



Sumitomo Rubber Industries, Ltd.

2035 Long-term Corporate Strategy Announcement

March 7, 2025

Event Summary

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[Number of Speakers]	4	
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Presentation

Hirano: Thank you for your patience. We will begin the presentation of the Sumitomo Rubber Group's long-term corporate strategy.

I am Hirano from the Public Relations of Sumitomo Rubber Industries, Ltd. and I will serve as today's moderator. Thank you very much for your cooperation.

To begin, I would like to introduce today's attendees.

Satoru Yamamoto, President and CEO, Representative Director of Sumitomo Rubber Industries, Ltd.

Yamamoto: I am Yamamoto. Thank you very much for your cooperation today.

Hirano: Next, Hidekazu Nishiguchi, Director, Managing Executive Officer.

Nishiguchi: I am Nishiguchi. Thank you for your cooperation.

Hirano: Next, Kiyoshige Muraoka, Director, Senior Executive Officer.

Muraoka: Hello, everyone. I am Muraoka in charge of manufacturing management. Thank you for your cooperation today.

Hirano: Naoki Okawa, Director, Senior Executive Officer.

Okawa: I am Okawa. Thank you for your cooperation today.

Hirano: Today's presentation will be made in accordance with the materials posted on our website. Long-term corporate strategy materials were distributed to those attending at the event. Please inform the person in charge in the hall if there are any discrepancies.

We will now explain our long-term corporate strategy. After the presentation, we would like to take your questions.

Now, Mr. Yamamoto, please begin.

Yamamoto: I am President Yamamoto. Thank you very much for taking time out of your busy schedule today to attend our information session. We would also like to thank you again for your understanding and cooperation in our PR and IR activities.

Today, I would like to explain our newly formulated long-term corporate strategy through 2035.

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2. Financial Strategy and Capital Allocation
3. Key Elements in Each Business
4. Strengthening Our Corporate Foundation

Today, I will explain in the order you see here.

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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.

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First, let me give you some background on the development of our long-term corporate strategy.

In accordance with the medium-term plan formulated in 2023, we have steadily promoted structural reforms and the creation of a foundation for growth businesses such as the development of active tread technology.

Furthermore, as recently announced, we have entered into an assignment agreement to acquire the DUNLOP trademark and other rights from GOODYEAR, which will enable us to develop the DUNLOP brand on a global basis.

We are also on track to achieve the management targets set forth in our mid-term plan ahead of schedule, and we have decided to use this year as a turning point to formulate a strategy that will clarify the path we should take over the long term, taking into account future changes in the business environment.

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01

1. 2035: Our Vision and Roadmap

First, here is our vision and roadmap for 2035.

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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.

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This is the thought that we put into our long-term corporate strategy "R.I.S.E. 2035."

The name expresses our intention to grow further in the future, including the meaning shown in the lower part of the page.

Rubber and analysis technical capabilities are the starting point for everything. In addition, we have created and nurtured a number of brands, including the globally unified DUNLOP brand, through our brand creation capabilities. Armed with these two strengths, we will continue to provide value that will delight our customers in a variety of areas including mobility, sports, medical care, and daily life.

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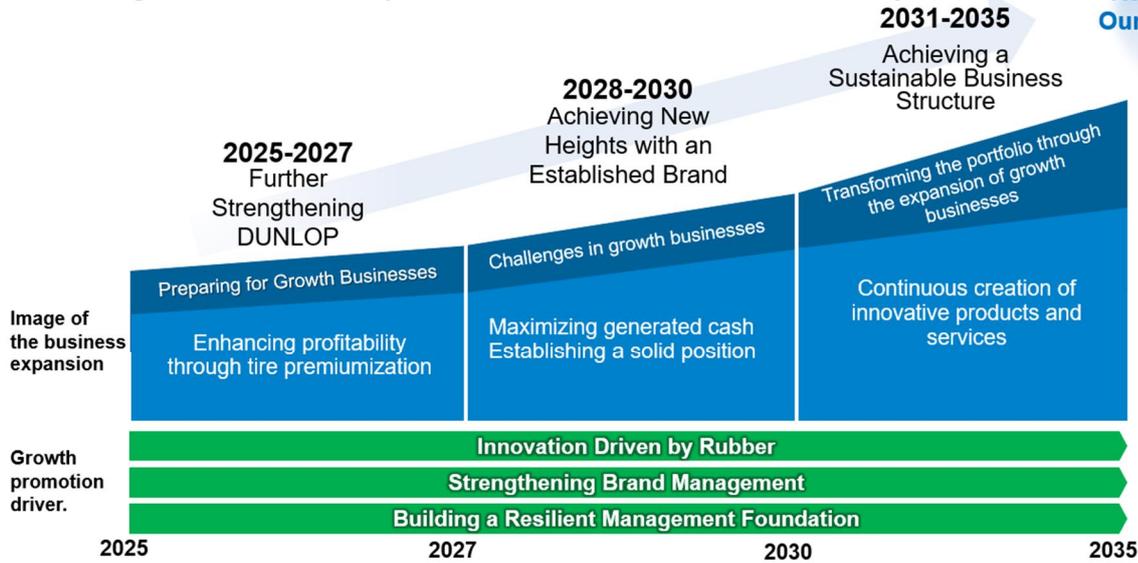
Roadmap for the Long-term Corporate Strategy



Our Vision for 2035

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

Realization of Our Philosophy



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Therefore, we have decided that our vision for 2035 is to continue to provide all people with new experiential value created from rubber.

This is the roadmap of our long-term corporate strategy.

In order to realize our vision for 2035, we will implement strategies based on three growth drivers.

By 2027, we will make DUNLOP even stronger by reforming our profit structure through tire premiumization and preparing for growth businesses.

By 2030, we will maximize cash generation, build a solid position in existing businesses, and leap forward with our established brand by taking on the challenge of growth businesses.

By 2035, we will achieve a sustainable business structure by continuously creating innovative products and services and transforming our portfolio through the expansion of growth businesses, thereby achieving our vision for 2035 and realizing Our Philosophy.

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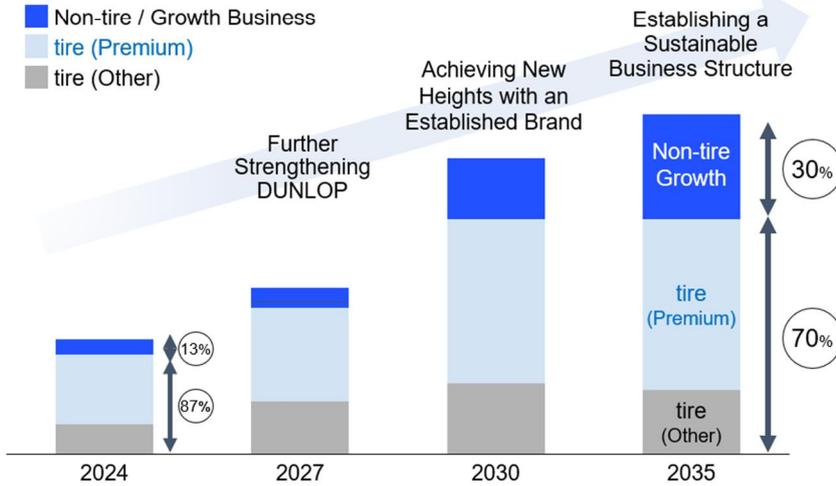
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Promoting tire premiumization towards 2030 and building new sources of revenue towards 2035.

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.

This is the transformation of the business structure that we are aiming for.

Toward 2030, we will focus on premium products in our mainstay tire business and increase the ratio of such products to more than 60%. The cash obtained from this process will be allocated to growth in new areas to build a new earnings pillar.

As a result, we plan to make 30% of our business profit structure from existing and growing businesses other than tires.

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



This section presents opportunities, risks, and responses in our business areas based on megatrends through 2035.

In the mobility field, while there is a risk of intensifying competition for general-purpose zone tires, there are opportunities in the premium tire demand, maintenance-free and solution businesses, and we will contribute to reducing environmental impact and further improving safety by utilizing our technologies.

In the sports/lifestyle area, there are opportunities for bio-pharmaceutical related products and digitally-enabled customer contact points to provide customers with peace of mind and joy through our industrial products and sports business.

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Our Unique Strengths



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

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What we need to do to respond to future changes in the environment is to make the most of our strengths.

Our strengths lie in our rubber and analysis technology, which we have cultivated over many years of business activities to create highly functional products through a value creation process that starts with rubber, and in our brand creation capabilities, which we have developed by launching and nurturing multiple brands that bring joy to our customers.

With these two strengths, we appeal to both the functional and emotional aspects of our customers and provide them with new experiential value.

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Vision for 2035

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

Growth Drivers for realizing Our Vision



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As I mentioned at the beginning of this presentation, this is the vision that we are aiming for in 2035.

Our mission is to continue to provide all people with new experiential value created from rubber. We hope that our products and services, created by our mastery of rubber, will bring you a new sense of value that is different from anything you have ever experienced before, and that you will feel joy, satisfaction, and peace of mind when you own or are involved with our products and services.

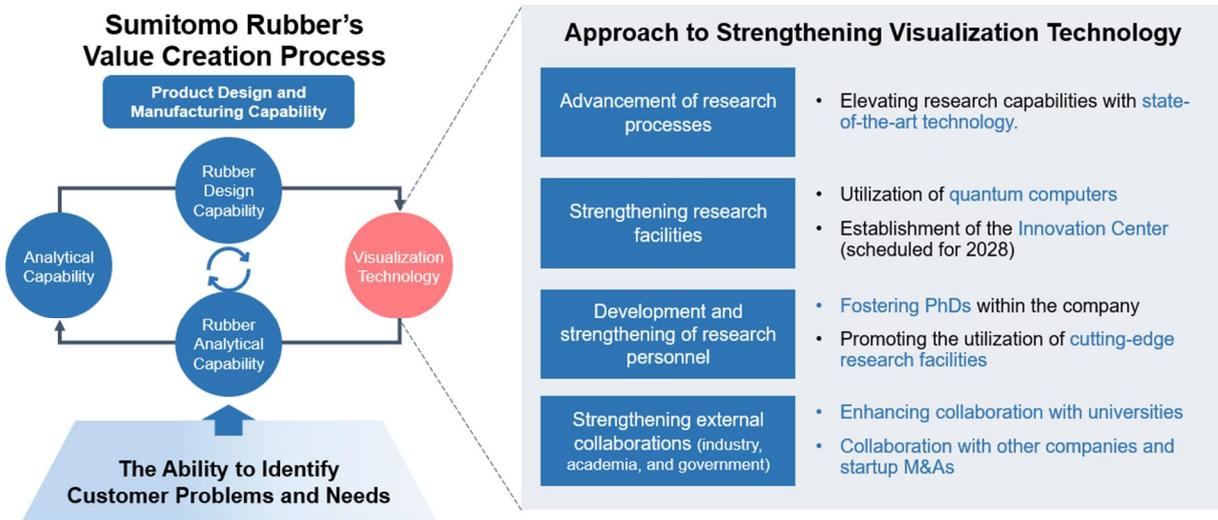
In order to realize this vision, we will promote the three growth drivers: creation of rubber-based innovation, strengthening of brand management, and establishment of a management foundation that is resistant to change.

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



We will then explain the three growth drivers.

The first is the creation of rubber-based innovation.

In the value creation process, which we consider to be one of our strengths, rubber visualization technology is a fundamental strength of our research and development. In order to thoroughly explore the potential of rubber, a material whose full potential has yet to be fully elucidated, we will develop high-functional rubber that creates new value by upgrading our research process, strengthening our research facilities, cultivating and strengthening research personnel, and strengthening external collaborations.

By 2028, we will further strengthen our efforts by establishing a new domestic Innovation Center to upgrade our overall R&D capabilities.

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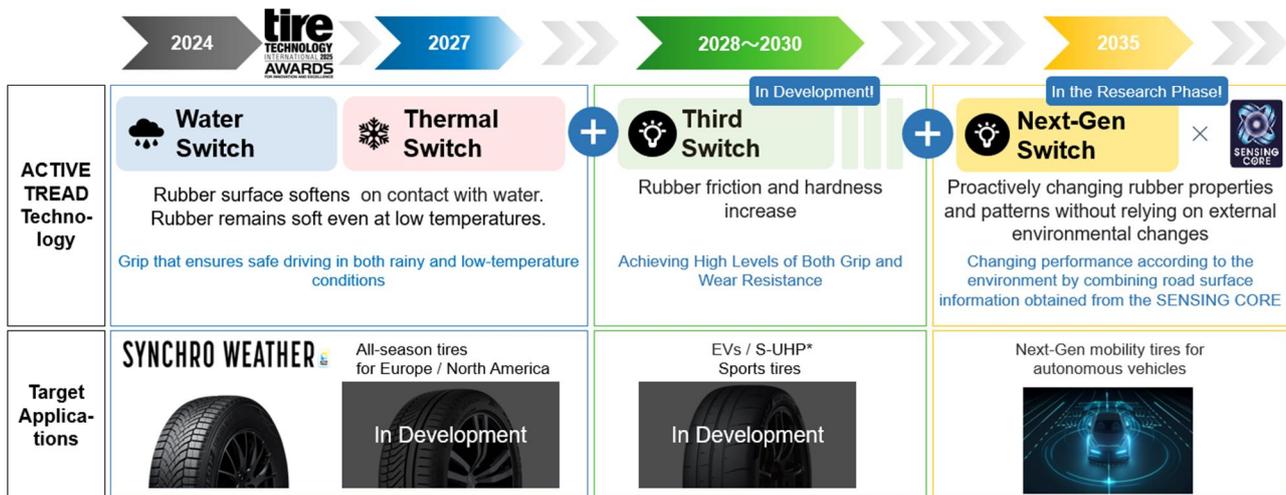
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Innovation Driven by Rubber: ACTIVE TREAD Technology



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.



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

*Super Ultra High Performance

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Another example of rubber-based innovation is our unique active tread technology. Active tread is a technology that was born out of the visualization of rubber, and in 2024, we launched a revolutionary new product, SYNCHRO WEATHER, equipped with this technology, which won the "R&D Breakthrough of the Year" award at the Tire Technology International Awards.

From 2028 onward, we plan to incorporate a third switch into our active tread technology as a material technology that will achieve both grip performance and wear resistance, etc. at a high level.

By 2035, we will continue to change the game in the tire industry by developing next-generation switch technologies that combine road surface information obtained from the sensing core to switch performance according to the environment.

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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

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Next, strengthening brand management.

With the acquisition of the DUNLOP trademark rights in Europe, the Americas, and Oceania, we will accelerate our brand management based on DUNLOP.

Specifically, we will unify the DUNLOP brand identity and make DUNLOP a communication brand. In addition, we have established a new branding center across businesses and regions, and will aggressively promote company-wide brand investment.

To strengthen brand management, we will work to maximize DUNLOP's brand value by integrating various brand initiatives in each business.

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

Maximizing the DUNLOP Brand Value



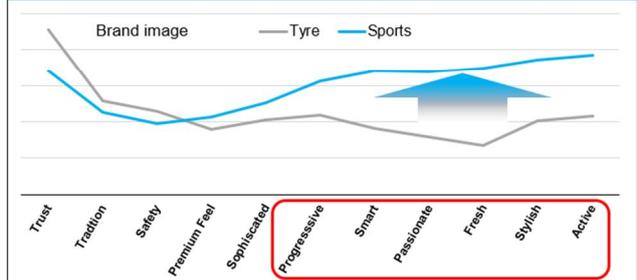
Creating Innovative Experiences



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)

In the tire business, in addition to the development of premium products, we will enhance brand trust through active participation in motorsports, raising brand favorability through a sports image in the sports business, and solving social issues through high value-added products in the industrial products business.

Our sports business also has an impression of youthfulness and coolness. We will spread this impression to other businesses as well, and the entire company will develop the brand into one that is loved by customers.

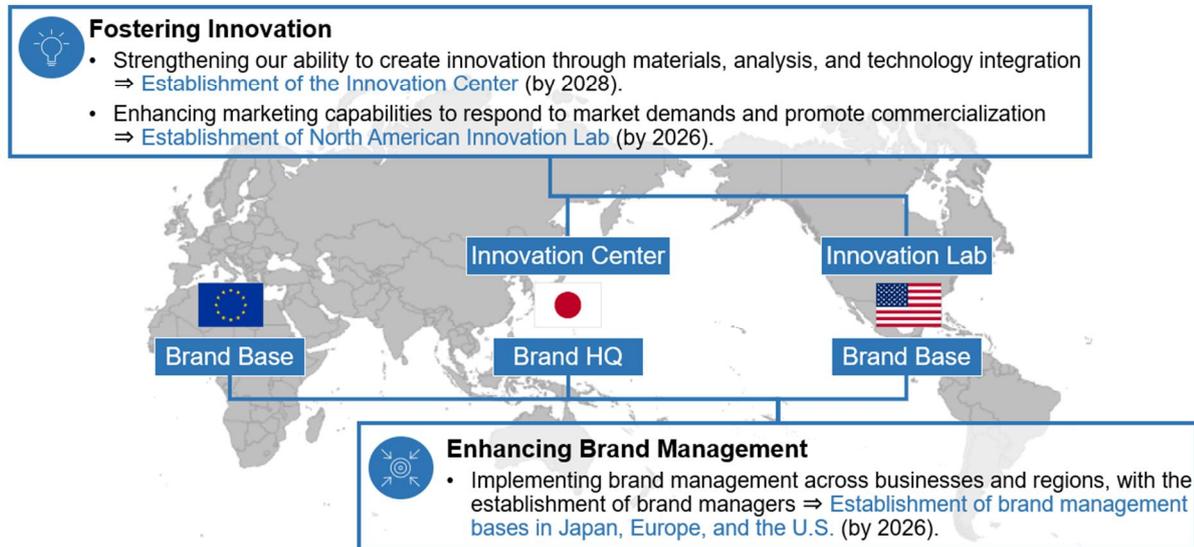
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Establishment of global innovation and brand bases

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



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To further strengthen innovation creation and brand management, we will establish new global offices to improve effectiveness.

In the area of innovation creation, in addition to the establishment of the Innovation Center in 2028, we will establish a new Innovation Lab in North America to strengthen our marketing capabilities to identify market needs and link them to commercialization.

In brand management, we will establish branding bases in Japan, Europe, and the US to practice brand management on a global basis.

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2. Financial Strategy and Capital Allocation

02

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Next, I will explain our financial strategy and capital allocation.

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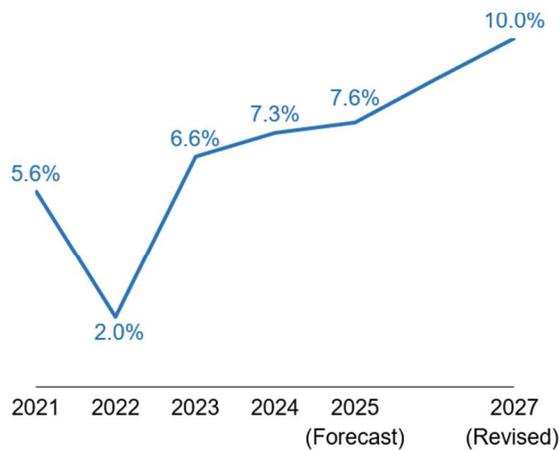
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Revision of MTP Target Values / Financial Outlook Toward 2035



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
Business Profit Margin	7.0%	10%	15%
ROE	10.0%	10%	12%
D/E Ratio	0.6	0.6	
ROIC	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%

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This is the revised mid-term plan target and financial perspective for 2035.

Regarding the initial targets for 2027, we have already achieved the business profit margin, D/E Ratio, and ROIC as of 2024. ROE is also expected to be achieved ahead of schedule.

In light of this situation, we are revising the 2027 target values in our mid-term plan. The company aims for a business profit margin of 10%, ROE of 10%, D/E Ratio of 0.6, and ROIC of 8%. We also aim to achieve 15% business profit margin, 12% ROE, and 10% ROIC target for 2030.

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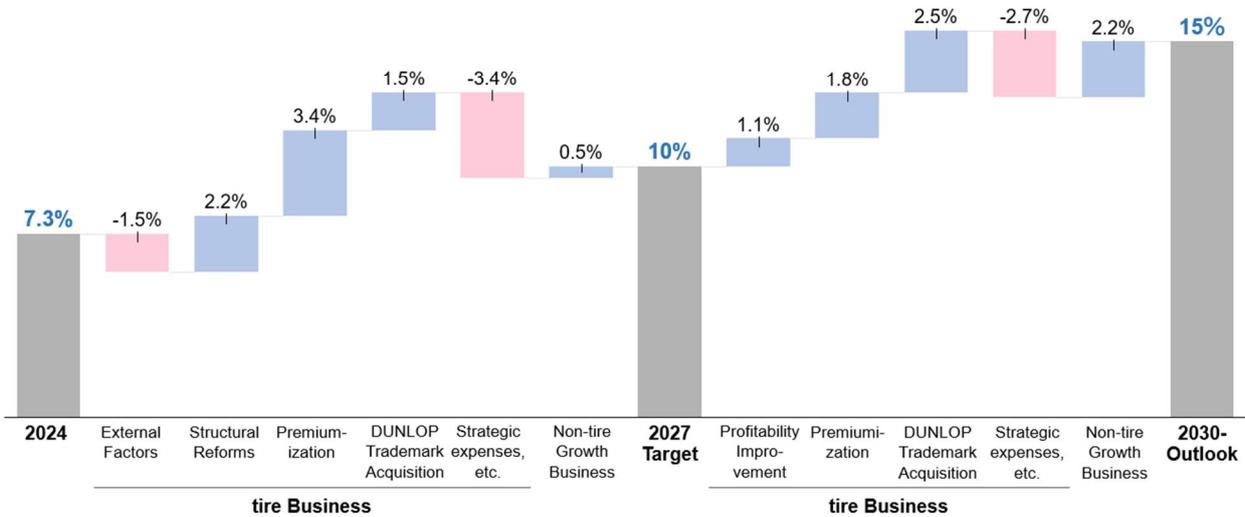
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Image of Factors of the Increase/Decrease in Business Profit Margin

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.



Here are the factors that will increase or decrease profits in the future.

We expect to improve profitability through 2027, thanks to the effects of the acquisition of the DUNLOP trademark, in addition to the structural reforms and tire premiumization that we have been working on.

For 2030, we expect premiumization through product expansion of active tread technology and increased profit generation from existing and growing businesses other than tires.

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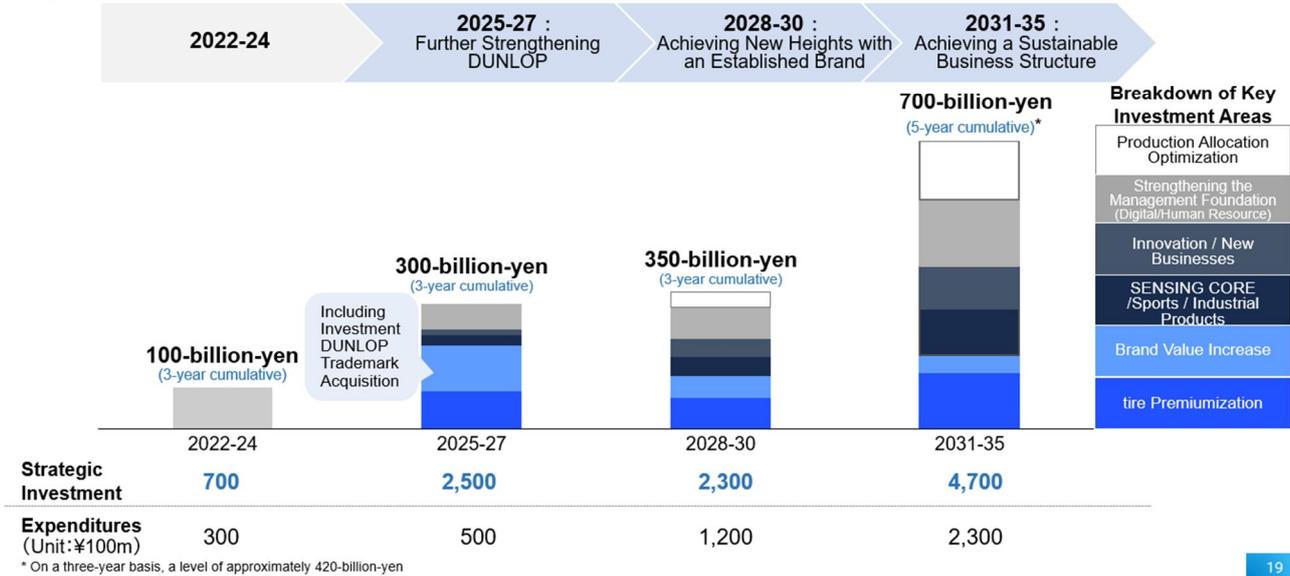
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Key Investment Areas for Achieving Growth



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.



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Next, we will focus on priority investment areas to realize growth.

Until 2027, the Company will focus on premiumization of its tire business, primarily through the acquisition of DUNLOP trademark rights and the use of active tread technology.

Until 2030, in addition to continuing the premiumization of tires, we will invest in growth businesses such as sensing cores and in the sports business.

Until 2035, we will continue to strengthen our investments in growth businesses and focus on creating innovative products and strengthening our management base, including digital and human resources.

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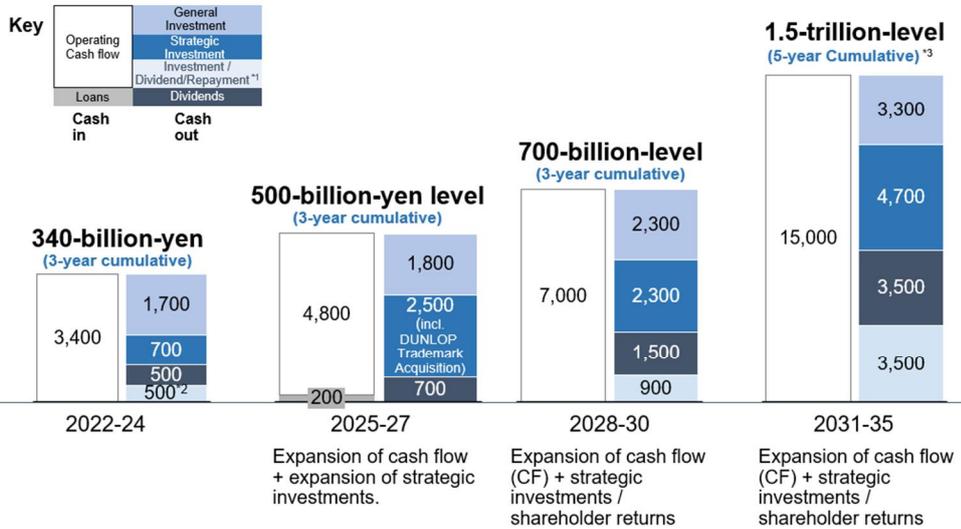
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Capital Allocation Policy



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

Based on the above, here is our capital allocation policy.

As shown on the right, our four main policies are to increase cash flow through growth, focus on strategic investments, improve shareholder returns with a new benchmark of DOE of 3% or higher and a dividend payout ratio of 40% or higher, and return profits to our business partners, local communities, and employees.

The increased cash flow in each period will be used for strategic investment expansion and stable shareholder returns.

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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
Business portfolio transformation	Premium tire ratio in tire business	40%	50%	60% -
Innovation Driven by Rubber	R&D investment ¥ bn/year	¥27.7bn	¥35bn -	¥50bn -
Strengthening Brand Management	Attractiveness of the DUNLOP Brand	Specific numerical targets are planned to be set in 2026.		
Building a Resilient Management Foundation	Employee Engagement Score			

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In addition to financial indicators, we also consider four non-financial indicators to be important in achieving our long-term strategy. Some of these activities are currently underway, and we will be finalizing and tracking indicators within the next year that will allow us to confirm effective progress.

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3. Key Elements in Each Business

Next, I would like to explain our efforts in each of our businesses to build a management foundation that is resilient to change.

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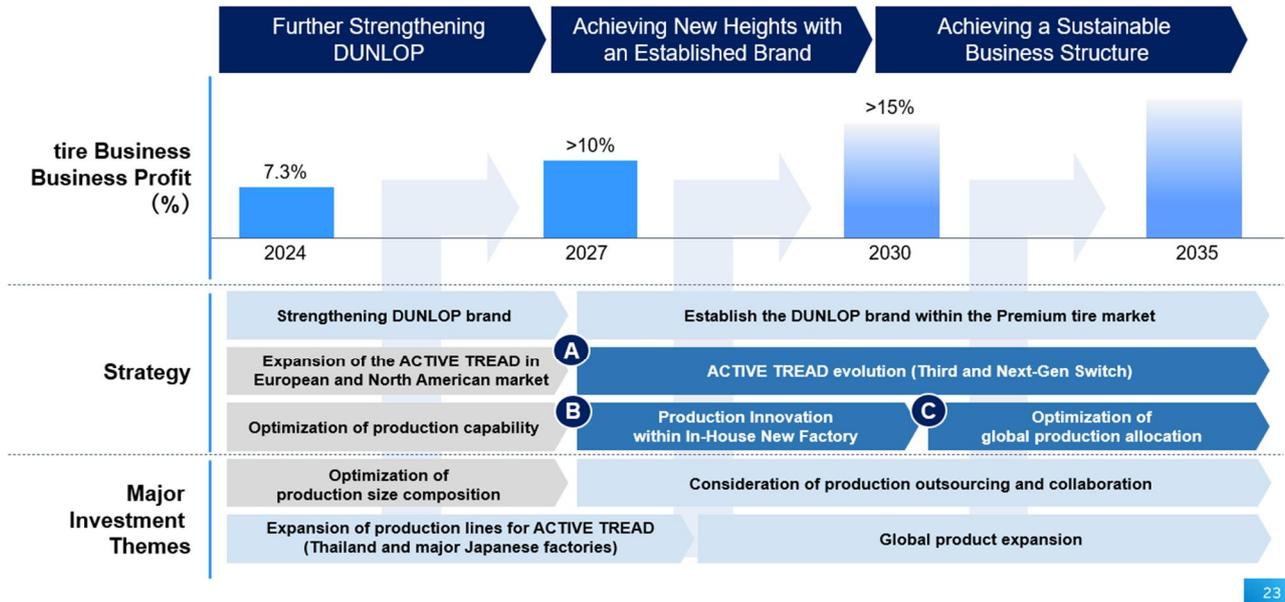
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tire Business Strategy



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.



First, our mainstay tire business. This is the overall picture of our business strategy, with business profit margin trends, specific strategies, and major investment themes listed from the top.

In our strategy, we will further improve profitability and increase business profit margin by making DUNLOP a core brand, introducing new products with our proprietary active tread technology, and optimizing production allocation on a global basis.

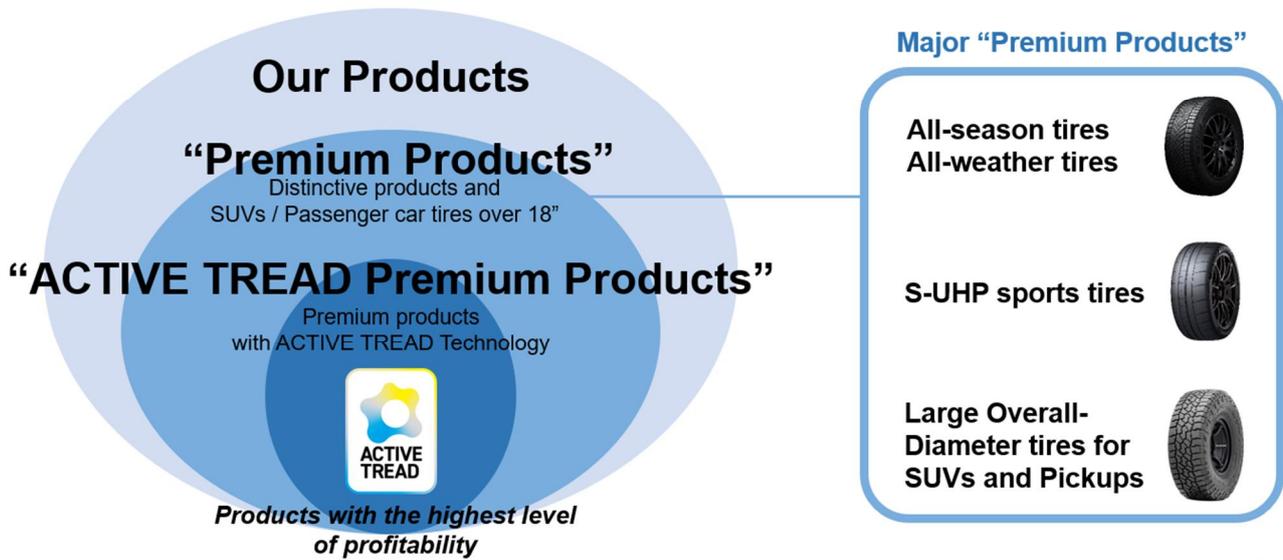
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While focusing on the consumer tire business, which is the source of profits, we will promote selection and concentration to secure revenue.



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Next, I will explain our product strategy, technology strategy, manufacturing strategy, and production allocation.

First, we have a product strategy.

The Company will focus on premium products in the consumer goods area as a source of profit. As key premium products, we will focus on differentiated products as shown on the right side and products equipped with our proprietary active tread technology. In other categories, we will promote selection and concentration by market, aiming for a highly profitable structure.

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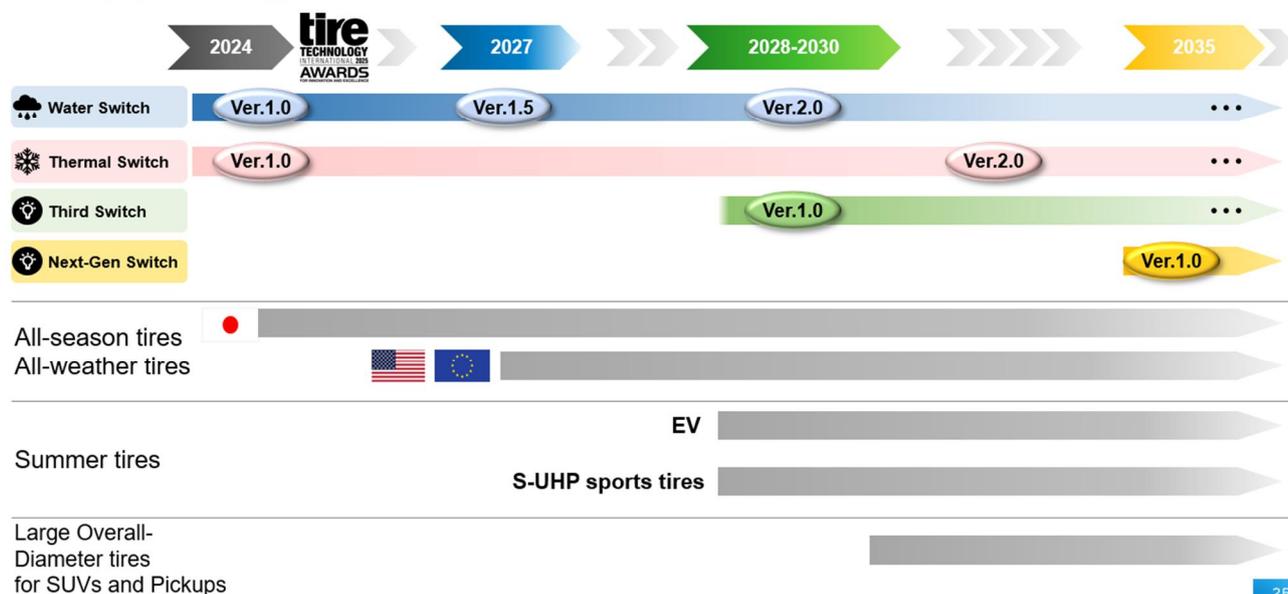
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A tire Business Future Expansion of ACTIVE TREAD Technology



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



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The roadmap for products equipped with active tread is here.

We will continue to evolve our active tread technology and introduce it into our products in turn.

In all-season and all-weather tires, we launched SYNCHRO WEATHER in Japan last year. In 2027, we will roll out tires incorporating further advancements to Europe and the Americas.

In summer tires, we will develop products for EVs with a third switch under development and ultra-high-performance sports tires from 2028 onward.

In large outer diameter tires for SUVs and pickups, we will aim for deployment in 2030.

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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	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	ACTIVE TREAD customized for European market in All-season and S-UHP tires
	Automaker	Passenger tires		New supply for premium cars	

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This is the product development in major regions.

DUNLOP will develop products utilizing active tread in each region.

In Europe, we will ensure entry into premium car models for original equipment market. FALKEN will focus mainly on large outer diameter tires for SUVs and pickups in North America and sport tires in Europe.

DUNLOP and FALKEN will develop products that meet the needs of each region by taking advantage of their respective characteristics.

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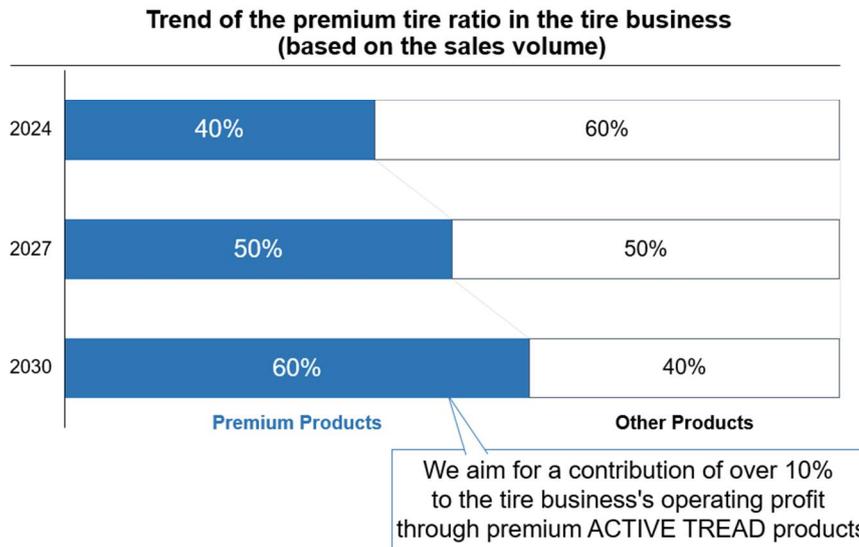


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tire Business Trend of premium tire ratio in tire business



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.



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This is an image of our consumer goods premium product composition ratio.

The premium ratio is expected to increase to 50% in 2027 and 60% in 2030, with active tread premium products to account for more than 10% of the tire business profit in 2030, through sequential sales expansion starting in 2024.

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tire Business Technical Strategy for Premium 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

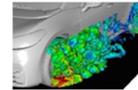
Design Technology "SDI* Platform"

Achieving high performance technology through common platform development

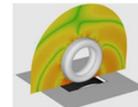


Development Process Technology "SDI Process"

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

*Sumitomo Rubber Development Innovation

28

Next is the technology strategy to realize premium products.

Compounding technology will further advance active tread technology.

In design technology, we develop platforms that are uniform, lightweight, and maximize the ground contact surface.

In the development process, we will realize more efficient development and resource saving through highly accurate performance prediction using AI.

Toward 2035, we will integrate these three technologies to achieve a significant reduction in rolling resistance and weight reduction, while contributing to the reduction of environmental burdens and a safe and secure mobility society.

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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

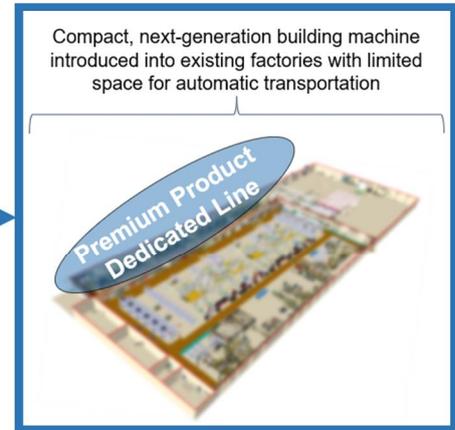


Seamless Automated Transport System

- 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



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Next, we have a strategy for manufacturing tires.

We will promote the In-House New Factory concept to develop and produce premium products. This concept is to renew some of the existing production facilities with state-of-the-art production equipment while maintaining current operations.

To achieve this, we will develop in-house the COMPACTIVE-TBM, a fully automatic molding machine that is 35% more compact than standard general-purpose equipment for passenger car tires.

Furthermore, the space created by the layout of compact molding machines will be utilized to achieve efficient operation and production management through seamless linkage with the automatic transfer system and the use of AI.

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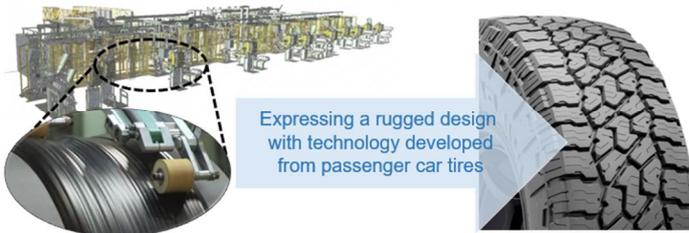
For large overall-diameter tires for SUVs and pickups, our unique technology and new manufacturing system achieves a superior exterior design, balance weight, and weight reduction.

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)

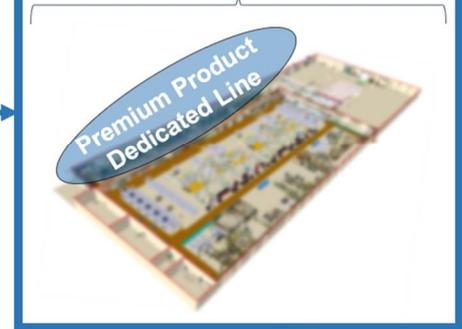


Seamless Automated Transport System

Data-driven Production Management

*Large Overall-Diameter

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



30

For large outer diameter tires for large SUVs and pickups, we will introduce the SUN-TITAN SYSTEM, a new manufacturing system that is an evolution of our proprietary SUN manufacturing system.

The strip-wind method, which has been developed for passenger car tires, achieves a high dimension of design, weight balance, and weight reduction.

We will sequentially introduce these molding machines and methods to our domestic and overseas plants to expand production of premium products.

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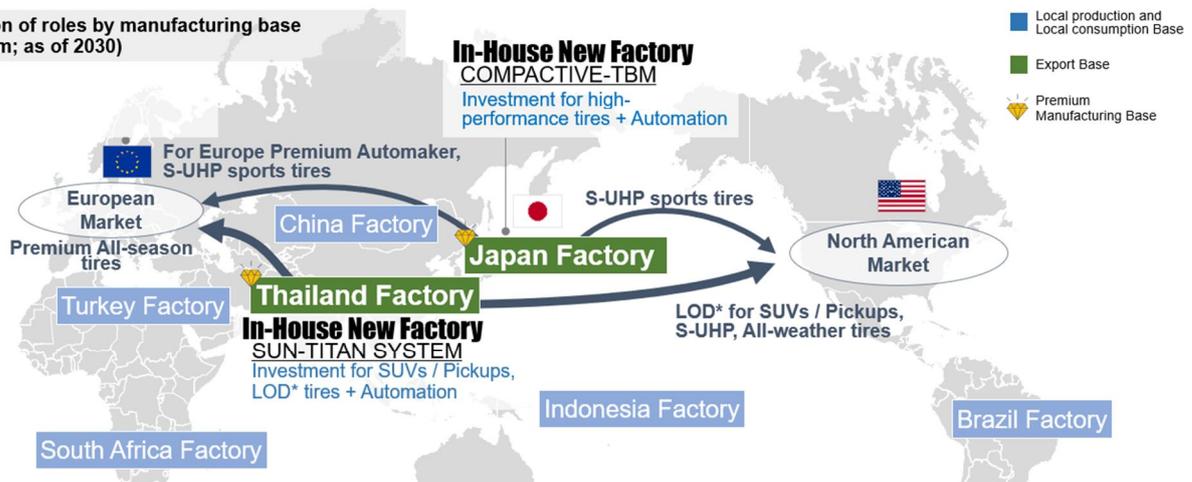
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© tire Business Production Allocation



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.

Definition of roles by manufacturing base
(Mid-term; as of 2030)



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

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Next is the production allocation strategy.

We will promote the In-House New Factory concept at our domestic and Thai factories toward 2027, and maximize the use of these factories as export bases for premium products. Other plants will continue to supply mainly through local production for local consumption.

In the future, we will consider reviewing our supply system for local production for local consumption, and will strive to optimize production allocation on a global basis.

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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

tire Load
tire Pressure
tire Wear
Wheel Detachment Warning
Road Condition
...

Standalone Type

Install the SENSING CORE in the in-vehicle computer to analyze signals and provide the detected information to the car and driver.



All functions are available

Cloud Install Type

Upload necessary signals from the car to the cloud, analyze them in the cloud, and provide feedback and share the detected information.



Easy to update and expand functions

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

Next, I will explain the business concept of the sensing core.

In the multipolar global market, we will implement strategies tailored to each area's automakers and fleets.

We will develop two business models, stand-alone and cloud-installed, with the aim of achieving business profit of JPY10 billion or more by 2030.

By visualizing the data obtained from tires with our unique analysis capabilities, we will expand the detection function of tire load, air pressure, wear, signs of wheel fall-off, road surface condition, etc., and contribute to businesses for automated driving and fleet management.

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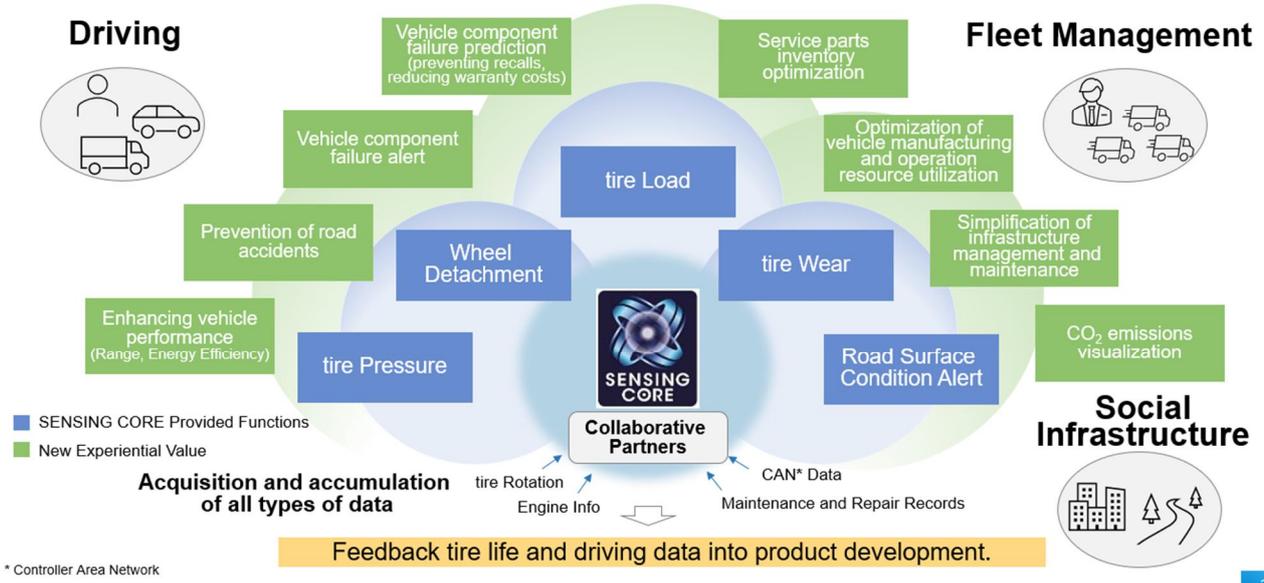
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SENSING CORE Expanding Value Proposition in the Future



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



This shows the expansion of value that we will provide in the future, centered on the sensing core functions.

While expanding and enhancing the blue-colored sensing core offering functions currently available, we will contribute to the evolution of the next-generation mobility society by providing further value in the driving domain, fleet management domain, and social/infrastructure domain.

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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

This is about our TOWANOWA concept.

By combining the tire business and sensing core business described so far, we will realize our circular economy concept, TOWANOWA.

We will support a sustainable future and mobility society by developing and promoting sustainable raw materials, promoting retreading and recycling, and expanding our solutions business by combining the data ring centered on data obtained from our sensing cores and the sustainable ring in tires.

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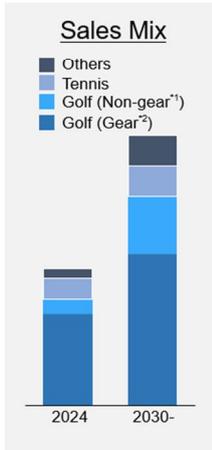
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Meeting customer expectations in various situations, pursuing the joy and excitement of sports, and becoming the frontrunner in enhancing the company's brand value.



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



Golf Business	Tennis Business	New Domain
<ul style="list-style-type: none"> Evolution of value proposition in line with changes in golfer styles Expanding business scope*³ and increasing customer touchpoints*⁴ Accelerating gear sales growth by engaging customers through digital marketing 	<ul style="list-style-type: none"> Branding investments through professional contracts and tournament sponsorships Achieving the No. 1 global market share in tennis balls 	<ul style="list-style-type: none"> Full-scale entry into the eSports business Entering new domains <p><i>Expansion into sports categories other than Golf & Tennis</i></p>

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).

Next is the sports business strategy.

We will be the front runner in improving the brand value of the entire company by meeting the expectations of our customers in various situations and pursuing the joy and excitement of experiencing sports, which is the essence of sports.

In the golf business, we will continue to evolve our value offerings in line with changes in playing styles, such as the increase in the number of off-course golfers. While positioning gear sales as the core of our business, we will expand the scope of our business to include the provision of services and software goods. We will realize the global top three by surrounding the expanded customer contact points with digital marketing.

In the tennis business, we will achieve the global top three by investing in branding through professional contracts and tournament sponsorships, as well as by achieving the number one global market share for tennis balls.

In new domains, we will build the third pillar of our business by, for example, starting full-fledged e-sports business.

In the overall sports business, we will expand our contacts with the DUNLOP brand to support the enhancement of the brand value of the entire company.

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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)

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Next is the strategy for the industrial products business.

Through the global development of high value-added products and the challenge of entering new fields, we will contribute to solving social issues in a wide range of fields around the world.

In the medical rubber business, we will strengthen the medical/healthcare area, and in the vibration damper business, we will diversify the vibration control and energy absorption area.

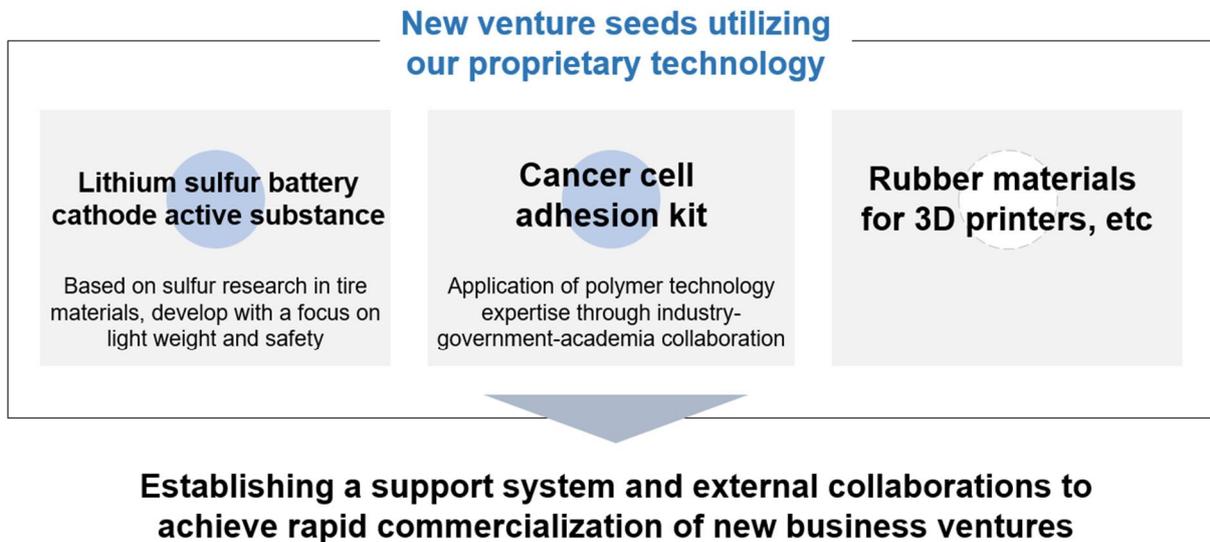
In addition, we will bring safety, security, comfort and joy to people's lives by expanding our product range and providing sympathetic products in our existing businesses.

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



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Next, I would like to discuss new businesses.

We will seek to commercialize our proprietary technologies that we have discovered through rubber-based innovations.

We will take on the challenge of entering new areas such as cathode active materials for lithium sulfur batteries, for which we are currently conducting research and development, commercialization of cancer cell adsorption kits, and rubber materials for 3D printer modeling.

This initiative will achieve speedy commercialization through the creation of a system to back up the challenge of new businesses and through collaboration with outside parties.

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4. Strengthening Our Corporate Foundation

04

Next, I would like to discuss the strengthening of the overall infrastructure.

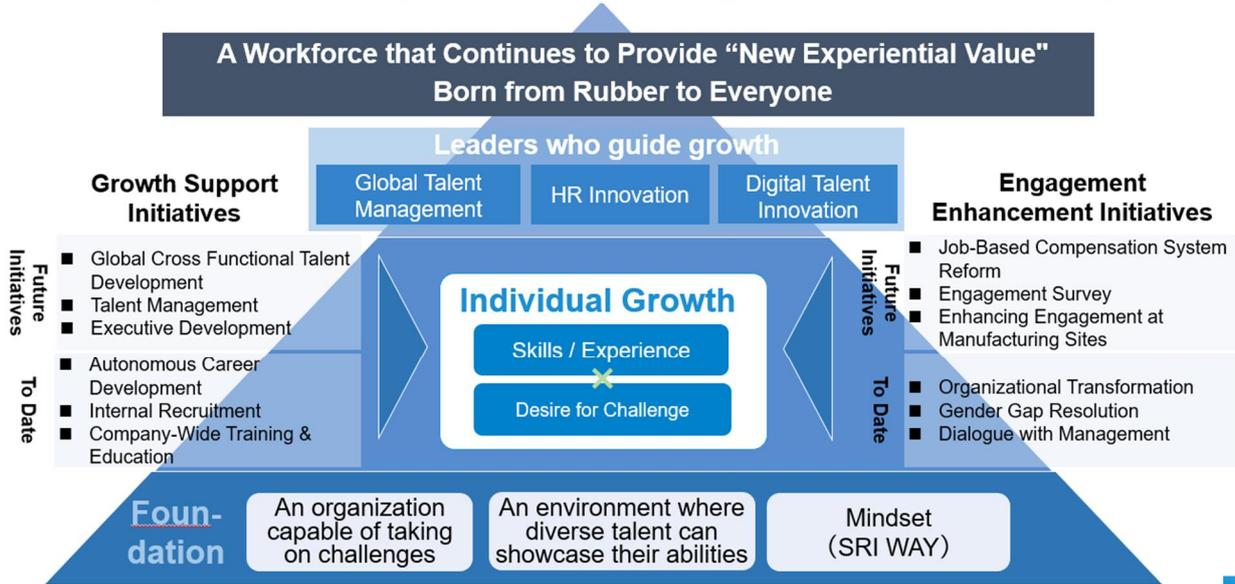
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Promoting initiatives to enhance performance, skills, and motivation to execute the long-term strategy, and creating a workforce and organization capable of strong commitment and bold challenges.



First, let me explain about human capital management.

In order to execute our long-term corporate strategy, we will implement various measures along with building human resources and organizational infrastructure as shown in the bottom line.

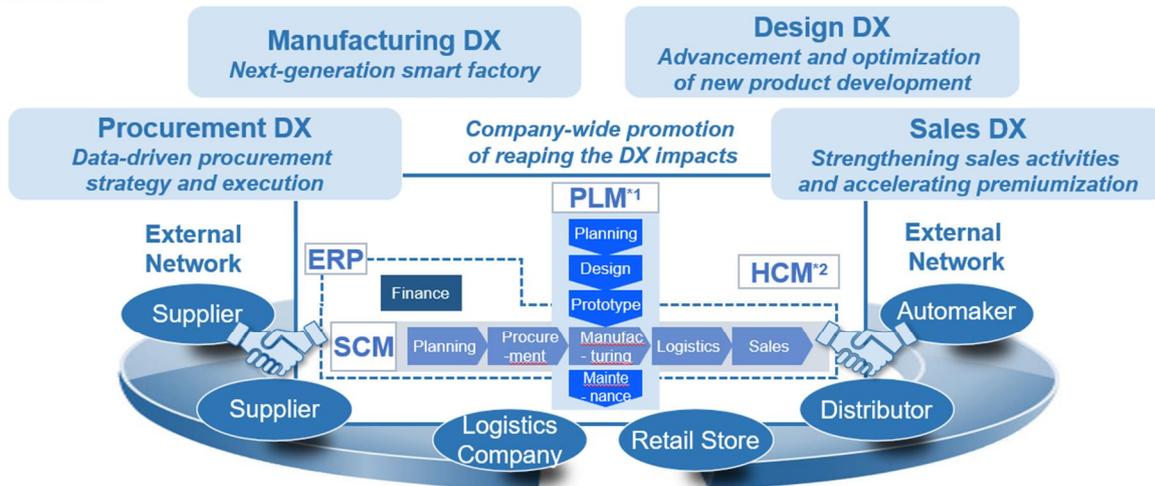
Through these efforts, we will create global management personnel who can exercise leadership in a multicultural environment, innovative personnel who can create new businesses, and digital innovative personnel who can promote decision-making and business innovation by making full use of data, in order to achieve our vision.

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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

Next, I would like to discuss our digital strategy.

By promoting DX in all initiatives, manufacturing, sales, and technology, and by linking data, we will accelerate technological evolution, new product development, optimization of global production systems, and cost reduction, and reap the benefits of DX investment.

In addition, we will develop DX human resources as a base.

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

Next, I would like to discuss sustainability management.

We value sustainability and will promote the long-term corporate strategy I have explained based on the seven materialities.

In climate change, to achieve carbon neutrality, we will take on the challenge of utilizing hydrogen and other next-generation energies to reduce CO2 emissions, in addition to the use of renewable energy.

In the circular economy, we will increase the ratio of sustainable raw materials by taking on the challenge of developing raw materials that utilize end-of-life tires with the aim of transitioning to sustainable raw materials.

We have already set targets for many of the various initiatives related to materialities, and we will continue to create social and customer value by closely monitoring these initiatives.

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- 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"

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Finally, this is our commitment that we set forth in this long-term corporate strategy.

We continue to be a game changer in the industry by providing everyone with new experiential value created from rubber.

We will continue to deliver attractive products and services to our customers by making DUNLOP our global core brand and strengthening our brand management.

We are committed to steady cash flow generation and strategic investment in growth areas, while expanding distributions to each of our stakeholders in line with our growth.

We will continue to create social and customer value and promote sustainability.

We will work as one to realize our long-term corporate strategy without slowing down the pace of change, and report regularly on our progress.

Through these efforts, we will realize our purpose as stated in Our Philosophy: Creating the best peace of mind and joy through innovation that opens up the future.

That is all I have to say. Thank you very much.

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Question & Answer

Hirano [M]: Now we would like to take your questions. I will take turns nominating those who attend onsite and those who attend online.

First, we will take questions from those who attend onsite.

Please note that due to time constraints, each person is limited to two questions.

Now, if anyone in the audience has any questions, please raise your hand.

Kimoto [Q]: I am Kimoto from TIRE SHIMPO. Thank you for your time today. I would like to ask two questions.

On slide 14, on strengthening brand management, you mentioned entering motorsports in the tire section. I would like to know if you have any challenges or anything specific that you would like to try in this area.

Yamamoto [A]: Thank you for your question.

Now that we can use the DUNLOP brand globally, we would like to promote the brand to our fan base, especially in motorsports, in the tire business globally.

We are currently in the process of considering the specifics, so I can't give you specifics right now, but we would like to take this opportunity to develop new strategies, such as providing support and focusing on certain races, in order to convey the dynamism and high performance of the DUNLOP brand in our motorsports activities. We would like to actively develop through various motorsports activities and opportunities to promote our brand.

Nishiguchi [A]: Let me add something, since I oversee the tire business.

Tires are very important, especially in the world of motorsports, and we are developing a new technology called sensing core as a growth business. The sensing core is a device that can determine what condition the tires are in and, by extension, what condition the road surface is in contact with the tires, with the data obtained from the rolling of the tires.

We are now working hard to apply this to the world of racing, especially in the Nurburgring race, which we participate as FALKEN, and we are currently conducting implementation tests over the next two to three years. This sensing core will allow us to see how the tires are doing at a distance of about 28 km per lap, whether they are showing signs of a puncture, whether the air pressure is decreasing, and what the temperature is like. We would like to incorporate this sensing core into the world of motorsports.

Then there is active tread. It is conceivable that the world of racing will also become EV-friendly in the future. I believe that we will be able to compete in motorsports with our own new strengths by making the third and next-generation switches I mentioned today, and by making racing tires in a new form. We are working very hard now.

Since Muraoka developed this, he will explain.

Muraoka [A]: If you say too much, this is going to be full of it.

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One is race-related, and active tread is in considerable demand. In Japan, if it rains, it rains only, but in Nurburgring and other events, the course is very long, so there are areas where it is raining and areas where it is sunny. We have requests to divert to these cases.

And another point is motorcycles. We are very sensitive to rain, especially when it comes to this kind of grip, so we would like to focus our efforts on two-wheeled vehicles as well.

I am sure there will be challenges because of this kind of technology, but I believe that only by winning in such a forum will the world recognize our strength, so we will do our best.

Kimoto [Q]: I heard a good story. Thank you very much. One more question, please.

On slide 15, you mentioned that the brand management centers that create innovation will be located in three locations in Japan, the US, and Europe. I would like to know more about the division of roles of each base and what they will do.

Yamamoto [M]: Nishiguchi will respond to this matter.

Nishiguchi [A]: I'm sure Muraoka will add more later, but with active tread this time, I could see that rubber really has potential. Even today, our engineers still say that the true nature of rubber is still unclear. I thought that perhaps this could be something even more amazing if we take it to the extreme.

Even in the "R.I.S.E. 2035" announced today, we will continue to provide new experiential value created from rubber. To this end, we would like to create centers in Japan, the US, and Europe for the analysis of rubber that drives innovation.

In this context, the role of each center will be determined from now on, but we would like to work with each of them in their own way.

Yamamoto [A]: Can we talk about brands? Thank you very much.

Now, anyway, we are going to develop our brand globally. It will be developed in a way that suits the market. Of course, we will keep the basic key elements of the brand.

First, we will firmly strengthen our brand organization, starting with Japan. Regional brand managers will be placed in Europe, the Americas, and Asia. We would also like to have them authority. Of course, there is a foundation for a global brand base. How can we develop on that basis? In a way that is appropriate for the local market, we would like to make the person in charge responsible for such things, and to proceed in a way that appeals to the market's needs.

We would like to have this function in place so that the person responsible for overseeing the entire project is also firmly in place and can manage the overall brand well.

As we mentioned earlier, the DUNLOP brand will be developed as a total brand not only in tires but also in sports, industrial products, and other businesses across regions and across businesses. We want to move forward with a solid brand management organization this time.

Kimoto [M]: Thank you very much.

Hirano [M]: Thank you very much.

Now, I would like to take questions from the audience.

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Mr. Sakamaki, please ask your questions.

Sakamaki [Q]: I am Sakamaki from BofA Securities. Thank you for your time today. Excuse me, I am an analyst, so let me confirm the numbers.

Looking at 2027 in this context, what are the sales and business profit figures on a consolidated basis, and what are the profit figures for tires in particular, based on your JPY83 billion plan for the current fiscal year?

Based on that, on page 18, in a bar graph leading up to 2027, you have introduced it in terms of profit margin, but if you don't mind, I would like to see a little more about what factors are expected to increase the amount of the tire business in 2027. And where in this graph is the effect of the spread of active tread included? Let me check the figures.

Yamamoto [M]: Thank you for your question. Now, I think you are still placing expectations in active tread. It is difficult to give detailed figures, but Okawa will answer this.

Okawa [A]: Thank you for your question.

I have the numbers, but I am now hesitating and glancing to the side, wondering if I should say them.

I can't go into detail about tire sales in 2027, but I can say that they are expected to exceed this year's company-wide sales. The business profit margin is also naturally above 10%. Beyond that, we have not made much of a point this time about the figures, especially sales figures.

As we have been saying for some time, we are promoting ROIC management, and our message to everyone is to focus on profit margins and not on sales volume, so we have not dared to give any figures. This is not to say that we won't tell you, but I would appreciate it if you could understand that and consider the situation as it is.

Nishiguchi [A]: I think you are asking how certain we are. There have been a number of issues recently, such as Trump's tariffs, that have not been without impact, but we did a thorough internal review before making the announcement.

As Yamamoto always says, our basic policy is to announce figures that can be achieved without fail, and to achieve them even if they are considered conservative. Okawa says he can't give specific figures at this time, so I won't either, but I believe that we will be able to achieve this rate with a high degree of certainty. We hope you understand that.

Yamamoto [A]: As Nishiguchi just mentioned, we have accumulated solid numbers. Among the numbers shown here, we have accumulated active tread numbers and other details, and we are confident that these numbers will be achieved this time.

We cannot say this individually, I apologize, but I think we have assembled a solid set of numbers that will make it happen.

Sorry, this is not an answer to your question.

Sakamaki [Q]: Thank you.

In addition, when we think about the next three years, you have closed Buffalo in North America, and you have finally acquired DUNLOP. In the scenario of active tread and other technologies, how much more competitive will you be compared to the past if you use factories that manufacture active tread and other products in-house? Are you seeing a positive response over 2027? In particular, I think it will be the effect of

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the premiumization mentioned earlier and the DUNLOP trademark attached, but if you have something more concrete to add to the picture, please let me know.

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

Nishiguchi [A]: On page 25, we have presented our strategy for active tread as much as we can, while being aware of the competition.

First, we have been offering all-season and all-weather tires with this water switch and temperature switch. The new all-weather tires are actually growing in North America. As you all know, in North America, all-season tires are used in the same way as summer tires in Japan.

When you go to the borderline in Canada, so-called studless tires in Japan, or winter tires are used. However, with the current climate change, in the northern part of such places, especially the Great Lakes in the east, all-season tires still cannot be used on snow-covered roads, and in the case of the US, the snow will be deep.

However, it is not necessary to go up to winter tires, and so-called all-weather tires are growing rapidly. It has been reported in foreign news that the number of these tires has grown to 10 million. A tire that comes right between summer and winter tires, which is exactly what the SYNCHRO WEATHER released in Japan is.

As we have announced in 2027, we will also launch this to Europe. The concept is to produce a tire that can run at 200 km/h on the autobahn over snow-covered roads in the Alps. Until that point, we will sell the first active tread.

The point is that this active tread will also be applied to the next, summer tires underneath. If anything, since we released it from all-season tires, it has a strong image of that, but in fact, it can be used for summer tires as well. The third and fourth switches will also play a major role in this, but we will also use these switches to clear high-grip performance, wear resistance, and rolling resistance when taking into account EVs, high-power vehicles, and sports cars. We are going to release these summer products.

Therefore, in terms of the strengths of active tread, as you have just asked, we would like to build DUNLOP's distinctive brand value in the all-season tires, and after gaining trust and credibility, we would like to expand this to the summer tires as well.

Yamamoto [M]: On the manufacturing aspect, Muraoka will add something.

Muraoka [A]: I am sure that many people will ask questions about this. First of all, I would like to express my gratitude to the media and analysts who are here. Before the launch of this technology using active tread, they have tried our products, and they have given us high marks for the media coverage for creating new value, not just different performance. Thanks to this, the same is still true in the market, and customers have told us that it is clearly different, and it is very well received in Japan.

This time, when we launch it in Europe and the US this time, we do not just want to promote this technology, but we want to aim for performance based on a firm grasp of the necessary needs of that market. As Nishiguchi said earlier, we don't want to expand this technology for everything, but still sell it at DUNLOP. We want to create something that is clearly different from other companies. This is a combination of technology and marketing, and by using the DUNLOP trademark there, we hope to win, especially where other European manufacturers are very strong.

Therefore, we are now working to create technologies that are to some extent suited to the market, and we have come up with a rough idea of what we should do for 2027.

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Another point is that when it comes to summer tires, there are still some additional factors, such as the severity and wear performance required for summer tires, so we are preparing the next switch for this, and the first stage of the project has been materialized.

We are currently discussing what level we should take this to for 2028, and by the time we release it in 2027 or 2028, I would like to explain this third switch, its concept, and how it has been finished, as well as our goals, to everyone so that they can understand that we have evolved again.

Hirano [M]: Thank you very much.

Next, joining us online, Mr. Yoshida from Citigroup Global Markets.

Yoshida [Q]: Thank you. Excuse me for asking online.

First, on page 18, the premiumization is 3.4% until 2027 and 1.8% after that. Could you tell us why premiumization is a major factor in H1? I think that the overseas development of active tread is more towards the latter half, so I would like to ask you to explain a little more.

Yamamoto [M]: Thank you for your question. Okawa will answer the first point.

Okawa [A]: Thank you for your question.

H1 is 3.4%, and compared to 2027, H2 is 1.8%, so based on the current situation, the premiumization will be more than 5%.

In particular, as I explained in the earnings announcement, the investment in Nagoya in Japan and the third plant in Thailand will take effect in 2026 and 2027, and we will reap the benefits of the premiums we are currently promoting.

In addition to this, we are now considering further investment in premiumization, as Nishiguchi mentioned briefly last time. We are also promoting investment in ultra-premiumization at different plants in Japan, which will result in an additional premiumization. Our current thinking is to firmly increase profits by 5% or more by 2030.

Yoshida [Q]: Regarding premiumization, since active tread will account for 10% of the total in 2030, is my understanding correct that the effect of premiumization in areas other than active tread will be quite large in the 2030 cross-section?

Yamamoto [M]: Mr. Yoshida, I'm sorry, could you repeat that?

Yoshida [Q]: Yes. If I'm wrong, I'm sorry.

On page 27, I believe it was mentioned earlier that in the 2030 cross-section, the weighting of business profit from active tread is about 10%. Premiumization in areas other than active tread will increase considerably in the future, in 2027 and also in 2030. You will be working from both sides. Is my understanding correct?

Yamamoto [M]: Nishiguchi will respond.

Nishiguchi [A]: First of all, on page 18, the premiumization is 3.4% by 2027, and 1.8% from 2027 onward, as Okawa just answered, and we are also planning to launch active tread in the US and Europe by 2027 for all-season and all-weather tires, so the effect of this is included here.

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In addition, we will expand the supply of high inch products other than active tread, as I mentioned the In-House New Factory concept today, and we will continue to shift to high inch products by 2027, so the output of these products will be included in 3.4%.

We are well aware that our business profit margin is still inferior to that of our competitors. We will add the part of premiumization I explained today, and bring it to 10% as soon as possible. From there, we expect the path to 15% to be slower, percentage-wise, than it was by 2027.

Also, in the section on the effects of active tread, on page 27, it says that we are aiming for 10% or more, but we are aiming for premium products to account for 60% of volume and at least 10% of business profit mix. We can certainly see a little more than 10% by 2030.

As for the path to 15% by 2035 that I mentioned earlier, we are still a long way off. So rather than being conservative, actually we are not including this in a way that is extending it. We believe that this will be more than just 10%, as we expect it to grow considerably when the product actually comes out and is well received.

Does that answer your question?

Yoshida [Q]: Thank you.

The other thing is on page seven, where you say that profits from non-premium tires will grow quite a bit for 2030. I think this means that from 2024 to 2027 you will see the effects of structural reforms, but is my understanding correct that from 2027 to 2030 you will continue with structural reforms, not to increase volume, but to also increase profits for general-purpose tires in the area of costs?

Yamamoto [A]: Yes, certainly. We still need to be cost competitive in the general-purpose area to be able to really respond. This general-purpose part will remain, so we will continue to focus on how to reduce costs in this area, as we are currently focusing on cost reduction activities throughout the Company.

Is that okay?

Yoshida [M]: Thank you.

Yamamoto [M]: Thank you very much.

Hirano [M]: Now I would like to continue with questions from the audience.

Maki [Q]: Thank you for your help. I am Maki from SMBC Nikko Securities. Thank you very much for your time today.

The first question is about the premise of the long-term plan. Although you mentioned earlier that you don't have sales figures, considering the external environment and other factors, there is still room for Asian tires to increase in the future, and China's market share is rising. In this context, I would like to know more about your view of the market environment and how you plan to increase your market share.

Also, you mentioned that you will improve the efficiency of supply capacity in various ways, and since you are also considering new local procurement, could you please explain how such things are incorporated as investments and expenses in this long-term plan?

Yamamoto [A]: Thank you for your question.

The environment in each market is changing, and the way to attack each market will vary. First, for North America, DUNLOP, which we have acquired this time, and then the utilization of the DUNLOP brand will take

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precedence. Furthermore, the Company will make sales on premium all-season tires while launching active tread in 2027, and then make a profit.

Although there are tariff issues in North America, and the market has been uncertain for the past few years, but basically, the market size is expected to expand over the long term. Therefore, we see it as an important market. At that time, as I mentioned earlier, it is the leading market for the DUNLOP brand, so we will launch our Sumitomo Rubber products first.

I think the key to this is how to add value to the set with the DUNLOP brand. FALKEN was able to raise its brand image and position to the Tier 2 level, even though it was still a short period of time.

In particular, WILDPEAK sales have continued to grow at around double digits since its launch. We have reached a point in the market where we believe we have reached Tier 1 products in the SUV and pickup zones, and we would like to make a firm move in this area.

We have been developing the FALKEN brand for the past several years, and I believe that our sales power and network of bases in the US has become strong. Of course, FALKEN is targeting national retail. Then there is our own network of 18,000 stores.

Very edgy or distinctive tires like WILDPEAK can be sold well at those stores. We have a system in place in North America that can assist in this effort, and we would like to utilize the channels we have established to firmly launch the DUNLOP brand and active tread.

In Europe, we will continue to receive off-take from GOODYEAR for the time being, but we will also be able to launch attractive products that incorporate our unique new technologies under the Tier 1 brand DUNLOP.

In 2027, we will be rolling out premium all-season tires with active tread in Europe, so we will first make a good profit in the market for replacement, with premium products centered on active tread under the DUNLOP brand.

Once again, this is going to be a revival, but I was involved in the marketing of premium vehicles for new car manufacturers in Europe for 10 years after I joined the Company, so I really felt the strength of the DUNLOP brand at that time.

Therefore, with the technical capabilities of Sumitomo Rubber, we will once again work to ensure that our products are installed in high-grade vehicles of new car manufacturers in Europe, while using technologies such as active tread, with the Tier 1 DUNLOP brand in Europe. This will help improve the image of the DUNLOP brand globally and lead to higher profits, so we would like to focus on activities targeting European vehicles.

I think that China is the most difficult country to deal with at the moment. We are looking at a variety of information on how China will change, and we are currently assessing what kind of factory and sales structure will be best for the future, while also obtaining information and considering future directions.

It is not yet the time to talk about specifics, but looking ahead to the future, we are very aware that this is a tough market for the time being. Chinese automakers are emerging from the ranks of Japanese automakers.

However, we were the first to market a tire specifically designed for EV replacement. We have received many offers from Chinese automakers to test our "e. SPORT MAXX" product, which has been well received by them, and we are actually making good progress with our business with Chinese automakers.

We are in the process of reconsidering how to build up profits here, and we hope to have another opportunity to talk about what direction China will take when it is decided next time.

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Nishiguchi [A]: To add a little more to your question about the external environment, in terms of the threat from Asia and China, page eight briefly summarizes the external environment that we have considered in thinking about the situation from now on.

When we achieved record profits in 2014, we were able to achieve growth in tire sales volume, which led to sales growth and profit growth, but after that, price competition with Chinese and Asian companies using low costs as a weapon became much stronger. We have to admit that, so in the long-term plan, we placed this as the biggest threat in the external part.

So, in terms of the profit composition on page seven, the profit from other tires at the bottom, which you can think of as general-purpose products other than premiums, would be very small. We no longer expect to see an increase in sales and profits from increased volume. We have created conditions based on this premise, so we are shifting to strengthening our premium routes.

And what do we think about supply capacity? See page 19. At the top from 2028 to 2030, in the white box, we have included a thin investment in optimizing production allocation. We are mainly putting this in 2031 and beyond, but until 2030, under the In-House New Factory concept that we announced today, space in existing factories will become available as the number of general-purpose products decreases, so we will be able to remove equipment and make investments to convert it to high value-added products.

New geopolitical risks, tariff risks, and the model of local production for local consumption are very important, so we have included new factory investments and large investments in these areas in the latter half of the ten-year plan, which is roughly 2031 or later.

Okawa will explain the investment.

Okawa [A]: As Nishiguchi just said, we would like to first make the investment in premiumization mentioned earlier until FY2027. This will allow us to concentrate on increasing profitability by increasing the proportion of premium tires.

In addition, from 2028 to 2030, we will promote In-House New Factories, and since there will be a shortage of workers in Japan in the future, we will also work on how to operate facilities with less manpower.

At that time, we will consider our premium tires, the reputation of our new tires, our global response, and where new investments will be made after 2031 and beyond. We haven't really made a decision yet, but we have to decide whether to go to Europe, the US, or invest in equipment that can be done really cheaply and labor-efficiently in Japan.

Otherwise, this figure will be a little short after 2031. As I just explained in the earnings announcement, the capacity utilization rate for FY2024 was 79%, and this year it is 84%. We know that if we continue in this manner, we will barely make it in 2030, so we will consider internally how we should work on this area from 2031 onward.

At that time, the Company's consensus was to build a truly labor-saving, state-of-the-art factory with the In-House New Factory concept.

Maki [Q]: Thank you for your detailed explanation.

There is one quick question about returns. Dividend payout ratio will be 40% or more and DOE will be 3% or more. I think DOE of 3% or more is not much different from 40% or more. What was your intention in formulating this concept of return? Also, could you please include what your policy is regarding share buybacks and the like?

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Yamamoto [A]: Thank you for your question.

We are now focusing our strategy on profit. We are also introducing ROIC management, being conscious of the cost of capital, and optimizing our portfolio. We are determined to earn cash, invest in growth, and return profits to our shareholders.

We have firmly positioned once again our dividend payout ratio as a guideline of 40% or more, and as we continue to increase profits, we would like to firmly return dividends to our shareholders based on this guideline, with a dividend payout ratio of 40% or more.

Then, we have set the DOE at 3% or more this time. We are still going to work on structural reforms within the Company, and will continue to work on structural reforms after this. Since there is a possibility that impairment losses could be incurred, or net income would be affected at that time, we have decided on this new policy so that we can pay out a minimum dividend of 3% or more for a new indicator to our shareholders who support us.

Okawa will explain.

Okawa [A]: Since I was the one who made the suggestion, I would like to explain it.

We have promised that structural reforms will be completed in 2025. However, there is nothing in particular at the moment, but as we continue to promote ROIC management, if there are structural reforms that we must complete, we will make a minimum promise in the dividend to gain everyone's understanding.

Basically, there is no problem because we are on a growth path, but if we happen to coincide with structural reforms at the same time and the dividend is lower even if we made promise for 40%, it would be bad for investors. So the purpose of the current proposal is to promise a minimum DOE of 3%. Please understand that this is just a line that we have created, and that if we do indeed have a further growth path in the future, this DOE standard may change again.

Maki [Q]: Thank you.

Incidentally, in terms of policy holdings, including those of major shareholders and various others, if something like a sale were to occur, do you intend to respond from among these? Could you update us on the current status of the discussions and policies in this area?

Okawa [A]: I can't give you specific names, but we are actually making progress. We will probably be able to disclose the information at a later date, but we are basically planning to use the funds for the DUNLOP acquisition this time, so we will digest the costs in that way, and if the DUNLOP is returned early in the future, we will have another idea. However, this time, even if such a situation should arise, our first priority is to use the funds for DUNLOP.

Maki [Q]: Is what you are talking about also included in the cash allocation on page 20?

Okawa [A]: It is not included now.

Maki [M]: I understand. Thank you very much.

Hirano [M]: Now I would like to continue with the online questions.

Ms. Ishikawa of the Kobe Shimbun, thank you for your patience.

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Ishikawa [Q]: I am Ishikawa of the Kobe Shimbun. Thank you for your explanation. I have two questions, but they are close questions, so I will ask at once.

First, I would like to ask about specific locations in Japan. The factories mentioned in the renewal of domestic factories, like the Shirakawa factory, have been decided, but the question is, where exactly is the innovation center?

Yamamoto [A]: Thank you for your question.

We have not yet finalized the location, so I can't answer, but we would like to establish a space for co-creation with external parties, in addition, of course, to our enhanced research, materials, and analytical functions. We want to set up opportunities and places where open innovation can occur.

Now that we have our headquarters in Kobe, we also hope to be able to do this more often. However, we have not yet reached the point where we can give specific details. I am sorry, Ms. Ishikawa, I cannot give you the location, but that is the purpose of our current discussions.

Muraoka will add a few words.

Muraoka [A]: We are having a lot of internal debate right now. As you say, when it comes to the form of a center, we are located in Kobe.

On the other hand, there is a lot of technology globally, so we are now discussing in what way we can take information on all the technology in the world and use it there. We would be happy to discuss this with you in the near future when the concept for this is finalized.

We are not just focusing on Kobe, but we are talking about how to make this innovation globally, and we would like to share this with you when we have a chance to unveil it.

Ishikawa [M]: Thank you very much.

Hirano [M]: Now, we have about 15 minutes left. If anyone in the audience has any questions, please raise your hand at this point. There are three of you. We have also received two more online questions, so there are five people left.

Now, the person in the frontmost.

Uchida [Q]: I am Uchida of the Nikkan Jidosha Shimbun. Thank you for your cooperation.

In capital investment, I would like to ask you about the In-House New Factory. I have a vague idea of the effect of the investment on the change in product mix, but if you have any quantitative indicators as to how much the production efficiency will improve specifically, please let us know. This is the first question.

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

Muraoka [A]: This is a little difficult to explain in total. This is because, originally, if a new factory were built, we could talk about the entire factory, but this concept is about how to efficiently develop front-line products, and the newest products are being put into the existing factory.

Naturally, what we are trying to target is a highly functional product, so there are not many lots available in the initial stages. Nevertheless, in order to provide this to you, the concept is to include these small items in a conventional factory.

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So, first, we have not yet set numerical target figures for achieving both in that factory. However, we believe that we can achieve a very significant reduction against other companies or against costs, as shown here, and that we can achieve a high level of performance in areas and outputs.

When we try to have a high-functionality position in the future, we would definitely like to be the first among Japanese factories to try the concept of being the first to offer it to our customers and to make the current conventional products at the same time.

Instead of building a new factory elsewhere and starting everything from scratch, we are targeting the renovation of a conventional factory, and we would like to start this concept now as the first step in our Thai factory.

We would like to expand this concept to include various domestic factories in the future, especially in the early stages of producing high-functional products that meet your requirements.

Uchida [Q]: I understand. Thank you very much.

In addition, in terms of new business, you have some candidates on slide 37. Is it correct to understand that these businesses will have an impact on the business goals on page seven of the slide, for example, a target of 30% for growth businesses other than tires by 2035, etc.? In that case, you have a figure of 30%, but the substance of the new business has not yet been clearly indicated, so how do you bring it closer to the target? Please let us know if you have any more specific ideas, etc.

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

Okawa [A]: As you pointed out, we believe that the new business is very significant in bringing the non-tire business to 30% of the total. Of course, we consider the sensing core that Nishiguchi is engaged in as a major pillar of this new business, and we have promised before to generate at least JPY10 billion in profit by 2030. We are also considering various other projects such as cancer kits, including M&A.

We believe that this will contribute to additional profits after 2030, and will have a positive effect, but the base is still the sensing core, which is what we expect the most, so I will pass the baton to Nishiguchi.

Nishiguchi [A]: If you look at this page shown now, the graph in 2035 is divided into 7:3. The new business is within the 30% of the total where we extend the businesses other than tires from a tire-centric structure.

Naturally, the current sports and hybrid business other than tires is roughly half of this 30%. The other half is the sensing core that Okawa mentioned. In addition, IMS or emergency puncture repair kits are actually quite modest, but we have the largest market share in the world. The market for this will grow considerably as well, since spare tires will not be loaded when cars are converted to EVs. So including this, about half of the 30% is placed in the so-called automotive systems business.

The cancer kits and other new businesses that you just asked about are still totally in the bud right now, so we are not placing a huge burden on them in the major project structure until 2035. We believe that we are still looking ahead for growth. Of the 30%, you can assume that existing sports, hybrids, and the sensing core, which is to be expanded, account for a very large portion.

Hirano [M]: Thank you very much.

Next, Mr. Saito of Nikkei Business, who joined us online. Thank you for your patience. Please ask your questions.

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Saito [Q]: Thanks for your help. I am Saito of Nikkei Business. Excuse me for asking online. I have two questions.

The first point on page 29 is about capital investment, In-House New Factory. Mr. Muraoka mentioned earlier that there is quite a significant reduction in the space required, so I would like to know if you have any specific figures on how much fixed costs or production costs can be reduced compared to a conventional factory, other than this 35% space saving.

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

Muraoka [A]: I cannot give you detailed figures, but the point is that if we were to make more and more new products in the future, for example, we would not just make them with a big conventional facility, but we would like to have a facility that can be improved over and over again, and this is something we have been thinking about in-house.

So, first, we are making it quite compact. Improvements can also be made after this.

We are thoroughly putting in what needs to be automated in various areas, and we believe that labor savings with regard to this automation will be considerable. As I said earlier, to create something new and to continue to improve further, which is the concept of this In-House New Factory.

Is that okay?

Saito [Q]: Thank you.

My second question is about the sensing core business concept on slide 32. In the case of automated driving, overseas companies such as Tesla and BYD are strong, and your company has a numerical target of JPY10 billion by 2030. To the extent possible, please tell us what you think of the sensing core's sales ratio in Japan and overseas, and where in particular, and for which manufacturers, you see room for expansion of sensing cores.

Yamamoto [M]: Thank you for your question. Regarding the sensing core, Nishiguchi will respond.

Nishiguchi [A]: We would like to take this sensing core to JPY10 billion in business profit in 2030. We have been announcing this for some time now, and I think we have become much more certain.

First of all, regarding your question as domestic and overseas, I think that the overwhelming majority will be overseas. Domestic sales will also follow, but in terms of scale and scope, the sensing core on the left is what we call a stand-alone type, or an inside model. In the case of models installed on new cars, we will focus on overseas European and US automakers.

The cloud-installed type on the right can predict failures of parts other than tires based on the data it generates, as we are collaborating with Viaduct Inc. this time. We can predict tire failure. The two together will largely capture the fleet management system company's place to expand the total downtime prevention business. I believe this will largely be overseas as well.

Basically, we are developing this sensing core overseas, and also in Japan, we are approaching a Japanese auto manufacturer that has been a great help to us, whose names we cannot mention, but we have been developing the product while asking them to teach us various things.

Is that okay?

Saito [Q]: Thank you.

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In terms of stand-alone and cloud-installed types, do you think that the former will have more room for expansion in 2030?

Nishiguchi [A]: I actually rode in a self-driving car made by a certain manufacturer in the US, and I was surprised at the level of perfection. The car is now running automatically with a complete understanding of its surroundings using cameras, LiDAR, GPS, and millimeter wave radar. When the sensing core is included, it can see what conditions the car is in at night, in bad weather, or in a tunnel, including road conditions.

If it is raining, the driver is not there, and the car needs to slow down, the data obtained from sensing cores other than cameras can be used as insurance. In this sense, our vision is to expand these areas, including overseas.

Saito [M]: Thank you. It was very helpful.

Hirano [M]: So we have two people left from the venue and one from online.

The person in the middle of the second row, thank you for your patience. We will bring the microphone now.

Yamashita [Q]: I am Yamashita of the Kagaku Kogyo Nippo.

I would like to ask about active tread technology. First, regarding the evolved version of the all-weather tire with active tread that will be introduced in Europe and the US in 2027, how will this version 1.5 improve the water switch? Also, regarding the third switch and next generation switch, I understand the third and next generation part, but can you give me some more hints as to what the switch actually is?

Yamamoto [M]: Thank you for your question. We are very happy to hear of your interest. Muraoka will respond, although this is as far as we can go.

Muraoka [A]: The version 1.5 is for Europe and the US. I think there was a question earlier from [Inaudible], but the requirements are still different. Toward that end, we are thinking of releasing the 1.5 version that evolves the functions of the switches we previously released in Japan for the Western market.

Also, as for the next one, I initially wrote it, but in the end, this time we can't announce this yet, to be honest, but as a concept, we are already thinking about what we will actually do as a switch.

The big difference between the third switch and the next generation switch is that up to the third, when there is certainly a change in the environment, this will change accordingly. For the next generation switch, of course, there is a lot of information already coming from the world now. Based on that, we are wondering if we could make a switch that would allow us to address that in advance. It's a little difficult to describe.

For example, when it rains, switches used to change with water when wet, but now we are in an era where information about rain falling 100 meters away is available, so if that is the case, we should consider switches accordingly. In this regard, we would like to consider the next switch based on various types of information by combining sensing cores and the like.

Some of the materials have been found at the concept stage, but the major difference with these next-generation switches is that it is in the question as to whether the concepts themselves are truly valid. Up to the third, to some extent, the concept, materials, and methods have been decided. I hope you understand that the next generation is challenging to see if the concept itself is really possible.

I will report back when I have the opportunity to say more about the third switch, so please stay tuned.

Yamashita [M]: Thank you very much.

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Hirano [M]: So, the last one online.

Mr. Ishimoto of Nomura Securities, please ask your questions.

Ishimoto [Q]: Thank you for all your help. I am Ishimoto of Nomura Securities. I have one question regarding sports.

On page 35, you have summarized the sales composition on the left side. As we can see here, sales will double from 2024 to 2030 and beyond. Then, in the profit image on page seven, about half of the new and growing business is from sports, so I think you are projecting JPY30 billion or something like that. What kind of image do you have?

In addition, I believe that synergies with the tire business were promoted quite well this time, so I would like to know what kind of synergies you are thinking of.

Yamamoto [M]: Thank you for your question. The figures on page 35 are the composition of sales. Is that okay?

Ishimoto [M]: Yes, that's fine.

Yamamoto [M]: Is it correct to answer how we project that?

Ishimoto [M]: I would appreciate it. Thank you.

Yamamoto [A]: Right now, we are looking to firmly expand our sports business domain. Now, especially in North America, the style of golfers is changing, as you can see here in the first explanation. Off-course golfers, golfers who do not go to the golf course are increasing. In North America, this ratio has already reached about 40%, and we believe it is very important to have a point of contact with this. We believe that by creating a solid point of contact here, we can shift the focus toward gear sales.

In the case of golf, of course, gear sales are firmly positioned at the core of our business, and we are now on a path of expansion, including contracts with professionals and their activities. From now on, we will utilize M&A, etc., while firmly establishing our services and soft goods, and from there, we will expand our points of contact with customers. We will use digital technology to connect with them, leading to the growth of gear sales. We would like to expand our sales in this way.

In terms of competitive advantage, we are now developing the XXIO brand for amateur golfers at a different point from the professional market, and it is positioned as a premium product in a niche market. We are also developing the brand among seniors and women, not only in Japan, but also in Korea and the US, and by increasing our global market share, we will generate sales and profits.

We would like to increase sales in the sports business through such extensions and new initiatives.

I hope this answers your question.

Ishimoto [M]: Thank you.

Nishiguchi [A]: The synergy with the tire business is shown on page 14, but we also heard about it. When we got DUNLOP back this time and asked the heads of the sales companies in Europe and the US, they said they wanted us to collaborate with sports.

There are a lot of big names in the tire industry, so when we regained DUNLOP and asked how we could rebrand it, the voice on the field was that they wanted to do it with sports.

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Our DUNLOP balls are a big part of the tennis at the Australian Open in Australia, and in Europe, it is still sponsorship with Tennis at Wimbledon. And in North America, it is the sponsorship with golf. This is how we want to create a sports image, and as you can see here, the tires are usually the image shown on the gray line. Heavy, traditional, or technologically advanced, these are the images that can be said of tire makers as a whole, and sports have the image shown on the right.

As for EV cars that will grow in the future, the main buyers now are young people, and women are also buying EVs very much. To capture new consumers, we rebrand DUNLOP with a sports image.

It would have been difficult to make such a large investment in sports alone, even in terms of segments within our company, but now that we will be working together with tires, we will be able to make bold use of the sport by investing in this DUNLOP brand in both, and I believe that the synergy with tires is significant.

I hope this answers your question.

Ishimoto [M]: I understand very well. Thank you very much.

Hirano [M]: Thank you very much.

The last question. Thank you for your patience. Mr. Horio in the front row, please ask your questions.

Horio [Q]: I am Horio from the Nikkei. Thank you. First, I would like to ask you about your thoughts on the current mid-term plan and long-term corporate strategy, and second, I would like to ask you about the figures.

The first question. You have been promoting various structural reforms, and now you have formulated and announced your mid-term and long-term plans. I would like to start by asking you about your thoughts on what stage this starting line will lead to for Sumitomo Rubber, and how you are positioning it.

Yamamoto [A]: Thank you for your question. I would like to share a few words with you, including my thoughts.

We have started the current mid-term plan in 2023, and as we move forward with the plan, the entire company is strongly committed to ensuring that we will accomplish what we have promised our stakeholders. We are now moving forward with our mid-term plan with a firm common understanding throughout the Company.

There are three key points. First, our main focus has been to complete structural reforms, including the closure of our plants in North America, our growth strategy, including the commercialization of active tread, and the recovery of our current business performance, including the figures we have presented to you, as well as our actions. We believe that we have made steady progress in this area.

As a result, the numerical target for 2027 is also in sight to be achieved ahead of schedule, as I explained earlier. Then, we were able to buy back the DUNLOP brand in Europe, the Americas, and Australia, which we had longed for. The sports business already utilizes the DUNLOP brand globally. Now that we are able to expand our tire business and our four-wheel business on a global scale, we would like to go on the offensive from here.

We have had many discussions internally. Over the course of a year, the directors led company-wide discussions on what kind of company Sumitomo Rubber will grow into after the completion of structural reforms and what kind of company we want to become. Last year I visited 12 offices twice a year, and I have been working hard with my fellow employees to discuss what kind of company we want to be, and what we need to focus on now to change to make Sumitomo Rubber comfortable to work in. We were able to incorporate all of these elements into our new Long-term Corporate Strategy.

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Another is that as we look ahead to 2035, various market characteristics will change. The economic situation and other factors are changing, and we have been discussing back casting to ensure that we are looking ahead to future trends and to clarify the path we will take in the long term. We believe that we have completed a long-term corporate strategy that is strongly rooted in our company's aspirations.

Now that we have the DUNLOP brand, a Tier 1 brand, we will firmly join the ranks of global Tier 1 manufacturers and shine with our own unique brilliance in the future. The idea behind this strategy is to become a reliable Sumitomo Rubber that can offer peace of mind and joy to our customers around the world.

Horio [Q]: Thank you very much.

The second question. As Managing Executive Officer Nishiguchi mentioned earlier, you have set a target of 10% business profit margin in 2027, and 15% in 2030 to 2035. Executive Director Nishiguchi also mentioned that the figures to date are still inferior to those of the competition, and that the current figures are based on this recognition. You also mentioned that you must achieve these figures, and I would like to ask you how you evaluate these figures. Also, in the midst of this achievement, you mentioned earlier that your global market share is currently 6th place, but how do you see the future?

And related to the DUNLOP brand, on page 19, I think there is a section about improving brand value. In the three years through 2027, when you plan to make DUNLOP even stronger, what kind of investments are you planning to make in particular to strengthen them, for example, sales channel or sports, as you mentioned earlier?

Nishiguchi [A]: First of all, with regard to the profit margin, as I answered in my explanation today, I believe we can achieve it ahead of schedule in 2027. If we look at the competition today, some of the best-known names have double-digit profit margins. So this finally puts us on track to certainly achieve this, albeit belatedly, in 2027.

The overall 15% after 2030 is for the entire company, so it is actually a bit higher for tires. As for tires, we are using active tread as a weapon, and although we are now modestly writing that it accounts for more than 10% of our overall business profit, I believe that how much we can raise this figure beyond will depend greatly on the reputation of the new active tread tires that we will release in Europe and the US in 2027.

However, we are putting in the active tread for 2027 and beyond very conservatively because the future is still unpredictable. As for your question about our commitment to the figures and the accuracy of the figures, I hope you will think of them as figures based on our commitment to trust and certainty.

I believe that the targets we are pursuing will continue to rise, and although it is not good enough for us to be the only ones to gain profits, we will do our best to achieve benefits for all three sides.

You mentioned the 6th place, but this is a very subtle point. The top three or top five are something to be proud of, and that's fine, but as I said along the way, I think the days of chasing after volume and earning sales and profits are over. I would like to make it in such a way that the value of the company increases, not by the size of sales, but by the real rate of sales, the amount of business profit, and the quality of the policy of giving back to everyone.

As for the investment part, this is misleading, but up to 2027, the investment cost of acquiring DUNLOP this time is included. Therefore, with a significant portion of that included, I think it would be better to see the DUNLOP brand investment as being in the same range as in 2028 and beyond, not in the sense of using it all at once until 2027 and then a little less.

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Also, we believe that we need to rebrand, so we are investing in the areas where GOODYEAR used to do business, especially in Europe, with regard to our sales channel policy, including various hazards and other aspects.

In addition, we have made significant investments every year in advertising in our business plan, because we believe it is difficult to revitalize a brand, not to mention to produce good products. Therefore, we plan to include the 4P policy in our efforts to fulfill the rebranding by using what we have to use.

Horio [M]: Thank you very much.

Hirano [M]: Thank you for your long time.

This concludes the presentation of the Sumitomo Rubber Group's long-term corporate strategy.

Thank you very much for taking time out of your busy schedule to join us today.

Yamamoto [M]: Thank you very much.

[END]

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