

# **Progress Report on Our New Mid-Term Plan**

## For 2023 Through 2027

August 2023



**SUMITOMO**  
RUBBER INDUSTRIES

## Focusing on “Selection & Concentration of Existing Lines of Business” and “Laying Groundwork for Growing Lines of Business” through 2025 to achieve new growth



	2022	2023	2027 Target
Business Profit Rate	2.0%	4.3%	7%
ROE	1.8%	4.1%	10%
D/E Ratio	0.7	0.6	0.6
ROIC	1.7%	3.7%	6%

\*As of August 2023

**A** Selection &  
Concentration of  
Existing Lines of  
Business

- Efforts for Lines of Business Needing Structural Reforms

**B** Revamping Our Profit  
Structure in North  
America

- Efforts for our USA Factory and Business in North America

**C** Progress on Our Efforts  
Through 2025

- Tire Business: Revamping Management & Organizational Structures
- Development of Digital Talent
- Promotion of Transformation Project

**D** Living Up to  
Our Philosophy

- Next Evolution in Tires, Commercialization of SENSING CORE
- Efforts for Sporting Goods and Industrial Products
- Promotion of ESG Management

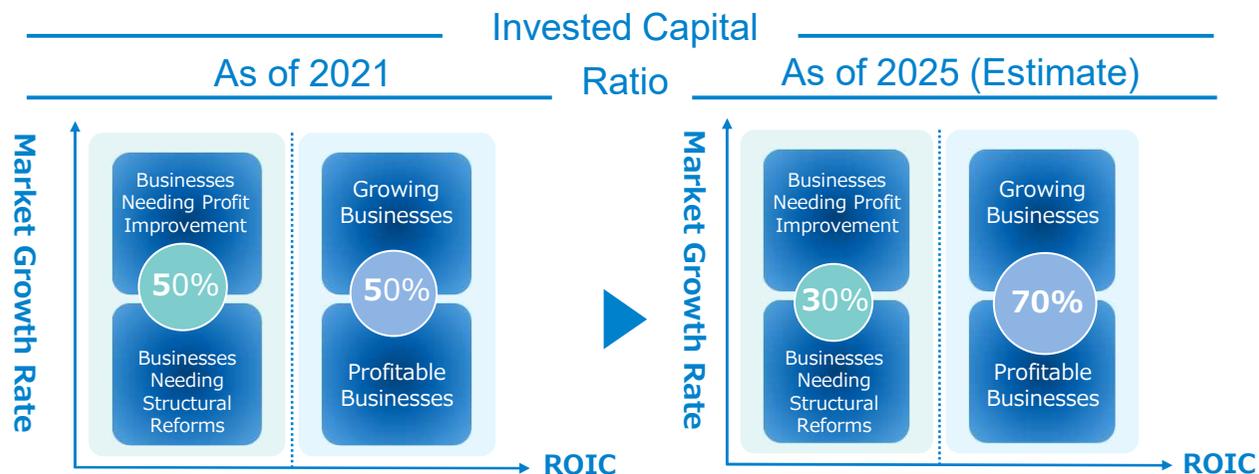
# A Efforts for Lines of Business Needing Structural Reforms

Currently promoting structural reforms in 6 of the around 10 businesses and product lines within the scope, and are considering the direction to take for other businesses and products.

ROIC expected to improve by up to 2.5 points.

	Improvement in ROIC (At Maximum)	Invested Capital	Effects of business profit improvement	Estimated Timeframe
6 businesses/ product line	+2.0P	140 billion yen	+20 billion yen	2023 to 2024
Other	+0.5P	40 billion yen	+3 billion yen	2024 to 2025
<b>Total</b>	<b>+2.5P</b>	<b>180 billion yen</b>	<b>+23 billion yen</b>	

\*Based on actual results in 2022



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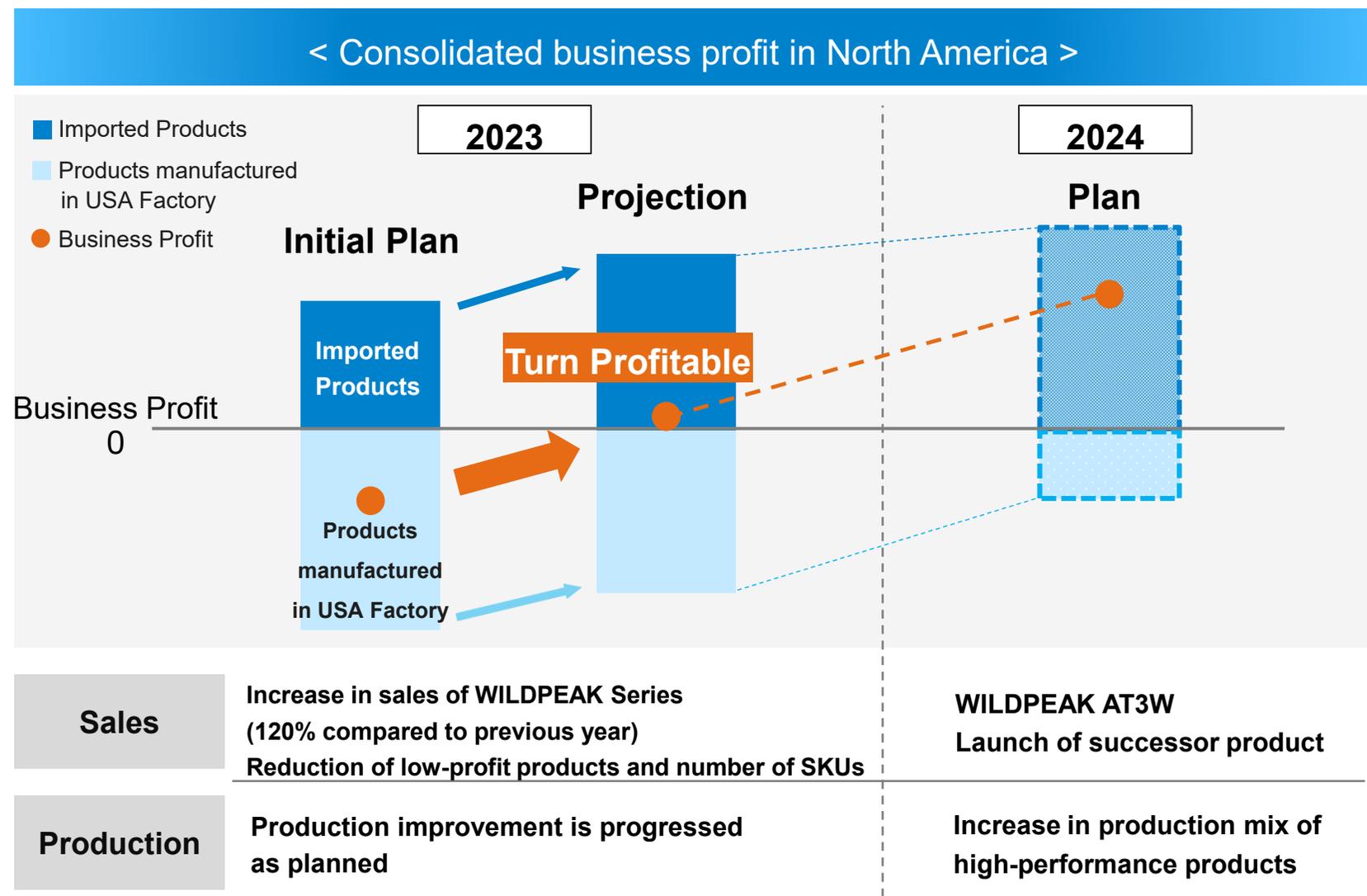
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# B Efforts for our USA Factory and Business in North America



Profitability at our USA Factory is improving; however, we are currently considering all possible options from the perspective of ROIC management.

Business Profit in North America is expected to turn profitable in 2023 due to external factors in addition to increased sales of our main products and factory improvement.



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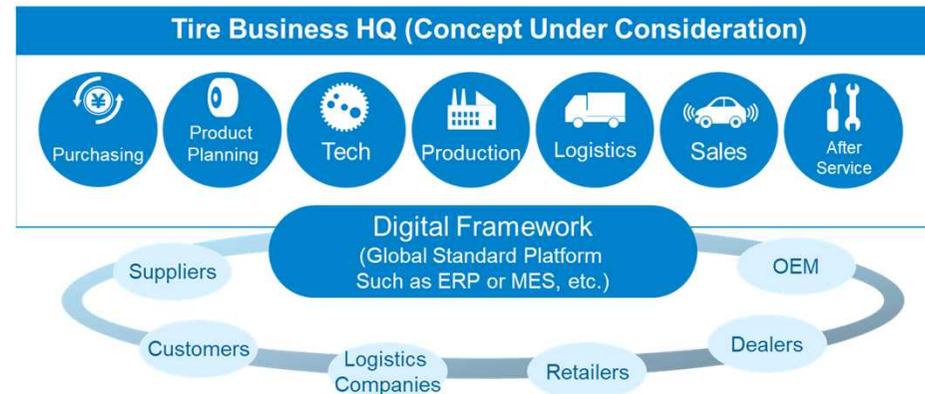
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We are steadily promoting our efforts through 2025 incorporated in Our New Mid-Term Plan.

**Tire Business: Revamping Management & Organizational Structures**

- As for the new organization, we are preparing for its establishment in 2024.



**Development of Digital Talent (DX Literacy Education)**

- Target 3,500 persons => Approximately 1,500 persons (end of 2023)
- In addition, we have also begun to develop highly specialized personnel. Target 900 persons => Approximately 500 persons (end of 2023)

**Promotion of Transformation Project**

- Promote a transformation project to generate profits.
- Joint Efforts for Manufacturing, Sales & Tech. As for SKU optimization, we have planned and are in the process of implementing a reduction of approximately 20% of the number of SKUs.

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## Responding to the Mobility Society of the Future with Our Technologies

### I) Technologies to improve the level of basic tire performance

- Reduction in Rolling Resistance
- Reduction in Tire Weight
- High load capacity

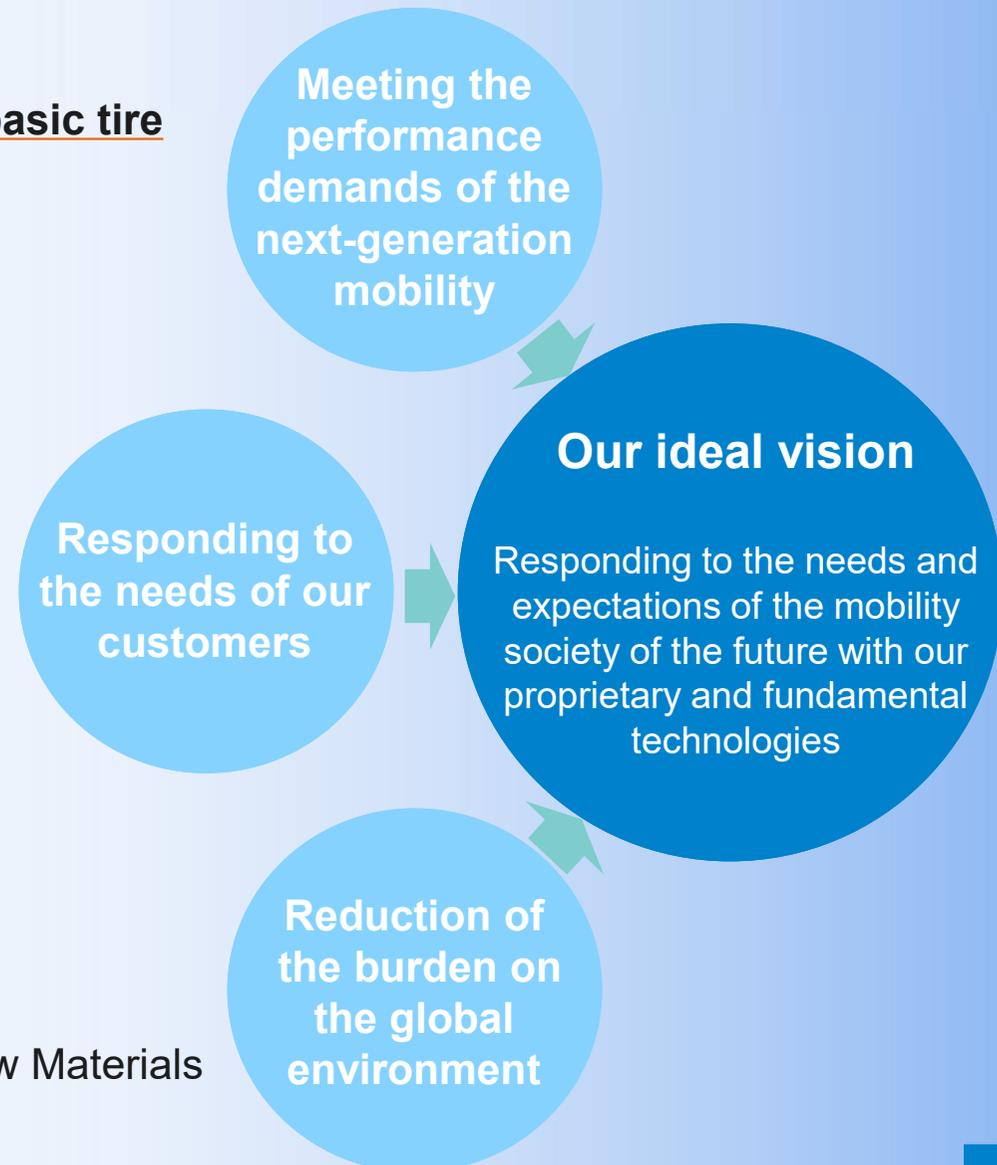
### II) Development of our proprietary technologies

- ACTIVE TREAD
- SENSING CORE
- IMS\* Compatible with Noise-Absorbing Sponge

\* Abbreviation for Instant Mobility System. Tire Puncture Emergency Repair Kit

### III) Technologies for manufacturing environmentally friendly products

- Performance Sustaining Technology
- Increase in the Ratio of Sustainable Raw Materials
- LCA (Life Cycle Assessment)



## Differentiating ourselves with our proprietary technologies in the mobility society of the future

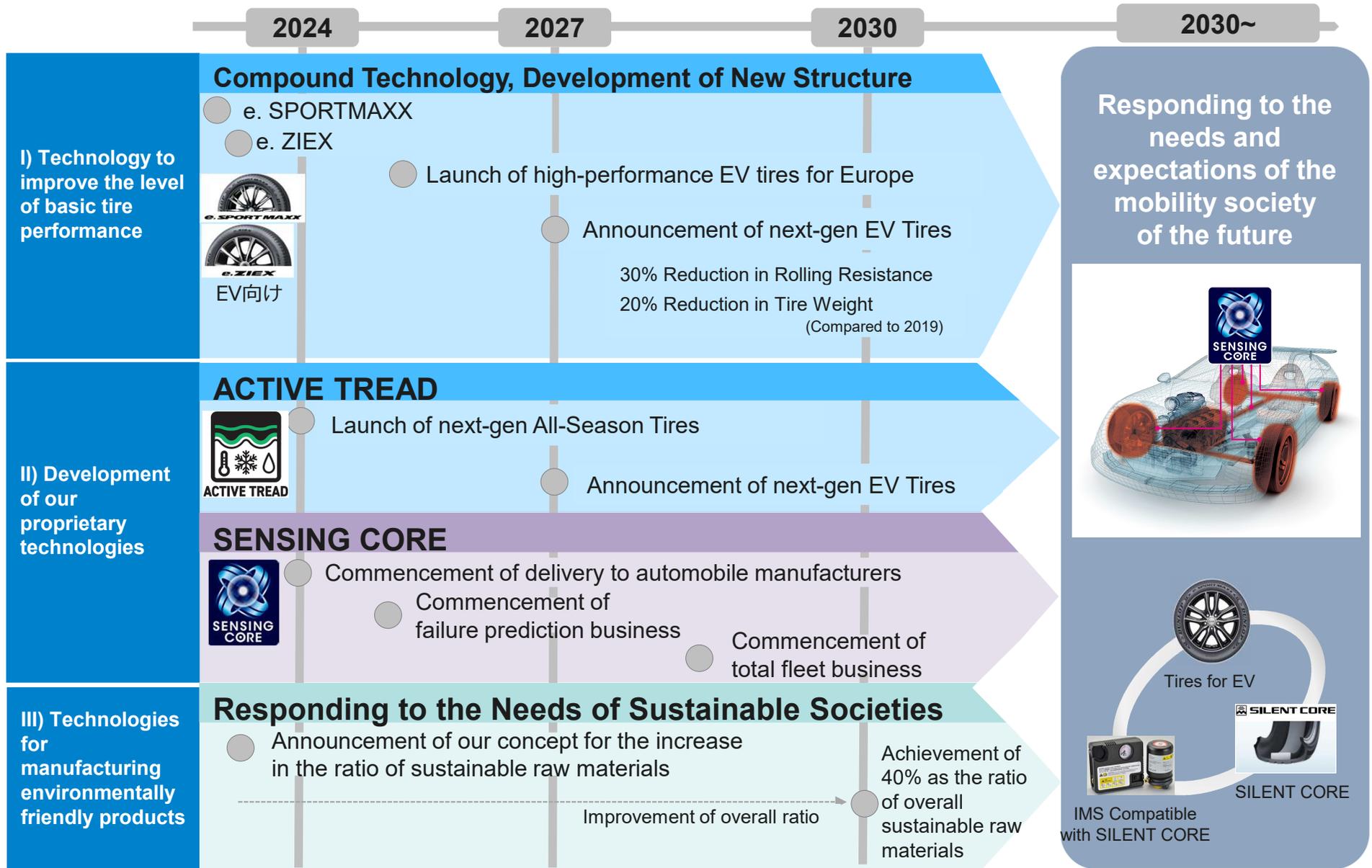


		C Connected	A Autonomous	S Shared	E Electric	S Sustainability
<b>I) <u>Technology to improve the level of basic tire performance</u></b>	Reduction in Rolling Resistance		○	○	○	○
	Reduction in Tire Weight			○	○	○
	High load capacity				○	
<b>II) <u>Development of our proprietary technologies</u></b>	ACTIVE TREAD		○	○	○	○
	SENSING CORE	○	○	○	○	○
	IMS Compatible with Noise-Absorbing Sponge			○	○	
<b>III) <u>Technologies for manufacturing environmentally friendly products</u></b>	Performance Sustaining Technology		○	○	○	○
	Ratio of Sustainable Raw Materials				○	○
	LCA				○	○

We will respond to electrification (E) by utilizing the strengths of our proprietary technologies. In addition, we will work on CASE + sustainability, such as automated driving and sharing.

# C Image of the embodiment of our ideal vision (2)

## Introduction of products featuring our new technologies in phases

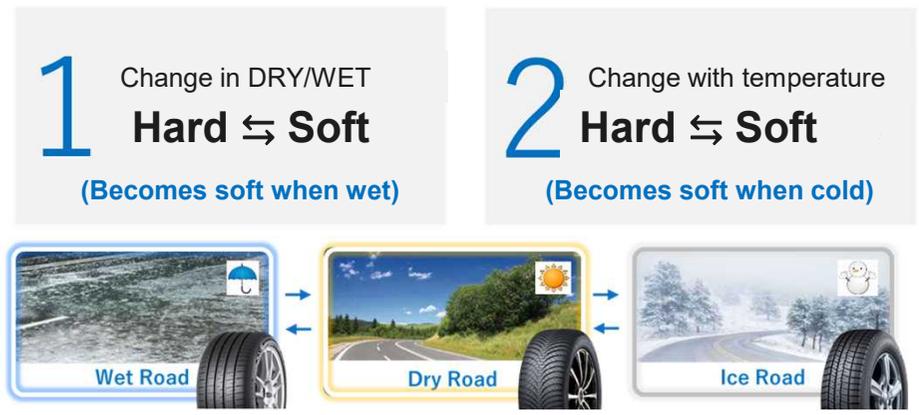


## Technological Innovation for Rubber” that Changes Properties According to Road Conditions

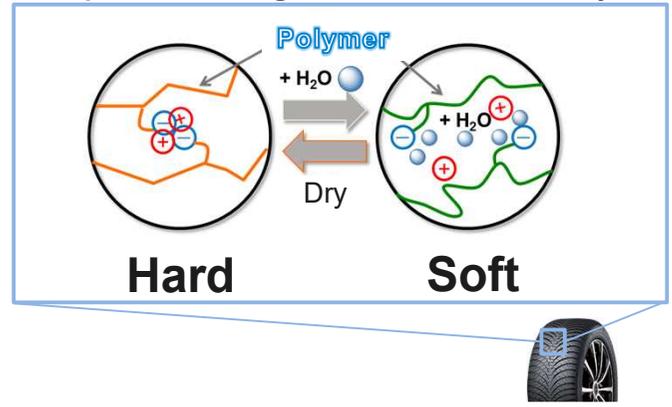
Patent pending

### Features of Active Tread

### Features at the Molecular Level



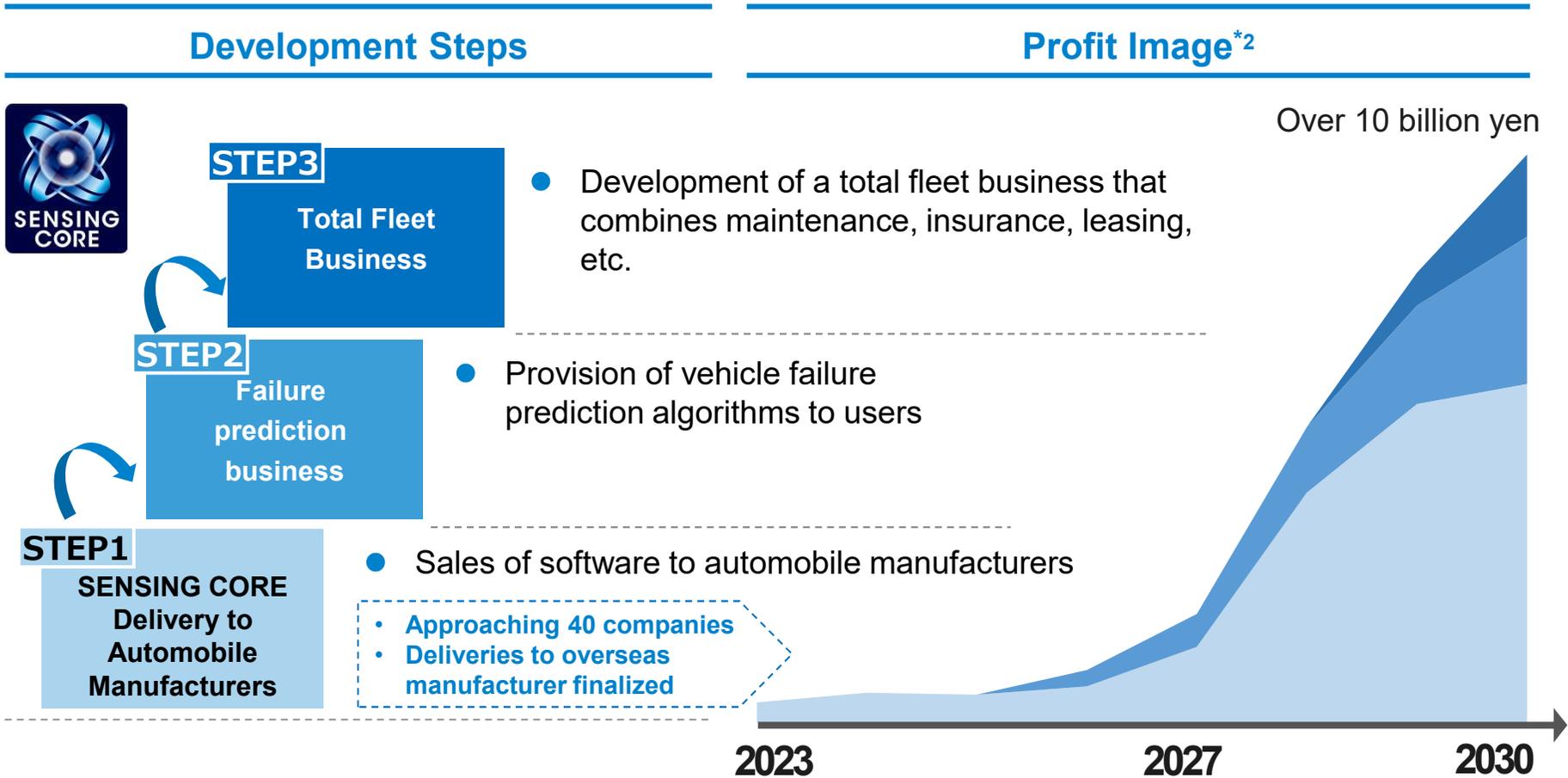
Example: Bonding that is desorbed by water



## Driving the next-generation tire market, including tires for EV

- Maintaining fuel (energy) efficiency, and improving grip performance in rain and icy/snowy conditions  
=> **Contributes to how far an EV can travel on a single charge, and enables safe and reliable driving**
- Capable of delivering the same performance in any environment  
=> **Enables driving with peace of mind even in sudden weather changes**  
=> **Enables the reduction of the burden on the global environment by reducing the number of tires needs to be owned from two sets for winter and summer to just one set**

We aim to achieve business profit of 10 billion yen or more by 2030 by developing our business in a phased manner based on our track record of delivering DWS\*1 to automobile manufacturers (50 million units).



\*1 Deflation Warning System (Indirect air pressure warning system)

\*2 Profit image includes profit of DWS.

We began a joint proof of concept with Viaduct Inc., an American company specializing in vehicle failure prediction

Total Vehicle Failure Prediction Solution Service

Vehicle parts other than tires

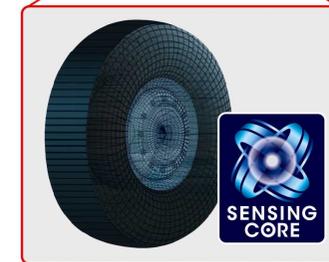
\*Engines, brakes, batteries, etc.

Prediction of failure of vehicle parts utilizing AI



Tires

SENSING CORE



There are still few technologies for predicting tire breakdowns even globally, and we will demonstrate it using our proprietary technology.

Solving fleet operators' issues through whole-vehicle monitoring

Such as improvement of safety at the time of driving, improvement of vehicle utilization rate and reduction of maintenance costs

# Golf

Achievement of the No. 3 spot in the global market through the expansion of our business in North America.\*1

- Increase in sales through aggressive sales investment in North America  
Expected to achieve 110% of the 2022 level in 2023, Plan to achieve 200% of the 2022 level in 2027
- Expansion of golf ball production capacity (15% increase in supply capacity)
- Taking full advantage of our development system in Japan and the U.S.



Brooks Koepka (U.S.) won PGA Championship



Miyuu Yamashita  
4 wins on the domestic women's tour in 2023  
\*As of July 31, 2023

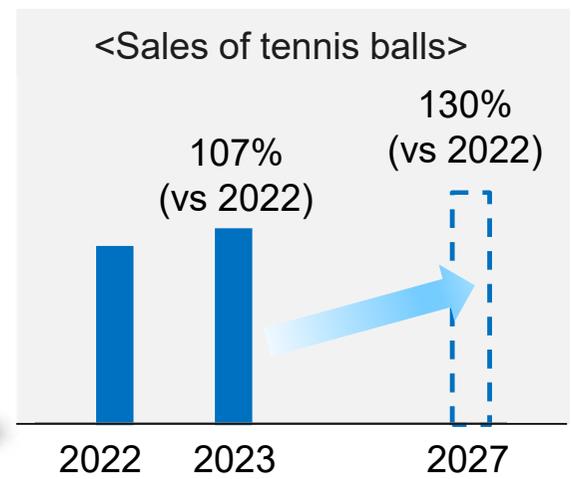
# Tennis

Expansion of our business based on the trust we have developed over our long history

- 100 years have passed since the first tennis ball was produced in the UK



- Overwhelming No.1 share of the tennis ball market in Japan\*2  
The world's top 3 market share\*3
- No. 1 ball usage rate in the ATP Tour tournaments (over 40%\*4)



\*1 Our estimate (golf clubs and balls)  
\*2,3,4 Our estimate

We have achieved the No. 1\* position in Japan for vibration control dampers for housing using our proprietary high-damping rubber.

We will continue to expand our product lineups through the development of new products and contribute to society through earthquake-resistant housing.

## Further sales increase in vibration control dampers for housing

- Sales increase through builders operating throughout Japan, which are our new sales channels
- Promotion of preservation projects for historic buildings

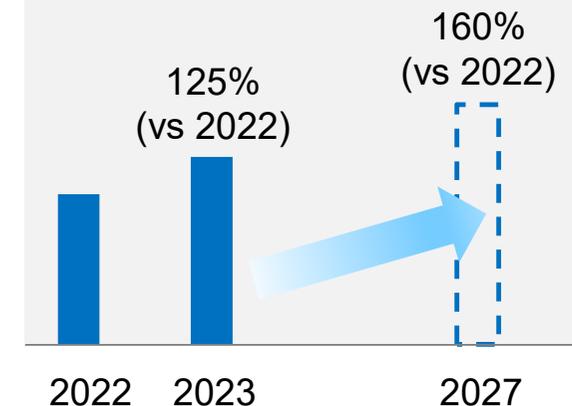
## Challenges in new fields

- Expansion into automated logistics warehouses, etc., a market that continues to grow, in addition to housing, buildings, and bridges

< Product Lineups >



<Number of houses we have supplied our vibration control dampers for housing>



\*Source: Third-Party Research Conducted by Trending Future Research (Actual results on the number of houses vibration control dampers for housing supplied in 2022)

Announced “TOWANOWA,” a circular economy concept for the tire industry. (March 2023)  
 Commenced a joint development on recycling through collaboration with a U.S. venture company.

SUSTAINABLE VALUE RING  
**TOWANOWA**

Two Rings to Support a Sustainable Future for Mobility Society



We will work to develop recycling technologies towards the realization of the Sumitomo Circular Economy through collaboration with Sumitomo Riko Company Limited. and Sumitomo Electric Industries, Ltd.

Tripartite Collaboration

- SUMITOMO RIKO
- SUMITOMO RUBBER
- SUMITOMO ELECTRIC

