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May 15, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025[IFRS]



Company name: The Yokohama Rubber Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5101
URL: <https://www.y-yokohama.com/global/>
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for analysts)

(Yen amounts are rounded to the nearest million yen.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	275,118	9.0	24,072	(3.2)	19,340	(27.7)	8,525	(56.9)	(33,218)	—
Three months ended March 31, 2024	252,419	23.5	24,861	91.0	26,753	102.6	19,796	104.0	91,488	425.3

Note: Business profit is calculated by deducting cost of sales and selling, general, and administrative expenses from sales revenue.

	Basic earnings per share	Diluted earnings per share	Business profit margin
	Yen	Yen	%
Three months ended March 31, 2025	53.74	53.59	8.7
Three months ended March 31, 2024	123.46	123.15	9.8

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	1,807,232	857,358	848,379	46.9	5,360.35
As of December 31, 2024	1,735,544	904,013	893,971	51.5	5,605.46

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	46.00	—	52.00	98.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (forecast)		48.00	—	54.00	102.00

Note: Revisions to the dividends forecast most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	575,000	9.5	47,500	(13.0)	38,500	(31.6)	19,500	(58.1)	121.76
Full Year	1,220,000	11.4	138,000	2.7	132,000	10.8	81,500	8.8	508.90

Note: Revisions to the financial results forecast most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 3 companies (Nippon Giant Tire Co., Ltd, Yokohama Earthmover Pty Ltd, Yokohama Tire Manufacturing Mexico S.A. DE C.V.)

Excluded: – companies

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	169,549,081 shares
As of December 31, 2024	169,549,081 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	11,279,611 shares
As of December 31, 2024	10,067,042 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	158,652,132 shares
Three months ended March 31, 2024	160,339,189 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts and other special matters

(Cautionary statements with respect to forward-looking statements and other information)

The earnings forecasts herein are prepared by the Company based on information available to the Company as of the announcement of this document. Actual results may differ from these forecasts due to a wide range of factors.

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1. Qualitative Information on Consolidated Results for the Period under Review

(1) Consolidated Operating Results

	Three months ended March 31, 2024	Three months ended March 31, 2025	YoY change
	¥ million	¥ million	%
Sales revenue	252,419	275,118	+9.0
Tires	226,720	250,318	+10.4
MB	23,768	23,017	(3.2)
Others	1,931	1,782	(7.7)
Business profit	24,861	24,072	(3.2)
Tires	23,355	22,215	(4.9)
MB	1,370	1,845	+34.7
Others	131	12	(91.1)
Adjustments	5	1	—
Operating profit	26,753	19,340	(27.7)
Profit before tax	28,017	13,875	(50.5)
Profit attributable to owners of the parent	19,796	8,525	(56.9)

Note: Business profit is calculated by deducting cost of sales and selling, general, and administrative expenses from revenues.

Regarding the operating environment for the Yokohama Rubber Group in the first quarter of fiscal 2025 (January 1, 2025 – March 31, 2025), overall business sentiment in Japan was upbeat, as a steady recovery in inbound demand and increasing orders for construction and logistics projects compensated for weak consumption by domestic households curbing spending in response to rising prices of consumer goods.

In overseas markets, rising inflation concerns in the United States weighed on consumer spending, despite a continued favorable personal income environment. Meanwhile, the lingering effects of monetary tightening in recent years continue to weigh on demand in many industries, with the IT industry being one of the few exceptions. In Europe, manufacturing industries are rebounding and corporate business sentiment is improving. Consumer sentiment, however, is being depressed by heightened uncertainty about the impact of trade policies being announced by many countries. Over in China, personal consumption was boosted by the annual Spring Festival holiday, but the high tariffs imposed by the United States reduced China's exports and created uncertainty about the future that is weakening industrial activity.

In the above operating environment, the Yokohama Rubber Group continued to pursue the “exploitation” of the strengths of its existing businesses and the “exploration” of new value while implementing its current medium-term management plan Yokohama Transformation 2026 (YX2026), which aims to complete the transformation begun during the previous medium-term plan. The Yokohama Rubber Group's consolidated results for the first quarter of fiscal 2025 included sales revenue of ¥275,118 million (+9.0% YoY), business profit of ¥24,072 million (-3.2% YoY), operating profit of ¥19,340 million (-27.7% YoY), and profit attributable to owners of the parent of ¥8,525 million (-56.9% YoY).

Tire segment sales revenue totaled ¥250,318 million (+10.4% YoY), accounting for 91.0% of the Yokohama Rubber Group's consolidated sales revenue.

Original equipment (OE) tire sales revenue was higher than in the same period of the previous year, on strong sales in Japan of vehicle models equipped with YOKOHAMA tires and expansion of shipments for Chinese automakers' new energy vehicles.

Replacement tire sales revenue also increased year on year, supported by higher sales of summer and winter tires in Japan, increased sales of high-inch tires in Europe, and stepped-up sales efforts in Asia, including the opening of new sales channels.

Off-highway tire (OHT) business sales revenue increased year on year due to consolidation of the off-the-road tire (OTR) business acquired from The Goodyear Tire & Rubber Company in February. The OHT business continues to face a difficult market environment for OE sales, which have been negatively affected by agricultural machinery makers responding to falling prices of agricultural products by reducing output. Meanwhile, the business focused on expanding sales in the replacement market.

MB (Multiple Businesses) segment sales revenue totaled ¥23,017 million (-3.2% YoY), accounting for 8.4% of the Group's consolidated sales revenue.

The segment's hose & couplings business posted a year-on-year decline in sales revenue owing to lower demand from construction machinery makers in Japan and automakers in North America.

The industrial products business sales revenue also decreased year on year on a reactive decline in sales of its marine products, which were boosted by temporary factors in the first quarter of 2024. However, sales of conveyor belts were solid, as the business' leading domestic market share contributes to stable orders from major customers. Sales of aerospace products also were solid.

The year-on-year decline in consolidated business profit can be attributed to one-time costs related to the acquisition and consolidation of Goodyear's OTR business. Otherwise, profit from existing businesses was strong. In addition to increased sales volume for the Company's consumer tires mainly in overseas markets and continued expansion of sales of high-value-added ADVAN, GEOLANDAR, and Winter (AGW) tires as well as high-inch tires, profit was boosted by the MB segment's MIX improvements and structural reforms.

(2) Consolidated Financial Position

Total assets as of March 31, 2025, were ¥1,807,232 million, an increase of ¥71,688 million from the end of the previous consolidated fiscal year (December 31, 2024). The increase primarily reflects business acquisition-related increases in property, plant and equipment, intangible assets and inventories.

Total liabilities as of March 31, 2025, were ¥949,875 million, an increase of ¥118,343 million from the end of the previous consolidated fiscal year. The increase in liabilities primarily reflects an increase in interest-bearing debt.

Total equity as of March 31, 2025, came to ¥857,358 million, a decrease of ¥46,655 million from the end of the previous consolidated fiscal year. The decrease primarily reflects a decrease in other components of equity due primarily to the impact from foreign exchange market fluctuations.

(3) Consolidated Earnings Forecast and Other Forward-Looking Statements

The consolidated earnings forecasts for the first half of fiscal 2025 (January 1 – June 30, 2025) and the fiscal year ending December 2025 (January 1 – December 31, 2025) are unchanged from the forecasts announced on February 19, 2025.

Note: The above earnings forecast is based on information available to the Company at the time of publication, and actual results may differ from the current forecast owing to unforeseen changes in the economic environment, market trends, and foreign exchange rates in the Group's business domains.

2. Condensed Quarterly Consolidated Financial Statements and Principal Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	136,215	89,363
Trade and other receivables	281,020	275,659
Other financial assets	9,059	9,886
Inventories	280,633	311,708
Other current assets	23,445	28,539
Subtotal	730,372	715,155
Non-current assets held for sale	19,342	18,226
Total current assets	749,714	733,381
Non-current assets		
Property, plant and equipment	517,516	552,902
Goodwill	296,814	304,320
Intangible assets	72,455	124,583
Other financial assets	49,354	46,727
Deferred tax assets	8,276	12,420
Other non-current assets	41,415	32,901
Total non-current assets	985,830	1,073,851
Total assets	1,735,544	1,807,232

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	108,517	121,746
Bonds and borrowings	101,476	259,545
Other financial liabilities	32,477	28,653
Income taxes payable	38,767	9,022
Other current liabilities	93,610	86,122
Total current liabilities	374,847	505,088
Non-current liabilities		
Bonds and borrowings	336,546	325,360
Other financial liabilities	42,663	41,576
Liabilities for retirement benefits	17,227	16,948
Deferred tax liabilities	44,357	41,383
Other non-current liabilities	15,892	19,519
Total non-current liabilities	456,684	444,786
Total liabilities	831,531	949,875
Equity		
Share capital	38,909	38,909
Share premium	31,386	31,281
Retained earnings	619,730	615,357
Treasury shares	(15,441)	(19,620)
Other components of equity	219,387	182,453
Total equity attributable to owners of the parent	893,971	848,379
Non-controlling interests	10,042	8,979
Total equity	904,013	857,358
Total liabilities and equity	1,735,544	1,807,232

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

Three Months Ended March 31

(Millions of yen)

	For the Three months ended March 31, 2024	For the Three months ended March 31, 2025
Sales revenue	252,419	275,118
Cost of sales	(166,254)	(183,904)
Gross profit	86,166	91,214
Selling, general, and administrative expenses	(61,305)	(67,142)
Business profit	24,861	24,072
Other income	3,007	1,149
Other expenses	(1,115)	(5,881)
Operating profit	26,753	19,340
Finance income	2,853	1,069
Finance costs	(1,589)	(6,535)
Profit before tax	28,017	13,875
Income taxes	(8,128)	(5,266)
Profit	19,888	8,609
Profit attributable to:		
Owners of the parent	19,796	8,525
Non-controlling interests	93	84
Profit	19,888	8,609
Basic earnings per share (Yen)	123.46	53.74
Diluted earnings per share (Yen)	123.15	53.59

Condensed Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended March 31

(Millions of yen)

	For the Three months ended March 31, 2024	For the Three months ended March 31, 2025
Profit	19,888	8,609
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	14,123	(24)
Remeasurements of defined benefit plans	10,702	(4,606)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	370	(245)
Exchange differences on translating foreign operations	46,404	(36,952)
Total other comprehensive income, net of tax	71,599	(41,827)
Comprehensive income	91,488	(33,218)
Comprehensive income attributable to:		
Owners of the parent	91,234	(33,015)
Non-controlling interests	254	(203)
Comprehensive income	91,488	(33,218)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three Months Ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
					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			19,796			
Other comprehensive income					46,254	370
Comprehensive income	—	—	19,796	—	46,254	370
Purchase of treasury shares				(1)		
Dividends from surplus			(8,037)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control						
Transfer to retained earnings			13,578			
Others			(21)			
Total transactions with owners	—	—	5,520	(1)	—	—
Balance, March 31, 2024	38,909	31,255	535,319	(11,588)	167,929	65

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance, January 1, 2024	49,614	—	170,983	739,565	9,231	748,795
Profit			—	19,796	93	19,888
Other comprehensive income	14,112	10,702	71,438	71,438	161	71,599
Comprehensive income	14,112	10,702	71,438	91,234	254	91,488
Purchase of treasury shares			—	(1)		(1)
Dividends from surplus			—	(8,037)	(225)	(8,263)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	—		—
Transfer to retained earnings	(2,876)	(10,702)	(13,578)	—		—
Others			—	(21)		(21)
Total transactions with owners	(2,876)	(10,702)	(13,578)	(8,059)	(225)	(8,285)
Balance, March 31, 2024	60,850	—	228,844	822,739	9,259	831,998

Three Months Ended March 31, 2025

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translating foreign operations	Cash flow hedges
Balance, January 1, 2025	38,909	31,386	619,730	(15,441)	198,727	225
Profit			8,525			
Other comprehensive income					(36,663)	(245)
Comprehensive income	—	—	8,525	—	(36,663)	(245)
Purchase of treasury shares				(4,179)		
Dividends from surplus			(8,293)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(105)				
Transfer to retained earnings			(4,606)			
Others						
Total transactions with owners	—	(105)	(12,899)	(4,179)	—	—
Balance, March 31, 2025	38,909	31,281	615,357	(19,620)	162,064	(20)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance, January 1, 2025	20,435	—	219,387	893,971	10,042	904,013
Profit			—	8,525	84	8,609
Other comprehensive income	(26)	(4,606)	(41,540)	(41,540)	(287)	(41,827)
Comprehensive income	(26)	(4,606)	(41,540)	(33,015)	(203)	(33,218)
Purchase of treasury shares			—	(4,179)		(4,179)
Dividends from surplus			—	(8,293)	(277)	(8,570)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(105)	(583)	(688)
Transfer to retained earnings		4,606	4,606	—		—
Others			—	—		—
Total transactions with owners	—	4,606	4,606	(12,577)	(860)	(13,438)
Balance, March 31, 2025	20,409	—	182,453	848,379	8,979	857,358

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Cash flows from operating activities		
Profit before tax	28,017	13,875
Depreciation and amortization	16,327	18,137
Impairment losses	—	1,883
Increase (decrease) in liabilities for retirement benefits	387	432
Interest and dividend income	(612)	(780)
Interest expenses	1,333	2,164
Loss (gain) on sale and retirement of non-current assets	(2,250)	(28)
Decrease (increase) in trade receivables	3,557	7,785
Increase (decrease) in trade payables	(2,019)	8,729
Decrease (increase) in inventories	(8,729)	(18,038)
Other	(13,697)	(13,979)
Subtotal	22,315	20,180
Interests and dividends received	584	796
Interests paid	(1,519)	(2,265)
Income taxes (paid) refund	(29,723)	(37,574)
Net cash provided by operating activities	(8,342)	(18,862)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,638	1,578
Purchases of property, plant and equipment	(20,722)	(21,005)
Proceeds from sale of property, plant and equipment	3,581	268
Purchases of intangible assets	(119)	(109)
Purchases of investment securities	(104)	(3)
Proceeds from sale of investment securities	6,725	27
Payments for acquisition of businesses, including acquisition of subsidiaries, net of cash and cash equivalents acquired	—	(141,862)
Other	253	(1,618)
Net cash used in investing activities	(8,747)	(162,722)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	23,586	157,177
Net increase (decrease) in commercial paper	—	3,000
Repayments of long-term borrowings	(7,045)	(7,702)
Repayments of lease liabilities	(2,323)	(2,793)
Purchases of treasury shares	(1)	(4,179)
Cash dividends paid	(8,041)	(8,301)
Other	(207)	(837)
Net cash provided by financing activities	5,970	136,365
Effect of exchange rate changes on cash and cash equivalents	5,240	(1,632)
Net increase (decrease) in cash and cash equivalents	(5,880)	(46,851)
Cash and cash equivalents at the beginning of period	97,613	136,215
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	561	—
Cash and cash equivalents at the end of period	92,294	89,363

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Applicable financial reporting framework)

Yokohama Rubber's condensed quarterly consolidated financial statements, which comprise the Condensed Quarterly Consolidated Statement of Financial Position, Condensed Quarterly Consolidated Statement of Profit or Loss, Condensed Quarterly Consolidated Statement of Comprehensive Income, Condensed Quarterly Consolidated Statement of Change in Equity, Condensed Quarterly Consolidated Statement of Cash Flows and Notes to Condensed Quarterly Consolidated Financial Statements, have been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards), applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards, accordingly certain disclosures and notes required by IAS 34 "Interim Financial Reporting" are not given.

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

(1) Outline of Reportable Segments

The Group's business segments are organizational units for which the Group is able to obtain discrete financial information in order for the Company's Board of Directors to regularly review performance to determine the distribution of management resources and evaluate business results.

The Group classifies organizational units by product and service. Each organizational unit plans domestic or overseas general strategies for its products and services and operates its business.

Major products in each reportable segment

Reportable segment	Major products
Tires	Tires for passenger cars, trucks and buses, light trucks, agricultural machinery, mining and construction equipment, industrial equipment, forestry machinery, etc.; various tire tubes; aluminum alloy wheels; and auto supplies
MB	Conveyor belts, various hoses, pneumatic marine fenders, oil fences, marine hoses, and aerospace products

(2) Information on Segment Revenues and Results

The figures related to reportable segments are based on business profit. Intersegment revenues are based on prevailing market prices.

For the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(Millions of yen)

	Reportable segment		Others (Note 1)	Total	Adjustment (Note 3)	Consolidated
	Tires	MB				
Sales revenue						
Sales revenue from external customers	226,720	23,768	1,931	252,419	—	252,419
Intersegment revenue	262	28	4,098	4,388	(4,388)	—
Total	226,982	23,796	6,029	256,807	(4,388)	252,419
Segment profit (business profit) (Note 2)	23,355	1,370	131	24,856	5	24,861
Other income and expenses						1,892
Operating profit						26,753

(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 sales revenues.

3. Segment profit adjustments include the elimination of intersegment transactions.

For the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(Millions of yen)

	Reportable segment		Others (Note 1)	Total	Adjustment (Note 3)	Consolidated
	Tires	MB				
Sales revenue						
Sales revenue from external customers	250,318	23,017	1,782	275,118	—	275,118
Intersegment revenue	265	28	5,675	5,968	(5,968)	—
Total	250,583	23,045	7,457	281,085	(5,968)	275,118
Segment profit (business profit) (Note 2)	22,215	1,845	12	24,071	1	24,072
Other income and expenses						(4,732)
Operating profit						19,340

(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 sales revenues.

3. Segment profit adjustments include the elimination of intersegment transactions.

(Business combination, etc.)

< Business Acquisition >

Regarding the agreement The Yokohama Rubber Co., Ltd., entered into with The Goodyear Tire & Rubber Company (hereafter, “Goodyear”) on July 22, 2024, to acquire that company’s mining & construction machinery tire (hereafter, off-the-road, or OTR) business, the acquisition was completed on February 4, 2025.

(1) Outline of Acquisition

① Business acquired

Goodyear’s OTR business, which manufactures and sells tires for mining & construction vehicles (including companies for which shares were acquired)

② Companies for which shares were acquired

Goodyear Earthmover Pty Ltd (Australia) , Nippon Giant Tire Co., Ltd. (Japan)

Note: Upon completion of the acquisition, Goodyear Earthmover Pty Ltd changed its name to Yokohama Earthmover Pty Ltd as at the end of the first quarter under review.

③ Assets acquired

Inventories, tire manufacturing facilities & equipment, etc.

④ Acquiring entities

The Yokohama Rubber Co., Ltd., and its subsidiaries in U.S., Australia, Luxembourg, & elsewhere

⑤ Date of acquisition

February 4, 2025

⑥ Main reason for the Acquisition

The Yokohama Rubber 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 off-highway tire (OHT) business, which is expected to contribute to stably high earnings of Yokohama Rubber’s commercial tire business. The 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 Yokohama Rubber Group’s global expansion.

(2) Fair value of acquired business as of the date of acquisition

Cash: Approx. ¥143,043 million (US\$919 million)

(3) Fair value of assets acquired and liabilities assumed as of date of acquisition, and goodwill generated

(Millions of yen)

	As of the date of the acquisition (February 4, 2025)
Current assets	
Cash and cash equivalents	1,180
Trade and other receivables	3,690
Inventories	22,157
Other	3,859
Non-current assets	
Property, plant and equipment	42,898
Intangible assets	56,968
Deferred tax assets	4,523
Other	993
Liabilities	10,338
Assets acquired and liabilities assumed (net)	125,930
Goodwill	17,113

As of March 31, 2025 (end of the first quarter of fiscal 2025), goodwill, assets acquired and liabilities assumed at the date of the business combination and other amounts are accounted for provisionally because identifiable assets and liabilities at that date are currently being examined, and the allocation of the consideration has yet to be completed.

Intangible assets acquired include customer-related assets of ¥24,258 million, technology-related assets of ¥14,170 million, trademark rights of ¥12,867 million, contract-related assets of ¥5,606 million, and other assets amounting to ¥67 million. Goodwill represents future excess earning power expected from ongoing business development. The amount of recognized goodwill that is expected to be included in tax deductibles is yet to be determined and is currently being calculated.

(4) Acquisition-related costs

Costs related to the acquisition of ¥1,419 million were recorded in “Selling, general, and administrative expenses” on the Group’s consolidated statements for the first quarter of fiscal 2025.

(5) Impact on Group earnings

Sales revenue and business profit generated by the acquired business after the date of acquisition were ¥15,910 million and ¥1,223 million, respectively. Assuming that the business acquisition had been completed at the beginning of the first quarter of fiscal 2025, the acquired business’ contribution to revenue and profit for the full quarter would be ¥23,865 million and ¥1,834 million, respectively.

(6) 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	¥140.6 billion
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

(Significant subsequent events)

Not applicable.