

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [IFRS]



February 14, 2024

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of ordinary shareholders' meeting : March 28, 2024
 Scheduled date of commencing dividend payments : March 29, 2024
 Scheduled date of filing annual securities report : March 29, 2024
 Supplementary documents for financial results : Yes
 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 Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

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

Fiscal year ended	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	%
December 31, 2023	1,177,399	7.2	77,670	253.6	64,490	330.3	37,048	293.5	85,565	55.7
December 31, 2022	1,098,664	17.4	21,963	(57.7)	14,988	(69.5)	9,415	(68.1)	54,954	(12.8)

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

Fiscal year ended	Basic profit per share	Diluted profit per share	Profit to equity attributable to owners of parent ratio	Business profit to total assets ratio	Business profit to sales revenue ratio
	Yen	Yen	%	%	%
December 31, 2023	140.86	-	6.3	6.2	6.6
December 31, 2022	35.80	-	1.8	1.9	2.0

(2) Consolidated Financial Position

Fiscal year ended	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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2023	1,266,732	641,430	624,114	49.3	2,372.90
December 31, 2022	1,225,202	563,863	546,200	44.6	2,076.74

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	169,800	(62,230)	(95,568)	90,251
December 31, 2022	27,869	(78,697)	41,556	73,846

2. Dividends

	Annual dividends					Total dividends (Annual)	Payout ratio (Consoli- dated)	Dividends on equity attributable to owners of parent (Consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year- end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2022	-	20.00	-	15.00	35.00	9,205	97.8	1.8
December 31, 2023	-	5.00	-	53.00	58.00	15,255	41.2	2.6
Fiscal year ending December 31, 2024 (Forecast)	-	29.00	-	29.00	58.00		41.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% 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
First half	575,000	2.5	34,500	102.0	30,000	78.5	23,500	186.7	89.35
Full year	1,200,000	1.9	80,000	3.0	61,000	(5.4)	37,000	(0.1)	140.67

Notes:

- (1) Changes in Significant Subsidiaries during the Fiscal Year Ended December 31, 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)
 December 31, 2023 : 263,043,057 shares
 December 31, 2022 : 263,043,057 shares
 2) Total number of treasury stock at the end of the period
 December 31, 2023 : 25,265 shares
 December 31, 2022 : 34,841 shares
 3) Average number of shares during the period
 Fiscal year ended December 31, 2023 : 263,015,337 shares
 Fiscal year ended December 31, 2022 : 263,004,675 shares

(Reference) Summary of Non-Consolidated Financial Results**Non-Consolidated Financial Results (From January 1, 2023 to December 31, 2023)****(1) Non-Consolidated Operating Results**

Fiscal year ended	Sales revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	615,529	8.7	40,222	-	80,396	280.7	62,263	213.2
December 31, 2022	566,086	7.6	(36,197)	-	21,120	(39.4)	19,878	(36.2)

Fiscal year ended	Basic profit per share	Diluted profit per share
	Yen	Yen
December 31, 2023	236.73	-
December 31, 2022	75.58	-

(2) Non-Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	907,978	437,559	48.2	1,663.61
December 31, 2022	894,820	380,733	42.5	1,447.61

(Reference) Shareholder's equity

As of December 31, 2023: ¥437,559 million As of December 31, 2022: ¥380,733 million

* These financial results are outside the scope of auditing.

* 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. Please note that 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 6 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Overview of Operating Results, (2) Business Forecast for Fiscal 2024.”

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1. Overview of Operating Results

(1) Overview of Operating Results and Financial Position

1) Operating Results for the Fiscal Year under review

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	1,098,664	1,177,399	7.2
Tires	939,941	1,006,381	7.1
Sports	116,597	126,647	8.6
Industrial and Other Products	42,126	44,371	5.3
Business profit	21,963	77,670	253.6
Tires	12,311	63,572	416.4
Sports	8,943	12,482	39.6
Industrial and Other Products	680	1,603	135.8
Adjustments	29	13	-
Operating profit	14,988	64,490	330.3
Profit attributable to owners of parent	9,415	37,048	293.5

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

Foreign exchange rates applied

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	132	141	9
Yen / Euro	138	152	14

The economic environment during the fiscal year ended December 31, 2023 continued to recover despite the high levels of inflation in certain regions and drastic interest rate hikes to appease such rise in prices, the geopolitical tension reflecting the situations in Ukraine and Middle East, and economic stagnation in some regions. While the Japanese economy partly remains at a standstill, the economy has shown a modest recovery.

In the business environment surrounding the Group, 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 and energy costs, which considerably improved the profit as compared with the same period a year ago. 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 7.2% from the same period of the previous fiscal year to ¥1,177,399 million, business profit increased 253.6% to ¥77,670 million, operating profit increased 330.3% to ¥64,490 million and profit attributable to owners of parent increased 293.5% to ¥37,048 million.

Business performance by business segment was as follows.

Tire Business

Sales revenue in the tire business increased 7.1% from the same period of the previous fiscal year to ¥1,006,381 million, and business profit increased 416.4% to ¥63,572 million.

In the domestic original equipment market, recent sales significantly exceeded the level of the same period of the previous fiscal year, as the impacts of ongoing production constraints at auto manufacturers, which mainly stemmed from the global shortage of semiconductors, were gradually eliminated from the second half of the fiscal year.

In the domestic replacement market, sales slightly declined from the same period of the previous fiscal year due to sluggish shipments in the third quarter affected by the price increases of winter tires from July, in addition to warm winter.

In the overseas original equipment market, sales were almost on par with the level of the same period of the previous fiscal year due to increased sales in Europe and the U.S., although sales in China and Indonesia declined from the level of the same period last year.

In the overseas replacement market, sales in the Asia and Oceania region remained at a low level due to the weak markets although sales in China exceeded the level of the same period of the previous fiscal year when orders significantly declined due to the impact of COVID-19. In Indonesia and ASEAN, sales fell below the level of the same period of the previous fiscal year, as the sales volume declined due to the impact of the deteriorating market conditions. 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, which has been well received in the market. In South America, our sales were on par with the level of the previous fiscal year, having nearly as much sales as we planned, although import products increased in the market against the backdrop of a decline in freight cost. In Europe, sales volume fell below the level of the same period of the previous fiscal year, because the tire replacement frequency was sluggish and consumer purchasing power was slowing down due in part to the prolonged inflation.

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 8.6% from the same period of the previous fiscal year to ¥126,647 million, and business profit increased 39.6% from the same period of the previous fiscal year to ¥12,482 million.

In the golf goods market, sales revenue exceeded the level of the previous fiscal year, as sales growth remained steady primarily in the markets such as North America and South Korea thanks to good performance of our contract golf players as well as the strong start of the 13th generation XXIO club launched in December 2023.

In the tennis goods markets, sales were on par with the level of the previous fiscal year due to the effects such as foreign exchange on sales in overseas markets, although the sales volume decreased on account of the impact of rise in prices.

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 5.3% from the same period of the previous fiscal year to ¥44,371 million, and business profit increased 135.8% to ¥1,603 million.

Sales of rubber parts for medical applications were strong both in Japan and overseas and sales of products for infrastructure also increased. However, sales of rubber parts for office equipment declined due to the impact of production adjustments by customers, while sales of daily life supplies also decreased due to sluggish demand, including restrained purchase resulting from deteriorating market conditions.

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 December 31, 2023	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,225,202	1,266,732	41,530
Total equity	563,863	641,430	77,567
Total equity attributable to owners of parent	546,200	624,114	77,914
Ratio of equity attributable to owners of parent (%)	44.6	49.3	4.7
ROE (%)	1.8	6.3	4.5
ROA (%)	1.9	6.2	4.3
Interest-bearing debt	372,760	310,932	(61,828)
D/E ratio	0.7	0.5	(0.2)
Equity attributable to owners of parent per share	2,076.74 yen	2,372.90 yen	296.16 yen

(Notes) The ROA figures are calculated using consolidated business profit.

Total assets as of December 31, 2023 increased ¥41,530 million from the end of the previous fiscal year to ¥1,266,732 million. Total current assets increased ¥820 million, mainly as a result of an increase in cash and cash equivalents. Total non-current assets increased ¥40,710 million, mainly as a result of acquisition of tangible assets and effects of foreign currency translation.

Total liabilities as of December 31, 2023 decreased ¥36,037 million from the end of the previous fiscal year to ¥625,302 million. Interest-bearing debt decreased ¥61,828 million to ¥310,932 million.

Total equity as of December 31, 2023 amounted to ¥641,430 million, of which equity attributable to owners of parent was ¥624,114 million. Ratio of equity attributable to owners of parent was 49.3%, and equity attributable to owners of parent per share was ¥2,372.90.

3) Cash Flows

Net cash provided by operating activities was ¥169,800 million, the increase being primarily due to the recording of profit before tax of ¥62,745 million and the recording of depreciation and amortization of ¥78,559 million, although there were cash outflows such as income taxes paid of ¥20,723 million.

Net cash used in investing activities was ¥62,230 million, mainly due to the purchase of tangible assets of ¥63,295 million.

As a result, free cash flow, which is computed by subtracting the net cash used in investing activities from the net cash provided by operating activities, was a positive balance of ¥107,570 million.

Net cash used in financing activities was ¥95,568 million, primarily due to cash outflows including repayment of short-term loans payable, long-term debt and bonds of ¥70,584 million, cash dividends paid of ¥5,264 million and repayment of lease obligation of ¥16,847 million.

As a result, cash and cash equivalents at the end of the fiscal year under review were ¥90,251 million after reflecting the effects such as exchange rate change on cash and cash equivalents.

(2) Business Forecast for Fiscal 2024

Regarding the outlook of the global economy, while the uncertain situation is expected to continue due to the high levels of inflation in certain regions and drastic interest rate hikes to appease such rise in prices, the geopolitical tension reflecting the situations in Ukraine and Middle East, the Japanese economy is supposed to show a modest recovery. While the market prices of raw materials and energy costs are expected to stabilize in fiscal 2024 compared to fiscal 2023, our business will be subject to the impact of increased costs due to a surge in labor costs overseas.

The Group is working to strengthen its corporate foundation responding quickly to the change in the business environment and considering the quality of profits and the sustainability of growth. The current estimates of the Group's future business performance at this time are as follows.

Business Forecast for Fiscal 2024

	Full year	Change in ratio	First half	Change in ratio
	Millions of yen	%	Millions of yen	%
Sales revenue	1,200,000	1.9	575,000	2.5
Tires	1,033,000	2.6	483,500	2.6
Sports	131,500	3.8	74,500	9.3
Industrial and Other Products	35,500	(20.0)	17,000	(22.5)
Business profit	80,000	3.0	34,500	102.0
Tires	66,500	4.6	25,500	161.3
Sports	11,000	(11.9)	8,000	24.3
Industrial and Other Products	2,500	55.9	1,000	15.1
Operating profit	61,000	(5.4)	30,000	78.5
Profit attributable to owners of parent	37,000	(0.1)	23,500	186.7

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

Foreign exchange rates applied

	Full year	Increase (Decrease)	First half	Increase (Decrease)
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	148	7	148	13
Yen / Euro	156	4	156	10

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.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2023 and 2024

The Company considers 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. The Company also fully intend to utilize our retained earnings as a means of securing funds for capital expenditures, R&D and other forward-looking investments with the aim of expanding our group's earnings base well into the future.

For fiscal 2023, we intend to pay a year-end dividend of ¥53 per share. Combined with an interim dividend of ¥5 per share, which has already been paid, the annual dividend for fiscal 2023 will be ¥58 per share.

For fiscal 2024, we currently plan to pay an annual dividend of ¥58 per share, consisting of an interim dividend of ¥29 per share and a year-end dividend of ¥29 per share.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted IFRS from the fiscal year ended December 31, 2016, with a view to enhancing the international comparability of financial statements in capital markets and improving the quality of business management of the Group companies.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	73,846	90,251
Trade and other receivables	209,009	215,970
Other financial assets	6,950	2,896
Inventories	283,501	262,456
Other current assets	50,593	51,368
Subtotal	623,899	622,941
Assets related to disposal groups classified as held for sale	-	1,778
Total current assets	623,899	624,719
Non-current assets		
Tangible assets	436,307	451,621
Goodwill	26,412	29,704
Intangible assets	45,919	50,332
Investments accounted for using equity method	4,462	4,486
Other financial assets	34,303	33,056
Net defined benefit asset	38,899	53,474
Deferred tax assets	12,953	17,357
Other non-current assets	2,048	1,983
Total non-current assets	601,303	642,013
Total assets	1,225,202	1,266,732

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	100,895	61,209
Trade and other payables	176,151	175,844
Other financial liabilities	14,431	16,542
Income tax payable	7,980	17,450
Provisions	1,299	2,235
Other current liabilities	52,152	56,271
Subtotal	352,908	329,551
Liabilities related to disposal groups classified as held for sale	-	1,538
Total current liabilities	352,908	331,089
Non-current liabilities		
Bonds and loans payable	210,907	184,166
Other financial liabilities	48,191	52,139
Net defined benefit liability	21,333	23,027
Provisions	1,654	1,431
Deferred tax liabilities	4,690	12,219
Other non-current liabilities	21,656	21,231
Total non-current liabilities	308,431	294,213
Total liabilities	661,339	625,302
Equity		
Capital stock	42,658	42,658
Capital surplus	39,705	39,702
Retained earnings	478,379	522,716
Treasury stock	(61)	(43)
Other components of equity	(14,481)	19,081
Total equity attributable to owners of parent	546,200	624,114
Non-controlling interest	17,663	17,316
Total equity	563,863	641,430
Total liabilities and equity	1,225,202	1,266,732

(2) Consolidated Statement of Income and Comprehensive Income
 Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Sales revenue	1,098,664	1,177,399
Cost of sales	(845,442)	(850,898)
Gross profit	253,222	326,501
Selling, general and administrative expenses	(231,259)	(248,831)
Business profit	21,963	77,670
Other income	3,093	2,609
Other expenses	(10,068)	(15,789)
Operating profit	14,988	64,490
Financial income	11,519	11,933
Financial expenses	(4,041)	(13,705)
Equity in earnings of affiliates	73	27
Profit before tax	22,539	62,745
Income tax expenses	(10,083)	(24,239)
Profit	12,456	38,506
Profit attributable to:		
Owners of parent	9,415	37,048
Non-controlling interests	3,041	1,458
Profit	12,456	38,506
Profit per share		
Basic profit per share (Yen)	35.80	140.86

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	12,456	38,506
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,239)	3,941
Remeasurements of defined benefit plan	(1,253)	8,600
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	154	(31)
Currency translation differences of foreign operations	44,836	34,549
Other comprehensive income, net of tax	42,498	47,059
Comprehensive income	54,954	85,565
Comprehensive income attributable to:		
Owners of parent	49,752	83,038
Non-controlling interests	5,202	2,527
Comprehensive income	54,954	85,565

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended December 31, 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			9,415			
Other comprehensive income					42,766	153
Total comprehensive income	-	-	9,415	-	42,766	153
Purchase of treasury stock				(3)		
Disposal of treasury stock		(0)		0		
Dividends			(13,150)			
Share-based payment transactions		(10)		27		
Transfer to retained earnings			(1,057)			
Transfer to capital surplus		10	(10)			
Other		(10)	(85)			
Total transactions with owners	-	(10)	(14,302)	24	-	-
Balance as of December 31, 2022	42,658	39,705	478,379	(61)	(25,144)	27

	Equity attributable to owners of parent				Non-controlling interests	Total
	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			-	9,415	3,041	12,456
Other comprehensive income	(1,240)	(1,342)	40,337	40,337	2,161	42,498
Total comprehensive income	(1,240)	(1,342)	40,337	49,752	5,202	54,954
Purchase of treasury stock			-	(3)		(3)
Disposal of treasury stock			-	0		0
Dividends			-	(13,150)	(1,577)	(14,727)
Share-based payment transactions			-	17		17
Transfer to retained earnings	(285)	1,342	1,057	-		-
Transfer to capital surplus			-	-		-
Other			-	(95)		(95)
Total transactions with owners	(285)	1,342	1,057	(13,231)	(1,577)	(14,808)
Balance as of December 31, 2022	10,636	-	(14,481)	546,200	17,663	563,863

For the fiscal year ended December 31, 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			37,048			
Other comprehensive income					33,445	(31)
Total comprehensive income	-	-	37,048	-	33,445	(31)
Purchase of treasury stock				(3)		
Disposal of treasury stock		(0)		0		
Dividends			(5,260)			
Share-based payment transactions		(7)		21		
Transfer to retained earnings			12,428			
Transfer to capital surplus		7	(7)			
Transfer to other components of equity relating to disposal groups classified as held for sale					1,900	
Other		(3)	128			
Total transactions with owners	-	(3)	7,289	18	1,900	-
Balance as of December 31, 2023	42,658	39,702	522,716	(43)	10,201	(4)

	Equity attributable to owners of parent					Non-controlling interests	Total
	Other components of equity				Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Other components of equity relating to disposal groups classified as held for sale	Total			
Balance as of January 1, 2023	10,636	-	-	(14,481)	546,200	17,663	563,863
Profit				-	37,048	1,458	38,506
Other comprehensive income	3,942	8,634		45,990	45,990	1,069	47,059
Total comprehensive income	3,942	8,634	-	45,990	83,038	2,527	85,565
Purchase of treasury stock				-	(3)		(3)
Disposal of treasury stock				-	0		0
Dividends				-	(5,260)	(2,870)	(8,130)
Share-based payment transactions				-	14		14
Transfer to retained earnings	(3,794)	(8,634)		(12,428)	-		-
Transfer to capital surplus				-	-		-
Transfer to other components of equity relating to disposal groups classified as held for sale			(1,900)	-	-		-
Other				-	125	(4)	121
Total transactions with owners	(3,794)	(8,634)	(1,900)	(12,428)	(5,124)	(2,874)	(7,998)
Balance as of December 31, 2023	10,784	-	(1,900)	19,081	624,114	17,316	641,430

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before tax	22,539	62,745
Depreciation and amortization	75,348	78,559
Impairment loss	4,137	11,399
Interest and dividends income	(2,907)	(3,538)
Interest expenses	3,637	6,417
Share of (profit) loss of entities accounted for using equity method	(73)	(27)
Loss (gain) on sales and retirement of non-current assets	1,714	841
Decrease (increase) in inventories	(51,758)	26,586
Decrease (increase) in trade and other receivables	(875)	545
Increase (decrease) in trade and other payables	10,205	(2,938)
Other, net	(16,955)	12,583
Subtotal	45,012	193,172
Interest received	1,944	2,774
Dividend income received	850	851
Interest expenses paid	(3,454)	(6,274)
Income taxes paid	(16,483)	(20,723)
Net cash provided by (used in) operating activities	27,869	169,800
Cash flows from investing activities		
Purchase of tangible assets	(67,324)	(63,295)
Proceeds from sales of tangible assets	555	1,126
Purchase of intangible assets	(7,591)	(8,997)
Purchase of investment securities	(245)	(244)
Proceeds from sales of investment securities	483	7,060
Payment for transfer of business	(2,330)	-
Net decrease (increase) in short-term loans receivable	10	6
Other, net	(2,255)	2,114
Net cash provided by (used in) investing activities	(78,697)	(62,230)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	17,584	(42,516)
Proceeds from long-term debt and newly issued bonds	75,234	6,237
Repayments of long-term debt and redemption of bonds	(23,096)	(34,305)
Repayments of lease obligations	(13,438)	(16,847)
Cash dividends paid	(13,148)	(5,264)
Cash dividends paid to non-controlling interests	(1,577)	(2,870)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	41,556	(95,568)
Effect of exchange rate change on cash and cash equivalents	8,025	5,336
Net increase (decrease) in cash and cash equivalents	(1,247)	17,338
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents included in assets relating to disposal groups classified as held for sale	-	(933)
Cash and cash equivalents at the end of current period	73,846	90,251

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Significant Accounting Policies)

Significant accounting policies adopted for these 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.

(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 detail 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 revenue and transfers are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

Information for the reportable segments for the previous fiscal year and the current fiscal year is as follows:

(1) For the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segment			Total	Adjustments	Amounts recorded in Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	939,941	116,597	42,126	1,098,664	-	1,098,664
Inter-segment sales revenue	1,384	149	1,190	2,723	(2,723)	-
Total	941,325	116,746	43,316	1,101,387	(2,723)	1,098,664
Segment profit (Business profit) (Note 1)	12,311	8,943	680	21,934	29	21,963
Other income and expenses						(6,975)
Operating profit						14,988
Other major items						
Depreciation and Amortization	66,880	5,662	2,806	75,348	-	75,348
Impairment loss	3,435	154	548	4,137	-	4,137
Capital expenditures	70,028	2,921	1,780	74,729	-	74,729

(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.

(2) For the fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment			Total	Adjustments	Amounts recorded in Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	1,006,381	126,647	44,371	1,177,399	-	1,177,399
Inter-segment sales revenue	1,449	152	1,288	2,889	(2,889)	-
Total	1,007,830	126,799	45,659	1,180,288	(2,889)	1,177,399
Segment profit (Business profit) (Note 1)	63,572	12,482	1,603	77,657	13	77,670
Other income and expenses						(13,180)
Operating profit						64,490
Other major items						
Depreciation and Amortization	70,273	5,691	2,595	78,559	-	78,559
Impairment loss	96	-	11,303	11,399	-	11,399
Capital expenditures	66,660	2,479	1,312	70,451	-	70,451

(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.

3. Information about products and services

Disclosure of this information is omitted because the segmentation of products and services is equal to that of reportable segments.

4. Information by geographic area

Sales revenue and non-current assets from external customers by country and geographic area are as follows:

(1) Sales revenue from external customers

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Japan	313,300	347,394
North America	247,142	263,463
Europe	183,921	204,942
Asia	194,027	200,550
Other areas	160,274	161,050
Total	1,098,664	1,177,399

(Note) Sales revenues are classified based on the location of sales destination.

(2) Non-current assets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Japan	215,196	218,618
North America	47,948	56,858
Europe	59,714	56,776
Asia	117,450	121,908
Other areas	70,378	79,480
Total	510,686	533,640

(Note) Non-current assets are classified based on the physical location where the assets are located. Investments accounted for using equity method, other financial assets, net defined benefit assets and deferred tax assets are not included.

5. Information about major customers

Disclosure of this information is omitted because sales revenue from transactions with a single external customer does not exceed 10% of the Group's consolidated sales revenue.

(Per Share Amounts)

1. Basic profit per share

Basic profit per share is as follows:

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Basic profit per share (Yen)	35.80	140.86

2. Basis for calculation of basic profit per share

The basis for calculation of basic profit per share is as follows:

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit attributable to owners of parent (Millions of yen)	9,415	37,048
Single-weighted average number of issued share (Thousands of share)	263,005	263,015

Diluted profit per share is not presented because there were no potentially dilutive securities.

(Significant Subsequent Events)

None