Sumitomo Rubber Industries, Ltd.

Special Meeting

January 8, 2025

Event Summary

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[Participants]	
[Number of Speakers]	4

Satoru Yamamoto	President and CEO, Representative Director
Hidekazu Nishiguchi	Representative Director, Managing Executive Officer
Naoki Okawa	Director, Senior Executive Officer
Hitoshi Hino	Executive Officer, General Manager of Accounting and Finance Headquarters

Presentation

Nakayama: We will now begin the briefing on the acquisition of the DUNLOP trademark rights and related assets from GOODYEAR, which was announced today at 12:00 PM JST.

I am Nakayama from the Investor Relations Office at Sumitomo Rubber Industries, Ltd., and I will serve as today's moderator. Thank you for joining us.

First, I would like to introduce today's participants. Joining us are Satoru Yamamoto, President and CEO, Representative Director; Hidekazu Nishiguchi, Director, Managing Executive Officer; Naoki Okawa, Director, Senior Executive Officer; and Hitoshi Hino, Executive Officer, General Manager of Accounting and Finance Headquarters.

Today's briefing will be conducted in line with the materials available on our corporate website, which will also be displayed on the screen. To begin, President Yamamoto will provide an explanation regarding the acquisition of the DUNLOP trademark rights and related assets from GOODYEAR. Following the explanation, we will open the floor for questions. Thank you for your attention.

Let us now proceed with the explanation from President Yamamoto.

Yamamoto: This is Yamamoto, President and CEO. Happy New Year to everyone.

Thank you for taking the time out of your busy schedules at the beginning of the year to attend this briefing, especially on such short notice. I would also like to express my sincere gratitude for your continued understanding and support of our public relations and investor relations activities.

As announced earlier, we concluded a contract this morning, January 8, JST, with GOODYEAR, for the acquisition of the DUNLOP trademark rights and related assets. I personally attended the signing ceremony and will provide details on the agreement.

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Today’s presentation will follow the sequence shown on the screen.

1. Outline of the Mid-Term Plan

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The current mid-term plan is being steadily executed, reaching a turning point in 2025.

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This slide outlines the core principles of our medium-term management plan, which was launched in 2023.

As we approach the pivotal year of 2025, we have focused on selecting and concentrating on our existing businesses while building a foundation for growth initiatives. At the same time, we have been fully committed to recovering our business performance.

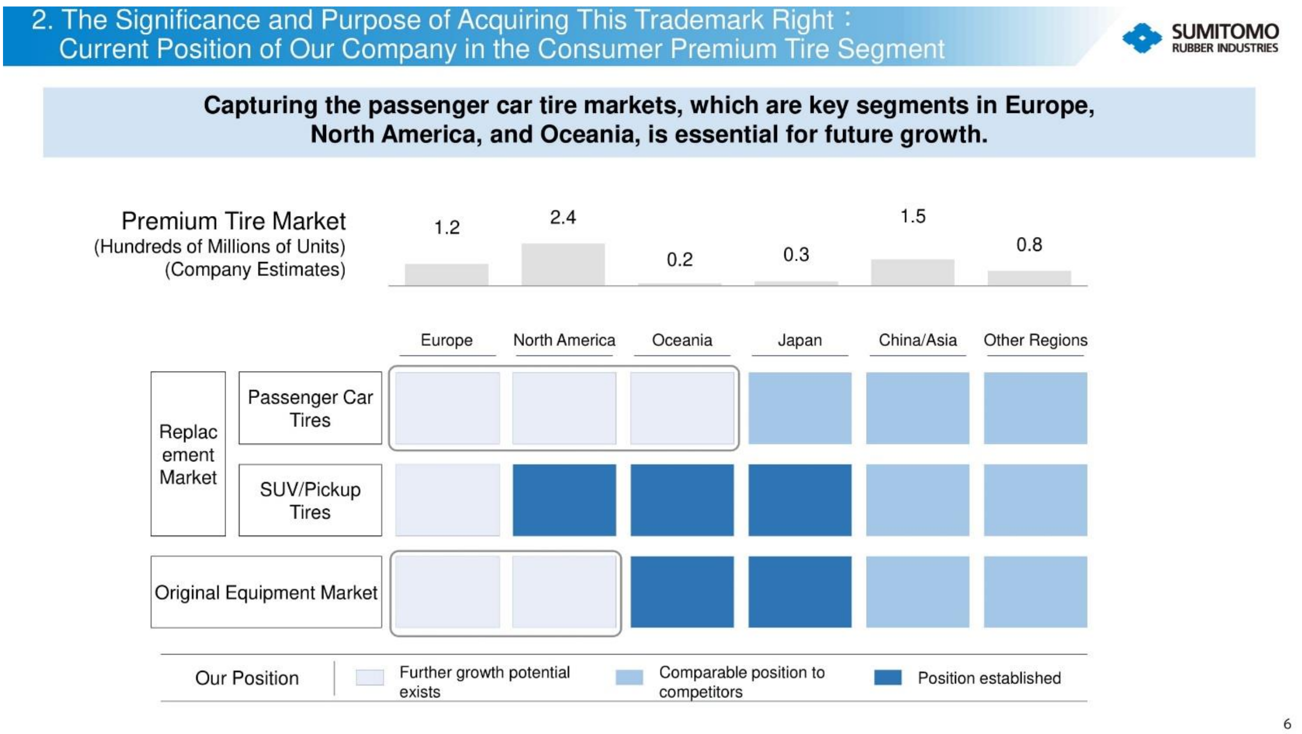
In terms of selecting and concentrating on our existing businesses, we have steadily implemented structural reforms.

Regarding our North American tire manufacturing subsidiary, which has been a top priority, we decided in November of last year to cease production and dissolve the subsidiary. This has allowed us to make progress on six out of approximately ten target businesses.

For the foundation of growth initiatives, we launched SYNCHRO WEATHER, which features our proprietary Active Tread technology, in the domestic market. Moving forward, we plan to further advance this technology and consider expanding into the European and American markets.

Based on these initiatives, we have been exploring ways to further maximize the value of differentiated products, leveraging our proprietary technologies, with the goal of accelerating growth in our core tire business.

In our tire business, we are driving the premiumization strategy, which is the core of our growth efforts. As of 2024, premium products account for approximately 40% of consumer tire sales. We plan to further increase this ratio. At our company, premium products are defined as differentiated items, such as those shown here, including tires for SUVs and passenger vehicles with sizes of 18 inches or larger.



This slide illustrates our current position within the premium tire segment of the consumer market.

The top section shows the market size for each region, while the bottom section highlights our position, indicated by color coding.

There is further growth potential in the passenger car tire segment, which is a key segment in Europe, North America, and Oceania. Capturing opportunities in this area will be crucial for the Company's future growth.

Against this backdrop, the Company has been focusing on maximizing the value of differentiated products equipped with proprietary technologies on a global scale.

To date, we have concentrated our efforts on penetrating the consumer tire market, particularly in the premium product segment, under multiple brands, such as DUNLOP and FALKEN, in regions including Japan and Asia, and have achieved significant results.

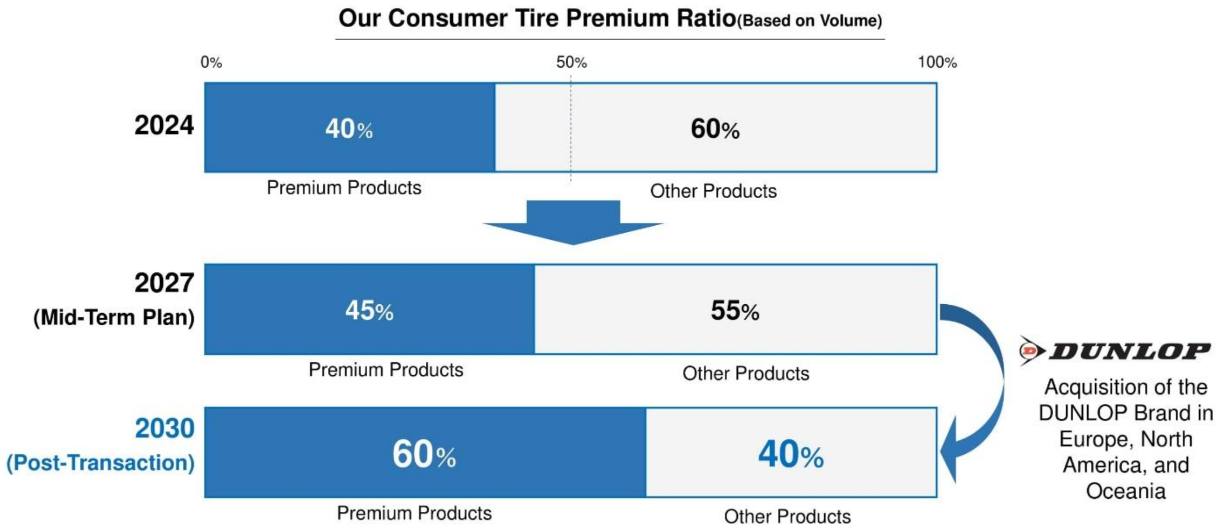
In Europe, North America, and Oceania, we have successfully expanded the FALKEN brand, particularly in the SUV and pickup truck markets.

With the recent acquisition of the DUNLOP trademark rights for these regions from GOODYEAR, we are now poised to accelerate our efforts to penetrate the premium product segment on a global scale.

2. The Significance and Purpose of Acquiring This Trademark Right：Promotion of Premiumization in Our Tire Business

SUMITOMO RUBBER INDUSTRIES

We will expand the share of premium products by introducing differentiated products under the DUNLOP brand in Europe, North America, and Oceania.



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This is the revised premiumization promotion plan, updated to reflect the acquisition of the DUNLOP trademark rights. Leveraging our proprietary technologies, we plan to increase the premium ratio further. By introducing differentiated products under the DUNLOP brand in Europe, North America, and Oceania, the premium ratio of consumer tires is projected to grow from approximately 40% in 2024 to about 60% by 2030.

3. Transaction overview

SUMITOMO RUBBER INDUSTRIES

Exchange rate at time of acquisition = ¥157 to the dollar (¥157/ USD)

Target	**Acquisition of DUNLOP trademark rights for four-wheeler tires in Europe, North America, and Oceania.**
Acquisition price	**USD 526 million (JPY 82.6 billion)**
Pro Forma DUNLOP EBITDA※1	**USD 93 million (JPY 14.6 billion).**
EV/EBITDA Multiple※1	**5.7x**
Closing	**Scheduled for May 2025 (subject to approval under the competition laws of respective countries).**
Funding	**Combination of self-financing and borrowings.**
Other contractual terms	- **Transition support costs of USD 105 million related to customer transition for European DUNLOP products and the purchase of initial inventory will be paid together with the acquisition price at the time of closing.** - **A product supply agreement with GOODYEAR (for a period of 3-5 years until full transition to in-house manufacturing).**
Manufacturing site	**The acquisition does not include the transfer of GOODYEAR's manufacturing facilities.**

Note 1: Our Pro Forma DUNLOP EBITDA is estimated based on the FY2023 sales performance of the DUNLOP business.

Note 2: The purchase cost of initial inventory is currently undetermined. An estimated amount will be provisionally paid at the time of closing, with a subsequent review of inventory after closing. Price adjustments will be made as necessary based on this review.

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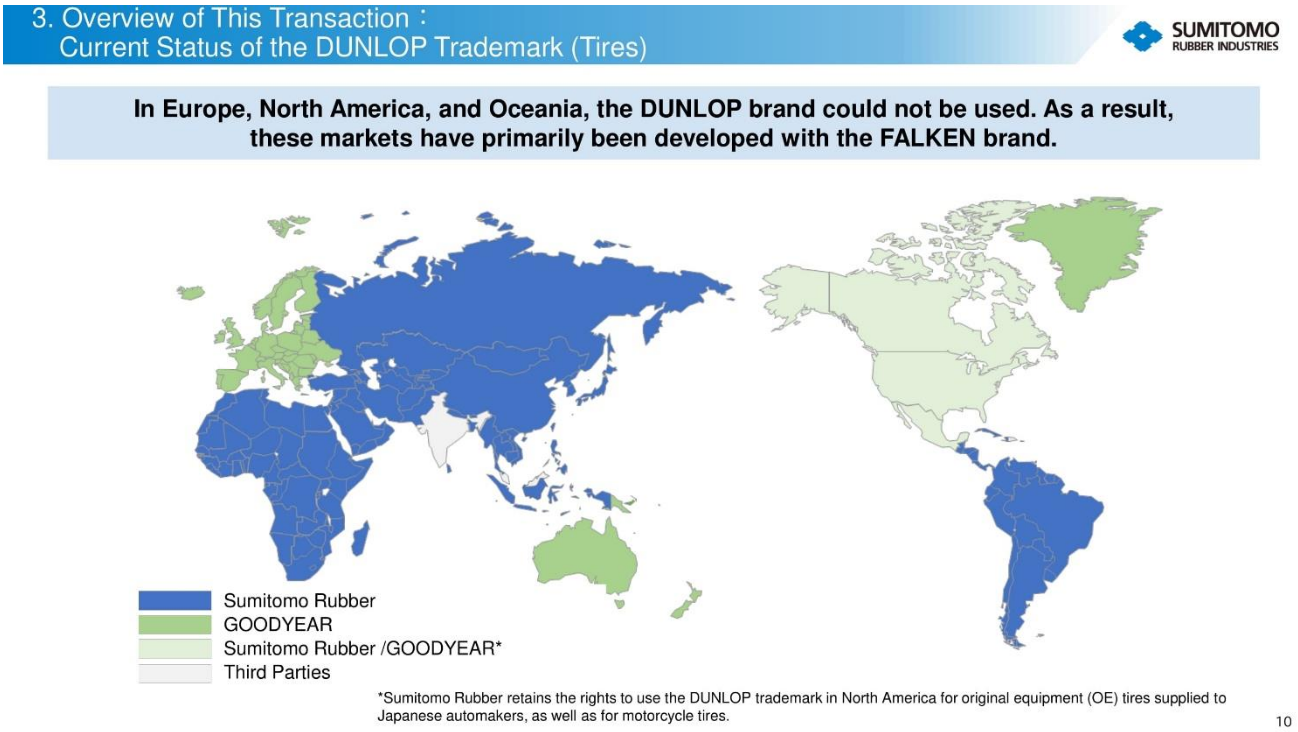
Here is an overview of the transaction with GOODYEAR. The assets to be transferred include the DUNLOP trademark rights for four-wheeler tires in Europe, North America, and Oceania. The acquisition price is USD526 million, or approximately JPY82.6 billion. The estimated pro forma EBITDA for DUNLOP, as calculated by the Company, is USD93 million, resulting in an EBITDA multiple of 5.7 times based on enterprise value.

The transaction is expected to close in May 2025, subject to obtaining approvals under competition laws in relevant countries. Funding for the acquisition will be secured through a combination of internal resources and borrowings.

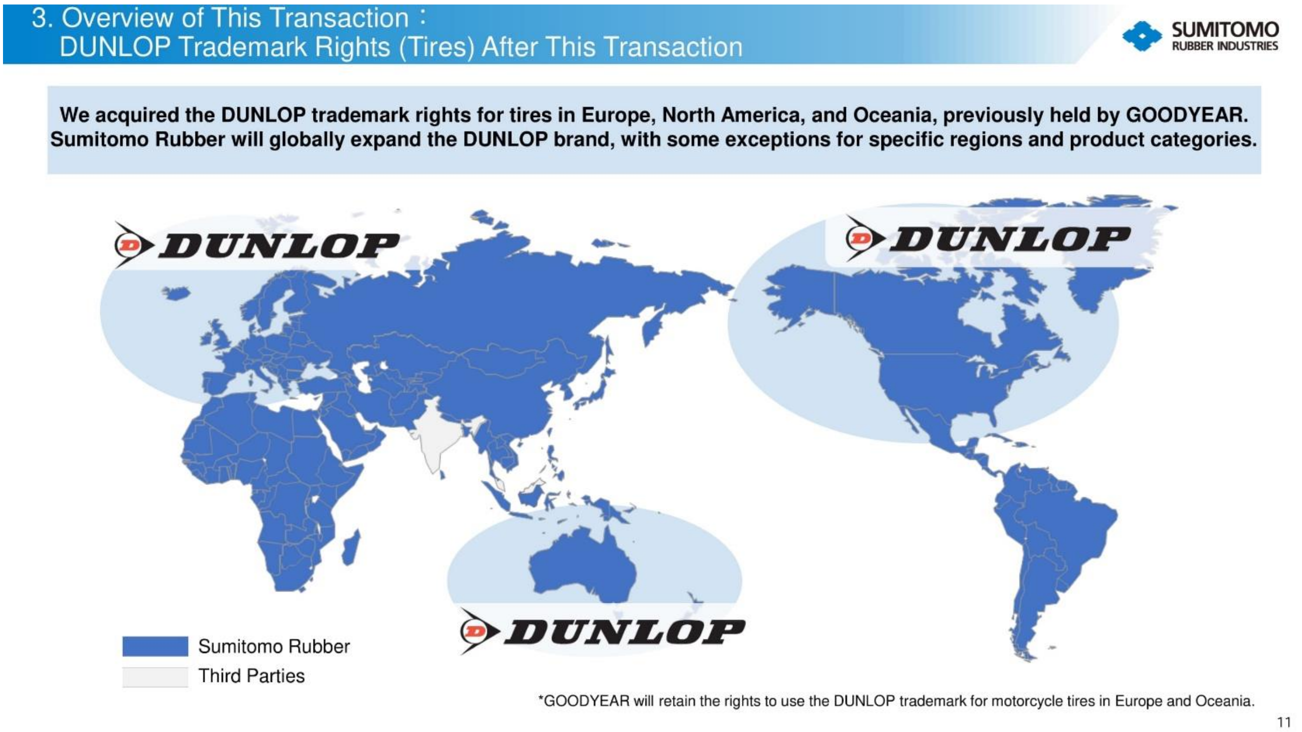
Additionally, as part of the contractual terms, a transition support payment of USD105 million will be made for customer migration related to DUNLOP products in Europe, along with the cost of purchasing initial inventory. These payments will be made at the time of closing, in addition to the acquisition price. Furthermore, the Company will receive product supply from GOODYEAR for a certain period. In this transaction, there will be no transfer of manufacturing facilities from GOODYEAR.



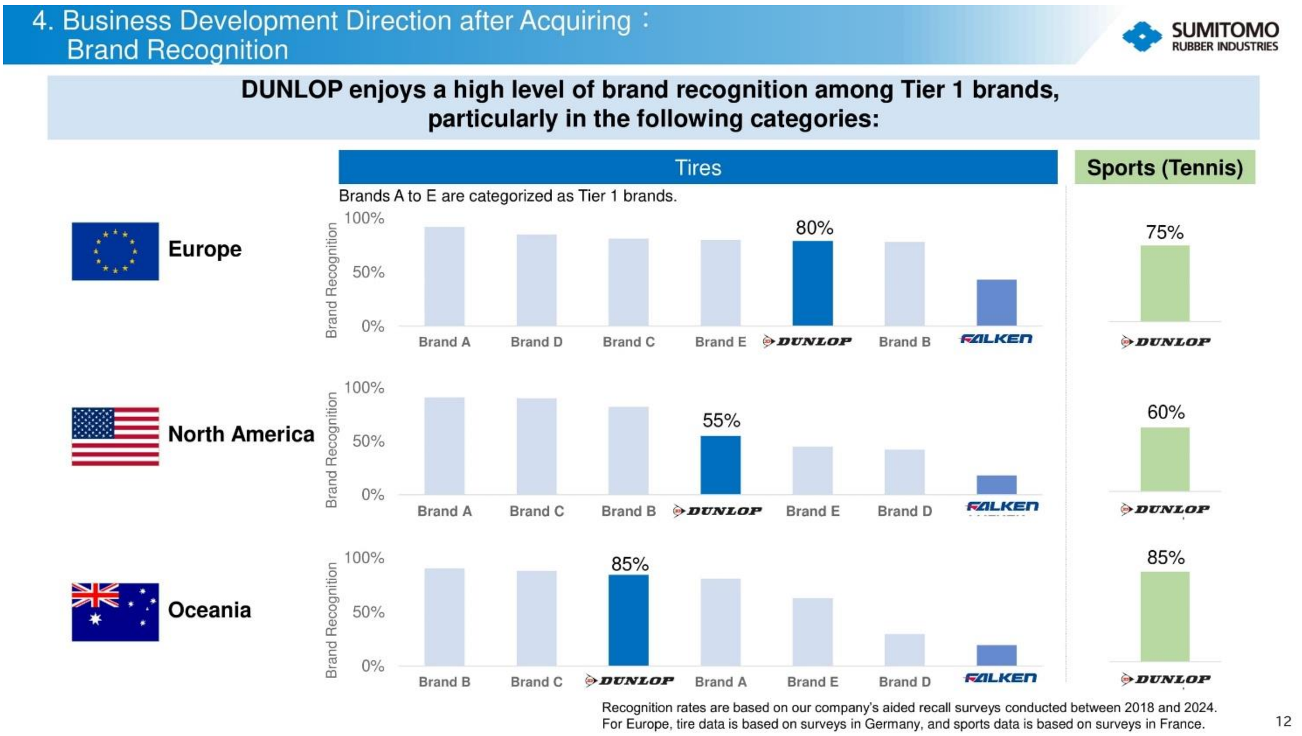
This slide illustrates the current ownership status of the DUNLOP trademark rights for tires.

Until now, the Company has been unable to use the DUNLOP trademark rights in Europe, North America, and Oceania, except for certain categories in North America.

As a result, we have primarily focused on expanding the FALKEN brand in these regions.



With this transaction, the DUNLOP trademark rights in Europe, North America, and Oceania, excluding two-wheeler tires in Europe and Oceania, will now be owned by the Company. This enables us to expand the DUNLOP brand globally moving forward.



This slide illustrates the brand recognition of our Company and Tier One brands, as well as the recognition of sports brands for tires in Europe, North America, and Oceania. You can see that DUNLOP enjoys high recognition not only in its region of origin, Europe, but also in North America and Oceania.

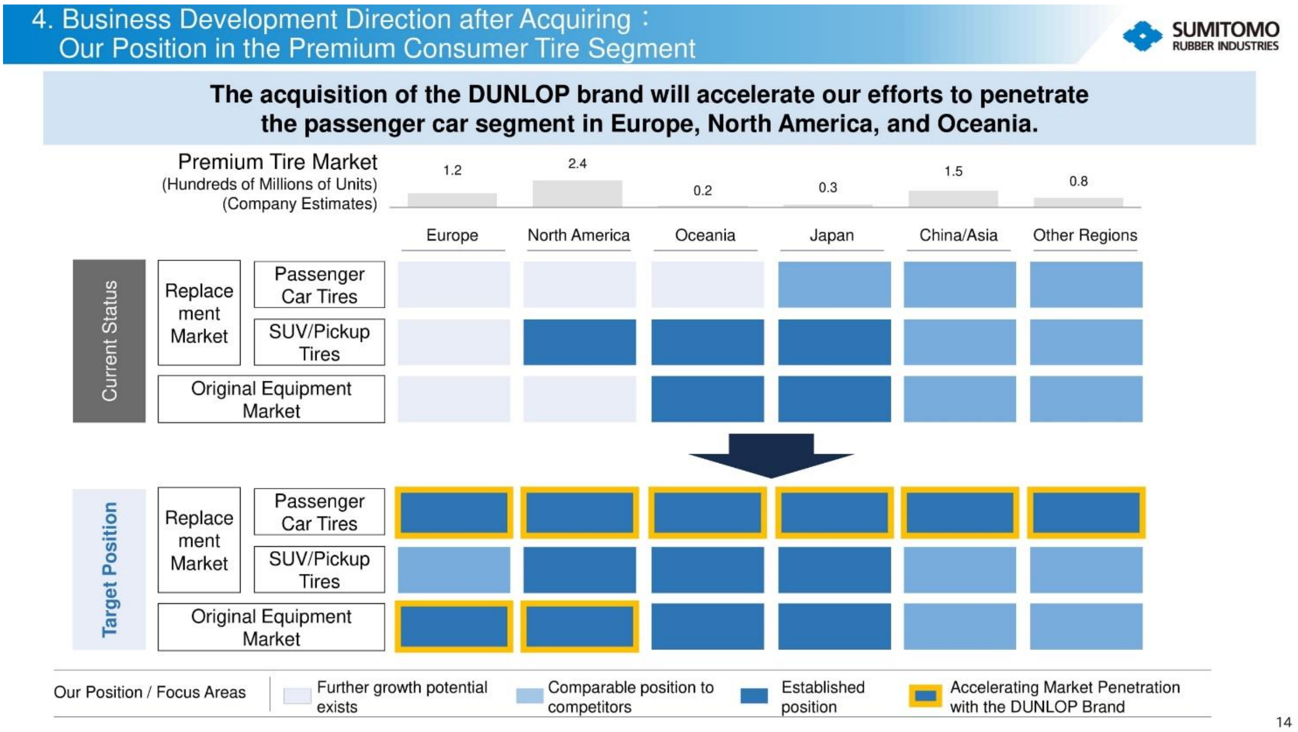
Going forward, we anticipate stronger synergies with our sports business, which we believe will significantly expand the potential of our operations in these regions.

Next, I will explain the future strategies for both the DUNLOP and FALKEN brands.

DUNLOP, as a global premium consumer tire brand, will focus on developing products for the Tier One premium category. This includes new tires for passenger cars and SUVs utilizing Active Tread technology, as well as flagship tires differentiated by proprietary technologies.

As shown in the previous slide, the DUNLOP brand enjoys high recognition globally. Additionally, by effectively promoting cross-marketing with DUNLOP’s presence in our unique sports business, we aim to solidify our position in the Tier One premium category.

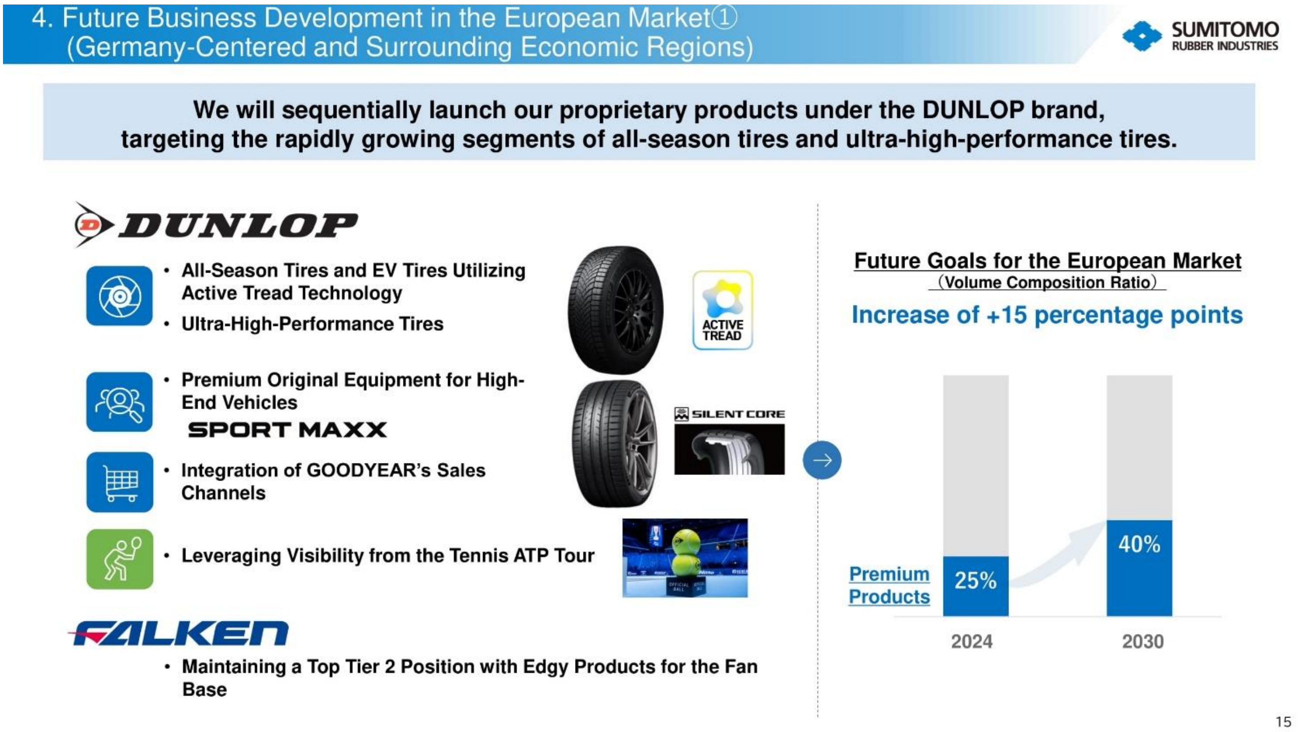
On the other hand, FALKEN will leverage its cutting-edge products, which have cultivated a loyal fan base in North America and Europe, to compete as a top contender in the Tier Two category.



This forms the vision for our company within the consumer premium tire segment.

In the consumer market, we will leverage the benefits of acquiring the DUNLOP trademark rights in Europe, North America, and Oceania, as well as the expanded capability to use the brand globally. This will allow us to accelerate our efforts to penetrate the passenger car segment not only in these regions but also in Japan, China, and other regions where the DUNLOP brand has traditionally been used.

In the original equipment market, we will particularly accelerate efforts to expand the DUNLOP brand in Europe and North America.



From here, I will explain the future business developments by region.

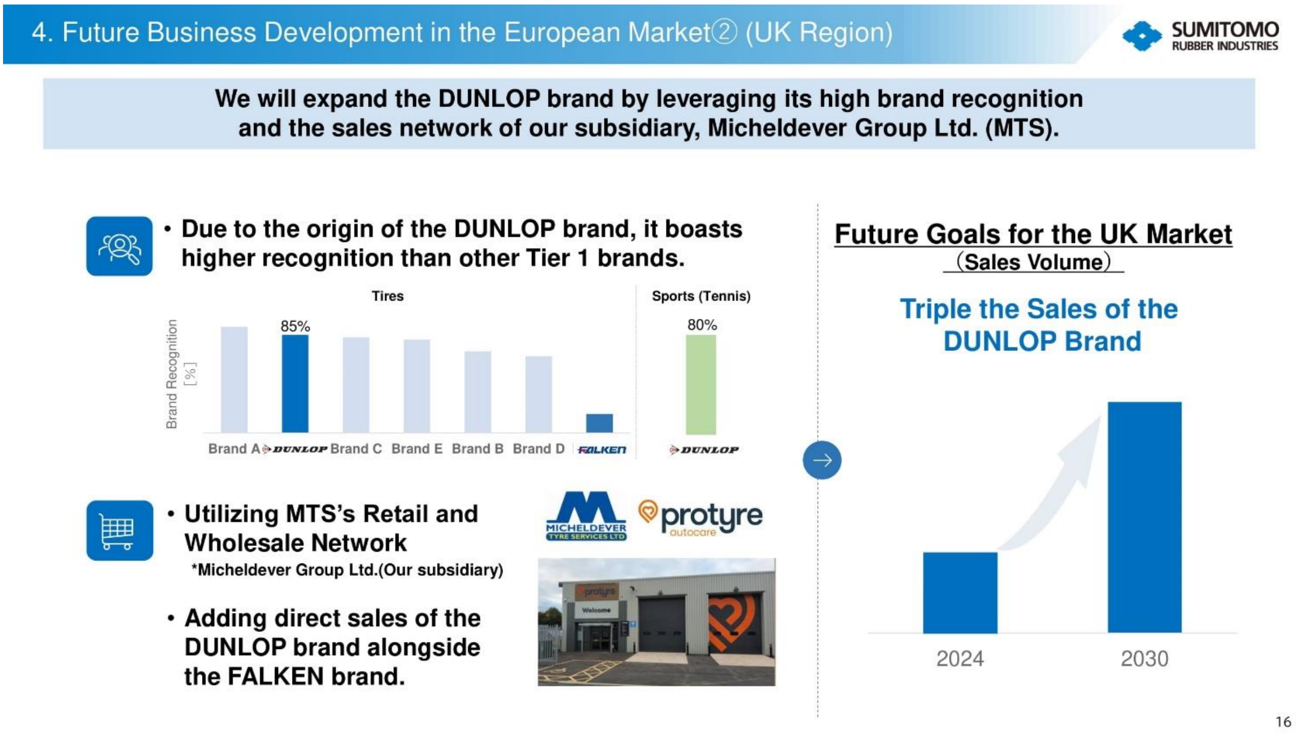
First, in the European market, we will target Germany and its surrounding economically strong regions by introducing DUNLOP-branded products in the rapidly growing all-season category. These products will feature our proprietary Active Tread technology.

In addition, we will focus on ultra-high-performance tires and original equipment tires for premium vehicles.

We will also leverage the distribution channels inherited from GOODYEAR and capitalize on the strong visibility of the DUNLOP brand, supported by its high usage rate in tennis ATP Tour events.

FALKEN will maintain its top position within the Tier Two category while expanding business with both brands.

In the European market, the plan is to increase the proportion of premium products to 40% of total sales volume by 2030, representing a 15-point increase compared to 2024.

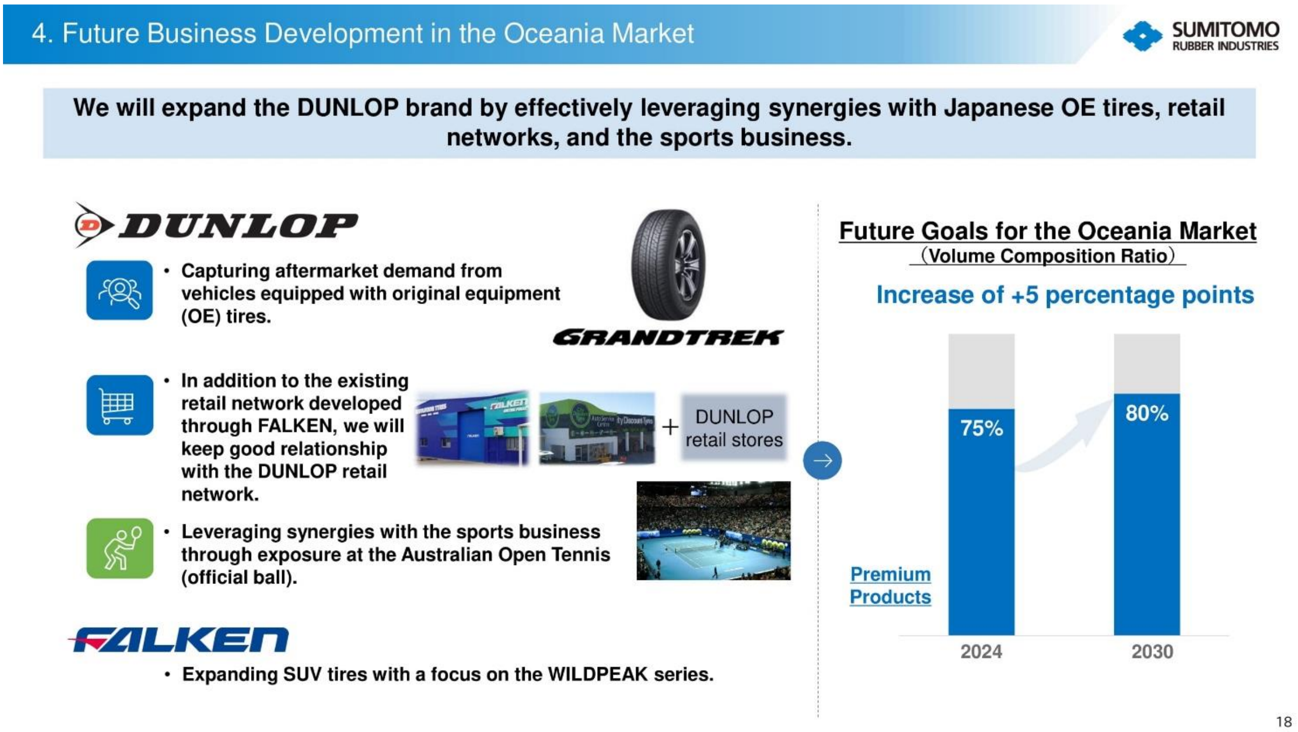


In the UK region, we will effectively leverage the high recognition of the DUNLOP brand and the growing sales network of Micheldever, a sales company within our group, to expand sales of DUNLOP-branded tires. In the UK market, we aim to triple the sales volume by 2030 compared to 2024.

In the North American market, we will introduce DUNLOP-branded products into the sales channels established through FALKEN. Additionally, we will launch all-season and all-weather tires utilizing Active Tread technology, as well as tires specifically designed for CUVs. Building on our strength in SUV and pickup truck tires, we will primarily focus on expanding our offerings in passenger car tires.

We will also actively leverage our strong share in original equipment for Japanese automakers, synergies with motorcycle tires, and cross-marketing opportunities with our golf and tennis sports businesses.

Through these initiatives, the combined premium product ratio for the DUNLOP and FALKEN brands is planned to reach 75% by 2030, representing a 5-point increase compared to 2024.



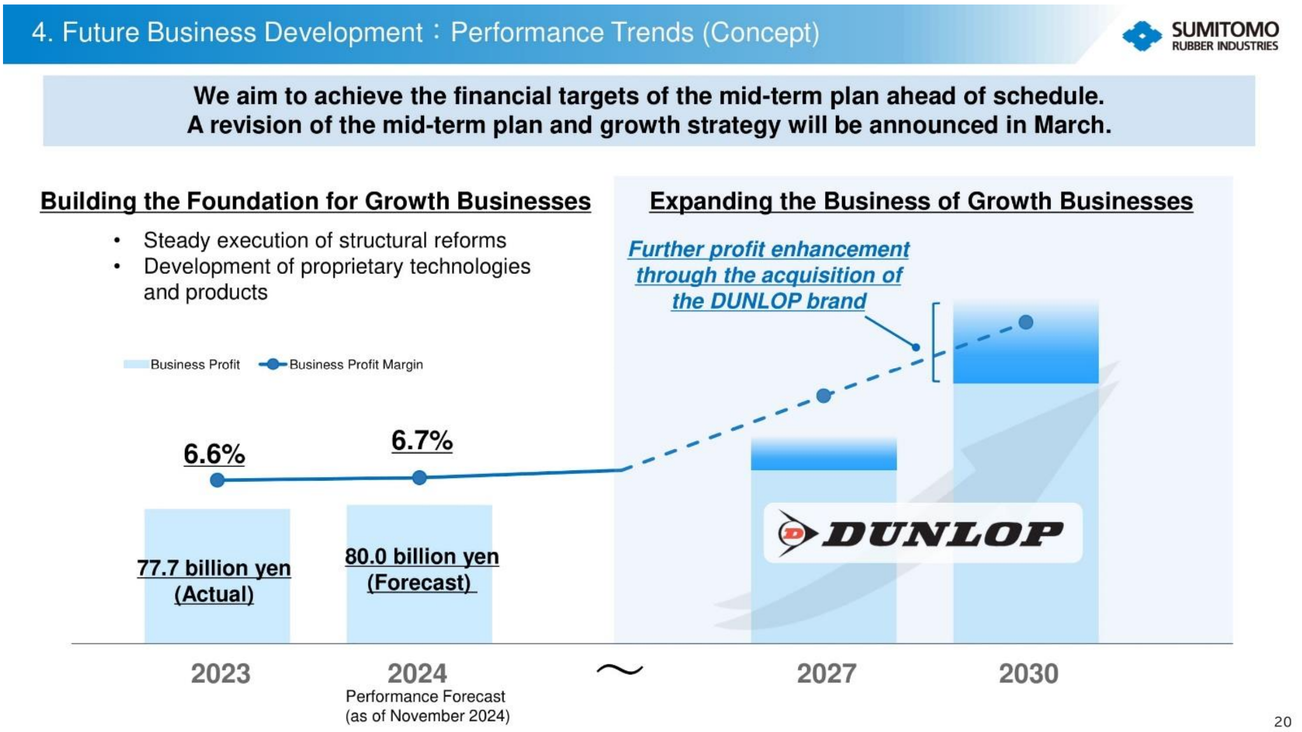
In the Oceania market, we plan to capture aftermarket demand for vehicles equipped with original equipment tires. Additionally, by utilizing the retail network developed through FALKEN, the DUNLOP retail network inherited from GOODYEAR, and creating synergies with our sports business, we aim to achieve a premium product ratio of 80% in Oceania by 2030, representing a 5-point increase compared to 2024.

As explained so far, we will position the DUNLOP brand as a core brand for the Company and promote brand enhancement activities across the entire organization.

Leveraging our unique strengths, we will enhance the value of the DUNLOP brand across the entire organization.

This will be achieved through initiatives such as promoting joint branding in tires and sports, accelerating global activities in tennis, and investing in brand development through motorsports.

Our aim is to grow DUNLOP into a brand that customers consistently choose.



Finally, let me provide an overview of our performance trends and future outlook.

In our medium-term management plan, we have set a business profit margin target of 7% for 2027. Through structural reforms to establish a foundation for growth initiatives, efforts to implement growth strategies, and the acquisition of the DUNLOP brand, we aim to further improve profitability and achieve the financial targets of the medium-term management plan ahead of schedule.

Additionally, in March of this year, we plan to announce a revision of the medium-term management plan, as well as growth strategies for the future. We hope you will look forward to the Company's upcoming initiatives.

That concludes my presentation. Thank you very much for your attention, and we look forward to your continued support throughout this year.

Question & Answer

Nakayama [M]: We will now open the floor to questions from the audience. Mr. Sakamaki from BofA Securities, please proceed with your question.

Sakamaki [Q]: This is Sakamaki from Bank of America. Happy New Year. Congratulations on achieving this milestone, which seems to address a long-standing challenge. I imagine there is a sense of relief among everyone now that the deal has been successfully concluded. I have two questions.

The first question is about additional details regarding the deal. GOODYEAR's release mentions an acquisition price of USD700 million, while your release lists USD526 million and USD105 million. Could you clarify this difference? Is it correct to understand that the approximately USD70 million difference reflects the cost of purchasing inventory, which your company has not independently estimated but GOODYEAR has included in their assumptions? Is this the reason for the discrepancy between your release and GOODYEAR's release?

Additionally, regarding the funding through borrowings, just to confirm, should we assume that there is no risk of equity dilution, such as CBs or similar instruments? Is it correct to understand that this is purely in the form of borrowings?

Lastly, although I believe the risk is minimal, considering the recent discussions involving Nippon Steel, is there any risk of the deal not being finalized? For example, could there be complications related to the closure of the Buffalo plant or other issues? Are there any potential risks associated with the US government that might impact this deal?

Apologies for combining multiple points into one question, but could you provide a bit more detail about the deal itself?

Yamamoto [A]: Thank you for your question. First, I will address your first point.

As you mentioned, GOODYEAR's disclosure lists USD701 million, while our valuation of the brand is USD526 million. I believe your question pertains to the difference between these figures.

The breakdown is as you mentioned. First, the brand value is USD526 million. Then, there is USD105 million for transition services. Additionally, although this is GOODYEAR's estimate, USD70 million represents the net proceeds from the sale of initial inventory.

From GOODYEAR's perspective, the focus is on generating funds through debt reduction and other means. Therefore, their disclosure highlights the estimated total net proceeds they expect to receive at the time of closing. For our Company, the transaction price is considered to be USD526 million, representing the acquisition cost for the trademark rights and related assets. This figure serves as the basis for calculating the EV/EBITDA multiple.

That concludes the response to the first point. Okawa will respond to the second point regarding funding.

Okawa [A]: This is Okawa. Thank you for your question. To ensure the success of this deal, we plan to first secure a commitment line. This will serve as the primary source of funding for the payment at closing.

As for your question regarding whether the subsequent funding will be short- or long-term borrowing or equity-based, at this point, we are not considering equity financing. However, since the future is unpredictable, I cannot say this with absolute certainty. That being said, as indicated in our materials, we intend to cover the funding with internal resources and borrowings.

Hino [A]: I will provide an additional explanation. We are not considering instruments like CBs. When we mention funding sources, we are referring to traditional methods such as corporate bonds. As Okawa mentioned, we are not currently considering equity-based financing, and I hope this clears up any confusion.

Yamamoto[A]: I will address the third point. As for the risk of the deal not being finalized, I have already had a thorough discussion with GOODYEAR's CEO and signed the agreement. Moving forward, there will be continued collaboration in various areas, and we will ensure that these connections remain strong. Therefore, we do not perceive any risk of the deal not being finalized.

Additionally, there were negotiations with the union at the Buffalo plant, but fortunately, these discussions have been successfully concluded. We have outlined the terms for the employees, and we have committed to supporting them throughout the process of separation and re-employment. We have assured them that we will remain closely involved until the very end. The closure and dissolution of the Buffalo plant have also been successfully concluded with the union.

Therefore, we recognize that there is no risk of the deal not being finalized, whether in the US, with the Buffalo plant, or in the acquisition of the DUNLOP brand.

Sakamaki [Q]: My second question is about the impact on future performance. Could you explain how this deal will affect sales and business profit, particularly? Initially, you will be receiving DUNLOP products from GOODYEAR, and sales of DUNLOP will be recognized by your company, likely contributing to sales profit. However, I assume that manufacturing profit will remain with GOODYEAR for the time being.

Once this deal is completed, over the course of next year and beyond, as the transition progresses, I assume there will be a shift where your company gradually takes over the sales and profit generation. It seems that the discussion surrounding this deal also includes steps for your company to eventually capture the manufacturing profit as well. Could you provide more details on the expected timeline and how sales and business profit will change over time as part of this transition?

Yamamoto [M]: Thank you for your question. I will hand it over to Nishiguchi, the Head of the Tire Business Division, for a response.

Nishiguchi [A]: We have finally acquired the DUNLOP brand after many years of waiting, and we are looking forward to making a significant leap toward 2030. As President Yamamoto mentioned earlier, we will be announcing our company-wide strategy in March, so the details will be shared at that time.

As for the question at hand, as a rough estimate, we plan to start rolling out our products in the US and Europe starting in H2, and sales will commence accordingly. Regarding Europe, since GOODYEAR already supplies various products, as explained today, we will initially begin operations through off-take agreements.

In that sense, for the first year, particularly in Europe, there will be initial investments such as renting warehouses, and as a result, the profits from the off-take agreements and the initial investments will balance out. Therefore, it is safe to assume that the impact on profits will not be significant this year.

By 2030, we expect that over the next two years, the business will gradually generate several hundred million in profits, and by 2030, we are optimistic that we will reach a level in the billions, based on the current business plan.

In terms of supply, for Europe, we will rely on off-take agreements, while for North America, Oceania, and Australia, we anticipate that our current factories will be able to handle the shipments.

Sakamaki [Q]: As I understand it, the sales will mainly come from off-take agreements in Europe, with profits not being very significant initially. However, in addition, the DUNLOP brand business will be developed on your company's base in the US and Australia. Is that correct?

Nishiguchi [A]: Yes, that's correct. Particularly in North America, we expect the contribution to profits to be noticeable relatively quickly. The reason for this is that still currently in the US, as was explained regarding brand recognition, the DUNLOP brand is still quite memorable in the distribution channels and among retailers. Although GOODYEAR has not extensively expanded the DUNLOP brand in North America.

We have been working on this deal for about three years, and during this time, we have made significant progress with product development. In this regard, we plan to launch our own products in North America starting in H2. We have already heard from major distributors in North America that they are aware of this development and are ready to take on our products when we offer them. They have expressed their interest, saying they will likely purchase at some point and want to be the ones handling the products.

Based on this strong response in the US, we are eager to quickly begin capturing profits from these opportunities.

Yamamoto [A]: Over the past decade, both Europe and the US have really strengthened their sales infrastructure and systems. I have personally been on the ground, visiting customers and going around with the team, and I can see that our sales capabilities have significantly improved in both Europe and the Americas over the last ten years.

By elevating the DUNLOP brand to Tier One, we will leverage its established sales network to drive sales activities. We aim to quickly capture the results from this and, as a company, with the full support of our group, we will work together to achieve this goal.

Sakamaki [Q]: In that sense, during the previous briefing, Mr. Yamamoto mentioned aiming for a target in the hundreds of billions. However, it seems that the impact of this acquisition on this year's goals will be limited. As Mr. Nishiguchi mentioned, the contribution from this deal will likely start to be felt around next year, with a contribution in the tens of billions. Is that the correct understanding?

Yamamoto [A]: That's correct. We would like to [inaudible].

Sakamaki [M]: Understood. Thank you very much.

Nakayama [M]: Thank you. Now, Mr. Maki from SMBC Nikko Securities, please go ahead.

Maki [Q]: My name is Maki of SMBC Nikko Securities. Thank you.

My first question is about the background of this deal. As Mr. Nishiguchi mentioned earlier, it seems that this deal took quite a long time. GOODYEAR has been talking about this since around the end of 2023, so it seems that it took a relatively long time to come to fruition. Could you share the background as to where the delay occurred and what ultimately became the deciding factor in finalizing the deal?

Also, the transfer costs are relatively large. Could you provide the details on what is included in these costs, the breakdown, and the background for conditions such as the off-take period being five years and the exclusion of two-wheelers in some regions? Could you first explain the background of the entire deal?

Yamamoto [A]: Thank you. Regarding the time it took for this deal, GOODYEAR made an announcement at the beginning of 2023 about the sale of three businesses.

Prior to that for us, the DUNLOP brand was a core part of our strategy, so we have been progressing with various negotiations. For us, we were determined to acquire the brand at a price that reflected its value, carefully selecting the right price. We also considered how to align the acquisition with our strategy and how to actually conduct the business. This is why the negotiations took time.

However, while this has been a long negotiation for us, we have also made various preparations internally, and now that we have reached a conclusion, we intend to accelerate our efforts and move forward with capturing the results.

Yamamoto [M]: Nishiguchi will respond to the second question.

Nishiguchi [A]: Firstly, we are considering an off-take period of five years. However, by 2027, we are almost certain that we will launch all-season tires equipped with Active Tread technology in Europe and North America. We plan to switch to SRI, Sumitomo Rubber products, under the DUNLOP brand as soon as possible.

Additionally, regarding two-wheelers, even after the global alliance with GOODYEAR concludes, the collaboration will continue for two-wheeler tires. Since both companies have a strong market share in this area, our partnership will remain in place. For these reasons, this deal took a long time, and the negotiations were quite challenging. Therefore, we decided to start with passenger car tires first.

In the future, we hope to continue building a good relationship, and since we were able to hold the signing ceremony today, I look forward to further discussions.

Maki [Q]: Regarding the off-take period of five years and the discussion about 2027, which makes it a three-year period, GOODYEAR's release mentions that penalties may apply. Could you share any details about the potential penalties, such as the amount, or is there any information you can disclose about this?

Nishiguchi [A]: We have a five-year contract, and we intend to honor the full five years. However, it's not just about the products supplied through the off-take agreement with GOODYEAR. For our own products, we plan to introduce the all-season tires in 2027 into a category that hasn't been explored before. So, in addition to the products supplied through the off-take agreement, we are also considering adding differentiated products.

Maki [Q]: From the earlier discussion, it seems that the transfer costs will be used as outlined in the release. Are there any specific items that significantly increase the scale of these costs, or is it more general in nature?

Yamamoto [A]: Yes. Since this is the acquisition of trademark rights and related assets, it is not the acquisition of the business itself. However, we will need to properly handle the transfer of customers currently served by GOODYEAR, as well as organize the logistics network. These are the preparations we need to make for the actual business operations.

Therefore, we will take the necessary time to properly take on the customers and manage the transition. In that sense, the transition costs are being carefully allocated to ensure we are fully prepared, and I hope this provides a clear understanding.

Maki [Q]: My second question is about performance. If possible, could you provide information on the impact of the acquisition on the P/L for FY2025, including goodwill?

Also, what is the expected contribution to profits? As mentioned earlier, the target for 2030 was around the hundreds of billions. However, based on the EV/EBITDA, your estimated EBITDA, and the specific period of profit decrease disclosed by GOODYEAR, it seems that there are already figures in the hundreds of billions. In reality, once the synergies kick in, I believe there will be additional positive contributions that go beyond the current estimates.

For example, in terms of production, procurement, and sales, could you provide more detailed information on how much of the base profit is from these areas, how much is expected to come from synergies, and at what timing will these synergies start contributing to profits?

Yamamoto [M]: Thank you. Okawa will respond to this question.

Okawa[A]: Thank you. I actually have a lot I would like to discuss, but unfortunately, we are currently in the silent period, and the FY2025 earnings forecast likely overlaps with this. So, I kindly ask for your patience, and we will provide a detailed explanation during the earnings announcement and the review of the medium-term plan, as well as the growth strategy in March.

The general idea, as Mr. Nishiguchi mentioned earlier, is that for FY2025, the increase in revenue will be offset by the initial setup costs. However, from FY2026 onwards, we expect a significant positive impact on performance. I hope this explanation will suffice for now, and I apologize for any inconvenience.

Maki [Q]: Understood. So, for FY2025, since the increase will be offset, it seems that it won't have a significant negative impact.

Okawa [A]: That's correct. It won't have a significant negative impact.

Maki [Q]: Got it. As a follow-up, earlier, you mentioned that Europe would be a larger portion but that the US would see a more significant change. Could you provide an idea of the sales and profit breakdown by region, even if it's just a rough estimate?

Yamamoto [M]: Thank you. Nishiguchi will respond.

Nishiguchi [A]: We expect that in the first three years to five years, North America will contribute significantly to profit growth. Originally, GOODYEAR had not been offering much in the way of DUNLOP products in North America.

As Yamamoto mentioned earlier, we have already received significant inquiries from major retailers in North America, as shown here. By supplying products to these retailers, we plan to focus on high-value-added products. By focusing on launching UHP tires and SUHP tires, we aim to capture significant profits from North America in the early stages.

After that, as the off-take agreement gradually comes to an end, we will begin rolling out our own products in Europe. Here, we are primarily focusing on all-season tires equipped with Active Tread technology. We aim to capture profits under the DUNLOP brand through this product line.

As you are all likely aware, Europe is currently a very challenging market. For that reason, we are fully aware that spreading ourselves too thin in this challenging market could result in profits not materializing. As mentioned earlier today, we are particularly targeting the all-season tire market around Germany and the UK, where we have Micheldever, as these are the areas we aim to focus on the most.

In Europe, we plan to release tires in 2027 that can handle the Autobahn and cross the Alps, and we aim to ensure that we can start generating profits in Europe from that point onward.

Maki [Q]: For example, the EBITDA of USD93 million on page nine is mostly coming from Europe, with the US still not contributing. Is the idea that this will gradually turn positive in the long term, with the US contributing more in the future?

Nishiguchi [A]: Yes, that's correct.

Maki [Q]: As a follow-up, I believe your company has a significant share in the all-season tire market in Europe. Could you provide an estimate of the overall market share with this deal included? If you have any information on this, I would appreciate it.

Nishiguchi [A]: Are you referring to the share of the products we are currently offering with FALKEN?

Maki [Q]: Yes, that's right. Including DUNLOP as well.

Nishiguchi [A]: The DUNLOP All-Season [Tire Two], which is being released around 2024, is part of this. We haven't fully grasped the exact share yet, but I believe we will be able to capture a significant portion of the market with these two products.

Maki [M]: Understood. Thank you very much.

Yamamoto [M]: Thank you.

Nakayama [M]: Thank you. Mr. Yoshida from Citigroup Securities, please go ahead with your question.

Yoshida [Q]: Thank you. My first question is about the basis for the acquisition price. The EBITDA multiple of 5.7 times—could you explain how this was calculated on a reasonable basis?

Yamamoto [M]: Thank you for your question. Hino will respond to this.

Hino [A]: We have not received a detailed disclosure of the most recent EBITDA for the DUNLOP business.

Therefore, based on the sales data for DUNLOP in Europe, North America, and Oceania provided by them, as well as the profit margins of our own operations in these regions, we have estimated the pro forma EBITDA for this acquisition. The estimate has been made without incorporating any synergies from our side.

Yoshida [Q]: Based on the current sales from GOODYEAR, for example, the ratio of consumer and OE sales, it seems that the estimated operating profit might be around 10%. How reasonable is this assumption? It also seems that there were relatively more new vehicles, but if that's incorrect, please let me know. I would like to understand the breakdown of the sales in more detail to understand the rationale behind this.

Nishiguchi [A]: Before Hino responds, let me provide some information. Regarding the breakdown of sales for replacement and OE products, you can consider that almost all of them are replacement parts. Unfortunately, in Europe, the OE business that was originally under DUNLOP with European luxury car has all been transitioned to GOODYEAR. Therefore, I believe that the current figures do not include much, if any, DUNLOP OE business.

Yoshida [Q]: Apologies. So, based on a focus on the consumer market and considering the price range for Tier One products, it seems reasonable to assume that an operating profit margin of around 10% is achievable. Previously, GOODYEAR had around 7 million units in the DUNLOP business, with approximately 5 million units in the EMEA region, primarily Europe, and around 500,000 units related to commercial vehicles, if I recall correctly.

Could you share the most recent breakdown of what your company currently sees in terms of the DUNLOP business? As you're aiming to expand in North America, how much of the market share does North America currently hold, and how much opportunity do you see there? It would be helpful to compare this with current FALKEN sales and market share.

Yamamoto [M]: Thank you. Nishiguchi will respond.

Nishiguchi [A]: For Europe, we estimate that around 5 million units are currently being sold. There was a disclosure of sales, but no specific figures on the number of units. Based on our estimation and what GOODYEAR mentioned, which was around 5 million units in Europe, we believe it is approximately that amount.

For North America, I believe there is currently almost no presence. However, starting from H2, we plan to release all-season tires focused on wear performance, which were originally developed under the FALKEN brand but with the side plate branding switched to DUNLOP. We expect that, with this, we will quickly see sales in the double-digit range.

Therefore, in North America, where DUNLOP has had little market share, we plan to effectively utilize the strong brand recognition that remains and the sales channels of retailers with high demand. Our goal is to quickly ramp up sales through a vertical launch approach. This will primarily focus on passenger cars.

Thanks to your support, WILDPEAK has really established a strong presence in the North American region. Today, I heard that in the US we are receiving significant orders. We plan to continue growing in both of these categories moving forward.

Yoshida [Q]: For all-season tires for passenger cars, is it correct to understand that using the DUNLOP brand will allow for higher recognition and, therefore, a higher price point?

Nishiguchi [A]: Yes, that's correct. I believe that's exactly right. In fact, after we separated from GOODYEAR and were no longer able to use the DUNLOP brand in Europe and North America, we put a lot of effort into growing the FALKEN brand. Thanks to your support, as shown here, we have achieved a certain level of success with products like WILDPEAK and AZENIS in Europe, which are in the UHP category.

However, in the broader passenger car segment, we have been limited to Tier Two. Therefore, with the return of a Tier One premium brand, we are confident that by increasing our lineup with strong product offerings, the business will undoubtedly succeed. We plan to aggressively target the passenger car segment using the DUNLOP brand.

Yoshida [M]: Thank you.

Yamamoto [M]: Thank you very much.

Nakayama [M]: Thank you. Mr. Seii from Asahi Shimbun, please go ahead.

Seii [Q]: My name is Seii from Asahi Shimbun. I would like to confirm when DUNLOP acquired the trademark rights for four-wheeler tires in Europe, North America, and Oceania, and from whom did they acquire them? Could you provide that information?

Yamamoto [A]: Are you asking about the acquisition this time?

Seii [Q]: No, I'm asking about the original acquisition of the trademark rights by GOODYEAR. When and where did GOODYEAR acquire these trademark rights?

Nishiguchi [A]: We had a global alliance with GOODYEAR, and at that time, GOODYEAR handled the DUNLOP brand for Europe, North America, and Oceania, managing the business for both brands.

On the other hand, in Japan, during the global alliance, Sumitomo Rubber handled the GOODYEAR brand and conducted business under that alliance. In 2015, when the alliance with GOODYEAR was dissolved, GOODYEAR transferred the DUNLOP brand for Europe, North America, and Oceania, marking the point when the two companies separated.

Therefore, since 2015, GOODYEAR has held the DUNLOP brand for Europe, North America, and Oceania, and with this acquisition, we have now reclaimed the rights to that brand.

Seii [Q]: So, GOODYEAR acquired the trademark rights in 2015, and that was when Sumitomo Rubber transferred them, correct?

Yamamoto [A]: Yes, that's correct.

Seii [Q]: And now, this is a buyback of those rights, correct?

Yamamoto [A]: Yes, that's correct.

Seii [Q]: With this buyback, the Company is once again embarking on a global expansion of the DUNLOP brand after previously having abandoned this effort on its own. Is that the correct understanding of the significance of this acquisition?

Yamamoto [A]: That's correct.

Seii [Q]: The reason for the abandonment of global expansion was partly due to the Great Hanshin Earthquake in 1995, which weakened the financial foundation of the Company. This year marks the 30th anniversary of the Great Hanshin Earthquake. In this milestone year, marking the 30th anniversary of the Great Hanshin Earthquake, with the buyback of the brand and the renewed challenge of global expansion, could we hear a comment from President Yamamoto?

Yamamoto [A]: I truly share that sentiment. When I joined the Company in 1982, it was around the time when Sumitomo Rubber acquired the DUNLOP brand in Europe, North America, and other parts of the West during the 1980s.

At that time, I spent 10 years in the Product Development Department, which was part of the marketing division. During that period, we worked on developing flagship tires for global markets, focusing on supplying new car manufacturers and handling replacement tire sales. During that time, I truly felt the strength of the DUNLOP brand and the power it held.

Looking back at the history of that business, it was during that time that the DUNLOP brand in Europe, North America, and Oceania was handed over to GOODYEAR. Now, 30 years after the Great Hanshin-Awaji Earthquake, which was a difficult time for us, it is truly moving to have the opportunity to re-acquire the DUNLOP brand and once again expand the business globally.

We have prepared for this across the entire company, and we are determined to use this opportunity to develop our company. We aim to deliver valuable products to all our customers worldwide who love the DUNLOP brand, and we wish to express our gratitude by rewarding them. We are truly motivated and committed to working on this as a company. We hope you will look forward to it.

Seii [M]: Thank you.

Yamamoto [M]: Thank you very much.

Nakayama [M]: Thank you. Mr. Sakaguchi from Mizuho Securities, please go ahead with your question.

Sakaguchi [Q]: This is Sakaguchi from Mizuho Securities. Thank you for your time. I have two questions.

The first question is regarding the production system. I would like to confirm again what the plans are for the production system moving forward. In North America, where the DUNLOP brand has not had much presence, how will your company handle the production and supply of products? For Europe, although it is currently through off-take, if sales increase in the future, you will need to establish a more robust supply system. Could you please explain your approach to this?

Yamamoto [M]: Thank you for your question. Nishiguchi will respond.

Nishiguchi [A]: For the production system, we plan to supply from Thailand and our own facilities in Japan, both for North America and Europe. After the closure of the Buffalo plant, we have steadily progressed with preparations by relocating equipment, such as automation systems and molding machines, to our third factory in Thailand. This will allow us to increase supply, primarily for North America. For Europe, we will utilize our facilities in Turkey and Thailand to supply products.

Eventually, once the off-take agreement ends, we are confident that Europe will proceed smoothly. As for the new factories, we will have options in both North America and Europe, and we will prioritize one over the other as we plan for the future.

Currently, we already have a production capacity of 120 million units. With current sales of around 100 million units, we are steadily investing in replacing equipment for sizes 16 inches and below and making significant internal investments to focus on higher-inch tires.

Therefore, rather than focusing on increasing the number of units, we are placing more emphasis on raising the proportion of high-value-added and premium products to 60%, as mentioned earlier. Instead of following the traditional model of profit expansion through increased volume and sales, we will concentrate on generating profit by selling more premium products. In this sense, we will also carefully consider how to manage overall supply capacity.

Sakaguchi [Q]: The second point is regarding what was discussed today, specifically the improvement in the product mix due to the increase in the premium product ratio, as well as the anticipated improvement in market presence in Europe and North America with the ability to use the DUNLOP brand more extensively. I believe this is the intent behind the acquisition.

How do you envision your company's position within the industry evolving moving forward? What kind of changes do you anticipate? Do you foresee your company approaching the major three players—Michelin, GOODYEAR, and Bridgestone—particularly with a strong momentum toward GOODYEAR? I believe your goal is to become the leader among Tier Two brand manufacturers. While the more detailed vision and financial outlook will likely be shared in March, it would be helpful if you could share your general approach and vision for the medium to long term.

Yamamoto [A]: Thank you. When we were no longer able to use the DUNLOP brand, we decided to focus on FALKEN in those regions, including Europe, the Americas, and Australia. We always held the hope that one day, we would regain the DUNLOP brand and resume doing business under it.

First, we focused on elevating FALKEN to a valuable brand, concentrating our efforts on that goal. We invested significant resources in terms of people, products, and capital. We also focused on motorsports, achieving strong results in the 24-hour Nürburgring race. Thanks to this concentrated effort, we have been able to position FALKEN as the leading brand in Tier Two in a relatively short period of time, and we are proud to have this valuable asset.

However, moving the FALKEN brand to Tier One has been very challenging. With this acquisition, we now have the Tier One brand, DUNLOP, which we are experienced with. Having worked in product development and marketing myself, I am thrilled to regain the DUNLOP brand, which has global recognition. This is a significant advantage for us. By launching differentiated products with our new, unique technologies, we are confident that we can now compete in the Tier One market, something that was difficult to achieve with FALKEN.

Of course, the top three companies still have considerable strength, and it may be a long-term goal, but for now, we have successfully established FALKEN as the leader in Tier Two and top categories, particularly in SUV tires and other specialized, high-performance tires. By adding DUNLOP in the premium Tier One category to our portfolio, we aim to get as close as possible to the top three. This will be our target, and although it may take time, we are determined to face this challenge as a company without giving up.

Sakaguchi [M]: Thank you.

Yamamoto [M]: Thank you very much.

Nishiguchi [A]: To add to that, as mentioned in Yamamoto's explanation today, we are also heavily involved in sports with the DUNLOP brand. Among the top three Tier One tire manufacturers, they primarily focus on tires as well. We believe that the DUNLOP brand in sports is a significant asset for us. Having finally regained the DUNLOP brand, we are determined to focus on brand management going forward. By collaborating with sports and creating a brand that has unique appeal, we aim to position DUNLOP as distinct even within Tier One, setting it apart from other brands.

Yamamoto [A]: I would like to add to that as well. We believe that the DUNLOP brand in sports is a significant asset for us. Having finally regained the DUNLOP brand, we are determined to focus on brand management going forward. By collaborating with sports and creating a brand that has unique appeal, we aim to position DUNLOP as distinct even within Tier One, setting it apart from other brands.

We decided to first expand globally with tennis balls and rackets, and in recent years, we have steadily made progress, especially starting with the share of tennis balls. We have partnered with organizations such as the ATP Tour in Europe, Muratoglu Academy, which develops junior players, and the IMG Academy in the US, which also focuses on junior development, all under the DUNLOP brand.

Thanks to these foundational efforts, we have been able to achieve a high share of tennis balls, particularly in Europe, and have reached a point where the DUNLOP brand is widely recognized. By effectively mixing the sports business, tire business, and motorsports to enhance the brand, we aim to strengthen the position of the DUNLOP brand and utilize it in our business development moving forward.

Sakaguchi [M]: Thank you very much.

Yamamoto [M]: Thank you.

Nakayama [M]: Mr. Obi from NHK, please go ahead.

Obi **[Q]:** This is Obi from NHK. Thank you very much for the explanation. I apologize for the repetition, but I would like to ask President Yamamoto two questions again.

The first question is, now that you have acquired the rights to sell DUNLOP in the European and North American markets, could you explain the significance of this acquisition?

Yamamoto [A]: Thank you. The purpose of this acquisition, and its strategic significance for our company, is to maximize the value of the DUNLOP brand in the Tier One premium category by introducing differentiated products with our unique technologies under the DUNLOP brand.

As mentioned before, we have been conducting our business with the DUNLOP brand, primarily in Japan and Asia, while focusing on the FALKEN brand in Europe, North America, and Oceania. With this acquisition, we will be able to expand our product lineup globally under the DUNLOP brand, with a few exceptions.

This will allow us to maximize the value of differentiated products globally, equipped with our unique technologies, such as the Active Tread technology. In addition, we are steadily advancing new technologies aimed at being the first in the world or the first in Japan. I believe this is a major point—being able to showcase and expand these differentiated products with cutting-edge technology on a global scale.

In the European, North American, and Oceania markets, where we were unable to use the DUNLOP brand, we focused on FALKEN. As mentioned earlier, we were able to reach the top level of Tier Two in a short period of time, but we have not been able to achieve Tier 1 status, which is where we currently stand.

Reaching the top of Tier Two is a significant asset for us moving forward. With the acquisition of the DUNLOP brand, we now have the opportunity to introduce premium products into the Tier One market, which will allow us to improve our profit margins. We have a solid market position in terms of pricing, so being able to improve our profit margins is also a significant point for us.

Another key point is our approach to new car manufacturers. As I mentioned earlier, when I first joined the Company, we were able to easily conduct tests with European car manufacturers using the DUNLOP brand. This allowed us to successfully supply flagship models to top car models and top-grade categories. This was the case globally.

With the acquisition of the Tier One DUNLOP brand, we can now supply products across all regions. The opportunity to supply premium vehicles is another significant point. With the acquisition of the DUNLOP brand, we are now able to elevate our position in the new car business further and gain these valuable opportunities.

Additionally, as mentioned earlier, the collaboration with sports allows us to truly benefit from the value of both sectors. DUNLOP is a brand with high recognition both in tires and in sports. As shown earlier, it enjoys strong recognition in both sectors globally, which is one of DUNLOP's key strengths.

Another key point is that we will focus on DUNLOP. FALKEN focuses on distinctive tires, and particularly with WILDPEAK, we have been able to secure a very high position. By concentrating on DUNLOP, we believe this will lead to greater efficiency in development and a reduction in SKUs, resulting in clear operational benefits.

With all of these factors combined, we have finally regained the DUNLOP brand. As a Company, we are committed to leveraging these strengths and effectively expanding them into our business moving forward.

Obi **[Q]:** My second question is a bit more specific, but with the acquisition of DUNLOP in Europe and North America, I believe that almost all DUNLOP products will now be supplied by your company globally. Is that correct? One point I would like to ask is about India, which is a rapidly growing market. As of now, the DUNLOP brand is not under your company in India. Could you share how your company plans to expand in the Indian market to the extent you're able to?

Yamamoto [A]: The DUNLOP brand is not yet under our ownership in India, but the Indian market is undoubtedly a market that will continue to grow. Car manufacturers are firmly establishing their presence there, and it is a market where Japanese car manufacturers will continue to strengthen their foothold. We are currently discussing how to prioritize the Indian market as a key area and how to expand our business there.

Of course, no decisions have been made yet regarding the acquisition of the DUNLOP brand in India, and this will be part of our future activities. Regardless of the brand, however, we are committed to focusing as a company on how to establish and develop our business in the Indian market. We are currently having concrete discussions on this matter, and when the time comes, we will provide an update and explanation.

That's all for now.

Obi **[M]:** Thank you very much for your detailed answers to both questions.

Yamamoto [M]: Thank you very much.

Nakayama [M]: Thank you. Mr. Horio from Nikkei, please proceed with your question.

Horio [Q]: This is Horio from Nikkei. Thank you for the opportunity. I have two questions related to today's announcement.

First, at a time when the automotive industry as a whole is undergoing significant changes, this global acquisition in the tire sector has taken place. As mentioned in earlier questions, how do you and your team, including President Yamamoto, envision the power dynamics or structure of the tire market evolving in the future? What is your perspective on the timing and opportunity for this acquisition?

Yamamoto [M]: Mr. Horio, from which perspective would you like me to address this?

Horio [Q]: Earlier, there was mention of your company aiming to approach the top three manufacturers. From a broader perspective, when looking at the global tire manufacturers, what position do you see your company occupying in the future, and how do you think the market will evolve?

Yamamoto [A]: Thank you. Looking ahead, I believe the growth trajectory of each market, including India mentioned earlier, will continue to evolve and experience changes. However, the acquired markets in Europe, North America, and Oceania, particularly the United States, are seen as steadily growing markets. As such, we consider the North American market a key focus area for our efforts.

Additionally, as mentioned earlier regarding India, we believe there are other emerging growth markets. As I mentioned, we are currently formulating our company-wide strategy, and we aim to incorporate considerations for future market potential and the appropriate production and sales frameworks into this strategy. We hope to share more details when the time comes.

Another aspect is adapting to the era of CASE and MaaS. While the momentum of EVs may have slowed slightly, the EV market will inevitably take shape. Our Active Tread technology, in particular, is highly compatible with EVs.

For EVs, the focus is on energy efficiency—how far a vehicle can travel on a single charge. The key requirement for tires is minimizing rolling resistance, which has become a competitive factor. We have committed to reducing rolling resistance by 30%, and with our existing technology, we are confident in achieving this goal. We are planning to develop, announce, and launch EV-specific tires with 30% lower rolling resistance for improved energy efficiency, adhering to a structured schedule.

This is a common challenge for all tire manufacturers: as fuel efficiency improves and rolling resistance is reduced, wet performance on rainy days tends to decline significantly. Balancing these two aspects—improving fuel efficiency while maintaining wet performance—is a critical challenge for tire manufacturers.

Thanks to our Active Tread technology, we can enhance wet performance on a completely different level, allowing us to achieve this balance effectively. In tires, we are focusing on developing new products suited for EVs and autonomous vehicles.

To address autonomous driving, we are not focusing solely on the tire itself but have developed a sensing core that can detect tire pressure, wear, and even the slipperiness of the road surface as the tire rolls.

Meeting customer needs through such comprehensive business solutions is the direction tire manufacturers will increasingly be expected to pursue in the future. By focusing on these areas and developing our unique new technologies, we aim to provide customers with new value and ensure their satisfaction. We will continue to strive toward this goal.

Horio [Q]: As a follow-up or related question, you mentioned EVs earlier. I believe Chinese car manufacturers are also experiencing growth in this area. With the acquisition of the European and American trademark rights and your plan to strengthen your presence in these markets, how do you view your relationships with Chinese car manufacturers? Could you explain how your strategy to strengthen your position in Europe and America might also influence or extend to your presence in China?

Yamamoto [A]: China is indeed at the forefront of EVs. We have already taken the lead in the Chinese market by launching EV-specific tires for replacement purposes.

As mentioned earlier, EV tires must meet specific requirements: they need to be fuel-efficient, support heavy loads, and withstand the high torque of EVs, which accelerate quickly. These factors significantly impact wear and uneven wear. We have introduced EV tires into the replacement market in China that address wear and uneven wear at a higher level. These products represent the best solutions we currently have for EV-specific tires.

We have received numerous tests offers from Chinese car manufacturers, and thanks to these opportunities, we have begun supplying and conducting business with them. Our accounts with Chinese manufacturers are gradually increasing. We are steadily advancing our supply to Chinese car manufacturers and are committed to responding effectively to their needs.

Horio [Q]: For my second question, regarding your approach to the North American market, you mentioned transporting products from Asia. Previously, I believe Mr. Nishiguchi explained the idea of strategic partnerships during an earnings announcement. With the Trump administration taking office this month, could you comment on whether there are any risks associated with operating in the US without a factory while expanding the DUNLOP brand?

Yamamoto [A]: Currently, for the US market, we primarily supply tires from our factories in Thailand, Indonesia, and partially from Japan. Our Thai factory, which boasts the highest production volume, is well-positioned to achieve significant cost reductions.

Therefore, even if a 10% tariff or similar increase were imposed, we have already calculated that we can still achieve sufficient profits. Our business model is structured to ensure profitability even in the event of higher tariffs.

However, in the future, we believe that localization of production will be necessary. While we do not have any specific details to share at this time, we consider it essential to establish a factory in the US or nearby to supply the North American market through localized production.

To prepare for that, we are steadily advancing the development of smart factory equipment technologies in stages. Our goal is to complete these technologies and implement them in the next new factory when the time comes.

Nishiguchi [A]: To add, within the tire industry, GOODYEAR, as a US-based company, is the only one that operates with 100% localized production in North America. Most competitors have factories in the region, but none can fully meet their supply needs through localized production alone.

All manufacturers export to North America, so if the Trump administration imposed an extremely high tariff, tire companies across the board would likely have no choice but to respond by raising prices. In the short term, we believe this risk is minimal. The industry as a whole would address such challenges collectively.

Additionally, anticipating that this deal would lead to increased shipments from Thailand to North America, we have taken measures to manage freight effectively to ensure that no negatives arise when this happens. We believe we have minimized those risks effectively.

Horio [Q]: Lastly, just to confirm, regarding the acquisition cost, you mentioned borrowings and internal funds would cover it. Could you share how much of the internal funds you plan to use, if possible?

Yamamoto [M]: Okawa will answer this question.

Okawa [A]: At this point, I cannot provide a definitive answer, but we expect to generate several tens of billions of yen in free cash flow this fiscal year and the next. A portion of this will be allocated to dividends, and some will go toward capital investments. The remaining amount will constitute internal funds, while borrowings will cover the balance. You can understand that borrowings will primarily account for this acquisition. We are not in a position to disclose exact figures at this time, but we aim to proceed in a way that maintains our debt-to-equity ratio at a manageable level without significant deterioration.

Horio [M]: Understood. Thank you very much.

Yamamoto [M]: Thank you very much.

Nakayama [M]: Thank you. Mr. Kakiuchi from Morgan Stanley MUFG Securities, please go ahead.

Kakiuchi [Q]: Thank you for today. This is Kakiuchi from Morgan Stanley Securities. I have two questions.

Kakiuchi [Q]: My first question is regarding brand recognition. You showed us the data, and especially over the past 10 years, with the DUNLOP brand under GOODYEAR's control, we can see its Tier One position. I would like to know if you consider the brand's position within Tier One has decreased over the past 10 years.

Looking forward to the inclusion of Active Tread, I believe the impact will be significant. Could you share your thoughts on the dynamics of the change over the past 10 years and the expected major shift with the introduction of Active Tread? A qualitative insight would be appreciated.

Nishiguchi [A]: As shown in the recognition data, in Europe, GOODYEAR has continued to supply DUNLOP products to European luxury car, so brand recognition has not declined, which is reflected in these numbers.

Additionally, in Oceania, particularly in Australia, the DUNLOP brand has been actively promoted, and there is a strong and unique distribution network, the DUNLOP Super Dealer. Therefore, I believe the brand recognition in Europe and Oceania, especially in Australia, has not declined.

As I mentioned earlier, in North America, GOODYEAR focused primarily on its own products, and DUNLOP products were hardly available. Therefore, we do perceive that brand recognition in North America has declined. While consumer recognition has declined, the recognition of the DUNLOP brand among retailers and distributors remains relatively high. As I mentioned earlier, there are still stores that are eager to sell DUNLOP products if made available. I believe that as we gradually introduce more products, customer recognition will improve.

Finally, as Yamamoto emphasized, the collaboration with sports. In North America, we will be increasing exposure in tennis and golf, particularly through the PGA. Through these efforts, we believe the brand recognition in North America will make a strong comeback.

Kakiuchi [Q]: The positioning of FALKEN and DUNLOP is clearly differentiated, so I don't think there will be cannibalization. However, regarding the handling within retailers, is there any concern that FALKEN might be overshadowed or face challenges? Or should we not worry too much about that?

Nishiguchi [A]: Since the tiers are different, with DUNLOP now entering Tier One, which we haven't been able to do before, we don't foresee much cannibalization.

Kakiuchi [Q]: My second question is regarding the medium-term management plan review and growth strategy that will be released in March. While it's a bit premature to ask without seeing that, I believe the strategies will be reflected in the numbers. However, based on the progress so far, can we expect to see even more ambitious new initiatives or goals in the upcoming plan?

Regarding the growth strategy, for example, the Sensing Core was part of the existing strategy, but can we expect to see new strategies added that we haven't seen before?

Yamamoto [A]: I look forward to discussing various aspects during the Company-wide strategy presentation. Since the start of the new medium-term management plan in 2023, we have been steadily building the foundation for growth. The focus will now be on how to make the most of this foundation and help it bloom.

Additionally, new initiatives are emerging. For instance, we have recently developed a cancer cell adsorption kit, and this is one of the new research areas we have been exploring. Through our ongoing rubber research and development, we are seeing new business opportunities begin to take shape, such as innovations stemming from our studies on sulfur.

Therefore, while these initiatives are still in the early stages, they are part of our future plans. Although it's too early to quantify their contribution, we are including such developments as part of our broader strategy.

However, starting in 2023, we have focused on building the foundation for growth. The key moving forward will be how we evolve this foundation, provide new value, and leverage it to expand our business. This will primarily shape our future strategy.

Sorry, I can't provide too many details at this stage. My apologies.

Kakiuchi [M]: Thank you. I understand the timing, but I am looking forward to it.

Yamamoto [M]: Thank you.

Kakiuchi [M]: Thank you very much.

Nakayama [M]: Thank you for your questions. The time has come to an end. With that, we will end today's presentation. Thank you very much for your participation despite your busy schedules.

Yamamoto [M]: Thank you very much.

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Document Notes

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