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November 14, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024[IFRS]

Company name: The Yokohama Rubber Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5101
URL: https://www.y-yokohama.com/global/
Representative: Masataka Yamaishi, Chairman & CEO, Chairman of the Board
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts)

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

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(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	%
Nine months ended September 30, 2024	782,906	13.1	83,411	69.6	85,772	63.8	60,841	36.5	82,460	(44.2)
Nine months ended September 30, 2023	692,505	12.5	49,190	6.7	52,366	15.5	44,583	33.9	147,894	13.3

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	%
Nine months ended September 30, 2024	379.42	378.43	10.7
Nine months ended September 30, 2023	278.05	277.39	7.1

(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 September 30, 2024	1,619,718	815,112	806,309	49.8	5,014.47
As of December 31, 2023	1,600,458	748,795	739,565	46.2	4,600.78

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, 2023	—	34.00	—	50.00	84.00
Fiscal year ending December 31, 2024	—	46.00	—		
Fiscal year ending December 31, 2024 (forecast)				52.00	98.00

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

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
Full Year	1,105,000	12.1	128,500	29.6	116,000	15.6	78,500	16.8	490.17

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

* Notes

(1) Significant changes in the scope of consolidation during the period:None

Newly included: – companies
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 September 30, 2024	169,549,081 shares
As of December 31, 2023	169,549,081 shares

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

As of September 30, 2024	8,752,712 shares
As of December 31, 2023	8,801,310 shares

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

Nine months ended September 30, 2024	160,350,335 shares
Nine months ended September 30, 2023	160,340,287 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.“Basic earnings per share” in the consolidated financial results forecast is calculated based on the average number of shares during the fiscal year, taking into account the acquisition of 1,314,700 of the Company’s own shares as announced in the “Notice regarding Repurchase of Company’s Own Shares” issued today.

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

(1) Consolidated Operating Results

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	YoY change
	¥ million	¥ million	%
Sales revenue	692,505	782,906	13.1
Tires	612,947	701,243	14.4
MB	72,920	74,828	2.6
Others	6,638	6,834	3.0
Business profit	49,190	83,411	69.6
Tires	44,750	78,797	76.1
MB	4,372	5,139	17.5
Others	43	(530)	―
Adjustments	25	5	―
Operating profit	52,366	85,772	63.8
Profit before tax	60,128	79,553	32.3
Profit attributable to owners of the parent	44,583	60,841	36.5

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 three quarters of fiscal 2024 (January 1, 2024 – September 30, 2024), the environment in Japan was a somewhat mixed bag. Conditions remained favorable for the electrical machinery industry, which is benefiting from expanding global demand for high-tech machinery. The restaurant, accommodations, and retail industries benefited from continued strong inbound demand and progress in passing on price increases, and the information/communications and logistics industries saw earnings supported by the trend toward digitalization. Meanwhile, some manufacturers, including automakers, were somewhat adversely affected by large typhoons that forced them to temporarily suspend operations at some plants. Overall corporate business sentiment, however, has remained positive.

In overseas markets, personal consumption in the United States remained strong, supported by solid employment and income environments and the strong stock market's positive impact on individuals' assets. However, corporate activity, especially at manufacturers, remains in a lengthy adjustment phase owing to the tight financial environment. In Europe, a sluggish German economy is weighing on the recovery in the eurozone economy, depressing business sentiment. In China, exports are rebounding, but a full-fledged economic recovery continues to be hampered by sluggish domestic demand and a continuing real estate recession.

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 launching its medium-term management plan Yokohama Transformation 2026 (YX2026), which aims to complete the transformation begun during the previous medium-term plan. As a result, the Yokohama Rubber Group's consolidated results for the first three quarters of fiscal 2024 included sales revenue of ¥782,906 million (+13.1% YoY), business profit of ¥83,411 million (+69.6% YoY), operating profit of ¥85,772 million (+63.8% YoY), and profit attributable to owners of the parent totaling ¥60,841 million (+36.5% YoY).

Tire segment sales revenue totaled ¥701,243 million (+14.4% YoY), accounting for 89.6% 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 as the impact from reductions in domestic production at some Japanese automakers eased, strong sales of vehicle

models equipped with YOKOHAMA tires, and outweighed the negative impact from continued weakness in Japanese automakers' sales in China.

Replacement tire sales revenue also was higher than a year earlier, as increased domestic sales boosted by aggressive marketing supplemented overseas sales increases in Europe, India, and other Asian markets, and a positive forex impact from the yen's depreciation.

The Yokohama Rubber Group's off-highway tire (OHT) business sales revenue increased year on year, as higher sales in Europe, Asia, and the Middle East at the Group's legacy OHT business under YOHT (Yokohama Off-Highway Tires, formerly the Alliance Tire Group or ATG) was supplemented by the addition of sales at Y-TWS (formerly Trelleborg Wheel Systems Holding AB or TWS), which was acquired in May 2023.

MB (Multiple Businesses) segment sales revenue totaled ¥74,828 million (+2.6% YoY), accounting for 9.6% of Group consolidated sales revenue.

The hose & couplings business sales revenue was lower than a year earlier owing to sluggish demand for automotive hoses as well as hydraulic hoses for construction equipment and other applications.

The industrial products business sales revenue increased year on year. Sales of conveyor belts were largely flat, but sales of marine products and aerospace products were strong.

The strong year-on-year growth in Group business profit reflects successful efforts to increase sales volume, raise product prices, and improve product MIX supplemented by a full contribution from Y-TWS over the entire period and the positive forex impact from the yen's depreciation.

(2) Consolidated Financial Position

Total assets as of September 30, 2024, were ¥1,619,718 million, an increase of ¥19,260 million from the end of the previous consolidated fiscal year (December 31, 2023). The increase primarily reflects increases in inventories and property, plant and equipment.

Total liabilities as of September 30, 2024, were ¥804,606 million, a decrease of ¥47,057 million from the end of the previous consolidated fiscal year. The decrease in liabilities primarily reflects a reduction in interest-bearing debt.

Total equity as of September 30, 2024, came to ¥815,112 million, an increase of ¥66,317 million from the end of the previous consolidated fiscal year. The increase primarily reflects the recording of profit attributable to owners of the parent.

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

The consolidated earnings forecasts for the fiscal year ending December 2024 (January 1 – December 31, 2024) are unchanged from the forecasts announced on August 9, 2024.

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, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	97,613	107,461
Trade and other receivables	243,393	247,216
Other financial assets	6,217	8,521
Inventories	249,721	281,343
Other current assets	21,160	26,028
Total current assets	618,105	670,568
Non-current assets		
Property, plant and equipment	492,796	507,976
Goodwill	275,830	279,001
Intangible assets	73,013	69,604
Other financial assets	104,812	54,189
Deferred tax assets	9,141	9,958
Other non-current assets	26,761	28,423
Total non-current assets	982,353	949,150
Total assets	1,600,458	1,619,718

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	105,239	97,703
Bonds and borrowings	96,135	111,643
Other financial liabilities	28,989	24,853
Income taxes payable	38,085	28,441
Other current liabilities	79,441	81,113
Total current liabilities	347,889	343,753
Non-current liabilities		
Bonds and borrowings	373,221	345,711
Other financial liabilities	41,497	40,318
Liabilities for retirement benefits	17,707	18,066
Deferred tax liabilities	58,856	42,814
Other non-current liabilities	12,494	13,945
Total non-current liabilities	503,774	460,854
Total liabilities	851,663	804,606
Equity		
Share capital	38,909	38,909
Share premium	31,255	31,385
Retained earnings	510,004	594,703
Treasury shares	(11,587)	(11,525)
Other components of equity	170,983	152,838
Total equity attributable to owners of the parent	739,565	806,309
Non-controlling interests	9,231	8,803
Total equity	748,795	815,112
Total liabilities and equity	1,600,458	1,619,718

(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

Nine Months Ended September 30

(Millions of yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Sales revenue	692,505	782,906
Cost of sales	(477,191)	(508,399)
Gross profit	215,314	274,506
Selling, general, and administrative expenses	(166,123)	(191,095)
Business profit	49,190	83,411
Other income	6,774	4,996
Other expenses	(3,599)	(2,634)
Operating profit	52,366	85,772
Finance income	12,528	3,553
Finance costs	(4,765)	(9,773)
Profit before tax	60,128	79,553
Income taxes	(15,198)	(18,395)
Profit	44,930	61,158
Profit attributable to:		
Owners of the parent	44,583	60,841
Non-controlling interests	347	317
Profit	44,930	61,158
Basic earnings per share (Yen)	278.05	379.42
Diluted earnings per share (Yen)	277.39	378.43

Condensed Quarterly Consolidated Statement of Comprehensive Income

Nine Months Ended September 30

(Millions of yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Profit	44,930	61,158
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	18,231	11,732
Remeasurements of defined benefit plans	8,758	266
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(1,083)	(357)
Exchange differences on translating foreign operations	77,058	9,661
Total other comprehensive income, net of tax	102,964	21,302
Comprehensive income	147,894	82,460
Comprehensive income attributable to:		
Owners of the parent	147,180	82,008
Non-controlling interests	714	452
Comprehensive income	147,894	82,460

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine Months Ended September 30, 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			44,583			
Other comprehensive income					76,702	(1,083)
Comprehensive income	—	—	44,583	—	76,702	(1,083)
Purchase of treasury shares				(3)		
Share-based payment transactions		79		67		
Dividends from surplus			(10,768)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		(133)				
Transfer to retained earnings			19,745			
Others						
Total transactions with owners	—	(53)	8,976	64	—	—
Balance, September 30, 2023	38,909	31,254	485,784	(11,587)	149,555	0

	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, 2023	49,695	—	123,633	614,424	8,698	623,121
Profit			—	44,583	347	44,930
Other comprehensive income	18,220	8,758	102,597	102,597	367	102,964
Comprehensive income	18,220	8,758	102,597	147,180	714	147,894
Purchase of treasury shares			—	(3)		(3)
Share-based payment transactions			—	146		146
Dividends from surplus			—	(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	(10,987)	(8,758)	(19,745)	—		—
Others			—	—		—
Total transactions with owners	(10,987)	(8,758)	(19,745)	(10,758)	(974)	(11,732)
Balance, September 30, 2023	56,929	—	206,485	750,846	8,437	759,283

Nine Months Ended September 30, 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			60,841			
Other comprehensive income					9,552	(357)
Comprehensive income	—	—	60,841	—	9,552	(357)
Purchase of treasury shares				(4)		
Share-based payment transactions		130		65		
Dividends from surplus			(15,434)			
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control						
Transfer to retained earnings			39,313			
Others			(21)			
Total transactions with owners	—	130	23,858	61	—	—
Balance, September 30, 2024	38,909	31,385	594,703	(11,525)	131,227	(662)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	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		
Balance, January 1, 2024	49,614	—	170,983	739,565	9,231	748,795
Profit			—	60,841	317	61,158
Other comprehensive income	11,706	266	21,168	21,168	135	21,302
Comprehensive income	11,706	266	21,168	82,008	452	82,460
Purchase of treasury shares			—	(4)		(4)
Share-based payment transactions			—	195		195
Dividends from surplus			—	(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	(39,047)	(266)	(39,313)	—		—
Others			—	(21)		(21)
Total transactions with owners	(39,047)	(266)	(39,313)	(15,264)	(880)	(16,144)
Balance, September 30, 2024	22,273	—	152,838	806,309	8,803	815,112

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	60,128	79,553
Depreciation and amortization	44,333	50,032
Impairment losses	971	—
Increase (decrease) in liabilities for retirement benefits	218	286
Interest and dividend income	(3,007)	(3,498)
Interest expenses	4,197	3,912
Loss (gain) on sale and retirement of non-current assets	(315)	(2,208)
Gain on sale of businesses	(3,316)	—
Decrease (increase) in trade receivables	13,280	3,484
Increase (decrease) in trade payables	(13,446)	(10,441)
Decrease (increase) in inventories	23,785	(29,769)
Other	(6,515)	(9,330)
Subtotal	120,311	82,020
Interests and dividends received	2,999	3,389
Interests paid	(4,162)	(4,062)
Income taxes (paid) refund	(18,842)	(50,741)
Net cash provided by operating activities	100,306	30,607
Cash flows from investing activities		
Payments into time deposits	(5,868)	(390)
Proceeds from withdrawal of time deposits	5,868	1,638
Purchases of property, plant and equipment	(44,637)	(53,985)
Proceeds from sale of property, plant and equipment	2,095	3,931
Purchases of intangible assets	(285)	(703)
Purchases of investment securities	(16)	(245)
Proceeds from sale of investment securities	21,648	64,066
Proceeds from sale of businesses	4,667	261
Payments for acquisition of subsidiaries, net of cash and cash equivalents acquired	(321,895)	—
Other	2,267	(1,472)
Net cash used in investing activities	(336,156)	13,102
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,960)	16,181
Net increase (decrease) in commercial paper	(7,000)	—
Proceeds from long-term borrowings	314,700	6,438
Repayments of long-term borrowings	(14,105)	(31,406)
Purchases of treasury shares	(3)	(4)
Proceeds from sale of treasury shares	146	195
Cash dividends paid	(10,774)	(15,435)
Other	(7,727)	(9,013)
Net cash provided by financing activities	266,277	(33,044)
Effect of exchange rate changes on cash and cash equivalents	5,366	(1,378)
Net increase (decrease) in cash and cash equivalents	35,793	9,286
Cash and cash equivalents at the beginning of period	75,572	97,613
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	561
Cash and cash equivalents at the end of period	111,366	107,461

(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, 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segment		Others (Note 1)	Total	Adjustment (Note 3)	Consolidated
	Tires	MB				
Sales revenue						
Sales revenue from external customers	612,947	72,920	6,638	692,505	—	692,505
Intersegment revenue	824	76	8,217	9,117	(9,117)	—
Total	613,771	72,995	14,856	701,622	(9,117)	692,505
Segment profit (business profit) (Note 2)	44,750	4,372	43	49,166	25	49,190
Other income and expenses						3,175
Operating profit						52,366

(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 nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(Millions of yen)

	Reportable segment		Others (Note 1)	Total	Adjustment (Note 3)	Consolidated
	Tires	MB				
Sales revenue						
Sales revenue from external customers	701,243	74,828	6,834	782,906	—	782,906
Intersegment revenue	839	95	14,719	15,654	(15,654)	—
Total	702,082	74,923	21,554	798,559	(15,654)	782,906
Segment profit (business profit) (Note 2)	78,797	5,139	(530)	83,406	5	83,411
Other income and expenses						2,361
Operating profit						85,772

(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.

(Significant subsequent events)

<Regarding the Repurchase of Company's Own Shares>

To further raise capital efficiency, the Company decided to conduct a repurchase a maximum of 1,314,700 of its own shares at a maximum cost of 5 billion yen. The repurchase is scheduled to be conducted through the Tokyo Stock Exchange's Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) from November 15, 2024 to November 20, 2024. For details, please refer to the "Notice regarding Repurchase of Company's Own Shares" issued today.