

Business Overview

# Industrial Products Business

## Contributing to Safety, Peace of Mind & Comfort for Communities

The Sumitomo Rubber Group manufactures a wide range of industrial products that take full advantage of the numerous advanced rubber technologies that we have accumulated throughout our history. Having continuously expanded our business into various new fields in response to the growing needs of society, we now produce everything from industrial infrastructure to medical supplies, healthcare goods and daily necessities. Now more than ever before, the world is taking a keen interest in the myriad possibilities of our advanced technologies.

Our Industrial Products Business falls under the jurisdiction of our Hybrid Rubber Products HQ.

### Products & Services to Achieve Sustainable Growth while Protecting Both Industry & Daily Life

**Masahiro Tsuzaki**  
Head of the Hybrid Rubber Products HQ



#### Remarks on Assuming Post as Head of HQ

I was appointed to head the Hybrid Rubber Products HQ in January 2022. One of my favorite phrases has always been "Win-Win-Win," and so I feel that it is my mission and my duty to build mutually beneficially relationships with all of our stakeholders, including customers, employees, suppliers, shareholders and society at large.

I have been with the Sumitomo Rubber Group for over 20 years now and have spent much of my career to date in the Tire Business. As a member of the Corporate Management Planning & Administration Department, I spent the last two years working as a leader on the "Be the Change" Project. In addition to providing many products that contribute to community development as well as everyday life, the Hybrid Rubber Products HQ also boasts numerous products that are No. 1 in their respective fields. One thing that these products have in common is that they all serve to "Protect." Our business protects everything from general health to life and limb as well as mobility, industrial infrastructure, daily life and even culture. Being a part of all of this not only makes my work all the more worthwhile but also gives me a strong sense of pride in what we do.

#### Harnessing the Expertise of Each Business Team to Take on the Challenges of Creating New Value

From infrastructure products to medical supplies to daily necessities, the Hybrid Rubber Products HQ provides numerous products and services useful to society at large. At the same time, however, we also need to develop winning strategies for each individual product and service while taking into account their diverse characteristics and life cycles. The key here is to develop the best possible products and services. Accordingly, we have adopted a business team system with a dedicated business team presiding over every aspect of business for each product line. These business teams are tasked with precisely ascertaining customer needs in a timely manner and then creating products and services that fully surpass those needs. Central to these efforts are opportunities to come up with new ideas while drawing upon the strength of our diversity.

Whether ending in success or failure, every case study from our past adds to our store of know-how. Thus, we are currently working to create mechanisms to promote reciprocal information sharing and mutual support among business teams so that this invaluable know-how will not remain confined to any one team. Each team is an elite corps dedicated to its product line, handling every part of the business in their field from development to manufacturing to sales. I hope to forge stronger connections across business teams while maintaining the many advantages that our business team system provides. Here, I introduce a few examples of what our business teams are doing.

We are now working to further expand our business when it comes to our No. 1 product in the field of infrastructure to mitigate disaster risks: MIRAIE

vibration control dampers designed for wooden housing. Here, our efforts revolve around expanding our lineup of products under the MIRAIE Brand even as we push ahead with the development of the next generation of vibration control dampers to surpass our current offerings. At the same time, we are working to expand sales of vibration control systems for buildings and bridges both in Japan and around the world.

Meanwhile, when it comes to rubber parts for medical applications, we have long commanded a large share of the Japanese domestic market for rubber stoppers for glassware (i.e., vials) used to store influenza vaccines, etc. However, in spite of our proven track record in Japan, there is still much room for us to grow this line of business in overseas markets. Toward attaining a solid foothold in new markets, we have been focusing our efforts on developing products that feature high added value while providing service that exceeds customer expectations with the aim of becoming a major player in the global market for rubber stoppers for vials and prefilled syringes, etc.

#### Contributing to ESG Management with Shared Values & Approaches to Work

Our efforts are not simply a matter of transcending the boundaries of compartmentalized organizations, but also sharing values and approaches to work throughout the Hybrid Rubber Products HQ. Therefore we strive to foster the values of "CFP" (Cheerful, Fun, Positive), which means maintaining a positive attitude as we work to overcome various difficulties, as well as "RSD" (Respect, Support, Discussion), which means respecting one another, actively working to help one another and engaging in constructive dialogue.

The many strengths of the Hybrid Rubber Products HQ include an emphasis on personal discretion, a culture of taking on the challenges of creating something from nothing and in-depth knowledge that has produced numerous No. 1 products in a wide range of fields to date. I believe that our opportunities for growth will continue to expand as long as we build on these strengths while combining them with new strengths borrowed from other business divisions of the Sumitomo Rubber Group.

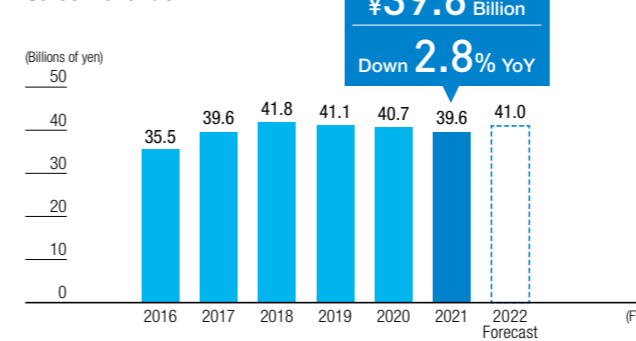
When it comes to protecting the environment as part of ESG Management, our efforts include working to resolve the societal issues caused by microplastic\* runoff from artificial turf for sporting facilities. Toward this end, in cooperation with the Ministry of the Environment and local governments, we have already launched an industry-first proof of concept project that aims to address this issue at public facilities.

In tandem with the whole Sumitomo Rubber Group, the Hybrid Rubber Products HQ is also working to contribute to better all-around ESG Management through active efforts to achieve carbon neutrality while manufacturing more environmentally friendly products.

\*Small pieces of plastic that have a diameter of no more than 5mm.

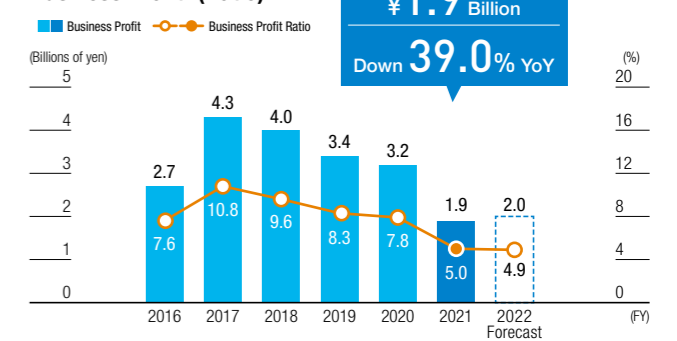
## Results of Operations / Major Indicators

### Sales Revenue



Note: Operating results include the Other Business.

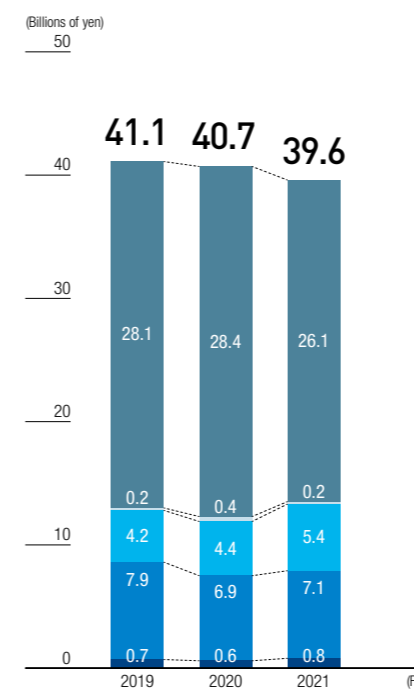
### Business Profit\* (Ratio)



\*Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

## Sales Trends

■ Japan ■ North America ■ Europe ■ Asia ■ Other

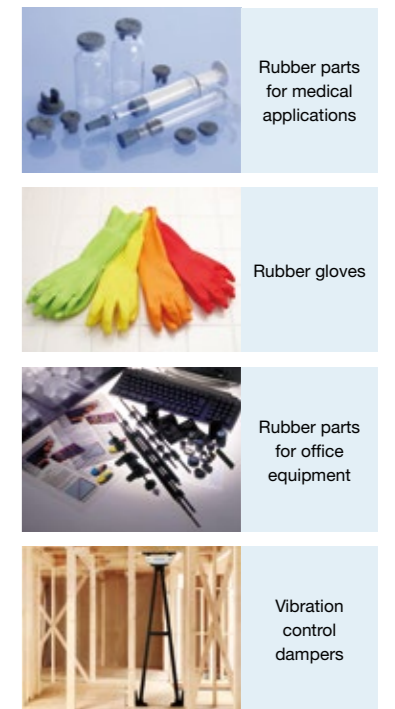


**Japan** Reacting to uncertainty regarding the economic outlook due to the COVID-19 pandemic, businesses have taken a restrictive approach to capital expenditure. This trend has particularly affected the business environment surrounding our infrastructure business. Overall sales have thus remained below levels seen in recent fiscal years. In the rubber glove business, there have been radical fluctuations in the volumes of both demand and supply across the entire market, causing ongoing volatility in the business environment and making it difficult to determine our operations' future direction. On the other hand, we have seen constant and robust growth in market demand for rubber parts for medical applications. Taking these factors into account, we will strive to optimize our portfolio, paying close attention to medium- to long-term market trends associated with each product item.

**Europe** On the back of ongoing growth in market demand for rubber parts for medical applications, sales revenue has steadily expanded. Looking ahead, we will pursue the further strengthening of our earnings power in step with growth in sales.

**Asia** Overall sales of rubber parts for office equipment decreased from fiscal 2019, reflecting the ongoing fallout from instability in factory operations and the disruption of supply chains, both of which have emerged in the wake of the COVID-19 pandemic. On the other hand, sales were up in the vibration control damper business compared with the fiscal 2019 level. As marketing activities amid an environment influenced by the COVID-19 pandemic require creativity, we will continue doing our best to expand sales.

**Other Business** We deem it comparatively important to maintain competitive advantages backed by product functions that set ourselves apart from others. At the same time, we also strive to accurately assess market needs by paying attention to geographical factors, with the aim of optimizing our global marketing and other operations.



## Topics

### Celebrating the 50th Anniversary of the Kakogawa Factory, the Industrial Products Business's Mother Factory

Recently, we celebrated the 50th anniversary of the commencement of operations at the Kakogawa Factory, the Industrial Products Business's mother factory. We would like to acknowledge the numerous stakeholders who have contributed to the operation of this base since its launch in 1972 and hereby express our deepest gratitude for their understanding and support. Having started out as a bowling ball\* manufacturing facility, the factory has striven to align and improve its production lineup and manufacturing quality in step with changes in the market environment and customer needs, thereby contributing to the development of our Industrial Products Business. With an eye to the next 50 years, the Kakogawa Factory will continue to take on new challenges in pursuit of further growth.



#### Basic Information

History	1972	Launched operations (January)
	1973	Started the production of gas hoses and solid tires
	1981	Started the production of marine fenders
	1984	Started the production of rubber parts for office equipment
	1989	Expanded facilities (launched the second factory)
	2004	Started the production of vibration control dampers
Land Area	36,000m <sup>2</sup>	
	Number of employees	
		458 (as of December 31, 2021)

\*The production of this item has been terminated.