

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 |
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| 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  |