



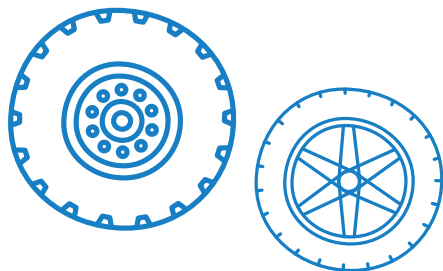
Business Activities



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Tire Business



[Business Overview]

— More Drive, More Joy —

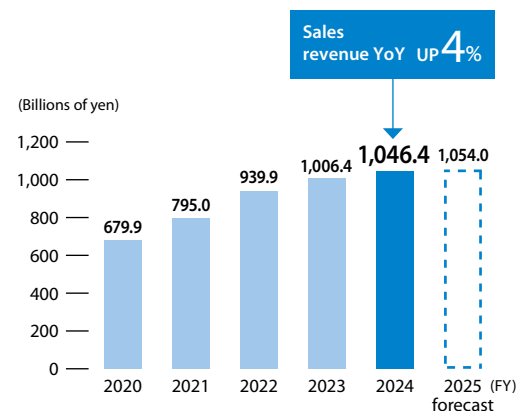
We offer two mainstay brands: our pioneering DUNLOP Brand, which has always pursued greater safety and environmental performance, and our global FALKEN Brand, which caters to those who simply enjoy the thrill of the drive. With these brands, we are taking on the challenge of making tires that are both safe for people and environmentally friendly, designed for use in various scenes of daily life all throughout society, including tires for passenger cars, trucks, buses, and industrial vehicles

Opportunities	Risks
<ul style="list-style-type: none"> Increasing demand for SUVs and tires in larger inch sizes Expansion of all-season tire market Increasing demand for sustainability solutions due to stricter environmental regulations and rising environmental awareness 	<ul style="list-style-type: none"> Intensifying global competition (due to emergence of new manufacturers, etc.) Market shrinkage due to economic downturn and oversupply Sudden changes in the external environment, such as raw material costs and exchange rates Changes in social conditions in business-related countries

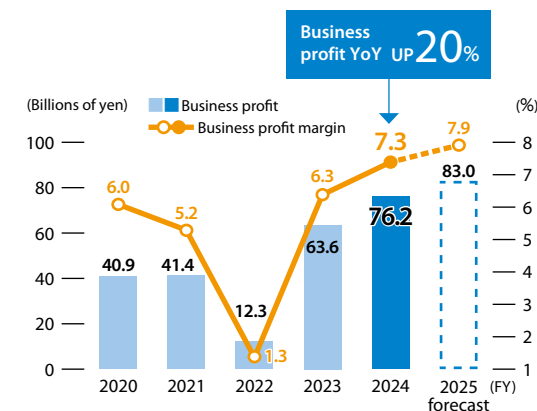


[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Tire Business

Review of Fiscal 2024

The global tire market was generally sluggish. While competition intensified as more relatively inexpensive general-purpose tires made in China and Asia became available, there were also business opportunities such as increased demand for advanced tires. In fiscal 2024, we worked to strengthen our business by expanding products and services that utilize our proprietary technologies.

● Establishment of the Tire Business Headquarters

In January 2024, we established the Tire Business Headquarters with the aim of improving efficiency and management speed by supervising all aspects of business operations from manufacturing to sales. In the first year of the Tire Business Headquarters, we focused particularly on improving our business performance, and we were able to increase our business profit to a level close to our highest ever.

● Structural Reforms

In order to improve the profitability of our North American tire business, which we viewed as our top priority, we decided to cease production and

close our U.S. tire plant. Tire production in the U.S. plant has since been transferred to other plants in Asia and Japan, which has minimized the impact of the ceased production. An agreement was reached with the labor union last year regarding the treatment of employees following the plant closure, and we are also providing support and assistance to employees who are leaving the Company and seeking new employment. Although we recorded a one-time extraordinary loss, we expect an improvement in business profit of our North American business.

The plant closure significantly changes our profit structure. In the past, the majority of our profits came from Japan, China, and other parts of Asia, but our North American business will now be our biggest source of income. We will further focus on the U.S. market and strive to improve profits globally.

● Laying the Groundwork for Growth Lines of Business: Next Generation All-Season Tires Equipped with ACTIVE TREAD technology

In October 2024, we launched a new product, SYNCHRO WEATHER, in the domestic market, which is equipped with the ACTIVE TREAD



Business Activities

Tire Business

technology born from our strengths in rubber and analytical technology.

Our unique ACTIVE TREAD technology is a groundbreaking technology that allows the rubber to change its properties on its own to adapt to various road surface conditions.

The next generation all-season tire “SYNCHRO WEATHER” equipped with this technology has not only received pre-orders before its launch, which is extremely rare for a tire, but has also received great responses on social media. This technology won for “R&D Breakthrough of the Year” in the Tire Technology International Awards for Innovation and Excellence.

Given that sales in 2024 exceeded our first-year target, we aim to increase sales this year by expanding the number of sizes that are available. We plan to launch new products equipped with the ACTIVE TREAD technology in Europe and the U.S. in 2027 and are currently proceeding with development.

● Focusing on Motorsports

Traditionally, we have focused on various motorsports both in Japan and overseas. We are actively involved in motorsports, as we believe that it allows us to improve our cutting-edge technology in the extremely competitive environment of racing, which can lead to new development. It also allows us to promote our technology to a wide range of fans and pave the way to the advancement of the entire automotive industry.

In 2024, in the Nürburgring Endurance Series held in Germany, FALKEN Tire marked its fifth win of the season and was named the series champion in the NLS Speed Trophy category. For North American motorcycle tires, motorcycles equipped with Dunlop tires swept the series titles in all classes in 2024 AMA Pro Motocross, marking victory for the 15th consecutive year.

Towards the Realization of Our Long-Term Corporate Strategy

In the tire business, with DUNLOP as our core brand, we plan to further improve our profitability by introducing new products equipped with ACTIVE TREAD technology and optimizing our global production system. By enhancing and strengthening the value of our brand, we will establish the brand in the premium market.

The ACTIVE TREAD technology marks an evolution in the “switches” within rubber to respond to water and temperature, and it has also led to the development of the Third Switch, the next-generation switch. We plan to launch new products in Europe and the U.S. in 2027, and then continue to roll out new products equipped with the same technology in all-season/all-weather tires, summer tires, and large outer diameter tires for SUVs and pickup trucks. By focusing on premium consumer tire products, including these products equipped with the ACTIVE TREAD technology, we aim to increase the ratio of the products from the current 40% to 60%, aiming for improved profitability.

In addition to the evolution of ACTIVE TREAD through compounding technology, our technological strategy includes design technology for developing a platform that can maximize the tire’s footprint while achieving uniformity and weight reduction, and development process technology which uses AI to promote greater development efficiency and reduction of resources. The combination of these technologies will achieve significant reductions in tire rolling resistance and weight reduction.

As our manufacturing strategy, we will promote the “In-House New Factory” concept which makes it possible

to maintain current operations while renewing some parts of existing production facilities with state-of-the-art production lines. For large outer diameter tires for SUVs and pickup trucks, which are our focus going forward, we will introduce molding machines that incorporate our proprietary technologies and new production methods. This will not only improve performance, but also cost competitiveness.

Production allocation will be optimized across the entire Company, with manufacturing plants in Japan and other parts of Asia serving as export bases.

By steadily implementing these strategies, we will strive to raise the business profit margin of our tire business to 15%.

In our SENSING CORE business, we are making proposals both in Japan and overseas, and we are now in a phase where our products can be adopted by multiple automobile manufacturers. We believe that equipping SENSING CORE in many vehicles will lead to the realization of a safer mobility society, and we aim for further global expansion. In preparation for the future shift from conventional vehicles to SDVs* and autonomous driving, we will accelerate the development of SENSING CORE functions that only a tire manufacturer can provide and improve our product appeal.

* Software-defined vehicle (SDV): a next-generation vehicle that can realize new value not available in conventional vehicles, such as having more advanced driving functions, by continually updating functions through communication with the cloud.

Key Initiatives in Fiscal 2025

The entire tire business division, from manufacturing to sales, will work together to ensure that business profit in the tire business reach a new record high, by improving the ratio of premium products and raising unit prices through an increase of premium product sales, and reducing costs through productivity enhancement.

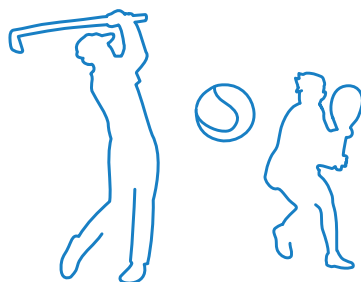
In addition, following the acquisition of the DUNLOP trademark rights in Europe, the U.S. and Oceania, based on the trusting relationships we have cultivated with business partners through the sales of the FALKEN brand so far, we will gradually introduce DUNLOP products centering on the premium “SPORTMAXX series” starting with the U.S. and Oceanian markets.

For the next generation all-season tire SYNCHRO WEATHER, which was launched in Japan in 2024, we will increase the size lineup so that SYNCHRO WEATHER tires can be fitted to a wider range of vehicles. The Company will also enhance sales promotion efforts, including a new commercial featuring Major League Baseball player Shohei Ohtani, and aim to expand the all-season tire market in Japan and gain a larger share for SYNCHRO WEATHER in the market.



Official website: SYNCHRO WEATHER (Japanese Only)

Sports Business



[Business Overview]

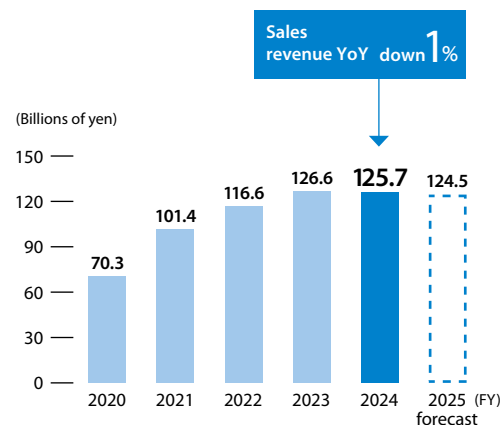
— Enriching Sporting Life —

Drawing on the full range of its advanced technical capabilities, the Sumitomo Rubber Group continually strives to enrich sporting life for customers. In addition to providing high-performance golf clubs, tennis rackets and other sporting gear designed for ease of use by athletes of all stripes, we operate golf and tennis schools and support our customers' physical and mental health on a day-to-day basis.

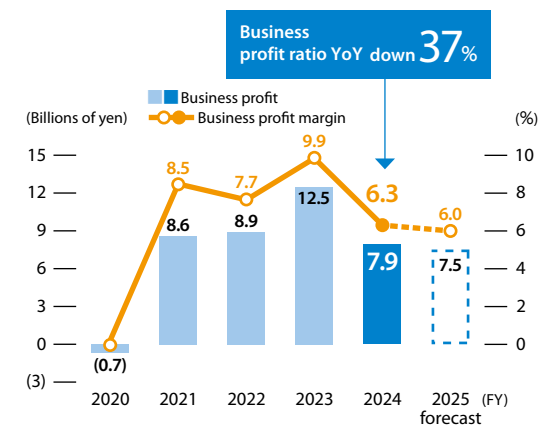
Opportunities	Risks
<ul style="list-style-type: none"> Expanding business opportunities following the acquisition of trademark rights to the DUNLOP brand overseas Golf: Further business expansion in North America, the world's largest market Tennis and other racket sports: Strong popularity of tennis, plus expansion of markets for pickleball (the U.S.) and padel (Europe) Extended healthy life expectancy and increased demand for indoor sports, especially among young people User expectations for environmentally friendly products 	<ul style="list-style-type: none"> Reduction in spending for recreational activities due to economic instability caused by geopolitical risks and uncertainties about the future Rising prices of raw materials and other commodities Deterioration in the environment for outdoor sports due to higher temperatures and other effects from climate change Decline in golf and tennis populations due to low birthrate and aging population in Japan

[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Sports Business

Review of Fiscal 2024

● Thanks to the Success of Our Contracted Athletes, SRIXON Brand Awareness Has Increased in North America

The sports business in 2024 saw lower revenue and profits, resulting in severe results than planned at the beginning of the year. This was due to lower than expected sales in South Korea and North America, the golf business's main markets.

In South Korea, market conditions maintained a high level after COVID-19, but a downturn began in the second half of 2023 due to increased leisure spending in areas other than golf, and in 2024, combined with political factors, the market declined more than expected. The Company was also affected by this, but through steady efforts such as strengthening sales activities, we were able to secure sales that exceeded market conditions.

In North America, sales of XXIO clubs increased compared to the previous year, although they did not meet our high expectations. Sales of SRIXON brand products also performed well. In particular, with regard to the good performance of SRIXON, we believe it was the result of the successful combination of steady efforts to strengthen our sales and marketing capabilities and the contributions of endorsements from contracted players on the PGA Tour. In 2024, our contracted players performed extremely well. Hideki Matsuyama became the first Asian player to win the American men's golf PGA Tour playoffs (the first round), Keegan Bradley won the second round, and TEAM SRIXON had a record five players who participated in the final round. We believe the results greatly contributed to increasing our brand visibility and value.

In Japan, Rio Takeda was crowned the annual champion on the women's tour, and all of the top five ranked players were our contracted

Keiji Moriyama

Executive Officer,
Head of the Sports
Business Headquarters



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Sports Business

players. Thanks to the success of these contracted players, sales of the SRIXON ZXi series golf clubs, which were launched in Japan in November 2024 have been strong.

The tennis business saw an increase in revenue. The increase in revenue was due to increased sales of tennis balls and rackets in Japan, and in North America, the signing of an official partnership agreement with the Intercollegiate Tennis Association (ITA) in July 2024 led to increased sales of tennis balls. 2024 was also a year in which our contracted tennis players, including Jack Draper and Alexei Popyrin, achieved excellent results.

As part of our mid-term plan to achieve structural reforms by 2025, we made a difficult decision to transfer our fitness business to a company which, we believe, will make it more successful. The operation of golf schools and tennis schools will be undertaken by domestic golf and tennis goods sales subsidiaries, and we will work to create synergies with product sales and services.

Towards the Realization of Our Long-Term Corporate Strategy

● As the Front-Runner in the Global Expansion of the DUNLOP Brand

Our 2023 mid-term plan goal of expanding our business with a focus on gear that leverages our strengths as a manufacturer remains unchanged, but this time we have considered a strategy with a longer-term perspective.

First, in the golf business, there has been an increase in “off-course golfers,” particularly among young people in North America, who enjoy golf without going to a golf course. We believe that a strategy to approach these casual players is necessary. We intend to expand our scope of business to include services, apparel, and goods sales by utilizing M&A (Mergers and Acquisitions) and other means, and increase our points of contact with these users. By then utilizing those contacts for digital marketing, we will uncover the hidden needs of diverse users and aim to rise to the top three in global market share by leveraging the combined strength of our gear and soft goods sales.

In the tennis business, endorsements by top professional players are even more essential than in golf, especially when it comes to selling rackets. We have provided assistance to promising young players through contracts with prominent academies, and we intend to step up this effort from now on. As for our tennis balls, they are used in major tournaments around the world, and we are currently in the top three in global market share. Leveraging this trust, we aim to further increase our market share and rise to the top in market share, and to reach the top three in global market share for the combined sales of rackets and balls.

In addition to golf and tennis, we will also work to create a new business that will become the third pillar of our sports business. We will ramp up our current e-sports related business and expand the scale and scope of our business with our eye on M&As.

The sports business is a front-runner in the global expansion of the DUNLOP brand including tires. We will further enhance the youthful and active image of sports and, through means such as cross-marketing with tires, we will increase the favorability and value of the DUNLOP brand, thereby contributing to improving our corporate value.

Key Initiatives in Fiscal 2025

As mentioned above, 2024 was a year marked with excellent performance of contracted players in both golf and tennis. We will make sure to take advantage of this opportunity to increase sales.

In the golf business, we will further strengthen sales of the SRIXON series in North America, which is our priority area, and provide products that meet customer expectations. We have launched new models of SRIXON ZXi series golf clubs, which were pre-released in Japan in 2024, and of SRIXON Z-STAR series golf balls, which are used by many tour professionals. Containing corn-extracted bio-polyol as one of its materials, these balls are an environmentally friendly product, making them a groundbreaking initiative for golf balls worldwide. In addition, thanks to the success of our contracted players, the SRIXON brand has steadily increased recognition among advanced golfers, and we believe that the next challenge will be to penetrate the brand among beginners and average golfers. We are working to further boost our online exposure through social media and other channels, and to gain more fans.

In the tennis business, we globally launched a new DUNLOP SX series racket, which was developed based on the concept of a “winning spin” and by appropriately adjusting the opposing elements of speed and spin. We will further promote the use of the racket by professional players and increase the global value of the DUNLOP brand.

By responding to the diverse expectations of our customers in a variety of situations, we will pursue the joy and excitement of the experience, which is the essence of sports, and strive to turn completely into the true global player in the business.



Hideki Matsuyama
Won at The Sentry, the first tournament 2025 PGA Tour season in January
The gear used contained SRIXON driver irons, Cleveland wedges, and the new SRIXON Z-STAR XV golf balls

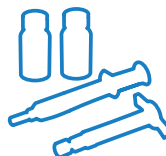


Jack Draper
Won the ATP 1000 Masters “BNP Paribas Open” in March 2025.
The gear used contained the DUNLOP tennis racket FX500.



DUNLOP SPORTS STYLE

Industrial Products Business



MIRAE



Hibrid-Turf



[Business Overview]

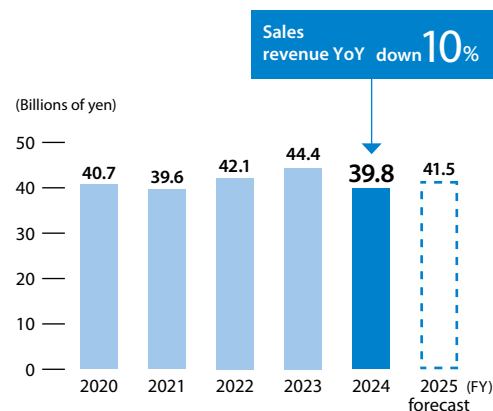
— Supporting happier lives —

The Industrial Products Business is under the Hybrid Rubber Products Headquarters. Taking advantage of the rubber technology we have cultivated over the years, we deliver products designed to protect human life, contribute to health improvement and support mobility in an effort to enhance people's daily lives. These operations encompass a breadth of fields ranging from industrial infrastructure to medical and living essentials.

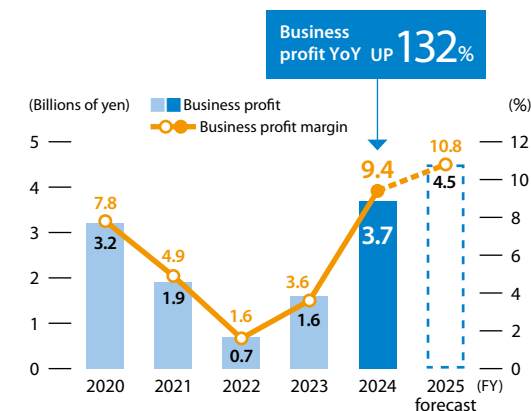
Opportunities	Risks
<ul style="list-style-type: none"> Expanding global biopharmaceutical markets Raised awareness of disaster prevention caused by the prediction of potential Nankai Trough megaquake Expanding market for environmentally friendly products due to increasing awareness for sustainability 	<ul style="list-style-type: none"> Declining production and supply capacity in domestic factories due to labor shortages Declining demand for existing products and declining business profitability due to changes of the times Supply risk of raw materials and goods to be purchased

[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Industrial Product Business



Tatsuji Matsumoto

Executive Officer,
General Manager
of the Hybrid Rubber
Products Headquarters

In March 2025, I was appointed General Manager of the Hybrid Rubber Products Headquarters. Since joining the Company, I have been consistently involved in the hybrid rubber products business. The Hybrid Rubber Products Headquarters aims to create new product lines and businesses that have never existed before. I find it extremely rewarding to be able to continue pursuing these possibilities as an engineer.

My first job as a working adult was to develop products to suppress wind-induced vibration for large bridges which were being built one after another at the time, including the Akashi Kaikyo Bridge. Later, following the Great Hanshin-Awaji Earthquake in 1995, I was involved in launching the business for vibration control dampers to protect houses and buildings from the shaking of major earthquakes, and since then, I have contributed to the growth of the business.

In the Hybrid Rubber Products Headquarters, we supply rubber products that dominate market share in a wide range of fields, from the medical market to the industrial infrastructure market. These products are high-value-added products that are created using our propriety,

advanced technological capabilities, and we are actively expanding them into the global market. Going forward, we will continue to leverage the technologies we have cultivated over the years to venture into new fields and contribute to resolving social issues. We will strive to deliver safety, security, and comfort, as well as joy in people's daily lives and in community development.

● Aiming to Be a “Business Division for Resolving Social Issues”

In addition to striving for high profitability, we aim to be a “Business Division for Resolving Social Issues” In 2024, the 2024 Noto earthquake occurred on New Year's Day. Once again, we would like to express our deepest condolences and sympathies to those who have been affected by the devastating earthquake. No houses fitted with our vibration control dampers suffered complete or partial collapse, and we received many words of gratitude from customers. We have renewed our strong



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Industrial Products Business

determination to accelerate our research and development activities with the aim of achieving even greater performance. We want to further expand the application of vibration control dampers, which were previously mainly applied to new houses, to home renovations as well, thereby, we hope to contribute to realizing a society that makes the most of the existing housing stock, which is a policy promoted by the government. Furthermore, in the medical rubber business, we will establish a reliable supply system for high-quality rubber products for medical application to ensure a stable supply of pharmaceuticals in response to social demand. Today our society faces a variety of issues, including a declining birthrate and aging population, climate change, and promoting health, and the nature and severity of these issues are changing every moment. We will face ever-changing social demands squarely and strive to continue being a business that is needed by society.

■ Aiming to Contribute to Resolving Social Issues Through the Industrial Products Business



Review of Fiscal 2024

● Structural Reforms Aimed at High Value-Added and High Profit Margins

We were able to achieve a high profit margin level in 2024. It was a year in which our hard work to operate a profitable business through the provision of high value-added products and services paid off. In line with our company-wide policy, in 2023, we took the lead and decided to sell our European medical rubber products business company and withdraw from the gas hose business. In 2024, we worked on closing these two businesses and ceasing production, as well as promoting various structural reform projects. We believe that the cumulative effects of these efforts, as well as the recovery in the performance of our existing lines of businesses, including our industrial infrastructure business (such as marine fenders and artificial turf) led to successful results.

Towards the Realization of Our Long-Term Corporate Strategy

Our vision is to be a business division that makes great strides as a “Business Division for Resolving Social Issues.” Taking advantage of the unique technologies and contact points with society that only the Industrial Products Business possesses, we aim to develop businesses and create an organization where all staff members

are highly content and able to dedicate themselves to their work. We believe that our mission is to steadily strengthen, broaden, and deepen the robust business, contact points with society, and trust from our customers that we have built up over our more than 100-year history, and pass these on to the next generation.

Specifically, centering on our growth businesses, that is, the medical rubber business and vibration control damper business, we plan to expand our products globally while increasing our production capacity and honing our technological capabilities. In new product development, we will add the know-how we have cultivated so far in business areas where we have taken the initiative, and take on challenges in fields that are highly reliable and feasible.

For the vibration control damper business, we will continue to develop vibration control dampers for home renovations that will help utilize existing housing stock. We will also develop vibration control dampers for temples and shrines to protect local cultural heritage. In the medical rubber business, we will continue to develop rubber products for biopharmaceuticals and strengthen our supply system.

In addition, as products that will resonate with customers, we plan to launch artificial turf that combines playability with environmental friendliness, developed from a sports player's perspective through joint research with a university, as well as a new type of marine fender that is essential for port maintenance.

Key Initiatives in Fiscal 2025

With the key theme of “Winning with good offense backed by good defense,” we will proactively develop new products and services and implement new measures to expand our market share while managing risks appropriately. In addition, we will focus on the following two points as our priority measures: 1. Setting a course for structural reforms and 2. Developing products that resonate with customers.

For the first point of structural reforms, we will continue to address some of our low-profit businesses, set a clear course for them, and, in line with our company-wide policy, position fiscal 2025 as a turning point for business growth.

For the second point, we will effectively utilize the management resources that will be reallocated as a result of the structural reforms to develop products in each business that will resonate with customers. We will work together to create high value-added products and services that will help resolve social issues, inspire people, and gain a positive response.

In addition, in order to maintain and increase medium- to long-term production capacity in the medical rubber business, where demand is expected to grow, we will swiftly rearrange layouts of existing factories and refresh production processes.

Furthermore, we will promote D&I initiatives to foster a comfortable working environment and an open corporate culture, and also implement DX initiatives aimed at data-driven management. These initiatives will become (official) projects, be established within the organization, and evolved systematically.

Through these efforts, we will make fiscal 2025 a year of taking on new challenges and taking a new step forward towards realizing our Long-term Corporate Strategy.



Industrial Products