

Progress Report on Our Mid-Term Plan

For 2023 Through 2027

February 2024



SUMITOMO
RUBBER INDUSTRIES

1. Mid-Term Plan Outline and Trends in Management Indicators

2. Selection & Concentration of Existing Lines of Business

- Efforts for Lines of Business Needing Structural Reforms
- Efforts for Business in North America

3. Future Prospects of the Mid-Term Plan

4. Living Up to Our Philosophy

- Development of ACTIVE TREAD Technology
- Commercialization of SENSING CORE
- Efforts for TOWANOWA
- Sports Business
- Industrial Business

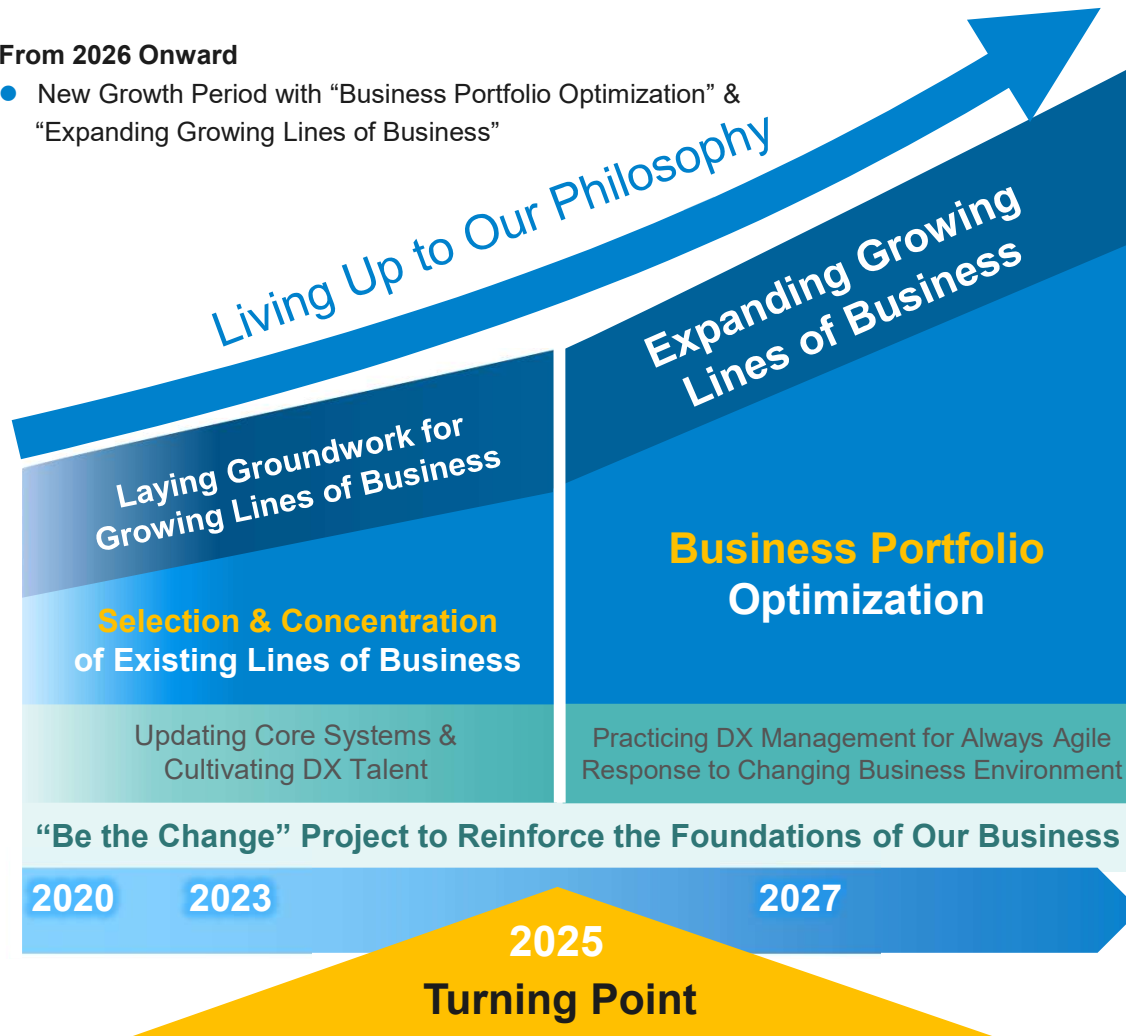
1-1. Mid-Term Plan Outline

Through 2025

- Moving Ahead with Improvements (to Organizational Framework, etc.) as Part of Ongoing Activities to Reinforce the Foundations of Our Business
- Completing Updates to Core Systems for DX Management by 2025
- Focusing on “Selection & Concentration of Existing Lines of Business”
+ “Laying Groundwork for Growing Lines of Business”

From 2026 Onward

- New Growth Period with “Business Portfolio Optimization” & “Expanding Growing Lines of Business”

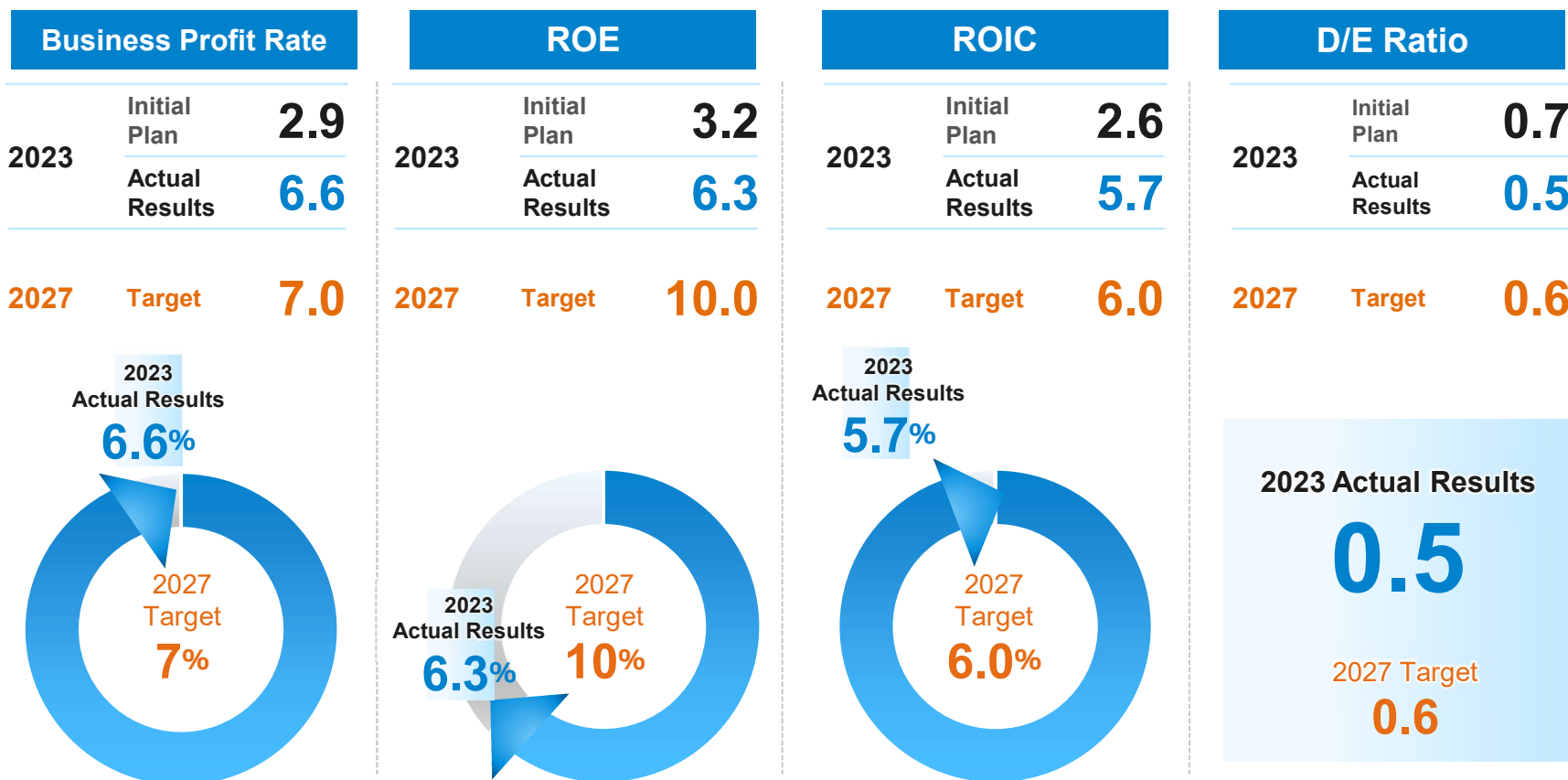


2027 Target

Business Profit Rate	7%
ROE	10%
D/E Ratio	0.6
ROIC	6%

1-2. Trends in Management Indicators

Significant improvement in management indicators due to focusing on profit improvement and cash generation through the implementation of the Mid-Term Plan. We will continue to promote the Mid-Term Plan to achieve further improvement toward 2027.



Of the around 10 businesses within the scope, **2 businesses were withdrawn or sold**, out of the 6 businesses and product lines that were estimated for 2023 to 2024.

Business Name	Overview	Estimated Completion	Improvement in ROIC
Gas Hoses Business	Withdrawal from domestic residential gas hoses production and sales business	Scheduled to withdraw by the end of March 2025	Minimal
Business of Rubber Parts for Medical Applications in Europe	Sold Lonstroff AG, a subsidiary for the manufacture and sales in Europe	Completed January 31, 2024	+0.2P

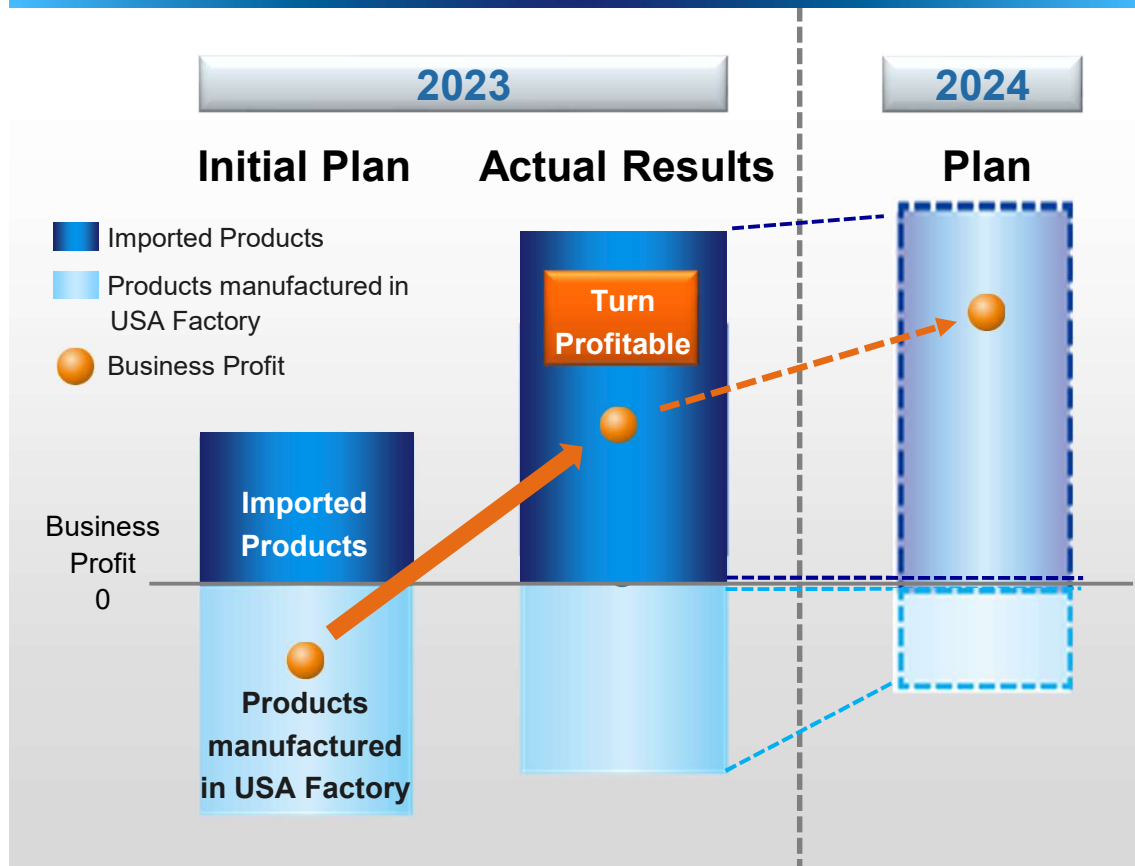
Shift resources (technology development, human resources, investment, etc) to business where growth is expected, to improve profitability

2-2. Efforts for Business in North America

Business in North America has **achieved to turn profitable** by making more progress than initially planned.

We will consider all options while working on further improvement.

<Consolidated Business Profit of Business in North America>



2023

- Sales of FALKEN tires are strong, and external factors such as ocean freight have also contributed to improving the profitability of imported products, resulting in a significant improvement in business profit.
- Efforts for improving our USA factory are in progress, however we are still halfway through the process.

2024

- We plan to further increase profits from business in North America by improving the profitability of imported products, improving profitability at the USA factory, and other efforts.

3. Future Prospects of the Mid-Term Plan

While steadily implementing **structural reforms**, we will also pursue **developing the foundation for growth** aiming for the turning point scheduled in 2025.

	2023	2024	2025
Monetize business in North America	Turning profitable in business in North America	Work to further increase profits	
In the scope of Structural Reform (Approx. 10 Businesses)	Withdrawal/sale of 2 businesses	4 businesses will be estimated within 2024, other businesses will be estimated by 2025	
Tire Business: Revamping Management & Organizational Structures	Integration of manufacturing, sales, and technology	Promote efficiency to improve profit in the Tire Business	
Promoting DX	Steady efforts for updating Core systems by 2025		
Living up to Our Philosophy	Work on CASE + Sustainability (ACTIVE TREAD, SENSING CORE) and others		
Developing the foundation for growth		Also pursue investment opportunities in growth areas	



Proprietary rubber technology that changes properties in sync with the external environment such as water (WET) and temperature (ICE)

Utilizing state-of-the-art research facilities for development

- **Performed Molecular dynamics simulation to verify “reaction with water inside rubber” utilizing Supercomputer Fugaku**
- **Using neutron radiography to verify the formation of “water pathways” utilizing JRR-3 Research Reactor**

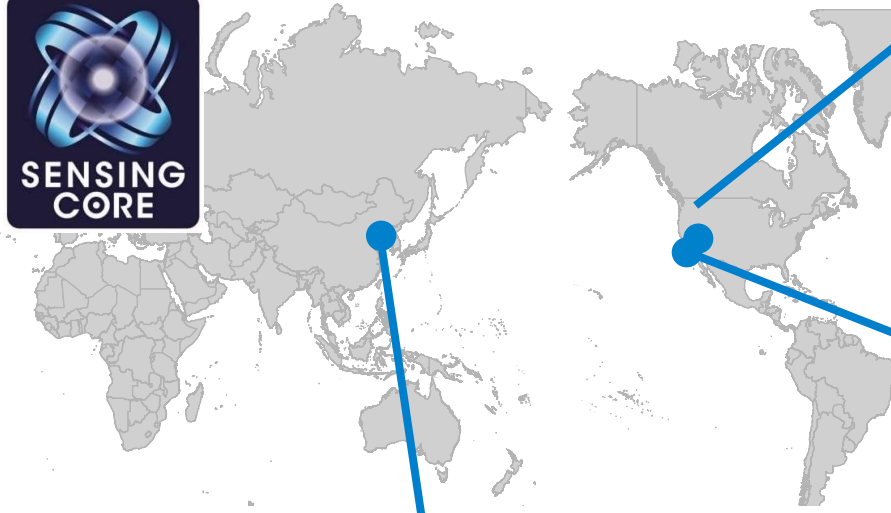


JAPAN MOBILITY SHOW 2023

New All-season tires to be launched in autumn 2024

4-2. Commercialization of SENSING CORE

Starting a fully-fledged business in 2024, we aim to achieve business profit of 10.0 billion yen or more by 2030.



Exhibited at CES for the first time,
New customer and partner development



Adopted in the Proof-of-Concept for a
Smart City in China

SENSING CORE's function to detect road surface conditions supports safe and secure operation of autonomous driving buses.

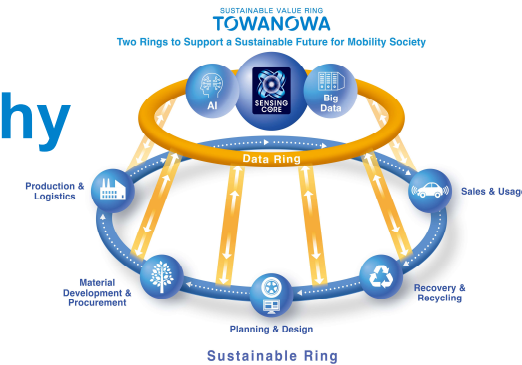


Development of Total Vehicle Failure
Prediction Solution Service

Strengthening our strategic partnership with Viaduct, a US-based AI-powered connected vehicle analytics company. Accelerating the development of failure prediction solution services for the total vehicles.

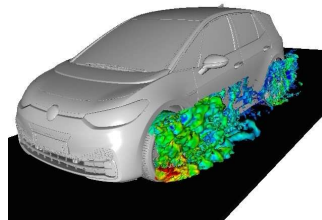


Promoting to embody Our Philosophy through TOWANOWA



Tire Aerodynamic Simulation

- Proprietary simulation technology that utilizes AI.
- Tires account for 20% of air resistance of EVs
→ contributes to reducing the fuel (electricity) consumption of EVs



Utilization of NanoTerasu

- "Sumitomo Rubber Innovation Base Sendai" will start operation in April 2024
- Accelerating research on sustaining performance of rubber



Utilization of Hydrogen

- Verified control of NOx emissions and safety of maintaining 24/7 continuous production using hydrogen energy
- Hydrogen utilization has been decided to continue



Utilization of Sustainable Raw Materials

- Attached race tires with a sustainable raw material ratio of 76% to Super GT vehicle
- A demonstration run was held in December 2023

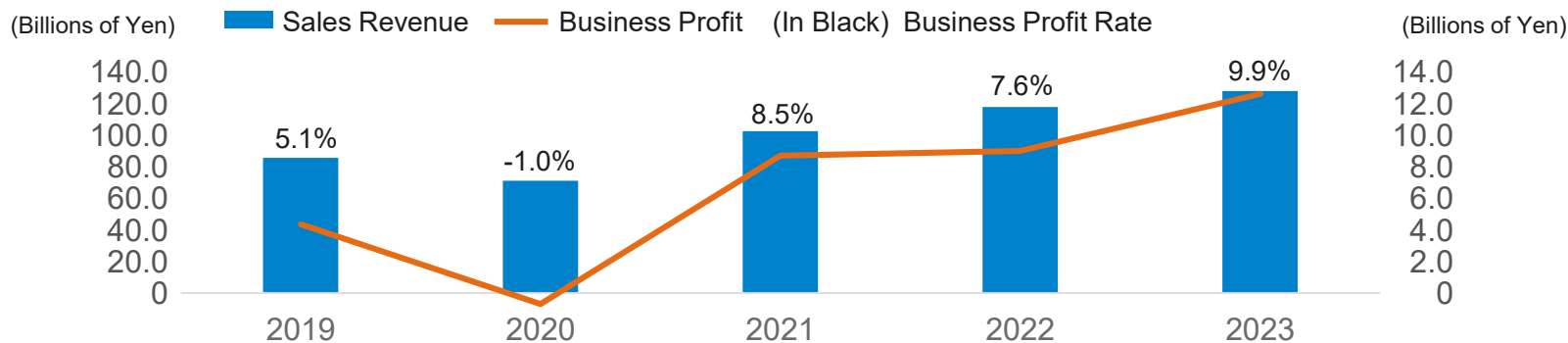


We aim to realize a sustainable society by responding to the needs and expectations of the mobility society of the future.

4-4. Sports Business

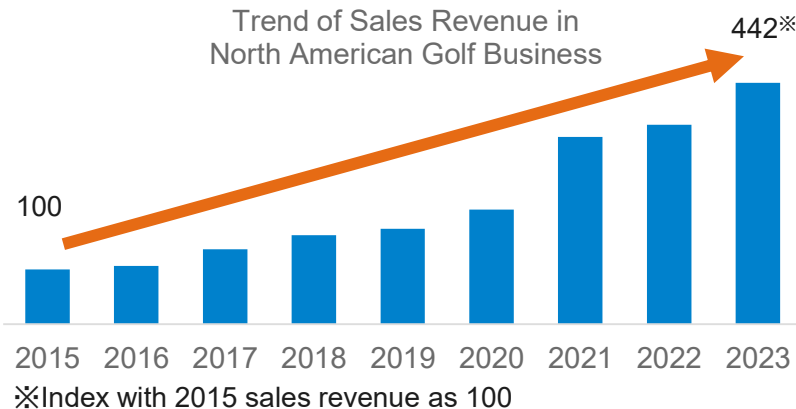
**Sales Revenue and Business Profit increased for 3 consecutive years.
2023 Business Profit increased to approximately 10%.
Steady progress toward global TOP 3 in our mainstay golf business.**

Performance Trends of Sports Business



Golf Business

- **Steady expansion in the World's largest golf market – North America**
- **Strong start of the 13th generation XXIO club launched in December 2023**



Vibration Control Dampers

MIR^{“A”}IE



MIRAIE

KRASOL



KRASOL

MAMORY



MAMORY



Full-scale experiment

- Proposal of dampers for wooden houses according to application
- Adopted for a wide range of applications from historic buildings to houses
- Proprietary high-damping rubber absorbs vibration caused by earthquake. Full-scale experiment confirms the ability to withstand tremors of magnitude 7 for 14 times.*

* Based on the results of full-scale experiment using the MIRAIE framework at Disaster Prevention Research Institute, Kyoto University, February 2018.

Contribution to safety & peace of mind voiced from customers in Noto peninsula. Contributing to safety & peace of mind through vibration control dampers business.

Rubber and Beyond, Driving Our Future



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