20250722100424

Fastställelseintyg Yokohama TWS Holding AB

Undertecknad styrelseledamot i Yokohama TWS Holding AB, organisationsnummer 556739-6998, intygar härmed dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma den 19 juni 2025.

Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Malmö den 10 juli 2025

Henrik Westin

Styrelseledamot

20250722110845

Årsredovisning

för

Yokohama TWS Holding AB

556739-6998

Räkenskapsåret

2024

20250723210897

Styrelsen för Yokohama TWS Holding AB får härmed avge årsredovisning för räkenskapsåret 2024. Årsredovisningen är upprättad i svenska kronor, SEK. Om inget annat särskilt anges redovisas alla belopp i tusentals kronor (Tkr).

Förvaltningsberättelse

Information om verksamheten

Bolaget bedriver holdingverksamhet. Bolaget har inte haft några anställda under året och några löner eller arvoden har ej utbetalats.

Företaget har sitt säte i Malmö.

Väsentliga händelser under räkenskapsåret

Kapitaltillskott motsvarande 3 183 TSEK har lämnats till Reise Mitas Tires LLP.
Bolaget har under året erhållit utdelning från dotterbolag motsvarande 628 275 TSEK.

Ägarförhållanden

Bolaget är helägt dotterföretag till The Yokohama Rubber Company Ltd, org nr 010401030574 med säte i Hiratsuka City, Japan.

Flerårsöversikt (Tkr)	**2024**	**2023**	**2022**	**2021**
Nettoomsättning	0	0	0	0
Soliditet (%)	100,0	100,0	16,4	16,9
Balansomslutning	14 940 504	14 414 428	14 236 388	764 872

För definitioner av nyckeltal, se Not 1 Redovisnings- och värderingsprinciper.

Förändringar i eget kapital (Tkr)

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	100	14 444 840	-32 010	**14 412 930**
Årets resultat			523 846	**523 846**
Belopp vid årets utgång	**100**	**14 444 840**	**491 836**	**14 936 776**

20250722210898

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	14 412 830 491
årets vinst	523 845 567
	14 936 676 058
disponeras så att	
i ny räkning överföres	**14 936 676 058**

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

20250722210899

Resultaträkning
Tkr

	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Nettoomsättning		0	0
Rörelsens kostnader			
Övriga externa kostnader		-1 771	-3 267
Övriga rörelsekostnader		-5 001	-352
		-6 773	**-3 620**
Rörelseresultat		**-6 773**	**-3 620**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	2	628 275	40 407
Övriga ränteintäkter och liknande resultatposter		2 725	328
Räntekostnader och liknande resultatposter		-2 413	-64 047
		628 587	**-23 312**
Resultat efter finansiella poster		**621 815**	**-26 931**
Bokslutsdispositioner	3	0	0
Resultat före skatt		**621 815**	**-26 931**
Skatt på årets resultat		-3 728	0
Övriga skatter		-94 241	-5 078
Årets resultat		**523 846**	**-32 010**

20250722210900

Balansräkning

Tkr

	Not	2024-12-31	2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	14 451 991	14 314 228
Andelar i intresseföretag och gemensamt styrda företag	5	70 623	67 440
		14 522 615	**14 381 668**
Summa anläggningstillgångar		**14 522 615**	**14 381 668**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga kortfristiga fordringar		394 898	10 070
Kassa och bank		22 991	22 691
Summa omsättningstillgångar		**417 890**	**32 760**
SUMMA TILLGÅNGAR		**14 940 504**	**14 414 428**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100	100
Fritt eget kapital			
Balanserat resultat		14 412 830	14 444 840
Årets resultat		523 846	-32 010
		14 936 676	**14 412 830**
Summa eget kapital		**14 936 776**	**14 412 930**
Kortfristiga skulder			
Aktuell skatteskuld		3 728	0
Upplupna kostnader och förutbetalda intäkter		0	1 498
Summa kortfristiga skulder		**3 728**	**1 498**
SUMMA EGET KAPITAL OCH SKULDER		**14 940 504**	**14 414 428**

20230722103031

Noter

Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar och skulder har upptagits till anskaffningsvärden där inget annat anges.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Finansiella instrument

Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Andelar i dotterföretag

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Kundfordringar/kortfristiga fordringar

Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Låneskulder och leverantörsskulder

Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Nedskrivningsprövning av finansiella anläggningstillgångar

Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

Koncernförhållanden

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget The Yokohama Rubber Company Ltd, org nr 010401030574, med säte i Japan upprättar koncernredovisning.

20250722210902

Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Balansomslutning
Företagets samlade tillgångar.

Not 2 Resultat från andelar i koncernföretag

	2024	2023
Erhållna utdelningar	628 275	40 407
	628 275	**40 407**

Not 3 Bokslutsdispositioner

	2024	2023
Koncernbidrag, erhållna	0	0
Koncernbidrag, lämnade	0	0
	0	**0**

Not 4 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	14 314 228	14 234 731
Kapitaltillskott	137 763	79 497
Utgående ackumulerade anskaffningsvärden	**14 451 991**	**14 314 228**
Utgående redovisat värde	**14 451 991**	**14 314 228**

Not 5 Andelar i intresseföretag och gemensamt styrda företag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	67 440	1 656
Förvärv		65 784
Kapitaltillskott	3 183	
Utgående ackumulerade anskaffningsvärden	**70 623**	**67 440**
Utgående redovisat värde	**70 623**	**67 440**

20250722210933

Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

2025-03-26

Masataka Yamaishi
Ordförande

Salvatore Marino

Nitin Ramesh Mantri

Henrik Westin

Elio Bartoli

YOKOHAMA

INTEGRATED REPORT 2025

Caring for the Future

Corporate Philosophy

Yokohama Rubber's Corporate Philosophy consists of the Basic Philosophy,
Management Policies, Action Guidelines and Corporate Slogan.
The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities.
The Management Policies outline basic administrative principles for upper-level management to commit themselves to.
The Action Guidelines are the code of conduct for each employee to comply with.

Basic Philosophy

"To enrich people's lives
and contribute to their greater
happiness and well-being by
devoting our wholehearted energies
and advanced technology to the
creation of beneficial products."

Management Policies

- Take on the challenge of new technologies to produce new value.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves and energizes people.
- Deal fairly with society and value harmony with the environment.

Action Guidelines

- Develop ourselves so that we may give our personal best.
- Trust, challenge and improve one another.
- Nurture a welcoming, open spirit.

Corporate Slogan

Excellence by nature

The Founding Spirit

Yokohama Rubber still maintains the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration of our Yokohama Plant (located in Tsurumi-ku, Yokohama City) in 1929 as our Founding Spirit.
This tale comprises the balancing of both sociality and economic efficiency;
it still greatly relates to today's notion of Sustainability management.

1. Production business is a social service. Its purpose is to make people's lives more convenient and enjoyable. Its aim should be to offer good, useful products at moderate prices.

2. There must be a basic commitment to delivering quality products unrivaled by those of competitors.

3. Management should adhere to the principles of fairness and consideration. The mission of a fair, honest management is to ensure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers to act, in other words, rationally.

4. A company should have as few employees as possible and make the best use of the productivity of machines.
This is the great secret for improving efficiency.

5. The success or failure of a business depends on how much one is willing to study, and with how much determination, to mutually improve and grow. Accordingly, one must make a great effort.

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* For explanations of technical terms and abbreviations in this report are available in the "Glossary" on p.92. Please refer to it.

Editorial Policy

To give all stakeholders including shareholders and investors a proper understanding of the Yokohama Rubber Group's management strategies and business activities in general, we believe it is important to systematically identify and explain non-financial information such as society, the environment, human resources and corporate governance in addition to financial information such as results, business overviews and management strategy. Based on this approach, we have been publishing an integrated report since fiscal 2022 as part of our efforts to further enhance and integrate non-financial information.

During the editing process, we have made use of reference sources including the International Integrated Reporting Framework from the IFRS Foundation and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry, among other materials, and structured to be line with the materiality of the Yokohama Rubber.

Through this report, we hope to provide even more stakeholders with a deeper understanding of the Yokohama Rubber Group.

Scope of Reporting
The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries

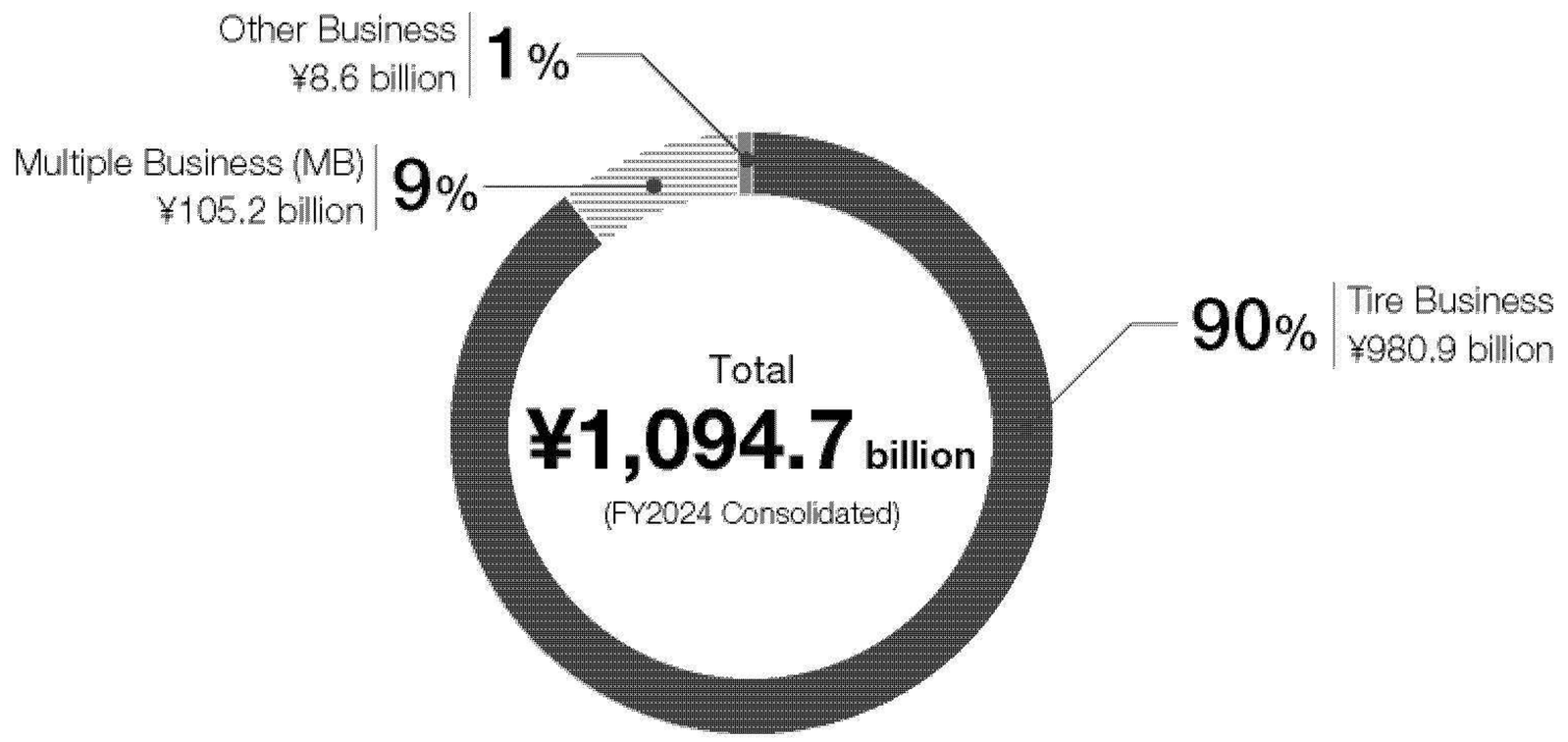
Reporting Period
January 1, 2024 – December 31, 2024
* Information includes some activities which were conducted in or after January 2025

Month of Issue September 2025

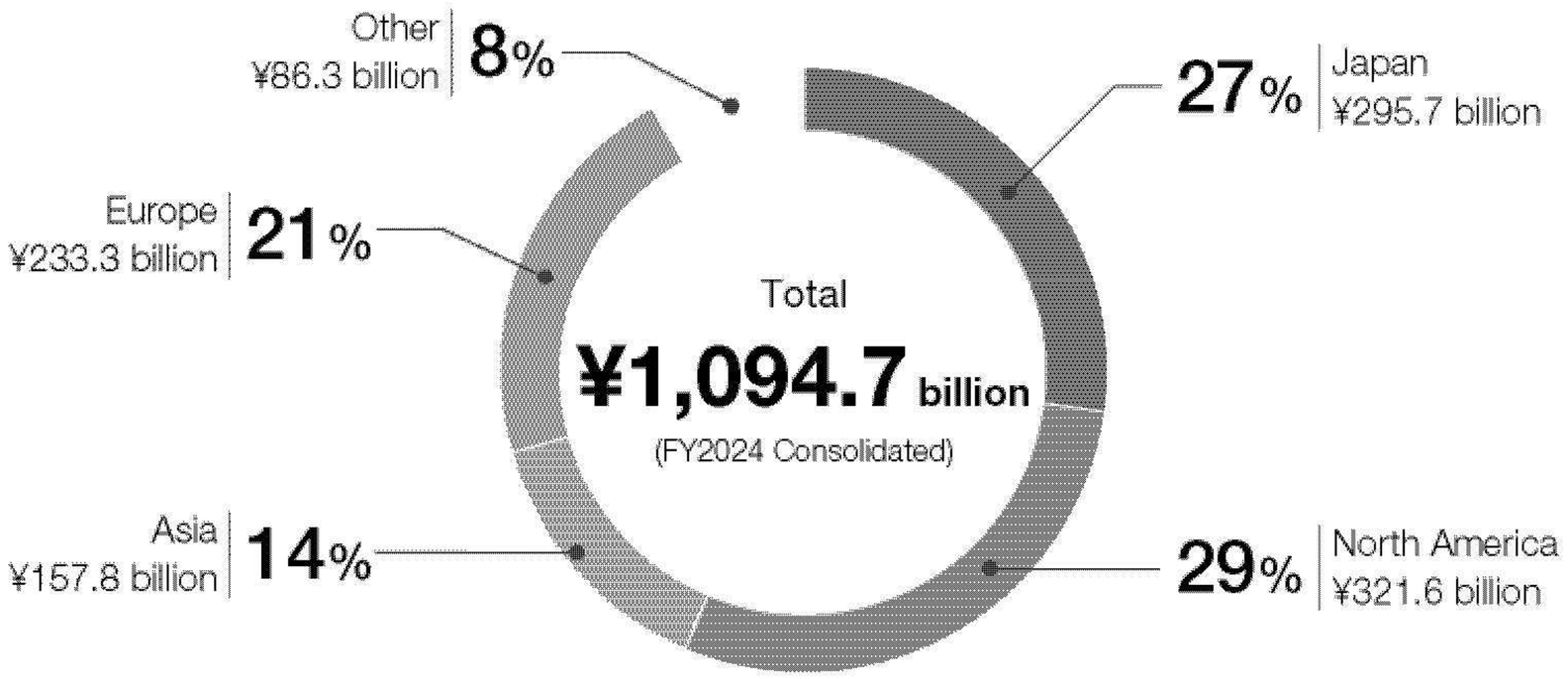
Cautionary Note Regarding Forward-Looking Statements
This report contains statements on the Yokohama Rubber Group's projections, targets, plans, strategies and other matters related to the future. These statements are based on determinations made from available information at the time this report was published. Be aware that the actual performance and other metrics may differ from these forward-looking statements due to a variety of factors.

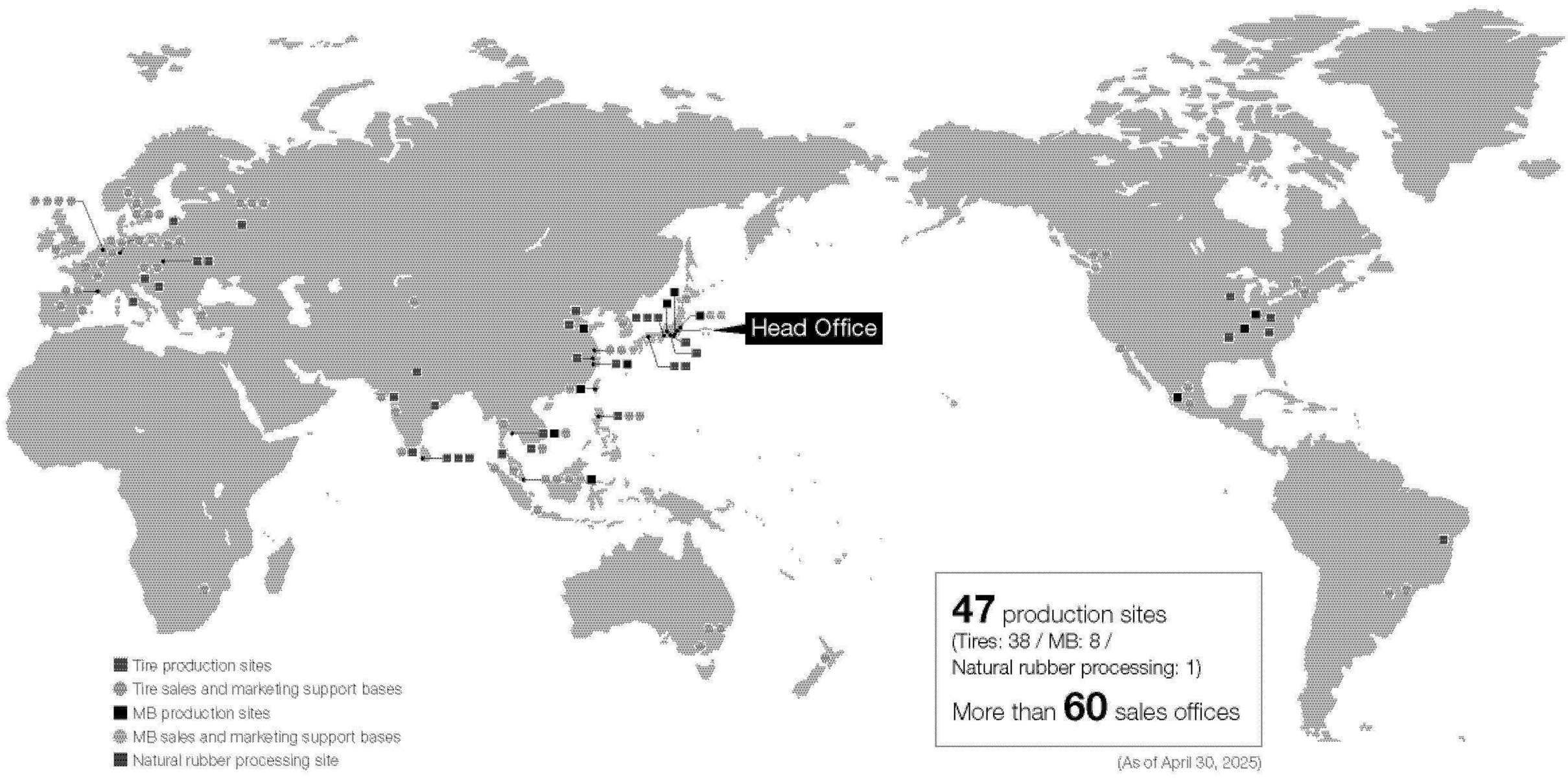
Yokohama Rubber's Business

Sales Revenue by Business Segment



Global Expansion (Sales Revenue by Region)





47 production sites
(Tires: 38 / MB: 8 /
Natural rubber processing: 1)

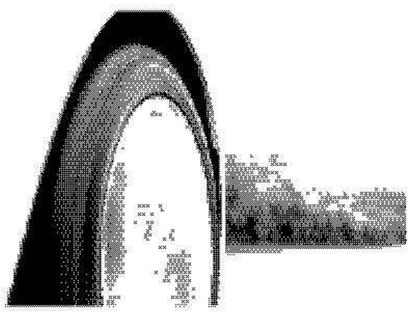
More than **60** sales offices

(As of April 30, 2025)

Tire Business

Yokohama Rubber develops, manufactures, and sells high quality tires used in almost every aspect of our world, from tires for passenger cars for everyday use, truck and bus tires supporting people's mobility and logistics, tires for construction and mining vehicles at work on construction sites and in resource development, tires for industrial machinery to tires for agricultural and forestry machinery.

Consumer Tire Business



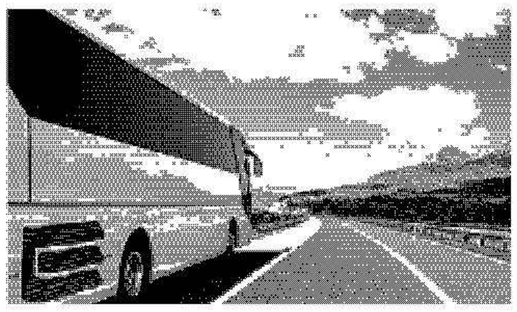
In the Consumer Tire Business, we develop, manufacture and sell high value-added tires for passenger cars, meeting diverse needs of drivers.



ADVAN, Yokohama Rubber's global flagship tire brand

Strengths and competitive advantages	Customers
Proprietary technology, quality, product performance, product lineup and global sales network	Car makers and drivers

Commercial Tire Business



In the Commercial Tire Business, we develop, manufacture and sell tires for trucks, buses, construction, mining and industrial vehicles, and agricultural and forestry machinery.



Fuel-efficient, all-season tires for trucks and buses "BluEarth 722L"

Strengths and competitive advantages	Customers
Proprietary technology, quality, durability, product lineup, cost competitiveness, global sales and service network	Vehicle and machinery makers (truck and bus, construction, mining and industrial vehicle, and agricultural and forestry machinery) and companies

Multiple Business (MB)

We also carry a broad range of other products including hydraulic hoses and fittings for construction vehicles and various machine tools, automotive hoses, conveyor belts, marine products and aerospace products. Yokohama Rubber has played a significant role around the world for many years contributing to the development of a host of industries, including automobiles, petroleum, gas, mining, construction and aviation.





Hydraulic hoses used in construction machinery

Strengths and competitive advantages	Customers
Proprietary technology, quality, product performance, product lineup and global sales network	Makers (automobiles, construction machinery, machine tools, aircraft, etc.), petroleum, steel and other industries

Other Business

In other business, we manufacture and sell golf gear under the PRGR (Pro Gear) brand.





RS SPEED Series

Strengths and competitive advantages	Customers
Proprietary technologies, innovative ideas and analyzing hitting data at directly operated stores	Golfers around the world

Yokohama Rubber's Brands

Consumer Tire Business

With the aim of maximizing the sales ratio of high value-added tires, we are making efforts in three categories: ultra-high-performance tires, tires for SUVs and pickup trucks, and winter tires. We are actively developing products, with a main focus on high value-added tires for ADVAN, GEOLANDAR, and winter tire lineups.



We supply ultra-high-performance tires as original equipment for renowned premium cars and EVs such as Porsche, BMW, Mercedes-AMG, and LEXUS. This is proof that the quality and technological capabilities we have pursued are trusted worldwide.



We are accelerating the expansion of our GEOLANDAR tire brand product lineup for SUVs and pickup trucks to meet increasingly diverse needs in the SUV market.



ADVAN

ADVAN is a global flagship tire brand delivering a high level of driving performance by bringing out the full potential of passenger cars.



GEOLANDAR

GEOLANDAR is a brand of tires for SUVs based on the concept of "driving freely on all roads and terrain across the planet."



iceGUARD

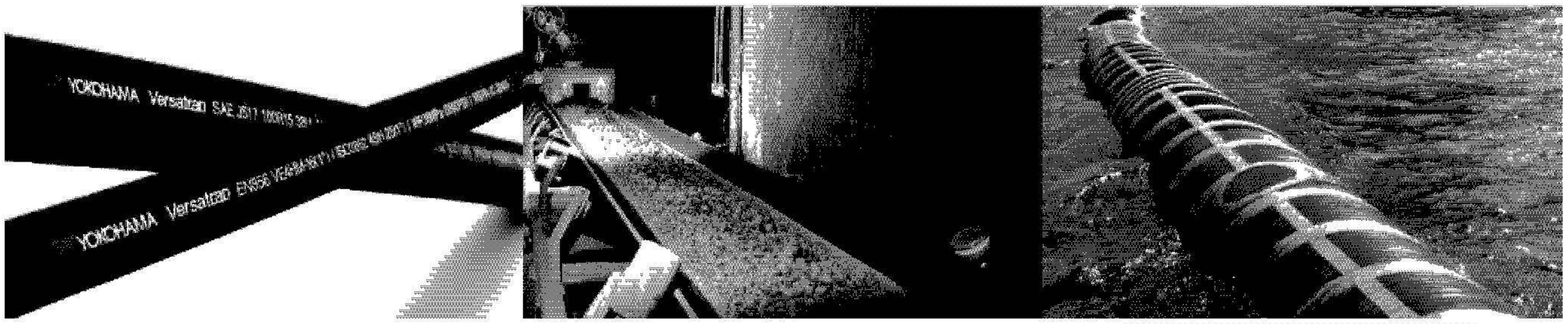
The iceGUARD brand of winter tires offers a wide selection of products, as well as unique compound and design technologies of tread pattern realizing high performance on ice and snow.



BluEarth

The BluEarth brand of fuel-efficient tires balances basic performance with enhanced fuel efficiency, wet surface and tread life, making it suitable for a wide range of uses, from city driving to leisure activities.

Multiple Business (MB)



Versatran

This brand of hydraulic hoses for overseas markets was created by integrating three main series of hoses. The performance of the products has been greatly improved, and they are now available for use in mines and other challenging operating environments.

HAMAHEAT

One of the most widely recognized conveyor belt brands both in Japan and overseas. These products have a strong reputation for their heat resistance performance, especially in the steel and cement industries.

Seaflex

The world's top brand of marine hose, highly valued by major oil companies and other users around the world for its outstanding quality.

Commercial Tire Business

We provide a wide range of tires, including tires for trucks and buses and off-highway tires for construction and industrial vehicles, and for agricultural and forestry machinery.
As one of the world's leading commercial tire specialists, we contribute to improving safety and productivity on the most demanding worksites.



We will contribute to the new era of logistics with tires for trucks and buses designed with safe operation, environmental friendliness, cost reduction, and efficiency.



We provide agricultural machinery tires for a variety of applications on farms in Japan and overseas, contributing to the improvement of overall agricultural productivity.

Truck and bus tires (TBR)
Light truck tires (LTR)



YOKOHAMA

Truck and bus tire brand provides not only basic performance such as fuel economy, tread life, and durability, but also improves the load-bearing performance required for EVs.

Off-highway tires (OHT)



YOKOHAMA GOODYEAR OFF-THE-ROAD
TRELLEBORG Mitas MAXIMO Cultor
ALLIANCE GALAXY PRIMEX
AICHI TIRE

Off-highway tire brands comprise product lineups in all categories, from basic and standard, to premium, providing powerful traction support for vehicles used on agricultural, mining, and construction sites, and in other locations.

PRGR (Pro Gear) Business



PRGR

Viewing golf from a scientific perspective, we proposed the industry's first "head speed (H/S) theory," and have created numerous hit products that have been popular with golfers for the past 40 years.



PRGR RS X



SPEED

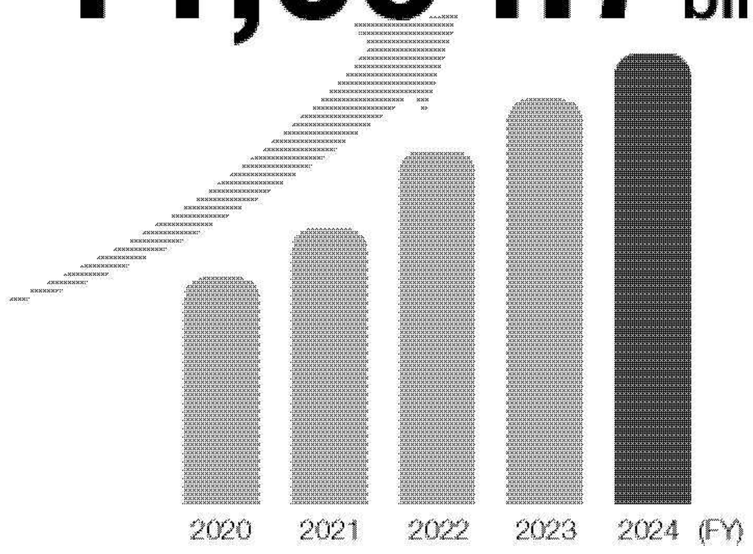
Using a variety of innovative technologies, we are developing products that allow people to experience the fun and joy of golf.

At a Glance

The Yokohama Rubber Group is expanding globally, leveraging its strengths in attractive consumer tire business chosen as original equipment for renowned premium cars, one of the world's leading commercial tire business, and MB/other businesses utilizing technologies cultivated in the tire business.

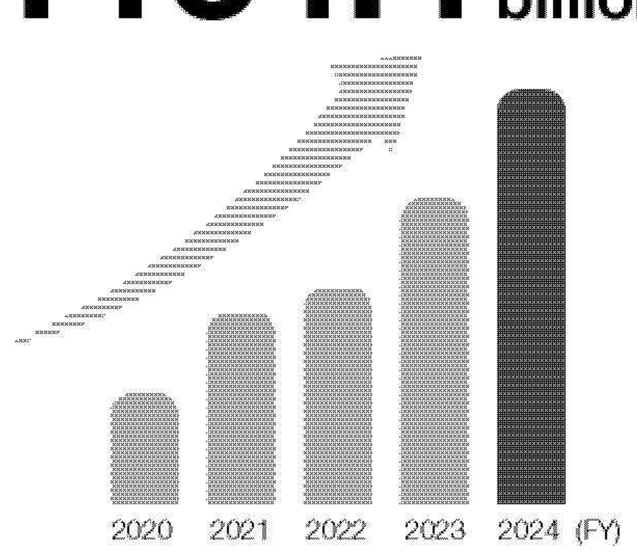
Consolidated Sales Revenue

¥1,094.7 billion



Consolidated Business Profit

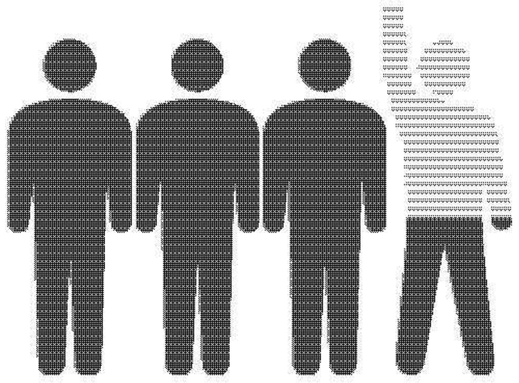
¥134.4 billion



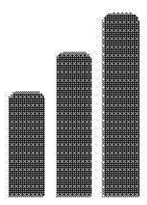
Number of Employees

34,198

(As of December 31, 2024, consolidated basis)



Consolidated Business Profit CAGR (Compound Annual Growth Rate)



38%

(2022–2024)

Strategic Investment Amount

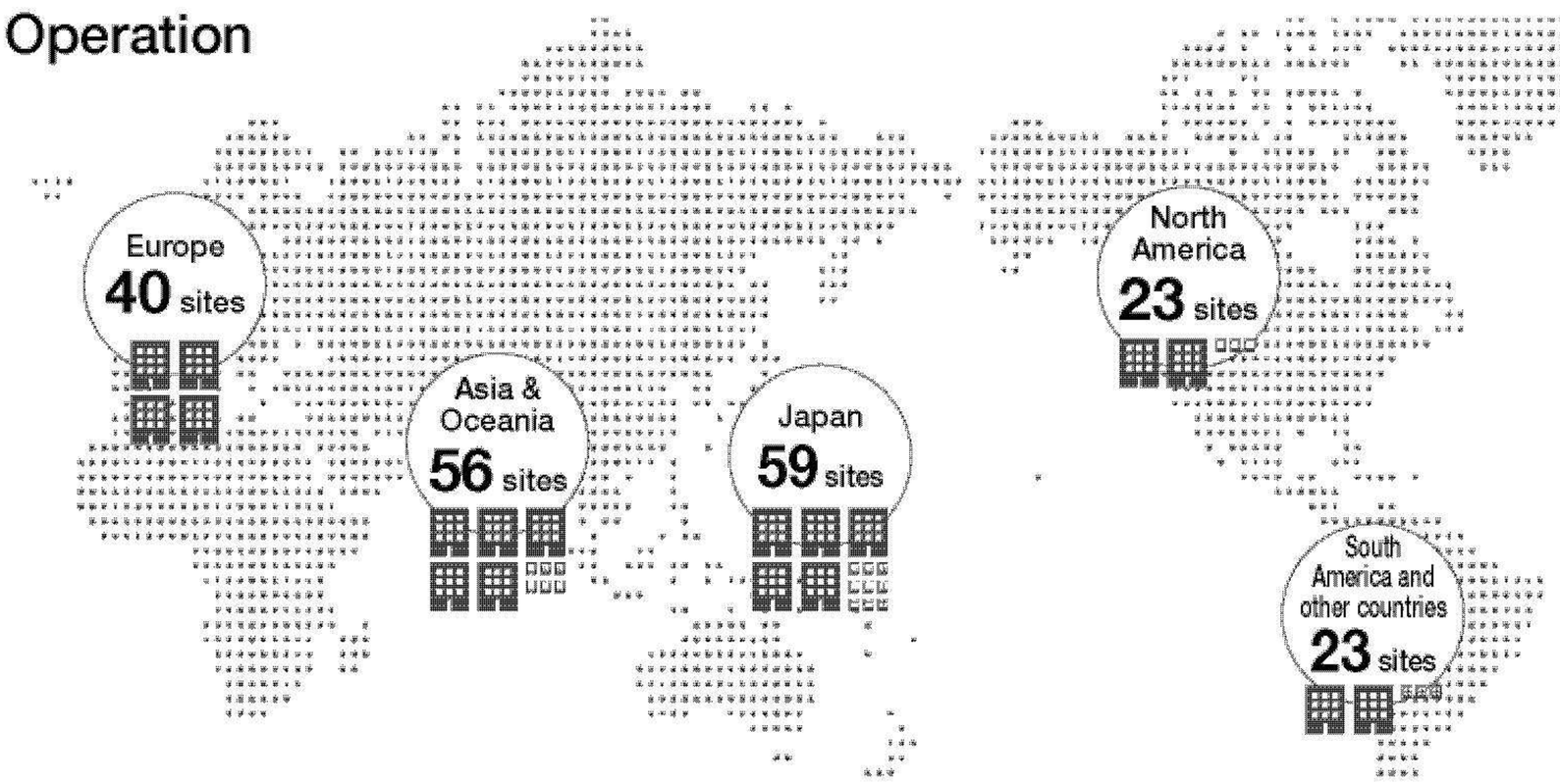
¥270.0 billion

(2024–2026 Plan)

Major Regions of Operation

42
countries

201
sites



Obtained Numerous Technical Approvals for World-leading Premium Cars Such as Mercedes-AMG and BMW M Series



ADVAN Sport V107

"ADVAN Sport V107," which is equipped on many of the world's leading premium cars

Number of Sizes Holding Wet Grip Performance Grade "a" in the Domestic Market (Japan)

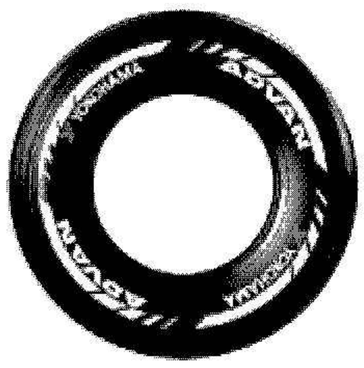


No. 1 in the industry

Percentage of Renewable and Recycled Raw Materials Used

29.8%

of Raw Materials



ADVAN racing tires (dry use) made from 46% renewable or recycled materials*
* Average value for dry and wet tires

Agricultural Machinery Tires (AG) Global Share

No.1



* Ranking based on our own research

Industrial Vehicle Tires (ID) Global Share

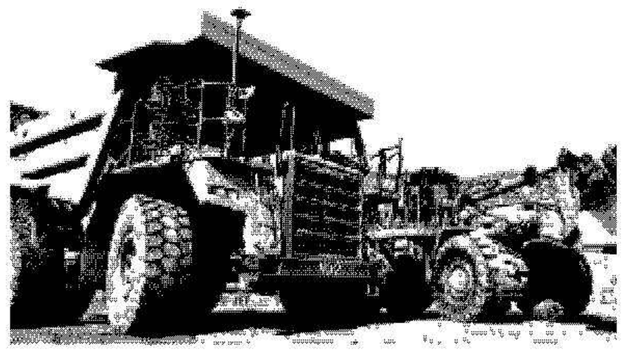
No.2



* Ranking based on our own research

Off-highway Tires (OHT) Global Share

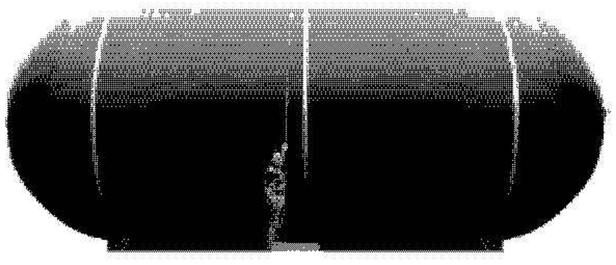
No.3



OHT: General term for tires for agricultural and forestry machinery, construction and mining vehicles, industrial and port-use vehicles, etc.
* Ranking based on our own research

Pneumatic Fenders Global Share

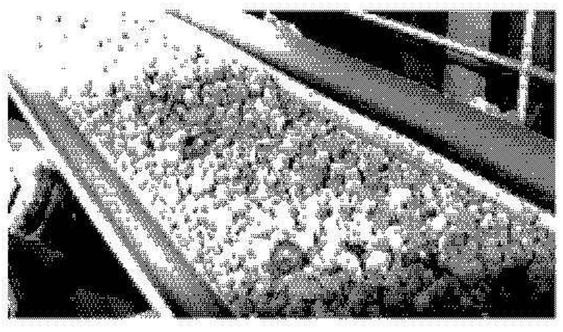
No.1



The world's largest fender (photo shows comparison with a person)
* Ranking based on our own research

Conveyor Belt Domestic Share (Japan)

No.1



Flame-retardant conveyor belt
* Ranking based on our own research

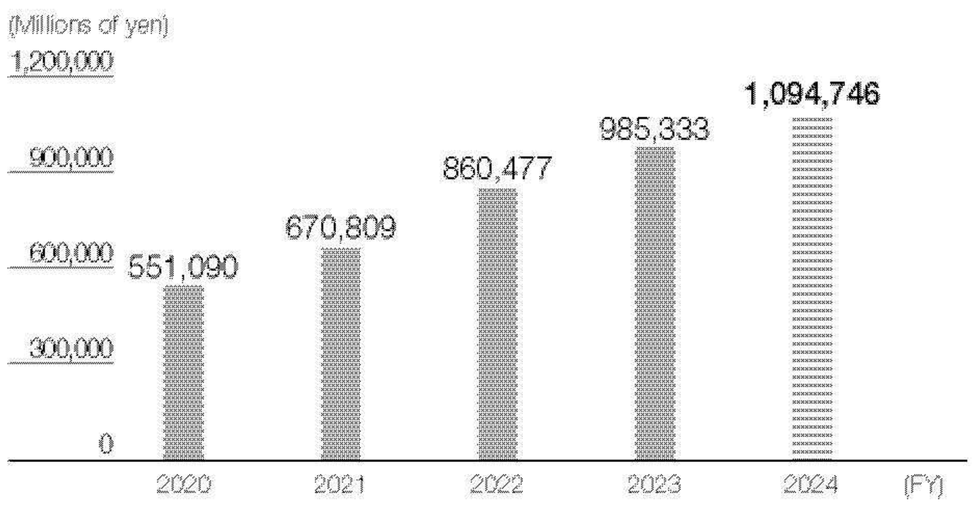
Selected as a Constituent of the "FTSE4Good Index Series" for 21 Consecutive Years

FTSE4Good

Financial & Non-Financial Highlights

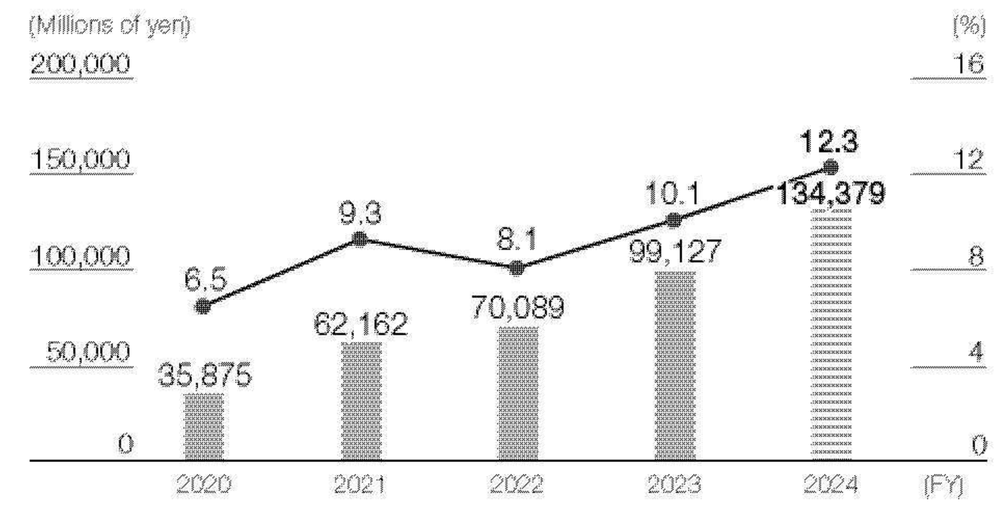
Financial Highlights

Sales Revenue



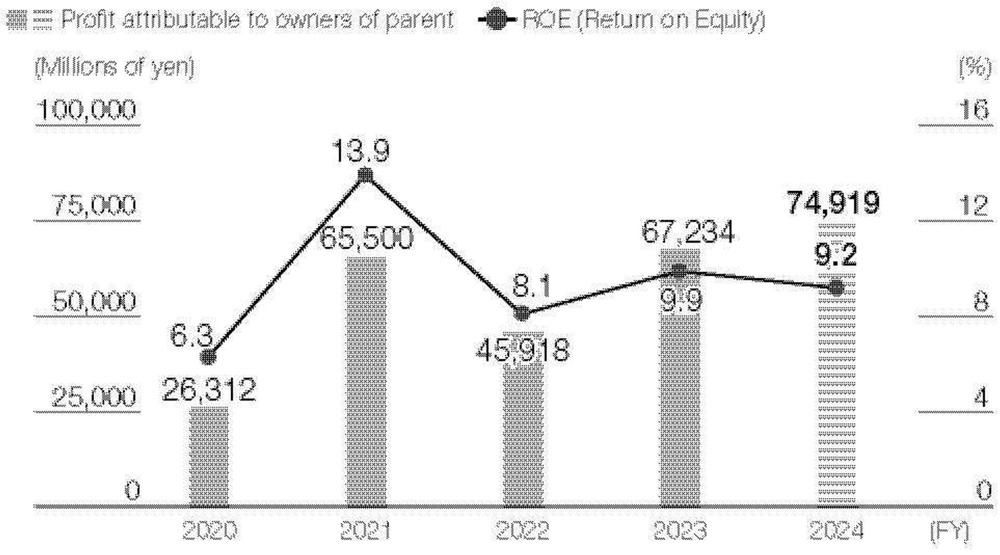
Sales Revenue exceeded the previous fiscal year in both original equipment and replacement tires in the tire business, and with the full-year contribution of Y-TWS acquired in 2023, surpassed ¥1 trillion for the first time, reaching a record high of ¥1,094,746 million (up 11.1% year-on-year).

Business Profit / Business Profit Margin



Business profit increased significantly to ¥134,379 million (up 35.6% year-on-year), due to increased sales volume, appropriate pricing, increased sales volume of 18-inch or larger tires in the tire consumer goods segment, the full-year contribution of Y-TWS, and the weaker yen. The business profit margin increased 2.2 points year-on-year to 12.3%, exceeding 10% as it did in the previous fiscal year.

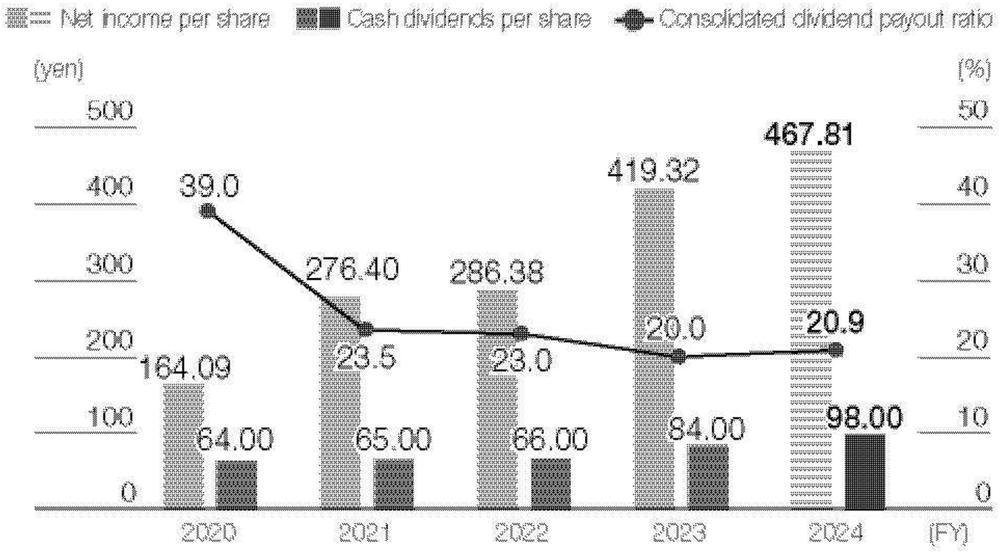
Profit Attributable to Owners of Parent / ROE (Return on Equity)*1



Profit attributable to owners of parent increased 11.4% year-on-year, reaching a record high of ¥74,919 million. ROE (return on equity attributable to owners of parent) decreased by 0.7 points year-on-year to 9.2%.

*1 ROE (return on equity) = Profit attributable to owners of parent / Average total equity attributable to owners of the parent × 100

Net Income per Share / Cash Dividends per Share / Consolidated Payout Ratio*2

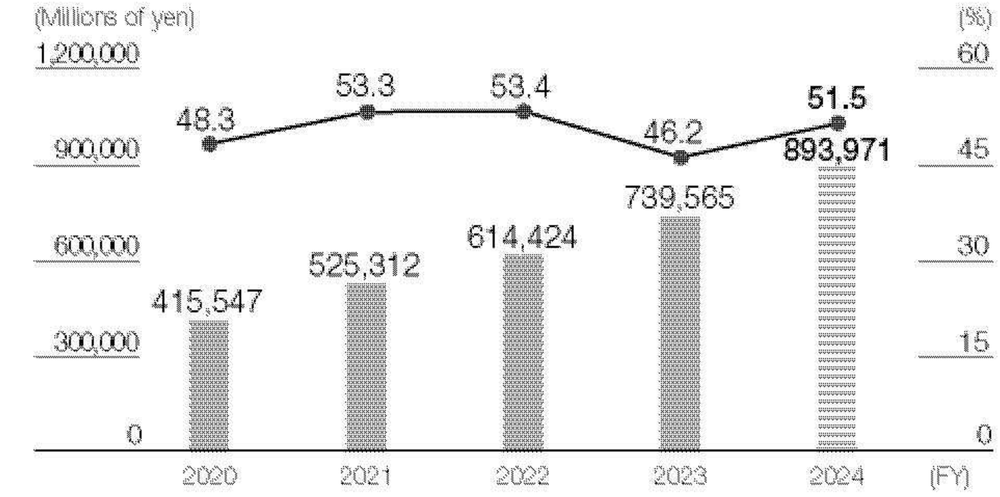


Net income per share was ¥467.81, an increase of ¥48.49 year on year. Cash dividends per share were ¥98, a ¥14 year-on-year increase. The consolidated dividend payout ratio was 20.9%, a year-on-year increase of 0.9 points.

(Note) Net income per share and the consolidated dividend payout ratio in fiscal 2021 are calculated based on an amount that excludes extraordinary factors such as the sales of the head office and the Hamatite business.

*2 Consolidated dividend payout ratio = Cash dividends per share / Net income per share

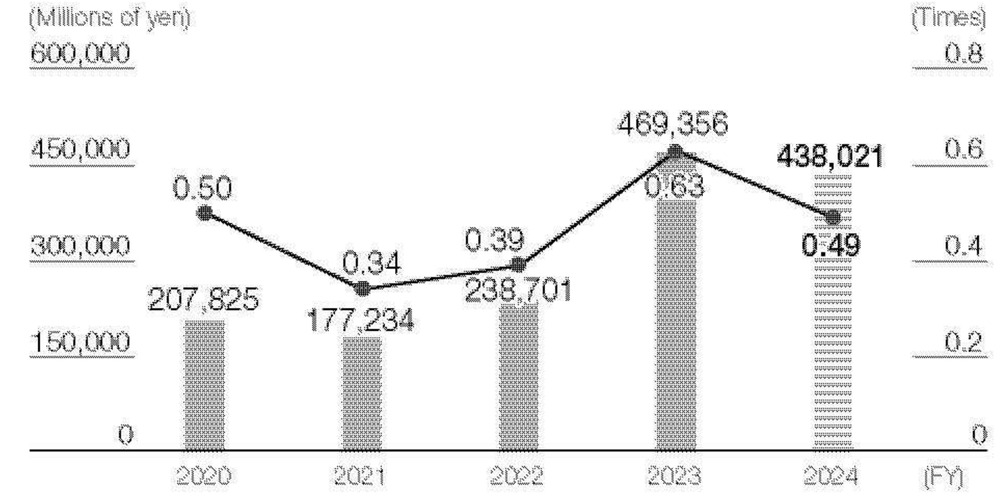
Total Equity Attributable to Owners of Parent / Ratio of Equity Attributable to Owners of Parent*3



Equity attributable to owners of parent rose ¥154,406 million compared with the end of the previous fiscal year to ¥893,971 million because of an increase in retained earnings and other components of equity. The ratio of equity attributable to owners of parent increased 5.3 points year-on-year to 51.5%.

*3 Ratio of equity attributable to owners of parent = Total equity attributable to owners of the parent / Total assets × 100

Interest-Bearing Debt / D/E Ratio (Debt-to-Equity Ratio)*4

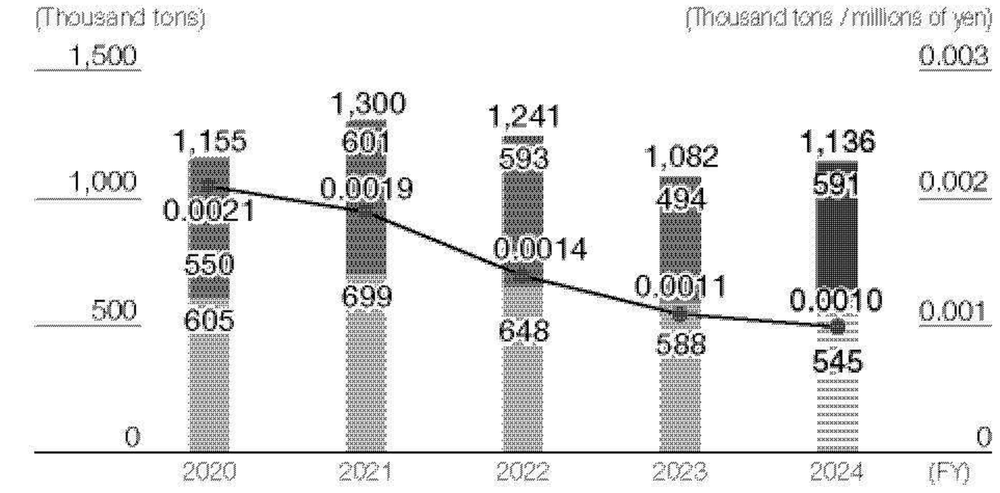


Interest-bearing debt decreased ¥31,335 million year on year to ¥438,021 million. Interest-bearing debt as a percentage of total assets of the Yokohama Rubber Group was 25.2% (as of December 31, 2024). The D/E ratio (debt-to-equity ratio) decreased 0.14 points to 0.49 times.

*4 D/E ratio (debt-to-equity ratio) = Interest-bearing debt / Total equity attributable to owners of the parent

Non-Financial Highlights

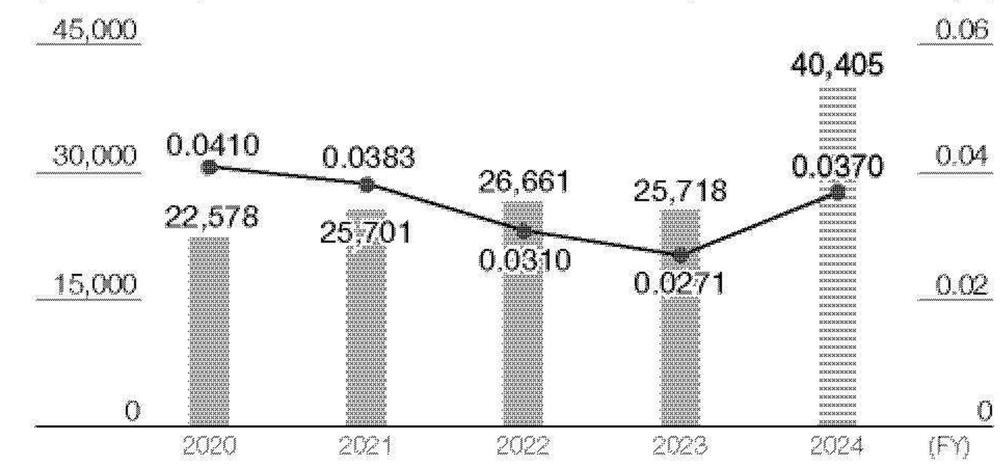
Greenhouse Gas Emissions (Scope 1-2) (Consolidated)



Greenhouse gas emissions (Scope 1 and 2) increased by 0.4% for Scope 1 and 10.4% for Scope 2 compared to the previous fiscal year, due to the addition of the Visakhapatnam Plant in India to the boundary from fiscal 2024. Emissions per unit of sales of Scope 1 and Scope 2 showed slight improvement compared to the previous fiscal year.

(Note) Actual greenhouse gas emissions (Scope 1 and 2) for fiscal 2020 to 2023 include actual emissions from Yokohama TWS before its acquisition.
Emissions per unit of sales of greenhouse gas emissions (Scope 1 or 2) for fiscal 2020 to 2023 does not include actual emissions from Yokohama TWS before its acquisition.

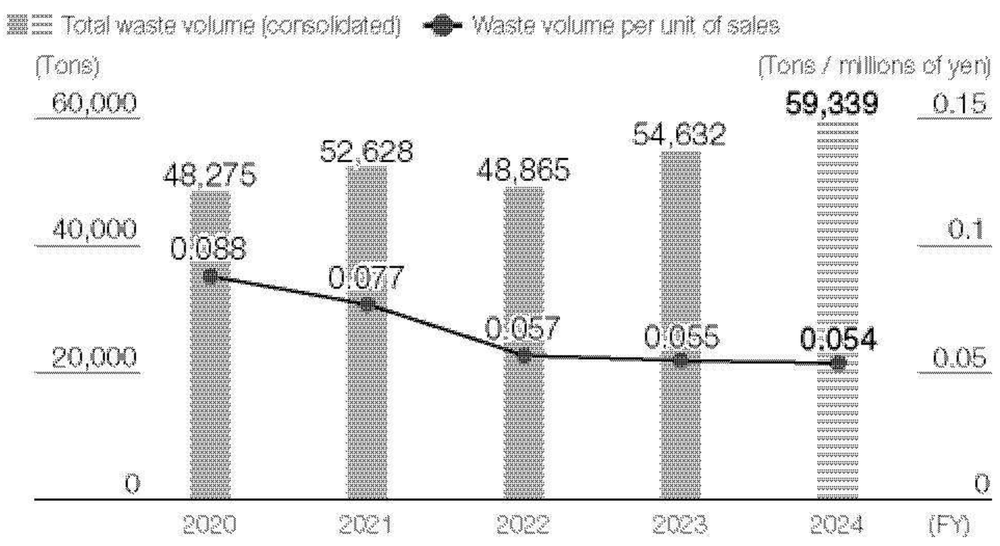
Greenhouse Gas Emissions (Scope 3) (Consolidated)



Greenhouse gas emissions (Scope 3) increased by 57.1% compared to the previous fiscal year, due to the addition of Yokohama TWS and the Visakhapatnam Plant in India to the boundary from fiscal 2024. Emissions per unit of sales of Scope 3 increased by 41.4% year-on-year.

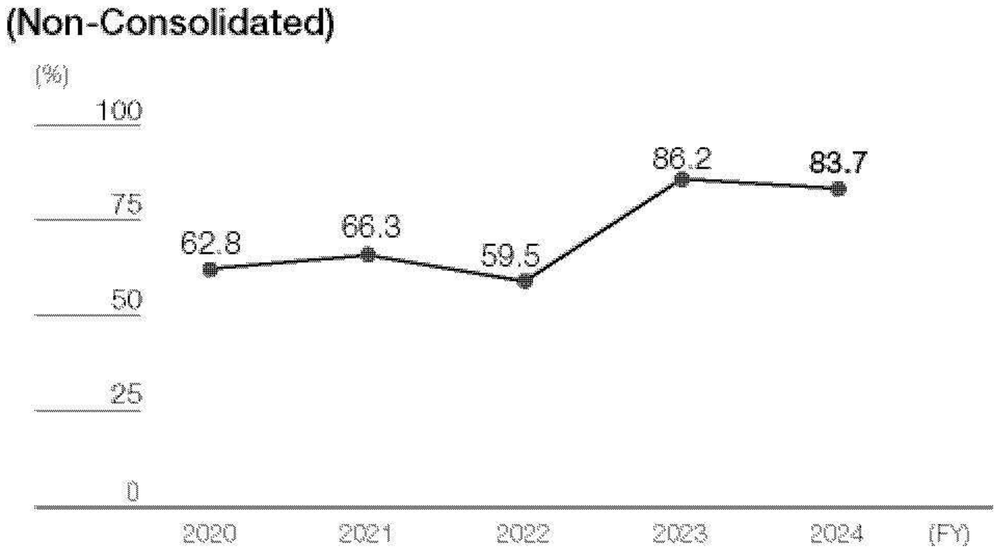
(Note) Emissions per unit of sales of actual greenhouse gas emissions (Scope 3) for fiscal 2020 to 2023 does not include actual emissions from Yokohama TWS before its acquisition. In addition, there were no actual emissions classified in the categories of 8, 13 or 14.

Total Waste Volume (Consolidated)



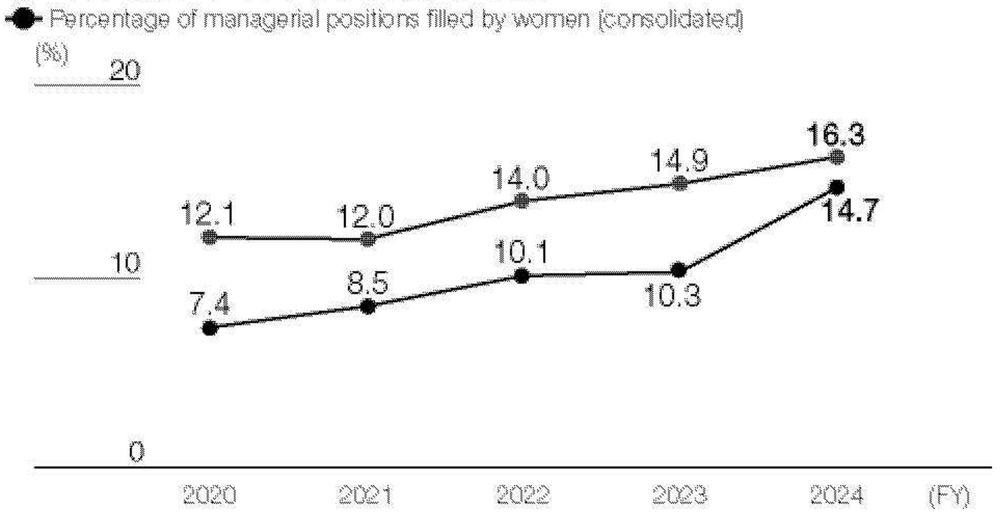
Total waste increased by 8.8% compared to the previous fiscal year, due to the addition of the Visakhapatnam Plant in India to the boundary from fiscal 2024.

Ratio of Male Employees Taking Childcare Leave (Non-Consolidated)



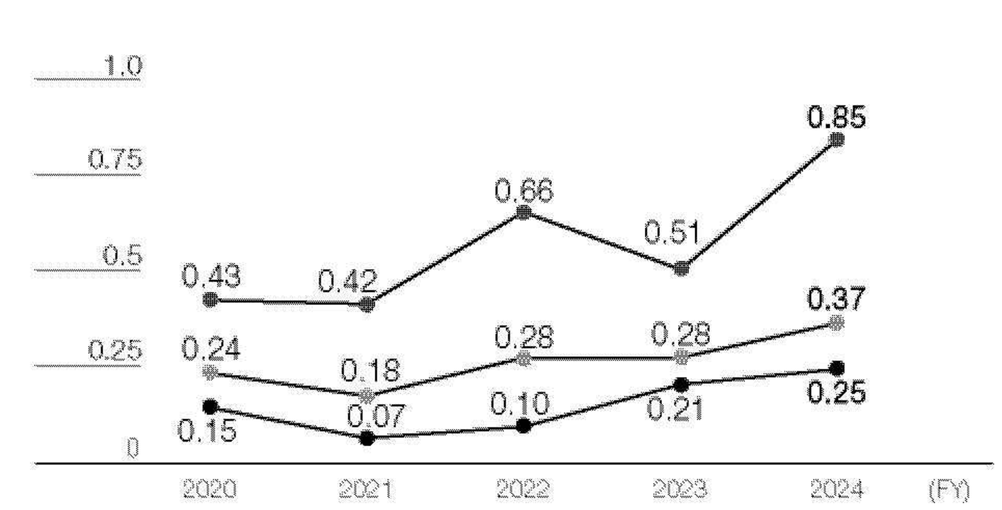
The male childcare leave acquisition rate remained above 80% for the second consecutive year as a result of efforts to encourage 100% acquisition, but decreased by 2.9 points year-on-year to 83.7%.

Percentage of Female Employees (Consolidated) / Percentage of Managerial Positions Filled by Women (Consolidated)



Measures to promote women's participation were effective, resulting in a 1.4-point increase in the percentage of female employees to 16.3% and a 4.4-point increase in the ratio of female managers to 14.7% compared to the previous fiscal year.

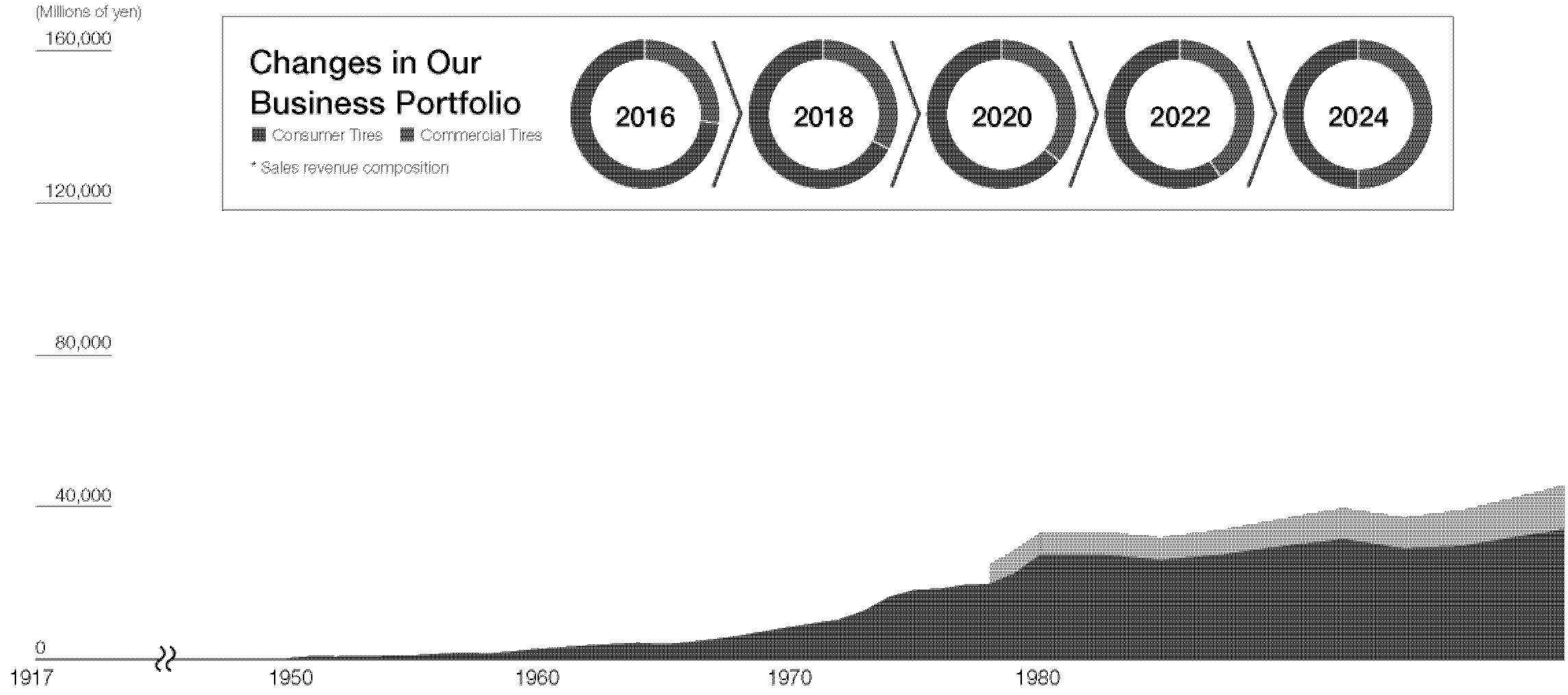
Lost-Time Injury Frequency Rate (LTIFR)



We continued our efforts to reduce the lost-time injury frequency rate (LTIFR) globally, but due to the worsening of the LTIFR in Japan, consolidated LTIFR worsened by 0.09 to 0.37.

The History We have Built, and the Future

Since our founding in 1917, we have accumulated technology and created numerous high-quality rubber products. Yokohama Rubber has overcome difficulties and opened up a new era in the face of any trial by looking toward a bright future and always being a challenger and pioneer. We will pioneer unknown territory over the next 100 years and build unique fields with unwavering founding spirit.



1917

Yokohama Rubber was founded with the aim of providing high-grade rubber products

1917
Established Yokohama Rubber Co., Ltd.

1921
Developed Japan's first corded tire "Hama Town Cord" and invented the "cut-edge flat belt," which brought a major revolution to rubber belt manufacturing technology.

1928
Completed the Yokohama Plant.

Started production of V-belts, balloon tires, belts, hoses, etc., which revolutionized the belt industry with features such as high-speed operation, long life, and excellent quietness.



1952
Completed Phase 1 of the Hiratsuka Plant in Kanagawa Prefecture and started production there of belts, large tires, and vinyl products.

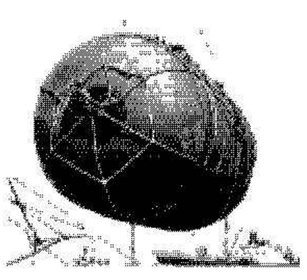
1954
Launched the Y-29, Japan's first snow tire.



1955
Launched the "Hama Safety" and "Hama Liner", Japan's first tubeless tires.



1958
Developed large pneumatic fenders



1960s

Responding to motorization and expanding exports

1963
Japanese company name changed to match the English, The Yokohama Rubber Co., Ltd.

1967
Launched the "G.T. SPECIAL" radial tire for passenger cars, and subsequently expanded production of the "G.T. SPECIAL" series as radial tires became popular among general drivers.



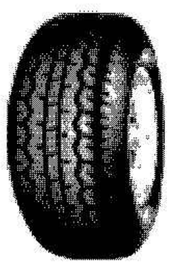
1969
Established a tire sales company in the United States, shifting from export dependence on trading companies to a sales company model with our own capital.

1974
Started production of tires for construction vehicles in Onomichi Plant.

Started production of high-pressure hoses at Ibaraki Plant.



1978
Developed Japan's first sports radial tire, ADVAN HF.



1979
Launched the ADVAN TS-02, Japan's first authentic all-season tire.

1980s

Creating new markets with a three-brand strategy

1980
Launched a three-brand strategy: "ADVAN" with wet performance and high-speed driving capabilities, "ASPEC" with driving performance and quietness to satisfy adults, and "GRAND PRIX" with excellent cost performance and high driving capabilities, creating a market for "distinctive tires."

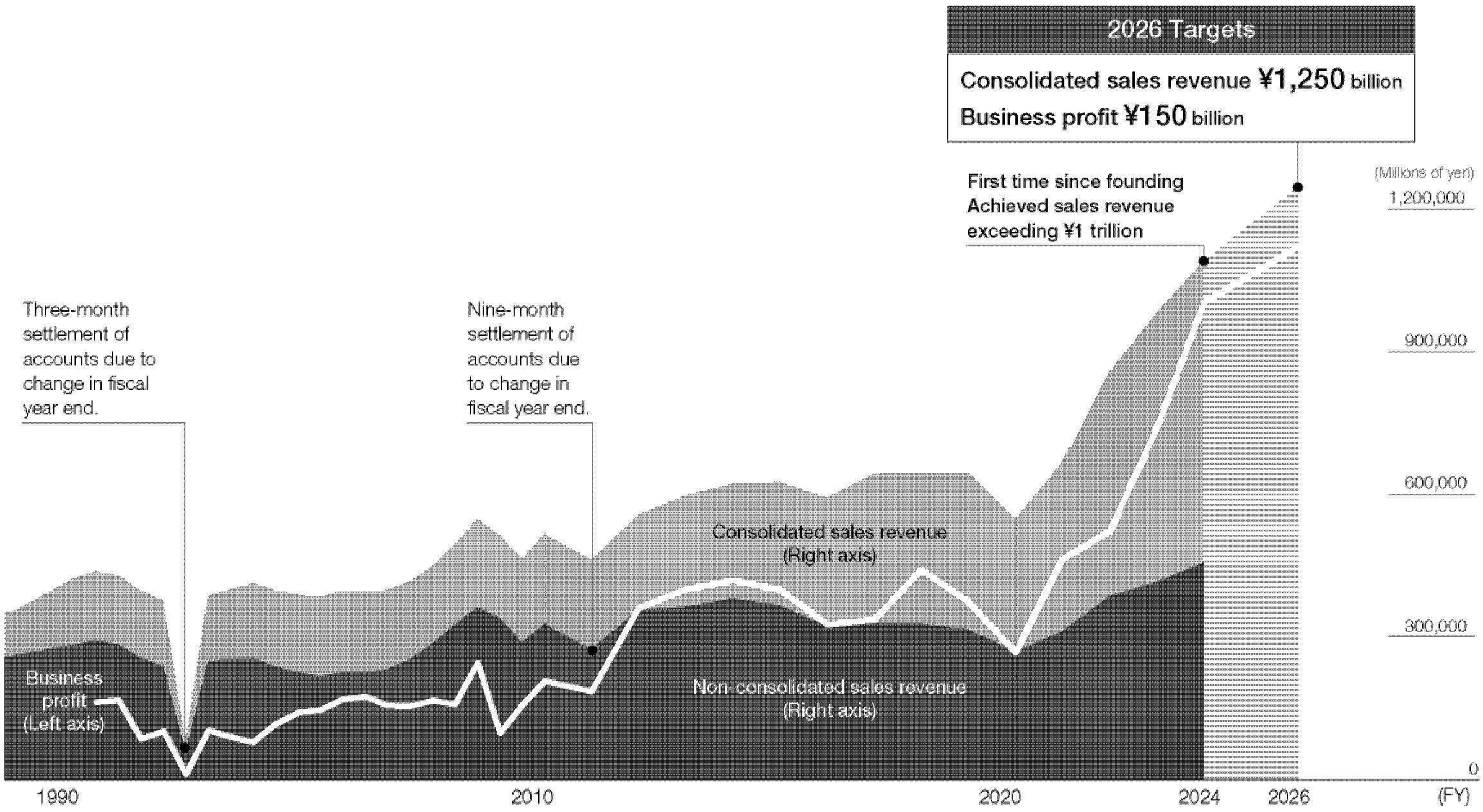


1980
Decided to fully enter the top domestic All Japan F2 Championship, and subsequently expanded motorsports activities to Europe, the United States, and other regions, building a track record in demanding motorsports.

1983
Launched sales of PRGR golf equipment.

PRGR

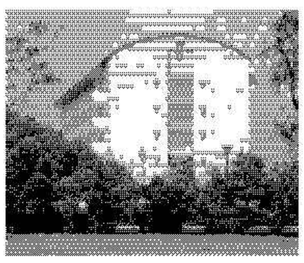




1990s

Globalization and advancement of tire technology

1991
Completed R&D integrated center (RADIC) at the Hiratsuka Factory.



1996
Launch of "GEOLANDAR" tires for SUVs, designed for urban driving



Established a tire manufacturing and sales company in the Philippines

1997
Established a tire manufacturing and sales company in Vietnam

1998
Launched sales of DNA ES-01 and DNA ES-02 as the first in the DNA series for fuel-efficient tires for passenger cars

2001
Established a tire manufacturing and sales company in Hangzhou, China

2004
Established a tire manufacturing and sales company in Thailand

2005
Actively expanded the "ADVAN" brand worldwide as a global flagship brand

2006
We aimed to become a company with top-level contributions to the environment with Environmental GD100 as our guiding principle, and enhanced our CSR management under our medium-term management plan GD100.

Established a tire manufacturing and sales company in Suzhou, China

2007
Established a tire manufacturing and sales company in India

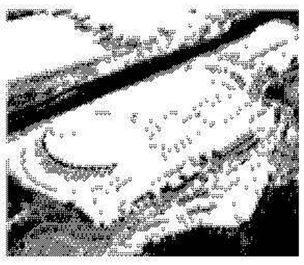
2010s

Pursuit of environmental technology and planned growth

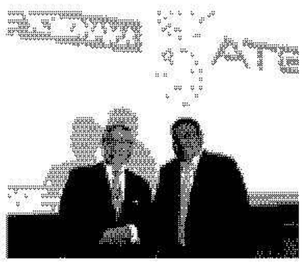
2010
Launched "BluEarth AE-01" as the first in the "BluEarth" series of fuel-efficient tires themed "Eco-friendly + People-friendly"



2015
Opened "Hokkaido Tire Test Center"



2016
Acquired the Alliance Tire Group B.V. (ATG), a Dutch company that manufactures and sells tires for agricultural and construction machinery.



2017
Our 100th anniversary.

Acquired Aichi Tire Industry, a company that manufactures and sells tires for industrial vehicles

2020s

Promotion of transformation based on our "Exploitation × Exploration" strategy

2020
Formulated "High Collaboration", strengthening competitiveness through synergies in "faster tire development", "expansion of production bases", "expansion of sales support", and "logistics DX"



2021
Formulated the medium-term management plan "Yokohama Transformation 2023 (YX2023)" aiming to further promote the "exploitation" of strengths in existing businesses and the "exploration" of new value

2023
Acquired Trelleborg Wheel Systems Holding AB, a Swedish company that manufactures and sells tires for agricultural and industrial machinery.

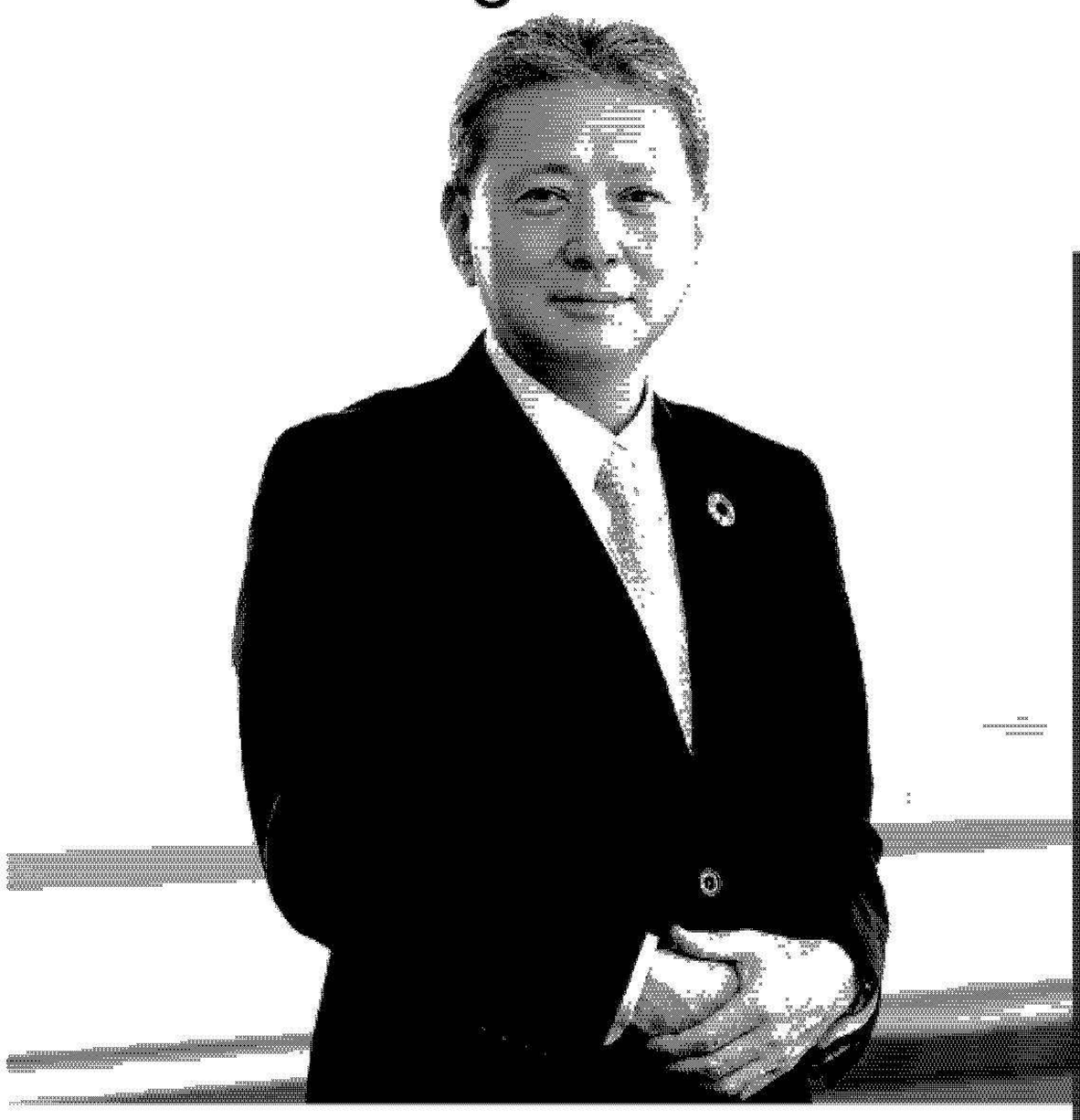
Introduced our original "E+" mark, which signifies that the tire is compatible with electric vehicles.



2024
Formulated the medium-term management plan "Yokohama Transformation 2026 (YX2026)" as the culmination of transformation through exploitation × exploration, aiming for "Hockey Stick Growth" (rapid upward growth)

2025
Acquired Goodyear's Off the Road tire business for mining and construction vehicles

Message from the CEO



Taking on Challenges in the Global Market by Implementing “Exploitation” and “Exploration” Initiatives as We Work to Realize YX2026

In fiscal 2024, we achieved record high earnings, posting sales revenue above ¥1 trillion and business profit above ¥100 billion. We are aiming for sustainable growth by completing a corporate transformation under our two-pronged “Exploitation” and “Exploration” strategy.

Masataka Yamaishi

Chairman & CEO, Chairman of the Board

Accelerated Growth in Fiscal 2024 and Achieved Record High Results

Yokohama Rubber has been around for more than 100 years, and in fiscal 2024, the first year of our current medium-term management plan “Yokohama Transformation 2026 (YX2026)”, the Yokohama Rubber Group achieved record high results, including sales revenue above ¥1 trillion for the first time.

In addition, from fiscal 2022 to fiscal 2024, we achieved record highs in sales revenue and business profit for three straight years. Our tire business achieved the highest sales growth rate among the world’s top 10 tire makers. In addition, we are the only member of the top 10 to achieve significant growth in unit sales of passenger car tires, a category where all the other major tire makers saw their sales volumes decline.

Also, our OHT (off-highway tire) business, which we have built into one of our core strengths, now has the largest share in the global market for agricultural machinery tires and the second largest share for tires used on industrial machinery. In addition, our February 2025 acquisition of The Goodyear Tire & Rubber Company’s OTR (off-the-road tire) business has solidified our No. 3 position in the global market for mining & construction vehicle tires.

These developments have led to Yokohama Rubber being ranked as the world’s fourth strongest tire brand in the “Tyres 25 2025” report from Brand Finance. We believe our growing presence in the global tire market reflects the Yokohama Rubber Group’s expanding tire sales, which is being driven not only by corporate and business acquisitions but also by the organic growth of our existing businesses, and our ability to envision and steadily implement strategies that anticipate changes in the market environment and to respond to challenges from the world’s leading tire makers as well as emerging forces in the market.

Structural Changes in the Global Tire Market

The size of the global tire market is currently estimated to be about ¥20 trillion (at USD/JPY of 110). Consumer passenger car tires account for about half of the total market size, or about ¥10 trillion. In the commercial tire market, truck and bus tires account for ¥6 trillion, and OHT make up the rest of the market.

Chinese tire makers have been rapidly expanding their production capacity in recent years, and they have accounted for about half of the world’s production of truck and bus tires for several years now, turning that segment of the global tire market into a Red Ocean market. Chinese tire makers also account for one-third of the global production of passenger car tires, and the investment plans of major Chinese tire makers indicate they could account for half of the world’s production of passenger car tires in the near future.

Basic Management Policy and Grand Design for the Tire Business

The Yokohama Rubber Group's basic management policy is to achieve consistent growth in sales and profits by simultaneously implementing two fundamental approaches: "Exploitation of the strengths of our existing businesses" and "Exploration of opportunities in new markets." To achieve steady sales and profit growth, we have been implementing a grand design to transform our tire business for more than 10 years.

Back in 2016, before I became president, the global market ratio of consumer tire to commercial tire sales was 1:1. Our tire business was heavily weighted toward consumer tires, with a 4:1 sales ratio, a wide distortion from the overall market composition. We have corrected this distortion through M&A, starting with our acquisition of ATG[*1] in 2016, TWS[*2] in 2023, and finally Goodyear's OTR business in February 2025. As a result, our consumer tire to commercial tire sales ratio is now in line with the overall market's 1:1 ratio.

In addition, the acquired businesses are highly profitable, with each having a profit margin of around 15%. This level of profitability is consistent with our investment discipline. Appropriate post-acquisition investments and management improvements have enabled these businesses to steadily increase their earnings, and we have not needed to post any impairment losses. While our stakeholders have tended to focus on our OHT business acquisitions, the "Hockey Stick Growth" we have achieved in recent years has come more from our existing businesses than acquisitions. In other words, M&A in the OHT market has been just one aspect of our grand design targeting the growth of our tire business as a whole.

In the global tire market, tire makers sell few tires directly to end-user customers. Instead, about 60% of tires sold in the major markets are sold to independent tire dealers. These tire dealers want to purchase many tire types from one tire maker so that they can eliminate the need to place orders with multiple companies and can increase commission fees. The acquisition of Goodyear's OTR business has made us one of the few tire makers that can supply tire dealers, our main customers, with all types of tires, from passenger car tires to truck/bus tires and OHT. As a result, we now are receiving inquiries from many customers, not only for the newly acquired OHT but also for our passenger car and truck/bus tires. This is putting our overall tire business on an even higher elevated growth trajectory.

I will now explain specific strategies for individual tire products, with "Best Alternative" as a key term.

Notes:
*1 ATG refers to the Alliance Tire Group B.V., a Netherlands-based company engaged in the manufacture and sale of tires for agricultural and construction machinery
*2 TWS refers to Trelleborg Wheel Systems Holding AB, a Sweden-based company engaged in the manufacture and sale of tires for agricultural and industrial machinery

Strengthening Premium Tire Lineup and Cost-Competitiveness

The traditional path to success in the labor- and equipment-intensive tire industry has been to develop economies of scale, but the entry of emerging Chinese tire makers has fundamentally altered this path.

Our response has been to adopt a strategy to enhance profitability by exploiting our existing strengths in the passenger car tire market, and raise the sales ratio of our higher-value-added ADVAN, GEOLANDAR, and winter tires (AGW) from 40% to 50% within the YOKOHAMA brand, which accounts for 99% of our passenger car tire sales. This strategy takes advantage of one of our core strengths—the technologies that enable us to produce many models of these high-quality and high-performance AGW tires in small lots and supply them as original equipment for premium cars, such as BMW M Series models, Mercedes-AMG vehicles, and various Porsche models.

Most of the tires installed on new premium cars are national (first) brands of Tier 1 tire makers (high-ranking, multi-brand makers) that have second and third brands. As a result, YOKOHAMA brand tires tend to be chosen by car owners when changing their tires, especially after the second time, because our tires are proven to have the same performance and quality characteristics as the Tier 1 maker tires installed on new premium cars while being more affordable than Tier 1 national brands. This is what we call our "Best Alternative by OE leading[*3]" strategy for consumer tires.

As for standard tires, which account for 50% of our passenger car tire sales, our strategy of exploring opportunities in new markets and responding to the challenge from emerging Chinese tire makers has led to the construction of a new plant in Hangzhou. With the cooperation of local business partners who are providing their knowledge of how Chinese tire makers build plants, we are constructing a plant under our new "1-year plant" concept that will enable us to begin production of prototype tires within one year from the start of construction. This is a strategy that will enable us to quickly start up new plants and realize quick returns on our investments.

By appointing local managers able to use their knowledge of local methods to conduct business operations more efficiently, we are improving the competitiveness of our standard tires.

Note:
*3 OE is short for "Original Equipment" tires supplied to automobile makers for installation on new vehicles.

“Best Alternative” Strategy in Our OHT Business

The OHT market is subdivided into tires for agricultural machinery, mining & construction vehicles, port-use vehicles, and industrial vehicles. The OHT market is more susceptible to economic fluctuations than the passenger car tire market, and the number of tire sizes is high relative to the size of their markets. These market conditions are high barriers to entry, and more than a few major tire makers have withdrawn from the OHT business because they could not withstand the impact from economic fluctuations. As a result, the OHT market has become a Blue Ocean.



Our acquisitions of ATG and TWS have given us the top share in the market for agricultural machinery tires, and our TRELLEBORG, Mitas, ALLIANCE and GALAXY brands have products in all price ranges. By optimizing production for each brand and adjusting the product mix to match demand during different economic conditions, we have been able to maximize profits and our market share.

Turning to the market for mining & construction vehicle tires, the overall market composition is 6:4 in favor of mining vehicle tires. The product mix at Goodyear’s OTR business, which we acquired this year, was more heavily weighted toward mining vehicles, at 7:3. Meanwhile, our OTR business’ mining-to-construction vehicle composition ratio was 4:6. As a result, both businesses had product mixes that were out of line with the overall market composition. However, our acquisition of Goodyear’s OTR business has created an OTR business with a full product lineup that matches the overall market composition ratio of 6:4.

Goodyear’s OTR business was a large business with a wide-ranging product lineup, but it also had high-cost plants in North America and Europe. Moreover, Goodyear did not consider it to be a core business and therefore did not make needed investments. As a result, the business was not profitable. Moving forward, PMI (Post Merger Integration) activities will include necessary revisions to the business’ production allocation and to its production network. We expect these revisions will enhance its cost-competitiveness. In addition, we will be able to use the many Goodyear OTR and TWS sales offices located in the same regions to create a more efficient sales network. The Goodyear OTR acquisition has given us broader product lineup that will enable us to improve production and sales efficiency as we implement a strategy to be the “Best Alternative” to our competitors.

Strengthening the Management Foundation that Will Lead Our Transformation

In 2024, we made a significant change to our top management structure, changing it to a three-person team with a CEO, COO, and Co-COO. One of the major management issues we face is that our efforts to transform our technology and production systems are lagging behind those of other companies. Making the needed improvements is an urgent management issue, so I appointed Shinji Seimiya as President and asked him to assume management responsibility for expediting this transformation. Meanwhile, we need to make our OHT business more resilient to the market’s extremely cyclical nature. I am counting on Nitin Mantri to lead this effort by fully using the businesses and brands that we have acquired to date.

We also have made changes to our Board of Directors. From this year, we reduced the number of Board members to 12 to

facilitate more thorough discussions and speed up decision-making. In addition, to strengthen governance, we have increased the ratio of outside directors serving on the Board to 50% and made outside directors the majority of members of the Personnel Remuneration Committee for Corporate Officers and Directors.

Sustainability Initiatives that Contribute to Corporate Growth

Sustainability initiatives are important corporate activities. However, while tackling environmental issues is the right thing to do from global and social perspectives, trying to do everything would place a heavy burden on management. Accordingly, our carbon neutrality initiative is based on efforts that will also reduce costs and contribute to the company's growth. I think we are moving in the right direction and have made some good progress.

We are expanding our use of renewable and recycled raw materials. For example, we have replaced silica sand with plant-derived silica, and the more plant-derived silica we use the more our silica-related costs go down. We will continue to proactively incorporate new raw materials, and this effort will be aided by technological capabilities that facilitate the search for substitute materials and enable us to monitor suppliers' production capacity and costs to determine the best time to introduce the new materials.

Regarding our efforts to promote sustainable procurement of natural rubber, our natural rubber processing plant in Thailand is endeavoring to improve the traceability of the natural rubber it uses as a raw material. This effort is being led by plant managers who know and understand local farmers, which makes it possible to prevent deforestation and respect human rights while procuring raw materials at a low cost.

Human Resource Development and Global Strategy Initiatives

I believe that investment in our people is the most effective of the many investments we constantly undertake. We have sponsored about 20 young employees to attend Executive Master of Business Administration (EMBA) programs in Japan to date. To compete in the global market, our staff need to be familiar with common business terms that are used internationally, and I therefore believe we need to raise our global business literacy.

As part of our DX strategy, we are implementing a program to develop DX human resources that will be able to use their acquired know-how at our technology and production sites. Last year, we also conducted an employee engagement survey that aimed to discover how well employees understood our strategy and if it helped motivate them to perform their tasks. The survey revealed some cases where the strategy and the company's way of thinking were not well understood by staff working at production sites. This is a serious issue that we will seek to resolve by improving our communication with employees. In addition, we will use annual engagement surveys to follow up on outstanding issues. As Yokohama Rubber grows, we want to ensure that employees whose daily efforts are contributing to that growth are appropriately rewarded.

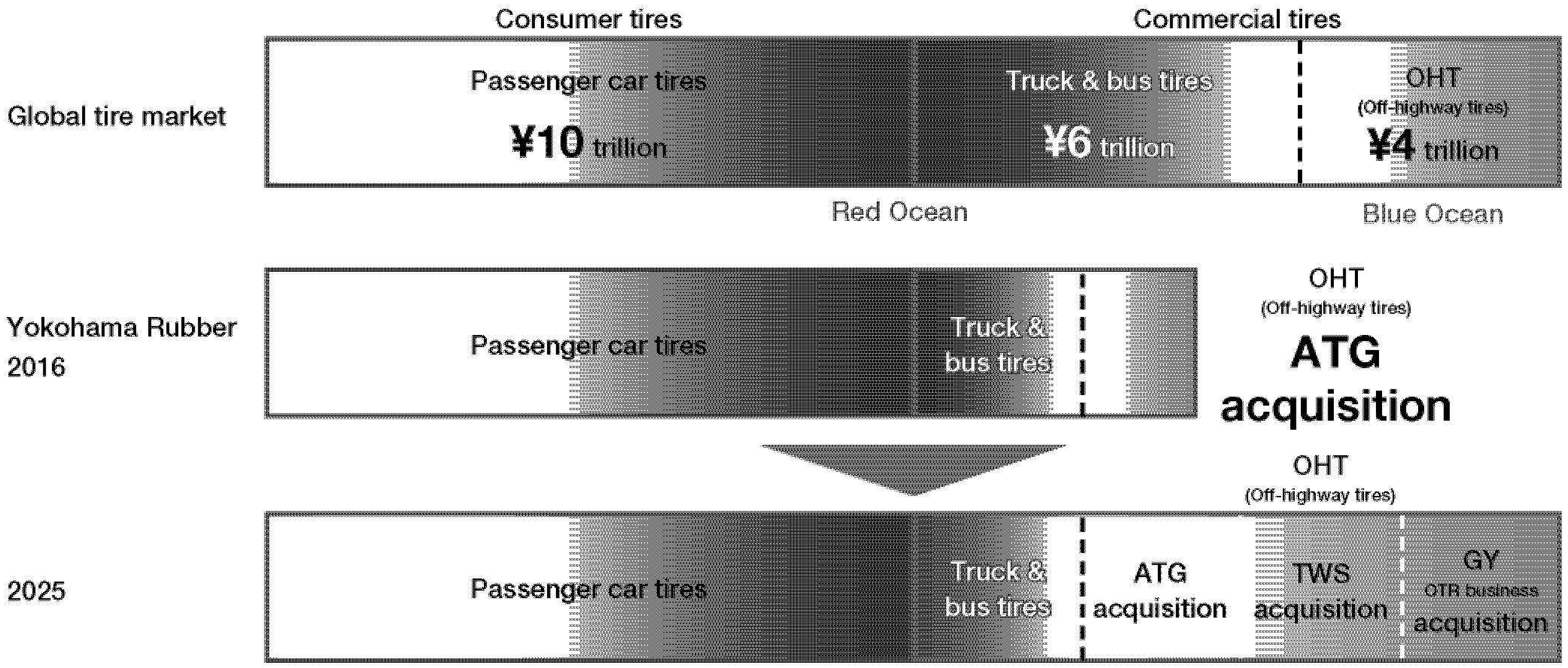
To ensure our strategies are understood and being implemented in all business units, we have been conducting monthly "YX Follow" management reviews since 2017. These reviews check the progress being made in each division and functional unit and are part of a rapid PDCA (Plan-Do-Check-Act) cycle. In addition to checking the progress through these reviews, we will use the wide range of know-how and knowledge gained from acquired companies to complement and strengthen our organization.

Message to Stakeholders

Moving forward, we plan to implement measures that will further solidify our grand design aimed achieving sustainable growth in the years ahead. We hope to make this strategy part of our organizational culture and maintain our current sales and profit growth momentum as long as possible. I consider this to be my main task and a mission that must be fulfilled. I hope that our stakeholders will understand and support our corporate philosophy and activities and look forward to a bright future for the Yokohama Rubber Group.

Overview and Strategy of the Tire Business

We aim to achieve continuous increases in sales and profits by simultaneously pursuing two approaches: "exploiting" existing markets and "exploring" new markets.



Global Tire Market

The global tire market is divided into two segments: "consumer tires" such as tires for passenger cars, and "commercial tires" such as truck, bus, and agricultural machinery tires. The market size is roughly equal, with consumer tires at about ¥10 trillion and commercial tires also at about ¥10 trillion. The breakdown of industrial goods is ¥6 trillion for truck and bus tires, and ¥4 trillion for OHT (based on 1 USD = 110 yen).

In the near future, it is expected that emerging Chinese makers will account for about half of the global production of consumer tires, making it a highly competitive red ocean market.

Additionally, for commercial tires, Chinese tire makers have accounted for about half of the global sales volume of truck and bus tires for several years, making this segment also a red ocean market.

On the other hand, in the case of OHT, although each category is relatively small in scale, there are many products, and as a result, the number of players has converged, making it a blue ocean market.

Yokohama Rubber's Tire Business Strategy

For a long time, our group's tire sales composition was biased toward consumer tires, but with the acquisition of ATG in 2016, TWS in 2023, and Goodyear's OTR business in February 2025, we have achieved a nearly 1:1 ratio of consumer tires to commercial tires, matching the market ratio.

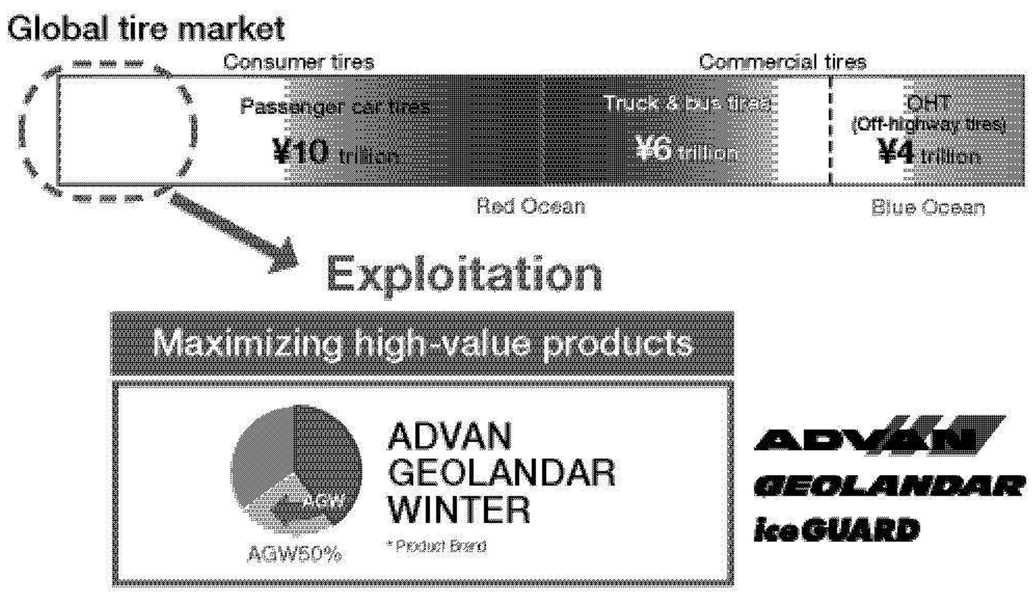
In the global market for commercial tires, the ratio of truck and bus tires to OHT is 3:2, but our company has a 1:3 composition, focusing our business strategy on highly profitable areas, namely the blue ocean.

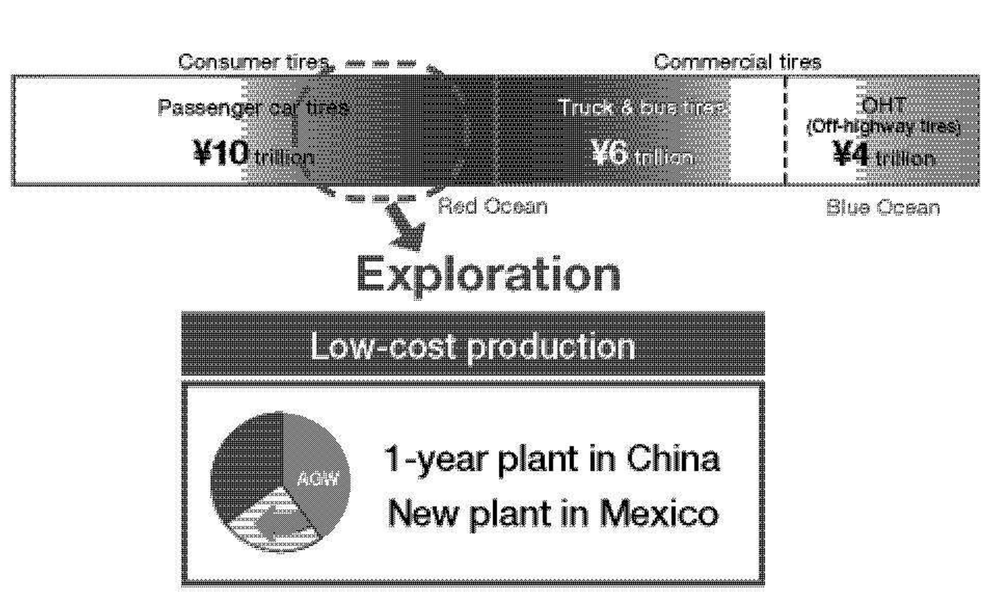
Currently, our company offers a wide range of industry-leading products, from tires for passenger cars to truck and bus tires, and OHT. Furthermore, by becoming a comprehensive tire maker capable of one-stop procurement, we have expanded sales channels and increased sales as the "Best Alternative" of top-tier makers, meeting customer needs.

Growth Strategy of the Consumer Tire Business

In recent years, in the consumer tire market, the combined planned production increases by Chinese tire makers both inside and outside China are expected to result in Chinese makers accounting for 50% of global tires for passenger cars production by 2030 at the latest, further intensifying the red ocean market.

In this environment, we will continue to strengthen sales of high value-added products in consumer tire, aiming to maximize their ratio as in the previous medium-term management plan. Within the increasingly competitive consumer tire market, we aim to raise the ratio of AGW (ADVAN, GEOLANDAR, and winter tires) in the premium zone—the remaining blue ocean area—





to 50%, and strive for year-on-year sales growth in all categories.

Additionally, by equipping new premium cars with our tires, we will increase recognition as high-performance tires and aim to expand our share as the “Best Alternative” of top brands in the replacement tire market.

Furthermore, in our product and regional business strategies, we will drive initiatives primarily through local management teams, steadily implementing product strategies tailored to each region, such as “GEOLANDAR” in North America and “ADVAN” and winter tires in Europe.

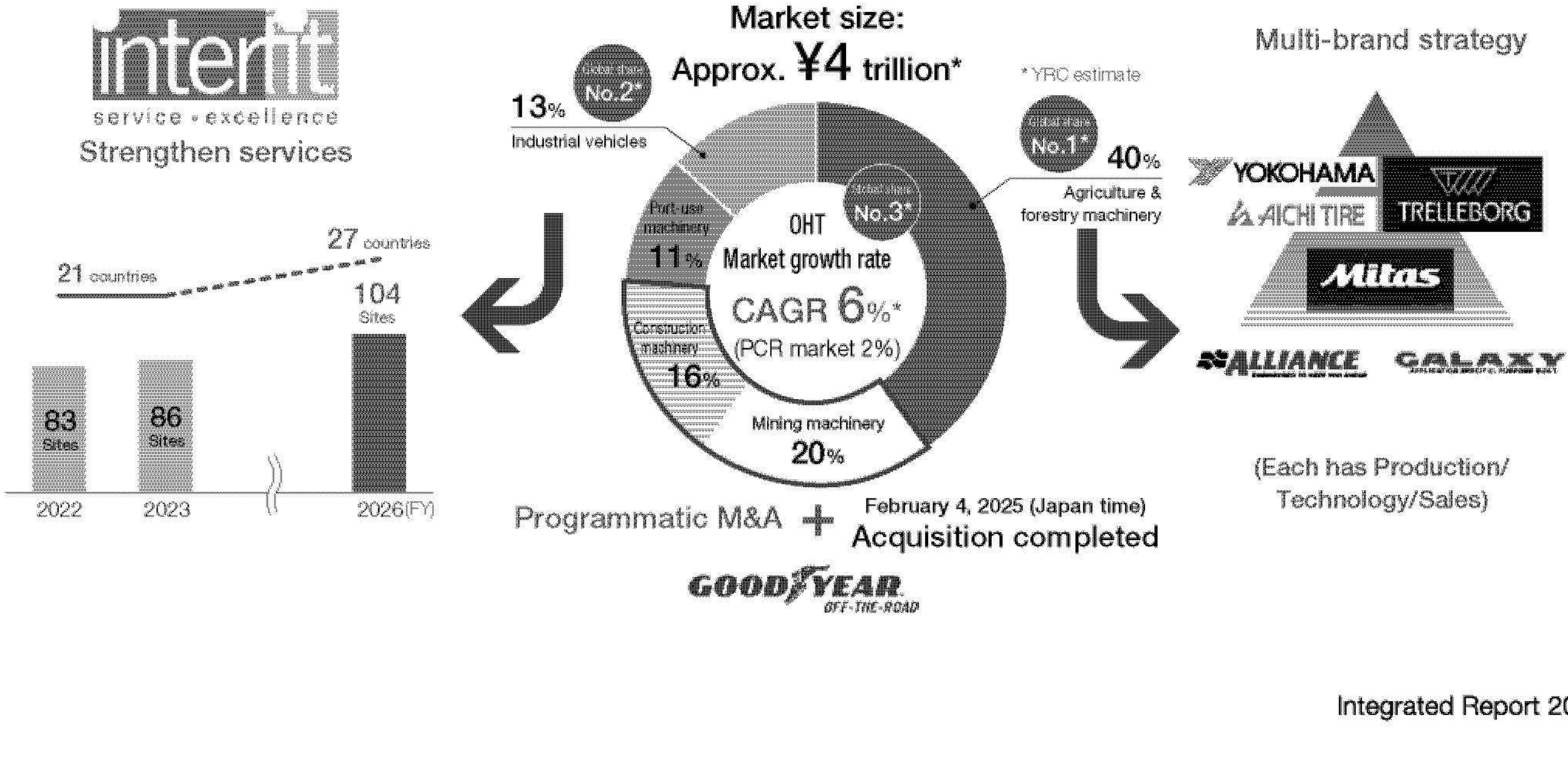
For standard products outside the premium zone in consumer tires, we plan to enhance cost competitiveness and increase overall sales volume. As a specific measure, under the concept of a “1-year plant” that completes everything from construction to prototype tire production within one year, we are proceeding with the construction of a new plant in China, and progress is on track for prototype production to begin in December 2025, one year after the start of construction.

Growth Strategy of OHT Business

In the OHT business, we have grown into an OHT maker with multiple brands by continuously implementing “programmatic M&A”, including the acquisition of ATG in 2016, TWS in 2023, and Goodyear’s OTR business in February 2025.

The OHT market is changing into a blue ocean market with fewer competitors due to the withdrawal of major makers and industry M&A reducing the number of players. OHT presents high barriers to entry due to the difficulties in development, design, production, and sales, making design, development, and production particularly challenging. In the highly profitable blue ocean OHT market with high entry barriers, our company aims for growth by leveraging multiple brand positions. Furthermore, we are aiming to grow while expanding our customer base as well as profits through the enhancement of the Interfit service, a tire maintenance service provided by our professional staff, and other service networks for end users.

OHT Business Growth strategy



Global Strategy of the Tire Business

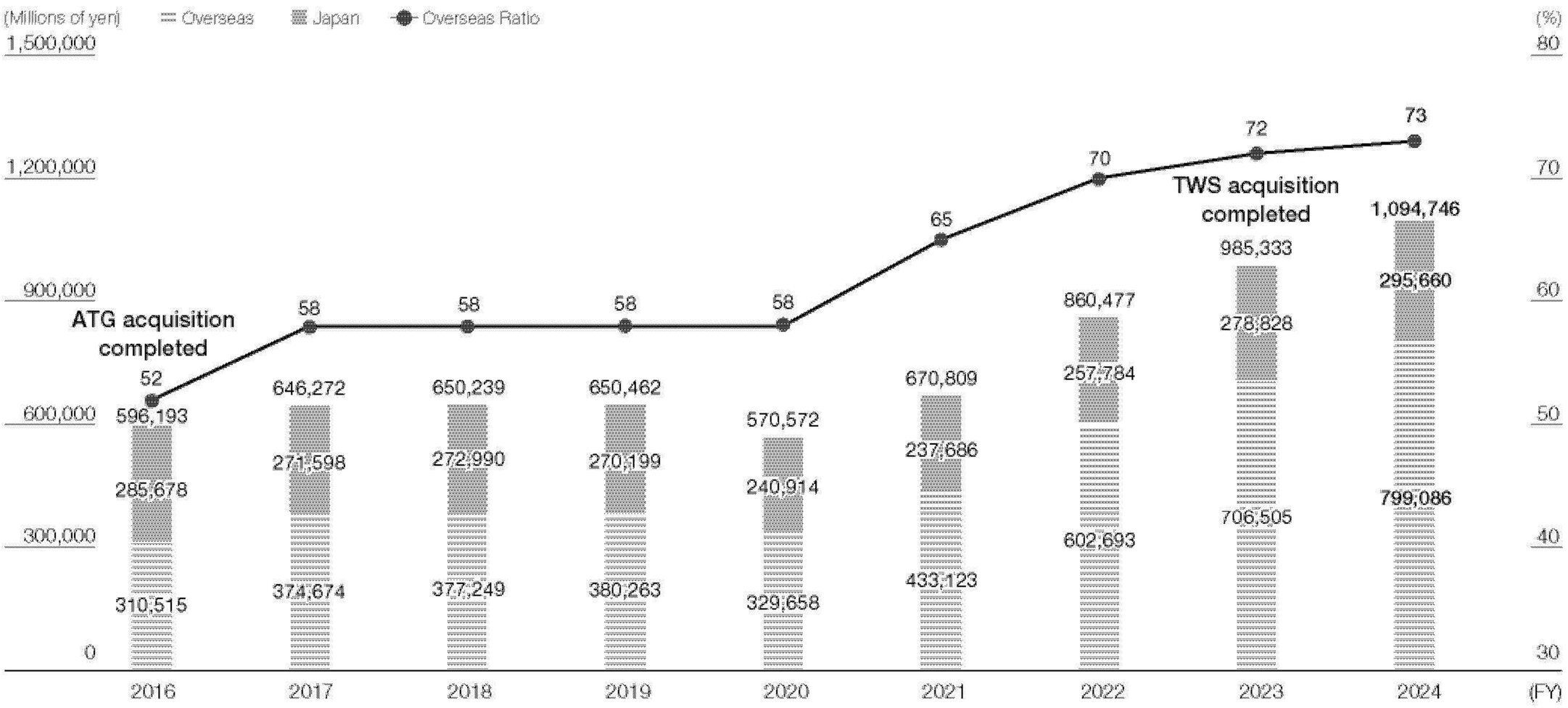
The Yokohama Rubber Group is implementing its unique global strategy in the North American, Chinese, and European markets by leveraging superior technological capabilities and brand appeal in both consumer and commercial tire segments. We aim for further growth with a management structure centered on local human resources familiar with each region.

Global Growth Born from the Diverse Strengths of Each Region

Since our group's acquisition of ATG*1 in 2016, we have actively expanded through M&A, increasing our business scale, and in 2025, we acquired Goodyear's OTR*2 business, further strengthening our presence in the global market. With overseas sales revenue ratio exceeding 70%, we continue detailed analysis and improvement activities by region and sales channel in the tire business to enhance profitability, while proactively appointing local professional managers and delegating authority to execute strategies tailored to the characteristics of each region.

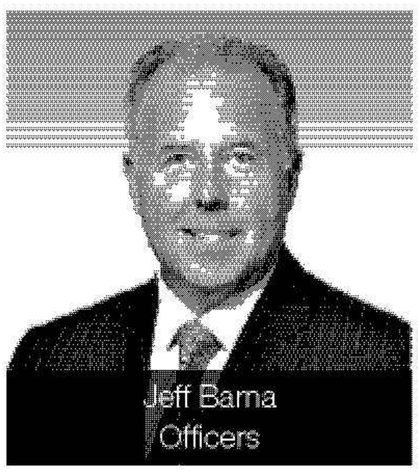
*1 ATG: Alliance Tire Group. Off-highway tires manufacturing and sales company in the Netherlands.
*2 OTR: Off the Road Tire. Tires for mine and construction vehicles.

Overseas Sales Revenue & Ratio Trends



* Fiscal 2020 results include the sale of the Hamatite business in November 2021.

North American Business


Jeff Bama
Officers

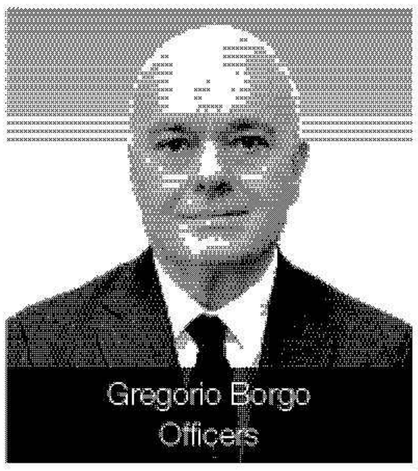
The North American business serves as the leading contributor to profits in the tire segment. Focusing on the replacement tire market, we have established a position as the preferred choice for customers trading down from Tier 1 brands due to high quality and reasonable prices, strengthened relationships with major retail customers to expand sales channels, and plan to target regions with lower market share, such as the northeastern United States. In product strategy, with an eye on sustainable growth during YX2026 and beyond, we position the expansion of "GEOLANDAR" tires for CUV/SUVs—which are expected to see increasing demand in the North American market—as a growth axis, leveraging established product recognition in the off-road market to further expand sales in the on-road market for urban driving.

China Business


Ming Fan
Officers

The China business aims to become the No.1 foreign tire maker in China, driving group growth. Although there are concerns about the domestic economy, the current Chinese market is expected to see increases in automobile sales and production due to continued government support and motorization in rural areas. To offset reduced production by Japanese automakers, we are strengthening development and sales for local Chinese automakers (COE), and as part of restructuring our sales channels, we are working to expand tire supply to COEs and increase sales of replacement tires. Going forward, we plan to localize development functions, shorten product development lead times, and quickly launch products that meet local needs with a sense of speed.

Europe Business


Gregorio Borgo
Officers

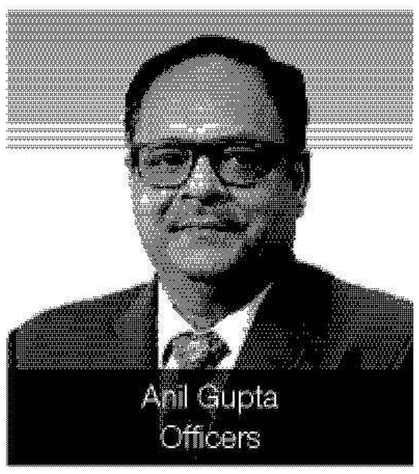
Europe is the fastest-growing region for Yokohama Rubber's tire business, and the European business has expanded its performance by strengthening sales of high value-added products such as high-inch tires. Going forward, we will focus on expanding high-inch tires and truck/bus tires, targeting premium cars such as Porsche, BMW M Series, and Mercedes AMG, and further expand our business with the launch of the new product "ADVAN WINTER." Additionally, we will strive to expand new sales channels in high-demand regions such as Germany, the UK, and Eastern Europe, and improve logistics efficiency through collaboration with top-class wholesalers in Europe. Furthermore, with a renewed general managers and an experienced sales and marketing teams, we will strengthen our premium brand position and aim for further growth.

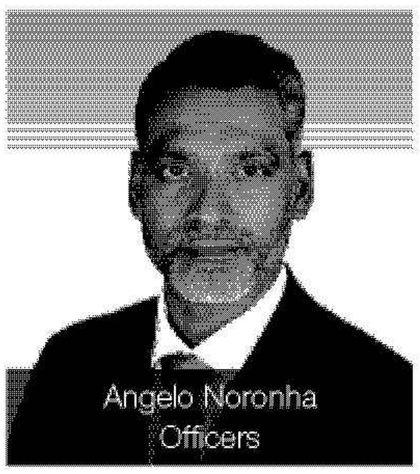
OHT Business


Nitin Mantri
Member of the Board and
Senior Managing Officer

The OHT business has achieved high growth, doubling sales in five years under an aggressive investment strategy and the leadership of Co-COO Nitin Mantri, following the acquisition of ATG. In 2024, the OHT business was reorganized into three internal companies: Y-ATG, Y-TWS, and Y-OTR. Y-TWS and Y-OTR focus on the premium segment, while Y-ATG concentrates on the value segment. To implement strategies tailored to each market, each company maintains independent sales functions while integrating backend functions such as procurement and production to maximize synergy, aiming to outperform the market growth rate in the OHT market, which is expected to maintain long-term annual growth of about 6%.

Yokohama ATG (Y-ATG)


Anil Gupta
Officers


Angelo Noronha
Officers

Y-ATG leverages cost competitiveness and development speed through efficient production at plants mainly in India, as well as the strength of early introduction of niche products, to sell value segment agricultural and construction vehicle tires under the Alliance brand and others through distributors worldwide. We focus on replacement tires, which are more profitable and less affected by economic cycles than original equipment tires, and which we already have a strong market presence in North America. Furthermore, we have re-entered the huge Indian market, which we previously could not serve due to supply constraints, by developing high-performance products suited to the value segment. Going forward, we plan to optimize production bases, such as plant closures, and under a new management structure, aim to expand market presence and achieve further growth by introducing products tailored to specific markets.

Yokohama TWS (Y-TWS)


Elio Bartoli
Yokohama TWS President

Y-TWS has strengths in advanced technology and brand power backed by joint development with machinery and vehicle makers, and mainly in Europe, sells agricultural machinery and industrial vehicle tires for the premium segment, such as Trelleborg, through local production for local consumption. We operate a "Local for Local" model, selling directly to local dealers through sales subsidiaries in each country, with sales teams at these subsidiaries responsible for generating demand from end users. Y-TWS boasts a high share in the original equipment tire market due to its excellent performance, but since original equipment tires are more susceptible to economic cycles, we will also focus on replacement tires for the aftermarket, which have relatively stable demand and higher profitability. In addition, with Y-TWS's new management structure in the United States, we aim to increase our share in this key market. Regarding the recently completed acquisition of Goodyear's OTR business, we aim to integrate the business by utilizing Y-TWS's existing network and handling the back-office functions of the acquired business, thereby suppressing the occurrence of new SG&A expenses.

Message from the COO



YOKOHAMA's Transformation is Being Driven by Technology and Production

We are aiming for sustainable growth driven by the pursuit of quality and productivity under the motto "low cost, speedy development of quality products" as we rise to challenges from global competition and undertake structural reforms unique to YOKOHAMA.

Shinji Seimiya

President & COO

Looking Back on My First Year as President & COO

One year has passed since I assumed the position of President & COO as part of a new three-person executive management team that has brought together three specialists with different experiences and strengths. I believe that our ability to bring different expertise to the table has created a well-balanced management team.

Looking back on Yokohama Rubber's recent past, I think I can say our globalization has rapidly advanced, thanks in no small part to our M&A deals. The Yokohama Rubber Group now has 34,000 employees around the world who are contributing to our very high growth rate. Japanese companies have their strengths, including excellent manufacturing. However, taking a more global perspective has enabled me to recognize many different manufacturing strengths in companies around the world, especially in China, India, and Europe.

Here at Yokohama Rubber, we are in the middle of our YX2026 medium-term management plan. An important aspect of this plan is the need to balance our commitment to high quality with low cost and speed. Looking at today's global tire market, the sudden rise of emerging Chinese tire makers has turned the markets for passenger cars, trucks, and buses into a Red Ocean. I am impressed by the speed demonstrated by these emerging Chinese tire makers. Also, I see a big gap in their emphasis on keeping costs down and supplying low-cost products and our meticulous attention to manufacturing high-quality products. Of course, we must continue to develop high-quality products. However, if we are to compete in these Red Ocean markets, we must address two major issues: reducing costs and improving production efficiency. We have a long history of using high-quality, expensive raw materials to develop high-quality tires. Moving forward, we must use our accumulated technological capabilities to develop technologies that will reduce costs. For example, expanding our raw material supply chain will enable us to procure lower-cost materials. However, we also need to develop technologies that will enable us to make full use of those materials.

YOKOHAMA's Technological Capability is Widely Recognized by Premium Car Makers

Premium car makers in Europe and other regions demand tires that not only deliver superior maneuverability but also take environmental performance into consideration. Many premium car makers select our tires as original equipment on their new cars because they highly evaluate our unique compound blending technology and our ability to finish tires according to their specific needs. I consider these technological capabilities to be one of our major strengths.

While we will continue to make use of our many accumulated technologies to expand our lineup of high-value-added tires, we must also pay greater attention to speed and costs from the early planning and development stages in order to provide tires

that meet the needs of our customers. We therefore are now working to create a more efficient development and production system. We currently are advancing our AGW strategy centered on our ADVAN, GEOLANDAR, and winter tires (AGW), and we will continue to expand our sales and lineup of high-value-added tires. Going forward, we want to continue providing customers with tires that reflect our constant focus on differentiating our products from those of other tire makers, and we are confident that we will be able to develop such tires.

Creating Strength by Leveraging Group Synergies

Our acquisitions of ATG in 2016, TWS in 2023, and Goodyear's OTR business in 2025 have strengthened our global production and logistics network while also expanding our supply chain. These new Group members are part of our continuing effort to establish a system that can respond quickly and flexibly to diverse market needs. Each of these Group members have different strengths and weaknesses and are active in different markets. By working closely with them, we have been able to make steady progress over the past few years.

We have been good at producing a wide variety of products in small lots. However, in the standard passenger car tire area, we plan to use common parts as much as possible, increase production lot sizes, and use the latest automated equipment to increase productivity as we seek to raise cost competitiveness. The new plants currently under construction in China and Mexico will be launched early to achieve these plans.

Until recently, building a plant in one year was not something that even crossed our minds, but we are now in the process of realizing a new form of manufacturing created by combining the corporate cultures and their emphasis on speed of acquired companies with the Yokohama Rubber Group's focus on quality. We have gained a lot through M&A, and I think this is giving us strengths that other companies do not have. Considering that the tires needed by customers and the required technologies differ from region to region, it is extremely important that we have the ability to grasp such information and incorporate it into our product development.

Technological Innovations Supported by AI, and Sustainability Initiatives

Human resource development is another important initiative in our growth strategy. For example, to improve the quality and speed of technological development, it is important that staff know how to apply large amounts of accumulated data in the development of new products. HAICoLab, a proprietary AI utilization framework, enables our younger employees to quickly acquire the knowledge they need to create basic tire designs. It also enables our development staff to know the factors that led to AI-generated answers, giving them new insights into new areas. We also are using HAICoLab to conduct virtual experiments to develop tires for certain car makers. Moving forward, we will continue to develop personnel who can make full use of HAICoLab to bring about new innovations. DX personnel are a core part of our human capital strategy, and we plan to focus their efforts on improving operations and changing processes. Based on our overall DX concept, we will focus on developing human resources that will be able to use AI to bring about changes in all business units. The expanding use of autonomous driving and EVs is increasing demand for tires that can meet increasingly strict requirements for fuel efficiency, quietness, and durability. Our response to this changing market will focus on developing technologies that contribute to reducing the supply chain's environmental impact and achieving carbon neutrality by, for example, reducing the amount of rubber used in our tires and lengthening their usable lifespan.

We have FY2030 and FY2050 targets for reducing CO_2 emissions and increasing the ratio of renewable & recycled raw materials used in our products, and we consider achieving those goals by developing high-quality products while reducing costs as one of our key corporate missions. We also will continue our many other efforts aimed at achieving our goals in 2030 and beyond, including steady energy conservation activities, a shift to renewable energy for fuels and electricity, and the development of renewable & recycled raw materials.

Message to Stakeholders

As a tire maker, we will continue to do our utmost to develop high-value added products that please our customers. We will enhance our corporate value by reducing costs even as we continue to deliver tires that provide the excellent performance and high quality expected of YOKOHAMA tires. I hope that all of our stakeholders will continue to have high expectations of Yokohama Rubber in the future.

Technology and Production Strategies

For premium products, we will pursue even higher performance and functionality through Yokohama Rubber's unique technological capabilities, while also promoting the expansion of tire supply for next-generation premium cars as original equipment, thereby achieving differentiation through a lineup of high value-added products.

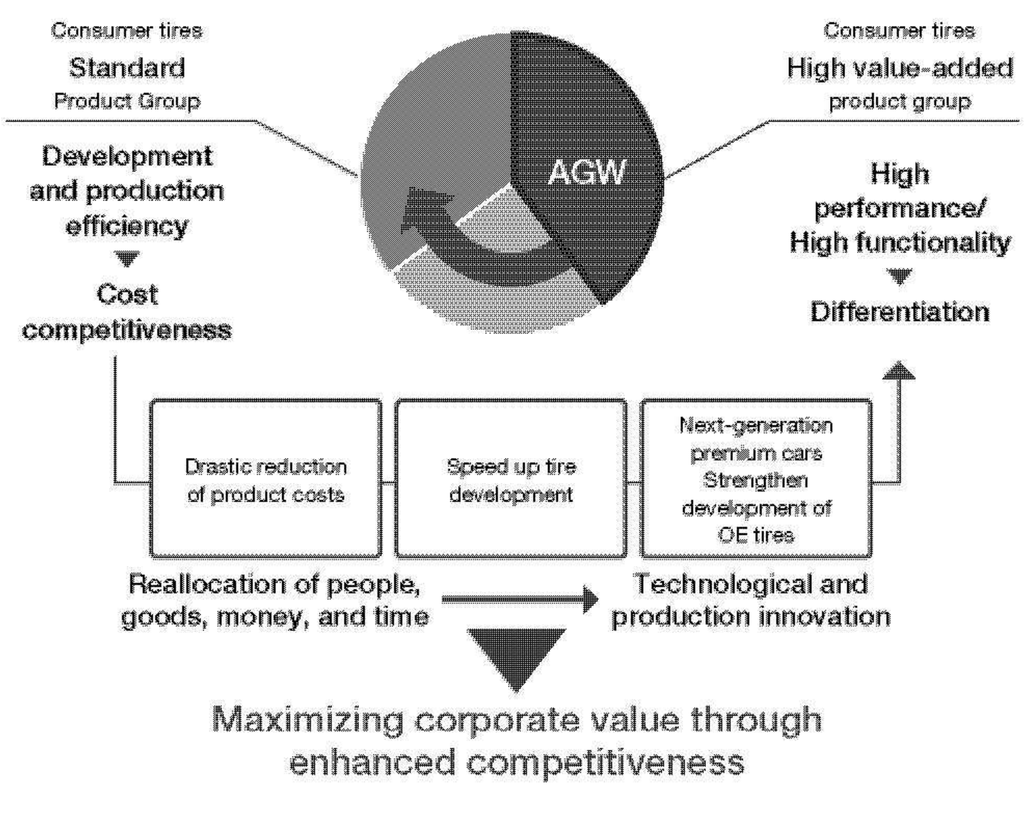
Basic Policy for Technology and Production Strategies

Our company aims to maximize the sales ratio of AGW ("ADVAN," "GEOLANDAR," and winter tires), and for premium products, we will pursue even higher performance and functionality through our unique technological capabilities. At the same time, we will promote the expansion of tire supply for next-generation premium cars, including European premium car makers, as original equipment, thereby achieving differentiation from competitors through a lineup of high value-added products. For original equipment tires for these next-generation premium cars, we plan to strengthen development and address compatibility with premium electric vehicles, wear resistance, and weight reduction.

On the other hand, for standard products, we will improve competitiveness in the market by reviewing the maker-oriented excessive quality mindset, promoting efficiency in development and production, and driving cost reductions.

Furthermore, regarding "speeding up tire development" and "drastic reduction of product costs," our current medium-term management plan focuses mainly on standard products. For "speeding up tire development," in addition to utilizing AI and simulation technologies, we aim to strengthen our responsiveness to emerging makers and maximize the launch of new products. In "drastic reduction of product costs," we will apply ATG's low-cost production model and reduce raw material procurement costs by leveraging the scale advantages of acquisitions. We view these activities as initiatives that will support the foundation of our company's overall technology and production in the future, and we will pursue the maximization of corporate value for the entire group.

Basic Policy for Technology and Production Strategies in YX2026



Speed Up Tire Development

For "speeding up tire development," we are working to shorten the development period for new products by expanding platform development and the use of common parts, as well as utilizing our proprietary AI framework "HAICoLab" and promoting virtual simulation development using XAI (eXplainable AI). Through this, we plan to contribute to profits by launching products early in line with market trends and optimizing product life cycles. Regarding platform development, in the past, a single project was launched for each new product development, with each development taking three to four years. Now, we position multiple product developments as one large project, and conduct platform development that serves as the foundation for other products simultaneously with the development of the base product. In this platform development, tire development modules are divided into three categories, and the use of common parts is expanded across projects, aiming to achieve significant reductions in development time, improved return on investment, and cost savings, along with cost reduction.

In China, we are working to shorten tire development periods through localizing R&D, and in fiscal 2024, these efforts have borne fruit, resulting in the supply of many products to Chinese car makers who require timely development.

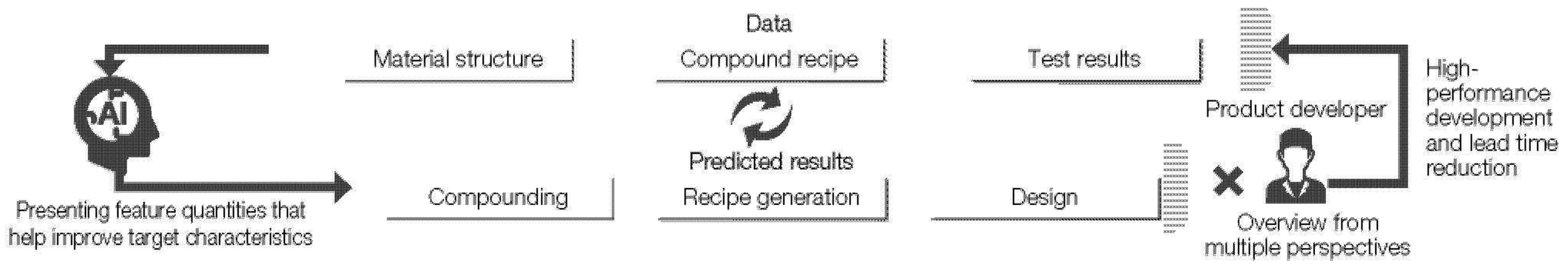
Utilization of HAICoLab in Design and Development

Regarding the use of HAICoLab in design and development, we will apply data science such as prediction, analysis, and exploration with AI to acquire new insights, making these a source of competitive advantage. We will promote the digitization and sharing of these insights, combine them with human inspiration, and further eliminate bias through the use of behavioral psychology and behavioral economics. This will enable us to independently develop a tire design support system, making tire design easier even for less experienced engineers, and enabling faster development and cost reduction. AI presents feature quantities that help improve target characteristics, and designers can gain new insights and inspiration by viewing these from multiple perspectives, leading to the development of higher-performance products. In addition, for high value-added products, we plan to achieve quality improvement and speed-up through virtual development (MBD*1) tailored to the target performance of vehicles and tires.

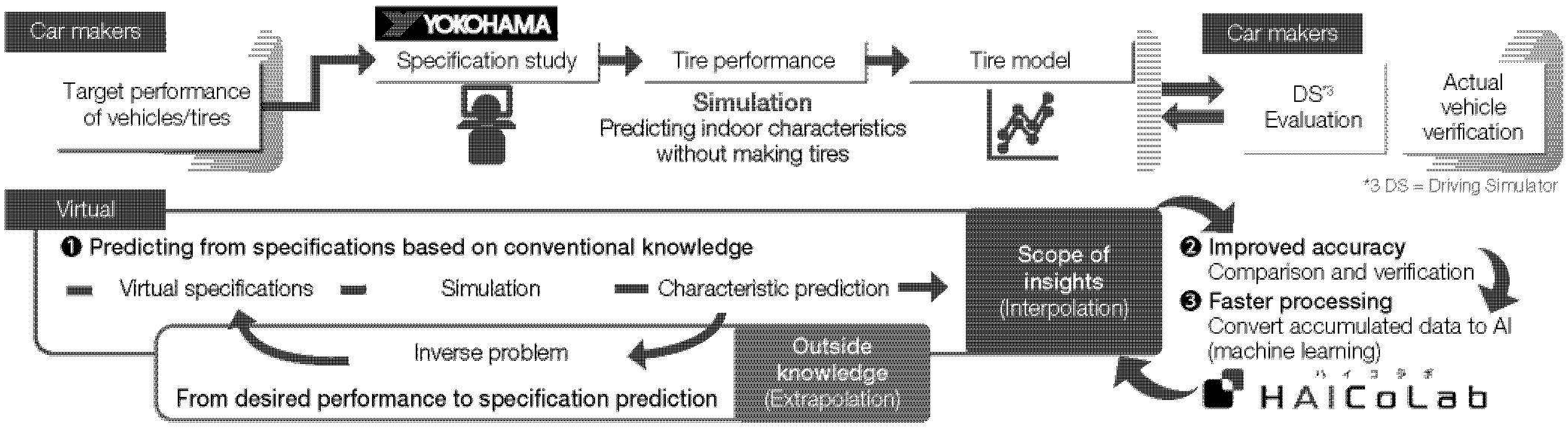
*1 MBD: Model Based Development

Speed-up through HAICoLab in Design and Development Operations

Independently developed a tire design support system utilizing XAI*2 *2 eXplainable AI = Explainable AI



Speed-up through MBD

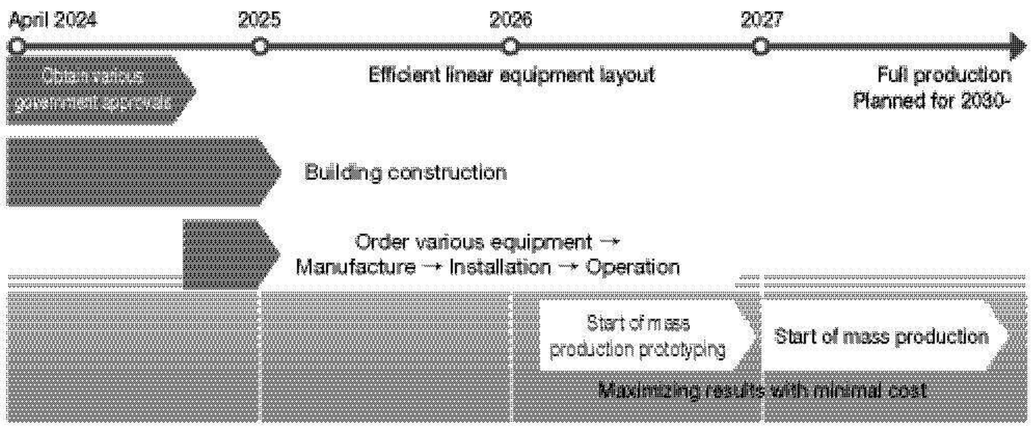


“1-year plant” Challenge

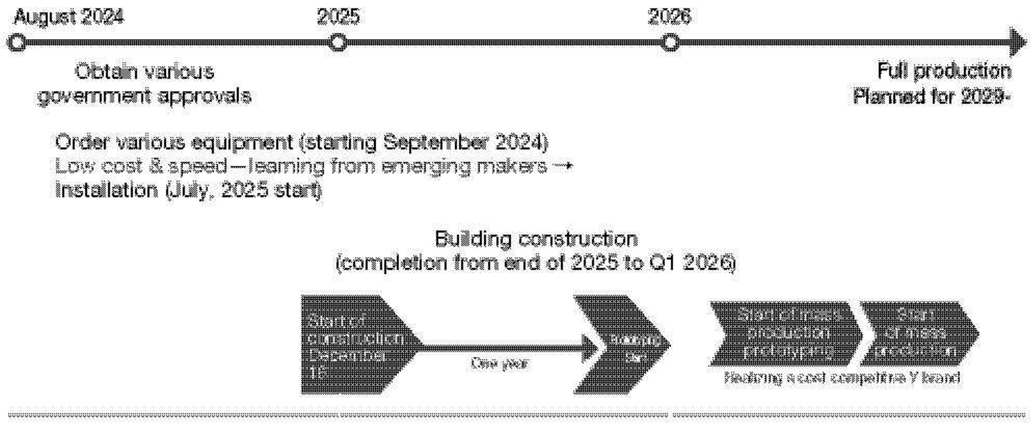
While facing the threat of emerging tire makers sweeping the market, our company has gained the opportunity to incorporate the corporate culture and know-how of emerging market makers brought into our group through acquisitions such as ATG. While maintaining our proprietary technologies, the “1-year Plant” concept is to thoroughly pursue efficiency and productivity, learning from our group’s teams in India and partner companies in China, and striving for low-cost production. Traditionally, it took two to four years from plant design to actual tire production when launching a new plant, but by the time production started, trends and market conditions could change, making it difficult to respond to shifts in demand. Therefore, the aim of the “1-year Plant” is to execute plant construction quickly and reduce opportunity loss. As its first step, we will build a new tire for passenger cars plant in Hangzhou, China; increasing capacity for supplying the growing Chinese market. Furthermore, in addition to shortening the plant launch period, reducing investment amounts and streamlining operations to achieve increased sales and profits is an important concept of the “1-year plant.”

New plant construction plan

New Mexico plant



New Hangzhou, China plant “1-year Plant”



Drastic Reduction of Product Costs

As part of our technology and production strategy, we are thoroughly working to reduce manufacturing costs, setting a total reduction target of ¥6.5 billion during the YX2026 period. For material costs, we will build a cooperative system through thorough information sharing and progress/challenge sharing between the procurement and technology/production departments, aiming to optimize global procurement and working toward a ¥2.5 billion reduction. In terms of processing costs, we will benchmark our plants in India and China, conduct comparative analysis among our in-house plants, and pursue optimal process improvements, aiming for a ¥4 billion reduction. From fiscal 2025 onward, energy cost reduction effects are expected to begin appearing through the introduction of solar power generation facilities and high-efficiency boilers at plants in Southeast Asia.

Message from the Co-COO



Contributing to Achievement of YX2026 Goals through Competitive Strengths of OHT Business and Advances of Indian Business

Our OHT business and Indian business are playing key roles in YX2026. As we continue to strengthen both businesses, I am confident that they will contribute to achieving YX2026 goals and continued growth of the Yokohama Rubber Group.

Nitin Mantri

Member of the Board and Senior Managing Officer & Co-COO

Looking Back on My First Year as Co-COO

My first year as Co-COO has been very fulfilling and challenging at the same time. Our consumer tire business achieved record high sales revenue and profit in overseas markets, including Europe, Asia and India. By focusing our sales efforts on our ADVAN, GEOLANDAR, and winter tires (AGW), we were able to increase our market share in high-inch tires, which we consider to be an important accomplishment.

Meanwhile, our OHT business has been dealing with a cyclical downturn in the market for agricultural machinery. This has weighed on Y-TWS earnings, which are highly dependent on sales to agricultural machinery makers. In response, we have taken concrete measures to optimize our footprint by closing three plants and increasing our market share in the aftermarket. We believe these strong actions will improve our profitability in the medium term, while making us very competitive in the longer term.

Our OHT Business' Growth Strategy

The OHT business is the most promising segment in the tire industry and is expected to expand at an annual growth rate of 6% over the long term. We therefore continue to consider it to be a business that will play a key role in our medium-term management plan YX2026. OHT segment growth is being driven by macroeconomic trends, such as population growth and the shift to cleaner energy sources, that are contributing to increased demand for tires for agricultural machinery, construction and mining vehicles.

In addition, given the high barriers to entry into the OHT segment, we expect our OHT to generate higher margins than passenger car tires and truck/bus tires. OHT are technologically complex to design and manufacture. In addition, their use in a wide variety of applications with very different needs can only be fully met by suppliers with a product lineup of about nearly 6,000 SKUs. While these factors contribute to the high barrier to entry mentioned above, they are a source of our competitive advantage in our OHT business.

In addition, the acquisition of Goodyear's OTR business has given us a full product lineup, and we have established a unique position as the only OHT player with strengths in both the premium and value segments of the OHT market. In 2024, we reorganized our OHT business into three internal companies. Y-TWS and Y-OTR are specializing in the premium segment, and Y-ATG is focused on the value segment. While maintaining independent sales functions as they implement strategies tailored to their specific market segment, the three companies are maximizing the use of Group synergies by integrating such back-end functions as procurement and production. This organizational structure enables each company to leverage economies of scale to improve operational efficiency while remaining customer centric and agile. All three companies are aiming to growth faster than their

individual markets by focusing on new product development, deepening their relationships with makers of agricultural machinery, construction and mining vehicles, and aggressively pursuing aftermarket sales. ▶ P.27-28

Our Indian Business' Growth Strategy

Yokohama India Pvt. Ltd. (YIN) is the Yokohama Rubber Group's passenger car tire production and sales company in India. YIN has enjoyed remarkable growth since it established a passionate local management team five years ago that has a deep knowledge of the local market. In addition to reducing processing costs about 50%, YIN has increased its market share nearly four times by strengthening brand positioning and building an affiliated sales store network of more than 500 stores. YIN currently is one of the Yokohama Rubber Group's most profitable member and also may have one of the highest profit margins in the whole tire industry. In addition to increasing sales and contributing to Group earnings, YIN's various improvement activities are serving as a model for other Group members. As such, YIN is playing on extremely important role in the Group's medium-term management plan YX2026.

The Indian passenger car tire market is becoming more competitive owing to recent re-entry of a major global tire maker and its construction of a new plant. Nonetheless, I am confident that YIN's strategy of building deep relationships with its sales network partners and helping them achieve higher profitability than dealers selling our competitors' tires will enable it to continue increasing its market share.

However, YIN's limited penetration of the original equipment (OE) tire market in India is an issue that needs addressing. YIN's limited production capacity in recent years have prevented it from increasing sales of OE tires. This has hurt not only brand visibility but also sales of replacement tires in the aftermarket. YIN is addressing this issue in two ways. First, we have formed a dedicated team focused on the car dealer sales channel and are already expanding our market share of tire sales at car dealerships in India. Secondly, with new capacity provided by the startup of new production line, we are stepping up marketing of OE to car makers and aiming to be as successful as we are in the aftermarket.

Steadily Promoting Sustainability Initiatives

One of the most notable achievements of the sustainability initiatives at our OHT business and Indian business is the employment of women at production sites. Currently, more than 1,000 women are working at our plants across India. It is not very common for women to work in tire manufacturing plants in India, but we made it possible by proactively reforming our processes and workplace culture. This initiative is not only about women' empowerment; it also is benefiting our business. Female employees have lower absentee rates and are more meticulous and precise, which helps improve higher productivity and quality. In addition to fostering a corporate culture that respects diversity, we are contributing to regional development by creating employment opportunities for women in local communities and promoting their economic independence.

As for our environment-related sustainability measures, about 50% of the electricity consumed by our plants in India is generated by renewable energy sources, such as wind and solar. This is reducing our energy cost, as renewable energy is more economical in India than coal-fired power generation. We would like to increase the percentage of electricity generated by renewable energy, but we face some restrictions due to government regulations. In addition, we have invested in machinery that shreds scraps generated during the tire manufacturing process, so that we can use them as a recycled material, thus reducing waste and improving resource efficiency. We believe these initiatives' contributions to reducing environmental impact and lowering costs will strengthen our foundation for sustainable growth.

Message to Stakeholders

Our OHT business and Indian business have performed well in the past and are ready to deliver results for YX2026 and beyond. We will do everything we can to help Yokohama Rubber Group become one of the top 5 tire makers in the world.

Under Chairman & CEO Yamaishi's leadership, we have grown into a business that is highly regarded within the industry. We believe that the measures we are currently implementing will significantly improve our profitability and mitigate the effects of economic fluctuations. I remain excited about the future and look forward to making more contributions to the sustainable growth and success of the Yokohama Rubber Group.

Growth Potential of the OHT Market and Strengths of Yokohama Rubber

In the OHT market, which is expected to grow further, Yokohama Rubber aims for further growth by leveraging its full lineup covering all OHT products, from small forklift tires to ultra-large mining vehicle tires.

OHT Market Growth Potential

We are convinced that OHT is the most attractive segment with the highest potential in the tire industry. OHT has four main sub-segments (product types), each expected to grow steadily.

Agricultural Machinery Tires

With the global population increasing, food demand is expected to rise further, strongly driving demand for agricultural machinery tires. Market forecasts predict an average annual growth of 5.5%. We have achieved the world's No. 1 market share in the agricultural machinery tire segment, putting us in a position to fully benefit from this growth area.

Industrial & Port-use Vehicle Tires

Global logistics volume is expected to double by 2030, driven by the spread of e-commerce and the increasing complexity of global supply chains. With this increase in logistics activity, transportation operations at ports and warehouses are also expected to rise, leading to stable growth in demand for industrial and port-use vehicle tires. Market forecasts predict an average annual growth of about 6%.

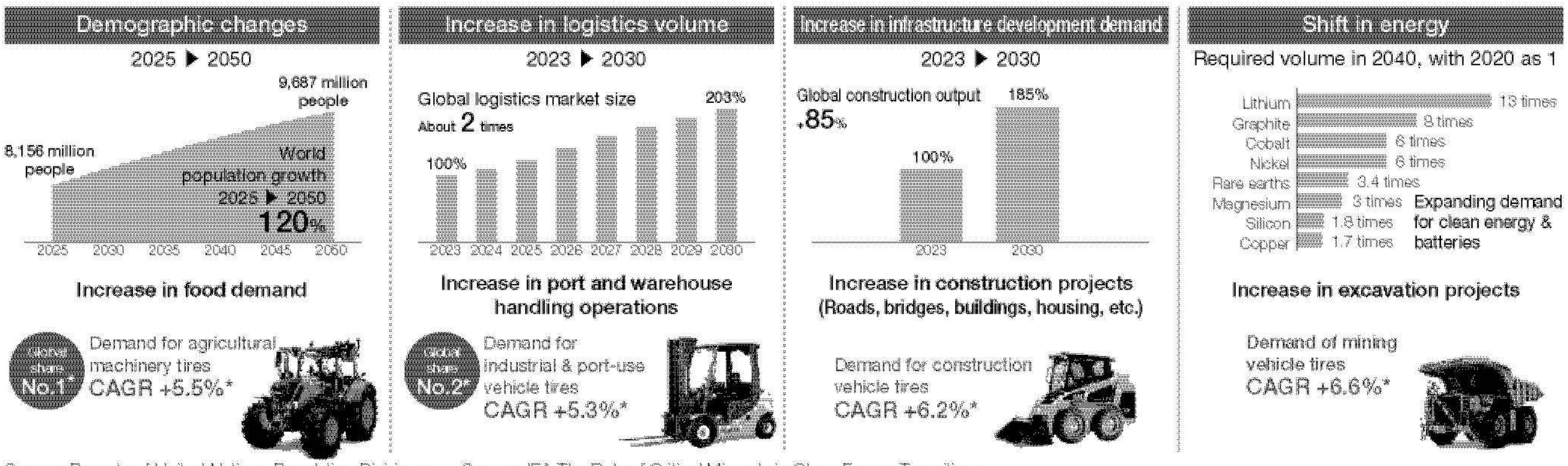
Construction Vehicle Tires

Urban development and the reconstruction of aging infrastructure are accelerating worldwide, and demand for construction machinery is increasing. In addition to demand for infrastructure development such as roads and bridges, urban development projects such as high-rise buildings and housing are also becoming more active, driving demand for construction vehicle tires. Market forecasts predict steady average annual growth of about 6%.

Mining Vehicle Tires

Global energy demand is diversifying from conventional energy resources such as coal to clean energy resources essential for electric vehicles and storage batteries, such as lithium. Against the backdrop of strong demand for these energy resources, demand for mining vehicle tires used at resource extraction sites continues to expand, with steady average annual growth of about 6% expected.

The OHT Market is the Most Attractive Segment in the Tire Industry



Source: Reports of United Nations Population Divisions
Source: IEA The Role of Critical Minerals in Clean Energy Transitions
* Based on our research

High entry barriers as a source of profitability

The OHT segment, which boasts a high growth rate, has extremely high entry barriers, which serve as the source for maintaining high profit margins. OHT faces unique challenges at each stage—development/design, production, and sales—making it difficult for new entrants compared to other segments.

Technical challenges

OHT requires a broad product lineup to meet the diverse needs of a wide range of customers depending on its application. Even for the same application, it is not uncommon for required products and specifications to differ by region. To cover all the sizes required for OHT, it is necessary to offer an enormous lineup of over 6,000 products, ranging from 3-inch to 63-inch inner diameters. In particular, 63-inch tires are giant tires for mining dump trucks that can withstand loads of 11 tons per tire, and their design, development, and production require extremely advanced technology and know-how.

Production Challenges

The challenges in production lie in its labor-intensive nature and the heavy reliance on the skills of experienced workers. Especially for large tires used on high-horsepower tractors and mining machinery, production is extremely challenging in terms of dimensions as well. Furthermore, to meet the diverse needs of customers depending on application, it is necessary to maintain a multi-product, small-lot production system, requiring high flexibility in production. These factors are intricately intertwined, making OHT production extremely difficult.

Sales Challenges

In sales, different approaches are required depending on the product type. After-sales service and field service are particularly important.

OHT customers require advanced support for maintaining product performance and troubleshooting, so it is essential to deploy specialized field engineers worldwide to provide prompt and accurate service.

Multiple Customer Approach Models

Our company's strength is being the only OHT maker that has multiple go-to-market (customer approach) models.

Push to Wholesalers/Distributors

Y-ATG sells tires produced at its plants in India to wholesalers and distributors around the world in a highly efficient and low-cost model. By utilizing container shipping suitable for mass transport, we have enhanced cost competitiveness.

Push to Dealers/Retailers

Y-TWS has established a unique "Local for Local" model, selling directly to local dealers through its sales subsidiaries in each country. The sales teams of each country's sales subsidiaries play a role in uncovering demand from end users and connecting it to sales. With a local-based sales strategy, we respond meticulously to customer needs.

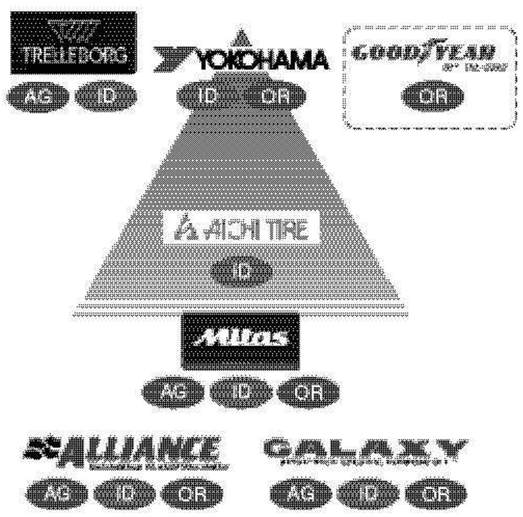
Full Service for End Users

Through "Interfit," Y-TWS's dedicated OHT tire maintenance service network, we not only sell tires but also provide direct services such as tire installation and maintenance to end users. We aim to increase customer touchpoints and build long-term relationships. In addition, for Goodyear's OTR business tires for mining vehicles, we also provide direct sales and technical support after-sales services to mining companies, the end users. By responding to special needs, we are increasing customer satisfaction.

Full lineup OHT Maker

Our OHT business, which gained a good/better/best product lineup from value to premium segments with the acquisition of TWS in 2023, has further strengthened its advantage with the recent acquisition of Goodyear's OTR business, now offering a full lineup covering all OHT products—from small forklift tires to ultra-large mining vehicle tires.

In the attractive OHT segment, which is expected to continue strong growth, we will maximize our strength of a broad product lineup that can meet a wide variety of applications, accurately respond to diverse customer needs, and aim for further growth of the OHT business.

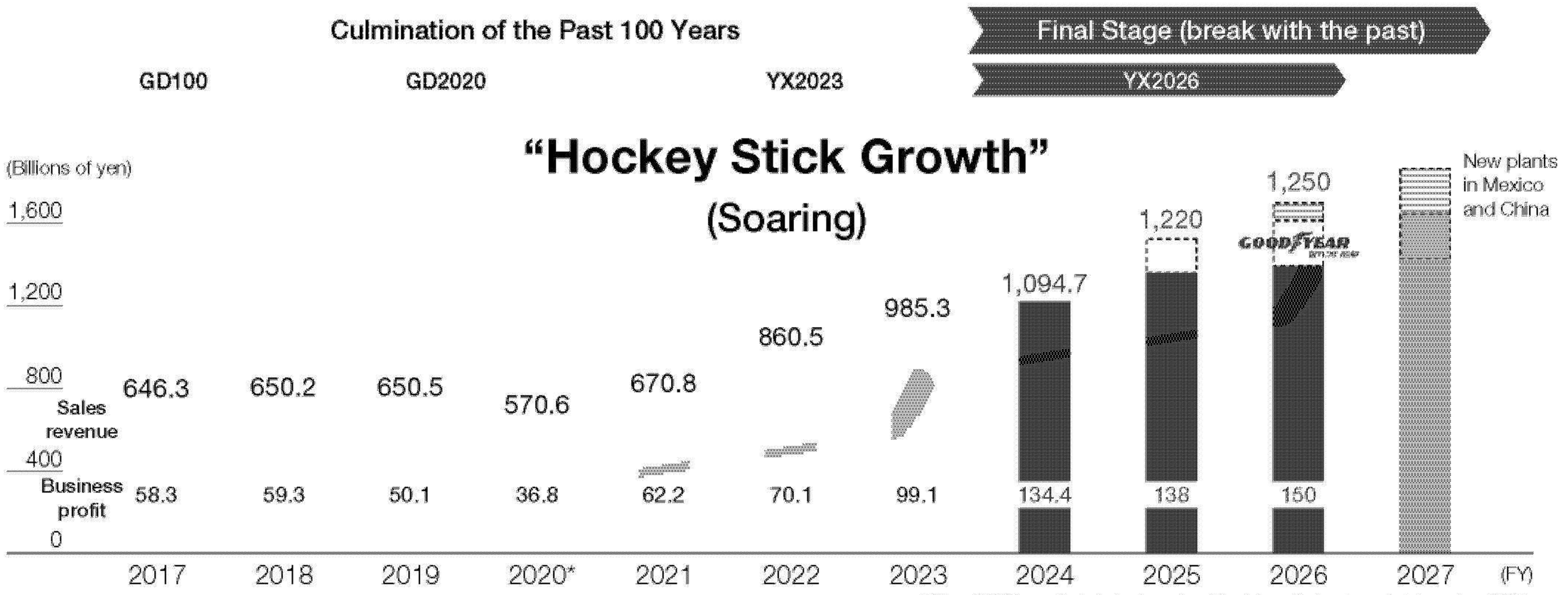


	Agricultural machinery	Forestry machinery	Lawn care equipment, etc.	Industrial vehicles	Construction vehicles	Mining vehicles	Off-road dump trucks
YOKOHAMA / AICHI TIRE / TRELLEBORG / Mitas	✓	✓	✓	✓	✓	✓	✓
ALLIANCE / GALAXY	✓	✓	✓	✓	✓	✓	✓
			After Goodyear's OTR business acquisition		GOODYEAR OFF-THE-ROAD		
YOKOHAMA / AICHI TIRE / TRELLEBORG / Mitas	✓	✓	✓	✓	✓	✓	✓
ALLIANCE / GALAXY	✓	✓	✓	✓	✓	✓	✓

Medium-term Management Plan Yokohama Transformation 2026 (YX2026)

In the Medium-term Management Plan "YX2026," we will continue to promote the "exploitation" of existing businesses and "exploration" of new values, which we have been promoting since the previous medium-term management plan, and complete our transformation with the determination not to leave a negative legacy for the next generation.

Basic Policy and Financial Targets



* Fiscal 2020 results include the sale of the Hamatite business in November 2021.

Under YX2026, our fundamental policy for increasing corporate value is positioned as our growth strategy. Not content with the slight gains achieved to date, we are aiming for "Hockey Stick Growth" during YX2026, or in fiscal 2027 at the latest, by implementing the growth strategies set for each business. Our financial targets for fiscal 2026 are sales revenue of ¥1,250 billion, business profit of ¥150 billion, business profit margin of 12%, and ROE that exceeds 10%.

Timely information disclosure

https://www.y-yokohama.com/release/pdf/2024080914mg003.pdf

	YX2026 targets
Sales revenue	¥1,250 billion
Business profit	¥150 billion
Business profit margin	12 %
Equity ratio	50 % target
ROE	Above 10 %
Operating CF	¥410 billion (three-year cumulative total)
Capital investment	Within scope of depreciation & amortization (excluding strategic investments)

We revised our performance targets upward in August 2024.

Consumer Tires Strategy

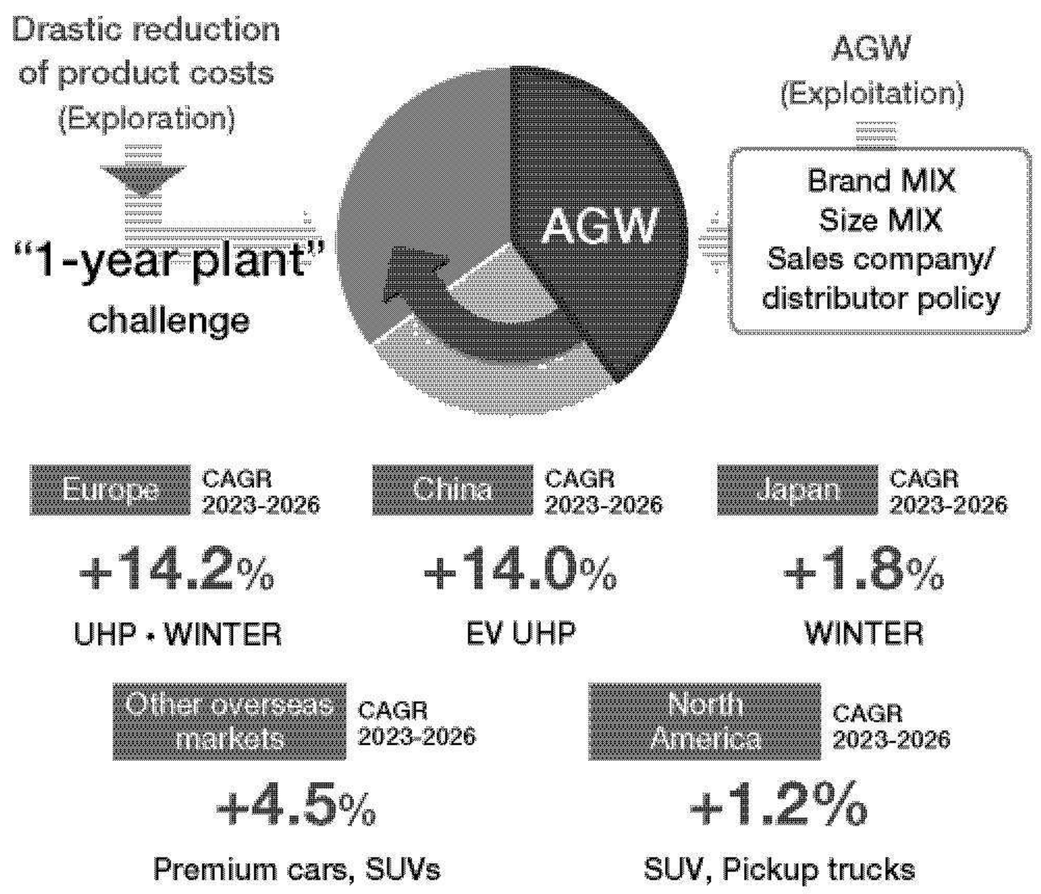
"1-Year Plant" Challenge

Continuing from the previous medium-term management plan, we will continue to actively promote maximizing the ratio of high value-added products and aim to improve profitability under YX2026. Meanwhile, in the past few years, tire makers from China and other emerging countries have gained prominence. Therefore, in order to achieve "Hockey Stick Growth," we need to compete in cost competition. In YX2026, we will take on the "1-year plant" challenge which involves bringing a new plant on line within one year, aiming to achieve low cost and high efficiency.

Further Increasing the Ratio of High Value-added Products

In addition to enhancing brand value by promoting our tires as original equipment for premium cars and participating in motorsports events around the world, we will widen the exploitation of our "Product and Regional Strategies." By meeting needs in each market, we will aim to increase unit sales in each region, and expand sales of our ADVAN, GEOLANDAR, and winter tires, as well as 18-inch and larger size tires.

Growth Strategy of Consumer Tires



Commercial Tires Strategy

OHT Business: Improve Market Position and Expand Operations

Agricultural & forestry machinery tires: We will further strengthen our market position by applying a multibrand strategy that leverages our production, technology, and sales strengths in each tier of this market segment.

Industrial & port-use vehicle tires: We aim for profitable growth by expanding and strengthening our network providing maintenance service.

Construction machinery and mining vehicle tires: We will promote the expansion of our business by promoting "Programmatic M&A," a strategy that continuously considers and executes M&A.

TBR Business: Strengthen Sales in Countries and Regions Where Appropriate Prices are Maintained

As Chinese tire makers expand production and exports, Western governments are implementing protective policies such as anti-dumping and countervailing duties, creating a gap between supply and demand. We will aim for profitable growth by strengthening sales in countries and regions where these measures are supporting the maintenance of appropriate pricing.

Multiple Business (MB) Strategy

Shifting to a Growth Strategy Based on the Management Foundation Realized in the Previous Medium-Term Management Plan

The MB Business is now shifting to a growth strategy based on the management foundation realized in the previous medium-term management plan. In YX2026, we have positioned the hose and couplings business as a growth driver and will decisively implement improvements for further growth. In the industrial products business, we will complete improvements to stabilize our profit structure. Through these efforts, we will increase the presence of the MB Business by achieving a business profit margin of 10%.

Technology and Production Strategies

"Low Cost, Speedy Development of Quality Products"

During YX2026, we will strengthen our business foundations throughout the Group under the motto "Low cost, speedy development of quality products." "Quality products" refers to strengthening development of OE tires suitable for the next-generation premium cars. "Low cost" refers to drastically reduced costs that can't be beat by other companies, and "Speedy" refers to the "1-year plant" challenge aimed at speeding up tire development.

◆ Speed Up Tire Development
Use AI simulation technologies
Respond to emerging car makers, maximize new product introductions

◆ "1-Year Plant" Challenge
Early start-up ⇒ Early ROI
Stop "Not Invented Here syndrome", and maximize acquisition synergies

Speedy

YX 2026

Quality products (Quality)

Low cost (Costs)

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

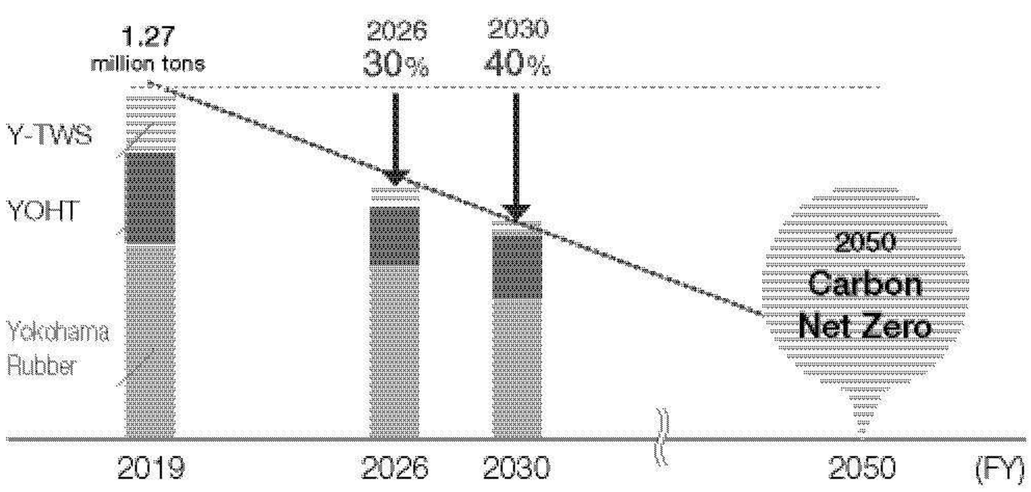
◆Drastic Reduction of Product Costs
Apply ATG's high-efficiency model
Economies of scale realized by recent acquisitions will reduce raw material procurement costs

Sustainability Strategy

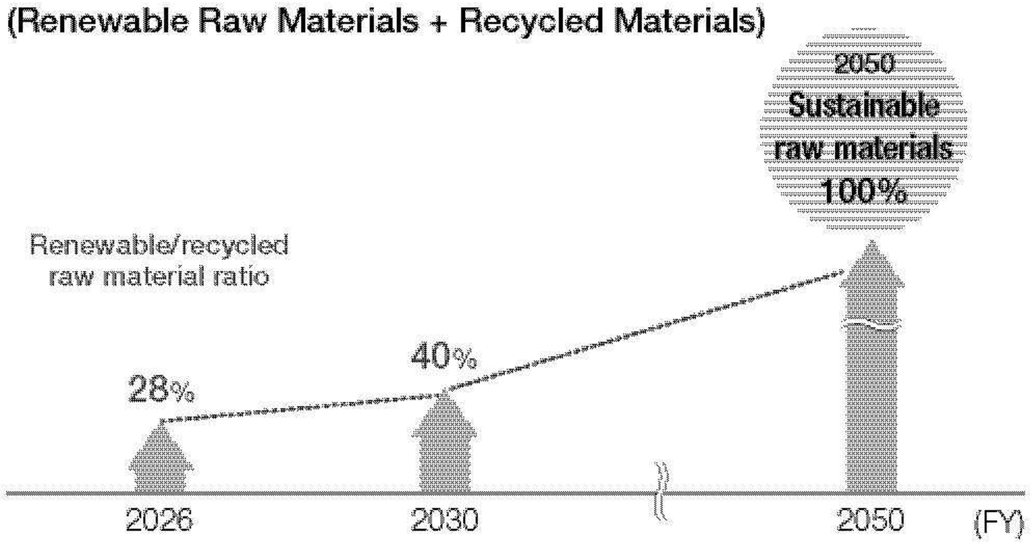
Contribute to a Decarbonized and Recycling-oriented Society While Increasing Profits

Based on the idea that sustainability activities are an important corporate activity that should contribute to the Company's growth. Instead of making excessive investments now that will place a burden on future management, we will make sure that our environment-related investments conform to normal investment recovery standards and are compatible with our efforts to generate profits. With regard to reducing greenhouse gas emissions, which includes emissions results of Y-TWS before its acquisition, we have set targets of reducing the Group's greenhouse emissions by 30% by 2026 vs 2019 and 40% by 2030 vs 2019, and are continuing efforts to help achieve a zero-carbon society by 2050. With regard to the promotion of the expansion of sustainable raw materials, we will accelerate efforts to contribute to the circular economy and reduce greenhouse gas emissions (Scope 3), with targets of achieving renewable/recycled material usage rate of 40% by 2030 and sustainable materials ratio of 100% by 2050.

Reduce Greenhouse Gas Emissions (Scope 1 + Scope 2 Emissions vs 2019 Level)



Promote the Use of Sustainable Raw Materials (Renewable Raw Materials + Recycled Materials)



* The 2030 target for the ratio of renewable/recycled raw materials was changed to 40% in February 2025.

Value Creation Process

Yokohama Rubber optimally utilizes its management capital through advanced technological capabilities and an extensive global network, striving to create new value. We will constantly open up new areas ahead of the times "to enrich people's lives and contribute to their greater happiness and well-being" by devoting our wholehearted energies and advanced technology to the creation of beneficial products."

Basic Philosophy

To enrich people's lives and contribute to their grea and well-being by devoting our wholehearted energ advanced technology to the creation of beneficial p

Social Change and Issues

- The spread of CASE and MaaS in the automotive industry
- Innovation through the utilization of technology
- Increasingly diverse customer needs
- Climate change challenges
- Achieving carbon neutrality
- Promoting a circular economy
- Achieving a nature positive world
- Respect for human rights
- Diversity and inclusion
- Human resources development
- Occupational safety and health
- Revitalizing local communities, creating economic effects

INPUT

Financial Capital

A robust financial foundation that enables growth investment

Manufactured Capital

Manufacturing capabilities and facilities that can meet customer needs

Intellectual Capital

Technological expertise and know-how cultivated over more than 100 years of history

Human Capital

Global professional human resources supporting value creation

Social and Relationship Capital

A trusted brand and global network

Natural Capital

Sustainable Natural Rubber Procurement

Medium-term Management Plan "Yokohama

Completing Transformation under Exploitat

Business Model

Distribution

Low cost, speedy development of quality products

Production

- Global busine development
- Local manage
- Growth strate through M&A

Sustainable procurement

Procurement

Materiality

- Provision of products and services that contribute to a sustainable society
- Contribution to a decarbonized society and circular economy
- Living in harmony with nature
- Living in harmony with local communities

ter happiness
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oducts.

What We Aim to Be

A company that continues to create new excitement through challenges and pioneering, running alongside the times toward the next 100 years

Transformation 2026" (YX2026)

on × Exploration Strategy

Sales/ Service
- Focus on high value-added tires
- Multi-brand strategy

Planning — Response to customer needs

Research & Development
- Rubber compounding technology
- Tread pattern technology
- Fuel efficiency measures

- Development of human capital capabilities for sustainable corporate value enhancement
- Establishment of a sustainable supply chain
- Improvement of management resilience by strengthening corporate governance

OUTPUT

Consumer tires

- Tires for passenger cars that meet the diversifying needs of wide-ranging drivers

Commercial Tires

- Truck/bus tires that support daily lives and logistics
- Off-highway tires (for agricultural and forestry machinery, industrial and port vehicles, construction and mining vehicles) supporting global industries

Multiple Business (MB)

- Hose and couplings for construction machinery, automobiles, and more
- Industrial products such as conveyor belts and fenders

Others (PRGR)

- Golf gear under the PRGR (Pro Gear) brand

OUTCOME

Social value

Realize a safe, secure, and sustainable society with consideration for the environment

Customer value

Enrich people's lives and contribute to their greater happinessand well-being

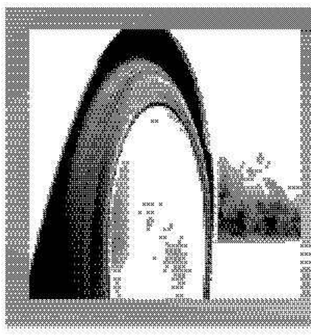
IMPACT

Economy and society

- Realize a safe, secure, and comfortable mobility society
- Improve customer convenience and efficiency
- Economic revitalization of local communities
- Improve the sustainability of the supply chain

Environment

- Realize a decarbonized society
- Reduce environmental impact
- Contribute to the realization of a nature positive world through biodiversity conservation activities



Progress of YX2026

Consumer Tire Business

We are working to strengthen the development and sales of high value-added products tailored to regional characteristics, further increasing the composition ratio of "ADVAN," "GEOLANDAR," and winter tires (AGW), aiming for a composition ratio of over 50% in the next medium-term management plan.

Results of Activities in Fiscal 2024

Regarding regional sales performance for fiscal 2024, in Europe, where market conditions are considered tough, we promoted sales activities led by our newly established sales subsidiary and achieved significant sales growth, especially for high-inch products. In Asia, we viewed the progress of motorization as a business opportunity and, by developing new sales channels, achieved strong sales results. In rapidly growing China, although we were affected by a decline in sales of Japanese car makers, we strengthened our local development system and, from the second half of 2024, began numerous new deliveries for premium electric vehicles of Chinese car makers. In addition, efforts to develop sales channels for replacement tires resulted in year-on-year growth. In North America, despite a sluggish market due to the influx of low-priced products from Asia, we strengthened sales, including the launch of new "GEOLANDAR" products, and maintained sales at the previous year's level.

In Japan, although affected by a mild winter, increased sales of original equipment tires and higher sales of summer tires for the aftermarket led to year-on-year growth.

As for the year-on-year growth rate of sales volume by region, Europe was 122% year-on-year, Asia and India 112%, China 101%, North America 100%, and Japan 106%, all showing increases. Globally, the figure was 105%, making us the only domestic tire maker to achieve an increase in sales volume.

By category of high value-added products, sales of "ADVAN" were 106% year-on-year, "GEOLANDAR" 110%, winter tires 107%, and 18-inch and larger size tires 112%, with all categories achieving sales growth over the previous year.

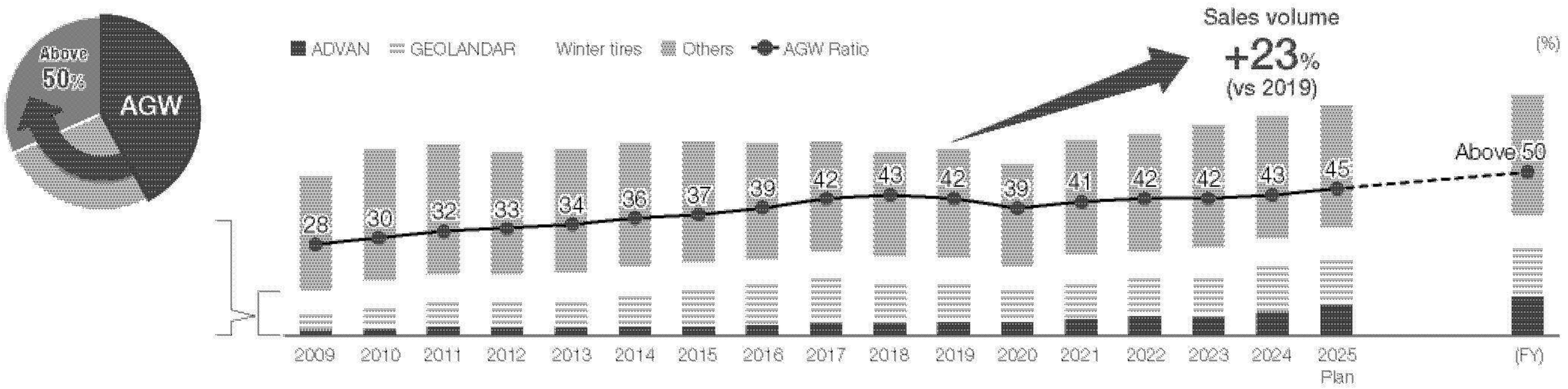


Priority Measures in Fiscal 2025

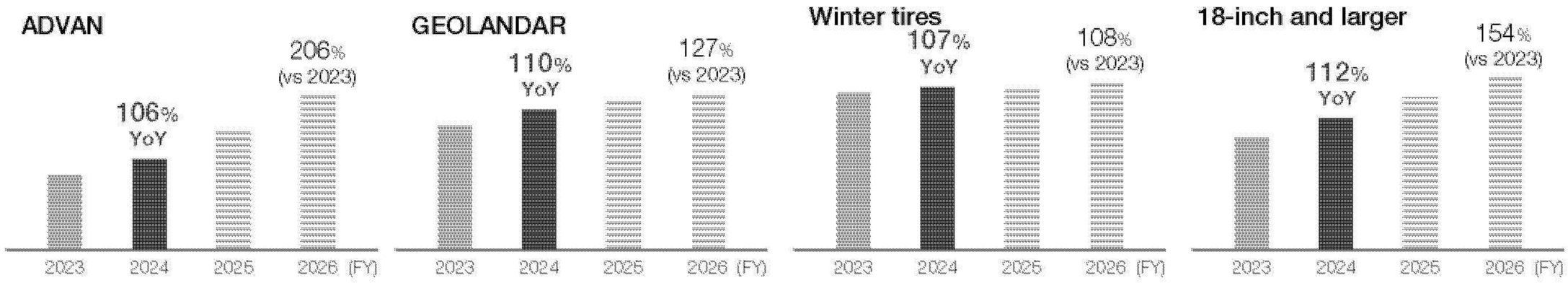
In fiscal 2025, we will continue to strengthen development and sales tailored to regional characteristics, aiming for sales growth in all categories: "ADVAN," "GEOLANDAR," winter tires (AGW), and 18-inch and larger size tires, exceeding the previous year's results. In addition, to maximize the ratio of high value-added products, we will continue to promote original equipment installation on premium cars and strive to enhance brand value.

We will also enhance cost competitiveness for standard products, not just high value-added products, aiming to increase overall sales volume. Product and regional business strategies tailored to market characteristics in each region will be promoted with experienced local management at the core, and for regional sales plans, we aim for increased sales and profits in each region this fiscal year as well. Furthermore, in addition to improving productivity and fundamentally reducing costs such as raw material and manufacturing costs, we will continue efforts to improve loading efficiency in logistics.

Strengthen Sales of High Value-added Tires



High Value-added Tire Sales Plan



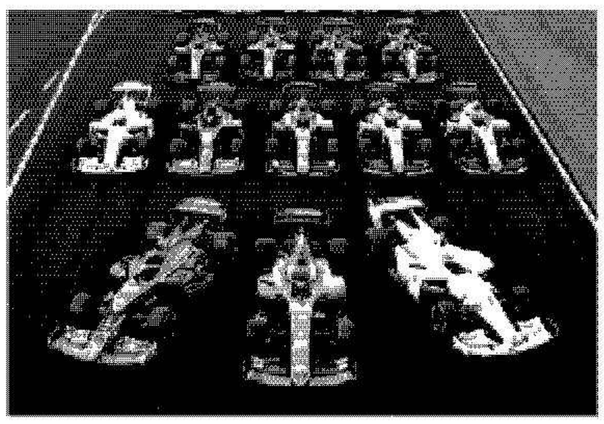
Motorsports Activities

Yokohama Rubber's Commitment to Motorsports

Yokohama Rubber supplies tires to a wide range of motorsports in Japan and abroad, from the top category to the grassroots category. Motorsports is a grand testing ground for tire development, and the technology cultivated through competition is fed back to our development of high-performance, high-quality new passenger car and aftermarket tires. In addition to reducing the rolling resistance and improving the quietness and safety of tires, which results in the reduction of CO_2 emissions from passenger cars, we will fulfill our responsibilities as a tire maker by pursuing "exhilarating driving experiences" as a form of added value.

Supplied Super Formula with Tires Containing 46% Renewable and Recycled Materials

Since 2023, we have been supplying racing tires using renewable and recycled materials in support of the SUPER FORMULA NEXT 50 project by Japan Race Promotion Inc. as a part of our initiative for the sustainable development of motorsports. Continuing from last season, in 2025 we are also supplying "ADVAN" racing tires made with renewable and recycled materials as the control tire for the All Japan Super Formula Championship. This season's tires have further increased the ratio of renewable and recycled materials, achieving approximately 46%. We are also pursuing further improvements in driving performance, especially enhancing grip performance, including warm-up performance, for wet tires.





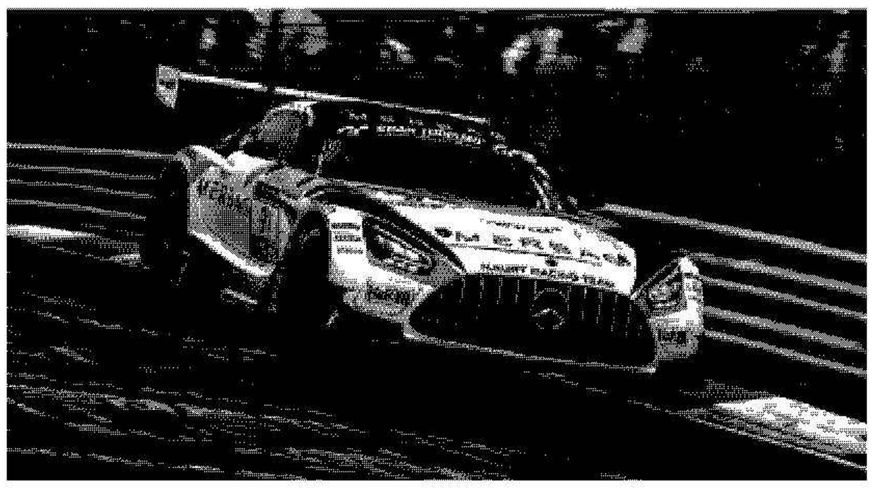
Series Champion in the GT300 Class of SUPER GT

A vehicle equipped with our global flagship tire brand "ADVAN" won the GT300 class in the final round (Round 5) of the "2024 AUTOBACS SUPER GT," Japan's premier touring car race, held at Suzuka Circuit (Mie Prefecture) from December 7 to 8, 2024, and clinched the series championship in a come-from-behind victory. We competed aiming to reclaim the series championship in the GT300 class of "SUPER GT," and "ADVAN" supported racing teams throughout the year with its high performance, contributing to winning the series championship.



Overall Champion in Round 4 of the Nürburgring Langstrecken Serie

Vehicles equipped with our global flagship tire brand "ADVAN" won the overall victory in Round 4 of the "Nürburgring Langstrecken Serie" held in Germany on August 3, 2024. Under the theme of the "ADVAN CHALLENGE" to maximize "ADVAN," our company has been participating in the series, which is home to some of the world's top tire competitions, aiming for victory. The No. 9 "Mercedes-AMG GT3" of "Team ADVAN×HRT," which competed in the top-tier SP9 Pro Class, claimed the win, leaving a strong impression of the outstanding performance and brand power of "ADVAN."



Looking Ahead

We are promoting the development of racing tires using renewable and recycled materials, and are working on developing technologies to reduce environmental impact based on data from actual races.

In terms of strengthening brand power, "ADVAN" aims for more victories than last year in "SUPER GT," the "Nürburgring 24 Hours," and the "Pikes Peak International Hill Climb," while "GEOLANDAR" seeks to establish solid global recognition by challenging and winning top off-road races in North America and Asia.

Going forward, we will continue to develop racing tires using renewable and recycled materials, and utilize the knowledge gained through these efforts in the development of tires for new cars and replacement use while also contributing to the improvement of the environmental performance of tires and the development of sustainable motorsports.



Progress of YX2026

Commercial Tire/OHT Business

In the OHT market, which is expected to see high growth, we are deploying a multi-brand strategy and, together with the full-scale creation of synergies with Goodyear's OTR business acquired in February 2025, our entire group aims for growth accompanied by profitability.

Results of Activities in Fiscal 2024

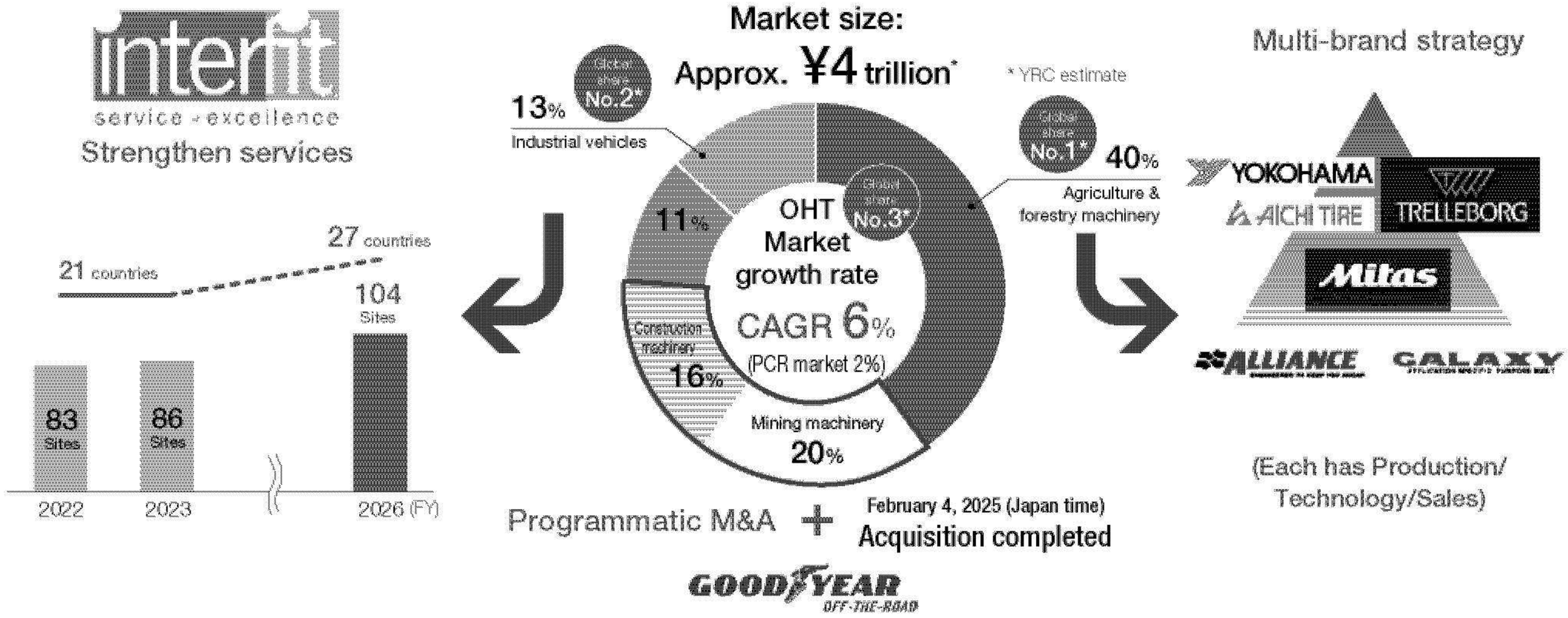
In fiscal 2024, despite a challenging environment in the original equipment tire market due to significant production cuts by agricultural machinery makers, sales revenue exceeded the previous year thanks to proactive sales activities in the replacement tire market—especially in Europe, Asia, and the Middle East for Y-ATG—and the full-year contribution of Y-TWS, which was acquired in May 2023.

In addition, the entire Yokohama Rubber Group made full-fledged efforts to create synergies with Y-TWS, and also considered specific growth through "Programmatic M&A," a growth strategy for the OHT business, as set forth in YX2026. As a result, in the field of construction and mining vehicle tires, where we previously held only a small share, we completed the acquisition of Goodyear's OTR business on February 4, 2025, and established a solid third-place position in the OHT market.

On the other hand, despite the strong fundamentals of the OHT market—high growth rate and high barriers to entry—Y-TWS's performance in 2024 was sluggish. The main factor is the high dependence on agricultural machinery makers. During the boom period from 2021 to 2023, the then Y-TWS management prioritized agricultural machinery makers and allocated much of its supply capacity to original equipment tires for these makers. However, when demand from agricultural machinery makers dropped sharply in 2024, Y-TWS was unable to respond quickly to capture demand for replacement tires in the aftermarket. While strong demand from agricultural machinery makers during the boom period boosted Y-TWS's profits, when demand slumped during the downturn, high fixed costs associated with the "Local for Local" strategy also had an impact, causing Y-TWS's profits to decline sharply. The main reason for Y-TWS's poor performance in fiscal 2024 was the decline in demand from agricultural machinery makers due to market downturns, highlighting the need to shift to a business structure less susceptible to economic fluctuations.



OHT Business Growth Strategy



Priority Measures in Fiscal 2025

In fiscal 2025, we will continue to develop our business centered on the "multi-brand strategy," backed by the high growth potential of the OHT market. To ensure the sustainable growth of the OHT business, it is essential to address the cyclical fluctuations in demand for agricultural machinery tires. The sales of major agricultural machinery makers fluctuate cyclically, similar to changes in agricultural product prices. In this environment, our group will work together in the OHT business to implement numerous action plans to minimize the impact of the next downturn in demand for agricultural machinery tires.

First, we will promote the optimization of production sites through consolidation and reorganization. Following the Israel and Prague plants, we will close the OHT plant in Spartanburg, USA, among other measures, to improve global productivity and efficiency.

In addition, to mitigate the impact of cyclical economic fluctuations, we plan to avoid excessive dependence on original equipment tires for agricultural machinery makers and to once again strengthen our focus on the aftermarket for replacement tires, where demand fluctuations are relatively smaller and profitability is higher. In particular, at Y-TWS, where the proportion of original equipment tires for agricultural machinery makers was high and thus more susceptible to demand fluctuations, marketing activities and product development improvements centered on the Mitas brand have been implemented since around autumn 2024, resulting in a recovery in sales, especially in Europe and North America.

At Y-TWS, we have revamped our management structure in the United States and are working to expand our market share in this key market. Furthermore, Y-ATG is also making a renewed push into the Indian market by introducing a new management structure and launching market-specific products. At the same time, we will strive to improve production efficiency by leveraging our group's global network of production sites.

In fiscal 2025, we aim to achieve strong profit growth in the OHT business by leveraging the synergies from the structural reforms at Y-TWS and the integration of Goodyear's OTR business, targeting a profit increase of over ¥5 billion.

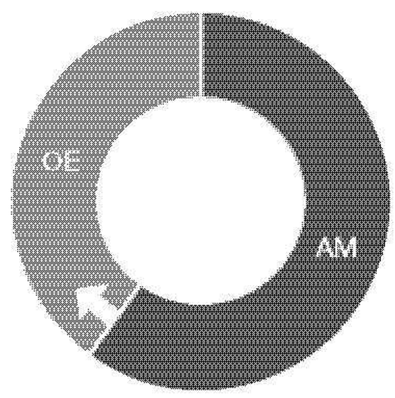
OHT Division Will Generate Over JPY 5 Billion Incremental Profit During 2025*

Increase operational efficiency

By eliminating inefficient and redundant assets

Plant closures		
Location	Country	Timing
Hadera	Israel	Q4 2024
Spartanburg	US	Q1 2025
Prague	Czech Republic	Q2 2025

Reduce earnings cyclicality



OE: Original equipment tires
AM: Aftermarket replacement tires

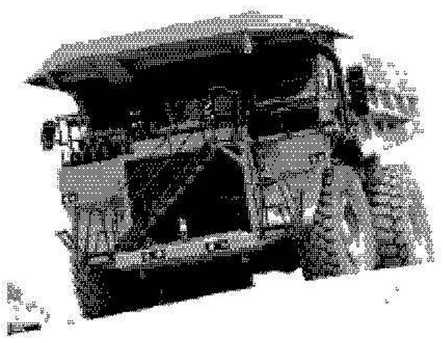
Generate synergies

- Raw material procurement
- Operational efficiencies
- Back office and IT

Plan to deliver $50M+ synergies by 2027

Integrate Goodyear OTR business

By leveraging current OHT infrastructure and SG&A



* Excluding Goodyear's OTR business

TOPIC

Y-TWS Maintenance Services and DX Utilization

Through its OHT-dedicated tire maintenance service network "Interfit," Y-TWS provides rapid and efficient tire and wheel replacement services worldwide. Currently, we operate in 80 cities across 21 countries, conducting over 300,000 service visits annually, and are advancing business operations by leveraging our global network.

This service supports a wide range of industries, including logistics, agriculture, and construction, by enabling smooth on-site tire and wheel replacements, minimizing machine downtime, and helping to improve operational efficiency.

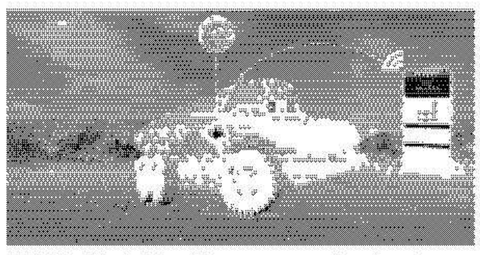
Furthermore, Y-TWS aims to improve the convenience and efficiency of the end users by developing ATMS*1, which improves agricultural productivity by detecting working conditions such as load, pressure, and temperature in real time and constantly suggesting the optimal tractor vehicle settings, and TPMS*2, which constantly monitors the air pressure and temperature to improve work efficiency and ensure the safety of the operator of construction and port-use vehicles, as a tire management solution using DX.

Going forward, we will continue to expand the service areas for "Interfit" and promote the development of new tire management solutions utilizing DX, aiming to provide even higher quality services.

*1 ATMS: Adaptive Tire Management System
*2 TPMS: Tire Pressure Management System



ATMS: Real-time tire data for ultimate tractor performance



TPMS: Digital tool for construction/port vehicles



Progress of YX2026

Commercial Tire/TBR Business

In the truck and bus tire (TBR) market, where emerging Chinese tire makers are expanding their share, we aim to increase our market share in Europe, North America, and Japan while reducing costs.

Results of Activities in Fiscal 2024

Chinese tire makers are expanding their production of truck and bus tires more than that of consumer tires, with Chinese emerging tire makers accounting for almost half of global production, half of which is exported.

Despite the challenging market environment, we have expanded sales not only in our two main markets, Japan and North America, but also in Europe. In terms of sales volume growth rate, Europe achieved 142% year-on-year by expanding new sales channels in high-demand areas such as Germany, the UK, and Eastern Europe; North America reached 112% due to stable supply from the Mississippi Plant; and Japan achieved 104% through proactive sales activities, especially for snow tires. However, due to intense price competition, profits decreased compared to the previous year.

The truck and bus tire management/maintenance service "T.M.S" (Tire Management System), which utilizes DX, has been steadily increasing its adoption thanks to its recognized convenience and effectiveness. The cumulative number of registered vehicles set as a KPI has reached 49,019, and the number of tires inspected has reached 328,823, continuing to grow toward the FY2026 targets of 50,000 vehicles and 450,000 inspected tires.

Sales Volume in the Three Major Regions compared to 2023

Europe	North America	Japan
142%	112%	104%

TBR Business Metrics, Results, and Targets

Metrics (KPIs)	Results			Targets
	FY2022	FY2023	FY2024	
Utilization of tire management/maintenance services (T.M.S) using DX				FY2026:
Number of vehicles registered in T.M.S (cumulative)	35,936	41,711	49,019	50,000
Number of tires inspected	330,605	361,239	328,823	450,000 tires per year

Priority Measures in Fiscal 2025

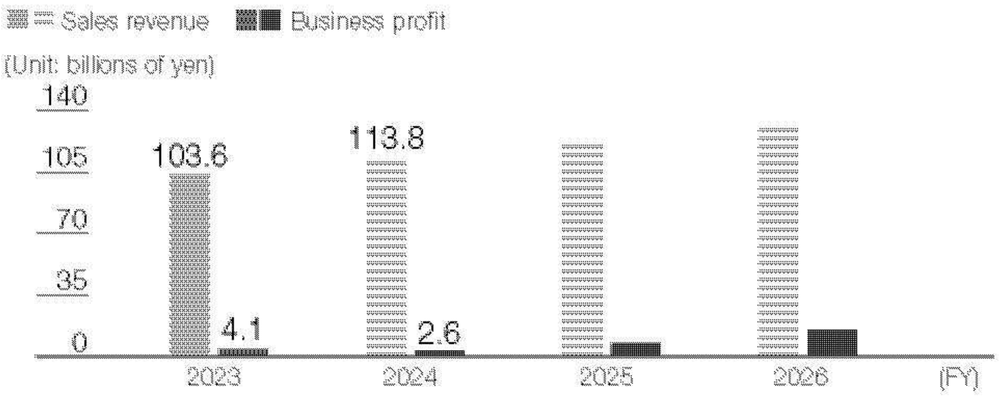
Expanding Our Global Market Share

As emerging tire makers in China expand production and supply to the markets, Western governments are implementing protective policies such as anti-dumping taxes and countervailing duties. Our group will aim for profitable growth by strengthening sales in countries and regions where these measures are supporting the maintenance of appropriate pricing through these initiatives.

In response to concerns about US government tariffs, we are reallocating production at our plants in Japan and Thailand to transfer non-tariffed products to Thailand, aiming to reduce costs and expand market share in Europe, North America, and Japan. The quantitative targets have been established in YX2026, and we are aiming for sales revenue of ¥131.9 billion, business profit of ¥14.8 billion, and business profit margin of 11.2% in fiscal 2026.

TBR Business YX2026 Targets

(Internal management accounting target figures)



AI Opens a New Era of Tire Inspection: Innovation in Acoustic Tire Pressure Inspection (Hammer striking Method)

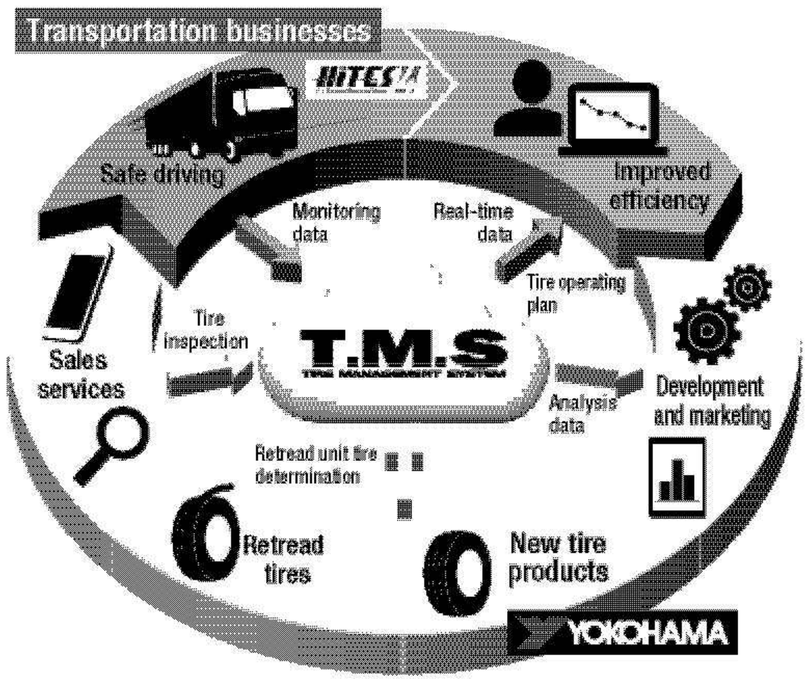
T.M.S uses information from tire inspections and sensors attached to tires in its cloud database to centrally manage and analyze them. In this way, we propose optimal, safe, efficient, and economical tire operation methods tailored to the condition of our customers' tires. In addition to conventional analog methods, we are actively supporting data acquisition from digital devices to further enhance convenience.

Currently, we are working on new initiatives to revolutionize conventional tire inspection practices. For routine air pressure inspections of truck and bus tires, striking sound test with a hammer is mainstream, but even experienced drivers find it difficult to make accurate judgments, which has been a challenge. To address this issue, together with METRIKA Inc., which is responsible for data science and AI algorithm development, we have developed an AI algorithm that predicts air pressure from the sound of tire striking by hammer. In a demonstration experiment conducted with the cooperation of Enshu Railway Co., Ltd., it was confirmed that anyone can accurately and visually grasp air pressure values and the need for inflation simply by recording the sound of tire striking with a dedicated smartphone app. If this technology is put into practical use, it will eliminate the need for dedicated equipment and advanced skills, resulting in significant labor savings and improved operational efficiency. By utilizing AI, the accuracy of striking test for

tire air pressure, which previously relied on driver experience, will be dramatically improved. This technology will greatly contribute to solving urgent issues in the logistics industry, such as ensuring safe operation, reducing costs, and improving fuel efficiency through proper air pressure management.

We will continue to work on improving the accuracy of the AI algorithm and enhancing application usability through demonstration experiments. We are also planning to integrate this technology with "T.M.S" to provide more comprehensive and high value-added tire operation solutions. To date, we have conducted demonstration test of new ICT technologies in collaboration with car sharing operators, taxi operators, and bus operators. Moving forward, we aim to further expand our solution services to solve customers' problems by combining "T.M.S" and the latest digital technologies.

T.M.S
TIRE MANAGEMENT SYSTEM







TOPIC Participation in Public Road Demonstration of Level 4 Autonomous Truck Line-haul Transport

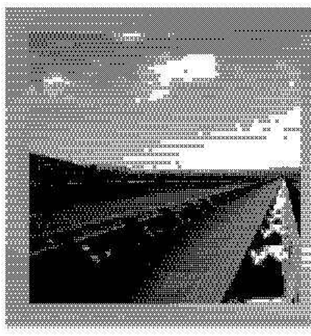
We are participating in a public road demonstration of level 4 autonomous truck line-haul transport conducted by T2 Inc., which develops autonomous trucks, and are verifying the required performance for tires used on autonomous trucks. By verifying tires optimized for autonomous trucks, we aim to realize a safer and more efficient autonomous driving society.

The demonstration period will be from November 2024 to March 2026, and will be conducted on certain sections of expressways between the Kanto and Kansai regions. In level 4 autonomous truck line-haul transport services, it becomes possible for the autonomous driving system to fully substitute for all driving operations within limited areas that meet specific driving environment conditions. This is expected to help solve the shortage of truck drivers in Japan's logistics industry, improve logistics efficiency through high-frequency, high-turnover transport, and improve fuel efficiency from stable driving, thereby realizing logistics that are both socially and environmentally friendly.

T2 began commercial operation of level 2 autonomous truck line-haul transport in July 2025 and aims to realize level 4 autonomous truck line-haul transport business in 2027. We will continue to address changes in mobility demand and social issues by accelerating the development of technologies and products for electric vehicles and autonomous vehicles.



T2's autonomous truck (photographed at Yokohama Rubber Headquarters and Hiratsuka Plant)



Progress of YX2026

Multiple Business (MB)

We will focus our resources on the Hose and Couplings business and the Industrial Products business, which are two of our strong business areas, and promote a strategy to drive the growth of the Multiple Business (MB). We will build a comprehensive portfolio by positioning the Hose and Couplings business as a growth driver and the Industrial Products business as a stable earnings base.

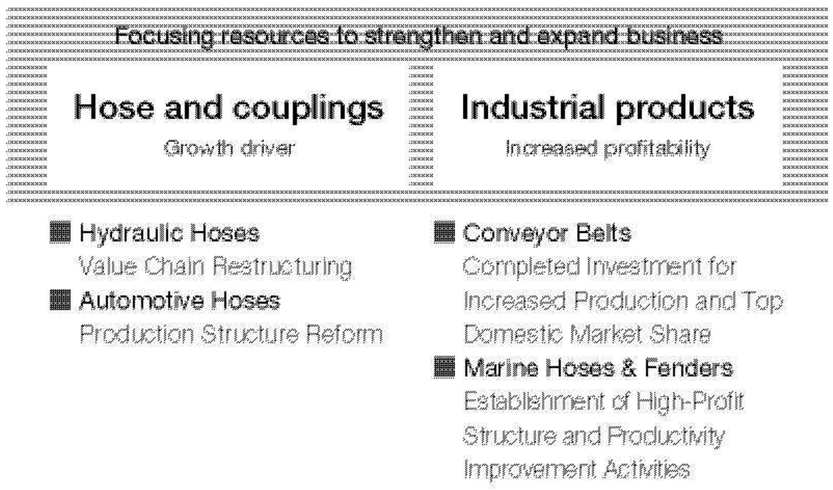
Results of Activities in Fiscal 2024

The MB business has steadily implemented structural reforms and profit improvement measures, resulting in a significant improvement in business profit. Revenue increased by 3.3% year-on-year to ¥105.2 billion, and business profit reached a record high of ¥8.6 billion, up 19.9% year-on-year.

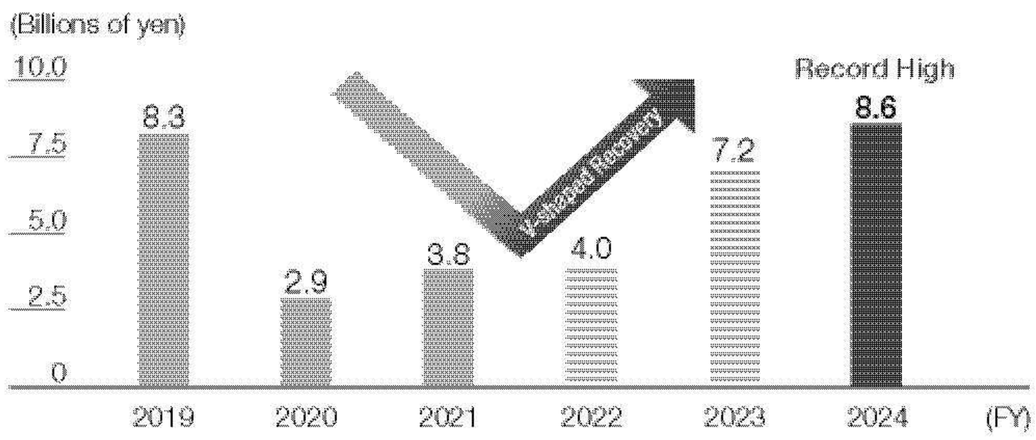
We positioned the hose and couplings business as a "growth driver" and restructured the value chain and reformed the production structure in North America. Although sales revenue from the hose and couplings business as a whole fell below the previous fiscal year due to sluggish demand from construction equipment makers and automakers in North America, we worked to expand sales of hydraulic hose replacement parts, mainly in Asia.

In the industrial products business, we established a solid position in the conveyor belt market in Japan, while promoting internal reforms to stabilize the high-profit structure for marine hoses. We posses a world-leading technology in conveyor belts, and have continued to develop and provide a variety of products over the years that meet diverse needs in Japan and overseas. As part of our efforts to strengthen our industrial products business, we are increasing conveyor belt production capacity at our Hiratsuka Factory by approximately 1.3 times. We are also adding production lines for a variety of canvas belts featuring characteristics such as abrasion resistance, heat resistance, oil resistance, flame resistance, heat resistance, and power-saving performance to build a supply structure that can meet the user needs in a timely manner. As a result of increased production investment and productivity improvements to strengthen supply capacity supporting this sales expansion, sales revenue significantly exceeded the previous fiscal year.

Main Profit Improvement Measures



MB Business Business Profit Trends



Priority Measures in Fiscal 2025

The hose couplings business will close its automotive hose assembly plant in Kentucky, USA, and consolidate operations into two assembly plants in North America to enhance cost competitiveness.

In January 2025, we launched the new high-pressure hose "REVEX C (CWP)" in Japan as part of the "REVEX" series, which is widely used in construction and civil engineering machinery, machine tools, and industrial machinery. This new lineup pursues flexibility and compactness, adding ease of handling to conventional products. Even in couplings where space is tight and

TOPIC

Establishment of Sensing Technology for Conveyor Belts

We have established sensing technology that enables real-time remote monitoring of operating conveyor belts and detection of abnormalities. Going forward, we aim to build a comprehensive solution service that proposes optimal operation management of conveyor belts based on detected data, with the goal of launching the service in 2027.

The sensing technology established this time has been verified through field demonstration tests on actual operating products from February 2022 to December 2024. Our proprietary RFID* tag, which can detect minute changes inside the conveyor belt that cannot be identified through regular inspections, is embedded and transmits various numerical data such as wear, damage, and temperature changes to our development department via the Internet.

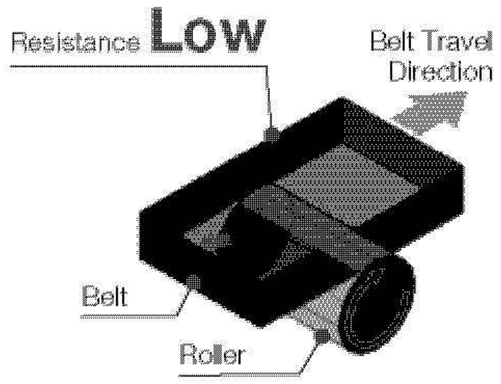
In the comprehensive solution service, we are developing, sharing this data via a cloud network will enable users to quickly detect abnormalities and support the prediction of damage and fire risks. Our specialized staff will analyze the data detected by the sensing technology and propose optimal operation management. This service is also expected to contribute to longer product life, reduction of CO_2 emissions during manufacturing, and reduction of raw materials.

* RFID (Radio Frequency Identification): An automatic identification technology that uses radio waves to read and write information contactlessly

bending is required, such as internal couplings where handling high-pressure hoses was previously difficult, smooth work is now possible. We plan to expand the available sizes in the future.

In April 2025, we launched a new product, the "FLAME GUARD ECO," a flame-retardant conveyor belt with high energy-saving performance. Our company offers the "FLAME GUARD" series, which features self-extinguishing properties due to specially formulated rubber, and includes conveyor belts with flame resistance, super abrasion resistance, heavy oil resistance, medium-temperature heat resistance, and high-temperature heat resistance. Furthermore, by adding "FLAME GUARD ECO," which utilizes the technology cultivated with our world-class energy-saving conveyor belt "ECOTEX," we have created an even stronger product lineup.

We will continue to provide excellent products and aim for a business profit margin of around 10% in fiscal 2026, further enhancing the presence of the MB business.





Progress of YX2026

Other Business (PRGR Business)

Using a variety of innovative technologies, we are developing products that allow people to experience the fun and joy of golf.

Results of Activities in Fiscal 2024

In the domestic market, although there was a slight decrease compared to the previous year due to the golf boom during the COVID-19 pandemic peaking out and not fully recovering, PRGR achieved increased sales and profits year-on-year thanks to strong sales of the new "RS X Series" and the launch of the new "04IRON" in the IRON series, resulting in strong overall sales of the IRON series.

In the Korean market, recovery lagged behind Japan, resulting in a significant contraction compared to the previous year. PRGR launched the new "SUPER egg Series" to strengthen its position and expand its share in the premium market, but was unable to surpass the previous year.

On the other hand, sales and profits for the overall PRGR business increased due to the compact distance measuring device "RED EYES POCKET Series" achieving strong sales in overseas markets.

At our directly managed stores in Japan, we introduced the new measurement system "RED EYES IMPACT," which enhances swing and impact analysis technology, thereby improving lesson and club fitting services. Additionally, by feeding back analysis results into new product development, we have established a system for developing products that better reflect customer needs.

Priority Measures in Fiscal 2025

Although the Japanese and Korean markets are unstable, PRGR will manage the total number of coefficients of repulsion, which is a unique technology, as well as further differentiate ourselves from other companies by integrating the development of new technologies and promoting growth in sales and profits.

In the domestic market, we will continue to expand our market share by launching new products such as the "CRYSTAL egg Series," developed in co-creation with female golfers for easy distance, the "RS SPEED Series," which further increases distance for average golfers through lightweight design, and the renewal model "New 03IRON" of the hit product "03IRON."

In the South Korean market, in addition to the SUPER egg Series that is performing favorably, we launched sales of the new LS Series, a model specifically for the Korean market, to strengthen our position in the premium market and expand our market share. In addition, we will reduce inventories generated by the golf bubble and continue our activities to stimulate and promote demand for new products.

For the compact distance measuring device "RED EYES POCKET Series," which continues to sell well mainly in overseas markets, we will further enhance its functions and strengthen sales, increasing touchpoints with golfers outside of golf clubs and thereby promoting the overall strengthening of the PRGR business.



RS SPEED Series
Further increase distance with lightweight design
For average golfers



SUPER egg Series
For average golfers who want to focus on maximizing their driving distance

Financial Strategy and Shareholder Return Policy



Aiming to Further Enhance Corporate Value by Fostering Growth Expectations Along with Pursuing Profitability through Strategic Investment

In "YX2026," we will thoroughly pursue profitability, optimal capital allocation, and balance sheet management, while aiming for appropriate stock price formation through deeper engagement with the market.

Masahiro Yuki

Member of the Board and Officer in charge of the Corporate Finance & Accounting and IR departments

Progress of the Medium-term Management Plan "YX2026"

In YX2026, we are promoting "Exploitation" and "Exploration" even more than in the previous medium-term management plan YX2023, aiming to achieve "Hockey Stick Growth" through growth strategies and significantly enhance corporate value.

In fiscal 2024, the first year of YX2026, we got off to a strong start toward our profit targets. Sales revenue reached ¥1,094.7 billion, surpassing ¥1 trillion for the first time since our founding, and we achieved record highs in business profit, operating profit, and profit attributable to owners of the parent company. Although ROE decreased slightly to 9.2% due to the recording of structural reform costs, it still exceeded the cost of shareholders' equity, which we recognize as around 8% based on dialogue with our investors.

In addition, regarding the financial targets for the final year, fiscal 2026, we have revised our initial plan in light of strong performance in the first year and the acquisition of Goodyear's OTR business completed in February 2025. As a result, we have raised our sales revenue target by ¥100 billion to ¥1.25 trillion, business profit by ¥20 billion to ¥150 billion, and business profit margin to 12%.

Strategic Investments

In YX2026, we initially planned a total of ¥220 billion in strategic investments over three years, but have further increased this to ¥270 billion. Specifically, through large-scale investments such as the acquisition of Goodyear's OTR business and the construction of new tire for passenger cars plants in Mexico and China, we were able to move all the strategic investments planned for YX2026 into the execution stage in the first year.

The new plant in China aims to be a highly competitive plant that achieves low-cost, high-efficiency production. Under the "1-year Plant" concept, the plan is to launch operations within one year from groundbreaking, and as of now, we expect to begin trial tire production as scheduled by the end of 2025. In the OHT business, since the acquisition of ATG in 2016, we have significantly expanded our business foundation through strategic acquisitions. With the recent acquisition of Goodyear's OTR business, not only the OHT business but also the overall tire business portfolio has reached a certain level of completion. Regarding PMI (post-merger integration), we are leveraging the expertise gained from the highly regarded ATG acquisition by analysts and investors, and are working to maximize synergies. The foundation for "Hockey Stick Growth" is steadily being established, and we intend to properly reap the returns on our investments.

Financial Standing

(Billions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Sales revenue	551.1	670.8	860.5	985.3	1,094.7
Business profit	35.9	62.2	70.1	99.1	134.4
Business profit margin (%)	6.5	9.3	8.1	10.1	12.3
Operating profit	36.0	83.6	68.9	100.4	119.2
Operating profit margin (%)	6.5	12.5	8.0	10.2	10.9
Profit attributable to owners of parent	26.3	65.5	45.9	67.2	74.9
Total assets	860.4	985.0	1,151.1	1,600.5	1,735.5
Interest-bearing debt	207.8	177.2	238.7	469.4	438.0
Total liabilities	437.5	452.0	528.0	851.7	831.5
Equity	422.9	533.0	623.1	748.8	904.0
ROE (return on equity) (%)	6.3	13.9	8.1	9.9	9.2
D/E ratio (times)	0.50	0.34	0.39	0.63	0.49
Net D/E ratio (times)	0.43	0.26	0.27	0.50	0.34

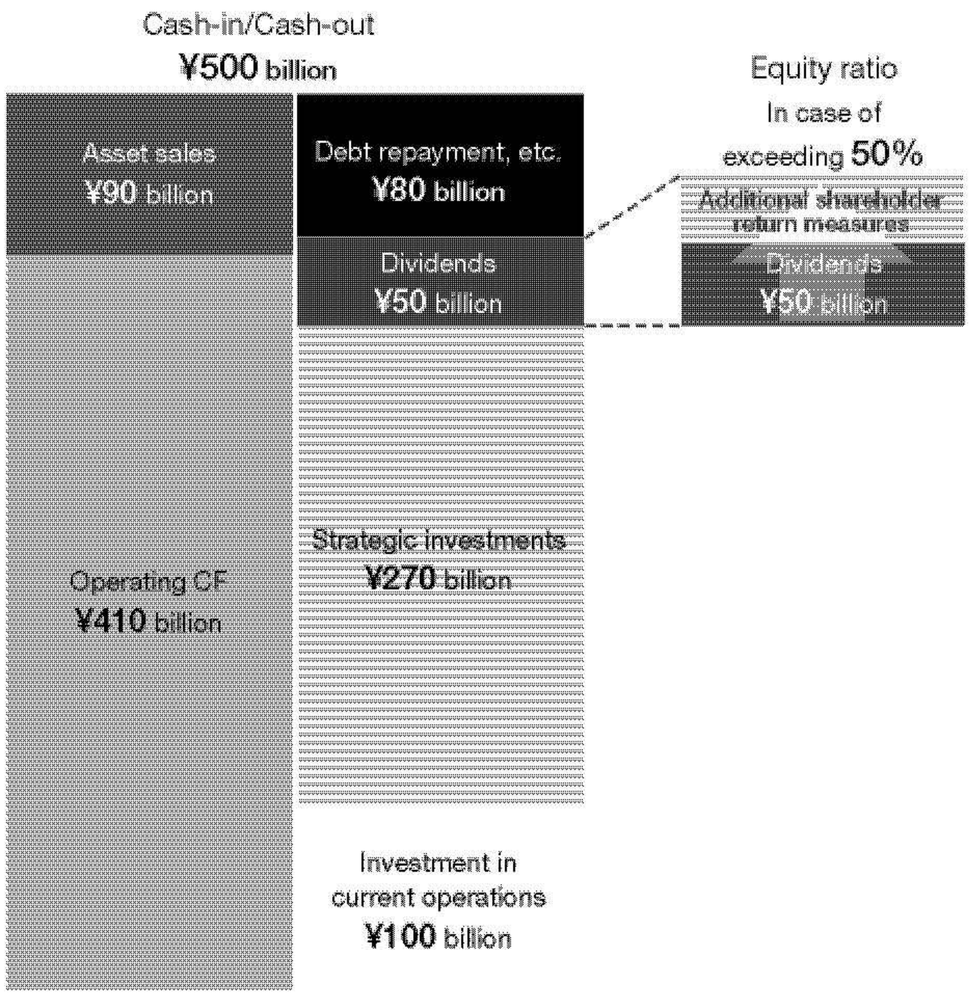
Capital Allocation

Regarding the total capital allocation for the three years of YX2026, cash-in is expected to be ¥410 billion from operating cash flow and ¥90 billion from asset sales, totaling ¥500 billion, which is an increase of ¥50 billion from the initial plan. Cash-out is planned to be ¥270 billion for strategic investments, ¥100 billion for recurring investments such as maintenance of plant facilities, ¥50 billion for dividends with a dividend payout ratio of 20%, and additional shareholder returns to achieve the target total return ratio of 30% ahead of schedule, with the remainder allocated to debt repayment and other uses.

For the funding of strategic investments, especially M&A deals, our policy is to procure funds through debt within an appropriate range of financial leverage, based on a robust financial foundation supported by strong bank formation, in order to reduce capital costs. For the acquisition funds for Goodyear's OTR business, we arranged a syndicated loan with the Japan Bank for International Cooperation and 19 private banks, achieving long-term, fixed, and low-interest financing. In addition, we sold ¥71.1 billion of policy shareholdings in the first year of 2024, exceeding the YX2026 target of ¥60 billion, and are using the cash generated as a source for investments.

Regarding capital structure, our policy is to aim for an equity ratio of 50% as an optimal balance sheet for our business structure. We are promoting management with an awareness of capital costs, aiming to reduce capital costs by achieving an optimal capital structure that balances safety and efficiency, and at the same time, by actively executing "strategic investments," we aim to achieve "Hockey Stick Growth."

Capital Allocation



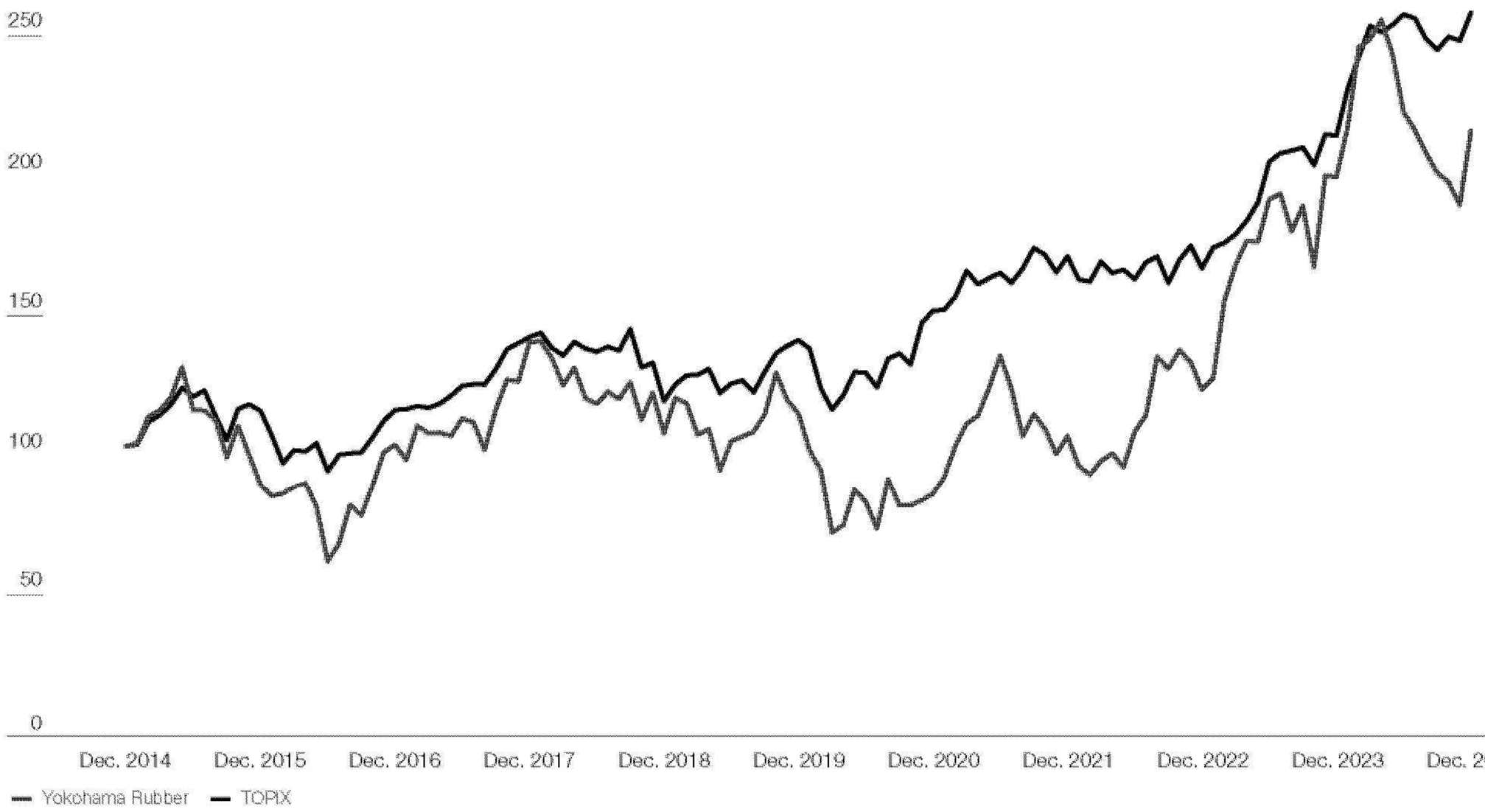
Financial Strategy and Shareholder Return Policy

Shareholder Return Policy

In YX2026, we initially set targets of a 20% dividend payout ratio and a long-term total return ratio of 30%, but have moved up the timing for achieving the total return ratio target to 30% in 2026.

As strategic investments have settled and profitability has further improved, we expect the equity ratio to exceed the 50% benchmark again in 2026, and will strengthen shareholder return measures accordingly. As part of this, we acquired approximately ¥10 billion of treasury stock in total during 2024 to 2025 and completed the cancellation by the end of May 2025.

TSR (10 years, dividends included)



Investments period	1 year	3 years		5 years		10 years	
	Cumulative/ Annualized	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Yokohama Rubber	+6.2%	+101.5%	+26.3%	+87.4%	+13.4%	+108.2%	+7.6%
TOPIX	+19.8%	+50.7%	+14.6%	+82.5%	+12.8%	+148.8%	+9.5%

* TSR: total shareholder return. Total investment return ratio combining capital gains and dividends
* TSR is calculated for Yokohama Rubber based on cumulative dividends and share price fluctuations, and for TOPIX, based on the total return index including dividends (prepared by the company using Bloomberg data, etc.)
* TSR values in the graph are indexed based on the closing price at the end of December 2014 as 100 (holding period through the end of December 2024)

Exploitation of Non-financial Capital

For non-financial capital, we are particularly expanding investment in human capital and working to develop human resources that will realize sustainable corporate value enhancement.

We have set quantitative targets for the rate of participation in next-generation management human resources development through management education such as EMBA and DX leader development programs. In particular, for DX talent, we are strengthening the development of promotion leaders not only in the IT department but also in business divisions, thereby reinforcing the human resources base that supports transformation.

In both new graduate and mid-career hiring, as systems and environments that support individual growth become an important factor in company selection, we will continue to work on creating an attractive company based on the belief that "the development of individuals leads to the development of the company."

Toward Further Enhancement of Corporate Value

As the executive officer in charge of accounting and IR, I recognize that how we effectively utilize the valuable capital entrusted to us by our shareholders and linking it to corporate value enhancement is a critical issue.

Our stock price is below a PBR of 1, and despite delivering results above guidance, including in fiscal 2024, I feel that this is not sufficiently reflected in the share price. ROE has remained above the cost of equity, which we recognize as around 8% based on dialogue with investors, and we believe that we can fully achieve our target of over 10% ROE. On the other hand, there are significant challenges in improving PER, which reflects market expectations for growth, and we believe there is still room for improvement in terms of increasing recognition and understanding of our company.

Shareholders and investors with whom we have engaged in dialogue so far have shown great interest in the prospects of our unique strategies that differentiate us from other companies, such as the "OHT business enhancement." In the tire industry, where competition is intensifying due to the rise of Chinese makers and other factors, appropriate information disclosure is of course important, but we also believe that creating more opportunities for dialogue with investors and analysts and carefully explaining these differentiation strategies will help us meet market expectations. In particular, while over 70% of our sales revenue comes from overseas, the ratio of our shares held by overseas investors remains just under 20%, which is below the average for companies listed on the TSE Prime Market.

Given this background, in 2025, we will continue to strengthen our engagement with overseas investors and enhance communication through various approaches, such as reinforcing IR events like business briefings.

We will continue to actively engage in dialogue with the market and contribute to further enhancing corporate value through appropriate stock price formation. Please look forward to it.



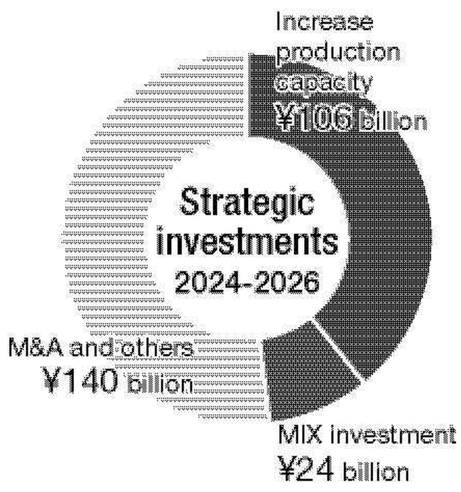
Increase PBR

ROE above 10%

Raise profitability

Strategic investments

¥270 billion

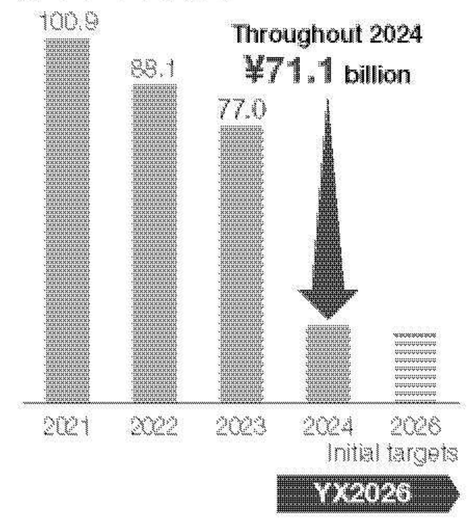


Asset efficiency

Cross-shareholdings

Initial target: Sale of approximately ¥60 billion

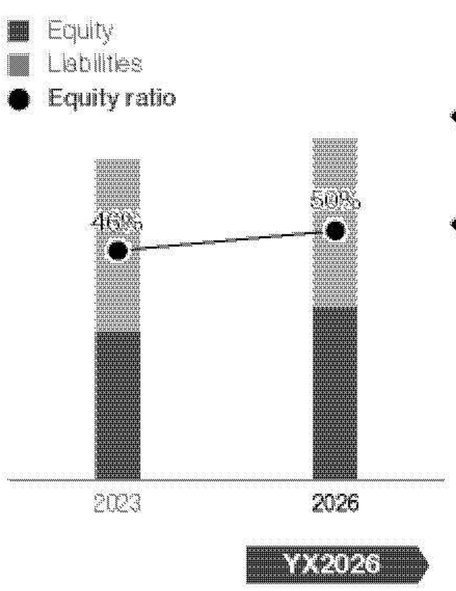
Balance of policy shareholdings (market value)



B/S suited to business structure

Equity ratio

50% target



PER

Reduce cost of capital Raise expected growth rate

Deepen dialogue with investors

- ◆ Expand investor contact points
- ◆ Strengthen IR activities
- ◆ Enhance disclosures
  - Growth potential of AG market
  - Response to market changes
  - Strengthen sustainability initiatives

Strengthen IR activities with CEO, COO, CFO, ESG-responsible directors, etc.

Research & Development/Intellectual Property Strategy

Yokohama Rubber is engaged in comprehensive research and development ranging from a number of product fields, including tires, hoses and couplings, and industrial products, to respond to the diversifying customer needs. In our Intellectual Property Strategy, we protect our proprietary technologies and establish a competitive advantage through the acquisition of patents and the management of our portfolio.

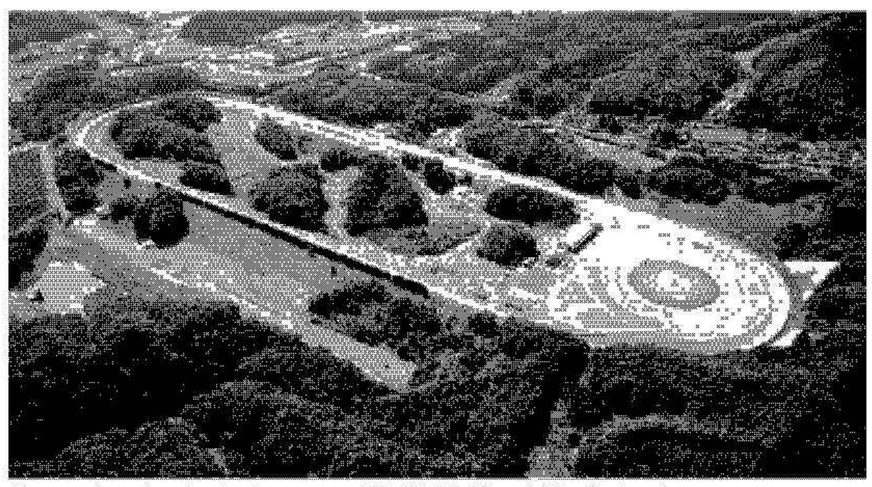
Basic Policy on Research & Development

Our group's research and development aims to challenge the cutting edge of global technology and provide pioneering, innovative products to the market. In the field of research and development, we engage in multi-faceted and comprehensive research and development from material development to product design, testing and evaluation, based on the themes of "originality and ingenuity," "practical application" and "composite technology," and pursue the possibilities of various technologies and products, including rubber polymer technologies.

In addition, outside the field of tires, we use innovative ideas unconstrained by conventional thinking and cutting-edge technologies to pursue the development of new materials and the design of products with a view toward the next-generation.

International Research & Development System

The Research and Development Integrated Center (RADIC) at the Hiratsuka Factory plays a central role in the Company's research and development. Under the idea of "local production for local consumption," Yokohama Rubber is strengthening research and development activities in regions close to major markets in Japan and overseas. To date, we have established the Tire Test Center of Asia in Thailand, the Yokohama China Technical Center in China, and the Yokohama Development Center America in North Carolina, US. The finished tires are tested through driving tests and multi-faceted testing conducted at test courses at D-PARC and Hokkaido Tire Test Center in Japan, Tire Test Center of Asia in Thailand, and Yokohama Test Center of Sweden, and the data obtained is used to develop next-generation tires.



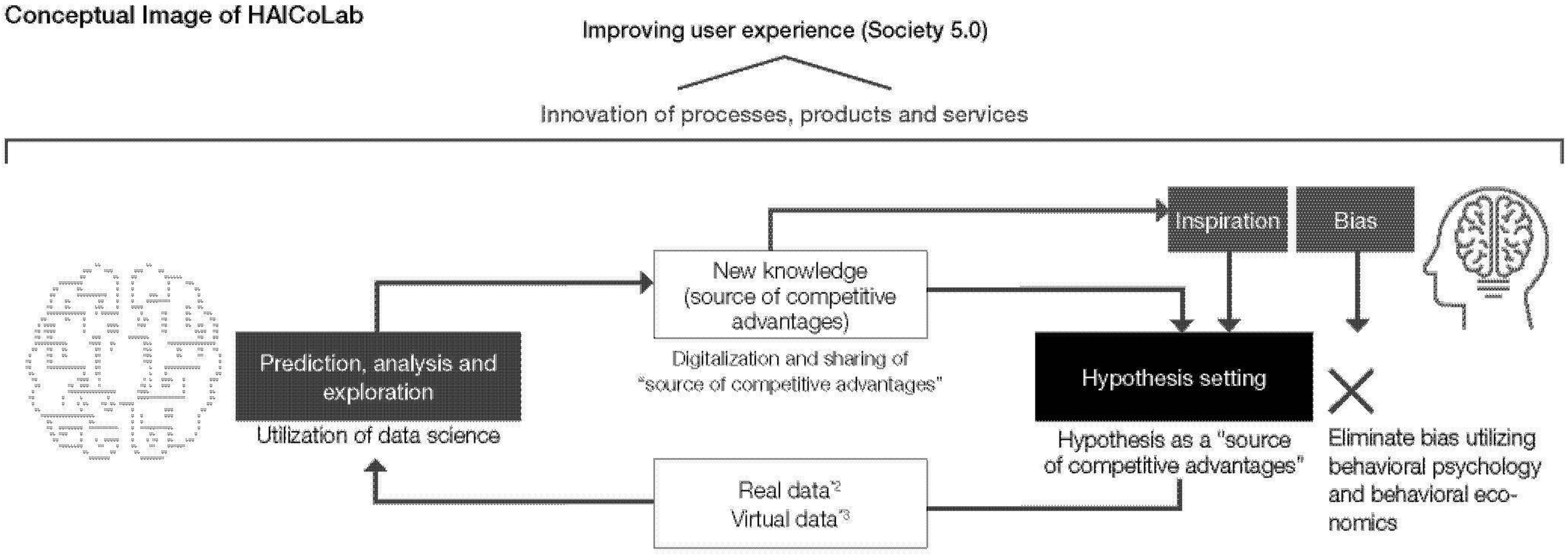
Comprehensive tire test course at D-PARC (Ibaraki Prefecture)

HAICoLab AI-powered Data Utilization Framework

For more than a decade, Yokohama Rubber has been developing technologies to apply computer science and machine learning to the development of materials. HAICoLab*1, which has been in practical use since 2020, is our proprietary AI utilization framework that combines simulation technologies and AI technologies and also focuses on human characteristics. We aim to promote new discoveries through "human-specific inspiration" and "creativity" and "collaboration between the enormous data processing capabilities that AI excels at" aimed at non-continuous and radical innovation. The new knowledge gained by generating and collecting virtual data from real data and simulations, and predicting, analyzing, and searching with AI is being utilized for innovation in tire technology development.

*1 A coined term based on "Humans and AI collaborate for digital innovation."

Conceptual Image of HAICoLab



*2 Utilization of IoT
*3 Utilization of computer science (simulations)

Intellectual Property Strategy

As we consider intellectual property to be an important foundation for business, we are actively promoting intellectual property-related activities to realize our business and sustainability strategies based on the Medium-term Management Plan "YX2026."

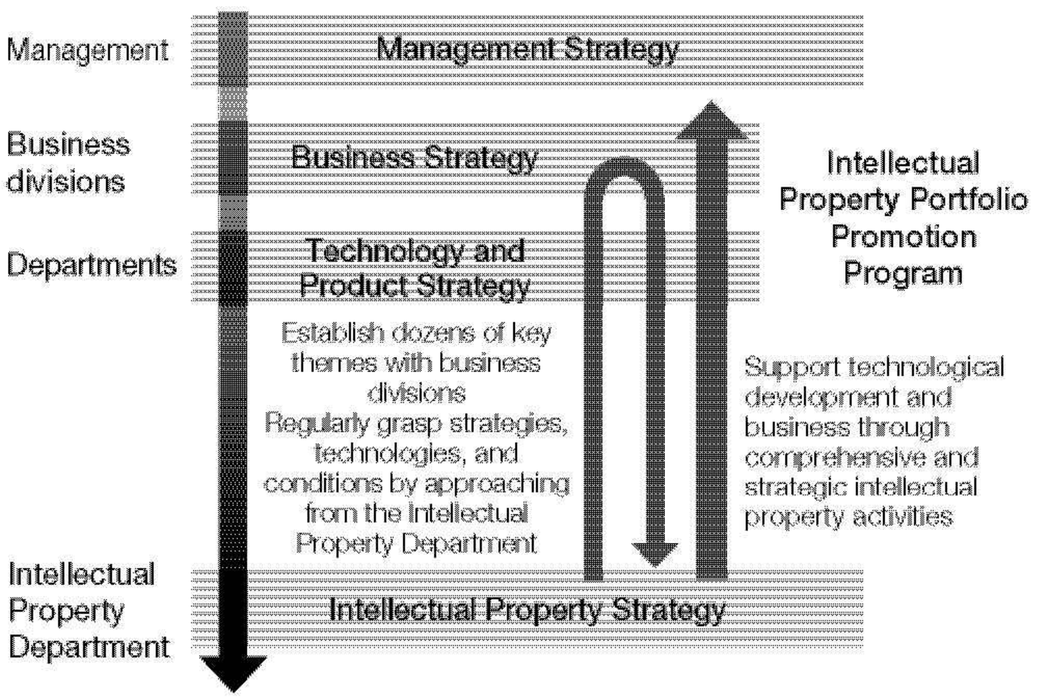
We emphasize building a rational intellectual property portfolio and strive to maximize return on investment by efficiently acquiring and managing the intellectual property necessary for our business activities. In addition, we continuously review and strengthen our intellectual property-related activities, always aiming for an optimal system to be in place.

Intellectual Property Portfolio Promotion Program

We position its Intellectual Property Strategy as an important management strategy for realizing innovation and sustainable business growth. We have been implementing the "Intellectual Property Portfolio Promotion Program" since 2007 to drive the following initiatives.

- Building of a strategic intellectual property portfolio: Based on management, business, technology, and product strategies, the Intellectual Property Department collects information to understand about internal and external conditions, and proposes the acquisition of patents, designs, trademarks, and other rights in cooperation with business divisions to build the optimal intellectual property portfolio.
- Integrated intellectual property activities: For each theme, we develop intellectual property activities from a multifaceted perspective and with appropriate timing, including the details of rights acquisition, the status of intellectual property inside and outside the company, FTO investigations (investigation of the risk of infringement of third-party rights), and consideration of the mix of rights such as patents and designs.

Currently, we are promoting intellectual property activities in cooperation with business divisions based on more than 50 themes a year. Through these initiatives, we will accelerate innovation and drive business growth by strategically utilizing intellectual property.



Strengthening Intellectual Property Management

While intellectual property rights, such as patents and design rights, are expensive to maintain, they play an important role in protecting business and securing a competitive advantage.

We build and maintains an intellectual property portfolio necessary for its business activities by annually evaluating the effectiveness and efficiency of its intellectual property holdings, and then reviewing and replacing them. This enables the Company to streamline intellectual property investment, ensure the protection of its businesses and technologies, and make effective use of intellectual property investments.

Additionally, we aim to achieve sustainable business growth by proactively taking legal action against infringement of intellectual property rights by third parties and maximizing the value of intellectual property rights. For example, in November 2023, we successfully eliminated counterfeits of our wheels by administrative crackdown and submitting information to the Administration for Market Regulation in China. Moving forward, we will take a firm stance against brand damage caused by counterfeit products, and will continue our efforts to ensure that all customers can use our products with peace of mind.

Although the number of our Group companies has been increasing in Japan and overseas through M&A in recent years, we have established a system where each Group company independently promotes intellectual property activities and the Intellectual Property Department in Japan provides support for the entire Group when necessary.

Future Issues and Challenges

At Yokohama Rubber, one of our challenges is to make more effective use of the vast amount of research and development data (actual product and lab sample test results, simulation results, manufacturing and processing conditions, etc.) that we have accumulated to date. This is an area that we are now working to address. In the future, we will develop a foundation that makes it easier for engineers to use this data, leading to the improvement of individual skills, new awareness, and quantification of tacit knowledge (skill transfer).

In the area of intellectual property rights, we are facing the challenges of intensifying global competition, responding to sustainability initiatives, and increasing sophistication of intellectual property rights. We will strengthen our intellectual property strategy and achieve sustainable growth by working to optimize our intellectual property portfolio, strengthening property rights enforcement, and enhancing intellectual property-related collaboration throughout the Group.

DX Strategy

Yokohama Rubber is promoting a DX strategy that utilizes data obtained from the entire value chain to respond to changing social conditions. We will promote enhanced customer value, sustainable process innovation, and corporate culture reform to strengthen competitiveness and achieve sustainable corporate value growth.

Three Pillars of the DX Strategy and Transformation Based on Our "Exploitation × Exploration" Strategy

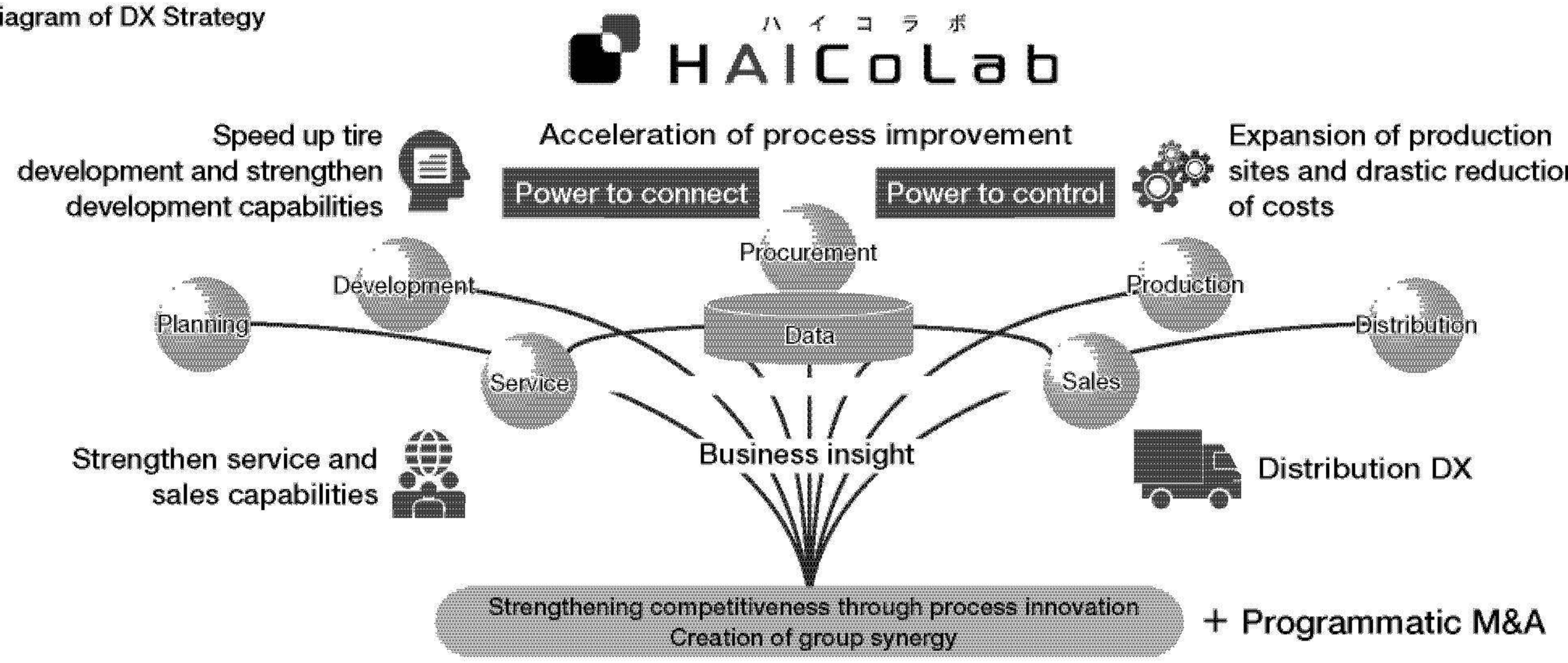
The three pillars of our DX strategy are the promotion of business strategy, contribution to sustainability, and strengthening of IT infrastructure. In promoting business strategy, we will accelerate our growth strategy and technological and production innovation through digital technology, strengthen global collaboration through "Programmatic M&A," and create synergies across the entire group. In contributing to sustainability, we will support the achievement of materiality goals with digital technology and focus on developing DX human resources for culture reform. To support these initiatives, we will strengthen our IT infrastructure through the development of a data platform, BCP (Business Continuity Plan), cyber risk countermeasures, modernization[*1] and other measures.

In particular, regarding data utilization, based on our proprietary AI utilization framework "HAICoLab," we will focus on improving tire development speed, strengthening service and sales capabilities, expanding production bases, and enhancing logistics traceability, thereby promoting productivity improvement and process innovation to achieve greater competitiveness and customer value.

Through these DX strategies, Yokohama Rubber will drive transformation through "Exploitation × Exploration" and achieve the medium-term management strategy YX2026.

*1 Modernization: Renewing or replacing aging existing systems to meet current needs.

Diagram of DX Strategy



DX Human Resources Development

Yokohama Rubber's Vision of DX Human Resources

Recognizing that talent to drive these efforts is essential for promoting the DX strategy, we define "business human resources capable of practicing HAICoLab" as DX talent, and focus on developing individuals with the following qualities who can lead process innovation across the organization.

- Data-driven insight: Strong with numbers, able to select accurate information and gain numerical insights from multiple perspectives
- Business knowledge and IT utilization skills: Well-versed in operations, able to execute essential DX with a high business perspective
- Quick execution: Able to involve others and rapidly implement initiatives

Promotion of DX Human Resources Development

From fiscal 2024, we have launched a practical DX leader development program directly linked to business value creation. We have also optimized education by integrating practical training directly related to DX strategy challenges as the core with our existing educational system. This will accelerate the development of DX human resources who not only acquire knowledge but also lead process innovation across the organization and drive new value creation. Our goal is to develop 10% of our administrative and technical staff as DX leaders by the end of fiscal 2026.

▶P.68 Metrics and Targets for Human Capital

Overview of DX Human Resources Definition

		What we aim to do	Example of DX human resources development
Project-based reform execution	Level 3–4 [Create value]	Promoting reform through DX and achieving concrete results	[Practical] • Planning and executing DX in real projects • Regular follow-up by management
Acquisition of methods and skills	Level 2–2+ [Able to handle data]	Possesses data-driven thinking and can apply it to operations	[Strengthening DX planning and data utilization skills] • DX leader development program • Data utilization training • Acquisition of external data utilization qualifications
Knowledge armament	Level 1 [Understanding of DX]	Possesses basic knowledge of DX and understands the significance of digital transformation	[DX Basics] • Data utilization education • AI/BI basic courses

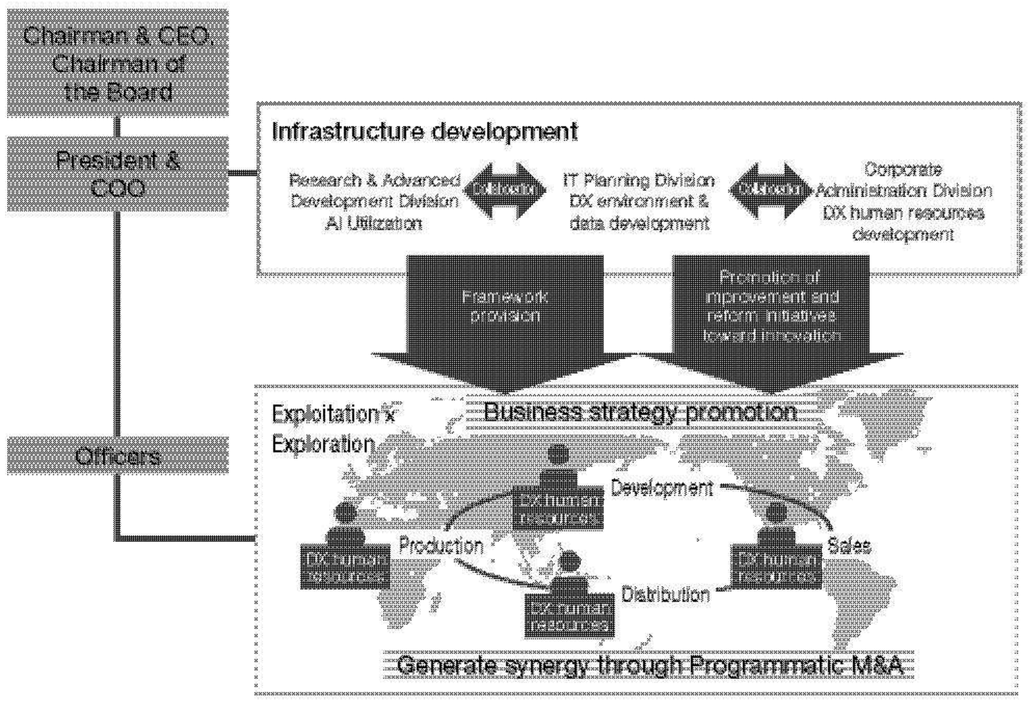
DX Promotion System and Roles

Under a management-led promotion system, the Research & Advanced Development Division, the IT & Management System Planning Division, and the Corporate Administration Division are working together to advance the development of a DX foundation and the cultivation of DX human resources. DX human resources assigned to each department take the lead in actively utilizing data and AI to drive innovation, while each functional organization collaborates to promote problem-solving and business reform through digital technologies. In addition, with companies that have joined the group through M&A, we aim to maximize group-wide synergies by swiftly moving beyond PMI activities*2 and TSA*3, and strengthening our global IT structure.

Through these initiatives, we are embedding digital technologies throughout the organization and fostering a corporate culture that can flexibly respond to change. By promoting data-driven decision-making, strengthening collaboration among functional organizations, and continuous improvement based on data, we are solidifying organizational culture reform and establishing a robust organizational structure that supports sustainable growth.

*2 Integration process after M&A completion.
*3 A contract for services temporarily provided by the seller to the buyer regarding operations after the execution of an M&A.

DX Promotion System

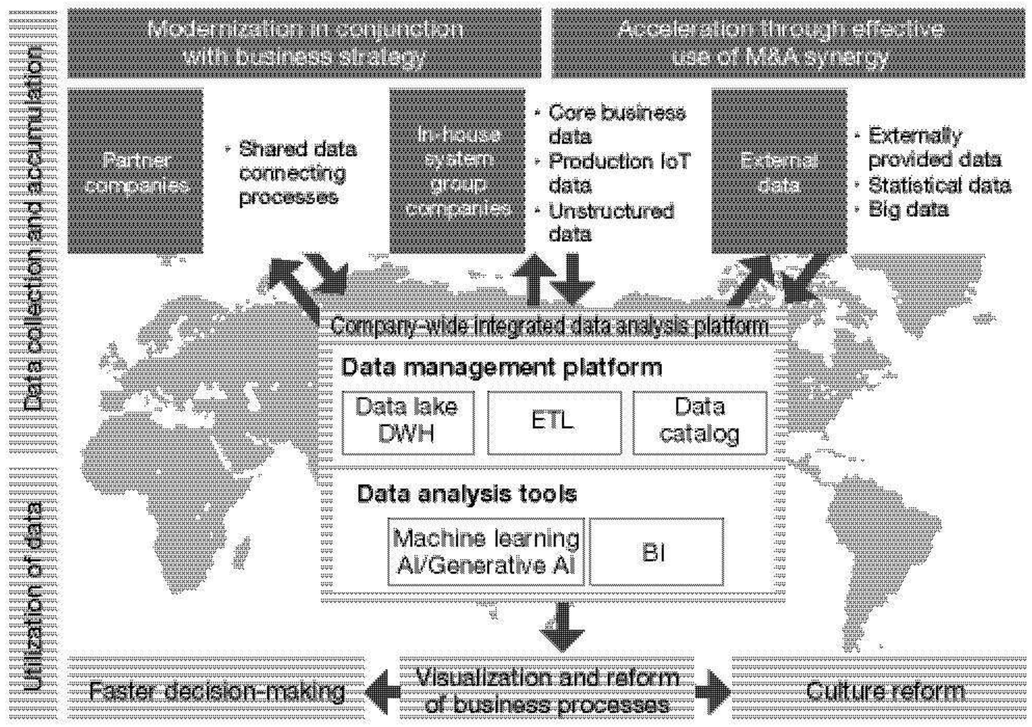


Development of IT Environment for Digitalization

To drive transformation utilizing digital technologies, we are strategically developing the IT environment that forms the foundation. Specifically, we are building a highly flexible and scalable IT infrastructure using cloud technology, and by integrating important internal and external data into a global, company-wide data integration platform, we are realizing a robust IT foundation that supports data-driven management.

Furthermore, we are not only collecting data as is, but also improving data quality through modernization of core systems linked to business strategies. To create synergies through M&A, we promote global IT procurement, resource sharing, and effective utilization, and deploy a safe, secure, and cost-effective IT environment across the group by combining optimal tools.

We analyze the data accumulated through these initiatives using AI and BI, promote visualization of business processes, and implement process reforms to create customer value and strengthen our competitiveness, thereby facilitating swift decision-making and transforming organizational culture.



DX Case Study

New Value Realized by Digital Transformation: Yokohama Rubber's Use of DX

We are promoting DX in an integrated manner, focusing on both enhancing customer value and reforming internal processes. Through this use of DX, we aim to contribute to solving social issues, strengthen competitiveness, and achieve sustainable growth.

Sensing of Conveyor Belts

We have established sensing technology that detects abnormalities through real-time remote monitoring of conveyor belts. RFID tags detect wear and damage, and the acquired data is sent to the development department. Through comprehensive solution services, we propose optimal operational management and contribute to improved safety and cost-effectiveness.

Tire Solution Services

With Yokohama Rubber's unique tire solution service, we centrally manage customer vehicle information and provide comprehensive services from reservations and work records to smart inspections. We support optimal tire selection and replacement work, aiming to improve customer convenience and operational efficiency through prompt and accurate service.

Value Co-Creation with Stakeholders by Capital

Yokohama Rubber leverages its management capital and the strengths generated from it to co-create high-quality products and services in every activity of the value chain. Yokohama Rubber will steadily meet the expectations, interests and needs of our stakeholders, and provide further value.

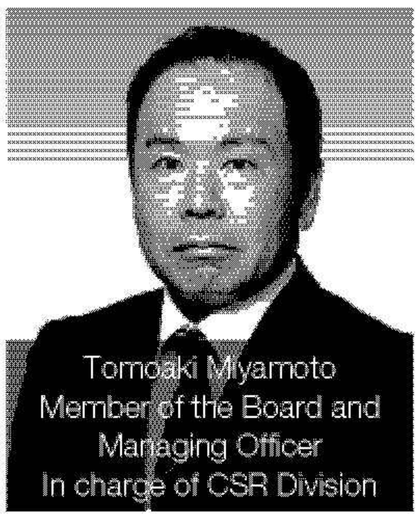
Type of Capital	Yokohama Rubber's Strengths	Stakeholders
Financial Capital	● Profit expansion by "Product and Regional Strategies" in the consumer tire business, as well as by the maximization of the ratio of high value-added products (AGW strategy), and sustainable growth driven by the OHT business with high market growth rate including tires for agricultural machinery boasting the world's top market share in the commercial tire business ● Implementation of strategic investment toward the improvement of corporate value, and the ability to generate cash flows	● Shareholders (increased attention from domestic institutional investors as well as overseas institutional investors with the progress of business globalization) ● Banks in Japan and overseas, and government-affiliated financial institutions
Human Capital	● Utilization of personnel with different nationalities ● Introduction of a home office system and satellites offices, and upgrading of work-from-home and flexible work systems ● Development and selection of value-added human resources ● Assignment of right person to the right high-level position ● Links between duty, performance and compensation (managers) ● Investment in safety measures aiming to achieve zero occupational accidents	● Employees
Intellectual Capital	● Launching Japan's first fuel-efficient tires (1998) ● Tires and rubber products (conveyor belts, etc.) with increased ratio of sustainable raw materials ● HAICoLab: Product development utilizing AI (material design and structure design) ● Development of sustainable raw materials in collaboration with business partners (NEDO Green Innovation Fund Projects, etc.)	● Employees ● Customers ● Business partners (collaboration) ● Public institutions (collaborative research)
Manufactured Capital	● Acquisition of technical approval for the world's leading premium cars ● World class specialties in commercial tires (ones for trucks and buses, and OHTs) ● Production system compatible with high-mix, low-volume production ● Production of high-performance pneumatic fenders and hydraulic pressure hoses for vehicles and construction machinery	● Local communities ● Business partners ● Customers ● Employees
Social and Relationship Capital	● Achievement of the speedy launch of new products that meet local needs by establishing tire R&D centers in regions close to the market ● Broad-ranging and global customer base not only for tires for passenger cars, but also for OHT and MB (hose and couplings, industrial products, etc.) ● Activities to support farmers at natural rubber farms in Thailand and Indonesia (holding seminar events regularly)	● Local communities ● Business partners ● Customers ● Employees
Natural Capital	● Environmental research at natural rubber farms in Thailand ● Introduction of renewable energy and continuous implementation of Company-wide energy-saving activities ● Usage of renewable/recycled raw material ● Biodiversity preservation activities in collaboration with local residents and local governments around production sites ● YOKOHAMA Forever Forest Activities (activities to grow seedlings of potential natural vegetation tree species by ourselves, provide nursery trees, and plant them with local residents)	● Natural environment

Expectations, Interests and Needs of Stakeholders	Initiatives for Further Value Creation
● Improvement of capital efficiency (liquidation of cross-shareholdings and non-business assets) ● Strengthening of IR activities (enhancement of connections with investors, and improvement of disclosures) ● Pursuit of optimal capital structure	● Business growth by continuous strategic investment ● Improvement of asset efficiency by the sale of cross-shareholdings ● Optimal balance sheet management tailored to business structure ● Strengthening investor engagement by holding IR events, etc.
● Diversity & Inclusion ● Work style reforms (flexible working hours, and work-life balance) ● Employees' own growth through work ● Consideration to occupational health and safety	● Improvement of employee engagement ● Increase the ratio of female managers ● Expansion of skills development programs ● Utilization of senior human resources
● Development of products that contribute to the environment ● Development of high-performance and heavy-duty products ● Provision of services utilizing technology	● Development and launch of "E+" tires equipped with technologies that meet the special needs of electrified vehicles, such as the strength to withstand the higher loads associated with the installation of electric batteries ● Improvement of customer convenience and efficiency by services utilizing DX
● Sustainable raw materials procurement (supply chains without environmental and human rights risks) ● Supplying of high-performance and high value-added products ● Environmental conservation, economic development, and the resolution of issues in local communities ● Productivity improvement ● Achievement of carbon neutrality	● Pursue "Low cost, speedy development of quality products" "Low cost": Drastic reduction of product costs "Speedy development": the "1-year plant" challenge and speeding up of tire development "Quality products": Strengthening development of OE tires suitable for the next-generation of premium cars
● Maintenance and promotion of good relationships ● Fair operating practices ● Provision of safe and high-quality products and services ● Sustainable raw materials procurement (land use, forest resources conservation, impact on biodiversity, elimination of child labor and forced labor, etc.) ● Respect for human rights	● Enhancement of stakeholder engagement
● Sustainable raw materials procurement (land use, forest resources conservation, elimination of impact on biodiversity, etc.) ● Climate change countermeasures ● Contribution to a Circular Economy (Efficient Use of Resources, Reduction of Waste) ● Measures against environmental deterioration and biodiversity loss ● Management of water resources	● Participation in a Japan Ministry of the Environment project using advanced technology for evaluating and verifying sustainable procurement of natural capital from the ASEAN region ● Introduction of RubberWay® Geo-Mapping, a risk assessment tool, toward the promotion of sustainable natural rubber procurement

Yokohama Rubber's Sustainability

The Yokohama Rubber Group has adopted the sustainability slogan "Caring for the Future" and is working to create shared value with stakeholders by addressing social issues through its business activities.

Message from the Officer in Charge of CSR Division



Tomoaki Miyamoto
Member of the Board and
Managing Officer
In charge of CSR Division

Yokohama Rubber believes it is important to contribute to the realization of a sustainable society and create shared value with stakeholders through its business activities, and has been working to solve social issues by leveraging the technological capabilities and expertise it has cultivated over the years.

Ten years have passed since we identified our materiality in 2014, so in 2024 we reviewed them in light of changes in the business environment and social issues. We identified new materiality by taking into account both the impact of business activities on society and the environment, and the impact of society and the environment on business activities.

Our company has focused on contributing to the environment from an early stage, such as developing the industry's first eco-tire "DNA" series in 1998. As a result, employees have come to see sustainability as a personal matter, which we believe has led to increased awareness. It is also important to recognize the issues to be addressed through dialogue with stakeholders and incorporate them into business strategies and activities in promoting sustainable corporate management. By maintaining ongoing communication, we build trust and strive to reflect stakeholders' perspectives more deeply in management. Under the sustainability slogan "Caring for the Future," we aim to contribute to the realization of a sustainable society and enhance the sustainability of our business by advancing initiatives toward the goals set for our materiality.

Sustainability Slogan

Caring for the Future

Yokohama Rubber Group Action Guidelines

We have established the Yokohama Rubber Group Action Guidelines in accordance with the 10 principles in the four areas (human rights, labor, the environment, and anti-corruption) of the United Nations Global Compact, which all members of the Group share as guidelines for promoting business activities.

Seven Action Guideline Items

1. We shall respect human rights inside and outside the company.
2. We shall create workplaces that are safe and healthy.
3. We shall harmonize our activities with the global environment.
4. We shall provide safe and high-quality products and services.
5. We shall conduct corporate activities with a high transparency and practice proper disclosure of information.
6. We shall observe not only laws and regulations but also social norms.
7. We shall aspire to harmony and prosperity with local communities.

Seven Action Guideline Items (described in detail)
https://www.y-yokohama.com/global/sustainability/suspolicy/

Sustainability Governance and Sustainability Promotion System

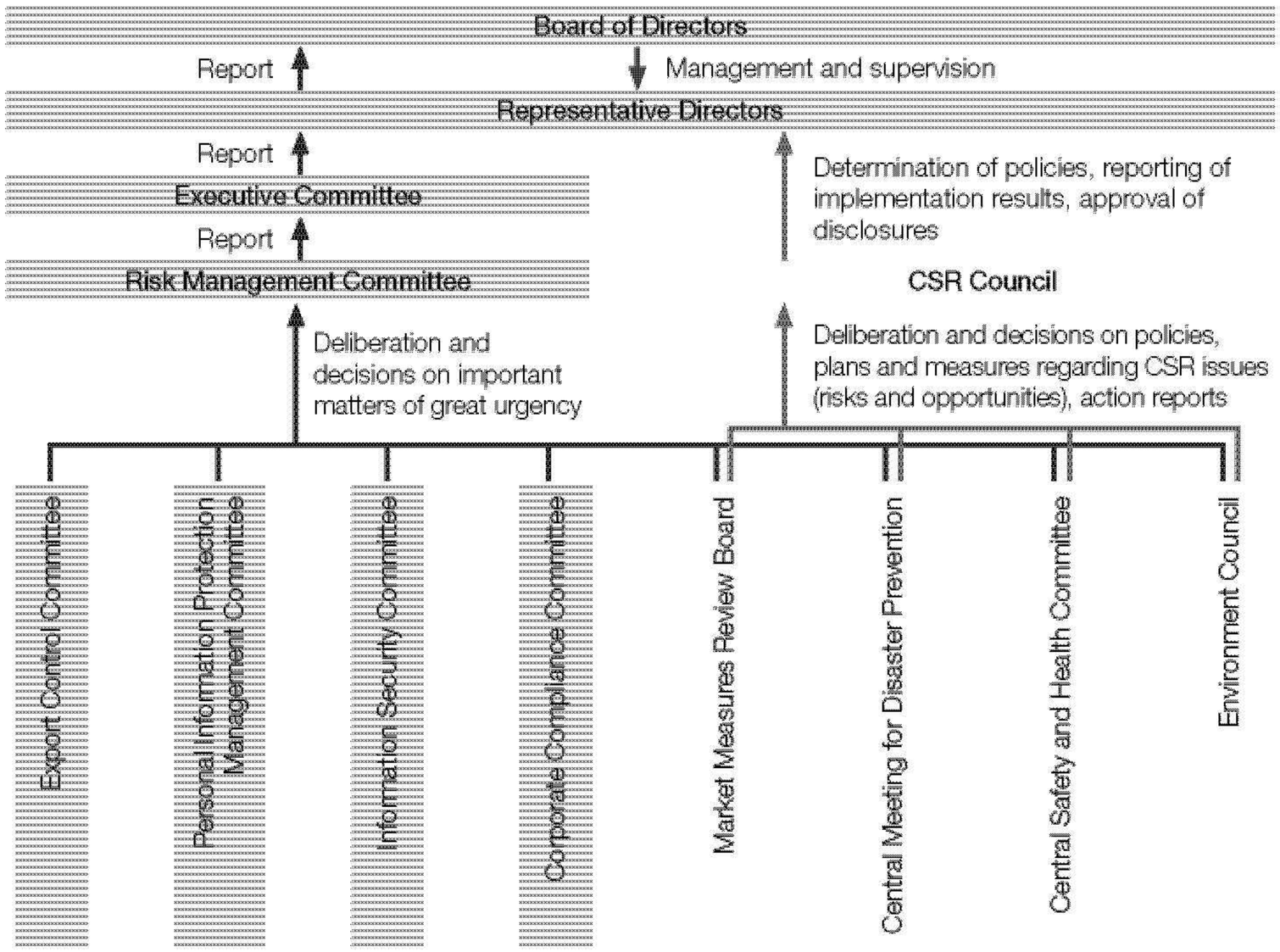
The CSR Council, chaired by our Chairman & CEO and membered by all of the internal directors (including Audit and Supervisory Committee members), meets twice a year (in May and November) to discuss sustainability issues (environment, occupational health and safety, disaster prevention, quality, human capital, human rights, and social contribution, etc.) and plan actions to be taken by the Yokohama Rubber Group.

In addition, in the case that it is necessary to make decisions on important matters or make early decisions, or make reports or conduct deliberations, an Executive Committee will make reports and conduct deliberations, and submit the details of such reports and deliberations to the Board of Directors according to their importance.

For individual sustainability issues, we have established bodies such as the Environment Council, the Central Safety and Health Committee, and the Central Meeting for Disaster Prevention to formulate and implement more detailed plans and measures.

Progress on sustainability issues is reported monthly to the Chairman & CEO, President & COO, members of the board in charge of CSR Division, and internal directors serving as Audit and Supervisory Committee members.

In addition, at biannual meetings where all Group executives, including those overseas, gather to discuss business strategies and other matters, initiatives on carbon neutrality and the circular economy are discussed as ongoing themes. For serious and urgent sustainability issues, we respond in cooperation with the "Risk Management Committee."



Number of sustainability-related proposals presented (FY2024 results)	
Executive Committee	9 times
Board of Directors	4 times

Materiality

In 2024, we revised our materiality in light of changes in the business environment and social issues surrounding the Group. We identify materiality essential for the sustainable growth of society, the environment, and our group, and set medium- to long-term non-financial goals (KPIs) to achieve them.

▶P.53 Risks and Opportunities/Progress on Materiality

Process for Identifying Materiality

Materiality identification and review are carried out in three processes from Step 1 to Step 3 as follows. We plan to continue periodically revising the issues based on changes in the environment, etc.

Step 1

Recognizing and arranging issues

Recognize issues from the perspective of external factors and internal factors (business activities), and organize them into a list

External factors

Compliance with international norms and frameworks
The United Nations Global Compact, SDGs, OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, ILO MNE Declaration, and the GRI Standards, etc.

Impact on stakeholders
Customers/consumers, local communities, employees, shareholders/investors, business partners, public institutions, etc.

Internal factors (business activities)

Consistency with corporate philosophy and slogan
Basic Philosophy, Management Policies, Action Guidelines, Corporate Slogan, sustainability slogan

Impact on business
Impact on the Medium-Term Management Plan YX2026, and business risks and opportunities

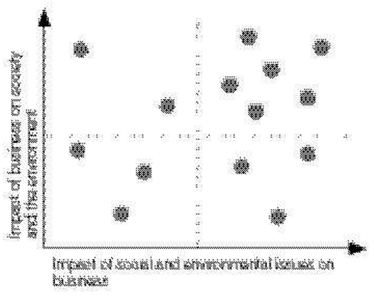
Step 2

Impact assessment, risk and opportunity analysis

Analyze the impact of issues, risks and opportunities, and assess their materiality and rank them in terms of priority

Assessment of impacts

For each issue, we assessed the impacts that our business has on society and the environment as well as the impacts that the social and environmental issues have on our business by stakeholders, and confirmed the extent of the impact on the value chain and business process.



Risk and opportunity analysis

Based on impact assessment, analyze risks and opportunities for each issue and consider countermeasures

Prioritization

Analyze the severity of the impact of issues, assess the importance from the perspective of risks and opportunities, and rank the issues in terms of priority

Periodically revise materiality based on changes in the environment, etc.

Step 3

Identify (revise) materiality

Issues ranked in priority are discussed and approved internally by hearing the opinions of each internal department and external experts

Gathering opinions from inside and outside the company

Conduct internal hearings in each department as well as exchange opinions with external experts on the issues ranked by priority

Identification of high-priority issues

Reflect the results of gathering opinions from inside and outside the company in the prioritization of issues and identify high-priority issues

Internal discussion and approval

Discuss high-priority issues through the CSR Council, Executive Committee, and Board of Directors, and approve them as materiality

Risks and Opportunities/Progress on Materiality

In 2024, Yokohama Rubber revised its materiality in accordance with its new medium-term management plan, YX2026. We identify issues from external and internal factors, evaluate risks and opportunities for each stakeholder, set KPIs and targets, and advance sustainability initiatives.

Materiality		Risks and Opportunities
Provision of products and services that contribute to a sustainable society	Risks	Short- to medium-term: Decrease in business performance due to the failure to adapt to changes
		Medium- to long-term: Decline in product demand due to changing customer needs, such as a drop in the number of owners of private cars with the uptake of MaaS
		Medium- to long-term: Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value
		Medium- to long-term: More stringent performance, cost and other requirements
	Opportunities	Medium- to long-term: Responding to changing customer needs and stricter regulations at an early stage
		Medium- to long-term: Secure new business opportunities through adapting to CASE and MaaS
Contribution to a decarbonized society and circular economy	Risks	Medium- to long-term: More stringent environmental (Tyre and Road Wear Particles, etc.) laws and regulations and increase in litigation
		Medium- to long-term: Increase in energy costs due to demand for the use of renewable energy to reduce GHG (Scope 3 for client companies), etc.
	Opportunities	Medium- to long-term: Sales of products to customers with a high sensitivity to environmental issues
		Medium- to long-term: Expansion of sales of products for EVs with the uptake in EVs
Living in harmony with nature	Risks	Medium- to long-term: Negative impact on biodiversity due to destruction of forests and other environments in natural rubber farms
		Medium- to long-term: Intensification of disasters due to climate change caused by suppliers' GHG emissions
		Medium- to long-term: Local residents adversely affected due to air pollution and climate change, health hazards, and impacts on regional climate change
		Medium- to long-term: Health hazards of local residents and impacts on biodiversity due to improper handling of water resources and waste
	Opportunities	Medium- to long-term: Reduction in energy costs by improving the efficiency of manufacturing processes
		Medium- to long-term: Reduction in risk of resource price fluctuations and increase in operational efficiency with reuse and recycling
		Medium- to long-term: Reduction in environmental conservation costs
Living in harmony with local communities	Risks	Short- to medium-term: Local community opposition to operations due to the environmental impact of waste and emissions
		Short- to medium-term: Violation of rights of indigenous people with the development of natural rubber farms
		Medium- to long-term: Decrease in yields and increase in production costs due to corrective measures required for adverse impacts on habitats of surrounding indigenous people
	Opportunities	Medium- to long-term: Stable operations by building positive relationships with local residents
		Medium- to long-term: Creation of opportunities for local children to join the Company through education (scholarships, work experience, etc.)
Development of human capital capabilities for sustainable corporate value enhancement	Risks	Short- to medium-term: Reduction in labor forces due to occupational accidents, natural disasters, infectious diseases, etc.
		Short- to medium-term: Work absences due to poor mental health, lost productivity due to decreased satisfaction
		Short- to medium-term: Violations of employee human rights, including long working hours, living wages, and freedom of association
	Opportunities	Medium- to long-term: Creation of innovation and improvement to productivity with the recruitment and development of diverse human resources and their active roles
Establishment of a sustainable supply chain	Risks	Medium- to long-term: Suspension of transactions due to the discovery of issues related to human rights at natural rubber farms, including workers involved in forced labor and child labor, and increase in production costs due to corrective measures
	Opportunities	Medium- to long-term: Procurement of sustainable, high-quality raw materials
		Medium- to long-term: Increase in transactions through contributions to the economic development of local communities
Improvement of management resilience by strengthening corporate governance	Risks	Medium- to long-term: Strengthening of laws and regulations on antitrust, bribery, price cartels, export control, etc.
		Medium- to long-term: Decrease in credibility and brand value due to cyberattacks or leakage of confidential information
		Medium- to long-term: Lack of human resources with knowledge and skills pertaining to sustainability, including climate change, environmental issues related to biodiversity conservation, human capital, and human rights in the supply chain
		Medium- to long-term: Decrease in corporate value due to failure to address sustainability issues
	Opportunities	Medium- to long-term: Increase in management resilience and corporate value by addressing sustainability issues

*1: Standard for tires that can run at low pressure to minimize the impact on the roots of crops
*2: It refers to the ratio of employees who continued to be employed by the Company or our subsidiary after turning 65 among the administrative and technical employees aged 65 or over.
*3: DX leader development training started in the middle of fiscal 2024.
*4: Calculated from the results of the "Employee Awareness Survey" conducted for employees of the submitting company (standalone).

Metrics (KPIs)	FY2024 Results	Targets	What We Aim to Be
Number of products with E+ mark (for tires specifically suited for electric vehicles)	5 products	• FY2026: 10 products	• Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies • Contribute to economic and social development by providing high value-added off-highway tires • Improve customer convenience and efficiency through DX-based services
Number of tire sizes that conform to Very High Flexion (VF) and Pressure Field Operation (PFO) standards*1	Total of 272 sizes	• FY2026: Total of 384 sizes	
Number of uses of tire management/maintenance services (T.M.S) applying DX (number of vehicles registered/number of tires inspected)	49,019 vehicles 328,823 tires	• FY2026: 50,000 vehicles registered • FY2026: 450,000 tires inspected per year	
Reduction of greenhouse gas emissions (Scope 1+2)	10.6% reduction compared to FY2019	• FY2026: 30% reduction compared to FY2019 • FY2030: 40% reduction compared to FY2019 • FY2050: Achieve carbon neutrality	• Contribute to a Decarbonized Society through Our Products • Reduce Greenhouse Gas Emissions and Energy Consumption • Contribute to the circular economy by increasing the use of renewable and recycled materials
Percentage of electricity used by the Company from renewable energy sources	4.3%	• FY2050: Achieve 100%	
Percentage of renewable and recycled raw materials used	29.8%	• FY2026: 28% • FY2030: 40% • FY2050: Achieve 100% sustainable material	
Number of trees planted and saplings provided as part of "YOKOHAMA Forever Forest" activities	1,399,664 trees/saplings	• FY2030: 1.5 cumulative million trees planted and saplings supplied	• Promote nature positive-oriented initiatives • Strengthen environmental management
Number of business sites certified as "Nationally Certified Sustainably Managed Natural Sites" (Japanese OECM) by the Ministry of the Environment	1 cumulative site	• FY2026: 5 cumulative sites	
Number of serious environmental incidents (air, water, soil)	0	• Continue with 0 cases	
Support for social contribution organizations through the YOKOHAMA Magokoro Fund, an employee social contribution fund	12	• 10 or more per year	• Help solve local community problems
Ratio of female managers (section manager or higher) (non-consolidated)	3.2%	• FY2026: 5% • FY2030: 10%	• Foster diversity and inclusion • Create innovation and increase productivity through employee development • Develop safe and healthy workplace environments • Respect for human rights of employees
Ratio of male employees taking childcare leave (non-consolidated)	83.7%	• FY2026: 100% • FY2030: 100% (expansion of acquisition period)	
Ratio of employees with continued employment after reaching 65 years old (non-consolidated)*2	FY2022 to FY2024 Period average 73.3%	• FY2024 to FY2026: period average of 65% or more • FY2027 to FY2030: period average of 70% or more	
Ratio of participation in skill development training • Ratio of participation in management education programs including MBA courses (non-consolidated) • Ratio of participation in education programs for DX leader development (non-consolidated)*3	8.3% 0.6%	• FY2026: 15% of department managers (cumulative) 10% of administrative and technical employees (cumulative)	
Employee engagement score (non-consolidated)*4	68.8	• FY2026: 70	
Number of natural rubber farms surveyed	861	• FY2030: 1,200 cumulative surveys	• Sustainable procurement of natural rubber • Respect for human rights in the supply chain
Number of seminars for natural rubber farmers held	2	• 2 events or more per year	
Number of human rights due diligence (impact assessments) procedures conducted in the supply chain	1	• 1 case per year	
Number of sustainability-related issues reported to and discussed by the Board of Directors	4	• 4 per year (quarterly) or more	• Strengthen stakeholder engagement • Strengthen governance of sustainability issues

Products and Services Provision of Products and Services that Contribute to a Sustainable Society

The Yokohama Rubber Group aims to realize a sustainable society by contribuintg to the development of a safe and comfortable mobility society, economy, and society by providing high-quality, high-performance products through proprietary technologies and innovative services utilizing DX.

Metrics (KPIs)	What we aim to do
Number of products with E+ mark (for tires specifically suited for electric vehicles)	Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies
Number of tire sizes that conform to Very High Flexion (VF) and Pressure Field Operation (PFO) standards[*1]	Contribute to economic and social development by providing high value-added off-highway tires
Utilization of tire management/maintenance services (T.M.S) using DX • Number of vehicles registered • Number of tires inspected	Improved customer convenience and efficiency through DX-based services

*1 Standard for tires that can run at low pressure to minimize the impact on the roots of crops

Basic Approach

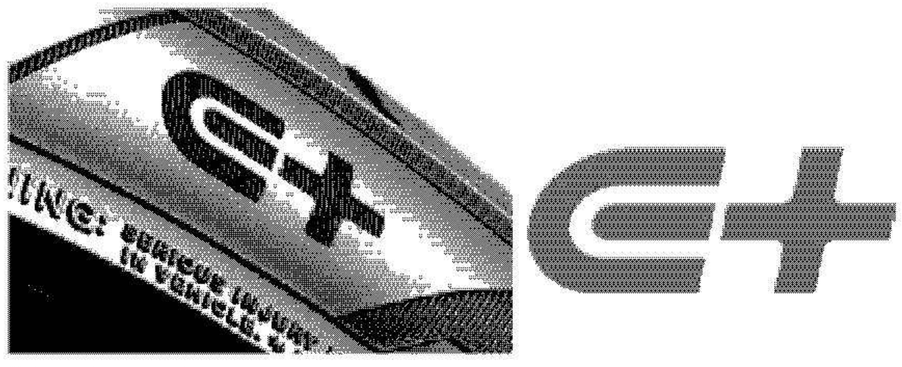
The Yokohama Rubber Group aims to provide safe and high-quality products and services based on the Yokohama Rubber Group Action Guidelines. We are constantly challenging the forefront of technology in the development of products that support mobility and industry, such as tires and industrial products, striving to improve quality and performance, and working to create new value by pursuing greater convenience and efficiency for customers through DX-based services.

Initiatives to Increase the Number of Tire Products Suited for Electric Vehicles

Our group is working to increase the number of tires for electric vehicles[*2] in response to the trend toward carbon neutrality and the expansion of EV adoption. As of December 2024, there are five E+ mark (electric vehicles compatible) tire products, with a goal to increase this to ten products by fiscal 2026.

The E+ mark is given to tires equipped with technologies that meet the unique needs of EVs, such as high load capacity due to the installed batteries, high torque output, quietness, improved electricity efficiency, and extended driving range. To respond to the expansion of the premium EV market, we have developed the EV-exclusive ultra-high-performance summer tire "ADVAN Sport EV," and have also added the E+ mark to premium comfort tires such as "ADVAN dB V553." We have also introduced the E+ mark for truck and bus tires, further strengthening our support for electric vehicles. We will continue to strengthen research and development and original equipment, contributing to the realization of a decarbonized society.

*2 Electric vehicles include BEV (battery electric vehicles), EV (electric vehicles), PHEV (plug-in hybrid vehicles), HEV (hybrid vehicles), and FCEV (fuel cell electric vehicles)



E+ mark engraving

Initiatives to Increase the Number of High Value-Added Off-Highway Tire Sizes

In the off-highway tire sector, we have set the increase in the number of tire sizes compliant with VF and PFO standards as a KPI, aiming to realize our vision of "contributing to economic and social development through the provision of high value-added off-highway tires." As of December 2024, the total number of compliant sizes is 272, with a target of 384 sizes by fiscal 2026.

VF standard-compliant tires (hereafter VF tires) can support the same load as conventional radial tires at 40% lower air pressure. Low-pressure operation reduces pressure on the soil and suppresses damage caused by soil compaction. Research has reported that soil compaction can impede the flow of air and water and hinder crop root growth, leading to reduced



Agricultural machinery equipped with PFO standard-compliant tires

yields. Introducing VF tires reduces soil compression, promotes crop growth, improves productivity, and leads to better work efficiency and fuel economy.

In addition, we are also expanding our lineup of tires that comply with PFO standards (hereafter PFO tires) that enhance the load carrying capacity of VF tires during low-speed operation. Tires equipped with PFO technology allow for even lower tire pressures than VF tires, further reducing soil compression. Minimizing the impact on soil enables the use of large agricultural machinery and leads to improved work efficiency.

There are only a few makers in the world capable of supplying both VF tires and PFO tires. We have an extensive lineup of tires that meet a wide range of needs. By providing high-quality tires trusted by users and comprehensive after-sales services, we will support improving the productivity of farmers, reducing the environmental impact, and contribute to the stable supply of foods, and aim to achieve a sustainable society.



TM1000 PFO Standard-Compliant Tire

Expansion and Deployment of DX Solutions – Optimization of Tire Management –

To achieve our vision of "Improve customer convenience and efficiency through DX-based services," we are strengthening the deployment of "T.M.S" (Tire Management System).

"T.M.S" is a service for transportation operators that centrally manages data such as internal tire pressure, temperature, and tire wear status in the cloud. This data is collected from tire inspections and sensors installed on tires. By connecting tire-related data via the Internet, our "tire professionals" can quickly provide wear predictions and propose optimal products and operation plans, thereby helping to solve challenges in the transportation business.

In addition, "T.M.S" is a highly redundant system. It can incorporate and utilize data from the latest technologies such as "sensors with new functions" and "AI-based inspection systems" that are expected to be implemented in the market in the future.

Since the service launch in 2003, "T.M.S" has expanded its offerings with a focus on "solving customer issues," and as of December 2024, the results are 49,019 registered vehicles and 328,823 tires inspected per year. We aim to expand the use of T.M.S, targeting a cumulative total of 50,000 registered vehicles and 450,000 tires inspected per year by fiscal 2026.


Tire inspection using "T.M.S"

Looking Ahead

We see CASE*3, a new wave of technological innovation in the automotive industry, and the spread of MaaS*4, which is leading to a decrease in private car ownership, as business opportunities arising from changing customer needs. We will accelerate technological innovation to capitalize on these opportunities. We will also thoroughly pursue the development of high-quality, safe products and the provision of services tailored to customer needs.

We will continue to take on the challenge of creating new value in order to realize our vision of "Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies," "Contribute to economic and social development by providing high value-added off-highway tires," and "Improve customer convenience and efficiency through DX-based services."

*3 CASE: A coined term from the initials of Connected, Autonomous, Shared & Services, and Electric.
*4 MaaS: Abbreviation for Mobility as a Service. A new concept that integrates various types of mobility services into one and provides them to users.

Environment Contribution to a Decarbonized Society and Circular Economy

The Yokohama Rubber Group considers "Contribution to a decarbonized society and circular economy" as one of our most material management issues. We aim to realize a sustainable society and achieve sustainable corporate growth by reducing environmental impact and making effective use of resources.

Metrics (KPIs)	What we aim to do
Reduction of greenhouse gas emissions (Scope 1+2) Percentage of electricity used by the Company from renewable energy sources Percentage of renewable and recycled raw materials used	• Contribute to a decarbonized society through our products • Reduce greenhouse gas emissions and energy consumption • Contribute to the circular economy by increasing the use of renewable and recycled materials

Basic Approach

We aim to minimize the burden on the environment in accordance with the Yokohama Rubber Basic Environmental Policy, the Yokohama Rubber Environmental Policy, and the Yokohama Rubber Group Action Guidelines. We promote the development and introduction of environmental technologies, work with stakeholders to reduce atmospheric emissions throughout the value chain, and strive to expand the use of renewable and recycled materials in our products. Based on the belief that sustainability activities should be compatible with corporate growth, we will proceed with environmental investments in accordance with normal recovery discipline, ensuring long-term profitability.

Yokohama Rubber Basic Environmental Policy, Yokohama Rubber Environmental Policy, and Yokohama Rubber Group Action Guidelines
https://www.y-yokohama.com/global/sustainability/environment/natural/

Contribute to a Decarbonized Society Through Our Products

Our company began working to improve the environmental performance of tires in 1996, launched "ECO Tire DNA" in 1998, and developed "BluEarth" in 2010, accelerating the spread of fuel-efficient tires. Fuel-efficient tires reduce rolling resistance, thereby reducing fuel consumption and CO_2 emissions. In 2023, we also introduced the "E+" mark for tires for electric vehicles, contributing to the promotion of sustainable mobility. In addition, we are promoting the development of products for a decarbonized society, such as flame-retardant conveyor belts that reduce running resistance to achieve lower energy costs and CO_2 emissions.

▶P.55 Provision of products and services that contribute to a sustainable society

Reduce Greenhouse Gas Emissions and Energy Consumption

Progress on SBT Certification

To strengthen efforts to reduce greenhouse gas emissions, on January 30, 2024, we submitted a commitment letter to the "Science Based Targets initiative (SBTi)" to obtain certification for "Science Based Targets (SBT)." This commitment letter pledges to set and submit reduction targets in the line with SBTi's criteria within two years. In addition to our own direct emissions, we have set targets for the entire supply chain's indirect emissions, using 2024 as the base year, and aim to obtain certification in early 2026. To achieve the set targets, we will continue to utilize renewable energy and disclose emissions, and promote emission reductions throughout the supply chain.

Reducing Energy Consumption

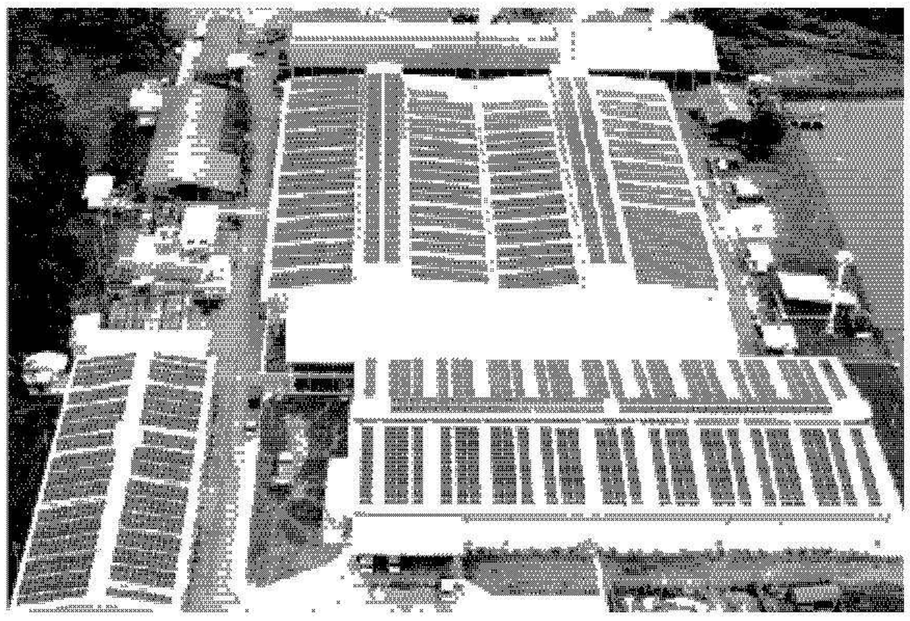
To reduce greenhouse gas emissions and prevent resource depletion, we comply with international agreements on proper energy use, regulations in each country where we operate, and the policies of relevant organizations, and promote proper energy use and reduction activities.

At our production sites, we are actively pursuing system improvements (development of energy-saving vulcanization systems, use of cogeneration), savings improvements (expansion of LED use, improvement of equipment operating rates), and process improvements (optimization of rubber mixing processes). Furthermore, as a company-wide initiative including departments outside of production sites, we are implementing the "1% annual in-house improvement activity," which continuously reviews and improves equipment, machinery, and transportation processes.

Promoting Solar Power Generation at Our Natural Rubber Processing Plant in Thailand

Our group is steadily promoting energy-saving activities that balance cost reduction and CO_2 emission reduction, such as improving factory equipment efficiency and optimizing operations, while also actively making environmental investments that can ensure long-term profitability in accordance with normal recovery discipline.

In fiscal 2024, at our group's natural rubber processing plant in Thailand, we utilized tax incentives to install solar power generation equipment on the roofs of the factory building and two warehouses, which began full-scale operation in July. As a result, the plant is expected to achieve about a 13% reduction in CO_2 emissions, and contribute to profits through reduced energy costs.



Solar power generation equipment at the natural rubber processing plant

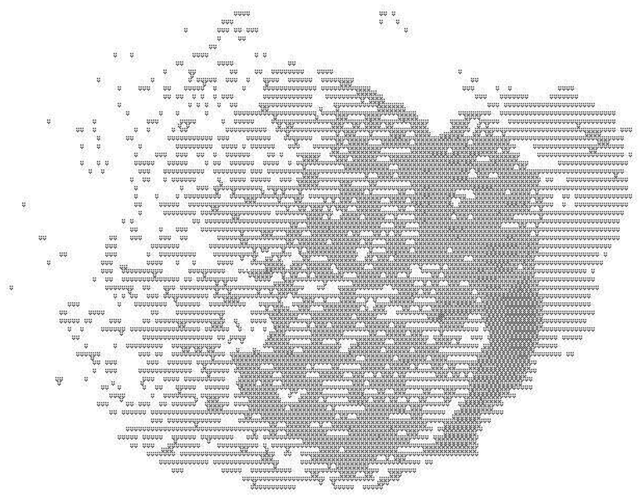
Expanding the Use of Renewable/Recycled Raw Materials

In January 2022, Zeon Corporation and Yokohama Rubber's "Development of Manufacturing Technology for Synthetic Rubber Core Chemicals with Carbon Resource Recycling" has been adopted by the New Energy and Industrial Technology Development Organization (NEDO) as a" Green Innovation Fund Project /Development of Technology for Producing Raw Materials for Plastics Using CO_2 and Other Sources." The Green Innovation Fund Project is a program established by the Ministry of Economy, Trade and Industry (METI) to support businesses in conducting innovative research for reducing greenhouse gas emissions.

This demonstration project aims to establish two advanced technologies to produce butadiene and isoprene based on carbon resource recycling, from renewable carbon resources such as biomass at high yield rates, and to implement them in society in the 2030s. From 2026, we plan to collect various data for securing and mass-producing butadiene at the bench facility to be constructed within Zeon's Tokuyama Plant.

In addition, we have been supplying racing tires using renewable and recycled materials from 2023 in support of the SUPER FORMULA NEXT 50 sustainability project by Japan Race Promotion Inc., which runs the SUPER FORMULA series. The tires to be supplied in 2025 utilize various naturally derived compounding agents, as well as recycled wire made from recycled iron and recycled rubber from waste tires, achieving a ratio of renewable and recycled materials of approximately 46%,* significantly exceeding the initial 2025 target of 35%. We will continue to develop technologies that increase the ratio of renewable and recycled materials and improve driving performance, contributing to the realization of sustainable motorsports.

* Average value for dry and wet tires



Butadiene rubber prototyped in the laboratory facility

Looking Ahead

Our group will further promote efforts toward a sustainable society by "contributing to a decarbonized society through our products," "reducing greenhouse gas emissions and energy consumption," and "contributing to the circular economy by increasing the use of renewable and recycled materials." We will contribute to reducing CO_2 emissions through the development of fuel-efficient tires and the expansion of products for electric vehicles, while also strengthening the use of renewable energy. We will also promote the development and introduction of environmental technologies and work to expand the use of renewable and recycled materials. Going forward, we will continue to reduce environmental impact throughout the value chain and promote sustainability activities in harmony with corporate growth.

Environment Living in Harmony with Nature

The Yokohama Rubber Group recognizes the impact of its business activities on the natural environment and aims to realize a world that lives in harmony with nature. We will continue to work for the conservation, restoration and regeneration of biodiversity throughout the value chain to promote creation of a sustainable environment.

Metrics (KPIs)	What we aim to do
Number of trees planted and saplings provided as part of "YOKOHAMA Forever Forest" activities	Promote nature positive-oriented[*1] initiatives
Number of business sites certified as "Nationally Certified Sustainably Managed Natural Sites" (Japanese OECM) by the Ministry of the Environment	
Number of serious environmental incidents (air, water, or soil)	Strengthen environmental management

*1 The concept of halting and reversing biodiversity loss.

Basic Approach

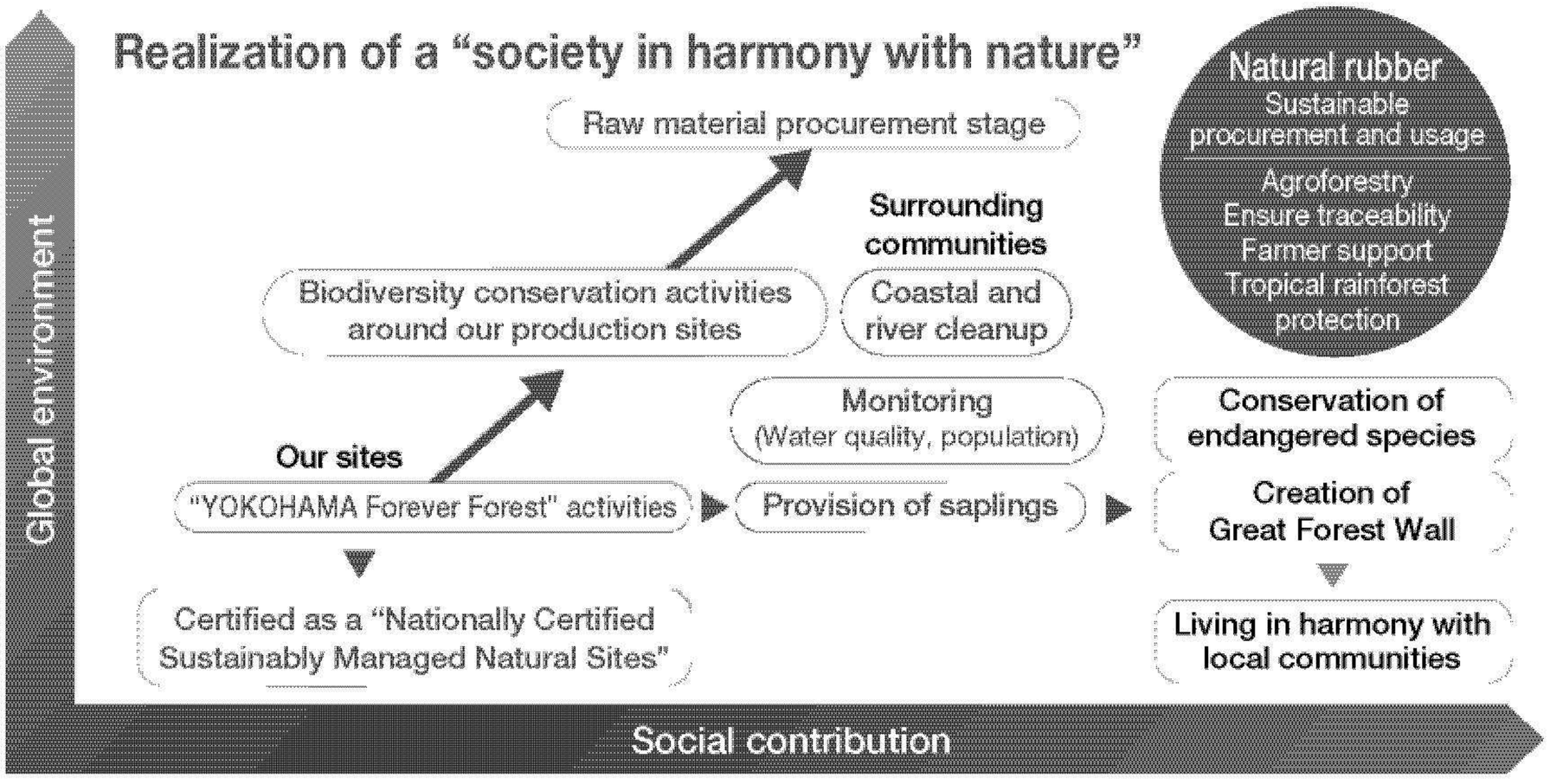
The Yokohama Rubber Group's business activities depend on the blessings of nature (ecosystem services) and the impact biodiversity at the same time. To achieve a "world living in harmony with nature", based on this recognition, we comply with global goals and initiatives such as the Kunming-Montreal Global Biodiversity Framework and reduce impacts on the environmental impact throughout the value chain and promote the restoration/regeneration of nature. We aim to build a sustainable society by minimizing negative impacts on biodiversity and contributing to nature positivity.

Yokohama Rubber Group Biodiversity Guideline: <Action Guidelines> (extract)

1. Recognize the issue of biodiversity as a business challenge and continually monitor the sustainable use of natural resources and biodiversity conservation.
2. Understand the relationship between business and impacts on biodiversity and its dependency on nature by scientific approaches.
3. Reduce negative impacts caused by our business activities, while increasing positive impacts.
4. Promote the sustainable use of natural resources throughout the entire value chain through technological innovation.
5. Have the integrated perspective to solve social issues including biodiversity and climate change.
6. Promote biodiversity conservation in collaboration with suppliers to increase sustainability of natural resources.
7. Support employees so they can contribute to biodiversity conservation.
8. Build a trust relationship through communication and collaboration with stakeholders to increase the effectiveness of initiatives.
9. Actively disclose information on a regular basis about efforts for biodiversity conservation in accordance with these policies.

Yokohama Rubber Group Biodiversity Guideline
https://www.y-yokohama.com/global/sustainability/data/pdf/biodiversity_guideline_en.pdf

Overview of Yokohama Rubber Group's Nature Positive-oriented Initiatives

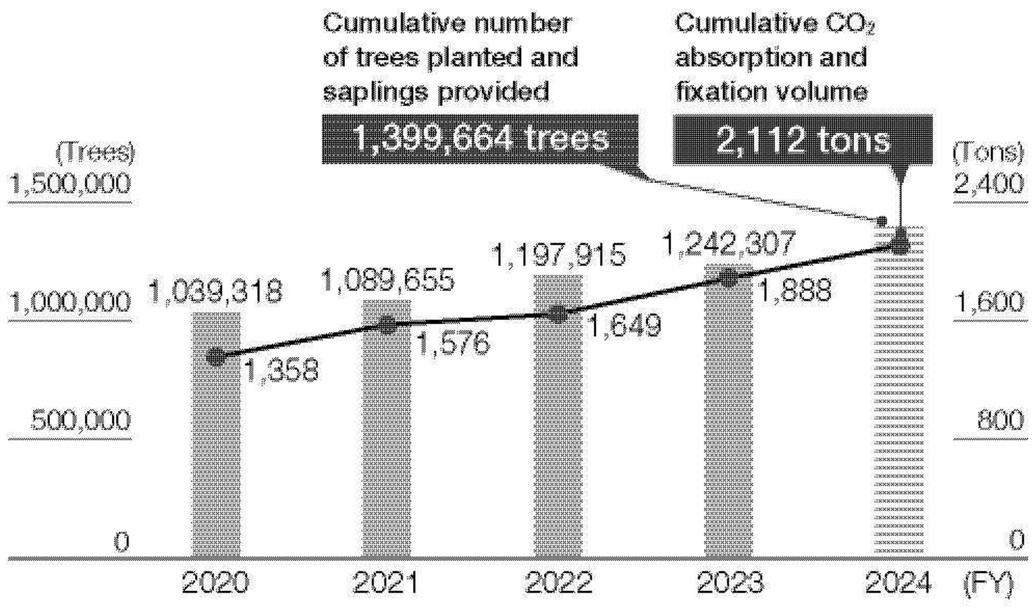


Nature Positive-Oriented Initiatives

YOKOHAMA Forever Forest Activities

"YOKOHAMA Forever Forest" is a company-wide afforestation activity launched in 2007. Tree planting has been carried out at 14 sites in Japan and 21 sites in 8 countries overseas, and it is estimated that by the end of 2024, 2,112 tons of CO_2 had been absorbed, based on seedling growth surveys. We will continue tree planting and seedling provision, aiming to reach 1.5 million trees by 2030, while promoting activities that contribute to climate change mitigation and ecosystem conservation.

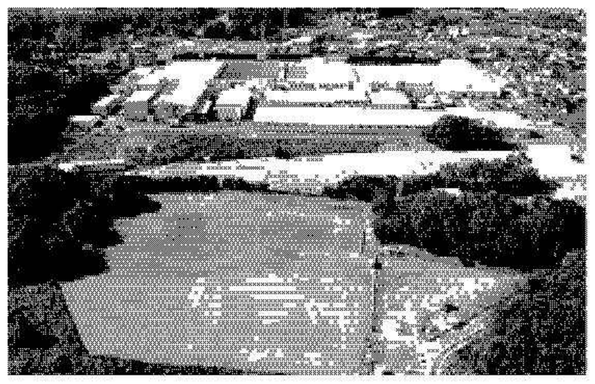
Results of YOKOHAMA Forever Forest Activities



The cumulative number of trees planted and saplings provided for fiscal 2023 has been revised.

Biodiversity Conservation Activities at Business Sites

At our business sites, we promote conservation activities aimed at nature positivity through the creation and maintenance of environments that contributemfk to biodiversity. Six plants, including the Hiratsuka Plant, have obtained ABINC Certification[*2], and the Ibaraki Plant has been certified by the Ministry of the Environment as a "Nationally Certified Sustainably Managed Natural Site"[*3] as an area where biodiversity is conserved through private sector initiatives. We have set a goal to increase the number of Nationally Certified Sustainably Managed Natural Sites to five by 2026, and will continue to reduce negative impacts on biodiversity and promote the restoration and regeneration of nature.



Ibaraki Plant certified as a "Nationally Certified Sustainably Managed Natural Site"

*2 ABINC Certification: A third-party evaluation by the Association for Business Innovation in harmony with Nature and Community(ABINC). It is a comprehensive system based on strict guidelines established by the Japan Business Initiative for Biodiversity, focusing on three main points: creating environments that contribute to biodiversity, biodiversity-conscious maintenance and management, and communication with stakeholders.

*3 The "Nationally Certified Sustainably Managed Natural Sites" certification system was officially launched by the Ministry of the Environment in 2023 with the aim of achieving 30by30, an international goal of conserving and protecting more than 30% of land and sea that have normal ecosystems by fiscal 2030.

Strengthen Environmental Management

Our group aims to live in harmony with nature and promotes the reduction of environmental impact from business activities through strengthened environmental management. We have introduced an environmental management system based on ISO 14001 standards, and are developing advanced and consistent environmental management at group companies in Japan and overseas. At our production sites, a total of 52 locations—16 in Japan and 36 overseas—have obtained certification, and we are working to strengthen environmental management. We also strive to enhance the level of environmental management through annual internal audits, confirming that each department is actively setting and implementing policies and targets to reduce environmental impact. We will continue to promote effective environmental management and aim to realize sustainable business activities.

Evaluation and Verification of Sustainable Procurement

We participated in a Japan Ministry of the Environment project for evaluating and verifying sustainable procurement of natural capital from the ASEAN region as a collaborating organization in April 2024. By utilizing advanced technologies such as remote sensing[*4] , we accurately grasp the scope of plantations and, through the development of monitoring methods, aim to promote sustainable raw material procurement and achieve appropriate disclosure of information related to natural capital. As a company engaged in natural rubber procurement, we have conducted demonstration monitoring at natural rubber farms in Thailand. Through participation in this research and development, we are working to establish monitoring and information disclosure methods, thereby enhancing supply chain transparency and promoting environmental conservation through the establishment of traceability.

*4 Remote sensing technology: A technology that analyzes information obtained by sensors mounted on satellites, enabling the understanding of the condition of forests in remote areas, as well as the quality and growth status of crops.

Looking Ahead

We will work to reduce the negative impact of resource use and pollution, and promote the sustainable use of natural resources and the conservation of biodiversity. Additionally, we aim to contribute to a nature positive world by enhancing the sustainability of natural resources throughout the supply chain in cooperation with suppliers and promoting the restoration/regeneration of nature.

Environment Disclosure Based on the TCFD and TNFD Frameworks

The Yokohama Rubber Group recognizes the importance of issues related to climate change and natural capital, and is promoting sustainable business management and disclosure of information in line with the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD).

Governance

Our CSR Council, chaired by our Chairman and CEO, convenes twice a year (in May and November), and is positioned to plan and discuss sustainability issues to be addressed by the Yokohama Rubber Group.

Regarding issues related to climate change and natural capital, we have established the Environment Council (chairman: head of CSR Div.) as a body subordinate to the CSR Council to consider strategies related to climate change and natural capital, including carbon neutral strategies and conduct monitoring. Furthermore, as subordinate organizations under the Environment Council, we have established four committees, two task forces, and two councils to give in-depth consideration of individual themes.

In addition, in the case that it is necessary to make decisions on important matters or make early decisions, or make reports or conduct deliberations, an Executive Committee will make reports and conduct deliberations, and submit the details of such reports and deliberations to the Board of Directors according to their importance.

Progress on sustainability issues is reported monthly to the Chairman & CEO, President & COO, Member of the Board in charge of the Corporate Social Responsibility Div., and the internal director serving as Audit and Supervisory Committee member. Carbon neutrality, circular economy, nature positive-oriented initiatives, and other environmental issues are discussed as ongoing themes at biannual (May and November) meetings on business strategies and other matters held by all Group executives (including those overseas).

Risk and Impact Management

Under the Environment Council, the Carbon Neutral Committee identifies and assesses risks related to climate change, and the Nature Positive Promotion Committee and other individual committees, task forces and councils identify and assess risks related to natural capital, and engage in activities to mitigate them.

The more critical environmental risks identified by the individual committees, task forces, or councils will be directly worked on by the Environment Council to decide corporate actions. For physical risks such as natural disasters, the Central Meeting for Disaster Prevention promotes disaster control, and BCP and risk reduction efforts. The most critical and urgent ones are discussed, evaluated and acted upon by the Risk Management Committee, chaired by the Officer in charge of Risk Management. The Risk Management Committee is a body established to strengthen our defense against various risks surrounding us. The activities of the Risk Management Committee are regularly reported to the Board of Directors.

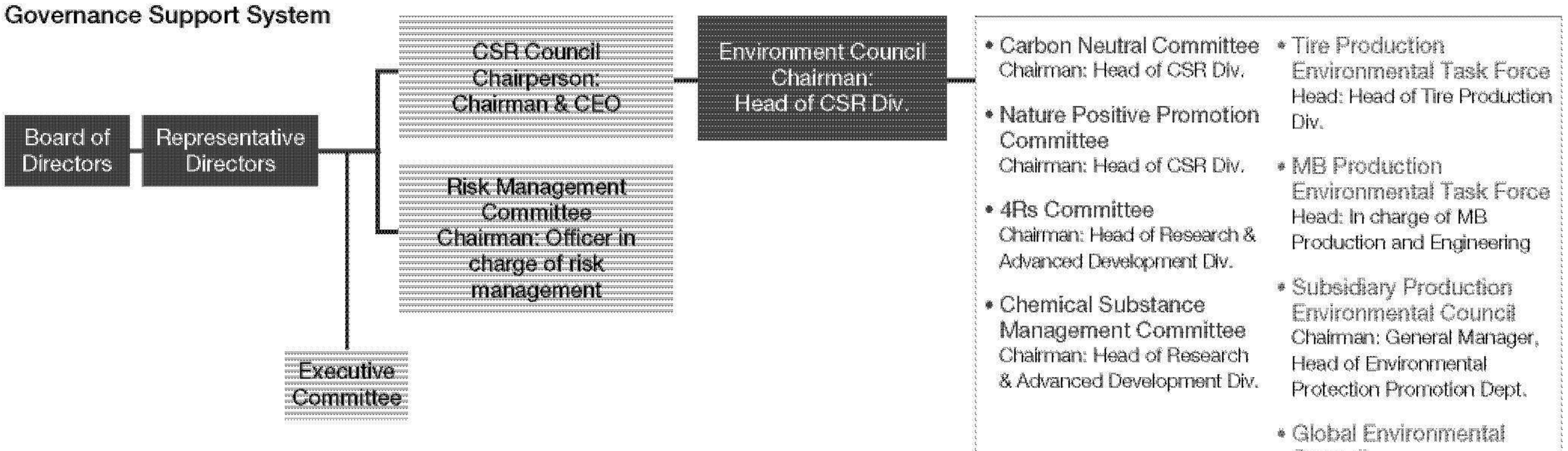
Strategy

Climate Change

We have classified climate-related risks into two specific categories, risks associated with the transition to a low-carbon economy (transition risks), and risks associated with the physical impacts of climate change (physical risks). We have also assessed the magnitude of the resulting financial impacts and summarized the risks and opportunities for our business.
In addition, we have conducted an analysis using scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) regarding temperature increases, and examined adaptation measures and financial impacts based on the risks and opportunities of the 1.5°C and 4°C scenarios, respectively.

The results of the analysis are reflected and implemented in YX2026 and materiality initiatives as “future countermeasures.”

Governance Support System



Major Risks and Opportunities Related to Climate Change and Countermeasures

	Material factors	Category	Potential financial impact	Financial impact	Future countermeasures
Risks / Transition risks	Transition to a decarbonized society	Policies and regulations	Introduction and rise of carbon pricing	Large	・Formulate and implement a roadmap to carbon neutrality ・Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.) ・Expand use of renewable energy ・Introduce new energy technologies
		Markets	Resource (raw material) price hikes and supply instability	Large	
			Increase in renewable energy and fuel prices (crude oil, natural gas)	Large	
		Technologies	Capital investment to improve manufacturing process efficiency	Medium	
		Reputation	Impact on customer evaluation of emission reduction efforts and stance, and on stock prices	Small	
			Response to the global movement to promote the use of renewable energy (reputation among stakeholders)	Small	
	Change in demand for products and services	Markets	Product selection based on evaluation of CO_2 emissions during manufacturing (Competition within the same product)	Large	・Promote carbon neutral manufacturing sites to achieve zero CO_2 emissions during production
	Response to changes in the automotive industry	Markets	Decline in car sales due to MaaS	Large	・Explore commercial tires enhancements, costs, services, and DX
Physical risks	Intensification of weather disasters due to rising temperatures	Acute	Raw material procurement difficulties and higher procurement costs due to supply chain disruptions	Large	・Diversify suppliers and raw material production sites ・Strengthen manufacturing sites against windstorms, floods, and earthquakes, formulate BCP
			Equipment damage or shutdown due to extreme weather	Large	
	Intensification of climate change	Chronic	Depletion of natural rubber (natural resources) due to climate change, making procurement difficult	Large	・Strengthen sustainable raw materials research and development
			Decline in demand for winter tires due to reduced snowfall, etc.	Large	・Develop and launch sales of all-season tires
			Increased R&D investment required to improve product performance	Medium	・Promote joint R&D with business partners
Opportunities	Transition to a decarbonized society	Energy sources	Reduce energy costs by improving manufacturing process efficiency	Medium	・Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.)
		Products and services	Increase market share by responding quickly to changes in demand (carbon neutral compliance and performance requirements for electric vehicle (EV) installation) and stricter regulations.	Large	・Increase installation of EV-compatible tires on new vehicles ・Expand sales of "E+" mark EV-compatible tires
	Change in demand for products and services	Products and services	Improve competitiveness and profitability by offering products with reduced environmental impact using renewable/recycled raw materials and fuel-efficient, low-carbon products	Large	・Expand sales of tires and rubber products using renewable/recycled raw materials ・Expand sales of fuel-efficient tires with superior environmental performance ・Expand sales of tires and rubber products with zero CO_2 emissions during manufacturing
	Response to changes in the automotive industry	Products and services	Increased demand for products and services that support next-generation mobility (CASE and MaaS compliance, new business opportunities through hydrogen utilization)	Large	・Sell sensor tires (IoT tires) ・Strengthen tire solution services
	Climate change	Products and services	Increased demand for products and services that contribute to disaster prevention, recovery, temperature change, food and nature (Example: Tires that contribute to crop/forest growth, etc.)	Large	・Expand sales of off-highway tires (OHT) ・Expand sales of rubber products such as conveyor belts that are highly resistant to impacts and heat

Summary of Scenario Analysis Results

Scenario Conditions		1.5°C Scenario	4°C Scenario
Scenario overview		Limits the increase in global average temperature to 1.5°C above pre-industrial levels by 2100 through stringent climate policies and technological innovations for sustainable development.	Failure of strict climate policies and technological innovation, and rapid intensification of the physical effects of climate change, resulting in a 4°C increase in average temperature by 2100 relative to pre-industrial levels.
Reference scenarios	Transition risks	IEA Net Zero Emissions by 2050 Scenario (NZE)	IEA World Energy Outlook 2021 (WEO2021)
	Physical risks	IPCC 6th Report SSP1-1.9	IPCC 6th Report SSP5-8.5
Analysis results		Mainly transition risks/opportunities are manifested. [Risks] Increased energy costs and capital investment to improve manufacturing process efficiency required to comply with strict climate change regulations, renewable energy procurement, and the introduction of carbon pricing Increased R&D and procurement costs for renewable/recycled raw materials due to an increase in the number of the products with reduced environmental impact [Opportunities] Competitiveness and profitability enhancements through carbon neutral compliance, early response to EV-mounted performance requirements, and provision of the products with reduced environmental impact, fuel-efficient, and low-carbon products	Mainly physical risks/opportunities are manifested. [Risks] Increased occurrence of serious natural disasters at manufacturing sites and in the supply chain; Extreme weather conditions may also deplete natural resources, causing raw material supply instability Product demand fluctuation due to chronic climate change, induding lower demand for winter tires due to reduced snowfall, among other factors [Opportunities] Increased demand for products and services compliant with disaster prevention, recovery, and temperature fluctuations

Environment Disclosure Based on the TCFD and TNFD Frameworks

Natural Capital

For our group's main businesses—tires, MB (hoses and couplings, industrial products), and others (PRGR brand golf products)—we evaluated dependence on and impact on nature throughout the value chain, from raw material procurement to business processes, and identified sites with regional natural characteristics and nature-related risks and issues that require attention based on their locations. The target regions include not only Japan, but also major production sites in China, India, Southeast Asia, the United States, and Europe.

For risk identification, we used the nature-related risk assessment tool ENCORE, and further evaluated our connection with nature using the "WWF Biodiversity Risk Filter" and water risks using "Aqueduct" and the "WWF Water Risk Filter." As a result, it was found that, upstream in the value chain, there is a particularly high dependence on and impact from land use and deforestation in natural rubber production areas, as well as land and water use at production sites.

Our Evaluation Method Based on the LEAP Approach

Scoping

ENCORE

Analysis of nature-related dependencies, impacts, risks, and opportunities in major business activities (Tires, MB, Sports)

→ The procurement stage for raw materials (especially natural rubber farms) and production sites (particularly those with rubber vulcanization processes) are of high materiality

Locate	Evaluate	Assess	Prepare
ENCORE Aqueduct WWF Water Risk Filter WWF Biodiversity Risk Filter	ENCORE		ENCORE AR3T Framework
• Identification of regions with high water risk and factories with high water usage • Evaluation of sites with high biodiversity materiality in the surrounding environment	• Risk identification through analysis of natural rubber farm survey data • Conducting human rights due diligence in Surat Thani, Thailand		• Setting of KGI and KPI • Annual reporting

Value Chain of the Tire Business

Value chain of tires

Upstream				Internal operations			Downstream		
Raw materials Extraction	Raw materials Processing	Materials Production	Transport	Compounding and mixing Parts production	Assembly	Vulcanization	Distribution Sales	Use	Reuse Recycling and disposal
<Major outputs>									
• Latex • Crude oil • Mineral resources	• USS (Unsmoked Sheet) • Naphtha • Metal	• Natural rubber • Synthetic rubber • Compounding agents • Wire • Fabric	→	• Compound • Components	• Green tire (raw tire)	• Tire	→		• Retread tire • Powdered rubber • Waste tire
<Main Production Processes>									
◆ Latex harvesting ◆ Crude oil and natural gas extraction ◆ Mineral extraction	◆ Latex processing ◆ Petroleum and gas refining ◆ Iron and other metal production	◆ Natural rubber processing ◆ Chemical product production ◆ wire production ◆ Fabric production	◆ Raw material transportation	◆ Compounding ◆ Mixing ◆ Component production	◆ Molding	◆ Vulcanization ◆ Quality inspection ◆ Storage	◆ Distribution and sales ◆ Customer service	◆ Technical support	◆ Collection of used products ◆ Retreading ◆ Recycling

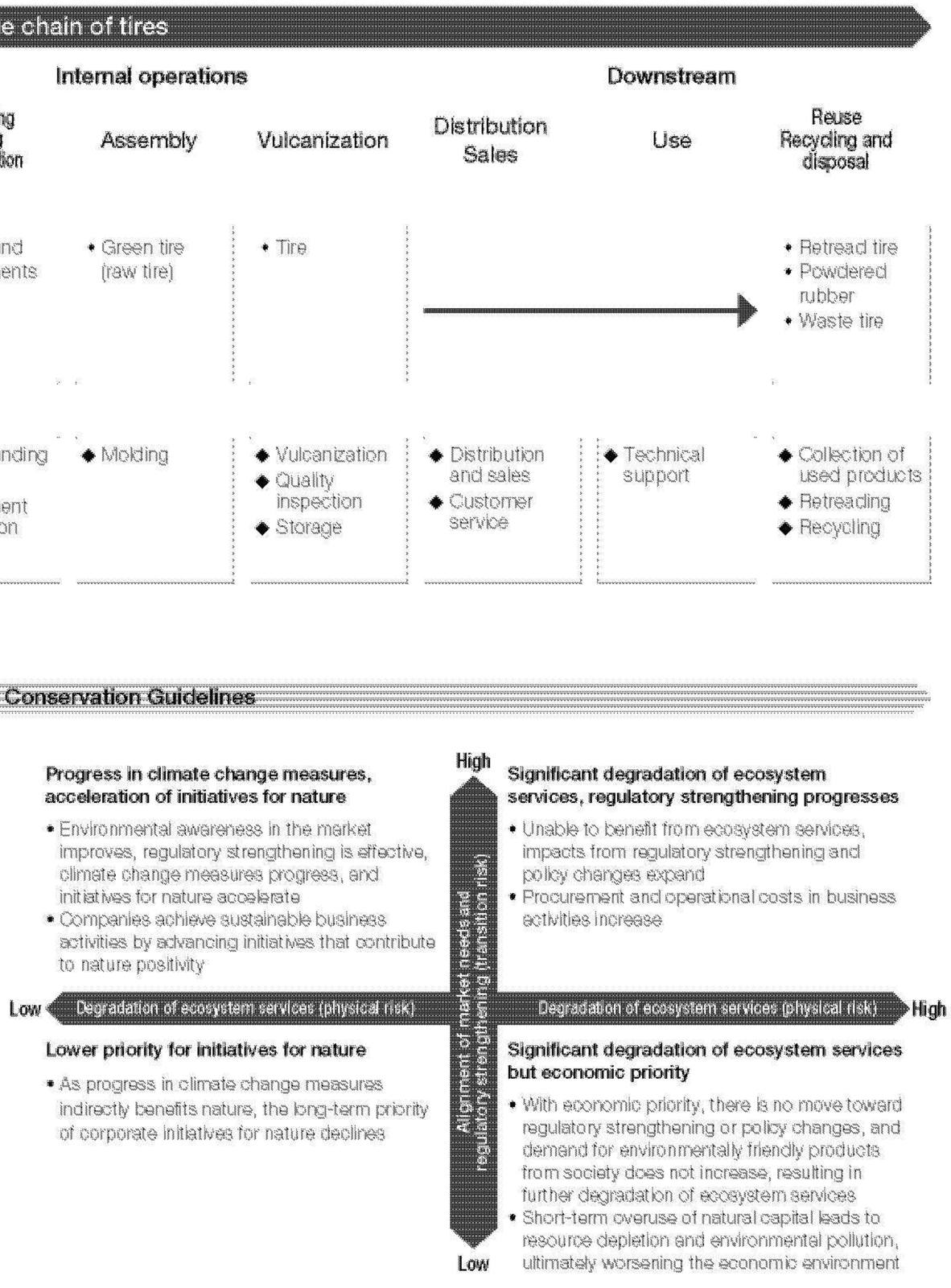
Procurement Policy for Sustainable Natural Rubber

Green Procurement Guidelines/CSR Procurement Guidelines

Biodiversity Conservation Guidelines

Scenario Analysis

For the analysis, we referred to TNFD guidance and, as shown in the diagram on the right, set up four scenario quadrants based on two axes: "alignment of market needs and regulatory strengthening (transition risk)" and "degradation of ecosystem services (physical risk)." Based on the four scenario quadrants, we examined the risks and impacts to our group's business and corresponding countermeasures.



Risks, Impacts, and Countermeasures Related to Natural Capital

TNFD classification			Business risks and opportunities for our organization	Potential impact on an organization's business	Financial impact	Time frame	Future countermeasures
Risks	Transition risks	Policies	Introduction and enhancement of regulations	Increase in procurement and development costs due to response to the enhancement of existing regulations and the introduction of new regulations related to deforestation, raw materials, and water	Medium	Short- to mid-term	Countermeasure 1 Countermeasure 2
		Markets	Increase in raw materials prices	Increase in costs for the procurement of natural rubber and other raw materials due to increase in costs for ecosystem preservation	Large	Short- to mid-term	Countermeasure 3
			Change in consumer behavior	Consumers' decision to avoid purchasing our product due to insufficient efforts for ecosystem preservation	Large	Short- to mid-term	Countermeasure 4 Countermeasure 5
		Technologies	Development and dissemination of technologies with low environmental impact	Delay in the development of sustainable raw materials and increase in introduction costs	Large	Short- to mid-term	Countermeasure 3
		Reputation	Evaluation from consumers and society	Defection of customers and degradation of corporate image due to insufficient efforts for ecosystem preservation	Medium	Mid- to long-term	Countermeasure 4 Countermeasure 5
			Evaluation from investors	Decrease in ESG ratings and stock prices due to insufficient efforts for ecosystem preservation	Medium	Mid- to long-term	Countermeasure 4 Countermeasure 5
		Compensation liability	Occurrence of compensation liability due to the development of laws and regulations, and legal precedents	Increase in the number of lawsuits related to the violation of rights of indigenous people and local community	Medium	Short- to mid-term	Countermeasure 1 Countermeasure 4
				Response to lawsuits and administrative guidance by strengthening environmental regulations, etc.	Medium	Short- to mid-term	Countermeasure 4
	Physical risks	Acute	Increase in natural disasters	Production halt due to the occurrence of natural disasters associated with ecosystem degradation around production sites	Medium	Short- to mid-term	Countermeasure 4
Opportunities		Resource efficiency	Dissemination of efficiency solutions	Cost reduction by the adoption of recycled raw materials and the improvement of resource efficiency	Medium	Mid- to long-term	Countermeasure 3
		Markets	Change in consumer behavior	Response to increased demand for products giving consideration to the reduction of environmental impacts and ecosystem preservation	Medium	Mid- to long-term	Countermeasure 5 Countermeasure 6
		Products and services	Expansion of businesses related to natural capital	Development and sales of tires for agricultural and forestry machinery vehicles giving consideration to ecosystem preservation	Medium	Mid- to long-term	Countermeasure 6
		Reputation	Evaluation from consumers and society	Improvement of customer evaluation and corporate image due to accelerated efforts toward nature positive	Medium	Mid- to long-term	Countermeasure 4 Countermeasure 5
			Evaluation from investors	Improvement of ESG ratings and corporate value due to accelerated efforts toward nature positive	Medium	Mid- to long-term	Countermeasure 4 Countermeasure 5

Countermeasure 1: Ensuring traceability, Countermeasure 2: Proper management of water resources, Countermeasure 3: Contribution to a circular economy, Countermeasure 4: Strengthening biodiversity conservation activities, Countermeasure 5: Enhancing stakeholder engagement, Countermeasure 6: Production and sales of environmentally friendly products

Metrics and Targets

Climate Change

Metrics (KPIs)	FY2025 Targets	FY2030 Targets	FY2050 Targets
Reduction of greenhouse gas emissions (Scope 1+2)	30% reduction compared with the FY2019 level	40% reduction compared with the FY2019 level	Achievement of carbon neutrality
Percentage of renewable energy	—	—	Achieving 100%
Renewable/recycled raw material usage	28%	40%	Achieving 100%

Actual Greenhouse Gas Emissions

Scope 1, 2 (Consolidated)

Scope (Unit: thousand tons)	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	605	699	648	588	591
Scope 2	550	601	593	494	545
Scope 1 and 2 combined	1,155	1,300	1,241	1,082	1,136
Reduction rate of Scope 1 and 2 combined (Base year: FY2019)	(9.1%)	2.3%	(2.3%)	(14.8%)	(10.6%)

* Actual greenhouse gas emissions of each fiscal year (Scope 1 or 2) include actual emissions from Yokohama TWS before its merger.
* From fiscal 2024, we have added the Visakhapatnam Plant in India to the boundary.

Scope 3 (Consolidated)

	Category (Unit: thousand tons)	FY2020	FY2021	FY2022	FY2023	FY2024
1	Purchased goods and services	2,924	4,031	4,022	3,381	4,584
2	Capital goods	52	152	175	199	253
3	Fuel- and energy-related activities (not included in Scope 1 or 2)	135	147	129	139	139
4	Upstream transportation and distribution	167	154	125	136	349
5	Waste generated in operations	16	50	27	29	33
6	Business travel	3	5	5	13	18
7	Employee commuting	20	21	19	24	29
8	Upstream leased assets	—	—	—	—	—
9	Downstream transportation and distribution	59	72	59	74	115
10	Processing of sold products	11	10	14	10	12
11	Use of sold products	18,259	19,940	21,087	20,735	33,212
12	End-of-life treatment of sold products	822	875	906	913	1,636
13	Downstream leased assets	—	—	—	—	—
14	Franchises	—	—	—	—	—
15	Investments	112	246	92	67	24
Total of the above		22,578	25,701	26,661	25,718	40,405

* Actual greenhouse gas emissions of Yokohama TWS (Scope 3) have been included since fiscal 2024. In addition, there were no actual emissions classified in the categories of 8, 13 or 14.

Natural Capital

Metrics (KPIs)	Results			Targets
	FY2022	FY2023	FY2024	
(1) Number of trees planted and saplings provided as part of "YOKOHAMA Forever Forest" activities	1,197,915	1,242,307	1,399,664	FY2030: Total number of trees planted and saplings provided of 1.5 million
(2) Number of business sites certified as "Nationally Certified Sustainably Managed Natural Sites" by the Ministry of the Environment	—	1	0	FY2026: 5 sites in total
(3) Number of serious environmental incidents (air, water, or soil)	0	0	0	Continue with 0 cases

* Certification of "Nationally Certified Sustainably Managed Natural Sites" began in fiscal 2023, so the results for fiscal 2022 are shown as "—".

Human Capital Development of Human Capital Capabilities for Sustainable Corporate Value Enhancement

The Yokohama Rubber Group believes achieving sustainable growth amid drastic changes in the operating environment requires improving the value of human capital. We will create a workplace environment that enables diverse human resources to embrace various workstyles and work together cheerfully with vigor and enthusiasm to increase our human capital capabilities.

Metrics (KPIs)	What we aim to do
Ratio of female managers (section manager or higher) (non-consolidated) Ratio of male employees taking childcare leave (non-consolidated) Ratio of employees with continued employment after reaching 65 years old (non-consolidated) Ratio of participation in skill development training ・Ratio of participation in management education programs including MBA courses (non-consolidated) ・Ratio of participation in education programs for DX leader development (non-consolidated) Employee engagement score (non-consolidated)	・Foster diversity and inclusion ・Create innovation and increase productivity through employee development ・Develop safe and healthy workplace environments ・Respect for human rights of employees

Basic Approach

We hold up "Human resources who can commit themselves to results even when they are hard to achieve and contribute to the growth of the Company with their growth, regardless of generation, nationality, and gender," as a vision of desired human resources to continuously improve our corporate value. We respect the character and individuality of our employees, strive to develop personnel with high motivation and broad perspectives, and work to create a safe and comfortable internal environment where diverse talent can thrive.

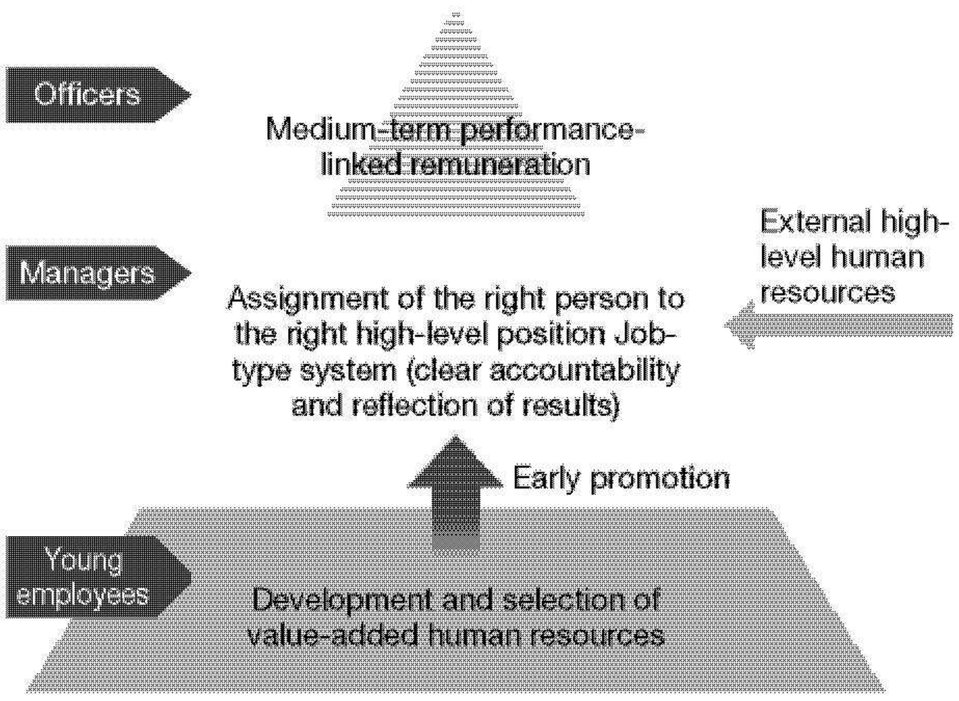
Human Resources Development

Development of professional Human Resources and Personnel Assignment of Right Person to the Right Position

We recognize that it is integral for the Group, which conducts business on a global scale, to deploy professional human resources with a strong desire to achieve targets and wide perspectives who demonstrate their capabilities while having an impact on people around them. To this end, we are developing our educational system and implementing various initiatives.

Specifically, we are strengthening the development and selection of high value-added personnel with advanced techniques, knowledge, and skills, and are promoting initiatives such as "placing the right people in the right positions," in which high-class personnel suited to job requirements are assigned to key positions regardless of age, gender, or nationality. For key positions, we are actively appointing external personnel in addition to internal staff, striving to secure the most suitable talent. We provide a full range of support to our employees based on the belief that encouraging each individual employee to actively make good use of the growth opportunities and growing into a human resource we envision will lead to the Company's advancement.

Assignment of Right Person to the Right Position



We also focus on securing and developing management personnel who can carry the Company on their shoulders so that we can prevail amid global competition.

Desired Personnel Profile

Human resources who, regardless of generation, gender, or nationality, commit to results even under challenging circumstances and contribute to the company's growth through their own personal growth

Human Resources Development Program

In order to respond to changes in the global business environment, we are working to strengthen its human capital through human resource development program. Based on the desired personnel profile for each level, we are working to develop the mindset, abilities, and skills necessary for accurate decision-making and execution.

Specifically, we provide training that adheres to the "three reals philosophy" where employees learn through interaction and experience with the aim of developing individual skills such as rank-based leadership, the ability to solve problems closely related to the workplace, and presentation and negotiating skills. In addition, to continuously improve abilities and enhance the transparency and acceptability of evaluations, we clarify the expected level for each role and have introduced an evaluation feedback system in which supervisors and subordinates review satisfaction and areas for improvement every half-year, supporting development.

At the same time, we are working on the development of desired human resources through various measures such as by dispatching employees at the managerial level to a domestic MBA course for the development of future management-oriented human resources, as well as by providing educational programs to train DX leaders among the administrative and technical staff for the promotion of nurturing human resources that are needed in the DX age.

Human Resources Development Program

Name	For	Cumulative number of participants (FY2024)		Details
		Men	Women	
Training for new employees	Newly hired employees	39	7	With the aim of solidifying a foundation for future growth as a member of the Company, participants acquire the awareness needed as members of society and acquire basic knowledge common to administrative and technical work.
Follow-up training for new employees	Employees in their second year	23	8	In addition to organizing and sharing what they learned during the business assignment and training period, participants transform their mindset ahead of their third-year as employees.
Training for newly appointed managers	Managers	32	6	Participants understand and acquire the knowledge necessary for a managerial position, and are taught about the expectations, roles, and responsibilities required.
Training for newly appointed personnel holding managerial positions	Managers	29	1	For the purpose of supporting adaptation to management work, participants gain a better understanding of the roles of organizational managers and acquire basic management knowledge and practice in the workplace.
Training for evaluators	Managers	25	4	Through case studies, participants learn appropriate evaluation methods to prevent variation in evaluations and how to improve the degree of satisfaction in feedback interviews.
Training prior to re-employment	Employees planning to be re-employed	19	3	In the midst of a major career transition, participants eliminate any concerns arising from their new assignment and reconsider how to approach work after re-employment.

Compensation and Promotion Systems to Realize "Right People in the Right Positions"

To support the realization of the Medium-term Management Plan "YX2026" from a human resources perspective, we are building optimal HR systems for both management and general staff. We have strengthened the linkage between posts (jobs) and achievement/compensation at the management level, and established a clearer evaluation system. For general career track employees, we clearly indicate the added value (expected results and expected behavior) required for each level and link these to the development system to ensure that they can gradually acquire the skills required by the core human resources.

In 2020, we further revised the linkage between management positions (jobs) and compensation, evolving into a performance-based evaluation system. In addition, in 2021, we introduced an early selection system for general career track employees that allows them to be assigned to managerial positions as early as the age of 30, thus ensuring that the right person is flexibly placed in the right job at the right place regardless of age.

"Labor Practice Management"
https://www.y-yokohama.com/sustainability/people/employee/#stance

Creating a Company Environment Free From the Constraints of Place or Time

Achieving sustainable growth amid a drastically changing environment requires improvement of the value of human capital.

We promote work style reforms to enable our diverse human resources to exert their full potential in their respective fields by creating a workplace environment that allows work styles that are not bound by conventional rules and employees to work together cheerfully with vigor and enthusiasm.

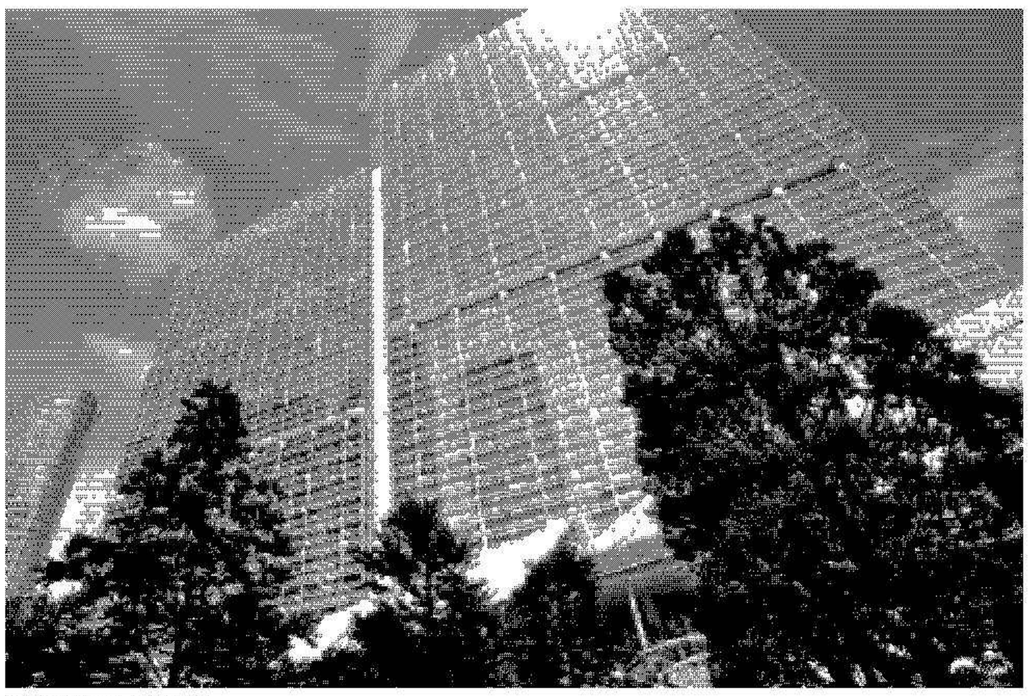
We will continue to provide support to enable all our employees to continue growing by respecting the work-life balance, respecting diverse work styles, and developing their careers while striking a good work-life balance.

Introduction of Home Office System

From March 2023, following the integration of the Head Office and Hiratsuka Factory, we introduce a home office system for employees who became long-distance commuters as a result of the integration as well as for those who moved to accompany a spouse on a job transfer. This system allows such employees to have an office developed at their home at the Company's expense and basically work from home without maintaining a fixed desk at their office.

Establishment of the Tokyo Office and the Satellite Office

In connection with the integration of the Head Office and Hiratsuka Factory, we established the Tokyo Office and the Satellite Office at Shinagawa Intercity, and part of the sales department of Yokohama Rubber and two sales companies relocated to the Tokyo Office. Satellite offices using hot desking are intended to promote improved communication between our people.



Shinagawa Intercity

Human Capital

Development of Human Capital Capabilities for Sustainable Corporate Value Enhancement

Upgrading of Work-From-Home and Flexible Work Systems

We have introduced a work-from-home system to support balancing work with childcare and nursing care, improve operational efficiency, and reduce commuting burdens. In addition, we have applied a flexible work style for administrative and technical employees in principle, and established a system that enables employees to produce work results regardless of location or time.

Ensuring Diversity in Human Resources

Expanding Diversity and Inclusion Initiatives

As our group's business expands globally, the sustainable enhancement of corporate value requires the recruitment of diverse talent and the promotion of diversity that respects various working styles. We aim to build a corporate culture that embraces diversity by hiring without regard to attributes such as nationality, gender, LGBTQ+, educational background, or experience. Under the leadership of the Diversity & Inclusion Promotion Taskforce, we are expanding a wide range of initiatives, including enhancement of internal systems, training to eliminate the gender gap, and career development support, and in 2024, we were certified as a "Best Workplace," the highest rating, in the "D&I AWARD 2024."

Promotion of Women's Participation

We strive to create a female-friendly work environment through conducting seminars to support career development, implementing a system to support work-life balance, and increasing the ratio of female managers to promote women's participation. As of December 31, 2024, the percentage (non-consolidated) of managerial positions (section manager or higher) filled by women at Yokohama Rubber was 3.2%. However, as the percentage of female section chiefs who were next managerial position candidates was 15.7%, and the percentage of female supervisors who could be assigned to managerial positions by early promotion was 45.2%, we expect the number of managerial positions filled by women to increase in the future.

Promotion of Paternity Leave for Men

To promote the participation of male employees in childcare, we have established systems that respond to diverse childcare support needs in addition to the legally mandated childcare leave. We have introduced systems that allow up to ten days of childcare leave on a daily basis and a postnatal paternity leave system that allows work during the leave period, providing flexible childcare leave options. The childcare leave acquisition rate for men in 2024 was 83.7%, but we have set a goal of 100% and are further promoting leave acquisition and improving the environment.

Utilization of Senior Human Resources

In order to provide human resources having a strong desire to work aged 60 and older opportunities in which they can give full play to their wealth of knowledge and experience, we have introduced a system that allows our employees to be re-employed after mandatory retirement and continue working until they turn 70 years of age. (Yokohama Business Association, our 100%-owned subsidiary re-employ administrative and technical employees and dispatch them to Yokohama Rubber.)

Employment of Persons with Disabilities

In 2012, we established Yokohama Peer Support to create employment for persons with disabilities. As of December 31, 2025, the company has 30 people with disabilities, mainly those with intellectual disabilities. The four companies of Yokohama Rubber, Yokohama Peer Support, Yokohama Tire Japan, and Yokohama Rubber MB Japan have obtained the special approval as being the affiliated companies under the disabled person employment ratio system and the grant system for the employment of persons with disabilities, with the employment rate of people with disabilities in four companies' combined total was 2.5% for 2024 (results for April 2023 to March 2024). Going forward, we will continue to develop new business operations to broaden the scope of employing persons with disabilities.

Examples of Diversity Related Training

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of programs		8	17	16	7	6
Total number of participants		214	327	1,127	675	743
Main programs	Diversity	・Enhanced management of diverse human resources	・Enhanced management of diverse human resources ・Participation in wwP*	・Diversity training ・Enhanced diversity management ・Participation in wwP	・Keynote session on diversity and inclusion ・Unconsdious bias training ・LGBTQ+ training ・Participation in wwP	・Unconscious bias training ・LGBTQ+ training ・Psychological Safety Seminar ・Participation in wwP
	Women's career development	・Encouragement ・Business skills training	・Encouragement ・Business skills training	・Leadership for women	・Round-table discussion for female management personnel	・External Mentor Training
	Support for work-life balance	・Career development for employees returning to work ・Networking sessions for working parents	・Career development for employees returning to work ・Individual consultation for working parents	・Career development for employees returning to work ・Individual consultation for working parents	・Career development for employees returning to work Individual consultation for working parents	・Seminar for Employees Returning from Childcare Leave
	Healthcare	・COVID-19 preventive measures	・Prevention of turnover due to nursing care/nursing care finances	・Post-partum care class support	・Post-partum care class support	・Caregiving Seminar

* wwP: It refers to a volunteer group, work with Pride, which supports the promotion and establishment of diversity management relating to sexual minorities such as LGBTQ+ in the workplaces of companies, groups and other entities.

Initiatives for Sexual Minorities

With the aim of supporting the active participation of various human resources including sexual minorities collectively called LGBTQ+, in October 2023, we introduced the Partner & Family-ship System. We recognize same-sex partners and de facto spouses as spouses and provide comprehensive support. In addition, while inviting external intellectuals to hold LGBTQ+ seminars to promote the understanding of our employees, we have established help desks to provide consultation services related to LGBTQ+ inside and outside the Company to respond to consultations concerning systems and troubles. These initiatives were recognized, and in 2024, we received "GOLD" in the "PRIDE Index 2024" by the general incorporated association work with Pride.

work with Pride Gold 2024

Employee Engagement and Respect for Human Rights

Employee Engagement

To track how much the strategies and policies of the YX2026 are understood by the employees, enthusiasm toward achieving them, and whether the workplace environment and corporate climate allow the diverse human resources to contribute to the growth of the Company with their own growth to work together cheerfully with vigor and enthusiasm, we conduct employee awareness survey on a regular basis. As a result of the fiscal 2024 survey, we have identified the following two points as issues and are implementing specific measures.

a. Penetration of YX2026

It was recognized as an issue that general employees have a lower level of understanding of the YX2026 strategy compared to management. To address this issue, we are working to increase the density of dialogue within the organization so that the connection between company-wide YX2026 initiatives and individual challenges for general employees becomes clear, aiming to improve their understanding of the strategy.

b. Improvement of employee engagement score

The employee engagement score, which indexes multiple engagement items in the employee awareness survey, is set at a target value of 70 for fiscal 2026, but was 68.8 in fiscal 2024. Going forward, by promoting the penetration of policies and strategies among employees and clarifying the significance of work, we aim to increase engagement and improve the score, including "job satisfaction." Through these initiatives, we will accelerate the realization of our strategy, enhance employee growth and job satisfaction, and increase corporate value.

Respect for Human Rights of Employees

In the employee awareness survey, we confirm the status of employees' awareness of respect for human rights, the presence or absence of human rights violations, and potential risks of human rights violations.

Metrics and Targets for Human Capital

The Group set the metrics and targets for major measures in 2020, 2021, 2022 and 2023 with a primary focus on "development of human capital capabilities for sustainable corporate value enhancement" as a materiality related to human capital. Since indicators and targets related to human capital are set independently by each consolidated subsidiary of our group, below we list the indicators, results, and targets for the submitting company (non-consolidated), which operates the main businesses within our group.

Metrics (KPIs)			Results			Targets
			FY2022	FY2023	FY2024	
(1) Ratio of female managers (section manager or higher) (non-consolidated)			1.7%	2.0%	3.2%	
	Reference	Ratio of female section chief-level positions (non-consolidated)	11.0%	14.2%	15.7%	FY2026: 5% FY2030: 10%
		Ratio of female section supervisor-level positions (non-consolidated)	40.9%	42.8%	45.2%	
(2) Ratio of male employees taking childcare leave (non-consolidated)			59.5%	86.2%	83.7%	FY2026: 100% FY2030: 100% (expansion of acquisition period)
(3) Ratio of employees with continued employment after reaching 65 years old (non-consolidated)*2			FY2022 to FY2024 Period average 73.3%			Average between FY2024 and FY2026: 65% or more Average between FY2027 and FY2030: 70% or more
(4) Ratio of participation in skill development training • Ratio of participation in management education programs including MBA courses (non-consolidated) • Ratio of participation in education programs for DX leader development (non-consolidated)*3			— —	6.0% —	8.3% 0.6%	FY2026: • 15% of department managers (cumulative) • 10% of administrative and technical employees (cumulative)
(5) Employee engagement score*4			—	—	68.8	FY2026: 70

*1 "—" indicates that there were no results.
*2 It refers to the ratio of employees who continued to be employed by the Company or our subsidiary after turning 65 among the administrative and technical employees aged 65 or over.
*3 DX leader development training started in fiscal 2024.
*4 Calculated from the results of the "employee awareness survey" targeting employees of the submitting company (non-consolidated).

Human Capital

Development of Human Capital Capabilities for Sustainable Corporate Value Enhancement

Occupational Safety and Health

Safety and Health Management System

In Japan, we established the Central Safety and Health Committee chaired by the head of the CSR Division, and each business site has its own Business Site Safety and Health Committee (statutory) and each department and workplace have their own Safety and Health Working Subcommittee. As safety and health activities are important initiatives for both the company and the union, we are promoting them in a concerted effort between labor and management while sharing safety information with other companies and labor unions. We also urge our partner companies to join their respective committees in order to share activities.

In addition, we promote the improvement of the health and physical fitness of our employees based on "Collaborative Health*" in cooperation with health insurance associations. Each overseas company has developed its own safety and health system in accordance with the laws of each country. The Safety and Health Management Department coordinates safety and health activities in Japan and overseas, which contributes to raising the level of safety and health throughout the Group.

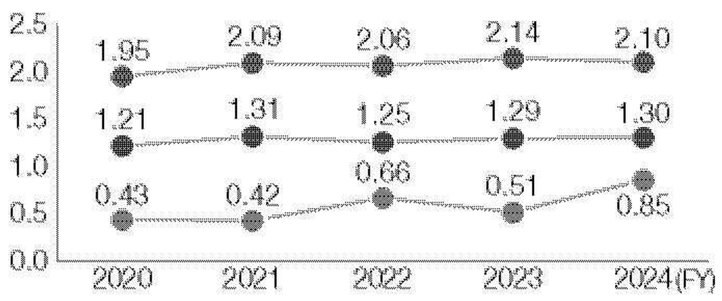
* Collaborative Health: An approach where health insurance societies and businesses actively collaborate to efficiently and effectively implement prevention and health development for insured employees based on a clear division of roles and a good workplace environment.

Occupational Safety and Health Management System

We have acquired a certification for Occupational Safety and Health Management System (ISO 45001) at 14 out of our 20 domestic and overseas business sites, with seven sites renewing their certification in fiscal 2024 (certification for the other business sites is also ongoing). We plan to acquire certification at the remaining six business sites in a sequential manner. Through continuous improvement of the management system and the operation of the PDCA cycle, we will further enhance our safety and health platform.

Frequency of Occupational Accidents (Lost-Time Injury Frequency Rate)

The frequency of occupational accidents (Japan) in fiscal 2024 was 0.85. We will continue our efforts to achieve zero accidents and zero risks.



* Lost-time injury frequency rate = (number of work-related injuries / total working hours) × 1,000,000 hours
* All figures in the data represent annual aggregated values (from January to December)
* Figures for the overall industry (excluding general contracting business) and the manufacturing industry are based on the "Survey on Industrial Accidents" statistical table released by the Ministry of Health, Labour and Welfare

Initiatives Toward Safe and Healthy Workplace Environments

Enhancing Equipment Measures

We are strengthening safety measures by systematically conducting risk assessments for all equipment and operations, and by continuously reviewing and improving them. We have established a system for monthly follow-up on the number of risks and improvements, and constantly monitor the progress of safety measures. Top safety diagnoses are conducted by directors at our domestic plants to further strengthen safety measures. In addition, we are enhancing Company-wide efforts to share information on disaster countermeasures to prevent recurrence of similar disasters.

Developing Safety-Conscious Human Resources

Aiming to develop each employee's sensitivity for danger, employees practice hazard prediction training (KYT) every day, along with near-miss (hiyari-hatto) identification and improvement activities, as well as experiential training called "Taikan Dojo," both of which are activities that all workers are encouraged to participate in. In addition, supervisors talk with workers one-on-one for close communication to help them to understand the meaning of each task so that they are able to act more safely at their own discretion. In addition, we also invite employees of partner companies to participate in the Group's safety awareness improvement activities to deepen their understanding of our safety activities and deeper their level of cooperation on this end so that together we can build a safe work environment and achieve zero occupational accidents.

Improvements in Workplaces

At workplaces handling chemical substances, we conduct chemical risk assessment to prevent health disorders. We also ensure that equipment is maintained, personal protective equipment is provided, working methods are improved, and facilities are maintained to manage the maintenance of a comfortable working environment based on environment measurement results. We aim to realize a safe and comfortable working environment by also promptly responding to legal revisions. As a measure against heat stroke, which has become increasingly serious in recent years, we are measuring WBGT (heat index) values at our workplaces and implement measures such as insulating roofs, discharging hot air, and improving air conditioning.

Development of Standard Work Manuals

We systematically conduct open work observation and continually review work process to identify all unsafe behaviors and areas of insecurity, and are working on the development of standard work manuals. At workplaces with workers from overseas, we are building safe work environments by adding their native languages to the standard work manuals.

Promoting Both Physical and Mental Health

Our improvements in mental health include management of working hours through an attendance management system, face-to-face guidance and work improvement suggestions for employees working long hours, and education for improving communication skills including attentive listening training classes, etc. For employees on long-term leave due to mental health issues, we support a planned return to work and provide step-by-step removal of work restrictions after their return to fully support their reintegration into the workplace. In order to improve employees' health, we also conduct activities to help employees quit smoking, hold seminars on physical fitness, and conduct monthly education sessions aimed at improving health literacy at all offices and workplaces.

Prevention of Traffic Accidents

To ensure the safe commuting of employees, we conduct traffic safety seminars and activities to raise awareness in collaboration with local police departments to raise awareness of traffic safety.

Supply Chain Establishment of a Sustainable Supply Chain

Yokohama Rubber Group gives greater importance to the establishment of strong partnerships with its business partners, and aims to improve sustainability in the entire supply chain. We aim to promote responsible procurement and CSR activities by conducting evaluations from social and environmental perspectives and building win-win relationships.

Metrics (KPIs)	What we aim to do
Number of natural rubber farms surveyed	・Sustainable procurement of natural rubber ・Respect for human rights in the supply chain
Number of seminars for natural rubber farmers held	
Number of human rights due diligence (impact assessments) procedures conducted in the supply chain	

Basic Approach

Our group promotes sustainable procurement based on the "Yokohama Rubber's Procurement Basic Policy" and the "Yokohama Rubber Group Action Guidelines," considering the reduction of environmental impact and the protection of human rights and labor environments, while building strong partnerships with business partners. In particular, we focus on the sustainable procurement of natural rubber, which is essential for the manufacture of tires and rubber products, and contribute to improving sustainability throughout the supply chain.

Yokohama Rubber's Basic Procurement Policy/Yokohama Rubber Group Action Guidelines
https://www.y-yokohama.com/global/sustainability/social/partner/#policy

Initiatives for CSR Procurement

CSR Procurement Guidelines

We give greater importance to the establishment of strong partnerships with suppliers, and aims to establish a sustainable supply chain. To this end, we have formulated the Yokohama Green Procurement Guidelines and CSR Procurement Guidelines, and share our policies and philosophy internally and with business partners by holding briefings. In 2012, we also joined the United Nations Global Compact and strengthened initiatives from a global perspective. Furthermore, in 2022, we reviewed the Yokohama Rubber Environmental Policy in light of changes in social conditions and other factors, and revised the CSR Procurement Guidelines from the perspective of the environment and respect for human rights. These policies and guidelines will be reviewed as needed in response to changes in society and the environment.

CSR Procurement Guidelines
https://www.y-yokohama.com/global/sustainability/pdf/CSR_Procurement_Guidelines_202506.pdf

Environmental and Social Assessment of Suppliers

Our group places importance on evaluating suppliers from environmental and social perspectives to establishment of a sustainable farms chain.

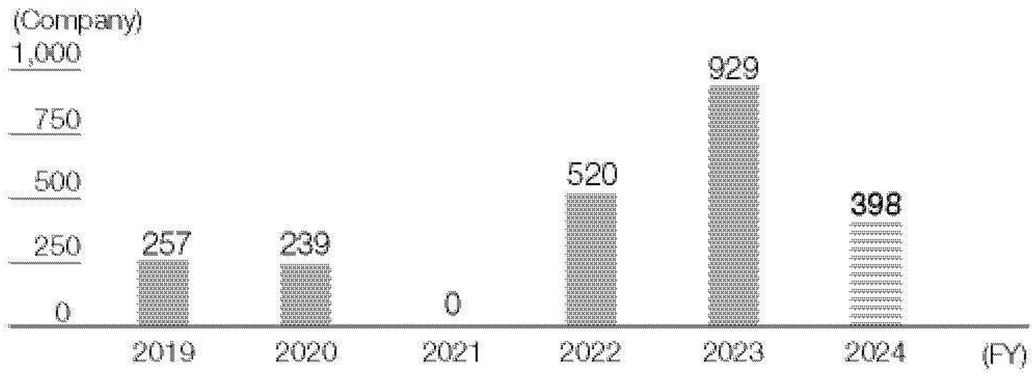
In regard to environmental assessment, we ask our suppliers, including new business partners, to comply with the Green Procurement Guidelines, and require them to conduct regular CSR self-checks and report the results to achieve both the reduction of environmental impact associated with raw material procurement and stable and ethical procurement. In the assessment for fiscal 2024, none of our new suppliers in Japan was confirmed to have adverse impacts on the environment.

In social evaluations, we emphasize living in harmony with local communities, maintaining fair transactions, and ensuring a safe working environment, and require suppliers to comply with the code of conduct. Furthermore, we are also committed to global procurement that takes into account impacts on human rights, environment, and society, and are careful to avoid the use of conflict minerals. In the assessment for fiscal 2024, none of our new suppliers in Japan was confirmed to have adverse impacts on the society.

Holding of CSR Briefings

We hold CSR briefings for business partners to share our philosophy and policies related to sustainability. In FY2024, we held two briefings online as in FY2023 with participation of 398 companies.

Number of companies participating in CSR briefings



Declaration of Partnership Building

Endorsing the objectives of the Declaration of Partnership Building established by the Cabinet Office, the Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency and other organizations, we formulated and registered our Declaration of Partnership Building in March 2022, with the aim of promoting cooperation and prosperous coexistence with all business partners in the supply chain and businesses that create value.

Partnership Building Declaration of Yokohama Rubber
https://www.y-yokohama.com/sustainability/report/pdf/partner00_2024.pdf

Supply Chain

Establishment of a Sustainable Supply Chain

Sustainable Natural Rubber Procurement

The Group is actively working to utilize natural rubber, which is indispensable for the manufacture of tires and industrial rubber products, as a sustainable resource. Natural rubber is an important raw material, accounting for about 20% of the total raw materials used, and is essential for the continued supply of products.

In 2018, Yokohama Rubber joined the Global Platform for Sustainable Natural Rubber (GPSNR),*1 which was established by the Tire Industry Project (TIP)*2 of the World Business Council for Sustainable Development (WBCSD)*3 as a founding member as a sustainable natural rubber procurement effort. In October 2018, we established our Procurement Policy for Sustainable Natural Rubber, aiming to improve the sustainability of natural rubber throughout our supply chain.

*1 WBCSD: World Business Council for Sustainable Development
*2 TIP: Tire Industry Project
*3 GPSNR: Global Platform for Sustainable Natural Rubber

Natural Rubber Supply Chain

Natural rubber is mainly produced by small farms (small holdings). It is estimated that there are six million such "small holders" primarily in Southeast Asia. Such farms have issues, including economic hardship, inefficient production due to insufficient knowledge and know-how in harvesting, and a lack of environmental consideration.

Because the price of natural rubber is volatile in the international market, brokers who purchase the raw material decide where to sell it and where to store it based on the price of that day. Since it is possible to store solid raw rubber, it is frequently traded among brokers and across regions and borders, making it difficult to ensure traceability from the producer to the processing plant.

In recent years, however, it has become increasingly important to prove that the natural rubber purchased does not lead to deforestation or human rights violations. Greater transparency and ethical procurement throughout the supply chain are indispensable to achieving sustainable procurement of natural rubber.

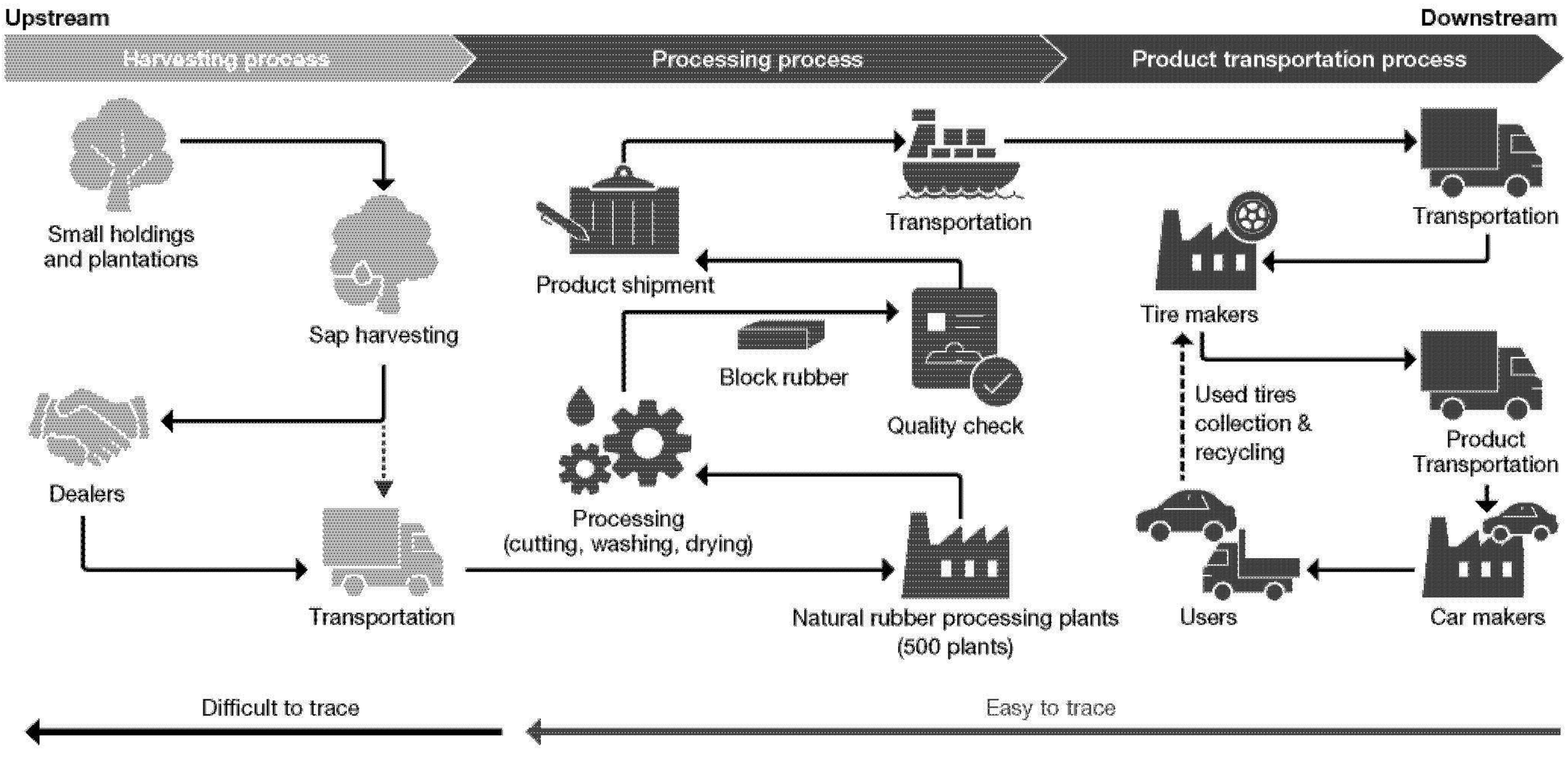
Procurement Policy for Sustainable Natural Rubber

Yokohama Rubber has established the following concepts and initiatives to maintain natural rubber as a sustainable resource throughout the entire supply chain, and requests the cooperation of our suppliers.

- Enhancing traceability
- Respect for human rights and prohibit any form of harassment
- Fair and equitable treatment
- Prohibition of child labor and forced labor
- Compliance
- Initiatives for zero deforestation
- Consideration for biodiversity
- Abiding by the principle of free, prior and informed consent (FPIC) in regard to land rights
- Creation of innovative technologies
- Communication with suppliers

Procurement Policy for Sustainable Natural Rubber
https://www.y-yokohama.com/global/sustainability/pdf/SNR2.1_English.pdf

Natural Rubber Supply Chain



Initiatives to Improve Natural Rubber Traceability

As a part of the initiatives to improve the traceability and achieve sustainable procurement of natural rubber, Y.T. Rubber Co., Ltd. (hereafter, YTRC), a Thai natural rubber processing company of the Group, obtained the FSC®*4 Chain of Custody (CoC) certification in July 2023. This certifies that natural rubber products that use rubber harvested from FSC®-certified forests are managed in a way that prevents contamination by ineligible raw materials in all processes up to completion of the products. Furthermore, in April 2024, we introduced the risk assessment tool "RubberWay®*5 Geo-Mapping". We aim to enhance traceability by strengthening risk assessment and monitoring for issues such as deforestation and human rights violations in the supply chain, utilizing farmers' location information and data on environmental and social issues. Through these efforts, we will increase transparency throughout the supply chain and contribute to the realization of a sustainable society.

*4 FSC®: Forest Stewardship Council®. An international non-profit organization founded in 1994 with the goal of promoting responsible forest management worldwide.
*5 RubberWay®: As a sustainability service provider for the natural rubber industry, it offers risk assessment services and supply chain mapping solutions to enhance upstream supply chain transparency.

Farm Surveys and Farmer Support in Southern Thailand

We are strengthening the survey of farms and support for farmers in Surat Thani, an important base for natural rubber production located in southern Thailand and a home to YTRC, the Group's natural rubber processing subsidiary.

Since 2019, we have been conducting surveys of natural rubber farms in the province, focusing on areas around the YTRC, and by the end of December 2024, we had surveyed a total of 861 farms. So far, no illegal activities, such as unjust deforestation or human rights issues, have been confirmed. We will continue to conduct the survey and plan to survey a total of 1,200 natural rubber farms by fiscal 2030. We will accumulate the survey results to analyze the issues faced by natural rubber farms, and use the data to contribute to the sustainable management of natural rubber farmers, as well as improve traceability.

In addition, we are actively engaged in activities that contribute to raising awareness of local farmers, such as promoting agroforestry to stabilize the farm management and improve biodiversity in the farms and holding seminar events to improve productivity. YTRC has been holding regular seminar events to improve the quality of natural rubber in collaboration with the Rubber Authority of Thailand (RAOT) with the aim of continuously supporting smallholders. In December 2024, a seminar event was held for 50 farmers in the Surat Thani region and were provided with fertilizer free of charge using RAOT's knowledge. In addition, we request participating natural rubber farmers to cooperate in follow-up surveys on the physical properties and productivity of natural rubber to make further improvements based on data. Through these activities, we will strengthen collaboration with suppliers and promote sustainable natural rubber procurement while pursuing mutual prosperity with local communities.



Scenes from the seminar event



Farmers taking commemorative photos in front of the provided fertilizer

Natural Rubber Suppliers' Day

We held Suppliers' Day biennially for suppliers of natural rubber to explain the Procurement Policy for Sustainable Natural Rubber and call for their cooperation in our CSR initiatives. In 2024, we held an in-person event in Singapore for the first time in six years, with 61 participants from 30 companies, including producers and trading companies from eight countries. We presented awards to suppliers who made significant contributions and worked to strengthen our partnerships.



Trophy awarded to supplier award recipients

Respect for Human Rights

The Yokohama Rubber Group respects the human rights of all people involved in its business and contributes to a sustainable society through responsible actions across the entire global supply chain.

Respect Human Rights in the Supply Chain

Basic Approach

The Yokohama Rubber Group places importance on initiatives to respect human rights throughout the supply chain in order to respect the human rights of all people involved in its business. With the global expansion of our business, the potential for human rights violations is increasing, and we believe it is essential to fulfill our responsibilities by considering the scope of our influence.

The "Yokohama Rubber Group Action Guidelines" stipulate respect for human rights both inside and outside the company, clearly defining the code of conduct for employees. Furthermore, based on the United Nations Guiding Principles on Business and Human Rights (UNGP),*1 we have formulated the Yokohama Rubber Group Human Rights Policy and are aiming to respect the human rights of all people involved in the business activities.

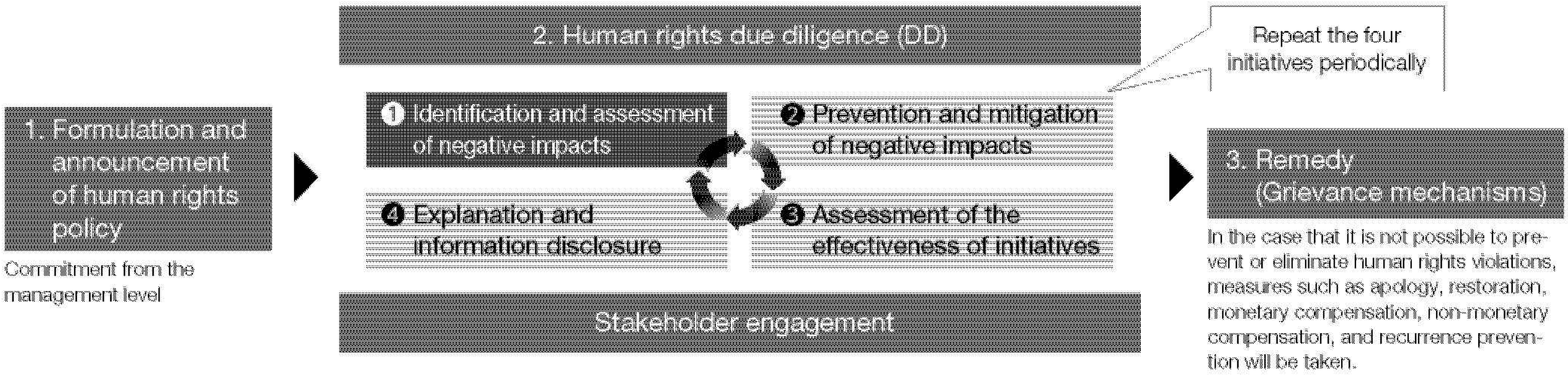
As human rights are the fundamental rights of all people, we will implement Group-wide efforts to respect human rights to contribute to the realization of a sustainable society as a company that is widely trusted by society.

*1 The Guiding Principles on Business and Human Rights (UNGP) were approved by the United Nations Human Rights Council in 2011 as a framework for respecting human rights applicable to all nations and all companies. The Guiding Principles position "the responsibility of companies to respect human rights" and "the obligation of states to protect human rights" as important pillars of this effort.

Yokohama Rubber Group Action Guidelines
https://www.y-yokohama.com/global/sustainability/business/suspolicy/#shishin

Yokohama Rubber Group Human Rights Policy
https://www.y-yokohama.com/global/sustainability/people/human_rights/policy/

Management Cycle of Respect for Human Rights



Human rights due diligence initiatives

Based on the Yokohama Rubber Group Human Rights Policy, the Group will develop and strengthen its human rights due diligence (human rights DD) system and conduct human rights due diligence on a regular basis to fulfill our responsibilities in respecting human rights.

In May 2023, we held a Human Rights Due Diligence Workshop to discuss human rights in the supply chain. We invited Hiroshi Ishida, Executive Director of the Caux Round Table (CRT) Japan, a third-party organization, as a lecturer, and 32 department and section managers from domestic and overseas bases participated to engage in cross-group discussions. With reference to advice from the CRT Japan Committee, we identified "key human rights themes" for our group.

Based on the identified key human rights themes, we select one theme each year and conduct an impact assessment*2.

Through human rights due diligence, we identify and assess human rights risks in our business activities, improve our human rights initiatives, and implement more effective measures. To fulfill our responsibility to respect human rights, we will continue to implement human rights due diligence initiatives and promote respect for human rights throughout the supply chain.

*2 Impact assessment: A survey in which on-site interviews are conducted regarding specific human right issues and stakeholders to find out whose and what human rights are actually affected or not.

Material Human Rights Themes

1. Working environment of foreign workers in Japan
2. Impact on the working environments of workers and the environment of nearby residents at small holdings (Thailand, Indonesia, etc.) from which rubber raw materials are procured
3. Workplace environment for workers at contractors (manufacturing, distribution, sales, and disposal)

Impact Assessment in Fiscal 2024

In fiscal 2024, we conducted hearings and inspections at Surat Thani, Southern Thailand, with the cooperation of CRT Japan under the themes of "impact on the working environments of workers and the environment of nearby residents at small holdings

from which rubber raw materials are procured." The subjects were workers engaged in natural rubber farms and related operations, as well as local residents, and the interviews were conducted individually or in groups. Interviews with supply chain stakeholders were conducted solely by the CRT Japan Committee, and our group's representatives did not attend.

As a result of the impact assessment, no serious human rights risks such as forced labor or child labor were identified. In many cases, it was confirmed that farm owners and workers have built good relationships based on mutual trust. However, it was recognized that some farms employ Myanmar workers who have difficulty returning to their home country, and continuous monitoring is necessary from the perspective of living wages and living conditions. Going forward, we will pay close attention to the working conditions of vulnerable workers such as those from Myanmar and strengthen engagement, including outreach to farm owners as needed.



Interviews with farm workers

Human Rights-Related Grievance Mechanism

Grievance Mechanism for All Stakeholders Worldwide

The Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), and has developed a system facilitating the receipt and appropriate response to grievances from all domestic and overseas Yokohama Rubber Group stakeholders through JaCER's grievance reporting platform. This grievance reporting platform is accessible to anyone through the Contact Us page on the Yokohama Rubber's website or the JaCER's website. When a grievance is filed, JaCER confirms its details and takes necessary measures.

Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) grievance reporting platform

https://jacer-bhr.org/en/index.html

For Yokohama Rubber Group Employees

For the Group employees working in Japan, we have established the Corporate Compliance Hotline and the General Compliance Counseling Room, where we directly receive grievances and consultations via phone and e-mail. We ensure that the privacy of whistle blowers and consulters is protected, and that the fact that we have received reports or consultations and their details are kept confidential.

Community Living in Harmony with Local Communities

The Yokohama Rubber Group aims for mutual prosperity with local communities and actively supports employee participation in social contribution activities. In addition, as we expand our business globally, we strive to build good relationships with local communities in terms of environment, law, culture, customs, and economy.

Metrics (KPIs)	What we aim to do
Support for social contribution organizations through the YOKOHAMA Magokoro Fund, an employee social contribution fund	Help solve local community problems

YOKOHAMA Magokoro Fund

The "YOKOHAMA Magokoro Fund," established by employees in 2016, collects monthly contributions of ¥100 or more from employees (members) who support the fund's purpose, and donates to organizations tackling social issues and to disaster relief efforts. Yokohama Rubber also adopts a "matching gift" system, donating the same amount as employees, and as of the end of December 2024, about 40% of employees have joined. In fiscal 2024, we donated approximately ¥7 million to 12 organizations and 3 disaster relief efforts, and about ¥14 million in total including the matching gift.

Corporate Governance

Yokohama Rubber has established a corporate governance system to achieve sound, transparent, and fair management under its "Corporate Philosophy," and is committed to enhancing and strengthening this system. We will aim to improve our corporate value and gaining unwavering trust through strengthening our governance system.

Metrics (KPIs)	What we aim to do
Number of sustainability-related issues reported to and discussed by the Board of Directors	• Strengthen stakeholder engagement • Strengthen governance of sustainability issues

Basic Corporate Governance Policy

1. Ensuring shareholders' rights and equality
2. Appropriate collaboration with stakeholders other than shareholders
3. Ensuring appropriate information disclosure and transparency
4. Responsibilities of the Board of Directors
5. Dialogue with shareholders

Basic Corporate Governance Policy
https://www.y-yokohama.com/sustainability/governance/

Corporate Governance System

Management and Business Execution System

The Company transitioned its governance system from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee by a resolution approved at the 147th Ordinary General Meeting of Shareholders held on March 30, 2023. The intention of this move was to further enhance corporate governance by first strengthening the supervisory function of the Board of Directors and second further strengthening the monitoring system by making Audit & Supervisory Committee members, who are responsible for auditing the execution of duties by directors, members with voting rights at the Board of Directors.

In addition to the institutional design under the Companies Act (General Meeting of Shareholders, Representative Directors, Board of Directors, Audit & Supervisory Committee, and Accounting Auditor), the Company's corporate governance system employs a corporate officer system to clarify management oversight and business execution while thoroughly speeding up management decision making and business execution.

Under the current structure, the Board of Directors comprises 12 members in total (including directors who are Audit & Supervisory Committee members), six internal directors (including directors who serve concurrently as corporate officers) including the representative directors, and six outside directors. In addition, there are 17 corporate officers, excluding those who serve concurrently as directors.

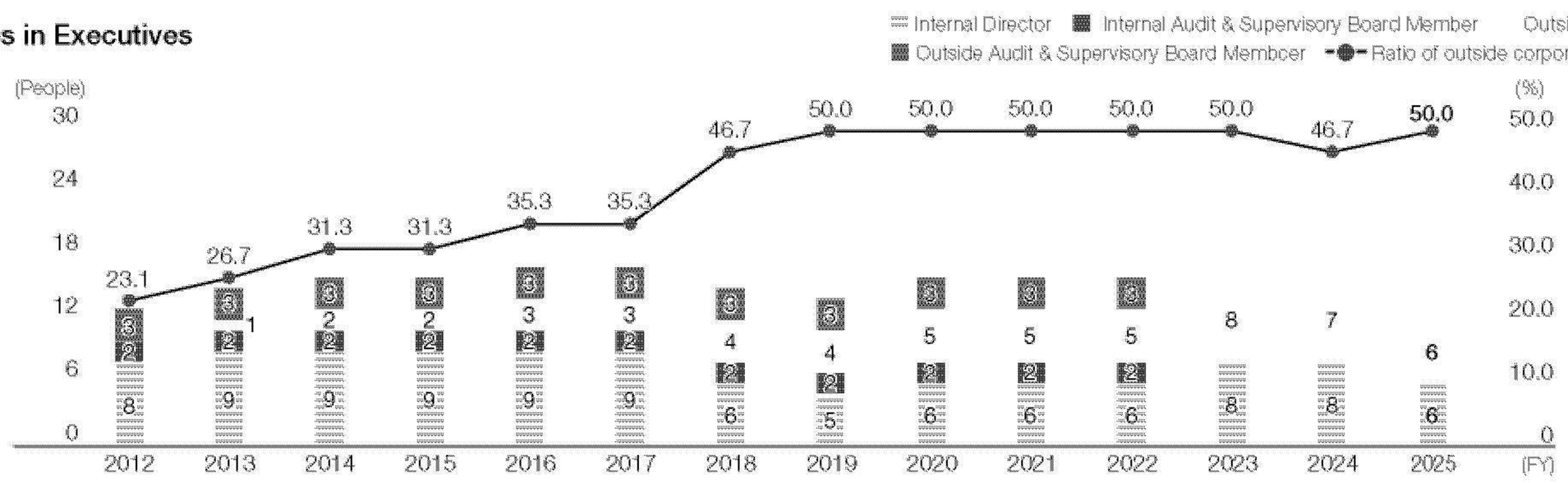
In addition, to strengthen the strategic functioning of top management, we have established an Executive Committee on which directors serve as key members. The committee monitors the achievement status of business plans and deliberates matters concerning business strategy.

Management Audit Oversight

The Company has an Audit & Supervisory Committee that serves as an audit function for management, and consists of three members in total, an internal Audit & Supervisory Committee members, and two outside Audit & Supervisory Committee members.
A system has been established for full-time Audit & Supervisory Committee members to learn of the state of business execution by attending important meetings and committees including the Executive Committee. The auditing structure comprises audits conducted by Audit & Supervisory Committee members to audit directors in the performance of their duties, financial auditing conducted by independent public accountants as outside audits and financial and business audits of each executive department and Group company conducted by the Internal Audit Dept. These activities maintain independence from each other and serve to establish a three-pronged audit structure. At the same time, Audit & Supervisory Committee members receive information from the accounting auditor and the Internal Audit Dept. as appropriate in an effort to strengthen audit functions.

Furthermore, we have assigned employees to the Audit & Supervisory Committee Secretariat to assist the Audit & Supervisory Committee in order to enhance the effectiveness of audits and facilitate audit operations.

Changes in Executives



FY2013
• Appointed 1 Outside Director

FY2016
• Outside Directors account for one-third of all Directors

FY2018
• Appointed 1 female Outside Audit & Supervisory Board member

FY2019
• Outside corporate officers account for half of all corporate officers

FY2020
• Appointed 1 non-Japanese Internal Director

FY2022
• Appointed 1 female Outside Director

FY2023
• Transitioned to a Company with an Audit & Supervisory Committee

* The number of Internal Directors and Outside Directors for fiscal 2023 and beyond includes the number of Directors serving as Audit & Supervisory Committee members.

Personnel Remuneration Committee for Corporate Officers and Directors

To ensure fairness and transparency in officer personnel affairs and remuneration, the Company has voluntarily established the Personnel Remuneration Committee for Corporate Officers and Directors. The committee comprises five members, namely, Chairman & CEO, President & COO, and three independent outside directors, ensuring that a majority of its members are independent outside directors. The Personnel Remuneration Committee for Corporate Officers and Directors met seven times in fiscal 2024 to deliberate on the personnel moves and remuneration of officers, and submitted recommendations to the Board of Directors.

The operation of the Personnel Remuneration Committee for Corporate Officers and Directors has changed as follows as a result of the establishment of the Audit & Supervisory Committee on March 30, 2023.

(1) With regard to personnel matters, the committee deliberates on candidates for director to be submitted to the General Meeting of Shareholders, advises the Board of Directors on the results the consent of the Audit & Supervisory Committee for directors who are Audit & Supervisory Committee members and the opinions of the Audit & Supervisory Committee for directors who are not Audit & Supervisory Committee members. In turn, the Board of Directors makes the final determination. In addition, the appointment of corporate officers is deliberated by the committee, which then advises the Board of Directors, which makes the final decision.

(2) With regard to remuneration, within the total amount approved at the General Meeting of Shareholders, the committee deliberates on the system of fixed remuneration, short-term performance-linked remuneration, medium-term performance-linked remuneration, and restricted stock remuneration as medium- to long-term performance-linked remuneration for representative directors and executive directors, and fixed remuneration for outside directors, and advises the Board of Directors. The remuneration system for directors who are Audit & Supervisory Committee members is determined by the Audit & Supervisory Committee in consideration of the opinions of the Personnel Remuneration Committee for Corporate Officers and Directors.

Composition of the Personnel Remuneration Committee for Corporate Officers and Directors

All members	5		
Internal directors	Masataka Yamaishi (Chair)	Shinji Seimiya	
Member of the Board (Outside)	Hirokazu Kono	Megumi Shimizu	Hisako Takada

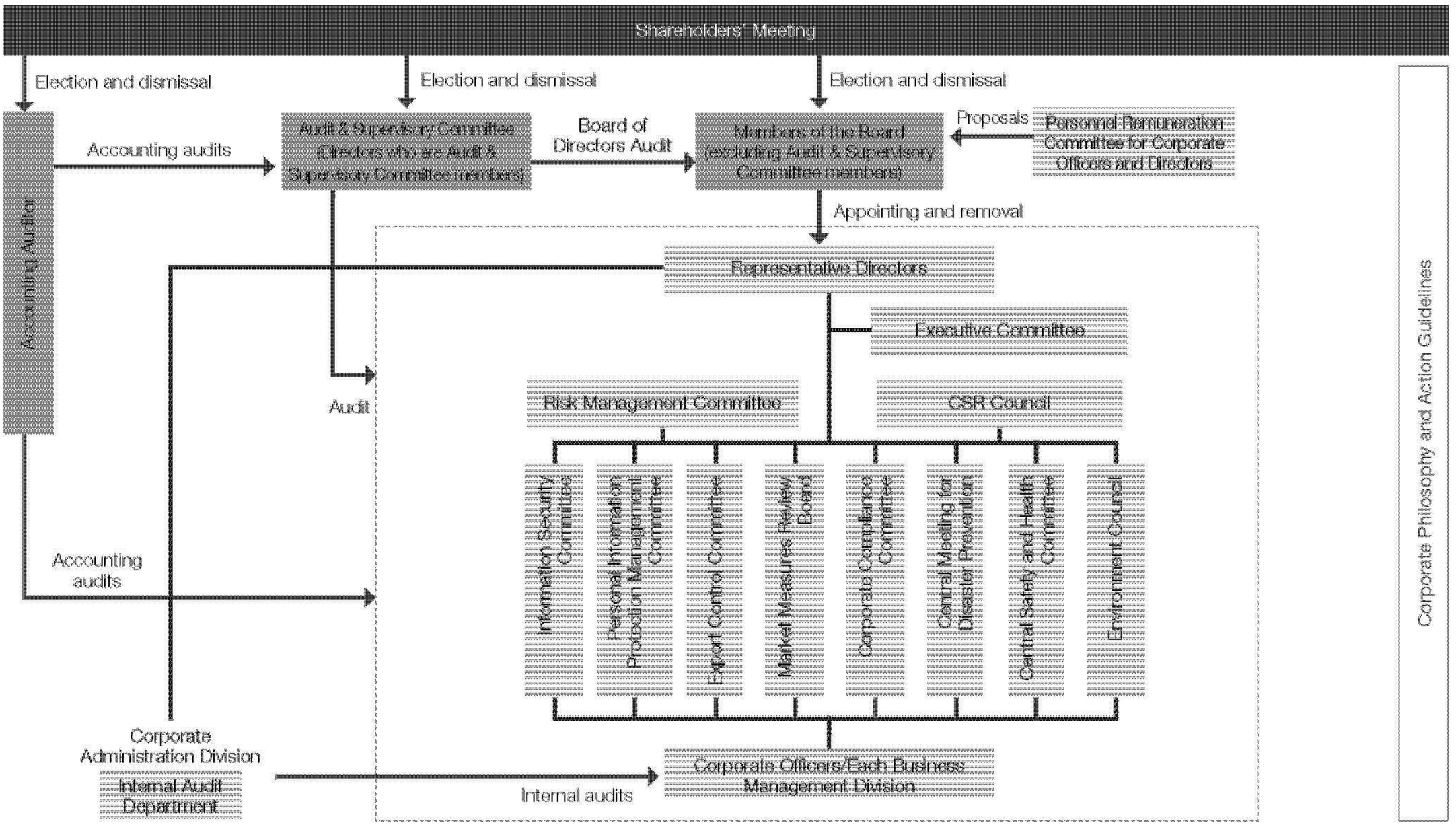
* After the General Meeting of Shareholders on March 28, 2025

Executive Committee

The Executive Committee, a meeting body that serves as an executive organ, meets three times per month, in principle, with the attendance of full-time Audit & Supervisory Committee members, to deliberate and determine management policy as well as important matters concerning management execution.

Important matters discussed at the Executive Committee are reported to the Board of Directors together with a summary of such matters, and those of the highest priority (as stipulated by the Board of Directors Regulations) are also discussed by the Board of Directors.

Corporate Governance System Diagram



Corporate Governance

Operational Status of the Board of Directors

The Board of Directors holds an ordinary Board of Directors meeting monthly and interim Board of Directors meetings as needed, where decision-making is undertaken after flexible and sufficient deliberation. In fiscal 2024, the Board of Directors met 15 times.

At the Board of Directors meetings held in fiscal 2024, in addition to the disposition and acceptance of important property, the election and dismissal of important employees, the establishment, modification, and discontinuation of important organizations, and the statement of accounts, which are required to be resolved under the Companies Act, medium-term management plans, business investment, the progress status of efforts related to sustainability and ESG, and IR and SR, capital efficiency, risk management and compliance, internal control, etc., were handled as main subjects for discussion.

Members of Each Institution (As of March 28, 2025)

Internal officers　Outside officers

Institution	Board of Directors	Audit & Supervisory Committee	Personnel Remuneration Committee for Corporate Officers and Directors	Executive Committee
Composition	Chairperson	Chairperson	Chairperson	Chairperson
	12 directors*1 (of which, 6 outside directors)	3 Audit & Supervisory Committee members*2 (of which, 2 outside Audit & Supervisory Committee members)	5 directors (of which, 3 outside directors)	6 directors (of which, 5 corporate officers)
Number of meetings held in fiscal 2024	15 times	8 times	7 times	51 times

*1 There were 15 directors (of which, 7 outside directors) until March 28, 2025.
*2 There were 5 Audit & Supervisory Committee members (of which, 3 outside Audit & Supervisory Committee members) untill March 28, 2025

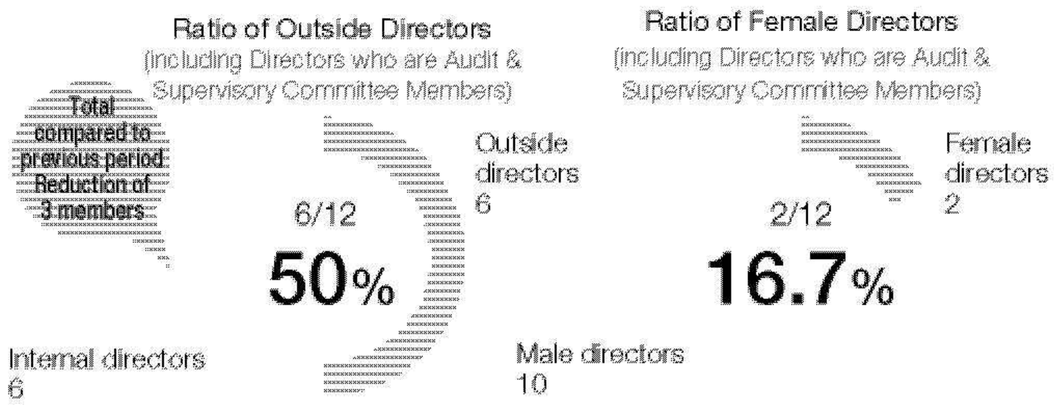
Reason for Election of Outside Directors and Attendance in Meetings

	Name	Activities in fiscal FY2024	Reason for election
Outside directors who are not Audit & Supervisory Committee members	Megumi Shimizu	Board of Directors: attended all 15 meetings	Megumi Shimizu has long worked as an attorney and currently serves as a partner at a leading law office of Japan. The Company appointed her as an outside director in the belief that she will use her ample insight and knowledge as a law expert for the management of the Company.
	Junichi Furukawa	Board of Directors: attended all 15 meetings	Junichi Furukawa is a corporate manager who possesses abundant experience and extensive knowledge of corporate management. The Company appointed him as an outside director in the belief that he will reflect his insights in finance and accounting and abundant knowledge with a sense of balance in the management of the Company.
	Hisako Takada	Board of Directors: Attended all 11 meetings held after appointment	Hisako Takada has abundant experience working at companies in Japan and overseas, and she is currently a Senior Executive Officer of ADVANTEST CORPORATION. The Company appointed her as an outside director in the belief that she will reflect her knowledge and experience in management strategy, including M&A, in the management of the Company.
	Nobuhiko Sasaki (newly elected)	–	The Company appointed him as an outside director in the belief that he will contribute to the management of the Company with his insights into economic, social, and other aspects surrounding corporate management based on his ample knowledge gained in the government ministry and experience in corporate management accumulated at Fujitsu Limited and other organizations.
Directors who are Audit & Supervisory Committee members	Hirokazu Kono	Board of Directors: attended all 15 meetings Audit & Supervisory Committee: attended all 8 meetings	Hirokazu Kono has actively provided opinions and suggestions based on his deep insight accumulated through his long-year studies of management engineering and business administration at universities in Japan and the US. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management by utilizing his ample expertise and experience in management engineering and business administration.
	Hiroki Kimura	Board of Directors: attended 14 of 15 meetings Audit & Supervisory Committee: attended all 8 meetings	Hiroki Kimura serves as Chairman of Asahi Mutual Life Insurance Company, and he actively provides suggestions from his experience as a corporate manager of a financial institution. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management with his professional knowledge accumulated in the fields of accounting, finance and asset management.

Board Diversity

The Board of Directors of the Company consists of no more than 15 directors (including directors who are Audit & Supervisory Committee members) while the Audit & Supervisory Committee consists of no more than five members as stipulated in the Articles of Incorporation. Our basic approach is to ensure their diversity, including outside directors, and an appropriate composition, while giving consideration to the balance of knowledge, experience, and abilities associated with each business.

Members of the Board (As of March 28, 2025)



Evaluation of Board Effectiveness

Regarding the evaluation of the effectiveness of the Board of Directors, the Company conducted an anonymous survey in October 2024 targeting all directors (excluding the Chairman of the Board of Directors), including all outside directors, and all Audit & Supervisory Committee members, in which the participants evaluated themselves on a scale of one to four in terms of the following three themes and a total of 18 items, and put their opinions, etc. for each item.

1 Operation of the Board of Directors
2 Agenda items and discussions at Board of Directors meetings
3 Composition of the Board of Directors and its operational support

In addition, based on aggregate and analytical results, the Board of Directors summarized its effectiveness, shared issues and discussed measures.

The results indicated that the Board of Directors of the Company is operating appropriately from a comprehensive perspective and that the effectiveness of the Board of Directors is ensured.

At the same time, however, as deeper discussions, such as following up on the progress of the medium-term management plan, are required, the Company will continue to address the improvement of the Board of Directors' functions.

Regarding the deepening the discussions from strategic and multi-faceted perspectives and following up on the progress of the management and investment plans, about which recommendations were made at the previous evaluation, steady improvement has been made through conducting meetings to exchange opinions with outside directors, reporting on the initiatives in the medium-term management plan, and Board of Directors' meetings including a plant inspection tour, etc.

Officer Training

The Company will appropriately provide necessary information to ensure the sustainable growth of the Company, the enhancement of corporate value over the medium to long term, and the full exercise of management supervision and auditing functions by directors. In addition, in order to enhance deliberations at Board of Directors meetings, outside directors are continuously provided with opportunities to understand the Company's business operations, such as prior distribution and explanation of Board of Directors materials and the provision of related information, as well as orientation at the time of appointment, plant tours, and dialogue with management.

In addition, even after assuming office, we encourage officers to continue to participate in external seminars, external organizations, and human networks for the purpose of acquiring new ideas and self-development through exposure to real information, and the Company bears the costs of such seminars. The Board of Directors confirms through surveys and other means whether or not the provision and mediation of training opportunities and support for such expenses are being appropriately implemented.

Remuneration for Corporate Officers and Directors

Basic Policy

The Company has established the basic policy regarding the determination of the amount of remuneration of directors (excluding directors who are Audit & Supervisory Committee members), and to ensure the fairness and transparency, the details of remuneration amounts are deliberated by the Personnel Remuneration Committee for Corporate Officers and Directors serving as an advisory council, and then determined by the Board of Directors. The Board of Directors has confirmed that the details of the remuneration amounts of individual directors of the current business year are consistent with the basic policy and determined that they were decided in accordance with the policy.

Remuneration System

Remuneration of directors (excluding directors who are outside directors and Audit & Supervisory Committee members) consists of basic remuneration, which is provided as fixed remuneration, short-term performance- linked remuneration, and restricted stock remuneration provided as medium- to long-term performance-linked remuneration. Short-term performance-multi-faceted remuneration refers to a bonus linked to the company performance (the performance of the Company and individual performance, etc. corresponding to that) against published value and the attainment level related to the extension rate, etc. of performance. Restricted stock remuneration provided as medium- to long-term performance-linked remuneration was introduced*3 in order for directors (excluding directors who are outside directors and Audit & Supervisory Committee members) to become more highly motivated than ever to contribute to an increase in stock prices and the enhancement of corporate value through sharing the benefits and risks of stock price fluctuations with shareholders.

*3 Resolution approved at the 142nd Ordinary General Meeting of Shareholders held on March 29, 2018 (With the resolution to transfer to a Company with an Audit & Supervisory Committee approved at the 147th Ordinary General Meeting of Shareholders held on March 30, 2023, the above resolution was made again.)

Corporate Governance

Medium-Term Performance-Linked Remuneration

Starting in fiscal 2021, the Company has introduced a medium-term performance-linked remuneration system for all directors, excluding outside directors and Audit & Supervisory Committee members, and corporate officers, with the aim of further incentivizing the achievement of quantitative targets in the Medium-term Management Plan.

Eligibility for Medium-Term Performance-Linked Remuneration

The officers eligible for medium-term performance-linked remuneration as of March 28, 2025, are as follows.

Position	Number of persons
Representative Directors	2
Member of the Board and Senior Managing Officer	1
Member of the Board and Managing Officer	2
Member of the Board and Officer	1
Officers	17

Method for Calculating Medium-Term Performance-Linked Remuneration

The applicable period is the three years from fiscal 2024 to fiscal 2026 that represent the quantitative target of the Group's Medium-term Management Plan. The standard is set at a cumulative consolidated business profit of ¥410.5 billion in total, with the remuneration calculated for all eligible persons according to the following formula.

Cumulative consolidated business profit over the applicable period ÷ ¥410.5 billion × 100	Calculation method
120% or more	Monthly remuneration x 12 months x payment factor of 1.5
100% or more but less than 120%	Monthly remuneration x 12 months x payment factor of 1
90% or more but less than 100%	Monthly remuneration x 12 months x payment factor of 0.25
Less than 90%	No payment

If the achievement rate is 90% or higher, the incentive rate will be adjusted between 0.25 and 1.5 in proportion to the level of achievement. Monthly remuneration is the remuneration set for each position in April 2024, and if changed to a new position partway through the applicable period, the calculation is to be made based on the monthly remuneration in the month the new position was assumed. For eligible persons, an individual monetary limit of ¥84.78 million is set.

Medium-term performance-linked remuneration is paid in cash within one month of the day following that day on which the cumulative consolidated business profit during the applicable period has been finalized at the first Ordinary General Meeting of Shareholders held after the end of the applicable period.

Amount of Remuneration of Directors and Audit & Supervisory Committee Members (Fiscal 2024)

Category	Total remuneration (millions of yen)	Total by type of remuneration (millions of yen)				Number of eligible officers (persons)
		Basic remuneration	Performance-linked remuneration			
			Bonus	Restricted stock compensation	Medium-term performance-linked remuneration	
Member of the Board (excluding Audit & Supervisory Board Members and Outside Directors)	546	218	103	150	74	6
Audit & Supervisory Committee members (excluding Outside Directors)	75	50	25	–	–	2
Member of the Board (Outside) and Audit & Supervisory Board Member (Outside)	93	93	–	–	–	9

Tax Transparency and Tax Governance

We established the Yokohama Group Tax Policy to ensure compliance with tax-related laws and regulations, considered a social norm, and to contribute to society through appropriate tax payments based on the Yokohama Group Organizational Governance Policy. In addition, we will fulfill our tax obligations as a global company by complying with the tax-related laws and regulations of each country and guidelines provided by the OECD.

The Yokohama Rubber Group's tax-related corporate governance is included within the Group's overall governance. In addition, this is carried out under the responsibility of the director in charge of the Corporate Finance & Accounting and IR departments of Yokohama Rubber Co., Ltd. The Yokohama Rubber Group's tax planning is implemented appropriately based on the actual status of the Group's business activities and in line with its

business objectives. We strive to prevent tax planning for the purpose of tax avoidance using tax havens and capital structures, understand the legislative intent of the preferential tax treatment available in each country, and utilize it within the scope of normal business activities to improve tax efficiency.

We will build sound, healthy relationships with the tax authorities of each country and respond seriously and with integrity to requests from the relevant authorities to participate in tax investigations. In the event of a difference of opinion between the Group and the tax authorities, the Group strives to engage in dialog with the authorities and to resolve the issue in accordance with the relevant tax-related laws and regulations.

Corporate Income Taxes Paid

(Unit: billions of yen)

	FY2022	FY2023	FY2024
Japan	9.23	7.53	41.95
Overseas	16.29	18.75	20.21
Total	25.52	26.28	62.16

Yokohama Rubber Group Tax Policy
https://www.y-yokohama.com/global/sustainability/governance/tax/

Status of Reducing Cross-Shareholdings

Policy on Cross-Shareholdings

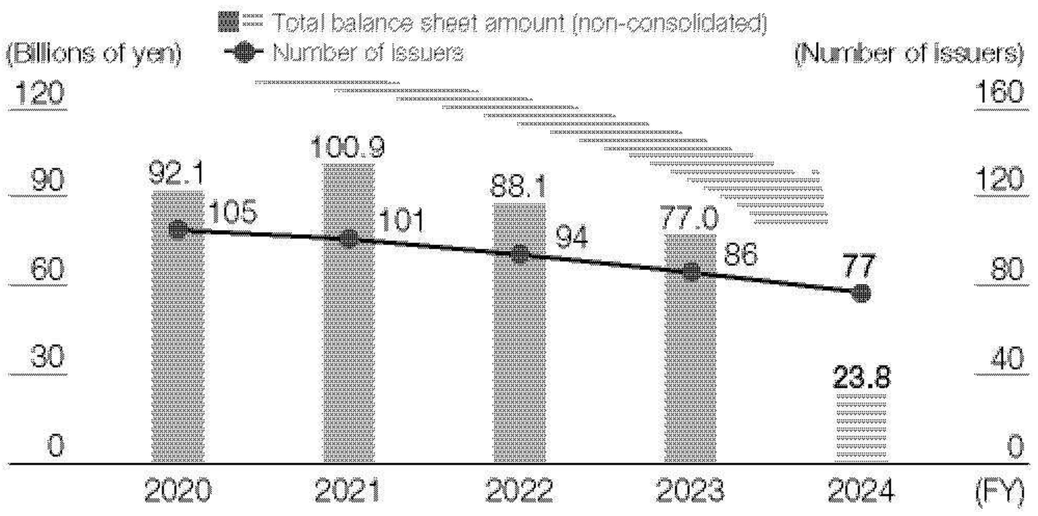
In the interests of corporate expansion and sustainable development, the Company believes it is essential to maintain cooperative ties with various companies. We adopt a medium-to-long-term perspective for enhancing the Company's corporate value and follow a policy of holding shares deemed strategically necessary after comprehensively accounting for strategic ties with the companies with whom we maintain important cooperative relationships, cooperative business-related ties with suppliers, and other factors.

Verifying the Appropriateness of Cross-Shareholdings

Once a year, the Company verifies, in both qualitative and quantitative terms, the benefits and risks associated with its individual cross-shareholdings from a medium- to long-term perspective, also considering the nature and scale of transactions, among other factors. These findings are reported to the Board of Directors. In fiscal 2024, the Company sold all shares held in nine companies and some of the shares it holds in five companies in light of verification by the Board of Directors in February 2024.

Trend in Cross-Shareholdings (Amount on Balance Sheet [Nonconsolidated] and Number of Issuers)

(excludes deemed shareholdings)



Constructive Dialogue with Shareholders

When engaging in dialogue (interviews) with shareholders, the director in charge of Corporate Administration Division, Corporate Finance & Accounting Dept., and IR Dept. serves as a officer in charge, and the Corporate Administration Division, Corporate Finance & Accounting Dept., and IR Dept. cooperate with the director in charge within a reasonable scope based on the wishes of shareholders and the main interests of the interview. If necessary, to a reasonable extent, we consider having outside directors or directors who are Audit & Supervisory Committee members attend meetings.

In principle, we conduct substantive shareholder surveys once a year and multiple times as necessary to understand the shareholder structure, after which the Corporate Planning Division, Accounting Division, and Legal Division strive to respond to shareholders by exchanging opinions based on their respective professional perspectives.

In order to enhance the means of dialogue with shareholders other than individual meetings, financial results briefings are held quarterly, and explanations are given by the Representative Directors at the end of the fiscal year and after the first half financial results, and the respective directors in charge provides other explanations. The results of dialogue (interviews) with shareholders are reported to the Representative Directors as appropriate.

At the dialogue with investors as well as at financial results briefings, we pay attention to the management of insider information.

Dialogue Between Outside Directors



Hiroki Kimura Member of the Board (Outside Director), Member of the Audit & Supervisory Committee

Career summary: Joined Asahi Mutual Life Insurance Company in April 1984. After serving as Executive Officer and General Manager of the Asset Management Division, Director & Executive Officer and General Manager of the Asset Management Division, Director & Managing Executive Officer in charge of the Corporate Planning Department and the Accounting Department, he became President and Representative Director of the company in April 2017, Chairman and Representative Director in April 2024, and Chairman of the Board from April 2025 (current position). He has served Yokohama Rubber as an auditor since March 2019 and has served as an Outside Director on the Board of Directors (current position) since March 2023. He currently also serves as an Audit & Supervisory Board Member of Zeon Corporation.



Hisako Takada Member of the Board (Outside Director)

Career summary: Joined Goldman Sachs Japan Co., Ltd., in April 1993. After graduating from the London Business School in July 1998, she joined Sony Corporation in August of that year. She then worked for UBS Securities Japan Co., Ltd. from August 2000 before joining GCA Savvian Corporation in December 2005. In April 2014, she joined Omron Corporation, where she served as the Senior General Manager of the CEO office from March 2021 and Executive Officer from April of that year. She has been an Outside Director on Yokohama Rubber's Board of Directors since March 2024. Since April 2025, she has been Senior Executive Officer and CFO (Chief Financial Officer) at Advantest Corporation.

Yokohama Rubber's Innovation Capabilities & Expectations for the Future

We asked two outside directors to share with us their impressions of the Yokohama Rubber Group's global management and their expectations for a future that takes advantage the Group's strengths

Please Share Your Impressions of Yokohama Rubber's Management System

Kimura I have been most impressed by Board of Director discussions on the two medium-term management plans, the previous YX2023 and the current YX2026. The plans were formulated and strategies were clarified after deep discussions, including at directors' offsite strategy meetings. I have also been impressed by the thorough follow-up and implementation of the plans, including PDCA (Plan-Do-Check-Act). I believe this can be seen in the Company's excellent results in 2024, YX2026's first year. I have the impression that the plan is steadily being implemented despite the very uncertain external environment. Since the Company has set rather high targets, the Board will probably need to discuss additional measures to correct course in response to changes in the operating environment, and our discussions are already looking beyond 2026.

Takada I see management's setting an agenda for review that not only includes major projects like its recent acquisitions but many other investments as proof that its execution and supervisory functions are working well. I highly evaluate management's decisions to close several plants, including MB plant as well as tire plants, even when the Company's results are good, as it indicates management is focusing on the profitability of each individual business.

Kimura Yokohama Rubber is implementing a growth strategy that incorporates medium- to long-term business strategies into its medium-term management plan. Its investment in growth while taking on some risks, such as M&A projects, is leading to a rapid transformation of the Company's business structure. When I became an outside member of the Audit & Supervisory Board in 2019, Yokohama Rubber's sales revenue was in the ¥600 billion range and business profit was in the ¥50 billion range, but sales revenue now exceed ¥1 trillion and business profit is above ¥100 billion. The Company is steadily implementing the growth strategy in its medium-term management plan and has grown into a truly global company.

Takada Many companies consider an objective accomplished once an acquisition is completed. What's great about Yokohama Rubber is that it clarifies who's responsible for generating profits even after acquisitions are completed. Yokohama Rubber has accumulated the knowledge and know-how it needs to manage a diverse group of companies. In addition to using speedy decision-making when carrying out acquisitions, Yokohama Rubber's management establishes a solid plan before the acquisition that clarifies accountability and the degree to which management authority will be transferred. I think one key to Yokohama Rubber's growth is that acquired companies enthusiastically join forces and collaborate on the Company's strategy.

What Do You Think are Yokohama Rubber's Strengths?

Takada I think Yokohama Rubber Group's strength is its diverse management. Today's global market is composed of regional markets with unique characteristics, and Yokohama Rubber has a firm understanding of the characteristics of each region it operates in. Yokohama Rubber's management team has managers familiar with their local market who are able to assume management accountability. I think Yokohama Rubber's diverse management team and its promotion of business management with inclusion is a great strength. For example, management is implementing the "1-year plant" concept in China, but in Mexico Y-ATG management is using its own know-how to expedite the construction of a new plant. I think this is a wonderful example of positive competition between two Group members.

Kimura I think management's speedy decision-making is another strength of the Company. Thorough discussions among the Company's executives enable them to come up with unified and clear strategies. During YX2023 and YX2026, Yokohama Rubber has significantly transformed its business structure, increased the sales ratio of commercial tires and expanded its commercial tire lineup. I expect it will be able to take advantage of this strength in the years ahead.

Please Share Your Views of Yokohama Rubber's Sustainability Management

Takada Rather than setting high numerical targets for its sustainability activities, Yokohama Rubber is focusing more on how sustainable the activities themselves are. By integrating those activities into its business, I think they will be able to contribute to society. Of course, these activities are integrated with business activities and hence contribute to profits because they respond to the needs in our society. I think it's commendable that Yokohama Rubber is setting clear goals based on themes that are possible to be addressed continuously. I also think sustainable activities are easier to implement if you make full use of available technologies, such as digital twins at manufacturing sites. I believe that we must take a medium-to-long-term perspective when thinking about how to use various technologies to address environmental and social problems.

Kimura Yokohama Rubber's sustainability initiatives include reducing greenhouse gas emissions and expanding its use of sustainable raw materials over the medium-to-long term. The Company's basic stance is to implement sustainability measures in a way that avoids cost increases or could even reduce costs and is compatible with its efforts to increase corporate profits. Investments that contribute to the environment will be necessary in the years ahead, but I look forward to the Company achieving its medium-to-long-term goals for reducing greenhouse gas emissions, etc., while also realizing its financial targets. For Yokohama Rubber to achieve sustainable growth, I think it needs to make improving the value of its human capital, that is, ensuring that diverse human resources are highly engaged and active, a major pillar of its sustainability management.

How Do You Expect Yokohama Rubber to Further Increase Its Corporate Value

Takada In addition to my expectations for each existing business, I think there is no doubt that M&A has been the key to the recent sharp growth, or what Yokohama Rubber is calling "Hockey Stick Growth." However, completing the acquisitions is not the end of the game. Management must now consider how to best reap the benefits to be realized from those acquisitions, how to expand upon those benefits, and how to sustain those results in the future. Toward that end, the Board of Directors will closely monitor the acquired companies throughout the remainder of YX2026 to ensure their integration is carried out appropriately and the Company's plan is firmly kept on track.

Kimura YX2026 embodies management's strong desire to further promote the "Exploitation" and "Exploration" measures set forth in YX2023 and to complete the transformation begun under that plan. The Company's growth strategy will be the basis for enhancing corporate value. Management is well aware that realizing the growth strategy set forth in YX2026 will enable it to meet the expectations of shareholders and other stakeholders and increase Yokohama Rubber's corporate value. YX2026 has clear action plans for each business, and I look forward to all businesses implementing those plans and generating "Hockey Stick Growth."

Takada I believe the key will be conveying the value of YOKOHAMA through meaningful dialogue with investors, in other words, strengthening engagement. I was very pleased to hear that the recent brand survey confirmed an improvement in YOKOHAMA's brand value ranking. Moving forward, I would like to see YOKOHAMA's brand value be conveyed even more widely. I look forward to Yokohama Rubber completing its transformation so that stakeholders will regard it as a company needed by the world and assign it a plus-alpha premium.



Risk Management

To minimize the various risks surrounding the Yokohama Rubber Group, we manage risks that may have a significant impact on management across the Group.

Basic Approach

The Group is working to strengthen risk management as part of its internal control in order to minimize diversifying risks. We are focusing on identifying matters that have a significant impact on our business, taking preventive measures to stop risks before they occur, and creating a system for prompt and appropriate responses to minimize damage in the event of a serious risk incident.

Currently, there is a need to respond to various changes in the business environment in Japan and overseas, such as growing awareness of human rights and global business expansion. In addition, the impacts of risks caused by the external environment, such as pandemicsof infectious diseases, tight supply and demand of raw materials, and cyberattacks, are also enormous.

In light of these circumstances, we recognize that risk management is one of the most important issues in terms of management sustainability, and we are working to maintain and strengthen our risk management system.

Risk Management System

To strengthen our defense against various risks surrounding the Group, we have established the Risk Management Committee, chaired by the officer in charge of risk management, to manage risks that may have a significant impact on management across the Group and appropriately evaluate/respond to them.

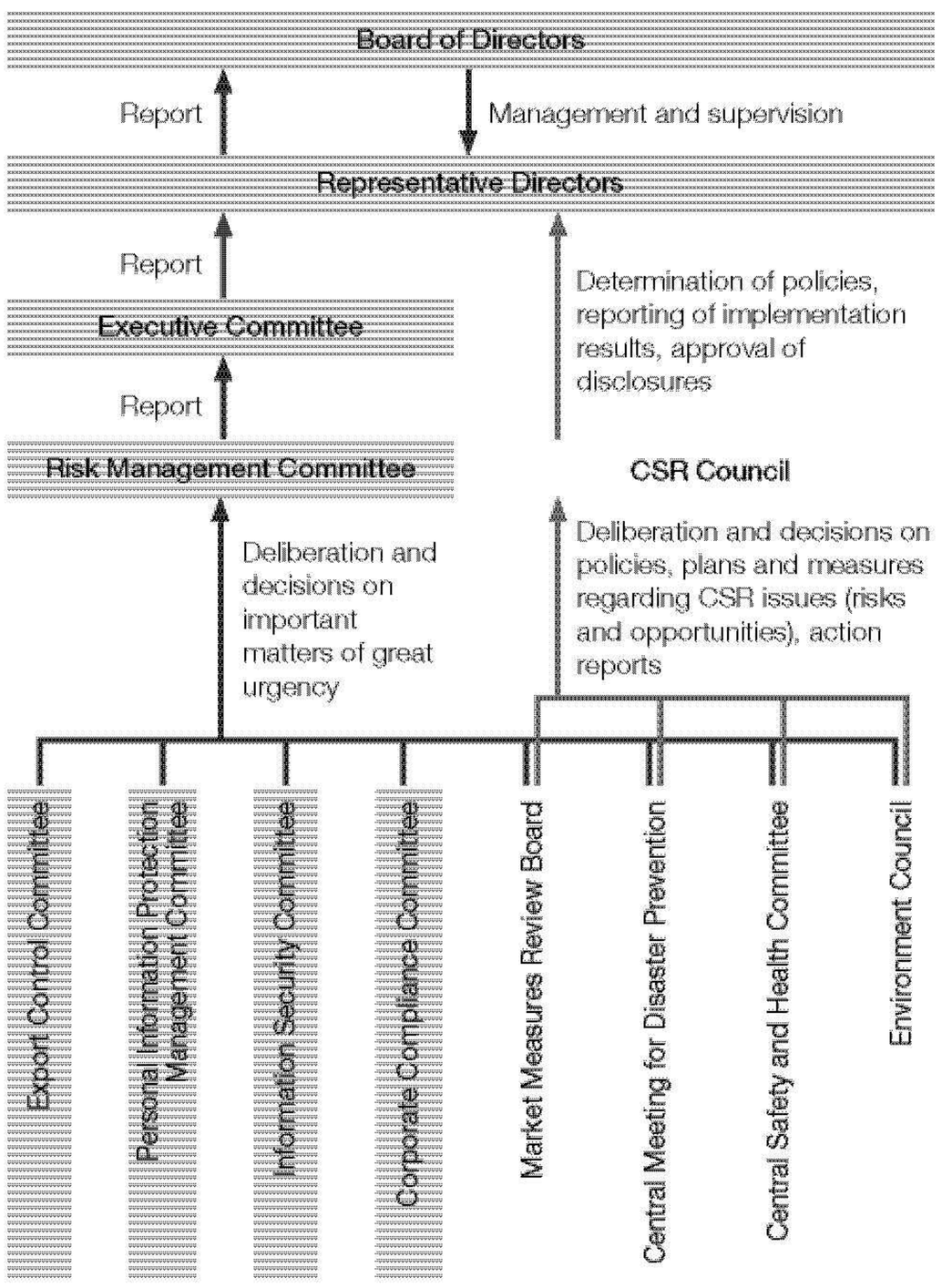
Further, regarding risks with a high degree of importance, including environmental, occupational health and safety, disaster prevention, business continuity plan (BCP), quality management, compliance, information security, and export management, we have put in place a system for the focused management of risks that establishes divisions and meeting bodies specializing in overseeing each risk. This enables us to comprehensively identify risks in our business activities and take appropriate countermeasures.

The activities of the Risk Management Committee, Corporate Compliance Committee, and other committees are regularly reported to the Board of Directors, with the activities of other committees also reported to the Executive Committee as appropriate. Matters that may have a significant impact on management decisions are reported to the Board of Directors.

Fiscal 2024 Results

In addition to the regular meetings of the Risk Management Committee and other committees twice a year, ad hoc committee meetings may be held based on the standards stipulated in the committee rules. In fiscal 2024, the Risk Management Committee and the Personal Information Protection Management Committee held extraordinary committee meetings, and the results of these meetings were as shown on the right. Moving forward, we will continue to work more on PDCA activities to identify possible risks, consider countermeasures, inform related parties, and verify them while sustaining our normal day-to-day business activities.

Risk Management System



Committee Meetings Held in Fiscal 2024 (Including Extraordinary Meetings)

Risk Management Committee	9 times
Personal Information Protection Management Committee	3 times
Export Control Committee	2 times
Information Security Committee	2 times

Information Security Initiatives

The Group has established the Information Security Basic Policy, and is implementing a variety of measures to protect customers' personal information and other confidential information from information leaks and cyberattacks, which are becoming more sophisticated and complex every day.

We have also established information security rules, procedures

and global guidelines, and regularly review them in response to changes in the environment surrounding information security.

As the core of the information security system for the entire Group, we have established information management officers in each organization, centered on the Information Security Committee, and have built a close communication system.

Furthermore, as the operational unit of the Information Security Committee, we have established "YRC-CSIRT" to respond quickly to information security incidents, implement measures such as information gathering and information security education, and conduct regular risk assessments. The evaluation results are compiled into a report, and any identified improvements or future response policies are shared within the Information Security Committee. These ongoing initiatives are regularly evaluated through external audits, and our company has obtained and maintains TISAX certification, an information security assessment formulated by the German Association of the Automotive Industry. In addition, our information-related subsidiaries have obtained ISO 27001 certification.

Activities in Fiscal 2024

Fire and Disaster Prevention Initiatives

Learning from the fire that occurred at Yokohama Tire Philippines, Inc. (YTPI)'s production site in the Philippines in 2017, we are working to operate our business with safety as a top priority based on our vow to never cause a fire or accident again. In terms of fire prevention activities, in April 2024, we revised the company-wide Fire Prevention Guideline, which aims to prevent fires and prevent the spread of fires in the event of an emergency. We will continuously enhance both the activities to prevent reoccurrences and other prevention management and the continuous improvement of management, drills, and equipment for minimizing the spread in case fire occurs from fiscal 2025 as well as implement the PDCA cycle to strengthen the Yokohama Rubber Group's fire prevention system.

In terms of disaster prevention activities, we revised the Disaster Prevention Guidelines in November 2023 to clarify our preparedness for intensifying natural disasters and infectious diseases occurring over a wide area. Formulated with the aim of maintaining corporate activities based on human life first, these guidelines promote the strengthening of our disaster preparedness capabilities by clarifying the actions that employees should take in the event of a disaster, the Company's disaster prevention system, and the enhancement and management of disaster stockpiles. Disaster prevention drills are also held on a regular basis, and their content and frequency, and the number of participants are confirmed to ensure a quick response to disasters.

We have introduced a safety confirmation system covering the Company and our domestic production subsidiaries, and carry out disaster drills continuously. In addition to conducting safety confirmation drills regularly at each site, we have conducted nationwide safety confirmation drills every year in March since 2021. By increasing the frequency of safety confirmation drills, we are working to improve our initial response capabilities in the event of a disaster and raise our employees' awareness of disaster prevention. As the system to establish the Central disaster prevention management headquarter of the corporation in the event of a large-scale disaster as well as to collect and share information, we have built a tool that enables the pluralization of communication means and the sharing of information at a meeting room in Internet space, ensuring tools for prompt communication that are available even under a situation difficult to meet physically.



Fire prevention audit

BCP Initiatives

With regard to the Business Continuity Plan (BCP), we have prepared guidelines including the Basic BCP Guidelines for responding to various destructive and non-destructive disasters, such as infectious diseases. These guidelines are revised as necessary. In 2024, taking lessons from the Noto Peninsula Earthquake that occurred on New Year's Day, we conducted a large-scale BCP drill assuming a situation where headquarters members were not present due to being a holiday night, confirming procedures for launching the Central Disaster Prevention Management Headquarters and communication using remote tools and emergency communication methods based on the response manual.

Going forward, we will continue drills and improvement activities based on various estimates to protect our employees from disasters as well as strengthen our systems and mechanisms to continue the supply of products and services during disasters.

Future Issues and Measures

Since the environment surrounding companies is becoming increasingly severe due to an unstable global situation, the intensification and increasing frequency of natural disasters, and advancement and sophistication of cyberattacks, we recognized that further strengthening of risk management as well as information sharing and communication among departments will continue to be important issues.

Going forward, we will continue to improve risk countermeasures by regularly conducting risk assessment and implementing the PDCA cycle by each department in charge, and raise the awareness of each and every employee through BCP drills and information security training and drills.

Compliance

To address the increasing compliance risks associated with globalization, we have established various policies and internal reporting systems, deployed them in each country and region, and implemented measures to prevent, detect early, and correct misconducts.

Basic Approach

In response to the expanding risks due to globalization, the Yokohama Rubber Group established the Group's Competition Law Compliance Policy and Anti-Corruption Policy, defined regulations and guidelines that embody these policies, and shared these requirements to members* of the Yokohama Rubber Group. By combining the above with the Global Whistle-Blowing System, which are rolled out in our subsidiaries in each country and region, we aim to further raise the level of compliance in the Group.

With regard to product liability, our mission is to contribute to the development of the Company and society by winning the trust of our customers and securing appropriate levels of profit. In order to achieve this, we must continue to provide products of quality that satisfy customers around the world and can be purchased with peace of mind. The Yokohama Rubber Action Guidelines state that, "We shall provide safe and high-quality products and services."

* All employees working in the Group, including full-time employees, contract employees, temporary employees, and outsourced employees.

Yokohama Rubber Group Action Guidelines
https://www.y-yokohama.com/global/sustainability/business/suspolicy/#shishin

Compliance System

We have established a Corporate Compliance Committee chaired by the director in charge of corporate compliance and a Corporate Compliance Department as the department that handles compliance implementation. The committee meets four times a year for ongoing implementation of various measures related to the Yokohama Rubber Group's compliance, and to report on its activities to the Board of Directors and the Audit & Supervisory Board. The Group's Corporate Philosophy and Action Guidelines have been disseminated to all Group companies, including those overseas, and serve as guidelines via an internal bulletin, etc. for the execution of duties by the directors and employees of each company. In addition, by assigning a person from each division to be a concurrent member of the Corporate Compliance Department, we strive to share updates on workplace training and awareness raising activities and relevant information. We have also appointed a Compliance Promoter at each of the domestic and overseas group companies to carry out the same activities.

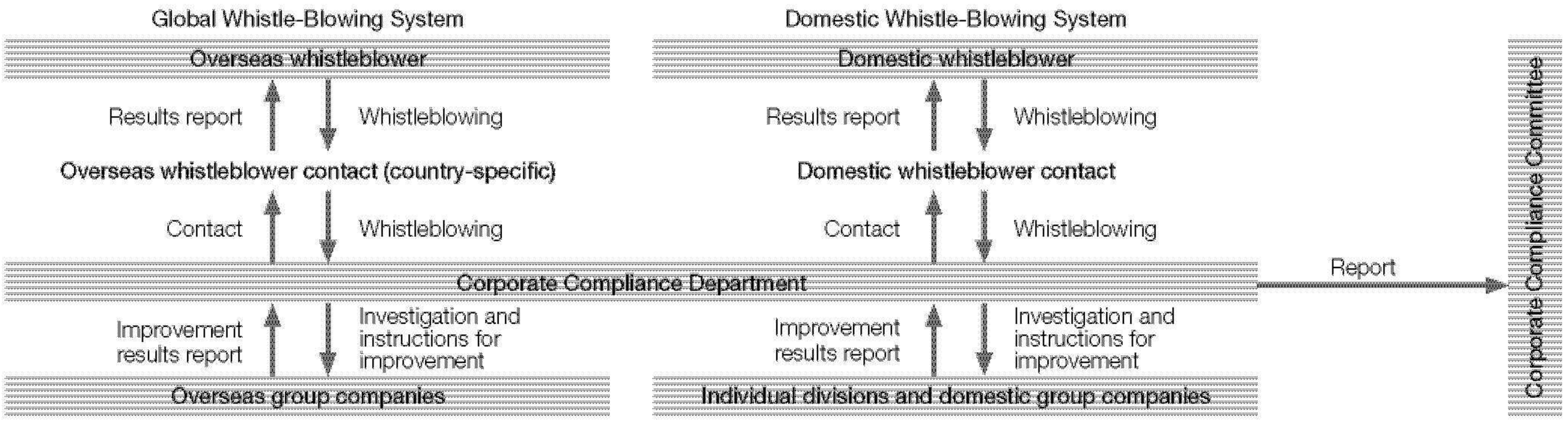
In the event of a quality problem or complaint in the market regarding a product that we have provided to customers, we respond promptly to resolve the problem and take measures to prevent its recurrence. These measures involve regularly conducting quality audits to confirm the implementation status of corrective actions and verifying their effectiveness.

Whistle-Blowing System

The Corporate Compliance Hotline is a system available that also handles anonymous whistleblowing in accordance with the Whistle-Blower Protection Act. There are two Compliance Hotlines, one internal and one external. The external Compliance Hotline is set up at a law firm to ensure independence. In addition, the Compliance General Counseling Room has been set up as a service for any member of the domestic Group to consult over doubts regarding compliance. In fiscal 2024, the Compliance Hotline and the Compliance General Counseling Room fielded 153 reports or consultations in total.

For overseas subsidiaries, a Global Whistle-Blowing System, in which certain whistleblowing is handled directly by the Corporate Compliance Department, has been set up and is gradually becoming operational in overseas locations. Despite the delay due to COVID-19, phased introduction has been completed in China, the Philippines, Thailand, North America, Europe, Vietnam, and Indonesia as of 2024, except for a portion of business sites. We will continue their gradual introduction.

Whistle-Blowing System



Education and Awareness Raising Activities

We conduct compliance trainings using topics such as past company compliance issues and socially problematic matters. We categorize the content into general topics intended for broad employee awareness and specific topics for particular departments or positions. We also customize delivery methods by utilizing material distribution, workplace group learning, and group training sessions.

In 2024, we continued training related to harassment and quality fraud, and focused on topics such as mental health, management of appropriate work hours, and handling of entertainment expenses.

Workplace Compliance Training Themes (FY2024)

The Group uses its proprietary educational materials to conduct training on compliance at each workplace monthly. In fiscal 2024, the following themes were covered.

January	Mental health	July	Email content and recipients
February	Acts of violence	August	Acts of violence
March	Handled reports and anonymous reports	September	Odor harassment
April	Appropriate work hour management	October	Handling of entertainment expenses
May	Sexual harassment	November	Prevention of quality misconduct
June	Duties and mindset	December	Nuisance acts

Initiatives to Prevent Corruption

The Yokohama Rubber Group Action Guideline states in 6. "We shall observe not only laws and regulations but also social norms.," and declared that, "We shall not engage in any activity that is in violation of the competition-related law (antitrust legislation), any acts of bribery, and any other acts that deviate from laws, regulations, or business conventions." "We shall open our doors wide to all prospective suppliers, engage in just and fair transactions with them, and construct partnerships grounded in observance of laws and regulations and in mutual trust. In addition, we shall take approaches with them to CSR issues (in the aspects of the environment, safety, human rights & labor, and compliance), ascertain the facts of their situation, and proactively assist them in their related efforts." The Yokohama Rubber Group Action Guideline also refers to actions involving not only public servants, but also business partners as well.

In addition, we have established the Yokohama Rubber Group Competition Law Compliance Policy and the Yokohama Rubber Group Anti-Bribery Policy, and have promoted compliance with these policies and provided management and supervision by making the policies known to the members of the Group and providing training to them.

Under our Global Whistle-Blowing System, we have established an external contact point with a primary focus on promptly identifying illegal activities such as competition law violations and bribery, and we provide training to all employees of overseas subsidiaries that are scheduled to introduce the system in order to increase the effectiveness of the system.

Opportunities and Number of Participants in Anti-Corruption Training

Training opportunities	No. of participants
Training concerning antitrust laws (regulation on abuse of superior bargaining positions)	3,005
Training concerning antitrust laws (cartel regulation, regulation on abuse of superior bargaining positions, special designation for logistics)	4,555
Pre-departure training for overseas posting	38
Pre-departure training for posting as a supervisor at an overseas locations	9
Newly appointed manager training	38
Total	7,645

Initiatives to Prevent Quality Misconduct

The Group Action Guidelines states in 4. "We shall provide safe and high-quality products and services." It also declares that "We shall develop, design, manufacture, and sell attractive products that satisfy customers; provide society as a whole with safe and high-quality products and services; and endeavor to enhance the value of the YOKOHAMA brand."

To prevent quality misconduct, we provide annual quality misconduct prevention training to all members of the Group, and a total of 28,643 employees took part in the training in fiscal 2024.

Number of Participants in Quality Misconduct Prevention Training

FY	2022	2023	2024
Number of participants	30,463	28,942	28,643

Future Issues and Measures

To respond to the growing risks associated with globalization, we will continue to expand the introduction of our Global Whistle-Blowing System and provide training. To prevent quality misconduct, we will create an environment impervious to fraudulent activity by creating a training program that approaches motives based on case studies of other companies, and by planning and implementing training for all employees in Japan and overseas, including affiliated companies. In addition, from the perspective of compliance with rules, we are confirming operations and inspecting processes, and, if necessary, we will make improvements.

Senior Management

(As of July 31, 2025)

Members of the Board



Masataka Yamaishi
Chairman & CEO,
Chairman of the Board
(General Management/Regional Business Units/Planning and Administration/MB/Head of Corporate Planning Div.)



Shinji Seimiya
President & COO
(Engineering/Production/Quality Assurance /IT/TBR Business/PRGR/ Head of Tire Production Div.)



Nitin Mantri
Member of the Board and Senior Managing Officer & Co-COO
(OHT Business/India Business)



Tomoaki Miyamoto
Member of the Board and Managing Officer, Head of Japan Replacement Tire Sales & Marketing Div., In charge of Corporate Administration Div., In charge of Corporate Social Responsibility Div., Head of Hiratsuka Factory, Member of the Board of Yokohama Tire Japan Co., Ltd.



Masahiro Yuki
Member of the Board and Officer, In charge of Corporate Finance & Accounting Dept. and IR Dept., Head of Tire Business Planning Div.



Gota Matsuo
Member of the Board, Chairman of Member of the Audit & Supervisory Committee



Hirokazu Kono
Member of the Board (Outside), Member of the Audit & Supervisory Committee, Member of Personnel Remuneration Committee for Corporate Officers and Directors



Megumi Shimizu
Member of the Board (Outside), Member of Personnel Remuneration Committee for Corporate Officers and Directors



Hiroki Kimura
Member of the Board (Outside), Member of Personnel Remuneration Committee for Corporate Officers and Directors



Junichi Furukawa
Member of the Board (Outside)



Hisako Takada
Member of the Board (Outside), Member of Personnel Remuneration Committee for Corporate Officers and Directors



Nobuhiko Sasaki
Member of the Board (Outside)

Composition of Directors with Knowledge, Experience, and Ability

The Board of Directors of the Company consists of no more than 15 directors (including directors who are Audit & Supervisory Committee members) while the Audit & Supervisory Committee consists of no more than five members as stipulated in the Articles of Incorporation. Our basic approach is to ensure their diversity, including outside directors, and an appropriate composition, while giving consideration to the balance of knowledge, experience, and abilities associated with each business.

In addition, we believe that the skills required for each director in light of the Company's medium- to long-term management strategies, management plans, etc. are those shown in "Skills Matrix of Directors" on the next page. Skills possessed by current directors are indicated with a "●" in the corresponding column.

Skills Matrix of Directors

Name	Position	Corp mgt Mgt strategy	HR policies & development	Overseas knowledge Int'l business	Tech development & quality	Procurement/ Prod'n/Prod'n technology/ SCM	Finance & accounting	Governance Internal controls	ESG/ CSR	Sales & marketing
Masataka Yamaishi	Chairman & CEO, Chairman of the Board	●	●	●				●		
Shinji Seimiya	President & COO	●			●	●			●	
Nitin Mantri	Member of the Board and Senior Managing Officer & Co-COO	●		●		●				●
Tomoaki Miyamoto	Member of the Board and Managing Officer	●						●	●	●
Masahiro Yuki	Member of the Board and Officer	●		●			●			●
Gota Matsuo	Member of the Board, Chairman of the Audit & Supervisory Committee						●	●	●	
Hirokazu Kono	Member of the Board (Outside), Member of the Audit & Supervisory Committee	●			●	●				
Megumi Shimizu	Member of the Board (Outside)			●				●		
Hiroki Kimura	Member of the Board (Outside), Member of the Audit & Supervisory Committee	●					●	●		
Junichi Furukawa	Member of the Board (Outside)	●	●				●			
Hisako Takada	Member of the Board (Outside)						●	●	●	
Nobuhiko Sasaki	Member of the Board (Outside)	●	●	●					●	

Note) ● entered for a maximum of four skills or areas of specialization for each director. The chart does not indicate all the skills or professional knowledge possessed by the directors.

Officers

Name	Position
Shinichi Takimoto	Senior Managing Officer, Head of Japan Tire Business Div., Head of O.E. Tire Sales & Marketing Div.
Jeff Barna	Senior Managing Officer, Chairman and CEO of Yokohama Corporation of North America, Chairman of Yokohama Tire Corporation, Chairman of Yokohama Tire (Canada) Inc., Chairman of Yokohama Tire Mexico S. de R.L. de C.V.
Yoshikuni Nakamura	Managing Officer, President of Yokohama Asia Co., Ltd., Chairman of Yokohama Tire Manufacturing (Thailand) Co., Ltd., Chairman of Yokohama Tire Sales (Thailand) Co., Ltd., Chairman of Yokohama Tyre Sales Malaysia Sdn. Bhd., Chairman of Yokohama Tire Sales Philippines, Inc., Chairman of Yokohama Tyre Sales Vietnam Co., Ltd.
Katsuhiko Yahata	Managing Officer, President of Yokohama Tire Japan Co., Ltd., Deputy Head of Japan Replacement Tire Sales & Marketing Div.
Takehisa Morimoto	Managing Officer, President of Yokohama Tire Manufacturing Mississippi, LLC., Chairman of Yokohama Tire Manufacturing Virginia, LLC.
Kazuhito Yanadori	Managing Officer, Head of Procurement Div., President of Yokohama Rubber Singapore Pte. Ltd.
Hiroyuki Narabayashi	Managing Officer, Head of Quality Assurance Div.

Name	Position
Shingo Ishimitsu	Managing Officer, Head of Corporate Administration Div., Deputy Head of Hiratsuka Factory, President of Yokohama Peer Support Co., Ltd.
Takeshi Masatomo	Managing Officer, Head of Tire Overseas Sales & Marketing Div., Head of Tire Overseas Business Planning Dept.
Hiroyuki Shioiri	Officer, Head of Consumer Tire Product & Marketing Planning Div.
Anil Gupta	Officer, COO of ATC Tires Pvt. Ltd., Vice Chairman of Yokohama India Pvt. Ltd.
Shoichiro Matsuda	Officer, Head of Tire Development Div.
Takayuki Hamaya	Officer, Head of MB Div., Head of Industrial Products Div., President of Yokohama Industrial Products Japan Co., Ltd.
Angelo Noronha	Officer, President and CEO – Yokohama ATG
Motoji Fujita	Officer, Head of Research & Advanced Development Div.
Ming Fan	Officer, Assistant to CEO, Chairman and President of Yokohama Rubber (China) Co., Ltd., Chairman and President of Yokohama Tire Sales (Shanghai) Co., Ltd., Chairman of Hangzhou Yokohama Tire Co., Ltd., Chairman of Suzhou Yokohama Tire Co., Ltd.
Gregorio Borgo	Officer, Consultant and Acting President of Yokohama Europe GmbH, Consultant of Yokohama TWS

Stakeholder Engagement

The Yokohama Rubber Group values dialogue with all stakeholders and aims to enhance corporate value by building relationships of trust. We sincerely accept opinions and requests from all stakeholders and reflect them in our business activities to contribute to the realization of a sustainable society.

Key Stakeholders and Communication Opportunities

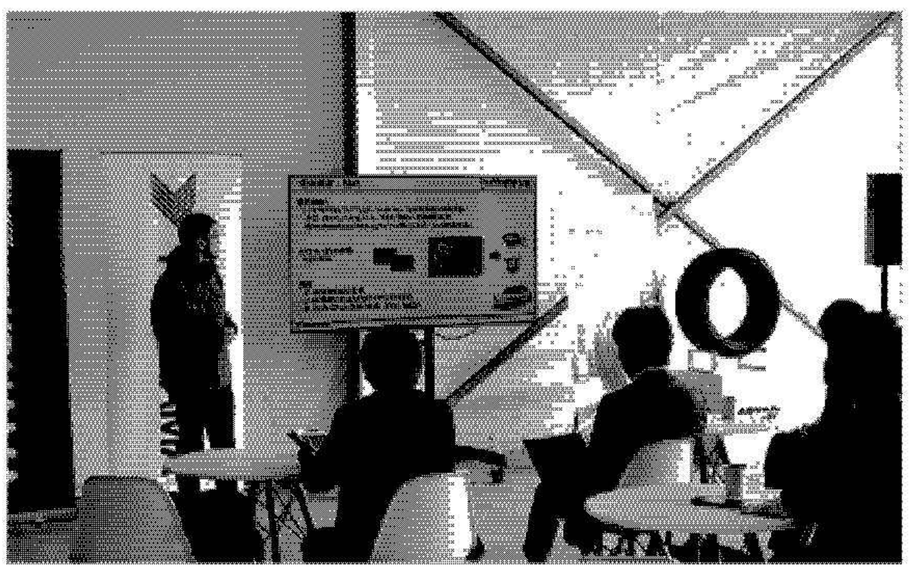
Main Stakeholders	Expectations and Interests of Stakeholders	Means of communication (frequency)
Customers	・Product safety and quality ・Development and provision of products that contribute to the environment ・Comprehensive support system ・Appropriate provision of product and service information	・Daily business activities (daily) ・Customer service desk (daily) ・Website and SNS (as needed) ・Holding events and exhibiting at trade shows (as needed) ・Tire safety awareness campaign (once a year)
Employees	・Occupational health and safety and health management ・Human resources development and utilization ・Improvement of employee engagement ・Active participation of diverse human resources ・Respect for Human Rights	・Dialogue between management and employees (as needed) ・Internal consultation desk (daily) ・Corporate Compliance Hotline (daily) ・Labor-management council and committees (as needed) ・Intranet bulletin board (daily) ・Publication of company newsletter (four times a year)
Shareholders/ Investors	・Improvement of corporate value ・Timely and appropriate information disclosures ・Appropriate profit sharing ・Sustainability initiatives	・General shareholders meeting (once a year) ・Financial results briefing (four times a year) ・IR meetings (small, 1-on-1) (as needed) ・Facility tours and ride-along events (as needed) ・Website (daily)
Business partners	・Fair and equitable transactions ・Building long-term partnerships ・Quality improvement initiatives ・Respect for human rights in the supply chain	・CSR briefing for business partners (twice a year) ・Suppliers' Day (once every two years) ・Seminars for natural rubber farmers (twice a year) ・Natural rubber farm surveys (around 15 surveys a month) ・Inquiry hotline (daily)
Communities	・Regional environmental conservation ・Contribute to local communities ・Economic revitalization of local communities	・Community briefing sessions (once or twice a year) ・Factory tours (as needed) ・Holding biodiversity panel discussions (once a year) ・Opening parks and grounds on premises (daily) ・Participation in local volunteer activities (as needed) ・Sponsorship of local events (as needed)

Representative Examples in 2024

Shareholders and Investors

Briefing Session for Analysts and Institutional Investors at the China Site

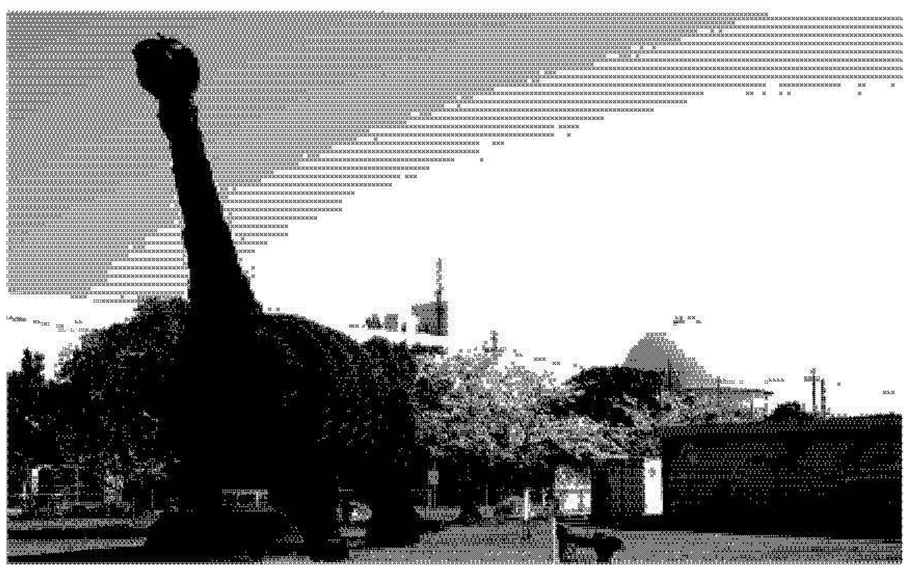
In November 2024, we held a business briefing session for analysts and institutional investors and a ride-along event for EVs manufactured by Chinese makers at our China Site.



Local Communities

Public Opening of the "Dinosaur Park" Within the Onomichi Plant Premises

At the Onomichi Plant, which produces large tires for mining and construction vehicles, the "Dinosaur Park"—featuring three giant dinosaurs made from scrap tires—has been opened daily to the public as a place of relaxation for local residents. In 2024, 1,986 local residents visited the park.



Business Partners

Seminars for Natural Rubber Farmers

Twice a year, in June and December, in collaboration with the Surat Thani branch of Rubber Authority of Thailand (RAOT) * we hold seminar events for Thai natural rubber farmers to improve the quality and productivity of natural rubber. In the seminar held in December 2024, 50 farming households participated and deepened their understanding of improving natural rubber productivity. Additionally, participants were provided with fertilizer utilizing the expertise of the Rubber Authority of Thailand free of charge from our company.

* Surat Thani branch of Rubber Authority of Thailand: An organization under the Ministry of Agriculture and Cooperatives (MOAC) of Thailand



Employees

Tire Global TPM Convention

In June 2024, the "2024 Tire Global TPM (Total Productive Maintenance) Conference" was held at our headquarters. This conference was attended by a total of 21 circles—10 from domestic and 11 from overseas tire production plants—who presented case studies of TPM activities at each site. After the presentations, there was an active discussion involving officers. Through this conference, we aim to enhance engagement among employees both domestically and internationally, foster human resource development, and increase corporate value.



Participation in Initiatives

The Yokohama Rubber Group supports and participates in domestic and international initiatives to promote efforts toward realizing a sustainable society through collaboration that transcends countries, regions, and organizations.

Main Initiatives We Participate in

United Nations Global Compact (UNGC)

In May 2012, we signed the "Global Compact" (UNGC), a worldwide framework proposed by the United Nations for sustainable growth, and joined the Global Compact Network Japan (GCNJ), which consists of Japanese companies and others that have signed the UNGC. The Company and all our domestic and overseas subsidiaries implement the PDCA cycle in accordance with the 10 principles in the four areas (human rights, labor, the environment, and anti-corruption) of the United Nations Global Compact.

World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a coalition of top global companies that demonstrates leadership in industry regarding the environment and sustainable development, engaging in active discussions and policy proposals. The Company participates in the Tire Industry Project (TIP), which investigates the potential impact of tires on the environment and health, as well as activities promoting energy conservation in buildings and offices.

Global Platform for Sustainable Natural Rubber (GPSNR)

The Global Platform for Sustainable Natural Rubber (GPSNR) is an international platform launched under the leadership of WBCSD's TIP, aiming to improve social, economic, and environmental aspects across the natural rubber value chain. GPSNR includes many participants such as tire makers, natural rubber product makers, natural rubber producers, and automobile makers. The Company has been an active founding member since October 2018.

Task Force on Climate-related Financial Disclosures (TCFD) Consortium

TCFD is an international initiative established by the Financial Stability Board (FSB) at the request of the G20, recommending that companies assess and disclose the financial impacts of climate change-related risks and opportunities on management. In January 2022, the Company expressed support for the TCFD recommendations and joined the "TCFD Consortium," established by the Ministry of Economy, Trade and Industry, Ministry of the Environment, and Financial Services Agency as a forum for discussions among companies and financial institutions supporting the TCFD recommendations.

The TNFD Forum

TNFD is an international initiative established to build a framework that encourages companies to disclose information on risks and opportunities related to the natural environment and biodiversity, aiming to shift global financial flows toward nature-positive outcomes. In January 2023, Yokohama Rubber expressed support for the TNFD philosophy and joined the "TNFD Forum," an international stakeholder organization supporting the development of the nature-related financial disclosure framework.

30by30 Alliance for Biodiversity

The "30by30 Alliance for Biodiversity" is a voluntary coalition of companies, local governments, and organizations launched in 2022 to promote nationwide efforts toward achieving the international "30by30" goal of conserving and protecting more than 30% of land and sea by 2030 for a nature-positive future. The Company joined in January 2023. By aiming to achieve "30by30" at our production sites and other premises, we will contribute to realizing a society that lives in harmony with nature.

Glossary

Glossary	Description
AG (Agriculture tires)	Tires for agricultural machinery.
All-season tires	All-weather tires that can be used throughout all four seasons. These tires perform similarly to summer tires in dry and wet conditions, and offer performance close to studless tires on snowy roads (studless tires are recommended for icy or severely snow-covered roads). All-season tires marked with the "snowflake mark" are permitted for use under "winter tire regulations." However, chains must be installed when "chain regulations" are in effect.
CASE (Connected, Autonomous, Shared & Service, Electric)	A concept that indicates the future direction of automotive evolution.
Commercial tires	Tires for trucks, buses, agricultural machinery, and other infrastructure-related vehicles that support industries such as transportation and production.
Compound	Compound rubber used in the tread section of tires. It is made by mixing base polymers such as natural and synthetic rubber with materials like carbon black and mineral oil.
Consumer tires	Tires for passenger cars and other vehicles used by general consumers.
Grassroots category	In motorsports, "grassroots" refers to relatively small-scale that are primary participated in as a hobby or entry-level event, and are participated in as a hobby or entry-level event, and are an important foundation for the fostering of motorsports fans and the development of future professional drivers.
HAICoLab	Yokohama Rubber's AI utilization concept for digital innovation formulated in 2020. The name was created from the concept of "humans and AI collaborating for digital innovation," and is used in the development of rubber materials for new products and in the calculation of the optimal pitch arrangement for tires. It also has the meaning of a joint research institute combining humans and AI.
ID (Industrial tires)	Tires for industrial vehicles.
LTR (Light truck radial tires)	Tires for small trucks.
MaaS (Mobility as a service)	A term that views mobility not just as a means of transportation, but as a next-generation transportation service that combines various technologies such as autonomous driving and AI.
OHT (Off-highway tires)	A general term for tires for agricultural and forestry machinery, construction and mining vehicles, and industrial and port-use vehicles.
OTR/OR (Off the road tires)	Tires for construction and mining vehicles.
PFO (Pressure field operation)	A tire standard for large agricultural machinery. Compared to VF tires, enhanced load capacity at low speeds makes it possible to operate machinery at lower tire pressures, further reducing soil compression damage.
Pickup trucks	Vehicles used for carrying small cargo with an open storage area behind the driver's seat.
Programmatic M&A	The continuous and systematic acquisition of multiple companies by a company to accelerate its growth strategy.
Replacement tires	Tires used to replace the old tires installed on their new vehicles when they become worn or damaged.
Retread tires	Tires for which the worn tread rubber (the parts of a tire that make contact with the road's surface) is replaced with new rubber to restore the tire's functionality for reuse. They are also referred to as regenerated tires.
SUV (Sport utility vehicles)	Sport utility vehicles are suitable for everyday activities such as shopping as well as driving on unmaintained roads and other outdoor leisure pursuits.
TBR (Truck and bus radial tires)	Tires for trucks and buses.
T.M.S (Tire management system)	Service that utilizes a database to compile tire operation information. This system provides total support for tire management, from tire inspections to data entry, collection, and proposals, contributing to safer operations and greater efficiency.
VF (Very high flexion)	A tire standard for large agricultural machinery. VF tires can support the same load at 40% less air pressure than conventional radial tires, enabling driving farm vehicles at low tire pressures, which is expected to reduce damage from soil compaction and improve productivity in agricultural operations.
Y-ATG	A business unit of the OHT Business Division, Y-ATG mainly sells tires for agricultural machinery vehicles and construction machinery vehicles under the Alliance brand.
Y-OTR	A business unit of the OHT Business Division, Y-OTR mainly sells YOKOHAMA brand tires for mining, construction, and industrial vehicles.
Y-TWS	Abbreviation for Yokohama TWS, a subsidiary of the OHT Business Division. The company mainly sells tires for agricultural machinery vehicles and industrial vehicles, such as Trelleborg brand tires.
Winter tires	Tires designed for use in low temperatures and on snow-covered roads. These include studless tires with enhanced grip on icy roads.

11-year Key Financial and Non-Financial Data

Fiscal year ending December 31

		Japan GAAP			IFRS
	Unit	FY2014	FY2015	FY2016	FY2017
Financial Data					
Profit and Loss					
Sales revenue	(Billions of yen)	625.2	629.9	596.2	646.3
Business profit	(Billions of yen)	59.1	54.5	42.3	58.3
Business profit margin	(%)	9.4	8.7	7.1	9.0
Profit attributable to owners of parent	(Billions of yen)	40.5	36.3	18.8	40.0
Financial Position					
Total assets	(Billions of yen)	734.5	710.7	903.0	920.8
Interest-bearing debt	(Billions of yen)	184.3	190.9	336.4	315.6
Equity attributable to owners of the parent	(Billions of yen)	323.6	339.0	348.8	379.8
Management Indicators					
Ratio of equity attributable to owners of parent*1	(%)	44.1	47.7	38.6	41.2
Return on assets*2	(%)	5.8	5.0	2.3	4.4
Return on equity*3	(%)	13.6	11.0	5.5	11.1
D/E ratio*4	(times)	0.57	0.56	0.96	0.83
Cash Flows					
Cash flows from operating activities	(Billions of yen)	59.0	57.5	75.4	60.5
Cash flows from investing activities	(Billions of yen)	(53.7)	(55.1)	(166.5)	(29.7)
Free cash flows	(Billions of yen)	5.3	2.5	(91.1)	30.7
Cash flows from financing activities	(Billions of yen)	(0.1)	(6.4)	100.2	(28.1)
Investment					
Capital expenditures*5	(Billions of yen)	55.3	50.9	35.9	39.9
Depreciation & amortization*5	(Billions of yen)	27.4	31.4	33.2	34.6
R&D expenses	(Billions of yen)	13.4	14.2	14.5	15.1
Dividend per Share					
Annual	(yen)	26	39*7	52	62
Dividend payout ratio*6	(%)	10.4	17.3	44.4	24.9
Earnings per share	(yen)	250.67	226.07	117.17	249.32
Non-financial Data					
Business					
Patents	(patents)	4,868	4,941	5,109	5,480
Tire production volume*8	(thousand tons)	668	681	662	685
Environment					
Greenhouse gas emissions (Scope 1-2) (consolidated)*9	(thousand tons)	685	697	714	716
Greenhouse gas emissions (Scope 3) (consolidated)*10	(thousand tons)	30,844	23,831	23,920	23,237
Total energy consumption*10	(MWh)	1,231,611	1,313,523	1,341,111	1,353,082
Total amount of waste (consolidated)	(tons)	30,967	32,901	35,782	43,991
Recycling rate (consolidated)	(%)	97	96	91	97
Total water withdrawal (consolidated)	(Thousand m^3)	8,660	8,682	8,925	8,266
Biodiversity preservation activity implementation rate at production sites	(%)	32	40	41	43
Number of production sites implementing biodiversity preservation activities		10	12	14	18
Cumulative number of trees planted and saplings provided under YOKOHAMA Forever Forest activities		602,232	682,394	756,039	853,047
Cumulative CO_2 absorption and fixation volume	(tons)	447	576	711	858
Employees					
Total number of employees (consolidated)		21,441	22,187	24,610	25,439
Total number of employees (non-consolidated)		5,316	5,263	5,242	5,245
Percentage of female employees (non-consolidated)	(%)	6.6	6.6	6.7	6.8
Percentage of persons with disabilities (domestic)*11	(%)	2.1	2.0	2.3	2.2
Number of employees taking childcare leave (non-consolidated)*12		15	30	31	192
Rate of lost-worktime injuries (consolidated)*13		0.08	0.38	0.60	0.50

*1: Ratio of equity attributable to owners of parent = Total equity attributable to owners of the parent / Total assets × 100
*2: Return on assets = Profit attributable to owners of parent / Assets (average of previous and current fiscal period) × 100
*3: Return on equity = Profit attributable to owners of parent / Total equity attributable to owners of parent (average of previous and current fiscal period) × 100
*4: D/E ratio = Interest-bearing debt / Total equity attributable to owners of the parent
*5: From 2019 onward, depreciation & amortization expenses related to right-of-use assets under IFRS 16 "Leases" are excluded.
*6: Dividend payout ratio = Cash dividends per share / Net income per share

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	650.2	650.5	551.1	670.8	860.5	985.3	**1,094.7**
	59.3	50.1	35.9	62.2	70.1	99.1	**134.4**
	9.1	7.7	6.5	9.3	8.1	10.1	**12.3**
	35.6	42.0	26.3	65.5	45.9	67.2	**74.9**
	855.8	907.6	860.4	985.0	1,151.1	1,600.5	**1,735.5**
	260.4	239.9	207.8	177.2	238.7	469.4	**438.0**
	374.0	418.9	415.5	525.3	614.4	739.6	**894.0**
	43.7	46.2	48.3	53.3	53.4	46.2	**51.5**
	4.0	4.8	3.0	7.1	4.3	4.9	**4.5**
	9.5	10.6	6.3	13.9	8.1	9.9	**9.2**
	0.70	0.57	0.50	0.34	0.39	0.63	**0.49**
	82.8	75.4	78.3	68.3	39.2	159.7	**94.5**
	(43.1)	(43.6)	(27.9)	(4.5)	(46.4)	(344.0)	**(1.4)**
	39.7	31.7	50.4	63.8	(7.1)	(184.3)	**93.1**
	(64.9)	(35.5)	(46.6)	(55.2)	35.2	205.8	**(63.2)**
	46.9	51.3	28.1	38.8	54.9	62.4	**79.2**
	36.8	36.0	36.8	37.7	41.9	49.8	**56.0**
	15.2	15.0	14.1	15.3	16.0	18.0	**19.8**
	62	64	64	65	66	84	**98**
	27.9	24.5	39.0	15.9	23.0	20.0	**20.9**
	222.12	261.61	164.09	408.47	286.38	419.32	**467.81**
	5,675	5,956	6,291	6,009	6,242	6,479	**6,370**
	678	866	799	962	1,000	955	**1,217**
	720	1,270	1,155	1,300	1,241	1,082	**1,136**
	22,055	24,155	22,578	25,701	26,661	25,718	**40,405**
	1,333,451	1,787,203	1,678,571	1,879,142	1,837,184	1,726,924	**2,175,878**
	53,044	52,564	48,275	52,628	48,865	54,632	**59,339**
	95	96	95	95	98	93	**95**
	8,102	8,718	8,036	8,494	8,247	9,164	**9,717**
	47	49	49	50	50	50	**43**
	20	21	21	21	21	21	**20**
	943,788	997,401	1,039,318	1,089,655	1,197,915	1,242,307	**1,399,664**
	1,009	1,173	1,358	1,576	1,649	1,888	**2,112**
	26,274	27,428	27,252	27,222	28,468	33,617	**34,198**
	5,473	5,543	5,574	5,257	5,399	5,480	**5,562**
	7.1	7.3	7.4	7.5	7.2	7.3	**7.7**
	2.2	2.4	2.5	2.6	2.7	2.6	**2.5**
	257	250	236	228	229	238	**223**
	0.36	0.30	0.24	0.18	0.28	0.28	**0.37**

*7: On July 1, 2015, the Company conducted a one-for-two reverse stock split.
*8: Total volume based on tire product weight
*9: Actual greenhouse gas emissions from fiscal 2019 onwards (Scope 1 or 2) include actual emissions from Yokohama TWS before its merger.
*10: Calculated by including the results of Yokohama TWS from fiscal 2024 onward.
*11: The combined ratio of the four companies: Yokohama Rubber, Yokohama Peer Support, Yokohama Tire Japan, and Yokohama Rubber MB Japan.
*12: From fiscal 2017 onward, results include not only childcare leave based on law, but also those who took childcare leave under our own system.
*13: An indicator of the frequency of occupational accidents, expressed as the number of employees experiencing lost worktime due to occupational accidents per million total hours worked.

Financial Section

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"), 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 Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the "Ordinance 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 Ordinance 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, 2024 to December 31, 2024) and the financial statements for the business year (from January 1, 2024 to December 31, 2024) 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. APPROPRIATELY BASED ON IFRS

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. 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 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, the Company has prepared group accounting policies, etc. in accordance with IFRS 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, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 8)	**¥ 136,215**	¥ 97,613	**$ 861,136**
Trade and other receivables (Notes 9 and 32)	**281,020**	243,393	**1,776,586**
Other financial assets (Notes 11 and 32)	**9,059**	6,217	**57,270**
Inventories (Note 10)	**280,633**	249,721	**1,774,136**
Other current assets (Note 7)	**23,445**	21,160	**148,219**
Subtotal	**730,372**	618,105	**4,617,348**
Non-current assets held for sale (Note 12)	**19,342**	–	**122,279**
Total current assets (Note 19)	**749,714**	618,105	**4,739,626**
NON-CURRENT ASSETS:			
Property, plant and equipment (Notes 13, 15, 16 and 19)	**517,516**	492,796	**3,271,688**
Goodwill (Notes 14 and 16)	**296,814**	275,830	**1,876,433**
Intangible assets (Notes 14, 15 and 16)	**72,455**	73,013	**458,055**
Other financial assets (Notes 11 and 32)	**49,354**	104,812	**312,012**
Deferred tax assets (Note 17)	**8,276**	9,141	**52,321**
Other non-current assets (Note 21)	**41,415**	26,761	**261,822**
Total non-current assets (Note 19)	**985,830**	982,353	**6,232,331**
TOTAL ASSETS	**¥ 1,735,544**	¥ 1,600,458	**$ 10,971,957**
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Trade and other payables (Notes 18 and 32)	**¥ 108,517**	¥ 105,239	**$ 686,035**
Bonds and borrowings (Notes 19 and 32)	**101,476**	96,135	**641,520**
Other financial liabilities (Notes 7, 15, 20 and 32)	**32,477**	28,989	**205,318**
Income taxes payable	**38,767**	38,085	**245,084**
Other current liabilities (Note 7)	**93,610**	79,441	**591,792**
Total current liabilities	**374,847**	347,889	**2,369,748**
NON-CURRENT LIABILITIES:			
Bonds and borrowings (Notes 19 and 32)	**336,546**	373,221	**2,127,612**
Other financial liabilities (Notes 15, 20 and 32)	**42,663**	41,497	**269,709**
Liabilities for retirement benefits (Note 21)	**17,227**	17,707	**108,907**
Deferred tax liabilities (Note 17)	**44,357**	58,856	**280,421**
Other non-current liabilities	**15,892**	12,494	**100,468**
Total non-current liabilities	**456,684**	503,774	**2,887,118**
TOTAL LIABILITIES	**831,531**	851,663	**5,256,866**
EQUITY:			
Share capital (Note 22)	**38,909**	38,909	**245,980**
Share premium (Note 22)	**31,386**	31,255	**198,422**
Retained earnings (Note 22)	**619,730**	510,004	**3,917,879**
Treasury shares (Note 22)	**(15,441)**	(11,587)	**(97,619)**
Other components of equity	**219,387**	170,983	**1,386,944**
Total equity attributable to owners of the parent	**893,971**	739,565	**5,651,605**
Non-controlling interests	**10,042**	9,231	**63,485**
TOTAL EQUITY	**904,013**	748,795	**5,715,091**
TOTAL LIABILITIES AND EQUITY	**¥ 1,735,544**	¥ 1,600,458	**$ 10,971,957**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
CONTINUING OPERATIONS			
Revenue (Notes 6 and 7)	**¥ 1,094,746**	¥ 985,333	**$ 6,920,886**
Cost of sales (Notes 13, 14, 21, and 30)	**(704,995)**	(659,442)	**(4,456,919)**
Gross profit	**389,750**	325,891	**2,463,966**
Selling, general, and administrative expenses (Notes 13, 14, 21, 24 and 30)	**(255,371)**	(226,764)	**(1,614,431)**
Business profit (Note 6)	**134,379**	99,127	**849,535**
Other income (Note 25)	**6,081**	7,559	**38,444**
Other expenses (Notes 16 and 26)	**(21,304)**	(6,335)	**(134,680)**
Operating profit	**119,157**	100,351	**753,298**
Finance income (Note 27)	**5,554**	12,764	**35,110**
Finance costs (Note 27)	**(9,352)**	(7,140)	**(59,121)**
Profit before tax	**115,359**	105,975	**729,287**
Income taxes (Note 17)	**(39,228)**	(37,545)	**(247,998)**
Profit for the year	**76,130**	68,430	**481,289**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent	**74,919**	67,234	**473,630**
Non-controlling interests	**1,211**	1,197	**7,659**
Profit for the year	**76,130**	68,430	**481,289**
EARNINGS PER SHARE (YEN/U.S. DOLLARS):			
Basic earnings per share (Note 29)	**467.81**	419.32	**2.96**
Diluted earnings per share (Note 29)	**466.57**	418.31	**2.95**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
PROFIT FOR THE YEAR	**¥ 76,130**	¥ 68,430	**$ 481,289**
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)	**13,241**	14,469	**83,709**
Remeasurements of defined benefit plans (Notes 21 and 28)	**7,876**	6,794	**49,792**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges (Note 28)	**530**	(1,388)	**3,352**
Exchange differences on translating foreign operations (Note 28)	**77,499**	49,128	**489,939**
Total other comprehensive income, net of tax	**99,146**	69,002	**626,793**
COMPREHENSIVE INCOME	**¥ 175,276**	¥ 137,432	**$ 1,108,082**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**173,585**	135,926	**1,097,388**
Non-controlling interests	**1,692**	1,507	**10,694**
COMPREHENSIVE INCOME	**¥ 175,276**	¥ 137,432	**$ 1,108,082**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2024 and 2023

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**		
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**			
Others			**(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**
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)**	**—**		**—**
Others			**—**	**(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, 2023 (From January 1, 2023 to December 31, 2023)

	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, 2023	¥ 38,909	¥ 31,308	¥ 432,224	¥ (11,650)	¥ 72,854	¥ 1,083
Profit for the year			67,234			
Other comprehensive income (Note 28)					48,821	(1,388)
Comprehensive income	—	—	67,234	—	48,821	(1,388)
Purchase of treasury shares (Note 22)				(4)		
Disposal of treasury shares (Note 22)		1				
Share-based payment transactions (Notes 22 and 30)		79		68		
Dividends from surplus (Note 23)			(10,768)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(133)				
Transfer to retained earnings			21,342			
Others			(28)			
Total transactions with owners	—	(52)	10,546	63	—	—
BALANCE, DECEMBER 31, 2023	¥ 38,909	¥ 31,255	¥ 510,004	¥ (11,587)	¥ 121,674	¥ (305)

	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, 2023	¥ 49,695	¥ —	¥ 123,633	¥ 614,424	¥ 8,698	¥ 623,121
Profit for the year			—	67,234	1,197	68,430
Other comprehensive income (Note 28)	14,461	6,799	68,692	68,692	310	69,002
Comprehensive income	14,461	6,799	68,692	135,926	1,507	137,432
Purchase of treasury shares (Note 22)			—	(4)		(4)
Disposal of treasury shares (Note 22)			—	1		1
Share-based payment transactions (Notes 22 and 30)			—	147		147
Dividends from surplus (Note 23)			—	(10,768)	(961)	(11,730)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(133)	(13)	(145)
Transfer to retained earnings	(14,542)	(6,799)	(21,342)	—		—
Others			—	(28)		(28)
Total transactions with owners	(14,542)	(6,799)	(21,342)	(10,785)	(974)	(11,759)
BALANCE, DECEMBER 31, 2023	¥ 49,614	¥ —	¥ 170,983	¥ 739,565	¥ 9,231	¥ 748,795

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

	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, 2024	**$ 245,980**	**$ 197,594**	**$ 3,224,197**	**$ (73,249)**	**$ 769,214**	**$ (1,928)**
Profit for the year			**473,630**			
Other comprehensive income (Note 28)					**487,120**	**3,352**
Comprehensive income	**—**	**—**	**473,630**	**—**	**487,120**	**3,352**
Purchase of treasury shares (Note 22)				**(24,788)**		
Disposal of treasury shares (Note 22)						
Share-based payment transactions (Notes 22 and 30)		**827**		**418**		
Dividends from surplus (Note 23)			**(97,573)**			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control						
Transfer to retained earnings			**317,754**			
Others			**(130)**			
Total transactions with owners	**—**	**827**	**220,051**	**(24,370)**	**—**	**—**
BALANCE, DECEMBER 31, 2024	**$ 245,980**	**$ 198,422**	**$ 3,917,879**	**$ (97,619)**	**$1,256,334**	**$ 1,424**

	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	**$ 313,653**	**$ —**	**$ 1,080,940**	**$ 4,675,462**	**$ 58,355**	**$ 4,733,817**
Profit for the year			**—**	**473,630**	**7,659**	**481,289**
Other comprehensive income (Note 28)	**83,543**	**49,743**	**623,758**	**623,758**	**3,035**	**626,793**
Comprehensive income	**83,543**	**49,743**	**623,758**	**1,097,388**	**10,694**	**1,108,082**
Purchase of treasury shares (Note 22)			**—**	**(24,788)**		**(24,788)**
Disposal of treasury shares (Note 22)			**—**	**—**		**—**
Share-based payment transactions (Notes 22 and 30)			**—**	**1,246**		**1,246**
Dividends from surplus (Note 23)			**—**	**(97,573)**	**(5,563)**	**(103,136)**
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			**—**	**—**		**—**
Transfer to retained earnings	**(268,011)**	**(49,743)**	**(317,754)**	**—**		**—**
Others			**—**	**(130)**		**(130)**
Total transactions with owners	**(268,011)**	**(49,743)**	**(317,754)**	**(121,245)**	**(5,563)**	**(126,808)**
BALANCE, DECEMBER 31, 2024	**$ 129,185**	**$ —**	**$ 1,386,944**	**$ 5,651,605**	**$ 63,485**	**$ 5,715,091**

CONSOLIDATED STATEMENT OF CASH FLOWS

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
As of December 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax	**¥ 115,359**	¥ 105,975	**$ 729,287**
Depreciation and amortization	**66,157**	59,494	**418,236**
Impairment losses	**11,449**	2,296	**72,378**
Increase (decrease) in liabilities for retirement benefits	**(849)**	(322)	**(5,366)**
Interest and dividend income	**(5,029)**	(5,244)	**(31,790)**
Interest expenses	**5,415**	6,300	**34,231**
Loss (gain) on sale and retirement of non-current assets	**(1,860)**	12	**(11,760)**
Decrease (increase) in trade receivables	**(22,571)**	(1,172)	**(142,694)**
Increase (decrease) in trade payables	**(3,535)**	(6,194)	**(22,346)**
Decrease (increase) in inventories	**(12,273)**	31,643	**(77,587)**
Gain on sale of businesses	**—**	(3,316)	**—**
Other	**2,798**	(4,530)	**17,689**
Subtotal	**155,060**	184,944	**980,277**
Interests and dividends received	**4,944**	5,236	**31,253**
Interests paid	**(5,487)**	(6,155)	**(34,687)**
Income taxes paid	**(60,021)**	(24,284)	**(379,444)**
Net cash provided by operating activities	**94,496**	159,741	**597,398**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from withdrawal of time deposits	**1,638**	5,868	**10,356**
Payments into time deposits	**(1,398)**	(8,944)	**(8,839)**
Purchases of property, plant and equipment	**(76,965)**	(58,253)	**(486,564)**
Proceeds from sale of property, plant and equipment	**4,139**	2,969	**26,168**
Purchases of intangible assets	**(825)**	(473)	**(5,218)**
Purchases of investment securities	**(209)**	(612)	**(1,322)**
Proceeds from sale of investment securities	**73,613**	29,863	**465,377**
Proceeds from sale of businesses	**526**	5,386	**3,327**
Payments for acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 33)	**—**	(321,928)	**—**
Other	**(1,912)**	2,108	**(12,087)**
Net cash used in investing activities	**(1,392)**	(344,015)	**(8,801)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings (Note 31)	**4,801**	(41,646)	**30,350**
Net increase (decrease) in commercial paper (Note 31)	**—**	(7,000)	**—**
Proceeds from long-term borrowings (Note 31)	**10,094**	314,700	**63,816**
Repayments of long-term borrowings (Note 31)	**(48,058)**	(29,894)	**(303,818)**
Redemption of bonds (Note 31)	**—**	(9,000)	**—**
Repayments of lease liabilities (Note 31)	**(10,036)**	(9,769)	**(63,445)**
Purchases of treasury shares	**(3,921)**	(4)	**(24,788)**
Proceeds from sale of treasury shares	**197**	148	**1,246**
Cash dividends paid (Note 23)	**(15,429)**	(10,767)	**(97,541)**
Other	**(861)**	(1,008)	**(5,445)**
Net cash provided by (used in) financing activities	**(63,213)**	205,760	**(399,626)**
Effect of exchange rate changes on cash and cash equivalents	**8,149**	555	**51,514**
Net increase (decrease) in cash and cash equivalents	**38,040**	22,041	**240,486**
Cash and cash equivalents at the beginning of year (Note 8)	**97,613**	75,572	**617,102**
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	**561**	—	**3,548**
Cash and cash equivalents at the end of year (Note 8)	**¥ 136,215**	¥ 97,613	**$ 861,136**

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, 2024 were approved by the Board of Directors on March 28, 2025. 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

The Group prepares its consolidated financial statements in accordance with IFRS 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 Ordinance on Consolidated Financial Statements, the Company applies Article 312 of the Ordinance.

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 US 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 ¥158.18 = $1.00, the approximate exchange rate prevailing on December 31, 2024.

4. Changes in Accounting Policies

Standards and Interpretations applied by the Group from the fiscal year ended December 31, 2024 were as follows:

IFRS	Overview of the amendment or new establishment
IAS 7 *Statement of Cash Flows* IFRS 7 *Financial Instruments: Disclosures*	Requires companies to make disclosures that will enhance the transparency of supplier finance arrangements.

5. Changes in Presentation Method

Consolidated statement of cash flows

"Repayments of lease liabilities," which was included in "Other" under cash flows from financing activities for the fiscal year ended December 31, 2023, is presented as a separate line item from the fiscal year ended December 31, 2024 to enhance clarity. The consolidated financial statements for the fiscal year ended December 31, 2023 have been reclassified to reflect this change in presentation.

As a result, negative ¥10,777 million presented as "Other" under cash flows from financing activities on the consolidated statement of cash flows for the fiscal year ended December 31, 2023 has been reclassified as negative ¥9,769 million of "Repayments of lease liabilities" and negative ¥1,008 million of "Other."

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 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 transaction 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.

The Company and some of its domestic subsidiaries have applied for approval of group tax sharing system during the fiscal year ended December 31, 2024, and will be adopting the system from the fiscal year ending December 31, 2025. Accordingly, the tax effect accounting applied from the end of the fiscal year ended December 31, 2024 is based on the premise that the group tax sharing system will be adopted.

Additionally, 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, 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.

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, 2024 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 APPLIED

Main standards or interpretations that have been established or amended by the date of approval of the consolidated financial statements but have not been applied early by the Group for the fiscal year ended December 31, 2024 were as follows. The Group is currently evaluating the effects of applying the new standards or interpretations on the Group, and is unable to provide an estimate at this point.

Standard	Name of the standard	Effective date (Fiscal year of adoption)	Timing of application for the Group	Summary of the new or revised standard
IFRS 18	*Presentation and Disclosure in Financial Statements*	On or after 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, 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, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen					
	Reportable segment		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Tires	MB				
Revenues						
Revenue from external customers	¥ 874,863	¥ 101,885	¥ 8,585	¥ 985,333	¥ —	¥ 985,333
Intersegment revenue	1,196	103	12,395	13,694	(13,694)	—
Total	¥ 876,059	¥ 101,988	¥ 20,980	¥ 999,026	¥ (13,694)	¥ 985,333
Segment profit (business profit) (Note 2)	92,026	7,155	(76)	99,105	22	99,127
Other income and expenses						1,224
Operating profit						100,351
(Other material items) (Note 4)						
Depreciation and amortization	45,871	3,020	119	49,010	838	49,848
Impairment losses	6	2,290	—	2,296	—	2,296
Capital expenditures	55,145	5,383	292	60,821	1,592	62,412

Notes:

1. "Others" 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, 2024 (From January 1, 2024 to December 31, 2024)

	Millions of Yen					
	Reportable segment		Others		Adjustments	
	Tires	MB	(Note 1)	Total	(Note 3)	Consolidated
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**

	Thousands of U.S. Dollars					
	Reportable segment		Others		Adjustments	
	Tires	MB	(Note 1)	Total	(Note 3)	Consolidated
Revenues						
Revenue from external customers	**$ 6,201,140**	**$ 665,377**	**$ 54,369**	**$ 6,920,886**	**$ —**	**$ 6,920,886**
Intersegment revenue	**7,683**	**781**	**120,850**	**129,314**	**(129,314)**	**—**
Total	**$ 6,208,823**	**$ 666,158**	**$ 175,219**	**$ 7,050,199**	**$ (129,314)**	**$ 6,920,886**
Segment profit (business profit) (Note 2)	**803,873**	**54,224**	**(8,596)**	**849,501**	**34**	**849,535**
Other income and expenses						**(96,237)**
Operating profit						**753,298**
(Other material items) (Note 4)						
Depreciation and amortization	**327,912**	**20,398**	**1,021**	**349,332**	**5,010**	**354,342**
Impairment losses	**72,378**	**—**	**—**	**72,378**	**—**	**72,378**
Capital expenditures	**466,437**	**24,859**	**4,401**	**495,697**	**5,043**	**500,740**

Notes:
1. "Others" 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
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Japan	**¥ 170,464**	¥ 167,475	**$ 1,077,659**
United States of America (“USA”)	**80,996**	73,552	**512,052**
India	**232,952**	208,985	**1,472,701**
China	**44,390**	37,452	**280,633**
Philippines	**31,199**	28,372	**197,235**
Europe	**267,212**	266,086	**1,689,290**
Others	**74,842**	70,377	**473,143**
Total	**¥ 902,055**	¥ 852,299	**$ 5,702,713**

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, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen			
	Tires	MB	Others	Total
Areas				
Japan	¥ 217,165	¥ 55,151	¥ 6,512	¥ 278,828
North America	285,872	23,038	65	308,975
Asia	126,514	13,969	2,008	142,491
Europe	180,413	3,254	—	183,667
Others	64,898	6,473	—	71,371
Total	¥ 874,863	¥ 101,885	¥ 8,585	¥ 985,333

Note:

Revenues are classified based on the location of customers and exclude intersegment transactions.

North America mainly refers to the USA (¥289,004 million).

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

	Millions of Yen			
	Tires	MB	Others	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**
Others	**77,446**	**8,925**	**—**	**86,372**
Total	**¥ 980,896**	**¥ 105,249**	**¥ 8,600**	**¥ 1,094,746**

	Thousands of U.S. Dollars			
	Tires	MB	Others	Total
Areas				
Japan	**$ 1,479,489**	**$ 347,511**	**$ 42,135**	**$ 1,869,135**
North America	**1,877,203**	**154,101**	**1,915**	**2,033,219**
Asia	**896,802**	**90,463**	**10,318**	**997,583**
Europe	**1,458,037**	**16,877**	**—**	**1,474,913**
Others	**489,610**	**56,426**	**—**	**546,036**
Total	**$ 6,201,140**	**$ 665,377**	**$ 54,369**	**$ 6,920,886**

Note:
Revenues are classified based on the location of customers and exclude intersegment transactions.
North America mainly refers to the USA (¥302,123 million, $1,909,997 thousand).

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

During the fiscal years ended December 31, 2023 and 2024, the amounts of revenues recognized from the performance obligations satisfied in the previous periods are immaterial.

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Contract liabilities	**¥ 1,951**	¥ 3,904	**$ 12,336**

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 additional 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 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Cash and deposits	**¥ 111,100**	¥ 85,924	**$ 702,365**
Time deposits with maturities of three months or less	**25,114**	11,690	**158,772**
Total	**¥ 136,215**	¥ 97,613	**$ 861,136**

9. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Notes and accounts receivable-trade	**¥ 260,266**	¥ 227,427	**$ 1,645,379**
Others	**23,930**	19,844	**151,286**
Allowance for doubtful receivables	**(3,176)**	(3,878)	**(20,079)**
Total	**¥ 281,020**	¥ 243,393	**$ 1,776,586**

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 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Merchandise and finished goods	**¥ 193,366**	¥ 173,446	**$ 1,222,442**
Work in progress	**14,339**	12,185	**90,647**
Raw materials and supplies	**72,928**	64,091	**461,047**
Total	**¥ 280,633**	¥ 249,721	**$ 1,774,136**

The valuation loss on inventories was ¥3,089 million and ¥2,414 million ($15,259 thousand) for the fiscal years ended December 31, 2023 and 2024, respectively.

During the fiscal year ended December 31, 2023, fixed manufacturing costs incurred due to the decline in operation in some of the Group's overseas manufacturing subsidiaries caused by the impact of the situation in Ukraine were reclassified from cost of sales to other expenses. Please refer to 26. "OTHER EXPENSES" for the amount reclassified.

11. OTHER FINANCIAL ASSETS

The breakdown of other financial assets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Non-derivative financial assets measured at amortized cost			
Loans	**¥ 402**	¥ 389	**$ 2,539**
Others	**8,020**	7,418	**50,703**
Allowance for doubtful receivables	**(169)**	(163)	**(1,068)**
Non-derivative financial assets measured at fair value through profit or loss			
Others	**174**	170	**1,102**
Non-derivative financial assets measured at fair value through other comprehensive income			
Shares	**40,486**	94,847	**255,946**
Others	**605**	1,035	**3,823**
Derivative assets	**8,896**	7,333	**56,237**
Total	**¥ 58,413**	¥ 111,029	**$ 369,282**
Current assets	**9,059**	6,217	**57,270**
Non-current assets	**49,354**	104,812	**312,012**
Total	**¥ 58,413**	¥ 111,029	**$ 369,282**

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.

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

Fiscal Year Ended December 31, 2023 (December 31, 2023)

	Millions of Yen
Share issuer	Amount
TOYOTA MOTOR CORPORATION	¥ 31,430
Zeon Corporation	16,837
Honda Motor Co., Ltd.	9,650
SUZUKI MOTOR CORPORATION	3,480
Yellow Hat Ltd.	1,946

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

	Millions of Yen	Thousands of U.S. Dollars
Share issuer	Amount	Amount
Honda Motor Co., Ltd.	**¥ 4,605**	**$ 29,112**
Zeon Corporation	**3,207**	**20,274**
Yellow Hat Ltd.	**2,968**	**18,766**
Mizuho Financial Group, Inc.	**2,923**	**18,478**
ADEKA Corporation	**1,255**	**7,936**

These shares are classified as equity financial assets measured at fair value through other comprehensive income as they are mainly held 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
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Fair value	**¥ 73,623**	¥ 29,776	**$ 465,438**
Accumulated gains (losses) recognized in other components of equity (Note)	**¥ 42,395**	¥ 14,544	**$ 268,016**

Note:
Accumulated gains or losses recognized in other components of equity were transferred to retained earnings at the time of sale.

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Investments derecognized during the year	**¥ 1,086**	¥ 640	**$ 6,866**
Investments held as of the end of the year	**1,175**	2,617	**7,430**
Total	**¥ 2,261**	¥ 3,258	**$ 14,296**

12. ASSETS HELD FOR SALE

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Assets held for sale			
Property, plant and equipment	**¥ 19,342**	¥ —	**$ 122,279**
Total	**¥ 19,342**	¥ —	**$ 122,279**

Assets held for sale as of December 31, 2024 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 at December 31, 2024, as the transfer of the assets has become highly probable. Furthermore, their carrying amount was reduced to their fair value less costs to sell, and an impairment loss of ¥1,501 million ($9,488 thousand) was recognized 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

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, 2023	¥ 234,064	¥ 561,734	¥ 100,062	¥ 50,715	¥ 28,304	¥ 74,552	¥ 1,049,431
Individual acquisition	434	1,635	2,579	112	56,714	10,600	72,074
Acquisition through business combinations	28,525	34,326	5,431	13,183	7,041	5,544	94,050
Sale or disposal	(5,555)	(11,718)	(4,689)	(507)	(391)	(6,901)	(29,760)
Exchange differences on translating foreign operations	10,612	17,619	3,116	1,805	1,081	2,635	36,867
Transfer from construction in progress	9,550	32,961	6,982	—	(49,493)	—	—
Others	(2,166)	2,685	(837)	(109)	(3,490)	(9,800)	(13,717)
Balance at December 31, 2023	¥ 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)
Others	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

	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, 2023	$ 1,741,458	$ 4,041,224	$ 712,131	$ 412,180	$ 251,398	$ 484,449	$ 7,642,840
Individual acquisition	2,768	21,637	18,908	57,828	394,382	44,537	540,059
Sale or disposal	(13,444)	(52,410)	(29,193)	(5,600)	(4,125)	(17,260)	(122,031)
Exchange differences on translating foreign operations	87,078	233,661	36,607	18,953	24,824	21,550	422,674
Transfer from construction in progress	42,710	199,465	48,824	—	(290,999)	—	—
Transfer to held for sale	(97,181)	(128,323)	(31,361)	(46,462)	(2,129)	(677)	(306,133)
Others	3,596	3,873	661	323	(8,905)	(33,092)	(33,542)
Balance at December 31, 2024	$ 1,766,985	$ 4,319,128	$ 756,576	$ 437,223	$ 364,446	$ 499,508	$ 8,143,866

Accumulated depreciation and accumulated impairment losses	Millions of Yen						
	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at January 1, 2023	¥ (133,715)	¥ (424,380)	¥ (82,868)	¥ (581)	¥ (27)	¥ (34,927)	¥ (676,498)
Depreciation	(8,363)	(27,239)	(8,426)	—	—	(9,646)	(53,674)
Impairment losses	(509)	(1,573)	(211)	—	(1)	—	(2,295)
Sale or disposal	4,782	9,206	4,266	—	—	5,189	23,443
Exchange differences on translating foreign operations	(3,042)	(11,359)	(2,083)	(27)	0	(953)	(17,463)
Others	157	138	429	(27)	27	9,616	10,338
Balance at December 31, 2023	¥ (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
Others	(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)

Accumulated depreciation and accumulated impairment losses	Thousands of U.S. Dollars						
	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at December 31, 2023	$ (889,430)	$ (2,877,783)	$ (561,979)	$ (4,015)	$ (6)	$ (194,213)	$ (4,527,426)
Depreciation	(56,693)	(189,174)	(59,105)	—	—	(63,894)	(368,866)
Impairment losses	(46,293)	(21,240)	(2,690)	(1,866)	(184)	—	(72,273)
Sale or disposal	11,923	44,788	28,255	67	—	16,667	101,700
Exchange differences on translating foreign operations	(37,338)	(145,614)	(25,802)	(495)	(3)	(8,893)	(218,146)
Transfer to held for sale	39,055	115,648	28,692	—	—	459	183,854
Others	(1,274)	(8,452)	(553)	(127)	(9)	39,394	28,979
Balance at December 31, 2024	$ (980,051)	$ (3,081,828)	$ (593,182)	$ (6,435)	$ (202)	$ (210,480)	$ (4,872,178)

Carrying amount	Millions of Yen						
	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, 2023	¥ 100,349	¥ 137,354	¥ 17,194	¥ 50,134	¥ 28,277	¥ 39,625	¥ 372,933
Balance at December 31, 2023	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

Carrying amount	Thousands of U.S. Dollars						
	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, 2024	$ 786,934	$ 1,237,301	$ 163,395	$ 430,787	$ 364,244	$ 289,028	$ 3,271,688

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, 2023	¥ 29,223	¥ 3,840	¥ 907	¥ 5,655	¥ 39,625
Balance at December 31, 2023	35,087	3,979	898	5,946	45,910
Balance at December 31, 2024	33,714	5,369	638	5,997	45,718

	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, 2024	$ 213,140	$ 33,939	$ 4,033	$ 37,915	$ 289,028

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. 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	Trademark right	Software	Others	Total
Balance at January 1, 2023	¥ 104,244	¥ 33,588	¥ 17,546	¥ 5,344	¥ 7,654	¥ 168,376
Individual acquisition	—	—	2	393	39	434
Acquisition through business combinations	154,949	6,596	23,617	666	5,947	191,775
Sale or disposal	—	—	—	(76)	(4)	(80)
Exchange differences on translating foreign operations	16,637	2,716	2,060	240	660	22,313
Others	—	—	1,256	(866)	(78)	311
Balance at December 31, 2023	¥ 275,830	¥ 42,901	¥ 44,480	¥ 5,702	¥ 14,217	¥ 383,130
Individual acquisition	—	28	—	753	44	826
Sale or disposal	—	—	—	(2,902)	(31)	(2,933)
Exchange differences on translating foreign operations	20,984	4,454	2,838	418	715	29,409
Others	—	(171)	(2,761)	834	(67)	(2,164)
Balance at December 31, 2024	¥ 296,814	¥ 47,212	¥ 44,558	¥ 4,806	¥ 14,878	¥ 408,267

	Thousands of U.S. Dollars					
Cost	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2023	$ 1,743,774	$ 271,214	$ 281,201	$ 36,046	$ 89,878	$ 2,422,113
Individual acquisition	—	179	—	4,761	278	5,219
Sale or disposal	—	—	—	(18,346)	(195)	(18,540)
Exchange differences on translating foreign operations	132,659	28,156	17,944	2,645	4,519	185,923
Others	—	(1,081)	(17,453)	5,274	(424)	(13,683)
Balance at December 31, 2024	$ 1,876,433	$ 298,469	$ 281,692	$ 30,381	$ 94,056	$ 2,581,031

Accumulated amortization and accumulated impairment losses	Millions of Yen					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at January 1, 2023	¥ —	¥ (16,947)	¥ (626)	¥ (3,087)	¥ (6,305)	¥ (26,964)
Amortization	—	(3,205)	(760)	(1,091)	(766)	(5,822)
Impairment losses	—	—	—	(2)	—	(2)
Sale or disposal	—	—	—	70	0	70
Exchange differences on translating foreign operations	—	(1,203)	(132)	(152)	(167)	(1,654)
Others	—	—	(1,296)	1,374	6	85
Balance at December 31, 2023	¥ —	¥ (21,355)	¥ (2,813)	¥ (2,888)	¥ (7,231)	¥ (34,287)
Amortization	—	(3,725)	(1,049)	(1,353)	(1,682)	(7,809)
Impairment losses	—	—	—	(17)	—	(17)
Sale or disposal	—	—	—	2,894	(0)	2,894
Exchange differences on translating foreign operations	—	(2,528)	(93)	(292)	(310)	(3,223)
Others	—	171	2,616	18	639	3,444
Balance at December 31, 2024	¥ —	¥ (27,437)	¥ (1,340)	¥ (1,636)	¥ (8,585)	¥ (38,998)

Accumulated amortization and accumulated impairment losses	Thousands of U.S. Dollars					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2023	$ —	$ (135,003)	$ (17,786)	$ (18,257)	$ (45,714)	$ (216,760)
Amortization	—	(23,552)	(6,633)	(8,551)	(10,633)	(49,369)
Impairment losses	—	—	—	(105)	—	(105)
Sale or disposal	—	—	—	18,298	(0)	18,298
Exchange differences on translating foreign operations	—	(15,979)	(590)	(1,846)	(1,962)	(20,378)
Others	—	1,081	16,536	116	4,037	21,770
Balance at December 31, 2024	$ —	$ (173,454)	$ (8,473)	$ (10,345)	$ (54,271)	$ (246,543)

Carrying amount	Millions of Yen					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at January 1, 2023	¥ 104,244	¥ 16,641	¥ 16,920	¥ 2,257	¥ 1,350	¥ 141,412
Balance at December 31, 2023	275,830	21,546	41,667	2,814	6,986	348,843
Balance at December 31, 2024	296,814	19,775	43,218	3,169	6,293	369,269

Carrying amount	Thousands of U.S. Dollars					
	Goodwill	Customer related	Trademark right	Software	Others	Total
Balance at December 31, 2024	$ 1,876,433	$ 125,015	$ 273,219	$ 20,037	$ 39,785	$ 2,334,488

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, 2023 was ¥31,098 million, representing trademark rights acquired in the business combinations with YOHT 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, 2024 was ¥33,827 million ($213,854 thousand), representing trademark rights acquired in the business combinations with YOHT and Y-TWS, both of which are CGUs. They were deemed to have indefinite useful lives in the fiscal year ended December 31, 2024 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, 2023 was mainly attributable to YOHT and Y-TWS, both of which are CGUs, and the carrying amount was ¥274,999 million. Material intangible assets other than goodwill were mainly customer-related assets of YOHT and Y-TWS, and technology-related assets of Y-TWS, whose carrying amounts were ¥21,544 million and ¥5,866 million, respectively.

Goodwill at the end of the fiscal year ended December 31, 2024 was mainly attributable to YOHT and Y-TWS, both of which are CGUs, and the carrying amount was ¥295,910 million ($1,870,716 thousand). Material intangible assets other than goodwill were mainly customer-related assets of YOHT and Y-TWS, and technology-related assets of Y-TWS, whose carrying amounts were ¥19,749 million ($124,851 thousand) and ¥5,497 million ($34,754 thousand), respectively.

The remaining amortization periods at the end of the fiscal year ended December 31, 2024 were five years for customer-related assets of YOHT, nine years for customer-related assets of Y-TWS, and eight years for technology-related assets of Y-TWS.

4. Research and Development Expenses

Research and development expenses recognized in the fiscal years ended December 31, 2023 and 2024 were ¥17,972 million and ¥19,800 million ($125,172 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

(Lease transactions as lessee)

As a 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
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Depreciation of right-of-use assets by class of underlying asset			
Buildings and structures	**¥ 7,255**	¥ 6,640	**$ 45,869**
Machinery, equipment, and vehicles	**2,037**	2,183	**12,877**
Tools, furniture, and fixtures	**404**	514	**2,553**
Land	**408**	306	**2,582**
Other assets	**2**	2	**14**
Subtotal	**10,107**	9,646	**63,894**
Interest expenses on lease liabilities	**1,112**	830	**7,032**
Expense relating to short-term leases	**1,758**	1,507	**11,112**
Expense relating to leases of low-value assets (excluding short-term leases)	**31**	16	**193**
Variable lease payments	**530**	507	**3,352**
Income from subleasing right-of-use assets	**465**	831	**2,940**

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, 2023 and 2024.

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, 2023 (From January 1, 2023 to December 31, 2023)

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, 2023.

			Millions of Yen
Usage	Segment	Type	Amount
Business assets	Tires	Machinery and equipment	¥ 3
		Tools, furniture, and fixtures	1
		Software	1
		Construction in progress	1
		Subtotal	6
Business assets	MB	Buildings	509
		Machinery and equipment	1,563
		Vehicles	7
		Tools, furniture, and fixtures	210
		Software	1
		Subtotal	2,290
		Total	¥ 2,296

After reviewing the business plan of the consolidated subsidiaries engaged in the MB business based on changes in the business environment and their operating results, some items under property, plant and equipment were deemed no longer recoverable, and their carrying amounts were reduced to their recoverable amounts. The reduction of ¥2,290 million was recorded in “Other expenses” in the consolidated statement of profit or loss as impairment losses. The recoverable amount of this asset group, ¥313 million, was measured at value in use, which was determined by discounting estimates of future cash flows based on a management-approved five-year business plan to the present value using a pre-tax discount rate of 12.7%.

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.

			Millions of Yen	Thousands of U.S. Dollars
Usage	Segment	Type	Amount	Amount
Business assets	Tires	Buildings and structures	¥ 7,323	$ 46,293
		Machinery, equipment, and vehicles	3,360	21,240
		Tools, furniture, and fixtures	425	2,690
		Land	295	1,866
		Construction in progress	29	184
		Software	17	105
		Total	¥ 11,449	$ 72,378

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 ($72,299 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 ¥11,449 million ($72,378 thousand) 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.

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 are as follows.

CGU	Reportable segment	Millions of Yen				Thousands of U.S. Dollars	
		2024 (December 31, 2024)		2023 (December 31, 2023)		**2024** (December 31, 2024)	
		Goodwill	Trademark right	Goodwill	Trademark right	Goodwill	Trademark right
YOHT	Tires	**¥ 123,343**	**¥ 20,139**	¥ 110,594	¥ 18,057	**$ 779,766**	**$ 127,318**
Y-TWS	Tires	**172,567**	**13,688**	164,405	13,041	**1,090,950**	**86,537**

(2) Basis of recoverable amounts

(i) CGU: YOHT

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, continuing value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the continuing 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 are 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, 2024: 2.4%–5.4%, Fiscal year ended December 31, 2023: 1.9%–5.5%
- Pre-tax discount rate applied to cash flow forecasts
  Fiscal year ended December 31, 2024: 8.1%, Fiscal year ended December 31, 2023: 10.2%

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, continuing value is determined. The plan reflects management's evaluation on the industry's future outlook and past results. In determining the continuing 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 are 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, 2024: 2.2%–5.4%, Fiscal year ended December 31, 2023: 1.9%–5.5%
- Pre-tax discount rate applied to cash flow forecasts
  Fiscal year ended December 31, 2024: 6.3%, Fiscal year ended December 31, 2023: 9.2%

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.

17. INCOME TAXES

1. Income Taxes

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Current tax expense	**¥ 35,063**	¥ 37,858	**$ 221,667**
Deferred tax expense	**4,165**	(313)	**26,331**
Total	**¥ 39,228**	¥ 37,545	**$ 247,998**

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 is 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, 2023 and 2024.

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

	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)
Statutory effective tax rate	**30.3 %**	30.3 %
(Reconciliation)		
Difference between statutory effective tax rates of overseas consolidated subsidiaries	**(1.7)**	(1.6)
Permanently nondeductible expenses	**0.5**	0.3
Permanently nontaxable income	**(0.3)**	(0.3)
Tax deduction for research and development	**(1.7)**	(1.7)
Effect of recoverability assessment of deferred tax assets	**(0.1)**	0.1
Taxable temporary differences associated with investments in subsidiaries or associates	**1.3**	1.9
Foreign withholding taxes	**2.9**	1.2
Foreign income taxes, etc.	**(2.2)**	4.1
Other permanent differences	**3.4**	—
Others	**1.6**	1.1
Average actual effective tax rate	**34.0 %**	35.4 %

3. Deferred Tax Assets and Deferred Tax Liabilities

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Deferred tax assets			
Liabilities for retirement benefits	**¥ 4,804**	¥ 7,588	**$ 30,373**
Unrealized gains	**5,689**	5,906	**35,964**
Accrued expenses	**4,072**	2,479	**25,742**
Accrued vacation payable	**1,782**	1,696	**11,264**
Valuation loss on inventories	**3,060**	2,758	**19,347**
Impairment losses	**2,675**	2,869	**16,908**
Others	**11,295**	9,019	**71,407**
Total deferred tax assets	**33,377**	32,315	**211,005**
Deferred tax liabilities			
Intangible assets identified as a result of business combinations	**(24,241)**	(24,017)	**(153,247)**
Liabilities for pension and severance payments	**(4,993)**	(4,993)	**(31,565)**
Gain on receipt of stock set by pension plan	**(504)**	(1,107)	**(3,188)**
Reserve for advanced depreciation of non-current assets	**(5,958)**	(6,045)	**(37,665)**
Retained earnings of overseas subsidiaries	**(15,586)**	(14,091)	**(98,536)**
Non-current assets	**(10,963)**	(9,319)	**(69,308)**
Unrealized gains on securities	**(4,917)**	(17,727)	**(31,083)**
Others	**(2,296)**	(4,732)	**(14,514)**
Total deferred tax liabilities	**(69,458)**	(82,030)	**(439,106)**
Net deferred tax assets liabilities	**¥ (36,081)**	¥ (49,715)	**$ (228,101)**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Deferred tax assets	**¥ 8,276**	¥ 9,141	$ 52,321
Deferred tax liabilities	**(44,357)**	(58,856)	**(280,421)**

Changes in net deferred tax assets and net deferred tax liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Beginning balance	**¥ (49,715)**	¥ (40,562)	**$ (314,294)**
Tax expense or income recognized through profit or loss (Note)	**4,165**	(313)	**26,331**
Amount recognized in other comprehensive income			
Cash flow hedges	**(180)**	481	**(1,138)**
Gains (losses) on financial assets measured at fair value through other comprehensive income	**12,635**	(6,289)	**79,878**
Remeasurements of defined benefit plans	**(2,986)**	(3,031)	**(18,878)**
Total	**9,469**	(8,839)	**59,862**
Ending balance	**¥ (36,081)**	¥ (49,715)	**$ (228,101)**

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

The Group recognized 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
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Deductible temporary differences	**¥ 6,517**	¥ 6,642	**$ 41,197**
Tax loss carryforwards and tax credit carryforwards	**1,556**	1,668	**9,834**

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
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
First year	**¥ 188**	¥ 75	**$ 1,189**
Second year	**—**	2	**—**
Third year	**206**	—	**1,304**
Fourth year	**215**	92	**1,360**
Fifth year and after	**343**	534	**2,172**
Indefinite	**603**	965	**3,809**
Total	**¥ 1,556**	¥ 1,668	**$ 9,834**

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, 2023 and 2024 were ¥1,981 million and ¥35,875 million ($226,802 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, 2023 and 2024, dividend payouts from the Group to shareholders had no impact on income taxes.

In Japan, where the Company is located, the Act for Partial Revision of the Income Tax Act, etc. (Act No. 3 of 2023) was enacted on March 28, 2023 to introduce a global minimum tax system in accordance with the Pillar Two Model Rules. The act will be applied to the Company from the fiscal year beginning on January 1, 2025. In some countries, such as EU member states, the Pillar Two legislation came into effect and has been applied to entities whose fiscal year begins on or after January 1, 2024.

As a result of assessing the potential 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, the Company has determined that while there is a possibility that a top-up tax will be applied to bring the tax burden up to the standard tax rate of 15% in some countries where our subsidiaries are located, the impact on the Group's consolidated financial statements will be minimal.

18. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Accounts and notes payable-trade	**¥ 87,064**	¥ 86,089	**$ 550,411**
Others	**21,453**	19,150	**135,624**
Total	**¥ 108,517**	¥ 105,239	**$ 686,035**

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

19. BONDS AND BORROWINGS

1. The Breakdown of Bonds and Borrowings Is as Follows:

	Millions of Yen		Thousands of U.S. Dollars		
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)	Average interest rate	Repayment period
Short-term borrowings	**¥ 49,405**	¥ 46,192	**$ 312,335**	2.97 %	
Current portion of long-term borrowings	**52,070**	49,943	**329,184**	0.96	
Bonds (Note)	**39,870**	39,847	**252,053**		
Long-term borrowings	**296,676**	333,375	**1,875,559**	1.17	2026–2034
Total	**438,021**	469,356	**2,769,132**	—	—
Current liabilities	**101,476**	96,135	**641,520**		
Non-current liabilities	**336,546**	373,221	**2,127,612**		
Total	**¥ 438,021**	¥ 469,356	**$ 2,769,132**		

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

Average interest rate is calculated based on the outstanding balances and the interest rates at December 31, 2024.

The Company's borrowings at December 31, 2023 and 2024 include those under syndicated loan agreements (total agreement amount: $720 million and ¥54,240 million ($342,900 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, 2023 and 2024 include those under syndicated loan agreements (total agreement amount: ¥214,700 million ($1,357,314 thousand)) concluded with the counterparty banks on June 28, 2023 and a loan agreement (total agreement amount: ¥100,000 million ($632,191 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, 2023 and 2024 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, 2023 and 2024 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 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 is as follows:

Company name	Trading name	Issuance date	Millions of Yen **2024** (December 31, 2024)	Millions of Yen 2023 (December 31, 2023)	Thousands of U.S. Dollars **2024** (December 31, 2024)	Interest rate	Collateral	Maturity date
The Company	Fourteenth series of unsecured bonds	July 27, 2020	**¥ 9,970**	¥ 9,964	**$ 63,027**	0.360	Unsecured	July 26, 2030
The Company	Fifteenth series of unsecured bonds	June 6, 2022	**16,950**	16,939	**107,158**	0.490	Unsecured	June 6, 2029
The Company	Sixteenth series of unsecured bonds	June 6, 2022	**12,950**	12,943	**81,868**	0.580	Unsecured	June 4, 2032
Total	—	—	**¥ 39,870**	¥ 39,847	**$ 252,053**	—	—	—

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

(1) Assets Pledged as Collateral

	Millions of Yen **2024** (December 31, 2024)	Millions of Yen 2023 (December 31, 2023)	Thousands of U.S. Dollars **2024** (December 31, 2024)
Cash and cash equivalents	**¥ 7,593**	¥ 8,008	**$ 48,004**
Trade and other receivables	**2,655**	2,974	**16,786**
Inventories	**1,174**	2,947	**7,420**
Other current assets	**202**	453	**1,276**
Non-current assets held for sale	**5,889**	—	**37,229**
Property, plant and equipment	**427**	434	**2,697**
Total	**¥ 17,940**	¥ 14,815	**$ 113,413**

(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
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Short-term borrowings	**¥ 50**	¥ 100	**$ 316**
Total	**¥ 50**	¥ 100	**$ 316**

20. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Non-derivative financial liabilities measured at amortized cost			
Lease liabilities	**¥ 48,605**	¥ 48,732	**$ 307,277**
Others	**26,051**	21,369	**164,695**
Derivative liabilities	**483**	385	**3,054**
Total	**75,140**	70,486	**475,027**
Current liabilities	**32,477**	28,989	**205,318**
Non-current liabilities	**42,663**	41,497	**269,709**
Total	**¥ 75,140**	¥ 70,486	**$ 475,027**

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. Moreover, the Group has established a retirement benefit trust for the payment of lump-sum retirement benefits.

Some of the consolidated subsidiaries in the US 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 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Defined benefit obligations	**¥ 73,231**	¥ 71,780	**$ 462,960**
Plan assets	**(82,149)**	(70,175)	**(519,337)**
Net liabilities (assets) for retirement benefits presented in the consolidated statement of financial position	**(8,918)**	1,606	**(56,378)**
Amounts presented in the consolidated statement of financial position			
Liabilities for retirement benefits	**17,227**	17,707	**108,907**
Assets for retirement benefits	**26,145**	16,101	**165,285**

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, 2023	¥ 58,706	¥ 7,130
Current service cost	2,746	111
Interest cost	1,725	343
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	364	244
Actuarial losses (gains) arising from changes in financial assumptions	263	206
Actuarial losses (gains) arising from other factors	271	(176)
Benefits paid	(3,672)	(513)
Past service cost (gains)	63	—
Exchange differences on translating foreign operations, etc.	3,775	195
At December 31, 2023	¥ 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

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2023	$ 406,129	$ 47,660
Current service cost	18,694	673
Interest cost	12,066	2,290
Changes through remeasurements		
Actuarial losses (gains) arising from changes in demographic assumptions	92	(933)
Actuarial losses (gains) arising from changes in financial assumptions	(16,291)	(2,413)
Actuarial losses (gains) arising from other factors	610	(1,042)
Benefits paid	(24,624)	(3,699)
Past service cost (gains)	140	—
Exchange differences on translating foreign operations, etc.	18,333	5,275
At December 31, 2024	$ 415,148	$ 47,812

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

	Years	
	2024 (December 31, 2024)	2023 (December 31, 2023)
Weighted-average duration	**10.2**	10.5

(3) Plan Assets

Changes in plan assets were as follows:

	Millions of Yen	
	Defined benefit plans	Post-retirement medical benefits
At January 1, 2023	¥ 55,849	¥ —
Interest income	1,636	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	10,997	—
Contributions from employer	833	—
Benefits paid	(1,408)	—
Exchange differences on translating foreign operations, etc.	2,266	—
At December 31, 2023	¥ 70,175	¥ —
Interest income	1,910	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	7,702	—
Contributions from employer	1,044	—
Benefits paid	(1,579)	—
Exchange differences on translating foreign operations, etc.	2,898	—
At December 31, 2024	¥ 82,149	¥ —

	Thousands of U.S. Dollars	
	Defined benefit plans	Post-retirement medical benefits
At December 31, 2023	$ 443,637	$ —
Interest income	12,073	—
Changes through remeasurements		
Return on plan assets (excluding interest income)	48,692	—
Contributions from employer	6,600	—
Benefits paid	(9,985)	—
Exchange differences on translating foreign operations, etc.	18,319	—
At December 31, 2024	$ 519,337	$ —

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 ¥1,640 million ($10,370 thousand) to defined benefit plans in the fiscal year ending December 31, 2025.

(4) Major Components of Plan Assets

The major components of total plan assets are as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2024 (December 31, 2024)			2023 (December 31, 2023)			**2024** (December 31, 2024)		
	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	**¥ 5,099**	**¥ —**	**¥ 5,099**	¥ 4,143	¥ —	¥ 4,143	**$ 32,235**	**$ —**	**$ 32,235**
Equity financial instruments									
Domestic equity securities	**48,688**	**—**	**48,688**	40,505	—	40,505	**307,799**	**—**	**307,799**
Foreign equity securities	**3,886**	**—**	**3,886**	3,558	—	3,558	**24,568**	**—**	**24,568**
Debt instruments									
Foreign bonds	**20,894**	**—**	**20,894**	19,133	—	19,133	**132,093**	**—**	**132,093**
Others	**1,939**	**1,643**	**3,582**	1,519	1,318	2,837	**12,259**	**10,384**	**22,643**
Total	**¥ 80,506**	**¥ 1,643**	**¥ 82,149**	¥ 68,857	¥ 1,318	¥ 70,175	**$ 508,953**	**$ 10,384**	**$ 519,337**

(5) Items Related to Actuarial Assumptions

Major actuarial assumptions were as follows:

	2024 (December 31, 2024)	2023 (December 31, 2023)
Discount rate (weighted-average)	**3.7 %**	3.1 %

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 is 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		**2024** (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Discount rate	0.5% increase	**¥ (3,370)**	¥ (3,489)	**$ (21,306)**
	0.5% decrease	**3,571**	3,658	**22,577**

3. Defined Contribution Pension Plans

Contributions to defined contribution pension plans for the fiscal years ended December 31, 2023 and 2024 were ¥1,960 million and ¥2,079 million ($13,141 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, 2023 and 2024 were ¥194,804 million and ¥219,302 million ($1,386,405 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, 2023 and 2024 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, 2023	169,549	¥ 38,909	¥ 31,308
Changes	—	—	(52)
2023 (December 31, 2023)	169,549	38,909	31,255
Changes	—	—	131
2024 (December 31, 2024)	169,549	¥ 38,909	¥ 31,386

	Thousands of Shares	Thousands of U.S. Dollars	
	Number of issued shares	Share capital	Share premium
2023 (December 31, 2023)	169,549	$ 245,980	$ 197,594
Changes	—	—	827
2024 (December 31, 2024)	169,549	$ 245,980	$ 198,422

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

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, 2023	8,851	¥ 11,650
Changes	(50)	(63)
2023 (December 31, 2023)	8,801	11,587
Changes	1,266	3,855
2024 (December 31, 2024)	10,067	¥ 15,441

	Thousands of Shares	Thousands of U.S. Dollars
	Number of shares	Amount
2023 (December 31, 2023)	8,801	$ 73,249
Changes	1,266	24,370
2024 (December 31, 2024)	10,067	$ 97,619

Note:

Increases/decreases in the number of shares during the fiscal year ended December 31, 2023 were as follows:

Increase due to the purchase of fractional shares: 1,000 shares

Decrease due to the disposal of treasury shares associated with payment of restricted stock compensation: 51,000 shares

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: 1,315,000 shares

Increase due to the purchase of fractional shares: 1,000 shares

Decrease due to the disposal of treasury shares associated with payment of restricted stock compensation: 50,000 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 or 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, 2023 (From January 1, 2023 to December 31, 2023)

Resolution	Class of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 30, 2023 General Meeting of Shareholders	Common stock	¥ 5,303	¥ 33	December 31, 2022	March 31, 2023
August 10, 2023 Board of Directors meeting	Common stock	¥ 5,465	¥ 34	June 30, 2023	August 31, 2023

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

Resolution	Class of stock	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Record date	Effective date
March 28, 2024 General Meeting of Shareholders	Common stock	**$ 50,812**	**$ 0.32**	December 31, 2023	March 29, 2024
August 9, 2024 Board of Directors meeting	Common stock	**$ 46,761**	**$ 0.29**	June 30, 2024	August 30, 2024

2. Dividend Plans for Common Stock

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

Resolution	Class of stock	Source of dividends	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
March 28, 2024 General Meeting of Shareholders	Common stock	Retained earnings	**¥ 8,037**	**¥ 50**	December 31, 2023	March 29, 2024

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

Resolution	Class of stock	Source of dividends	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	Retained earnings	**$ 52,428**	**$ 0.33**	December 31, 2024	March 31, 2025

24. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Employee benefit expenses	**¥ 89,270**	¥ 77,864	**$ 564,354**
Freightage and warehousing expenses	**79,746**	72,204	**504,146**
Advertising and promotion expenses	**16,499**	13,751	**104,305**
Others	**69,857**	62,945	**441,627**
Total	**¥ 255,371**	¥ 226,764	**$ 1,614,431**

25. OTHER INCOME

The breakdown of other income is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Gain on sale of non-current assets	**¥ 2,669**	¥ 1,268	**$ 16,872**
Gain on sale of businesses (Note)	**—**	3,316	**—**
Others	**3,412**	2,975	**21,571**
Total	**¥ 6,081**	¥ 7,559	**$ 38,444**

Note:

The gain arose from the transfer of the main assets related to Friend Tire Company (Missouri, U.S.A.), a consolidated subsidiary of the Company in the Tires segment, which were classified as assets held for sale, and liabilities directly related to these assets in the fiscal year ended December 31, 2023 to Southern Tire Mart.

26. OTHER EXPENSES

The breakdown of other expenses is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Loss on sale and retirement of non-current assets	**¥ 809**	¥ 1,280	**$ 5,112**
Impairment losses (Note 1 and 3)	**11,449**	2,296	**72,378**
Others (Note 2 and 3)	**9,046**	2,758	**57,191**
Total	**¥ 21,304**	¥ 6,335	**$134,680**

Notes:

1. During the fiscal year ended December 31, 2023, the carrying amounts of non-current assets that were deemed not recoverable upon a review of the business plan mainly in the MB business were reduced to their recoverable amounts. The reduction, ¥2,290 million, was recorded in "Other expenses" in the consolidated statement of profit or loss as impairment losses.
2. During the fiscal year ended December 31, 2023, there was a slowdown in operations at some of the Group's overseas manufacturing subsidiaries due to the impact of the situation in Ukraine. Fixed manufacturing costs of ¥123 million incurred as a result of the slowdown are included in "Others."
3. 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 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. As a result, impairment losses of ¥1,501 million ($9,488 thousand) and related losses of ¥4,201 million ($26,560 thousand) for the closure of the Hadera plant, and impairment losses of ¥9,935 million ($62,811 thousand) and related losses of ¥749 million ($4,738 thousand) for the closure of the Prague plant were recorded.

   As for the related losses for the Hadera plant, provision of ¥3,036 million ($19,196 thousand) was recorded for direct expenses incurred in relation to the closure of the base, such as special severance pay to employees.

27. FINANCE INCOME AND FINANCE COSTS

1. The Breakdown of Finance Income is as Follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Interest income			
Financial assets measured at amortized cost	**¥ 2,767**	¥ 1,986	**$ 17,494**
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	**2,261**	3,258	**14,296**
Foreign exchange gains	**—**	6,920	**—**
Gain on valuation of derivatives	**461**	376	**2,916**
Others	**64**	225	**404**
Total	**¥ 5,554**	¥ 12,764	**$ 35,110**

2. The Breakdown of Finance Costs is as Follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Interest expenses			
Financial liabilities measured at amortized cost	**¥ 5,415**	¥ 6,300	**$ 34,231**
Foreign exchange losses	**2,647**	—	**16,736**
Loss on valuation of derivatives	**—**	—	**—**
Others	**1,290**	839	**8,155**
Total	**¥ 9,352**	¥ 7,140	**$ 59,121**

28. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Exchange differences on translating foreign operations			
Amount recognized	**¥ 77,499**	¥ 49,128	**$ 489,939**
Before tax effects	**77,499**	49,128	**489,939**
Exchange differences on translating foreign operations	**77,499**	49,128	**489,939**
Cash flow hedges			
Amount recognized	**3,120**	1,784	**19,726**
Amount reclassified	**(2,410)**	(3,654)	**(15,235)**
Before tax effects	**710**	(1,869)	**4,491**
Tax effects	**(180)**	481	**(1,138)**
Cash flow hedges	**530**	(1,388)	**3,352**
Gains (losses) on financial assets measured at fair value through other comprehensive income			
Amount recognized	**18,997**	20,758	**120,100**
Before tax effects	**18,997**	20,758	**120,100**
Tax effects	**(5,756)**	(6,289)	**(36,390)**
Gains (losses) on financial assets measured at fair value through other comprehensive income	**13,241**	14,469	**83,709**
Remeasurements of defined benefit plans			
Amount recognized	**10,862**	9,826	**68,669**
Before tax effects	**10,862**	9,826	**68,669**
Tax effects	**(2,986)**	(3,031)	**(18,878)**
Remeasurements of defined benefit plans	**7,876**	6,794	**49,792**
Total			
Amount recognized	**110,478**	81,495	**698,434**
Amount reclassified	**(2,410)**	(3,654)	**(15,235)**
Before tax effects	**108,068**	77,842	**683,199**
Tax effects	**(8,922)**	(8,839)	**(56,406)**
Other comprehensive income	**99,146**	69,002	**626,793**

29. EARNINGS PER SHARE

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Profit for the year attributable to owners of the parent	**¥ 74,919**	¥ 67,234	**$ 473,630**

	Thousands of shares	
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)
Weighted-average number of common stock	**160,150**	160,340
Share-based payment	**426**	388
Weighted-average number of diluted common stock	**160,575**	160,728

	Yen		U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Basic earnings per share	**¥ 467.81**	¥ 419.32	**$ 2.96**
Diluted earnings per share	**466.57**	418.31	**2.95**

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)
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Grant date	**May 24, 2024**	May 26, 2023	**May 24, 2024**
Number of shares granted (Shares)	**50,178**	51,295	**50,178**
Fair value at grant date	**¥ 3,927**	¥ 2,886	**$ 24.83**

Note:
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 ¥145 million and ¥184 million ($1,164 thousand) for the fiscal years ended December 31, 2023 and 2024, 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

1. Reconciliation of Financing Activity Items

Changes in liabilities arising from financing activities were as follows:

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Millions of Yen					
			Non-cash changes			
	Balance at January 1, 2023	Cash flows	Acquisition	New leases	Others	Balance at December 31, 2023
Short-term borrowings	¥ 85,875	¥ (41,646)	¥ —	¥ —	¥ 1,963	¥ 46,192
Long-term borrowings	97,008	284,806	—	—	1,504	383,318
Commercial papers	7,000	(7,000)	—	—	—	—
Bonds	48,818	(9,000)	—	—	29	39,847
Lease liabilities	41,578	(9,651)	—	10,064	6,741	48,732
Financial liabilities	¥ 280,279	¥ 217,509	¥ —	¥ 10,064	¥ 10,236	¥ 518,089

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	Others	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
Commercial papers	—	—	—	—	—	—
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

	Thousands of U.S. Dollars					
			Non-cash changes			
	Balance at January 1, 2024	Cash flows	Acquisition	New leases	Others	Balance at December 31, 2024
Short-term borrowings	$ 292,020	$ 30,350	$ —	$ —	$ (10,035)	$ 312,335
Long-term borrowings	2,423,300	(240,002)	—	—	21,445	2,204,743
Commercial papers	—	—	—	—	—	—
Bonds	251,908	—	—	—	145	252,053
Lease liabilities	308,082	(63,445)	—	50,922	11,718	307,277
Financial liabilities	$ 3,275,311	$ (273,097)	$ —	$ 50,922	$ 23,274	$3,076,409

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 are as follows:

Millions of Yen

	2024 (From January 1, 2024 to December 31, 2024)				2023 (From January 1, 2023 to December 31, 2023)			
	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	**¥ —**	**¥ 1,840**	**¥ 980**	**¥ 1,218**	¥ —	¥ 1,345	¥ 1,020	¥ 1,293
Provision (Note)	**—**	**159**	**49**	**2**	—	899	26	20
Utilization through write-off	**—**	**(221)**	**—**	**(0)**	—	(86)	—	(1)
Reversal (Note)	**—**	**(94)**	**(35)**	**(728)**	—	(372)	(66)	—
Other	**—**	**171**	**—**	**3**	—	54	—	(94)
Ending balance	**¥ —**	**¥ 1,856**	**¥ 994**	**¥ 495**	¥ —	¥ 1,840	¥ 980	¥ 1,218

Thousands of U.S. Dollars

	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)
Beginning balance	**$ —**	**$11,634**	**$6,195**	**$7,701**
Provision (Note)	**—**	**1,006**	**310**	**12**
Utilization through write-off	**—**	**(1,396)**	**—**	**(2)**
Reversal (Note)	**—**	**(594)**	**(223)**	**(4,601)**
Other	**—**	**1,082**	**—**	**22**
Ending balance	**$ —**	**$11,732**	**$6,282**	**$3,132**

Note:

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

(4) Carrying Amount of Financial Instruments related to Allowance for Doubtful Receivables

The carrying amount (before allowance for doubtful receivables) of financial instruments related to allowance for doubtful receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Financial instruments other than trade and other receivables (12-month expected credit loss)	**¥ 8,211**	¥ 7,602	**$ 51,907**
Trade and other receivables (Lifetime expected credit loss)	**283,874**	246,220	**1,794,625**
Financial instruments for which credit risk has increased significantly (Lifetime expected credit loss)	**237**	236	**1,499**
Credit-impaired financial instruments (Lifetime expected credit loss)	**297**	1,021	**1,875**

(5) Analysis of Credit Risk

Below is the aged analysis of trade and other receivables.

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
30 days or less past due	**¥ 17,593**	¥ 12,926	**$ 111,221**
Over 30 days to 60 days or less past due	**6,625**	4,563	**41,882**
Over 60 days to 90 days or less past due	**1,878**	1,385	**11,873**
Over 90 days past due	**4,431**	4,001	**28,012**
Total	**¥ 30,527**	¥ 22,875	**$ 192,989**

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, 2023 (December 31, 2023)

	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	¥ 105,239	¥ 105,239	¥ 105,239	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds and borrowings	469,356	487,523	99,919	53,849	58,353	42,179	36,746	196,477
Lease liabilities	48,732	54,785	12,057	8,764	5,933	5,321	4,520	18,191
Subtotal	623,328	647,547	217,214	62,613	64,286	47,499	41,266	214,668
Derivative financial liabilities	385	385	385	—	—	—	—	—
Total	¥ 623,713	¥ 647,932	¥ 217,599	¥ 62,613	¥ 64,286	¥ 47,499	¥ 41,266	¥ 214,668

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**

	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	**$ 686,035**	**$ 686,035**	**$ 686,035**	$ —	$ —	$ —	$ —	$ —
Bonds and borrowings	**2,769,132**	**2,877,906**	**661,317**	**381,653**	**272,450**	**242,158**	**350,438**	**969,890**
Lease liabilities	**307,277**	**344,225**	**77,713**	**51,160**	**43,470**	**36,580**	**28,464**	**106,838**
Subtotal	**3,762,444**	**3,908,165**	**1,425,064**	**432,813**	**315,920**	**278,739**	**378,902**	**1,076,727**
Derivative financial liabilities	**3,054**	**3,054**	**2,665**	**389**	—	—	—	—
Total	**$ 3,765,499**	**$ 3,911,220**	**$ 1,427,730**	**$ 433,202**	**$ 315,920**	**$ 278,739**	**$ 378,902**	**$ 1,076,727**

(3) Supplier Finance Arrangements

Some of the consolidated subsidiaries have entered into supplier finance arrangements regarding the purchase of raw materials and other items.

(i) The carrying amount of financial liabilities that are part of a supplier finance arrangement is 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
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Financial liabilities that are part of a supplier finance arrangement	**¥ 3,032**	¥ 4,570	**$ 19,170**

(ii) The carrying amount of financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers is 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
	2024 (December 31, 2024)	**2024** (December 31, 2024)
Financial liabilities for which suppliers have already received payment from the finance providers	**¥ 3,007**	**$ 19,012**

(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 as follows:

	2024 (December 31, 2024)
Financial liabilities that are part of a supplier finance arrangement	80–180 days after invoice date
Comparable trade payables that are not part of a supplier finance arrangement	30–60 days after invoice date

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

		Millions of Yen		Thousands of U.S. Dollars
	Currency	**2024** (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Effects on profit before tax	U.S. Dollar	**¥ (578)**	¥ (365)	**$ (3,655)**
	Euro	**(24)**	2	**(149)**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Effects on profit before tax	**¥ (663)**	¥ (603)	**$ (4,190)**

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) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Effects on other comprehensive income (before tax)	**¥ (260)**	¥ (787)	**$ (1,641)**

8. Carrying Amount and Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are 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	
	2024 (December 31, 2024)		2023 (December 31, 2023)		**2024** (December 31, 2024)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings (Note)	**¥ 348,746**	**¥ 341,877**	¥ 383,318	¥ 376,521	**$ 2,204,743**	**$ 2,161,316**
Bonds (Note)	**39,870**	**38,176**	39,847	38,051	**252,053**	**241,344**

Note:
The balance due within one year is included.

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, 2023 and 2024.

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

Fiscal Year Ended December 31, 2023 (December 31, 2023)

	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	¥ —	¥ 170	¥ —	¥ 170
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	78,703	—	16,144	94,847
Other	—	—	1,035	1,035
Derivative assets	—	7,333	—	7,333
Total	¥ 78,703	¥ 7,503	¥ 17,179	¥ 103,385
Financial liabilities				
Derivative liabilities	—	385	—	385
Total	¥ —	¥ 385	¥ —	¥ 385

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

	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	$ —	$ 1,102	$ —	$ 1,102
Non-derivative financial assets measured at fair value through other comprehensive income				
Shares	164,118	—	91,828	255,946
Other	—	—	3,823	3,823
Derivative assets	—	56,237	—	56,237
Total	$ 164,118	$ 57,339	$ 95,651	$ 317,108
Financial liabilities				
Derivative liabilities	—	3,054	—	3,054
Total	$ —	$ 3,054	$ —	$ 3,054

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 are as follows:

	Millions of Yen
	Financial assets
Balance at January 1, 2023	¥ 13,752
Total gains and losses	
Other comprehensive income (Note)	2,013
Purchase	—
Sale	(41)
Acquisition through business combinations	873
Other	581
Balance at December 31, 2023	¥ 17,179
Total gains and losses	
Other comprehensive income (Note)	751
Purchase	192
Sale	(2,403)
Acquisition through business combinations	—
Other	(589)
Balance at December 31, 2024	¥ 15,130

	Thousands of U.S. Dollars
	Financial assets
Balance at December 31, 2023	$ 108,602
Total gains and losses	
Other comprehensive income (Note)	4,750
Purchase	1,212
Sale	(15,191)
Acquisition through business combinations	—
Other	(3,721)
Balance at December 31, 2024	$ 95,651

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, 2023 and 2024.

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, 2023 and 2024.

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 is as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2024 (December 31, 2024)		2023 (December 31, 2023)		**2024** (December 31, 2024)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Interest rate swaps	**¥ 641**	**¥ —**	¥ 827	¥ —	**$ 4,050**	**$ —**
Forward foreign exchange contracts	**1,723**	**438**	264	216	**10,895**	**2,771**
Subtotal	**2,364**	**438**	1,091	216	**14,944**	**2,771**
Total	**¥ 2,364**	**¥ 438**	¥ 1,091	¥ 216	**$ 14,944**	**$ 2,771**

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 are as follows:

Type of risk	Type of hedge	Hedging instrument	Notional amount and average price	Millions of Yen				Thousands of U.S. Dollars	
				2024 (December 31, 2024)		2023 (December 31, 2023)		**2024** (December 31, 2024)	
				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	**¥ 11,389**	**¥ 11,389**	¥ 10,212	¥ 20,424	**$ 72,000**	**$ 72,000**
Foreign exchange risk	Cash flow hedge	Short EUR Forward foreign exchange contracts	Notional amount	**10,873**	**10,088**	14,256	—	**68,736**	**63,773**
			Average price (USD/EUR)	**1.1**	**1.1**	1.1	—	**1.1**	**1.1**
		Short EUR Forward foreign exchange contracts	Notional amount	**3,381**	**—**	**—**	**—**	**21,373**	**—**
			Average price (CZK/EUR)	**25.3**	**—**	**—**	**—**	**25.3**	**—**
		Short USD Forward foreign exchange contracts	Notional amount	**41**	**—**	**—**	**—**	**260**	**—**
			Average price (NZD/USD)	**0.6**	**—**	**—**	**—**	**0.6**	**—**
		Short NZD Forward foreign exchange contracts	Notional amount	**31**	**—**	**—**	**—**	**198**	**—**
			Average price (CZK/NZD)	**14.1**	**—**	**—**	**—**	**14.1**	**—**
		Short AUD Forward foreign exchange contracts	Notional amount	**176**	**—**	**—**	**—**	**1,113**	**—**
			Average price (USD/AUD)	**0.6**	**—**	**—**	**—**	**0.6**	**—**
		Short GBP Forward foreign exchange contracts	Notional amount	**199**	**—**	**—**	**—**	**1,258**	**—**
			Average price (EUR/GBP)	**0.8**	**—**	**—**	**—**	**0.8**	**—**
		Short MXN Forward foreign exchange contracts	Notional amount	**682**	**—**	**—**	**—**	**4,313**	**—**
			Average price (EUR/MXN)	**21.6**	**—**	**—**	**—**	**21.6**	**—**
		Short SEK Forward foreign exchange contracts	Notional amount	**19**	**—**	**—**	**—**	**118**	**—**
			Average price (EUR/SEK)	**11.5**	**—**	**—**	**—**	**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 2024 (December 31, 2024) Within 1 year	Millions of Yen 2024 (December 31, 2024) Over 1 year	Millions of Yen 2023 (December 31, 2023) Within 1 year	Millions of Yen 2023 (December 31, 2023) Over 1 year	Thousands of U.S. Dollars 2024 (December 31, 2024) Within 1 year	Thousands of U.S. Dollars 2024 (December 31, 2024) Over 1 year
Foreign exchange risk	Cash flow hedge	Long INR Forward foreign exchange contracts	Notional amount	**¥ 18,864**	**¥ 6,185**	¥9,575	¥ —	**$ 119,256**	**$ 39,099**
			Average price (USD/INR)	**85.2**	**88.2**	84.6	—	**85.2**	**88.2**
		Long THB Forward foreign exchange contracts	Notional amount	**20,648**	**—**	19,618	—	**130,535**	**—**
			Average price (JPY/THB)	**4.5**	**—**	4.1	—	**4.5**	**—**
		Long ILS Forward foreign exchange contracts	Notional amount	**—**	**—**	12,509	—	**—**	**—**
			Average price (USD/ILS)	**—**	**—**	3.8	—	**—**	**—**
		Long EUR Forward foreign exchange contracts	Notional amount	**19**	**—**	—	—	**122**	**—**
			Average price (NZD/EUR)	**1.8**	**—**	—	—	**1.8**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**94**	**—**	—	—	**596**	**—**
			Average price (NZD/USD)	**0.6**	**—**	—	—	**0.6**	**—**
		Long AUD Forward foreign exchange contracts	Notional amount	**55**	**—**	—	—	**349**	**—**
			Average price (USD/AUD)	**0.6**	**—**	—	—	**0.6**	**—**
		Long CZK Forward foreign exchange contracts	Notional amount	**301**	**—**	—	—	**1,905**	**—**
			Average price (EUR/CZK)	**25.2**	**—**	—	—	**25.2**	**—**
		Long EUR Forward foreign exchange contracts	Notional amount	**132**	**—**	—	—	**834**	**—**
			Average price (GBP/EUR)	**0.8**	**—**	—	—	**0.8**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**139**	**—**	—	—	**880**	**—**
			Average price (CAD/USD)	**1.4**	**—**	—	—	**1.4**	**—**
		Long USD Forward foreign exchange contracts	Notional amount	**14**	**—**	—	—	**86**	**—**
			Average price (NZD/USD)	**1.7**	**—**	—	—	**1.7**	**—**

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

(i) Interest rate fluctuation risk

	Millions of Yen 2024 (From January 1, 2024 to December 31, 2024)	Millions of Yen 2023 (From January 1, 2023 to December 31, 2023)	Thousands of U.S. Dollars 2024 (From January 1, 2024 to December 31, 2024)
Beginning of the year	**¥ 165**	¥ 228	**$ 1,042**
Amount recognized	**1,733**	1,745	**10,956**
Amount reclassified to profit for the year (Note)	**(1,792)**	(1,808)	**(11,328)**
End of the year	**106**	165	**671**

Note:

The amounts before tax effects are ¥(1,835) million and ¥(1,761) million ($(11,132) thousand) for the fiscal years ended December 31, 2023 and 2024, respectively, and are included in “Finance costs” in the consolidated statement of profit or loss.

(ii) Foreign exchange fluctuation risk

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Beginning of the year	**¥ (549)**	¥ 641	**$ (3,473)**
Amount recognized	**1,073**	(143)	**6,784**
Amount reclassified to profit for the year (Note)	**(483)**	(1,047)	**(3,052)**
End of the year	**41**	(549)	**259**

Note:
The amounts before tax effects are ¥(1,441) million and ¥(646) million ($(4,086) thousand) for the fiscal years ended December 31, 2023 and 2024, 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		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Beginning of the year	**¥ 79**	¥ 215	**$ 503**
Amount recognized	**0**	151	**3**
Amount reclassified to profit for the year (Note)	**(2)**	(286)	**(11)**
End of the year	**78**	79	**494**

Note:
The amounts before tax effects are ¥(377) million and ¥(3) million ($(17) thousand) for the fiscal years ended December 31, 2023 and 2024, respectively, and are included in "Cost of sales" in the consolidated statement of profit or loss.

33. BUSINESS COMBINATIONS

Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

1. Overview of the business combination

(1) Acquiree

Name of acquiree: Trelleborg Wheel Systems Holding AB
Description of business: Manufacture and sale of tires for agricultural and industrial machinery

(2) Main reason for the business combination

Acquisition through share purchase

On May 2, 2023, the Company has completed the acquisition of all outstanding shares of Trelleborg Wheel Systems Holding AB (hereinafter, TWS) from Trelleborg AB based on a share purchase agreement which was concluded on March 25, 2022. Accordingly, TWS has become a wholly-owned subsidiary. All applicable prior approvals by authorities in relevant countries and regions based on competition laws and other requirements for the transaction had either been fulfilled or waived by April 2023.

Reason for the acquisition of shares

Since fiscal 2021, the Group has been implementing its medium-term management plan, "Yokohama Transformation 2023 (YX 2023)," a three-year plan covering fiscal 2021 to fiscal 2023.

While commercial tires account for half of sales in the global tire market, the Company's sales ratio of consumer tires to commercial tires is 2:1. To secure business stability and earnings growth, the growth of the OHT business, which is capable of securing a high level of earnings among the commercial tire business, has been one of the key challenges for the Company.

With this acquisition, the Company will further expand its commercial tire business and accelerate its global expansion.

(3) Date of acquisition

May 2, 2023

(4) Percentage of voting equity interests acquired

100%

(5) Method used to obtain control of the acquiree
Share acquisition in exchange for cash

(6) Reportable segment
Tires

2. Consideration

	Millions of Yen
Cash	**¥ 347,939**
Total	**347,939**

Consideration is measured at TWS's enterprise value plus adjustments arising from a performance-linked earn-out and other clauses all of which are included in the share purchase agreement. A professional has been appointed to appraise TWS's enterprise value in determining the consideration for the share acquisition.

3. Acquisition-related costs

Costs related to the business combination for the fiscal year ended December 31, 2023 of ¥1,933 million were recorded in "Selling, general, and administrative expenses."

4. Fair value of assets acquired and liabilities assumed, and goodwill at the date of the acquisition

	Millions of Yen
CURRENT ASSETS:	
Cash and cash equivalents	**¥ 27,981**
Trade and other receivables	**32,305**
Inventories	**53,126**
Other	**10,169**
NON-CURRENT ASSETS:	
Property, plant and equipment	**94,050**
Intangible assets	**36,826**
Other	**2,579**
Current liabilities	**42,534**
Non-current liabilities	**21,511**
Assets acquired and liabilities assumed (net)	**192,990**
Goodwill	**¥ 154,949**

There are no material receivables that are deemed unrecoverable. Intangible assets consist of customer-related assets of ¥6,366 million, technology-related assets of ¥5,922 million, and trademark rights of ¥23,390 million. Goodwill represents future excess earning power expected from ongoing business development. No material amount is included in tax deductibles expected for the goodwill recognized.

The Company has appointed an external appraiser to allocate the consideration for the acquisition. Goodwill, assets acquired and liabilities assumed at the date of the business combination and other amounts are accounted for provisionally as of the end of the fiscal year ended December 31, 2023, as identifiable assets and liabilities at that date are currently being examined, and the allocation of the consideration is yet to be completed.
The initial allocation of consideration made during the fiscal year has partly been revised at the end of the fiscal year ended December 31, 2023, but disclosure is omitted as it is immaterial.

5. Impact on the Group

Revenue and profit that arose after the date of business acquisition were ¥103,740 million and ¥6,330 million, respectively. Assuming that the business combination took place at the beginning of the fiscal year ended December 31, 2023, revenue and profit for the fiscal year would be ¥162,670 million and ¥10,348 million, respectively.

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

6. Financing

The Company's borrowings to finance the acquisition of TWS shares are as follows:

	Syndicated loan agreements	Loan agreement with JBIC
Amount	¥214,700 million	¥100,000 million
Contract date	June 28, 2023	June 30, 2023
Execution date	June 30, 2023	
Final repayment date	June 30, 2033	
Term	10 years	
Interest rate	Fixed interest rate (mainly the rate consisting of the base rate plus a spread)	
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, The 77 Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Ibaraki Shinren, The Joyo Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Aomori Bank, Ltd., The Gunma Bank, Ltd., The Hachijuni Bank, Ltd., The Bank of Fukuoka, Ltd., The Hokuriku Bank, Ltd., and The Musashino Bank, Ltd.	Japan Bank for International Cooperation
Assets pledged as collateral	None	

Financial covenants in the agreements are described in 19. "BONDS AND BORROWINGS."

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.

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.	Payerne, Switzerland	100.0

Name	Location	Ownership percentage of voting rights
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 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 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	77.0
Yokohama Aerospace America, Inc.	Washington, United States of America	80.0
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
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 Ltda.	Sao Paulo, Brazil	100.0
Yokohama TWS Australia Pty Ltd.	Victoria, Australia	100.0

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, 2023 (From January 1, 2023 to December 31, 2023)

Disclosure is omitted as it is immaterial.

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
				Thousands of U.S. Dollars	Thousands of U.S. Dollars
Senior management	Masataka Yamaishi	Chairman & CEO, Chairman of the Board, the Company	Disposal of treasury shares (Note)	¥ 50 $ 316	¥ — $ —
	Shinji Seimiya	President & COO, the Company	Disposal of treasury shares (Note)	¥ 50 $ 316	¥ — $ —
	Nitin Mantri	Member of the Board and Senior Managing Officer & Co-COO, the Company	Disposal of treasury shares (Note)	¥ 20 $ 126	¥ — $ —
	Tomoaki Miyamoto	Member of the Board and Managing Officer, the Company	Disposal of treasury shares (Note)	¥ 15 $ 95	¥ — $ —
	Yoshikuni Nakamura	Member of the Board and Managing Officer, the Company	Disposal of treasury shares (Note)	¥ 15 $ 95	¥ — $ —
	Masahiro Yuki	Member of the Board and Officer, the Company	Disposal of treasury shares (Note)	¥ 10 $ 63	¥ — $ —

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 ($24.83).

(2) Remunerations for Major Executives

Remunerations for major executives of the Group were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024 (From January 1, 2024 to December 31, 2024)	2023 (From January 1, 2023 to December 31, 2023)	**2024** (From January 1, 2024 to December 31, 2024)
Remunerations and bonuses	**¥ 1,099**	¥ 452	**$ 6,948**
Performance-linked remuneration	**75**	153	**472**
Share-based payment	**150**	118	**948**
Total	**¥ 1,324**	¥ 723	**$ 8,368**

36. COMMITMENTS

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

	Millions of Yen		Thousands of U.S. Dollars
	2024 (December 31, 2024)	2023 (December 31, 2023)	**2024** (December 31, 2024)
Agreements on the acquisition of property, plant and equipment and intangible assets	**¥ 33,500**	¥ 22,458	**$ 211,784**

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, 2024, 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

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, 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)
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

(2) 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.

(3) Date of the acquisition

February 4, 2025

(4) Fair value of the consideration for the acquisition

Cash Approximately ¥143,700 million ($923 million)

Note:

The final amount of the consideration will be determined based on the price adjustment clause set forth in the business acquisition agreement. The yen amount includes amounts based on forward foreign exchange contracts prior to the acquisition.

(5) Amount of and the cause of goodwill that arose

The amount is currently being calculated and has not yet been finalized.

(6) The amount of assets accepted and liabilities assumed on the date of the acquisition, and major components thereof

The amount is currently being calculated and has not yet been finalized.

(7) Procurement of funds to finance the acquisition

The Company's borrowings to finance the acquisition are as shown below. The Company plans to refinance this borrowing into long-term fixed, low-interest loans by utilizing the Company's strong financial position and relationships with banks.

1) Lender	Mizuho Bank, Ltd.
2) Loan amount	¥140,600 million
3) Interest rate	1-month TIBOR +0.2%
4) Execution date	February 3, 2025
5) Repayment date	January 29, 2026
6) Assets pledged as collateral	None

Acquisition of own shares and cancellation of treasury shares

At the Board of Directors meeting held on February 19, 2025, the Company has resolved to acquire its own shares pursuant to Paragraph 1 of Article 459 of the Companies Act and Article 34 of the Company's Articles of Incorporation, and to cancel treasury shares pursuant to Article 178 of the Companies Act.

(1) Reasons for the acquisition of own shares

The acquisition of own shares is intended to improve capital efficiency, implement a flexible capital policy that responds to changes in the business environment, and provide returns to shareholders.

(2) Details of the acquisition

1) Type of shares to be acquired:	Common stock of the Company
2) Total number of shares to be acquired:	2.40 million shares (maximum) (1.50% of total outstanding shares, excluding treasury shares)
3) Total cost of shares to be acquired:	¥6.0 billion (upper limit)
4) Acquisition period:	February 20, 2025 to August 31, 2025
5) Acquisition method:	Market purchases based on the discretionary dealing contract regarding repurchase of shares

(3) Details of the cancellation

1) Type of shares to be cancelled:	Common stock of the Company
2) Total number of shares to be cancelled:	3,714,700 shares (maximum)
3) Scheduled cancellation date:	September 20, 2025

(2) Other

Quarterly information for the fiscal year ended December 31, 2024

	Millions of Yen			
	First three months	First six months	First nine months	Full year
Revenue	¥ 252,419	¥ 525,283	¥ 782,906	¥ 1,094,746
Profit before tax	28,017	63,121	79,553	115,359
Profit attributable to owners of the parent	19,796	46,579	60,841	74,919
Basic earnings per share (Yen)	123.46	290.49	379.42	467.81

	Thousands of U.S. Dollars			
	First three months	First six months	First nine months	Full year
Revenue	$ 1,595,771	$ 3,320,795	$ 4,949,460	$ 6,920,886
Profit before tax	177,119	399,047	502,925	729,287
Profit attributable to owners of the parent	125,148	294,466	384,630	473,630
Basic earnings per share (U.S. Dollars)	0.78	1.84	2.40	2.96

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	¥ 123.46	¥ 167.02	¥ 88.94	¥ 88.15

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. Dollars)	$ 0.78	$ 1.06	$ 0.56	$ 0.56

Note:

Review of financial information for the first nine months of the fiscal year: None

Corporate Information

Corporate Data

Company Name	The Yokohama Rubber Co., Ltd.
Established	October 13, 1917
Paid-in capital	¥38,909 million (as of December 31, 2024)
Sales revenue	¥1,094,746 million (for the year ended December 31, 2024)
Representatives	Chairman & CEO, Chairman of the Board Masataka Yamaishi President & COO Shinji Seimiya
Head Office	2-1 Oiwake, Hiratsuka City, Kanagawa Prefecture, 254-8601, Japan
Mainstay Products	**Tires** Tire tubes for passenger cars, trucks and buses, light trucks, mining and construction equipment, industrial vehicles and agricultural and forestry machinery, aluminum alloy wheels and automobile-related components **Multiple Business** High pressure and resin hoses, couplings, conveyor belts, fenders, marine hoses, aircraft components (water tanks), etc. **Others** Golf-related products, information processing services, and others
Number of Employees	5,562 (as of December 31, 2024, non-consolidated basis) 34,198 (as of December 31, 2024, consolidated basis)

Group Sites

Countries with our bases: **42** countries (As of December 31, 2024)

Major regions of operation	No. of bases	No. of employees
Japan	59	10,137
Asia	56	16,034
Europe	40	4,399
North America	23	3,001
South America and other countries	23	627

External Evaluation

Yokohama Rubber has received various external evaluations and awards. The following are the results of external evaluations received in fiscal 2024.

FTSE4Good Index Series

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

CDP Climate Change: A List

Climate CDP A List 2024

CDP Supplier Engagement Leader

Supplier Engagement Leader CDP 2024

ISS ESG Corporate Rating: Prime

Corporate ESG Performance Prime RATED BY ISS ESG

D&I AWARD: BEST WORKPLACE

D&I AWARD BEST WORKPLACE for diversity & inclusion 2024

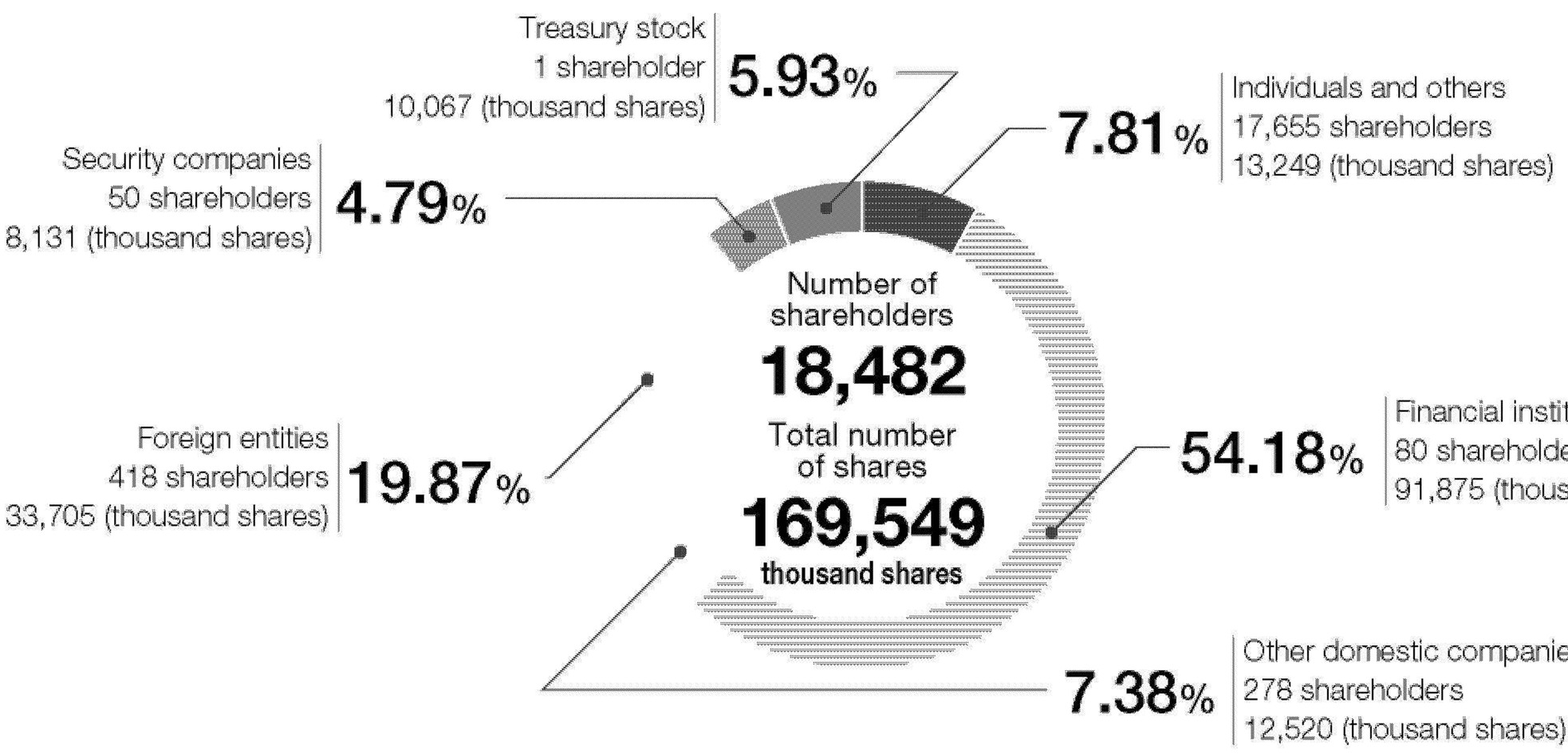
Share Information As of December 31, 2024

Basic Information

Sector	Rubber products
Stock exchange listing	Tokyo Stock Exchange
Stock code	5101
Fiscal year-end	December 31
Record date for dividend recipients	December 31(June 30 for interim dividends)

Trading unit	100 shares
Authorized number of shares	400,000,000
Number of shares issued and outstanding	166,396,381 shares (As of May 30, 2025)
Number of shareholders	18,482
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Shareholder Composition



Major Shareholders

Shareholder name	Holdings (thousand shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (trust account)	27,597	17.30
Custody Bank of Japan, Ltd. (trust account)	22,150	13.88
Asahi Mutual Life Insurance Company	10,905	6.83
Mizuho Bank, Ltd.	6,093	3.82
Zeon Corporation	3,842	2.40
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2,898	1.81
The Bank of Yokohama, Ltd.	2,499	1.56
Yokohama Rubber Business Partner Stock Holding Association	2,163	1.35
SMBC Nikko Securities Inc.	1,901	1.19
The Dai-ichi Life Insurance Company, Limited	1,862	1.16

* Shareholding ratio is calculated excluding treasury shares.