

Risks and Opportunities

To ensure sustainable growth, we steadily link medium- and long-term business opportunities to growth while working to identify and mitigate risk factors that could impair such growth. In this section, we provide a brief discussion of risks and opportunities related to changes in the business environment going forward as well as the strengths we will leverage for the future development of the business.

	Management Issues	Business Opportunities	Risks	Strengths	Growth Opportunities
Tire Business	<ul style="list-style-type: none"> ● Maximizing the results that we reap from the global business framework ● Developing products to respond to local market needs and ever higher performance demands ● Responding to the various issues present on the production floor by using digital technologies such as AI and IoT and automation to create smart factories 	<ul style="list-style-type: none"> ● Accelerated motorization due to population upsurges and economic growth in India, Africa, ASEAN, etc. ● Increased demand for tires made of sustainable raw materials and fuel-efficient tires due to tightened environmental regulations for automobiles and heightened awareness of the global environment ● Growing demand for next-generation tires on the back of the widespread technological shift toward CASE and MaaS ● Popularization of such tire-related services as those enabling tire pressure management and abrasion monitoring via the use of AI and IoT 	<ul style="list-style-type: none"> ● Political instability in emerging countries ● Jump in the price of raw materials and crude oil ● Emergence of manufacturers from emerging countries ● Natural disasters, pandemics ● Fluctuations in demand for winter tires due to rising global temperatures and diminishing snowfall volumes 	<ul style="list-style-type: none"> ● DUNLOP brand, which boasts over 130 years of history since the commercialization of the world's first pneumatic tire and has won public recognition throughout the world ● Extensive product lineup centered around the "ENASAVE" series that complies with the labeling regulations for fuel-efficient tires ● Globally optimized production infrastructure ● World-leading simulation and analysis capabilities utilizing state-of-the-art supercomputers and so on ● Tire pressure sensing technologies installed in a cumulative total of 40 million vehicles ● Biomass technologies nurtured in the course of developing fossil resource-free tires 	<ul style="list-style-type: none"> ● Promoting sales expansion in advanced tires, such as those aimed at the growing SUV tire market ● Creating new economic and societal value by giving concrete form to the "SMART TYRE CONCEPT" for the development of tires and peripheral services ● Developing tires using biomass raw materials that feature reduced environmental impact ● Providing tire-related solution businesses designed to help improve driving safety and reduce environmental burden via the use of AI and IoT ● Contributing to carbon neutrality through the development of products incorporating a greater proportion of biomass materials 
Sports Business	<ul style="list-style-type: none"> ● Maximizing the results that we reap from the global business framework ● Developing products to respond to local market needs and ever higher performance demands ● Strengthening efforts towards enhancement of "DUNLOP" brand value and expand the effect to the entire Sumitomo Rubber Group to generate synergies 	<ul style="list-style-type: none"> ● Expanding business opportunities following the acquisition of trademark rights to the "DUNLOP" brand throughout the world ● Raising awareness of health and sports among citizens, against the backdrop of an aging society ● Growing demand for digital-driven services and products 	<ul style="list-style-type: none"> ● A cautious consumer sentiment regarding spending for recreational activities due to a lingering sense of future anxiety amid economic instability induced by the COVID-19 pandemic ● Jump in the price of raw materials ● Deterioration in the outdoor sporting environment due to higher temperatures and other negative consequences resulting from climate change 	<ul style="list-style-type: none"> ● Providing products and services that are backed and differentiated by superior technical development capabilities, such as the utilization of state-of-the-art supercomputers ● Building brands and product appeal that have been refined at the most elite professional tour tournaments ● Practicing marketing that is thoroughly based on user needs and the global marketing capability to support that 	<ul style="list-style-type: none"> ● Developing & promoting sales of advanced products ● Expanding our Sports Business globally (Golf and Racket Sports Business) ● In golf, enhancing our presence in North America, the largest market ● In racket sports, leveraging the sales power we have cultivated in tennis balls, the brand power of Dunlop and our technical development capabilities, to grow sales ● Pursuing the diverse value and potential to be found in sports, so as to further enrich the customer's sporting life ● Broadening the scope of operations to include AI- and IoT-based services aimed at assisting sporting activities ● Developing products with even lower environmental footprints by, for example, reducing the volume of plastics used in packaging and other materials 
Industrial and Other Products Business	<ul style="list-style-type: none"> ● Enhancing research and development systems for high-value-added products in terms of quality and functionality, based on rubber technology ● Accelerating business developments into Europe and the United States, shifting from conventional businesses centered in Japan and other Asian countries ● Constantly optimizing our business portfolio in line with changes in society 	<ul style="list-style-type: none"> ● Sustained growth in demand for rubber parts for medical applications on the back of expansion in the global pharmaceutical market ● Growing needs for earthquake countermeasures reflecting ever stronger public awareness of natural disaster risks ● The emergence of new needs due to the growing global trend toward sustainability along with the increasing importance of non-financial aspects of corporate activities ● Growing public hygiene awareness in the wake of the global COVID-19 pandemic 	<ul style="list-style-type: none"> ● Jump in the price of raw materials ● Pandemic-induced changes in government policies in addition to restrained investment policies adopted by the majority of private corporations 	<ul style="list-style-type: none"> ● Maintain a portfolio of varied proprietary technologies backed by our rubber technology nurtured in the course of operating the Tire Business ● Maintain a broad range of market contact points, particularly in business fields like infrastructure, disaster risk countermeasures, and healthcare that have strong affinity with our policy of contributing to society ● Moved the headquarters for the Rubber Parts for Medical Applications Business to Europe in 2020 to build a global business operation in growth markets 	<ul style="list-style-type: none"> ● In rubber parts for medical applications, aim for further business expansion in growth markets by boosting our production capacity via, for example, the launch of a new factory run by subsidiary Lonstroff AG in Slovenia and the augmentation of facilities at the Kakogawa Factory ● In the vibration control business, expand the lineup and increase sales of the "MIRAIE" Vibration Control Units for Detached Housing, utilizing the vibration control technology used in bridges and buildings ● In the rubber glove business, initiate the production of thin nitrile rubber gloves for medical applications via the establishment of new manufacturing lines ● Explore new business fields that will better position us to meet future needs in a way that fully takes advantage of the diverse resources afforded us by the wide-ranging operations the Group is handling ● Develop environmentally friendly products via, for example, the use of alternatives for organic solvents and the incorporation of biologically derived raw materials 