

The following is an English translation of the Notice of Convocation of the 129th Ordinary General Meeting of Shareholders of Sumitomo Rubber Industries, Ltd. (the “Company”) to be held on March 26, 2021. The Company provides this translation solely for reference and convenience of the shareholders and not for any other purposes. The Company makes no warranty, express or implied, as to the accuracy or completeness of the translation. Furthermore, the provision of this translation by the website shall neither constitute an offer to purchase or sell any securities or a solicitation of such offer nor be deemed a recommendation for investment.

(Translation)

(Securities Code: 5110)

March 5, 2021

To Our Shareholders

Sumitomo Rubber Industries, Ltd.
6-9, Wakinohama-cho 3-chome
Chuo-ku, Kobe-shi
Satoru Yamamoto
Representative Director, President and CEO

THE NOTICE OF CONVOCAION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

Please be advised that the 129th Ordinary General Meeting of Shareholders of the Company will be held as below. Your attendance at the meeting is cordially requested.

If you are unable to attend the meeting, you may exercise your voting rights in writing or on the internet, and we would appreciate your reviewing the attached referential documents and your exercising the voting rights by 5:00 p.m., March 25, 2021(Thursday) in accordance with the "Method to Exercise the Voting Rights" described in the pages 5 and 6.

Sincerely yours

Measures for Preventing the Spread of COVID-19 Infections

To prevent COVID-19 infections, you are kindly requested to return the Voting Form or exercise voting rights via the Internet so that you can refrain from coming to the venue of the Meeting on the day of the General Meeting of Shareholders. We will post the proceedings of this General Meeting of Shareholders again on our video-viewing website at a later date.

Discontinuance of Souvenirs

From this year, we will no longer prepare the souvenirs that we have distributed to shareholders attending the General Meeting of Shareholders. We would ask for your understanding.

PARTICULARS OF MEETING

1. Date and Time: March 26, 2021 (Friday) at 10:00 a.m.

2. Place: 13th floor Hall of the Company's Head Office
6-9, Wakinohama-cho 3-chome
Chuo-ku, Kobe-shi

* In the event that 13th floor Hall becomes full, we may guide you to a different hall.
We ask for your kind understanding and patience.

3. Purpose of Meeting:

Items to be Reported:

- (1) Business Report, Consolidated Financial Statements for the 129th business term (from January 1, 2020 to December 31, 2020) and Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Audit & Supervisory Board
- (2) Financial Statements for the 129th business term (from January 1, 2020 to December 31, 2020)

Items on the Agenda:

Item No. 1 on the Agenda: Approval of the proposed disposal of surplus
Item No. 2 on the Agenda: Election of twelve (12) Directors

4. Disclosure through the internet:

The following matters are posted on our website (<http://www.srigroup.co.jp/>) and not stated on the attachment to this Notice of Convocation for your viewing pursuant to the related regulations and Article 15 of the Articles of Incorporation.

- (1) “Details of Resolution on Establishing Systems Necessary for Ensuring Appropriate Business Operations and Summary of Operational Status Thereof” in the Business Report
- (2) “Consolidated Statement of Changes in Total Equity” in the Consolidated Financial Statements
- (3) “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements
- (4) “Non-consolidated Statement of Change in Total Equity” in the Financial Statements
- (5) “Notes to the Financial Statements” in the Financial Statements

Further, “Details of Resolution on Establishing Systems Necessary for Ensuring Appropriate Business Operations and Summary of Operational Status Thereof” were reviewed together with, and as part of, the Company’s Business Report at the time of the Audit & Supervisory Board Members’ preparation of the Audit Report.

“Consolidated Statement of Changes in Total Equity”, “Notes to the Consolidated Financial Statements”, “Non-consolidated Statement of Change in Total Equity” and “Notes to the Financial Statements” were audited by the Audit & Supervisory Board Members of the

Company and the Accounting Auditor as part of the Consolidated Financial Statements and the Financial Statements, respectively, when they prepared their respective Audit Reports.

END

* Please note that if any revisions are made to the contents of the Referential Documents Regarding the Exercise of Voting Rights, Business Report, Consolidated Financial Statements and Financial Statements and that are attached to this Notice of Convocation, the revised contents will be posted on our website. (<http://www.srigroup.co.jp/>).

Measures for Preventing the Spread of COVID-19 Infections
at the 129th Ordinary General Meeting of Shareholders of the Company

On the occasion of holding the 129th Ordinary General Meeting of Shareholders of the Company on Friday, March 26, 2021, we would request our shareholders' understanding and cooperation in confirming the following contents in order to prevent the spread of COVID-19 infections.

<Requests for shareholders>

- From the viewpoint of preventing the spread of infectious diseases, we would request those who are considering coming to the venue of the General Meeting of Shareholders to take comprehensive measures to care for their health and not to force themselves to come.
- Regarding the elderly, those with underlying diseases, and those who are pregnant, we would ask that they take special care.
- When exercising voting rights, we would appreciate it if you would exercise rights in writing or via the Internet, etc. in advance.
For details, please refer to page 5.
- If you come to the Meeting venue on the day of the Meeting, we would ask for your cooperation in wearing a mask and using the alcohol-based hand sanitizers we will install at the venue.
- As we will measure your body temperature when entering the Meeting venue, your cooperation would be appreciated.
- You are kindly requested to be considerate of the people around you, including through coughing etiquette.
- At the Meeting venue on the day of the Meeting, please be seated while following the instructions of operating staff.

<Measures to be taken by the Company>

- We will also check the physical condition of operating staff by measuring their body temperature in advance. Moreover, they will perform their duties while wearing masks and gloves.
- We will install alcohol-based hand sanitizers at the Meeting venue's entrance and at several other locations around the venue.
- If you are not in good physical condition or have a fever, we may decline your entry.
- If you appear not to be in good physical condition, the operating staff may speak to you.
- We will post the proceedings of this General Meeting of Shareholders again on our video-viewing website at a later date.
(For details, please refer to the enclosed attachment.)
- We will refrain from serving drinks.
- The agenda of the General Meeting of Shareholders will be shorter than in normal years in consideration of its smooth execution.

Please note that as the above contents may be changed depending on the future situation, we would appreciate it if you could check the website of the Company in advance.

[Method to Exercise the Voting Rights]

1. Method to Exercise the Voting Rights:

(1) Those Planning to Attend the General Shareholders' Meeting

Please submit the enclosed Voting Form to the reception desk at the meeting venue on the day of the General Shareholders' Meeting.

Further, we ask that you please bring this Brochure with you to the meeting as it contains reference materials pertaining to the Agenda.

< Date and Time of General Shareholders' Meeting >

10:00 AM on Friday, March 26, 2021

(2) Those Unable to Attend the General Shareholders' Meeting

(i) Exercising Voting Rights in Writing:

Having indicated your vote with regard to each Resolution on the Agenda, please return the enclosed Voting Form to our company's Shareholder Registry Administrator so that it arrives no later than the Voting Deadline listed below.

< Voting Deadline >

5:00 PM on Thursday, March 25, 2021

(ii) Exercising Voting Rights by "Smart Voting®"

Using a smartphone or tablet to read the "Voting Website Login QR Code for Smartphone" at the lower right of the enclosed Voting Form, please register your vote with regard to each Resolution on the Agenda by following the onscreen instructions provided.

< Voting Deadline >

5:00 PM on Thursday, March 25, 2021

(iii) Exercising Voting Rights Online:

Accessing the Voting Website from a PC, smartphone, or mobile phone, and using the "Voting Code" and "Password" printed on the enclosed Voting Form, please register your vote with regard to each Resolution on the Agenda by following the onscreen instructions provided.

< Voting Deadline >

5:00 PM on Thursday, March 25, 2021

Please refer to the following page for further details.

Treatment of voting rights exercised more than once

- If you exercise your voting rights both in writing and on the internet (including "Smart Voting®": The same shall apply hereinafter), the vote exercised on the internet shall be deemed as the effective vote.
- If you exercise your voting rights several times on the internet, the last vote shall be deemed to be the effective vote.

Use of the electronic voting platform for exercising voting rights (For institutional shareholders):

Institutional shareholders shall be able to exercise their voting rights through electromagnetic form via the "Electronic Voting Platform" operated by ICJ Inc. in the Company's Ordinary General Meeting of Shareholders.

Voting by Smart Voting®

You can log in the Voting Website by entering “Voting Code” and “Password.”

1. Read the QR Code printed at the lower right of the Voting Form.



*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Afterwards, enter your vote following the guide on the screen.



voting rights may be exercised by “Smart Voting®” only once.

If you wish to change your vote after exercising your voting rights, please read the QR code again, access the Voting Website, log in by entering “Voting Code” and “Password” printed on the Voting Form, and exercise your voting rights.

*The shareholders are requested to bear the fees for connection and telecommunication costs for accessing to the site for exercising voting rights.

*You may not use the site depending on the environment for using the internet, the service subscribed to and the model used.

Inquiry for exercising voting rights using Smart Voting® and online

Stock Transfer Agency Online Support Desk
Sumitomo Mitsui Trust Bank, Limited
(Toll free) 0120-652-031 (9:00 AM – 9:00 PM)

For other inquiries, please contact:

Securities Business Center
Sumitomo Mitsui Trust Bank, Limited
(Toll free) 0120-782-031 (open Mon–Fri 9:00 AM – 5:00 PM)

* If you have an account with a securities firm, please contact it.

Exercising Voting Rights Online

Voting Website: <https://www.web54.net>

1. Access the Voting Website.



Click “Go to next”

2. Enter the “Voting Code” printed on the Voting Form.



Enter “Voting Code”

Click “Log in”

3. Enter “Password” printed on the Voting Form.



Enter “Password”

Click “Go to next”

4. Afterwards, enter your vote following the guide on the screen.

REFERENTIAL DOCUMENTS REGARDING THE EXERCISE OF VOTING RIGHTS

Item No. 1 on the Agenda: Approval of the proposed disposal of surplus

The Company regards that the most important issue is providing return to shareholders and makes it a basic policy to pay stable dividend in the long term by making comprehensive determinations of consolidated dividend payout ratio, business outlook and the level of retained earnings, etc.

In addition, we intend to use retained earnings for prior investments such as capital investment and research and development, to expand future revenue base.

We propose to pay the year-end dividend for this period as follows, based on the above-mentioned policy.

As no interim dividend has been paid, the total dividend for this period shall be JPY 35.00 per share.

- (1) Assets subject to dividend:
Cash

- (2) Allotment of dividend to the shareholders and its total amount:
JPY 35.00 per 1 common share of the Company
Total amount of dividend: JPY 9,205,040,320

- (3) Date of which the distribution of the surplus will be effective:
March 29, 2021

Item No. 2 on the Agenda: Election of twelve (12) Directors

The terms of office of all twelve (12) Directors will expire at the close of this General Meeting of Shareholders. Thus, an election is requested to elect twelve (12) Directors.

The following candidates have been nominated for the positions.

The number and the candidates of directors are decided at the Board of Directors based on a recommendation of “Nomination and Compensation Committee” which is an advisory body of the Board of Directors.

Nominee Number	Name	Position at the Company	Major Experience and Speciality							
			Production Technology	Sales Marketing	Finance Accounting	Legal	International Business	Information Technology Digital	Corporate Management	Knowledge of the other business
1	Ikuji Ikeda Reappointment	Chairman of the Board	●				●		●	
2	Satoru Yamamoto Reappointment	Representative Director President & CEO (President)		●			●		●	
3	Kazuo Kinameri Reappointment	Representative Director (Vice President)		●			●		●	
4	Yasutaka Ii Reappointment	Director (Managing Executive Officer)		●			●		●	
5	Hiroki Ishida Reappointment	Director (Senior Executive Officer)			●		●		●	
6	Yutaka Kuroda Reappointment	Director (Senior Executive Officer)	●				●		●	
7	Naofumi Harada Reappointment	Director (Senior Executive Officer)	●				●		●	
8	Hidekazu Nishiguchi New	Senior Executive Officer		●			●	●	●	
9	Keizo Kosaka Outside Independent Reappointment	Outside Director				●			●	●
10	Kenji Murakami Outside Independent Reappointment	Outside Director		●					●	●
11	Nobuyuki Kobayashi Outside Independent Reappointment	Outside Director			●				●	●
12	Mari Sonoda Outside Independent New	—			●	●				●

(Notes)

- In the brief personal history of each candidate above, the position in brackets is the position of the Director as Executive Officer of the Company.

Nominee Number	Name (Date of Birth)	Reappointment
1	Ikuji Ikeda (November 7, 1956)	Number of Shares of the Company Held 51,000
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1979	Joined the Company	14 Years
1/2000	General Manager of Tyre Works Technical Dept.	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
3/2003	Executive Officer of the Company	
3/2007	Director (Senior Executive Officer) of the Company	
3/2010	Director (Managing Executive Officer) of the Company	
3/2011	Representative Director, President and CEO (President) of the Company	
3/2019	Representative Director, Chairman of the Board of the Company	
3/2020 to present	Chairman of the Board of the Company	
Reasons for nomination as a candidate for Director		
<p>Since joining the Company, Mr. Ikuji Ikeda has been engaged mainly in the production sections and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer in Charge of Overseas Operations and further as Representative Director, President. Mr. Ikeda has properly supervised the Group's overall operations as Chairman of the Board. Accordingly, the Company requests Mr. Ikeda's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
2	Satoru Yamamoto (June 14, 1958)	Number of Shares of the Company Held 22,730
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1982	Joined the Company	6 Years
1/2001	General Sales Manager of Tyre Sales & Marketing Division of the Company	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
3/2010	Executive Officer of the Company	
	Deputy General Manager of Dunlop Tyres Sales HQ of the Company	
3/2011	General Manager of Dunlop Tyres Sales HQ of the Company	
3/2013	Senior Executive Officer of the Company	
3/2015	Director (Senior Executive Officer) of the Company	
3/2019 to present	Representative Director, President and CEO (President) of the Company	
Reason for nomination as a candidate for Director		
<p>Since joining the Company, Mr. Satoru Yamamoto has been engaged mainly in the replacement tire sales sections and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer in Charge of Sales of Replacement Tires and Officer Responsible for Supervision of Asia & Pacific Business, etc. In addition, Mr. Yamamoto has exercised leadership and worked out a clear management policy as CEO. Accordingly, the Company requests Mr. Yamamoto's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
3	Kazuo Kinameri (August 15, 1956)	Number of Shares of the Company Held
		30,394
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1979	Joined the Company	3 years
1/2001	General Manager of Sports Management Dept. of the Company	Number of Meetings of the Board of Directors Attended (Percentage)
7/2003	Director of SRI Sports Limited <changed its name to Dunlop Sports Co., Ltd. in 2012>	
3/2007	Director (Senior Executive Officer) of SRI Sports Limited	14 out of 14(100%)
3/2011	Representative Director (Managing Executive Officer) of SRI Sports Limited	
3/2015	President and Representative Director of Dunlop Sports Co., Ltd.	
1/2018	Managing Executive Officer of the Company	
3/2018 to present	Representative Director (Vice President) of the Company	
<Duty> Supervision of Administration Division and Domestic Business In Charge of Sports Business		
Reason for nomination as a candidate for Director		
Since joining the Company, Mr. Kazuo Kinameri has been engaged mainly in the sports business and has gained extensive experience and broad insights as a manager based on his experience as the President and Representative Director of Dunlop Sports Co., Ltd. Mr. Kinameri has worked to strengthen corporate governance and supervised the overall management section. Accordingly, the Company requests Mr. Kinameri’s reappointment as a Director.		

Nominee Number	Name (Date of Birth)	Reappointment
4	Yasutaka Ii (January 25,1959)	Number of Shares of the Company Held
		29,074
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1981	Joined the Company	10 Years
1/2002	General Manager of Corporate Planning Dept. of the Company	Number of Meetings of the Board of Directors Attended (Percentage)
3/2005	President of SRI Tire Trading Ltd.	
3/2007	Executive Officer of the Company	14 out of 14 (100%)
3/2011	Director (Senior Executive Officer) of the Company	
3/2018 to present	Director (Managing Executive Officer) of the Company	
<Duty> Supervision of America Business		
Reason for nomination as a candidate for Director		
Since joining the Company, Mr. Yasutaka Ii has been engaged mainly in the corporate planning sections and has gained extensive experience and broad insights as a manger based on his experience as Executive Officer in Charge of International Business, etc. Mr. Ii has led global management mainly in the Americas at Meetings of the Board of Directors. Accordingly, the Company requests Mr. Ii’s reappointment as a Director.		

Nominee Number	Name (Date of Birth)	Reappointment
5	Hiroki Ishida (July 11, 1958)	Number of Shares of the Company Held
		42,000
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1981	Joined Sumitomo Electric Industries, Ltd.	10 Years
1/2005	General Manager, Corporate Planning Dept. of the above company	Number of Meetings of the Board of Directors Attended (Percentage)
6/2007	General Manager, Strategic Planning Div., Automotives Business Unit of the above company	
2/2010	Joined the Company	14 out of 14 (100%)
3/2010	Executive Officer of the Company	
3/2011 to present	Director (Senior Executive Officer) of the Company	
<Duty> Supervision of International Business Development & Administration and Finance In Charge of Legal Affairs and Brand Management		
Reason for nomination as a candidate for Director		
Since joining Sumitomo Electric Industries, Ltd., Mr. Hiroki Ishida has held important positions and has gained extensive experience and broad insights as a manger based on his experience as Executive Officer in Charge of Finance of the Company, etc. Mr. Ishida has supervised the overall corporate finance. Accordingly, the Company requests Mr. Ishida’s reappointment as a Director.		

Nominee Number	Name (Date of Birth)	Reappointment
6	Yutaka Kuroda (July 22, 1959)	Number of Shares of the Company Held 29,500
Brief Personal History and Position at the Company		Years as a Member of the Board
4/1983	Joined the Company	9 Years
7/2005	President of Sumitomo Rubber (Thailand) Co., Ltd.	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
3/2009	Executive Officer of the Company	
3/2012 to present	Director (Senior Executive Officer) of the Company	
<Duty> Supervision of Europe & Africa Business		
Reason for nomination as a candidate for Director		
Since joining the Company, Mr. Yutaka Kuroda has been engaged mainly in the production sections and has gained extensive experience and broad insights as a manager based on his experience as the President of the Group's overseas subsidiary and Executive Officer in charge of the Production Sections. He has led global management mainly in Europe and Africa at Meetings of the Board of Directors. Accordingly, the Company proposes his reappointment as Director.		

Nominee Number	Name (Date of Birth)	Reappointment
7	Naofumi Harada (June 4, 1957)	Number of Shares of the Company Held
		23,500
Brief Personal History		Years as a Member of the Board
4/1981	Joined the Company	3 Years
1/2006	General Manager of Purchasing Dept.	
3/2012	Executive Officer of the Company	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
	Deputy General Manager of Hybrid Rubber Products HQ	
3/2013	General Manager of Hybrid Rubber Products HQ	
1/2016	Senior Executive Officer of the Company	
3/2018	Director (Senior Executive Officer) of the Company	
to present		
<Duty> In Charge of Hybrid Business, Purchasing and Promoting Sport Hybrid Production		
Reason for nomination as a candidate for Director		
Since joining the Company, Mr. Naofumi Harada has been engaged mainly in procurement and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer Supervising the Hybrid Business Division. He has supervised purchase, procurement and the overall hybrid business. Accordingly, the Company requests Mr. Harada’s reappointment as a Director.		

Nominee Number	Name (Date of Birth)	New appointment
8	Hidekazu Nishiguchi (December 8, 1960)	Number of Shares of the Company Held
		14,800
Brief Personal History and Position at the Company		
4/1983	Joined the Company	
3/2012	President & Representative Director of Goodyear Japan Co., Ltd.	
3/2013	Executive Officer of the Company	
3/2014	General Manager of Oversea Tire Sales HQ of the Company	
1/2017 to present	Senior Executive Officer of the Company General Manager of Corporate Management Planning & Administration Dept. of the Company	
<Duty> In Charge of License Business, Digital Planning, Oversea Tire Sales and Motorcycle Tire General Manager of Corporate Management Planning & Administration Dept.		
Reason for nomination as a candidate for Director		
Since joining the Company, Mr. Hidekazu Nishiguchi has been engaged mainly in the tire sales sector and has gained extensive experience and broad insights as a manager based on his experience as General Manager of Corporate Management Planning & Administration Dept. and Executive Officer in Charge of Digital Planning. The Company requests Mr. Nishiguchi’s appointment as a Director in the expectation that his provision of opinions and suggestions based on insights gained through such experience will contribute to improving the corporate value of the Company.		

Nominee Number	Name (Date of Birth)	Reappointment	Outside/Independent Director
9	Keizo Kosaka (December 11,1945)	Number of Shares of the Company Held	
		0	
Brief Personal History		Years as a Member of the Board	
4/1970	Admitted to the bar and Joined Irokawa Law Office	12 Years	
4/1995	Vice President of Osaka Bar Association	Number of Meetings of the Board of Directors Attended (Percentage)	
1/2001	Irokawa Law Office Representative Partner		
6/2006 to present	Outside Audit & Supervisory Board Member of Toyo Aluminum K.K.	14 out of 14 (100%)	
3/2009 to present	Outside Director of the Company		
6/2012 to present	Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd.		
6/2016 to present	Outside Audit & Supervisory Board Member of Techno Associe Co. Ltd.		
1/2020 to present	Chairman of Irokawa Legal Professional Corporation		
6/2020 to present	Outside Audit & Supervisory Board Member of SEIREN CO., LTD.		
Important Concurrent Post			
Attorney Chairman of Irokawa Legal Professional Corporation Outside Audit & Supervisory Board Member of Toyo Aluminum K.K. Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member of Techno Associe Co. Ltd. Outside Audit & Supervisory Board Member of SEIREN CO., LTD.			
Reason for nomination as a candidate for Outside Director			
Mr. Keizo Kosaka, making full use of his abundant knowledge as a lawyer with expertise in corporate legal affairs, has provided the Company with invaluable opinions and suggestions from an objective point of view. The Company requests Mr. Kosaka’s reappointment in expectation that his continued provision of opinions and suggestions as an Outside Director will result in improving the Company’s corporate governance.			

Nominee Number	Name (Date of Birth)	Reappointment	Outside/Independent Director
10	Kenji Murakami (August 17,1947)	Number of Shares of the Company Held	
		11,700	
Brief Personal History		Years as a Member of the Board	
4/1970	Joined Daiwa House Industry Co., Ltd	5 Years	
6/2000	Managing Director of Daiwa House Industry Co., Ltd	Number of Meetings of the Board of Directors Attended (Percentage)	
6/2001	Executive Managing Director of Daiwa House Industry Co., Ltd	14 out of 14 (100%)	
4/2004	Representative Director, President and COO of Daiwa House Industry Co., Ltd		
4/2011	Representative Director, Vice Chairman of Daiwa House Industry Co., Ltd		
4/2012	Director of Daiwa House Industry Co., Ltd		
3/2016 to present	Outside Director of the Company		
Reason for nomination as a candidate for Outside Director			
Mr. Kenji Murakami has ample knowledge in corporate management, with substantial experience in corporate management as Representative Director, President and COO of Daiwa House Industry Co., Ltd. The Company requests Mr. Murakami’s reappointment in expectation that his provision of opinions and suggestions as an Outside Director will result in improving the Company’s corporate governance.			

Nominee Number	Name (Date of Birth)	Reappointment	Outside/Independent Director
11	Nobuyuki Kobayashi (May 31, 1961)	Number of Shares of the Company Held	
		0	
Brief Personal History and Position at the Company		Years as a Member of the Board	
4/1985	Joined Sumitomo Electric Industries, Ltd.	1 Year	
6/2016	Executive Officer of the above Company	Number of Meetings of the Board of Directors Attended (Percentage)	
6/2019 to present	Managing Director of the above company	11 out of 11 (100%)	
3/2020 to present	Outside Director of the Company		
Important Concurrent Post			
Managing Director of Sumitomo Electric Industries, Ltd.			
Reason for nomination as a candidate for Outside Director			
Mr. Nobuyuki Kobayashi has been engaged mainly in the accounting and finance section at Sumitomo Electric Industries, Ltd. and gained extensive experience and broad insights as a manager, based on his experience as Managing Director of the company. The Company requests Mr. Kobayashi’s reappointment in expectation that his provision of opinions and suggestions as an Outside Director will result in improving the Company’s corporate governance.			

Nominee Number	Name (Date of Birth)	New appointment	Outside/Independent Director
12	Mari Sonoda (July 24, 1959)	Number of Shares of the Company Held	
		0	
Brief Personal History and Position at the Company			
4/1982	Joined the Ministry of Finance <Current Japanese name has been changed from “Okura-sho” to “Zaimu-sho”>		
7/2010	Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau, Ministry of Finance		
7/2012	Director General of General Affairs Division, Federation of National Public Service Personnel Mutual Aid Associations		
1/2014	Secretary-General of Secretariat, Specific Personal Information Protection Commission		
1/2016	Secretary-General of Secretariat, Personal Information Protection Commission		
Reason for nomination as a candidate for Outside Director			
Ms. Mari Sonoda has held important positions at the Ministry of Finance and elsewhere and has gained expertise in finance and fiscal affairs and extensive experience based on her experience in developing the personal information protection system, including My Number, the national identification number. The Company requests Ms. Sonoda’s appointment in expectation that her assumption of office as an Outside Director will contribute to improving the corporate governance of the Company.			

Special Remarks Regarding Director Candidates
(Notes)

1. In the brief personal history of each candidate above, the position in brackets is the position of the Director as Executive Officer of the Company.
2. Mr. Satoru Yamamoto is directly responsible for auditing and tire quality assurance.
3. At the 128th Ordinary General Meeting of Shareholders held on March 26, 2020, Mr. Nobuyuki Kobayashi was newly elected and appointed as an Outside Director. After the 128th Ordinary General Meeting of Shareholders, Meetings of the Board of Directors were held a total of 11 times during this period.
4. Mr. Nobuyuki Kobayashi is a Managing Director of Sumitomo Electric Industries, Ltd., which owns 28.85% of the total number of the Company's shares issued and outstanding (excluding treasury stock) and has a trading relationship with the Company regarding raw materials for tires, etc. This business relationship accounts for less than 0.9% of either company's total consolidated annual revenues.
5. Mr. Keizo Kosaka, Mr. Kenji Murakami, Mr. Nobuyuki Kobayashi and Ms. Mari Sonoda are candidates for appointment as Outside Directors. Further, if appointed as Directors, the four would become Independent Officers, outside corporate officers who have no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange.
6. The Company has concluded with each of Mr. Keizo Kosaka, Mr. Kenji Murakami and Mr. Nobuyuki Kobayashi an agreement to limit his liability as a director, as provided for in Article 423, Paragraph 1 of the Companies Act, to an amount not exceeding the total amount provided in each of the items in Article 425, Paragraph 1 of the Companies Act. These agreements would remain in effect in the event that Mr. Keizo Kosaka, Mr. Kenji Murakami and Mr. Nobuyuki Kobayashi are appointed as Directors of the Company.
7. If Ms. Mari Sonoda, a candidate for appointment as an Outside Director, is appointed, the Company will conclude a Liability Limitation Agreement with her.
8. The Company has concluded a liability insurance contract for officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate for losses borne by insured persons for statutory compensation for damages and the costs of litigation under the insurance contract. The twelve candidates for Director will be included among the insured persons under the insurance contract. In addition, the insurance contract will be renewed with the same contents at the time of its next renewal.

BUSINESS REPORT

(January 1, 2020 – December 31, 2020)

1. Matters concerning the Current Status of the Group

(1) Development and Results of Business Operations

During the fiscal year ended December 31, 2020, the global economy fell into a very severe situation in the first half of the year, as a result of restrictions on movements due to the COVID-19 pandemic, and stagnant economic activities in wide-ranging areas over a long period. While a recovery commenced in some areas in the early part of the second half of the year, the situation remained severe as a whole with infections spreading again in the U.S. and Europe, leading to lockdowns in some areas of Europe.

Japan's economy also remained in a severe condition, with employment deteriorating due to decreases in personal consumption, exports, and production caused by stagnant economic activities affected by COVID-19 infections.

The business environment surrounding the Sumitomo Rubber Group (the "Group") remained challenging due to the depreciation of emerging countries' currencies, in addition to a deterioration of the sales environment with worsening economic activities caused by COVID-19, although prices of natural rubber and petroleum-based raw materials decreased.

Under such circumstances, within the Group, we faced very severe business conditions as a result of a substantial decrease of demand due to COVID-19, although we took various measures aiming to build a solid management foundation and improve profitability in order to achieve Our Midterm Plan targeted for 2025.

As a result, the Group's consolidated financial results for fiscal 2020 were as follows: sales revenue declined to JPY 790,817 million (a year-on-year decrease of 11.5%) and business profit* was JPY 43,388 million (a year-on-year decrease of 20.2%), resulting in decreases in both revenue and profit. However, there were substantial decreases in loss on goodwill and non-current assets. Consequently, the Group recorded a sharp increase in profit, with operating profit increasing to JPY 38,701 million (a year-on-year increase of 17.0%) and profit attributable to owners of parent, which is net income after taking tax expenses into account, rising to JPY 22,596 million (a year-on-year increase of 87.2%).

(*) "Business profit" is "Sales revenue" less "Cost of sales" and "Selling, general and administrative expenses" and is approximately equivalent to "Operating profit" under the Japanese GAAP. The Company discloses business profit as well as reporting figures in the consolidated financial statements. The Company also believes that the indicator provides useful information for users of the consolidated financial statements to assess operating results.

[Outline of Each Business]

Tire Business

Sales revenue in the entire tire business decreased 11.4% from the previous fiscal year to JPY 679,860 million, and business profit decreased 12.3% to JPY 40,949 million.

(Domestic Replacement Market)

Sales revenue decreased from the previous fiscal year due to stagnant markets affected by COVID-19,

although the Company endeavored to expand sales of high-value-added products, particularly fuel-efficient tires under the DUNLOP brand including a new product VEURO VE304, as well as WINTER MAXX 03 which achieved the best performance on ice in the history of DUNLOP with the adoption of a new “Nano convexo-concave rubber.”

(Domestic Original Equipment Market)

Sales revenue decreased from the previous fiscal year, due to a substantial drop in the unit production of automobile manufacturers affected by COVID-19, although the Company improved share through the expansion of car models for which the Group supplied tires and boosted sales of high-value-added products, particularly fuel-efficient tires.

(Overseas Replacement Market)

Demand in the Asia/Pacific region dropped sharply, partly because China implemented large-scale city-wide lockdowns to prevent the spread of COVID-19 in the first half of the year in particular. In the Europe/Africa region, as well as the Americas region, markets were also sluggish due to COVID-19. In the second half of the year, while the recovery of markets differed depending on the region, we started proactively expanding sales of high value-added products mainly in China and North America where markets were recovering early. Despite these efforts, sales revenue decreased from the previous fiscal year.

(Overseas Original Equipment Market)

Sales revenue decreased from the previous fiscal year as automobile manufacturers reduced production in many regions due to COVID-19.

As a result, sales revenue of the tire business decreased from the level of the previous fiscal year, and business profit decreased as well.

Sports Business

Sales revenue in the sports business decreased 17.1% from the previous fiscal year to JPY 70,257 million, with a business loss of JPY 741 million (a profit of JPY 4,291 million in the previous fiscal year).

In the golf equipment markets, sales revenue decreased from the previous fiscal year, although revenue increased in overseas markets in the second half of the year, partly because markets reversed a decreasing trend caused by COVID-19 mainly in North America and Europe after June, while there were positive effects from digital marketing, strengthened relationships with sales channels, and launches of new products.

In the tennis equipment markets, sales revenue fell below the level of the previous fiscal year, due to COVID-19 and the termination in June of a domestic sales agency agreement with Babolat, although, as with the golf equipment markets, revenue increased overseas from the previous fiscal year.

In the wellness business, sales revenue fell below the level of the previous fiscal year as memberships decreased due to the temporary closing of sports clubs in May, although users recovered gradually from June.

As a result, sales revenue in the sports business fell below the level of the previous fiscal year, showing a business loss.

Industrial and Other Products Business

Sales revenue in the industrial and other products business decreased 0.9% from the previous fiscal year to JPY 40,700 million, and business profit decreased 6.2% to JPY 3,186 million.

Businesses related to precision rubber parts for medical use and vibration control units for housing showed solid growth, and demand for disposable gloves increased due to COVID-19. However, both sales and business profit decreased, reflecting a decrease in the production of printers and photocopiers by major office equipment manufacturers in the business of precision rubber parts for office machines, as well as a decrease in orders received in the infrastructure-based products business.

As a result, sales revenue and profit in the industrial and other products business fell below the level of the previous fiscal year.

【Consolidated Sales for Each Business】

Business	Revenue	Composition	Comparison with Previous Period
Tire Business	JPY 679,860 million	86.0%	88.6%
Sports Business	JPY 70,257 million	8.9%	82.9%
Industrial and Other Products Business	JPY 40,700 million	5.1%	99.1%
Total	JPY 790,817 million	100.0%	88.5%

(2) Capital Investments

The Group invested a total of JPY 41,923 million yen in equipment and facilities during this period. Major investments were made to update facilities for the transfer of production to high value-added products in the tire business.

(3) Fund-Raising Activities

Our investments in equipment and facilities for this period were provided mainly by cash on hand and borrowings.

(4) Issues to be Addressed

(i) Establishment of a New Corporate Philosophy Structure: “Our Philosophy”

With the automobile industry entering a once-in-a-century period of change, expressed by such terms as CASE (*) and Mobility as a Service (MaaS), the Group, operating as part of the industry, is also entering a time of change.

In order to flexibly respond to such an uncertain and rapidly changing environment, we considered that it would be necessary to clarify our “Purpose”—the significance of the Group’s existence in terms of “What is our reason for being?”—again as a guide for all corporate activities and to share it with all stakeholders including all employees. Based on the Sumitomo Business Philosophy, which has also been inherited by the

Group, we established the new corporate philosophy structure called “Our Philosophy” (see p.24 for the content), inheriting such basic ideas as “Fulfilling the social responsibility of a company,” “Pursuing the happiness of all employees of the Group” and “Meeting the expectations of customers.”

In the new corporate philosophy structure, “Our Philosophy,” we have established our reason for being as: “Through innovation we will create a future of joy and well-being for all.” Since launching “Modern rubber technologies” in Japan, the Group has been dedicated to “Creating joy and well-being” for customers who use our products.

Going forward, we will continue creating a future of joy and well-being for individuals and society through our products.

We recognize that the Group is now required to make all of its decisions based on the “Purpose” clarified again this time, and to make it the “Starting point” for all corporate activities, so that every employee working within the Group will continue to take up the challenge of creating and providing the world with a future of joy and well-being for individuals and society, including the global environment.

*CASE is an acronym, that takes the first letters of Connected, Autonomous/Automated, Shared, and Electric.

(ii) Management Environment and Issues to be Addressed

With regard to the outlook for the global economy, economic uncertainty is expected to further increase primarily due to the situation regarding U.S.–China trade issues, a slowdown in the Chinese economic growth rate, and the manifestation of geopolitical risks, in addition to concerns about the deterioration of economic conditions as a result of the further spread of COVID-19.

Regarding Japan’s economic prospects, the situation is expected to remain severe partly due to the risk of a further spread of infections, although the economy is expected to continue recovering gradually mainly due to the effects of various policy measures by the government.

Under such conditions, the Group has managed its businesses focusing on issues listed in Our Midterm Plan and adding/adjusting individual action plans according to changes in markets and ways of working. The Group will continue implementing the following initiatives with the focus on “Developing and Promoting Sales of Advanced Products,” “Creating New Value,” and “Promoting ESG (*) Management” as value drivers, with the aim of enhancing corporate economic and societal value, while taking into account the quality of profits and the sustainability of growth.

*ESG is an abbreviation that takes the first letters of Environment, Social, and Governance.

Tire Business

In the domestic market, we will introduce new products in order to enhance our presence in the fuel-efficient tire field. Under the DUNLOP brand, we will spread the new brand message, “Dedicated to Road Safety and Accident-Free Driving,” and expand sales of high-value-added products, particularly VEURO VE304 equipped with performance maintenance technology for longer lasting safety.

In overseas markets, we will continue our efforts to expand sales of FALKEN brand products, for which we are working to improve brand value, in Europe and the U.S., while seeking sales expansion in emerging

nations. We will leverage technical centers deployed in Japan, the U.S., and Europe to enhance brand awareness by increasing the supply of tires in the original equipment market and maximize spillover effects in the replacement market.

In terms of development, we will promote the realization of our SMART TYRE CONCEPT, a concept for developing tires and related services required by a future mobility society. In addition, we will further advance “Sensing Core,” a technology reflecting our strengths that analyzes wheel speed signals (generated by tire rotation) to detect information on road conditions and tire load, as well as contribute to the increased sophistication of autonomous driving, while gradually developing our service model and the value provided, with the aim of providing the value required by a new mobility society.

In terms of production, we will continue to increase our production capacity for advanced tires to meet growing sales in the global market. In addition, we will promote the use of digital technologies, such as artificial intelligence (AI) and the Internet of Things (IoT), where all things are connected to the Internet, and automation of equipment to respond to various issues presented on the production floor, and establish a supply system that supports sustainable growth.

Sports Business

While the environment surrounding the sports business remains severe, people have recognized again the attraction and important roles of sports in leading to a healthy and fulfilling life under the COVID-19 pandemic. Going forward, we will continue providing the “Joy” of sports through new business styles adapted to the new normal, such as reinforcing e-commerce.

Regarding golf equipment, besides responding to increasing novices/beginners and those who enjoy sports casually, we will further increase sales by launching products with top-notch performance according to market needs under a dual development system in Japan and the U.S. with the aim of expanding sales in North America, with its large markets, in addition to the domestic market.

Regarding tennis equipment, we continued supplying balls for matches as the Australian Open Official Ball Supplier in 2020, as in 2019, while DUNLOP tennis balls were named the No.1 tennis ball on the ATP Tour in 2020 in terms of usage rate for two consecutive years. Taking advantage of the high assessment of DUNLOP tennis balls obtained in this way, we will improve the value of the DUNLOP brand and expand sales.

In the wellness business, we will strive to offer new value by improving synergies through the merger of three subsidiaries related to golf schools, tennis schools, and fitness (scheduled on April 1, 2021) in response to heightened health consciousness.

Industrial and Other Products Business

Regarding medical rubber parts, we will continue establishing a global supply system focusing on Europe to meet higher expectations of society for the medical industry going forward.

In the household items business, we will endeavor to make contributions to society and strengthen profitability utilizing our increased supply capacity, due to the addition of new lines at the Malaysia factory, for disposable thin rubber gloves whose global supply is tight for preventing infections of

COVID-19 and other diseases.

Regarding vibration control units for housing, we have been seeing steady sales and will continue providing safe, high-quality products.

In addition, in January 2021, the Group established the new “Sustainability Promotion HQ” as a department that plans and promotes measures from a long-term perspective to further promote sustainability activities. We will engage in the following ESG activities across the Group, led by the Sustainability Promotion HQ, in order to contribute to the achievement of Sustainable Development Goals (SDGs).

[Environment]

The Group will promote the following three new initiatives in addition to developing tires that deliver safety performance and environmental performance simultaneously based on a new technological development concept called the “SMART TYRE CONCEPT,” enhancing the technology for the 100% recycling of wastewater from factories, and continuing to attain zero emissions at its major factories in Japan and overseas.

Carbon Neutral Initiative

In October 2020, the Japanese government announced the achievement of being carbon neutral, which would make CO2 emissions substantially zero, by 2050.

The Company fully supports the achievement of this target, and aims for a 100% reduction of CO2 emissions from factories by 2050.

- Scope 1: Direct emissions of greenhouse gases by companies themselves

We will achieve a 100% reduction by 2050 of fossil fuels used at the Company by replacing them with hydrogen, biomass, and other renewable energies that are expected to be next-generation energies. We are currently considering conducting verification tests of hydrogen energy at our main tire factories in Japan.

- Scope 2: Indirect emissions due to the use of electricity supplied by other companies

We will endeavor to increase installations of solar power generation panels and purchases of green electricity.

- Scope 3: Indirect emissions other than those in Scopes 1 and 2

As a prominent initiative, we aim to develop products with improved biomass ratios for raw materials in each area of tires, sports, and industrial products.

Sustainable Natural Rubbers Initiative

We will tackle this initiative from three directions.

For traceability, we will tie up with World Wide Fund for Nature (WWF), an international environmental Non-governmental Organization (NGO), from 2021 to take various initiatives for making natural rubbers sustainable.

To improve productivity, we are conducting studies that will lead to facilitating the growth of rubber trees and improving productivity in taking sap.

To improve odors, we are having success in developing natural rubbers with reduced odors. Going forward, we will continue improving odors in order to contribute to improving the environments around factories.

Reduction of Plastics Used Initiative

Marine plastic wastes are a major social problem around the world.

While using plastics for tire labels, product package materials, and sales promotion tools, the Company will gradually reduce the use of plastics in the future. In addition, we will study the possibility of using recyclable materials as raw materials for products.

[Social]

The Group will introduce and utilize a multifaceted personnel evaluation system, in addition to the existing system of personnel evaluations by supervisors, that respects the diverse attributes and values of every person, and creates a corporate culture that makes work worthwhile for each employee. The Group will also improve operational efficiency by adopting digital technologies, such as AI, the IoT, and RPA (robotic process automation; automation of computer-based routine tasks), in order to create more time for employees to perform high value-added tasks and take on new challenges, while further promoting telecommuting to establish diverse ways of working.

Regarding the promotion of health management, the Company was selected last year as a 2020 Health & Productivity Stock, in recognition of the company focusing on and strategically carrying out activities for employees' health from a management perspective, for the first time. In accordance with the Health Management Declaration that advocates "protecting one's health by oneself," we will work to enhance employees' health awareness through such means as implementing regular medical checkups and stress checks, as well as thorough follow-ups and sound health education programs, and work to prevent disease and promote the health of employees.

[Governance]

In the light of the Group's global business expansion and growing social requirements, with the corporate governance system described on p.25 (Overview of the Internal Control System), the Group will endeavor to enhance the corporate governance of the entire Group by means such as implementing measures to improve the effectiveness of the Board of Directors and regular audits of subsidiaries.

We would like to humbly request our shareholders to continue providing support and encouragement for the Sumitomo Rubber Group.

(For your information: New Corporate Philosophy Structure “Our Philosophy”)

Our Philosophy

*Our Philosophy is indicated in the gray area

Our Philosophy Structure

Our Philosophy is structured as shown in this diagram.



Sumitomo Business Philosophy

→ The Sumitomo Business Philosophy is the heritage of wisdom accumulated since its foundation 400 years ago.

*Basis of Our Philosophy

Purpose

Through innovation we will create
a future of joy and well-being for all.

Story

A unique belief in the material possibilities of rubber.

A track record of multiple world firsts
through industry-leading rubber technology,
and beyond that, relentless dedication
to the innovation and development of new technologies.

A singular focus on creating value that exceeds expectations
in response to the trust our customers and society place in us.

Supporting individuals, society, and the future;
through innovation creating a future of joy
and well-being for all.

We are Sumitomo Rubber Industries,
and this is what we are for.

Vision

Uniting our diverse strengths,
growing together,
driving and thriving on change.

SRI WAY - Values

Being reliable and worthy of trust

Facing forward with honesty and integrity,
responding to the trust our customers,
our colleagues and our society place in us.

Seeking out challenge

Being unafraid; having the courage to persist in the face of failure.

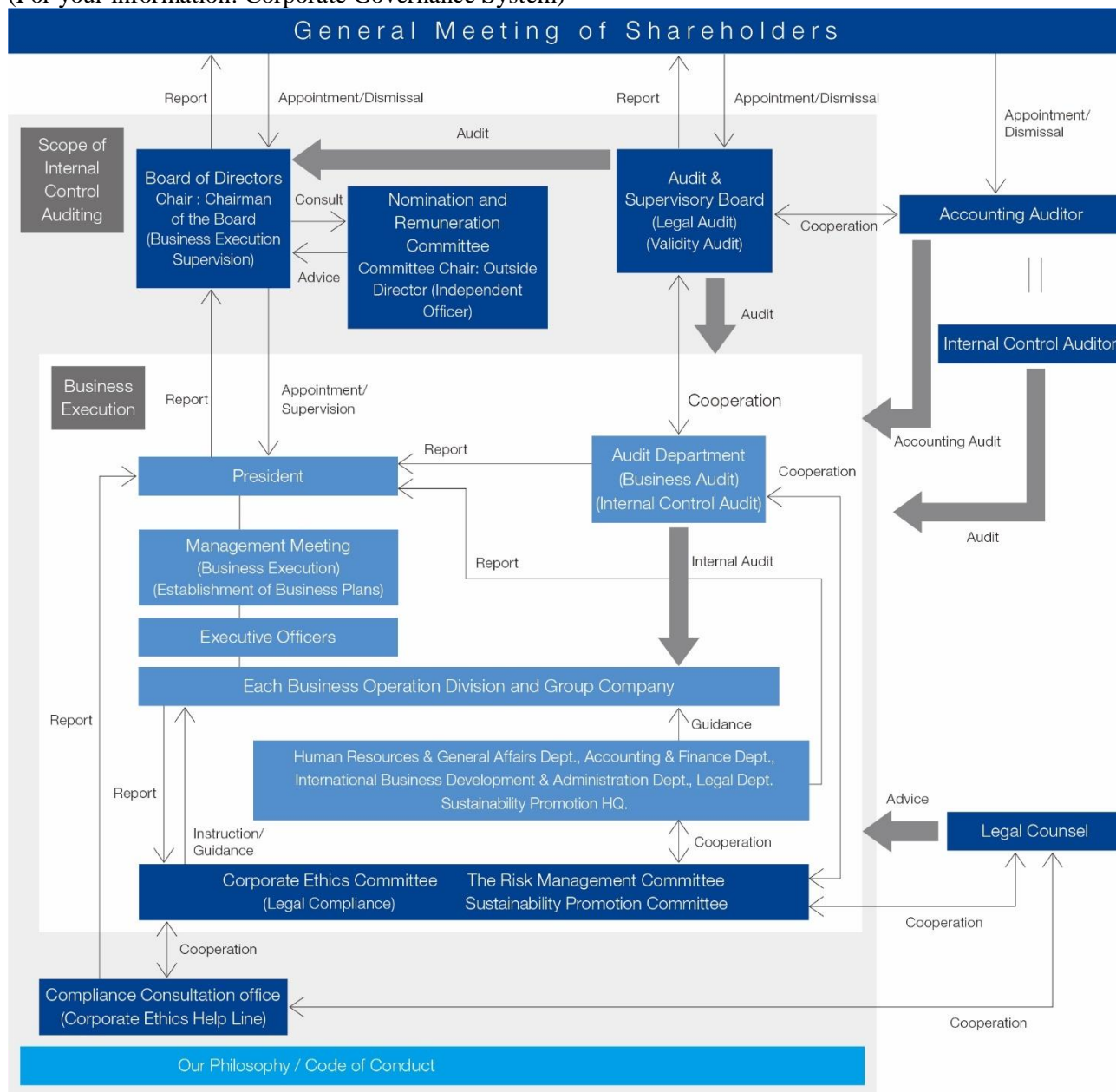
Valuing one another

Understanding and respecting each other's individuality and perspective.

Slogan

Rubber and Beyond, Driving Our Future

(For your information: Corporate Governance System)



(5) Trend of Profit/Loss and Asset (IFRS)

(Unit: JPY million except “Basic profit per share” figure)

Division	126th December, 2017	127th December, 2018	128th December, 2019	129th December, 2020
Revenue	877,866	894,243	893,310	790,817
Business profit	66,975	60,681	54,391	43,388
Operating profit	67,449	57,155	33,065	38,701
Profit attributable to owners of parent	46,979	36,246	12,072	22,596
Basic profit per share	180.45	137.81	45.90	85.92
Total assets	1,018,266	1,002,383	1,035,484	974,805
Total equity	490,886	472,807	475,537	467,097

(Notes)

1. The Group has adopted the International Financial Reporting Standards (IFRS) in place of the Japanese GAAP from the 125th Term for presenting consolidated financial results. For reference purposes, the consolidated financial results for the 124th Term have been restated in accordance with the IFRS.
2. “Business profit” is “Revenue” less “Cost of sales” and “Selling, general and administrative expenses,” and is approximately equivalent to “Operating income” under the Japanese GAAP. The company discloses “Business profit” as well as reporting figures in the consolidated financial statements. The company also believes that the indicator provides useful information for users of the consolidated financial statements to assess operating results.
3. “Basic profit per share” is calculated based on the average of the total number of shares issued and outstanding for the relevant period (calculations exclude treasury stocks).
4. Some accounting policies have been changed from the 129th Term. Business profit for the 128th Term is shown by figures with the retrospective application of the changed policies.
5. In the 126th Term, sales volume exceeded the level of the previous fiscal year in the mainstay tire business due to sales expansion in overseas markets and strong sales of winter tires in the domestic replacement market, but revenue, business profit, and operating profit decreased from the previous fiscal year, due mainly to the effects of exchange rate fluctuations and soaring raw material prices.
6. In the 127th Term, revenue increased from the previous fiscal year. However, business profit and operating profit declined from the previous fiscal year, due mainly to deterioration of sales mix in the mainstay tire business and increases in fixed costs and expenses. Profit attributable to owners of parent decreased significantly from the previous fiscal year, due primarily to the recording of impairment loss on goodwill in relation to a manufacturing and sales subsidiary in South Africa mainly because of a deterioration in the sales environment.
7. In the 128th Term, revenue decreased because sales of winter tires declined in the domestic replacement market due to the effects of a warm winter, although sales increased in original equipment markets in Japan and overseas. Business profit decreased, due mainly to an increase in fixed costs and expenses, in addition to the effects of unfavorable exchange rate movements. Moreover, operating profit and profit attributable to owners of parent

decreased significantly, due primarily to the recording of impairment losses on goodwill and non-current assets in the tire business in North America, a factory in South Africa, and a factory in Switzerland serving the industrial products and the other businesses.

8. Information regarding the 129th Term (the year under review) is included above in “(1) Development and Results of Business Operations.”

(6) Major Lines of Business (As of December 31, 2020)

Business	Principal Products
Tire Business	Tires/Tubes (Automobile, Construction vehicles, Industrial vehicles, Race/Rally, Motorcycles, etc.), Automotive System (Instant Mobility System, Deflation Warning System)
Sports Business	Sports equipment (Golf clubs, Golf balls, other Golf items, Tennis items, etc.), Golf tournament operation, Golf and tennis school operation, Fitness club operation, etc.
Industrial and Other Products Business	High-performance rubber business (Vibration-control damper, Precision rubber parts for printers and photocopiers, Medical rubber products, etc.), Household items business (Rubber gloves for household use, Portable wheelchair ramps, etc.), Infrastructure business (Dock fenders, a variety of Floor materials for factories and sports facilities, etc.).

(7) Major Establishments and Principal Subsidiaries (As of December 31, 2020)

(i) The Company

Company Name	Category	Location
Sumitomo Rubber Industries, Ltd.	Head Office	Kobe-shi, Hyogo Pref.
	Tokyo Head Office	Koto-ku, Tokyo
	Factories	<Nagoya Factory> Toyota-shi, Aichi Pref., <Shirakawa Factory> Shirakawa-shi, Fukushima Pref., <Izumiotu Factory> Izumiotu-shi, Osaka Pref., <Miyazaki Factory> Miyakonojo-shi, Miyazaki Pref., <Kakogawa Factory> Kakogawa-shi, Hyogo Pref. <Ichijima Factory> Tamba-shi, Hyogo Pref.

(ii) The Subsidiaries

Company Name	Capital	Ownership	Main Business	Location
PT Sumi Rubber Indonesia	US\$ 100 million	72.5%	Manufacture and sale of tires, golf balls, etc.	Indonesia
Sumitomo Rubber (China) Co., Ltd.	CNY 3,394 million	100.0%	Supervision of tire business in China	China
Sumitomo Rubber (Changshu) Co., Ltd.	CNY 2,503 million	Indirect ownership 100.0%	Manufacture and sale of tires	China
Sumitomo Rubber (Hunan) Co., Ltd.	CNY 1,781 million	Indirect ownership 100.0%	Manufacture and sale of tires	China
Sumitomo Rubber (Thailand) Co., Ltd.	THB 14,000 million	100.0%	Manufacture and sale of tires	Thailand
Sumirubber Thai Eastern Corporation Co., Ltd.	THB 200 million	70.0%	Manufacture and sale of natural rubber	Thailand
Sumitomo Rubber USA, LLC	US\$ 89 million	Indirect ownership 100.0%	Manufacture and sale of tires	U.S.A.
Sumitomo Rubber North America, Inc.	US\$ 25 million	Indirect ownership 100.0%	Sale of tires	U.S.A.
Sumitomo Rubber do Brasil Ltda.	BRL 1,599 million	100.0%	Manufacture and sale of tires	Brasil
Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş.	TRY 1,057 million	80.0%	Manufacture and sale of tires	Turkey
Sumitomo Rubber South Africa (Pty) Limited	ZAR 717	100.0%	Manufacture and sale of tires	South Africa
Dunlop Golf Club Corporation	JPY 100 million	100.0%	Manufacture of golf clubs	Miyakonojoshi, Miyazaki Pref.
Srixon Sports Manufacturing (Thailand) Co., Ltd.	THB 400 million	100.0%	Manufacture of hard tennis balls	Thailand
Dunlop International (Philippines), Inc.	PHP 90 million	100.0%	Manufacture of hard tennis balls and squash balls	Philippines

Company Name	Capital	Ownership	Main Business	Location
Roger Cleveland Golf Company, Inc.	US\$ 31 million	100.0%	Manufacture of hard tennis balls and squash balls	U.S.A.
Sumirubber Malaysia Sdn. Bhd.	MYR 28 million	100.0%	Manufacture and sale of rubber gloves; manufacture and sale of flat tire sealant	Malaysia
Zhongshan Sumirubber Precision Rubber Ltd.	US\$ 6 million	100.0%	Manufacture and sale of precision rubber parts for office machines	China
Sumirubber Vietnam, Ltd.	US\$ 5 million	100.0%	Manufacture and sale of precision rubber parts for office machines	Vietnam
Lonstroff AG	CHF 12 million	100.0%	Manufacture and sale of medical packaging material, precision rubber parts for medical use and industrial rubber parts	Switzerland

(Note) Sumitomo Rubber South Africa (Pty) Limited increased its capital stock (capital increase of 307 South African rand) during the current term.

(8) Employees (As of December 31, 2020)

Business	Number of Employees	Increase (decrease)
Tire Business	32,423	+31
Sports Business	3,153	+59
Industrial and Other Products Business	3,204	+23
All Companies (common)	518	-48
Total	39,298	+65

(Note) The above are the number of full-time employees and exclude 3,848 temporary employees.

(9) Major Borrowings (As of December 31, 2020)

Name of Lender	Amount of Loan (JPY million)
Sumitomo Mitsui Banking Corporation	46,899
Mizuho Bank, Ltd.	27,103
MUFG Bank, Ltd.	24,754
Development Bank of Japan Inc.	23,000
The Norinchukin Bank	18,570
Sumitomo Mitsui Trust Bank, Ltd.	18,293

2. Shares of the Company (As of December 31, 2020)

(1) **Total Number of Shares Issuable** 800,000,000 Shares

(2) **Total Number of Shares Issued** 263,043,057 Shares

(3) **Number of Shareholders** 41,177

(4) Major Shareholders (Top 10)

Name of Shareholder	Number of Shares held (Thousand shares)	Ratio of Shareholding (%)
Sumitomo Electric Industries, Ltd.	75,879	28.85
The Master Trust Bank of Japan, Ltd. (Trust account)	14,852	5.65
Custody Bank of Japan, Ltd. (Trust account)	8,477	3.22
National Mutual Insurance Federation of Agricultural Cooperatives	7,331	2.79
Sumitomo Mitsui Banking Corporation	5,215	1.98
Sumitomo Corporation	4,805	1.83
STATE STREET BANK AND TRUST COMPANY 505103	4,435	1.69
SMBC Nikko Securities Inc.	4,079	1.55
JPMBL RE BARCLAYS CAPITAL SECURITIES LIMITED COLL EQUITY	3,359	1.28
JP MORGAN CHASE BANK 385635	2,957	1.12

(Note) Ratio of Shareholding is calculated by deducting the treasury stocks (41,905 shares) from the total number of shares issued.

3. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of December 31, 2020)

Position	Name	Duties and Important Concurrent Posts
Chairman of the Board	Ikuji Ikeda	
Representative Director, President and CEO (President)	Satoru Yamamoto	
Representative Director (Vice President)	Minoru Nishi	Supervision of Technical Division In Charge of Motor Sports and Oversea Tyre Technical Service, General Manager of Tyre Technology HQ.
Representative Director (Vice President)	Kazuo Kinameri	Supervision of Administration Division and Domestic Business In Charge of Sports Business and Public Relations
Director (Managing Executive Officer)	Yasutaka Ii	Supervision of America Business, General Manager of America HQ.
Director (Senior Executive Officer)	Hiroki Ishida	Supervision of International Business Development & Administration, Finance, In Charge of Legal Affairs and Brand Management
Director (Senior Executive Officer)	Yutaka Kuroda	Supervision of Europe & Africa Business, General Manager of Europe & Africa HQ.
Director (Senior Executive Officer)	Naofumi Harada	In Charge of Hybrid business and Purchasing
Director (Senior Executive Officer)	Mitsuteru Tanigawa	Supervision of Asia & Pacific Business, General Manager of Asia & Pacific HQ.
Director	Keizo Kosaka	Attorney Irokawa Legal Professional Corporation Chairman Toyo Aluminum K.K. Outside Audit & Supervisory Board Member Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member Techno Associe Co. Ltd. Outside Audit & Supervisory Board Member SEIREN CO., LTD. Outside Audit & Supervisory Board Member
Director	Kenji Murakami	
Director	Nobuyuki Kobayashi	Managing Director, Sumitomo Electric Industries, Ltd.
Standing Audit & Supervisory Board Member	Hiroaki Tanaka	
Standing Audit & Supervisory Board Member	Takashi Kono	
Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Murata Morihiro Accounting Firm Representative

Position	Name	Duties and Important Concurrent Posts
Audit & Supervisory Board Member	Asli M. Colpan	Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Outside Director of NISSHA Co., Ltd
Audit & Supervisory Board Member	Hirofumi Yasuhara	Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor of Hitachi Zosen Corporation

(Notes)

- Positions in parentheses alongside official titles indicate the position of the Director as Executive Officer of the Company.
- At the 128th Ordinary General Meeting of Shareholders held on March 26, 2020, Mr. Nobuyuki Kobayashi was newly elected and appointed as Director, and Mr. Hirofumi Yasuhara was newly elected and appointed as an Audit & Supervisory Board Member.
- Representative Director, President and CEO Satoru Yamamoto is directly responsible for auditing and tire quality assurance.
- Directors Keizo Kosaka, Kenji Murakami and Nobuyuki Kobayashi are Outside Directors.
- Audit & Supervisory Board Members Morihiro Murata, Asli M. Colpan and Hirofumi Yasuhara are Outside Audit & Supervisory Board Members.
- The Company has designated Directors Keizo Kosaka, Kenji Murakami, Nobuyuki Kobayashi and Audit & Supervisory Board Members Morihiro Murata, Asli M. Colpan and Hirofumi Yasuhara as Independent Officers, outside corporate officers who have no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange, and has duly submitted to Tokyo Stock Exchange a notification to such effect.
- Standing Audit & Supervisory Board Member Hiroaki Tanaka has supervised the management section and engaged in management of subsidiaries for a considerable period of time at the Company and possesses extensive experience and broad insights as a manager.
- Standing Audit & Supervisory Board Member Takashi Kono oversaw accounting and finance for a considerable period of time at the Company and possesses a considerable degree of knowledge in finance and accounting.
- As a certified public accountant and a tax accountant, Audit & Supervisory Board Member Morihiro Murata is well acquainted with corporate accounting and possesses a considerable degree of knowledge with regard to both finance and accounting.
- As a person of learning and experience in the field of management, Audit & Supervisory Board Member Asli M. Colpan possesses a considerable degree of knowledge with regard to finance and accounting.
- Audit & Supervisory Board Member Hirofumi Yasuhara has engaged in corporate finance and corporate management for a considerable period at Panasonic Corporation and PanaHome Corporation <Currently Panasonic Homes Co., Ltd.> and possesses extensive experience and broad insights as a manager.

The following Directors and Audit & Supervisory Board Members retired during this period:

Name	Position at the Time of Retirement	Date of Retirement <Reason for Retirement>
Makoto Tani	Director	March 26, 2020 <Due to expiration of his term>
Tetsuji Akamatsu	Audit & Supervisory Board Member	March 26, 2020 <Resignation>

(Note) Mr. Makoto Tani was Outside Director at the time of his retirement from office, and Mr. Tetsuji Akamatsu was Outside Audit & Supervisory Board Member at the time of his retirement from office.

(2) Summary of Agreement Concerning Limitation of Liability

The Company has concluded an agreement with each Outside Directors and each Audit & Supervisory Board Members to limit their liabilities as Director and Audit & Supervisory Board Member. As specified in Article 423, Paragraph 1 of the Companies Act, their liability shall be limited to the aggregate of the amount specified in each item of Article 425, Paragraph 1 of the said law.

(3) Remuneration of Directors and Audit & Supervisory Board Members

	Number of Persons to be Paid	Amount Payable
Directors	13	JPY 466 million
Audit & Supervisory Board Members	6	JPY 76 million

(Notes)

1. The maximum amount of remuneration for directors and Audit & Supervisory Board Members was resolved not to exceed JPY 800 million per year (including JPY 70 million for Outside Directors) and JPY 100 million per year, respectively, at the 123rd Ordinary General Meeting of Shareholders held on March 26, 2015.
2. The above number of persons to be paid includes 1 Director and 1 Audit & Supervisory Board Member who retired as of March 26, 2020.

(4) Executive Officers (As of January 1, 2021)

Executive officers who do not concurrently serve as directors are as follows:

Position	Name	Duties and Important Concurrent Posts
Senior Executive Officer	Naoki Yamada	
Senior Executive Officer	Takanori Aoi	General Manager of Tyre Supply Chain Management HQ. and Tyre Manufacturing HQ.
Senior Executive Officer	Hidekazu Nishiguchi	In Charge of License Business, Digital Planning, Overseas Tyre Sales and Motorcycle Tyre, General Manager of Corporate Management Planning & Administration Dept.
Senior Executive Officer	Kiyoshige Muraoka	In Charge of Intellectual Property Dept., General Manager of Research & Development HQ and Material Research & Development HQ.
Senior Executive Officer	Tomohiko Masuta	In Charge of Automotive System Business, Original Equipment Tyre Business and Industrial Tyre Business
Senior Executive Officer	Masatsugu Nishino	In Charge of Human Resource Development, Sustainability Promotion and Public Relations General Manager of Human Resources and General Affairs Dept.
Senior Executive Officer	Naoki Okawa	General Manager of Accounting & Finance Dept.
Executive Officer	Toshihiko Komatsu	Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş. President and CEO
Executive Officer	Eiichi Masuda	Sumitomo Rubber (China) Co., Ltd. Chairman and Chief Executive Officer Sumitomo Rubber (Changshu) Co., Ltd. Chairman and Chief Executive Officer Sumitomo Rubber (Hunan) Co., Ltd. Chairman
Executive Officer	Kenji Saito	Sumitomo Rubber (Thailand) Co., Ltd. President, Sumirubber Thai Eastern Corporation Co., Ltd. President
Executive Officer	Hirotooshi Murakami	General Manager of Hybrid Rubber Products Division and SPHB Production Promotion Dept.

Position	Name	Duties and Important Concurrent Posts
Executive Officer	Richard Smallwood	Sumitomo Rubber North America, Inc. President & CEO
Executive Officer	Hideaki Kawamatsu	General Manager of Sports Business HQ.
Executive Officer	Akio Onishi	Vice General Manager of Sports Business HQ. and General Manager of Product Development Dept.
Executive Officer	Naofumi Yanetani	General Manager of Oversea Tire Sales HQ.
Executive Officer	Atsuhiko Tanaka	Vice General Manager of Supply Chain Management HQ. and General Manager of Production Planning Dept. SRI Logistics Ltd. President
Executive Officer	Fumikazu Yamashita	In Charge of Safety & Environment Management, General Manager of Sustainability Promotion HQ.
Executive Officer	Yasuo Watanabe	General Manager of International Business Development & Administration Dept.
Executive Officer	Takuzo Iwata	Vice General Manager of Tyre Manufacturing HQ.
Executive Officer	Hiroshi Matsui	General Manager of Automotive System Division
Executive Officer	Yasuaki Kuniyasu	General Manager of Tyre Technical HQ.
Executive Officer	Jiro Kawase	General Manager of Dunlop Tyres Sales HQ.
Executive Officer	Hiroshi Hamada	General Manager of Original Equipment Tyre Business HQ.

(5) Outside Directors / Audit & Supervisory Board Members

The details of Outside Directors/ Audit & Supervisory Board Members are as follows:

(i) Status of Important Concurrently Held Outside Directors/ Audit & Supervisory Board Member (As of December 31, 2020)

Position	Name	Important Concurrent Post
Director	Keizo Kosaka	Attorney Irokawa Legal Professional Corporation Chairman Toyo Aluminum K.K. Outside Audit & Supervisory Board Member Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member Techno Associe Co. Ltd. Outside Audit & Supervisory Board Member SEIREN CO., LTD. Outside Audit & Supervisory Board Member
Director	Nobuyuki Kobayashi	Managing Director, Sumitomo Electric Industries, Ltd.
Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Murata Morihiro Accounting Firm Representative
Audit & Supervisory Board Member	Asli M. Colpan	Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Outside Director of NISSHA Co., Ltd
Audit & Supervisory Board Member	Hirofumi Yasuhara	Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor of Hitachi Zosen Corporation

(Notes)

1. Sumitomo Electric Industries, Ltd. is a shareholder owning 28.85% of the total number of shares issued by the Company (excluding treasury stock). In addition, the company provides raw materials, etc. of tires to the Company. This business relationship accounts for no more than 0.9% of either company's total consolidated annual revenues.
2. There are no special relationships between the Company and other companies in which the outside Directors/ Audit & Supervisory Board members hold important concurrently serving posts.

(ii) Major Activities Engaged by Outside Directors/ Audit & Supervisory Board Members

Position at the Company	Name	Attendance	Activities Engaged
Director	Keizo Kosaka	Meeting of the Board of Directors: 14 / 14	Provides opinions and suggestions based on his abundant knowledge and experience primarily as a lawyer.
Director	Kenji Murakami	Meeting of the Board of Directors: 14 / 14	Provides opinions and suggestions based on his abundant knowledge and experience primarily in the fields of corporate management.
Director	Nobuyuki Kobayashi	Meeting of the Board of Directors: 11 / 11	Provides opinions and suggestions based on his abundant knowledge and experience primarily in the fields of management.
Audit & Supervisory Board Member	Morihiro Murata	Meeting of the Board of Directors: 14 / 14 Audit & Supervisory Board: 12 / 12	Provides opinions and suggestions based on his abundant knowledge and experience primarily as a certified public accountant and a licensed tax accountant.
Audit & Supervisory Board Member	Asli M. Colpan	Meeting of the Board of Directors: 14 / 14 Audit & Supervisory Board: 12 / 12	Provides opinions and suggestions based on her abundant knowledge and experience primarily in the fields of academics.
Audit & Supervisory Board Member	Hirofumi Yasuhara	Meeting of the Board of Directors: 11 / 11 Audit & Supervisory Board: 10 / 10	Provides opinions and suggestions based on his abundant knowledge and experience primarily in the fields of finance and corporate management.

(Notes)

1. At the 128th Ordinary General Meeting of Shareholders held on March 26, 2020, Mr. Nobuyuki Kobayashi was newly elected and appointed as a Director. After the 128th Ordinary General Meeting of Shareholders, Meetings of the Board of Directors were held a total of 11 times.
2. At the 128th Ordinary General Meeting of Shareholders held on March 26, 2020, Mr. Hirofumi Yasuhara was newly elected and appointed as an Audit & Supervisory Board Member. After the 128th Ordinary General Meeting of Shareholders, Meetings of the Board of Directors were held a total of 11 times and Audit & Supervisory Board were held a total of 10 times.

(iii) Remuneration of Outside Directors/ Audit & Supervisory Board Members

Number of Persons to be Paid	Amount Paid from the Company	Amount Paid from the Company's Subsidiary
8	JPY 53 million	—

(Notes)

1. The Company does not have a parent company.
2. The above number of persons to be paid includes 1 Director and 1 Audit & Supervisory Board Member who retired as of March 26, 2020.

4. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration Payable to Each Accounting Auditor

(i) Total amount of remuneration payable by the Company to the Accounting Auditor:

JPY 162 million

(ii) Total amount of remuneration payable by the Company and its subsidiaries to the Accounting Auditor:

JPY 162 million

(Notes)

1. The Company's Audit & Supervisory Board reviewed the content of the Accounting Auditor's audit plan, the status of execution of its accounting audit duties and the grounds for calculation of the estimated remuneration for the Accounting Auditor, based on the reports and necessary documents obtained from Directors, related divisions and departments and the Accounting Auditor, and as a result consented to the amount of remuneration, etc., for the Accounting Auditor under Article 399, Paragraph 1, of the Companies Act.
2. The audit agreement executed between the Company and the Accounting Auditor does not distinguish (nor is it practical to make such distinction) the auditor's fee receivable under the Companies Act and the auditor's fee receivable under the Financial Instruments and Exchange Law and the above amounts therefore represent the total of these fees payable by the Company.
3. Among our major establishments and principal subsidiaries, P.T. Sumi Rubber Indonesia, Sumitomo Rubber (China) Co., Ltd., Sumitomo Rubber (Changshu) Co., Ltd., Sumitomo Rubber (Hunan) Co., Ltd., Sumitomo Rubber (Thailand) Co., Ltd., Sumirubber Thai Eastern Corporation Co., Ltd., Sumitomo Rubber do Brasil Ltda., Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.S., Sumitomo Rubber South Africa (Pty) Limited, Srixon Sports Manufacturing (Thailand) Co., Ltd., Dunlop International (Philippines), Inc., Sumirubber Malaysia Sdn. Bhd., Zhongshan Sumirubber Precision Rubber Ltd., Sumirubber Vietnam, Ltd. and Lonstroff AG have undergone a statutory audit by certified public accountants or audit corporations (including those who have equivalent qualifications in foreign countries) besides the Company's Accounting Auditor.

(3) Contents of Non-Auditing Services

The Company has entrusted to the Accounting Auditor agreed-upon procedural services as services falling outside the purview of Article 2, Paragraph 1 of the Certified Public Accountant Law (non-auditing services).

(4) The Company's Policy of Termination/Non-reappointment of an Accounting Auditor

If the Company's Audit & Supervisory Board decides that the Company should immediately terminate the Accounting Auditor pursuant to the provisions of Article 340 of the Companies Act, then the Accounting Auditor shall be dismissed by unanimous vote of all the Audit & Supervisory Board Members of the Company. If the Company's Audit & Supervisory Board evaluates the reappointment/non-reappointment of such Accounting Auditor pursuant to Article 344 of the Companies Act and decides that the Accounting Auditor would be unable to continue to properly perform its duties, the Audit & Supervisory Board shall determine the content of a proposal to be submitted to the shareholders meeting concerning the termination/non-reappointment of such Accounting Auditor.

(Note) In this Business Reports, all figures are rounded to the nearest notational unit.

Consolidated Statement of Financial Position

(As of December 31, 2020)

(Unit: JPY Million)

<u>ASSETS</u>	<u>AMOUNT</u>
CURRENT ASSETS:	436,652
Cash and cash equivalents	74,203
Trade and other receivables	179,635
Other financial assets	1,399
Inventories	151,253
Other current assets	30,162
NON-CURRENT ASSETS:	538,153
Property, plant and equipment	389,184
Goodwill	23,378
Intangible assets	41,402
Investments accounted for using equity method	4,323
Other financial assets	33,159
Net defined benefit asset	32,451
Deferred tax assets	13,449
Other non-current assets	807
<u>TOTAL ASSETS</u>	974,805

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
CURRENT LIABILITIES:	246,128
Bonds and loans payable	62,256
Trade and other payables	123,261
Other financial liabilities	12,816
Income tax payable	7,790
Provisions	1,170
Other current liabilities	38,835
NON-CURRENT LIABILITIES:	261,580
Bonds and loans payable	155,177
Other financial liabilities	48,164
Net defined benefit liability	22,202
Provisions	2,189
Deferred tax liabilities	11,282
Other non-current liabilities	22,566
<u>TOTAL LIABILITIES</u>	507,708
<u>EQUITY</u>	<u>AMOUNT</u>
Equity attributable to owners of parent	454,743
Capital stock	42,658
Capital surplus	39,486
Retained earnings	461,720
Treasury stock	(77)
Other components of equity	(89,044)
Non-controlling interest	12,354
<u>TOTAL EQUITY</u>	467,097
<u>TOTAL LIABILITIES AND EQUITY</u>	974,805

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2020 to December 31, 2020)

(Unit: JPY Million)

<u>ITEM</u>	<u>AMOUNT</u>
Revenue	790,817
Cost of sales	(558,638)
Gross profit	232,179
Selling, general and administrative expenses	(188,791)
Business profit	43,388
Other income	3,818
Other expenses	(8,505)
Operating profit	38,701
Financial income	1,735
Financial expenses	(10,733)
Equity in earnings of affiliates	68
Profit before tax	29,771
Income tax expenses	(6,761)
Profit	23,010
Profit attributable to:	
Owners of parent	22,596
Non-controlling interests	414
Profit	23,010

NON-CONSOLIDATED BALANCE SHEET

(As of December 31, 2020)

(Unit: JPY Million)

<u>ASSETS</u>	<u>AMOUNT</u>
CURRENT ASSETS:	266,075
Cash and deposits	2,045
Notes receivable-trade	9,168
Accounts receivable-trade	157,079
Merchandise and finished goods	24,203
Work in process	2,656
Raw materials and supplies	15,209
Accounts receivable-other	15,369
Short-term loans receivable	37,501
Other	2,895
Allowance for doubtful accounts	(50)
NON-CURRENT ASSETS:	490,960
PROPERTY, PLANT AND EQUIPMENT:	111,010
Buildings	29,402
Structures	2,880
Machinery and equipment	37,322
Vehicles	511
Tools, furniture and fixtures	12,279
Land	20,003
Leased assets	1,863
Construction in progress	6,750
INTANGIBLE ASSETS:	23,448
Trademark right	14,194
Software	8,836
Leased assets	198
Other	220
INVESTMENTS AND OTHER ASSETS:	356,502
Investment securities	19,842
Stocks of subsidiaries and associates	307,438
Long-term loans receivable	3,537
Long-term prepaid expenses	896
Guarantee deposits	2,633
Prepaid pension cost	19,734
Deferred tax assets	2,441
Other	191
Allowance for doubtful accounts	(210)
<u>TOTAL ASSETS</u>	757,035

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
CURRENT LIABILITIES:	244,547
Notes payable-trade	1,524
Accounts payable-trade	52,904
Current portion of bonds	10,000
Short-term loans payable	38,302
Current portion of long-term loans payable	28,811
Lease obligations	665
Accounts payable-other	34,182
Accrued expenses	5,158
Income tax payable	1,869
Deposits received	67,333
Provision for bonuses	2,088
Provision for directors' bonuses	102
Provision for sales rebates	527
Provision for loss on voluntary recall of products	627
Other	455
NON-CURRENT LIABILITIES:	154,335
Bonds payable	20,000
Long-term loans payable	122,847
Lease obligations	1,380
Provision for retirement benefits	5,902
Asset retirement obligations	516
Provision for loss on voluntary recall of products	684
Other	3,006
<u>TOTAL LIABILITIES</u>	398,882
<u>NET ASSETS</u>	<u>AMOUNT</u>
TOTAL EQUITY:	348,791
Capital stock	42,658
Capital surplus:	38,702
Legal capital surplus	38,702
Retained earnings:	267,508
Legal retained earnings	4,536
Other retained earnings:	262,972
Reserve for advanced depreciation of non-current assets	2,456
Reserve for special depreciation	53
General reserve	74,842
Retained earnings brought forward	185,621
Treasury stock	(77)
VALUATION AND TRANSLATION ADJUSTMENTS:	9,362
Valuation difference on available-for-sale securities	9,362
<u>TOTAL NET ASSETS</u>	358,153
<u>TOTAL LIABILITIES AND NET ASSETS</u>	757,035

NON-CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2020 to December 31, 2020)

(Unit: JPY Million)

<u>ITEM</u>	<u>AMOUNT</u>
Net sales	446,164
Cost of sales	(338,515)
Gross profit	107,649
Selling, general and administrative expenses	(99,189)
Operating income	8,460
Non-operating income:	
Interest and dividend income	28,400
Other	815
Non-operating expenses:	
Interest expenses	(1,351)
Loss on sales of notes payable	(215)
Foreign exchange losses	(2,048)
Loss on valuation of derivatives	(107)
Other	(1,078)
Ordinary income	32,876
Extraordinary income:	
Settlement received	668
Gain on extinguishment of tie-in shares	329
Gain on sales of non-current assets	6
Extraordinary losses:	
Loss on valuation of stocks of subsidiaries and affiliates	(5,236)
Loss on voluntary recall of products	(1,022)
Loss on retirement of non-current assets	(818)
Loss on sales of non-current assets	(2)
Income before income taxes	26,801
Income taxes-current	(5,204)
Income taxes-deferred	4,549
Profit	26,146

INDEPENDENT AUDITORS AUDIT REPORT

February 26, 2021

To: The Board of Directors of Sumitomo Rubber Industries, Ltd.

KPMG AZSA LLC Kobe Office

Designated Limited Liability Member & Executive Member

Kenichiro Kuroki

Certified Public Accountant

Designated Limited Liability Member & Executive Member

Masateru Matsui

Certified Public Accountant

Designated Limited Liability Member & Executive Member

Masanobu Kono

Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of “The Companies Act,” we have audited the accompanying consolidated financial statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes on the Consolidated Financial Statements of Sumitomo Rubber Industries, Ltd. (the “Company”) applicable to the 129th fiscal year from January 1, 2020 through December 31, 2020.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of some disclosure items required by International Financial Reporting Standards in accordance with the latter part of the first paragraph, Article 120 of the Ordinance of Companies Accounting, present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2020.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under those standards is described in the “Auditors’ Responsibility in the Auditing of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions for professional ethics in Japan, and fulfil other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Management, the Audit & Supervisory Board Members, and the Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for designing and operating such internal controls as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for evaluating whether or not it is appropriate to prepare the consolidated financial statements based on the going concern assumption, and for disclosing such matters if it is necessary under the going concern assumption in accordance with the latter part of the first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Audit & Supervisory Board Members and the Board are responsible for monitoring the performance of duties by the Directors in the development and operation of the financial reporting process.

Auditors' Responsibility in the Auditing of the Consolidated Financial Statements

Our responsibility is to express an opinion on the consolidated financial statements as to whether there are material misstatements as a whole due to fraud or error, by obtaining reasonable assurances based on our audit as independent auditors. Misstatements may occur due to fraud or error, and are deemed material if they are reasonably expected to affect the decision-making of users of the consolidated financial statements, individually or compiled.

We shall, as professional experts, make judgements through the audit process in accordance with auditing standards generally accepted in Japan, and implement the following with professional skepticism:

- We identify and assess material misstatements due to fraud or error, and draft and implement auditing procedures responding to the risk of material misstatements. The procedures shall be selected and applied at the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence.
- In making those risk assessments, the auditors consider internal controls that are relevant to the audit of consolidated financial statements, in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- We evaluate the appropriateness of accounting policies used and method of application thereof, and the reasonableness of accounting estimates made by the management, as well as the appropriateness of notes.
- We conclude whether or not it is appropriate for the management to prepare financial statements based on the

going concern assumption and whether there is significant uncertainty about events or situations which may incur material skepticism of the going concern assumption. If there is a significant uncertainty about the going concern assumption, we are required to issue a reminder in the notes of the consolidated financial statements in the Audit Report; or if the notes of the consolidated financial statements on the significant uncertainty are not appropriate, we are required to express an opinion with exceptive items on the consolidated financial statements. A company may not be able to continue as a going concern, depending on future events and situations, although the auditor's conclusion is based on the audit evidence obtained by the date of the Audit Report.

- We assess whether or not the presentation and notes of the consolidated financial statements are in accordance with the latter part of first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards, and whether the presentation, structure, and contents of the consolidated financial statements, including related notes, as well as the consolidated financial statements appropriately present the transactions and accounting events which provide their basis.
- We obtain sufficient and appropriate audit evidence for the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. Auditors are responsible for the instruction, supervision, and implementation of audit on the consolidated financial statements. Auditors are individually responsible for the opinion.

We report, to the Audit & Supervisory Board Members and the Board, the scope and the timing of implementation of the planned audit, material findings of the audit including material defects of internal controls identified in the process of implementing the audit, and other matters required by auditing standards.

We report, to the Audit & Supervisory Board Members and the Board, compliance of the entity with provisions for professional ethics in Japan, matters reasonably deemed to affect the independence of auditors, and their details if safeguards are taken to eliminate or mitigate hindrance.

Conflicts of Interest

We have no interest in the Company and its subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

INDEPENDENT AUDITORS AUDIT REPORT

February 26, 2021

To: The Board of Directors of Sumitomo Rubber Industries, Ltd.

KPMG AZSA LLC Kobe Office

Designated Limited Liability Member & Executive Member

Kenichiro Kuroki

Certified Public Accountant

Designated Limited Liability Member & Executive Member

Masateru Matsui

Certified Public Accountant

Designated Limited Liability Member & Executive Member

Masanobu Kono

Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of “The Companies Act,” we have audited the accompanying non-consolidated financial statements, which comprise the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Total equity, the Notes on the Non-Consolidated Financial Statements, and the supplemental schedules (collectively referred to as the “Non-Consolidated Financial Statements, etc.”) of Sumitomo Rubber Industries, Ltd. (the “Company”) applicable to the 129th fiscal year from January 1, 2020 through December 31, 2020.

In our opinion, the Non-Consolidated Financial Statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2020, in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in those standards is described in the “Auditors’ Responsibility in the Auditing of the Non-Consolidated Financial Statements, etc.” We are independent of the Company in accordance with provisions for professional ethics in Japan, and fulfil other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of the Management, the Audit & Supervisory Board Members, and the Board for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the Non-Consolidated Financial Statements, etc. in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan, and for designing and operating such internal controls as management determines are necessary to enable the preparation and fair presentation of Non-Consolidated Financial Statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the Non-Consolidated Financial Statements, etc., the management is responsible for evaluating as to whether it is appropriate to prepare the Non-Consolidated Financial Statements, etc. based on the going concern assumption; and for disclosing such matters if it is necessary to disclose matters for the going concern in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Audit & Supervisory Board Members and the Board are responsible for monitoring the performance of duties by the Directors in the development and operation of the financial reporting process.

Auditors' Responsibility in the Auditing of the Non-Consolidated Financial Statements, etc.

Our responsibility is to express an opinion on the Non-Consolidated Financial Statements, etc. as to whether there are material misstatements as a whole due to fraud or error, by obtaining reasonable assurance based on our audit as independent auditors. Misstatement may occur due to fraud or error, and is deemed material if it is reasonably expected to affect the decision-making of users of the Non-Consolidated Financial Statements, etc., individually or compiled.

We shall, as professional experts, make judgement through the audit process in accordance with auditing standards generally accepted in Japan, and implement the following with professional skepticism:

- We identify and assess material misstatement due to fraud or error, and draft and implement the auditing procedures responding to the risk of material misstatement. The procedures shall be selected and applied by the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence.
- In making those risk assessments, the auditors consider internal controls relevant to the audit of the Non-Consolidated Financial Statements, etc., in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- We evaluate the appropriateness of accounting policies used and method of application thereof, and the reasonableness of accounting estimates made by management, as well as the appropriateness of notes.
- We conclude as to whether it is appropriate for management to prepare financial statements based on the going

concern assumption and whether there is significant uncertainty about the event or situation which may incur material skepticism on the going concern assumption. If there is a significant uncertainty about the going concern assumption, we are required to issue a reminder in the notes of the Non-Consolidated Financial Statements, etc. in the Audit Report; or if the notes of the Non-Consolidated Financial Statements, etc. on the significant uncertainty are not appropriate, we are required to express an opinion with exceptive items on the Non-Consolidated Financial Statements, etc. A company may not be able to continue as a going concern, depending on future events and situations, although auditor's conclusion is based on the audit evidence obtained by the date of the Audit Report.

- We assess as to whether the presentation and notes of the Non-Consolidated Financial Statements, etc. are in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan, and whether the presentation, structure and content of the Non-Consolidated Financial Statements, etc. including related notes as well as the Non-Consolidated Financial Statements, etc. appropriately present the transactions and accounting events which provide their basis.

We report, to the Audit & Supervisory Board Members and the Board, the scope and the timing of implementation of the planned audit, material findings of the audit including material defects of internal controls identified in the process of implementing the audit, and other matters required by auditing standards

We report, to the Audit & Supervisory Board Members and the Board, compliance of the entity with provisions for professional ethics in Japan, matters reasonably deemed to affect the independence of auditors, and their details if safeguards are taken to eliminate or mitigate hindrance.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

AUDIT REPORT

Having reviewed the audit reports compiled by each Audit & Supervisory Board Member in regard to the performance of duties by the Directors of Sumitomo Rubber Industries, Ltd. (the “Company”) for the 129th business year (beginning on January 1, 2020 and ending on December 31, 2020), we, the Audit & Supervisory Board (the “Board”) of the Company, prepared this Audit Report and shall report as follows:

1. Method and Contents of Audit Performed by the Audit & Supervisory Board Members and the Board

- (1) We decided on the policies of audit and job assignment, received report from each Audit & Supervisory Board Member on the status of conducting audit and results of audit, received reports from Directors, etc. and from the Accounting Auditor on the status of performance of their duties, and requested explanation as necessary.
- (2) Each Audit & Supervisory Board Member, in observance of the auditing standards determined by the Board, and in accordance with the auditing policy and job assignment, communicated with the Directors, internal audit office, and other employees, collected information and organized the environment for conducting an audit, and conducted an audit according to the following method:
 - (i) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors and employees on the status of the performance of their duties, requested explanations as necessary, reviewed important approval documents, and conducted investigations on the state of operations and conditions of assets at the head office and other main offices of the Company. In addition, regarding subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Members of subsidiaries, and received business reports from subsidiaries, as necessary.
 - (ii) We regularly received reports from the Directors and employees, requested explanations as necessary and expressed opinions on the contents of a resolution of the Board of Directors concerning the establishment of a system, stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as necessary to assure that the performance of duties by the Directors is in compliance with laws and regulations and others to assure the appropriateness of the operations of a company group consisting of a stock company and its subsidiaries, as well as on the status of the development and operation of the system (internal control system) established based on the resolution.
 - (iii) We monitored and reviewed the Accounting Auditors to determine whether they remained independent and performed their audits appropriately, received reports from them on the status of the performance of their duties, and requested explanations as necessary. We also received a notice from the Accounting Auditors that the “system to assure proper performance of duties” (the matters provided in each item of Article 131 of the Corporate Accounting Regulations) is being established in accordance with the “Standards for Quality Control of Audits” (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above method, we reviewed the Business Report and the supplemental schedules, the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets, and List of Notes to the Financial Statements) and the supplemental schedules, and the consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and List of Notes to the Consolidated Financial Statements) for the current business year.

2. Results of Audit

(1) Result of Audit of the Business Report, etc.

We are of the view:

- (i) that the Business Report and the supplemental schedules fairly present the conditions of the Company as required by laws and regulations and the Articles of Incorporation of the Company;
- (ii) that in connection with the performance of duties by the Directors, we did not find any improper act or any material fact which constitutes a violation of laws and regulations or the Articles of Incorporation of the Company; and
- (iii) that the resolution of the Board of Directors concerning the internal control system is appropriate, and that there are no matters to be indicated concerning the execution of duties by the Directors concerning this internal control system.

(2) Results of Audit of the Financial Statements and the Supplemental Schedules

We find that the method and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We find that the method and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and appropriate.

March 1, 2021

Sumitomo Rubber Industries, Ltd.

Audit & Supervisory Board

Hiroaki Tanaka (seal)

Standing Audit & Supervisory Board Member

Takashi Kono (seal)

Standing Audit & Supervisory Board Member

Morihiro Murata (seal)

Audit & Supervisory Board Member

Asli M. Colpan (seal)

Audit & Supervisory Board Member

Hirofumi Yasuhara (seal)

Audit & Supervisory Board Member

(Note)

Audit & Supervisory Board Members Morihiro Murata, Asli M. Colpan and Hirofumi Yasuhara are Outside Audit & Supervisory Board .