

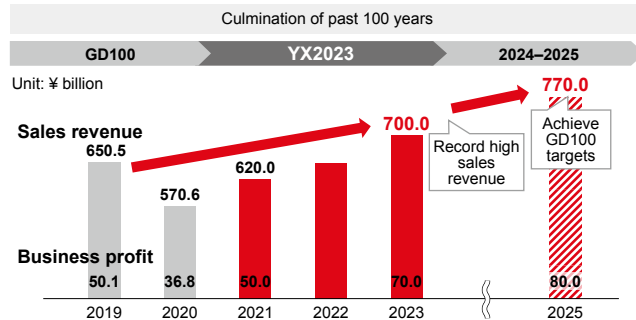
Medium-Term Management Plan —Yokohama Transformation 2023

Under its medium-term management plan, Yokohama Transformation 2023 (YX2023), YOKOHAMA is implementing initiatives to achieve "Transformation" targeting growth into the next generation.

Target pursuits: "Exploitation" & "Exploration"

The automotive industry is entering an era of great change, driven by the CASE, MaaS and DX trends. Under YX2023, we will aim for "Transformation" that targets growth into the next generation by pursuing the "Exploitation" of strengths in existing businesses while "Exploration" to create new value that meets the needs of

this transformative era. Through this effort, we aim to achieve record highs for sales revenue of ¥700 billion and business profit of ¥70 billion in 2023. We also aim to achieve the goals originally envisioned in GD100 as the culmination of our first 100 years—sales of ¥770 billion and profit of ¥80 billion—in 2025.

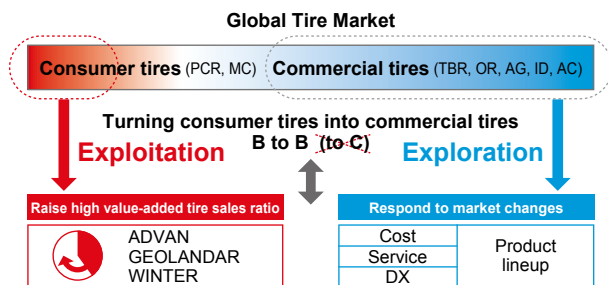


Financial Targets for 2023

Sales revenue	¥700 billion
Business profit	¥70 billion
Business profit margin	10%
D/E ratio	0.4
ROE	10%
ROIC	7%
Operating cash flow	¥250 billion (3-year total)
Capital investment	within depreciation (excluding strategic investments)

Key viewpoint: Turning consumer tires into commercial tires

The consumer tire market centered on passenger car tires and the commercial tire market, which includes tires for trucks, buses, agricultural machinery and other commercial-use vehicles are about equal in scale. However, we expect the CASE, MaaS and DX trends will decrease individual ownership of cars and increase the number of infrastructure-related vehicles devoted to moving people and goods, effectively turning many consumer tires into commercial tires. We plan to respond by "Exploitation" of our efforts to expand sales of our high-value-added consumer tires while "Exploration" for new opportunities created by market changes in the commercial tire business.

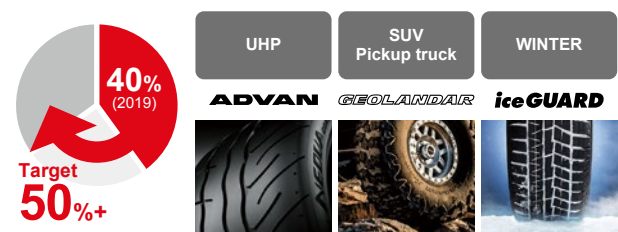


Consumer tires: Raise high-value-added tire sales ratio

We aim to raise the sales ratios of our core high-value-added consumer tires, namely the ADVAN and GEOLANDAR brands as well as winter tires. We aim to expand sales of the ADVAN brand by 50%, the GEOLANDAR brand by 15%, winter tires by 20%, and tire sizes of 18-inch and over by 55% from the 2019 levels, raising their combined share of our total tire sales from the current 40% to more than 50% in 2023. We plan to achieve these goals through the three initiatives outlined below:

- 1 Expand OE use of ADVAN and GEOLANDAR
- 2 Strengthen sales in the replacement market and expand tire sizes in each brand, including winter tires
- 3 Strengthen sales of tires suited to local market needs, via integrated "Product & Regional Strategies"

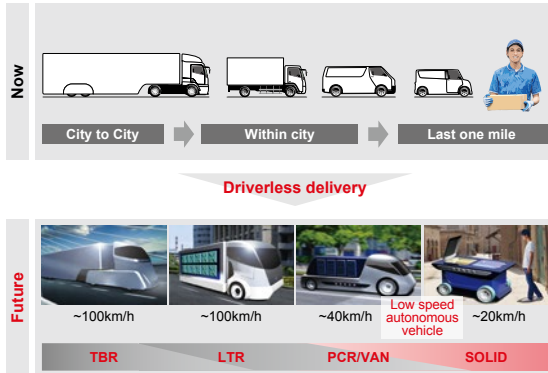
This strategy will focus on expanding sales of tires according to market trends in each region—for example, GEOLANDAR in North America, studless tires in Japan, ADVAN and winter tires in Europe.



Commercial tires: Respond to market changes & further strengthen the business

<Our view of the future commercial tire market>

We expect the trends toward vehicle electrification and self-driving will result in the transportation and logistics industries requiring various types, including puncture-proof, solid tires to be used on vehicles that cover the last leg of deliveries to bring goods to their recipients. Our response to this transformation of the logistics industry will include further expansion of our already uniquely diverse lineup of commercial tires, which ranges from TBR tires to solid tires, a strength that will provide us with a competitive advantage in the commercial tire market. Our commercial tire strategy during YX2023 centers on the four themes presented below.



1 Cost

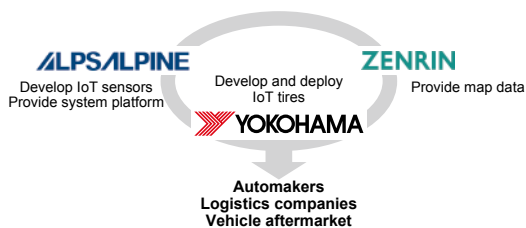
We aim to establish a low-cost production model that positions our passenger car tire plant in India as the most cost-efficient passenger car tire plant in YOKOHAMA. We also are considering using a similar low-cost model to increase output at our TBR tire plant in Thailand.

2 Service

To provide a full package of after-sales services to support our tire sales, we will strengthen our service network by expanding our fleet of service vehicles to supplement our nationwide sales and logistics network in Japan.

3 DX

We are accelerating our development of cutting-edge sensor-equipped tires and plan to create new value-added services by adding new functions to the sensors and gradually expanding the services and customers that can make use of tires equipped with these sensors. Toward that end, we are forming alliances with companies in different industries.



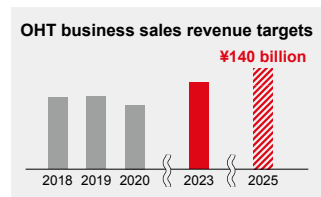
4 Product lineup

Our response to the transformation of logistics being brought about by vehicle electrification and self-driving vehicles will focus on establishing a competitive advantage by reinforcing our core strength and expanding our already uniquely diverse lineup of commercial tires.

<OHT business: Future growth driver>

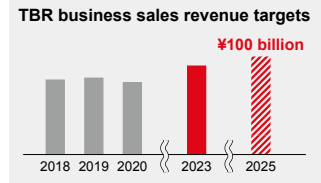
We aim to further strengthen the OHT business and expand its sales revenue to ¥140 billion in 2025, about 30% of targeted

Group revenue, by implementing a multi-brand strategy that includes integrating the OHT operations of YRC, ATG and Aichi Tire and investing aggressively to increase production capacity.



<TBR business: Strengthening foundation for future growth>

We aim to increase TBR sales revenue to ¥100 billion in 2025. Toward that goal, we are working to secure stable supply from our Mississippi plant while investing to further boost capacity at our TBR plant.



MB business: Shift portfolio to products with highly stable earnings and strong growth potential

Strengthen/expand by allocating resources to core product areas
Hose & Couplings (Growth driver)
Industrial products (Stable earnings)

We will solidify the MB segment's ability to generate stable earnings by concentrating resources in its two core product areas—hose & couplings and industrial materials. We will improve the Hamatite business by focusing on its core product areas. In the aerospace products business, we will make structural reforms targeted at bringing the business more in line with today's market.

Business restructuring
Hamatite (Focus on core areas)
Aerospace products (Structural reforms)

Strengthening management foundations: Human resources strategy and ESG initiatives

<Human resources strategy>

Personnel system reforms will strengthen management and administration at all levels, build a stronger organization, and promote work-style reforms.

1 Personnel management to realize further growth

- Strengthen performance-linked remuneration for managers
- Job-typed assignments and treatment for managerial level

2 Speed up decision-making by merging head office and Hiratsuka factory

Integrated production, sales, R&D, & logistics site

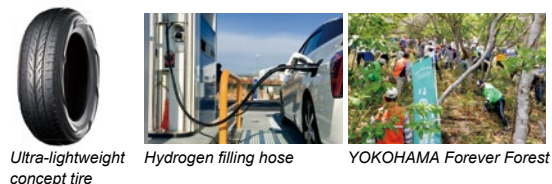
3 Work-style reforms

Place & time constraints removed: expand work at home & flexible hours

- Improved work life balance
- Promote participation and career development of women in child bearing and child rearing age group
- Reduce staff turnover related to need to care for children/ elderly parents or a spouse's job change/transfer

<ESG initiatives>

In addition to providing environmentally friendly products and efforts to achieve carbon neutrality, we intend to continue strengthening corporate governance and create safe and comfortable working environments for all employees.



A WORD FROM THE PRESIDENT

Next-Generation Growth Under Yokohama Transformation 2023

Tackling corporate transformation with an eye to next-generation growth by exploiting strengths in established operations and by exploring new value for fulfilling needs in an era of profound change

Masataka Yamaishi

President, Chairman of the Board



Yokohama Rubber launched the medium-term management plan Yokohama Transformation 2023 (YX2023) in February 2021. YX2023 is the successor to the medium-term management plan Grand Design 2020 (GD2020). Here, Yokohama president Masataka Yamaishi reflects on the company's accomplishments under GD2020 and discusses strategic initiatives and the measures for reinforcing the company's foundation that Yokohama will tackle under YX2023.

Redefining Our Core Strengths with Growth Strategy

We implemented growth strategies under GD2020 for redefining our core strengths in each business. In our consumer tire business, we pursued four strategies to further expand our presence in the premium tire markets. The first was a premium car strategy that succeeded in expanding use of our high-inch, high-performance tires as original equipment for 13 premium car models, such as Porsche's Cayenne and BMW's X3.

The second was a winter tire strategy that saw us launch three new tires, including the all-season BluEarth-4S AW21 and the iceGUARD iG53, a studless tire for the North American market.

Next was our hobby tire strategy, which sought to meet the needs of a wide range of car enthusiasts through the launch of six new tires, including the GEOLANDAR X-AT for sport-utility vehicles and pickup trucks. Our fourth initiative was a communications strategy that focused on leveraging digital technologies to strengthen direct marketing and increase communication with end users.

In our commercial tire business, we sought to "make commercial tires as a pillar of revenue in our second century" by strengthening our off-highway tire (OHT) and truck and bus tire (TBR) businesses. The strong growth achieved by ATG (Alliance Tire Group), which we acquired in 2016, has boosted our commercial tire business' share of companywide tire sales above the level we envisioned at the start of GD2020.

In our TBR business, in 2018 we posted an impairment loss on our US plant in Mississippi, which started production in 2015. However, our efforts to resolve equipment and personnel issues have improved the plant's supply capability, and we are now focused on expanding sales of its truck and bus tires.

Our GD2020 efforts in the MB (Multiple Business) segment focused on allocating resources on a priority basis to business fields of strength. This included strengthening the segment's automotive parts and marine products businesses. The automotive parts business succeeded in expanding shipment of its hoses in North America, while the marine products business' successes included delivering the world's largest floating pneumatic fenders.

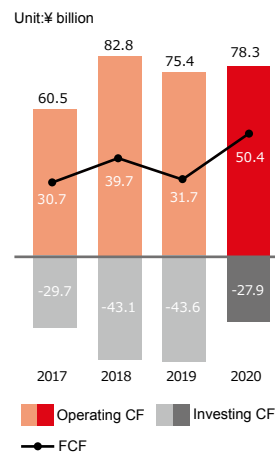


Improving the Balance Sheet Despite Shortfalls on the Profit and Loss Statement

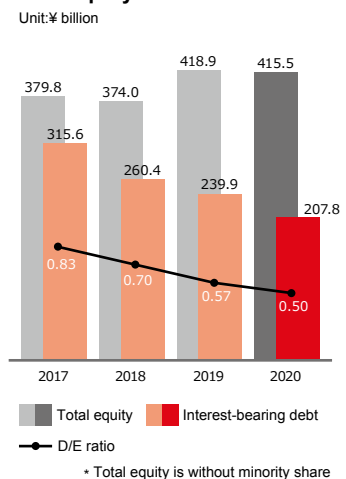
Despite each of our business' promotion of these growth strategies, we fell short of GD2020's goals of ¥700 billion in sales revenue and ¥70 billion in business profit. Of course, the shortfalls also reflect the impact of the economic slowdown caused by the COVID-19 pandemic that swept across the planet in 2020.

We succeeded nonetheless in improving our financial position. We greatly reduced the interest-bearing debt we took over when acquiring ATG in 2016 from ¥335.9 billion to ¥207.8 billion at the end of fiscal 2020. As a result, we lowered our debt/equity ratio to 0.5, lower than GD2020's target of 0.6. We also generated operating cash flow totaling ¥236.5 billion over the three years of GD2020, exceeding the targeted ¥200 billion, and we provided shareholders with stable returns, including a dividend payout ratio in 2020 of 39.0%, above our target of 30%.

Cash flow



Interest-bearing debt, total equity & D/E ratio



“Exploitation” in Strengths and “Exploration” in New Value

The new medium-term management plan is a three-year plan for 2021–2023. We are calling the new plan “Yokohama Transformation 2023” and have created this logo, with “Y” standing for Yokohama and “X” for transformation, as we plan to pursue “Exploitation” and “Exploration” to achieve a transformation of the Yokohama Group over this three-year period.

During Yokohama Transformation 2023, we will dig deeper into the core strengths of our existing businesses, while also exploring new growth opportunities by responding to the dynamic once-in-a hundred years transformation taking place

in our main market. We are targeting record highs of ¥700 billion for sales revenue and ¥70 billion for business profit in 2023, the plan’s final year. In addition, we are targeting achievement of the levels originally envisioned in our earlier longer-term GD100 implemented from 2006 to 2017, as the culmination of our first 100 years—sales of ¥770 billion and profit of ¥80 billion—in 2025.



Recognizing the Impending Market Shift to Commercial Tires

The tire market actually is composed of two distinct markets — the consumer tire market centering on passenger car tires and the commercial tire market, which includes tires for trucks, buses, agricultural machinery and other commercial-use vehicles. At present, these two markets are about equal in scale. However, as the CASE, MaaS and DX (digital transformation) trends accelerate, individual ownership of cars will decrease,

and we expect the number of infrastructure-related vehicles devoted to moving people and goods to increase. In short, we think this shift in the main customers for tires from individuals to companies will increasingly turn consumer tires into commercial tires. Responding to this change in the tire market, we will implement a growth strategy based on two separate approaches, which we refer to as “Exploitation” and “Exploration”.

Exploiting Strengths in High-Value-Added Consumer Tires

We will seek to maximize the sales ratio of our core higher-value added tires in three categories—ultra-high performance tires, sport-utility vehicle and pickup truck tires, and winter tires, through an “Exploitation” effort to increase sales of our ADVAN and GEOLANDAR brands as well as our winter tires. We aim to expand sales of our high-performance consumer tires, namely the ADVAN and GEOLANDAR brands as well as winter tires, and raise their share of our total tire sales from the current 40% to more than 50%. We plan to achieve this by expanding original equipment (OE) use of ADVAN and GEOLANDAR, strengthening sales in the replacement market, expanding the tire sizes offered in each brand, including winter tires, and strengthening sales of tires suited to local market needs.

We will step up our efforts to develop such high-value-added products and further strengthen our product brands. As selection of a tire as OE on a premium car model is one indicator of that tire’s excellent technology, we will intensify our OE sales efforts. We also are working to further enhance our winter tires’ ice and snow performance at our winter tire test centers in Hokkaido and Sweden. The test center in Hokkaido has an indoor test site and in November last year bolstered its development capabilities by installing a new refrigeration system that enables it to test tire performance across a wide temperature range.

Among our motorsports activities, we will again be supporting Walkenhorst Motorsport, a BMW customer team, as it aims for a second consecutive Nürburgring Endurance series

championship in the top-level SP9 Pro class, and the overall victory in the Nürburgring 24-Hour Endurance Race. In this year’s SUPER GT GT500, we aim to further strengthen our ADVAN brand by supporting two teams—one racing a Nissan and the other a Toyota, in their challenge to reach the winner’s podium. In off-road racing, we seek to further raise awareness of our GEOLANDAR brand through our support for teams participating in series races in North America and Asia. We will strive through our product and regional strategies to expand sales of products that fit well with the market trends in each region. For example, in North America we will be focusing on sales of our GEOLANDAR tires for sport-utility vehicles and pickup trucks. In Japan, we will be emphasizing sales of our studless winter tires, and in Europe we will seek to expand sales of our ultra-high performance ADVAN brand and our winter tires. We will strengthen our product development, supply, and sales systems in accordance with market trends in each region, as we aim to expand sales of the ADVAN brand by 50%, the GEOLANDAR brand by 15%, winter tires by 20%, and tire sizes of 18-inch and over by 55%.



Tire Test Center of Hokkaido



Walkenhorst Motorsport’s machine—2020 NLS SP9 Pro class champion

Tackling Exploration in Commercial Tires through Focusing on Four Themes

In commercial tire business, we will "Explore" opportunities to create new value by capturing major market changes, such as the trends toward CASE, MaaS, and DX, by focusing on four themes: cost, services, DX, and product lineup expansion. First, we will seek to add value by lowering costs. To meet the expected growth in demand for lower cost tires, we are positioning Yokohama India Private Ltd.'s passenger car plant as the most cost-competitive passenger car plant in the Yokohama Rubber Group, as a first step in the revision of our production network with the aim of establishing a new low-cost model in tune with the tire market of the future. We also are considering using a similar low-cost model to increase output at our truck and bus tire plant in Thailand.



India passenger car tire plant



Thailand truck and bus tire plant

We will search for ways to increase value in our service operations. With CASE and MaaS expected to increase corporate ownership of vehicles, we believe the value demanded from tire manufacturers will expand from the tires themselves to tire-related after-sales services, including tire replacement. We already have a sales and logistics network with locations in all of Japan's 47 prefectures, and we will leverage this network to strengthen our services to corporate customers. More specifically, we will expand our fleet of service vehicles, which we use to provide tire replacement, tire checkups and other tire management services to such corporate customers as car dealers and companies operating car-sharing businesses. Going forward, we aim to provide more flexible and mobile services.

Next theme in our response to market changes is DX. Applying digital technologies to tires to support enhanced information services is becoming an important trend. We are developing cutting-edge sensor-equipped tires and plan to add functions to the sensors to gradually increase the services and customers that can make use of these tires. For starters, we will

add a tire tread detection function to our sensors that are already capable of detecting air pressure to realize a vehicle management service for companies that operate vehicle fleets. In addition, we plan to create a new value-added service that uses our tire sensors to detect road conditions and transmit the information to companies that provide road information. Toward that end, we will form alliances with companies in different industries. For example, in February 2021, we announced the start of the trial operation of a system with Alps Alpine Co., Ltd. and Zenrin Co., Ltd. that links data obtained from tire sensors equipped with a road surface detection system with map information. If successful, it could lead to the start of a new tire-related business.

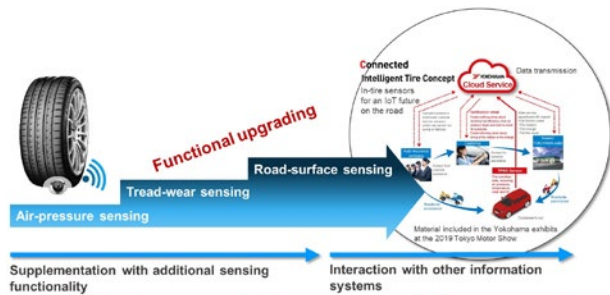


Image of new service using tire sensors

The fourth theme in our commercial tire strategy is our product lineup. Today, deliveries are made by drivers operating a range of vehicles, from large trailer trucks to small trucks and vans. However, as vehicles become electric and self-driving, the transport of goods over long and short distances as well as the last one mile to the recipient's door could well be accomplished without drivers. The diverse lineup of vehicles that run the logistics gauntlet in the future will need different types of tires. For example, last-mile vehicles may be fitted with puncture proof solid tires. One of our strengths is being one of the few tire makers that has the full lineup of tires, from truck and bus tires to airless solid tires, that will be required by the expected change in the types of vehicles used to distribute goods in the future. And we will continue to broaden our product lineup to further strengthen this competitive advantage.

Eying Continued Sales Growth in Off-Highway Tires and in Truck and Bus Tire

We are positioning off-highway tires as a growth driver in commercial tires, and we have been strengthening the business since acquiring ATG in 2016 and Aichi Tire Industry Co., Ltd. in 2017. We plan to further accelerate growth of this business during the new medium-term plan and in 2021 have begun to integrate the OHT operations of Yokohama Rubber, ATG and Aichi Tire Industry Co., Ltd. The integrated business has a multi-brand lineup that includes YOKOHAMA, ALLIANCE, GALAXY, PRIMEX, and AICHI tires. We will use this product lineup to develop new markets, meet customers'



diverse needs, and therefore expand this business. We expect strong demand from the OHT market in the years ahead and will aggressively invest to expand our production capacity, such as the third plant in India now being built. Through these initiatives, we aim to expand OHT sales revenue to ¥140 billion in 2025, accounting for 30% of Group revenues.

Sales in the TBR business are already greater than our production capacity. We are working to secure stable supply from our Mississippi plant and create the infrastructure needed to fulfill demand. Expecting demand for TBR tires to continue expanding, we plan to invest to further boost capacity as we target sales revenue of ¥100 billion in 2025.

Concentrating Resources on Product Strengths in the MB Sector

We plan to solidify the MB segment's ability to generate stable earnings while also enhancing its growth potential by concentrating resources in the segment's two core product areas—hose & couplings and industrial products. We will achieve growth by strengthening our presence in the market for hydraulic hoses and developing new technologies that respond to automakers'

promotion of CASE. We will also step up our efforts to contribute to the emerging hydrogen society. Meanwhile, we will improve the Hamatite business by focusing on its core product areas. In the aerospace products business, which continues to face a harsh environment, we will carry out some structural reforms targeted at bringing the business more in line with today's market.

Fortifying Our Corporate Foundation through Human Resources Strategy and Careful Attention to Environmental, Social, and Governance Issues

We will be undertaking the Human Resources (HR) and ESG initiatives as part of our effort to strengthen our management foundation. In our human resources strategy, we will reform our personnel management system and strengthen the link between job performance and remuneration for managers as we seek to create an organization that will enable us to sustain growth. We also will decide managers' assignments and treatment on a job-by-job basis to ensure that we have the right person in the right place. Also, in addition to expanding in-house training programs, we will strengthen our management corps by promoting mid-career hiring, the early advancement of capable employees, and assignments for employees of Group companies, and continued opportunities for senior-age staff. To create an organization that can respond more flexibly to the dynamic changes in our operating environment, we will merge our Shimbashi head office with the Hiratsuka factory. This merger will facilitate speedier decision-making by bringing together management, planning, production, sales, R&D and logistics staff together under one roof. The merger also will facilitate our continued efforts to promote work-style reforms. By removing place and time constraints, we will make greater use of work-at-home and flexible working hours. The work-style reforms



Yokohama's head office building in Tokyo

will improve employees' worklife balance, realize more active participation and career development of women in the child-bearing and child-rearing age group, and reduce staff turnover caused by the need to care for children or elderly parents or by a spouse's transfer or job change.

• Environmental stewardship

Our ESG initiatives are conducted in line with our slogan of "Caring for the Future." First I will explain our environment-related

initiatives. Here at Yokohama, we have been striving to provide more environment friendly products for many years now. Looking ahead, the move toward more environmentally conscious products will only grow stronger. In the automobile market, we expect the shift to electric vehicles to accelerate. In response, we will continue to our efforts to provide environmentally friendly products, such as lightweight tires and hydrogen-filling hoses, that will help lighten the automobile's impact on the environment. We also aim to be carbon neutral and will continue to expand our use of renewable energy and promote energy-efficient operations at all our plants and offices. We also will contribute to a circular economy by increasing our use of renewable fuels and recyclable materials to more than 30% of all material inputs by 2030. We also will continue the YOKOHAMA Forever Forest tree-planting program. Launched in 2007, the program has planted trees at 14 of our



Solar power generation at Yokohama's Philippine plant

locations in Japan and 21 overseas locations in eight countries. We are targeting reaching a total of 1,060,000 trees and seedlings planted by the end of 2023.

• Social responsibility

In 2020, the YOKOHAMA Magokoro Fund established by our employees in 2016 donated funds to support COVID-19 measures and donated medical masks and disinfectants to Asahikawa City in Hokkaido, which is home to our winter tire test site. More recently, the Fund made a donation to the Japan Red Cross Society to support its relief efforts for victims of a major earthquake with epicenter off the coast of Fukushima Prefecture. Going forward, Yokohama will fulfill its responsibilities as a corporation through various activities that contribute to our local communities and society at large.

• Corporate governance

We have decided to use share buybacks when unwinding strategic crossshareholdings as part of our effort to raise shareholder value. We also will practice group governance to increase our oversight of subsidiaries and strengthen global management by extending the use of our whistleblowing system to overseas bases.

Lastly, we are committed to creating safe and comfortable environments for all employees. Accordingly, we are taking concrete action to create an environment in which all kinds of

employees will be comfortable. For example, we set up a working group to promote diversity and have held LGBT seminars for managers. In addition, we will ensure that our plants are places where employees can work safely and with peace of mind by conducting regular risk assessments and accident prevention drills. Our ESG activities have been highly evaluated, as indicated by the inclusion of our stock in the FTSE4Good Index Series, a global ESG investment index, for 16 consecutive years. Going forward, we will continue our efforts to contribute to society through our ESG-related activities.

Implementing YX2023 Swiftly and Effectively

Measures for implementing YX2023 are well under way as of June 2021. We have strengthened our European marketing, for example, by acquiring our Polish tire distributor, ITR CEE Spółka z.o.o., in May 2021. That company distributes our tires in Poland, Ukraine, Belarus, and other nations of Central and Eastern Europe.

Our premium tire strategy has also gained momentum. We have won factory fitments for the ADVAN Sport V107 on the BMW electric model, the iX3; on two models in the high-performance BMW M series, the M3 sedan and the M4 coupe; and on the Mercedes-AMG sport-utility vehicle, the GLB 35 4MATIC.



In the MB segment, we are making progress in shaping a business portfolio that will provide steady, profitable growth. That means, as noted, concentrating resources on our priority product categories. We have agreed to sell our Hamatite business to the Swiss company Sika AG and plan to complete the divestiture on November 1, 2021.

Hose & couplings are a priority product category in the MB segment, and we have begun work that will triple the production capacity of our Chinese plant for hoses. That will position us to step up our business in supplying original equipment and replacement hoses for construction equipment in China. We have strengthened our Japanese marketing for hoses, meanwhile, with the March 2021 acquisition of Furusawa Shokai. That company, based in Hokkaido, conducts repairs and maintenance on construction equipment.

Off-highway tires are another emphasis in YX2023, and we have begun consolidating our strengths globally in that product category. We established Yokohama Off-Highway Tires America Inc. in January 2021 to provide a unified platform for marketing our off-highway tires in North America. Our production capacity for off-highway tires is expanding, meanwhile, with the construction of a third ATG plant in India.

We sold our headquarters building in Shimbashi, Tokyo, in March 2021. That was part of the aforementioned shift of headquarters functions to our Hiratsuka Factory and attendant efficiency gains. We are allocating the proceeds of the sale to priority sectors.

Our measures for addressing environmental, social, and governance issues include working to achieve carbon neutrality. We recently developed technology for the world's first production of butadiene from biomass with fermentation.

All of us at Yokohama are united in a worldwide commitment to carrying out the YX2023 strategic initiatives and the plan's measures for reinforcing our corporate foundation. We invite your attention to our progress in addressing the change under way in the global marketplace and in thereby earning the confidence of our customers and all our stakeholders.

