Grand Design for the Tire Business

We are pursuing a "Lead and Disrupt" approach that simultaneously exploits existing businesses and explores new markets. Through our Grand Design for the Tire Business, which we have pursued for more than a decade, we have established ourselves as the Best Alternative for our customers and have achieved sustained growth in both revenue and profit.

Global Tire Market

The global tire market can be broadly divided into consumer tires, including passenger car tires, and commercial tires, including truck and bus tires and agricultural machinery tires. Each segment represents a market of approximately ¥15 trillion (based on an exchange rate of ¥152 to US$1). Within the commercial tires segment, truck and bus tires account for approximately ¥9 trillion and off-highway tires approximately ¥6 trillion.

The consumer tire market is highly competitive and saturated "red ocean," with emerging tire makers in China expected to account for approximately half of global production in the near future. Similarly, the truck and bus tire market is also intensely competitive, with Chinese tire makers accounting for approximately half of global production.

By contrast, although individual off-highway tire market segments are relatively small, each requires an extensive product lineup. This creates high barriers to entry, limiting the number of competitors and making the market a highly profitable "blue ocean."

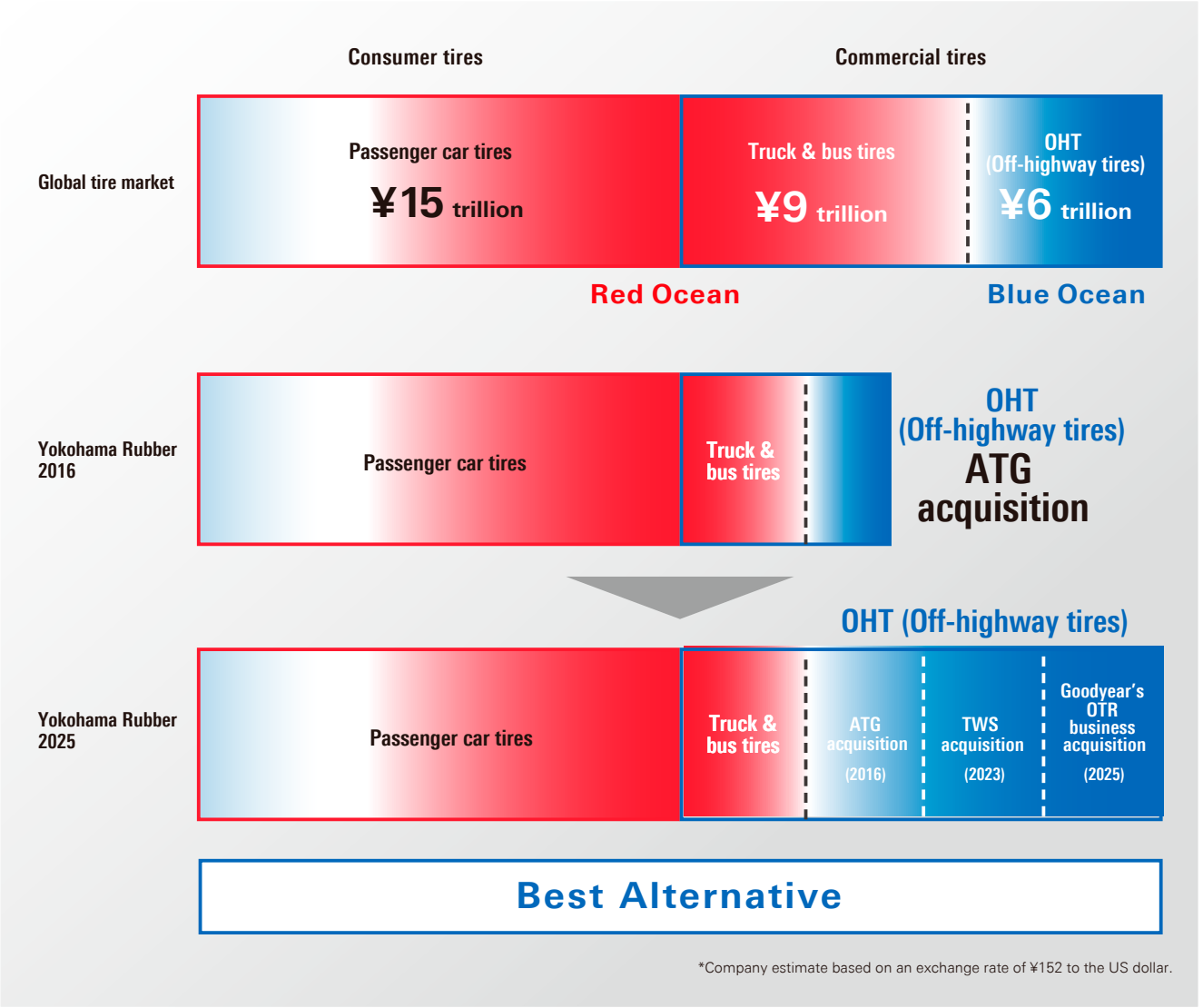
Yokohama Rubber's Tire Business Strategy

To achieve revenue and profit growth, we have pursued our Grand Design for the Tire Business for more than a decade. Through successive M&A, we have transformed our sales mix between consumer and commercial tires to mirror the approximately 1:1 composition of the global tire market, while building a product lineup comparable to those of the leading Tier 1 tire makers.

The fundamental objective of this strategy is to become the Best Alternative for independent tire dealers—our primary customers—and achieve ongoing revenue and profit growth across every product category.

In recent years, our "Hockey Stick Growth" (rapid upward growth) has in fact been driven more by growth in our existing tire businesses than by the acquired off-highway tire businesses.

The truly comprehensive product lineup we have established through M&A has become a powerful engine for growth across the Group, including for our existing businesses.



*Company estimate based on an exchange rate of ¥152 to the US dollar.

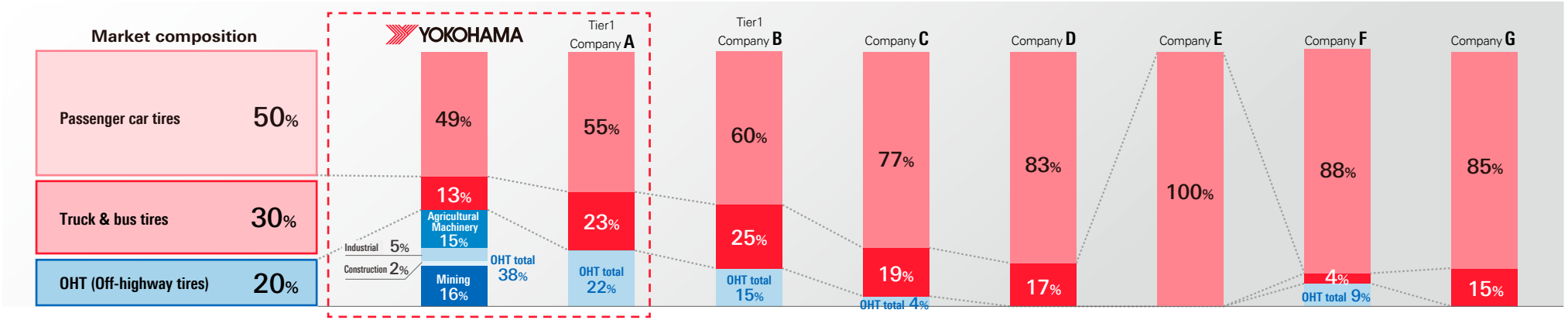
Grand Design for the Tire Business

Becoming the "Best Alternative" Through Our Grand Design for the Tire Business

Approximately 60% of our sales in our principal markets are to independent tire dealers that are not affiliated with any particular tire maker. These dealers place a very high priority on improving ordering, logistics, and inventory management efficiency, and strongly prefer sourcing a wide range of products—including passenger car tires, truck and bus tires, and commercial tires for agricultural and construction equipment—from a single supplier.

Through years of executing our Grand Design for the Tire Business and a series of M&A, we have built a truly comprehensive product lineup capable of meeting virtually every tire requirement around the world. In doing so, we have established ourselves as the industry's Best Alternative—a unique supplier that dealers can rely on for high-quality products across every major tire category. This distinctive position represents a powerful competitive advantage that is difficult for competitors to replicate and is a powerful barrier to entry. By not only supplying products but also contributing to improvements in dealers' overall business efficiency, we have simultaneously acquired new customers while deepening relationships with existing customers. As a result, we have created strong momentum for revenue and profit growth across every tire category—not only in acquired businesses but also throughout our existing tire business. This could be said to represent the greatest achievement to emerge from our implementation of the Grand Design for the Tire Business.

Best Alternative: The only tire maker with a product lineup comparable to the Tier 1 Top maker



Business Profit Growth (2016–2025)

