

Financial Report

(January 1 ~ June 30, 2023)

August 7, 2023

- 2023 2nd Quarter Financial Results Summary
 - Changes in Scope of Consolidation, Affiliated Companies
 - Financial Results Summary

- 2023 Annual Financial Results Forecast
 - Financial Results Forecast Summary
 - Capex, Depreciation, Tire Production Capacity etc.
 - Shareholder Returns

Changes in Scope of Consolidation

Consolidated Subsidiaries **97**
(vs 2022 year-end : (2))

Equity-method Affiliates **3**
(vs 2022 year-end : -)

	Newly Included -	Excluded (2)	Newly Included -	Excluded -
<p>Tires</p> 		Chengdu D Guard Automotive Service Co., LTd. (China/Sales)		
<p>Sports</p> 				
<p>Industrial & Other</p> 		Sumigomu Takasago Integrate, Ltd. (Japan/Sales)		

	Manufacturing Companies		Sales Companies		Other Companies		
Tires 	Domestic	1	Domestic	11	Domestic	7	
	Overseas	8	Overseas	31	Overseas	6	
		Asia Pacific	4	Asia Pacific	10	Asia Pacific	2
		Europe and Africa	2	Europe and Africa	18	Europe and Africa	2
		Americas	2	Americas	3	Americas	2
Sports 	Domestic	1	Domestic	1	Domestic	3	
	Overseas	3	Overseas	12	Overseas	7	
		Thailand, U.S., Philippines		Malaysia, U.K., Canada, Australia, China, Hong Kong, South Africa, South Korea, Thailand, France, Germany		U.K.	
Industrial & Other 	Domestic	1	Domestic	2	Domestic	-	
	Overseas	5	Overseas	1	Overseas	-	
		Malaysia, China, Vietnam, Switzerland, Slovenia		Hong Kong		-	

Total 100
 Domestic 27
 Overseas 73

2023 2nd Quarter Highlights

- The economic environment continued to decelerate gradually due to the high levels of inflation and the situation in Ukraine.
- The Japanese economy witnessed rising uncertainty, including trends in foreign exchange and prices, though expectation of continuing recovery pushed by rising wages.
- The impact of soaring energy costs and a decline in automotive production volume due to the shortage of semiconductors were 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.

Tires



- Domestic REP. Market: YoY increase in sales due to strong sales of winter tires and summer tires sales maintained the same level with previous year
- Domestic O.E. Market: YoY increase in sales in spite of ongoing decline in production cuts at auto manufacturers
- Overseas REP. Market: YoY decrease in sales due to discontinuation of unprofitable tires despite strong sales of flagship products
- Overseas O.E. Market: YoY increase in overall sales with stagnant sales to Japanese OEM in China

Sports



- Golf Business: YoY increase in revenue thanks to maintaining strong sales in key markets of North America & South Korea
- New products launched in the 1st quarter and existing products as well as maintain strong performance

Industrial & Other



- Industrial & Other Business: YoY increase in revenue due to increase of rubber parts for medical applications & infrastructure products

Consolidated Financial Results (2023 Jan.-Jun.)



Billions of Yen

	2023 Jan.-Mar.	vs 2022	2023 Apr.-Jun.	vs 2022	2023 Jan.-Jun.	vs 2022	May 15 th 2023 Forecast 2023 Jan.-Jun.	2022 Jan.-Jun.
Sales Revenue	276.8	110% +26.3	284.4	109% +22.8	561.2	110% +49.0	550.0	512.1
Business Profit (%)	8.0 2.9%	54% (6.8)	9.1 3.2%	- +9.7	17.1 3.0%	120% +2.9	12.0 2.2%	14.2 2.8%
<small>*1,3</small>								
Operating Profit (%)	7.8 2.8%	55% (6.4)	9.0 3.2%	- +10.6	16.8 3.0%	134% +4.2	11.0 2.0%	12.6 2.5%
<small>*3</small>								
Profit	4.0	34% (7.7)	4.2	77% (1.2)	8.2	48% (9.0)	6.5	17.2
<small>*2,3</small>								

*1. Business Profit : Sales Revenue – (COS + SGA)

*2. Profit : Profit attributable to owners of parent

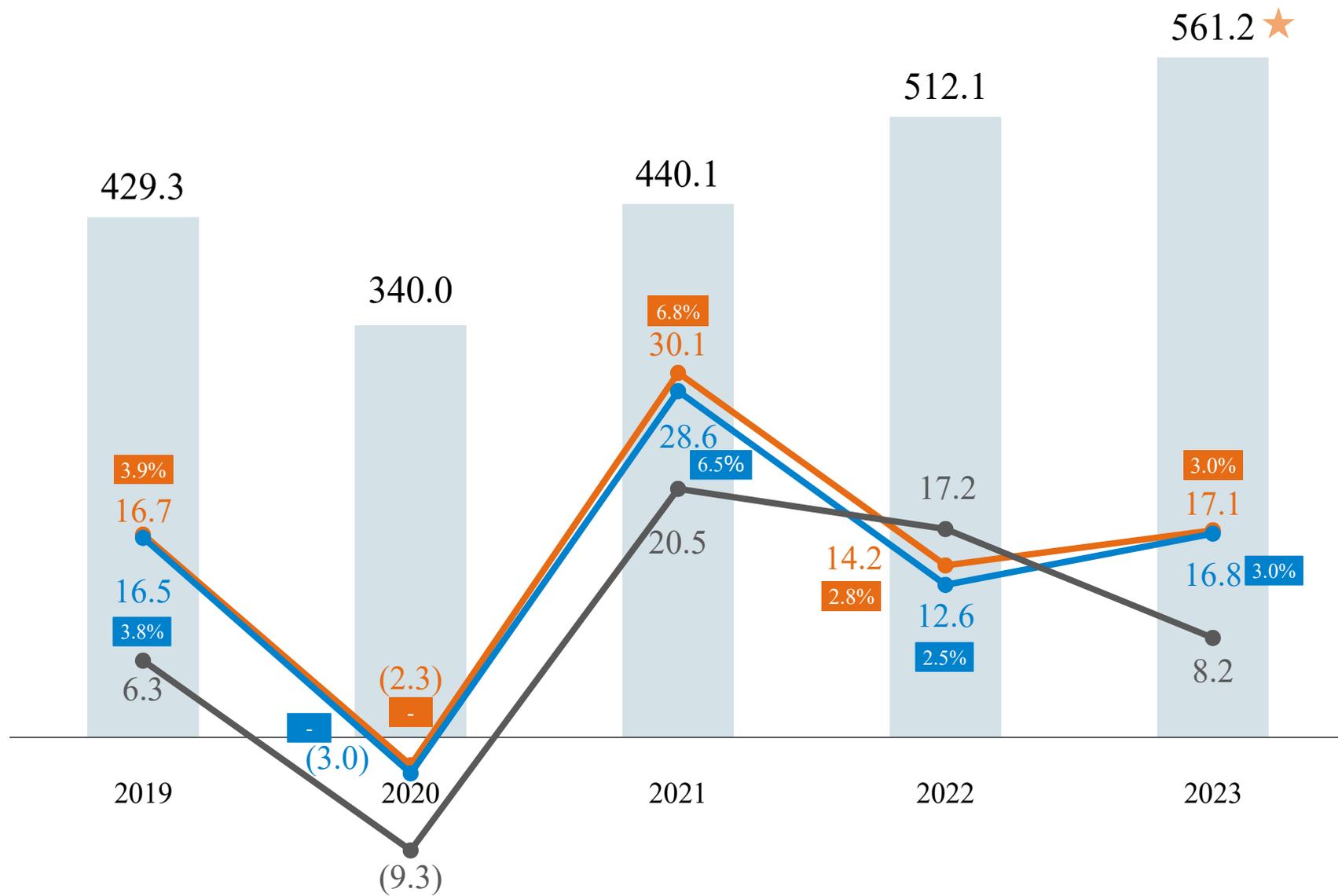
*3. Accounting adjustments have been applied since 2nd quarter of 2022, as pursuant to IAS 29 “Financial Reporting in Hyperinflationary Economies”.

The above notes 1,2,3 apply throughout this report.

Consolidated Sales Revenue / Profit (Jan.-Jun.)



Billions of Yen % : Profit Ratio ★ : Record High



■ Sales Revenue ● Business Profit ● Operating Profit ● Profit attributable to owners of parent

Consolidated Sales Revenue / Business Profit by Reportable Segment (2023 Jan.-Jun.)



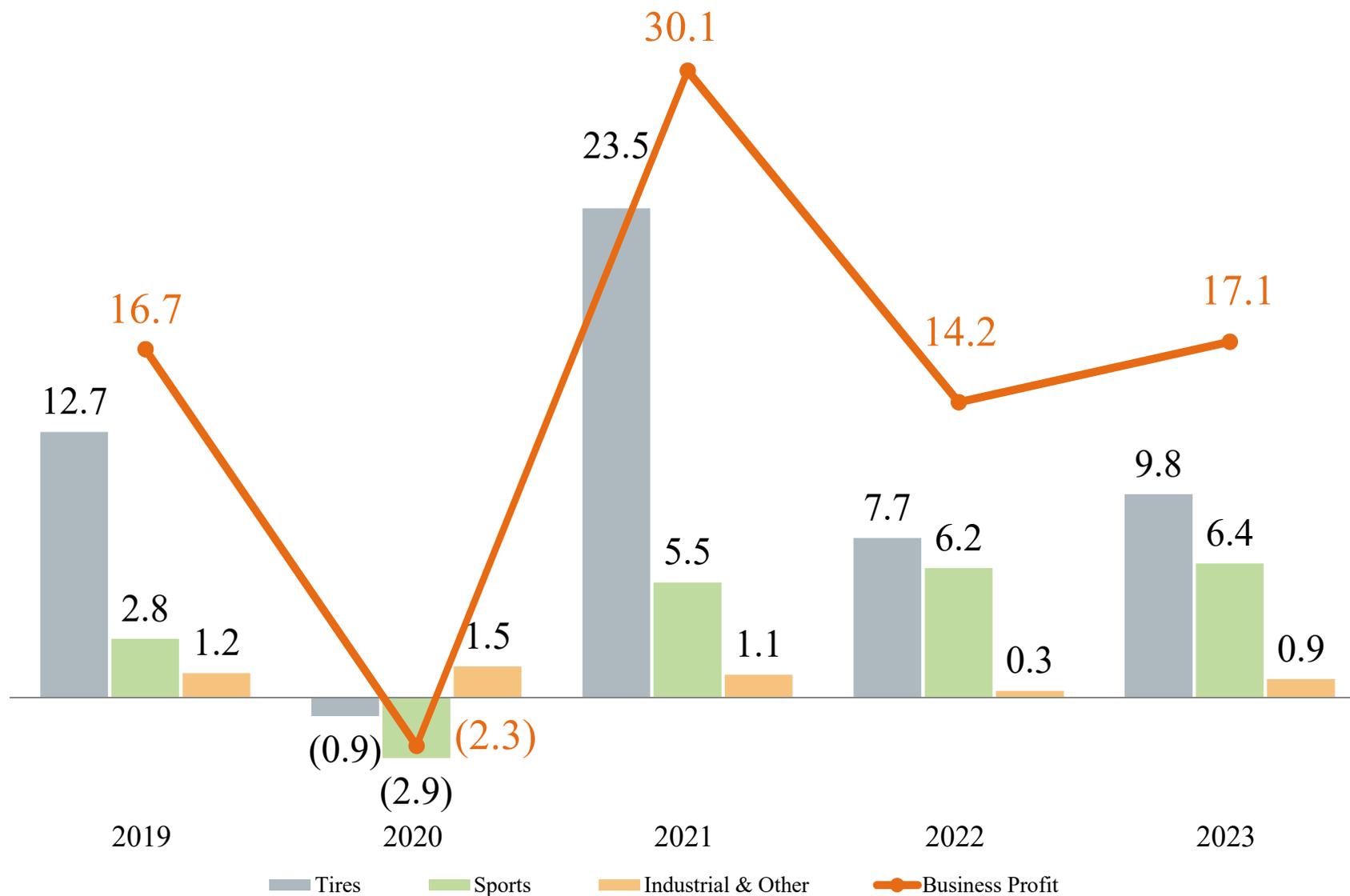
Billions of Yen

	2023 Jan.-Mar.	vs 2022	2023 Apr.-Jun.	vs 2022	2023 Jan.-Jun.	vs 2022	May 15 th 2023 Forecast 2023 Jan.-Jun.	2022 Jan.-Jun.	
Sales Revenue	Tires	229.8	109%	241.3	110%	471.1	109%	458.0	430.9
	Sports	35.5	119%	32.7	103%	68.1	111%	70.0	61.5
	Industrial & Other	11.5	116%	10.4	107%	21.9	111%	22.0	19.7
	Total	276.8	110%	284.4	109%	561.2	110%	550.0	512.1
Business Profit	Tires	1.9	18%	7.8	-	9.8	127%	5.0	7.7
	Sports	5.5	137%	1.0	44%	6.4	104%	7.0	6.2
	Industrial & Other	0.6	166%	0.3	-	0.9	281%	0.0	0.3
	Total	8.0	54%	9.1	-	17.1	120%	12.0	14.2

Consolidated Business Profit by Reportable Segment (Jan.-Jun.)



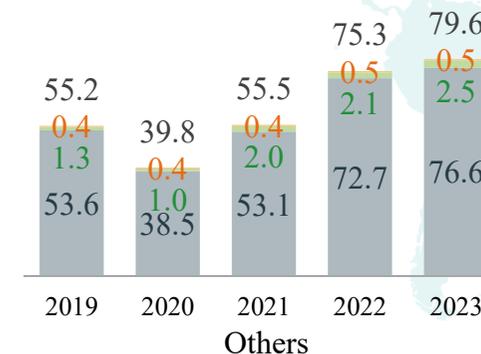
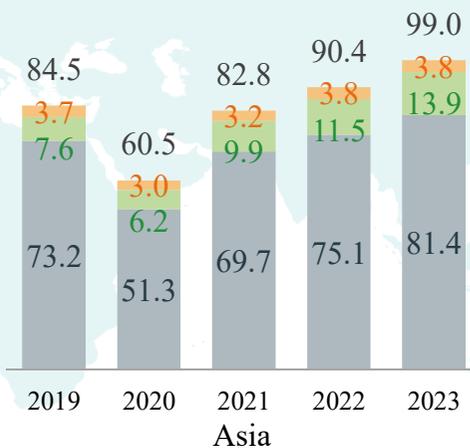
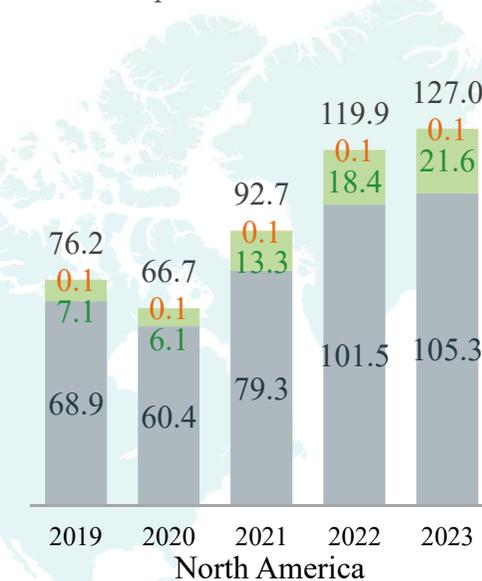
Billions of Yen



Sales Revenue by Destination (Jan.-Jun.)

Billions of Yen

■ Tires ■ Sports ■ Industrial & Other

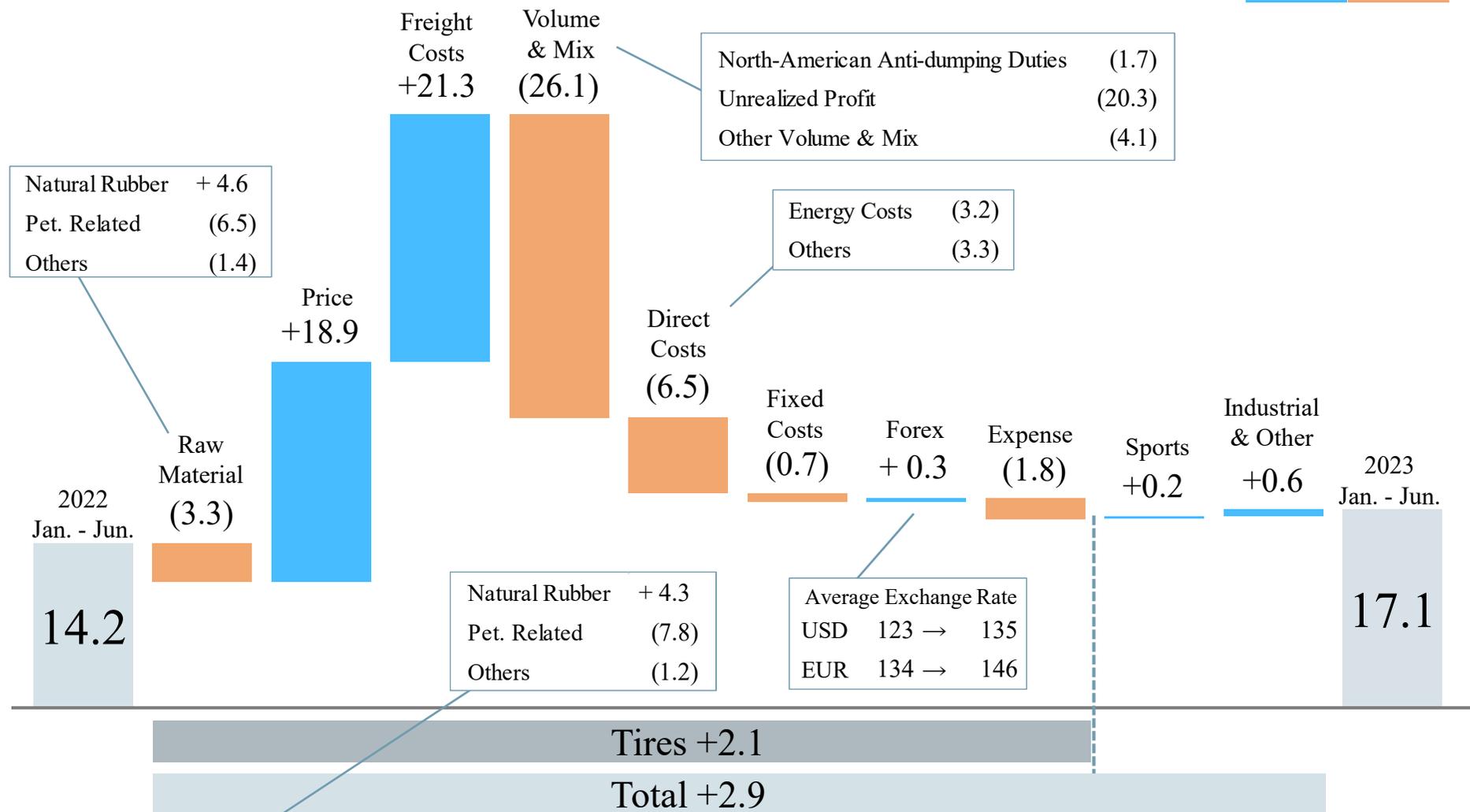


	2019	2020	2021	2022	2023
Consolidated Sales Revenue	429.3	340.0	440.1	512.1	561.2
% of Overseas	66%	64%	69%	73%	72%

*Sales Revenue on this page are based on customer's location.

Consolidated Business Profit Walk (2023 Jan.-Jun.)

Billions of Yen Increase Decrease



	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
May 15 th Forecast	(4.7)	+17.3	+21.3	(26.2)	(6.6)	(2.0)	(0.6)	(1.2)	+0.8	(0.3)	(2.2)
2021 → 2022	(37.4)	+32.0	(21.7)	+20.5	(5.4)	(1.4)	+0.1	(2.5)	+0.7	(0.8)	(15.9)

【Forecast】 Consolidated Financial Results (2023 Annual)



Billions of Yen

	Revised Forecast 2023	Actual 2022	YOY	May 15 th 2023 Forecast 2023	Revised Forecast 2023 Jul.-Dec	VS 2022
Sales Revenue	1,170.0	1,098.7	106%	1,160.0	608.8	104%
Business Profit (%)	50.0 4.3%	22.0 2.0%	228%	44.0 3.8%	32.9 5.4%	423%
Operating Profit (%)	41.0 3.5%	15.0 1.4%	274%	34.5 3.0%	24.2 4.0%	1001%
Profit	23.0	9.4	244%	21.0	14.8	-
ROIC ^{*1}	3.7%	1.7%		3.3%		
ROE	4.1%	1.8%		3.8%		
ROA ^{*2}	4.1%	1.9%		3.6%		
D/E Ratio	0.6	0.7		0.6		

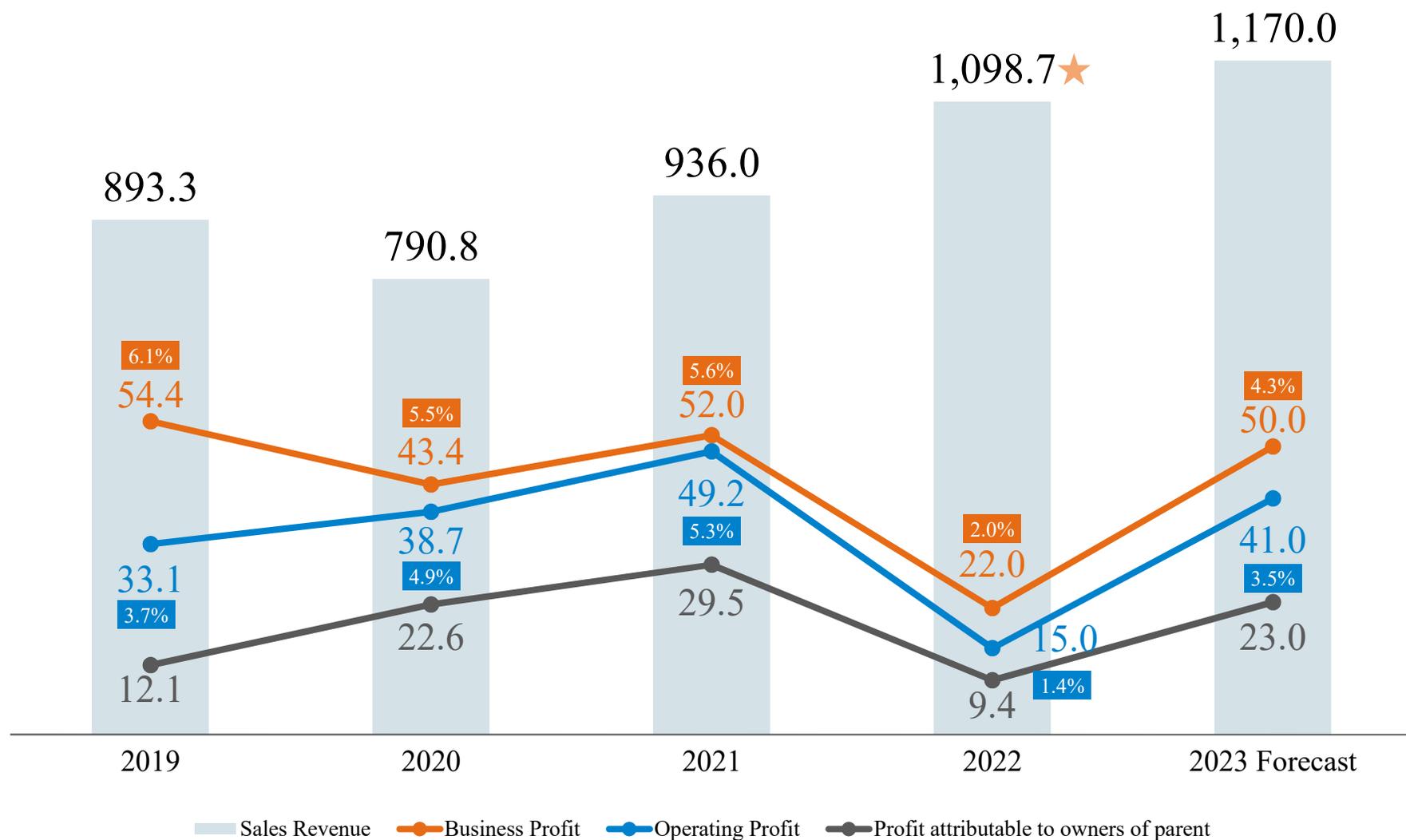
*1.ROIC: Net Business Profit After Tax / Invested Capital

*2.ROA: Business Profit / Total Assets

【Forecast】 Consolidated Sales Revenue / Profit



Billions of Yen % : Profit Ratio ★ : Record High



**【Forecast】 Consolidated Sales Revenue / Business Profit
by Reportable Segment (2023 Annual)**



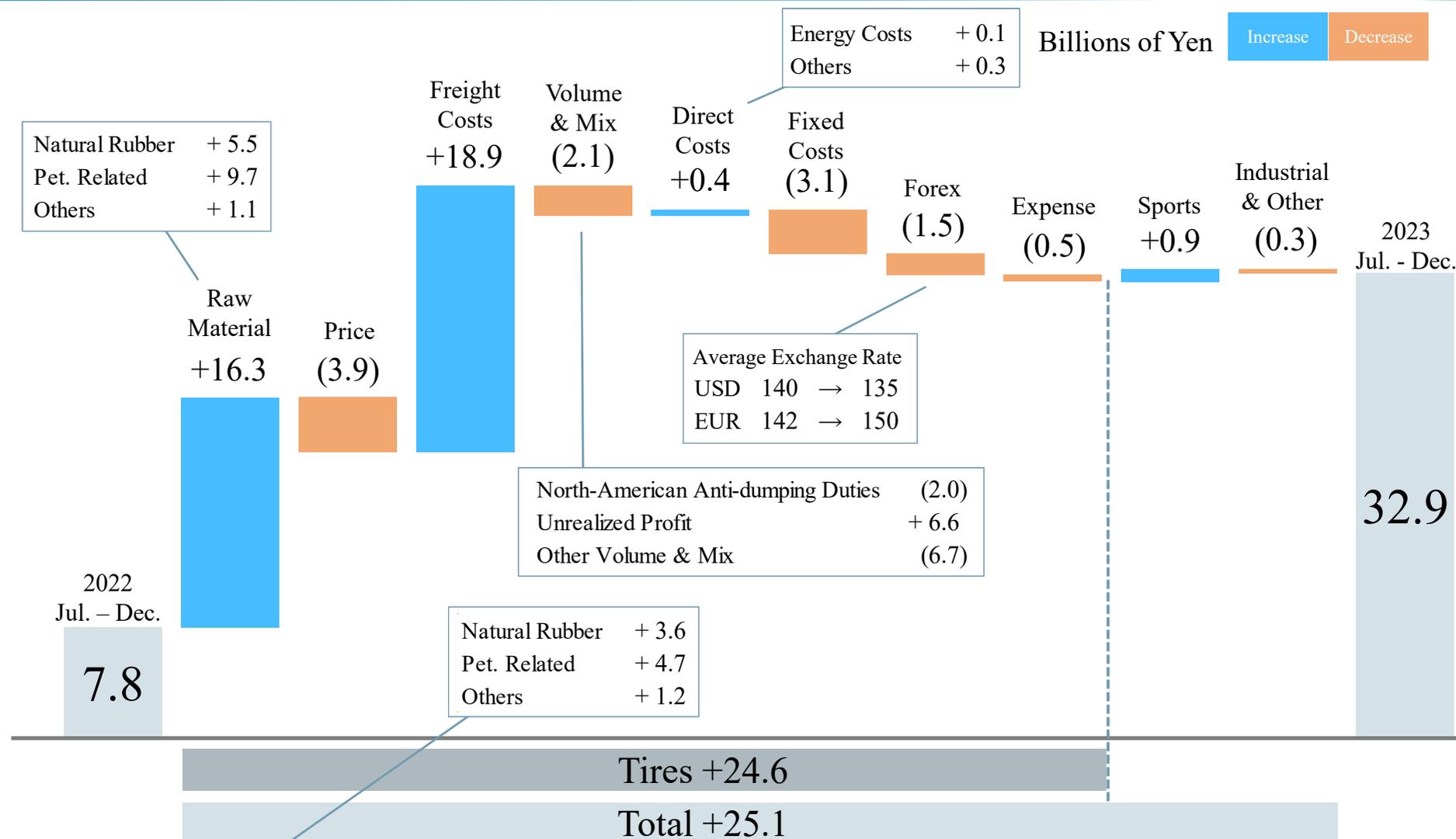
Billions of Yen

		Revised Forecast 2023	Actual 2022	YOY	May 15 th 2023 Forecast 2023	Revised Forecast 2023 Jul.-Dec.	vs 2022
Sales Revenue	Tires	1,001.0	939.9	106%	988.0	529.9	104%
	Sports	124.5	116.6	107%	127.5	56.4	102%
	Industrial & Other	44.5	42.1	106%	44.5	22.6	101%
	Total	1,170.0	1,098.7	106%	1,160.0	608.8	104%
Business Profit	Tires	39.0	12.3	317%	33.0	29.2	628%
	Sports	10.0	8.9	112%	10.0	3.6	130%
	Industrial & Other	1.0	0.7	141%	1.0	0.1	29%
	Total	50.0	22.0	228%	44.0	32.9	423%

【Forecast】 Consolidated Business Profit Walk (2023 Jul.-Dec.)

Billions of Yen

Increase (Blue) Decrease (Orange)

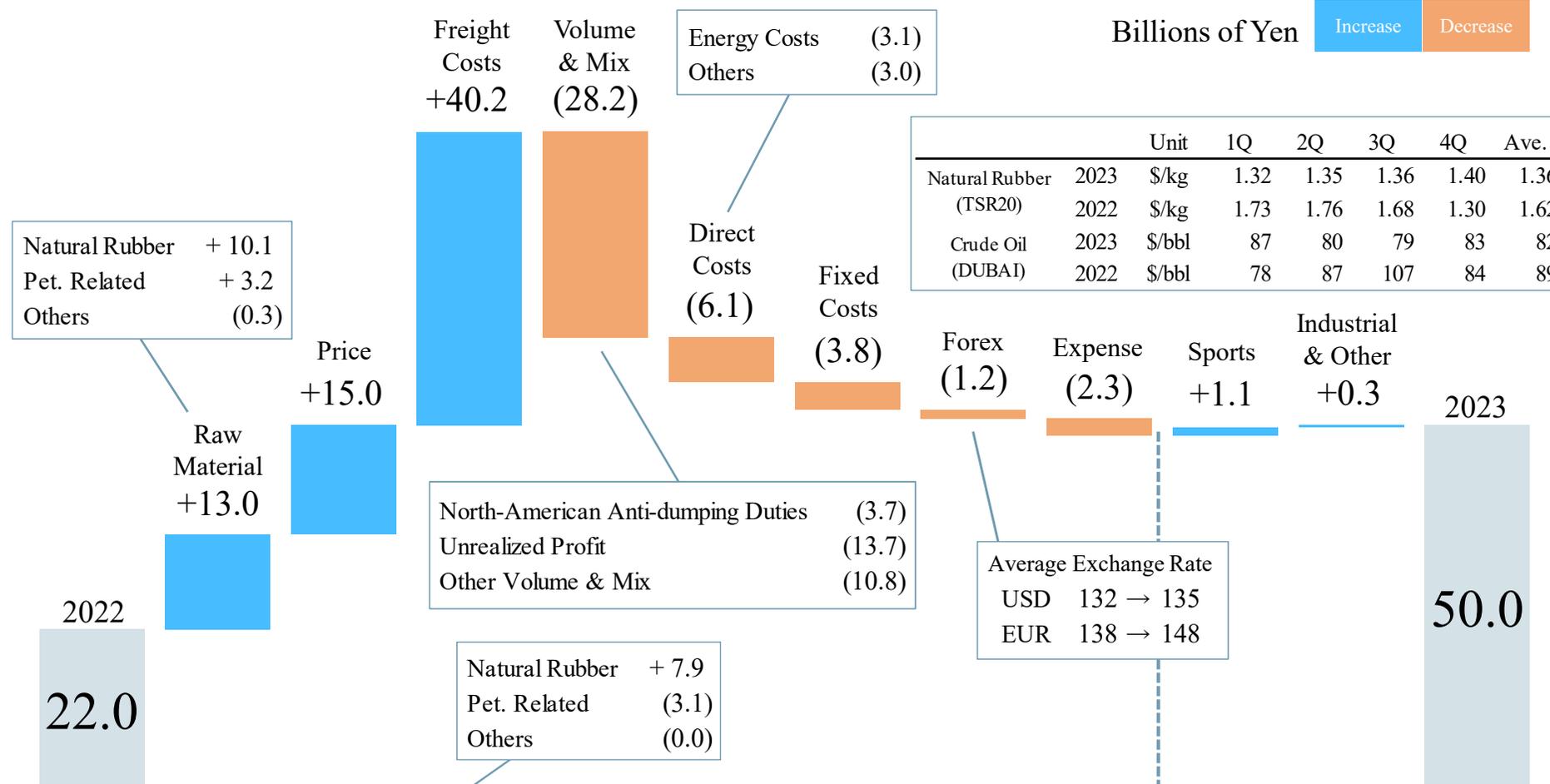


	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
May 15 th Forecast	+9.5	(2.0)	+18.9	+3.2	(0.5)	(2.5)	(3.3)	+0.0	+0.3	+0.6	+24.2
2021 → 2022 Jul.-Dec. Jul.-Dec.	(31.4)	+36.9	+0.5	(6.8)	(9.3)	(0.5)	(2.8)	+0.2	(0.4)	(0.5)	(14.1)

【Forecast】 Consolidated Business Profit Walk (2023 Annual)



Billions of Yen Increase Decrease



		Unit	1Q	2Q	3Q	4Q	Ave.
Natural Rubber (TSR20)	2023	\$/kg	1.32	1.35	1.36	1.40	1.36
	2022	\$/kg	1.73	1.76	1.68	1.30	1.62
Crude Oil (DUBAI)	2023	\$/bbl	87	80	79	83	82
	2022	\$/bbl	78	87	107	84	89

Natural Rubber +10.1
Pet. Related +3.2
Others (0.3)

Energy Costs (3.1)
Others (3.0)

North-American Anti-dumping Duties (3.7)
Unrealized Profit (13.7)
Other Volume & Mix (10.8)

Natural Rubber +7.9
Pet. Related (3.1)
Others (0.0)

Average Exchange Rate
USD 132 → 135
EUR 138 → 148

	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
May 15 th Forecast	+4.8	+15.3	+40.2	(23.0)	(7.1)	(4.5)	(3.9)	(1.2)	+1.1	+0.3	+22.0
2021 → 2022	(68.8)	+68.9	(21.2)	+13.7	(14.7)	(1.9)	(2.7)	(2.3)	+0.3	(1.3)	(30.0)

Consolidated Business Profit Analysis by Factors



Billions of Yen

Period	Business Profit		Factors										
		vs Previous year	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	
2022	Jan.-Mar.	14.8	(1.4)	(19.7)	+15.1	(11.2)	+17.0	(2.0)	(0.6)	+0.0	(1.2)	+1.5	(0.3)
	Apr.-Jun.	(0.6)	(14.5)	(17.7)	+16.9	(10.5)	+3.5	(3.4)	(0.8)	+0.1	(1.3)	(0.8)	(0.5)
	Jul.-Dec.	7.8	(14.1)	(31.4)	+36.9	+0.5	(6.8)	(9.3)	(0.5)	(2.8)	+0.2	(0.4)	(0.5)
	Annual	22.0	(30.0)	(68.8)	+68.9	(21.2)	+13.7	(14.7)	(1.9)	(2.7)	(2.3)	+0.3	(1.3)
2023	Jan.-Mar.	8.0	(6.8)	(4.5)	+10.8	+10.5	(19.4)	(3.9)	(0.7)	(0.3)	(1.0)	+1.5	+0.2
	Apr.-Jun.	9.1	+9.7	+1.2	+8.1	+10.8	(6.7)	(2.6)	(0.0)	+0.6	(0.8)	(1.3)	+0.4
	Jul.-Dec.	32.9	+25.1	+16.3	(3.9)	+18.9	(2.1)	+0.4	(3.1)	(1.5)	(0.5)	+0.9	(0.3)
	Annual	50.0	+28.0	+13.0	+15.0	+40.2	(28.2)	(6.1)	(3.8)	(1.2)	(2.3)	+1.1	+0.3
vs May 15 th Forecast		+6.0	+8.2	(0.3)	+0.0	(5.2)	+1.0	+0.7	+2.7	(1.1)	+0.0	+0.0	

Tire Sales Volume (Comparison %)

vs Previous year	2022 Actual					2023 Jan.-Jun. Actual, Jul.-Dec. Forecast					2023 May 15th Forecast			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual	
Domestic O.E.	81%	84%	122%	111%	98%	112%	121%	108%	111%	113%	116%	102%	108%	
Domestic Rep.	116%	93%	111%	92%	101%	98%	108%	92%	99%	99%	101%	100%	101%	
Overseas O.E.	106%	102%	136%	101%	110%	101%	108%	90%	105%	100%	102%	100%	101%	
Overseas Rep.	97%	93%	91%	81%	90%	87%	94%	101%	106%	97%	91%	108%	99%	
Details	North America	90%	91%	76%	72%	82%	81%	92%	108%	104%	95%	84%	115%	98%
	Europe	106%	98%	84%	92%	95%	90%	85%	98%	96%	92%	93%	103%	98%
	Asia	88%	86%	104%	73%	87%	91%	104%	101%	119%	103%	97%	110%	104%
	Others	105%	98%	103%	89%	99%	85%	93%	99%	107%	96%	91%	104%	97%
Total	99%	93%	104%	89%	96%	94%	101%	98%	105%	100%	97%	104%	101%	
Total Tire Sales (000 Units)	28,180	26,600	28,070	28,610	111,460	26,450	26,860	27,620	30,000	110,930	53,250	59,010	112,260	

Tire Volume by Category (Comparison %)



vs Previous Year	Actual 2022 Jan.-Jun.				Actual 2022 Jan.-Dec.			
	O.E.	Rep.	Total	Composition ratio	O.E.	Rep.	Total	Composition ratio
Passenger Tires	95%	96%	95%	87%	105%	92%	96%	87%
Advanced Tires*1	96%	94%	95%	34%*2	105%	91%	96%	35%*2
Truck & Bus Tires	86%	101%	100%	4%	97%	96%	96%	4%
Motorcycle, Industrial & Other Tires	96%	104%	101%	9%	109%	98%	102%	9%
Total	95%	97%	96%	100%	105%	93%	96%	100%

vs Previous Year	Actual 2023 Jan.-Jun.				2023 Jan.-Dec. Forecast			
	O.E.	Rep.	Total	Composition ratio	O.E.	Rep.	Total	Composition ratio
Passenger Tires	107%	94%	98%	87%	105%	99%	101%	87%
Advanced Tires*1	117%	100%	106%	37%*2	117%	108%	111%	38%*2
Truck & Bus Tires	118%	82%	84%	3%	137%	90%	93%	4%
Motorcycle, Industrial & Other Tires	118%	84%	96%	9%	107%	95%	99%	9%
Total	109%	93%	97%	100%	105%	98%	100%	100%

< Advanced Tires Composition Ratio by Year > *2

		2021 Actual	2022 Actual	2023 Forecast
Advanced Tires*1	O.E.	44%	44%	49%
	Rep.	31%	31%	33%
	Total	34%	35%	38%

*1.Advanced Tires: Primarily for SUVs and Passenger car tires with a size of 18" or larger
*2.Composition Ratio to Passenger Tires

Tire Overseas Rep. Volume by Regional Segment



Unit : 000

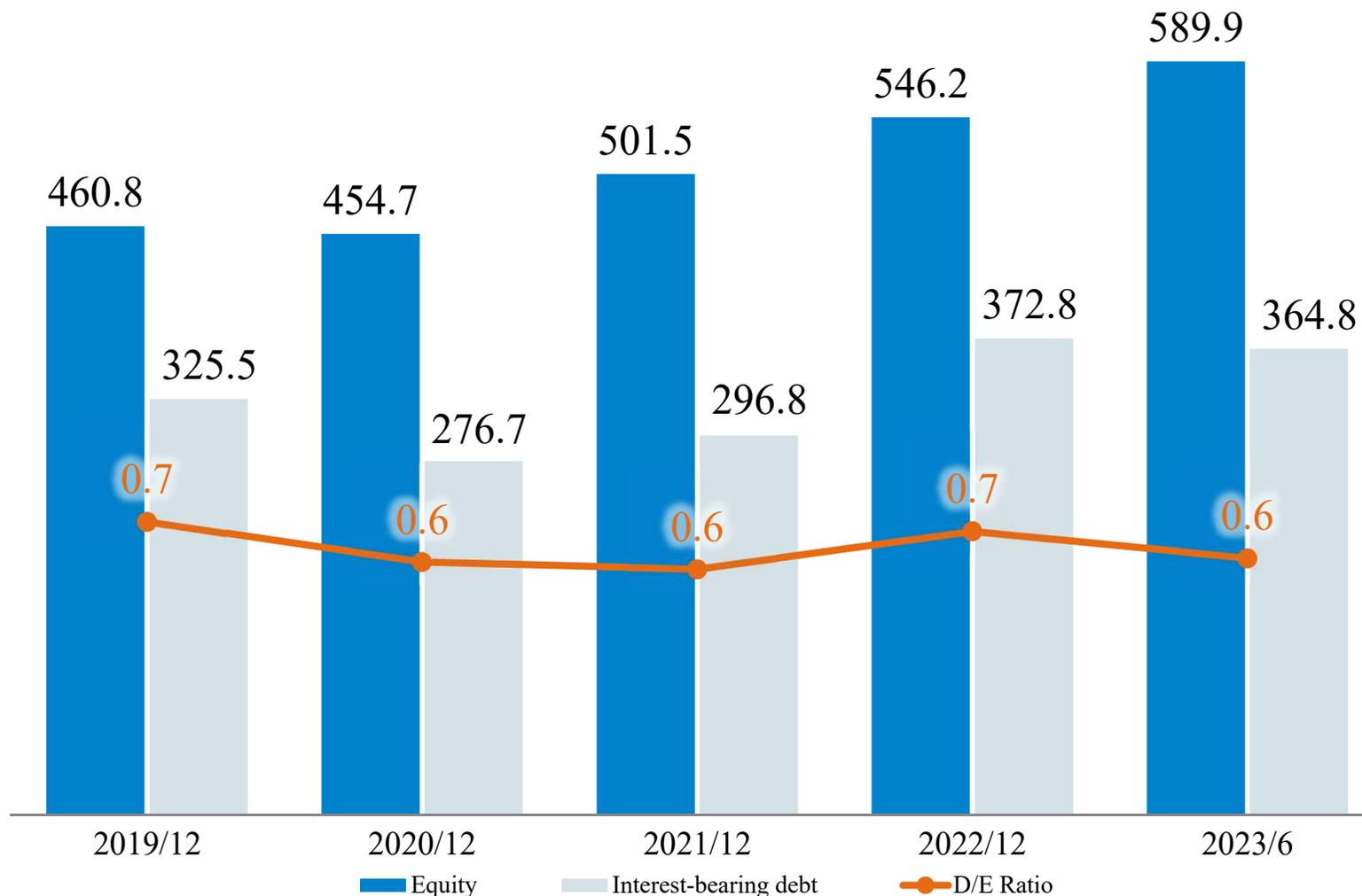
*Numbers shown in the bar graph are yoy% by region.



Forex (USD)	2018	2019	2020	2021	2022	2023 Forecast
	110	109	107	110	132	135

Equity / Interest-Bearing Debt

Billions of Yen

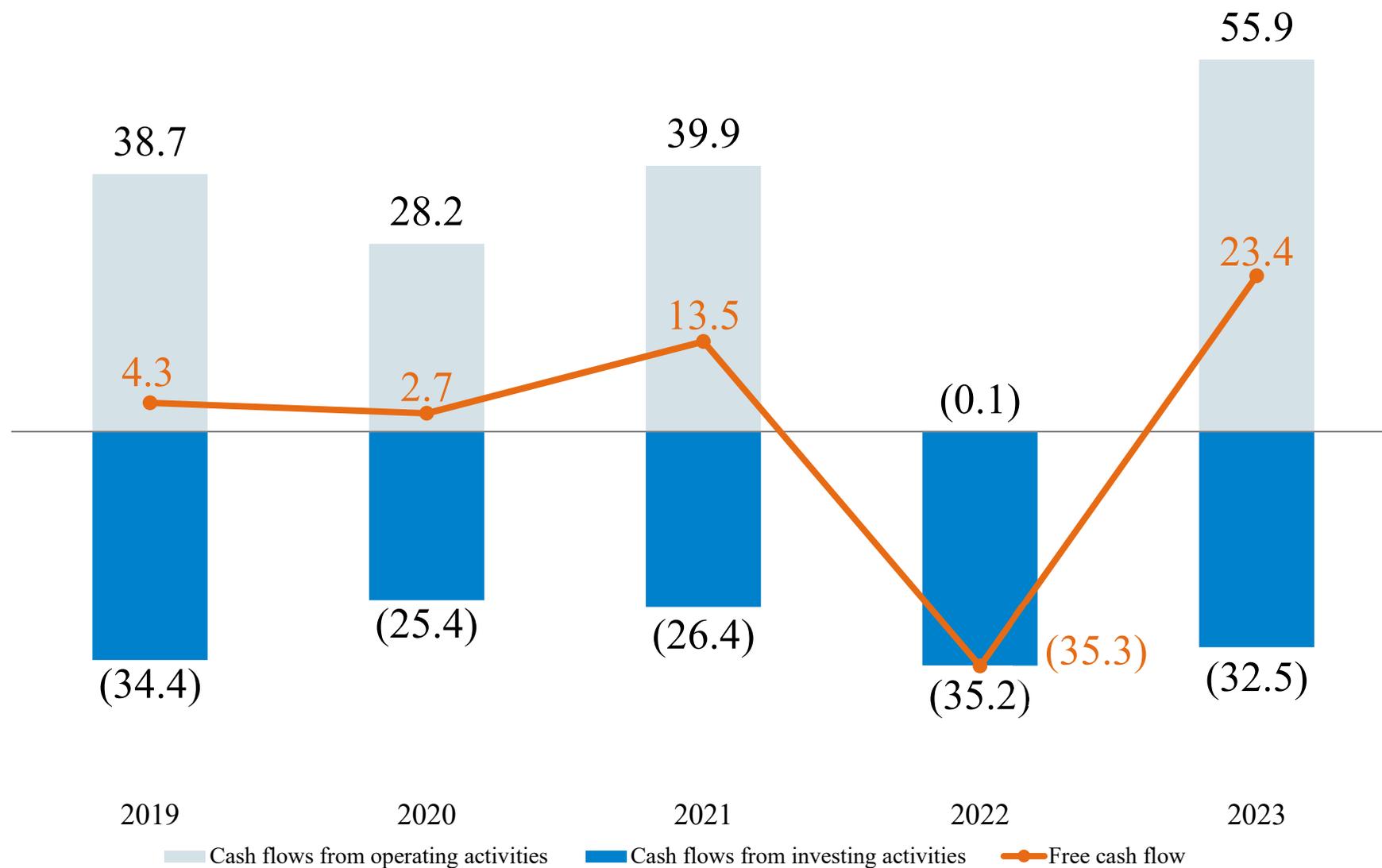


*IFRS 16 (Lease) impact has been included since 2019.

Equity Ratio	2019/12	2020/12	2021/12	2022/12	2023/6
	44.5%	46.6%	46.2%	44.6%	47.2%

Cash Flows (Jan.-Jun.)

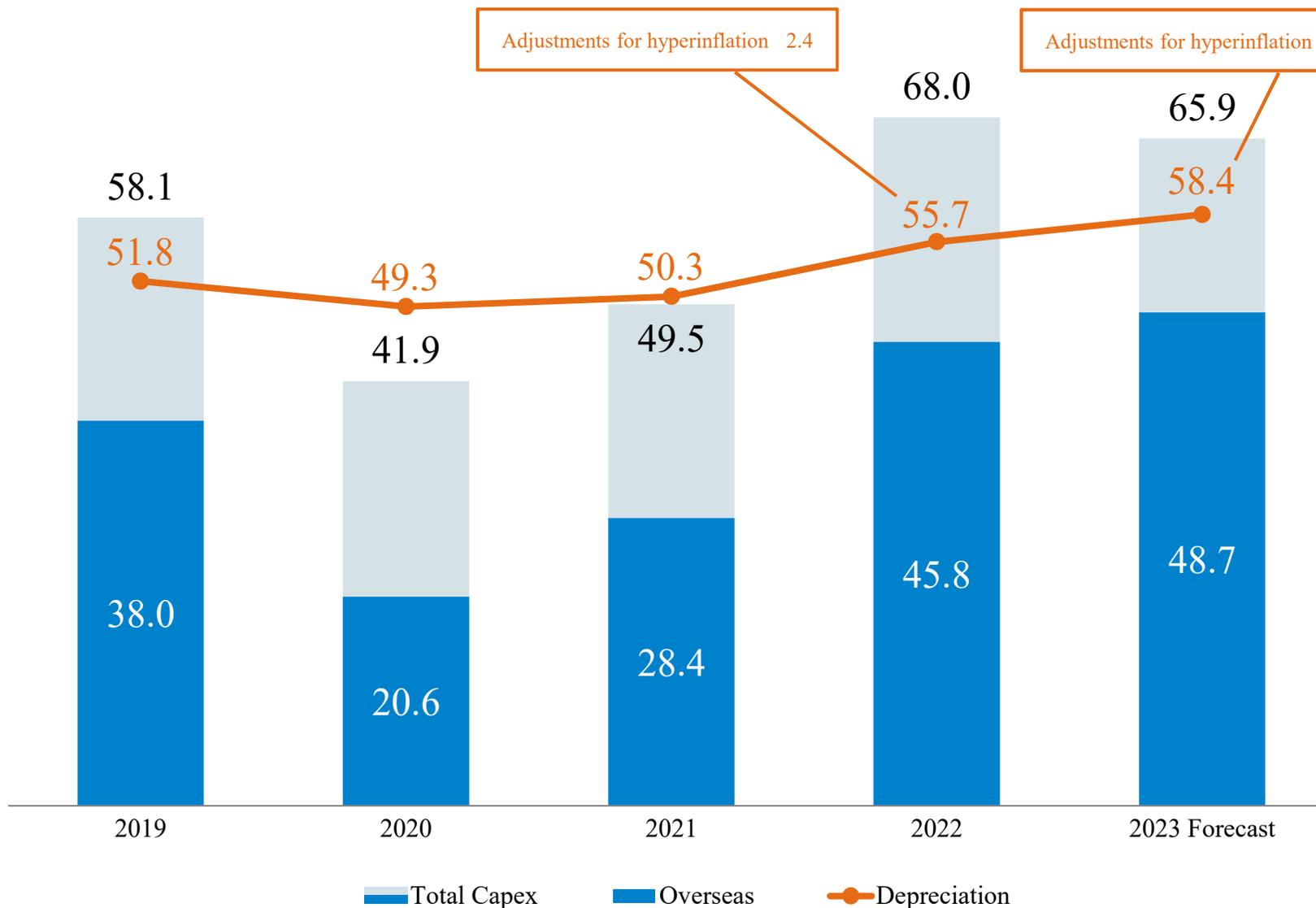
Billions of Yen



Capex and Depreciation (Tangible Assets Only)

No change since
Feb. 14th 2023 Forecast

Billions of Yen

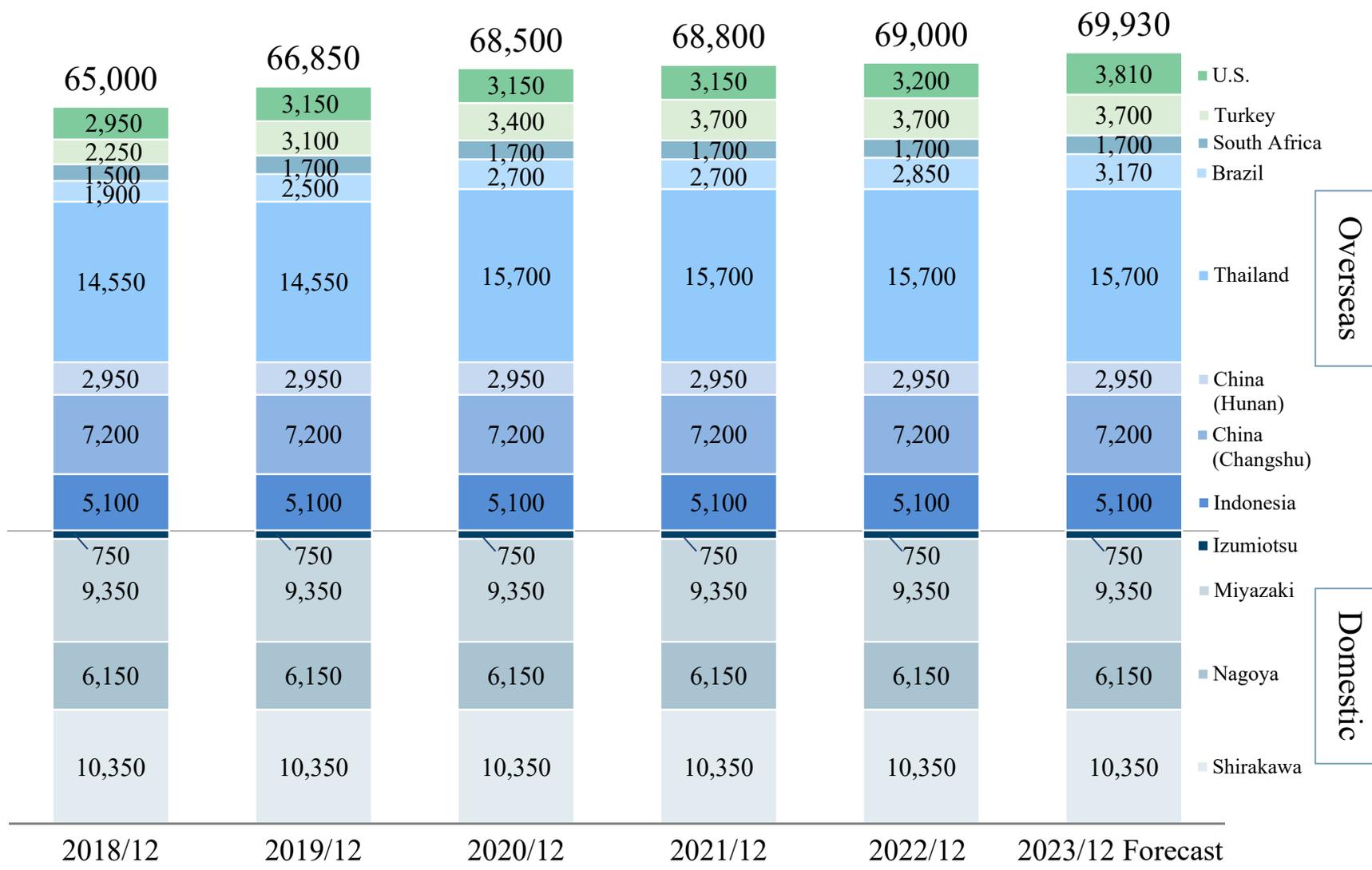


※IFRS 16 (Lease) impact has not been included since 2019.

Tire Production Capacity

No change since
Feb. 14th 2023 Forecast

Unit : t/Month

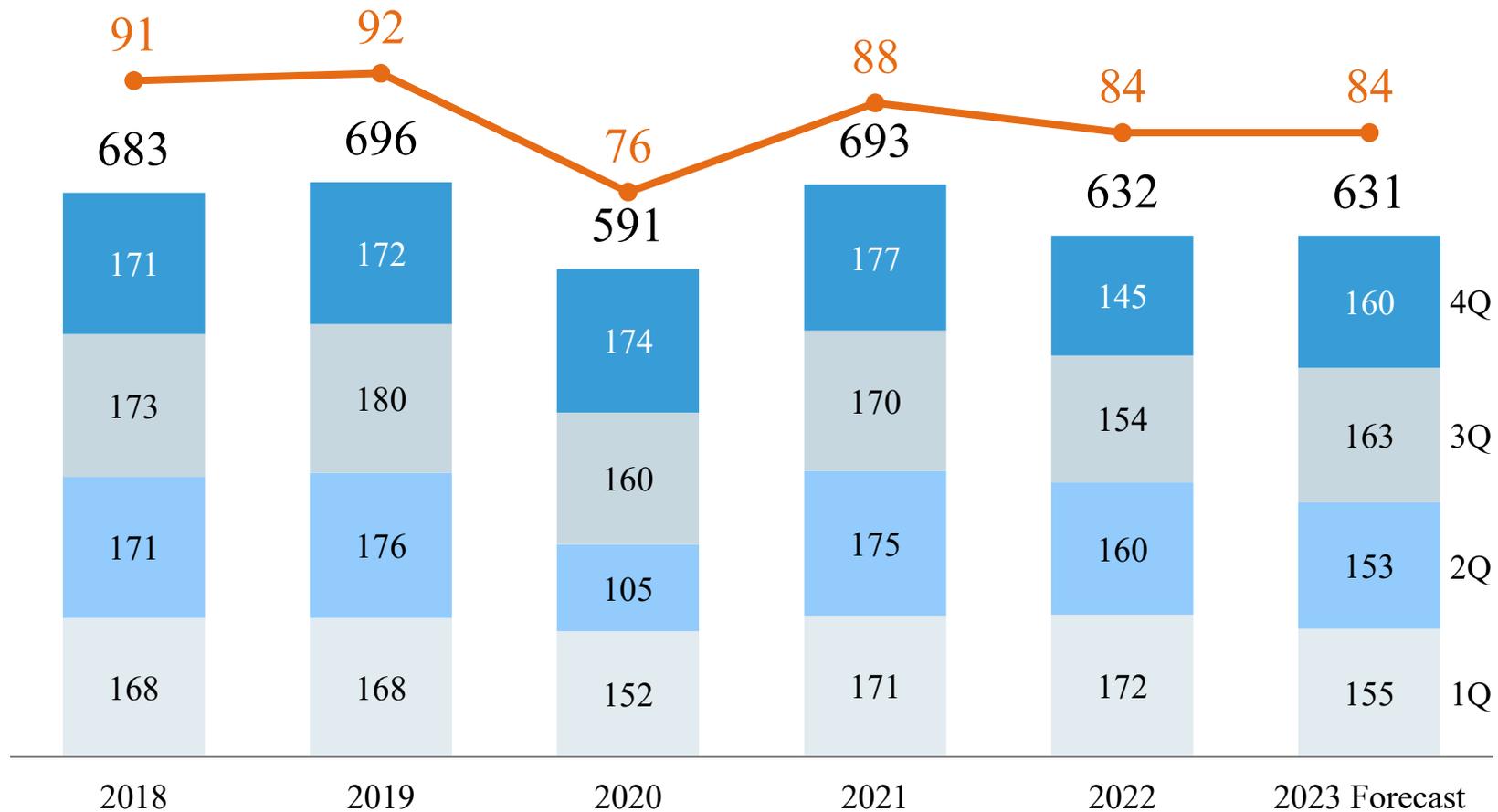


% of Overseas	59%	60%	61%	61%	61%	62%
YOY	103%	103%	102%	100%	100%	101%

Tire Production Volume and Operating Ratio



Unit : 000t



■ Total Production Volume

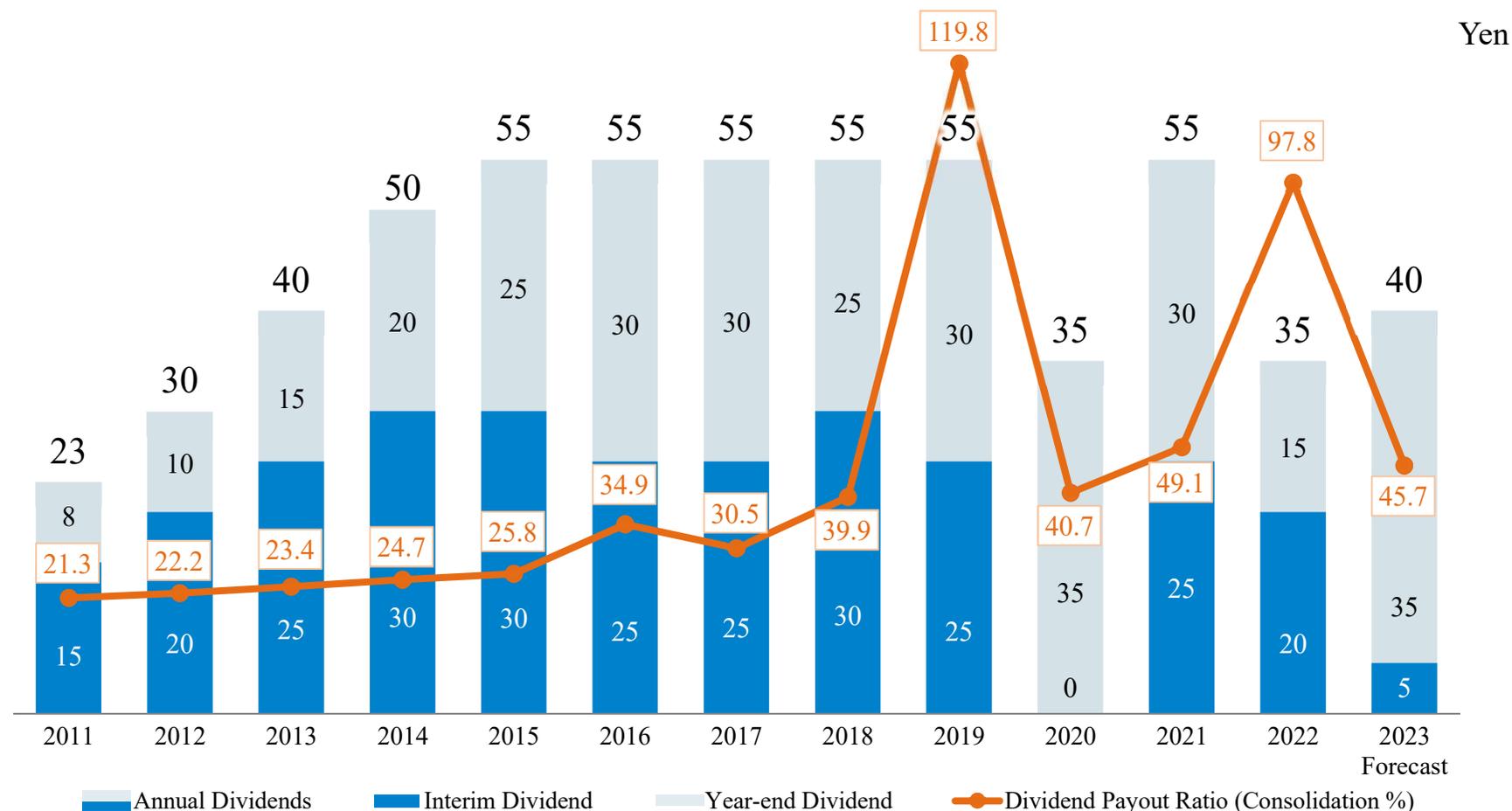
● Operating Ratio (%)

% of Overseas	62%	61%	63%	63%	63%	63%
YOY	101%	102%	85%	117%	91%	100%

We consider the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, performance prospects, retained earnings levels and other such indicators on a consolidated basis.

Determination of 2023 Interim Dividend Payment and Forecast of Annual Dividends :

We decided to pay an interim dividend of 5 yen per share, although the original forecast was 0 yen because the consolidated financial results for the six months ended Jun. 30, 2023 and the expectation of full-year forecasts exceed the May 15th forecast. The year-end dividend is unchanged at 35 yen from Feb. 14th 2023 forecast and annual dividends are expected to be 40 yen.



With decreasing profitability, PBR has been less than 1 since 2018.

2023 Forecast

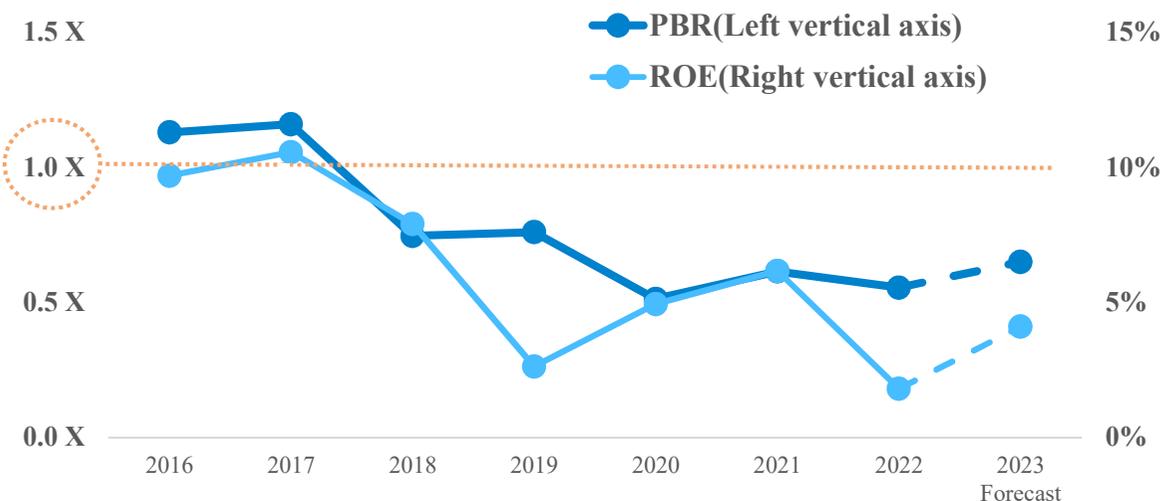
Profitability of Capital

ROE 4.1%
ROIC*1 3.7%

Market valuation

PBR*2 0.65 times

PBR·ROE Transition



*1 ROIC : Net Business Profit After Tax / Invested Capital

*2 PBR : Stock Price / Book Value Per Share

2023 forecast PBR was estimated 1,452 yen with Jul. 31st 2023's closing price.

Issue

- Instilling portfolio optimized management with our company's cost of capital in mind
- Raising the bar for profitability of capital (ROE/ROIC), early implementation of structural reforms
- Strengthening dialogue with securities analysts and institutional investors, intensifying dissemination of our growth strategy

Achieve targets for the new mid-term plan in 2027 ahead of schedule

→Realization of PBR 1 x or more

Promoting growth strategy with early completion of structural reforms. At the same time, engaging in Financial Strategy and strengthening Investor Relations.

Structural Reforms

- **Thorough early completion of business selection and concentration, optimizing business portfolio**
- **Shifting management resources for growth business**

Growth Strategy

- **Developing our proprietary technology** (ACTIVE TREAD/SENSING CORE)
- **Promoting ESG management** (Realization the concept of TOWANOWA)
- **Practicing DX management** (Updating core system & Cultivating DX talent) etc.



Financial Strategy

- **Promoting and instilling ROIC/Cash Flow management**
- **Disposal of Cross-Shareholdings**

*Excluding 29.4 billion yen contributed to the retirement benefit trust.

(Jun. 30th 2023's book value : **24.0 billion**, **2%** of total asset)

Strengthening Investor Relations

- **Conducting proactive interviews with securities analysts and institutional investors**
- **Hosting factory tour and business/technical briefing actively**



LE MANS V+ provides luxurious Ride Comfort in addition to top-notch performance when it comes to the trait that consumers value the most* in tires: Safety.

*Based on Our Internal Research

LE MANS V+



Designed for SUV models that have garnered widespread popularity worldwide, GRANDTREK PT5 achieves a 12% improvement* in overall steering stability.

*Compared with Our Previous "GRANDTREK PT3"

GRANDTREK PT5



The next evolution of our flagship FALKEN Tires for premium vehicles, rated No. 1* overall in Europe.

*Per the results of tire testing published in February 2021 by Europe's largest automobile federation, ADAC (General German Automobile Club).

AZENIS FK520L
AZENIS FK520



Our brand-new SRIXON ZX5 Mk II Series of Golf Clubs achieve the highest ball speed in SRIXON History.

ZX SERIES
Mk II



Recent Activities

<https://www.srigroup.co.jp/english/newsrelease/2023/index.html>

For further information, please refer to the news release on our website.

- 2023 Mar. Introducing a Circular Economy Concept for the Tire Industry: TOWANOWA
- Feb. Transitioning to Carbon-Free Electric Power at Sumitomo Rubber (Thailand)
 - ~Installing the World's Largest* Rooftop Solar Panel Array & Purchasing Electric Power Generated Using 100% Renewable Energy Sources~
- 2022 Dec. Sumitomo Rubber Joins the RE100 International Environmental Initiative
- Aug. Sumitomo Rubber concludes a "Positive Impact Finance" agreement with Sumitomo Mitsui Trust Bank, after receiving third-party verification of our efforts to contribute to the achievement of SDGs from Japan Credit Rating Agency
- May Sumitomo Rubber Signs on to the UN Global Compact
- Jan. Sumitomo Rubber Group Achieves Shift to 100% Renewable Energy to Meet the Electric Power Needs of Tire Factories in China

*As of Feb. 1st 2023, this will be the largest world's rooftop solar panel array installed at a single facility. (According to Internal KEPCO Research)

END

SUMITOMO RUBBER GROUP