

# Progress Report on Our Mid-Term Plan

For 2023 Through 2027

August 2024



**SUMITOMO**  
RUBBER INDUSTRIES

## 1. Mid-Term Plan Outline and Trends in Management Indicators

## 2. Selection & Concentration of Existing Lines of Business

- Efforts for Structural Reforms
- Efforts for Business in North America

## 3. Laying Groundwork for Growing Lines of Business –Living Up to Our Philosophy–

- Tire Business: ACTIVE TREAD Technology
- New Business: Commercialization of SENSING CORE
- Sports Business: Golf, Tennis
- Industrial Business: Vibration Control Dampers, High value-added Medical Rubber Parts

## Steady Companywide Implementation of Medium-term Plan to Reach Turning Point in 2025



	2027 Target
Business Profit Rate	7%
ROE	10%
D/E Ratio	0.6
ROIC	6%

Steadily targeting major structural reform projects

Pursue strategic investments to strengthen competitiveness

## Improvement in management indicators toward 2027

Currently continuing to promote our efforts to achieve our mid-term plan targets ahead of schedule

### Business Profit Rate

2024 Projection **6.7**

2027 Target **7.0**

2024 Projection  
**6.7%**

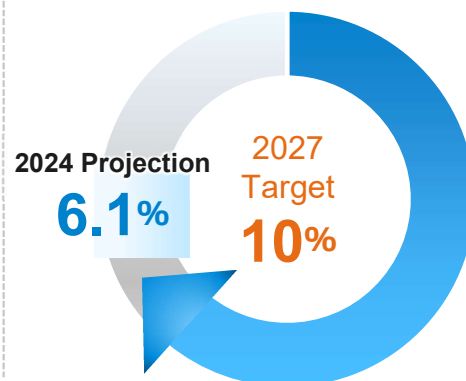


### ROE

2024 Projection **6.1**

2027 Target **10.0**

2024 Projection  
**6.1%**



### ROIC

2024 Projection **5.7**

2027 Target **6.0**

2024 Projection  
**5.7%**



### D/E Ratio

2024 Projection **0.5**

2027 Target **0.6**

2024 Projection

**0.5**

2027 Target  
**0.6**

# 2-1. Efforts for Structural Reforms

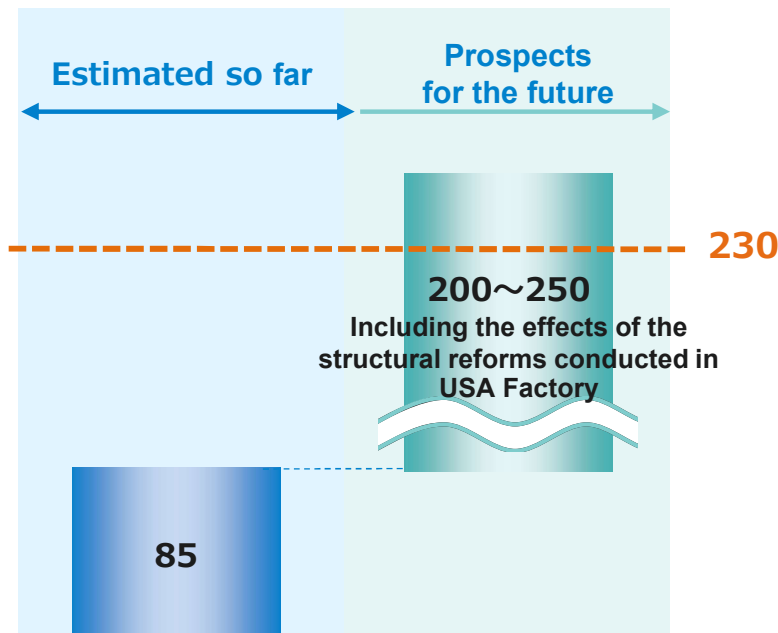
Currently promoting structural reforms in around 10 businesses and product lines within the scope

Six businesses and product lines whose estimated timeframe is 2023 to 2024 will be steadily estimated by considering various options

	Improvement in ROIC (At Maximum)*	Invested Capital	Effects of business profit Improvement*	Estimated Timeframe
6 businesses/ product line	+2.0P	140 billion yen	+20 billion yen	2023 to 2024
Other	+0.5P	40 billion yen	+3 billion yen	2024 to 2025
<b>Total for projects in scope</b>	<b>+2.5P</b>	<b>180 billion yen</b>	<b>+23 billion yen</b>	

\*Expected improvement against FY2022

Diagram of Profit Improvement (Expected improvement against FY2022)



(Unit: 0.1 billion yen)

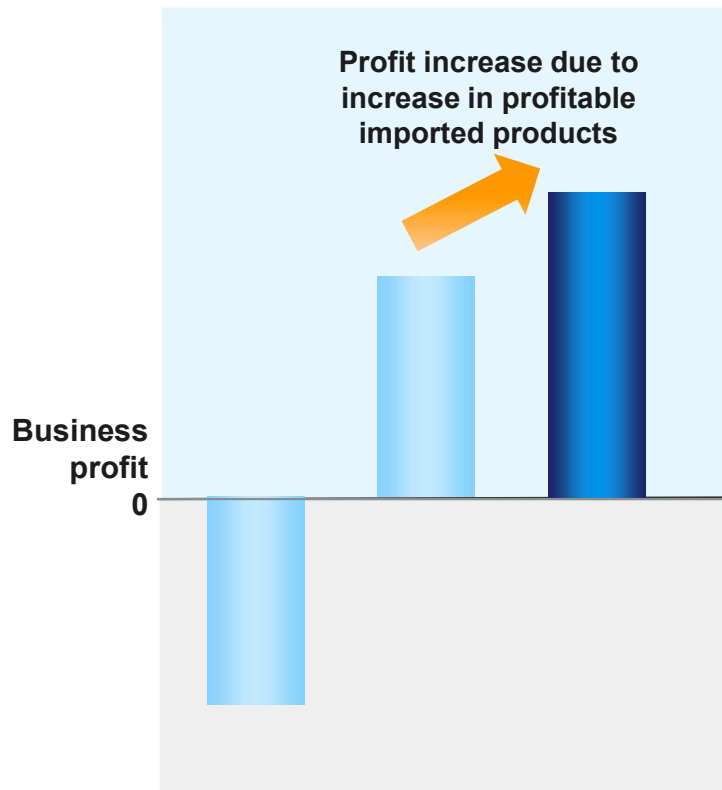
- Expect to see an improvement of over 23 billion yen through the promotion of structural reforms
- Resources created by withdrawal from the business were shifted to areas such as high value-added medical rubber parts and SENSING CORE
- Continue to shift resources to growing businesses in line with the implementation of structural reforms



Medical rubber parts with top share in domestic market

In order to maximize the profit in our business in North America, the business will be estimated within 2024 by considering various options

## Change of profit in North America Business

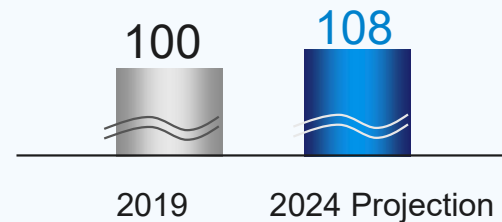


2022 Actual Results    2023 Actual Results    2024 Projection

## Sales

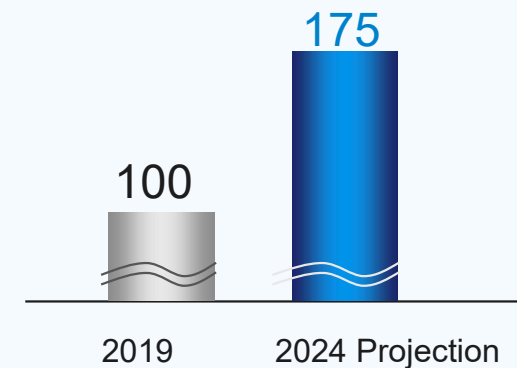
As for our flagship WILDPEAK Series, the sales of mainly new products in the series have increased. Sales increase exceeding demand growth

Light truck tires demand\* (Year 2019=100)



Based on USA industry demand forecast

WILDPEAK Series sales amount\* (Year 2019=100)



\*Replacement tires

## Production

USA Factory is considering various options while continuously promoting its efforts to improve the production.

—Launch of the first product featuring Active Tread Technology—



## SYNCHRO WEATHER

Road Surface Condition	SYNCHRO WEATHER	Summer tire (EC204)	Winter tire (WM02)	Conventional All-season tire (AS1)
Dry road surface	○	○	△	○
Wet road surface	○	○	△	○
Icy road surface	○ <sup>*1</sup>	×	○	×
Snowy road surface	○	×	○	○
Slushy road surface	○	×	○	○
Highway Winter Tire Regulation	<b>Driving<sup>*2</sup> Allowed</b>	Chains must be installed	<b>Driving Allowed</b>	<b>Driving<sup>*2</sup> Allowed</b>
Tire chain regulation for all vehicles	Chains must be installed	Chains must be installed	Chains must be installed	Chains must be installed



World first all-season tire with Ice Grip Symbol<sup>\*3</sup>



Quietness, wear performance equivalent to or better than summer tire<sup>\*4</sup>

- Stimulate demand for replacement of summer tires
- Creating an unprecedented all-season tire market in Japan and expanding the market size (the market has doubled in size over the past four years in Europe)
- Introduce the “Certified Store System” to appropriately explain the features and good performance of the product

\*1 It is recommended that the WINTER MAX 03 should be installed, when driving on severely snowy or icy road surfaces.

\*2 In some areas, driving with all-season tires may not be allowed during seasons when the winter tire regulations are in effect.

\*3 Based on our own research

\*4 Wear performance in comparison with EC204, quietness compared by pattern noise

—Announcement of the launch of the first product featuring Active Tread Technology—



## SYNCHRO WEATHER



Product launch presentation of SYNCHRO WEATHER



Promotion featuring Shohei Otani

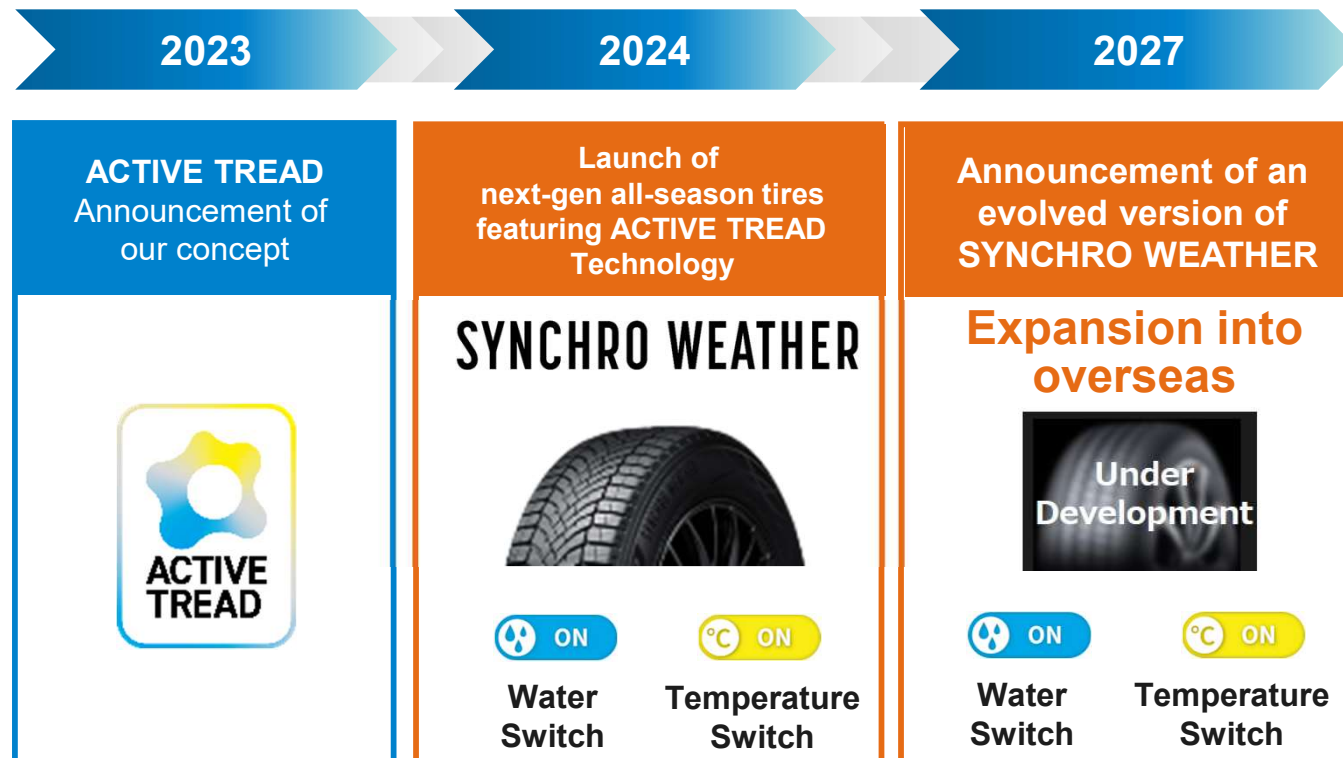
**After announcement (July 22), the response from retailers far exceeded expectations**

- Pre-orders began on July 23 at directly-managed stores, many reservations received mainly in the Tokyo metropolitan area
- New dealers asking to join as “Certified Store”
- Evaluation that the new suggested retail price level is commensurate with the value of the product



## —Future plans for ACTIVE TREAD Technology—

### Evolution of the “Water Switch” and “Temperature Switch” of Next-generation all-season tires



### Progress of ACTIVE TREAD Technology

- Commencement of the development of the third and fourth “Switches”



—Leading-edge research on materials—

- NanoTerasu Synchrotron Light Source (NanoTerasu) has begun its full-scale operations in April 2024
- The first presentation on the results of the utilization of NanoTerasu was held in May



## Future utilization

- Raise the level of “water switch” of ACTIVE TREAD Technology
- Aiming to improve tire performance through new knowledge by analyzing mechanisms such as the path and speed of water penetration into rubber.

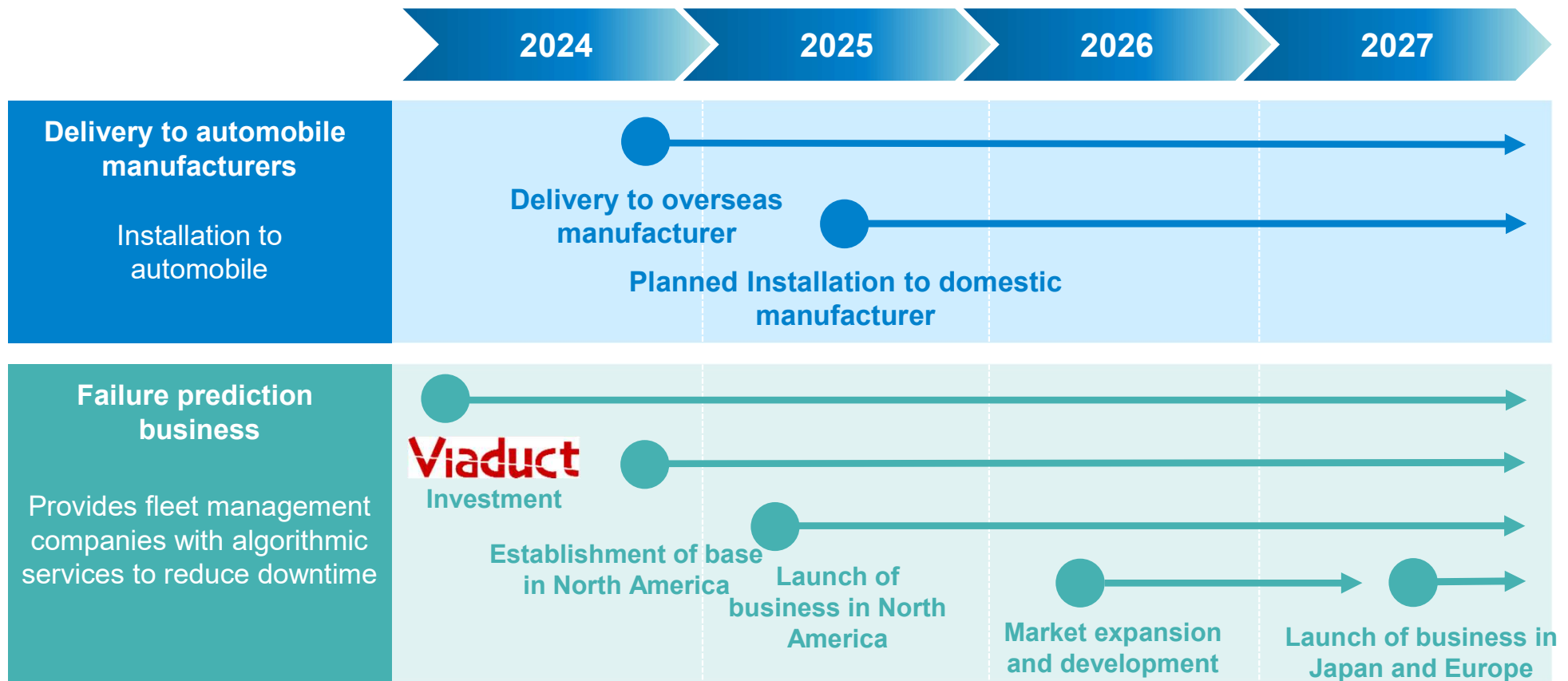


Observing various water conditions by irradiating synchrotron radiation

## 3-2. SENSING CORE Commercialization



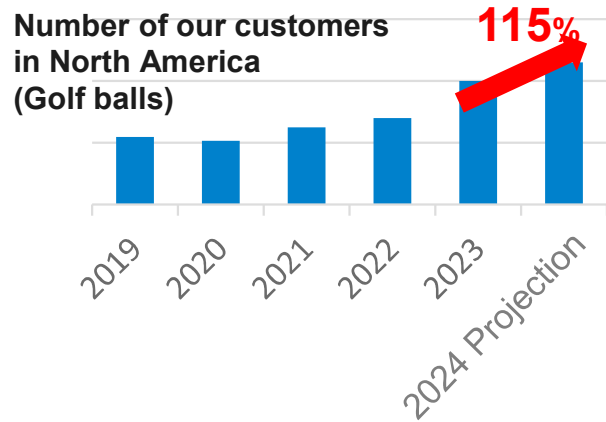
- Commence the “Tire Replacement Optimization and Vehicle Failure Prediction Solution Service” with Viaduct Inc. in the first quarter of 2025
- Starting with North America, plan to expand this business to the Japanese and European markets



- Started proof of concept of “Tire Pressure and Temperature Management Service” using TPMS with domestic transportation company
- Aim to lead to the development of SENSING CORE and related services

## Golf Business

- Strengthen sales activities in North America, focusing on new golf courses
- Success of professional players - 1.5 times victories on the European and USA tours (change from 1st half previous year) ▯
- New “BiFLEX FACE” technology that expands the “sweet spot” in golf clubs to increase distance. Inspired from “rebound frame” that further increase flex at impact, synergistic effect increases the ball's initial velocity



Optimizing stiffness by varying the slope of the frame from heel to toe of the club head



Amplifying flex by integrating the golf club's face and frame

**Differentiating ourselves through technological innovation and making steady progress toward becoming a global TOP 3**

## Tennis Business

- Adopted in Australian Open, No.1 use in ATP Tour
- Adopted in competitions sponsored by Intercollegiate Tennis Association (ITA)



**Expanding business globally based on the high quality of tennis balls**

\*Excluding competitions governed by NCAA(National Collegiate Athlete Association)

## Vibration Control Dampers

No total or partial destruction of MIRAIE-installed houses in the 2024 Noto Peninsula Earthquake\*1



The above photo shows high-damping rubber generating heat (Red area shows high temperature)

- Our proprietary high-damping rubber technology that instantly absorbs vibration by converting it into heat
- Rubber technologies that boast over 90 years of durability\*2

### Future utilization

- Delivery to overseas buildings, etc.
- Promote seismic retrofitting of historic buildings

## High Value-added Medical Rubber Parts

Top-class domestic market share for medical applications such as vaccines for influenza and antibiotics\*3



- Low elution rubber technology that can reduce the generation of impurities

### Future utilization

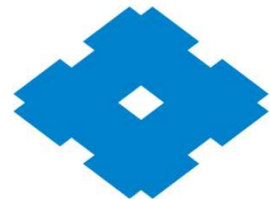
Concentrate management resources in the Japanese and Asian markets, and focus on high value-added markets with proprietary rubber technology

\*1 Within the extent that we are aware of

\*2 Based on the results of our accelerated deterioration test (For the part of high-damping rubber damper)

\*3 Based on our own research

Rubber and Beyond, Driving Our Future



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