

April 28, 2021

Notice regarding transfer of Hamatite business

Tokyo—The Yokohama Rubber Co., Ltd., has decided to transfer the Hamatite business operated by the Company and Yokohama Group companies to Sika Group, a specialty chemicals company headquartered in Switzerland. The transfer involves the Hamatite businesses operated by Yokohama Rubber, its wholly owned consolidated domestic subsidiary Yokohama Industrial Products Japan Co., Ltd., and overseas Yokohama Group companies Yokohama Industries Americas Inc. (YIA), Yokohama Industrial Products – Hangzhou Co., Ltd. (YIPHZ), and Yokohama Rubber (Thailand) Co., Ltd. (YRTC). The transfers are scheduled to be completed on November 1, 2021.

1. Background and purpose of the business transfer

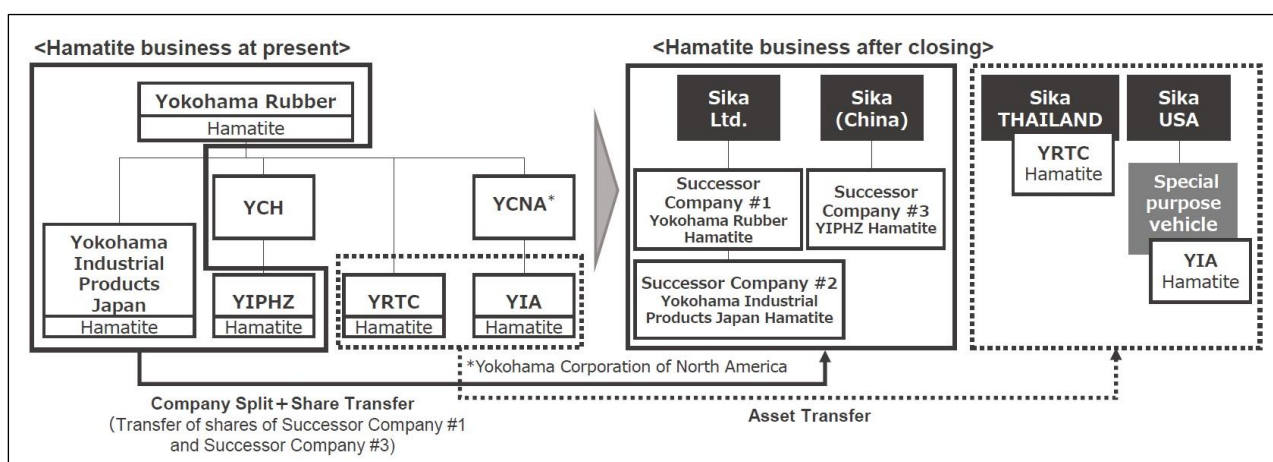
Yokohama Rubber started the Hamatite business in 1958 and has since grown the business with a focus on automotive and construction sealants and adhesives. The Hamatite series of sealing and adhesive materials manufactured and sold by the Yokohama Group has won the support of many customers who highly evaluate the products' high quality and superior performance. However, the current market environment has become increasingly severe and after thoroughly considering how best to achieve further growth and development of the Hamatite business, the Company decided that a future vision for the business' growth could be best developed together with a global industry leader. Accordingly, Yokohama Rubber has decided to transfer the Hamatite business to Sika Group. The decision is consistent with Yokohama Rubber's new medium-term management plan, Yokohama Transformation 2023 (YX2023), which was unveiled in February and includes strategies for each of the Company's businesses that target the "transformation" of the Yokohama Group into a corporate group and is able to sustain growth into the next generation.

2. Outline of transfer process

- ① Yokohama Rubber will conduct an incorporation-type split of its Hamatite business into a newly established wholly owned subsidiary (company name yet to be determined), referred to hereinafter as Successor Company #1.
- ② Yokohama Rubber will conduct an absorption-type split of the Hamatite business of its consolidated subsidiary Yokohama Industrial Products Japan Co., Ltd., into a newly established wholly owned subsidiary (company name yet to be determined), referred to hereinafter as Successor Company #2. The business and common stock of Successor Company #2 will then be merged into Successor Company #1, when that company is established.
- ③ 100% of the common stock of Successor Company #1 will be transferred to Sika Ltd., which is the Japanese subsidiary of the Sika AG.

- ④ YIA will transfer the assets and liabilities of its Hamatite business to a special purpose vehicle to be established by Sika Corporation (Sika USA).
- ⑤ YIPHZ will transfer the assets and liabilities of its Hamatite business to a newly established company (company name yet to be determined), referred to hereinafter as Successor Company #3, which will be established as a wholly owned subsidiary of Yokohama Rubber's wholly owned subsidiary Yokohama Rubber (China) Co., Ltd. (YCH). Thereafter, 100% of the common stock of Successor Company #3 will be transferred to Sika (China) Ltd.
- ⑥ YRTC will transfer the assets and liabilities of its Hamatite business to Sika Thailand.

Planned structure of Hamatite business transfer



3. Overview of the successor companies

Successor Company #1

Name	To be determined
Location	To be determined
Title & name of representative	Representative Director & President, Sachio Oshima (current acting head of Hamatite Div. of Yokohama Rubber Co., Ltd.) (planned)
Business description	Manufacture, sale and R&D in Japan and overseas of construction-use sealants, automotive adhesives, and other adhesive materials
Capital	To be determined
Establishment	To be determined

Successor Company #2

Name	To be determined
Location	To be determined
Title & name of representative	Representative Director & President, Shin Murata (Member of the Board and Managing Officer of Yokohama Industrial Products Japan Co., Ltd., Head of Hamatite Sales Div.) (planned)
Business description	Sales in Japan of construction-use sealants, automotive adhesives, and other adhesive materials
Capital	To be determined
Establishment	To be determined

Successor Company #3

Name	To be determined
Location	To be determined
Title & name of representative	Representative Director & President, Tatsuhiko Ando (current General Manager Sales Dept. of Yokohama Industrial Products – Hangzhou Co., Ltd.) (planned)
Business description	Manufacture & sale of automotive adhesives, and other adhesive materials
Capital	To be determined
Establishment	To be determined

4. Profile of transferee's Japan subsidiary

Name	Sika Ltd.
Location	Shinagawa Intercity Tower B, 10th floor 2-15-2, Konan, Minato-ku, Tokyo
Title & name of representative	Representative Director & President, Kenichi Banba
Business description	Manufacture, sale and R&D of various civil engineering, construction and industrial chemical products
Capital	JPY 490 million
Establishment	August 5, 1955 (Registered as a Japanese corporation)

Profile of transferee's parent company

Name	Sika AG
Location	Zugerstrasse 50, CH-6341 Baar (ZG), Switzerland
Title & name of representative	CEO, Paul Schuler
Business description	Manufacture, sale and R&D of various automotive, civil engineering, construction and industrial chemical products
Capital	CHF 1.4 million (as of December 31, 2020)
Annual sales	CHF 7.88 billion (2020)
Establishment	1910

5. Yokohama Rubber Group Hamatite business result (FY2020)

Sales revenue	JPY 19.5 billion
Business profit	JPY 900 million
Adjusted EBITDA*	JPY 1.6 billion

* Adjusted EBITDA refers to EBITDA excluding one-off expenses. It is not an IFRS-based figure.

6. Schedule of business transfer

Board of Directors' resolution date	March 30, 2021*
Contract date	April 28, 2021
Business transfer date	November 1, 2021 (planned)

*The Board of Directors resolution entrusted President and Chairman of the Board Masataka Yamaishi with the final approval of the business transfer and the transfer contract.

7. Comments from company representatives

Yokohama Rubber President, Chairman of the Board Masataka Yamaishi

“Yokohama Rubber's Hamatite business has a proud 60-year history, during which it has consistently supplied customers with high-quality, superior-performing products based on our advanced technologies. The Hamatite business has been a highly specialized among our businesses, which is mainly the tire business. I am confident that by collaborating with Sika Group, one of the world's largest specialty chemical companies, the Hamatite business will achieve further growth and continue to meet the high expectations of all its stakeholders. The Yokohama Rubber's MB (Multiple Business) segment meanwhile will become stronger by concentrating its resources on its core businesses in line with our new medium-term management plan, Yokohama Transformation 2023 (YX2023), that we announced on earlier this year on February 19.”

Sika AG CEO Paul Schuler

“The acquisition fits perfectly with our Growth Strategy. Hamatite brings leading technology, know-how, and skilled people that will accelerate Sika's market penetration in the automotive and construction industries. The global manufacturing footprint will increase our ability to serve our automotive customers worldwide – both at a global and a local level. We warmly welcome the successful team from Hamatite into the Sika family and are excited to work together in the future.”

8. Other considerations

As for the business transfer's impact on Yokohama Rubber's earnings, management expects to post a gain on the sale of about ¥5 billion (after tax) recorded under profit or loss from a discontinued business separately from continuing business. However, the exact amount is currently being examined and is therefore subject to change.

<Reference: History of Yokohama Rubber's Hamatite business and Profiles of domestic & overseas subsidiaries>

■History

- 1958 Began production and sales of rubber- and resin-based adhesives
- 1963 Built a factory (current Hamatite Plant) specializing in adhesives and sealants in Hiratsuka City, Kanagawa Prefecture. Began production and sale of polysulfide-based construction-use sealants
- 1971 Began production and sale of automobile window glass adhesives
- 1996 Installed a Hamatite production line at Yokohama Rubber's Ibaraki Plant in Minori-Machi, Higashi-Ibaraki Gun (now Omitama City), Ibaraki Prefecture
Established Yokohama Rubber (Thailand) Co., Ltd., and began local production and sale of automobile window glass adhesives
- 1997 Received ISO9001 certification for construction-use sealant
- 1998 Installed an automobile window glass adhesive production line at Yokohama Hydrex America (now YIA)
- 2004 Established a company (now YIPHZ) for automobile window glass adhesives in Hangzhou, Zhejiang, China

Profile of Yokohama Industrial Products Japan Co., Ltd.

Location	5-36-11, Shinbashi, Minato-ku, Tokyo, JAPAN
Business description	Sale of construction-use sealants, automotive window sealants, hydraulic hoses, conveyor belts, and other products
Capital	JPY167.5 million
Establishment	2010

Profile of Yokohama Industries Americas Inc.

Location	105 Industry Drive Versailles, KY 40383, USA
Business description	Manufacture and sale of automotive hose and assemblies, automobile window sealants, and other products
Capital	USD7.37 million
Establishment	2014

Profile of Yokohama Industrial Products – Hangzhou Co., Ltd.

Location	No.89, Sanfeng Road, Qianjin Industrial Park, Jiangdong Level Block, Hangzhou, CHINA
Business description	Manufacture and sale of hydraulic hoses, automotive hoses and assemblies, automobile window sealants, and other products
Capital	RMB246.61 million
Establishment	2015

Profile of Yokohama Rubber (Thailand) Co., Ltd.

Location	64 Moo 4 Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, THAILAND
Business description	Manufacture and sale of automotive hoses and assemblies, hydraulic hose assemblies, automobile window sealants, and other products
Capital	THB120 million
Establishment	1996