

Financial Report

(January 1 ~ March 31, 2023)

May 15, 2023



SUMITOMO
RUBBER INDUSTRIES




- 2023 1st 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 **98**
(vs 2022 year-end : (1))

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

	Newly Included -	Excluded (1)	Newly Included -	Excluded -
<p>Tires</p> 		Chengdu D Guard Automotive Service Co., LTd. (China/Sales)		
<p>Sports</p> 				
<p>Industrial & Other</p> 				

	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	3	Domestic	-	
	Overseas	5	Overseas	1	Overseas	-	
		Malaysia, China, Vietnam, Switzerland, Slovenia		Hong Kong		-	

Total 101
 Domestic 28
 Overseas 73

2023 1st Quarter Highlights

- The economic environment continued to raise concerns over economic growth, due to the high levels of inflation, drastic interest rate hikes and the situation in Ukraine.
- While also economy expected to recover as the effects of COVID-19 subside, rising uncertainty, including trends in foreign exchange and prices.
- The impact of soaring energy costs and a decline in automotive production volume due to the shortage of semiconductors were still observed.
- There has been a lull in the impact of soaring freight costs and raw material prices.

Tires



- Domestic REP. Market: Slight YoY decrease in sales due to delayed snowfall due to decrease in winter tire sales
- Domestic O.E. Market: YoY increase in sales in spite of ongoing decline in production cuts at auto manufacturers
- Overseas REP. Market: Decrease in YoY sales due to discontinuation of unprofitable tires despite strong sales of flagship products
- Overseas O.E. Market: Overall sales on par with previous year with stagnant sales to Japanese OEM in China

Sports



- Golf Business: YoY increase in revenue thanks to strong sales in key markets of North America & South Korea
- Sports Business: Record-high sales revenue & business profit

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.-Mar.)



Billions of Yen

	2023 Jan.-Mar.	2022 Jan.-Mar.	vs 2022	2022 Annual
Sales Revenue	276.8	250.5	110%	1,098.7
Business Profit (%) <small>*1,3</small>	8.0 2.9%	14.8 5.9%	54%	22.0 2.0%
Operating Profit (%) <small>*3</small>	7.8 2.8%	14.2 5.7%	55%	15.0 1.4%
Profit <small>*2,3</small>	4.0	11.8	34%	9.4

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

*2. Profit : Profit attributable to owners of parent

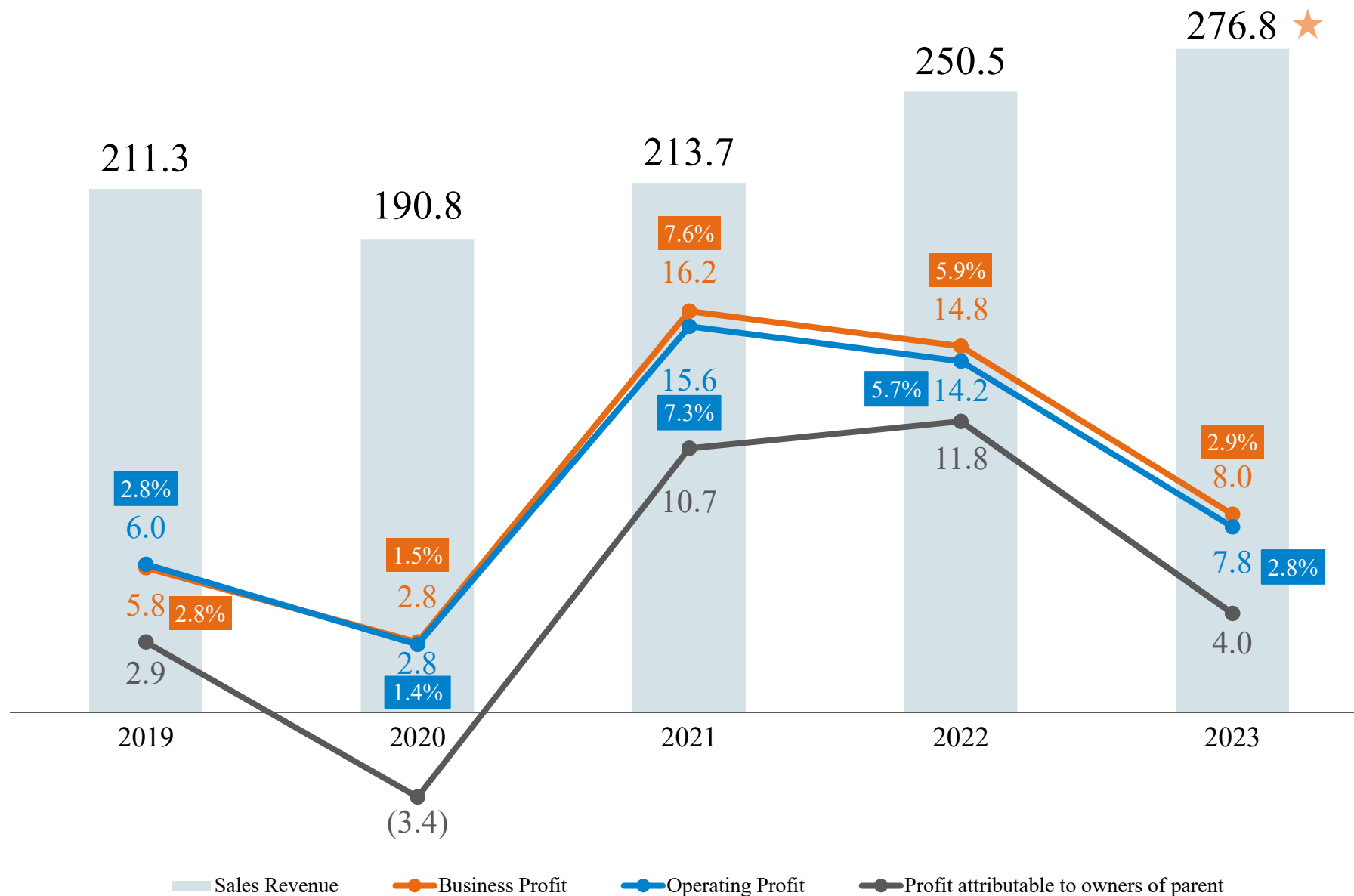
*3. Accounting adjustments have been applied since 2nd quarter of 2022, as pursuant to IAS 29 “Financial Reporting in Hyperinflationary Economies”.

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

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



Billions of Yen % : Profit Ratio ★ : Record High



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



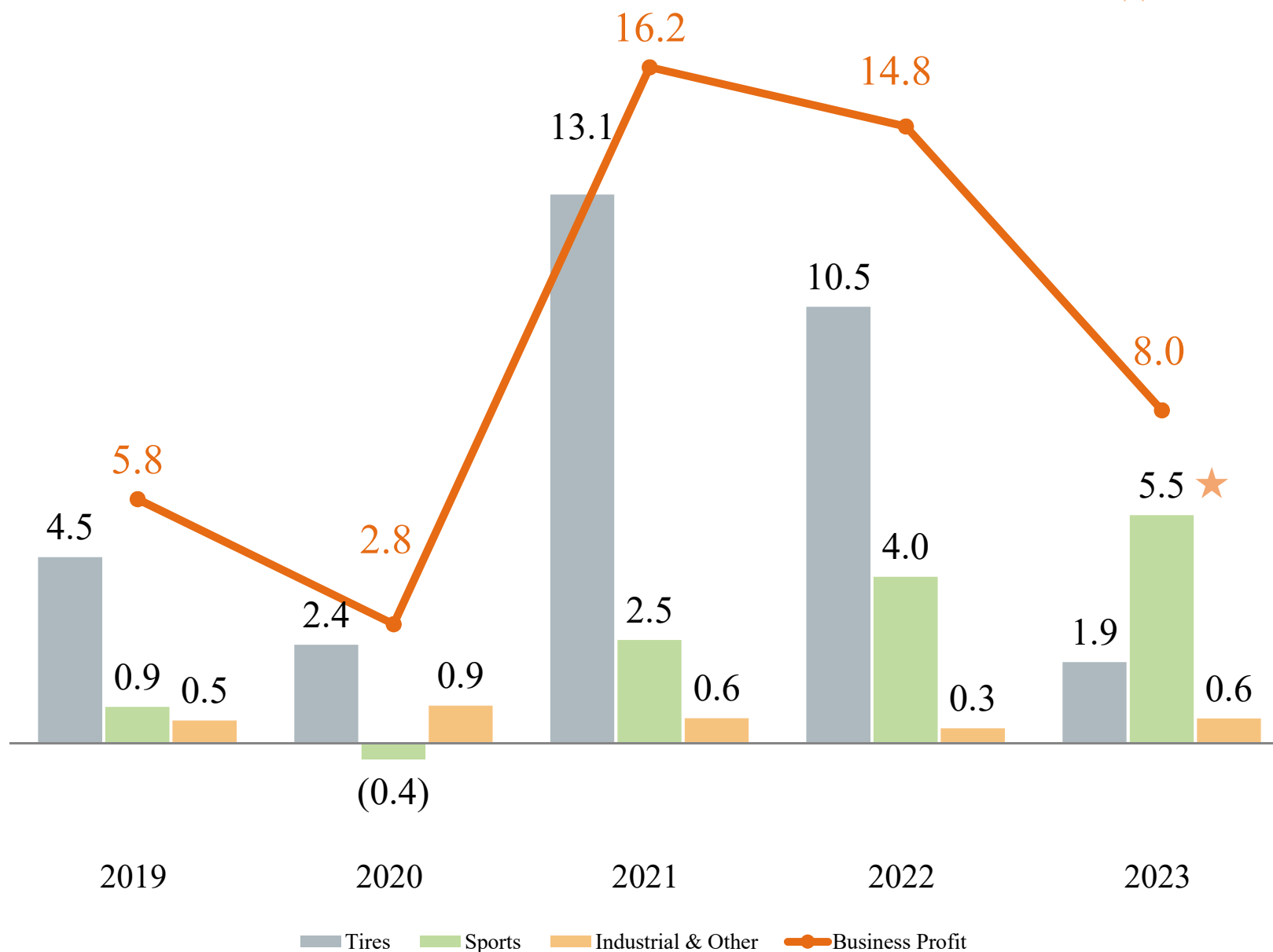
Billions of Yen

	2023 Jan.-Mar.	2022 Jan.-Mar.	vs 2022	2022 Annual
Sales Revenue	229.8	210.9	109%	939.9
	35.5	29.7	119%	116.6
	11.5	9.9	116%	42.1
	276.8	250.5	110%	1,098.7
Business Profit	1.9	10.5	18%	12.3
	5.5	4.0	137%	8.9
	0.6	0.3	166%	0.7
	8.0	14.8	54%	22.0

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



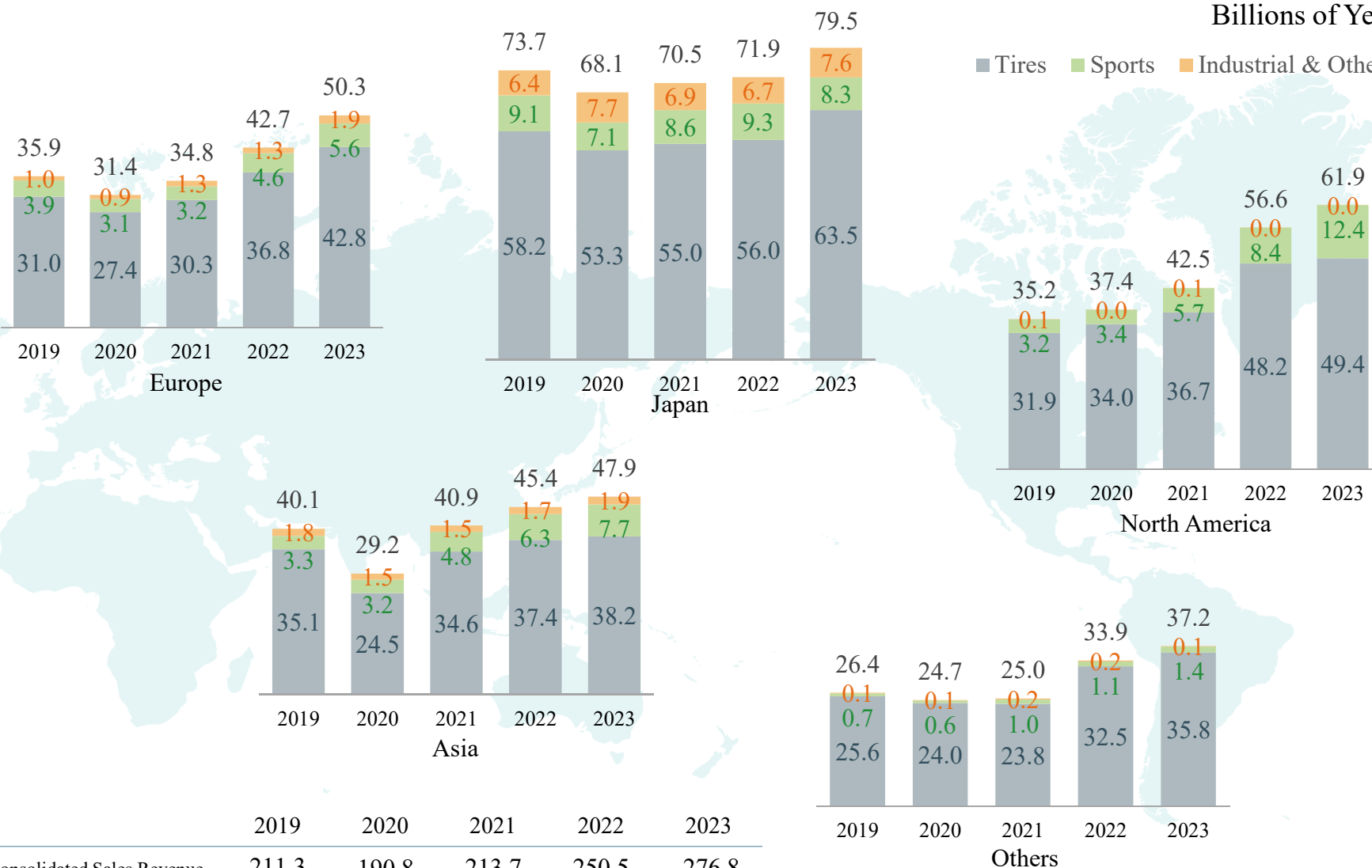
Billions of Yen ★ : Record High



Sales Revenue by Destination (Jan.-Mar.)

Billions of Yen

■ Tires ■ Sports ■ Industrial & Other



	2019	2020	2021	2022	2023
Consolidated Sales Revenue	211.3	190.8	213.7	250.5	276.8
% of Overseas	65%	64%	67%	71%	71%

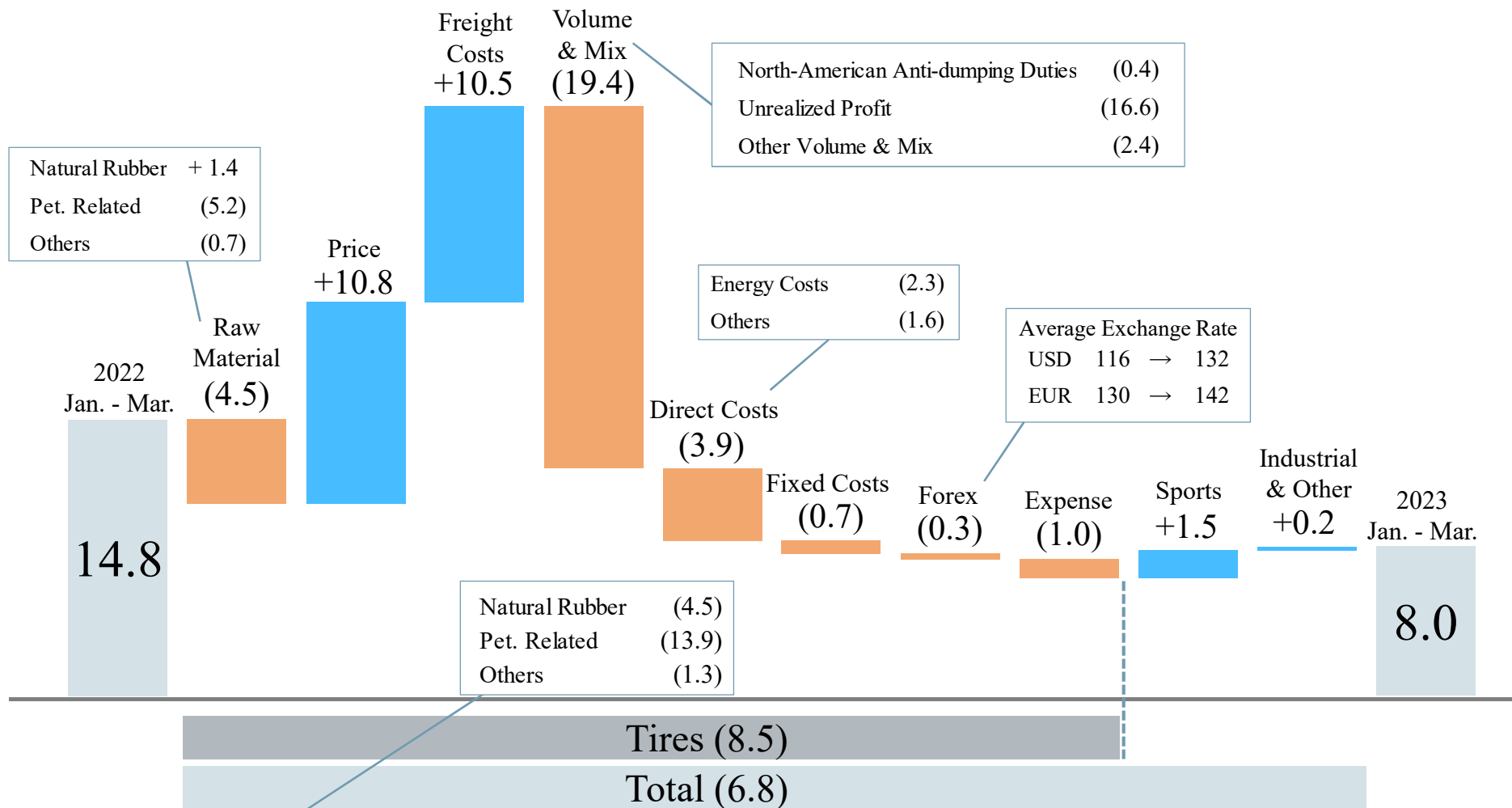
*Sales Revenue on this page are based on customer's location.

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

Billions of Yen

Increase

Decrease



	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
2021 → 2022	(19.7)	+15.1	(11.2)	+17.0	(2.0)	(0.6)	+0.0	(1.2)	+1.5	(0.3)	(1.4)
2020 → 2021	+1.8	+1.2	(2.6)	+8.8	+1.0	(0.2)	+0.3	+0.5	+2.9	(0.3)	+13.4

【Forecast】 Consolidated Financial Results (2023 Jan.-Jun.)



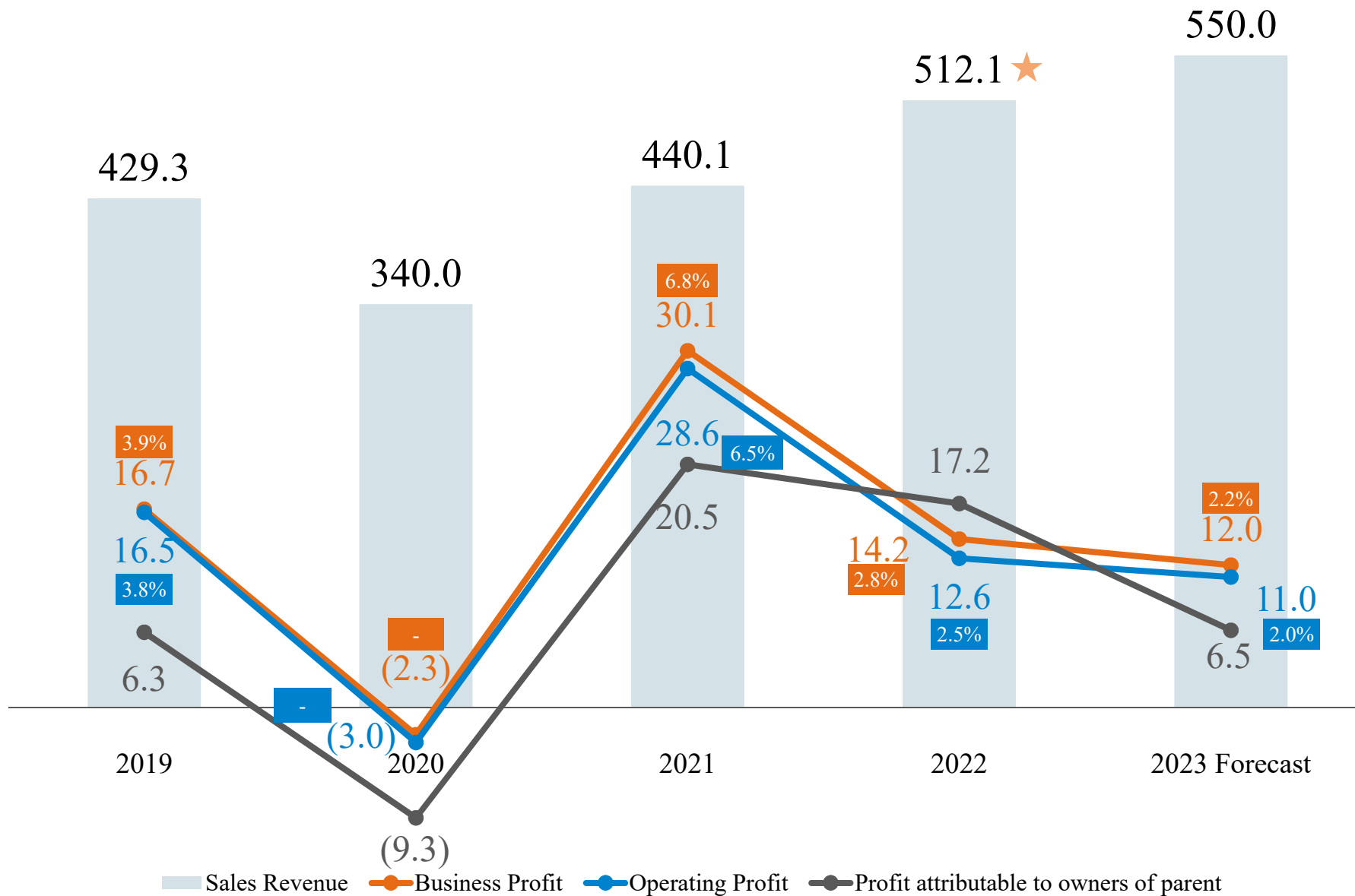
Billions of Yen

	Revised Forecast 2023 Jan.-Jun.	Actual 2022 Jan.-Jun.	vs 2022	Feb. 14 th 2023 Forecast 2023 Jan.-Jun.	Revised Forecast 2023 Apr.-Jun.	Actual 2022 Apr.-Jun.
Sales Revenue	550.0	512.1	107%	570.0	273.2	261.6
Business Profit (%)	12.0 2.2%	14.2 2.8%	85%	7.0 1.2%	4.0 1.5%	(0.6) -
Operating Profit (%)	11.0 2.0%	12.6 2.5%	87%	5.0 0.9%	3.2 1.2%	(1.6) -
Profit	6.5	17.2	38%	1.0	2.5	5.4

【Forecast】 Consolidated Sales Revenue / Profit (Jan.-Jun.)



Billions of Yen % : Profit Ratio ★ : Record High



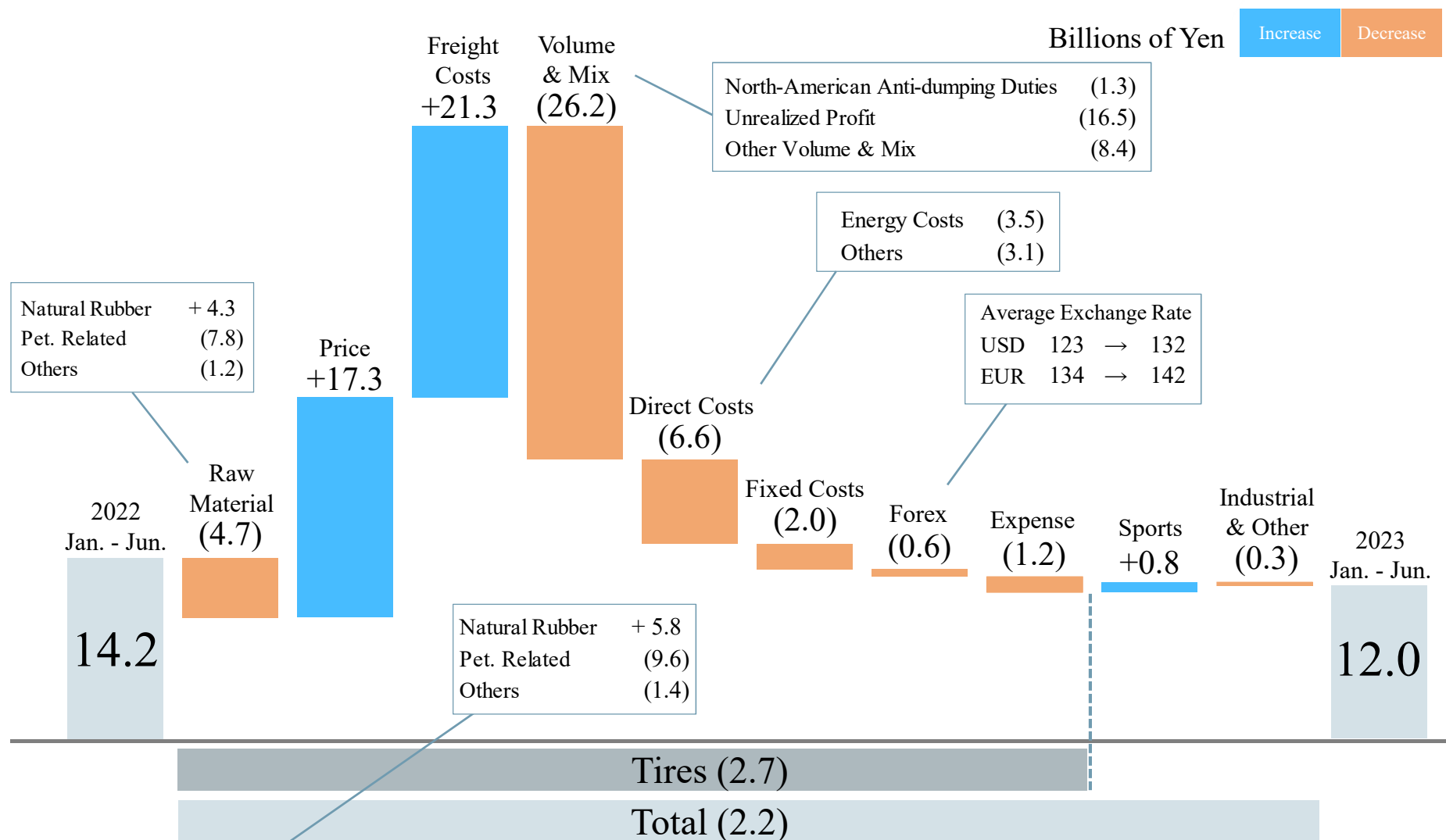
**【Forecast】 Consolidated Sales Revenue / Business Profit
by Reportable Segment (2023 Jan.-Jun.)**



Billions of Yen

		Revised Forecast 2023 Jan.-Jun.	Actual 2022 Jan.-Jun.	vs 2022	Feb. 14th 2023 Forecast 2023 Jan.-Jun.	Revised Forecast 2023 Apr.-Jun.	Actual 2022 Apr.-Jun.
Sales Revenue	Tires	458.0	430.9	106%	472.5	228.2	220.0
	Sports	70.0	61.5	114%	75.5	34.5	31.8
	Industrial & Other	22.0	19.7	112%	22.0	10.5	9.8
	Total	550.0	512.1	107%	570.0	273.2	261.6
Business Profit	Tires	5.0	7.7	65%	1.0	3.1	(2.8)
	Sports	7.0	6.2	113%	6.0	1.5	2.2
	Industrial & Other	0.0	0.3	0%	0.0	(0.6)	(0.0)
	Total	12.0	14.2	85%	7.0	4.0	(0.6)

【Forecast】 Consolidated Business Profit Walk (2023 Jan.-Jun.)



	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Feb. 14 th Forecast	(5.2)	+15.1	+16.7	(21.4)	(6.7)	(2.6)	(2.5)	(0.1)	(0.2)	(0.3)	(7.2)
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 Jan.-Dec.)



Billions of Yen

Feb. 14th 2023
Forecast
2023

	Revised Forecast 2023	Actual 2022	YOY	
Sales Revenue	1,160.0	1,098.7	106%	1,200.0
Business Profit (%)	44.0 3.8%	22.0 2.0%	200%	35.0 2.9%
Operating Profit (%)	34.5 3.0%	15.0 1.4%	230%	30.0 2.5%
Profit	21.0	9.4	223%	18.0
ROIC ^{*1}	3.3%	1.7%		2.6%
ROE	3.8%	1.8%		3.2%
ROA ^{*2}	3.6%	1.9%		2.8%
D/E Ratio	0.6	0.7		0.7

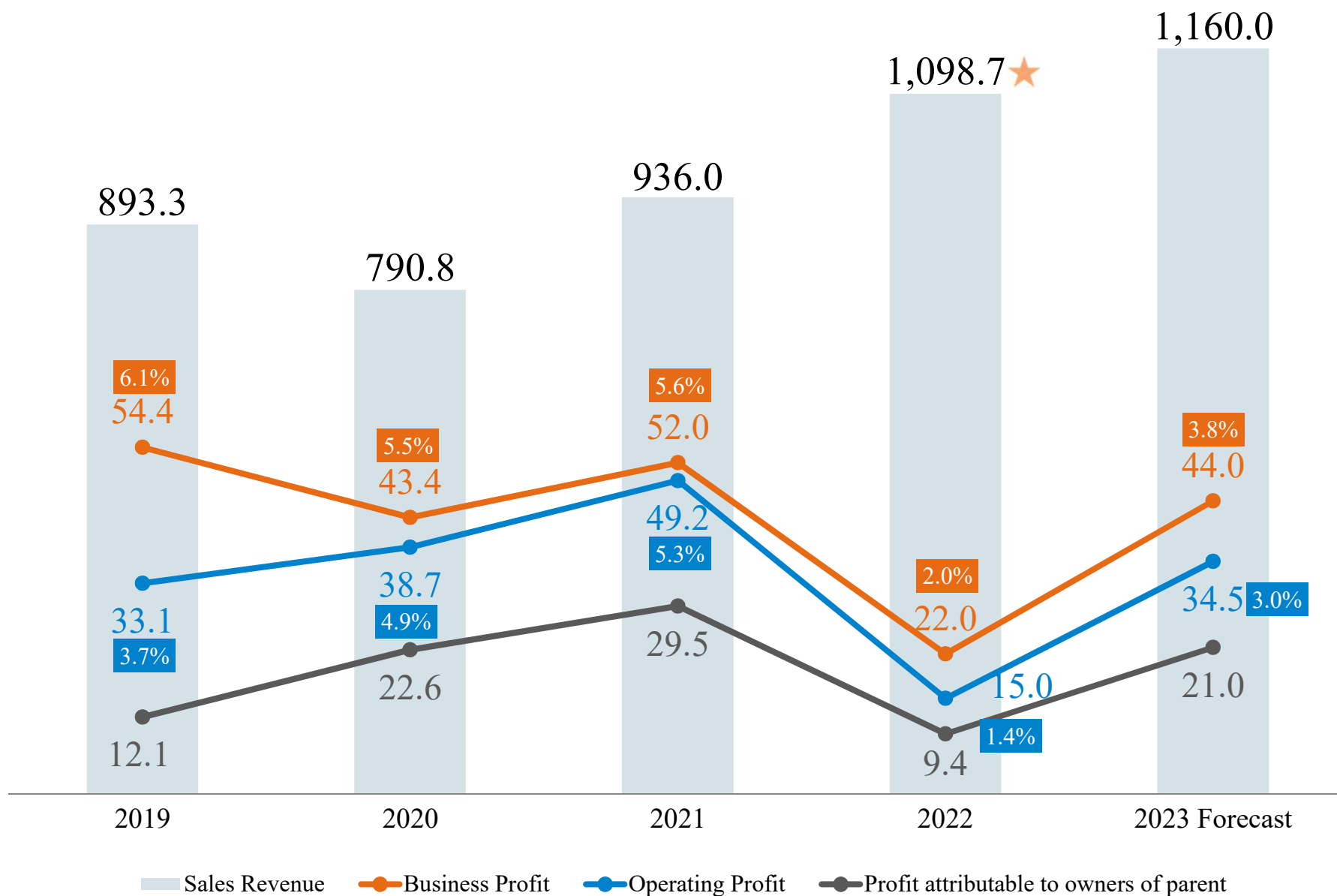
*1.ROIC: Net Business Profit After Tax / Invested Capital

*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 Jan.-Dec.)**



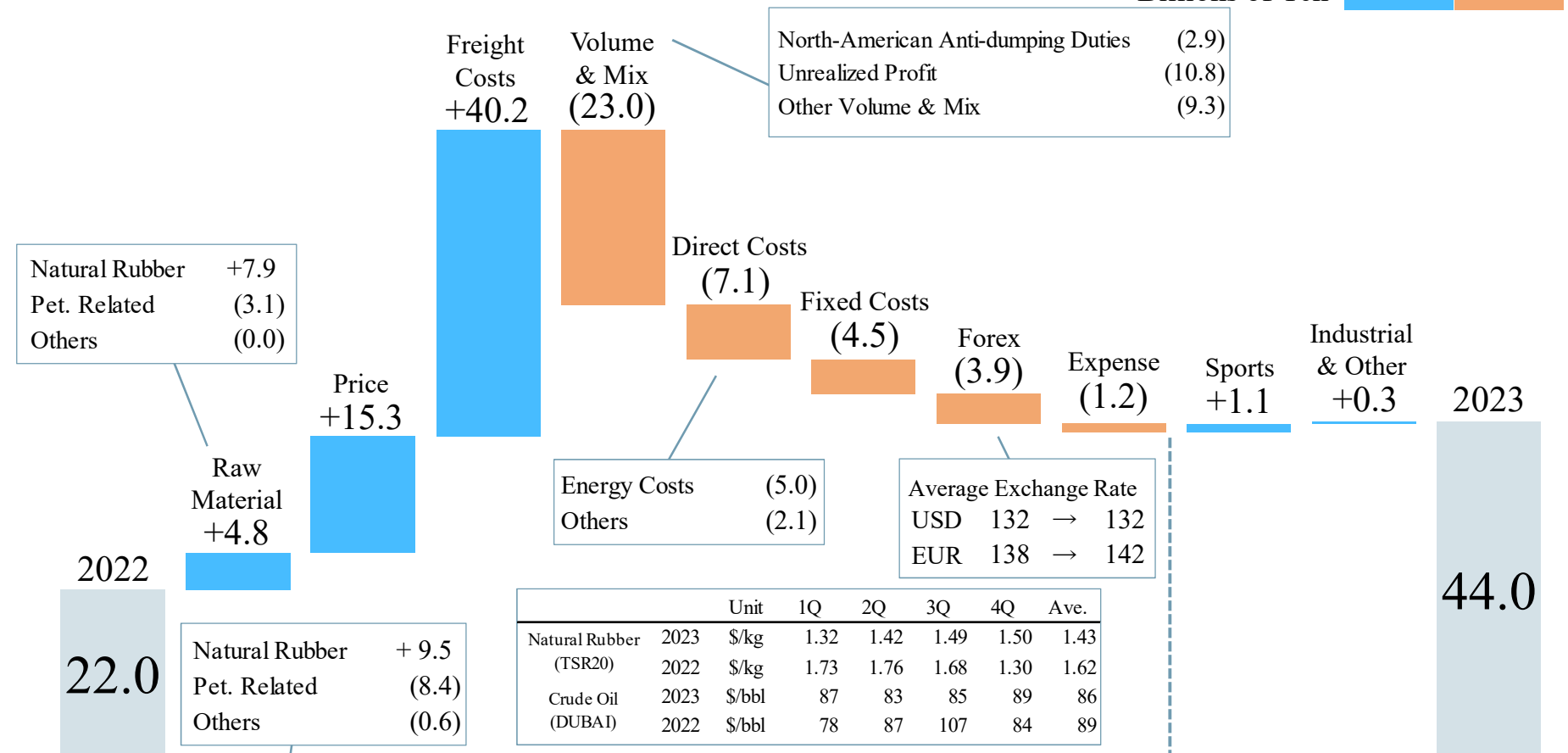
Billions of Yen

Feb. 14th 2023
Forecast
2023

		Revised Forecast 2023	Actual 2022	YOY	
Sales Revenue	Tires	988.0	939.9	105%	1,022.5
	Sports	127.5	116.6	109%	132.5
	Industrial & Other	44.5	42.1	106%	45.0
	Total	1,160.0	1,098.7	106%	1,200.0
Business Profit	Tires	33.0	12.3	268%	26.0
	Sports	10.0	8.9	112%	8.0
	Industrial & Other	1.0	0.7	141%	1.0
	Total	44.0	22.0	200%	35.0

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

Billions of Yen Increase Decrease



	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Feb. 14 th Forecast	+0.5	+18.3	+27.0	(14.2)	(7.2)	(5.1)	(5.7)	+0.0	(0.9)	+0.3	+13.0
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.	4.0	+4.6	(0.2)	+6.5	+10.8	(6.8)	(2.7)	(1.3)	(0.3)	(0.2)	(0.7)	(0.5)
	Jul.-Dec.	32.0	+24.2	+9.5	(2.0)	+18.9	+3.2	(0.5)	(2.5)	(3.3)	+0.0	+0.3	+0.6
	Annual	44.0	+22.0	+4.8	+15.3	+40.2	(23.0)	(7.1)	(4.5)	(3.9)	(1.2)	+1.1	+0.3
vs Feb. 14 th Forecast			+9.0	+4.3	(3.0)	+13.2	(8.8)	+0.1	+0.6	+1.8	(1.2)	+2.0	+0.0

Tire Sales Volume (Comparison %)

vs Previous year	2022 Actual					2023 Jan.-Mar. Actual, Apr.-Dec. Forecast					2023 Feb. 14th 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%	100%	103%	108%	122%	107%	114%	
Domestic Rep.	116%	93%	111%	92%	101%	98%	104%	93%	106%	101%	98%	102%	100%	
Overseas O.E.	106%	102%	136%	101%	110%	101%	104%	93%	107%	101%	126%	123%	124%	
Overseas Rep.	97%	93%	91%	81%	90%	87%	95%	108%	108%	99%	92%	107%	99%	
Details	North America	90%	91%	76%	72%	82%	81%	87%	118%	111%	98%	77%	110%	92%
	Europe	106%	98%	84%	92%	95%	90%	96%	110%	96%	98%	96%	101%	99%
	Asia	88%	86%	104%	73%	87%	91%	103%	104%	117%	104%	100%	110%	105%
	Others	105%	98%	103%	89%	99%	85%	97%	100%	109%	97%	95%	109%	101%
Total	99%	93%	104%	89%	96%	94%	101%	101%	107%	101%	101%	109%	105%	
Total Tire Sales (000 Units)	28,180	26,600	28,070	28,610	111,460	26,460	26,790	28,440	30,570	112,260	55,420	61,680	117,100	

Tire Volume by Category (Comparison %)



vs Previous Year	Actual 2022 Jan.-Mar.				Actual 2023 Jan.-Mar.			
	O.E.	Rep.	Total	Composition ratio	O.E.	Rep.	Total	Composition ratio
Passenger Tires	94%	100%	98%	87%	104%	92%	95%	89%
Advanced Tires *1	94%	102%	99%	34% *2	111%	102%	105%	37% *2
Truck & Bus Tires	85%	105%	103%	4%	114%	82%	84%	3%
Motorcycle, Industrial & Other Tires	101%	103%	102%	9%	111%	67%	84%	8%
Total	95%	101%	99%	100%	105%	90%	94%	100%

< Advanced Tires Composition Ratio by Year > *2

		2021 Actual	2022 Actual	2023 Forecast
Advanced Tires *1	O.E.	44%	44%	50%
	Rep.	31%	31%	34%
	Total	34%	35%	39%

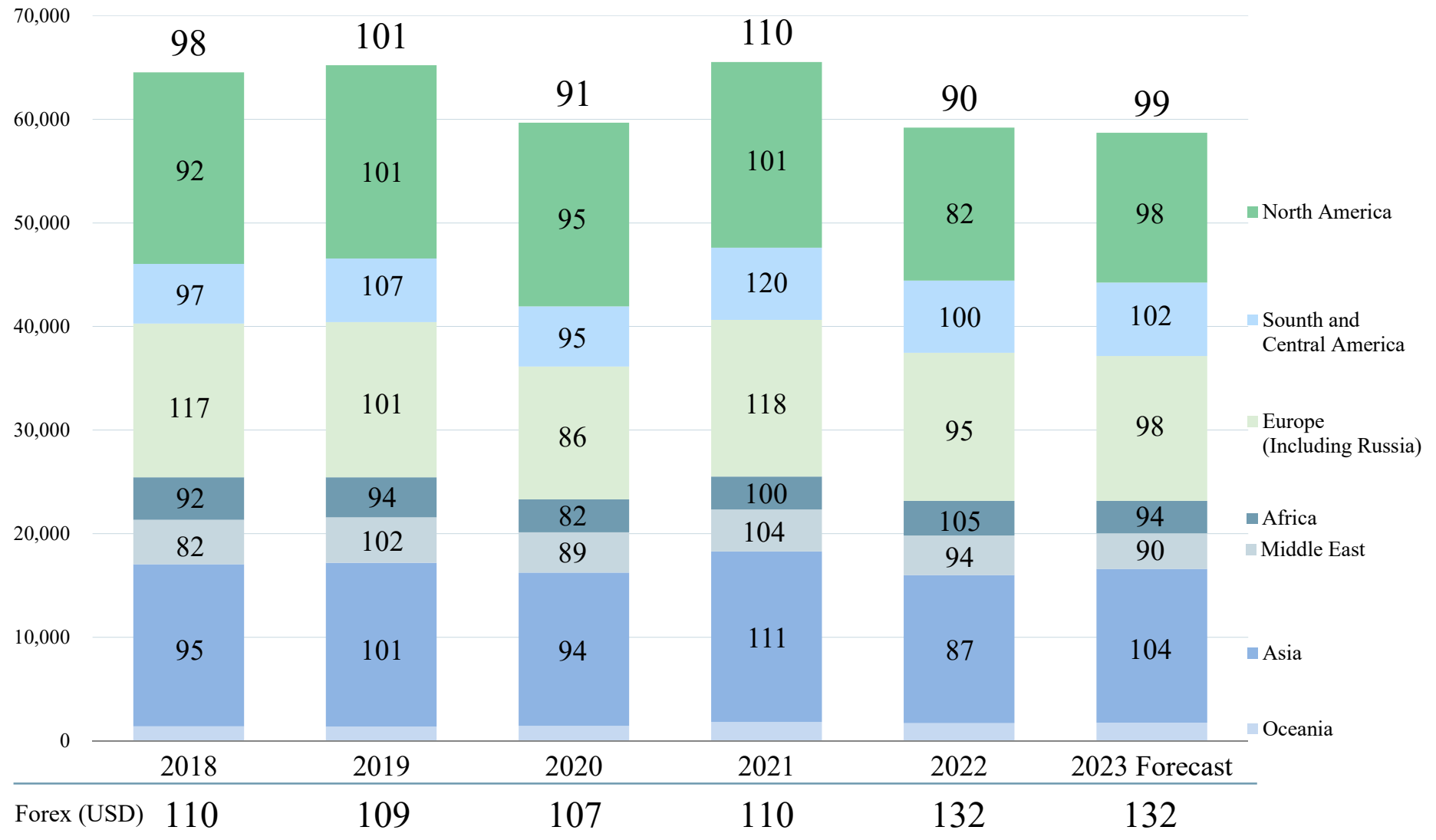
*1.Advanced Tires: Primarily for SUVs and Passenger car tires with a size of 18" or larger
*2.Composition Ratio to Passenger Tires

Tire Overseas Rep. Volume by Regional Segment



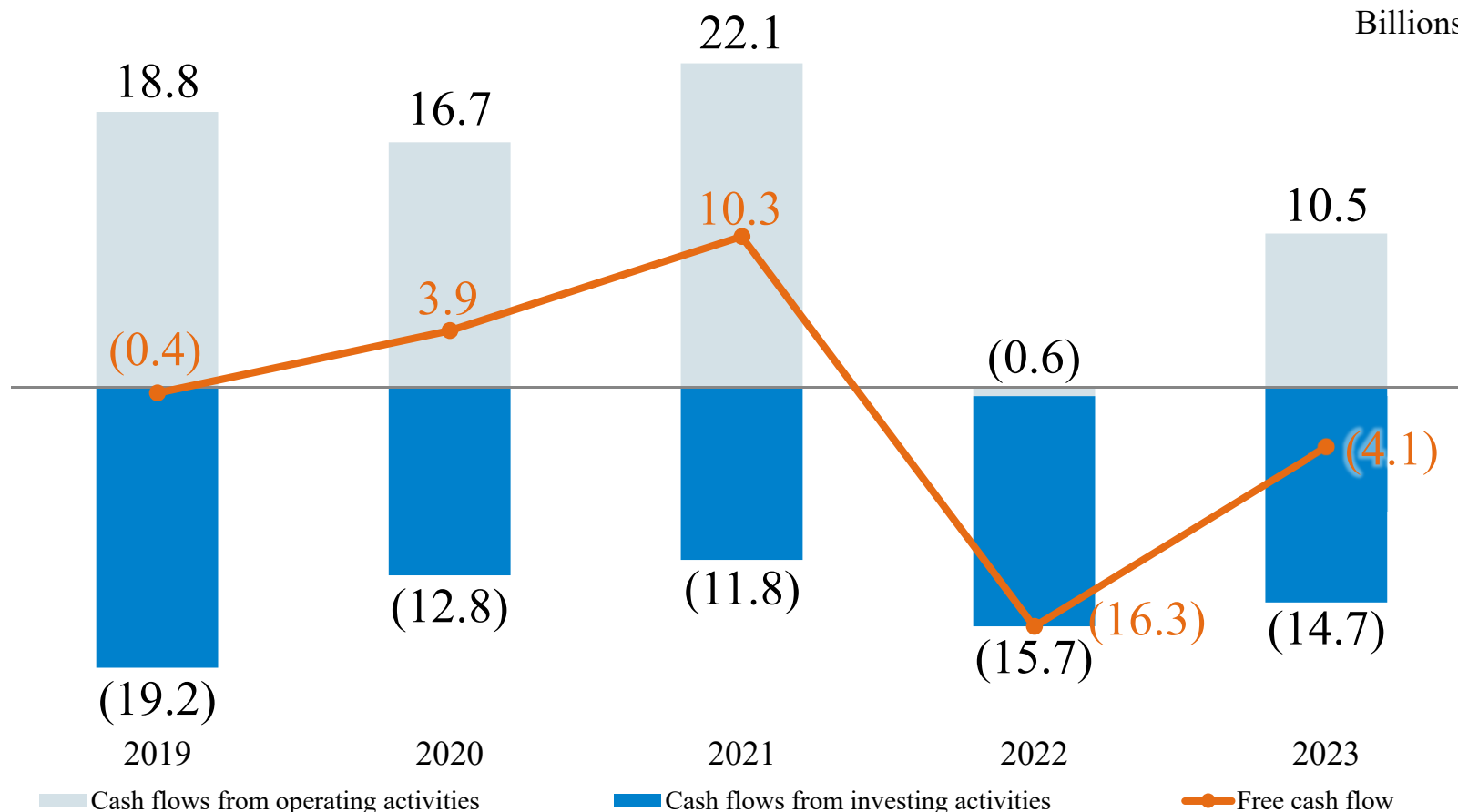
*Numbers shown in the bar graph are yoy% by region.

Unit : 000



Cash Flows (Jan.-Mar.) and CCC by Year

Billions of Yen



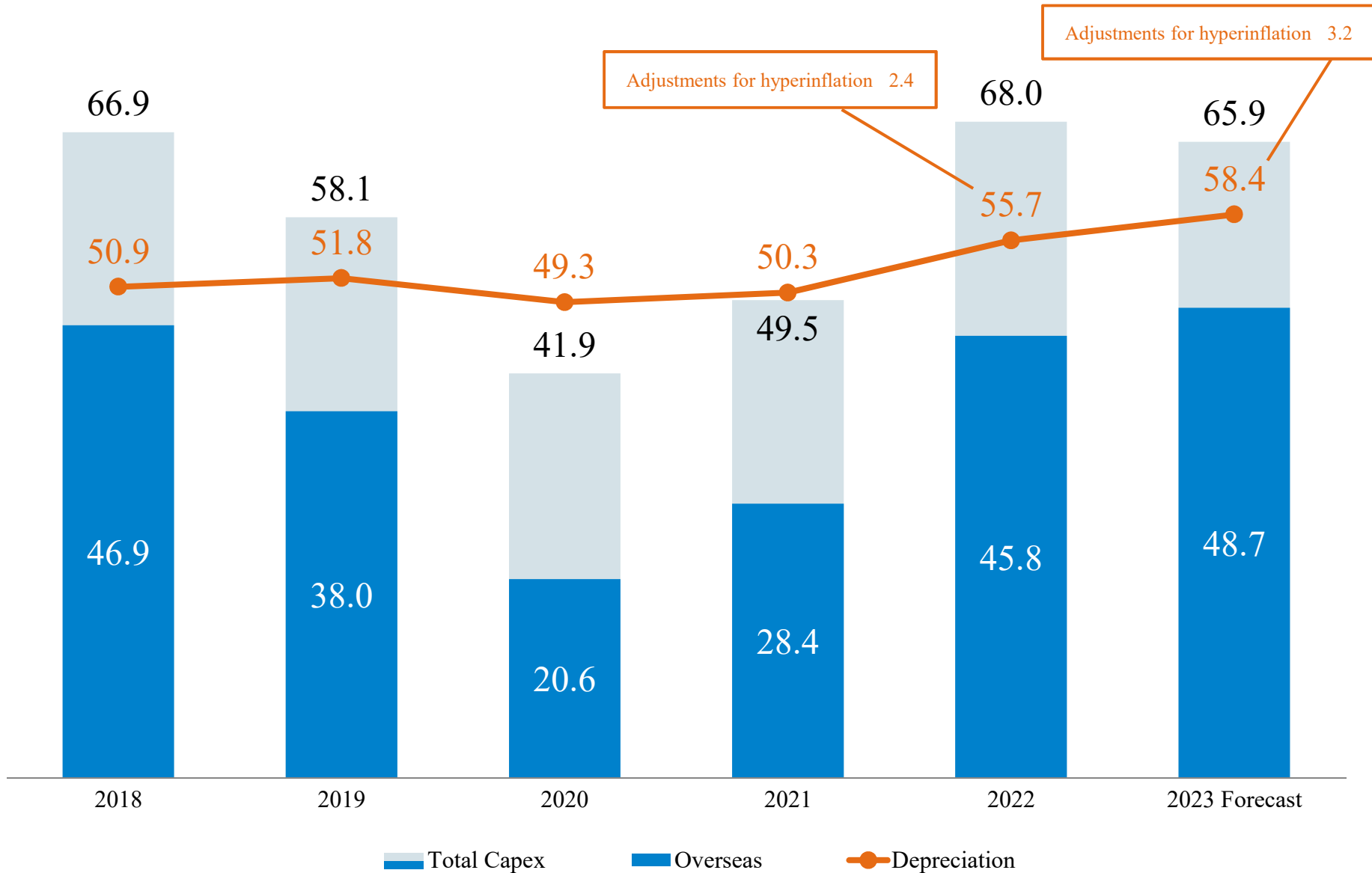
< CCC by Year >	2019	2020	2021	2022
CCC *	134 days	146 days	128 days	130 days
Days Sales Outstanding	79 days	85 days	72 days	66 days
Days Inventory Outstanding	102 days	109 days	100 days	108 days
Days Payable Outstanding	47 days	48 days	44 days	45 days

*CCC: (Days Sales Outstanding) + (Days Inventory Outstanding) - (Days Payable Outstanding)

Capex and Depreciation (Tangible Assets Only)

No change since
Feb. 14th 2023 Forecast

Billions of Yen

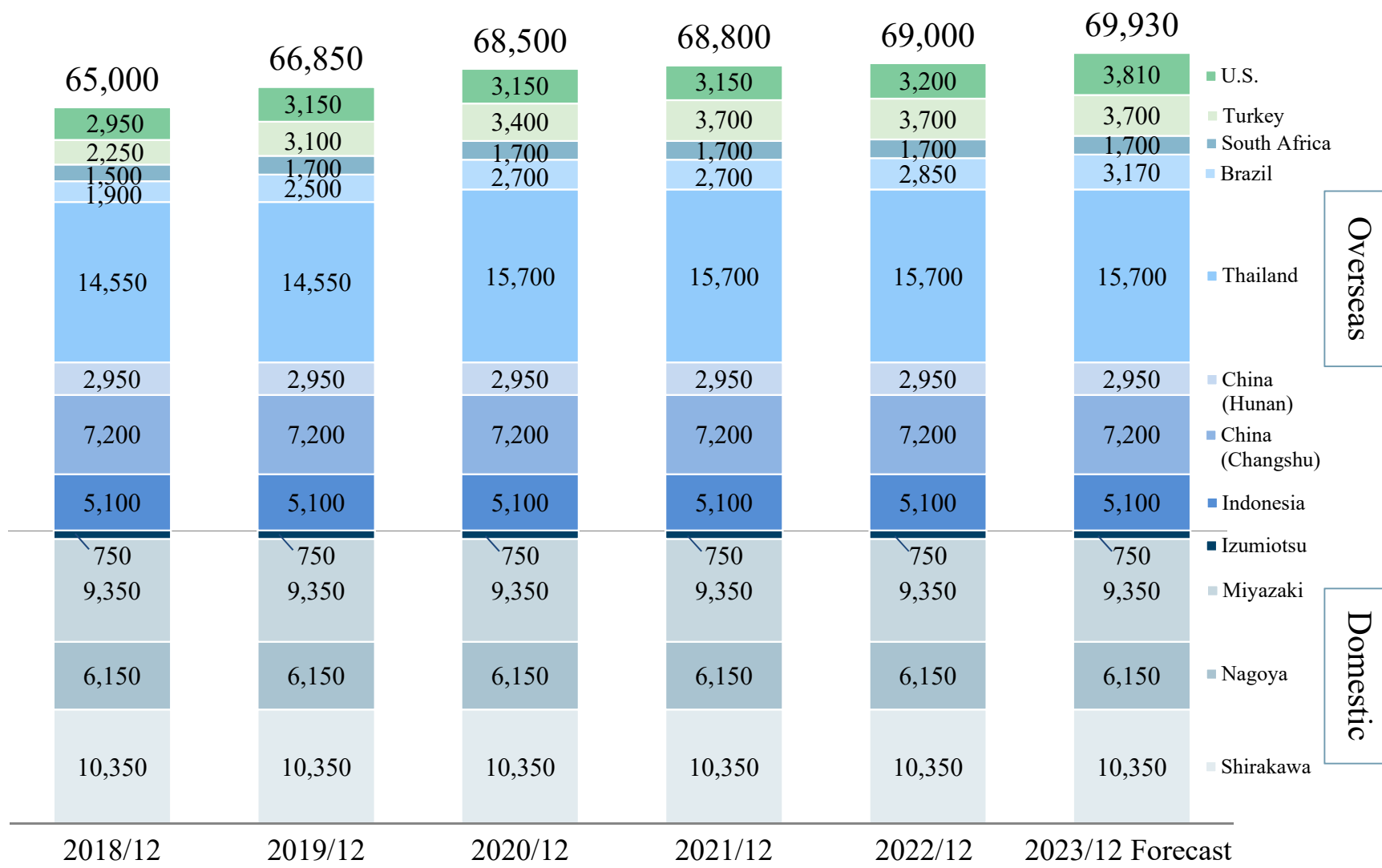


*IFRS 16 (Lease) impact is not included since 2019.

Tire Production Capacity

No change since
Feb. 14th 2023 Forecast

Unit : t/Month

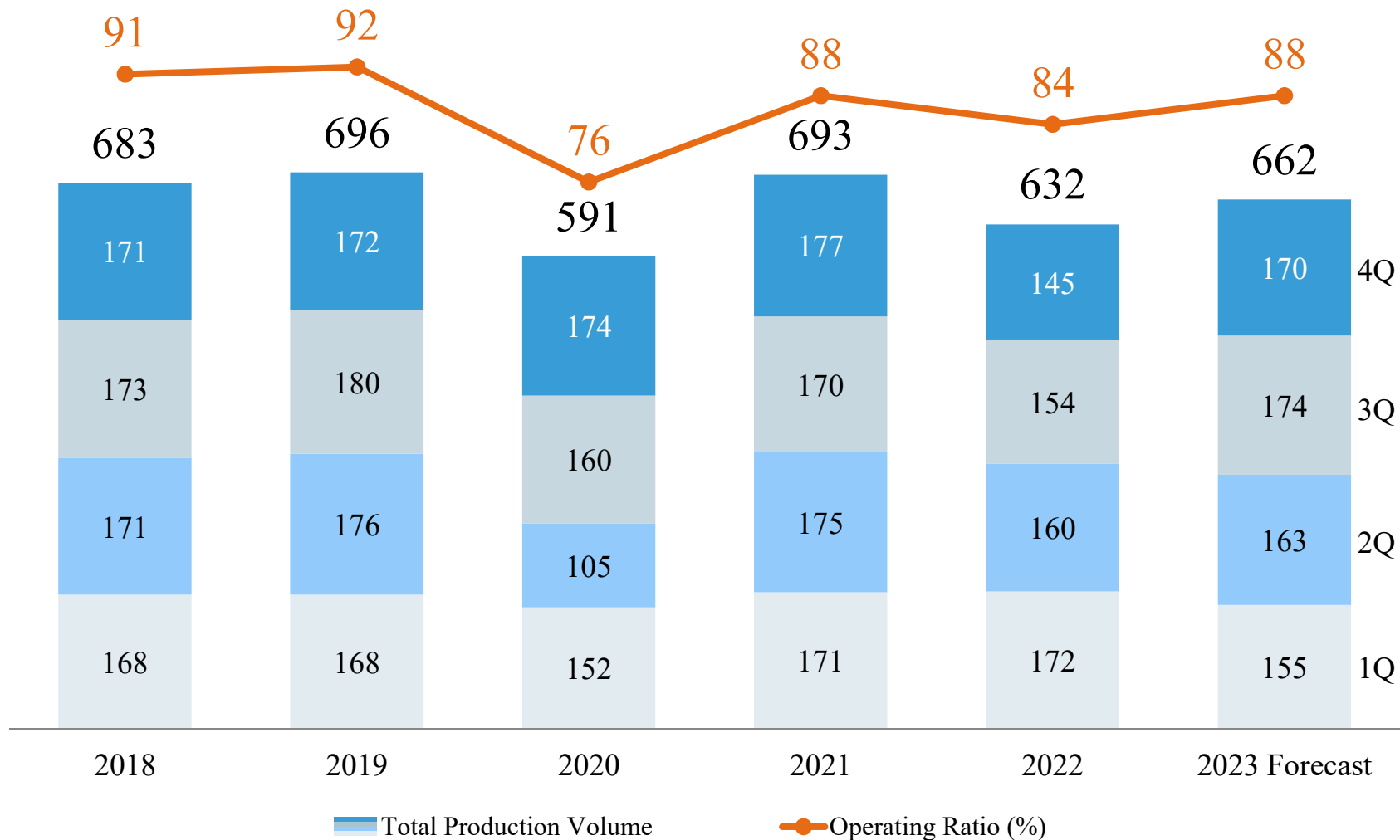


% of Overseas	59%	60%	61%	61%	61%	62%
YOY	103%	103%	102%	100%	100%	101%

Tire Production Volume and Operating Ratio



Unit : 000t



% of Overseas	62%	61%	63%	63%	63%	64%
YOY	101%	102%	85%	117%	91%	105%

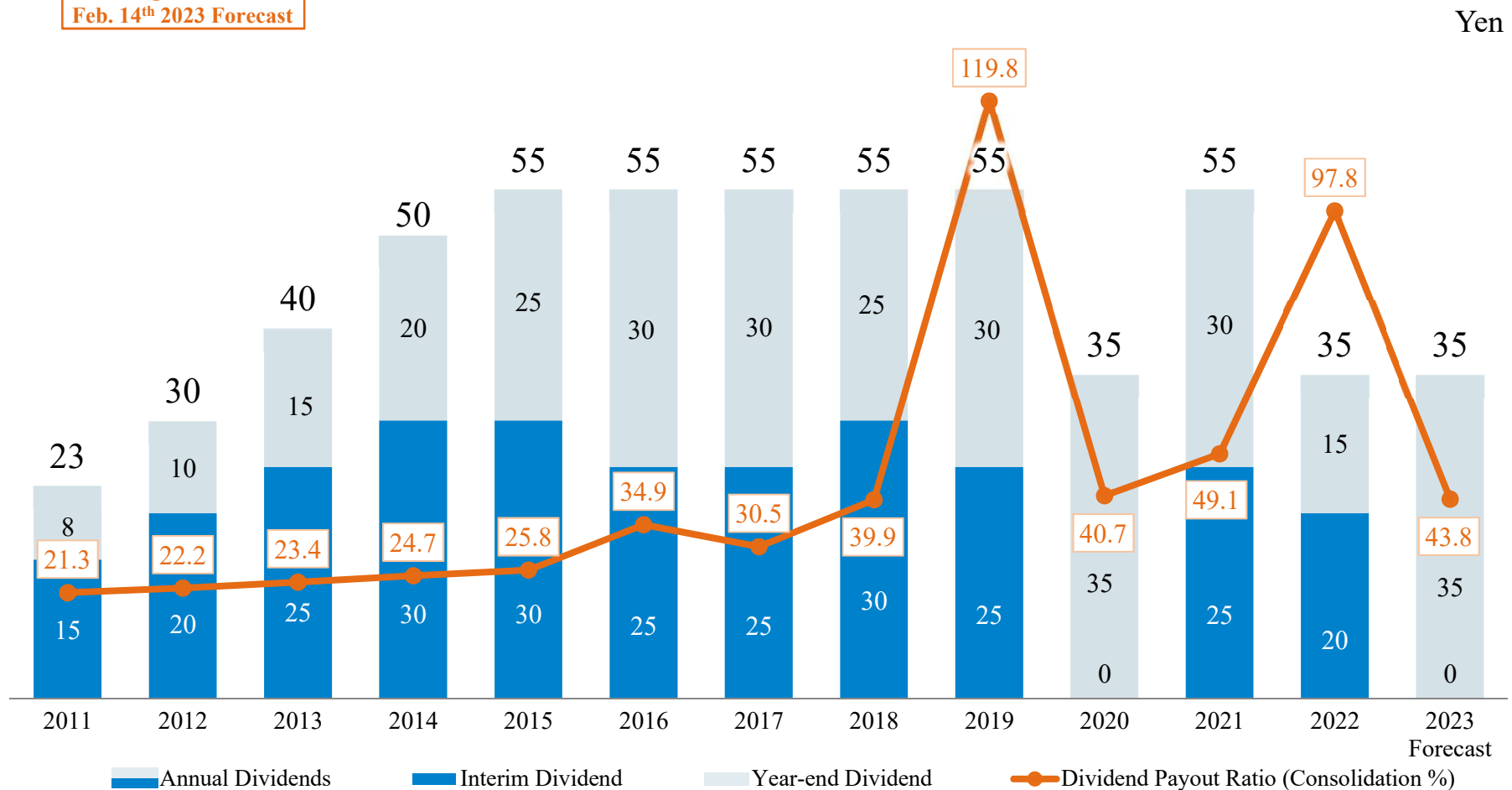
Shareholder Returns

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.

2023 Annual Dividends Forecast:

Based on consolidated financial results forecast of 2023, the annual dividends forecast is as below.

No change since
Feb. 14th 2023 Forecast





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 February 1, 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