V Financial Information

1. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

(1) The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), based on the provisions set forth in Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter the "Ordinance on Consolidated Financial Statements").

(2) The financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Regulation of the Ministry of Finance No. 59 of 1963; hereinafter the "Regulation on Financial Statements").

The Company is a company which is permitted to submit financial statements prepared in accordance with special provisions, and has prepared its financial statements in accordance with the provisions set forth in Article 127 of the Regulation on Financial Statements.

2. AUDIT CERTIFICATE

Pursuant to the provisions set forth in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated financial statements for the fiscal year (from January 1, 2025 to December 31, 2025) and the financial statements for the business year (from January 1, 2025 to December 31, 2025) have been audited by Ernst & Young ShinNihon LLC.

3. SPECIAL MEASURES FOR ENSURING APPROPRIATENESS OF CONSOLIDATED FINANCIAL STATEMENTS, ETC. AND ESTABLISHMENT OF SYSTEM FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS, ETC. IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

The Company has taken special measures for ensuring the appropriateness of consolidated financial statements, etc. and has worked to establish a system for preparing its consolidated financial statements, etc. appropriately based on IFRS Accounting Standards. The details are as follows:

(1) In order to properly understand the content of accounting standards, etc. and establish a system that can respond appropriately to revisions to accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and has participated in seminars, etc. to accumulate technical expertise.

(2) The Company works to keep itself updated about the latest IFRS Accounting Standards by obtaining, as required, press releases and standards disclosed by the International Accounting Standards Board. In addition, in order to prepare appropriate consolidated financial statements, etc. based on IFRS Accounting Standards, the Company has prepared group accounting policies, etc. in accordance with IFRS Accounting Standards and has conducted its accounting based on these policies.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 8)	**¥ 107,391**	¥ 136,215	**$ 685,944**
Trade and other receivables (Notes 9 and 32)	**333,987**	281,020	**2,133,285**
Other financial assets (Notes 11 and 32)	**8,576**	9,059	**54,780**
Inventories (Note 10)	**319,055**	280,633	**2,037,912**
Other current assets (Note 7)	**39,818**	23,445	**254,331**
Subtotal	**808,828**	730,372	**5,166,252**
Non-current assets held for sale (Note 12)	**17,340**	19,342	**110,755**
Total current assets (Note 19)	**826,168**	749,714	**5,277,007**
NON-CURRENT ASSETS:			
Property, plant and equipment (Notes 13, 15, 16 and 19)	**634,266**	517,516	**4,051,264**
Goodwill (Notes 14 and 16)	**332,899**	296,814	**2,126,336**
Intangible assets (Notes 14, 15 and 16)	**126,438**	72,455	**807,601**
Other financial assets (Notes 11 and 32)	**44,072**	49,354	**281,503**
Deferred tax assets (Note 17)	**7,488**	8,276	**47,827**
Other non-current assets (Note 21)	**27,029**	41,415	**172,643**
Total non-current assets (Note 19)	**1,172,192**	985,830	**7,487,175**
TOTAL ASSETS	**¥ 1,998,360**	¥ 1,735,544	**$ 12,764,182**
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Trade and other payables (Notes 18 and 32)	**¥ 112,706**	¥ 108,517	**$ 719,888**
Bonds and borrowings (Notes 19 and 32)	**135,230**	101,476	**863,759**
Other financial liabilities (Notes 7, 15, 20 and 32)	**33,577**	32,477	**214,467**
Income taxes payable	**53,896**	38,767	**344,252**
Other current liabilities (Note 7)	**111,632**	93,610	**713,031**
Total current liabilities	**447,041**	374,847	**2,855,398**
NON-CURRENT LIABILITIES:			
Bonds and borrowings (Notes 19 and 32)	**400,540**	336,546	**2,558,382**
Other financial liabilities (Notes 15, 20 and 32)	**44,286**	42,663	**282,870**
Liabilities for retirement benefits (Note 21)	**16,734**	17,227	**106,884**
Deferred tax liabilities (Note 17)	**29,365**	44,357	**187,565**
Other non-current liabilities	**20,163**	15,892	**128,789**
Total non-current liabilities	**511,089**	456,684	**3,264,491**
TOTAL LIABILITIES	**958,130**	831,531	**6,119,889**
EQUITY:			
Share capital (Note 22)	**38,909**	38,909	**248,525**
Share premium (Note 22)	**29,967**	31,386	**191,411**
Retained earnings (Note 22)	**709,386**	619,730	**4,531,082**
Treasury shares (Note 22)	**(15,662)**	(15,441)	**(100,040)**
Other components of equity	**268,251**	219,387	**1,713,407**
Total equity attributable to owners of the parent	**1,030,851**	893,971	**6,584,385**
Non-controlling interests	**9,379**	10,042	**59,908**
TOTAL EQUITY	**1,040,231**	904,013	**6,644,293**
TOTAL LIABILITIES AND EQUITY	**¥ 1,998,360**	¥ 1,735,544	**$ 12,764,182**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
CONTINUING OPERATIONS			
Revenue (Notes 6 and 7)	**¥ 1,234,959**	¥ 1,094,746	**$ 7,888,085**
Cost of sales (Notes 13, 14, 21, and 30)	**(788,154)**	(704,995)	**(5,034,198)**
Gross profit	**446,805**	389,750	**2,853,887**
Selling, general, and administrative expenses (Notes 13, 14, 21, 24 and 30)	**(280,228)**	(255,371)	**(1,789,908)**
Business profit (Note 6)	**166,577**	134,379	**1,063,979**
Other income (Note 25)	**4,612**	6,081	**29,457**
Other expenses (Notes 16 and 26)	**(18,288)**	(21,304)	**(116,808)**
Operating profit	**152,901**	119,157	**976,628**
Finance income (Note 27)	**17,649**	5,554	**112,731**
Finance costs (Note 27)	**(13,364)**	(9,352)	**(85,360)**
Profit before tax	**157,186**	115,359	**1,003,999**
Income taxes (Note 17)	**(50,401)**	(39,228)	**(321,930)**
Profit for the year	**¥ 106,785**	¥ 76,130	**$ 682,068**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent	**105,398**	74,919	**673,213**
Non-controlling interests	**1,386**	1,211	**8,856**
Profit for the year	**¥ 106,785**	¥ 76,130	**$ 682,068**
EARNINGS PER SHARE (YEN/U.S. DOLLARS):			
Basic earnings per share (Note 29)	**668.55**	467.81	**4.27**
Diluted earnings per share (Note 29)	**666.55**	466.57	**4.26**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
PROFIT FOR THE YEAR	**¥ 106,785**	¥ 76,130	**$ 682,068**
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 28 and 32)	**4,403**	13,241	**28,126**
Remeasurements of defined benefit plans (Notes 21 and 28)	**2,104**	7,876	**13,442**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges (Note 28)	**(1,237)**	530	**(7,902)**
Exchange differences on translating foreign operations (Note 28)	**49,067**	77,499	**313,406**
Total other comprehensive income, net of tax	**54,338**	99,146	**347,072**
COMPREHENSIVE INCOME	**¥ 161,122**	¥ 175,276	**$ 1,029,140**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**159,574**	173,585	**1,019,249**
Non-controlling interests	**1,549**	1,692	**9,892**
COMPREHENSIVE INCOME	**¥ 161,122**	¥ 175,276	**$ 1,029,140**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2025 and 2024

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

	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, 2025	¥ 38,909	¥ 31,386	¥ 619,730	¥ (15,441)	¥ 198,727	¥ 225
Profit for the year			105,398			
Other comprehensive income (Note 28)					48,947	(1,237)
Comprehensive income	—	—	105,398	—	48,947	(1,237)
Purchase of treasury shares (Note 22)				(6,008)		
Disposal of treasury shares (Note 22)		0		0		
Share-based payment transactions (Notes 22 and 30)		79		109		
Cancellation of treasury shares		(488)	(5,190)	5,678		
Dividends from surplus (Note 23)			(15,863)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(1,011)				
Transfer to retained earnings			5,311			
Other						
Total transactions with owners	—	(1,419)	(15,742)	(221)	—	—
BALANCE, DECEMBER 31, 2025	¥ 38,909	¥ 29,967	¥ 709,386	¥ (15,662)	¥ 247,674	¥ (1,012)

	Equity attributable to owners of the parent					
	Other components of equity					
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
BALANCE, JANUARY 1, 2025	¥ 20,435	¥ —	¥ 219,387	¥ 893,971	¥ 10,042	¥ 904,013
Profit for the year			—	105,398	1,386	106,785
Other comprehensive income (Note 28)	4,381	2,084	54,175	54,175	162	54,338
Comprehensive income	4,381	2,084	54,175	159,574	1,549	161,122
Purchase of treasury shares (Note 22)			—	(6,008)		(6,008)
Disposal of treasury shares (Note 22)			—	0		0
Share-based payment transactions (Notes 22 and 30)			—	189		189
Cancellation of treasury shares			—	—		—
Dividends from surplus (Note 23)			—	(15,863)	(664)	(16,527)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(1,011)	(1,547)	(2,558)
Transfer to retained earnings	(3,227)	(2,084)	(5,311)	—		—
Other			—	—		—
Total transactions with owners	(3,227)	(2,084)	(5,311)	(22,693)	(2,211)	(24,905)
BALANCE, DECEMBER 31, 2025	¥ 21,589	¥ —	¥ 268,251	¥ 1,030,851	¥ 9,379	¥ 1,040,231

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

	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, 2024	¥ 38,909	¥ 31,255	¥ 510,004	¥ (11,587)	¥ 121,674	¥ (305)
Profit for the year			74,919			
Other comprehensive income (Note 28)					77,053	530
Comprehensive income	—	—	74,919	—	77,053	530
Purchase of treasury shares (Note 22)				(3,921)		
Disposal of treasury shares (Note 22)						
Share-based payment transactions (Notes 22 and 30)		131		66		
Cancellation of treasury shares						
Dividends from surplus (Note 23)			(15,434)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control						
Transfer to retained earnings			50,262			
Other			(21)			
Total transactions with owners	—	131	34,808	(3,855)	—	—
BALANCE, DECEMBER 31, 2024	¥ 38,909	¥ 31,386	¥ 619,730	¥ (15,441)	¥ 198,727	¥ 225

	Equity attributable to owners of the parent					
	Other components of equity					
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
BALANCE, JANUARY 1, 2024	¥ 49,614	¥ —	¥ 170,983	¥ 739,565	¥ 9,231	¥ 748,795
Profit for the year			—	74,919	1,211	76,130
Other comprehensive income (Note 28)	13,215	7,868	98,666	98,666	480	99,146
Comprehensive income	13,215	7,868	98,666	173,585	1,692	175,276
Purchase of treasury shares (Note 22)			—	(3,921)		(3,921)
Disposal of treasury shares (Note 22)			—	—		—
Share-based payment transactions (Notes 22 and 30)			—	197		197
Cancellation of treasury shares			—	—		—
Dividends from surplus (Note 23)			—	(15,434)	(880)	(16,314)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	—		—
Transfer to retained earnings	(42,394)	(7,868)	(50,262)	—		—
Other			—	(21)		(21)
Total transactions with owners	(42,394)	(7,868)	(50,262)	(19,178)	(880)	(20,058)
BALANCE, DECEMBER 31, 2024	¥ 20,435	¥ —	¥ 219,387	¥ 893,971	¥ 10,042	¥ 904,013

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

	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, 2025	$ 248,525	$ 200,475	$ 3,958,419	$ (98,629)	$ 1,269,334	$ 1,439
Profit for the year			673,213			
Other comprehensive income (Note 28)					312,643	(7,902)
Comprehensive income	—	—	673,213	—	312,643	(7,902)
Purchase of treasury shares (Note 22)				(38,378)		
Disposal of treasury shares (Note 22)		1		1		
Share-based payment transactions (Notes 22 and 30)		507		697		
Cancellation of treasury shares		(3,116)	(33,153)	36,269		
Dividends from surplus (Note 23)			(101,321)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(6,456)				
Transfer to retained earnings			33,924			
Other						
Total transactions with owners	—	(9,064)	(100,550)	(1,411)	—	—
BALANCE, DECEMBER 31, 2025	$ 248,525	$ 191,411	$ 4,531,082	$ (100,040)	$ 1,581,977	$ (6,463)

	Equity attributable to owners of the parent					
	Other components of equity					
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
BALANCE, JANUARY 1, 2025	$ 130,522	$ —	$ 1,401,295	$ 5,710,085	$ 64,142	$ 5,774,228
Profit for the year			—	673,213	8,856	682,068
Other comprehensive income (Note 28)	27,984	13,311	346,036	346,036	1,036	347,072
Comprehensive income	27,984	13,311	346,036	1,019,249	9,892	1,029,140
Purchase of treasury shares (Note 22)			—	(38,378)		(38,378)
Disposal of treasury shares (Note 22)			—	3		3
Share-based payment transactions (Notes 22 and 30)			—	1,204		1,204
Cancellation of treasury shares			—	—		—
Dividends from surplus (Note 23)			—	(101,321)	(4,242)	(105,564)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(6,456)	(9,883)	(16,340)
Transfer to retained earnings	(20,613)	(13,311)	(33,924)	—		—
Other			—	—		—
Total transactions with owners	(20,613)	(13,311)	(33,924)	(144,949)	(14,126)	(159,075)
BALANCE, DECEMBER 31, 2025	$ 137,893	$ —	$ 1,713,407	$ 6,584,385	$ 59,908	$ 6,644,293

CONSOLIDATED STATEMENT OF CASH FLOWS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	2025 (From January 1, 2025 to December 31, 2025)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax	¥ 157,186	¥ 115,359	$ 1,003,999
Depreciation and amortization	73,622	66,157	470,251
Impairment losses	3,160	11,449	20,182
Increase or decrease in assets or liabilities for retirement benefits (Note 21)	19,156	(849)	122,352
Interest and dividend income	(4,380)	(5,029)	(27,977)
Interest expenses	8,535	5,415	54,517
Loss (gain) on sale and retirement of non-current assets	442	(1,860)	2,826
Decrease (increase) in trade receivables	(32,971)	(22,571)	(210,600)
Increase (decrease) in trade payables	(7,173)	(3,535)	(45,817)
Decrease (increase) in inventories	(2,876)	(12,273)	(18,367)
Other	(17,876)	2,798	(114,181)
Subtotal	196,825	155,060	1,257,186
Interest and dividends received	4,283	4,944	27,355
Interest paid	(8,353)	(5,487)	(53,354)
Income taxes paid	(57,125)	(60,021)	(364,875)
Net cash provided by operating activities	135,630	94,496	866,312
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from withdrawal of time deposits	5,188	1,638	33,136
Payments into time deposits	(2,345)	(1,398)	(14,979)
Purchases of property, plant and equipment	(111,626)	(76,965)	(712,990)
Proceeds from sale of property, plant and equipment	1,767	4,139	11,285
Purchases of intangible assets	(658)	(825)	(4,206)
Purchases of investment securities	(24)	(209)	(154)
Proceeds from sale of investment securities	8,378	73,613	53,515
Proceeds from sale of businesses	—	526	—
Payments for acquisition of businesses, including acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 33)	(140,527)	—	(897,589)
Other	(1,451)	(1,912)	(9,268)
Net cash used in investing activities	(241,298)	(1,392)	(1,541,251)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings (Note 31)	15,610	4,801	99,709
Proceeds from long-term borrowings (Note 31)	142,487	10,094	910,111
Repayments of long-term borrowings (Note 31)	(55,649)	(48,058)	(355,451)
Repayments of lease liabilities (Note 31)	(9,751)	(10,036)	(62,282)
Purchases of treasury shares	(6,007)	(3,921)	(38,367)
Proceeds from sale of treasury shares	187	197	1,196
Cash dividends paid (Note 23)	(15,861)	(15,429)	(101,309)
Other	(2,700)	(861)	(17,243)
Net cash provided by (used in) financing activities	68,317	(63,213)	436,362
Effect of exchange rate changes on cash and cash equivalents	8,528	8,149	54,473
Net increase (decrease) in cash and cash equivalents	(28,823)	38,040	(184,103)
Cash and cash equivalents at the beginning of year (Note 8)	136,215	97,613	870,047
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	561	—
Cash and cash equivalents at the end of year (Note 8)	¥ 107,391	¥ 136,215	$ 685,944

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, 2025 were approved by the Board of Directors on March 25, 2026. 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 Accounting Standards

The Group prepares its consolidated financial statements in accordance with IFRS Accounting Standards 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, item (i) of the Regulation on Consolidated Financial Statements, the Company applies Article 312 of the Regulation.

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 U.S. 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 ¥156.56 = $1.00, the approximate exchange rate prevailing on December 31, 2025.

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.

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 as an irrevocable election 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 trade 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.

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.

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 income taxes are levied by the same taxation authority on either the same taxable entity or a different taxable entity that intends to settle the current tax assets and liabilities on a net basis.

In addition, the Company and certain domestic consolidated subsidiaries have adopted the group tax sharing system.

Furthermore, the Group applies the exception for recognition and disclosure of information of deferred tax assets and deferred tax liabilities under IAS 12 Income Taxes for income taxes arising from tax laws enacted or substantively enacted to introduce the Pillar Two model rules released by the Organisation for Economic Co-operation and Development (OECD).

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 Accounting Standards, 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 the conflicts in the Middle East will settle down, the Group assumes that these factors will not significantly affect its operating environment.

The Group expects the impact of U.S. import tariffs to be absorbed by the review of selling prices, an increase in sales volume, and other internal improvement efforts such as cost reduction. The Group therefore assumes that these factors will not significantly affect its operating environment either.

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 (16. “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, 2025 are described in 16. “IMPAIRMENT OF NON-FINANCIAL ASSETS.”

• Recoverability of deferred tax assets (17. “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 (21. “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 (32. “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 (37. “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 ADOPTED

Main standards and interpretations that have been established or amended by the date of approval of the consolidated financial statements but have not been early adopted by the Group in the fiscal year ended December 31, 2025 were as follows. The Group is currently evaluating the effects of applying the new standards and interpretations on the Group.

Standard	Title	Effective date (for fiscal years beginning on or after)	Fiscal year of adoption by the Group	Summary of the new or revised standard
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027	Fiscal year ending December 31, 2027	Rules for the presentation and disclosure of financial statements that provide more transparent and comparable information regarding financial performance

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, mining and 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, 2024 (From January 1, 2024 to December 31, 2024)

Millions of Yen

	Reportable segment		Other (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Tires	MB				
Revenues						
Revenue from external customers	¥ 980,896	¥ 105,249	¥ 8,600	¥ 1,094,746	¥ —	¥ 1,094,746
Intersegment revenue	1,215	124	19,116	20,455	(20,455)	—
Total	¥ 982,112	¥ 105,373	¥ 27,716	¥ 1,115,201	¥ (20,455)	¥ 1,094,746
Segment profit (business profit) (Note 2)	127,157	8,577	(1,360)	134,374	5	134,379
Other income and expenses						(15,223)
Operating profit						119,157
(Other material items) (Note 4)						
Depreciation and amortization	51,869	3,227	162	55,257	792	56,050
Impairment losses	11,449	—	—	11,449	—	11,449
Capital expenditures	73,781	3,932	696	78,409	798	79,207

Notes:

1. “Other” 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, 2025 (From January 1, 2025 to December 31, 2025)

	Millions of Yen					
	Reportable segment		Other		Adjustments	
	Tires	MB	(Note 1)	Total	(Note 3)	Consolidated
Revenues						
Revenue from external customers	¥ 1,121,284	¥ 105,552	¥ 8,123	¥ 1,234,959	¥ —	¥ 1,234,959
Intersegment revenue	1,212	127	21,801	23,140	(23,140)	—
Total	¥ 1,122,496	¥ 105,678	¥ 29,923	¥ 1,258,098	¥ (23,140)	¥ 1,234,959
Segment profit (business profit) (Note 2)	154,979	11,090	518	166,587	(11)	166,577
Other income and expenses						(13,676)
Operating profit						152,901
(Other material items) (Note 4)						
Depreciation and amortization	59,818	3,226	233	63,277	825	64,102
Impairment losses	3,160	—	—	3,160	—	3,160
Capital expenditures	103,134	5,736	284	109,154	796	109,950

	Thousands of U.S. Dollars					
	Reportable segment		Other		Adjustments	
	Tires	MB	(Note 1)	Total	(Note 3)	Consolidated
Revenues						
Revenue from external customers	$ 7,162,010	$ 674,193	$ 51,881	$ 7,888,085	$ —	$ 7,888,085
Intersegment revenue	7,742	809	139,249	147,800	(147,800)	—
Total	$ 7,169,752	$ 675,002	$ 191,131	$ 8,035,885	$ (147,800)	$ 7,888,085
Segment profit (business profit) (Note 2)	989,904	70,833	3,310	1,064,046	(68)	1,063,979
Other income and expenses						(87,351)
Operating profit						976,628
(Other material items) (Note 4)						
Depreciation and amortization	382,078	20,606	1,487	404,170	5,271	409,441
Impairment losses	20,182	—	—	20,182	—	20,182
Capital expenditures	658,751	36,636	1,817	697,204	5,084	702,288

Notes:
1.“Other” 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.

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
	2025 (December 31, 2025)	2024 (December 31, 2024)	2025 (December 31, 2025)
Japan	¥ 244,258	¥ 170,464	$ 1,560,156
United States	89,759	80,996	573,320
India	233,603	232,952	1,492,101
China	71,968	44,390	459,681
Philippines	34,788	31,199	222,203
Europe	334,968	267,212	2,139,553
Other	100,905	74,842	644,516
Total	¥ 1,110,250	¥ 902,055	$ 7,091,529

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, 2024 (From January 1, 2024 to December 31, 2024)

	Millions of Yen			
	Tires	MB	Other	Total
Areas				
Japan	¥ 234,026	¥ 54,969	¥ 6,665	¥ 295,660
North America	296,936	24,376	303	321,615
Asia	141,856	14,309	1,632	157,798
Europe	230,632	2,670	—	233,302
Other	77,446	8,925	—	86,372
Total	¥ 980,896	¥ 105,249	¥ 8,600	¥ 1,094,746

Note:
Revenues are classified based on the location of customers and exclude intersegment transactions.
North America mainly refers to the United States (¥302,123 million).

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

	Millions of Yen			
	Tires	MB	Other	Total
Areas				
Japan	**¥ 257,867**	**¥ 54,559**	**¥ 6,240**	**¥ 318,665**
North America	**330,493**	**22,798**	**394**	**353,685**
Asia	**160,094**	**14,853**	**1,489**	**176,435**
Europe	**270,492**	**3,683**	**—**	**274,175**
Other	**102,340**	**9,659**	**—**	**111,999**
Total	**¥ 1,121,284**	**¥ 105,552**	**¥ 8,123**	**¥ 1,234,959**

	Thousands of U.S. Dollars			
	Tires	MB	Other	Total
Areas				
Japan	**$ 1,647,078**	**$ 348,484**	**$ 39,854**	**$ 2,035,416**
North America	**2,110,966**	**145,619**	**2,518**	**2,259,104**
Asia	**1,022,571**	**94,870**	**9,509**	**1,126,950**
Europe	**1,727,719**	**23,524**	**—**	**1,751,244**
Other	**653,676**	**61,696**	**—**	**715,372**
Total	**$ 7,162,010**	**$ 674,193**	**$ 51,881**	**$ 7,888,085**

Note:
Revenues are classified based on the location of customers and exclude intersegment transactions.
North America mainly refers to the United States (¥324,419 million, $2,072,168 thousand).

The Group is engaged in the manufacturing of products in the Tires, MB, and Other 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" was as follows:

During the fiscal years ended December 31, 2024 and 2025, the amounts of revenues recognized from the performance obligations satisfied in the previous periods were immaterial.

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Contract liabilities	**¥ 3,015**	¥ 1,951	**$ 19,257**

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 incremental 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Cash and deposits	**¥ 88,956**	¥ 111,100	**$ 568,192**
Time deposits with maturities of three months or less	**18,435**	25,114	**117,752**
Total	**¥ 107,391**	¥ 136,215	**$ 685,944**

9. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Notes and accounts receivable-trade	**¥ 311,720**	¥ 260,266	**$ 1,991,055**
Other	**25,674**	23,930	**163,986**
Allowance for doubtful receivables	**(3,406)**	(3,176)	**(21,756)**
Total	**¥ 333,987**	¥ 281,020	**$ 2,133,285**

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 32. "FINANCIAL INSTRUMENTS."

10. INVENTORIES

The breakdown of inventories was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Merchandise and finished goods	**¥ 225,267**	¥ 193,366	**$ 1,438,856**
Work in progress	**15,079**	14,339	**96,314**
Raw materials and supplies	**78,709**	72,928	**502,742**
Total	**¥ 319,055**	¥ 280,633	**$ 2,037,912**

The valuation loss on inventories was ¥2,414 million and ¥3,369 million ($21,519 thousand) for the fiscal years ended December 31, 2024 and 2025, respectively.

11. OTHER FINANCIAL ASSETS

The breakdown of other financial assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Financial assets measured at amortized cost			
Loans receivable	**¥ 445**	¥ 402	**$ 2,841**
Other	**8,393**	8,020	**53,610**
Allowance for doubtful receivables	**(172)**	(169)	**(1,099)**
Non-derivative financial assets measured at fair value through profit or loss			
Other	**175**	174	**1,117**
Non-derivative financial assets measured at fair value through other comprehensive income			
Shares	**39,078**	40,486	**249,607**
Other	**605**	605	**3,862**
Derivative assets	**4,125**	8,896	**26,346**
Total	**¥ 52,649**	¥ 58,413	**$ 336,284**
Current assets	**8,576**	9,059	**54,780**
Non-current assets	**44,072**	49,354	**281,503**
Total	**¥ 52,649**	¥ 58,413	**$ 336,284**

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.

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

Fiscal Year Ended December 31, 2024 (December 31, 2024)

	Millions of Yen
Share issuer	Amount
Honda Motor Co., Ltd.	¥ 4,605
Zeon Corporation	3,207
Yellow Hat Ltd.	2,968
Mizuho Financial Group, Inc.	2,923
ADEKA Corporation	1,255

Fiscal Year Ended December 31, 2025 (December 31, 2025)

	Millions of Yen
Share issuer	Amount
Mizuho Financial Group, Inc.	**¥ 4,302**
Yellow Hat Ltd.	**3,596**
ADEKA Corporation	**1,718**
FURUKAWA CO., LTD.	**1,598**
MITANI CORPORATION	**1,425**

	Thousands of U.S. Dollars
Share issuer	Amount
Mizuho Financial Group, Inc.	**$ 27,477**
Yellow Hat Ltd.	**22,971**
ADEKA Corporation	**10,972**
FURUKAWA CO., LTD.	**10,204**
MITANI CORPORATION	**9,100**

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

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
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Fair value	**¥ 8,351**	¥ 73,623	**$ 53,340**
Accumulated gains (losses) recognized in other components of equity (Note)	**¥ 3,228**	¥ 42,395	**$ 20,618**

Notes:

1. Accumulated gains or losses recognized in equity as other components of equity are transferred to retained earnings at the time of sale.
2. Accumulated gains or losses recognized in equity as other components of equity are calculated on a net-of-tax basis.

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Investments derecognized during the year	**¥ 195**	¥ 1,086	**$ 1,245**
Investments held as of the end of the year	**873**	1,175	**5,573**
Total	**¥ 1,068**	¥ 2,261	**$ 6,819**

12. ASSETS HELD FOR SALE

The breakdown of assets held for sale and liabilities directly related to the assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Assets held for sale			
Property, plant and equipment	**¥ 17,340**	¥ 19,342	**$ 110,755**
Total	**¥ 17,340**	¥ 19,342	**$ 110,755**

Assets held for sale as of December 31, 2024 and 2025 are related to the closure of the Hadera plant of Alliance Tire Company Limited in Israel, a consolidated subsidiary of the Company, which is reported under the Tires segment. The assets were classified as held for sale in the fiscal year ended December 31, 2024, as the transfer of the assets became highly probable. As of December 31, 2025, they continued to meet the requirements for classification as held for sale, and because the sale has not yet been completed, they remain classified as assets held for sale as of December 31, 2025.

Furthermore, their carrying amount was reduced to their fair value less costs to sell, and impairment losses of ¥1,501 million and ¥1,194 million ($7,624 thousand) were recognized for the fiscal years ended December 31, 2024 and 2025, respectively, and included in “Other expenses” in the consolidated statement of profit or loss. (Refer to 26. “OTHER EXPENSES.”)

The fair value less costs to sell is based on the appraisal value provided by a third party, calculated using a valuation technique (market approach) that includes unobservable inputs. The fair value is categorized within Level 3 of the fair value hierarchy.

13. PROPERTY, PLANT AND EQUIPMENT

Schedule of 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, 2024	¥ 275,464	¥ 639,241	¥ 112,645	¥ 65,199	¥ 39,766	¥ 76,630	¥ 1,208,944
Individual acquisition	438	3,423	2,991	9,147	62,383	7,045	85,426
Sale or disposal	(2,127)	(8,290)	(4,618)	(886)	(652)	(2,730)	(19,303)
Exchange differences on translating foreign operations	13,774	36,960	5,791	2,998	3,927	3,409	66,859
Transfer from construction in progress	6,756	31,551	7,723	—	(46,030)	—	—
Transfer to held for sale	(15,372)	(20,298)	(4,961)	(7,349)	(337)	(107)	(48,424)
Other	569	613	105	51	(1,409)	(5,234)	(5,306)
Balance at December 31, 2024	¥ 279,502	¥ 683,200	¥ 119,675	¥ 69,160	¥ 57,648	¥ 79,012	¥ 1,288,197
Individual acquisition	2,100	3,725	5,168	291	98,013	14,778	124,074
Acquisition through business acquisition	6,035	28,550	4,236	2,256	1,324	263	42,665
Sale or disposal	(1,758)	(27,802)	(3,753)	(335)	(542)	(1,322)	(35,512)
Exchange differences on translating foreign operations	6,000	10,301	2,045	1,798	5,207	492	25,844
Transfer from construction in progress	9,911	40,047	8,606	511	(59,074)	—	—
Other	3,140	(7,152)	3,250	(8,032)	(2,249)	3,592	(7,451)
Balance at December 31, 2025	¥ 304,930	¥ 730,868	¥ 139,227	¥ 65,650	¥ 100,327	¥ 96,815	¥ 1,437,816

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, 2024	$ 1,785,269	$ 4,363,820	$ 764,405	$ 441,747	$ 368,217	$ 504,676	$ 8,228,134
Individual acquisition	13,411	23,790	33,011	1,856	626,041	94,390	792,499
Acquisition through business acquisition	38,550	182,361	27,057	14,412	8,457	1,679	272,516
Sale or disposal	(11,228)	(177,581)	(23,973)	(2,137)	(3,465)	(8,444)	(226,827)
Exchange differences on translating foreign operations	38,326	65,793	13,065	11,485	33,259	3,145	165,073
Transfer from construction in progress	63,302	255,795	54,967	3,263	(377,326)	—	—
Other	20,056	(45,683)	20,758	(51,300)	(14,364)	22,942	(47,591)
Balance at December 31, 2025	$ 1,947,685	$ 4,668,296	$ 889,290	$ 419,325	$ 640,819	$ 618,388	$ 9,183,803

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, 2024	¥ (140,690)	¥ (455,208)	¥ (88,894)	¥ (635)	¥ (1)	¥ (30,721)	¥ (716,148)
Depreciation	(8,968)	(29,924)	(9,349)	—	—	(10,107)	(58,347)
Impairment losses	(7,323)	(3,360)	(425)	(295)	(29)	—	(11,432)
Sale or disposal	1,886	7,085	4,469	11	—	2,636	16,087
Exchange differences on translating foreign operations	(5,906)	(23,033)	(4,081)	(78)	(0)	(1,407)	(34,506)
Transfer to held for sale	6,178	18,293	4,538	—	—	73	29,082
Other	(202)	(1,337)	(87)	(20)	(1)	6,231	4,584
Balance at December 31, 2024	¥ (155,024)	¥ (487,483)	¥ (93,830)	¥ (1,018)	¥ (32)	¥ (33,294)	¥ (770,681)
Depreciation	(8,198)	(32,559)	(10,578)	—	—	(9,520)	(60,856)
Impairment losses	(122)	(1,517)	14	178	—	—	(1,446)
Sale or disposal	1,469	26,603	3,478	5	5	1,374	32,933
Exchange differences on translating foreign operations	(2,953)	(6,145)	(1,300)	260	(4)	(183)	(10,324)
Other	(164)	5,161	(3,495)	332	0	4,991	6,824
Balance at December 31, 2025	¥ (164,993)	¥ (495,941)	¥ (105,711)	¥ (242)	¥ (32)	¥ (36,632)	¥ (803,550)

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, 2024	$ (990,192)	$ (3,113,717)	$ (599,320)	$ (6,502)	$ (204)	$ (212,658)	$ (4,922,593)
Depreciation	(52,362)	(207,968)	(67,568)	—	—	(60,810)	(388,708)
Impairment losses	(782)	(9,688)	93	1,138	—	—	(9,239)
Sale or disposal	9,381	169,920	22,213	34	29	8,776	210,353
Exchange differences on translating foreign operations	(18,859)	(39,247)	(8,304)	1,662	(26)	(1,168)	(65,942)
Other	(1,051)	32,964	(22,326)	2,121	0	31,881	43,589
Balance at December 31, 2025	$ (1,053,864)	$ (3,167,735)	$ (675,212)	$ (1,546)	$ (202)	$ (233,980)	$ (5,132,539)

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, 2024	¥ 134,774	¥ 184,033	¥ 23,751	¥ 64,564	¥ 39,765	¥ 45,910	¥ 492,796
Balance at December 31, 2024	124,477	195,716	25,846	68,142	57,616	45,718	517,516
Balance at December 31, 2025	139,937	234,928	33,516	65,408	100,295	60,183	634,266

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, 2025	$ 893,821	$ 1,500,560	$ 214,078	$ 417,779	$ 640,617	$ 384,408	$ 4,051,264

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, 2024	¥ 35,087	¥ 3,979	¥ 898	¥ 5,946	¥ 45,910
Balance at December 31, 2024	33,714	5,369	638	5,997	45,718
Balance at December 31, 2025	34,200	10,240	383	15,361	60,183

	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, 2025	$ 218,444	$ 65,406	$ 2,443	$ 98,116	$ 384,408

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.

14. GOODWILL AND INTANGIBLE ASSETS

1. Schedule of 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	Technology based	Trademarks	Software	Other	Total
Balance at January 1, 2024	¥ 275,830	¥ 42,901	¥ 9,553	¥ 44,480	¥ 5,702	¥ 4,664	¥ 383,130
Individual acquisition	—	28	1	—	753	43	826
Sale or disposal	—	—	(0)	—	(2,902)	(31)	(2,933)
Exchange differences on translating foreign operations	20,984	4,454	689	2,838	418	26	29,409
Other	—	(171)	—	(2,761)	834	(67)	(2,164)
Balance at December 31, 2024	¥ 296,814	¥ 47,212	¥ 10,243	¥ 44,558	¥ 4,806	¥ 4,635	¥ 408,267
Individual acquisition	—	12	2	2	607	36	658
Acquisition through business acquisition	15,933	24,863	17,440	12,867	—	5,673	76,774
Sale or disposal	—	—	(0)	0	(127)	(13)	(140)
Exchange differences on translating foreign operations	20,152	2,515	740	1,410	69	(135)	24,751
Other	0	(1,175)	—	186	248	493	(247)
Balance at December 31, 2025	¥ 332,899	¥ 73,426	¥ 28,424	¥ 59,023	¥ 5,602	¥ 10,689	¥ 510,063

	Thousands of U.S. Dollars						
Cost	Goodwill	Customer related	Technology based	Trademarks	Software	Other	Total
Balance at December 31, 2024	$ 1,895,849	$ 301,558	$ 65,424	$ 284,607	$ 30,696	$ 29,605	$ 2,607,738
Individual acquisition	—	78	11	15	3,874	227	4,206
Acquisition through business acquisition	101,767	158,805	111,392	82,184	—	36,234	490,383
Sale or disposal	—	—	(2)	0	(814)	(81)	(897)
Exchange differences on translating foreign operations	128,720	16,063	4,727	9,005	441	(863)	158,092
Other	0	(7,505)	—	1,189	1,586	3,151	(1,580)
Balance at December 31, 2025	$ 2,126,336	$ 468,999	$ 181,552	$ 376,999	$ 35,783	$ 68,272	$ 3,257,942

	Millions of Yen						
Accumulated amortization and accumulated impairment losses	Goodwill	Customer related	Technology based	Trademarks	Software	Other	Total
Balance at January 1, 2024	¥ —	¥ (21,355)	¥ (2,868)	¥ (2,813)	¥ (2,888)	¥ (4,363)	¥ (34,287)
Amortization	—	(3,725)	(1,007)	(1,049)	(1,353)	(675)	(7,809)
Impairment losses	—	—	—	—	(17)	—	(17)
Sale or disposal	—	—	—	—	2,894	(0)	2,894
Exchange differences on translating foreign operations	—	(2,528)	(322)	(93)	(292)	11	(3,223)
Other	—	171	—	2,616	18	639	3,444
Balance at December 31, 2024	¥ —	¥ (27,437)	¥ (4,197)	¥ (1,340)	¥ (1,636)	¥ (4,388)	¥ (38,998)
Amortization	—	(5,558)	(1,823)	(2,543)	(1,114)	(1,730)	(12,766)
Impairment losses	—	—	—	—	(100)	—	(100)
Sale or disposal	—	—	0	—	125	13	138
Exchange differences on translating foreign operations	—	(228)	(175)	(3)	100	(60)	(366)
Other	—	(1)	—	35	651	682	1,367
Balance at December 31, 2025	¥ —	¥ (33,224)	¥ (6,194)	¥ (3,852)	¥ (1,974)	¥ (5,483)	¥ (50,726)

	Thousands of U.S. Dollars						
Accumulated amortization and accumulated impairment losses	Goodwill	Customer related	Technology based	Trademarks	Software	Other	Total
Balance at December 31, 2024	$ —	$ (175,249)	$ (26,806)	$ (8,561)	$ (10,452)	$ (28,027)	$ (249,094)
Amortization	—	(35,499)	(11,642)	(16,241)	(7,114)	(11,048)	(81,543)
Impairment losses	—	—	—	—	(640)	—	(640)
Sale or disposal	—	—	2	—	799	80	881
Exchange differences on translating foreign operations	—	(1,456)	(1,117)	(21)	641	(384)	(2,337)
Other	—	(7)	—	220	4,158	4,359	8,731
Balance at December 31, 2025	$ —	$ (212,210)	$ (39,563)	$ (24,603)	$ (12,608)	$ (35,020)	$ (324,004)

	Millions of Yen						
Carrying amount	Goodwill	Customer related	Technology based	Trademarks	Software	Other	Total
Balance at January 1, 2024	¥ 275,830	¥ 21,546	¥ 6,685	¥ 41,667	¥ 2,814	¥ 301	¥ 348,843
Balance at December 31, 2024	296,814	19,775	6,046	43,218	3,169	247	369,269
Balance at December 31, 2025	332,899	40,203	22,230	55,171	3,628	5,206	459,337

	Thousands of U.S. Dollars						
Carrying amount	Goodwill	Customer related	Technology based	Trademarks	Software	Other	Total
Balance at December 31, 2025	$ 2,126,336	$ 256,789	$ 141,989	$ 352,396	$ 23,175	$ 33,253	$ 2,933,938

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, 2024 was ¥33,827 million, representing trademarks acquired in the business combinations with Y-ATG and Y-TWS, both of which are CGUs.

The carrying amount of intangible assets with indefinite useful lives at the end of the fiscal year ended December 31, 2025 was ¥35,284 million ($225,372 thousand), mainly representing trademarks acquired in the business combinations with Y-ATG and Y-TWS, both of which are CGUs. They were deemed to have indefinite useful lives in the fiscal year ended December 31, 2025 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, 2024 was mainly attributable to Y-ATG and Y-TWS, both of which are CGUs, and the carrying amount was ¥295,910 million. Material intangible assets other than goodwill were mainly customer-related intangible assets of Y-ATG and Y-TWS, and technology-based intangible assets of Y-TWS, whose carrying amounts were ¥19,749 million and ¥5,497 million, respectively.

Goodwill at the end of the fiscal year ended December 31, 2025 was mainly attributable to Y-ATG, Y-TWS, and G-OTR, all of which are CGUs, and the carrying amount was ¥331,745 million ($2,118,964 thousand). Material intangible assets other than goodwill were mainly customer-related intangible assets of Y-ATG, Y-TWS, and G-OTR, and technology-based intangible assets of Y-TWS and G-OTR, whose carrying amounts were ¥40,174 million ($256,602 thousand) and ¥22,047 million ($140,823 thousand), respectively.

The remaining amortization periods at the end of the fiscal year ended December 31, 2025 were four years for customer-related intangible assets of Y-ATG, nine years for customer-related intangible assets of Y-TWS, 11 years for customer-related intangible assets of G-OTR, 20 years for technology-based intangible assets of G-OTR, and eight years for technology-based intangible assets of Y-TWS.

4. Research and Development Expenses

Research and development expenses recognized in the fiscal years ended December 31, 2024 and 2025 were ¥19,800 million and ¥21,382 ($136,571 thousand), respectively, which were included in "Cost of sales" and "Selling, general, and administrative expenses" in the consolidated statement of profit or loss.

15. LEASE TRANSACTIONS

(As lessee)

As 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
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Depreciation of right-of-use assets by class of underlying asset			
Buildings and structures	**¥ 6,407**	¥ 7,255	**$ 40,921**
Machinery, equipment, and vehicles	**2,473**	2,037	**15,797**
Tools, furniture, and fixtures	**158**	404	**1,009**
Land	**482**	408	**3,078**
Other assets	**1**	2	**5**
Subtotal	**9,520**	10,107	**60,810**
Interest expenses on lease liabilities	**1,146**	1,112	**7,322**
Expense relating to short-term leases	**2,082**	1,758	**13,300**
Expense relating to leases of low-value assets (excluding short-term leases)	**29**	31	**183**
Variable lease payments	**676**	530	**4,320**
Income from subleasing right-of-use assets	**412**	465	**2,635**

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, 2024 and 2025.

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.

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

1. Impairment Losses

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

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, 2024.

Usage	Segment	Type	Millions of Yen Amount
Business assets	Tires	Buildings and structures	**¥ 7,323**
		Machinery, equipment, and vehicles	**3,360**
		Tools, furniture, and fixtures	**425**
		Land	**295**
		Construction in progress	**29**
		Software	**17**
		Total	**¥ 11,449**

Given the present market environment and the structural shift in the manufacturing footprint of the tire industry, the Company has decided to close the Hadera plant of Alliance Tire Company Limited in Israel and the Prague plant of Yokohama TWS Czech Republic a.s. in Czech Republic and consolidate their production footprints into other bases in order to secure a sustainable level of profitability and long-term prospects of the OHT business.

Consequently, the carrying amounts of property, plant and equipment items that were deemed no longer recoverable were reduced to their recoverable amounts, and the reduction of ¥11,436 million was recorded in "Other expenses" as impairment losses in the consolidated statement of profit or loss. This accounts for the major part of impairment losses of ¥11,449 million recorded in the fiscal year ended December 31, 2024. The recoverable amounts of these assets were calculated based on fair value less costs to sell. The fair value less costs to sell is based on the appraisal value provided by a third party, calculated using a valuation technique (market approach) that includes unobservable inputs. The fair value is categorized within Level 3 of the fair value hierarchy.

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

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, 2025.

Usage	Segment	Type	Millions of Yen Amount	Thousands of U.S. Dollars Amount
Business assets	Tires	Buildings and structures	**¥ 640**	**$ 4,085**
		Machinery, equipment, and vehicles	**2,418**	**15,443**
		Other	**102**	**654**
		Total	**¥ 3,160**	**$ 20,182**

Given the present market environment and the structural shift in the manufacturing footprint of the tire industry, the Company has decided to close the Spartanburg plant of Yokohama TWS North America, Inc. in the United States, in addition to the Hadera plant of Alliance Tire Company Limited in Israel and the Prague plant of Yokohama TWS Czech Republic a.s. in Czech Republic, and consolidate its production footprints into other bases in order to secure a sustainable level of profitability and long-term prospects of the OHT business.

Consequently, the carrying amounts of property, plant and equipment items that were deemed no longer recoverable were reduced to their recoverable amounts, and the reduction of ¥3,011 million ($19,233 thousand) was recorded in "Other expenses" as impairment losses in the consolidated statement of profit or loss. This accounts for the major part of impairment losses of ¥3,160 million ($20,182 thousand) recorded in the fiscal year ended December 31, 2025. The recoverable amounts of these assets were calculated based on fair value less costs to sell. The fair value less costs to sell is based on the appraisal value provided by a third party, calculated using a valuation technique (market approach) that includes unobservable inputs. The fair value is categorized within Level 3 of the fair value hierarchy.

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 and intangible assets with indefinite useful lives allocated to CGUs were as follows.

CGU	Reportable segment	Millions of Yen				Thousands of U.S. Dollars	
		2025 (December 31, 2025)		2024 (December 31, 2024)		**2025** (December 31, 2025)	
		Goodwill	Trademarks	Goodwill	Trademarks	Goodwill	Trademarks
Y-ATG	Tires	**¥ 122,080**	**¥ 19,933**	¥ 123,343	¥ 20,139	**$ 779,766**	**$ 127,318**
Y-TWS	Tires	**192,862**	**15,299**	172,567	13,688	**1,231,871**	**97,722**
G-OTR	Tires	**16,803**	**—**	—	—	**107,326**	**—**

(2) Basis of Recoverable Amounts

(i) CGU: Y-ATG

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, the terminal value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the terminal value, a publicly disclosed growth rate is used. The pre-tax discount rate mainly reflects the time value of money and current market assessments of inherent risks considering companies similar to the CGU.

Major assumptions used as the basis of calculation of value in use were 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, 2025: 2.5%–5.5%, Fiscal year ended December 31, 2024: 2.4%–5.4%
- Pre-tax discount rate applied to cash flow forecasts
  Fiscal year ended December 31, 2025: 7.8%, Fiscal year ended December 31, 2024: 8.1%

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, the terminal value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the terminal value, a publicly disclosed growth rate is used. The pre-tax discount rate mainly reflects the time value of money and current market assessments of inherent risks considering companies similar to the CGU.

Major assumptions used as the basis of calculation of value in use were 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, 2025: 2.3%–5.5%, Fiscal year ended December 31, 2024: 2.2%–5.4%
- Pre-tax discount rate applied to cash flow forecasts
  Fiscal year ended December 31, 2025: 6.6%, Fiscal year ended December 31, 2024: 6.3%

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.

(iii) CGU: G-OTR

Recoverable amounts used for impairment tests on goodwill 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, the terminal value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the terminal value, a publicly disclosed growth rate is used. The pre-tax discount rate mainly reflects the time value of money and current market assessments of inherent risks considering companies similar to the CGU.

Major assumptions used as the basis of calculation of value in use were 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, 2025: 3.2%–6.1%
- Pre-tax discount rate applied to cash flow forecasts
  Fiscal year ended December 31, 2025: 9.8%

Concerning the goodwill, 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.

17. INCOME TAXES

1. Income Taxes

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Current tax expense	**¥ 61,362**	¥ 35,063	**$ 391,939**
Deferred tax expense	**(10,961)**	4,165	**(70,008)**
Total	**¥ 50,401**	¥ 39,228	**$ 321,930**

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

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 was 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, 2024 and 2025.

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

	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)
Statutory effective tax rate (Reconciliation)	**30.3 %**	30.3 %
Difference between statutory effective tax rates of overseas consolidated subsidiaries	**(1.9)**	(1.7)
Permanently nondeductible expenses	**0.2**	0.5
Permanently nontaxable income	**(0.1)**	(0.3)
Tax deduction for research and development	**(1.3)**	(1.7)
Effect of recoverability assessment of deferred tax assets	**0.1**	(0.1)
Taxable temporary differences associated with investments in subsidiaries or associates	**3.4**	1.3
Foreign withholding taxes	**1.2**	2.9
Foreign income taxes, etc.	**0.9**	(2.2)
Other permanent differences	**—**	3.4
Other	**(0.7)**	1.6
Average actual effective tax rate	**32.1 %**	34.0 %

3. Deferred Tax Assets and Deferred Tax Liabilities

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Deferred tax assets			
Liabilities for retirement benefits	**¥ 11,330**	¥ 4,804	**$ 72,370**
Unrealized gains	**7,665**	5,689	**48,961**
Accrued expenses	**2,892**	4,072	**18,471**
Accrued vacation payable	**1,997**	1,782	**12,754**
Valuation loss on inventories	**3,212**	3,060	**20,515**
Impairment losses	**6,752**	2,675	**43,125**
Asset adjustment account	**3,532**	—	**22,560**
Other	**8,160**	11,295	**52,121**
Total deferred tax assets	**45,540**	33,377	**290,878**
Deferred tax liabilities			
Intangible assets identified as a result of business combinations	**(18,907)**	(24,241)	**(120,765)**
Gain on contribution of securities to retirement benefit trust	**—**	(4,993)	**—**
Gain on receipt of stock set by pension plan	**(0)**	(504)	**(0)**
Reserve for advanced depreciation of non-current assets	**(5,732)**	(5,958)	**(36,613)**
Retained earnings of overseas subsidiaries	**(20,870)**	(15,586)	**(133,300)**
Non-current assets	**(16,079)**	(10,963)	**(102,701)**
Unrealized gains on securities	**(5,467)**	(4,917)	**(34,923)**
Other	**(363)**	(2,296)	**(2,316)**
Total deferred tax liabilities	**(67,417)**	(69,458)	**(430,617)**
Net deferred tax assets (liabilities)	**¥ (21,878)**	¥ (36,081)	**$ (139,739)**

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Deferred tax assets	**¥ 7,488**	¥ 8,276	**$ 47,827**
Deferred tax liabilities	**(29,365)**	(44,357)	**(187,565)**

Changes in net deferred tax assets (liabilities) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Beginning balance	**¥ (36,081)**	¥ (49,715)	**$ (230,461)**
Tax expense or income recognized through profit or loss (Note)	**10,961**	4,165	**70,008**
Amount recognized in other comprehensive income			
Cash flow hedges	**417**	(180)	**2,661**
Gains (losses) on financial assets measured at fair value through other comprehensive income	**(548)**	12,635	**(3,501)**
Remeasurements of defined benefit plans	**(930)**	(2,986)	**(5,940)**
Total	**(1,061)**	9,469	**(6,780)**
Changes in deferred tax assets (liabilities) resulting from business combinations	**4,304**	—	**27,494**
Ending balance	**¥ (21,878)**	¥ (36,081)	**$ (139,739)**

Note:

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

The Group recognizes 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
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Deductible temporary differences	**¥ 15,294**	¥ 6,517	**$ 97,685**
Tax loss carryforwards and tax credit carryforwards	**2,348**	1,556	**14,998**

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
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
First year	**¥ 2**	¥ 188	**$ 14**
Second year	**101**	—	**646**
Third year	**190**	206	**1,213**
Fourth year	**280**	215	**1,792**
Fifth year and after	**327**	343	**2,088**
Indefinite	**1,447**	603	**9,244**
Total	**¥ 2,348**	¥ 1,556	**$ 14,998**

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, 2024 and 2025 were ¥35,875 million and ¥72,232 million ($461,372 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, 2024 and 2025, dividend payouts from the Group to shareholders had no impact on income taxes.

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted in the Diet session on March 31, 2025, and the Special Defense Corporation Tax will be imposed from the fiscal year starting on or after April 1, 2026. In line with this, the statutory effective tax rate used to calculate deferred tax assets and liabilities for temporary differences expected to be reversed in or after the fiscal year starting on January 1, 2027 has changed from 30.3% to 31.2%. The impact of this change in the tax rate on the consolidated financial statements for the fiscal year ended December 31, 2025 was minimal.

The Company operates its businesses in jurisdictions where a global minimum tax system has been enacted or substantively enacted in accordance with the Pillar Two Model Rules.

The Company assesses the impact of the application of the global minimum tax system based on the most recent financial statements of each of the constituent entities subject to the system. As a result of the assessment, it was found that there was no significant impact on income taxes in the Group's consolidated financial statements for the fiscal year ended December 31, 2025.

18. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Accounts and notes payable – trade	**¥ 89,771**	¥ 87,064	**$ 573,398**
Other	**22,934**	21,453	**146,489**
Total	**¥ 112,706**	¥ 108,517	**$ 719,888**

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

19. BONDS AND BORROWINGS

1. Breakdown of Bonds and Borrowings

	Millions of Yen		Thousands of U.S. Dollars		
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)	Average interest rate	Repayment period
Short-term borrowings	**¥ 64,344**	¥ 49,405	**$ 410,987**	3.27 %	
Current portion of long-term borrowings	**70,886**	52,070	**452,772**	0.99	
Bonds (Note)	**39,893**	39,870	**254,809**		
Long-term borrowings	**360,647**	296,676	**2,303,573**	1.31	2027—2035
Total	**535,770**	438,021	**3,422,142**	—	—
Current liabilities	**135,230**	101,476	**863,759**		
Non-current liabilities	**400,540**	336,546	**2,558,382**		
Total	**¥ 535,770**	¥ 438,021	**$ 3,422,142**		

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

The average interest rate is calculated based on the outstanding balances and the interest rates at December 31, 2025.

The Company's borrowings at December 31, 2024 and 2025 include those under syndicated loan agreements (total agreement amount: $720 million and ¥54,240 million ($346,449 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, 2024 and 2025 include those under syndicated loan agreements (total agreement amount: ¥214,700 million ($1,371,359 thousand)) concluded with the counterparty banks on June 28, 2023 and a loan agreement (total agreement amount: ¥100,000 million ($638,733 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, 2025 include those under syndicated loan agreements (total agreement amount: ¥109,275 million ($697,975 thousand)) concluded with the counterparty banks on June 17, 2025 and a loan agreement (total agreement amount: ¥31,000 million ($198,007 thousand)) concluded with the Japan Bank for International Cooperation (JBIC) on June 30, 2025.

Those agreements are subject to the following financial covenants:

- From the fiscal year ended December 31, 2025, 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, 2025, 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, 2024 and 2025 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 covenant:

- 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, 2024 and 2025 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.

The Company's borrowings at December 31, 2024 and 2025 include those under a loan agreement (total agreement amount: $49 million) concluded between ATC Tires AP Private Ltd., the Company's subsidiary, and the counterparty banks on June 7, 2024.

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 was as follows:

			Millions of Yen		Thousands of U.S. Dollars			
Company name	Issue name	Issuance date	**2025** (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)	Interest rate	Collateral	Maturity date
The Company	Fourteenth series of unsecured bonds	July 27, 2020	**¥ 9,975**	¥ 9,970	**$ 63,714**	0.360%	Unsecured	July 26, 2030
The Company	Fifteenth series of unsecured bonds	June 6, 2022	**16,961**	16,950	**108,338**	0.490	Unsecured	June 6, 2029
The Company	Sixteenth series of unsecured bonds	June 6, 2022	**12,956**	12,950	**82,757**	0.580	Unsecured	June 4, 2032
Total	—	—	**¥ 39,893**	¥ 39,870	**$ 254,809**	—	—	—

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

(1) Assets Pledged as Collateral

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Cash and cash equivalents	**¥ 108**	¥ 7,593	**$ 693**
Trade and other receivables	**—**	2,655	**—**
Inventories	**—**	1,174	**—**
Other current assets	**—**	202	**—**
Non-current assets held for sale	**—**	5,889	**—**
Property, plant and equipment	**419**	427	**2,679**
Total	**¥ 528**	¥ 17,940	**$ 3,372**

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
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Short-term borrowings	**¥ 50**	¥ 50	**$ 319**
Total	**¥ 50**	¥ 50	**$ 319**

20. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Financial liabilities measured at amortized cost			
Other	**¥ 23,182**	¥ 26,051	**$ 148,073**
Lease liabilities	**53,015**	48,605	**338,624**
Derivative liabilities	**1,666**	483	**10,642**
Total	**77,863**	75,140	**497,338**
Current liabilities	**33,577**	32,477	**214,467**
Non-current liabilities	**44,286**	42,663	**282,870**
Total	**¥ 77,863**	¥ 75,140	**$ 497,338**

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

21. 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. While a retirement benefit trust was established for the payment of lump-sum retirement benefits, the retirement benefit trust at the Company was in a significant surplus position relative to the retirement benefit obligation, and this situation is expected to continue. Accordingly, during the fiscal year ended December 31, 2025, the Company received a partial refund from the retirement benefit trust.

Some of the consolidated subsidiaries in the United States 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Defined benefit obligations	**¥ 71,923**	¥ 73,231	**$ 459,396**
Plan assets	**(65,572)**	(82,149)	**(418,827)**
Net liabilities (assets) for retirement benefits presented in the consolidated statement of financial position	**6,351**	(8,918)	**40,568**
Amounts presented in the consolidated statement of financial position			
Liabilities for retirement benefits	**16,734**	17,227	**106,884**
Assets for retirement benefits	**10,382**	26,145	**66,316**

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, 2024	¥ 64,241	¥ 7,539
Current service cost	2,957	106
Interest cost	1,909	362
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	15	(148)
Actuarial losses (gains) arising from changes in financial assumptions	(2,577)	(382)
Actuarial losses (gains) arising from other factors	96	(165)
Benefits paid	(3,895)	(585)
Past service cost (gains)	22	—
Exchange differences on translating foreign operations, etc.	2,900	834
At December 31, 2024	¥ 65,668	¥ 7,563
Current service cost	2,760	97
Interest cost	1,994	362
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	11	148
Actuarial losses (gains) arising from changes in financial assumptions	(2,563)	168
Actuarial losses (gains) arising from other factors	440	(23)
Benefits paid	(5,431)	(595)
Past service cost (gains)	164	—
Increase resulting from business combinations	1,299	—
Exchange differences on translating foreign operations, etc.	(70)	(70)
At December 31, 2025	¥ 64,273	¥ 7,650

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2024	$ 419,443	$ 48,307
Current service cost	17,628	622
Interest cost	12,739	2,315
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	68	943
Actuarial losses (gains) arising from changes in financial assumptions	(16,374)	1,073
Actuarial losses (gains) arising from other factors	2,813	(150)
Benefits paid	(34,687)	(3,800)
Past service cost (gains)	1,049	—
Increase resulting from business combinations	8,299	—
Exchange differences on translating foreign operations, etc.	(447)	(448)
At December 31, 2025	$ 410,533	$ 48,863

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

	Years	
	2025 (December 31, 2025)	2024 (December 31, 2024)
Weighted-average duration	**9.7**	10.2

(3) Plan Assets

Changes in plan assets were as follows:

	Millions of Yen	
	Defined benefit plans	Post-retirement medical benefits
At January 1, 2024	¥ 70,175	¥ —
Interest income	1,910	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	7,702	—
Employer contributions	1,044	—
Benefits paid	(1,579)	—
Exchange differences on translating foreign operations, etc.	2,898	—
At December 31, 2024	¥ 82,149	¥ —
Interest income	2,320	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	1,214	—
Employer contributions	1,876	—
Benefits paid	(2,507)	—
Increase resulting from business combinations	2,303	—
Partial return of retirement benefit trust assets	(21,500)	—
Exchange differences on translating foreign operations, etc.	(284)	—
At December 31, 2025	¥ 65,572	¥ —

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2024	$ 524,711	$ —
Interest income	14,819	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	7,757	—
Contributions from employer	11,983	—
Benefits paid	(16,011)	—
Increase resulting from business combinations	14,707	—
Partial return of retirement benefit trust assets	(137,328)	—
Exchange differences on translating foreign operations, etc.	(1,812)	—
At December 31, 2025	$ 418,827	$ —

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 ¥1,702 million ($10,869 thousand) to defined benefit plans in the fiscal year ending December 31, 2026.

(4) Major Components of Plan Assets

The major components of total plan assets were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2025 (December 31, 2025)			2024 (December 31, 2024)			**2025 (December 31, 2025)**		
	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	**¥ 31,245**	**¥ —**	**¥ 31,245**	¥ 5,099	¥ —	¥ 5,099	**$ 199,571**	**$ —**	**$ 199,571**
Equity financial instruments									
Domestic equity securities	**2,873**	**—**	**2,873**	48,688	—	48,688	**18,350**	**—**	**18,350**
Foreign equity securities	**4,478**	**—**	**4,478**	3,886	—	3,886	**28,600**	**—**	**28,600**
Debt instruments									
Domestic bonds	**—**	**1,093**	**1,093**	—	—	—	**—**	**6,983**	**6,983**
Foreign bonds	**22,153**	**—**	**22,153**	20,894	—	20,894	**141,498**	**—**	**141,498**
Other	**2,257**	**1,473**	**3,730**	1,939	1,643	3,582	**14,418**	**9,407**	**23,825**
Total	**¥ 63,006**	**¥ 2,566**	**¥ 65,572**	¥ 80,506	¥ 1,643	¥ 82,149	**$ 402,438**	**$ 16,390**	**$ 418,827**

(5) Items Related to Actuarial Assumptions

Major actuarial assumptions were as follows:

	2025 (December 31, 2025)	2024 (December 31, 2024)
Discount rate (weighted-average)	**4.2 %**	3.7 %

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 was 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.

		Millions of Yen		Thousands of U.S. Dollars
	Changes in assumptions	**2025** (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Discount rate	0.5% increase	**¥ (3,191)**	¥ (3,370)	**$ (20,383)**
	0.5% decrease	**3,275**	3,571	**20,916**

3. Defined Contribution Pension Plans

Contributions to defined contribution pension plans for the fiscal years ended December 31, 2024 and 2025 were ¥2,079 million and ¥1,858 million ($11,867 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, 2024 and 2025 were ¥219,302 million and ¥224,281 million ($1,432,555 thousand), respectively.

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

22. 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, 2024 and 2025 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, 2024	169,549	¥ 38,909	¥ 31,255
Changes	—	—	131
2024 (December 31, 2024)	169,549	38,909	31,386
Changes	(3,153)	—	(1,419)
2025 (December 31, 2025)	166,396	¥ 38,909	¥ 29,967

	Thousands of Shares	Thousands of U.S. Dollars	
	Number of issued shares	Share capital	Share premium
2024 (December 31, 2024)	169,549	$ 248,525	$ 200,475
Changes	(3,153)	—	(9,064)
2025 (December 31, 2025)	166,396	$ 248,525	$ 191,411

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

Note:

The change in the number of issued shares during the fiscal year ended December 31, 2025 was as follows:

Decrease due to the cancellation of treasury shares based on the resolution of the Board of Directors: 3,153 thousand shares

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, 2024	8,801	¥ 11,587
Changes	1,266	3,855
2024 (December 31, 2024)	10,067	15,441
Changes	(1,374)	221
2025 (December 31, 2025)	8,693	¥ 15,662

	Thousands of Shares	Thousands of U.S. Dollars
	Number of shares	Amount
2024 (December 31, 2024)	10,067	$ 98,629
Changes	(1,374)	1,411
2025 (December 31, 2025)	8,693	$ 100,040

Note:

Increases/decreases in the number of shares during the fiscal year ended December 31, 2024 were as follows:

Increase due to the purchase of own shares based on the resolution of the Board of Directors: 1,315 thousand shares

Increase due to the purchase of fractional shares: 1 thousand shares

Decrease due to the disposal of treasury shares associated with payment of restricted stock compensation: 50 thousand shares

Increases/decreases in the number of shares during the fiscal year ended December 31, 2025 were as follows:

Increase due to the purchase of own shares based on the resolution of the Board of Directors: 1,838 thousand shares

Increase due to the purchase of fractional shares: 2 thousand shares

Decrease due to the cancellation of treasury shares based on the resolution of the Board of Directors: 3,153 thousand shares

Decrease due to the disposal of treasury shares associated with payment of restricted stock compensation: 61 thousand shares

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 and 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.

23. DIVIDENDS

1. Dividends Paid

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

Resolution	Class of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 28, 2024 General Meeting of Shareholders	Common stock	¥ 8,037	¥ 50	December 31, 2023	March 29, 2024
August 9, 2024 Board of Directors meeting	Common stock	¥ 7,397	¥ 46	June 30, 2024	August 30, 2024

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

Resolution	Class of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 28, 2025 General Meeting of Shareholders	Common stock	**¥ 8,293**	**¥ 52**	December 31, 2024	March 31, 2025
August 12, 2025 Board of Directors meeting	Common stock	**¥ 7,570**	**¥ 48**	June 30, 2025	September 12, 2025

Resolution	Class of stock	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Record date	Effective date
March 28, 2025 General Meeting of Shareholders	Common stock	**$ 52,971**	**$ 0.33**	December 31, 2024	March 31, 2025
August 12, 2025 Board of Directors meeting	Common stock	**$ 48,351**	**$ 0.31**	June 30, 2025	September 12, 2025

2. Proposed Dividends for Common Stock

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

Resolution	Class of stock	Source of dividends	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 28, 2025 General Meeting of Shareholders	Common stock	Retained earnings	**¥ 8,293**	**¥ 52**	December 31, 2024	March 31, 2025

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

Resolution to be passed	Class of stock	Source of dividends	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 27, 2026 General Meeting of Shareholders	Common stock	Retained earnings	**¥ 13,562**	**¥ 86**	December 31, 2025	March 30, 2026

Resolution to be passed	Class of stock	Source of dividends	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Record date	Effective date
March 27, 2026 General Meeting of Shareholders	Common stock	Retained earnings	**$ 86,628**	**$ 0.55**	December 31, 2025	March 30, 2026

24. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Employee benefit expenses	**¥ 94,396**	¥ 89,270	**$ 602,939**
Freightage and warehousing expenses	**87,383**	79,746	**558,144**
Advertising and promotion expenses	**17,269**	16,499	**110,302**
Other	**81,180**	69,857	**518,522**
Total	**¥ 280,228**	¥ 255,371	**$ 1,789,908**

25. OTHER INCOME

The breakdown of other income was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Gain on sale of non-current assets	**¥ 1,147**	¥ 2,669	**$ 7,324**
Other	**3,465**	3,412	**22,133**
Total	**¥ 4,612**	¥ 6,081	**$ 29,457**

26. OTHER EXPENSES

The breakdown of other expenses was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Loss on sale and retirement of non-current assets	**¥ 1,589**	¥ 809	**$ 10,150**
Impairment losses (Notes 1 and 2)	**3,160**	11,449	**20,182**
Other (Notes 1, 2 and 3)	**13,539**	9,046	**86,477**
Total	**¥ 18,288**	¥ 21,304	**$ 116,808**

Notes:

1. During the fiscal year ended December 31, 2024, given the present market environment and the structural shift in the manufacturing footprint of the tire industry, the Company has decided to close the Hadera plant of Alliance Tire Company Limited in Israel and the Prague plant of Yokohama TWS Czech Republic a.s. in Czech Republic in order to secure a sustainable level of profitability and long-term prospects of the OHT business. As a result, impairment losses of ¥1,501 million and related losses of ¥4,201 million for the closure of the Hadera plant, and impairment losses of ¥9,935 million and related losses of ¥749 million for the closure of the Prague plant were recorded. As for the related losses for the Hadera plant, provision of ¥3,036 million was recorded for direct expenses incurred in relation to the closure of the base, such as special severance pay to employees.
2. In addition to the already announced closures of the Hadera plant of Alliance Tire Company Limited in Israel and the Prague plant of Yokohama TWS Czech Republic a.s. in Czech Republic, the Company has decided to close the Spartanburg plant of Yokohama TWS North America, Inc. in the U.S. and consolidate its production footprint into another base during the fiscal year ended December 31, 2025. As a result, impairment losses of ¥1,194 million ($7,624 thousand) and related losses of ¥2,246 million ($14,343 thousand) for the closure of the Hadera plant, related losses of ¥868 million ($5,544 thousand) for the closure of the Prague plant, and impairment losses of ¥1,818 million ($11,609 thousand) and related losses of ¥1,330 million ($8,498 thousand) for the closure of the Spartanburg plant were recorded.
3. During the fiscal year ended December 31, 2025, the Company recorded ¥1,251 million ($7,991 thousand) as start-up costs for new plant launches in Hangzhou City and Mexico and ¥823 million ($5,259 thousand) as costs for the realignment of the automotive hose and couplings production networks in the U.S. and Mexico, both of which were included in “Other.”

27. FINANCE INCOME AND FINANCE COSTS

1. Breakdown of Finance Income

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Interest income			
Financial assets measured at amortized cost	**¥ 3,313**	¥ 2,767	**$ 21,158**
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	**1,068**	2,261	**6,819**
Foreign exchange gains	**12,261**	—	**78,317**
Gain on valuation of derivatives	**—**	461	**—**
Other	**1,008**	64	**6,437**
Total	**¥ 17,649**	¥ 5,554	**$ 112,731**

2. Breakdown of Finance Costs

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Interest expenses			
Financial liabilities measured at amortized cost	**¥ 8,535**	¥ 5,415	**$ 54,517**
Foreign exchange losses	**—**	2,647	**—**
Loss on valuation of derivatives	**3,548**	—	**22,661**
Other	**1,281**	1,290	**8,181**
Total	**¥ 13,364**	¥ 9,352	**$ 85,360**

28. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Exchange differences on translating foreign operations			
Amount recognized	**¥ 49,067**	¥ 77,499	**$ 313,406**
Before tax effects	**49,067**	77,499	**313,406**
Exchange differences on translating foreign operations	**49,067**	77,499	**313,406**
Cash flow hedges			
Amount recognized	**(3,051)**	3,120	**(19,489)**
Amount reclassified	**1,398**	(2,410)	**8,926**
Before tax effects	**(1,654)**	710	**(10,563)**
Tax effects	**417**	(180)	**2,661**
Cash flow hedges	**(1,237)**	530	**(7,902)**
Gains (losses) on financial assets measured at fair value through other comprehensive income			
Amount recognized	**6,318**	18,997	**40,353**
Before tax effects	**6,318**	18,997	**40,353**
Tax effects	**(1,914)**	(5,756)	**(12,227)**
Gains (losses) on financial assets measured at fair value through other comprehensive income	**4,403**	13,241	**28,126**
Remeasurements of defined benefit plans			
Amount recognized	**3,034**	10,862	**19,382**
Before tax effects	**3,034**	10,862	**19,382**
Tax effects	**(930)**	(2,986)	**(5,940)**
Remeasurements of defined benefit plans	**2,104**	7,876	**13,442**
Total			
Amount recognized	**55,368**	110,478	**353,652**
Amount reclassified	**1,398**	(2,410)	**8,926**
Before tax effects	**56,765**	108,068	**362,578**
Tax effects	**(2,428)**	(8,922)	**(15,506)**
Other comprehensive income	**54,338**	99,146	**347,072**

29. EARNINGS PER SHARE

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Profit for the year attributable to owners of the parent	**¥ 105,398**	¥ 74,919	**$ 673,213**

	Thousands of shares	
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)
Weighted-average number of common stock	**157,651**	160,150
Share-based payment	**475**	426
Weighted-average number of diluted common stock	**158,126**	160,575

	Yen		U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Basic earnings per share	**¥ 668.55**	¥ 467.81	**$ 4.27**
Diluted earnings per share	**666.55**	466.57	**4.26**

30. 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)
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Grant date	**May 23, 2025**	May 24, 2024	**May 23, 2025**
Number of shares granted (Shares)	**60,579**	50,178	**60,579**
Fair value at grant date	**¥ 3,112**	¥ 3,927	**$ 19.88**

Note:
The fair value is calculated based on the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution by the Board of Directors.

3. Expenses related to Share-based Payments

Expenses related to share-based payments were ¥184 million and ¥192 million ($1,224 thousand) for the fiscal years ended December 31, 2024 and 2025, respectively, which were included in "Selling, general, and administrative expenses" and "Cost of sales" in the consolidated statement of profit or loss.

31. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities related to financing activities

Changes in liabilities arising from financing activities were as follows:

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

	Millions of Yen					
			Non-cash changes			
	Balance at January 1, 2024	Cash flows	Acquisition	New leases	Other	Balance at December 31, 2024
Short-term borrowings	¥ 46,192	¥ 4,801	¥ —	¥ —	¥ (1,587)	¥ 49,405
Long-term borrowings	383,318	(37,964)	—	—	3,392	348,746
Bonds	39,847	—	—	—	23	39,870
Lease liabilities	48,732	(10,036)	—	8,055	1,854	48,605
Financial liabilities	¥ 518,089	¥ (43,198)	¥ —	¥ 8,055	¥ 3,681	¥ 486,626

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

	Millions of Yen					
			Non-cash changes			
	Balance at January 1, 2025	Cash flows	Acquisition	New leases	Other	Balance at December 31, 2025
Short-term borrowings	¥ 49,405	¥ 15,610	¥ —	¥ —	¥ (671)	¥ 64,344
Long-term borrowings	348,746	86,837	—	—	(4,050)	431,533
Bonds	39,870	—	—	—	23	39,893
Lease liabilities	48,605	(9,751)	—	16,289	(2,128)	53,015
Financial liabilities	¥ 486,626	¥ 92,697	¥ —	¥ 16,289	¥ (6,827)	¥ 588,785

	Thousands of U.S. Dollars					
			Non-cash changes			
	Balance at January 1, 2025	Cash flows	Acquisition	New leases	Other	Balance at December 31, 2025
Short-term borrowings	$ 315,567	$ 99,709	$ —	$ —	$ (4,289)	$ 410,987
Long-term borrowings	2,227,557	554,659	—	—	(25,871)	2,756,345
Bonds	254,662	—	—	—	148	254,809
Lease liabilities	310,457	(62,282)	—	104,040	(13,592)	338,624
Financial liabilities	$ 3,108,242	$ 592,086	$ —	$ 104,040	$ (43,604)	$ 3,760,765

32. 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.

(3) Changes in Allowance for Doubtful Receivables
Changes in allowance for doubtful receivables were as follows:

	Millions of Yen							
	2025 (From January 1, 2025 to December 31, 2025)				2024 (From January 1, 2024 to December 31, 2024)			
	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	**¥ —**	**¥ 1,856**	**¥ 994**	**¥ 495**	¥ —	¥ 1,840	¥ 980	¥ 1,218
Provision (Note)	**—**	**182**	**48**	**2**	—	159	49	2
Utilization through write-offs	**—**	**(54)**	**—**	**(0)**	—	(221)	—	(0)
Reversal (Note)	**—**	**(110)**	**(26)**	**—**	—	(94)	(35)	(728)
Other	**—**	**132**	**—**	**59**	—	171	—	3
Ending balance	**¥ —**	**¥ 2,007**	**¥ 1,015**	**¥ 557**	¥ —	¥ 1,856	¥ 994	¥ 495

	Thousands of U.S. Dollars			
	2025 (From January 1, 2025 to December 31, 2025)			
	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	**$ —**	**$11,853**	**$6,347**	**$3,165**
Provision (Note)	**—**	**1,164**	**303**	**13**
Utilization through write-offs	**—**	**(343)**	**—**	**(1)**
Reversal (Note)	**—**	**(699)**	**(168)**	**—**
Other	**—**	**842**	**—**	**380**
Ending balance	**$ —**	**$12,817**	**$6,482**	**$3,557**

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

(4) Carrying Amounts of Financial Instruments related to Allowance for Doubtful Receivables
The carrying amounts (before allowance for doubtful receivables) of financial instruments related to allowance for doubtful receivables were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	2025 (December 31, 2025)
Financial instruments other than trade and other receivables (12-month expected credit loss)	**¥ 8,628**	¥ 8,211	**$ 55,112**
Trade and other receivables (Lifetime expected credit loss)	**336,996**	283,874	**2,152,502**
Financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	**249**	237	**1,592**
Credit-impaired financial instruments (Lifetime expected credit loss)	**358**	297	**2,286**

(5) Analysis of Credit Risk
Below is the aged analysis of trade and other receivables.

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	2025 (December 31, 2025)
30 days or less past due	**¥ 16,897**	¥ 17,593	**$ 107,929**
Over 30 days to 60 days or less past due	**5,554**	6,625	**35,476**
Over 60 days to 90 days or less past due	**4,279**	1,878	**27,333**
Over 90 days past due	**6,996**	4,431	**44,687**
Total	**¥ 33,727**	¥ 30,527	**$ 215,426**

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.

(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, 2024 (December 31, 2024)

	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	¥ 108,517	¥ 108,517	¥ 108,517	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds and borrowings	438,021	455,227	104,607	60,370	43,096	38,305	55,432	153,417
Lease liabilities	48,605	54,449	12,293	8,093	6,876	5,786	4,502	16,900
Subtotal	595,143	618,194	225,417	68,462	49,972	44,091	59,935	170,317
Derivative financial liabilities	483	483	422	62	—	—	—	—
Total	¥ 595,627	¥ 618,677	¥ 225,838	¥ 68,524	¥ 49,972	¥ 44,091	¥ 59,935	¥ 170,317

Fiscal Year Ended December 31, 2025 (December 31, 2025)

	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	**¥ 112,706**	**¥ 112,706**	**¥ 112,706**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Bonds and borrowings	**535,770**	**560,523**	**140,627**	**58,813**	**53,830**	**70,770**	**75,882**	**160,601**
Lease liabilities	**53,015**	**58,838**	**13,935**	**9,918**	**8,315**	**6,751**	**4,246**	**15,673**
Subtotal	**701,491**	**732,066**	**267,267**	**68,730**	**62,144**	**77,521**	**80,129**	**176,274**
Derivative financial liabilities	**1,666**	**1,666**	**1,492**	**171**	**3**	**—**	**—**	**—**
Total	**¥ 703,157**	**¥ 733,732**	**¥ 268,759**	**¥ 68,902**	**¥ 62,147**	**¥ 77,521**	**¥ 80,129**	**¥ 176,274**

	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	**$ 719,888**	**$ 719,888**	**$ 719,888**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Bonds and borrowings	**3,422,142**	**3,580,241**	**898,229**	**375,656**	**343,828**	**452,031**	**484,686**	**1,025,810**
Lease liabilities	**338,624**	**375,818**	**89,007**	**63,348**	**53,108**	**43,124**	**27,122**	**100,109**
Subtotal	**4,480,653**	**4,675,947**	**1,707,124**	**439,004**	**396,936**	**495,155**	**511,808**	**1,125,919**
Derivative financial liabilities	**10,642**	**10,642**	**9,531**	**1,093**	**18**	**—**	**—**	**—**
Total	**$ 4,491,295**	**$ 4,686,588**	**$ 1,716,655**	**$ 440,097**	**$ 396,954**	**$ 495,155**	**$ 511,808**	**$ 1,125,919**

(3) Supplier Finance Arrangements

The Group has entered into supplier finance arrangements with third-party financial institutions and makes payments to them in accordance with the terms of agreements entered into with each supplier. Suppliers may, at their discretion, receive early payment from the third-party financial institutions at a discount.

(i) The carrying amount of financial liabilities that are part of a supplier finance arrangement was as follows. These liabilities are included in “Trade and other payables” in the consolidated statement of financial position.

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Financial liabilities that are part of supplier finance arrangements	**¥ 1,827**	¥ 3,032	**$ 11,672**

(ii) The carrying amount of financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers was as follows. These liabilities are included in “Trade and other payables” in the consolidated statement of financial position.

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Financial liabilities for which suppliers have already received payment from the finance providers	**¥ 1,510**	¥ 3,007	**$ 9,643**

(iii) The range of payment due dates for the financial liabilities disclosed under (i) and comparable trade payables that are not part of a supplier finance arrangement is primarily as follows:

	2025 (December 31, 2025)	**2024** (December 31, 2024)
Financial liabilities that are part of supplier finance arrangements	**80–186 days after invoice date**	80–180 days after invoice date
Comparable trade payables that are not part of supplier finance arrangements	**50–60 days after invoice date**	30–60 days after invoice date

The supplier finance arrangements entered into by the Group do not result in a concentration of payment due dates or a significant extension of payment terms compared with the normal payment terms agreed with other suppliers that do not participate in such arrangements, and the Group is not exposed to significant liquidity risk arising from such arrangements.

As of December 31, 2025, there were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements.

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 were as follows. All other variables are assumed to be constant.

		Millions of Yen		Thousands of U.S. Dollars
	Currency	**2025** (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Effects on profit before tax	U.S. Dollar	**¥ 128**	¥ (578)	**$ 820**
	Euro	**(300)**	(24)	**(1,914)**

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 100 basis points increase in the interest rate on profit before tax were as follows. All other variables are assumed to be constant.

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Effects on profit before tax	**¥ (710)**	¥ (663)	**$ (4,534)**

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) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Effects on other comprehensive income (before tax)	**¥ (235)**	¥ (260)	**$ (1,503)**

8. Carrying Amount and Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments were 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	
	2025 (December 31, 2025)		2024 (December 31, 2024)		**2025** (December 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings (Note)	**¥ 431,533**	**¥ 415,710**	¥ 348,746	¥ 341,877	**$ 2,756,345**	**$ 2,655,276**
Bonds (Note)	**39,893**	**37,051**	39,870	38,176	**254,809**	**236,660**

Note:
Including current portions.

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, 2024 and 2025.

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

Fiscal Year Ended December 31, 2024 (December 31, 2024)

	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	¥ —	¥ 174	¥ —	¥ 174
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	25,960	—	14,525	40,486
Other	—	—	605	605
Derivative assets	—	8,896	—	8,896
Total	¥ 25,960	¥ 9,070	¥ 15,130	¥ 50,160
Financial liabilities				
Derivative liabilities	—	483	—	483
Total	¥ —	¥ 483	¥ —	¥ 483

Fiscal Year Ended December 31, 2025 (December 31, 2025)

	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	¥ —	¥ 175	¥ —	¥ 175
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	23,534	—	15,544	39,078
Other	—	—	605	605
Derivative assets	—	4,125	—	4,125
Total	¥ 23,534	¥ 4,300	¥ 16,149	¥ 43,983
Financial liabilities				
Derivative liabilities	—	1,666	—	1,666
Total	¥ —	¥ 1,666	¥ —	¥ 1,666

	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	$ —	$ 1,117	$ —	$ 1,117
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	150,322	—	99,285	249,607
Other	—	—	3,862	3,862
Derivative assets	—	26,346	—	26,346
Total	$ 150,322	$ 27,463	$ 103,147	$ 280,932
Financial liabilities				
Derivative liabilities	—	10,642	—	10,642
Total	$ —	$ 10,642	$ —	$ 10,642

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.

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

	Millions of Yen
	Financial assets
Balance at January 1, 2024	¥ 17,179
Total gains and losses	
Other comprehensive income (Note)	751
Purchase	192
Sale	(2,403)
Other	(589)
Balance at December 31, 2024	¥ 15,130
Total gains and losses	
Other comprehensive income (Note)	1,033
Purchase	1
Sale	(3)
Other	(12)
Balance at December 31, 2025	¥ 16,149

	Thousands of U.S. Dollars
	Financial assets
Balance at December 31, 2024	$ 96,641
Total gains and losses	
Other comprehensive income (Note)	6,596
Purchase	4
Sale	(16)
Other	(77)
Balance at December 31, 2025	$ 103,147

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, 2024 and 2025.

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, 2024 and 2025.

At the inception of the hedge, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking these hedging transactions. The Group also assesses, on an ongoing basis both at the inception and during the term of the hedge, that all of the following conditions are met: there is an economic relationship between the hedged item and the hedging instrument; the effect of credit risk does not dominate the value changes that result from the economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item and the hedging instrument that the Group actually hedges.

(1) Fair Value of Hedging Instruments under Hedge Accounting

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

	Millions of Yen				Thousands of U.S. Dollars	
	2025 (December 31, 2025)		2024 (December 31, 2024)		**2025** (December 31, 2025)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Interest rate swaps	**¥ 235**	**¥ —**	¥ 641	¥ —	**$ 1,498**	**$ —**
Forward foreign exchange contracts	**731**	**1,487**	1,723	438	**4,671**	**9,501**
Commodity futures transactions	**23**	**—**	—	—	**145**	**—**
Subtotal	**988**	**1,487**	2,364	438	**6,313**	**9,501**
Total	**¥ 988**	**¥ 1,487**	¥ 2,364	¥ 438	**$ 6,313**	**$ 9,501**

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 were as follows:

Type of risk	Type of hedge	Hedging instrument	Notional amount and average price	Millions of Yen				Thousands of U.S. Dollars	
				2025 (December 31, 2025)		2024 (December 31, 2024)		**2025** (December 31, 2025)	
				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	**¥ 11,272**	**¥ —**	¥ 11,389	¥ 11,389	**$ 72,000**	**$ —**
Foreign exchange risk	Cash flow hedge	Short EUR Forward foreign exchange contracts	Notional amount	**57,442**	**—**	10,873	10,088	**366,903**	**—**
			Average price (USD/EUR)	**1.2**	**—**	1.1	1.1	**1.2**	**—**
		Short EUR Forward foreign exchange contracts	Notional amount	**—**	**—**	3,381	—	**—**	**—**
			Average price (CZK/EUR)	**—**	**—**	25.3	—	**—**	**—**
		Short USD Forward foreign exchange contracts	Notional amount	**—**	**—**	41	—	**—**	**—**
			Average price (NZD/USD)	**—**	**—**	0.6	—	**—**	**—**
		Short NZD Forward foreign exchange contracts	Notional amount	**582**	**—**	—	—	**3,720**	**—**
			Average price (NZD/USD)	**0.6**	**—**	—	—	**0.6**	**—**
		Short NZD Forward foreign exchange contracts	Notional amount	**—**	**—**	31	—	**—**	**—**
			Average price (CZK/NZD)	**—**	**—**	14.1	—	**—**	**—**
		Short AUD Forward foreign exchange contracts	Notional amount	**1,090**	**—**	176	—	**6,963**	**—**
			Average price (USD/AUD)	**0.7**	**—**	0.6	—	**0.7**	**—**
		Short GBP Forward foreign exchange contracts	Notional amount	**—**	**—**	199	—	**—**	**—**
			Average price (EUR/GBP)	**—**	**—**	0.8	—	**—**	**—**
		Short MXN Forward foreign exchange contracts	Notional amount	**—**	**—**	682	—	**—**	**—**
			Average price (EUR/MXN)	**—**	**—**	21.6	—	**—**	**—**
		Short SEK Forward foreign exchange contracts	Notional amount	**—**	**—**	19	—	**—**	**—**
			Average price (EUR/SEK)	**—**	**—**	11.5	—	**—**	**—**

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 SOFR, with a fixed payment rate ranging from negative 0.011% to positive 0.010%.

Type of risk	Type of hedge	Hedging instrument	Notional amount and average price	Millions of Yen 2025 (December 31, 2025) Within 1 year	Millions of Yen 2025 (December 31, 2025) Over 1 year	Millions of Yen 2024 (December 31, 2024) Within 1 year	Millions of Yen 2024 (December 31, 2024) Over 1 year	Thousands of U.S. Dollars 2025 (December 31, 2025) Within 1 year	Thousands of U.S. Dollars 2025 (December 31, 2025) Over 1 year
Foreign exchange risk	Cash flow hedge	Long INR Forward foreign exchange contracts	Notional amount	**¥ 22,129**	**¥ —**	¥ 18,864	¥ 6,185	**$ 141,343**	**$ —**
			Average price (USD/INR)	**90.0**	**—**	85.2	88.2	**90.0**	**—**
		Long THB Forward foreign exchange contracts	Notional amount	**21,868**	**—**	20,648	—	**139,678**	**—**
			Average price (JPY/THB)	**4.9**	**—**	4.5	—	**4.9**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**5,840**	**—**	—	—	**37,300**	**—**
			Average price (EUR/USD)	**1.2**	**—**	—	—	**1.2**	**—**
		Long EUR Forward foreign exchange contracts	Notional amount	**—**	**—**	19	—	**—**	**—**
			Average price (NZD/EUR)	**—**	**—**	1.8	—	**—**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**—**	**—**	94	—	**—**	**—**
			Average price (NZD/USD)	**—**	**—**	0.6	—	**—**	**—**
		Long AUD Forward foreign exchange contracts	Notional amount	**830**	**—**	55	—	**5,299**	**—**
			Average price (USD/AUD)	**0.7**	**—**	0.6	—	**0.7**	**—**
		Long CZK Forward foreign exchange contracts	Notional amount	**—**	**—**	301	—	**—**	**—**
			Average price (EUR/CZK)	**—**	**—**	25.2	—	**—**	**—**
		Long EUR Forward foreign exchange contracts	Notional amount	**—**	**—**	132	—	**—**	**—**
			Average price (GBP/EUR)	**—**	**—**	0.8	—	**—**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**—**	**—**	139	—	**—**	**—**
			Average price (CAD/USD)	**—**	**—**	1.4	—	**—**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**—**	**—**	14	—	**—**	**—**
			Average price (NZD/USD)	**—**	**—**	1.7	—	**—**	**—**
		Long RON Forward foreign exchange contracts	Notional amount	**42**	**—**	—	—	**266**	**—**
			Average price (EUR/RON)	**5.2**	**—**	—	—	**5.2**	**—**
Commodity price fluctuation risk		Long Natural rubber Commodity futures transactions	Notional amount	**503**	**—**	—	—	**3,216**	**—**
			Average price (USD/ton)	**1,692.0**	**—**	—	—	**1,692.0**	**—**

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

(i) Interest rate fluctuation risk

	Millions of Yen 2025 (From January 1, 2025 to December 31, 2025)	Millions of Yen 2024 (From January 1, 2024 to December 31, 2024)	Thousands of U.S. Dollars 2025 (From January 1, 2025 to December 31, 2025)
Beginning of the year	**¥ 106**	¥ 165	**$ 678**
Amount recognized	**757**	1,733	**4,832**
Amount reclassified to profit for the year (Note)	**(841)**	(1,792)	**(5,375)**
End of the year	**21**	106	**135**

Note:
The amounts before tax effects are ¥(1,761) million and ¥(755) million ($(4,825) thousand) for the fiscal years ended December 31, 2024 and 2025, respectively, and are included in “Finance costs” in the consolidated statement of profit or loss.

(ii) Foreign exchange fluctuation risk

	Millions of Yen 2025 (From January 1, 2025 to December 31, 2025)	Millions of Yen 2024 (From January 1, 2024 to December 31, 2024)	Thousands of U.S. Dollars 2025 (From January 1, 2025 to December 31, 2025)
Beginning of the year	**¥ 41**	¥ (549)	**$ 262**
Amount recognized	**(2,764)**	1,073	**(17,655)**
Amount reclassified to profit for the year (Note)	**1,709**	(483)	**10,913**
End of the year	**(1,014)**	41	**(6,480)**

Note:
The amounts before tax effects are ¥(646) million and ¥2,153 million ($13,751 thousand) for the fiscal years ended December 31, 2024 and 2025, 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 2025 (From January 1, 2025 to December 31, 2025)	Millions of Yen 2024 (From January 1, 2024 to December 31, 2024)	Thousands of U.S. Dollars 2025 (From January 1, 2025 to December 31, 2025)
Beginning of the year	**¥ 78**	¥ 79	**$ 500**
Amount recognized	**(97)**	0	**(618)**
Amount reclassified to profit for the year (Note)	**—**	(2)	**—**
End of the year	**(19)**	78	**(119)**

Note:
The amount before tax effects is ¥(3) million for the fiscal year ended December 31, 2024 and is included in “Cost of sales” in the consolidated statement of profit or loss.

33. BUSINESS COMBINATIONS

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Regarding the business combination through the acquisition of shares of Trelleborg Wheel Systems Holding AB carried out on May 2, 2023, provisional accounting treatment had been applied in the fiscal year ended December 31, 2023. The allocation of the consideration for the acquisition was completed in the fiscal year ended December 31, 2024.
There were no changes from the allocation made in the fiscal year ended December 31, 2023.

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)
Business acquisition
Regarding the agreement the Company entered into with The Goodyear Tire & Rubber Company (hereinafter, “Goodyear”) on July 22, 2024, to acquire that company’s mining & construction machinery tire (hereinafter, off-the-road tire, or OTR) business, the acquisition was completed on February 4, 2025.

1. Outline of the acquisition
(1) Business acquired
Goodyear’s OTR business, which manufactures and sells tires for mining & construction vehicles (including companies for which shares are being acquired)

(2) Companies for which shares are being acquired
- Goodyear Earthmover Pty Ltd (Australia)
- Nippon Giant Tire Co., Ltd. (Japan)

Note:
Upon completion of the acquisition, Goodyear Earthmover Pty Ltd changed its name to Yokohama Earthmover Pty Ltd.

(3) Assets acquired
Inventories, tire manufacturing facilities & equipment, etc.

(4) Acquiring entities
The Yokohama Rubber Co., Ltd. and its overseas subsidiaries in the United States, Australia, Luxembourg, and other countries

(5) Date of the acquisition
February 4, 2025

(6) Main reasons for the acquisition
The Group currently is implementing Yokohama Transformation 2026 (YX2026), its three-year medium-term management plan for fiscal years 2024–2026.

The plan includes the use of programmatic M&A as one of the growth strategies for expanding the OHT business, which is expected to contribute to stably high earnings of the Company's commercial tire business. This acquisition will strengthen the Company's lineup of mining & construction machinery tires, which has been an issue to date, and contribute to the acceleration of the Group's global expansion.

2. Fair value of the consideration for the acquisition as of the date of the acquisition

Cash: ¥141,707 million ($910 million)

The consideration has not been finalized as of December 31, 2025 because the price adjustment after the acquisition has not yet been completed.

3. Fair value of assets acquired and liabilities assumed, and goodwill as of the date of the acquisition

	Millions of Yen		
	Date of acquisition (February 4, 2025)	Subsequent revision	Provisional fair value as of December 31, 2025
CURRENT ASSETS:			
Cash and cash equivalents	¥ 1,180	¥ —	¥ 1,180
Trade and other receivables	3,690	198	3,888
Inventories	22,157	(2,787)	19,370
Other	3,859	(188)	3,671
NON-CURRENT ASSETS:			
Property, plant and equipment	42,898	(233)	42,665
Intangible assets	56,968	3,874	60,842
Deferred tax assets	4,523	(218)	4,304
Other	993	—	993
Liabilities	10,338	801	11,139
Assets acquired and liabilities assumed (net)	125,930	(155)	125,774
Goodwill	¥ 17,113	¥ (1,180)	¥ 15,933

	Thousands of U.S. Dollars		
	Date of acquisition (February 4, 2025)	Subsequent revision	Provisional fair value as of December 31, 2025
CURRENT ASSETS:			
Cash and cash equivalents	$ 7,540	$ —	$ 7,540
Trade and other receivables	23,571	1,265	24,836
Inventories	141,521	(17,800)	123,721
Other	24,651	(1,204)	23,448
NON-CURRENT ASSETS:			
Property, plant and equipment	274,003	(1,487)	272,516
Intangible assets	363,871	24,744	388,615
Deferred tax assets	28,887	(1,394)	27,494
Other	6,344	—	6,344
Liabilities	66,034	5,118	71,151
Assets acquired and liabilities assumed (net)	804,355	(993)	803,362
Goodwill	$ 109,306	$ (7,538)	$ 101,767

As of the date of the acquisition, goodwill, assets acquired and liabilities assumed at the date of the business combination, and other amounts were accounted for provisionally. As of December 31, 2025, provisional accounting treatment continued to be applied because identifiable assets and liabilities at the date of the business combination are currently being examined, and the allocation of the purchase price is yet to be completed. The fair values of certain assets and liabilities have been revised as of December 31, 2025.

There are no material receivables that are deemed unrecoverable. Intangible assets consist of customer-related intangible assets of ¥24,863 million ($158,805 thousand), technology-based intangible assets of ¥17,440 million ($111,392 thousand), trademarks of ¥12,867 million ($82,184 thousand), contract-related intangible assets of ¥5,606 million ($35,805 thousand), and other of ¥67 million ($429 thousand). Goodwill represents future excess earning power expected from ongoing business development. The goodwill recognized is expected to be largely deductible for tax purposes.

4. Acquisition-related costs

Costs related to the business acquisition for the fiscal year ended December 31, 2025 of ¥1,731 million ($11,057 thousand) were recorded in "Selling, general, and administrative expenses.".

5. Impact on Group earnings

Revenue and business profit that arose after the date of the business acquisition were ¥78,079 million ($498,716 thousand) and ¥9,188 million ($58,689 thousand), respectively. Assuming that the business acquisition took place at the beginning of the fiscal year ended December 31, 2025, revenue and business profit for the fiscal year would be ¥85,177 million ($544,054 thousand) and ¥10,024 million ($64,024 thousand), respectively.

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

6. Financing

The Company's borrowings to finance the business acquisition are as follows:

	Syndicated loan agreements	Loan agreement with JBIC
Amount	¥ 109,300 million ($697,975 thousand)	¥ 31,000 million ($198,007 thousand)
Contract date	June 17, 2025	June 30, 2025
Execution date	June 19, 2025	June 30, 2025
Final repayment date	End of May 2035	
Term	10 years	
Interest rate	Fixed interest rate	
Lead arranger	Mizuho Bank, Ltd.	—
Participating banks	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, Mizuho Trust & Banking Co., Ltd., Ibaraki Shinren, The Joyo Bank, Ltd., Sumitomo Mitsui Banking Corporation, Aomori Michinoku Bank, Ltd., Hachijuni Nagano Bank, Ltd., The Hokuriku Bank, Ltd., The Musashino Bank, Ltd., and The 77 Bank, Ltd.	Japan Bank for International Cooperation
Assets pledged as collateral	None	

These agreements are subject to the following financial covenants:
- From the fiscal year ended December 31, 2025, 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, 2025, the Company must not record operating losses on the consolidated statement of profit or loss for two consecutive years.

34. 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 Tyre Australia Pty. Ltd.	New South Wales, Australia	100.0
Yokohama Europe GmbH	Düsseldorf, Germany	100.0
Yokohama (Suisse) S.A.	Zurich, 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.	Rayong, 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 Tyre Sales Vietnam Co., Ltd.	Ho Chi Minh, Vietnam	100.0
YOKOHAMA Pneumatici S.r.L	Milan, Italy	100.0
Yokohama Tire Mexico Real Estate SA DE CV.	Coahuila, Mexico	100.0
Hangzhou Qiantang Yokohama Tire Co., Ltd.	Zhejiang, China	100.0
Yokohama Tire Manufacturing Mexico S.A. DE C.V.	Coahuila, Mexico	100.0
YTMMX Japan G.K.	Hiratsuka, Japan	100.0
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.	Andhra Pradesh, India	100.0
Yokohama TWS Holding AB	Malmö, 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 Industria e Comercio de Borrachas e Polimeros Ltda.	Bahia, Brazil	100.0
Yokohama TWS Australia Pty Ltd.	Victoria, Australia	100.0
Yokohama TWS Luxembourg Sarl	Bissen, Luxembourg	100.0
Yokohama TWS Romania S.R.L.	Mehedinti, Romania	100.0
Yokohama Earthmover Pty Ltd	New South Wales, Australia	100.0
Nippon Giant Tire Co., Ltd.	Tatsuno, Japan	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
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	100.0
Yokohama Aerospace America, Inc.	Washington, United States of America	100.0
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
HAMAGOMU AICOM INC.	Yokohama, Japan	100.0
PRGR Co., Ltd.	Hiratsuka, Japan	100.0
Y.T. Rubber Co., Ltd.	Suratthani, Thailand	95.0

2. Subsidiaries with Material Non-controlling Interests

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

35. RELATED PARTIES

(1) Transactions and Outstanding Balances of Receivables and Payables with Related Parties

The Group conducts transactions with the following related parties:

Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

Category	Name	Details of business or occupation	Details of the transaction	Transaction amount	Outstanding balance
				Millions of Yen	Millions of Yen
Senior management	Masataka Yamaishi	Chairman & CEO, Chairman of the Board, the Company	Disposal of treasury shares (Note)	¥ 50	¥ —
	Shinji Seimiya	President & COO, the Company	Disposal of treasury shares (Note)	¥ 50	¥ —
	Nitin Mantri	Member of the Board and Senior Managing Officer & Co-COO, the Company	Disposal of treasury shares (Note)	¥ 20	¥ —
	Tomoaki Miyamoto	Member of the Board and Managing Officer, the Company	Disposal of treasury shares (Note)	¥ 15	¥ —
	Yoshikuni Nakamura	Member of the Board and Managing Officer, the Company	Disposal of treasury shares (Note)	¥ 15	¥ —
	Masahiro Yuki	Member of the Board and Officer, the Company	Disposal of treasury shares (Note)	¥ 10	¥ —

Note:

This was an allotment of treasury shares associated with the payment of restricted stock compensation.

The disposal price of treasury shares was determined based on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on April 25, 2024 (the business day immediately prior to the date of the resolution by the Board of Directors on April 26, 2024), which was ¥3,927.

Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

Category	Name	Details of business or occupation	Details of the transaction	Transaction amount Millions of Yen Thousands of U.S. Dollars	Outstanding balance Millions of Yen Thousands of U.S. Dollars
Senior management	Masataka Yamaishi	Chairman & CEO, Chairman of the Board, the Company	Disposal of treasury shares (Note)	¥ 50 $ 319	¥ — $ —
	Shinji Seimiya	President & COO, the Company	Disposal of treasury shares (Note)	¥ 50 $ 319	¥ — $ —
	Nitin Mantri	Member of the Board and Senior Managing Officer & Co-COO, the Company	Disposal of treasury shares (Note)	¥ 20 $ 128	¥ — $ —
	Tomoaki Miyamoto	Member of the Board and Managing Officer, the Company	Disposal of treasury shares (Note)	¥ 15 $ 96	¥ — $ —
	Masahiro Yuki	Member of the Board and Officer, the Company	Disposal of treasury shares (Note)	¥ 10 $ 64	¥ — $ —

Note:
This was an allotment of treasury shares associated with the payment of restricted stock compensation.
The disposal price of treasury shares was determined based on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on April 25, 2025 (the business day immediately prior to the date of the resolution by the Board of Directors on April 28, 2025), which was ¥3,112 ($19.88).

(2) Remunerations for Major Executives
Remunerations for major executives of the Group were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025 (From January 1, 2025 to December 31, 2025)	2024 (From January 1, 2024 to December 31, 2024)	**2025** (From January 1, 2025 to December 31, 2025)
Remunerations and bonuses	**¥ 878**	¥ 1,099	**$ 5,610**
Performance-linked remuneration	**95**	75	**604**
Share-based payment	**149**	150	**950**
Total	**¥ 1,122**	¥ 1,324	**$ 7,164**

36. COMMITMENTS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025 (December 31, 2025)	2024 (December 31, 2024)	**2025** (December 31, 2025)
Agreements on the acquisition of property, plant and equipment and intangible assets	**¥ 34,202**	¥ 33,500	**$ 218,459**

37. 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, 2025, 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.

38. SUBSEQUENT EVENTS

Closure of the U.S. Plant in Salem, Virginia
The Company has decided to close its tire plant in Salem, Virginia, effective March 18, 2026 (U.S. time). The Company initially planned to reduce production starting in March and consider closure in July; however, discussions with the plant's labor union led to an agreement on an earlier closure.

(1) Overview of the Salem plant
1) Company name: Yokohama Tire Manufacturing Virginia, LLC
2) Location: 1500 Indiana Street, Salem, Virginia, U.S.A.
3) Start of operations: 1968
4) Number of employees: 575 as of the end of December 2025
5) Total site area: 243,000 m^2
6) Value of plant site and facilities:

	Millions of Yen
Buildings and structures	¥ 1,814
Machinery, equipment, and vehicles	3,858
Land	210
Other	942
Total	¥ 6,824

(2) Impact of the event on the Company's consolidated profit or loss
As a result of the event, expenses such as severance pay associated with workforce reductions and impairment losses on non-current assets are expected. Accordingly, approximately ¥16,000 million is expected to be recorded as other expenses in the fiscal year ending December 31, 2026. The amount represents the current estimate and may be subject to change.
Note: The above estimate is calculated based on an exchange rate of ¥145 per U.S. dollar.

(2) Other
Quarterly information for the fiscal year ended December 31, 2025

	Millions of Yen			
	First three months	First six months	First nine months	Full year
Revenue	¥ 275,118	¥ 579,201	¥ 877,189	¥ 1,234,959
Profit before tax	13,875	50,662	88,359	157,186
Profit attributable to owners of the parent	8,525	35,535	66,124	105,398
Basic earnings per share (Yen)	53.74	224.86	419.08	668.55

	Thousands of U.S. Dollars			
	First three months	First six months	First nine months	Full year
Revenue	$ 1,757,267	$ 3,699,545	$ 5,602,896	$ 7,888,085
Profit before tax	88,622	323,593	564,380	1,003,999
Profit attributable to owners of the parent	54,453	226,972	422,359	673,213
Basic earnings per share (U.S. Dollars)	0.34	1.44	2.68	4.27

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	¥ 53.74	¥ 171.64	¥ 194.58	¥ 249.82

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. Dollars)	$ 0.34	$ 1.10	$ 1.24	$ 1.60

Note:
Reviews of financial information for the first three months and the first nine months of the fiscal year: None