

# Sumitomo Rubber Group 2035 Long-term Corporate Strategy

March 07, 2025



Rubber and Beyond, Driving Our Future



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## Progress of the Current Mid-term Plan

We have promoted structural reforms by focusing on existing businesses and building foundations for growth businesses (such as ACTIVE TREAD technology development, product launch, and the commercialization of SENSING CORE.)

## Acquisition of the DUNLOP Trademark

On January 8th, we signed an agreement with GOODYEAR to transfer DUNLOP trademark rights in Europe, North America, and Oceania, allowing us to expand our tire business globally\*.

## Development of Our Long-term Corporate Strategy

We are on track to achieve the goals set in our mid-term plan ahead of schedule. In anticipation of future environmental changes, we have formulated a strategy to clearly define our long-term path.

\*Excluding some regions and products in the tire business.

# 1. 2035: Our Vision and Roadmap

# **R.I.S.E.**

## **2035**

## **Continuing to Provide ‘New Experiential Value’ Born from Rubber to Everyone**

In the heart of our story lies the strength of “Rubber and Analysis Technology.”

We have crafted and nurtured many brands

including the globally unified DUNLOP brand\* with our “Brand Creation Power.”

We bring joy and value to customers in mobility, sports, healthcare, and daily life.

Our commitment to innovation and excellence ensures that we continue to meet and exceed  
the expectations of those we serve.

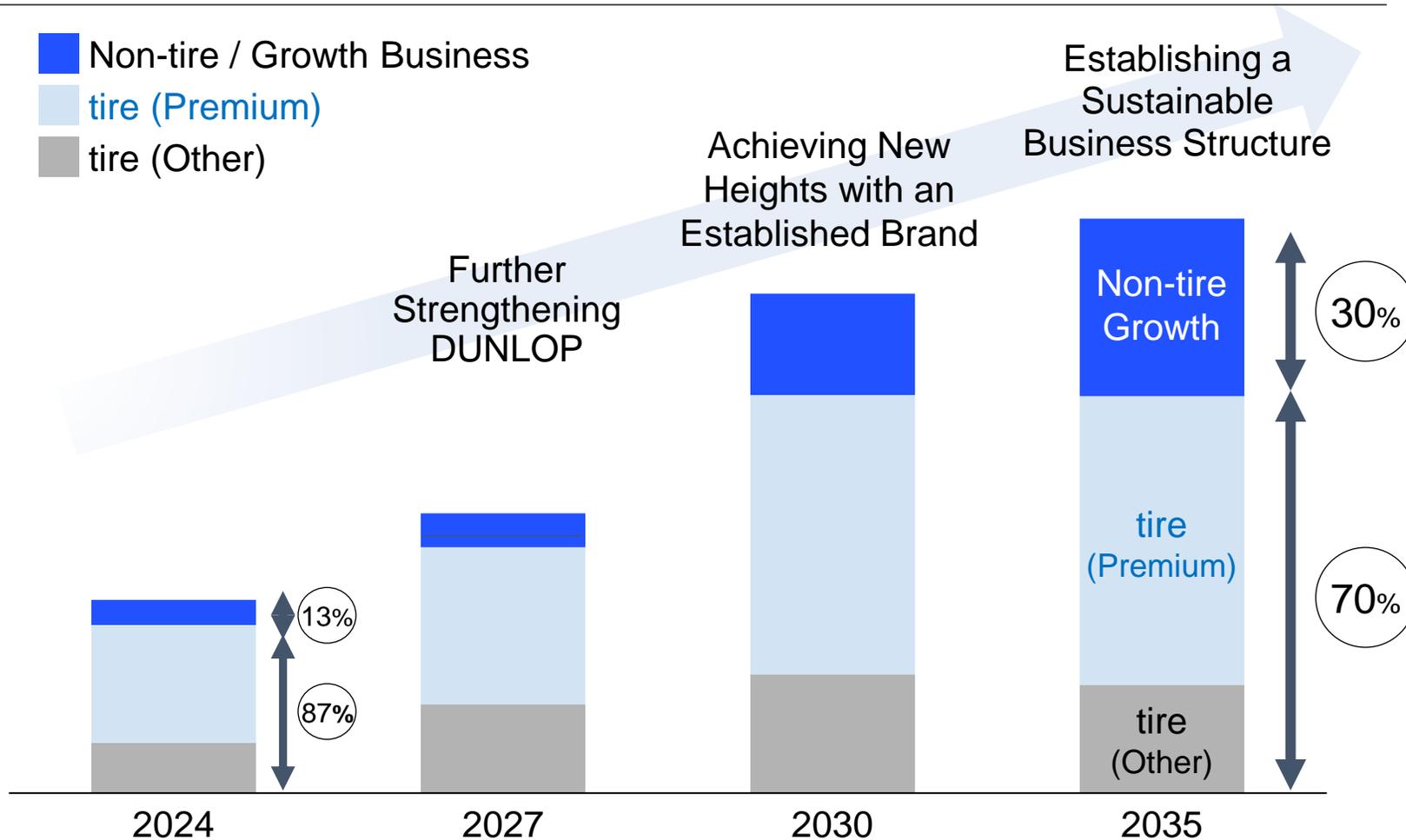
(R.I.S.E. : Rubber / Resilience / Reliable / Innovation / Solution / Evolution)

\* Excluding some regions and products in the tire business.



Promoting tire premiumization towards 2030 and building new sources of revenue towards 2035.

## Changes in the composition ratio of our business profits (2024 - 2035 forecast)



### Two portfolio shifts our company aims to achieve



**Acceleration of tire Premiumization:** Increasing Premium tire Ratio for Profit Growth by 2030. (Sales Volume Ratio Over 60%)



**Establishing New Revenue Streams:** By 2035, non-tire / growth businesses will account for 30% of total business profit.

Using our unique technologies and products, we will address future social challenges and risks based on megatrends and contribute to society.

## Mobility Division

- Slowing vehicle sales in developed countries
- Rise of Protectionism & Geopolitical risks
- Rapid growth of Chinese Automakers and intensifying competition
- Intensifying competition in the commodity tire segment
- Increasing labor costs and the accelerating trend of workforce reduction
- The spread of EVs and autonomous driving
- Advancing Autonomous Driving and IoT to Expand Services
- Expansion of service demand with the growth of experience-based consumption

**Opportunities and Risks**

Intensified competition in the commodity tire segment, risks of profit decline due to tariffs, geopolitics, and rising wages.

Opportunities in high-performance tires and maintenance-free mobility solutions.

## Sports / Lifestyle Division

- Diversifying entry points and expanding the light consumer segment
- Digitalization of consumer purchasing behavior
- Growth in advanced healthcare trends driven by the aging populations
- Advancements in biotechnology and medical technology

Opportunities in biopharmaceutical-related products and customer touchpoints utilizing digital technologies.

## Our Unique Technologies and Products

Achieving the reduction of environmental impact and further improvements in safety through our tire and solution business

ACTIVE TREAD

All-season tire

SENSING CORE

(Partial excerpt)

Contributing to Biopharmaceuticals with Industrial Products  
Enhancing Diverse Sports Experiences with Sporting Goods

High-performance medical rubber

High-performance vibration control rubber

Sports Products

(Partial excerpt.)

Leveraging Rubber and Analytical Technology with Brand Creation to Provide New Experiential Value.

## Rubber and Analytical Technology

The ability to create premium products through a value creation process centered on rubber



## Brand Creation Capability

The ability to launch and nurture multiple brands that bring joy to customers



**Targeting both Functional and Emotional Needs  
to Create New Experiential Value**

## Vision for 2035

**Continuing to Provide 'New Experiential Value'  
Born from Rubber to Everyone**

## Growth Drivers for realizing Our Vision

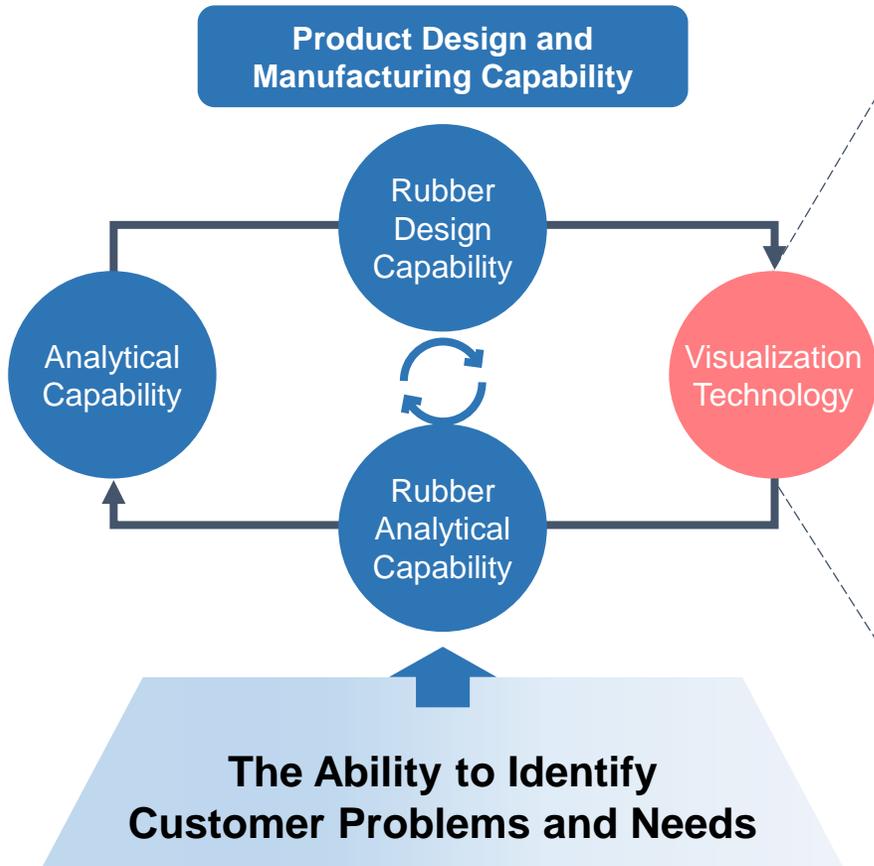
**Innovation Driven  
by Rubber**

**Strengthening  
Brand Management**

**Building a Resilient Management Foundation**

Enhancing rubber visualization technology by training and strengthening human resources and strengthening external collaboration to develop high-functional rubber that creates new experiential value.

## Sumitomo Rubber's Value Creation Process



## Approach to Strengthening Visualization Technology

Advancement of research processes

- Elevating research capabilities with state-of-the-art technology.

Strengthening research facilities

- Utilization of quantum computers
- Establishment of the Innovation Center (scheduled for 2028)

Development and strengthening of research personnel

- Fostering PhDs within the company
- Promoting the utilization of cutting-edge research facilities

Strengthening external collaborations (industry, academia, and government)

- Enhancing collaboration with universities
- Collaboration with other companies and startup M&As

# Innovation Driven by Rubber: ACTIVE TREAD Technology

Through rubber-based innovation, we will evolve our unique ACTIVE TREAD technology and bring a game-changing impact to the tire industry.  
tire Technology International Awards to be awarded in March.



**ACTIVE TREAD Technology**

**Water Switch**

Rubber surface softens on contact with water. Rubber remains soft even at low temperatures.

Grip that ensures safe driving in both rainy and low-temperature conditions

**Thermal Switch**

+

In Development!

**Third Switch**

Rubber friction and hardness increase

Achieving High Levels of Both Grip and Wear Resistance

In the Research Phase!

**Next-Gen Switch**

Proactively changing rubber properties and patterns without relying on external environmental changes

Changing performance according to the environment by combining road surface information obtained from the SENSING CORE

×

**Target Applications**

**SYNCHRO WEATHER**

All-season tires for Europe / North America

In Development

EVs / S-UHP\* Sports tires

In Development

Next-Gen mobility tires for autonomous vehicles

The concept for the third switch has already been clarified, and we are advancing its development towards commercialization

\*Super Ultra High Performance



## Promotion of Global Brand Management Centered around DUNLOP

### Specific Initiatives

- Unification of DUNLOP identity
- Unification of communication brand
- Establishment of cross-business and cross-regional brand management bases
- Introduction of brand management metrics
- Actively promoting brand investment

Practicing brand management across business and regions, aiming to maximize the value of the DUNLOP brand.

## Maximizing the DUNLOP Brand Value



### Creating Innovative Experiences

tire  
Business



Sports  
Business



Industrial  
Products  
Business



## Initiatives in Each Business

tire

Premium product expansion and entry into motorsports

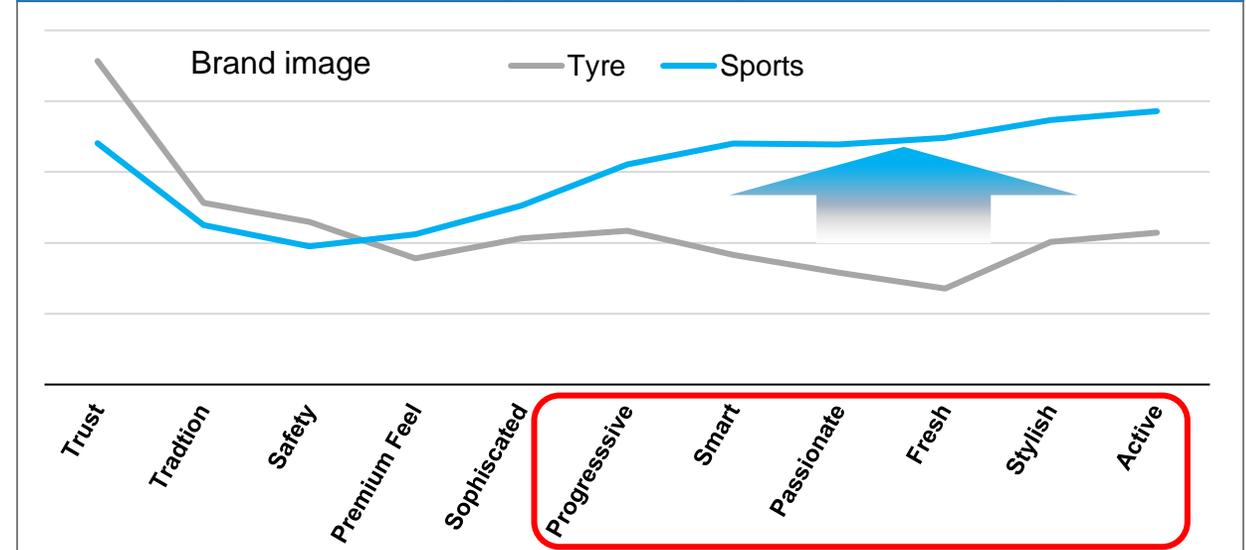
Sports

Raising brand favorability through a sports image

Ind.

Solving social issues through high-value-added products

## Business Synergies through Sports Images



Source: Our research(2024)

Enhancing the ability to foster innovation and strengthen brand management, new global hubs will be established to ensure feasibility.



## Fostering Innovation

- Strengthening our ability to create innovation through materials, analysis, and technology integration ⇒ Establishment of the Innovation Center (by 2028).
- Enhancing marketing capabilities to respond to market demands and promote commercialization ⇒ Establishment of North American Innovation Lab (by 2026).



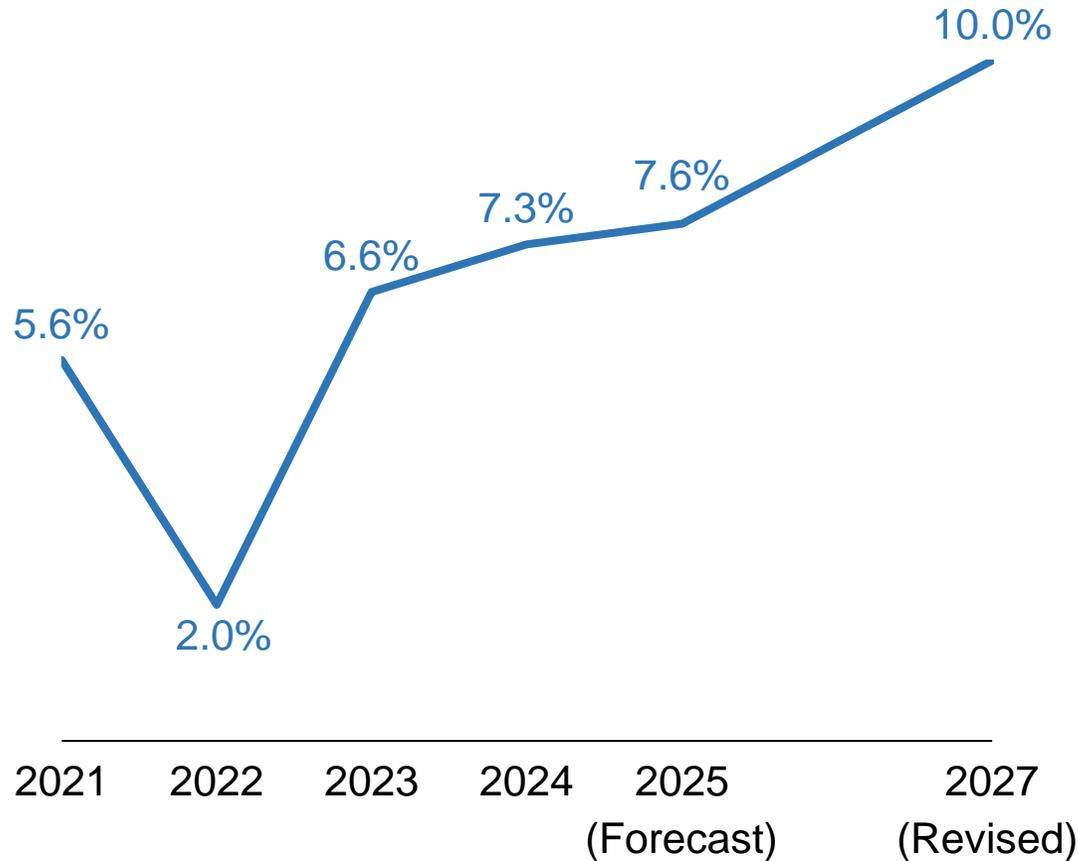
## Enhancing Brand Management

- Implementing brand management across businesses and regions, with the establishment of brand managers ⇒ Establishment of brand management bases in Japan, Europe, and the U.S. (by 2026).

## **2. Financial Strategy and Capital Allocation**

With the expected early achievement of the initial mid-term plan targets, we will revise 2027 goals and aim for a business profit margin of 15%, ROE of 12%, and ROIC of 10% by 2030.

## Trend of our business profit margin (2021-2027)



## Revision of the mid-term plan target values and outlook towards 2030-2035

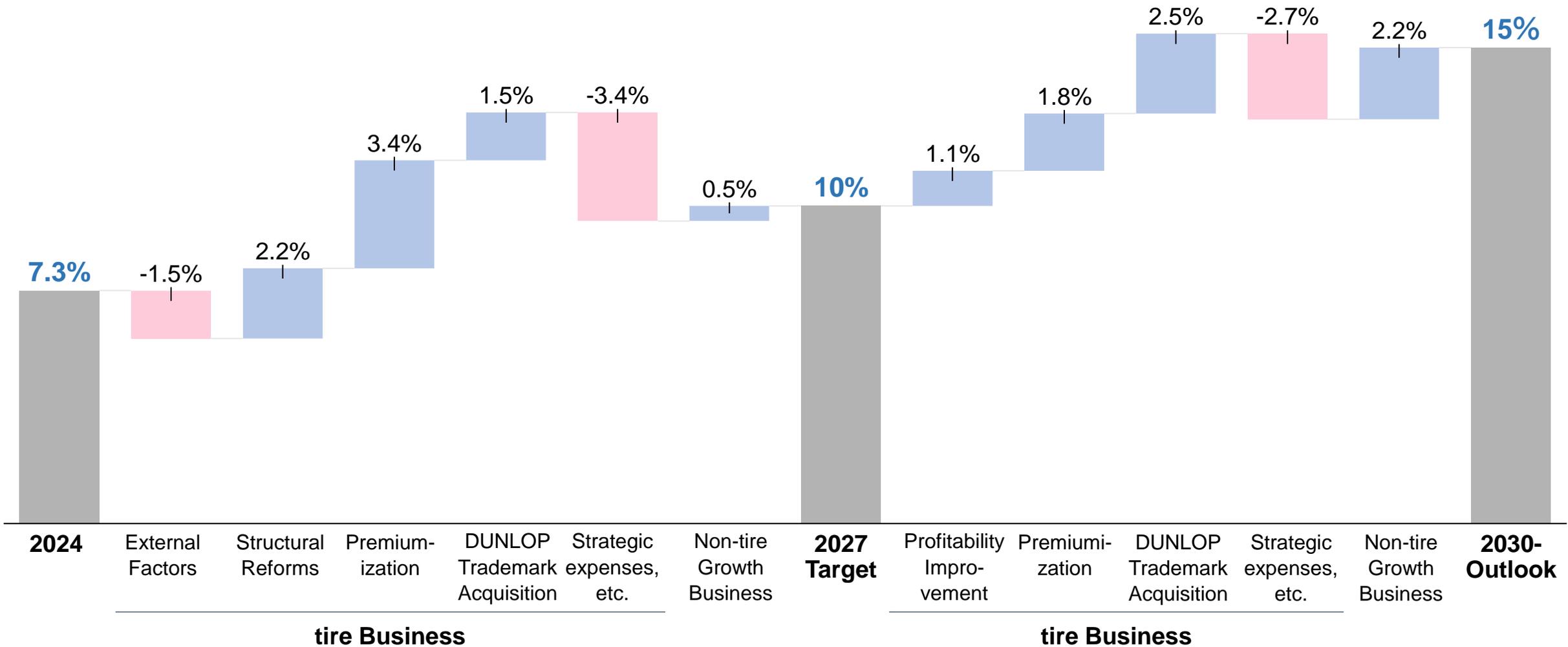
	2027		2030-35
	Initial	Revised	Outlook
<b>Business Profit Margin</b>	7.0%	10%	15%
<b>ROE</b>	10.0%	10%	12%
<b>D/E Ratio</b>	0.6	0.6	
<b>ROIC</b>	6.0%	8%	10%

2024 : Business profit margin 7.3%, ROE 1.5%, D/E Ratio 0.5, ROIC 6.5%

2025 forecast: Business profit margin 7.6%, ROE 6.7%, D/E Ratio 0.6, ROIC 6.5%

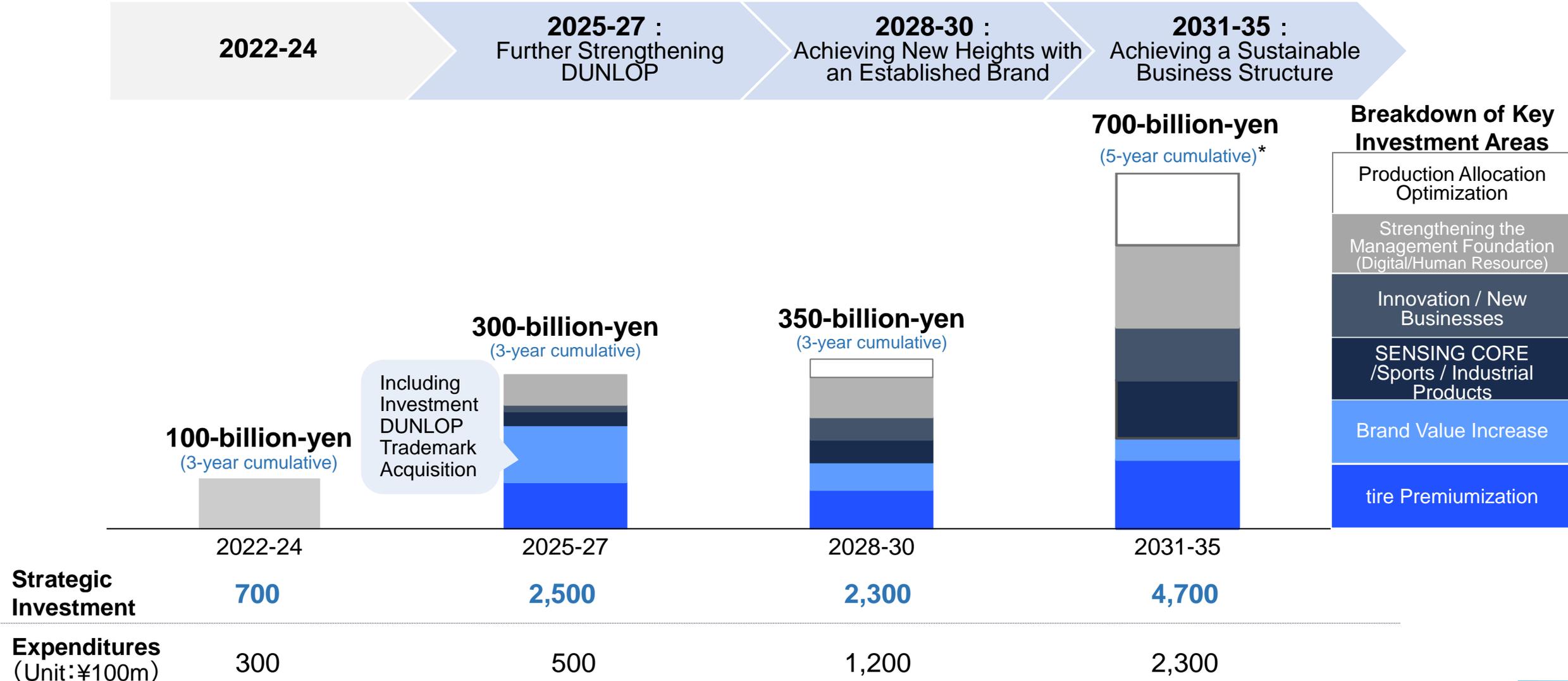
# Image of Factors of the Increase/Decrease in Business Profit Margin

By 2027, we target a 10% business profit margin through structural reforms and DUNLOP trademark acquisition. By 2030, we target a 15% margin from profits in tires and other businesses.



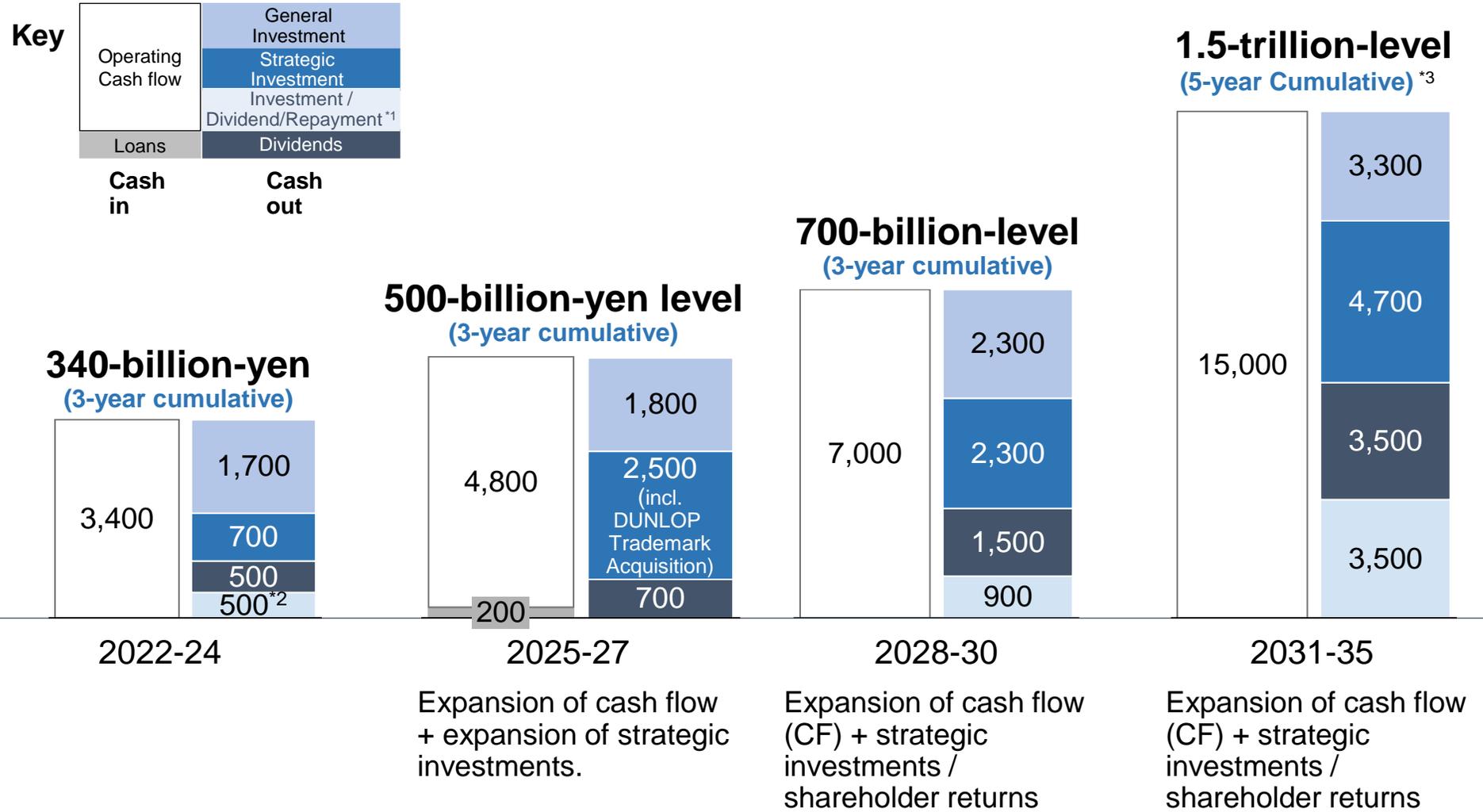
# Key Investment Areas for Achieving Growth

In the short term, to allocate strategic investment to the premiumization of tires; in the medium term, to invest in growth businesses; and in the long term, to the continuous creation of innovative products and services.



\* On a three-year basis, a level of approximately 420-billion-yen

Utilizing the expanded cash flow from structural reform and premiumization for strategic investment expansion and stable shareholder returns.



## Financial Strategy & Capital Allocation Policy

**Increase in CF through growth**  
(Enhancement of profit margins/CCC\*4)

**Focused investment in strategic areas**

**Improvement in shareholder returns**  
DOE\*5 level >3% (from 2026)  
dividend payout ratio level of >40%

**Return to business partners, communities, employees, and others**

\*1 In addition to strategic M&A, the optimal allocation will be determined on a case-by-case basis, considering financial indicators, capital structure balance, etc.

\*2 Partially includes retained cash | \*3 A level of 900-billion-yen when converted to a 3-year basis | \*4 Days Sales Outstanding + Days Inventory Outstanding -

Days Payable Outstanding | \*5 The payout ratio of dividends to shareholder equity

# Key Metrics for Monitoring Long-term Management Strategy

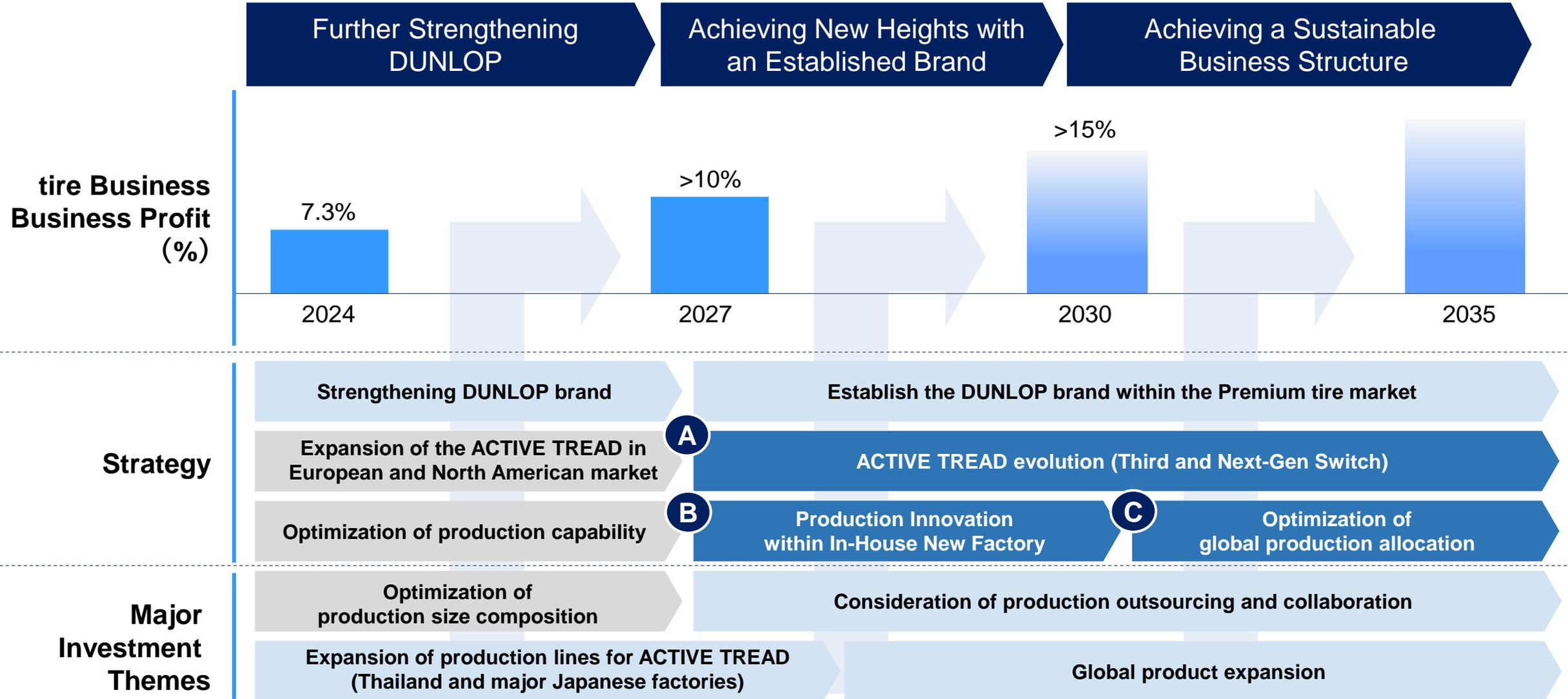
To achieve the desired vision, the following indicators set as growth acceleration drivers will be used as tracking indicators to monitor progress.

		FY24	FY27	FY30
<b>Business portfolio transformation</b>	Premium tire ratio in tire business	40%	50%	60% -
<b>Innovation Driven by Rubber</b>	R&D investment ¥ bn/year	¥27.7bn	¥35bn -	¥50bn -
<b>Strengthening Brand Management</b>	Attractiveness of the DUNLOP Brand	<div style="border: 1px solid black; padding: 10px; text-align: center;">                     Specific numerical targets are planned to be set in 2026.                 </div>		
<b>Building a Resilient Management Foundation</b>	Employee Engagement Score			

# 03

## **3. Key Elements in Each Business**

The tire business will position DUNLOP as its core brand, introducing new products with ACTIVE TREAD and optimizing the global production system to further enhance profitability.



While focusing on the consumer tire business, which is the source of profits, we will promote selection and concentration to secure revenue.

## Our Products

### “Premium Products”

Distinctive products and SUVs / Passenger car tires over 18”

### “ACTIVE TREAD Premium Products”

Premium products with ACTIVE TREAD Technology



*Products with the highest level of profitability*

## Major “Premium Products”

All-season tires  
All-weather tires



S-UHP sports tires



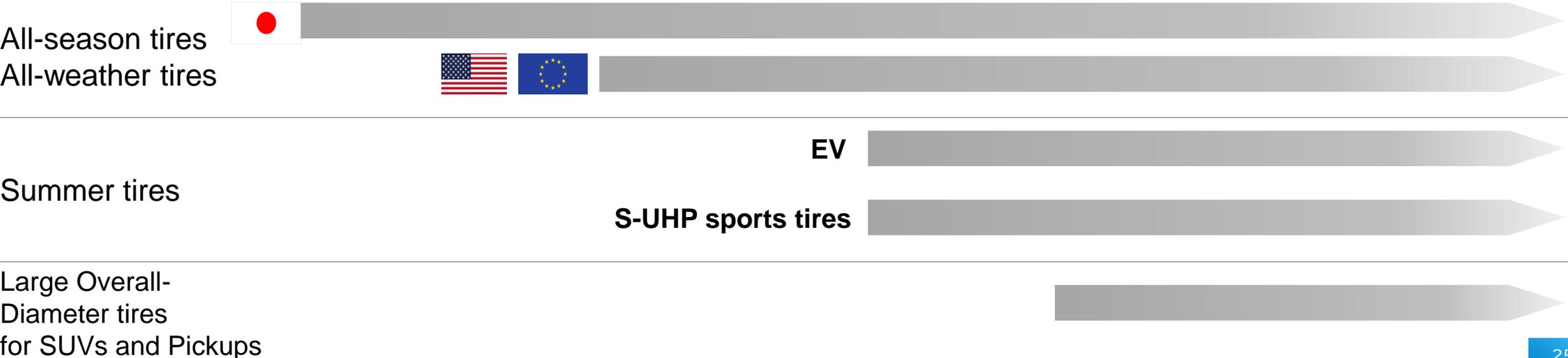
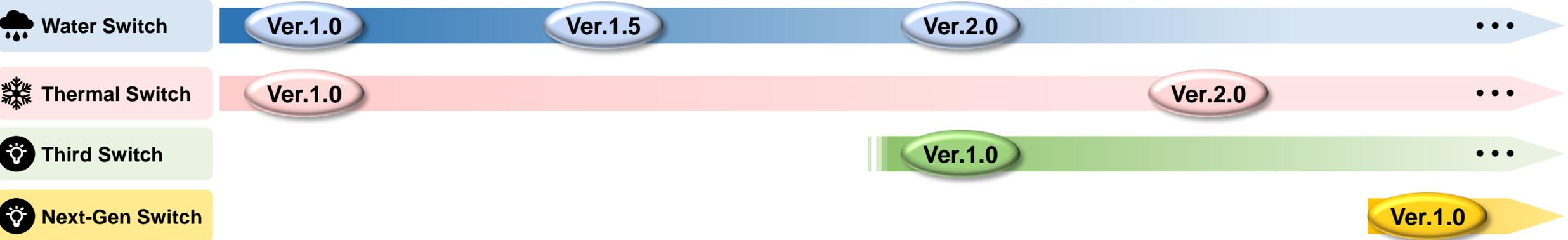
Large Overall-Diameter tires for SUVs and Pickups



# ① tire Business Future Expansion of ACTIVE TREAD Technology



By expanding the adoption of our proprietary ACTIVE TREAD technology, we aim to bring game-changing technology to the tire industry.



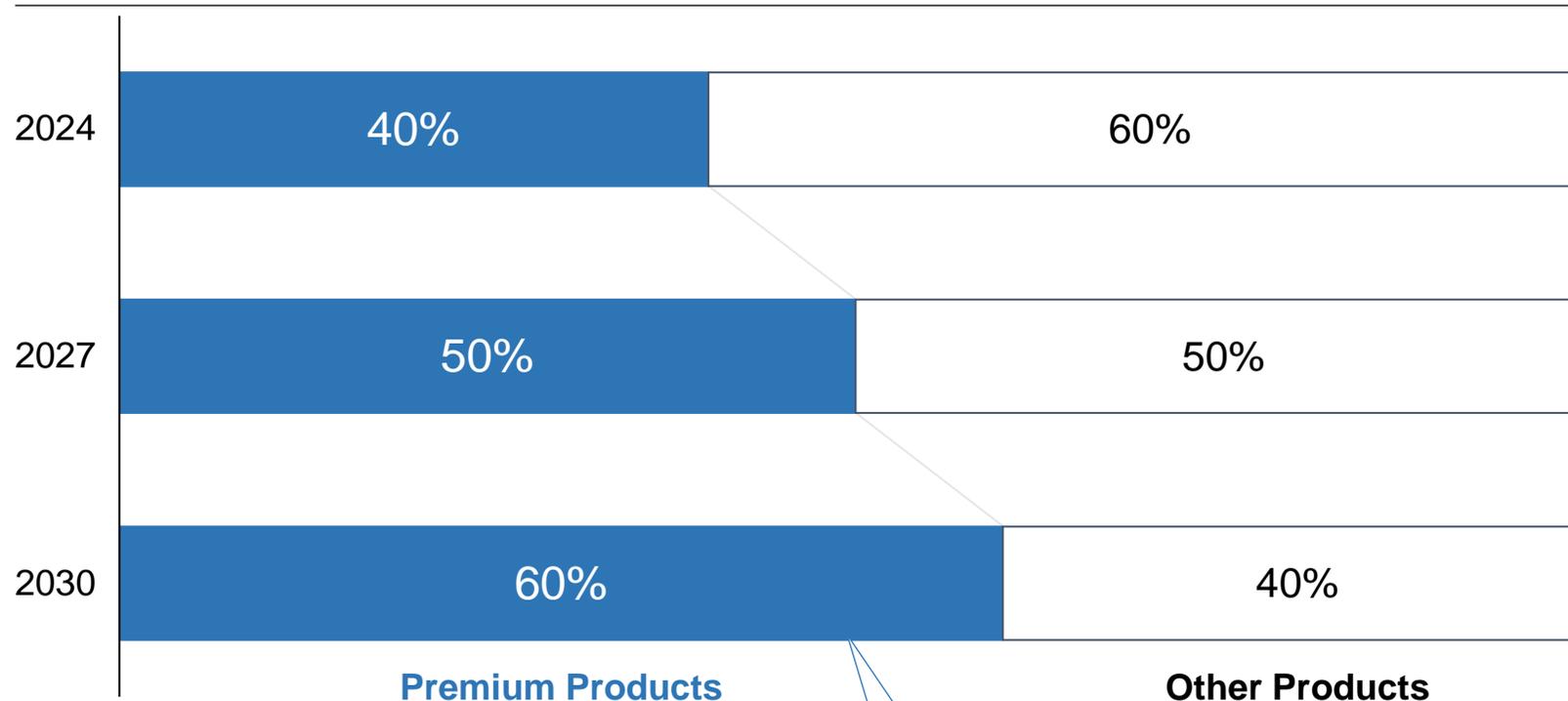
# tire Business Product Expansion in Major Regions

DUNLOP aims to develop products with ACTIVE TREAD and supply new products to premium new cars, while FALKEN develops edgy products for the fan base.

		Current	→	Future	Focus Area	Strategy
Japan	After Market	Full lineup		All-season tires High performance tires		Evolution of ACTIVE TREAD Switch for All-season and UHP tires
	Automaker	Passenger tires SUVs / Pickups		Continuous supply		
North America	After Market	Full lineup		All-weather tires S-UHP sports tires	Large Overall-Diameter tires for SUVs / Pickups and Sports tires	ACTIVE TREAD customized for North American market in All-weather, S-UHP and large size tires
	Automaker	Passenger tires SUVs / Pickups		New supply		
Europe	After Market	Full lineup		All-season tires S-UHP sports tires	Sports tires	ACTIVE TREAD customized for European market in All-season and S-UHP tires
	Automaker	Passenger tires		New supply for premium cars		

Aiming to achieve the premium products ratio in tire business of 50% by 2027 and 60% by 2030. Additionally, targeting a contribution of over 10% to business profit with premium ACTIVE TREAD products.

**Trend of the premium tire ratio in the tire business  
(based on the sales volume)**



We aim for a contribution of over 10% to the tire business's operating profit through premium ACTIVE TREAD products

Developing distinctive premium ACTIVE TREAD products with new compounding / design / development process technologies, contributing to a safe and secure mobility society.

## Compounding Technology “ACTIVE TREAD Technology”



Water Switch



Thermal Switch



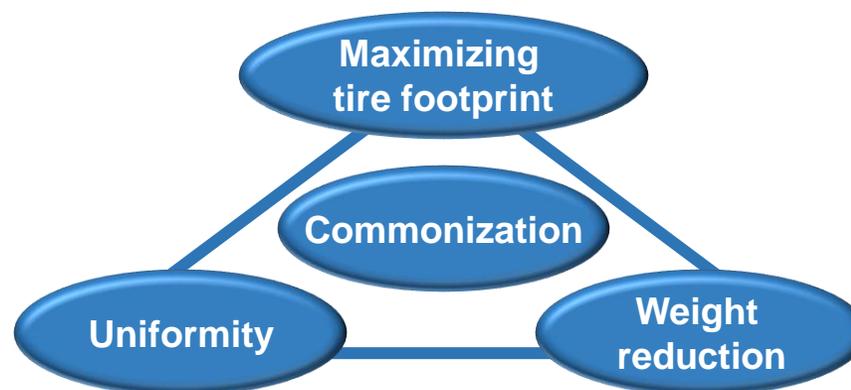
Third Switch



Next-Gen Switch

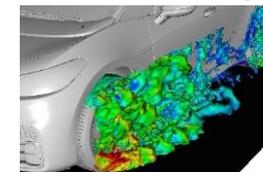
## Design Technology “SDI\* Platform”

Achieving high performance technology through common platform development

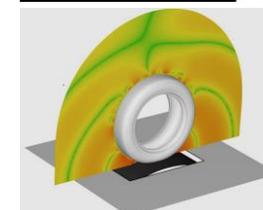


## Development Process Technology “SDI Process”

High-precision performance prediction with AI, improving development efficiency and reducing prototyping/testing



Aerodynamic Simulation



Noise Simulation



AI-enabled interpretation of sensory evaluations and devising of improvement plans

Development of tires with enhanced performance of electricity consumption, noise, and durability, crucial for EV/Autonomous driving, and through reduction of resources and environmental impact through efficient development operations

By 2027: 30% reduction in tire rolling resistance, 20% weight reduction / By 2035: 40% reduction in tire rolling resistance, 30% weight reduction

Promoting the development and production of premium products under the new factory renewal concept of “In-House New Factory.”

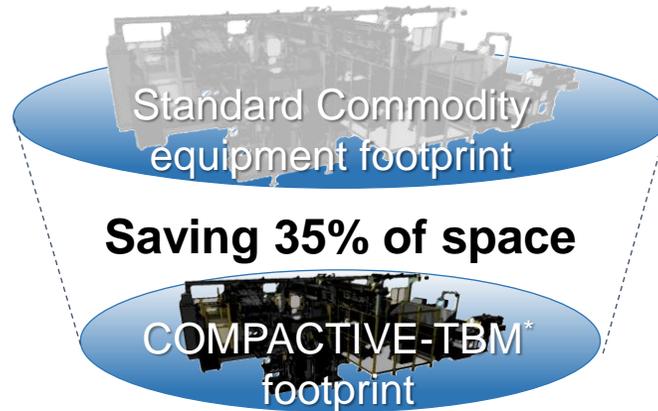
## In-House New Factory

A concept of renewing part of existing production facilities with state-of-the-art production lines. This allows for the transition to competitive, advanced production equipment without halting operations at the entire factory.

### Self-developed Next-Gen Molding Machines(COMPACTIVE-TBM\*)

- Compact next-generation building machines that can be installed in existing factories
- Capable of producing high-performance tires with high precision and efficiency

\*COMPACTIVE-TBM:  
Compact Adaptive tire Building Machine

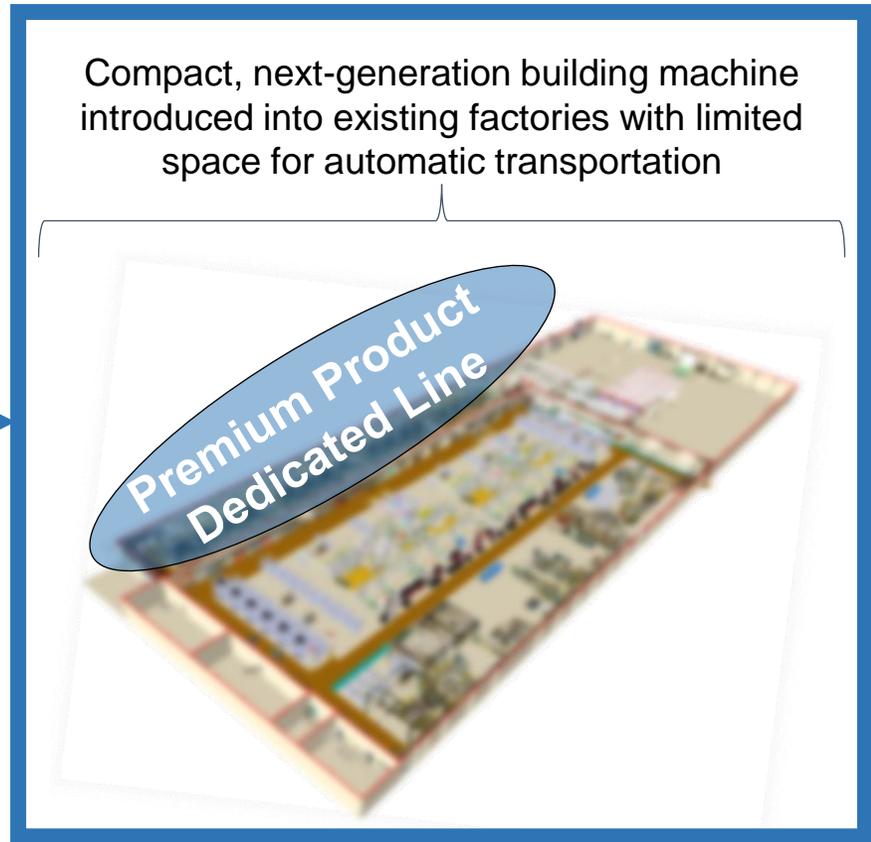


### Seamless Automated Transport System

- Automatically transports between processes, reducing human errors and transport delays, while maximizing operational efficiency

### Data-driven Production Management

- Enhance predictive maintenance by detecting abnormalities in equipment utilization rate, quality data, etc. in real time
- Process improvement and production planning optimization by using AI



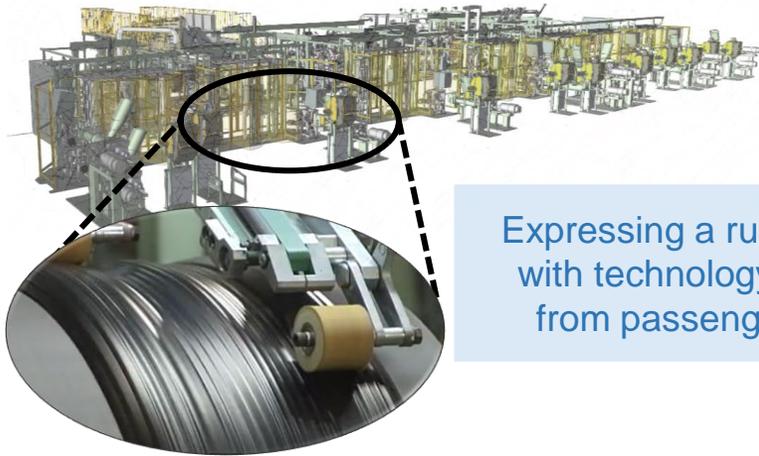
For large overall-diameter tires for SUVs and pickups, our unique technology and new manufacturing system achieves a superior exterior design, balance weight, and weight reduction.

## In-House New Factory

A concept of renewing part of existing production facilities with state-of-the-art production lines. This allows for the transition to competitive, advanced production equipment without halting operations at the entire factory.

### New Manufacturing System “TAIYO (SUN)” (SUN-TITAN SYSTEM)

Achieving the high level of design and high roundness required for SUVs tires.  
(Aiming for a 40% improvement in weight balance and weight reduction)



Expressing a rugged design with technology developed from passenger car tires



Seamless Automated Transport System

Data-driven Production Management

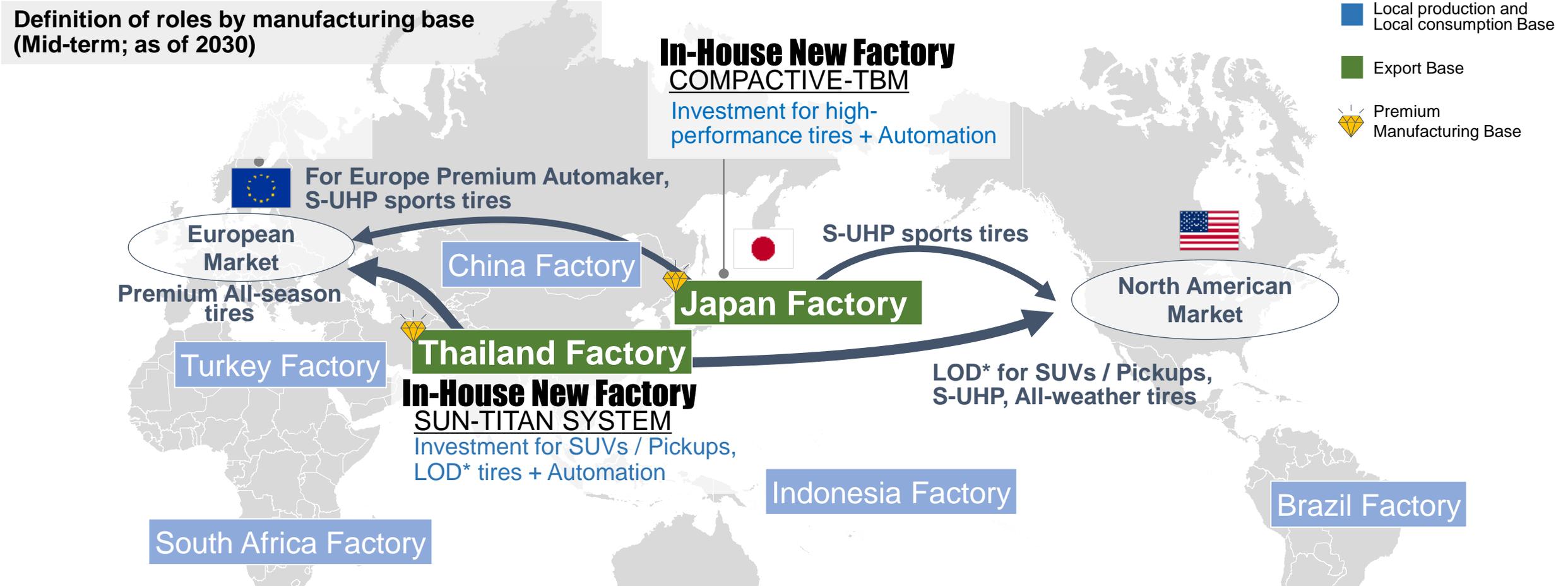
Gradually switching the commodity product line for passenger cars to the premium product (LOD\* for SUVs / Pickups) line.

Premium Product Dedicated Line



\*Large Overall-Diameter

Designating Thailand and Japan factories as export bases and other factories for local production and consumption. Considering revising the supply system for future local production and consumption.



Aiming to complete the introduction of Next-Gen building machines and new manufacturing to the Thailand factory and major Japan factories by 2027 and to produce premium products for markets such as Japan, Europe, and North America.

After 2027, optimizing production allocation across global factories.

\*Large Overall-Diameter

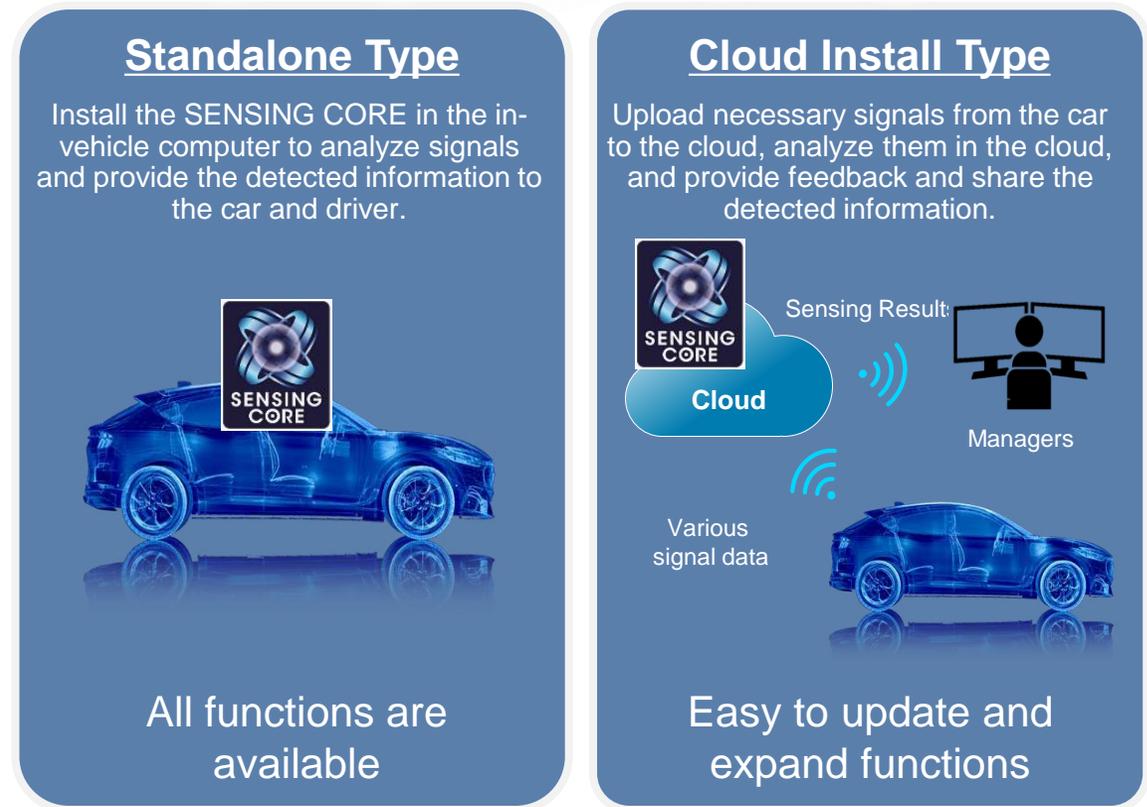
Developing strategies tailored to the automotive makers and fleet markets in each area within a diversified global market.

**SENSING CORE contributes to businesses focused on autonomous driving and fleet management.**



## SENSING CORE Business

Aim: Business profit of over 10 billion yen by 2030



## Autonomous Driving Business



**Participating in the mobility sector as SDV\*1 development progresses**

Contributing to an autonomous driving society with a focus on AD/ADAS\*2 support

## Total Fleet Business



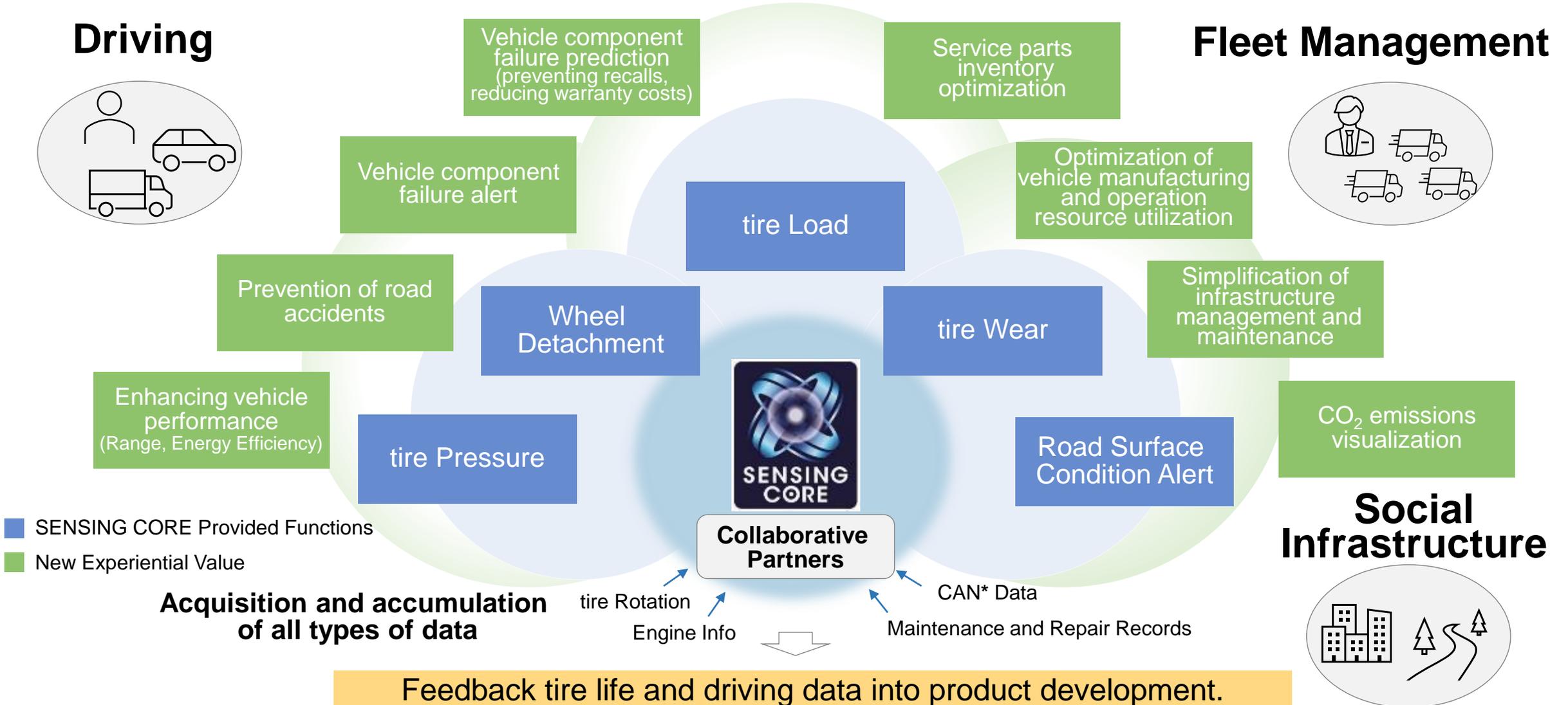
**Contributing to the reduction of vehicle downtime**

Expanding into North America, Europe, Japan, China, and other regions with high potential

\*1: Software Defined Vehicle \*2: AD: Autonomous Driving, ADAS: Advanced Driving Assistant System

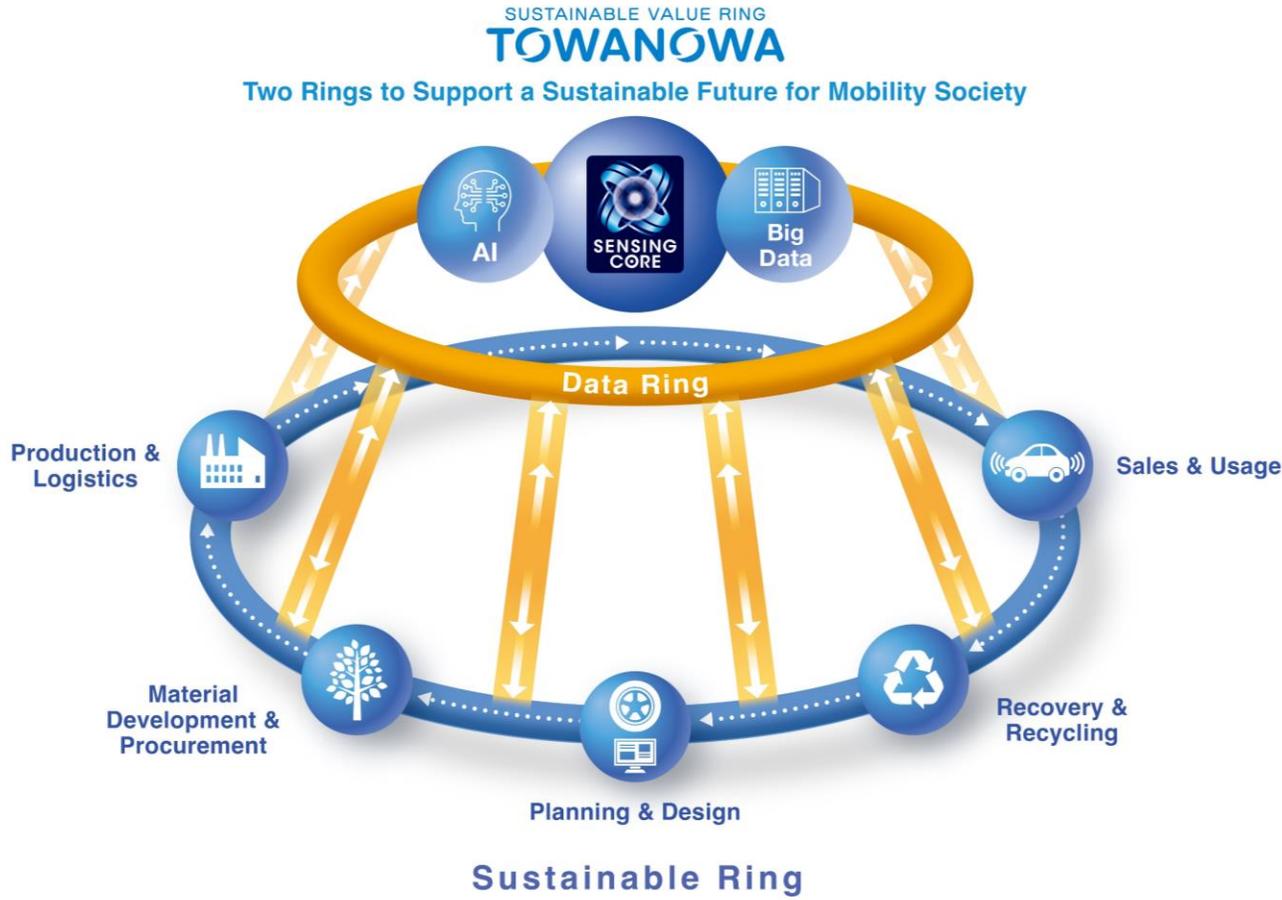
# SENSING CORE Expanding Value Proposition in the Future

Developing a seamless business using the SENSING CORE (from system development to tire maintenance) and contributing to the next-generation mobility society.



\* Controller Area Network

By combining the data ring and the sustainable ring, we utilize data to support a sustainable future and a mobility society.



- Production**    **Utilization of next-generation energy**  
Utilization of hydrogen and ammonia
- Production**    **Introduction of digital core systems**  
Reduction of labor, resources, and energy
- Material Development**    **Strengthening of rubber and analytical technology**  
Innovation Lab, sustainable material development
- Planning & Design**    **Advanced simulation**  
Development process “SDI Process”
- Recovery**    **Acquisition of tire data (SENSING CORE, RFID)**  
Collection of high-quality used tires and promotion of retread and recycle
- Sales & Usage**    **Expansion of All-season tire**  
Unification of summer/winter tire through advanced ACTIVE TREAD technology
- Sales & Usage**    **Expansion of mobility solution business**  
Contribute to longer tire life, enhanced safety, and Improved fuel efficiency through fleet management
- Data Ring**    **Development of optimal algorithms**  
Promote data acquisition and algorithm evolution through SENSING CORE

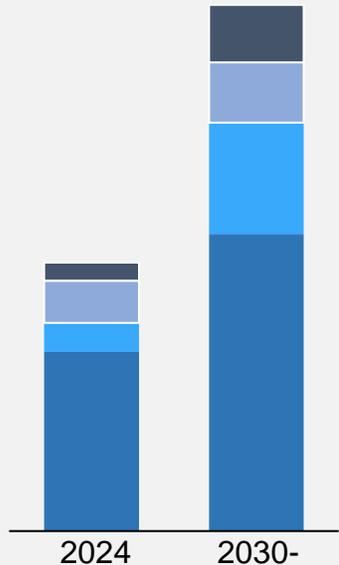
Meeting customer expectations in various situations, pursuing the joy and excitement of sports, and becoming the frontrunner in enhancing the company's brand value.



The enhancement of overall corporate brand value by expanding touchpoints with the DUNLOP brand

## Sales Mix

- Others
- Tennis
- Golf (Non-gear<sup>\*1</sup>)
- Golf (Gear<sup>\*2</sup>)



### Golf Business

- Evolution of value proposition in line with changes in golfer styles
- Expanding business scope<sup>\*3</sup> and increasing customer touchpoints<sup>\*4</sup>  
Accelerating gear sales growth by engaging customers through digital marketing



### Tennis Business

- Branding investments through professional contracts and tournament sponsorships
- Achieving the No. 1 global market share in tennis balls



### New Domain

- Full-scale entry into the eSports business
- Entering new domains

*Expansion into sports categories other than Golf & Tennis*



Achieving Global Top 3 in Golf & Tennis businesses

A third pillar following Golf & Tennis

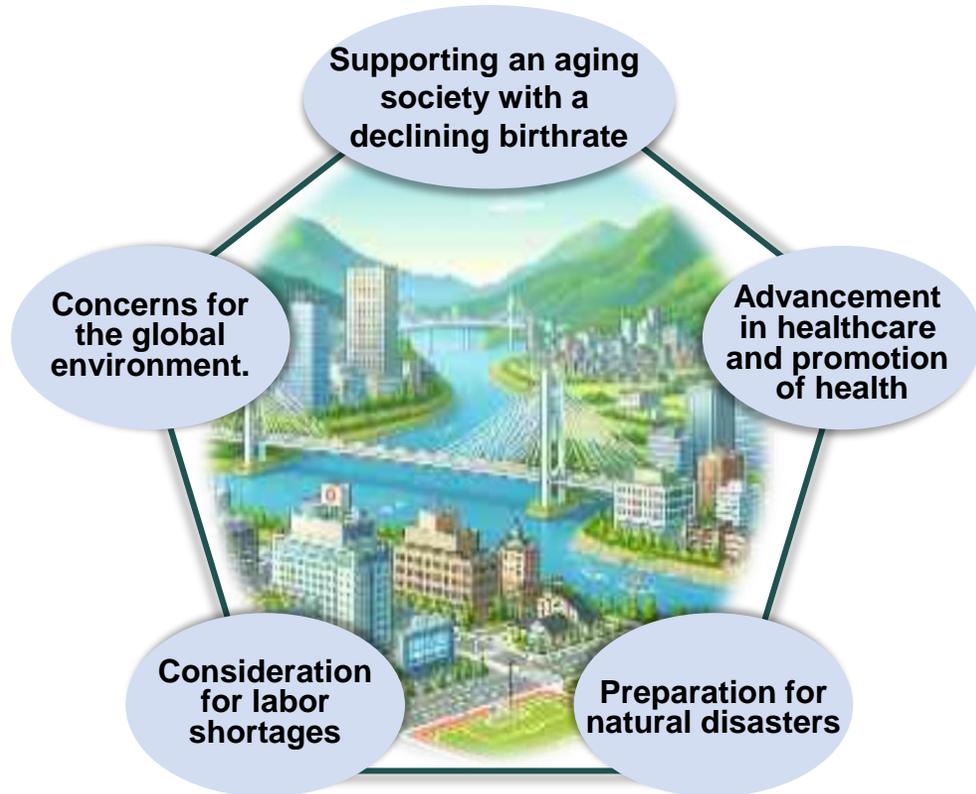
\*1 Service, Accessories, Apparel | \*2 Golf Club, Ball

\*3 In addition to gear sales, expand services and soft goods offerings through M&A and other means.

\*4 Creating customer touchpoints including off-course golfers (golfers who do not go to golf courses).

Contributing to solving global social challenges across a wide range of fields by globally expanding high-value-added products and challenges in new areas.

## Solving social issues through Industrial Product Business



## Providing the highest level of safety, security, comfort, and joy in everyday life and urban development

### Medical Rubber

#### Strengthening the medical and healthcare

- Expansion of production capacity through the operation of a new factory
- Expansion of high-value-added products for biopharmaceuticals



### Vibration Control Dampers

#### Diversification in the vibration control / energy absorption sector

- Adapting to changes in the world and coping with all types of vibrations



### Others

Contributing to new social issues by expanding the product range

Strengthening existing businesses with empathetic products (products that solve social issues)

Fostering innovation driven by rubber, we strive to achieve a diverse and resilient business portfolio.

## New venture seeds utilizing our proprietary technology

### Lithium sulfur battery cathode active substance

Based on sulfur research in tire materials, develop with a focus on light weight and safety

### Cancer cell adhesion kit

Application of polymer technology expertise through industry-government-academia collaboration

### Rubber materials for 3D printers, etc

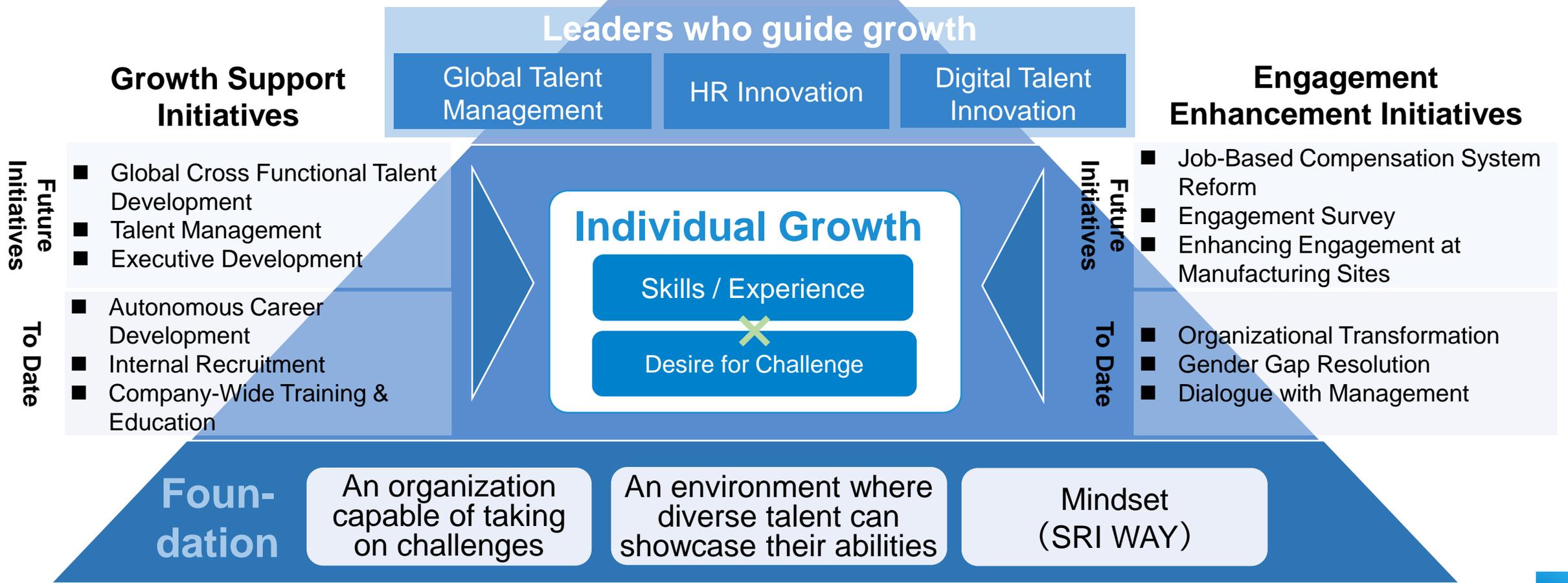


**Establishing a support system and external collaborations to achieve rapid commercialization of new business ventures**

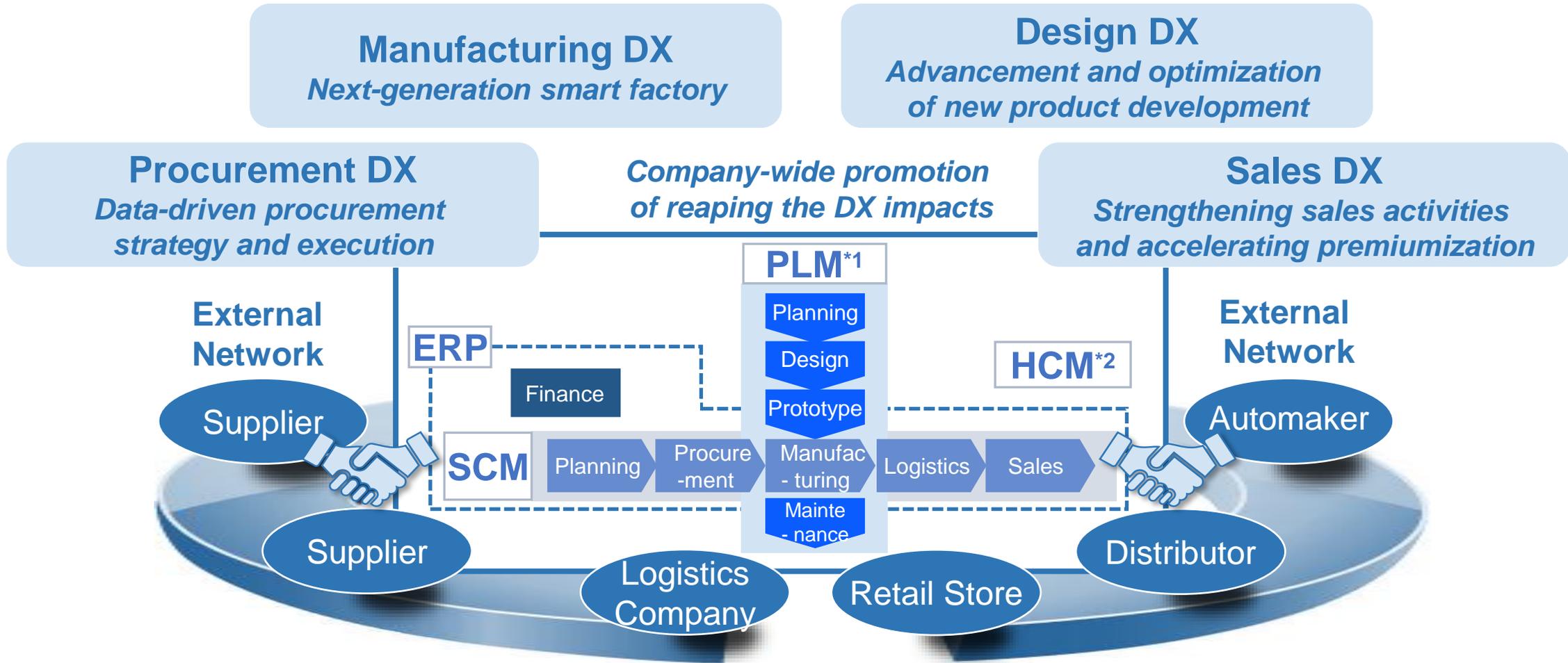
# **4. Strengthening Our Corporate Foundation**

Promoting initiatives to enhance performance, skills, and motivation to execute the long-term strategy, and creating a workforce and organization capable of strong commitment and bold challenges.

## A Workforce that Continues to Provide "New Experiential Value" Born from Rubber to Everyone



Accelerating technical advancement, new product development, production optimization, and cost reduction through DX transformation of manufacturing and sales, promoting company-wide DX benefits.



**DX talent development (business core professionals, data engineers, AI/robotics experts, etc.)**

\*1 Product Lifecycle Management \*2 Human Capital Management

## Continuously Creating Social and Customer Value Based on Our Materiality.

Materiality Items	Organizational Theme	Initiatives	Goals
Innovation for Solving Social Issues	Product Innovation	<ul style="list-style-type: none"> <li>Development of products with reduced tire rolling resistance and lighter weight</li> <li>Innovation in technology development</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of sustainable certified products Standard 100%, Gold 30% (by 2030)</li> <li>Rolling resistance: 40% reduction (by 2035) *vs.2019</li> <li>Weight reduction: 30% (by 2035) *vs.2019</li> </ul>
Climate Change	Carbon Neutrality	<ul style="list-style-type: none"> <li>Promotion of utilization of hydrogen and other next-generation energies</li> <li>Supplier engagement</li> <li>Visualization of product carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>Scope1,2: 55% Reduction (2030) *vs.2017</li> <li>Scope3 C1: 25%、C4:10%Reduction(2030) *vs. 2021</li> </ul>
Circular Economy	Sustainable Raw Materials Waste	<ul style="list-style-type: none"> <li>Adoption and development of sustainable raw materials</li> <li>Promotion of retreaded tires</li> <li>Utilization of end-of-life tires (ELTs)</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of sustainable raw materials:40% (2030) 100%(2050)</li> <li>Sale of retread tires: 190% (2030) *vs. 2021</li> </ul>
Biodiversity	Land Use such as forests Water Resources and Wastewater Surrounding Ecosystems	<ul style="list-style-type: none"> <li>Promotion of SNR (sustainable natural rubber) procurement</li> <li>Promotion of water recycling</li> <li>Response to tire-road wear particles (TRWP)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable natural rubber procurement rate 100%(2050)</li> <li>Recycling rate at water risk sites: 100%(2050)</li> <li>Reduction in wear per unit distance: 5%(2030) *vs. 2019</li> </ul>
Human Rights	Respect for Human Rgths Safety and Health	<ul style="list-style-type: none"> <li>Promoting human rights policies/establishing grievance channels</li> <li>Ongoing efforts in human rights due diligence</li> <li>Ensuring labor safety and health/promoting health management</li> </ul>	<ul style="list-style-type: none"> <li>Zero severe accidents</li> <li>Continuous improvement of safety KPIs</li> <li>Establishment of human rights due diligence system (by 2025)</li> </ul>
Diverse HR	Organizational Culture Respect for Diversity	<ul style="list-style-type: none"> <li>Employee engagement survey</li> <li>Correction of gender gap</li> <li>Improving engagement at manufacturing sites</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of female managers: 7.0% (by 2025, in Japan)</li> <li>Male parental leave take-up rate: 100% (achieved by 2024, in Japan, incl. the company's unique parental leave system)</li> <li>Engagement score Setting targets for 2026</li> </ul>
Governance and Corporate Ethics	Corporate Governance Compliance	<ul style="list-style-type: none"> <li>Enhancing board diversity</li> <li>Improving governance effectiveness</li> <li>Promoting the dissemination of 'Our Philosophy'</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement based on third-party evaluations</li> <li>Percentage of "empathy" toward 'Our Philosophy': 80% or more (by 2030)</li> </ul>

- We will continue to provide all stakeholders with "new experiential value" born from rubber and **drive game-changing transformations in the industry.**
- We will continue **to deliver attractive products and services** to our customers by strengthening brand management with DUNLOP as our global core brand.
- We will create steady cash flow and make strategic investments in growth areas, **while expanding distributions to each stakeholder in line with growth.**
- We will **promote sustainability** by creating social value and customer value.
- We will continue to **drive efforts as one company** toward the realization of our long-term business strategy, **without slowing the pace of transformation**, and **will regularly report on our progress.**

Through the achievement of the long-term corporate strategy, we will realize Our Philosophy:  
**“Through Innovation We Will Create a Future of Joy and Well-being for All”**



Rubber and Beyond, Driving Our Future



**SUMITOMO**  
**RUBBER INDUSTRIES**