



Sumitomo Rubber Industries, Ltd.

Financial Results Briefing for the Fiscal Year Ended December 31, 2025

February 12, 2026

Event Summary

[Company Name]	Sumitomo Rubber Industries, Ltd.	
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[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the Fiscal Year Ended December 31, 2025	
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[Date]	February 12, 2026	
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[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	7	
	Satoru Yamamoto	President and CEO, Representative Director
	Hidekazu Nishiguchi	Director, Managing Executive Officer
	Naoki Okawa	Director, Senior Executive Officer
	Yasuaki Kuniyasu	Director, Senior Executive Officer
	Hitoshi Hino	Executive Officer
	Takeshi Asakura	Executive Officer
	Shinji Araki	General Manager, Accounting & Finance Headquarters
[Analyst Names]*	Kazunori Maki	SMBC Nikko Securities
	Shiro Sakamaki	BofA Securities
	Arifumi Yoshida	Citigroup Global Markets
	Shinji Kakiuchi	Morgan Stanley MUFG Securities
	Tairiku Sakaguchi	Mizuho Securities

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Kenji Kanai

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*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Inoue: Ladies and gentlemen, thank you for your patience. We will now begin DUNLOP's Sumitomo Rubber Industries, Ltd. financial results briefing for the fiscal year ended December 31, 2025.

I am Inoue from the IR Department, and I will serve as today's moderator. Thank you.

First, I would like to introduce today's attendees.

President and CEO, Representative Director, Satoru Yamamoto.

Yamamoto: I am Yamamoto. Thank you.

Inoue: Director and Managing Executive Officer, Hidekazu Nishiguchi.

Nishiguchi: I am Nishiguchi. Thank you.

Inoue: Director, Senior Executive Officer, Naoki Okawa.

Okawa: I am Okawa. Thank you.

Inoue: Yasuaki Kuniyasu, Director, Senior Executive Officer, whose appointment as President and CEO, Representative Director, effective March 26, has been decided.

Kuniyasu: I am Kuniyasu. Thank you. Thank you very much.

Inoue: Kuniyasu will offer a few remarks to everyone at the end of the briefing. In addition, Executive Officer Hitoshi Hino, Executive Officer Takeshi Asakura, and Shinji Araki, General Manager, Accounting and Finance Headquarters, are also present at the venue and will respond to your questions.

Today's presentation will follow the materials available on our website. For those attending at the venue, we have distributed four items: the financial results summary, timely disclosure materials, the financial results briefing materials, and the long-term management strategy R.I.S.E. 2035 progress report materials. If there are any discrepancies, please inform the staff present in the hall.

Today, first, President Yamamoto will explain an overview of the financial results, and then Okawa, Senior Executive Officer, will explain the details of the financial results. After that, Yamamoto will explain the progress of our long-term management strategy.

After the presentation, we would like to take questions from the audience. Following the Q&A session, Kuniyasu will offer remarks.

First, Yamamoto will begin.

Yamamoto: I am Yamamoto, President and CEO. Thank you very much for joining our financial results briefing for the fiscal year ended December 31, 2025, despite your busy schedules.

I will now provide an overview of the FY2025 results, as well as topics and key initiatives.

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Highlights

Financial Results (2025 Jan.-Dec.)

- Sales Revenue (1,207.1 B of yen) exceeded forecast, and business profit reached a record high (Total : 90.8 B of yen, Tires : 79.8 B of yen)
- Business profit (%) increased to 7.5% (2025 Jan.-Mar. : 4.9% → Apr.-Jun. : 5.0% → Jul.-Sep. : 7.0% → Oct.-Dec. : 12.2%)
- As profit (50.4 B of yen) exceeded forecast (45.0 B of yen), dividend increased by 7 yen from Nov. 12th forecast, resulting in a total annual dividend of 77 yen

Topics

- Structural reform** Largely finalized for all approx. 10 business units and product lines
▶ ROIC-based management will continue
- SYNCHRO WEATHER size lineup expansion**
 - End of Oct. 2025 : 98 sizes
18" or larger : 56 sizes
 - ▶ End of Dec. 2025 : 100 sizes
18" or larger : 56 sizes
For light vehicles : 2 sizes
 - ▶ End of Mar. 2026 : 112 sizes
18" or larger : 67 sizes
For light vehicles : 2 sizes
- Expanding DUNLOP brand in Europe, U.S., and Australia**
 - Sales of own products started in Australia in Aug. 2025 and in the U.S. in Dec. 2025
 - ▶ Sales started in Europe in Jan. 2026 (offtake sales, followed by own products)
- Main initiatives**
 - Countermeasures to U.S. Tariffs** By price pass-through & cost and expense reductions, respond to tariffs impact in 2025 : 13.0 B of yen
 - Profit generation & total cost reduction activities** Project ARK launched in May 2025 and operations started in Jul. 2025 Actual : Business profit +2.8 B of yen



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Please refer to slide six.

Sales revenue of our group for the fiscal year ended December 31, 2025, was JPY1.2071 trillion, exceeding the forecast. Business profit was JPY90.8 billion, reaching a record high, and business profit margin improved to 7.5%.

In the core tire business, annual tire sales volume was lower YoY, but premium tire sales, including SUV tires, high-inch tires, the next-generation all-season tire SYNCHRO WEATHER equipped with ACTIVE TREAD, the WILDPEAK series, our main products in North America, and all-season tires in Europe, remained steady.

As a result, business profit in the tires business reached a record high.

As for profit, we completed the finalization of the structural reform initiatives that we have been working on over the past several years, and we were able to end the year without recording any major losses, resulting in JPY50.4 billion, a significant increase over the forecast.

Based on this result, we plan to increase the year-end dividend by JPY7 from the previous forecast, resulting in a total annual dividend of JPY77. This will be an increase of JPY19 from the previous year.

I will introduce the topics for FY2025.

The first is the structural reform that has been underway since 2023. Last year, we finalized four business units and product lines, and we have completed, as planned, the finalization of all approximately 10 business units and product lines subject to the reform to date. Going forward, we will continue ROIC-based monitoring, including for businesses other than those subject to the reform.

The second is the expansion of the size lineup for the next-generation all-season tire SYNCHRO WEATHER equipped with ACTIVE TREAD, our proprietary technology. We have expanded sizes of 18 inches or larger to date, and in December last year, we added two sizes of SYNCHRO WEATHER for light vehicles. This brought

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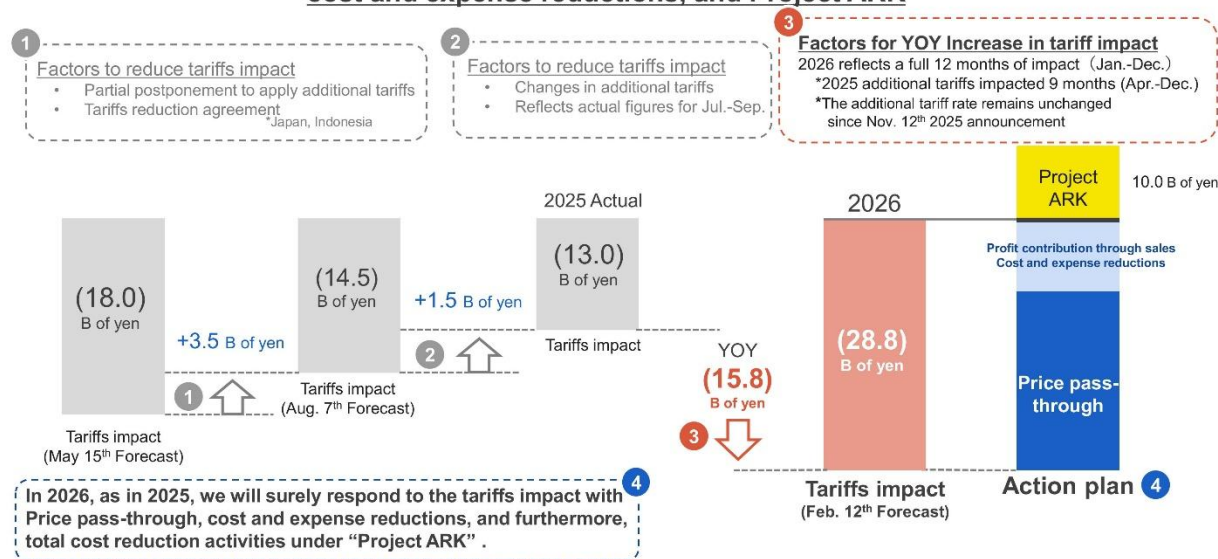
the total lineup to 100 sizes, covering a wide range of customer needs, and sales volume during the winter sales season from October 2025 increased significantly YoY.

The third is expanding the DUNLOP brand in Europe, the US, and Australia. We began selling our own products in Australia from August 2025 and in North America from December 2025. From January 2026, we have started off-take sales in Europe.

Meanwhile, in line with this year's spring sales season, we will begin selling our own high-performance summer tire product BLUE RESPONSE TG. In North America and Australia as well, in addition to expanding the size lineup of our own products launched last year, we are also planning sales of new products.

Countermeasures to U.S. tariffs impact

Countermeasures by profit contribution through price increase and sales expansion, cost and expense reductions, and Project ARK



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Next, regarding countermeasures to the US tariffs impact, which is one of our key initiatives at present, I would like you to look at slide seven.

Regarding countermeasures to the US tariffs' impact, we have countered the tariff increases since April 2025 through price pass-through and reductions in costs and expenses. We were able to counter the tariff's impact of JPY13 billion in 2025 as planned. Meanwhile, tire sales volume decreased due to price increases, among other factors, and we have worked to respond flexibly and swiftly.

In 2026, the tariff impact this year is expected to be JPY28.8 billion. As in 2025, we will surely counter the tariffs' impact through price pass-through and reductions in costs and expenses, and furthermore, total cost reduction activities under Project ARK.

I would like you to look at slide six again.

For Project ARK, we were able to make a profit contribution of JPY2.8 billion in 2025. Regarding Project ARK, I would like to explain the details later in the long-term corporate strategy section as scheduled.

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Consolidated Financial Results (2025 Jan.-Dec.)

	Actual 2025	Actual 2024	YOY	Nov. 12 th 2025 Forecast 2025	Actual 2023
Sales Revenue	1,207.1	1,211.9	100%	1,200.0	1,177.4
Business Profit	90.8	87.9	103%	95.0	77.7
(%) ^{*1,5}	7.5%	7.3%		7.9%	6.6%
Operating Profit	82.6	11.2	738%	84.0	64.5
(%) ^{*5}	6.8%	0.9%		7.0%	5.5%
Profit ^{*2,5}	50.4	9.9	511%	45.0	37.0
ROIC ^{*3}	6.2%	6.5%		6.6%	5.7%
ROE	7.3%	1.5%		6.8%	6.3%
ROA ^{*4}	6.5%	6.7%		6.8%	6.2%
D/E Ratio	0.6	0.5		0.6	0.5

2025 Forecast	Feb. 13 th	May 15 th	Aug. 7 th	Nov. 12 th
Sales Revenue	1,250.0	1,220.0	1,215.0	1,200.0
Business Profit	95.0	95.0	95.0	95.0
Operating Profit	84.0	84.0	84.0	84.0
Profit	45.0	45.0	45.0	45.0

^{*1.} Business Profit : Sales Revenue – (COS + SGA)
^{*2.} Profit : Profit attributable to owners of parent
^{*3.} ROIC : Net Business Profit After Tax / Invested Capital
^{*4.} ROA : Business Profit / Total Assets
^{*5.} Accounting adjustments have been applied since 2nd quarter, 2022, as pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies".
 The above notes apply throughout this report.



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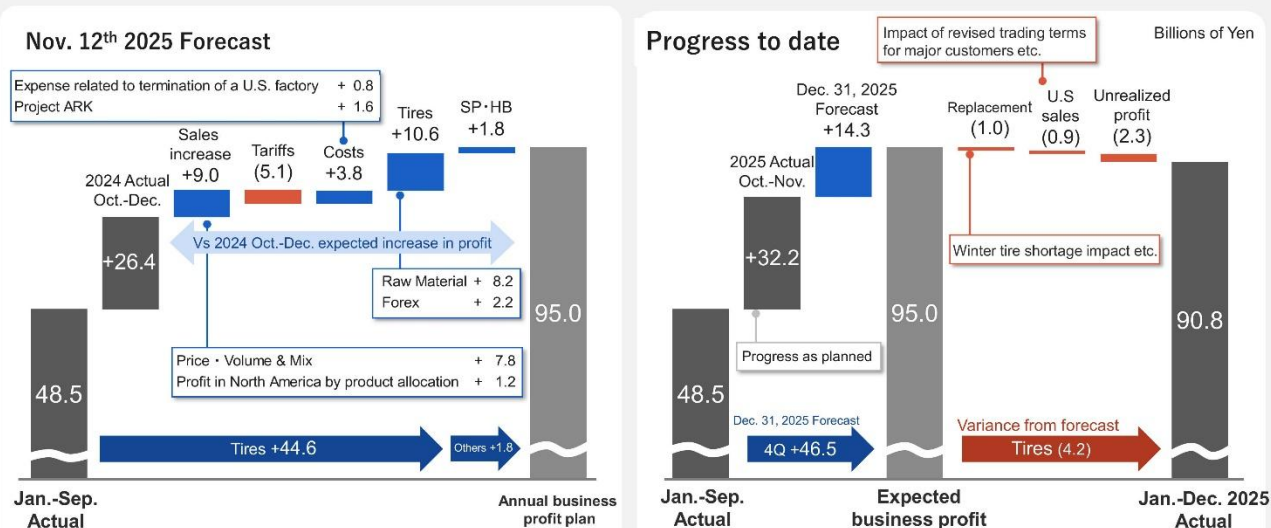
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Please look at the blue box on slide eight.

In 2025, our group's financial results were sales revenue of JPY1.2071 trillion, 100% YoY, business profit of JPY90.8 billion, 103% YoY, operating profit of JPY82.6 billion, 738% YoY, and profit of JPY50.4 billion, 511% YoY.

Sales revenue and profit exceeded the forecast, but business profit fell short of the forecast of JPY95 billion.

2025 Consolidated Business Profit vs Nov. 12th 2025 Forecast



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Please refer to slide nine. I will explain the variance between business profit and the previous forecast.

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The operating environment was challenging, including US tariffs and intensified competition globally, but business profit from January to September was JPY48.5 billion, progressing as planned. For October to December as well, compared with the prior-year actual of JPY26.4 billion, we had planned business profit of JPY95 billion for the full year, which included the following: a plus JPY9 billion from sales factors, a minus JPY5.1 billion from tariffs impact, a plus JPY3.8 billion in costs including the Project ARK effect, a plus JPY10.6 billion from other external factors, and a plus JPY1.8 billion from sports and industrial/other.

Against this, cumulative business profit through November progressed as planned and was JPY80.7 billion. We expected to achieve the remaining JPY14.3 billion to reach JPY95 billion based on sales of domestic winter tires such as SYNCHRO WEATHER in December, the order intake situation in Europe, the US, and other markets, as well as expected sales of sports and industrial products. However, the following three points were the main factors, and we fell short.

The first is the impact of domestic winter tire sales. This winter, with early snowfall, orders for winter tires progressed steadily not only in snowfall regions such as Tohoku but also in other areas, resulting in a backlog of orders. We attempted to respond using inventory placed nationwide, but due to an imbalance between ordered sizes and inventory sizes, among other factors, we were unable to ship by year-end. Consequently, as orders remained as cancellations and backorders, a profit decrease occurred.

The second is that, due to a change in trading terms with a major customer in North America, the impact of inventory adjustments resulted in a profit decrease of about JPY0.9 billion. Neither will have an impact on this fiscal year.

The third is that, due to an increase in inventory volume as a result of the impact of these two points and the impact of yen depreciation, unrealized profit on tires resulted in a profit decrease of about JPY2.3 billion. On an order basis, we were able to establish a line of sight to JPY95 billion and expected to land at a level comparable to the published figure, but we fell short mainly due to these three points.

【Forecast】 Consolidated Financial Results (2026 Annual)

Billions of Yen

	Annual Forecast 2026	Actual 2025	YOY	First Half Forecast 2026	vs 2025
Sales Revenue	1,320.0	1,207.1	109%	620.0	108%
Business Profit (%)	112.0 8.5%	90.8 7.5%	123%	38.0 6.1%	134%
Operating Profit (%)	100.0 7.6%	82.6 6.8%	121%	34.0 5.5%	126%
Profit	55.0	50.4	109%	20.0	139%
ROIC	6.9%	6.2%			
ROE	7.5%	7.3%			
ROA	7.5%	6.5%			
D/E Ratio	0.6	0.6			



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I would like you to look at slide 23.

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Our full-year outlook for 2026 is sales revenue of JPY1.32 trillion, 109% YoY, business profit of JPY112 billion, 123% YoY, operating profit of JPY100 billion, 121% YoY, and profit of JPY55 billion, 109% YoY.

In addition to expanding the DUNLOP brand, we expect a significant increase in sales revenue and profit through an increase in tire sales volume and an improvement in the premium tire ratio, due to higher sales of SYNCHRO WEATHER in Japan and higher sales of the WILDPEAK series in North America.

Shareholder Returns

We consider the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, aiming for a consolidated dividend payout ratio of 40% or more, while comprehensively assessing business performance prospects, retained earnings levels and other such indicators on a consolidated basis.

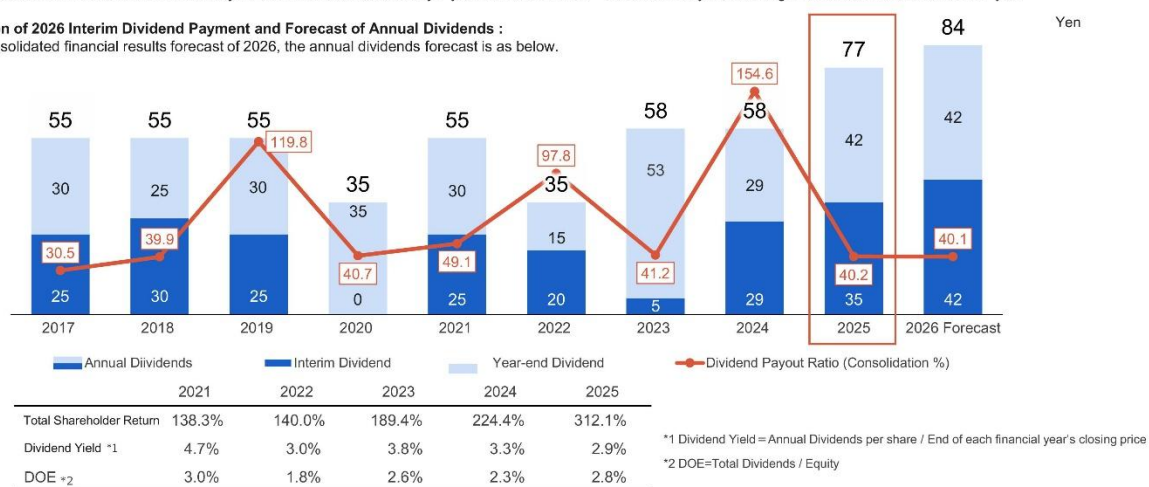
From 2026, we will target a DOE of 3%+ and a consolidated dividend payout ratio of 40%+ to ensure stable dividends, even amid new structural reforms.

Determination of 2025 annual dividend proposal:

Based on consolidated financial results of 2025, year-end dividend increased by 7 yen from the Nov. 12th forecast to 42 yen, resulting in a total annual dividend of 77 yen.

Determination of 2026 Interim Dividend Payment and Forecast of Annual Dividends :

Based on consolidated financial results forecast of 2026, the annual dividends forecast is as below.



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Please refer to slide 36.

Regarding dividends for 2025, based on a consolidated dividend payout ratio of 40% or more, we would like to increase dividends by JPY7 from the initial forecast of JPY70 to JPY77 for the full year.

From 2026, we will add a DOE of 3% or more to the guideline of a consolidated dividend payout ratio of 40% or more, and we will strive to provide stable dividends more than ever.

Regarding the dividend amount based on the new approach, the interim dividend will be JPY42, and the year-end dividend will be JPY42, and we plan to set the total annual dividend at JPY84, a record high.

That concludes my presentation. Thank you very much.

Inoue: Next, Okawa, Senior Executive Officer, will explain the details of the financial results.

Okawa: I am Okawa. Thank you for attending our financial results briefing today. We sincerely appreciate the continued support of our stakeholders. I would like to take this opportunity to express my deepest gratitude.

I will now explain the details of the financial results for Q4 of FY2025.

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Consolidated Financial Results (2025 Jan.-Dec.)

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Profit	45.0	45.0	45.0	45.0

^{*1.} Business Profit : Sales Revenue – (COS + SGA)
^{*2.} Profit : Profit attributable to owners of parent
^{*3.} ROIC : Net Business Profit After Tax / Invested Capital
^{*4.} ROA : Business Profit / Total Assets
^{*5.} Accounting adjustments have been applied since 2nd quarter, 2022, as pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies".
 The above notes apply throughout this report.



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Please refer to slide eight.

As shown in the box, consolidated financial results for January to December FY2025 were sales revenue of JPY1,207.1 trillion and profit of JPY50.4 billion, both exceeding the Q3 forecast. In particular, profit was 511% YoY, representing a significant increase.

Meanwhile, business profit was JPY90.8 billion, and although it did not reach the published figure, it reached a record high. In addition, business profit margin was 7.5%, exceeding the prior-year result of 7.3%, and ROE also improved significantly from the prior year to 7.3%.

We will continue to move forward with the targets of the long-term management strategy, R.I.S.E. 2035, announced in March in mind.

Based on this result, as the president mentioned earlier, we plan to increase the year-end dividend by JPY7 from the previous forecast, resulting in a total annual dividend of JPY77. This will be an increase of JPY19 from the previous year.

Last year, we finalized four business units and product lines, and we have completed the finalization of all approximately 10 business units and product lines subject to the reform to date.

Going forward, we will continue monitoring using ROIC, including for businesses other than those subject to the reform.

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Consolidated Sales Revenue / Business Profit by Reportable Segment (2025 Jan.-Dec.)

Billions of Yen

		2025 Jun.-Sep.	vs 2024	2025 Oct.-Dec.	vs 2024	Actual 2025	YOY	Actual 2024
Sales Revenue	Tires	740.2	99%	303.5	102%	1,043.7	100%	1,046.4
	Sports	93.2	95%	32.4	116%	125.6	100%	125.7
	Industrial & Other	28.3	99%	9.5	84%	37.8	95%	39.8
	Total	861.6	98%	345.5	103%	1,207.1	100%	1,211.9
Business Profit	Tires	40.9	80%	38.9	155%	79.8	105%	76.2
	Sports	4.7	59%	2.2	-	6.8	87%	7.9
	Industrial & Other *	2.9	121%	1.2	84%	4.1	107%	3.9
	Total	48.5	79%	42.3	160%	90.8	103%	87.9

*The elimination of inter-segment transactions is included.



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Please refer to slide 12. This shows sales revenue and business profit by reportable segment.

The FY2025 actual results are as shown in the blue box, and please look at the business profit section at the bottom.

Business profit in tires was JPY79.8 billion, 105% YoY, and although tire sales volume decreased YoY, the shift in sales toward high-margin tires progressed, and we achieved a record high.

Below that, business profit in sports was JPY6.8 billion, 87% YoY, and profit decreased as the golf business in Korea remains sluggish.

Business profit in industrial and other was JPY4.1 billion, 107% YoY, representing an increase in profit.

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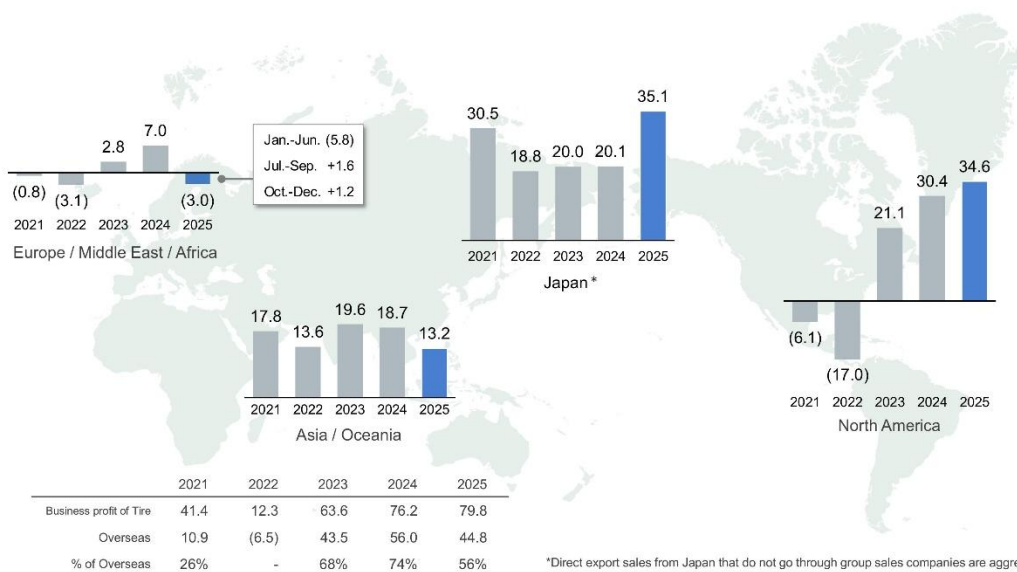
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Consolidated Tire Business Profit by Region

Billions of Yen



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Next, please turn to slide 15. This shows business profit by region in our tires business, which is one of our KPIs.

It shows profit trends by region, and sales made directly from Japan without going through group sales are aggregated in Japan.

As you can see, Europe, the Middle East, and Africa on the far left recorded a loss for the full year, but it returned to profitability in H2, and we are beginning to see a path to improved performance.

Meanwhile, Asia and Oceania to the right saw a decline in profit due to the impact of intensified competition in China.

In addition, Japan's results this fiscal year were JPY35.1 billion, a recovering performance compared with the past three years, and the Americas, on the far right, which faced headwinds from Trump tariffs, also posted increased profit YoY, partly due to the effect of North American plant closures.

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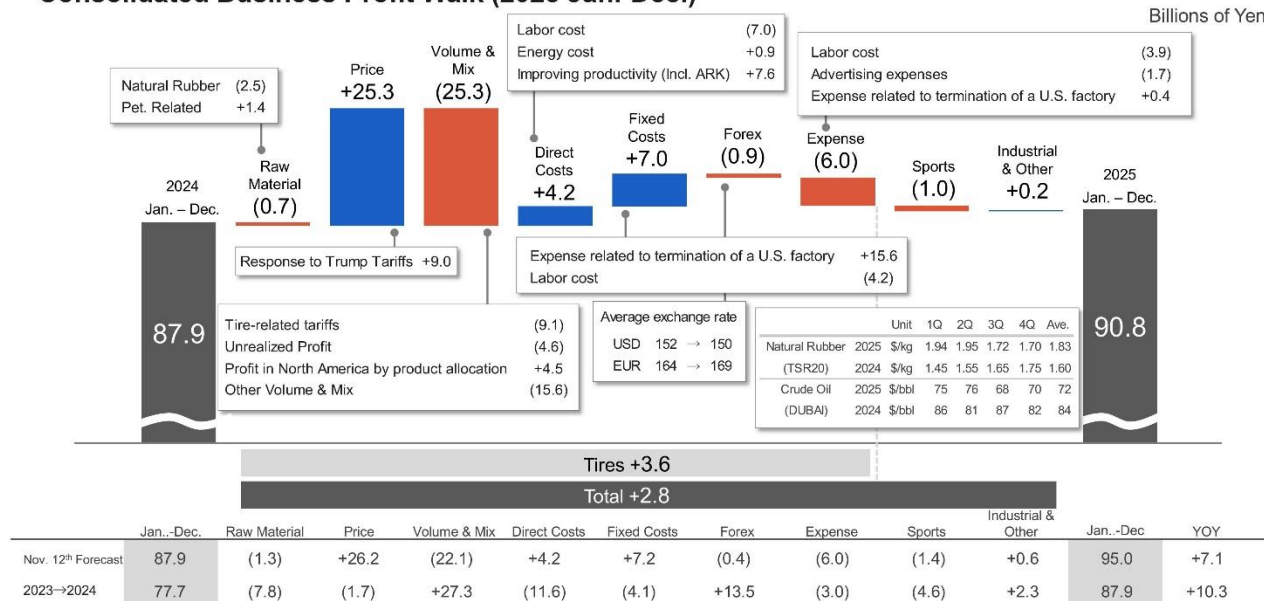
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Consolidated Business Profit Walk (2025 Jan.-Dec.)

Billions of Yen



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Please refer to slide 17. This is an analysis of the factors behind the increase and decrease in business profit for the full-year FY2025.

Raw material was a minus JPY0.7 billion, essentially flat for the full year, as the impact of higher natural rubber prices in H1 eased in H2, and price was a plus JPY25.3 billion, reflecting the effect of price increases in Japan, the Americas, and Europe.

Meanwhile, volume and mix was a minus JPY25.3 billion. As shown in the callouts below, tariffs impact was a minus JPY9.1 billion, and unrealized profit was a total minus JPY4.6 billion in Europe, North America, and other regions. On the other hand, by product allocation profit associated with the closure of a North American plant was JPY4.5 billion, and other volume and mix at the bottom was a minus JPY15.6 billion, mainly due to lower volume.

Direct costs to the right totaled JPY4.2 billion, as there was an impact from higher labor costs at the plant in Turkey. There was also the effect of productivity improvements, including the Project ARK effect, and fixed costs were a plus JPY7 billion, largely due to the effect of North American plant closures.

Meanwhile, expense was a minus JPY6 billion due to increases in labor costs and advertising and promotional expenses.

Based on the above, the tire business overall recorded an increase in profit of JPY3.6 billion, and adding a minus JPY1 billion in sports and a plus JPY0.2 billion in industrial/other, the Company's total was an increase in profit of JPY2.8 billion.

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Consolidated Statement of Profit & Loss

Billions of Yen	2024 Jan.-Dec.	2025 Jan.-Dec.	YOY
Sales Revenue	1,211.9	1,207.1	(4.8)
Cost of sales	(853.6)	(838.7)	+14.9
Selling, general and administrative expenses	(270.3)	(277.6)	(7.2)
Business profit	87.9	90.8	+2.8
Other income	4.2	3.7	(0.5)
Other expenses	(81.0)	(11.9)	+69.1
Operating profit	11.2	82.6	+71.4
Financial income	12.3	17.9	+5.6
Financial expenses	(7.3)	(22.8)	(15.5)
Equity in earnings of affiliates	0.0	0.1	+0.0
Profit before tax	16.3	77.8	+61.5
Income tax expense	(3.3)	(25.1)	(21.8)
Non-controlling interests	(3.1)	(2.3)	+0.8
Profit	9.9	50.4	+40.5

Main factor		
1 Business profit		
Refer to page.6 to 18 for details.		
2 Other income	Actual	vs 2024
Other non-operating profit	3.2 B of yen	+0.6 B of yen
3 Other expenses		
Other non-operating expenses	(4.4) B of yen	(1.6) B of yen
Loss on retirement or sales of non-current assets	(1.7) B of yen	(0.3) B of yen
Impairment Losses, etc. related to termination of production and dissolution of a U.S. factory	(0.2) B of yen	+69.2 B of yen
4 Financial income		
Gain on net monetary position	13.2 B of yen	+6.8 B of yen
Interest received	3.9 B of yen	+1.1 B of yen
Foreign exchange profit	—	(1.9) B of yen
5 Financial expenses		
Foreign exchange loss	(14.3) B of yen	(14.3) B of yen
Interest expenses	(7.7) B of yen	(0.4) B of yen
Loss on valuation of derivatives	(0.8) B of yen	(0.8) B of yen



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Please refer to slide 19. I will explain the items below the business profit in the consolidated statement of profit and loss.

The major change versus the previous year was point three, other expenses, plus JPY69.1 billion YoY. As shown on the right side of the slide, this was due to losses recorded in the previous year associated with the implementation of structural reform at our North American tire manufacturing subsidiary.

Next, point four, financial income, it was plus JPY5.6 billion YoY due to the impact associated with hyperinflation accounting at our plant in Turkey, among other factors.

In point five, financial expenses, foreign exchange valuation losses on foreign currency-denominated bond liabilities were a minus JPY14.3 billion, resulting in a minus JPY15.5 billion YoY.

In addition, although it is not numbered, income tax expense on the third line from the bottom increased by about JPY21.8 billion, as it decreased in the previous year related to the North American structural reform, while it was within the normal range this fiscal year.

As a result, profit increased by plus JPY40.5 billion YoY to JPY50.4 billion, and the increase rate was 511%. It was also JPY5.4 billion above plan.

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Consolidated Statement of Financial Position

Billions of Yen	As of Dec. 31, 2024	As of Dec. 31, 2025	YOY
Current assets	669.8	679.3	① +9.6
Non-current assets	671.4	780.6	② +109.3
Total assets	1341.1	1459.9	+118.8
Current liabilities	370.6	379.9	+9.3
Non-current liabilities	294.7	343.7	+49.0
Total liabilities	665.3	723.6	③ +58.3
Total equity attributable to owners of parent	656.1	716.1	④ +59.9
Non-controlling interest	19.7	20.2	+0.6
Total equity	675.8	736.3	+60.5
Total liabilities and equity	1341.1	1459.9	+118.8
Equity ratio	48.9%	49.0%	+0.1P

Main factor	
① Current assets	vs Dec. 31, 2024
Other current assets	+16.3 B of yen
Inventories	+7.2 B of yen
Cash and cash equivalents	(1.7) B of yen
Trade and other receivables	(12.4) B of yen
② Non-current assets	
Intangible assets (including goodwill)	+132.8 B of yen
Tangible assets	+22.4 B of yen
Deferred tax assets	(4.3) B of yen
Net defined benefit asset	(37.5) B of yen
③ Total liabilities	
Bonds and loans payable	+53.3 B of yen
Income tax payable	+9.7 B of yen
Deferred tax liabilities	(3.8) B of yen
Trade and other payables	(5.5) B of yen
④ Equity	
Profit	+50.4 B of yen
Foreign currency translation adjustment	+28.3 B of yen
Dividends paid	(16.8) B of yen
Interest-bearing debt	+75.4 B of yen (331.2→406.6)



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20

Please refer to slide 20. This slide shows the consolidated statement of financial position.

Total assets were JPY1.4599 trillion, including an increase in intangible assets of approximately JPY100 billion due in particular to the acquisition of the DUNLOP brand, representing an increase of JPY118.8 billion in total compared with the end of the previous fiscal year.

Overall, liabilities and equity were each roughly half, and the equity ratio was 49%, up 0.1 percentage point from the previous fiscal year.

【Forecast】 Consolidated Financial Results (2026 Annual)

	Annual Forecast 2026	Actual 2025	YOY	First Half Forecast 2026	vs 2025
Sales Revenue	1,320.0	1,207.1	109%	620.0	108%
Business Profit (%)	112.0 8.5%	90.8 7.5%	123%	38.0 6.1%	134%
Operating Profit (%)	100.0 7.6%	82.6 6.8%	121%	34.0 5.5%	126%
Profit	55.0	50.4	109%	20.0	139%
ROIC	6.9%	6.2%			
ROE	7.5%	7.3%			
ROA	7.5%	6.5%			
D/E Ratio	0.6	0.6			



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23

Please refer to slide 23. This is our forecast for FY2026.

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As Yamamoto mentioned earlier, sales revenue in the blue box is JPY1.32 trillion , 109% YoY, business profit is JPY112 billion, 123% YoY, operating profit is JPY100 billion, and profit is JPY55 billion, and we expect increased sales revenue and profit versus the previous fiscal year.

As a result, we expect business profit margin to be 8.5%, ROIC to be 6.9%, ROE to be 7.5%, and D/E ratio to be 0.6 in FY2026, and we will continue to steadily move forward toward achieving the targets of R.I.S.E. 2035 for FY2035.

【Forecast】 Consolidated Sales Revenue / Business Profit by Reportable Segment (2026 Annual)

Billions of Yen

		Annual Forecast 2026	Actual 2025	YOY	First Half Forecast 2026	vs 2025
Sales Revenue	Tires	1,154.5	1,043.7	111%	537.0	110%
	Sports	127.5	125.6	102%	65.5	101%
	Industrial & Other	38.0	37.8	101%	17.5	91%
	Total	1,320.0	1,207.1	109%	620.0	108%
Business Profit	Tires	100.5	79.8	126%	33.5	151%
	Sports	7.0	6.8	102%	3.0	74%
	Industrial & Other	4.5	4.1	109%	1.5	72%
	Total	112.0	90.8	123%	38.0	134%



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25

Next, please turn to slide 25. This slide presents the FY2026 sales revenue and business profit forecasts by segment.

As shown in the blue box on the left, sales revenue in tires is JPY1.1545 trillion, 111% YoY, and business profit is JPY100.5 billion, 126% YoY, and we aim for the tires business alone to exceed JPY100 billion.

Sales revenue in sports is JPY127.5 billion, 102% YoY, and business profit is also JPY7 billion, 102% YoY, and sales revenue in industrial/other is JPY38 billion, 101% YoY, and business profit is JPY4.5 billion, 109% YoY.

Overall, we expect increased sales revenue and profit in all businesses.

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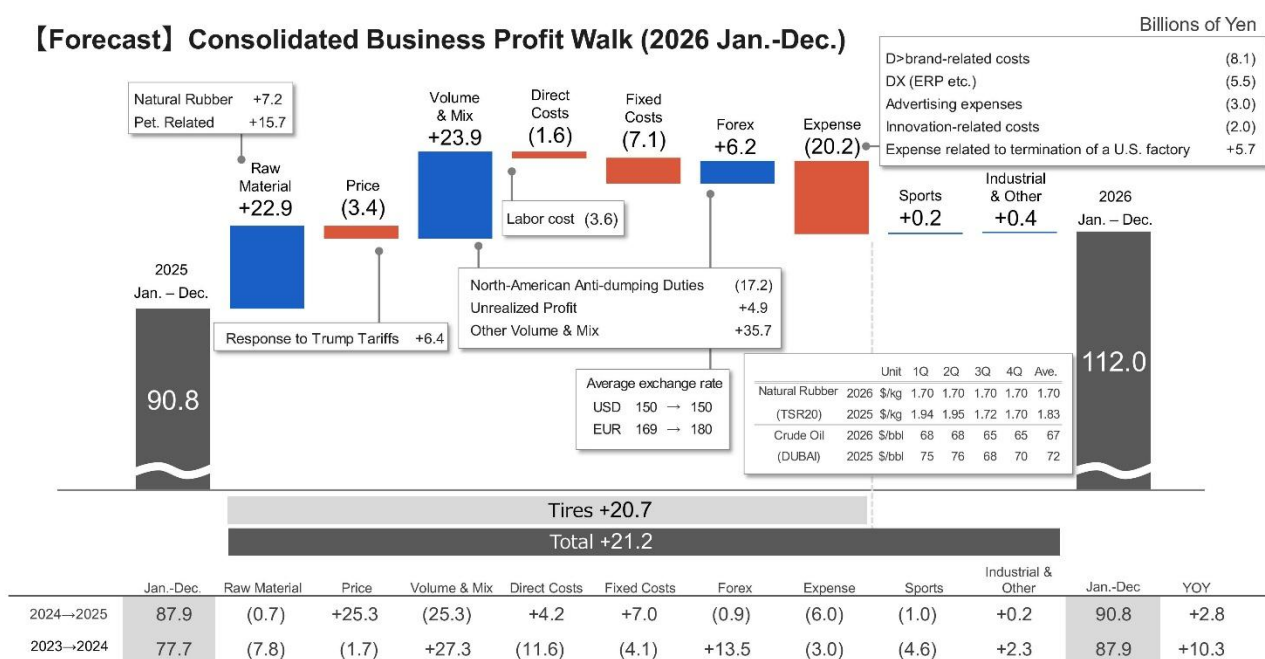
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【Forecast】 Consolidated Business Profit Walk (2026 Jan.-Dec.)



Please refer to slide 27. This is an analysis of the factors behind the increase and decrease in business profit for the full-year FY2026 versus the previous fiscal year.

First, for raw material, we expect stable natural rubber prices and improved market conditions for petroleum-based raw materials, and we forecast a total of plus JPY22.9 billion.

To the right, for price impact, while we will continue countermeasures against Trump tariffs, we have factored in a minus JPY3.4 billion, mainly reflecting that price competition in China remains severe.

For volume and mix, on the other hand, while there is a negative impact from Trump tariffs, we expect a plus JPY23.9 billion, taking into account the effect of increased DUNLOP tire sales in Europe and the US, and the improvement in mix associated with an increase in the premium tire sales ratio.

In addition, for direct costs and fixed costs, we have factored in higher labor costs across the world.

For forex impact, we expect plus JPY6.2 billion due to the impact of yen depreciation against the euro and other currencies.

Meanwhile, for expense, while there is a positive effect from the closure of a North American plant, we have factored in increased selling expenses related to the DUNLOP brand, as well as advertising and promotional expenses, and ERP system-related costs. In all, we expect an increase in expenses of minus JPY20.2 billion. As a result, we expect a total company increase in profit of plus JPY21.2 billion.

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SCRIPTS
Asia's Meetings, Globally

Tire Sales Volume (Comparison %)

vs Previous year		2024 Actual					2025 Actual					2026 Forecast		
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual
Domestic O.E.		78%	90%	87%	88%	86%	120%	104%	98%	102%	105%	106%	103%	105%
Domestic Rep.		86%	97%	108%	103%	98%	96%	91%	98%	93%	94%	96%	99%	98%
Overseas O.E.		90%	89%	89%	90%	90%	91%	92%	92%	87%	90%	98%	103%	101%
Overseas Rep.		100%	93%	99%	102%	98%	94%	96%	90%	92%	93%	106%	117%	111%
Details	North America	107%	86%	98%	101%	98%	83%	97%	81%	87%	87%	97%	122%	109%
	Europe	102%	105%	90%	96%	98%	97%	90%	108%	98%	98%	129%	135%	132%
	Asia	93%	89%	103%	114%	99%	104%	95%	89%	96%	96%	100%	105%	103%
	Others	100%	93%	104%	100%	99%	94%	100%	86%	90%	92%	97%	106%	101%
Total		93%	93%	97%	98%	95%	97%	95%	93%	93%	94%	103%	109%	106%
Total Tire Sales ('000 Units)		24,610	24,870	26,090	27,760	103,330	23,850	23,690	24,210	25,800	97,560	48,870	54,610	103,480



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28

Please refer to slide 28. This shows the YoY trend in tire sales volume.

As shown below in the blue box on the right, sales volume in FY2025 was 97.56 million tires, 94% YoY.

By market, domestic OE was 105% as OEMs recovered from production cuts, domestic replacement was 94% due to a downmarket shift in low-priced products and a decline in sales of off-take products, overseas OE was 90% mainly due to lower sales in the Chinese market, and overseas replacement was 93%.

By region, sales volume declined in North America due to price increases implemented in response to Trump tariffs and the impact from certain major customers. In Europe, sales of all-season tires were strong, but sales volume was slightly lower due to sluggish market conditions in the UK and France. In Asia, sales volume was slightly lower due to the impact of intensified price competition in China. As a result, overall overseas replacement sales volume was lower YoY.

Next is the annual sales volume in 2026. As shown at the bottom right, we expect 103.48 million tires, a 6% increase YoY.

First, for domestic OE, we expect 105% YoY with continued strong automobile production. For domestic replacement, we forecast 98%, taking into account the reactionary decline from strong winter tire sales early last year. We will continue to pursue a profit-focused strategy and work to expand sales of SYNCHRO WEATHER.

For overseas OE, while lower automobile sales in Asia are expected in H1, we have factored in a recovery from the prior year in China and Brazil for the full year, resulting in an overall level broadly in line with last year at 101%. For overseas replacement, we see increased sales in North America, Europe, Asia, and other regions, and in particular, we expect a significant increase in DUNLOP tire sales in Europe.

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Tire Volume by Category (Comparison %)

vs Previous year	Actual 2024 Jan.-Dec.				Actual 2025 Jan.-Dec.				2026 Forecast			
	O.E.	Rep.	Total	Composition ratio	O.E.	Rep.	Total	Composition ratio	O.E.	Rep.	Total	Composition ratio
Passenger Tires	89%	98%	95%	88%	96%	94%	94%	88%	103%	110%	108%	89%
Premium Tires	-	-	-	46%	99%	95%	97%	47%	109%	118%	115%	51%
Truck & Bus Tires	100%	97%	98%	4%	112%	93%	95%	4%	97%	99%	99%	3%
Motorcycle, Industrial & Other Tires	79%	104%	93%	9%	96%	91%	93%	8%	97%	92%	94%	7%
Total	88%	98%	95%	100%	97%	93%	94%	100%	103%	108%	106%	100%

Premium Tires Composition Ratio by Year

	Premium Tires		
	O.E.	Rep.	Total
Actual 2024	56%	42%	46%
Actual 2025	57%	44%	47%
2026 Forecast	60%	47%	51%

*Premium Tires
Differentiated products (SYNCHRO WEATHER, WILDPEAK, European all-season tires, Winter tires, etc.), SUVs and Passenger car tires with a size of 18" or larger
Following a change in the definition of premium tires, we have updated the premium tire ratio for fiscal year 2024 from Nov. 12th forecast.



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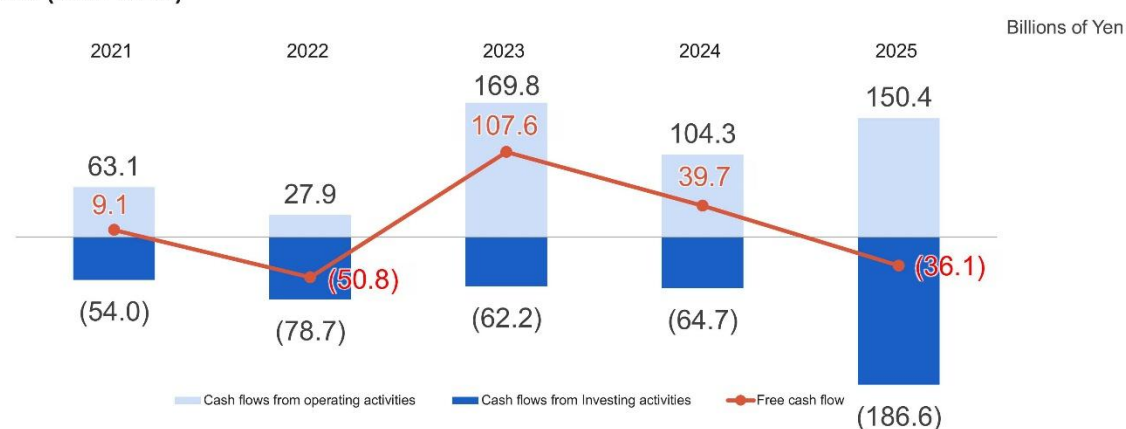
29

Please refer to slide 29. This shows tire sales volume by category.

As shown in the blue box in the middle, the premium tire ratio for January to December FY2025 was 47%, up 1 percentage point YoY. Furthermore, in the forecast for 2026 on the right, we plan for it to rise to 51%, meaning that more than half of the tires we sell are expected to be premium for the first time.

Going forward, we will continue to steadily increase the premium tire ratio to improve profitability.

Cash Flows (Jan.-Dec.)



CCC by Year (Unit : Days)	2021	2022	2023	2024	2025
CCC*	128	130	134	135	143
Days Sales Outstanding	72	66	65	65	64
Days Inventory Outstanding	100	108	117	118	128
Days Payable Outstanding	44	45	47	48	49

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

Consideration for Acquisition of the DUNLOP Trademark Rights (98.5)



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32

Next, please turn to slide 32. This shows the trend in cash flows.

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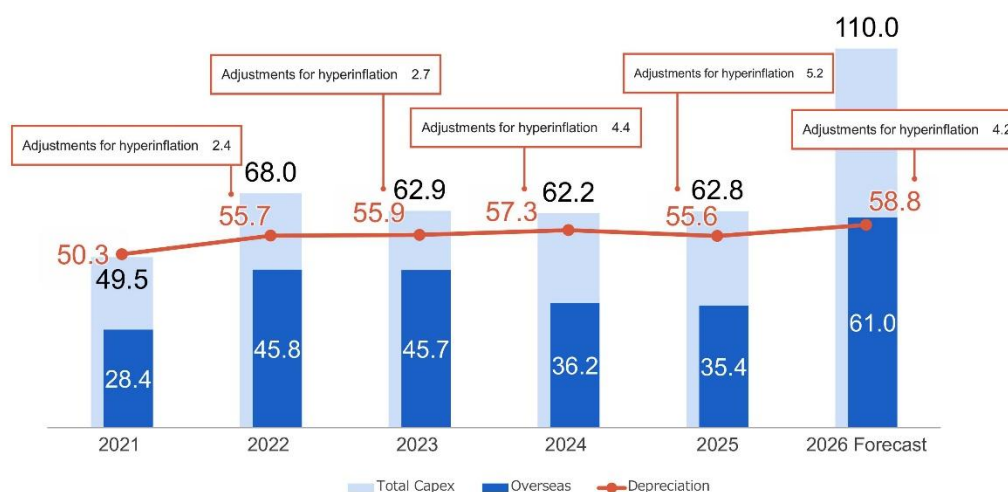
On the far right, operating cash flows for FY2025 were JPY150.4 billion.

Meanwhile, investing cash flows were minus JPY186.6 billion, mainly due to expenditures associated with the acquisition of DUNLOP trademark rights.

As a result, net free cash flows were minus JPY36.1 billion.

Capex and Depreciation (Tangible Assets Only)

Billions of Yen



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33

Please refer to slide 33. This shows the trend in capital expenditures and depreciation.

CapEx for FY2025, the second from the right, was JPY62.8 billion, and depreciation was JPY55.6 billion.

For the FY2026 forecast on the far right, we plan CapEx of JPY110 billion, a significant increase from last year, mainly related to the in-house new factory.

Depreciation is expected to be JPY58.8 billion.

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Shareholder Returns

We consider the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, aiming for a consolidated dividend payout ratio of 40% or more, while comprehensively assessing business performance prospects, retained earnings levels and other such indicators on a consolidated basis.

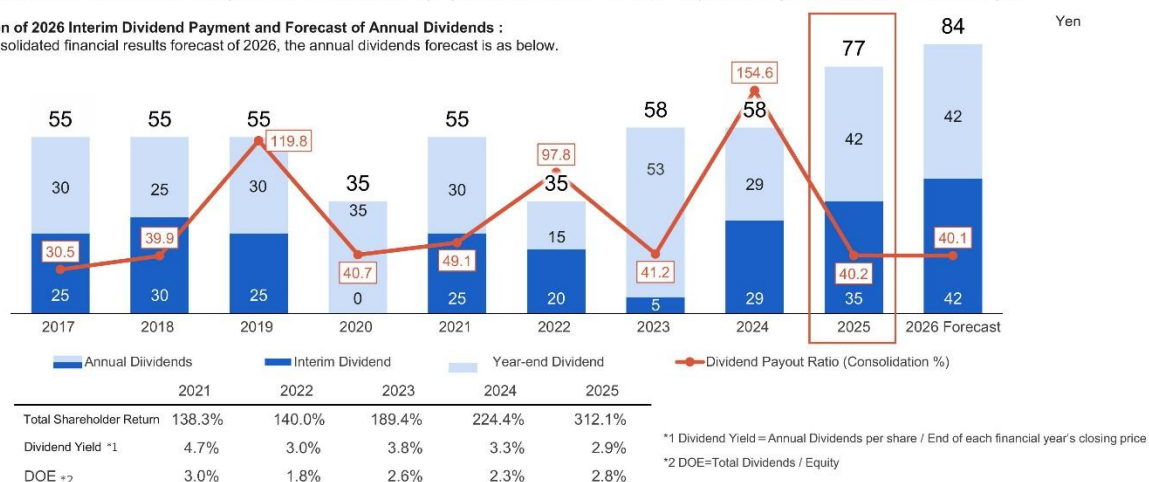
From 2026, we will target a DOE of 3%+ and a consolidated dividend payout ratio of 40%+ to ensure stable dividends, even amid new structural reforms.

Determination of 2025 annual dividend proposal:

Based on consolidated financial results of 2025, year-end dividend increased by 7 yen from the Nov. 12th forecast to 42 yen, resulting in a total annual dividend of 77 yen.

Determination of 2026 Interim Dividend Payment and Forecast of Annual Dividends :

Based on consolidated financial results forecast of 2026, the annual dividends forecast is as below.



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36

Finally, please turn to slide 36.

As Yamamoto explained earlier, regarding initiatives under our shareholder returns policy, starting this fiscal year, as we previously promised, we have established a criterion of a DOE of 3% or more in addition to the dividend payout ratio, and we will aim for even more stable dividends, so we would appreciate your expectations.

That concludes my presentation.

Inoue: Next, Yamamoto will explain the progress of the long-term management strategy R.I.S.E. 2035.

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1 Long-term Corporate Strategy R.I.S.E. 2035 Roadmap

2 Growth Strategies for 2026-2027 and Path to Revenue Expansion

- Tyre Business
- Project ARK

3 Preparation of Growth Business

- Sensing Core Business Concept

Yamamoto: Next, I would like to report on the progress of our long-term management strategy, R.I.S.E. 2035.

I will explain, in order, the R.I.S.E. 2035 roadmap, next, the growth strategy and path to profit expansion for 2026 to 2027, the progress of the tires business strategy and Project ARK, and then preparations for growth businesses.

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1-1. Roadmap for Long-Term Management Strategy R.I.S.E. 2035

From 2026, the company will shift its focus to a full-fledged growth strategy and improve its corporate value with DUNLOP.

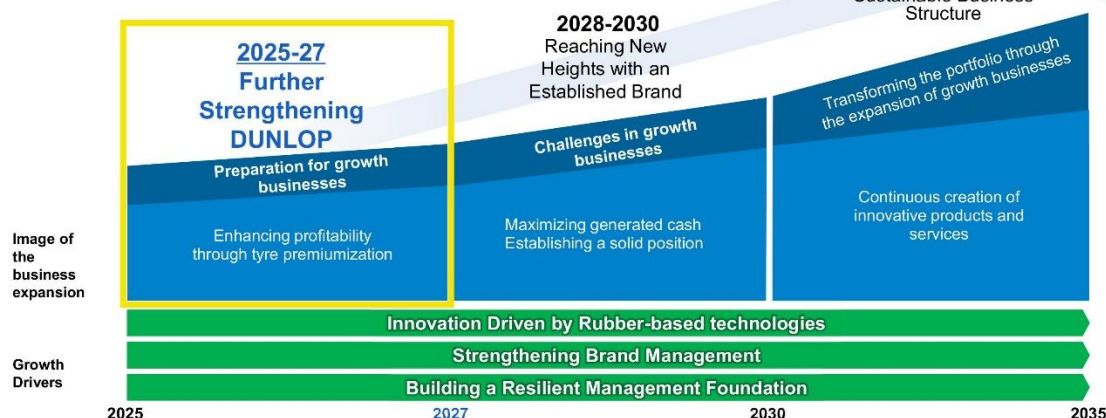


Our Vision for 2035

Continuing to provide “New Experience Value” Born from rubber to everyone

2031-2035
Achieving a Sustainable Business Structure

Realization of Our Philosophy



Long-term Corporate Strategy R.I.S.E. 2035 Progress Report | 1. Long-term Corporate Strategy R.I.S.E. 2035 Progress Report

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This is the R.I.S.E. 2035 roadmap that we announced in March last year.

Centered on growth drivers, we will fully shift to a growth strategy from 2026 and enhance corporate value through DUNLOP. Through redefining the global value of the DUNLOP brand and our tire premiumization strategy, we will reform our earnings structure, and the tires business will drive profits.

While advancing preparations for growth businesses, we will promote strengthening our brand management strategy and further strengthen DUNLOP, thereby expanding our businesses beyond tires as well.

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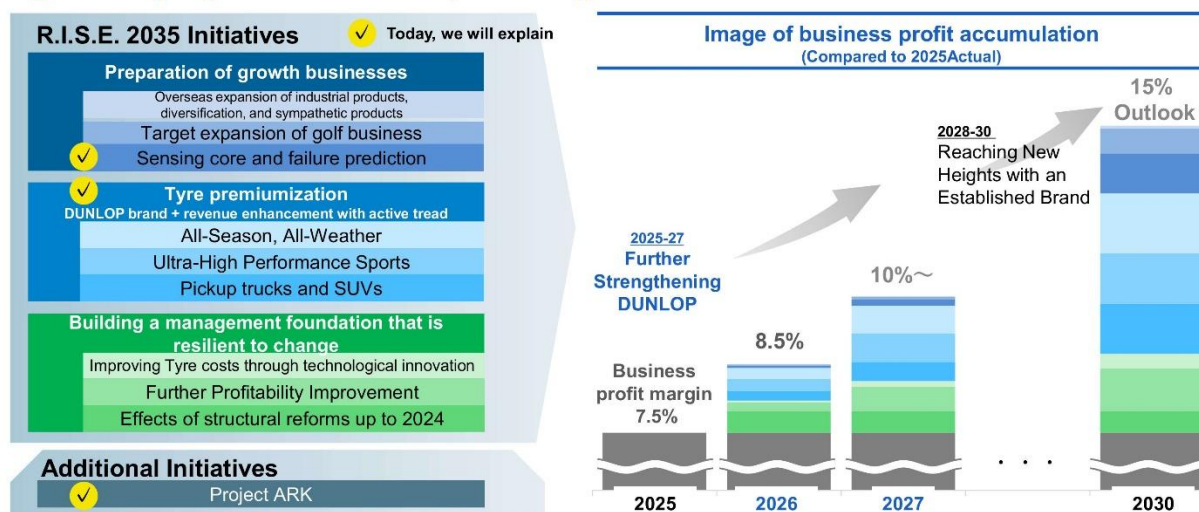
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1-2. Image of business profit accumulation through strategy promotion

Focusing on the expansion of premium products through DUNLOP, the company will significantly improve its business profit margin from 2026.



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This is an image of business profit accumulation through strategy execution that we presented in November last year.

With the expansion of premium products under the DUNLOP brand as the core, we will steadily accumulate profit from 2026 and significantly improve business profit.

Today, among these initiatives, I will explain tire premiumization, Project ARK, and preparations for growth businesses.

In the tires business, we are expanding our lineup of premium products, focusing mainly on all-season, ultra-high-performance sports, and pickup/SUV categories.

In all-season tires, led by SYNCHRO WEATHER, which received high evaluations in Japan, we are expanding sales of BLUE RESPONSE A/S for North America, and we are also steadily advancing preparations for the launch in 2027 of new products for Europe and the US equipped with evolved ACTIVE TREAD technology.

In ultra-high-performance sports tires, in order to achieve both development speed and quality at a high level, we will strengthen our development structure in Europe and deepen co-creation with premium OE manufacturers.

In pickup/SUV tires, we will utilize the SUN-TITAN SYSTEM, which we are in the process of introducing at the Thailand plant and is scheduled to begin operating within the year. Using this manufacturing system, which achieves both a more aggressive design and weight reduction, we will take an approach with both the DUNLOP and FALKEN brands. We will further enhance our presence as an off-road brand.

From the next page, I will explain the details of each.

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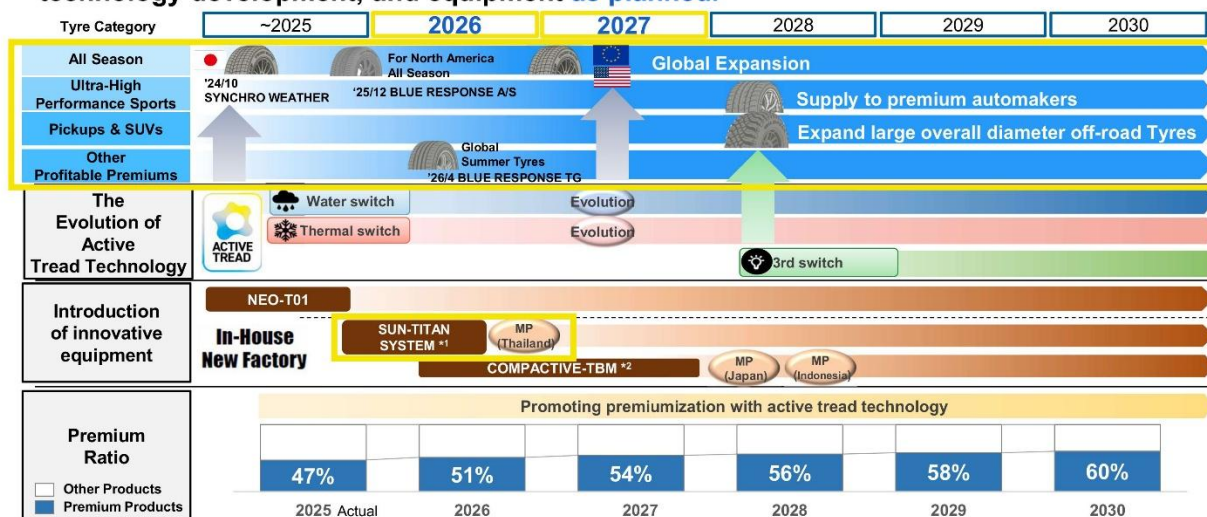
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2-1. Tyre Premium Product Plan

In order to promote premiumization, we are promoting the introduction of new products, technology development, and equipment as planned.



First, I will discuss expanding our lineup of premium products.

We will increase the premium product ratio through expanded sales of SYNCHRO WEATHER in Japan, the launch of new DUNLOP products in Europe, North America, and Oceania, and expanded OE fitment in Japan and China.

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2-2. Expansion of Tyre Premium Products

By expanding sales of SYNCHRO WEATHER in Japan and introducing new DUNLOP products in Europe, the United States, and Australia, **the premium ratio is expected to be increased to 51% in 2026, and the target of 50% in 2027 is expected to be achieved.**



Domestic for after market '25→'26 +0.8M units

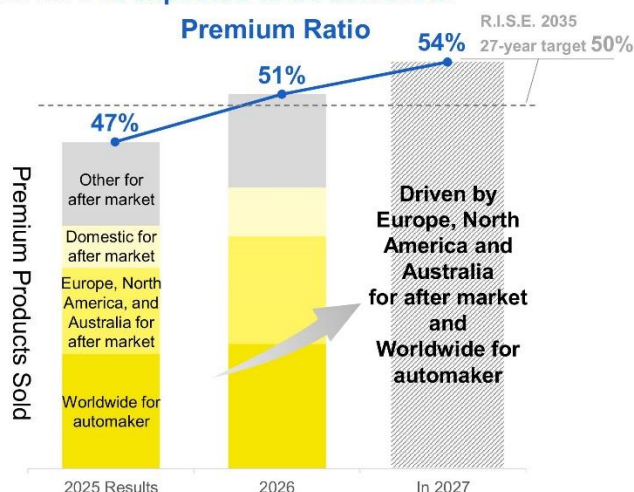
- SYNCHRO WEATHER expansion
 - Further size expansion
 - Strong sales performance

Europe, North America and Australia for after market '25→'26 +2.6M units

- Launch of new DUNLOP products in Europe and Australia
- Increased sales of FALKEN WILDPEAK, the flagship in North America.

Worldwide for automaker '25→'26 +1.2M units

- Expansion of high-inch ratio among automakers in Japan and China
- European premium automakers evaluate technology, production, and brand strength, and increase development offers.



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In 2026, we will expand the premium ratio to 51%, and we expect to achieve the R.I.S.E. 2035 plan target of 50% for 2027, one year ahead of schedule.

We have already received many comments from automakers expressing their expectations for the DUNLOP brand, and we will further build on this momentum.

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2-3. [Domestic] SYNCHRO WEATHER sales status and future strategies

Increase market awareness with sales of 1 million units and **establish an all-season category in the domestic market. In the all-season category, 90% of the first recommendation*1 was received. Further strengthen efforts to expand sales.**

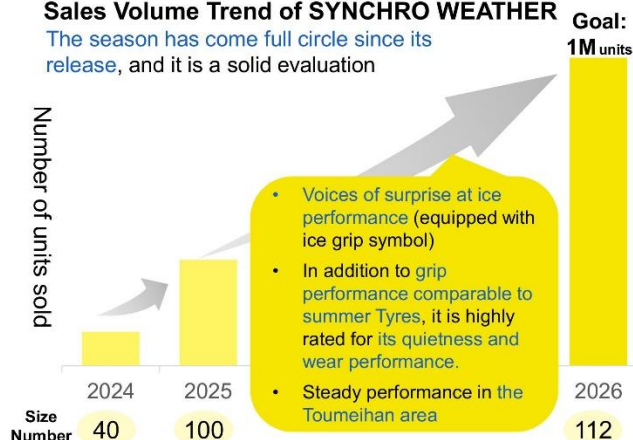


*1: According to Dunlop Tyre Co., Ltd.;

<In-store survey > (period) November 10, 2025 ~ December 5, 2025 / (area) Tokyo, Saitama, Kanagawa, Chiba, Aichi, Gifu, Osaka, Hyogo, Miyagi / (targets) 104 certified stores

Sales Volume Trend of SYNCHRO WEATHER

The season has come full circle since its release, and it is a solid evaluation



Initiatives to expand the all-season market

Increasing consumer and dealer appeal and market awareness, focusing on expanding sales in the summer

Awareness campaign

- TV, SNS, YouTube, etc.

Strengthening and expanding existing certified stores

- dealer option settings, etc.

Initiatives for Market Expansion

- Improving the value provided by approaching according to the business type (corporation, leasing), etc.



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Next, I will explain the sales situation of SYNCHRO WEATHER in Japan and our future strategy.

With SYNCHRO WEATHER, as one full season has passed since its launch in October 2024, it has received high evaluations for winter ice performance, and in spring, in addition to grip performance comparable to summer tires, it has also gained support for its high quietness.

As a result, as per our initial strategy, we were able to increase sales mainly in the Tokyo, Nagoya, and Osaka areas, and we were able to provide new experiential value to many people.

This year, based on last year's results, we will further raise market awareness with a target sales volume of one million tires and work to establish the all-season category in the domestic market.

This is an in-store survey by Dunlop Tire Co., Ltd., and SYNCHRO WEATHER has captured approximately 90% of first recommendations within the all-season category.

This year, starting from the spring sales season, we will strengthen our appeal to consumers and dealers, while also utilizing commercials featuring Shohei Ohtani, and we will further advance efforts to strengthen the foundation, such as sales channels, and proceed with expanding sales.

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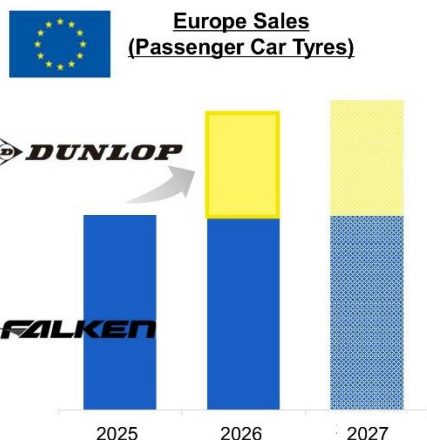
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2-4. [Europe] DUNLOP sales status and future strategies

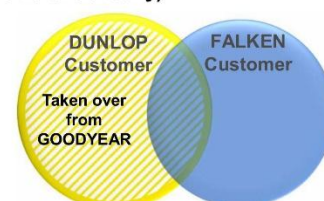
Off-take products from GOODYEAR have started off well in both reputation and sales.

Accelerate sales expansion by launching **new DUNLOP products** and **utilizing the sales channels built by FALKEN** besides a sales channel inherited from GOODYEAR.



< Customer development status (as of the end of January)>

- Orders will begin on January 2, 2026. We **started off well from the first day**. DUNLOP's orders for January reached **1.5 times the budget**. (DUNLOP received orders from 680 customers)
- In preparation for the full-fledged spring demand, we will also strengthen our approach to retail.



< What customers say>

- New products, advertising, support programs, service structures, **We expect an increase in stable supply from the new DUNLOP.**
- Thank you for coming back.** I am looking forward to the new product as soon as possible.



First New Product
BLUE RESPONSE TG
(April '26~).

Next, I will explain the sales situation of DUNLOP in Europe and our future strategy.

Off-take products from Goodyear have been launched smoothly in terms of both reputation and sales, and we have started accepting orders since the beginning of the year.

As a result of focusing on major customers, orders in January achieved 1.5 times the budget, making a strong start, and we have also received appreciative comments from customers that allow us to feel their expectations for DUNLOP. In April, we will launch the new product BLUE RESPONSE TG, and we will utilize the sales channels we have built with FALKEN, and also accelerate expanded sales to customers taken over from Goodyear.

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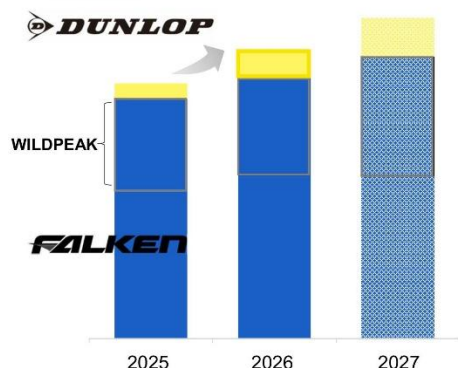
2-5. [North America] DUNLOP sales status and future strategies

In December last year, DUNLOP launched first new product **mainly for major customers.**

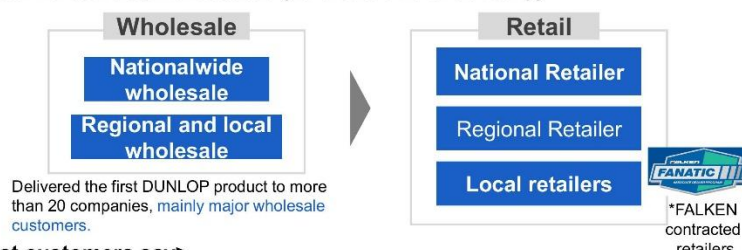
We will engage in sales activities to existing chain retailers and **FALKEN contracted retailers** and **steadily expand our market share.** (The second new product is scheduled to be launched by the end of the year)



North America Sales
(Passenger Car Tyres)



< Customer development status (as of the end of January)>



< What customers say>



With its rich history and nostalgia, a wide range of consumers and dealers expect DUNLOP to revitalize.

The design of the new product BLUE RESPONSE is good, and the full warranty program is attractive, and I am very excited to see what kind of results it will achieve in the market.

Expectations for further size expansion.

Next, I will explain the sales situation and future strategy in North America, which is another main market.

Ahead of Europe, we launched the new DUNLOP product BLUE RESPONSE A/S in December last year, and deliveries have been progressing to more than 20 companies, mainly major wholesale customers. We will promote sales activities to nationwide retail chains and to Fanatic, which is FALKEN's proprietary network of contracted retailers, and we will steadily work to expand our share.

In addition, we plan to launch a second new product within the year, and we will further accelerate sales.

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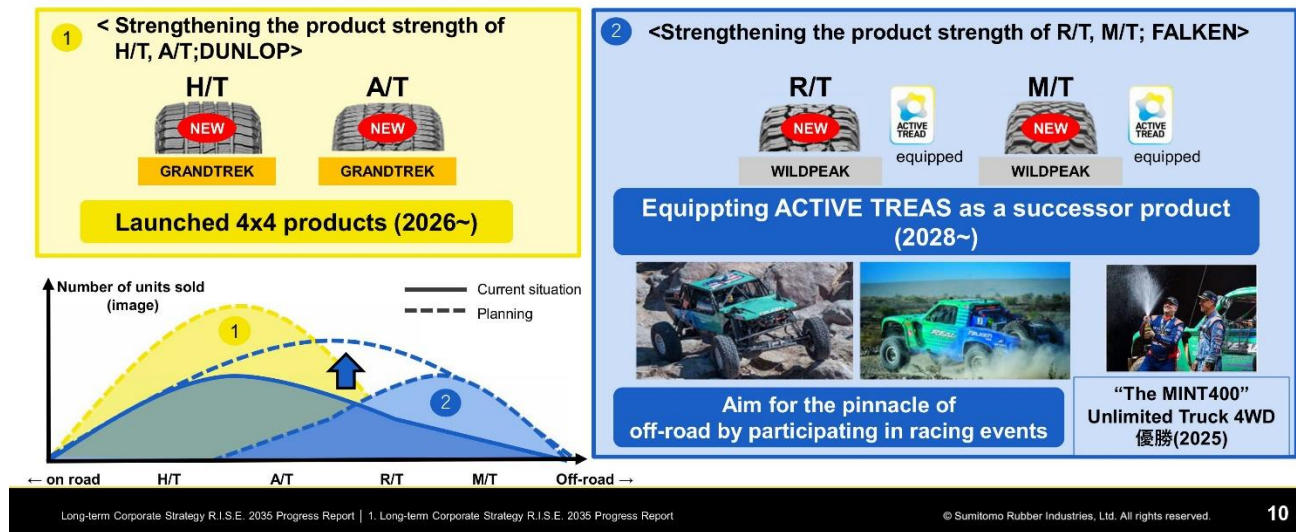
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2-6. [North America] 4x4 sales strategy



DUNLOP will be introduced to on-road (H/T) and all-terrain (A/T) and be linked with automakers to build a solid foundation. The company aims to increase its market share by **introducing new FALKEN** products mainly for off-road and expanding the size of the large outer diameter.



In addition, I will explain our 4x4 sales strategy in North America.

As a differentiated product, FALKEN's WILDPEAK is driving sales, but we will roll out DUNLOP's premium GRANDTREK series sequentially from 2026 and increase sales of on-road and all-terrain tires. For WILDPEAK, we will launch new products mainly for off-road use, and we also plan to expand the lineup of large outer diameter sizes.

From 2028 onward, we plan to launch a successor product adopting ACTIVE TREAD that enhances both off-road performance and on-road comfort. Through participation in racing events and other activities, we will aim to become the top off-road brand.

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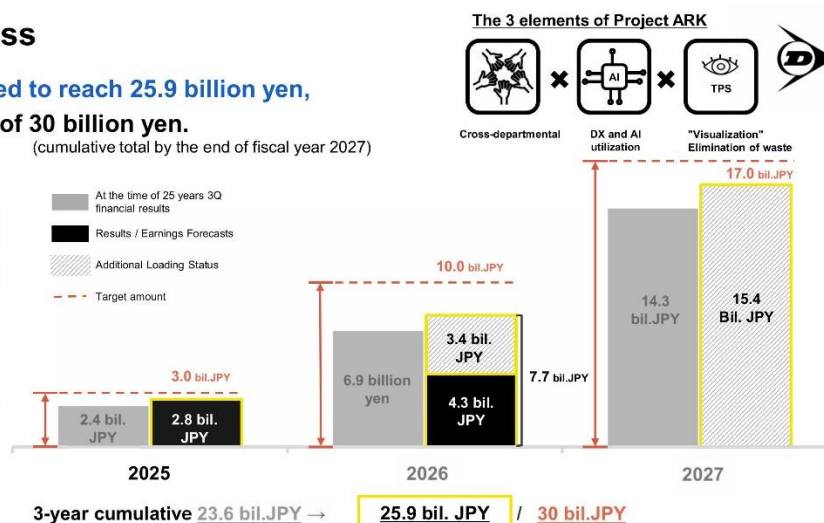
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2-7. Project ARK Progress

The cumulative effect is expected to reach 25.9 billion yen, compared to the target amount of 30 billion yen.
(cumulative total by the end of fiscal year 2027)

Measure effect amount			
(100 mil. JPY)	2025	2026	
		Earnings Forecasts	Additional Loading Status
Tyre	+21	+28	+28
Direct Cost	+3	+5	+6
Sport	+3	+5	+0
Industrial Products	+2	+5	+1
Sum	+28	+43	+34



Main Measures and Ideas



Consolidation and abolition across business divisions of subsidiaries and bases (offices, warehouses)



Cost reduction at the Thailand plant, the main plant for North America



Utilization of AI for tyre demand prediction & shortening development lead time through virtual prototyping



Reducing raw material costs by reducing tyre weight (currently being applied to new products for after market)

*1 TPS: Toyota Production System

Next, I will move on to the explanation of Project ARK.

Project ARK is a company-wide cost reduction initiative promoted with cross-functional collaboration, utilization of DX and AI, TPS, and visualization and elimination of waste from the perspective of the Toyota Production System as key concepts.

We aim to create a cumulative effect of JPY30 billion by the end of 2027, and we have currently built up measures totaling JPY25.9 billion. This year, of the JPY10 billion target, JPY4.3 billion has already been factored into the financial forecast, and we have additionally built up JPY3.4 billion.

I will explain, in order, the two measures in blue below.

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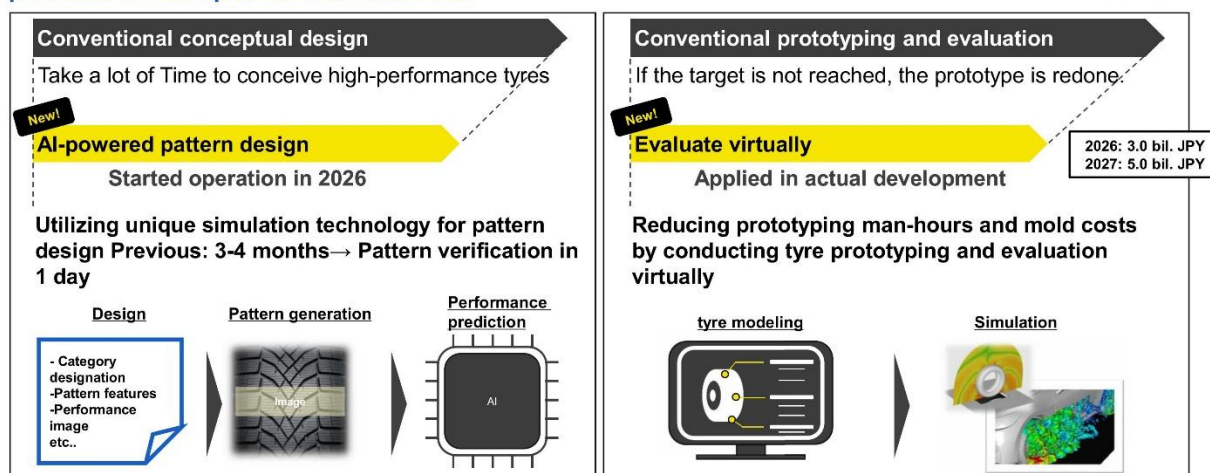
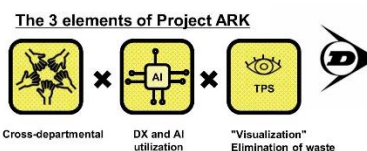
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2-8. Shortening Development Lead Time

The "SDI Process"^{*1}, which utilizes AI design and virtual development, will dramatically improve the development efficiency of DUNLOP products for Europe and North America.



^{*1} Sumitomo Rubber Evolution Process: Development process technology that realizes high-precision performance prediction, development efficiency, and reduction of prototyping and evaluation using AI and simulation

In the development domain, through our proprietary SDI, Sumitomo rubber development innovation process utilizing AI and virtual evaluation, we will shorten development lead times and achieve acceleration and improved efficiency, particularly for DUNLOP development in Europe and the US.

We will establish a development process technology that seamlessly connects AI-based pattern design and performance prediction, making it possible to complete the conceptualization and verification process, which previously required three months or more, in one day.

We will also conduct tire prototyping and evaluation virtually, thereby reducing prototyping man-hours and mold costs.

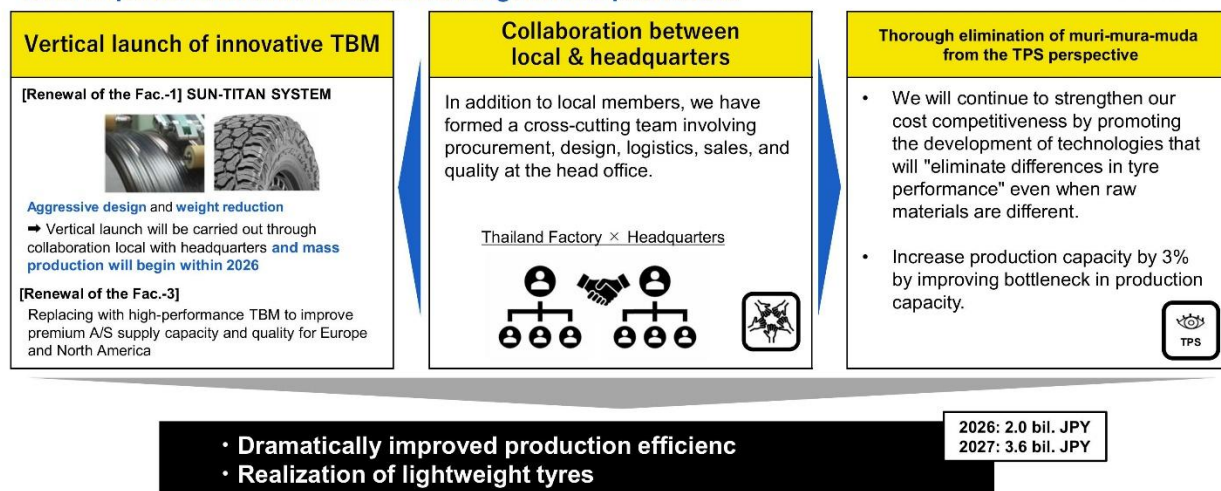
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2-9. Cost Reduction at Thailand Plant

In addition to local members, head office departments will support the development of a promotion system to mitigate tariff impacts in North America and strengthen the profit base.



Next, I will introduce initiatives at our Thailand plant, which has the largest production volume in the group.

Through the development and introduction of the SUN-TITAN SYSTEM that manufactures WILDPEAK for North America, among other products, we will aim for a dramatic improvement in production efficiency and the realization of even lighter tires. By strengthening coordination between on-site plant operations and headquarters functions and achieving a vertical ramp-up, we will maximize the effect at an early stage.

We will also proceed with thorough waste elimination from a TPS perspective, counter tariffs' impact in the North American market, and contribute to total cost reduction.

By sequentially expanding the application of these initiatives to each plant and to development, we will create cost-reduction effects and also proceed with building a management foundation that is resilient to change, which is the original intent of Project ARK.

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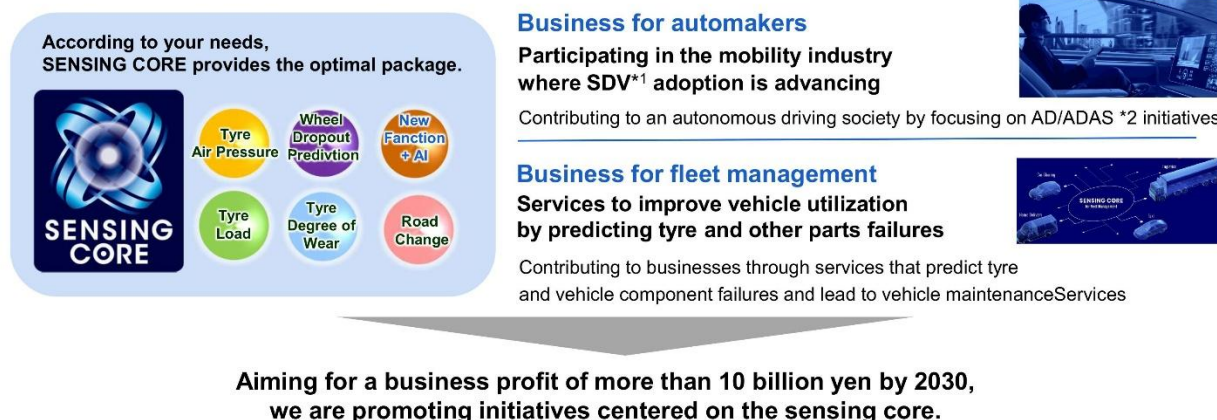
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3-1. SENSING CORE Business Concept



SENSING CORE technology **detects and predicts "conditions around tyres" from vehicle data.**
Delivering value in accident prevention and downtime minimization to automakers and fleet management.



*¹ Software Defined Vehicle (a vehicle in which software controls the functions and performance of the vehicle in an integrated manner)
 *² AD/ADAS: Autonomous Driving / Advanced Driving Assistant System

Lastly, I will explain our business concept utilizing SENSING CORE technology.

Through SENSING CORE technology, we detect and predict conditions around tires based on vehicle data, providing value in preventing accidents before they occur and minimizing downtime. By combining Viaduct's proprietary AI model, which we acquired in August last year, we will enhance new functions and roll them out to automakers and fleet management customers.

Aiming for business profit of JPY10 billion or more in 2030, we are promoting initiatives centered on SENSING CORE.

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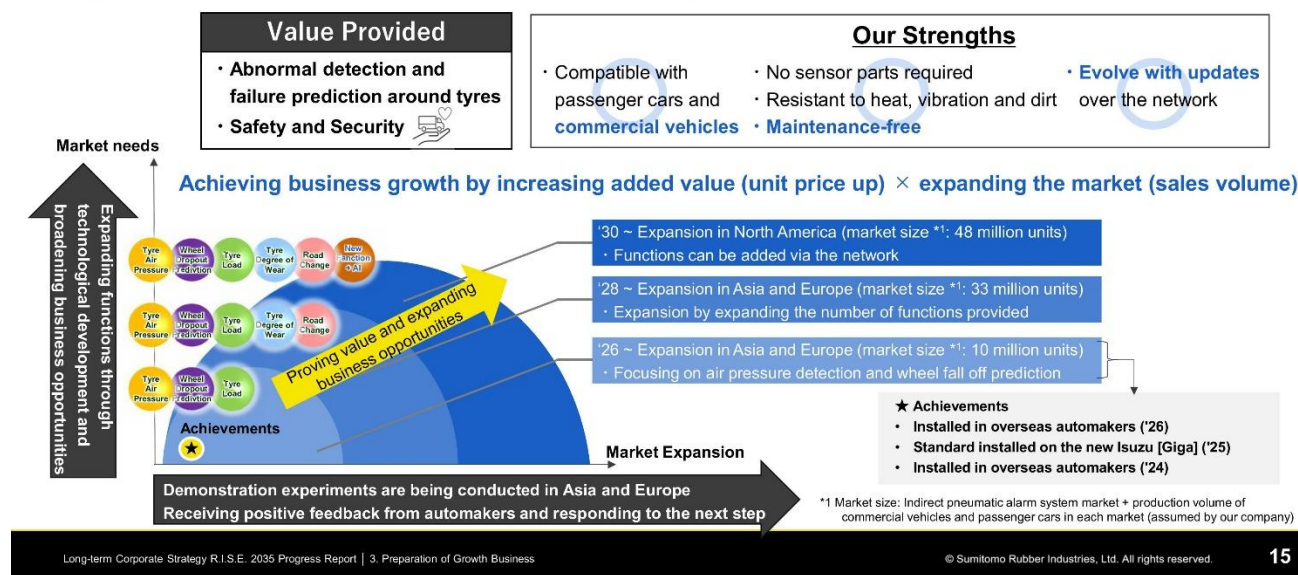
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3-2. Business for Automakers: Progress and Outlook



Leveraging our track record in value delivery to enhance added value for the next functional expansion, we will achieve gradual business growth by expanding our target to the global market.



In the business for automakers, we will achieve business growth in stages by combining increased added value through expanded functions with market expansion.

As mentioned earlier, the value provided by SENSING CORE is demonstrated significantly in the safety and security domain, such as detecting abnormalities around tires and predicting failures. SENSING CORE can also be applied to large vehicles, where accidents tend to be more serious, and it has strengths in being sensorless, being robust under harsh conditions such as heat, vibration, and dirt, and requiring no maintenance.

In addition, it has the potential to continuously evolve its functions through software updates, which is also one of its major attractions.

We will continue to advance technology development, further enhance SENSING CORE functions, and expand business opportunities toward market expansion.

In 2025, fortunately, it began to be installed as standard equipment on Isuzu's new "Giga," and this year, adoption is expanding to overseas manufacturers as well. We have received positive feedback from each company, and we are feeling strong momentum for the next stage of growth.

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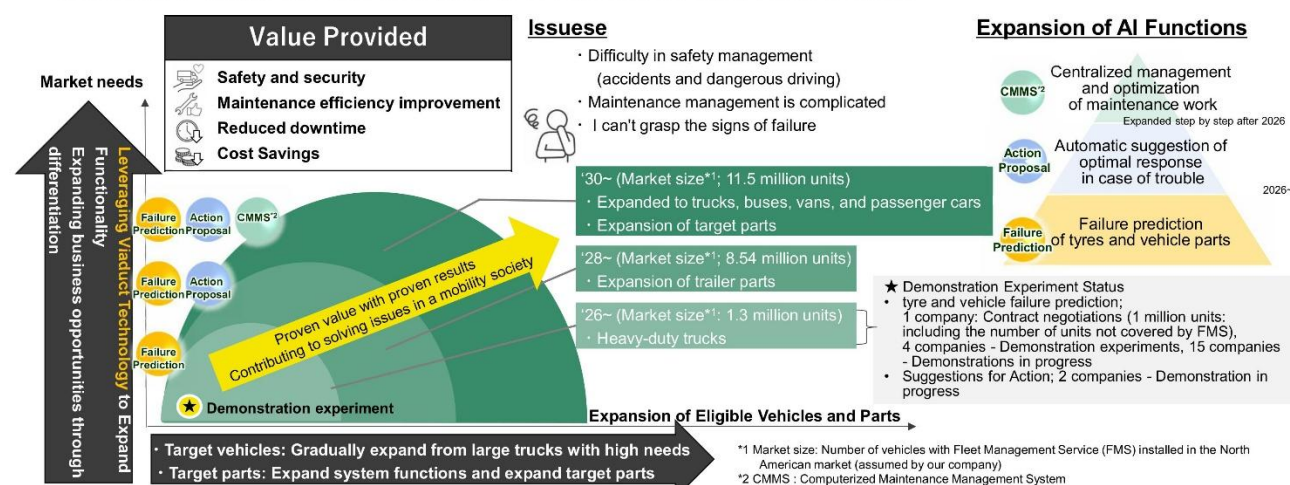
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3-3. Business for Fleet Management: Progress and Outlook



Viaduct AI's "future prediction" technology is combined with the "now" information of the SENSING CORE to improve the accuracy of fault prediction. The company aims to expand the range of target vehicles and parts and expand business opportunities.



In the fleet management business, we will combine SENSING CORE with Viaduct's AI technology to enhance failure prediction accuracy. We will aim to expand business opportunities by expanding system functions and broadening the scope of target vehicles/parts.

In addition to failure prediction AI, we will start providing a service of response recommendation AI from this year that proposes optimal response methods in the event of vehicle trouble and low-cost parts. From this year onward, we also plan to develop a system that centrally manages maintenance work processes. By sequentially expanding AI functions, we will enhance the four values provided, as shown here.

The early expansion of these functions will be achieved precisely by combining Viaduct's technology. We are first working on large trucks, where needs are high, and we are at the contract negotiation stage with one company that manages vehicles on the scale of one million units.

While steadily building a track record, we will rapidly advance function expansion and expand business opportunities through differentiation.

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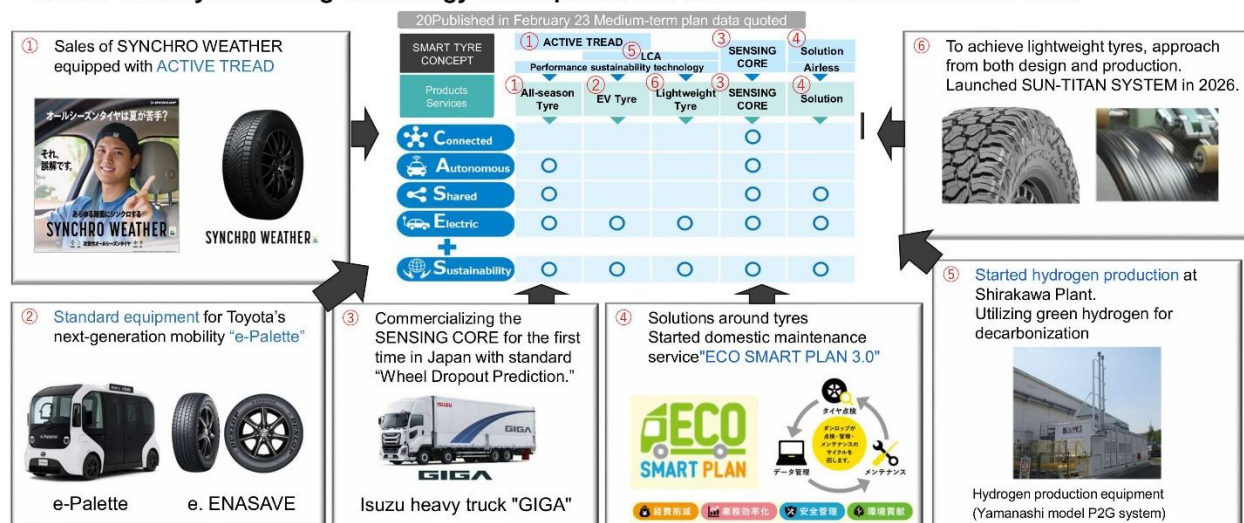
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3-4. DUNLOP's Contribution to a Mobility Society



We respond to CASE and a sustainable society, providing the highest level of safety and joy.
We are steadily advancing technology development and commercialization to achieve this.



Long-term Corporate Strategy R.I.S.E. 2035 Progress Report | 3. Preparation of Growth Business

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Lastly, I will introduce our contribution to the mobility society that we aim to achieve.

The table shown in the center of the screen is an excerpt from the medium-term management plan announced in February 2023. It organizes how we will provide value through our technologies and products in the CASE domain and for a sustainable society. Based on this policy, we are proceeding with initiatives as planned.

We have been steadily building tangible progress in each field, including the commercialization of SYNCHRO WEATHER equipped with ACTIVE TREAD, OE fitment on Toyota Motor Corporation's next-generation mobility "e-Palette," the launch of solution services in the area around tires, and the start of hydrogen production toward a decarbonized society.

We will not limit ourselves to the results achieved so far, and we will continue to steadily promote technology development and commercialization to provide "the highest level of safety and joy," as stated in our purpose, toward the advancement of CASE and the realization of a sustainable society.

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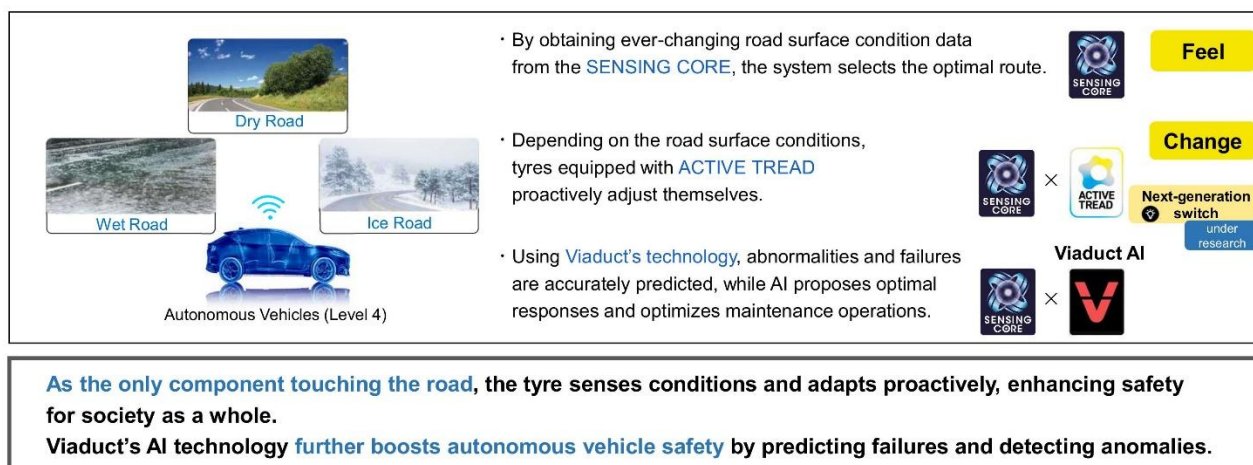
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3-5. DUNLOP's Contribution to a Mobility Society



Combining our proprietary **SENSING CORE**, **ACTIVE TREAD**, and **Viaduct technology**,
We will provide value in all aspects of safety, experience, economy, and environment to the next-generation mobility society.



In the future mobility society where autonomous vehicles become widespread, we believe that by combining our proprietary **SENSING CORE** and **ACTIVE TREAD** technologies with **Viaduct's AI** technology, we will be able to provide new value in every aspect, including safety, experiential value, the economy, and the environment.

Specifically, we want to realize a world in which **SENSING CORE** accurately captures rapidly changing road surface conditions, and based on that data, safe and secure optimal routes are selected.

In addition, tires equipped with **ACTIVE TREAD** proactively change their performance according to road surface conditions and always maintain optimal driving conditions.

In addition, **Viaduct's AI** technology predicts abnormalities and failures with high accuracy, and by having AI present optimal response methods, maintenance operations will also be optimized automatically.

Tires, the only components that contact the road surface, sense, and proactively change, and enhance safety across society as a whole. Toward realizing such a vision for the future, we will further accelerate our initiatives.

Under the long-term strategy R.I.S.E. 2035, we are gaining a sense of confidence that we can draw a solid growth trajectory from 2026 onward through the premiumization of our tires business and strengthened expansion in Europe and the US, strengthening of our company-wide cost structure through Project ARK, and expansion of new businesses led by **SENSING CORE**. We will further implement these strategies and realize a solid growth strategy. We would like you to continue to have high expectations.

That concludes my presentation. Thank you very much.

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Inoue: At this point, as Yamamoto mentioned earlier, we will introduce two new TV commercials for the next-generation all-season tire SYNCHRO WEATHER in succession. Shohei Ohtani appears driving in two roles, and the music features ONE OK ROCK.

Now, please watch.

[Video Begins]

Are all-season tires weak in summer? "SYNCHRO WEATHER," equipped with ACTIVE TREAD, lasts reliably even on summer road surfaces. Sudden rain is nothing to fear.

"SYNCHRO WEATHER" syncs with every road surface. DUNLOP.

Are all-season tires mediocre in both summer and winter? "SYNCHRO WEATHER," equipped with ACTIVE TREAD, changes its rubber according to the road surface. One tire for any road surface all year round.

"SYNCHRO WEATHER" syncs with every road surface. DUNLOP.

[Video Ends]

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Question & Answer

Inoue [M]: We will now take questions from the audience.

Due to time constraints, we kindly ask that each person limit their questions to two.

If you have a question, please raise your hand.

The person in the middle of the front row, please.

Sakamaki [Q]: Sakamaki from Bank of America. Thank you for today.

My first point is your thinking behind this fiscal year's plan. Please tell us how we should view it, such as upside potential, downside potential, or whether it is the minimum must-achieve target. Specifically, this is the increase/decrease in profit on page 27. While expenses and fixed costs look, as usual, like a buffer, Other volume of JPY35.7 billion would mean volume increases by about six million tires this year, but if about half is off-take, the increase is not that large, so JPY30-something billion would be an impact close to when things rebounded significantly after COVID-19. I am a little concerned whether it will really be that large.

In addition, looking at the US through around February, I do not think prices have been lowered, probably. Looking at this H1 plan, it makes me wonder whether you will lower prices this much. Your direction is to acquire DUNLOP and move upmarket, but this looks like discounting and working hard to sell, and it can look like a somewhat different company strategy. What is the premise for thinking about this JPY112 billion? Please tell us the message regarding upside and downside potential.

Yamamoto [A]: Thank you for your question. First, I will speak to our determination, and Okawa will cover the details.

In fact, we have completed structural reform over the last year, and at the same time, we have been building the foundation for our growth strategy. Throughout last year, we also steadily sorted out low-priced businesses and the like. From this year, we will move all at once into the growth strategy.

DUNLOP in Europe and the US is about 10% to 20% higher priced than the FALKEN brand, and in return, we provide value. From this year, our challenge will be to pursue both growth and profit as two wheels. In that sense, the business profit amount and margin at the start this time are numbers we will execute with certainty.

We are still preparing various measures in those areas, so please understand these numbers as those where we aim for further upside.

Okawa will provide the details.

Okawa [A]: Thank you for giving me the floor, and thank you for your question. I believe your question is about the premise and determination behind the 2026 numbers, and what production will look like.

From our perspective, we first carefully reviewed the numbers that came up from each business headquarters as they were, and then incorporated a certain level of risk, and that is the premise for these numbers. Please view these numbers as a level that the entire company can achieve with certainty, and as numbers that we will aim to deliver.

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For expenses, we have firmly included the annual-level amount we intend to use. It is not a buffer, and as a result, we might not be able to use it. I have said this before, but it is not a buffer, and we are thinking on the premise of using expenses of this level and generating sales of this level. One point is that, as a result, we might not use them.

In addition, questions about Project ARK will probably come up later, but as Yamamoto explained earlier, the number included in this plan is only JPY40-plus billion out of the JPY10 billion target, so I think more will likely come out going forward. If this is realized, and if other numbers do not change at all, we believe there is also a possibility that Project ARK alone could increase profit.

Accordingly, since no one knows what will happen in the world and we do not know the US economy either, we cannot make promises, but if we execute normally, this will come out. On top of that, if we also restrain expenses and Project ARK performs well, these numbers could become numbers with the potential to perform even better. However, we created these numbers with a sense of commitment to at least this level for everyone.

Sakamaki [Q]: For price, is it correct to understand that you have built in risk even though you will really lower prices this much? Strategically, it looks as if you would lower prices to gain volume.

Nishiguchi [A]: Are you referring to the price on the previous page?

We have included this based on the softening of raw materials, and mainly on the expectation that the portion of price declines linked to the OE business will come out from H2. For the replacement and repair market, we have not included any price reductions to gain volume at all. In terms of the image of profit increase in FY2026, last year, there were also profit decrease factors due to lower volume. We were reducing unprofitable products, but more than that, volume declined in each market due to softening market conditions. There were also profit decrease factors.

However, this time, the image of profit increase is that volume and mix will turn positive strongly. This is mainly driven by positive contributions from DUNLOP in Europe, the US, and Australia. The one million tires for SYNCHRO WEATHER are also significant, and we will continue to increase sales of WILDPEAK in North America. We also plan to add sizes.

With these three pillars as the main drivers, we will increase profit, including improvements in mix due to higher volume. For price, we have only factored in the decline in OEM.

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

My second point is that, with today's release, we received the news of your transitions with a very sad feeling. If possible, since Mr. Yamamoto will remain as Chairman and we will hear comments from Mr. Kuniyasu later, I would like to ask Mr. Nishiguchi and Mr. Okawa, who will be transitioning, about what remains unfinished.

Even looking at other expenses this time, you did not end up using as much expense in the fiscal year that ended as initially expected. In this fiscal year's plan, you have included JPY12 billion of extraordinary losses between operating profit and business profit. Looking at this, it can appear that there were things left unfinished, so if possible, and if Mr. Yamamoto can also share, please tell us what remains unfinished, what you are entrusting, and the meaning of these figures and these extraordinary losses.

Yamamoto [M]: Thank you for your question. First, Nishiguchi.

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Nishiguchi [A]: I was surprised as well. As you would expect, we were able to firmly complete the structural reform, and as I mentioned earlier, I believe we have finally reached a structure where this year's plan can strongly increase volume in tires and generate profit through improved mix.

In addition, we have solid drivers, such as DUNLOP, SYNCHRO WEATHER, and further expansion of sizes for WILDPEAK. In that sense, I am firmly confident that we can move on to the growth strategy from here, so there is nothing left unfinished.

Yamamoto [M]: Next, Okawa.

Okawa [A]: Personally, those who will probably work hard going forward, such as Mr. Hino and Mr. Araki, are several times more capable than I am, so personally, I have nothing left undone.

Regarding the FY2025 numbers, we completed the structural reform, but initially, we thought we might also incur losses associated with the structural reform, so we actually included several billion yen. Since we ended up without being used most of that, profit came in above forecast, and while that is not the only reason, it was a major factor.

For FY2026 as well, we have included a somewhat higher number conservatively, thinking there could be something. As a result, operating profit may look somewhat insufficient to everyone, but we believe they will address it well, and there is also a possibility that it could come in higher. That is what I would like to entrust to the next team.

Yamamoto [M]: Next, Kuniyasu, who will take on the next generation.

Kuniyasu [A]: I will also offer remarks later, but I would like to make a brief comment.

I feel that a very clear path has been created for us, and I believe my job is to walk that path strongly. I come from a technical background and want to remain particular about performance and the value we provide, so I intend to explain that clearly to everyone and proceed while gaining your understanding. I will accept what has been entrusted to me, and I would also appreciate receiving various opinions from all of you. Thank you.

Sakamaki [M]: Thank you very much.

Yamamoto [A]: I would like to provide firm support.

Inoue [M]: Thank you, Mr. Sakamaki.

Next, we'll take a question from Mr. Maki of SMBC Nikko Securities, joining us online.

Maki [Q]: Thank you. This is Maki from SMBC Nikko Securities. Thank you very much.

First, regarding the US. In the actual results, you said from Q3 to Q4 that you would make some price adjustments in the US and increase volume, and the results give the impression that volume did not increase that much. However, since you said you have landed firmly, excluding one-off factors, I personally feel reassured.

At this point, how are you viewing the environment in the US? Since you said you have not lowered prices much, is the situation showing that sales are stronger than expected? For example, US-based companies sometimes talk about inventory building up. I would appreciate it if you could tell us how you view the US environment, including the level of competition, and also how WILDPEAK is selling. That is my first question.

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

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Nishiguchi [A]: In the US, we said at the time of the Q3 results that adjustments at some customers would be over, but it dragged on through Q4, and that was the only miscalculation. It was disappointing that the JPY95 billion we had been so confident in ultimately fell short, partly due to factors in North America.

However, on an order basis, regarding your question, for WILDPEAK, today's financial results briefing materials show a volume of 87 for North America overall last year, but the WILDPEAK series, which is the source of our profits, is up YoY, so we view it as a hit product that continues to receive strong repeat orders.

In terms of the environment, there is the issue of tariffs, but we see that the price-sensitive zone of Tier 3 and below is still growing. In particular, for passenger car tires, we raised prices after tariffs were imposed, and then made further price adjustments around Q3 while balancing volume, but we believe we struggled to grow in passenger car tires. For the WILDPEAK series, we were able to pass through pricing, repeat orders were also strong, and we were able to grow.

Industry demand, including imports, is clear, and the market is around 100% to 101% YoY. For this year as well, we do not expect major growth in North America and believe it will remain flat.

Maki [Q]: Thank you.

WILDPEAK will move into the A/T and M/T zones going forward, but is this kind of mix also included in this fiscal year's plan? In addition, since there are competitors in M/T such as TOYO, if you have any competitive advantage that would allow you to win out there, I would appreciate your comments on that as well.

Nishiguchi [A]: For WILDPEAK, we will add 12 sizes this fiscal year. These will be added to the current "A/T 4W," so we have included a plan to grow in the current A/T segment. In addition, for the R/T and M/T segment, as part of the premium strategy to include ACTIVE TREAD, from H2 of 2027, and largely from 2028, we will make an all-out entry into this area with R/T and M/T products and sizes, including LOD and large outer diameter sizes.

Our strengths at that time were, as Yamamoto also explained today, that we would use the SUN-TITAN SYSTEM to achieve weight reduction while manufacturing with the strip-winding method that increases tire uniformity, thereby enhancing cost competitiveness and performance quality. We want to rapidly raise product value. We intend to proceed using this as our weapon.

Maki [Q]: Thank you.

My second question is about DUNLOP. I believe it is included in the effect of the significant improvement in volume this time. Looking at Europe, volume is up by about 32%, and I believe Europe was around nine million tires, so it feels like you are only looking at about three million tires, but it used to be around four million tires, so please tell us about that assumption.

In addition, regarding price, I believe there was also a discussion that Goodyear holds the price list, but will it come in as you assume? Also, regarding margin, since it is off-take, I think it will come in a bit weaker. Please also tell us about the assumptions for DUNLOP, including whether there is not much risk there.

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

Nishiguchi [A]: This year, the story is that the increased volume under DUNLOP in Europe, the US, and Australia will contribute to higher profit. For Europe, where you asked, we are planning DUNLOP sales of slightly more than four million tires. In terms of the breakdown, this will be a combined total of off-take products and the high-performance BLUE RESPONSE TG developed by Sumitomo Rubber, which I also explained today, and we will sell slightly more than four million tires in total.

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Regarding off-take, in response to your question about price, for off-take products taken over from Goodyear, the prices that have been sold in the market to date will continue to apply. That is in line with our assumptions.

For our in-house BLUE RESPONSE, since it is a new product, we plan to launch it at higher prices than the DUNLOP product lineup under Goodyear in the past, and we plan to begin selling it.

Maki [Q]: Thank you.

In terms of profit, of the JPY35.7 billion in volume & mix is about one quarter the effect of increased sales of the DUNLOP brand, for example.

Okawa [A]: It is difficult for us to share here the details of DUNLOP and FALKEN within the mix, but please forgive us today.

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

Inoue [M]: Thank you, Mr. Maki.

Next, is there anyone in the venue who has a question?

The person in the front row, please.

Sakaguchi [Q]: My name is Sakaguchi from Mizuho Securities. Thank you. I have two questions.

First, I would like you to explain sales by region in a bit more detail. Japan is 98%, and you explained the reactionary decline in winter tires earlier, but given the target of one million tires for SYNCHRO WEATHER, and given that up to last year, you were reducing unprofitable products, and off-take products were declining significantly, I would like you to explain whether there is any room for more growth this year.

In addition, North America is 109%, and what kind of trend will that be by brand? In particular, how much are you expecting for WILDPEAK. For Europe, you said orders started at 1.5 times your original assumptions, but is that already reflected in the 132% figure? Are you running with upside? I would appreciate it if you could provide more explanation on how you are viewing sales by region. Thank you.

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

Nishiguchi [A]: This is page 28 of the materials. First, one by one.

First, for Japan, we are planning an increase vs the prior year for the portion of Dunlop Tire, the sales company for replacement. I am not sure how to put it, but domestic sales include the portion supplied as off-take under Goodyear. We are receiving initial orders that are expected to decline significantly this year, and that impact makes it below the prior year. For Dunlop Tire, we will grow mainly with SYNCHRO WEATHER, and this should be fine since we will release it soon, but we will also launch a new product in "ENASAVE," which is the highest-volume zone, and we have included a plan for this to contribute significantly to increased sales. With these other factors, it comes to 98% YoY.

North America is 109%, and the WILDPEAK series you asked about is planned at close to a high single-digit increase. What we are particularly looking forward to is that, in the area of OE deliveries, while we cannot name the company in this setting, WILDPEAK will be installed as OE on a popular vehicle model that is quintessentially American, and that business will begin from this year. We expect this to further lift overall volume growth by about 2 percentage points.

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For Europe, orders have been coming in smoothly since January, so we feel reassured, but this 132% figure purely reflects the net increase from DUNLOP. Please understand that we have included the planned numbers as scheduled.

Sakaguchi [Q]: Thank you.

My second point is the figure of JPY8.1 billion shown as a profit decrease factor as “measures to expand sales of the DUNLOP brand” in the analysis of factors behind the increase and decrease. My understanding is that, separate from advertising and promotional expenses, everything related to the DUNLOP brand is included here. Is that correct? Also, from the perspective of what specific items this will be spent on, and whether there is any risk that this could increase, I do not think it will not be used much, so please tell us the details and the thinking, from the perspective of whether the opposite could occur.

Okawa [A]: Okawa will explain that.

My explanation was insufficient, but of the JPY20.2 billion in FY2026, “measures to expand sales of DUNLOP in Europe, the US and Australia” written at the top includes all increases in selling costs in these three regions, including advertising and promotional expenses, that will arise in these three regions.

Accordingly, we have included everything here for the portion where DUNLOP sales increase, including logistics, expansion of dealers, warehouses, and advertising and promotional expenses. The advertising and promotional expenses in the middle are advertising and promotional expenses held by the headquarters, such as the commercials you saw earlier and golf. If you ask whether advertising and promotional expenses are purely that amount, the situation is that we have included the advertising and promotional expenses that arise in the three regions in the top line as well, and we have moved all expenses to the top line.

As for whether we will use it or not, it is difficult for me to imagine, but everyone has included it on the basis of saying that they want to do this and therefore want this budget, so of course, I believe it will be used. However, various adjustments are made during the fiscal year, so at this stage, it is not a matter of whether it will increase or decrease, but in general, people write their budgets with strong determination at the outset, so historically, the pattern has been that it does not increase. If you ask whether it will absolutely not increase this time, we are not in a position to promise that.

Sakaguchi [M]: Thank you. I understood that the way you have factored it in is as usual. That is all.

Inoue [M]: Thank you, Mr. Sakaguchi.

Next, we'll take a question from Next, Mr. Yoshida from Citigroup Global Markets, who is joining us online.

Yoshida [Q]: Thank you. This is Yoshida from Citigroup.

My first point is that, when you initially created the medium-term management plan, I believe you said that you would quantify the attractiveness of the DUNLOP brand in some way and disclose it in a form that would allow it to be tracked. I understand it is scheduled to be set in 2026, but I do not think it has been announced this time, so please tell us how you will operate it.

Yamamoto [M]: Thank you for your question. Kuniyasu, who is actually advancing this, will respond.

Kuniyasu [A]: Thank you for your question.

Regarding quantifying the DUNLOP brand, we are currently setting an indicator with a company that surveys brand strength globally. We believe we will be able to disclose, within this year, that we will look at the

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numbers and track using these numbers, so I think the process will be to track those numbers going forward and confirm improvements in brand value.

Yoshida [Q]: Understood. I look forward to it within this year. Thank you very much.

My second point is somewhat short-term, but regarding the US, Goodyear has said around December or January that retail is not strong, that demand at the wholesale level is building up across the overall market, and that prices at the wholesale level appear somewhat weak. As a short-term situation, please allow me to confirm whether there has been any change in the US based on what has been happening in January and at present.

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

Nishiguchi [A]: At this point, even looking at the January numbers, we do not recognize that anything major is happening. In our case, adjustments are occurring only with a specific customer, and we do not have any particular concerns beyond that.

However, by category, as I mentioned earlier, the passenger car segment is somewhat weak due to issues such as tariffs and rising prices. We have been viewing the industry as a whole as around 100% to 101% since H2 of last year.

Yoshida [Q]: Understood. Is it correct to understand that the adjustment by the specific customer has largely ended and will not come out in Q1?

Nishiguchi [A]: Yes.

Yoshida [M]: Thank you.

Inoue [M]: Thank you, Mr. Yoshida.

Next, if there is anyone in the venue who has a question, please raise your hand. The person raising your hand now, please.

Kanai [Q]: Thank you for today. My name is Kanai from Tokai Tokyo Intelligence Laboratory. I also have two questions. Thank you in advance.

My first question is about Project ARK. I believe the plan was originally JPY10 billion for this fiscal year, and at this point, we are at JPY7.7 billion. There is still JPY2.3 billion remaining. Since you are still in the process of building it up, I understand you cannot be too definitive, but I would like to ask about your level of confidence.

In addition, Project ARK itself is said to be three years, but how confident are you about further buildup in the fourth year and beyond? In particular, the plan calls for a large buildup from this fiscal year to the next fiscal year. For example, if there is another step-up from the next fiscal year to the following fiscal year, the effect would become even larger. Please also tell us your outlook on that.

Yamamoto [A]: Thank you for your question.

I am confident, but I would like Araki, who is responsible for this, to speak about that level of confidence.

We want Project ARK to achieve its target value over three years. After that, the project will be dissolved once, but as with the "Be the Change Project," we will build up measures during the period of this project. We will gain know-how there.

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For example, we also carried out activities to generate free cash flows, and we built up JPY30 billion within that activity period. Even if the project is dissolved, accounting and finance headquarters took the lead, but each participating department continues what it learned at that time. Then, in the next period, it will generate another JPY30 billion of cash. Accordingly, even if the project is dissolved, the capabilities will remain in each department, so I believe the effect will increase.

Araki will explain our level of confidence.

Araki [A]: Thank you for your question. My name is Araki, and I am promoting Project ARK in the accounting and finance headquarters.

Since launch, we have finally built up to this point, but we are still at a stage where various stakeholders have continuously been building up various measures. For this fiscal year, we have set a target of JPY10 billion, and we are determined to achieve it. At this point, only JPY4.3 billion has been factored into the FY2026 financial forecast. The remaining JPY3.4 billion will be factored into the financial forecast as appropriate going forward, and as we move JPY7.7 billion closer to JPY10 billion, we would like to add further.

For Project ARK, as Yamamoto also reported in the progress of the medium-term management plan, we are fundamentally implementing measures that contribute to strengthening our management foundation. These are not short-term cost cuts, but initiatives that build basic strength by returning to the fundamentals of how we work and manufacturing, and that sustain effects continuously. Even if the activities were to end in FY2027, the same level of effect would continue from 2028 onward, and this means we are engaged in activities that contribute to building the Company's basic strength.

Of course, this year's measures will definitely be added to the next fiscal year, and we will continue to build up measures through the end of FY2027. We will definitely achieve JPY30 billion and exceed the target, and after that, I cannot state at this time what will happen from 2028 onward. Still, as Yamamoto said earlier, even if the project disappears in some form, we believe it will be sustained in the form of continued improvement of the Company's basic strength.

Kanai [Q]: Understood. Thank you very much.

My second point is that, in order to effectively generate the benefits of expanding DUNLOP sales, I believe you told us in December, particularly in North America, about strengthening the dealer network. Could you please explain again the current status of the US dealer network and your policy for expansion going forward? Thank you.

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

Nishiguchi [A]: In Europe, since Goodyear was handling DUNLOP, we took over customers along with off-take products. In North America, since the US is Goodyear's home country, DUNLOP was not handled to that extent. Please understand that it is effectively like building sales channels from scratch.

The base for that is, as I have explained today, FALKEN's Fanatic, and in terms of initially opening the spigot widely through wholesale, we have utilized major wholesalers in each region, and we have now completed a nationwide network in the US with about 20 companies.

We still have only one in-house product, the BLUE RESPONSE all-season tire, and we will sequentially expand, with a certain DUNLOP category product to be launched in the fall this year. While benchmarking the robust network building we have created with FALKEN that avoids cannibalization, we intend to build a similar network for DUNLOP.

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Yamamoto [A]: I have also been in business for a long time, and when I go to North America, I have opportunities to look at the market, including customers, and I believe FALKEN Fanatic is a very strong organization. It is an organization, or rather, it is a strategy of locking in partner stores, presenting sales promotion measures while entering into various contracts, and it has a considerable number of stores.

For each area, our US company clearly designates the members in charge there and provides thorough training to those members. Therefore, they thoroughly explain products that have product strength and can be differentiated, including WILDPEAK. They actually drive them themselves, create opportunities for test drives, and make presentations, and also make proposals, such as what kind of profit the dealers will generate depending on what mix they sell. The sales program is quite robust and is an attractive program, so I believe this sales network is truly our asset.

A solid relationship of trust has been built between customers and the staff at our local sales company, and by firmly placing DUNLOP on top of that, we have built stable sales with FALKEN, so by adding the DUNLOP brand there, we believe we can steadily expand sales. This includes my expectations, but since we have such a structure, I would like to proceed.

Kanai [Q]: If I recall correctly, in your explanation in December, I believe you had a plan to pursue quite a large number of new accounts, both with chains and with independent dealers. Since the new account development was a fairly significant increase, I felt it would be difficult without some kind of strategy, so what is your strategy for new account development?

Yamamoto [A]: By “new,” there are channels where we have done business only with FALKEN to date. We will expand business by adding the DUNLOP brand, which belongs to Tier 1, together with FALKEN, as a new business in those channels. Accordingly, pursuing entirely new accounts from scratch is very difficult in business, but for channels where we have already firmly established FALKEN, it becomes new for the DUNLOP brand. By steadily building that up, I believe it will become quite a large number.

Another point is the major accounts. Europe is shown here, but for FALKEN and DUNLOP, we each currently have the number of customers we do business with. In Europe, FALKEN and DUNLOP currently each have 6,000 accounts. Of these, 2,000 overlap. On the FALKEN side, 4,000 accounts, and on the DUNLOP side, 4,000 accounts, will increase as we add FALKEN and add DUNLOP, respectively. That is one point. In addition, for the portion taken over from the yellow Goodyear that does not overlap with FALKEN, those become entirely new customers for us. Accordingly, by being able to capture these with DUNLOP and FALKEN, this kind of expansion will emerge in business terms. I would like to steadily connect each one to results.

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

Inoue [M]: Thank you, Mr. Kanai.

Due to time constraints, we would like to make the next questioner the last.

Mr. Kakiuchi from Morgan Stanley MUFG Securities, please.

Kakiuchi [Q]: This is Kakiuchi from Morgan Stanley. Thank you. Two points, both are numbers.

First is the impact of tariffs. I am looking at slide seven. My question is, for FY2026, the impact is JPY15.8 billion YoY, and is that not quite large? YoY, FY2026 has a 12-month impact, whereas last year was a nine-month impact, so will it really come out this large? In addition, in the factors behind the increase and decrease for the Tires business, it is minus JPY17.2 billion for this fiscal year, so does that mean non-tire areas are conversely positive? My first point is to ask about the tariff figures.

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

Okawa [A]: With a very simple calculation, for shipments to the US, sales volume will increase this year compared to last year. If you calculate that tariffs for North America will increase accordingly, I think you arrive at this figure.

Non-tire is sports, and sports will also increase in 2026 compared to 2025. The breakdown of this JPY28.8 billion includes figures for both tires and sports. We calculate on the premise that sports will not decrease, in any case, please understand that tariffs will increase as both tires and sports volumes increase.

Kakiuchi [Q]: Understood. In the increase/decrease factors on slide 27 for this year, tire tariffs are minus JPY17.2 billion.

Okawa [A]: I am sorry, I understand.

Tire tariffs are a figure that includes both the so-called Trump tariffs and the anti-dumping duty. Last year, against the negative impact of Trump tariffs, there were some refunds of anti-dumping duty, and since there were refunds last year, the net figure is last year's number. For FY2026, we are not counting refunds for now, and that is why this figure is shown. Please understand that the negative portion of the anti-dumping duty is included in this JPY17.2 billion.

Kakiuchi [Q]: Understood. That is clear. Thank you very much.

My second point is that this may again be a question for Mr. Okawa, but in this fiscal year's plan, in addition to the difference between business profit and operating profit that was mentioned earlier, from operating profit to profit, in other words, are you looking at the tax rate conservatively? Profit is JPY55 billion, and compared with the growth rate of operating profit, it is on the low side, so there is also the question of whether the FY2025 actual results are irregular or whether FY2026 is irregular, but my question is whether profit in FY2026 could be higher.

Okawa [A]: First, within the JPY12 billion between business profit and operating profit, as I explained earlier, while I cannot state the amount precisely, we have incorporated risks of several billion yen. In FY2025 as well, although it was smaller than FY2026, we incorporated risks, and since we landed well, we did not need to use those risks at all, and that is why profit in FY2025 came in above forecast. For FY2026, as I said earlier, we have incorporated risks of several billion yen, and while there is nothing at this point, it has been incorporated just in case.

Within the bridge from operating profit to profit, the tax rate does not change significantly. It does not change, but so-called foreign exchange gains and losses have an impact, and we have included a negative there. As such, in terms of operating profit, profit before tax, and profit, we have included a slight negative at the profit before tax level on the premise that foreign exchange losses will occur, and as a result, profit looks conservative. Please understand that as well.

Kakiuchi [Q]: Understood. With the addition of dividend DOE this time, and also the dividend payout ratio, if profit comes in above forecast, since the payout ratio is currently 40%, and business profit may also come in above forecast, I end up expecting that if profit comes in above forecast, dividends will also move in line with that.

Okawa [A]: Of course. We are not showing the forecast balance sheet here, but we have also calculated the forecast balance sheet behind the scenes, and we are calculating dividends on the premise that DOE will be 3% or more with these numbers. Accordingly, if profit comes in above forecast, then naturally the numbers

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we have promised to everyone will come out under both DOE and the 40% payout ratio, so please understand that in that case, there is a possibility of a dividend increase.

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

Inoue [M]: Thank you, Mr. Kakiuchi.

Lastly, Kuniyasu, who is scheduled to assume office as President and CEO, Representative Director, effective March 26, will give brief remarks.

Kuniyasu [M]: This is Kuniyasu.

I would like to apologize for the sudden online announcement of the change in president in December last year. Today, I have again been given the opportunity to offer my greetings to you directly.

I have been in charge of tire design work, as well as quality assurance and management strategy, and I have felt firsthand the speed of changes in the market environment and the speed of technological innovation. As the automotive industry enters a period of transition, our company is also required to respond flexibly and swiftly. I intend to further develop the solid foundation that President Yamamoto has built and steadily promote the long-term management strategy, R.I.S.E. 2035.

I want to grow our current businesses in both depth and breadth. First, in terms of depth, as was mentioned earlier, we will enhance the value of the DUNLOP brand again, apply our proprietary technologies to the fullest extent, and provide customers with new experiential value. In terms of breadth, I would like to create innovation within the company, deploy new rubber technologies into different fields, and aim to expand our business domains.

We are entering a growth phase from here. We will embed speed of decision-making and flexible thinking within the organization and enhance our competitiveness. As was reported earlier on the progress of R.I.S.E. 2035, we are currently compiling a plan to ensure its realization. We would like to set an opportunity to announce it to you again. We respectfully ask for your continued support.

That is all. Thank you very much.

Inoue [M]: With that, we will conclude the financial results briefing for the fiscal year ended December 31, 2025.

Thank you for joining us today despite your busy schedules. Thank you for taking the time to join us today.

[END]

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