

Financial and Non-Financial Data

Consolidated Statement of Financial Position

Millions of yen

	Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)		Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)
Assets			Liabilities and equity		
Current assets			Liabilities		
Cash and cash equivalents	73,846	90,251	Current liabilities		
Trade and other receivables	209,009	215,970	Bonds and loans payable	100,895	61,209
Other financial assets	6,950	2,896	Trade and other payables	176,151	175,844
Inventories	283,501	262,456	Other financial liabilities	14,431	16,542
Other current assets	50,593	51,368	Income tax payable	7,980	17,450
Subtotal	623,899	622,941	Provisions	1,299	2,235
Assets related to disposal groups classified as held for sale	—	1,778	Other current liabilities	52,152	56,271
Total current assets	623,899	624,719	Subtotal	352,908	329,551
Non-current assets			Liabilities related to disposal groups classified as held for sale	—	1,538
Tangible assets	436,307	451,621	Total current liabilities	352,908	331,089
Goodwill	26,412	29,704	Non-current liabilities		
Intangible assets	45,919	50,332	Bonds and loans payable	210,907	184,166
Investments accounted for using equity method	4,462	4,486	Other financial liabilities	48,191	52,139
Other financial assets	34,303	33,056	Net defined benefit liability	21,333	23,027
Net defined benefit asset	38,899	53,474	Provisions	1,654	1,431
Deferred tax assets	12,953	17,357	Deferred tax liabilities	4,690	12,219
Other non-current assets	2,048	1,983	Other non-current liabilities	21,656	21,231
Total non-current assets	601,303	642,013	Total non-current liabilities	308,431	294,213
			Total liabilities	661,339	625,302
			Equity		
			Capital stock	42,658	42,658
			Capital surplus	39,705	39,702
			Retained earnings	478,379	522,716
			Treasury stock	(61)	(43)
			Other components of equity	(14,481)	19,081
			Total equity attributable to owners of parent	546,200	624,114
			Non-controlling interests	17,663	17,316
			Total equity	563,863	641,430
Total assets	1,225,202	1,266,732	Total liabilities and equity	1,225,202	1,266,732

Consolidated Statement of Income

Millions of yen

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Sales Revenue	1,098,664	1,177,399
Cost of sales	(845,442)	(850,898)
Gross profit	253,222	326,501
Selling, general and administrative expenses	(231,259)	(248,831)
Business profit	21,963	77,670
Other income	3,093	2,609
Other expenses	(10,068)	(15,789)
Operating profit	14,988	64,490
Financial income	11,519	11,933
Financial expenses	(4,041)	(13,705)
Share of profit of entities accounted for using equity method	73	27
Profit before tax	22,539	62,745
Income tax expenses	(10,083)	(24,239)
Profit	12,456	38,506
Profit attributable to:		
Owners of parent	9,415	37,048
Non-controlling interests	3,041	1,458
Profit	12,456	38,506
Profit per share		
Basic profit per share (yen)	35.80	140.86

Consolidated Statement of Cash Flows

Millions of yen

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Cash flows from operating activities	27,869	169,800
Cash flows from investing activities	(78,697)	(62,230)
Cash flows from financing activities	41,556	(95,568)
Effect of exchange rate change on cash and cash equivalents	8,025	5,336
Net increase (decrease) in cash and cash equivalents	(1,247)	17,338
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents included in assets relating to disposal groups classified as held for sale	—	(933)
Cash and cash equivalents at the end of current period	73,846	90,251

Independent Verification Report

In order to enhance the reliability of this report and the environmental data disclosed on our website, we underwent verification by a third party.

Data marked with “” (page 92) has been verified by the third party.

The target data for verification and the verification procedures employed are as follows:

1. Global Greenhouse Gas (GHG) Emissions (Scope 1, 2, 3; Categories 1, 4, 11, 12)
Verification procedures: Procedures based on the revised version of ISAE3000 and ISO14064-3
2. Total Global Energy and Water Usage, Wastewater and Waste Disposal by Factories in Japan
Verification procedures: Procedures based on the revised version of ISAE3000



LRQA Independent Assurance Statement

Relating to Sumitomo Rubber Industries Group's greenhouse gas emissions inventory, amount of energy consumed, waste disposed, water consumed and wastewater discharged for the calendar year 2023

This Assurance Statement has been prepared for Sumitomo Rubber Industries, Ltd. in accordance with our contract.

Terms of Engagement

LRQA Limited (LRQA) was commissioned by Sumitomo Rubber Industries, Ltd. (the Organisation) to provide independent assurance of its greenhouse gas (GHG) emissions inventory, on the amount of energy consumed, waste disposed, water consumed and wastewater discharged (“the Report”) for the calendar year 2023 (from 01/01/2023 to 31/12/2023), against the assurance criteria below to a “level of assurance and materiality” using “ISAE 3000 (Revised) / ISO 14064 - Part 3 for greenhouse gas data”.

Our assurance engagement covered the operations and activities at the manufacturing and non-manufacturing sites of Sumitomo Rubber Industries Group's 77 companies in the world for GHG emissions and energy consumption, and six factories¹ in Japan for waste disposed, water consumed and wastewater discharged and specifically the following requirements:

- Verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets;
- Evaluating the accuracy and reliability of the selected datasets:
 - Scope1 GHG emissions, Scope2 GHG emissions (location-based, market-based) and Scope3 GHG emissions (Category 1, 4, 11, 12) in tons-CO₂e²
 - Energy consumed: volume consumed in kilo-litre crude oil equivalent
 - Waste disposed: amount disposed in metric tons
 - Water consumed: volume consumed in thousand cubic meters, as sourced from the local water supply system, underground and surface water supply
 - Wastewater discharged: volume discharged in thousand cubic meters

Our assurance engagement excluded the data and information of the Organisation's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Organisation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Organisation's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Organisation has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information on GHG emissions and key environmental data as summarized in Table 1 and 2 below.

The opinion expressed is formed on the basis of a limited level of assurance³ and at the materiality of the professional judgement of the verifier.

¹ Shirakawa, Nagoya, Izumioto, Miyazaki, Kakogawa and Ichijima Factories in Japan.
² GHG quantification is subject to inherent uncertainty.
³ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance is lower than for a reasonable assurance engagement.

Third-Party Remarks



Katsuhiko Kokubu

Professor at the Graduate School of Business Administration, Kobe University

Completed a doctoral program in business administration at Osaka City University Graduate School. After serving as an assistant professor at Osaka City University and Kobe University, he assumed his current position in 2001. Head of the Graduate School of Business Administration at Kobe University from 2014 to 2016 and from 2021 to the present. Has served concurrently as the head of the Graduate School of Business Administration at Kobe University (from 2019 to 2021) and as Head of Kobe University Value School (since 2020). His recent publications include “From Accountability to Management Ethics” (Yuhikaku Publishing Co., Ltd.), “Emergent-Type Responsibility Management” (Nikkei Publishing Inc.), “Education for Value Creation” (Kobe University Publishing Association), and “Ethics as Responsibility” (Minerva Shobo).

Strong Messages from Top Management

The standout feature of Sumitomo Rubber Group's *Integrated Report 2024* is that it is structured around messages from top management, including officers and Outside Directors. This structure allows the authentic voices of the leadership team to be directly heard. In particular, the TOP COMMITMENT section by President and CEO, Representative Director Satoru Yamamoto is clear and detailed, and is likely to earn the trust of many stakeholders. Additionally, the inclusion of roundtable talks among Outside Directors, alongside internal officers, demonstrates Sumitomo Rubber Group's commitment to incorporating diverse perspectives into its management. However, roundtable talks can inevitably give the impression of being somewhat scripted. In the future, I feel it would be beneficial to incorporate dialogue with third parties to convey messages even more transparently.

Linking the Value Creation Story with Officer Messages

The Sumitomo Rubber Group clearly articulates its value creation story in line with integrated reporting guidelines. The value creation story itself succinctly demonstrates how the Sumitomo Rubber Group creates both financial and social value. However, I feel that if the officers' messages regarding the six forms of capital were linked more closely to the value creation story, it would make them even more persuasive. The officers also frequently emphasize “structural reforms,” and I would like to understand in more detail how these reforms impact the value creation story.

Reflecting the Sumitomo Business Philosophy to Identify Material Issues (Materiality)

The Sumitomo Rubber Group identifies material issues (materiality) and sets out a vision of what it aims to achieve along with KPIs by referencing standards such as the Global Reporting Initiative (GRI). While this is important for clarifying the overall picture of activities, I believe there are more ways of identifying the company's unique characteristics that leverage the Sumitomo Business Philosophy. The Sumitomo Business Philosophy states that “the business activities of Sumitomo must benefit not only Sumitomo, but also be of benefit to the nation and to society as a whole.” By reflecting this aspect of benefiting the nation and society in identifying material issues (materiality)—in other words, approaching things from the perspective of helping to resolve national and social challenges—Sumitomo Rubber can establish its own unique material issues (materiality).

Toward Promoting Effective ESG Management

There is currently a global movement toward the standardization of ESG management, with various regulations and standards being established. However, merely adhering to standards carries the risk of ESG management becoming a mere formality. One example of this is the disclosure of Scope 3 information. The Sumitomo Rubber Group is also working on the disclosure of Scope 3 information, but even if it becomes technically possible to calculate emissions in the supply chain, it will be meaningless for both management and the natural environment without accompanying reduction measures. This is also true for the disclosure of information related to human capital management. It's not reporting but practical implementation that counts. Disclosing information that cannot acted upon is a mere formality. I therefore hope that the Group will pay close attention to this point and lead the industry.

Response to Third-Party Remarks

I would once again like to thank Professor Kokubu for providing us with his pertinent advice.

In 2020, we established “Our Philosophy” as a set of guidelines for action and a source of support for the diverse members of our Group. In the same year, we also formulated the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050,” and have since been driving its initiatives forward. Our internal understanding of sustainability has also moved on, and I believe we have now established a foundation for engaging in sustainability management. Starting in 2024, we have entered a stage of moving beyond merely complying with various regulations and standards, but rather integrating sustainability perspectives into our management practices to enhance their effectiveness. Specifically, we are reviewing our sustainability promotion framework and enhancing execution by establishing individual subcommittees for key initiatives.

In our *Integrated Report 2024*, we have focused on clearly conveying the thoughts and intentions of our management team, including its most senior members, to our readers. The management team has expressed their determination to use 2025 as a turning point, ensuring a solid foundation that sets the stage for future growth. We also intend to review and update our material issues (materiality) and consider how best to present them from the perspective of sustainability management. On that basis, we will move forward with integrating these aims into our business strategies and various action plans. We intend to keep all stakeholders informed of our progress through our Integrated Reports and the Sustainability website.

As noted in Professor Kokubu's feedback, we are keenly aware that we currently lack sufficient third-party perspectives and dialogue. Going forward, we will be actively engaging in dialogue with external parties and leveraging their perspectives to further enhance our sustainability management.



So Ishino
General Manager, Sustainability Management Promotion HQ



Table 1. Summary of Sumitomo Rubber Industries Group's GHG Emissions Inventory for calendar year 2023

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	A ¹	B ²
Scope1 GHG emissions	361	363
Scope2 GHG emissions (Location-based)	692	671
Scope2 GHG emissions (Market-based)	413	366

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	C ³	D ⁴
Scope3 GHG emissions		
Category 1	4,643	3,732
Category 4	366	366
Category 11	30,957	30,957
Category 12	819	865

Table 2. Summary of Sumitomo Rubber Industries Group's Key Environmental Data for calendar year 2023

Environmental data	Amount
Energy consumed	468,661 kilo-litre crude oil equivalent
Waste disposed	8,233ton
Water consumed	5,395 x 1,000 m ³
Wastewater discharged	4,702 x 1,000 m ³

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- conducting a visit assessment to Shirakawa Factory and reviewing processes related to the control of data and records;
- interviewing relevant employees of the organization responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.

¹ Assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

² GHG emissions quantified using GHG emission factors of year 2004 fixed for Group Report disclosure as defined within the Organisation's in-house procedures.

³ GHG emissions quantified using the current GHG emission factors available at the time of the quantification.

⁴ GHG emissions quantified using GHG emission factors of IDEA ver 2.3

⁵ GHG emissions quantified using GHG emission factors of IDEA ver 3.1



- verifying historical data and records at an aggregated level for the calendar 2023.

Observations

Further observations and findings, made during the assurance engagement, is:

- It is expected to improve the data management system, including data checking system, to ensure the completeness and accuracy of the data.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14055 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Organisation's certification body for ISO 9001, ISO 14001, ISO 14001, ISO 45001 and IATF16949. The verification and certification assessments are the only work undertaken by LRQA for the Organisation and as such does not compromise our independence or impartiality.

Signed

Ichiro Ueno

LRQA Lead Verifier

On behalf of LRQA Limited

Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku

Yokohama 220-6010, Japan

LRQA reference: YK44005028

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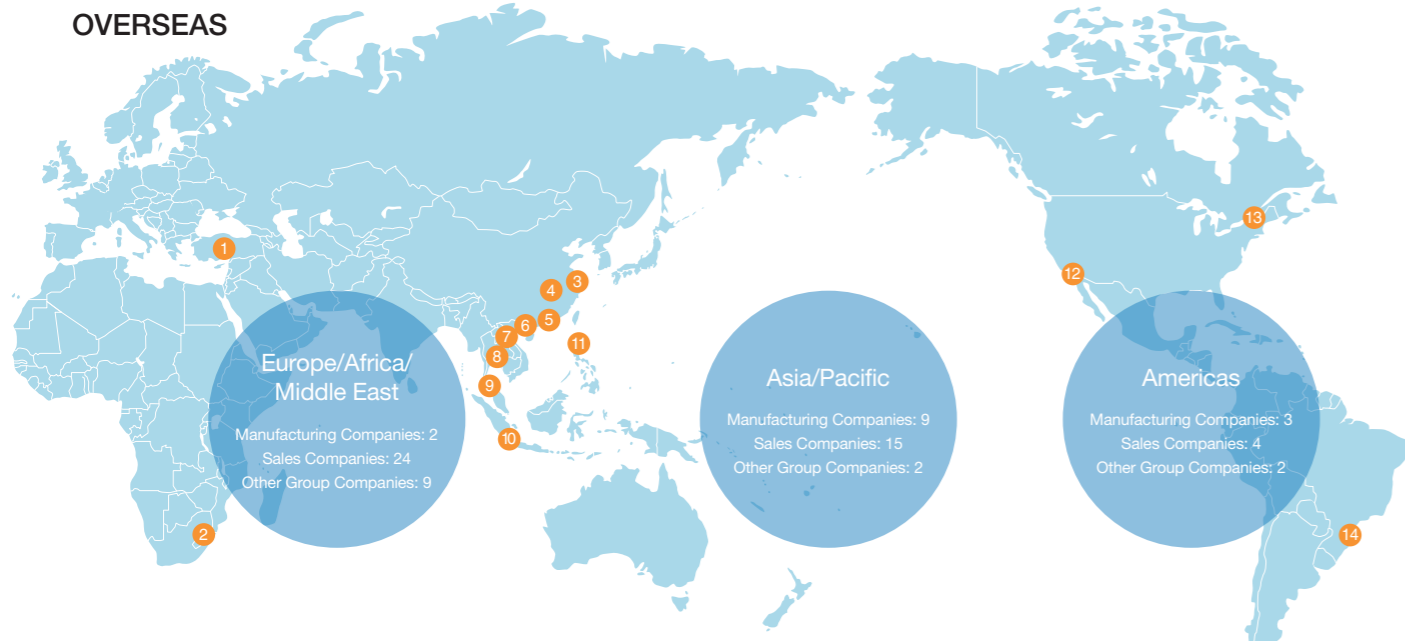
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Global Network (As of March 31, 2024)

OVERSEAS



JAPAN

- Offices
- R&D bases
- Production bases



Main Production and R&D Bases



Investor Information (As of December 31, 2023)

Paid-in Capital	¥42,658 million	Stock Exchange Listing	Tokyo
Number of Shares of Common Stock	Authorized: 800,000,000 Issued: 263,043,057	Ticker Symbol	5110
Number of Shareholders	37,463	Transfer Agent and Special Account Management Institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
		Independent Auditors	KPMG AZSA LLC 7-1-1 Kumoi-street, Chuo-ku, Kobe, Japan

Major Shareholders	Percentage
Sumitomo Electric Industries, Ltd.	28.85%
The Master Trust Bank of Japan, Ltd. (Trust account)	10.44%
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5.90%
Custody Bank of Japan, Ltd. (Trust account)	3.66%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2.69%
National Mutual Insurance Federation of Agricultural Cooperatives	2.41%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	2.28%
Sumitomo Mitsui Banking Corporation	1.69%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING	1.53%
15 PCT TREATY ACCOUNT	1.53%
SSBTC CLIENT OMNIBUS ACCOUNT	1.37%
Total for Top Ten Shareholders	60.82%

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 25,265 shares of treasury stock.

Stock Price



Editorial Policy

The purpose of this report is to generate new opportunities for dialogue with a wide range of stakeholders by communicating the initiatives we are undertaking to accomplish sustainable growth for the Sumitomo Rubber Group. In 2023, we worked to make our disclosure of ESG-related information even more extensive. Information on the Company's general efforts and more detailed information on activities not included in this report can be obtained on our website.

Scope of this Report

With coverage focused primarily on Sumitomo Rubber Industries, Ltd. and its six factories in Japan, this report includes information on some bases and group companies in Japan and overseas. Referenced Guidelines

- "Guidance for Collaborative Value Creation 2.0" published by the Ministry of Economy, Trade and Industry
- "Integrated Reporting Framework" published by the Value Reporting Foundation (IFRS Foundation)
- "Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI)
- "Environmental Reporting Guidelines 2018" published by the Ministry of the Environment (MOE)

Period of the Report

Fiscal 2023 (January 1, 2023 to December 31, 2023), with some information from outside of this period

Publishing Date

July 2024

Disclaimer

In addition to facts on the past and present of the Sumitomo Rubber Group, this report contains projections based on forecasts and future management plans. Said projections reflect assumptions and judgments based on information available at the time this report was made. Actual future results may differ from these projections.