

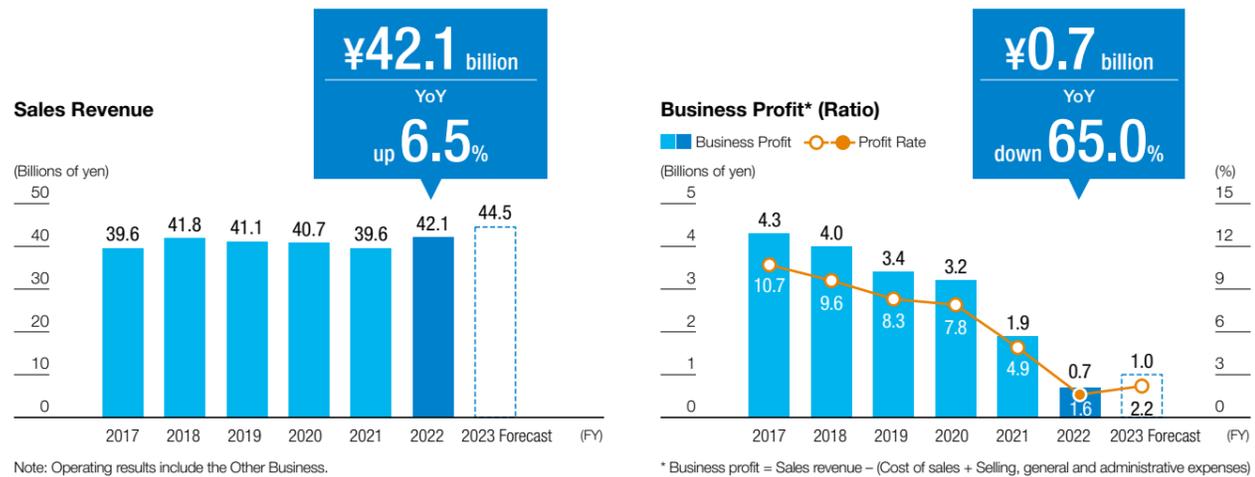
Industrial Products Business

Taking a Step Toward Relief, Safety, and Comfort—Products That Contribute to People’s Lives

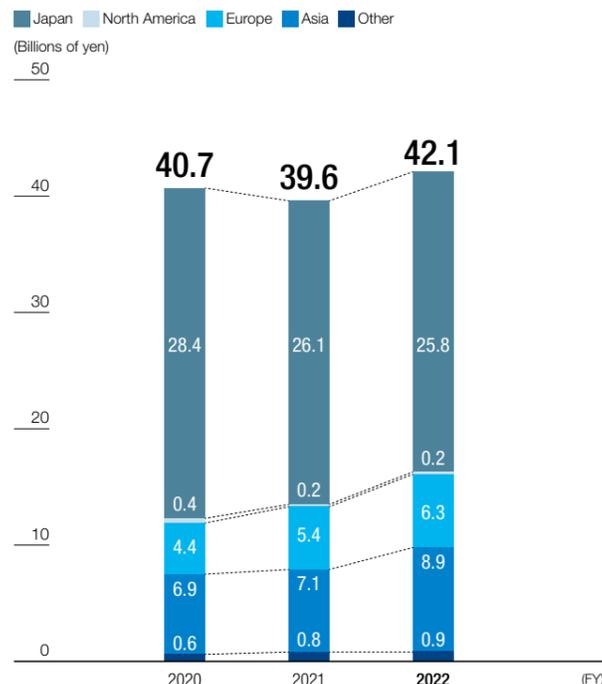
The Sumitomo Rubber Group manufactures a wide range of industrial products that take full advantage of the numerous advanced rubber technologies that we have accumulated throughout our history. Having continuously expanded our business into various new fields in response to the growing needs of society, we now produce everything from industrial infrastructure to medical supplies, healthcare goods and daily necessities. Now, more than ever, the world is taking a keen interest in the myriad possibilities of our advanced technologies.

Our Industrial Products Business falls under the jurisdiction of our Hybrid Rubber Products HQ.

Results of Operations / Major Indicators



Sales Trends



Rubber parts for medical applications

Rubber gloves

Rubber parts for office equipment

Vibration control dampers

Overview of Main Businesses

Rubber Parts for Medical Applications Business

Against a backdrop of ongoing market expansion, sales revenue from rubber parts for medical applications is growing consistently and continually in Japan, Asia, and Europe. While the business environment was harsh in Europe due to the significant impact of external conditions, we expanded our operations in the biopharmaceutical markets in Japan and Asia and steadily raised profits. Going forward, our products are expected to be used in COVID-19 vaccinations. We will further boost our profitability in step with market growth via the development of high-value added products and the expansion of supply capacities.

Vibration Control Dampers Business

Sales of vibration control dampers increased compared with 2021. In addition to homes, buildings, and bridges, in the domestic market we have been able to install our vibration control dampers in automated distribution warehouses, which have played a crucial role in the expanding distribution sector, since 2022. In addition, the recent

major earthquake in Turkey has led to increased concerns about earthquakes globally. With this in mind, we will remain focused on sales expansion, particularly in the Asian market.

Other Business

Sales of rubber parts for office equipment climbed year on year as a result of the introduction of new products and the impact of foreign exchange fluctuations, despite the ongoing effects of supply chain disruptions like the global semiconductor shortage. We will continue to create products that precisely satisfy consumer needs.

Meanwhile, sales in the infrastructure-related business rose from 2021 thanks to a robust volume of new orders for artificial turf for sporting facilities. Sales of rubber gloves dropped from 2021 levels due to a challenging business climate, with demand recoiling from the strong growth conditions seen following the outbreak of the COVID-19 pandemic. In hopes of driving up sales on a global scale, we will concentrate on strengthening competitive businesses capable of differentiating themselves from others in terms of product functionality.

Topics

Launch of Ki kara Umareta Gloves: Simple Color Edition—Available in Two Colors That Suit Everyday Lifestyles: Monotone White and Monotone Black

Ki kara Umareta Gloves (literally, “made from trees”): Simple Color Edition are available in two colors, Monotone White and Monotone Black, to easily complement today’s attractive kitchens and water features. The Ki kara Umareta series of gloves are composed of natural rubber, which is gentle on the skin and environmentally friendly as it can be broken down by soil microorganisms and thus returned to nature. The inner surface of the gloves has a cotton flocked lining for comfort. In addition, because of their antibacterial treatment, they adhere to the Food Sanitation Act,* meaning they are hygienic and can be used to safely prepare both meat and fish.

The gloves’ packaging features pictograms (graphic symbols) indicating their functions and features in a simple manner easily understood at a glance. We bring safety, security, and comfort into customers’ lives with our eco-friendly natural rubber gloves that are available in stylish colors, kind to the Earth’s environment and made of soft natural skin-friendly rubber that is comfortable to users’ hands.

* Specifications and Standards for Food, Food Additives, etc. (Ministry of Health and Welfare Notification no.370, 1959).



Historic Building Preservation Project—Vibration Dampers Installed in Hokkedo Hall of Shoshazan Engyoji Temple for Vibration Control Damper MIRAIE’s 10th Anniversary

The Sumitomo Rubber Group installed vibration control dampers in December 2022 in the Hokkedo Hall of Shoshazan Engyoji Temple, which boasts more than 1,000 years of history, in Himeji City, Hyogo Prefecture.

The dampers used are made of high damping rubber and symbolize the apex of our unique vibration control technology. To date, they have been utilized in the seismic retrofitting of Higashi Honganji Temple, one of the largest wooden structures in the world, as well as the castle tower at Kumamoto Castle. The dampers were installed in the Hokkedo Hall of Shoshazan Engyoji Temple as the first step of the Historic Building Preservation Project, which commemorates the 10th anniversary of the launch of MIRAIE Vibration Control Units for Detached Housing, which use the same high-damping rubber.

From this installation on, we will continue to promote measures to safeguard both new and existing structures from earthquakes.



Industrial and Other Products Business

Transforming into a Dynamic Organization in Which Virtuous Cycle Begets Another



Masahiro Tsuzaki

Executive Officer, Head of the Hybrid Rubber Products HQ

Launching an Offensive in 2023 to Achieve a Turnaround

Throughout 2022, we struggled against an extremely harsh external environment. In addition to the profound negative impact of the COVID-19 pandemic, we have confronted a number of challenges, including surges in raw material costs, looming geopolitical tension arising from the Russia-Ukraine situation and hikes in maritime transportation fees.

The Hybrid Rubber Products HQ boasts connections with a diverse range of industries. These connections provide us with unique strength, empowering the creation of synergetic effects through the use of a multilateral business approach while enabling our various businesses to supplement one another. Nevertheless, we have failed to sufficiently adapt to the rapidly changing external environment.

In light of these circumstances, I formulated three policies for 2023 in my position as the head of the Hybrid Rubber Products HQ, with "launching an offensive to achieve a turnaround" as our slogan.

First, we must strengthen our business. Second, we must pursue growth both of human resources and at the organizational level. Lastly, we must improve our organizational culture. We will uphold these three policies in the course of business management.

As for the first policy of strengthening our business, we will thoroughly implement such essential measures as developing and continually enhancing the foundations of our business with respect to safety, quality and compliance. At the same time, we will strive to deliver greater value to customers while reducing total costs.

We will also take a product development approach centered on on-site assessment and problem-solving in order to secure our ability to quickly and accurately understand issues confronting customers. In doing so, we will focus on both incorporating sustainability perspectives and utilizing digital transformation (DX). Through these and other initiatives, we will develop high-value-added products that the Sumitomo Rubber Group is uniquely capable of creating.

In terms of strengthening our business, we have held various employee dialogue sessions in the course of formulating the new Midterm Plan to determine the general direction for this pursuit. To decisively execute our Midterm Plan, we have also launched a total of seven projects related to both businesses with high growth potential and those requiring structural reforms. Thus, transformative initiatives are now under way under my direct supervision.

With regard to pursuing growth both of human resources and at the organizational level, I believe that the Hybrid Rubber Products HQ is equipped with a culture conducive to the development of senior manager candidates. Specifically, because our employees tasked with development, manufacturing and sales operations work together as a single business team, each individual is well-positioned to gain diverse experience and acquire an extensive range of insights into development, manufacturing and sales at an early stage of career development. Based on our culture, which is highly supportive of human resource development, we will step up our initiatives to nurture human resources by, for example, introducing a unique training menu and conducting personnel transfers that take individual employee's career visions into account.

As for the improvement of our organizational culture, we will undertake to steadily implement efforts to facilitate a culture that values consolidating individual strengths into a single team that achieves targets collectively even as we leverage the diversity of our human resources. We are also conducting one-on-one meetings, teambuilding activities and sessions for sharing personal impressions while striving to identify operations that should be terminated, cut back or modified, and so on. Furthermore, under the slogan of "Bad News First/Fast," we strive to maintain an open-minded and sound organizational culture that allows every employee to frankly communicate and discuss any topic, whether it is good or bad news.

As a result, our efforts to improve communications at various meeting bodies have progressed, with a growing number of employees now engaging in discussions in a way that transcends boundaries between departments or ranks. We have also seen tangible progress in the entrenchment of a culture of commending peers and encouraging those taking on new challenges. I expect these aspects of organizational culture to become new assets for the HQ.

Over the past year, my passion for the hybrid rubber products business has grown even stronger. Our business is characterized by its delivery of high added value that is closely connected with social contribution. I am convinced that our new Midterm Plan targets are achievable if we draw on these characteristics and steadily leverage the outcomes of reforms and improvements under the three policies discussed above.

Initiatives Centered on Two Growth Businesses (vibration control dampers and rubber parts for medical applications)

Our vibration control dampers and rubber parts for medical applications represent high-value-added businesses with profound social significance.

In the vibration control damper business, "MIRAIE" Vibration Control Units for Detached Housing have been on the market for

more than 10 years. We intend to make fresh efforts to secure business growth for these products.

The Sumitomo Rubber Group directly experienced the effects of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake. Due to this experience, we are keenly aware of the

social significance of the vibration control damper business and, accordingly, are determined to expand this business with regard to the three aspects of sales channels, products and brand.

Regarding the aspect of sales channels, our customer base originally consisted mainly of major housing manufacturers and regional homebuilding contractors. However, our vibration control dampers are now being adopted by a growing number of house builders engaged in cross-regional operations. We not only deliver our products for use in housing but also provide them to support buildings, bridges and historical structures. Going forward, we will expand the scope of operations to offer products for shrines and temples as well as automated warehouses. Furthermore, we expect that growing public awareness of the need to promote SDGs will result in a trend toward choosing wood materials in building construction. With this in mind, we will develop products aligned with emerging market needs to expand our sales channels.

As for overseas expansion, we will focus on approaching the Asian market. In addition to Taiwan, in which we have already built a track record in supplying our products, we will accelerate expansion into Indonesia, Philippines and other earthquake-prone countries.

With regard to the product/brand aspect, we will step up the development of products and services designed to empower customers seeking to raise their business value, with "MIRAIE" positioned as our mainstay offering. "MIRAIE" Vibration Control Units are the No. 1 vibration control dampers in terms of use in the domestic new wooden house building industry. When the Kumamoto Earthquake struck in 2016, properties equipped with "MIRAIE" Vibration Control Units did not suffer full or partial collapses. We are

currently developing a successor product to "MIRAIE" with the intention of further enhancing our product, service and brand capabilities.

Based on the initiatives discussed above, we plan to increase the sales revenue of the vibration control damper business by 60% from the 2022 level over the course of five years.

Meanwhile, sales of rubber parts for medical applications have been growing in Japan and elsewhere in Asia. Aware of the social significance of this business in terms of promoting public health, we will further expand it going forward. Specifically, we will focus on enhancing the added value of this business as well as augmenting product capacities.

To enhance our ability to deliver higher added value, we will strive to raise the ratio of sales of rubber products compatible with biopharmaceuticals and new drugs, to this end tackling challenging development themes.

Currently, the domestic production of rubber parts for medical applications is undertaken at our Kakogawa, Izumiotsu and Ichijima factories. We will continuously expand the production capacities of these bases.

We will also consolidate the strengths of development, manufacturing and sales departments to upgrade the rubber parts for office equipment business and the life & industry business (rubber gloves and artificial turf for sporting facilities, etc.). By doing so, we will strengthen product development and service capabilities while promoting a shift of production to overseas bases as well as the local procurement of materials to reduce total costs and increase profitability. In this way, we will strive to deliver stable value to our customers.

Evolving into a Dynamic Organization in Which One Virtuous Cycle Begets Another

The vision driving the hybrid rubber products business is to make people's daily lives safer as well as more secure and comfortable and thereby deliver a future of joy in a way that leverages our rubber technologies outside the fields of Tire and Sports businesses.

In particular, the hybrid rubber products business is capable of delivering diverse value to customers in such settings as schools, factories, hospitals, housing and sports grounds, all of which are closely associated with people's daily lives. This business also serves medical, disaster prevention and other essential fields. These unique features underpin the attractiveness of the hybrid rubber products business.

Looking ahead, we will pursue value afforded only by this business

even as we remain unflagging in our focus on contributing to people's lives. In line with this focus, we will promote the appropriate selection and concentration of products and businesses with the aim of increasing the total value to be delivered to our customers. And, in the course of these pursuits, we will endeavor to do a greater number of jobs that can be appreciated by customers and business partners while enabling employees to feel a sense of job fulfillment. To this end, we will push further ahead with the structural reforms we have executed thus far at an even faster pace. By doing so, we will transform into a dynamic organization in which one virtuous cycle of growth begets another. This is how we aim to create a Hybrid Rubber Products HQ that makes its employees and all other stakeholders proud.

Vibration control dampers

Contributing to disaster countermeasures by leveraging our core technologies accumulated in the course of developing "MIRAIE," No. 1* vibration control dampers for use in domestic new wooden houses



- Expand customer value via the development of a new version of MIRAIE
- Expand the scope of operations to include the fields of buildings, bridges and automated warehouses
- Establish footholds in an even broader scope of markets overseas, particularly those in Asia
- Contribute to the enhancement of the earthquake resistance of historic buildings

Rubber parts for medical applications

Leverage proprietary technologies and high product quality to contribute to the medical field, which directly connects to the quality of people's daily lives and well-being.



- Develop unique, high-value-added rubber products to expand our operations in the biopharmaceutical market
- Enhance our state-of-the-art production lines to augment production capabilities

* Source: An external survey conducted by Shopper's Eye