% of customers in our key markets, who want to be able to source a wide range of tire categories from a single supplier in order to reduce the burden of placing orders with multiple suppliers and maximize the incentives they receive. This has led to a substantial increase in inquiries not only for the acquired OHT businesses but also for our existing passenger car, truck, and bus tire businesses. As a result, compared with fiscal 2016, business profit in the OHT business, which grew through M&A, increased by ¥33.4 billion, while the existing tire business achieved an increase of ¥87.4 billion.

At the same time, improvements in cost competitiveness resulting from M&A synergies have also contributed to higher revenue and profit. To prevail in this "Red Ocean" market characterized by intense price competition, where emerging Chinese tire makers now account for approximately half of global production volume, we have applied the low-cost production model of the acquired Alliance Tire Group business to our existing operations while advancing procurement and logistics efficiencies through the economies of scale generated by M&A. Synergies arising from the Trelleborg Wheel Systems acquisition are also being generated at a pace exceeding our original projections. We now expect to capture approximately US$60 million in synergies in fiscal 2026, exceeding our original target of US$50 million for 2027 one year ahead of schedule.

Implementing Bold Structural Reforms to Overcome the Challenges of Rapid Growth

As fiscal 2026 marks the final year covered by our medium-term management plan, Yokohama Transformation 2026 (YX2026), our core management priority is to carry out the structural reforms necessary with the determination not to leave a negative legacy for the next generation. To overcome the challenges of our current rapid expansion brought about by M&A and to further strengthen our foundations for sustained growth, we are pursuing comprehensive reforms across the Group leaving no areas off-limits.

As part of these reforms, we decided to bring forward the closure of our plant in Salem, Virginia (U.S.). In our OHT business, we also made the decision to close plants in Prague (Czechia) and Spartanburg, South Carolina (U.S.). Through these measures, we will rapidly advance the global restructuring of high-cost, low-efficiency operations.

At the same time, we will continue to invest for the future in order to compete with the overwhelming cost competitiveness of emerging-market tire makers. In Hangzhou, China, we took on the "1-year plant" challenge, aimed at bringing a highly competitive plant online within a single year, and began producing prototype tires in November 2025, one month ahead of schedule. In Mexico, we are also constructing a new plant drawing on Y-ATG's management expertise. We will continue our efforts to establish a low-cost, highly efficient production system, targeting the start of prototype production in the second half of 2026 and mass production in 2027.

Promoting Both Growth Investment and Shareholder Returns

Our basic policy will be to continue managing our businesses with an emphasis on maintaining an appropriate balance between growth investment and shareholder returns. Compared with the cash inflow assumptions originally set out in our medium-term management plan, YX2026, we intend to generate additional cash flow to fund both growth investment and shareholder returns by accelerating the sale of assets, including cross-shareholdings and land, beyond the levels originally planned. As a result, we have been able to pursue both growth investment and shareholder returns, increasing total shareholder returns by ¥18.0 billion above the level originally envisaged, even while carrying out M&A and other growth investments.

As part of our aggressive strategic investment aimed at achieving Hockey Stick Growth, we are prioritizing the allocation of capital to large-scale projects such as M&A and the construction of new plants in China and Mexico in order to deliver sustained profit growth. At the same time, we will maintain firm financial discipline, using an equity ratio of approximately 50% as a guideline, and continue investing while preserving financial soundness.

With respect to shareholder returns, our basic policy through 2022 was to maintain stable dividends regardless of the external environment. Beginning in 2023, we adopted a dividend payout ratio of 20%. Looking ahead, we expect further improvements in profitability as the benefits of our growth investments are realized. Accordingly, we have revised upward our shareholder return target for fiscal 2026 to a dividend payout ratio of 30% and a total payout ratio of at least 30%. We aim to steadily increase dividends in line with profit growth and are targeting a dividend of ¥172 per share for fiscal 2026, an increase of ¥38 from the previous year and our sixth consecutive annual dividend increase. Should our equity ratio exceed the 50% guideline, we will also consider additional shareholder return measures, including flexible share repurchases, taking into account the level of shareholders' equity and available surplus funds.



Message from the CEO



We Will Continue to Aim for Hockey Stick Growth Under the Next Medium-Term Management Plan

The mission of companies is to continuously increase corporate value. To achieve this, companies must consistently deliver growth in both revenue and profit. For more than a decade, we have pursued our Grand Design, and implemented our "Best Alternative" strategy across regions and businesses in order to fulfill this mission. With our next medium-term management plan, YX2029, instead of pursuing whatever is novel or fashionable, we will prioritize management planning that remains aligned with the fundamental mission of companies.

During the period covered by YX2029, which will begin from fiscal 2027, we will continue pursuing Hockey Stick Growth in both revenue and profit through two approaches: further "Exploitation" of our existing businesses where our strengths lie, and "Exploration" of opportunities arising from market changes during this once-in-a-century period of transformation.

Specifically, we will develop and steadily execute business strategies tailored to the realities of each region while anticipating future market changes, including declining birthrates and population aging as well as the emergence of new competitors. We will also construct a business strategy that will enable the OHT business to withstand market cyclicality and economic fluctuations, while pursuing a fundamental transformation of the business models used in our Multiple Business (MB) and other businesses.

At the same time, we will increase profitability by executing detailed plans aimed at further reducing raw material and processing costs. Alongside our growth investments, we remain committed to proactively providing stakeholders with ongoing returns. With regard to shareholder returns, we will continue striving to enhance corporate value over the long term, including targeting a dividend payout ratio of 40% by 2029, the final year of the period covered by our next medium-term management plan.

Governance Reform Focused on Effectiveness

In March 2025, we revised the size of the Board of Directors, reducing it from 15 members (including seven outside directors) to 12 members (including six outside directors) to shift to a structure designed to promote more rigorous discussion and faster decision-making.

Also, while outside directors already account for a majority of the Personnel Remuneration Committee for Corporate Officers and Directors' five members, with three seats, from March 27, 2026, the committee chairmanship will also be assumed by an outside director (Hirokazu Kono), further enhancing the effectiveness of governance.

Pursuing Both Sustainability and Profitability

While the pursuit of sustainability is essential to corporate activities, we believe it is important to avoid placing undue burdens on future generations through excessive environmental investment. Our basic policy is to pursue both sustainability and corporate profitability by applying the same rigorous investment return criteria to environmental investments as to other investments, while ensuring that such investments contribute to cost reductions and sustained growth.

With respect to greenhouse gas emissions, we have established targets of a 30% reduction by 2026, a 40% reduction by 2030, both relative to fiscal 2019 levels, and net zero by 2050. We are continuing to steadily reduce emissions from our existing plants. At the same time, however, we expect total emissions to increase temporarily until 2029 or 2030 as we continue to make substantial growth investments aimed at achieving Hockey Stick Growth, including M&A, capacity expansions at existing plants, and the construction of new plants. To address this, we will establish new targets in our next medium-term management plan and seek to achieve both business growth and reductions in environmental impact.

In the area of biodiversity conservation, five of our production sites in Japan had been certified as Nationally Certified Sustainably Managed Natural Sites as of March 2026. This recognition reflects initiatives such as the YOKOHAMA Forever Forest activities, under which employees cultivate and plant seedlings on production-site grounds; as well as biodiversity monitoring and conservation activities that began with employee-led surveys of our environmental impacts in areas surrounding our production sites. We view this recognition as the result of activities that have improved the sustainability of our production sites hand in hand with the conservation of local biodiversity.

Message from the CEO



Pursuing "Exploitation × Exploration" to Achieve the Goals of YX2026 and Continue Tackling Global Markets

Advancing Human Resources and Our Global Management Foundation

Among all forms of investment, I believe investment in people delivers the greatest returns. In particular, developing the future leaders who will take on the management of the Group is essential if we are to ensure that today's Hockey Stick Growth is not merely temporary, but is carried forward successfully into future generations. To that end, under our executive succession plan, we have identified successor candidates for each executive position and established personnel development plans that incorporate external perspectives and expertise. We are developing future executives through both formal learning and practical experience, including management education programs such as executive MBA courses for future managers at the department and section manager levels, as well as opportunities to work under seasoned executives overseas.

With respect to personnel capable of leading digital transformation, we have implemented practical leadership development programs aimed at achieving our goal of developing such capabilities among 10% of administrative and technical employees. Beginning in fiscal 2026, we will introduce an internal digital transformation certification program to make employees' digital capabilities visible across the Group, reinforce Group-wide talent development, and establish a more effective framework for advancing the Group's digital transformation.

To promote greater diversity in leadership, we have been working for over a decade to expand our pool of management candidates by unifying our career track systems to provide equal advancement opportunities for all employees. While women accounted for 3.5% of managers at the section manager level and above as of December 31, 2025, our pipeline of future female leaders is strong. Currently, women represent 18.9% of employees at the assistant manager level, who are candidates for future management positions, and 43.3% of employees at the senior staff level, from which expedited promotion to management positions is possible. We believe a solid foundation is steadily being established for greater diversity throughout the organization.

We also addressed the insufficient penetration of strategies on the production floor, which had been identified as an issue in our fiscal 2024 employee engagement survey. As a result of strengthening dialogue throughout the organization, scores measuring understanding of the YX2026 strategy improved significantly in fiscal 2025, and the gap between production divisions and administrative and planning divisions narrowed substantially. We will continue to foster an environment in which each employee has a deep understanding of our strategies and can play an active role with motivation.

We are also accelerating the evolution of our global management structure. Rather than assigning senior executives from headquarters in Japan to lead overseas operations, we are shifting to a structure that delegates authority to professionals with deep knowledge of their respective regional markets. This approach has contributed directly to the recent growth and improved performance of our existing businesses. For senior management, we have adopted a Western-style performance-based system under which evaluations are based solely on the degree of achievement against commitments. At the same time, we are building a governance structure in which the parent company maintains appropriate oversight through mechanisms such as monthly management meetings, while also incorporating the rigorous governance frameworks of the acquired companies, Alliance Tire Group and Trelleborg Wheel Systems. By advancing both our people and our management framework, we will continue striving to further increase corporate value.

Message to Stakeholders

To achieve Hockey Stick Growth, Yokohama Rubber has continued to make proactive investments for future growth, including M&A and production capacity expansion. Today, many of those seeds are beginning to bear fruit.

Even amid the significant changes in the market environment, we will continue to pursue growth and profitability that outpace our competitors through our "Best Alternative" strategy. We are committed to continuing to meet the expectations of all stakeholders.