

Consolidated Financial Results
for the Six Months Ended June 30, 2023
[IFRS]



August 7, 2023

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of filing quarterly securities report : August 8, 2023
 Scheduled date of commencing dividend payments : September 5, 2023
 Supplementary documents for quarterly financial results : Yes
 Quarterly financial results briefing session : Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded to the nearest unit.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2023 (January 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended										
June 30, 2023	561,161	9.6	17,080	20.4	16,810	33.7	8,196	(52.3)	47,677	(40.8)
June 30, 2022	512,112	16.4	14,184	(52.9)	12,572	(56.0)	17,187	(16.2)	80,508	83.6

(Note) “Business profit” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”

	Basic profit per share	Diluted profit per share	Business profit to sales revenue ratio
Six months ended	Yen	Yen	%
June 30, 2023	31.16	-	3.0
June 30, 2022	65.35	-	2.8

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2023	1,249,782	604,877	589,901	47.2	2,242.81
December 31, 2022	1,225,202	563,863	546,200	44.6	2,076.74

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2023	55,867	(32,481)	(28,557)	74,192
June 30, 2022	(110)	(35,217)	41,945	93,310

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2022	-	20.00	-	15.00	35.00
December 31, 2023	-	5.00			
Fiscal year ending December 31, 2023 (Forecast)			-	35.00	40.00

(Note) Revision to the dividends forecast announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,170,000	6.5	50,000	127.7	41,000	173.6	23,000	144.3	87.45

(Note) Revision to the financial results forecast announced most recently: Yes

Notes:

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : Yes
 - 2) Changes in accounting policies other than 1) : None
 - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
 - June 30, 2023 : 263,043,057 shares
 - December 31, 2022 : 263,043,057 shares
 - 2) Total number of treasury stock at the end of the period
 - June 30, 2023 : 23,992 shares
 - December 31, 2022 : 34,841 shares
 - 3) Average number of shares during the period
 - Six months ended June 30, 2023 : 263,012,864 shares
 - Six months ended June 30, 2022 : 263,001,225 shares

* Quarterly financial statements are outside the scope of the quarterly review procedures to be conducted by certified public accountants or auditing firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings projections and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to Sumitomo Rubber Industries, Ltd. (the “Company”) and its group companies (collectively, the “Group”) and do not constitute any promises by the Company that they will be realized. Actual results could differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 5 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Qualitative Information on Interim Financial Results for the Period under Review, (3) Consolidated Financial Results Forecast and Other Future Forecast.”

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1. Qualitative Information on Interim Financial Results for the Period under Review

(1) Operating Results

	For the six months ended June 30, 2022	For the six months ended June 30, 2023	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	512,112	561,161	9.6
Tires	430,853	471,076	9.3
Sports	61,533	68,149	10.8
Industrial and Other Products	19,726	21,936	11.2
Business profit	14,184	17,080	20.4
Tires	7,659	9,759	27.4
Sports	6,210	6,435	3.6
Industrial and Other Products	291	868	198.1
Adjustments	24	18	-
Operating profit	12,572	16,810	33.7
Profit attributable to owners of profit	17,187	8,196	(52.3)

(Note) “Business profit” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”

Foreign exchange rates applied

	For the six months ended June 30, 2022	For the six months ended June 30, 2023	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	123	135	12
Yen / Euro	134	146	12

During the three months ended June 30, 2023, the economic environment continued to decelerate gradually due to the high levels of inflation in certain regions and drastic interest rate hikes to appease such rise in prices, and the geopolitical tension reflecting the situation in Ukraine. The Japanese economy witnessed rising uncertainty, including trends in foreign exchange and prices, though modestly rebounding against the backdrop of normalization of economic activities and expectation of continuing recovery pushed by rising wages.

In the business environment surrounding the Group, while the impact of soaring energy costs and a decline in automotive production volume due to the shortage of semiconductors was still observed, there was a significant reduction in freight costs that soared in the same period of the previous fiscal year and a lull in the soaring raw material prices.

Under these circumstances, the Group strongly promoted company-wide projects that aim to reinforce our business foundation with the goal of accomplishing the Mid-Term Plan, which sets 2027 as the target year. At the same time, we worked to strengthen our competitive advantage through such efforts as developing and expanding sales of high-performance products that meet the needs of customers.

As a result, sales revenue of the Group increased 9.6% from the same period of the previous fiscal year to ¥561,161 million, business profit increased 20.4% to ¥17,080 million, operating profit increased 33.7% to ¥16,810 million and profit attributable to owners of parent decreased 52.3% to ¥8,196 million.

Business Performance by business segment was as follows.

Tire Business

Sales revenue in the tire business increased 9.3% from the same period of the previous fiscal year to ¥471,076 million, and business profit increased 27.4% to ¥9,759 million.

In the domestic original equipment market, recent sales exceeded the level of the same period of the previous fiscal year, although the impact of ongoing production constraints at auto manufacturers, which mainly stemmed from the global shortage of semiconductors, has been wearing off.

In the domestic replacement market, sales of summer tires were on par with the level of the same period of the previous fiscal year, in addition to strong sales of winter tires. With a temporary surge in demand in the run-up to price hikes, sales as a whole resulted in an increase from the same period of the previous fiscal year.

In the overseas original equipment market, sales fell below the level of the same period of the previous fiscal year in some regions, as there was the impact of the global shortage of semiconductors resulting in a decrease in automobile production, while in many regions, sales exceeded those for the same period of the previous fiscal year, as orders received recovered compared to the same period of the previous fiscal year when orders significantly declined due to the impact of COVID-19.

In the overseas replacement market, sales exceeded the level of the same period of the previous fiscal year in the Asia and Oceania region as sales in China gradually recovered partly due to the lifting of its zero-COVID policy. However, in Southeast Asia, sales fell below the level of the same period of the previous fiscal year amid the overall sluggish market. In Europe, sales volume fell below the level of the same period of the previous fiscal year because demand for winter tires was sluggish due to warm winter as well as demand for tires is somewhat slowing down due in part to the growing inflation. In the American region, while sales volume in North America fell below the level of the same period of the previous fiscal year due in part to control of sales of low-profit products, sales of flagship Falken tires exceeded the level of the same period of the previous fiscal year with strong sales of WILDPEAK Series. In South America, we continued to achieve solid sales backed by robust demand.

As a result, sales revenue and business profit in the tire business exceeded the level of the same period of the previous fiscal year.

Sports Business

Sales revenue in the sports business increased 10.8% from the same period of the previous fiscal year to ¥68,149 million, and business profit increased 3.6% from the same period of the previous fiscal year to ¥6,435 million.

In the golf goods market, sales revenue exceeded the level of the same period of the previous fiscal year as we were able to keep strong sales of new products launched in the first quarter and existing products as well as maintain strong sales performance primarily in overseas markets such as North America and South Korea.

In the tennis goods markets, sales revenue exceeded the level of the same period of the previous fiscal year, keeping strong sales in each of the markets mainly in Europe.

In the wellness business, sales revenue exceeded the level of the same period of the previous fiscal year thanks to the effects of the price increases as well as comprehensive facilities newly opened during the period.

As a result, sales revenue and business profit in the sports business exceeded the level of the same period of the previous fiscal year.

Industrial and Other Products Business

Sales revenue in the industrial and other products business increased 11.2% from the same period of the previous fiscal year to ¥21,936 million, and business profit increased 198.1% to ¥868 million.

While sales of disposable rubber gloves and rubber parts for office equipment declined in Japan, orders received increased for rubber parts for medical applications, infrastructure products, and other products.

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

(2) Financial Position

	As of December 31, 2022	As of June 30, 2023	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,225,202	1,249,782	24,580
Total equity	563,863	604,877	41,014
Total equity attributable to owners of parent	546,200	589,901	43,701
Total equity attributable to owners of parent ratio (%)	44.6	47.2	2.6
Equity attributable to owners of parent per share	2,076.74 yen	2,242.81 yen	166.07 yen

The financial position of the Group as of June 30, 2023 was as follows.

Total assets increased ¥24,580 million from the end of the previous fiscal year to ¥1,249,782 million mainly as a result of acquisition of tangible assets and effects of foreign currency translation, although there was decrease in trade and other receivables due to seasonal factors.

Total liabilities decreased ¥16,434 million from the end of the previous fiscal year to ¥644,905 million mainly as a result of decrease in interest-bearing debt.

Total equity as of June 30, 2023 increased ¥41,014 million from the end of the previous fiscal year to ¥604,877 million, of which equity attributable to owners of parent accounted for ¥589,901 million, and non-controlling interest accounted for ¥14,976 million.

As a result, ratio of equity attributable to owners of parent was 47.2%, and equity attributable to owners of parent per share was ¥2,242.81.

(3) Consolidated Financial Results Forecast and Other Future Forecast

As for the consolidated financial results for six months ended June 30, 2023, sales revenue exceeded the previously announced forecast because of the effect of the price increases and foreign currency translation, although a decline in automotive production volume due to the shortage of semiconductors was still observed. In addition, the business profit, operating profit and profit attributable to owners of parent exceeded the previously announced forecast partly due to alleviation of the rising prices of raw materials and improvement of the sales mix by focusing on advanced tires.

Regarding consolidated financial results forecast for the fiscal year ending December 31, 2023, the Group has revised the previous forecast as follows, based on latest trend of business.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

	Forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Sales revenue	1,170,000	1,160,000	10,000	0.9	1,098,664
Tires	1,001,000	988,000	13,000	1.3	939,941
Sports	124,500	127,500	(3,000)	(2.4)	116,597
Industrial and Other Products	44,500	44,500	-	-	42,126
Business profit	50,000	44,000	6,000	13.6	21,963
Tires	39,000	33,000	6,000	18.2	12,311
Sports	10,000	10,000	-	-	8,943
Industrial and Other Products	1,000	1,000	-	-	680
Adjustments	-	-	-	-	29
Operating profit	41,000	34,500	6,500	18.8	14,988
Profit attributable to owners of parent	23,000	21,000	2,000	9.5	9,415

Foreign exchange rates applied

	Forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	135	132	3	132
Yen / Euro	148	142	6	138

The results forecast and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to the Company and the Group as of the date of the release of this document and include potential risks and uncertainty. Please note that actual results may differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

2. Condensed Interim Consolidated Financial Statements and Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	73,846	74,192
Trade and other receivables	209,009	207,696
Other financial assets	6,950	4,429
Inventories	283,501	279,300
Other current assets	50,593	55,008
Total current assets	623,899	620,625
Non-current assets		
Tangible assets	436,307	448,280
Goodwill	26,412	29,968
Intangible assets	45,919	49,634
Investments accounted for using equity method	4,462	4,426
Other financial assets	34,303	38,362
Net defined benefit asset	38,899	39,418
Deferred tax assets	12,953	16,762
Other non-current assets	2,048	2,307
Total non-current assets	601,303	629,157
Total assets	1,225,202	1,249,782

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	100,895	118,608
Trade and other payables	176,151	150,419
Other financial liabilities	14,431	16,810
Income tax payable	7,980	16,184
Provisions	1,299	1,460
Other current liabilities	52,152	56,814
Total current liabilities	352,908	360,295
Non-current liabilities		
Bonds and loans payable	210,907	184,166
Other financial liabilities	48,191	48,688
Net defined benefit liability	21,333	22,045
Provisions	1,654	1,442
Deferred tax liabilities	4,690	6,534
Other non-current liabilities	21,656	21,735
Total non-current liabilities	308,431	284,610
Total liabilities	661,339	644,905
Equity		
Capital stock	42,658	42,658
Capital surplus	39,705	39,702
Retained earnings	478,379	482,789
Treasury stock	(61)	(41)
Other components of equity	(14,481)	24,793
Total equity attributable to owners of parent	546,200	589,901
Non-controlling interest	17,663	14,976
Total equity	563,863	604,877
Total liabilities and equity	1,225,202	1,249,782

(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income
Condensed Interim Consolidated Statements of Income

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Sales revenue	512,112	561,161
Cost of sales	(384,201)	(424,769)
Gross profit	127,911	136,392
Selling, general and administrative expenses	(113,727)	(119,312)
Business profit	14,184	17,080
Other income	786	1,397
Other expenses	(2,398)	(1,667)
Operating profit	12,572	16,810
Financial income	16,021	5,699
Financial expenses	(1,702)	(3,561)
Equity in earnings of affiliates	27	(30)
Profit before tax	26,918	18,918
Income tax expenses	(8,295)	(11,349)
Profit	18,623	7,569
Profit attributable to:		
Owners of parent	17,187	8,196
Non-controlling interests	1,436	(627)
Profit	18,623	7,569
Profit per share		
Basic profit per share (Yen)	65.35	31.16

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	18,623	7,569
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(298)	2,804
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	42	16
Currency translation differences of foreign operations	62,141	37,288
Other comprehensive income, net of tax	61,885	40,108
Comprehensive income	80,508	47,677
Comprehensive income attributable to:		
Owners of parent	76,708	47,510
Non-controlling interests	3,800	167
Comprehensive income	80,508	47,677

(3) Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2022	42,658	39,715	481,455	(85)	(74,238)	(126)
Hyperinflation adjustment			1,811		6,328	
Restated balances as of January 1, 2022	42,658	39,715	483,266	(85)	(67,910)	(126)
Profit			17,187			
Other comprehensive income					59,777	42
Total comprehensive income	-	-	17,187	-	59,777	42
Purchase of treasury stock				(1)		
Disposal of treasury stock		(0)		0		
Dividends			(7,890)			
Share-based payment transactions		(10)		27		
Transfer to retained earnings			(0)			
Transfer to capital surplus		10	(10)			
Other		(10)	(2)			
Total transactions with owners	-	(10)	(7,902)	26	-	-
Balance as of June 30, 2022	42,658	39,705	492,551	(59)	(8,133)	(84)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2022	12,161	-	(62,203)	501,540	12,003	513,543
Hyperinflation adjustment			6,328	8,139	2,035	10,174
Restated balances as of January 1, 2022	12,161	-	(55,875)	509,679	14,038	523,717
Profit			-	17,187	1,436	18,623
Other comprehensive income	(298)		59,521	59,521	2,364	61,885
Total comprehensive income	(298)	-	59,521	76,708	3,800	80,508
Purchase of treasury stock			-	(1)		(1)
Disposal of treasury stock			-	0		0
Dividends			-	(7,890)	(1,556)	(9,446)
Share-based payment transactions			-	17		17
Transfer to retained earnings	0		0	-		-
Transfer to capital surplus			-	-		-
Other			-	(12)		(12)
Total transactions with owners	0	-	0	(7,886)	(1,556)	(9,442)
Balance as of June 30, 2022	11,863	-	3,646	578,501	16,282	594,783

For the six months ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2023	42,658	39,705	478,379	(61)	(25,144)	27
Profit			8,196			
Other comprehensive income					36,494	16
Total comprehensive income	-	-	8,196	-	36,494	16
Purchase of treasury stock				(1)		
Disposal of treasury stock		(0)		0		
Dividends			(3,945)			
Share-based payment transactions		(7)		21		
Transfer to retained earnings			40			
Transfer to capital surplus		7	(7)			
Other		(3)	126			
Total transactions with owners	-	(3)	(3,786)	20	-	-
Balance as of June 30, 2023	42,658	39,702	482,789	(41)	11,350	43

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2023	10,636	-	(14,481)	546,200	17,663	563,863
Profit			-	8,196	(627)	7,569
Other comprehensive income	2,804		39,314	39,314	794	40,108
Total comprehensive income	2,804	-	39,314	47,510	167	47,677
Purchase of treasury stock			-	(1)		(1)
Disposal of treasury stock			-	0		0
Dividends			-	(3,945)	(2,850)	(6,795)
Share-based payment transactions			-	14		14
Transfer to retained earnings	(40)		(40)	-		-
Transfer to capital surplus			-	-		-
Other			-	123	(4)	119
Total transactions with owners	(40)	-	(40)	(3,809)	(2,854)	(6,663)
Balance as of June 30, 2023	13,400	-	24,793	589,901	14,976	604,877

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	26,918	18,918
Depreciation and amortization	37,202	38,375
Interest and dividends income	(1,438)	(1,632)
Interest expenses	1,702	2,829
Share of (profit) loss of entities accounted for using equity method	(27)	30
Decrease (increase) in inventories	(60,448)	17,995
Decrease (increase) in trade and other receivables	26,017	12,600
Increase (decrease) in trade and other payables	(4,771)	(25,053)
Other, net	(16,189)	2,853
Subtotal	8,966	66,915
Interest received	978	1,325
Dividend income received	449	422
Interest expenses paid	(1,593)	(2,799)
Income taxes paid	(8,910)	(9,996)
Net cash provided by (used in) operating activities	(110)	55,867
Cash flows from investing activities		
Purchase of tangible assets	(32,712)	(31,549)
Proceeds from sales of tangible assets	254	268
Purchase of intangible assets	(3,319)	(4,325)
Payment for transfer of business	(375)	—
Other, net	935	3,125
Net cash provided by (used in) investing activities	(35,217)	(32,481)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	54,067	7,669
Proceeds from long-term debt and newly issued bonds	10,000	7,221
Repayments of long-term debt and redemption of bonds	(6,280)	(28,917)
Repayments of lease obligations	(6,398)	(7,728)
Cash dividends paid	(7,888)	(3,949)
Cash dividends paid to non-controlling interests	(1,556)	(2,850)
Other, net	(0)	(3)
Net cash provided by (used in) financing activities	41,945	(28,557)
Effect of exchange rate change on cash and cash equivalents	11,599	5,517
Net increase (decrease) in cash and cash equivalents	18,217	346
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents at the end of current period	93,310	74,192

(5) Notes on Condensed Interim Consolidated Financial Statements
(Notes on Going Concern Assumption)
None

(Significant Accounting Policies)

Significant accounting policies adopted for these Condensed Quarterly Consolidated Financial Statements are the same as the accounting policies adopted for the Consolidated Financial Statements for the previous fiscal year, except for the following item.

Income tax expenses for the six months ended June 30, 2023 were calculated using the estimated average annual effective tax rate.

(Application of Amendments to IAS 12 *Income Taxes*)

The Group has applied the amendments to IAS 12 *Income Taxes* issued in May 2023 from the fiscal year ending December 31, 2023. The amendments have clarified that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the BEPS Pillar Two GloBE Rules (global minimum taxation rules) published by OECD. The amendments also provide a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules. In addition, as the amendments require an entity to retrospectively apply the said temporary exception immediately upon issuance of the amendments, the Group has adopted the said exception retrospectively from the current fiscal year and thus does not recognize or disclose deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

(Segment Information)

1. Information by reportable segment

Reportable segments of the Group are the units for which separate financial information is available and periodically reviewed by the Board of Directors as the highest decision-making body for the purposes of deciding the allocation of management resources and evaluating business performance.

The Group has three divisions based on operations in Tires, Sports and Industrial and Other Products. Each division formulates comprehensive strategies for both domestic and overseas markets and develops business activities.

Therefore, the Group identifies “Tires”, “Sports”, and “Industrial and Other Products” as reportable segments.

Major products and services or details of business that belong to each reportable segment are as follows:

Reportable segment	Major products and services or details of business
Tires	Tires and tubes (for automobiles, construction vehicles, industrial vehicles, automotive races and rallies, motorcycles, etc.) Automotive system business (instant mobility systems, deflation warning systems, etc.)
Sports	Sporting goods (golf clubs, golf balls and other golf goods, tennis goods, etc.) Operation of golf tournaments Operation of golf and tennis schools Fitness business, and others
Industrial and Other Products	High-performance rubber products (vibration control dampers, rubber parts for office equipment, rubber parts for medical applications, etc.) Daily life supplies (rubber gloves for cooking and other operations, ramps for wheelchair use, etc.) Products for infrastructure (marine dock fenders, flooring materials for factories and sports facilities, etc.)

2. Reportable segment sales revenues and profit or loss

Inter-segment sales revenues are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

Information about reportable segment sales revenues and profit or loss is as follows.

For the six months ended June 30, 2022 (January 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	430,853	61,533	19,726	512,112	-	512,112
Inter-segment sales revenue	673	75	606	1,354	(1,354)	-
Total	431,526	61,608	20,332	513,466	(1,354)	512,112
Segment profit (Business profit) (Note 1)	7,659	6,210	291	14,160	24	14,184
Other income and expenses						(1,612)
Operating profit						12,572

(Notes)

1. "Segment profit (Business profit)" is "Sales revenue" subtracted by "Cost of sales" and "Selling, general and administrative expenses."
2. Segment profit or loss included in "Adjustment" comprised elimination of inter-segment transactions.

For the six months ended June 30, 2023 (January 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	471,076	68,149	21,936	561,161	-	561,161
Inter-segment sales revenue	465	73	627	1,165	(1,165)	-
Total	471,541	68,222	22,563	562,326	(1,165)	561,161
Segment profit (Business profit) (Note 1)	9,759	6,435	868	17,062	18	17,080
Other income and expenses						(270)
Operating profit						16,810

(Notes)

1. "Segment profit (Business profit)" is "Sales revenue" subtracted by "Cost of sales" and "Selling, general and administrative expenses."
2. Segment profit included in "Adjustment" comprised elimination of inter-segment transactions.

(Significant Subsequent Events)

None