Technology and Production Strategies

Guided by our motto of "Low cost, speedy development of quality products," we pursue even higher levels of performance and functionality through our proprietary technologies while working to accelerate development through the use of AI and fundamentally reduce production costs, thereby maximizing corporate value.

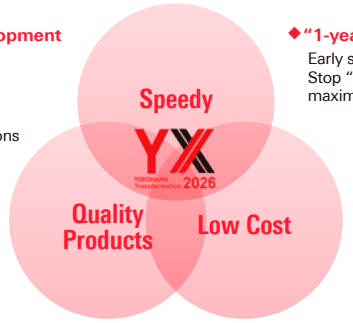
Basic Policy for Technology and Production Strategies

For premium tires, we aim to maximize the sales ratio of AGW products (ADVAN, GEOLANDAR, and winter tires) by differentiating ourselves through enhanced performance based on our proprietary technologies and OE fitment expansion for next-generation premium cars. For standard tires, meanwhile, we will enhance our competitiveness by increasing development and production efficiency. As the foundation for these efforts, we will promote "speeding up tire development" through the use of AI and "drastic reductions in product costs," thereby maximizing the corporate value of the Group as a whole.

"Low Cost, Speedy Development of Quality Products"

◆**Speed up tire development**
Use AI simulation technologies
Respond to emerging car makers, maximize new product introductions

◆**"1-year plant" challenge**
Early start-up ➡ Early ROI
Stop "Not Invented Here syndrome," maximize acquisition synergies



◆**Next-generation premium cars Strengthen development of OE tires**
Meet needs of premium electrified vehicles with lightweight, wear-resistant tires

◆**Drastic reduction of product costs**
Apply ATG's high-efficiency model
Economies of scale realized by recent acquisitions will reduce raw material procurement costs

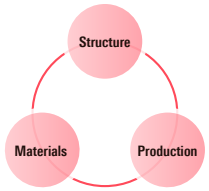
Strengthening Development of OE Tires for Next-Generation Premium Cars



As an initiative to deliver "quality products," we are enhancing the development of OE tires for next-generation premium cars. We have recently expanded our supply of tires to high-performance premium cars requiring exceptionally high levels of performance and quality, including BMW M series models, and Mercedes-AMG and Porsche's Cayenne. Through these achievements, we have steadily improved our technological capabilities. Today, European automakers are demanding not only solutions to address increasing vehicle weight, but also improved handling stability at ultra-high speeds exceeding 200 km/h, greater rigidity, and the simultaneous achievement of conflicting performance requirements such as reduced weight and lower rolling resistance. To respond quickly and accurately to these demanding requirements, we plan to expand our development facilities at the Shinshiro-Minami Plant. By introducing new production facilities, we will integrate elemental technologies related to tire structure, materials, and production to achieve the targeted performance and characteristics.

Background/ Overview
- ▶Response to increasingly difficult quality demands for OE tires from European premium car makers
- ▶Achieve higher technical features and uniform performance and quality
- ▶Expand the buildings and introduce new building machines

Integrate structure, materials, & production technologies



Targeted features & technologies

- ▶**Handling stability at high speeds on dry roads**
  Seeking the high performance required for driving at high speeds on European roads with no speed limit
- ▶**Weight reduction and combination of low rolling resistance & high rigidity**

Drastic Reduction of Product Costs



As an initiative to achieve "low cost," we are promoting reductions in both raw material procurement costs and processing costs to achieve a drastic reduction of product costs.

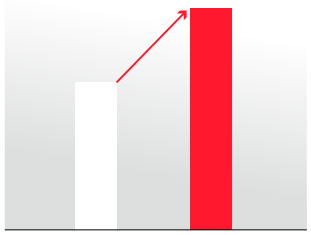
For raw materials, we are broadening our supplier base by expanding procurement from suppliers in emerging countries in addition to our existing procurement sources. By applying Yokohama Rubber's strict quality standards and advancing the evaluation and recruitment process while sharing information across all departments, we are shortening lead times and realizing cost reductions ahead of schedule.

For processing costs, we are increasing the capacity and utilization rates of existing facilities by minimizing the frequency of product size and specification changes at overseas plants and shortening changeover times, while expanding production capacity for large rim diameter tires. We are also making steady progress in reducing energy costs through measures such as switching to different fuels.

Supplier Selection

Increase suppliers in emerging countries (focus on metals & rubber chemicals)

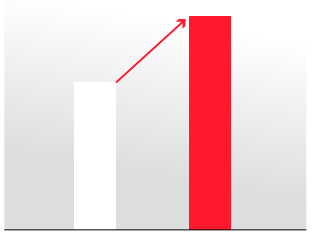
Number of newly adopted suppliers
50% increase*



Evaluation

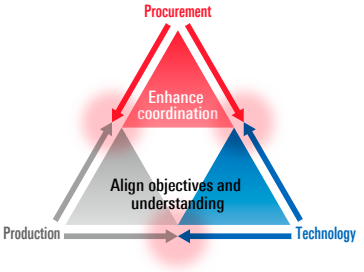
Apply Yokohama Rubber quality standards
Shorten evaluation lead times while maintaining high quality levels

Number of materials for which costs have been reduced
45% increase*



Adoption

Eliminate organizational silos
Increase visibility of activities
Align objectives and understanding across all departments
(Bring forward supplier adoption to maximize total cost savings)



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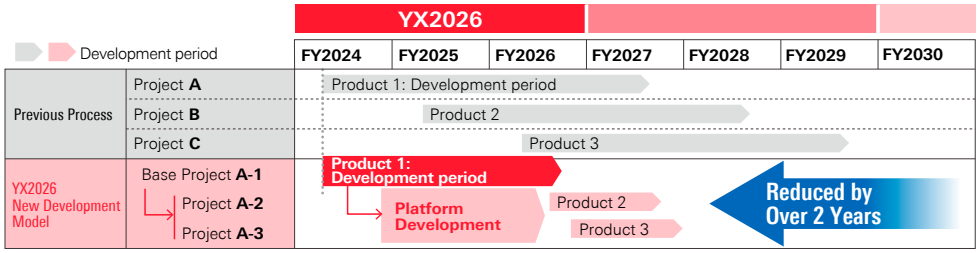
Speed Up Tire Development

We are accelerating tire development to achieve the "Speedy" part of our motto. Specifically, we have introduced a new development model under which a platform that serves as the foundation for second- and third-generation product development is built simultaneously with the development of the base product. Development under this model is progressing steadily. Following the launch of certain products in the second half of 2026, we expect to introduce major new products to market in 2027. At the same time, we are advancing the foundational development of common components that will serve as the basis for second- and third-generation product development.

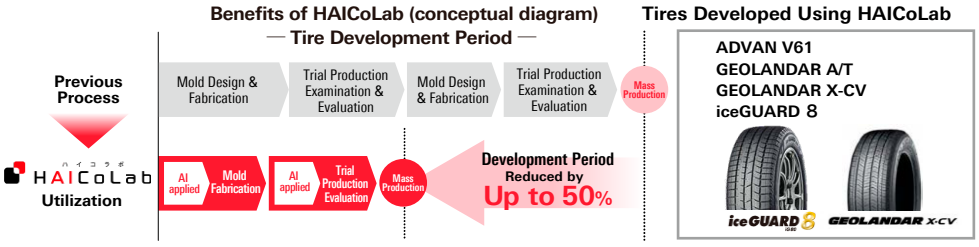
Our proprietary AI framework, HAICoLab, has also become indispensable for accelerating development. In addition to supporting material formulation, characteristics prediction, and design using explainable AI, in 2026 we developed a proprietary mold design support system that integrates AI with finite element method simulations. This enables the use of AI throughout each stage of development, from material formulation to mold design.

Under conventional tire development, mold design and production, prototype manufacturing, evaluation, and testing had to be repeated many times before specifications could be finalized, requiring extensive trial and error. By contrast, HAICoLab performs massive numbers of simulations in virtual environments, reducing the number of physical prototypes required. AI also provides quantitative design guidance that complements engineers' experience, enabling development with less rework. By streamlining this entire specification evaluation process, we are making steady progress toward our goal of shortening development lead time by up to 50%.

Progress with the First Product Under the New Development Model



Utilization of the AI Framework "HAICoLab"



"1-Year Plant" Challenge

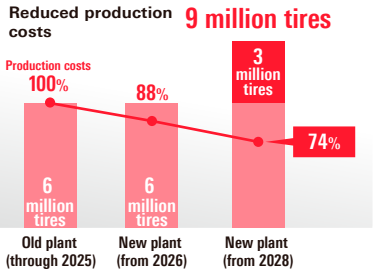
As an initiative to achieve "low cost" and "speedy" parts of our motto, we are pursuing the "1-Year Plant" Challenge. In addition to the expertise we have cultivated over many years, we are incorporating the know-how of experienced local partner companies to achieve rapid start-up and establish low-cost, highly efficient production systems. By shortening the period from the start of construction to the commencement of prototype production at new plants from the conventional two to four years to within one year, we aim to respond quickly to changes in the market while achieving early investment recovery and maximizing profitability.

New Plant in Hangzhou, China

In Hangzhou, following a request from the local government to relocate our existing facility, we constructed a new passenger car tire plant and began production of prototype tires in November 2025, one month ahead of schedule, making it an "11-Month Plant." With the cooperation of local partners, we have kept investment costs down while increasing annual production capacity to 9 million tires. Manufacturing costs at full production are expected to be 26% lower than at the former plant.


New Plant in Hangzhou, China

Nov. 2025
Start of prototype tire production
11-Month Plant
Opening ceremony on November 22



New Plant in Mexico

In Mexico, we are constructing a new passenger car tire plant with annual production capacity of 5 million tires to strengthen our supply capabilities for the North American market. By applying the expertise of Yokohama ATG's management team to the construction project and maintaining strict investment discipline, we have significantly shortened the investment payback period to 8.8 years. Construction is progressing steadily toward the start of pilot production in the second half of 2026 and the start of mass production in 2027.


New plant in Mexico

