



Sumitomo Rubber Industries, Ltd.

Financial Results Briefing for Nine Months Ended Sep. 30, 2025

November 12, 2025

Event Summary

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[Participants]		
[Number of Speakers]	4	
	Satoru Yamamoto	President and CEO, Representative Director
	Hidekazu Nishiguchi	Director, Managing Executive Officer
	Naoki Okawa	Director, Senior Executive Officer
	Shinji Araki	General Manager, Accounting & Finance Headquarters
[Analyst Names]*	Kazunori Maki	SMBC Nikko Securities
	Arifumi Yoshida	Citigroup Global Markets
	Shiro Sakamaki	BofA Securities
	Tairiku Sakaguchi	Mizuho Securities
	Kenji Kanai	Tokai Tokyo Intelligence Laboratory

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Nakayama: Thank you very much for your patience. We will now hold a briefing on the financial results of Sumitomo Rubber Industries, Ltd. for Q3 of the fiscal year ending December 31, 2025. I am Nakayama from Investor Relations of Sumitomo Rubber Industries, and I will be the moderator for today's event. Thank you very much for your cooperation.

Let me begin by introducing today's attendees. This is Satoru Yamamoto, President and CEO, Representative Director of Sumitomo Rubber Industries.

Yamamoto: My name is Yamamoto. Thank you for your time today.

Nakayama: Next, this is Hidekazu Nishiguchi, Director, Managing Executive Officer.

Nishiguchi: I am Nishiguchi. Thank you.

Nakayama: This is Naoki Okawa, Director, Senior Executive Officer.

Okawa: My name is Okawa. Thank you for joining us today.

Nakayama: This is Shinji Araki, General Manager, Accounting & Finance Headquarters.

Araki: My name is Araki. Thank you for your time.

Nakayama: Today's briefing will be conducted in accordance with the materials posted on our website, which will also be projected on the screen.

First, Mr. Yamamoto, President and CEO, will give an overview of the financial results and explain current major initiatives, and then Mr. Okawa, Senior Executive Officer, will explain the details of the financial results. Before closing, President Yamamoto will give an update on the progress of our long-term corporate strategy, R.I.S.E. 2035. After the presentation, we would like to take your questions. Thank you for your cooperation.

Mr. Yamamoto will now give an overview of the financial results and the current major initiatives.

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Financial Results (2025 Jul.-Sep.)

- Sales revenue (289.4 B of yen), business profit (20.2 B of yen), operating profit (19.1 B of yen), profit attributable to owners of parent (11.6 B of yen)
- Business profit (%) was 7.0% (2025 Jan.-Mar.: 4.9% → Apr.-Jun.: 5.0% → Jul.-Sep.: 7.0%)
- Jul.-Sep. results show year-on-year increases in both sales revenue & profit.

Topics

SYNCHRO WEATHER size expansion

End of Oct. 2025: 98 sizes (18" or larger : 56 sizes)

Two new sizes for light vehicles to be added in Dec.

Expanding DUNLOP brand in U.S., Australia, and Europe

Sales started in U.S. & Australia in 2nd Quarter of 2025

Sales to start in Europe from early 2026

Strengthen European development system

Moving a development team centered around young staff from Japan to Europe

Further strengthening of European O.E. market from early 2026

In-House New Factory introduction

Introduced in factories in Japan and Thailand

Costs reduction effects to be seen from 2026 onwards

Current main initiatives

Countermeasures to U.S. Tariffs

Price pass-through & costs and expenses reductions

Plan to respond to the Tariffs impact: 13.0 B of yen

Profit generation & total cost reduction activities

Project ARK launched in May 2025 and started in Jul.

Profit increase effects of 3.0 B of yen expected by Dec.

6

Yamamoto: I am President Yamamoto. Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing for Q3 of FY2025.

I will now give you an overview of our performance for Q3 of FY2025 and our current major initiatives. I would like to show you slide six.

From July to September 2025, our group's sales revenue was JPY289.4 billion, 101% of the same period last year, business profit was JPY20.2 billion, 105% of the same period last year, operating profit was JPY19.1 billion, and profit attributable to owners of parent was JPY11.6 billion, all of which were higher than the previous fiscal year.

The business profit margin was raised to 7%.

In the tire business, sales volume in the July-September period were down from the previous year, but premium tire sales remained strong in major markets such as Japan, North America, and Europe.

In the sports business, sales of both golf and tennis products increased in Japan and North America from July to September. Golf sales are steadily increasing, especially for SRIXON clubs, which were newly launched in 2025.

In the industrial products and others business, sales increased in the vibration control and construction businesses.

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Next, I would like to introduce some topics. The next-generation all-season tire, SYNCHRO WEATHER, equipped with our proprietary active tread technology, has expanded its lineup from 40 sizes at the end of last year to 76 sizes at the end of March. And at the end of October, we expanded its lineup to 98 sizes.

We believe that we can increase profits by aggressively marketing SYNCHRO WEATHER during the upcoming winter sales season. In December, we plan to add two sizes of SYNCHRO WEATHER for light vehicles, and we hope that more people will use our newly invented tires with the active tread technology.

As for the expansion of the DUNLOP brand, we started sales in North America and Australia in Q2 of this year. We already launched our own products for North America in November, and we plan to add a new series next year. At the same time, we will expand the size range and sales. In January 2026, we will start selling our own products in Europe.

We will expand sales of our premium products under the DUNLOP brand in the US, Australia, and Europe, and we hope you will look forward to our future DUNLOP brand strategy.

We are also strengthening our development structure in Europe, and will further enhance our sales for new vehicles in Europe from the beginning of next year.

Next, I would like to explain the In-House New Factory that we are promoting to develop and produce high-inch tires and premium products. We plan to introduce and start operation of a compact next-generation molding machine developed in-house that is capable of producing high-performance tires with high precision and efficiency by the end of this year, while maintaining current operations at our domestic plants.

The installation of the compact next-generation molding machine will save 35% space compared to standard general-purpose equipment, and the installation of a seamless automatic transfer system will not only reduce the investment in new equipment, but will also improve productivity and reduce costs. We will gradually introduce this system to each plant from next year onward.

In addition, for alternative tires for large SUVs and pickups, we will introduce our new proprietary SUN-TITAN SYSTEM manufacturing system, which will enable us to achieve both high design quality and high roundness, as well as weight balance and weight reduction at a high level. We are planning to introduce this SUN-TITAN SYSTEM to our factory in Thailand by next year 2026.

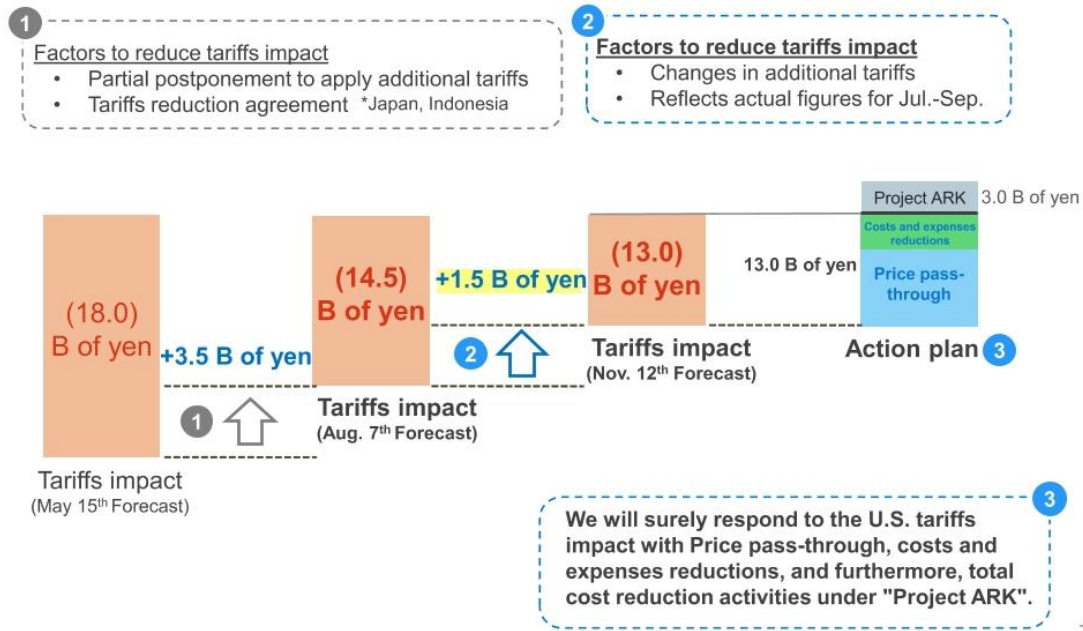
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Basically respond to the impact of U.S. tariffs by price increases



7

Next, I would like to show you slide seven regarding our current main effort to respond to US tariffs.

The US tariff impact reflects the results from July to September, changes in the tax rate, and a decrease in sales volume in the US.

The impact in 2025 is expected to be JPY13 billion, a decrease of JPY1.5 billion from JPY14.5 billion. As in the past, we plan to respond by passing on prices and reducing costs and expenses.

In the tire business, we have already passed on prices in the US since May, and in the sports business, we have raised some prices since June while monitoring the competition, and are generally progressing as planned.

On the other hand, although there will be a decrease in tire sales volume due to price hikes, we are committed to responding flexibly and promptly by paying close attention to trends in the US tariff policy, US market conditions and other companies.

We will respond to this impact by first raising prices, but prices will be affected by the competitive environment and the supply-demand balance in the market, so we will continue to firmly reduce costs. We are already working on cost reduction at our main export factory in Thailand, and we will make progress toward defining a goal. We believe this will have a significant effect.

As further support, a new project, "Project ARK" was launched in May of this year to generate profits and total costs, and has been in full operation since July. We will explain Project ARK in the growth strategy section that will follow.

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[Forecast] Consolidated Financial Results (2025 Annual)



Billions of Yen

	Revised Forecast 2025	Actual 2024	YOY	Aug. 7 th 2025 Forecast 2025	Feb. 13 th 2025 Forecast 2025
Sales Revenue	1,200.0	1,211.9	99%	1,215.0	1,250.0
Business Profit (%)	95.0 7.9%	87.9 7.3%	108%	95.0 7.8%	95.0 7.6%
Operating Profit (%)	84.0 7.0%	11.2 0.9%	751%	84.0 6.9%	84.0 6.7%
Profit	45.0	9.9	456%	45.0	45.0
ROIC ^{*1}	6.6%	6.5%		6.6%	6.5%
ROE	6.8%	1.5%		6.8%	6.7%
ROA ^{*2}	6.8%	6.7%		6.8%	6.7%
D/E Ratio	0.6	0.5		0.6	0.6

^{*1} ROIC : Net Business Profit After Tax / Invested Capital
^{*2} ROA : Business Profit / Total Assets

20

I would like you to take a look at slide 20.

For the full year 2025, we forecast sales revenue of JPY1,200 billion, 99% of the previous year's level; business profit of JPY95 billion, 108% of the previous year's level; operating profit of JPY84 billion, 751% of the previous year's level; and net profit of JPY45 billion, 456% of the previous year's level.

Only sales revenue has been changed from the forecast announced in August of this year. It has reflected January-September results, sales forecasts for H2, and the impact of foreign exchange rates. Profits, on the other hand, are in line with the target set at the beginning of the year.

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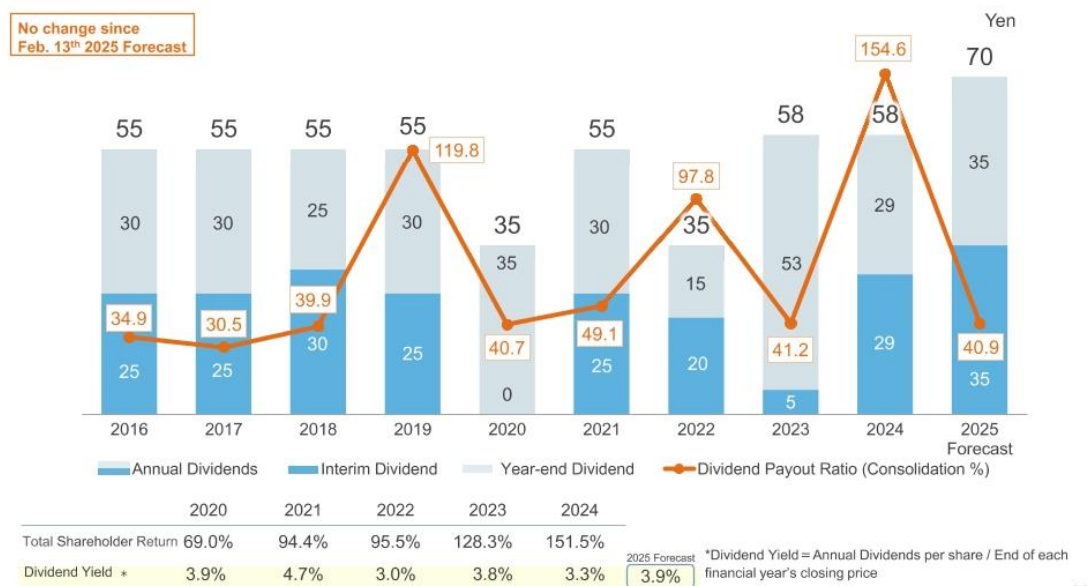
Shareholder Returns



We consider the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, aiming for a consolidated dividend payout ratio of 40% or more, while comprehensively assessing business performance prospects, retained earnings levels and other such indicators on a consolidated basis.

Determination of 2025 Interim Dividend Payment and Forecast of Annual Dividends :

Based on consolidated financial results forecast of 2025, the annual dividends forecast is as below.



33

Please turn to slide 33.

We plan to pay a year-end dividend of JPY35 for 2025 and an annual dividend of JPY70, the highest level ever. There is no change from the dividend forecast announced in February of this year. We aim for a consolidated dividend payout ratio of 40% or more, and will strive to pay stable dividends whenever possible.

This concludes my explanation. Thank you very much.

Nakayama: Next, Mr. Okawa, Senior Executive Officer, will explain the details of the financial results for Q3 of FY2025.

Okawa: My name is Okawa. Thank you for attending our financial results briefing today. I also thank all of our stakeholders for their continued support. I would like to take this opportunity to express my deepest appreciation.

I will now explain the details of the financial results for Q3 of FY2025. First, please take a look at slide six. I would like to explain the highlights of our financial results during the quarter under review.

As stated here, consolidated results for July-September 2025 were sales revenue of JPY289.4 billion, business profit of JPY20.2 billion, operating profit of JPY19.1 billion, and profit attributable to owners of parent of JPY11.6 billion, with a business profit margin of 7%. The results for the period from July to September returned to a profit growth trend with a YoY increase in both revenue and profit.

Next, please turn to slide seven.

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As Yamamoto mentioned earlier, we expect to reduce the annual US tariff impact to minus JPY13 billion, mainly due to a decrease in sales volume. We will respond to this impact firmly with initiatives such as cost reduction.

Consolidated Financial Results (2025 Jan.-Sep.)



Billions of Yen

	2025 Jan.-Mar.	vs 2024	2025 Apr.-Jun.	vs 2024	2025 Jul.-Sep.	vs 2024	2025 Jan.-Sep.	vs 2024	2024 Jan.-Sep.
Sales Revenue	287.8	99% (3.6)	284.4	96% (11.3)	289.4	101% +1.5	861.6	98% (13.3)	874.9
Business Profit (%) *1,3	14.1 4.9%	61% (9.1)	14.2 5.0%	74% (4.9)	20.2 7.0%	105% +1.0	48.5 5.6%	79% (13.0)	61.5 7.0%
Operating Profit (%) *3	12.3 4.3%	60% (8.4)	14.7 5.2%	69% (6.5)	19.1 6.6%	- +49.6	46.1 5.4%	402% +34.6	11.5 1.3%
Profit *2,3	3.6	14% (21.3)	10.8	78% (3.1)	11.6	- +46.3	26.0	642% +22.0	4.0

*1. Business Profit : Sales Revenue – (COS + SGA)

*2. Profit : Profit attributable to owners of parent

*3. Accounting adjustments have been applied since 2nd quarter, 2022, as pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies".

The above notes apply throughout this report.

8

Please turn to slide eight.

As shown in the blue box, consolidated results for the first nine months from January to September of FY2025 were sales revenue of JPY861.6 billion, business profit of JPY48.5 billion, operating profit of JPY46.1 billion, and quarterly profit of JPY26 billion.

Although business profit decreased, operating profit and quarterly profit increased significantly YoY, partly due to the impact of the North American structural reforms implemented last year.

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**Consolidated Sales Revenue / Business Profit
by Reportable Segment (2025 Jan.-Sep.)**



Billions of Yen

		2025 Jan.-Mar.	vs 2024	2025 Apr.-Jun.	vs 2024	2025 Jul.-Sep.	vs 2024	2025 Jan.-Sep.	vs 2024	2024 Jan.-Sep.
Sales Revenue	Tires	244.6	100%	243.8	97%	251.8	100%	740.2	99%	748.8
	Sports	32.4	88%	32.3	93%	28.5	109%	93.2	95%	97.7
	Industrial & Other	10.8	102%	8.4	95%	9.1	99%	28.3	99%	28.5
	Total	287.8	99%	284.4	96%	289.4	101%	861.6	98%	874.9
Business Profit	Tires	10.9	60%	11.3	72%	18.7	109%	40.9	80%	51.2
	Sports	1.7	41%	2.3	84%	0.6	63%	4.7	59%	7.9
	Industrial & Other	1.5	215%	0.6	94%	0.9	78%	2.9	121%	2.4
	Total	14.1	61%	14.2	74%	20.2	105%	48.5	79%	61.5

*The elimination of inter-segment transactions is included. 10

Please turn to slide 10. This shows sales revenue and business profit by segment, and the January-September results are shown in the blue box.

Tire sales revenue was JPY740.2 billion, 99% of the same period last year, and business profit was JPY40.9 billion, 80% of the same period last year. Sales volume decreased from the same period last year, and both sales revenue and business profit declined in the January-September period.

In the sports business below that, both sales revenue and business profit declined, with sales revenue of JPY93.2 billion, 95% of the previous year's level, and business profit of JPY4.7 billion, 59% of the previous year's level, due in part to the impact of the still deteriorating Korean market conditions.

Revenues from the industrial products and other business were almost unchanged from the same period of the previous year at JPY28.3 billion. Business profit increased to JPY2.9 billion, 121% of the previous year's level.

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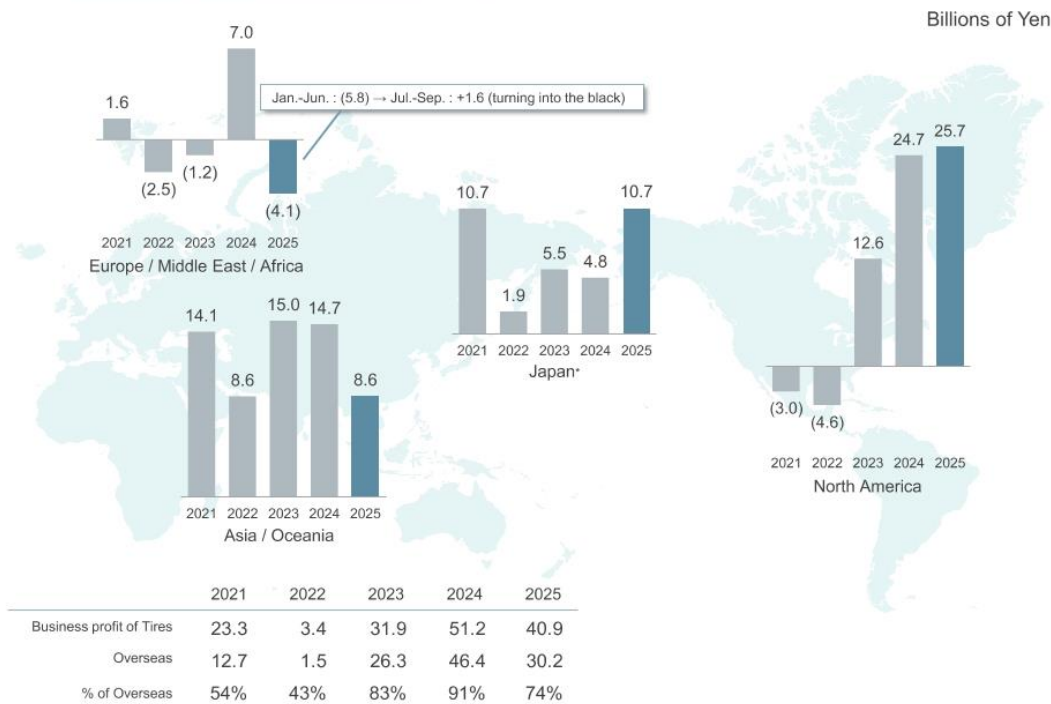
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Consolidated Tire Business Profit by Region (Jan.-Sep.)



*Direct export sales from Japan that do not go through group sales companies are aggregated in Japan.

13

Please turn to slide 13. The graph here shows the trends in business profit by region for the tire business, one of our KPIs, for the period from January to September. Of these, those exported and sold directly from Japan without going through group sales companies are counted in Japan.

First, in Europe, the Middle East, and Africa, shown in the upper left graph, the results remain in the red, but as indicated in the balloon, they have returned to the black for the July-September period due to the penetration of price increases, strong sales of winter tires on the market, and recovery of market share.

On the other hand, in Asia and Oceania, the bottom left, during the January-September period, China's market conditions remained unfavorable, resulting in a decrease in profit, while its right neighbor, Japan, improved its performance. In addition, North America, on the right end of the page, showed an increase due in part to the effect of structural reforms in North America.

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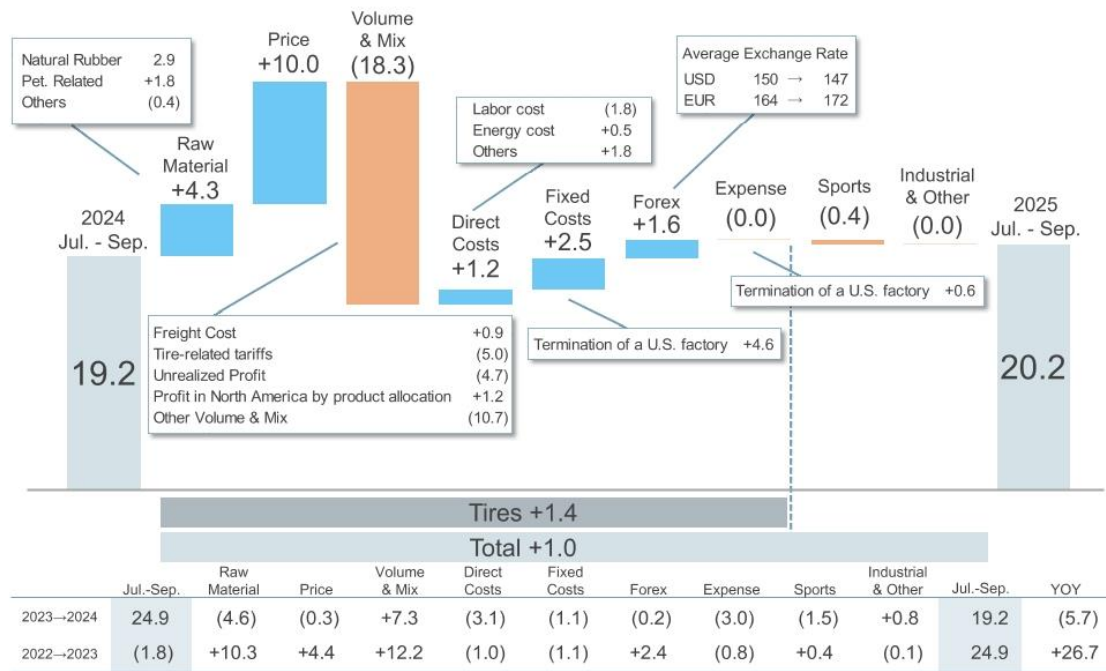
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Consolidated Business Profit Walk (2025 Jul.-Sep.)



Billions of Yen Increase Decrease



14

Please turn to slide 14. I will briefly explain the analysis of YoY increase in business profit for the July-September period, which Yamamoto mentioned a little earlier.

First, the raw material, which had been negative until H1, has finally stabilized, resulting in a positive JPY4.3 billion. On the other hand, there were negative factors such as the Trump tariffs and the impact of volume declines due to price hikes in North America, which outweighed the positive price effect of JPY10 billion. As a result, the volume and mix showed a negative JPY18.3 billion. However, the direct cost and fixed cost reductions resulting from the closure of the plant in North America last year cancelled out the negative JPY18.3 billion, and the total profit for the entire company was JPY20.2 billion, an increase of JPY1 billion from the July-September period of last year, showing a solid recovery in profit on a quarterly basis.

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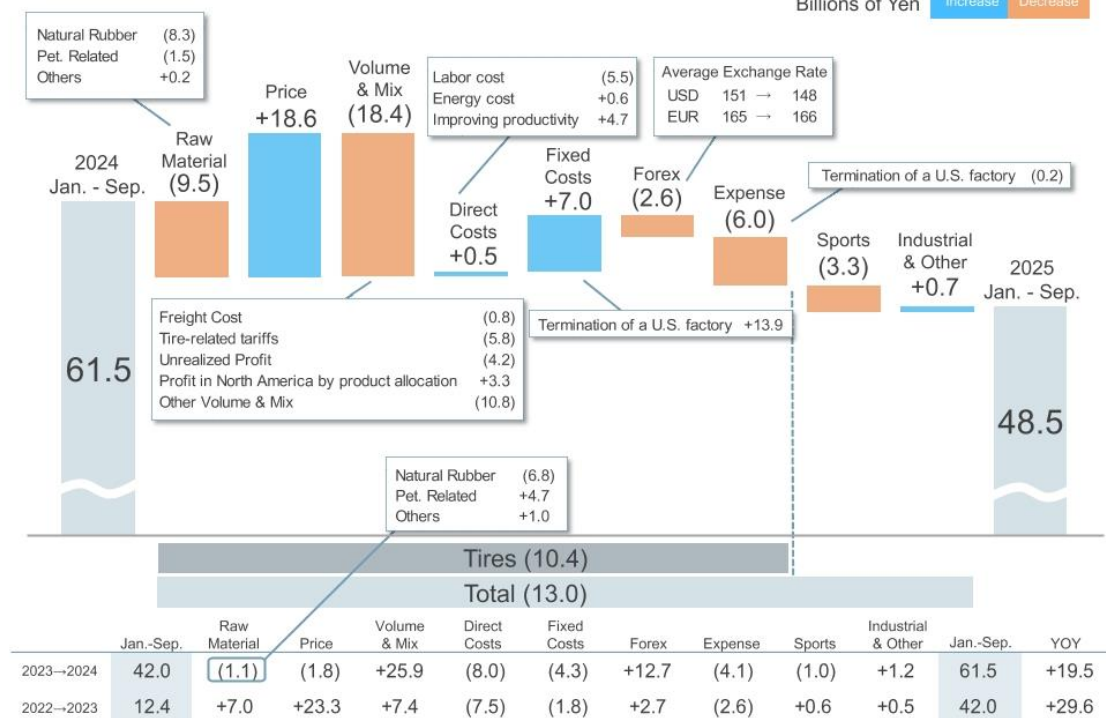
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Consolidated Business Profit Walk (2025 Jan.-Sep.)



Billions of Yen Increase Decrease



15

Please turn to slide 15. This shows an analysis of the factors that contributed to the increase or decrease in business profit from the same period of the previous year for the January-September period, including the July-September results mentioned earlier.

First, the raw material was minus JPY9.5 billion due to the impact of the natural rubber market. On the other hand, the price was up JPY18.6 billion, continuing the effect of price hikes since the beginning of the year. Volume and mix were minus JPY18.4 billion due to lower sales volume in North America and China, as well as the impact of the Trump tariffs in North America.

Of this amount, unrealized profit was minus JPY4.2 billion due to the impact of increased inventory in North America. Fixed costs were positive JPY7 billion, partly due to the effect of structural reform of the North American business. In addition, foreign exchange was minus JPY2.6 billion. Expense was minus JPY6 billion due to higher personnel and DX-related costs.

As a result, in the tire business as a whole, profit decreased by JPY10.4 billion, and with the addition of a JPY3.3 billion decrease in the sports business and a JPY0.7 billion increase in the industrial products and other business, the total decrease for the entire company was JPY13 billion. I am sorry to repeat this, but the results for the July-September period improved YoY, showing a recovery trend.

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Consolidated Statement of Profit & Loss



Billions of Yen				Main factor	
	2024 Jan.-Sep.	2025 Jan.-Sep.	vs 2024 Jan.- Sep.		
Sales revenue	874.9	861.6	(13.3)	1 Business profit	Refer to page.6 to 15 for details
Cost of sales	(614.9)	(608.9)	+5.9	2 Other income	Actual vs 2024 Other non-operating profit 2.2 B of yen +0.0 B of yen
Selling, general and administrative expenses	(198.6)	(204.2)	(5.6)	3 Other expenses	Other non-operating expenses (2.8) B of yen (1.1) B of yen Loss on retirement or sales of non-current assets (1.3) B of yen (0.5) B of yen Impairment Losses, etc. related to termination of production and dissolution of a U.S. factory (0.3) B of yen +46.2 B of yen
Business profit	61.5	48.5	(13.0)	4 Financial income	Gain on net monetary position 11.9 B of yen +6.9 B of yen Interest received 3.2 B of yen +0.8 B of yen
Other income	3.5	2.4	(1.1)	5 Financial expenses	Foreign exchange loss (15.8) B of yen (10.9) B of yen Interest expenses (5.4) B of yen (0.2) B of yen Loss on valuation of derivatives (0.3) B of yen +1.4 B of yen
Other expenses	(53.5)	(4.8)	+48.7		
Operating profit	11.5	46.1	+34.6		
Financial income	7.9	15.7	+7.8		
Financial expenses	(11.8)	(21.5)	(9.7)		
Equity in earnings of affiliates	0.0	0.1	+0.1		
Profit before tax	7.7	40.5	+32.8		
Income tax expenses	(1.0)	(12.2)	(11.2)		
Non-controlling interests	(2.6)	(2.3)	+0.3		
Profit	4.0	26.0	+22.0		

16

Please turn to slide 16. I will explain the items below business profit in the consolidated statements, mainly in comparison with last year.

First of all, in the item three, other expenses, the amount of expenses has been significantly reduced this year because JPY46.5 billion of restructuring expenses in North America were recorded last year. In the item four, the financial income, there was a significant improvement of JPY11.9 billion due to an increase in the impact of inflation adjustment in Turkey.

In the item five, financial expenses, there was a foreign exchange loss of JPY15.8 billion, mainly on the US dollar. Below that, although not numbered, due to the elimination of a portion of the tax effect amount recorded last year and a return to normal tax rates, profit increased by JPY22 billion YoY to JPY26 billion.

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Consolidated Statement of Financial Position



Billions of Yen

	As of Dec. 31, 2024	As of Sep. 30, 2025	vs Dec. 31, 2024	Main factor
Current assets	669.8	682.0	① +12.2	① Current assets vs Dec. 31, 2024 Other current assets +21.0 B of yen Inventories +16.6 B of yen Trade receivables (27.6) B of yen
Non-current assets	671.4	735.2	② +63.8	② Non-current assets Intangible assets (including goodwill) +110.6 B of yen Net defined benefit asset (37.0) B of yen Tangible assets (4.3) B of yen Deferred tax assets (4.0) B of yen
Total assets	1,341.1	1,417.2	+76.1	
Current liabilities	370.6	432.5	+61.9	③ Total liabilities Interest-bearing debt +105.4 B of yen (331.2→436.6)
Non-current liabilities	294.7	303.4	+8.7	Trade payables (12.8) B of yen Deferred tax liabilities (4.5) B of yen
Total liabilities	665.3	735.9	③ +70.6	
Total equity attributable to owners of parent	656.1	662.0	④ +5.9	④ Equity Profit +26.0 B of yen Dividends paid (16.8) B of yen Foreign currency translation adjustment (1.3) B of yen
Non-controlling interest	19.7	19.3	(0.4)	
Total equity	675.8	681.3	+5.5	
Total liabilities and equity	1,341.1	1,417.2	+76.1	
Equity ratio	48.9%	46.7%	(2.2)P	

17

Please turn to slide 17.

As for the consolidated balance sheet, total assets amounted to JPY1,417.2 billion, an increase of JPY76.1 billion from the end of the previous fiscal year. This is mainly due to the acquisition of the DUNLOP trademark.

As a result, the ratio of debt to equity increased slightly, and the equity ratio was 46.7%, down 2.2 percentage points from the end of the previous year.

Please turn to slide 20. As for the consolidated earnings forecast for FY2025, as shown in the blue box, we have revised the forecast for sales revenue to JPY1.2 trillion, 99% of the previous year's level, while business profit is expected to remain at JPY95 billion, 108% of the previous year's level, unchanged from the Q2 forecast.

Profit is expected to be JPY45 billion, a significant increase YoY. As a result, ROIC and ROE for the current fiscal year are expected to be 6.6% and 6.8%, respectively.

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**[Forecast] Consolidated Sales Revenue / Business Profit
by Reportable Segment (2025 Annual)**



		Billions of Yen				
		Revised Forecast 2025	Actual 2024	YOY	Aug. 7 th 2025 Forecast 2025	Feb. 13 th 2025 Forecast 2025
Sales Revenue	Tires	1,035.0	1,046.4	99%	1,049.5	1,088.5
	Sports	125.0	125.7	99%	124.0	124.5
	Industrial & Other	40.0	39.8	100%	41.5	37.0
	Total	1,200.0	1,211.9	99%	1,215.0	1,250.0
Business Profit	Tires	84.0	76.2	110%	84.0	83.0
	Sports	6.5	7.9	83%	6.5	8.0
	Industrial & Other*	4.5	3.9	116%	4.5	4.0
	Total	95.0	87.9	108%	95.0	95.0

*The elimination of inter-segment transactions is included. 22

Please turn to slide 22. This is the forecast of segment sales revenue and business profit for FY2025.

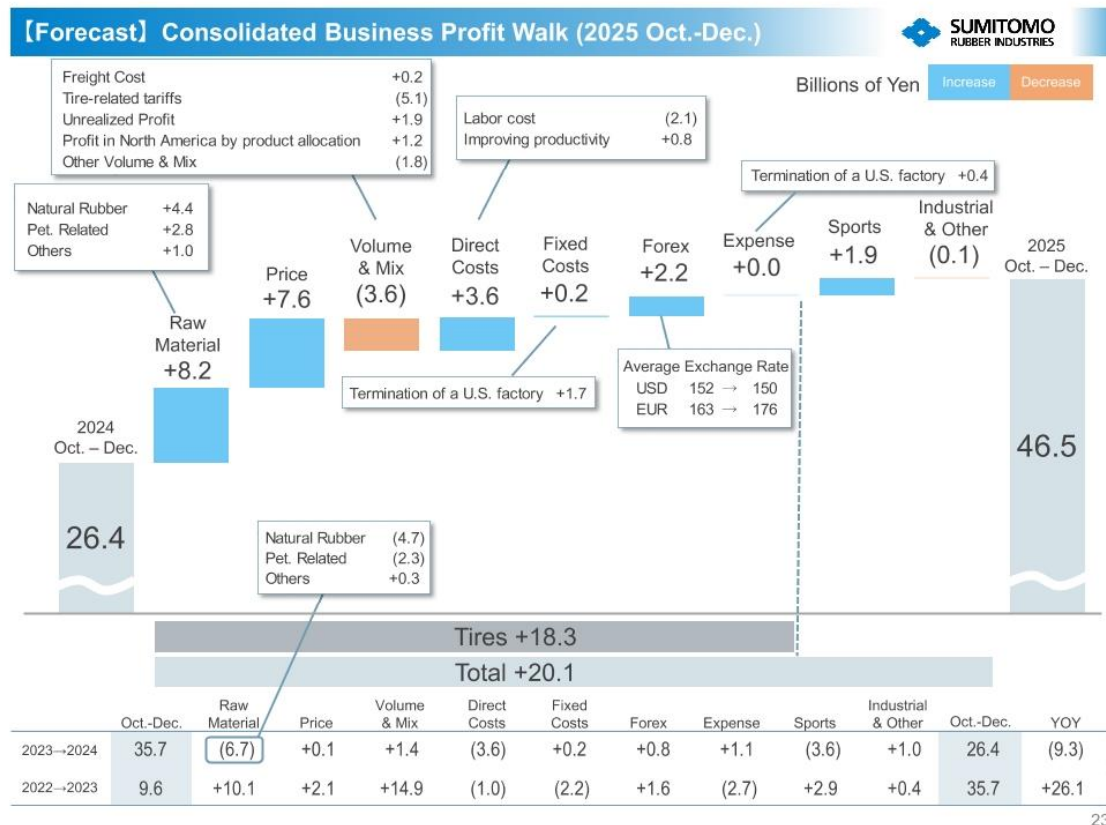
The fourth line from the bottom of the blue frame shows the business profit of tires, which is expected to increase by 10% from JPY76.2 billion in FY2024 to JPY84 billion. Below that, in sports, profit is expected to decline. The forecast for the industrial products and other is for an increase in profit.

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Please turn to slide 23. This shows an analysis of the factors contributing to the increase or decrease in business profit for the October-December period from the same period of the previous year.

First, the raw material is expected to be positive JPY4.4 billion partly due to price declines of natural rubber. In the petroleum related, we forecast plus JPY2.8 billion, and a total plus of JPY8.2 billion, including others. The price is expected to be positive JPY7.6 billion, as the effect of commercial price increases in North America, Europe, and Japan continues.

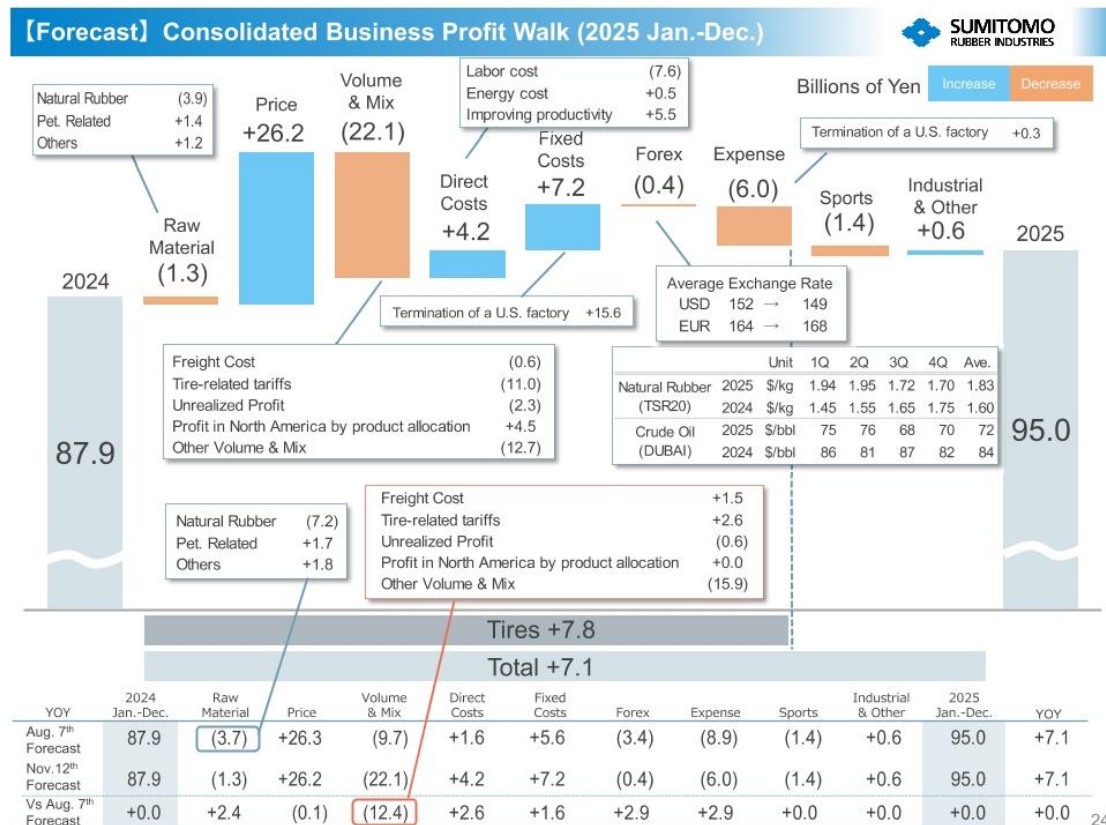
On the other hand, the volume and mix are expected to be minus JPY3.6 billion due to the impact of the Trump tariffs, in addition to the volume decline. The direct costs are expected to be plus JPY3.6 billion due to the effect of structural reforms in the North American business and the effect of Project ARK. As a result, the tire business as a whole is expected to post an increase of JPY18.3 billion in profit.

The sports business segment is expected to post an increase of JPY1.9 billion, despite the sluggish Korean market, due in part to XXIO14, which went on sale in the second half of this month and has already received a large number of orders. The industrial products and other will be minus JPY0.1 billion, and we are forecasting a significant increase in profits to JPY46.5 billion, a total increase of JPY20.1 billion YoY for the entire company. We will certainly strive to achieve our profit target while controlling costs as much as possible toward the end of the fiscal year.

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Please turn to slide 24. This is an analysis of the factors that contribute to the YoY increase or decrease in business profit in FY2025.

As I explained earlier, this is the sum of the analysis of the increase or decrease factors for the January-September and October-December periods. From JPY87.9 billion in the previous year to the current year's forecast of JPY95 billion, an increase of JPY7.1 billion in business profit is expected, as forecasted at the beginning of the year. Please refer to the table on the right for changes in unit prices of raw materials, including natural rubber and crude oil.

In addition, in the column at the bottom of the table, I will explain the consolidated business profit items that differ significantly from the Q2 forecast, or from the previous announcement.

First, as shown in the red balloon above, in the volume and mix, the other volume and mix decreased by JPY15.9 billion, a significant negative impact, due to a decline in volume and a deterioration in the sales mix. On the other hand, due to positive effects from the raw material and cost reductions through Project ARK, as well as the weaker yen and foreign exchange gains, and reductions in fixed costs and expenses, the Company plans to firmly achieve its annual business profit target of JPY95 billion.

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Tire Sales Volume (Comparison %)



vs Previous year		2024 Actual					2025 Jan.-Sep. Actual, Oct.-Dec. Forecast					Aug. 7 th 2025 Forecast		
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual
Domestic O.E.		78%	90%	87%	88%	86%	120%	104%	98%	101%	105%	111%	101%	106%
Domestic Rep.		86%	97%	108%	103%	98%	96%	91%	98%	93%	94%	93%	94%	94%
Overseas O.E.		90%	89%	89%	90%	90%	91%	92%	92%	89%	91%	91%	90%	91%
Overseas Rep.		100%	93%	99%	102%	98%	94%	96%	90%	94%	93%	95%	96%	96%
Details	North America	107%	86%	98%	101%	98%	83%	97%	81%	91%	88%	90%	96%	93%
	Europe	102%	105%	90%	96%	98%	97%	90%	108%	101%	99%	94%	108%	101%
	Asia	93%	89%	103%	114%	99%	104%	95%	89%	93%	95%	100%	92%	96%
	Others	100%	93%	104%	100%	99%	94%	100%	86%	90%	92%	97%	92%	95%
Total		93%	93%	97%	98%	95%	97%	95%	93%	94%	95%	96%	96%	96%
Total Tire Sales (000 Units)		24,610	24,870	26,090	27,760	103,330	23,850	23,690	24,210	26,020	97,770	47,540	51,490	99,030

26

Please turn to slide 26.

As shown in the lower blue box in the middle of the graph, sales volume of tires during the period from July to September totaled 24.21 million tires, 93% of the previous fiscal year's level.

By market, first, domestic O.E. was 98%, showing the impact of production cuts by some domestic manufacturers. In the domestic Rep., industry demand exceeded the previous year's level, but the Company's sales were 98%, partly due to a decrease in offtake sales.

Overseas O.E. increased YoY in Europe and the US, but continued to struggle in the Chinese market, accounting for 92% of the previous fiscal year's level. Overseas Rep. was 90%. By region, North America recorded 81%, Europe 108%, Asia 89%, and others 86%.

Sales in North America decreased due to the impact of the price pass-through of increased tariffs, while sales in Europe increased YoY due to an increase in market share of all-season tires, a key area of focus. On the other hand, sales declined in Asia and other regions, resulting in overseas Rep., as a whole, below the previous year's level.

The annual sales volume for FY2025 is expected to be 97.77 million, a 5% decrease YoY, as shown in the lower blue box on the right.

By market, domestic O.E. demand recovered from last year's decline due to quality problems at some manufacturers, and the impact of US tariffs on domestic manufacturers is expected to be limited, showing 105% of the previous fiscal year's level.

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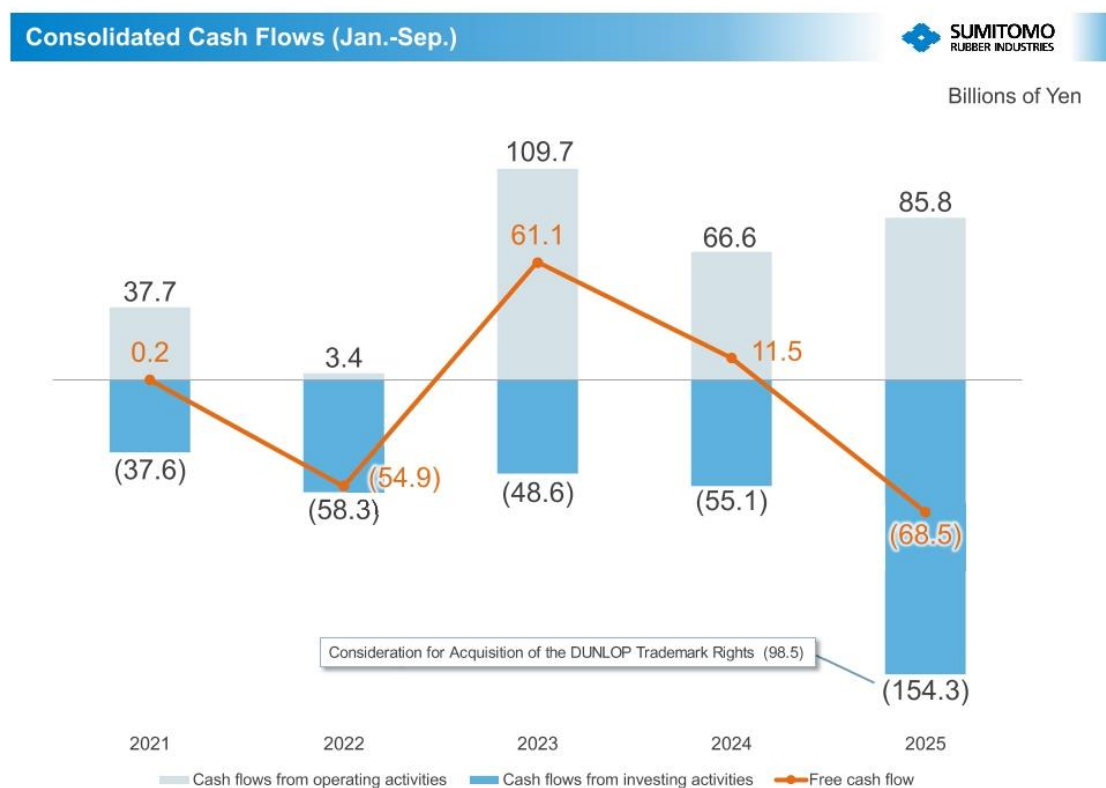
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In domestic Rep., in addition to the volume decline due to the launch of low-margin tires in September of the previous year, we continue to focus on our profit-oriented strategy and expect 94% for the full year. On the other hand, overseas O.E. is expected to continue to struggle throughout the year in China, and are forecast at 91%.

Overseas Rep. is 93%, and by region, 88% in North America, 99% in Europe, 95% in Asia, and 92% in other areas. The annual total is expected to be slightly lower than the forecast at the time of Q2 on the far right.



29

Please turn to slide 29.

As for cash flow trends, operating cash flow for January-September 2025 at the right end is JPY85.8 billion. Net cash used in investing activities was negative JPY154.3 billion, an increase of approximately JPY100 billion YoY due to the JPY98.5 billion acquisition of DUNLOP trademark rights, resulting in a net cash outflow of JPY68.5 billion, a decrease of JPY80 billion YoY.

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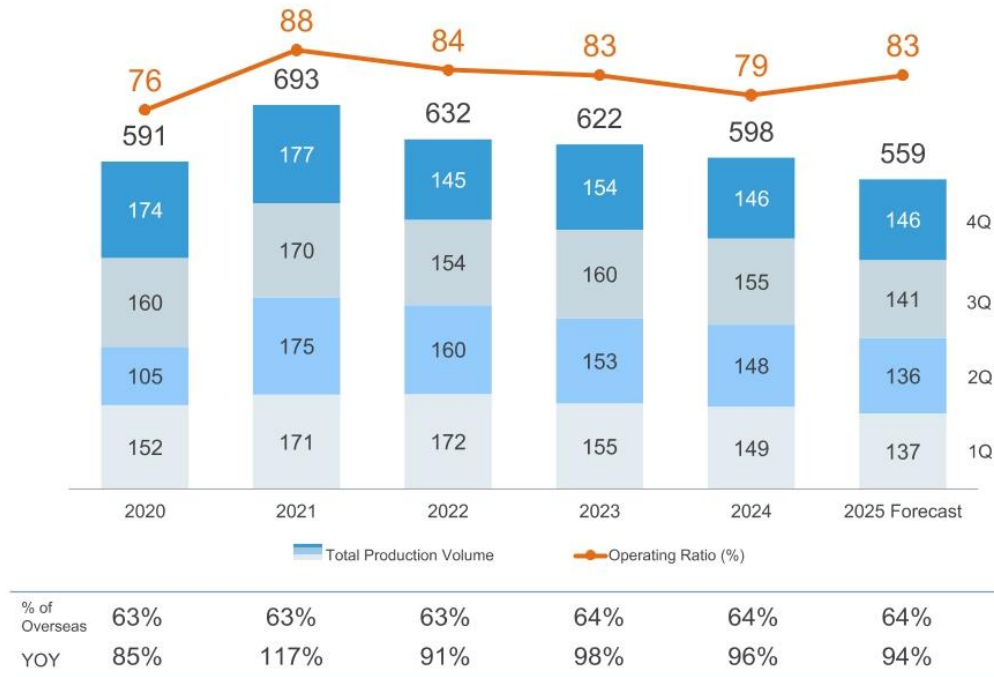
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Tire Production Volume and Operating Ratio



Unit : 000t



32

Lastly, please turn to slide 32.

As for the tire operating ratio and production volume, the annual production volume for FY2025 on the far right is 559,000 tons, which is a YoY decrease, but the annual operating ratio is expected to increase to 83%, which is a YoY increase, due to the closure of North America. This is almost the same level as the forecast made in Q2.

Regarding slide 33, the details of shareholder returns, Yamamoto explained earlier, and I will conclude my explanation now.

Thank you for your attention.

Nakayama: Next, President Yamamoto will explain the progress of our long-term corporate strategy, R.I.S.E. 2035.

Yamamoto: I will explain.

We acquired DUNLOP in Europe, the US, and Australia in January of this year, and we also plan to complete the restructuring of approximately 10 businesses by the end of this year as planned.

As a result, starting next year in 2026, we will move into the concrete implementation phase of various profit growth strategies, starting with the new development of the DUNLOP brand in the European, US, and Australian markets and leveraging the foundation for growth that we have established to date.

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Since profits are expected to rise steadily from 2026, I would like to explain the progress of our long-term corporate strategy, R.I.S.E. 2035, from this perspective.

Table of Contents



1. Roadmap for R.I.S.E. 2035

2. Growth Strategies and Revenue expansion Pathways by Business unit

- Tyre Business / Sensing and Failure Prediction
- Sports Business
- Industrial Products Business

3. Efforts to further strengthen the profit base

- Progress of Structural Reforms
- Tariff Impact on the North American Market and Future Measures
- Project ARK Progress

2

I will proceed with this content today.

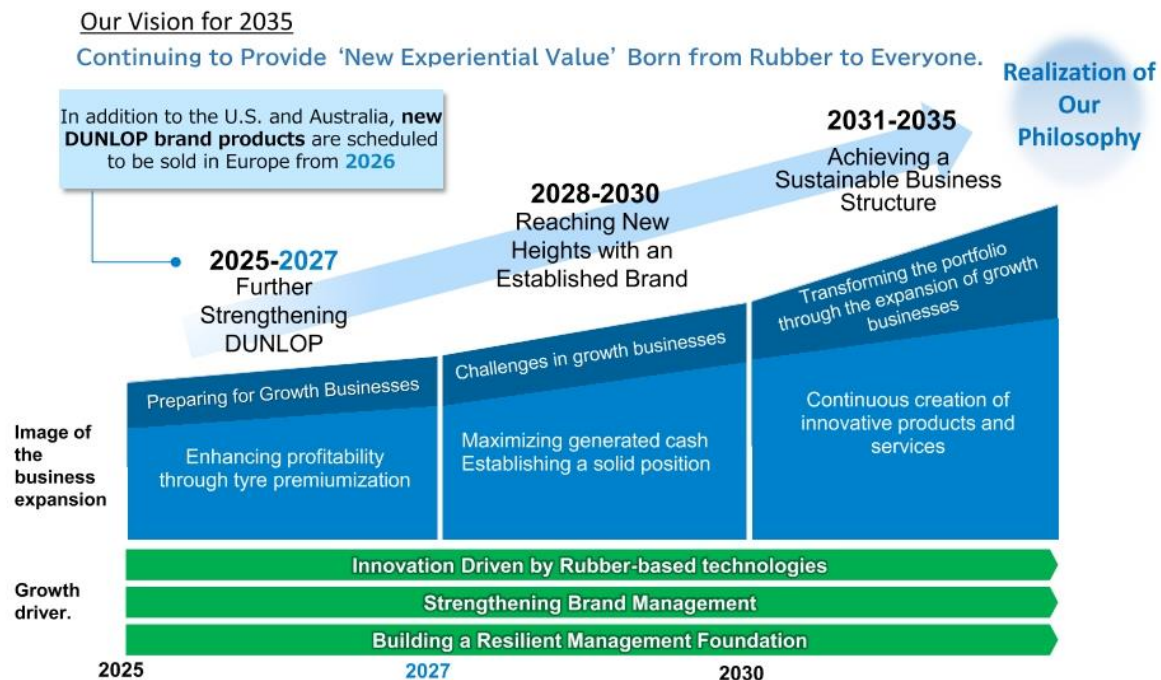
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We are steadily executing our long-term corporate strategy, R.I.S.E. 2035.



3

This is the roadmap for our long-term corporate strategy. In order to realize our vision for 2035, we are steadily implementing strategies based on three growth drivers.

First, by 2027, we will reform our profit structure through tire premiumization and prepare for growth businesses. We will expand our business by making DUNLOP even stronger through strengthening our brand management. In addition to North America and Australia, new products under the DUNLOP brand will be available in Europe from 2026.

Today, I would like to explain our growth image toward 2030, with a particular focus on specific initiatives through 2027.

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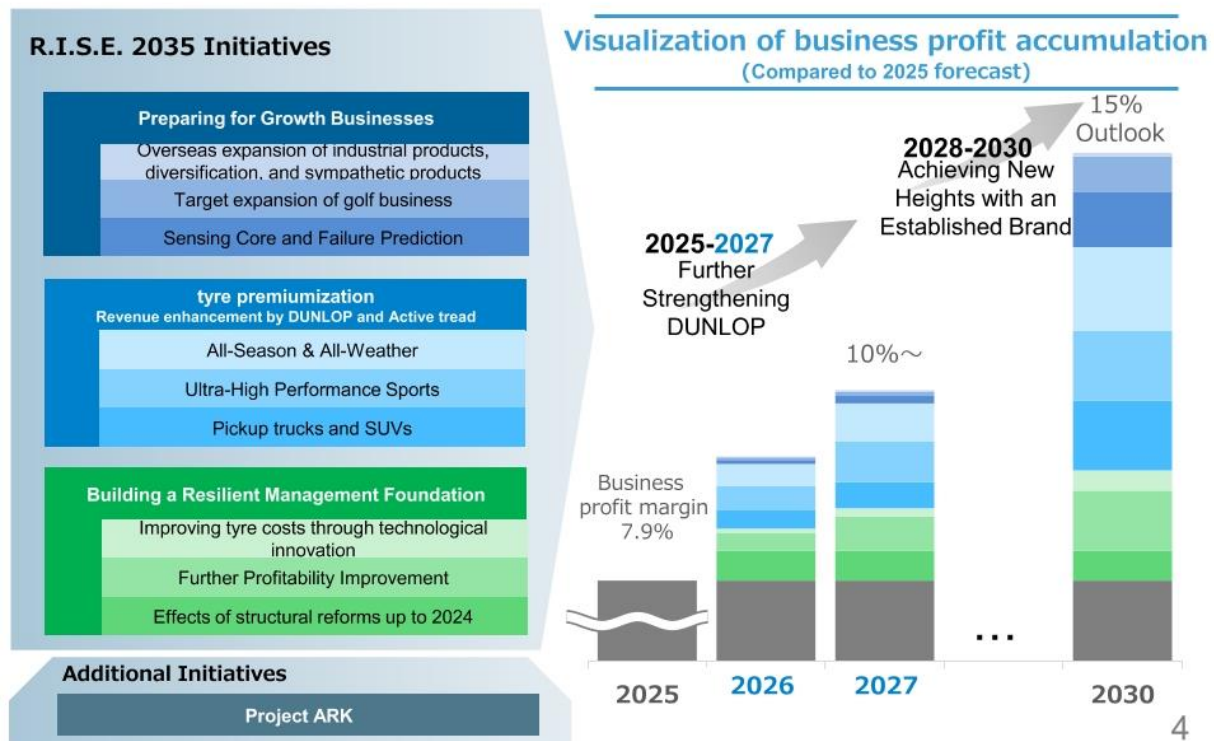
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1-2. Image of profit accumulation through strategy promotion



We are implementing initiatives to steadily accumulate business profits from 2026, exceed the 2027 target, and ensure the realization of the 2030 perspective



This is an image of the business profit that we will accumulate based on our long-term corporate strategy, R.I.S.E. 2035.

The left-hand side shows specific measures that have already been initiated. By further accelerating these initiatives, we will exceed our 2027 target of 10% business profit margin and achieve our 2030 goal of 15% business profit margin.

From the next page, I will explain the specifics of each initiative.

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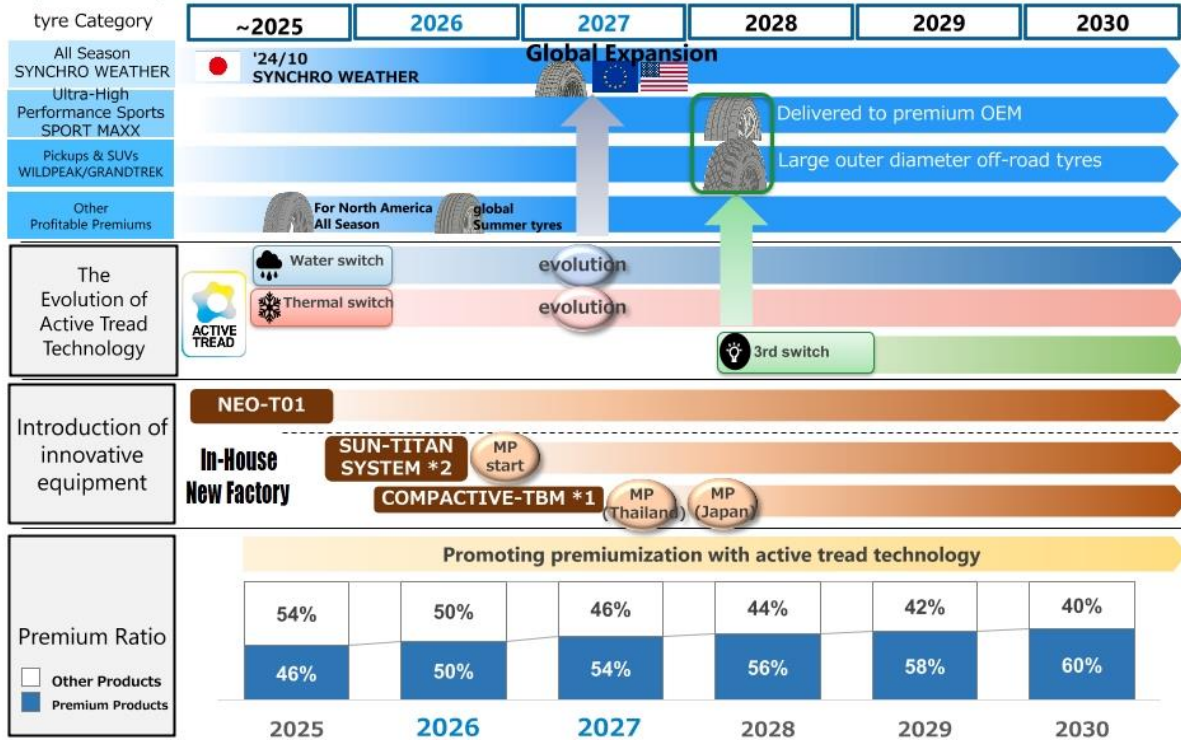
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2-1. Tyre Business: Roadmap for Premiumization



Promoting technology development and equipment introduction as planned to promote premiumization.



*1 Compact Adaptive tyre Building Machine
*2 An evolved version of our original manufacturing method "Taiyo". 5

This is our roadmap for tire premiumization.

We will promote product development focusing on all-season tires, ultra-high-performance sports tires and large outer diameter off-road tires for pickups and SUVs. These products will be equipped with our proprietary active tread technology, and as it evolves, we will differentiate them from other products.

In terms of production facilities, in addition to utilizing our proprietary NEO-T01, we will accelerate our response to premiumization by introducing the latest equipment to our domestic and overseas plants based on the In-House New Factory concept, which enables equipment upgrades while maintaining operating ratio.

Through these efforts, we plan to achieve a premium product ratio of 50% by 2026 and raise it to more than 60% by 2030.

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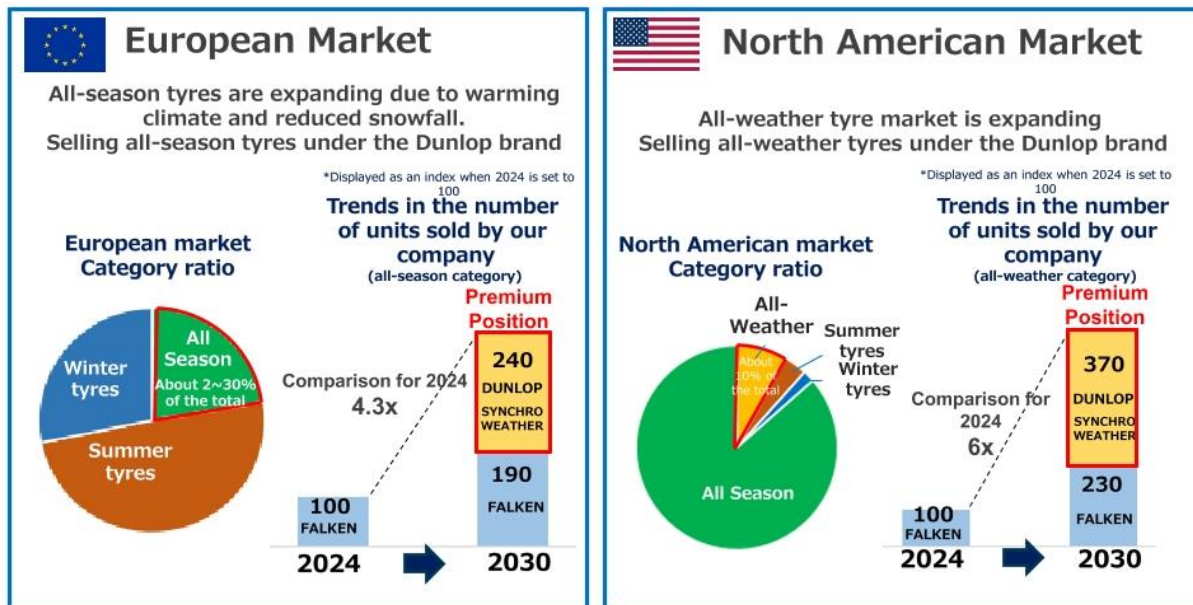
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2-1. Tyre Business: Expansion of active tread strategy



Expand sales of "premium year-round tyres" in Europe and the United States with DUNLOP brand + active tread technology



Gain a premium position with DUNLOP / Maintain a top position within Tier 2 with FALKEN"
Utilizing Active Tread Technology to Steadily Promote Multi-Brand Strategies

6

First, I would like to explain the global expansion of all-season tires, our strength, into the European and US markets.

For the European and US markets, we will expand sales of premium tires that can be worn all year round under the DUNLOP brand and with the active tread technology. Taking advantage of the warming climate and decreasing snowfall, we will utilize the opportunity to achieve a premium position as the DUNLOP brand in the new category of all-season tires in the European market and all-weather tires in the North American market.

DUNLOP gains premium position with the active tread. And as we maintain a top position within Tier two with FALKEN, we will steadily promote a multi-brand strategy that clearly defines each position and accelerate sales expansion as shown in the graph here.

I will explain the key strategy of technologies.

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2-1. Tyre Business: Active Tread Technology Evaluation



We have received numerous awards both domestically and internationally, earning high praise for our technology that addresses long-standing issues in tyre performance—particularly under wet and snowy conditions.



We are expanding Synchro Weather to approximately 100 sizes, including premium options for compact vehicles, driving continued growth and profitability beyond 2026

7

The active tread technology incorporated in SYNCHRO WEATHER, which was first marketed in Japan, has been highly acclaimed both in Japan and abroad and has received numerous awards.

Among other things, we were awarded the “R&D Breakthrough of the Year award” at the “Tire Technology International Awards”, an international authority in the field of tire technology. We accept this as a high evaluation of our technical capabilities that have realized performance both on wet and snowy roads, which are contradictory to each other. This technology has long been a challenge in the tyre industry.

We are expanding our lineup of SYNCHRO WEATHER products equipped with this technology to 100 sizes, including those for light vehicles, and will link this to sales expansion and earnings improvement from 2026 onward.

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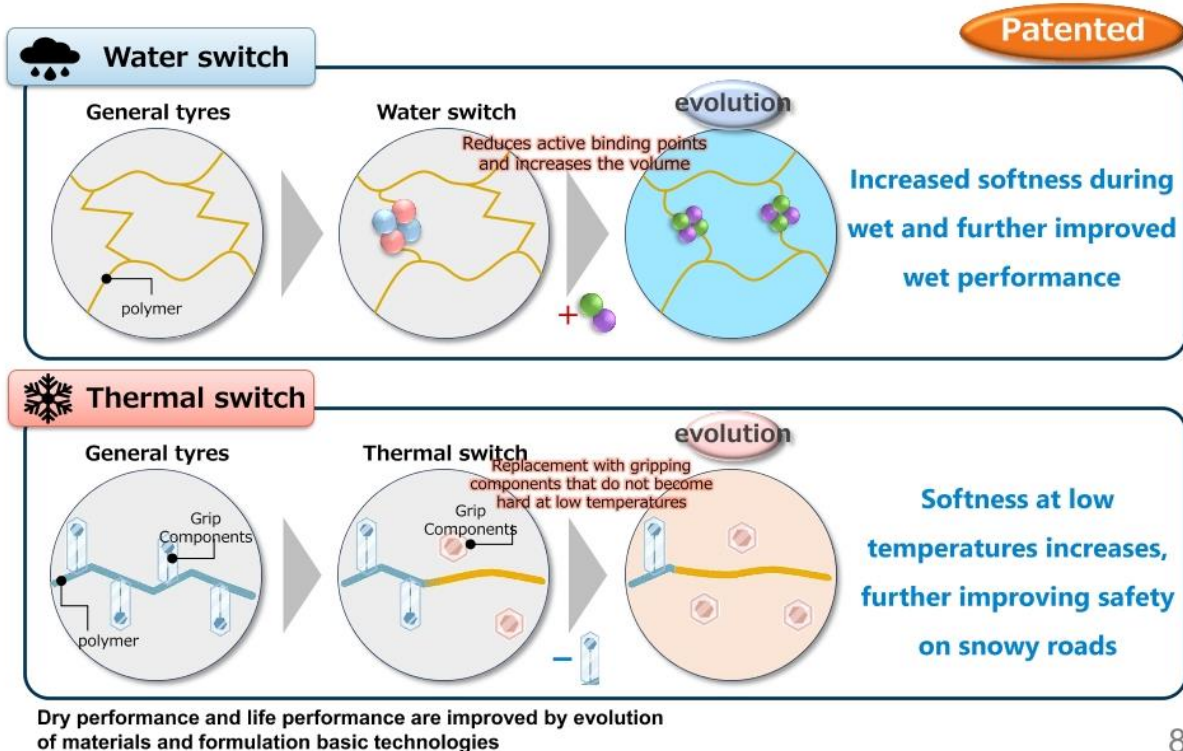


2-1. Tyre business:

-Evolution of active tread technology for Europe and the United States



Further evolution of active tread technology for the European and American markets
Performance exceeds market expectations on wet and snowy roads



8

We are further evolving this active tread technology for the European and US markets to achieve higher driving performance.

In the water-switch area, the active binding points have been reduced and the volume has been increased to further enhance flexibility on wet surfaces and further improve grip performance. In addition, in the thermal switch area, we have replaced the gripping component, which does not become hard at low temperatures, to enhance softness on snow and further improve safety performance in winter.

These technologies have already been patented and are important elements that support our unique technological superiority.

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2-1. Tyre Business: -Development of Active Tread Technology for Europe and the U.S.



Introduced advanced active tread technology to achieve a high level of snow performance while meeting the high performance needs of the European and American markets



All Season for Europe

Performance needs

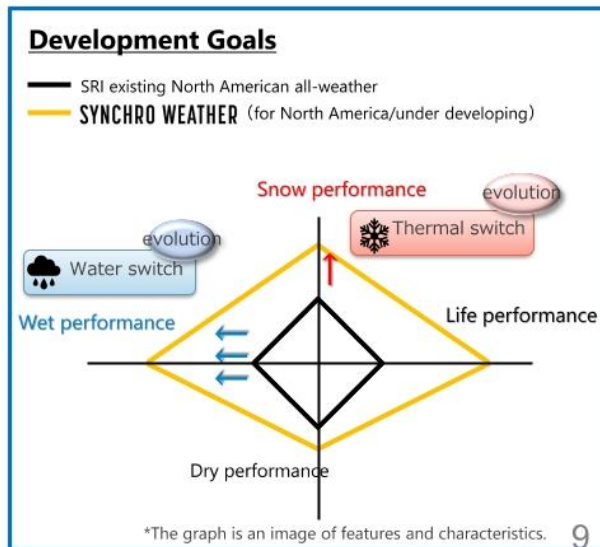
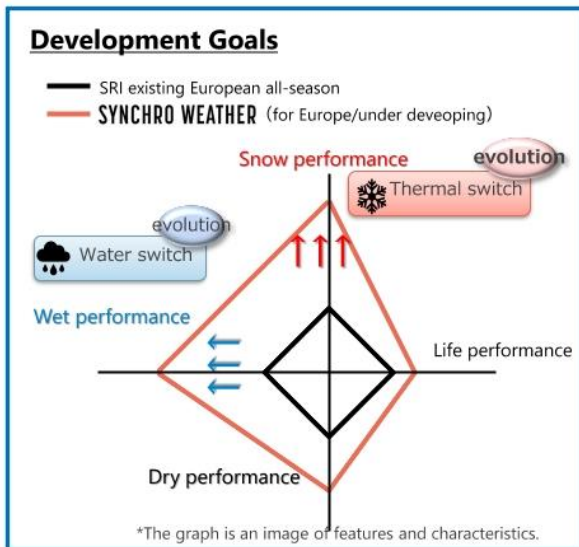
- Realization of high wet performance
- Balance between wet performance and snow performance



All-Weather for North America

Performance needs

- Realization of high life performance
- Balance between life performance and wet/snow performance



We will introduce this advanced active tread technology to achieve a high level of performance on snow and meet the performance needs of advanced systems in the European and US markets.

This figure shows the difference in performance between SYNCHRO WEATHER for Europe and the US, which is currently under development, and our existing products. In the European market, there is a demand for both wet performance and snow performance, which are contradictory to each other. In the North American market, wet performance and snow performance are emphasized along with ensuring life performance.

In response to these market needs, we will achieve a high level of compatibility between each performance by combining our evolved active tread technology and our fundamental technologies. We will utilize this proprietary technology to accelerate our global expansion in the European and US markets.

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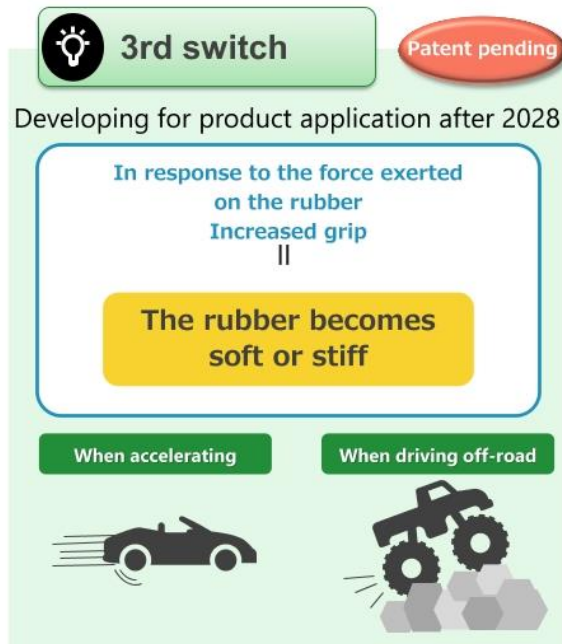
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2-1. Tyre Business: Further Evolution of Active Tread Technology



Utilizing 3 GeV Synchrotron Radiation Facility in Japan "Nano Terasu"
Creating rubber-based innovations such as the "3rd switch"



- 2001 Started cutting-edge research on SPring-8
- 2018 Started technology development with a view to operating the nano terasu
- 2024 Announcing the first research results of Nano Terasu (Lithium sulfur battery material)
→ being used in research on high-performance rubber materials

10

As the Company's further evolution of the active tread technology, a new response mechanism, "3rd switch", is being developed.

This technology has unprecedented responsiveness in that it changes its flexibility in response to the force applied to the rubber, enabling it to perform in response to driving conditions, such as during acceleration and off-road driving. The development of this technology is based on materials analysis using the 3 GeV High Brilliance synchrotron radiation facility, Nano Terasu, and the accumulation of research results, processes, and know-how accumulated at SPring-8 since 2001.

We will continue to utilize these advanced research platforms to create rubber-based innovations.

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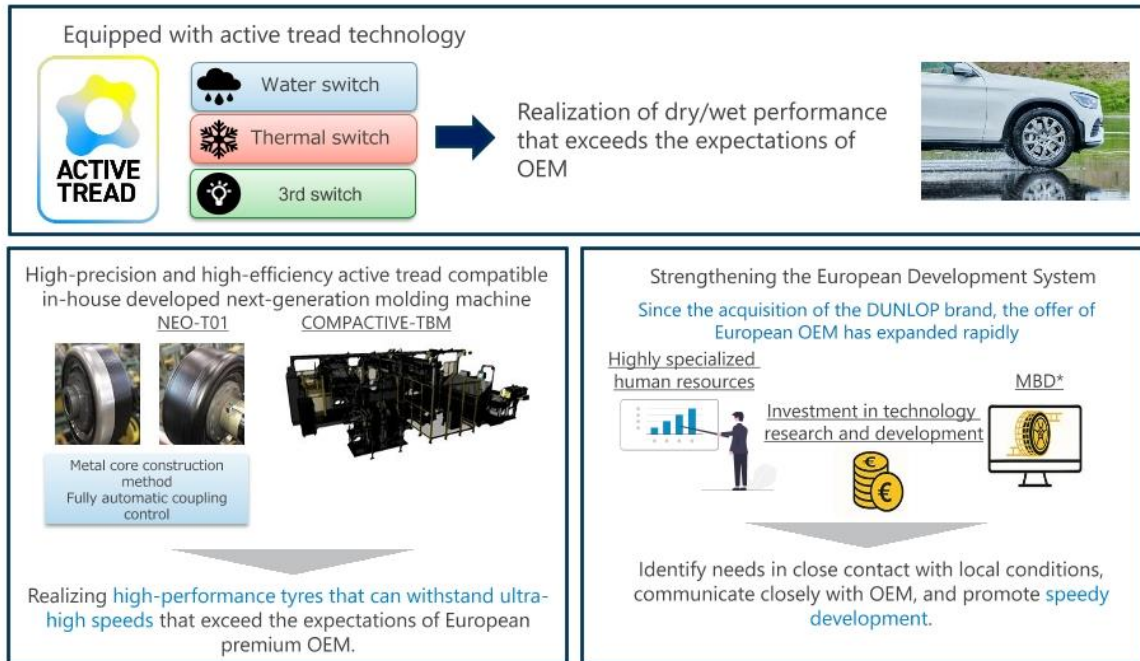
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2-1. Tyre business: Expansion to premium OEM



A next-generation molding machine compatible with active tread produces tyres with outstanding performance. Strengthening European development system and developing high-performance tyres to premium new car manufacturers



*Abbreviation for Model-Based Development. A method for designing and verifying software and embedded systems using "models" that express behavior and structure in the development of software and embedded systems.

11

We will work to achieve performance that exceeds the expectations of premium new car manufacturers by utilizing the active tread equipped with this "3rd switch".

For this development, we will introduce the "NEO-T01", a next-generation molding machine for our proprietary metal core construction method that enables the production of carbon-neutral tires in Scope 1 and Scope 2, and the "COMPACTIVE-TBM".

We will achieve outstanding performance and high precision in manufacturing products that can withstand the ultra-high speeds of premium cars.

In addition, we will expand and strengthen our European development system in light of the rapid expansion of offers from European new car manufacturers since the acquisition of the DUNLOP brand.

In addition to acquiring needs through close contact with the local community and maintaining close communication with new car manufacturers, we will promote speedy development by dispatching highly specialized personnel, utilizing simulation technology, and expanding R&D investment.

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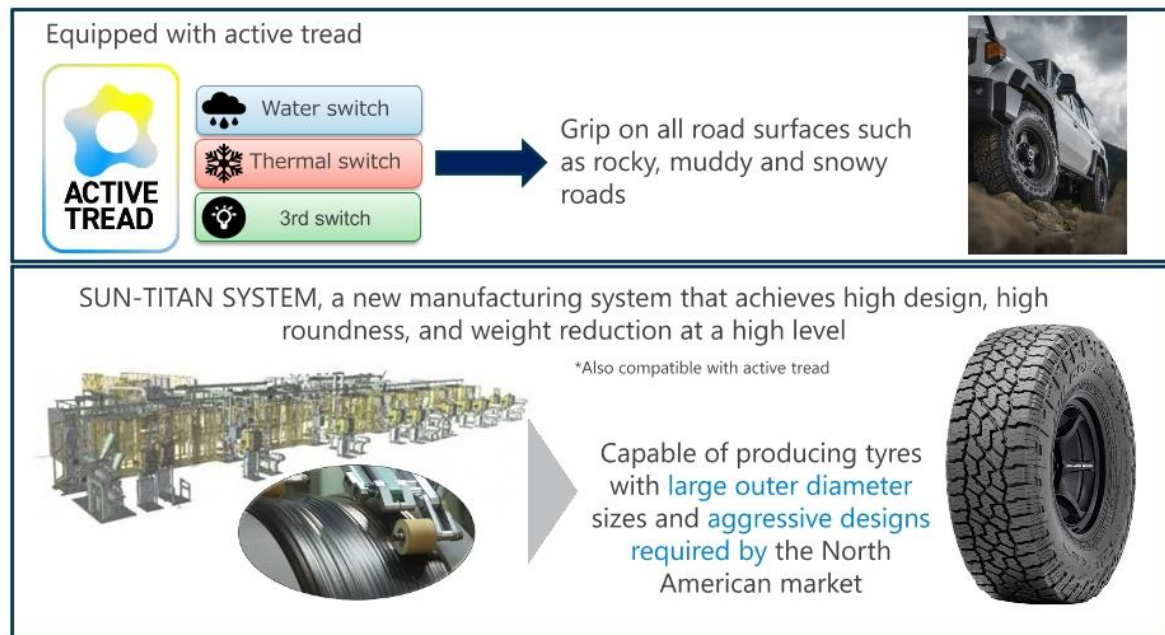
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2-1. Tyre Business: Development of large-diameter off-road tyres



Large outer diameter tyres for SUVs and pickups are also equipped with active tread technology. Combined with a new manufacturing system, we are working to bring high-quality, high-performance, and high-design products to the market.



12

The “3rd switch” will be expanded to large outer diameter off-road tires. We will also incorporate the active tread technology into alternative system tires for SUVs and pickups, and work toward achieving tires that grip on all surfaces, including rocky, muddy and snowy roads.

In this development, we will utilize our proprietary SUN-TITAN SYSTEM, a new manufacturing system that will enable us to produce tires with the large outer diameter and aggressive design demanded by the North American market, while maintaining high roundness and weight reduction.

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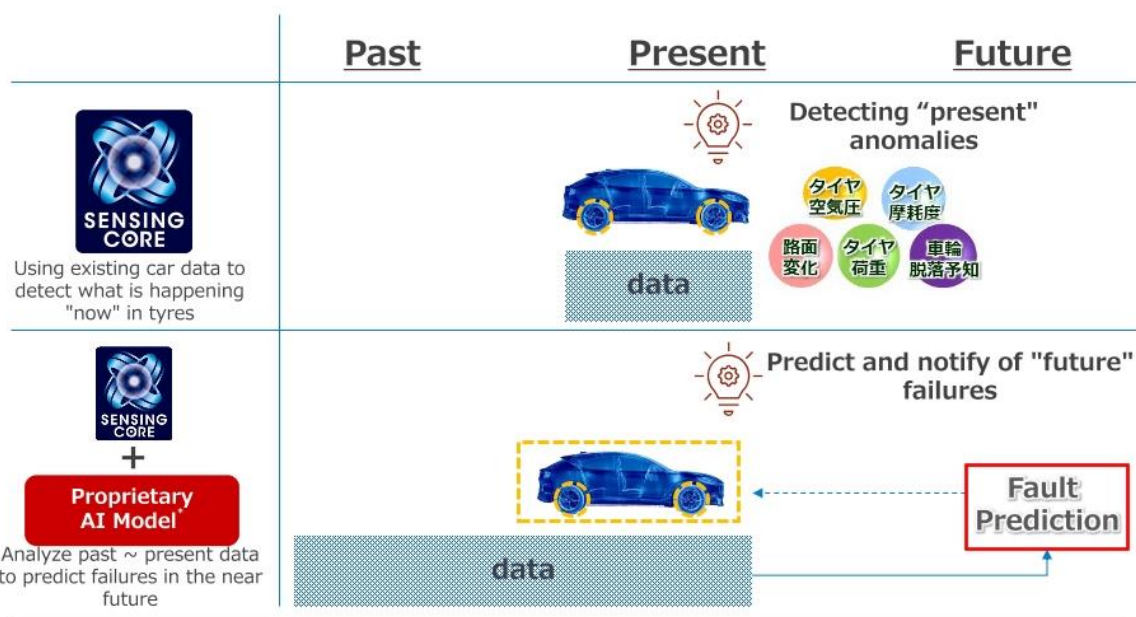
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2-1. Sensing Core and failure prediction

Sensing core detects "now", proprietary AI model detects "future" Our strength is high-precision failure prediction based on "past" and "present" data.



*Proprietary AI model technology: Technology that automatically integrates big data and enables early detection of anomalies through root cause analysis.

13

Next, I will explain the sensing core and failure prediction technology. The two core elements of the technologies are shown here.

First is our sensing core, which is one of our fundamental technologies. This is a technology that can detect what is happening now with the tires, using data from existing vehicles. This prevents accidents and downtime related to tires.

Second is the proprietary AI model we acquired through the Viaduct acquisition. We analyze data from the past to the present to predict failures in the near future. It will provide new value, not only in terms of safety, but also in terms of reduced maintenance costs.

The strength of our technology is that it enables highly accurate prediction of future failures by utilizing such past and present data.

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2-1. Sensing Core and failure prediction: -Strengths of our technology



In addition to the advantages of the non-sensor type, the anomaly detection of "present" and "future" combined with the proprietary AI model can be extended to other industries other than tyres

*Comparison based on our research

Target		Sumitomo Rubber	Sensing Competitors	Tyre Competitors
Around the tyre	feature	 Non-sensor Combined with tyre data/know-how Detects the "now" state with high accuracy	Non-sensor	Sensor type
	Maintainability	No sensor parts required, resistant to heat, vibration, and dirt, maintenance-free		 Maintenance required
	Extensibility	Evolve with updates		 Not updated
	Scope of application	automobile Large Vehicles	automobile 	automobile 
Other than tyres ~Other industries	technology	Proprietary AI Model	-	-
	feature	Analyze past ~ present data to predict failures in the near future	-	-

14

This is the strength of our technology compared to our competitors.

The first advantage of Sumitomo Rubber is that the sensing is non-sensor type, which is resistant to heat, vibration, and dirt, and maintenance-free. Combined with tire data and know-how, we can detect current conditions with high accuracy.

It also has high extensibility, with the ability to evolve performance through software updates. Compared to the same non-sensor types of competitors, this technology can also be applied to large vehicles. We have that advantage.

Another of our strengths is our highly accurate failure prediction technology that utilizes our proprietary AI models. This technology can be extended to other industries as well as tires and vehicle components. The detection ability by utilizing tire data and know-how accumulated only by tire manufacturers and the ability to extend the current and future failure detection into other areas of industry are a unique advantage.

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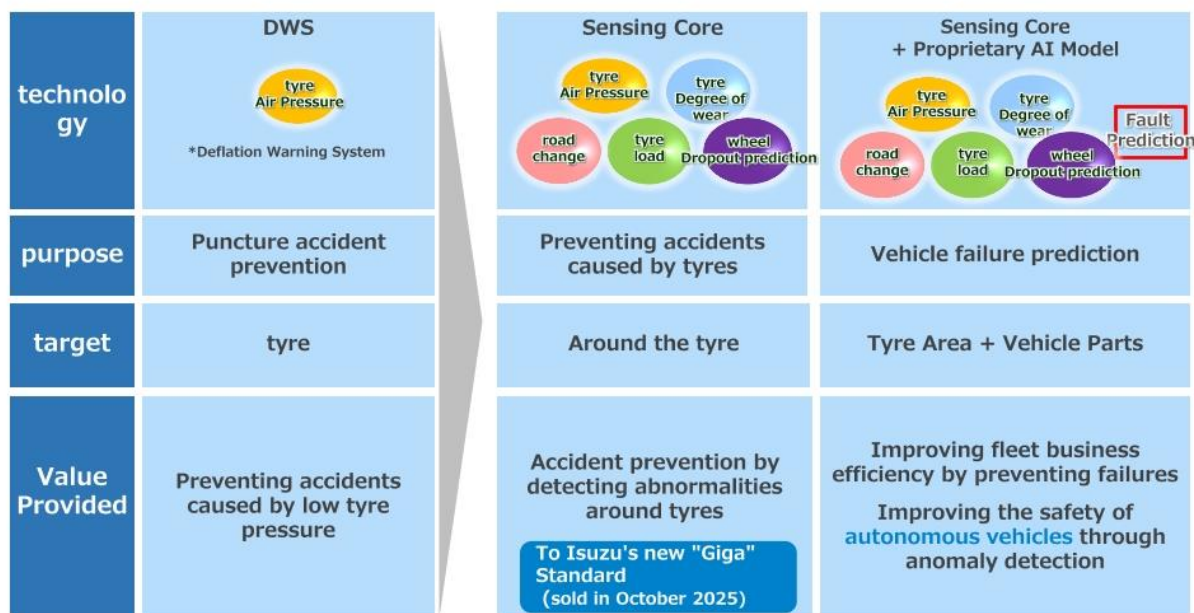
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2-1. Sensing core and failure prediction: -Expansion of failure prediction business



Combining sensing cores and proprietary AI models, expanding into accident prevention and failure prediction businesses with a view toward autonomous vehicles



15

This is an image of the expansion of our failure prediction business utilizing these two technologies.

First, we launched a software business called DWS, or Deflation Warning System, which detects low tire pressure. Subsequently, we began developing sensing core technology based on DWS technology, leading to the prevention of accidents by detecting abnormalities around tires.

This sensing core has now been adopted for the first time in a large-size automobile from a Japanese manufacturer, and one of its functions, wheel dropout prediction, will be equipped as standard. This vehicle has been on sale since October 29.

From 2025, we will utilize our proprietary AI model to expand into the fleet business for the purpose of predicting vehicle failures, and in the future, we will also expand into the accident prevention and failure prediction business with an eye toward autonomous vehicles.

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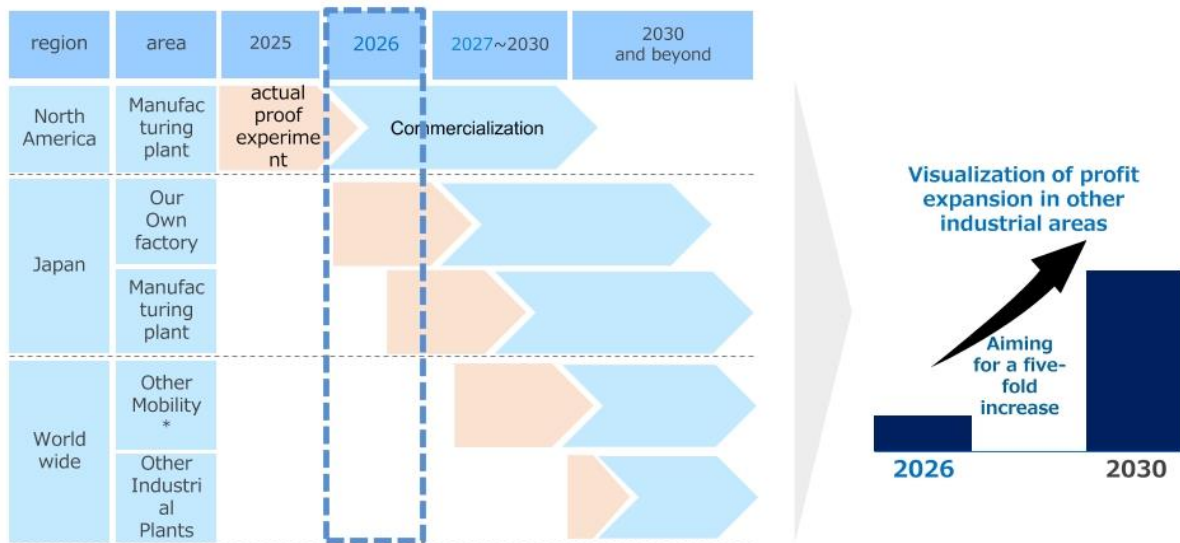
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2-1. Sensing core and failure prediction: -Expansion to other industrial businesses



Analysis of the cause of failure and high-precision prediction of failure timing using a proprietary AI model contributes to the reduction of warranty and maintenance costs in the manufacturing process



* Aircraft, railways, etc. 16

This is an expansion to manufacturing plants outside of the automotive industry. We are currently conducting actual proof experiment for manufacturing plants in North America and plan to commercialize in 2026.

In parallel, we are considering introducing the system in our own factories in Japan, and we will also consider expanding the system to other manufacturing factories, other mobility systems globally, and factories in other industries. By 2030, we aim to increase business profits in this area by fivefold.

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2-2. Sports Business: Golf

Growing in North America*¹, the largest market, and achieving the top 3 global markets by 2030
Maximizing the value of business brand DUNLOP



17

In golf of our sports business, we will work to maximize the value of our business brand, DUNLOP, with the aim of becoming one of the top three global golf brands by 2030, based on growth in North America, our largest market. The SRIXON brand is currently expanding its lineup of clubs for intermediate players, backed by its high exposure on the PGA TOUR.

At the same time, the ball is now compatible with the new 2028 rules. By developing new products incorporating numerous patented technologies and differentiating them from the competition, the Company aims to attract a new fan base.

The XXIO brand mainly targets the baby boomer generation, and we will strive to enhance the brand value and expand sales by providing experiential value through trial hitting events and by developing stylish products.

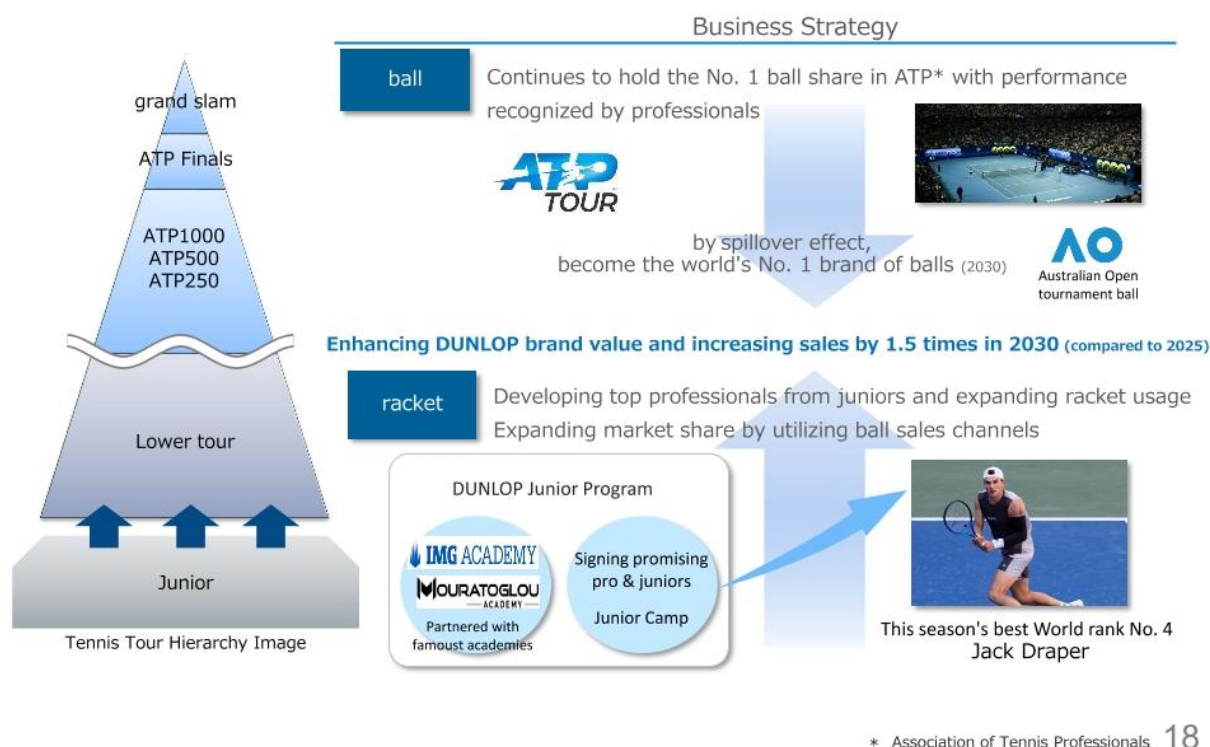
We will link the value enhancement of each brand to the value of the DUNLOP brand.

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Leading the enhancing of brand value as a frontrunner of the DUNLOP brand



For tennis, as the front runner of the DUNLOP brand, we will continue to drive the improvement of the brand value.

With its high quality, the ball will continue to hold number one share of balls used in men's professional ATP Tour tournaments and grow to become number one brand in the world with its spillover effect. The ball is also highly regarded as the tournament ball for the Australian Open, one of the four major Grand Slam tournaments.

In rackets, we have held top-level junior camps through contracts with promising professional and junior players from around the world and partnerships with prominent academies in Europe and the United States. We are currently promoting the development of players who are familiar with the DUNLOP brand from the young age stage.

In addition, we are working to expand our racket business by leveraging our ball sales channels. Through these strategies, we aim to increase the value of the DUNLOP brand and expand sales by 1.5 times by 2030.

As a result of these strategies, top professionals such as Jack Draper, who was ranked 4th in the world this season, have emerged from the junior program, and we feel that we are making steady progress toward the return of the golden era of DUNLOP, when John McEnroe and Steffi Graf were active.

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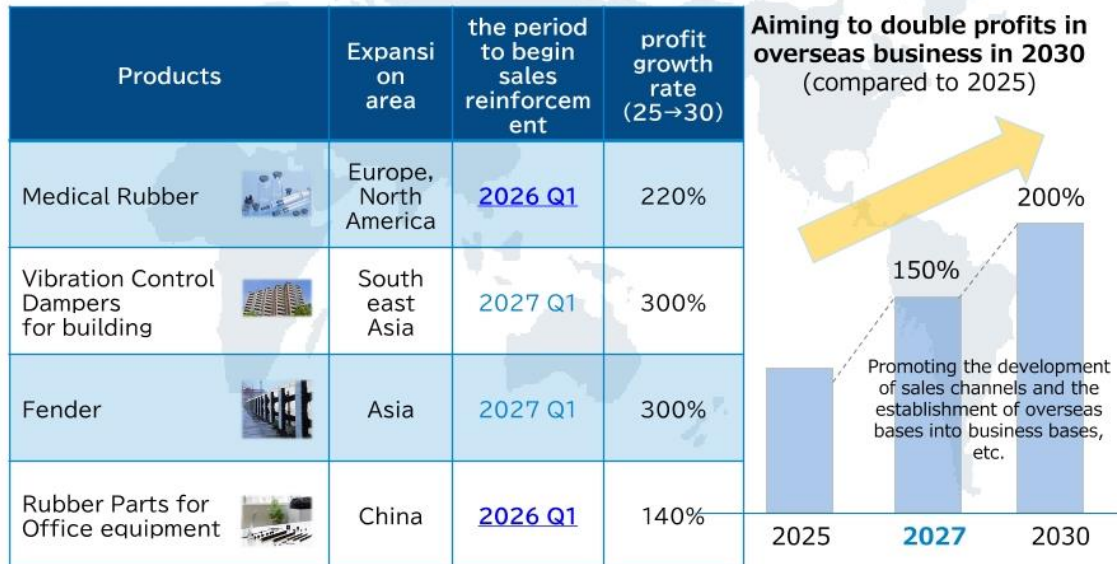
2-3. Industrial products business: Overseas expansion



Launching products that have received a lot of support due to the evolution of our rubber technology in overseas markets

Strengthening Overseas Business

~Exporting products that are supported by customers for their quality, functionality, and durability~



* In-house research 19

In the industrial products business, in overseas markets, we will launch products that have gained much support due to the evolution of our rubber technology. We will strengthen our sales of products that are needed in each region from next year onward.

We will also develop our sales channels and convert our overseas bases into business bases, aiming to double our profits from overseas operations by 2030.

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2-3. Industrial products business: Launch of "empathetic products"



We develop products that utilize our own rubber technology.
10 products will be launched in Japan by 2027 and 15 products by 2030.

New launch of "empathetic products" that create value for customers

~Promoting product development that meets diverse social needs~

Sales products		Points that lead to customer "empathy"	Launch ing period
Vibration Control Dampers for Residential Buildings		Improving the degree of freedom of floor plan in urban housing	2026
Foam fenders		Improved sense of security through the first domestically produced and highly durable	
Artificial Turf for Sporting Facilities		Improving the ease of passing from the player's point of view Pursuing ease of competition	
Wheelchair ramp		Further improvement in stability through the highest product strength ever	
Logistics Ramp		Portability contributes to improving work efficiency in the logistics industry	

20

Moreover, we will develop products by refining our proprietary rubber technology and launch 10 products by 2027 and 15 products by 2030 in Japan.

We define "empathetic products" as those that meet diverse social needs, and will develop and sell products such as vibration control dampers that not only improve performance but also enhance flexibility in floor plans, and artificial turf designed to meet player needs by improving ease of passing from a player's perspective.

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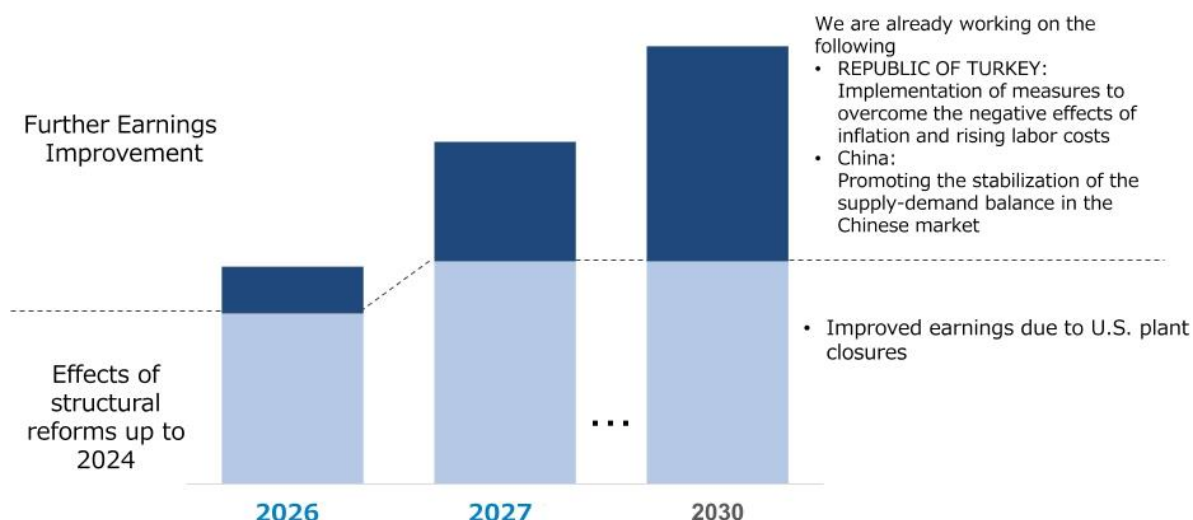


3-1. Progress of Structural Reform

Approximately 10 businesses and products are scheduled to complete all targets by the end of the year

We will continue to work on new structural reforms without slackening.

Image of improving business profits (Compared to 2025 forecast)



21

With regard to structural reforms, we plan to complete the targeted structural reforms of approximately 10 businesses and products in 2025, which were included in the medium-term management plan for 2022. Without letting up, we continue to work on new structural reforms to optimize our business portfolio.

This is an image of business profit improvement compared to 2025.

In addition to the effects of the targeted closure of the US plant to 2024, we are already promoting measures to address inflation-induced labor cost increases at the Turkish plant, as well as measures to stabilize the supply-demand balance in the Chinese market, and we expect steady results from next year onward.

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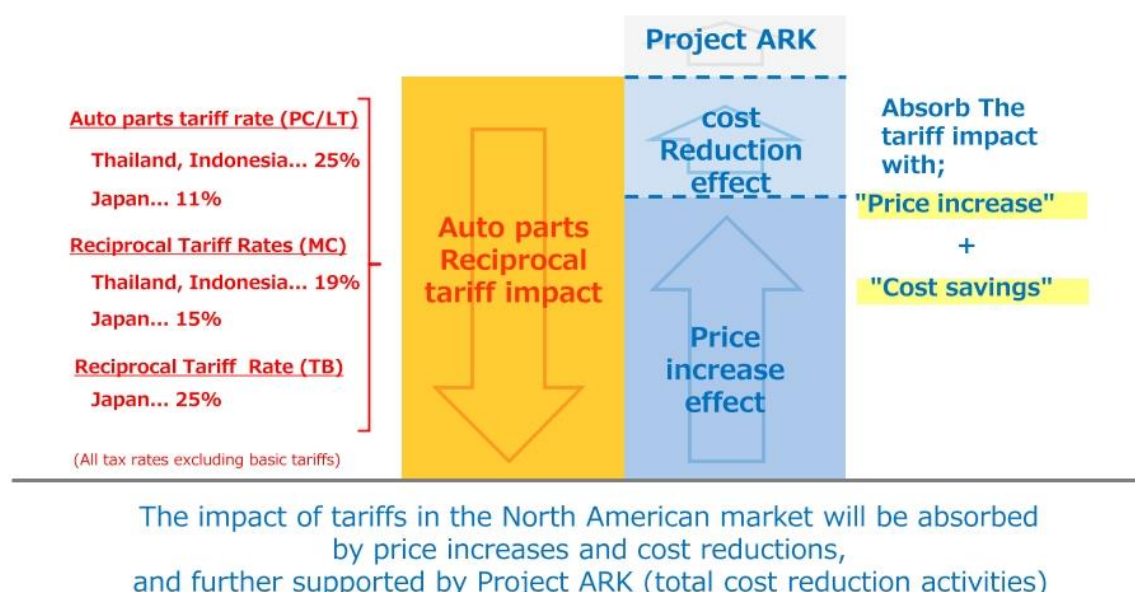
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3-2. Tariff Impact on the North American Market and Future Measures



The closure of the high-cost U.S. plant was carried out at the best time. Negotiations with the union also have progressed smoothly. Although there is a tariff impact, the North American business Profitability improves.



22

This is the tariff impact on the North American market and future measures.

The closure of the high-cost US plant has been completed at the best possible time, and negotiations with the labor union have progressed smoothly, resulting in improved profitability of the North American business.

We will counteract the impact of tariffs by both raising prices in the US market and reducing plant costs. In addition, we will be further supported by Project ARK, a total cost reduction project, to achieve steady results.

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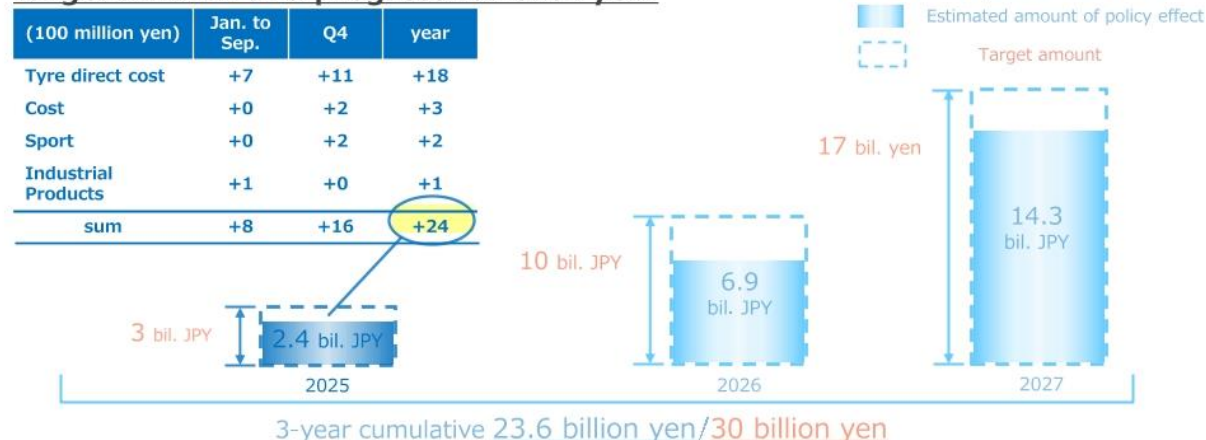


3-3. Project ARK Progress

Continuing to build up measures and ideas

*204 cases at the end of October 25

Target amount and progress for each year



Main Measures and Ideas

- Utilization of AI for tyre demand prediction & shortening development lead time through virtual prototyping
- Consolidation and abolition across business divisions of subsidiaries and bases (offices, warehouses)
- Cost reduction at the Thailand plant, the main plant for the U.S. market
- Reducing raw material costs by reducing tyre weight (currently being applied to new products for replacement)

23

This is the progress of Project ARK.

Of the target effect amount of JPY3 billion for 2025, we are on track to achieve JPY2.4 billion. We are currently working on measures and ideas for 2026 and beyond, with the involvement of the entire company, and out of the three-year cumulative target of JPY30 billion, initiatives for JPY23.6 billion have been implemented up to date.

The main ideas for measures are shown here, and we will steadily promote them to realize their effects.

We plan to complete the structural reforms in 2025. The measures of R.I.S.E. 2035 will certainly take effect after 2026. We will further promote efforts to achieve a steady improvement.

Lastly, regarding the global DUNLOP brand strategy, we will hold an exhibition in Tokyo on December 3, 2025, to explain the details of the strategy and to present the new DUNLOP brand world view.

We would like to explain our brand strategy for the revival of DUNLOP, which was formulated on the occasion of our brand acquisitions in Europe, the US, and Australia, and I hope you will look forward to it.

That is all for today's explanation. Thank you for your attention.

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Question & Answer

Nakayama [M]: Now, we would like to take your questions.

Please mention the name of your company and your name before asking your question. Due to time constraints, each person is limited to two questions.

I will name the first participant. Mr. Maki from SMBC Nikko Securities, please ask your question.

Maki [Q]: I am Maki from SMBC Nikko Securities. I have two questions.

The first question is regarding business performance. Since this is the first time, please tell me how profits in Q3 were against your plan. On the other hand, the full-year forecast remains unchanged. Looking at the US and other countries, I see that the volume has dropped considerably in Q3, and I hear that other companies are also suffering from deteriorating TB and price competition. Under such situation, you expect a certain recovery for Q4.

So, should we regard this area as a risk? On the other hand, I think there are some areas where cost improvements and ARK are being made, so how is this full-year guidance being made? Please let me know about this point.

Also, you saw some improvement in Europe in Q3, so please tell me this background and future improvements. I would also appreciate your comments on how much improvement can be made for the next fiscal year. This is the first question.

Yamamoto [A]: Thank you for your question, Mr. Maki. First, we were able to conclude this Q3, an important period, with an increase in revenue and profit. The Q3 results were almost in line with our plan, and we are now working as one to achieve our goal of JPY95 billion in business profit by the end of the year, along with further increase in Q4.

Regarding the status of the TB and the US, Nishiguchi will explain.

Nishiguchi [A]: First, I understood your question to be about whether it is safe to leave the full year unchanged, given the drop in Q3 volume. On page 26 of the Q3 materials, you will find the YoY change in volume. I think your question is about the decline in the July-September period, especially in the US, which is of particular concern.

The result was 81%, and this was partly due to the price increases in response to tariffs, and because the initial price increase was high, there was a decrease in volume in July.

As Yamamoto mentioned in his explanation, prices are determined by the market, so we are now adjusting prices based on the prices of other companies in the industry. As a result, sales have been recovering since October.

We believe the price factor in the July-September period will mitigate after October.

Also, those of you who are familiar with the situation in the US may be aware that a major national wholesaler had to reduce sales during the July-September period. That contributed to the drop, and that's why our YoY result in North America was like that.

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Since they have almost completed 80% of the measures, they have received orders again from October onward. Therefore, we believe that North America will recover from the decline in volume in Q3, including price and other individual factors, for the full fiscal year. I believe that JPY95 billion is surely achievable.

Yamamoto [A]: Okawa will answer the costs.

Okawa [A]: Now let me talk about costs. In the July-September period, as we will explain in more detail later, the effects of Project ARK have already begun to gradually emerge, and this will be one of the positive effects.

We have also been promoting investment in the In-House New Factory in Thailand, and we are now implementing various measures to reduce costs in Thailand. The effects of these measures have already begun to emerge.

We are confident that we can achieve these results as long as sales are strong, while we are firmly reducing costs this year.

Araki will explain ARK.

Araki [A]: I am Araki in charge of the ARK project.

In terms of the financial figures for the current fiscal year, as you can see in the long-term corporate strategy document, we expect JPY0.7 billion for the January-September period and JPY1.1 billion for Q4. JPY1.8 billion is from tire cost. The total amount of JPY2.4 billion is now in the process of being realized.

Only a small portion of the cost reductions in Thailand are being reflected, and major reductions in raw materials and other measures will be implemented in the next fiscal year and thereafter. In particular, we were able to capture the benefits of this tire cost reduction by reducing tire weight, which we have been working on for some time. This was converted to monetary values for the first time, and the actual values were counted from January-September as follow-up is being strengthened. The situation is that the measures for the October-December period are also being implemented as planned, and are contributing to direct cost reductions.

Yamamoto [A]: I will now answer the last European question.

For Europe, we have been talking about the difficult situation up to now. As I have also mentioned, one of the reasons of a large increase in the personnel costs is a large salary increase due to inflation in Turkey and the revision of the minimum wage, and also partly due to the strike last year, they implemented a large salary increase, in addition to the large salary increase at a plant in Thailand.

In the UK, the economic slump has led to a decline in consumer purchasing power, and demand for low-priced tires has increased. With this background, our business in Europe has been difficult in recent months, but we have been focusing our efforts on Europe. As a result of our efforts to determine how we can increase profits one by one, we have achieved profitability for the July-September period, and we are now at the point where we expect to be profitable for the next fiscal year.

One factor is all-season tires for winter sales. The proportion of our profitable all-season tire in the mix is up. We have meticulously determined price, quantity, and then mix. Of course, we are also trying to cut costs.

As a result of the accumulation of these various measures, which will continue into next year, we were able to see a positive direction from July to September, and we would like to carry this on into next year.

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In addition, we have begun to reform our plant in Turkey, and are now focusing on this area, including human resources. Turkey is one of the countries that will be necessary for expanding sales and supply of DUNLOP tires for Europe, so we are now working on company-wide reforms.

In this area, we are actually reducing personnel, and through such efforts as SKU reductions, we are reducing costs at our plant in Turkey. I am confident that once we have built up the results of these measures, we will be able to firmly establish a profitable business next year. That is all.

Maki [Q]: Thank you. The overall feeling is that you were as good as planned in Q3. For Q4, there are a major national wholesaler's resales, and so on, so the situation in United States is recovering. Is that correct?

I know that Michelin has also been dropped, is there any opportunity for your company to increase its market share due to this? Please tell me additionally.

Yamamoto [A]: I would like to answer your question. Regarding the US sales channel, the company you just mentioned is one of our major customers.

However, we do not intend to expand as various companies are moving in various areas. In the current situation, we are aiming for a step-by-step return, first. The main part is where we are doing regionally at Falken Fanatic.

We will consider increasing sales in those areas and at major US retailers. We are not anticipating a recovery by taking some from where you just named.

Maki [Q]: I understand. Thank you very much. Second, as for DUNLOP, sales have started in the US and Australia, so I would like to know what the response has been. Also, I believe that off-taking will start in 2026, so how do you see the effect including this? What is your thinking at this point?

I would like to ask for your explanation from the perspective of risk and opportunity, since you will probably have to compete on price or sell on the scale of 5 million units or so.

Yamamoto [M]: Nishiguchi will answer this question as well.

Nishiguchi [A]: First, in 2025, after the deal was approved this year, business started in North America and Australia. We have taken over from the middle of the project, and since our products will not be available in North America until November, and since the standard zone for all-season tires will go on sale in November according to our policy, their effects will emerge from 2026.

We have some warrantee products for 2025, but their effects are very little. However, the transfer has been completed smoothly, and FALKEN's portfolio of DUNLOP in the Tier 1 segment is steadily being built from next year onward within its strong network of clients. We have high expectations for that for next year and beyond.

As I have mentioned again and again on this occasion, in Australia, DUNLOP products made in Sumitomo Rubber were supplied, which was originally sold by Goodyear, so we were able to switch business very smoothly. I can't tell you the specific figures right now, but we are selling DUNLOP products on a fairly large scale.

We are also able to take over the channel of DUNLOP Super Dealer, which had established a large ground in Europe and Australia, and we have high expectations for the future in Australia and New Zealand.

Also, regarding your question about Europe, the off-take will start in January next year, and we will start taking some from Goodyear's European plant in Q4 and start stockpiling for the switch in January. We are steadily

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making progress on the transition from Goodyear, in terms of stockpiling and logistics. I visited there last month, and the transition is going very well, so we will start next year.

We will also continue to promote our business mainly in off-take products, but we want to make our mainstay products at Sumitomo Rubber, and as Yamamoto mentioned earlier, we will shift a large part of our development system to Europe. We are now planning to offer our own tires in the middle of next year, which will be more profitable than off-taking.

Yamamoto [A]: Thank you. May I add a little to that?

I mentioned earlier that we will be holding a DUNLOP brand strategy presentation on December 3.

Since the DUNLOP brand will be deployed globally, it will be across business groups and areas, so we will once again unify the identity of the DUNLOP brand, unify brand communication, and develop branding across business areas.

At that time, the managers in charge of Europe and the US will also be at the venue, so we will discuss how to market and expand sales. I would be happy to show you some of the details. That is all.

Maki [Q]: Thank you. How about a general idea of profits for next year, 2026? May I ask about that there as well?

Nishiguchi [A]: At the brand announcement on December 3, the area of greatest interest is the sales strategy, so we will be prepared to explain it, including the specific information of such areas.

Maki [M]: Okay. Thank you very much.

Nakayama [M]: Thank you, Mr. Maki. The next question is from Mr. Yoshida from Citigroup Global Markets.

Yoshida [Q]: Thank you. I am Yoshida from Citigroup.

I guess the first question is on page four. I think you indicated in the R.I.S.E. document that the business profit margin should go up stepwise.

That is 7.9% in 2025, and in 2026 it will be in the mid-9% range. It is recovering to a level of a little over 9%, and aim for 10% or more in 2027. Is that the way you see it?

Then, the active tread, Europe and the US, and many other things will contribute to the results in 2027. I had an image of a jump up in 2027 due to the equipment and such, but please tell me an image of the graph you just showed, or if we should take a medium-term perspective where profits will start to accumulate from 2026.

Yamamoto [A]: Thank you for your question. First, the business profit margin of 10% in 2027 is set forth in our long-term corporate strategy, R.I.S.E. 2035. In order to accelerate this process as much as possible, we are moving forward with a sense of speed, and after acquiring the DUNLOP brand, we are making progress quickly in Europe, the US, and Australia.

As Nishiguchi explained earlier, we have already started business in the US and Australia, and will start next year in Europe. We do business in Europe under the FALKEN brand. There are our channels.

And there is also a channel where Goodyear was doing business under the DUNLOP brand. Of course, some of them are the same, but there are quite a few different sales destinations for each of them.

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In addition, we will bring the DUNLOP brand into the channels where we have been using the FALKEN brand, while introducing the FALKEN brand and our new products into the channels where we have been doing only under the DUNLOP brand.

With regard to how much profit we can accumulate in 2026, we will take various measures to achieve this with a sense of speed. We are also working on cost reductions through Project ARK and other projects with a sense of urgency, so that we can bring forward the results of these efforts to the end of 2026, even if only a little. I am sorry that this is not a clear answer, but Nishiguchi would like to talk a little more.

Nishiguchi [A]: In addition to what Yamamoto just said, I would like to add for your question about whether we are ahead of schedule. If you look at page four, in terms of sales, we have been able to establish a strategy centered on all-season DUNLOP products in Europe and the United States as expected.

From the sales point of view, we will launch the all-season tire, all-weather Active Tread, SYNCHRO WEATHER in Europe and the United States in Q4 of this year, so this will come into full effect from 2028.

However, as for the idea of moving forward, if we can work with Project ARK to reduce the costs of our plants in Turkey and Thailand, which we said we would continue to do in the structural reforms announced today, we will clearly be able to be ahead of schedule. Since Okawa is conservative, we have decided to keep this line and aim for exceeding the target. We will do our best to shift to the left part as shown here as soon as possible by lowering the costs ahead of schedule in our profit target.

Yoshida [Q]: Yes. Thank you very much. Another question is about sales. In the past few years, the volume of sales has been declining due to cuts and other measures being taken in unprofitable domestic and various other areas. Is your outlook that the cutting on unprofitable parts here will be finished to some extent and the volume will go up again to some extent from next year onward?

Since there are tariffs and the competitive environment is getting tougher, will the volume remain flat next year and beyond, and will you continue to take profits through mix and cost reductions? Can you tell me about your top-line approach?

Yamamoto [M]: Thank you for your question. Nishiguchi will answer this question.

Nishiguchi [A]: We are clearly shifting from a model that emphasizes volume and maximizes plant operating ratio to reduce costs and generate profits to a model that emphasizes premium products. In terms of volume, the sales suspension of unprofitable products will be completed during this year.

The largest part was in the domestic replacement category, and the impact of the drop in the volume zone tires will end this year, so from next year, it will not have any negative effect on a YoY basis.

As for next year's plan, we are now in the process of fixing the final balance of supply and demand, but our focus is on improving the mix, not on increasing the volume blindly. So we are aiming to increase the overall profit by removing equipment from the plant space so that it can be further converted to an In-House New Factory.

In terms of volume, we would rather shift to higher value-added somehow, while holding back the growth that is now coming in at 16 inches or less. I believe we will continue such a strategy next year. That is all. Is this okay?

Yoshida [M]: Yes. Thank you very much.

Nakayama [M]: Thank you very much, Mr. Yoshida. The next question is from Mr. Horio from NIKKEI.

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Horio [Q]: Thank you. I am Horio from NIKKEI. I would like to confirm, in conjunction with what Mr. Nishiguchi just said, the downward revision of the full-year sales plan.

You mentioned that sales in the North American market dropped a little due to the impact of price increases in response to tariffs. Specifically, for what products or tires are you seeing a decrease in sales?

I think there was a measure where you would respond to the tariff impact with a price increase, but with sales falling as a result of the price increase, what are your plans for the sales in the October to December period, and how do you plan to implement the price increase? Can you first tell me about these sales?

Yamamoto [M]: Thank you for your question. Nishiguchi will answer your question as well.

Nishiguchi [A]: We have revised our annual sales forecast by one percentage point, There are various factors in all markets, but the major factor is the impact of tariffs in North America. After the price was raised, there was a clear, temporary wait-and-see situation with other companies raising their prices, so there was a slight drop in volume around July.

As I mentioned, after that, we have been adjusting prices while keeping an eye on the price situation of our competitors, and judging from the degree of recovery in orders in October, we believe that the price adjustment went well.

Horio [Q]: Thank you very much. If that is the case, is my understanding correct that the current price level will be maintained rather than a new price increase for Q4, which will lead to recovery?

Nishiguchi [A]: That is correct.

Nakayama [M]: Thank you very much. The next question is from Mr. Sakamaki from BofA Securities.

Sakamaki [Q]: I am Sakamaki. Thank you very much. Two questions from me, please.

The first question is on page 14 of the financial results, in the actual increase or decrease in profit for July-September, the other volume and mix was minus a little over 10 billion, which I think is a large figure.

Why was this so big in Q3? I really don't know how this got so big, because I've never seen such a negative figure close to 10 billion unless I go back to the COVID-19 period or something like that.

Also, you have shown the sales volume on page 26. In the end, sales in Q3 fell 7% and also will fall 6% in Q4, so in terms of sales decline, Q3 and Q4 appear to have similar declines.

And with the most profitable domestic snow and Rep. down 97%, the volume and mix effect will only be about negative 2 billion in Q4 if we look at this. I am wondering if you could please explain what the volume and mix effect and sales figures here are, as they seem strange, especially the large figure in Q3.

Yamamoto [M]: Thank you for your question. First, Okawa will answer your questions regarding July-September of the year.

Okawa [A]: Yes. Thank you for your question. We always receive requests from you to clarify the contents of the other volume and mix, but it is difficult to say in detail because if we provide the volume and mix of all items, all our costs would be known.

However, of this negative figure of over JPY10 billion in the other volume and mix, roughly speaking, two-thirds is from volume, and one-third is from mix and other deterioration. Of that two-thirds reduction in volume, about half is in North America.

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In North America, sales have temporarily turned negative, resulting in a significantly distorted situation from July to September.

The other thing is that, as a result, WILDPEAK sales also dropped slightly there. As you know, WILDPEAK in the US is very profitable, and WILDPEAK was negative in the July-September mix, which led the mix to deteriorate considerably. This special factor, combined with the volume decline, had more negative impact than a simple volume decline or simple mix deterioration.

As a result, we recorded this figure. Of course, it wasn't only in North America, as China also deteriorated and Africa was slightly bad. Based on such total, as I mentioned earlier, two-thirds is from volume, and one-third is from mix and other deterioration. That is all.

Sakamaki [Q]: So then in Q4, is more recovery effect coming in? I was also told earlier that we don't have to worry about your full-year plan.

Profit is expected to increase YoY. The outlook for domestic snow is negative. If this is indeed the case, it would seem to me that it would be quite difficult to make a significant increase in profit. Is there some return from something distorted in Q3 that pushes profits up in Q4?

Yamamoto [M]: Nishiguchi will answer.

Nishiguchi [A]: First, in terms of distortion, there were some distortions in Q3 due to the price adjustment and individual factors of certain supplier, but in North America, the recovery of orders in terms of volume is scheduled for October or later, so the price portion will return.

And as for the issue of the business partner, since the current measures have been taken since October and November, I do not think there will be any distortion, and they will be recovering.

In addition, in Japan, we have a replacement sales company that is directly affiliated with us, and a manufacturer that has been involved in off-take for many years, Goodyear Japan. We have incorporated both in the domestic results.

As for snow, which you are worried about, we have achieved YoY growth in the January-September period. We have no problems with tires, which will be our main source of profit from now on, as they are set at a positive YoY growth rate, including SYNCHRO WEATHER.

The off-take supply business has been unexpectedly drastically reduced. I hope you understand that the figure seems to be distorted in the domestic Rep. as a result of such factors. Is that Okay?

Sakamaki [Q]: Yes, I understand. Thank you very much. The other thing I would like to mention is the presentation by Mr. Yamamoto on page four, where he talked about cost reductions ahead of schedule that will increase profitability.

I think you have provided a similar chart on page 21. If we look at the chart here, about half of the effect of the reforms in North America will be realized in the next fiscal year, and then you will naturally have the effect of more than 10 billion.

The Thailand and Turkey effect you mentioned falls under the green section on page four. I would like to confirm whether my understanding of the amount and this chart is correct.

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Nishiguchi [A]: Thank you for your question. First, as you said on page four, some of the improvement in performance in 2026 and 2027 includes the further profit improvement part of this business restructure in 2021.

Since our thoughts are also included on this fourth page in the 2026 figures, we would like you to understand that the figures are not that accurate. They have not been calculated at the same ratio in a very linear and parallel manner.

Of the earnings improvement image on page 21, the profit improvement due to the closure of the North American plant was significant this year, and improvement will be further realized from 2026 to 2027.

In addition to that, the improvement in Turkey and China will also be included here, so the overall figure including those will be as shown on page four. We hope you understand.

Sakamaki [Q]: Yes, I understand. If you would allow me to check with you again for interviews, I would be happy to do so. By the way, in your words on page four about exceeding the 2027 target, would the most effective way to exceed be Turkey? What would be the factor that would give you the most expected response as a factor to exceed the target?

Nishiguchi [A]: Could you please show us page four again? I was quite particular about making this page. The color-coded efforts on the left and the bar graph on the right are also linked, although the numbers are not visible.

Also, I think your question on page 21 is about whether the new initiatives in Turkey, China, and various other countries would raise the earnings even more. In the additional initiatives of Project ARK, which is at the bottom left, if we lower the costs, the 10% in 2027 will be shifted to the left and brought forward.

However, as for the upper part, I have still made it conservatively. As for Mr. Sakamaki's question, we think that about half of this top part of the structural reforms on page 21 will be realized based on what we see in the US.

That part is included in the additional initiatives of Project ARK on page four. This is not reflected in the graph above.

So, in the Project ARK section below, I have not included anything at this time, but I would like to remind you of the new initiatives in Turkey and China, and not forgetting cost reductions in Thailand, as I mentioned on page 21. The idea is that if Araki works hard on this at Project ARK, the bottom part will come out. If we can achieve this, we will surely achieve the 10% profit margin ahead of schedule, as Mr. Yoshida asked.

Sakamaki [M]: I understand. Yes. Thank you very much.

Nakayama [M]: Thank you very much, Mr. Sakamaki. The next question is from Mr. Sakaguchi from Mizuho Securities.

Sakaguchi [Q]: I am Sakaguchi from Mizuho Securities. Thank you for all your help. I have one question.

I'm sorry to ask the same question, but I am wondering if you could tell me a little more about this sales activity. In North America, sales fell in Q3, partly due to transient factors. Sales in Q4 are also expected to fall based on the previous plan.

In Q4, from October to December, I would like to know the background of the drop from the previous plan by commodity.

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How will FALKEN and especially WILDPEAK trend in Q4? Looking at the change in the factors of increase/decrease this time, the other volume and mix is minus JPY15.9 billion compared to the last time. I am concerned about the turnout here, as it is quite large for a decrease of 1.26 million units sold. I am sorry to reiterate, but could you please explain the situation in Q4? Please.

Yamamoto [M]: Yes, thank you for your question. First of all, Okawa will answer regarding the volume.

Okawa [A]: Yes. I believe your question is about Q3 and Q4 in North America. Indeed, we saw North America fall slightly more than we had expected in Q2.

Then we saw a YoY decline as well. For Q4, there will be a slight decrease, but as I mentioned earlier, the mix has improved, and although sales themselves will be down slightly, the calculation is based on the assumption that there will be sufficient profit. Is that Okay?

Sakaguchi [Q]: I'm sorry. I'm not sure how to explain it. Compared to the last Q4, last time I believe you were estimating at 100 in Q4 for North American sales, and you are expecting 91 this time. I wanted to know the background of this. What will drop and what will improve? The purpose is to know the difference between last time and this time. I'm sorry.

Okawa [A]: I see. By type in North America, Sumitomo, DUNLOP, and FALKEN, the FALKEN is almost the same compared to the last time. Sumitomo is slightly down. DUNLOP's figures also show a slight decline due to a slightly weak footprint in motorcycles.

However, as I mentioned earlier, the impact of the volume will not be directly reflected in the business performance, and since there is a delay between Q3 and Q4, we believe that we will actually make a solid profit.

Sakaguchi [Q]: I understand. You mentioned earlier that SYNCHRO WEATHER is now in its second year and that it is growing YoY. Please tell me feedback from customers or any changes. That is all.

Okawa [A]: Thank you for your question, Mr. Sakaguchi. We launched SYNCHRO WEATHER last October, and in the first winter season we had really exceeded our initial expectations.

As expected, we have received inquiries from consumers, including from dealers and owners of SUVs and imported cars.

Then, over the winter, we improved the performance of SYNCHRO WEATHER on ice first, and I think the most important point was how this performance would be evaluated. Thanks to this, we were able to receive favorable evaluations.

We have received evaluations, including from journalists, on how well the tire performs as a summer tire during this summer season, and we have achieved the evaluation we intended. Since we received such positive feedback, we also conducted PR during the spring sales season, including the fact that this single unit can be used throughout the year.

Marginal profit is still higher than originally forecasted for this product. Also, more than 20% of the total is 18 inches or larger. Including this composition, marginal profit has been higher than we had expected. Another thing is that car dealers handle this product under the genuine commercial distribution system, and several manufacturers handle this product under the genuine commercial distribution system.

We believe that we will be able to further expand sales this winter, as we will now have 100 sizes and two additional sizes for light vehicles by the end of the year.

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In addition, Ohtani's advertising effect is great, and some customers have named this product throughout the year, so we will continue to work closely with Mr. Ohtani in the next fiscal year as well. Nishiguchi would probably like to make various additional comments, so I would like to hand over to him.

Nishiguchi [A]: You are probably wondering about the volume in Q4 in North America, and to elaborate on Okawa's explanation, it is the WILDPEAK series that earns 60% to 70% of the profits in North America.

Regarding the WILDPEAK series, as we have repeatedly said, there was a drop in Q3 due to price adjustments and problems with a supplier, but this will recover in Q4. We expect to be able to secure a level of about 100 compared to the previous year.

As for the overall volume, the decreasing portion in North America includes Sumitomo brand products that are directly exported and those delivered to a major national wholesaler. These products are still weak in Q4.

We are also supplying FALKEN radial tires for passenger cars other than WILDPEAK to a major national retailer, to which we supply two products exclusively. But these products are close to the end of the model, and we have included them conservatively in Q4. The volume is decreasing due to this.

Also, the motorcycle tire business is not so good in the US, and we have a very high market share in the motorcycle market. There is a reduction in that area.

Although the volume has dropped significantly in these three areas, 60%-70% of profits are from WILDPEAK, so our current reading is that we expect to be able to secure profits in North America for the year regardless of the decrease in volume.

As for SYNCHRO WEATHER, as Yamamoto just mentioned, the new major topic is that it has entered into the genuine distribution of car dealers. I'm not providing the company names, but it has entered into the genuine distribution of five companies in Japan. We have received remarkable orders immediately.

After all, this is the convenience of being able to place an order at a dealer by simply tapping the part number. This is a major topic, as this is very big.

In addition, not only domestic manufacturers, but we have also decided to do business with three import automobile manufacturers and their brands in their genuine distributions, which I believe will be a big plus if it comes into full effect next year.

Also, the Japan Mobility Show has just finished. I was there last week, and the response was very positive. Usually, we don't have trouble explaining things, but when we had SYNCHRO WEATHER on display, we got customers all the time, and the staff was busy explaining things to them. The response to the SYNCHRO WEATHER has been very strong.

In addition, since light vehicles account for 40% of the total car ownership in Japan, we will soon be releasing two sizes for light vehicles in December, as there has been a strong demand for them.

We have received quite a good response, especially in northern and snowy areas, and we expect this to grow in the coming year. This is the second winter after the summer season, and we have a general idea of how well we can do.

The 112 sizes will be launched next June, and more than half of those are 18 inches or larger. We have the feeling that we can sell the products with high marginal profit. That is all.

Sakaguchi [M]: Thank you very much for your detailed explanation. I understand very well. That is all.

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Nakayama [M]: Thank you very much, Mr. Sakaguchi. Now for the next question, Mr. Kanai from Tokai Tokyo Intelligence Laboratory, thank you for waiting.

Kanai [Q]: Yes. I am Kanai from Tokai Tokyo Intelligence Laboratory. Well, since time is running out, I would like to ask one question briefly.

As for your relationship with Sumitomo Electric Industries, your major shareholder, is there any change in the current situation regarding the discussion on the shareholder equity they have? This time, there was a major capital action at Sumitomo Riko and Sumitomo Densetsu, for both of which Sumitomo Electric is also a major shareholder, and I would like to hear your thoughts on this capital relationship, including the current thinking as the president.

Yamamoto [A]: Thank you for your question, Mr. Kanai. I think there has been no change.

We are not in a position to say anything, since we are possessed. Now, Sumitomo Electric is also very well versed in the automotive industry. In fact, we have business alliances and synergy effects, and we would like to keep such relationships.

We will consider the best option, taking into account the current situation, but they are not currently involved in our management, nor do we accept any directors on the Board from them.

Therefore, there are various business alliances and synergies, so we are not in a position to say, but there is no particular change in this relationship at present. That is all.

Kanai [M]: I understand. Thank you very much.

Nakayama [M]: Thank you very much, Mr. Kanai. Now it is scheduled end time. There seems to be no additional questions. Thank you very much for your questions. We hope you will also look forward to DUNLOP brand exhibition on December 3.

This concludes the financial results briefing of Sumitomo Rubber Industries for Q3 of FY2025. Thank you for taking time out of your busy schedules to join us today.

Yamamoto [M]: Thank you very much.

[END]

Document Notes

1. Portions of the document where the audio is unclear are marked with [inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
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