



**Integrated Report  
2026**

***TAKING YOU BEYOND***

# TAKING YOU BEYOND

At the heart of DUNLOP lies a timeless belief: creating something better for someone else is the highest form of both love and progress. And to this day, that vision fuels our passion.

It began with a ride—and a tyre—over a century ago. Since then, we've kept moving forward, achieving global success by innovating with purpose, precision, and our distinctive drive for excellence.

Yes, we make tyres. We shape sports. And we create products that improve lives.

Yet we are not just in the business of manufacturing alone.

We build experiences that ignite motion,

drive change, and deliver true performance. All this is led by confidence, defined by mastery, and proven through our commitment to quality.

Whether it's the thrill of competition or the steady quest to be the best.

We are here to give you the certainty that, whatever your next move is, you'll have the capability to achieve your goals.

And then take you further.

On every road, on every court, in every pursuit, we provide the edge that takes you beyond.

DUNLOP

Taking you beyond.



# TOP COMMITMENT



## Driving Transformation and Taking on Challenges to Create New Value Globally

Sumitomo Rubber Industries, Ltd.  
Representative Director,  
President and CEO



## Facing the Front Lines and Practicing Decisive Management

My name is Yasuaki Kuniyasu. I was appointed Representative Director, President and CEO of DUNLOP in March 2026. I am acutely aware of the weight of responsibility that comes with being appointed to lead the Company at this important time, which can be described as the beginning of a new era. At the same time, I am fully committed to carrying through transformation and taking on challenges to further enhance the Company's corporate value.

Since my appointment as President was decided, I have felt each day the tremendous potential of the Company. I see it as my responsibility to steadily translate our strengths in technologies, talent, and our globally expanding business foundation into growth, and to provide value to our stakeholders that exceeds their expectations.

More than 70% of the Group's sales are generated overseas, and approximately 70% of our employees work outside Japan. In terms of business scale, we are a global company. However, I recognize that we are not yet where we need to be in terms of unity across the Group and the sharing of common values, and that there remains significant room for improvement as we work to realize true global management.

What I want to emphasize is personally embodying the "WAY" set out in our corporate philosophy and practicing management globally that supports individuals and the organization in taking on challenges. To that end, I will further promote management that respects diversity and fosters inclusion by enabling diverse talent to demonstrate their respective values and strengths, recognize one another, and connect these strengths to value creation.

I joined the Company in 1992. Since then, I have gained experience across a wide range of areas, from upstream to downstream operations, including the design of original equipment tires, manufacturing front lines, production engineering, quality assurance, and corporate planning. Throughout these experiences, I have consistently felt that the essence of any issue is always found on the



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front lines. Here, things rarely proceed exactly as planned, and unexpected challenges arise on a daily basis. In such situations, I have worked to address issues by viewing them from multiple perspectives and carefully determining priorities.

Moreover, throughout my many years as an engineer, I have maintained an attitude of never giving up, even when facing difficult challenges. Even when one approach did not work, I have valued the process of achieving results through repeated trial and error, based on the belief that there are always many possible paths forward.

What is important in management is to think independently, make decisions, and take responsibility for the results. Amid growing uncertainty, there are more situations in which decisions based solely on past successes or precedents are no longer sufficient. This is precisely why management must make responsible decisions based on insights and data gained from the front lines. Rather than postponing decisions, I will formulate hypotheses and make decisions with speed and flexibility. I believe my role is to firmly establish the structural reforms carried out under Chairperson Yamamoto, my predecessor as President, as a foundation for growth, and to lead the Company to its next stage of growth by realizing the Long-Term Corporate Strategy “R.I.S.E. 2035.” As the new President, I will place importance on the quality and speed of decision-making and further enhance our competitiveness as a global company.

## Responding to Changing Business Environments and Transitioning to Growth

The automotive industry is now at a turning point, with the structure of the industry itself being redefined against the backdrop of technological innovation, changing social demands, and the advancement of CASE (Connected, Autonomous, Shared & Services, and Electric mobility) and SDVs (software-defined vehicles, whose

performance and functions are determined by software). While the sources of value and the basis of competition are changing significantly, the direction of technologies and markets is not uniform, requiring diverse responses. This is an extremely challenging phase in which swift and accurate decision-making is essential amid a highly uncertain environment. In particular, the rise of Chinese manufacturers is having a significant impact on the competitive environment. These manufacturers have different forms of competitiveness from conventional players in terms of development speed and cost structures, and are changing market assumptions. The pace of electrification also differs by region, depending on market conditions and policy directions in Europe, China, and the United States. Strategies that reflect regional characteristics are therefore essential.

Furthermore, the ways in which mobility is being utilized are also changing. As values shift from ownership to usage, vehicle utilization rates and usage environments are changing, leading to diversification in the functions required of tires. As a result, in addition to durability and efficiency, providing added value through the use of data has grown in importance.

Moreover, uncertainty in the business environment is increasing further due to factors such as geopolitical risks, the fragmentation of economic blocs, and fluctuations in raw material prices. To address these circumstances, I believe flexible and swift decision-making is becoming increasingly important.

For the Company, 2025 was a year in which we completed our structural reforms and laid the groundwork for shifting toward growth. It also enabled us to reaffirm the direction the Company should take. Specifically, we improved our cost structure and profitability by reviewing our production system in North America. We also rebuilt our brand strategy globally through the acquisition of DUNLOP trademark rights and other assets in Europe, North America, and Oceania. These initiatives will serve as the foundation for future growth.



## Executing Growth Strategies Under “R.I.S.E. 2035”

I was personally involved in formulating “R.I.S.E. 2035” at the Corporate Management Planning & Administration Department, where we developed our vision for 2035. The Long-Term Corporate Strategy is not merely a policy. It sets out specific initiatives going forward and also presents commitments in terms of financial targets.

“R.I.S.E. 2035” also serves as a message to employees. It expresses our intent regarding where we are headed from here. We share the belief that, to realize this strategy, each employee must grow through strong commitment and bold challenges. Based on the understanding that the growth of people leads to the growth of the Company, strengthening human capital is also a key element.

We will free up human resources by streamlining existing operations, including the use of AI, and reallocate those resources to growth areas. At the same time, by optimally assigning personnel based on the strengths and aspirations of each employee, we will seek to improve the productivity and value creation capabilities of the organization as a whole.

To date, the Company has built strength through business development driven by technology. In a rapidly changing environment, however, it is important to first clarify the direction the Company should take and then build the technologies that align with that direction. Based on the direction set out in “R.I.S.E. 2035,” we will advance each business while allocating resources from a medium- to long-term perspective.

We have set forth our vision for 2035 as “Continuing to Provide ‘New Experiential Value’ Born from Rubber to Everyone.” “Everyone” refers to all stakeholders, including customers, shareholders, employees and their families, and local communities. We aim to provide value not only through products and services, but also to become a company that everyone connected with us can feel proud of and identify with.

At the core of this vision is the DUNLOP brand. Going forward, as a global brand, we will ensure consistency across products, experiences, and communications, and we believe that this value will extend to areas including OE fitments, motorsports, and digital domains.

From hereon, enhancing synergies among businesses will be important for increasing brand value. In the Sports Business, we aim to establish a top-class global position in the golf and tennis fields and drive the enhancement of DUNLOP brand value. Through customer touchpoints in both competitive and leisure settings, we will broaden brand recognition and affinity, creating ripple effects across each business, including the Tire Business.

## Key Issues for 2026

We position 2026 as an extremely important year for turning “R.I.S.E. 2035” into concrete results. Our top priority is to demonstrate the revival of the DUNLOP brand through tangible outcomes. In Europe, we have seen encouraging initial signs in sales of DUNLOP tires, and ensuring that this momentum takes hold will be an important

prerequisite for our growth strategy.

At the same time, we will steadily strengthen the foundation for reforming our earnings structure. In advancing these initiatives, we have clearly defined key themes for each business.

In the Tire Business, in addition to increasing the ratio of premium products, we will enhance product competitiveness and brand value through Company-wide cost optimization under Project ARK, a total cost reduction initiative. Taking the acquisition of DUNLOP trademark rights and other assets as an opportunity, we will fully roll out premium tires, including all-season tires, in Europe, North America, and Australia, and accelerate revenue growth by working as one with local bases where development structures have been strengthened.

In the Sports Business, centered on a brand portfolio consisting of SRIXON, XXIO, and DUNLOP, we will accelerate growth in the golf and tennis businesses in North America and Europe. Through the expansion of new customer touchpoints, including e-sports, we will drive the enhancement of DUNLOP brand value globally.

In the Industrial Products Business, we will advance the shift to high-value-added fields, primarily rubber parts for medical applications and vibration control dampers. We will seek revenue growth through overseas expansion centered on Asia and the market launch of high-value-added products that resonate with customers.



In the Automotive Systems Business, we will expand the data business centered on SENSING CORE, our proprietary software technology. By using information obtained from tires to enable not only anomaly detection but also failure prediction, we will contribute to improving safety and operating efficiency. To achieve this, we will advance integration with the AI technologies of Viaduct, a U.S. company acquired in 2025, and aim to provide greater value. In new business domains, we will also accelerate initiatives toward the commercialization of multiple new technologies currently under development and nurture them as future growth drivers.

In this way, while keeping tires at the core of our business, we will expand the areas in which we create value by leveraging the strengths of each business. In 2026, we will steadily execute each measure under our growth strategy.

## “Business Is People”: Strengthening the Management Foundation that Supports Sustained Growth

For the Company, sustainability is connected to the Sumitomo Business Philosophy, including “Integrity and sound management,” “Enterprising spirit,” “People are our most important asset,” and “Benefit for self and others, private and public interests are one and the same.” It should be promoted as an integral part of business. Quality, human rights, and the environment are the foundation of manufacturing, and I believe that steadily putting these elements into practice is essential for sustainable growth.

For example, reducing tire weight can enhance product value by improving fuel and electricity efficiency, while also helping to reduce the raw materials used and energy consumption in the manufacturing process, thereby contributing to lower CO<sub>2</sub> emissions. Although this involves the challenge of balancing weight reduction with durability and safety, I believe that continuing to take on this challenge can

## TOP COMMITMENT

create opportunities for technological innovation and ultimately lead to enhanced corporate value.

New technologies such as ACTIVE TREAD have the potential to reduce the number of tires used by enabling a single tire to deliver performance suited to different usage environments. This initiative contributes to reducing waste and resource use, while also improving convenience and value for customers. In this way, we will strategically promote initiatives that contribute to both reducing environmental impact and enhancing customer value.

In addition, responding to issues specific to our industry is also important. With regard to tire and road wear particles (TRWP), we will work to suppress their generation and develop recovery technologies, while also contributing to the development of assessment methods and standards in collaboration with research institutions and industry associations in Japan and overseas. With respect to natural rubber, an important raw material, it is essential to respect human rights throughout the supply chain and appropriately recognize and address dependencies on, and impacts on, the natural environment. In addition to ensuring traceability, we will deepen our understanding and provide necessary support by understanding actual conditions upstream in the supply chain and engaging in dialogue with related parties.

It is people who support these various initiatives and serve as the source of value creation for DUNLOP. We will place importance on employees who think and make decisions independently, an organization where people can express their views frankly, and a culture in which people support one another in taking on challenges. By doing so, we will foster a corporate culture that encourages challenges, founded on respect for diversity and inclusion. We will not reject failures that result from taking on challenges; rather, we will commend the challenges themselves. We will also deepen our technologies, accumulate intellectual capital, and enhance our competitiveness by strengthening our manufacturing base.

By uniting diverse strengths and realizing "R.I.S.E. 2035," we will evolve into a company capable of navigating change and achieving sustainable growth. To achieve this, we will integrate multiple

perspectives: developing people, developing technologies, developing the Company, and contributing to society.

Highly effective governance is essential as the management foundation that supports these initiatives. The Company is currently strengthening the supervisory function of the Board of Directors, establishing a structure in which an Outside Director serves as Chairperson of the Board of Directors, and reviewing the composition of Internal and Outside Directors. In addition to ensuring a diverse composition of members in terms of experience, knowledge, skills, and attributes, we will engage in frank and sincere discussions not only at Board of Directors meetings but also through initiatives such as off-site meetings.

We want DUNLOP to support people throughout their lives and to be a presence whose value they can feel in every situation. We will

evolve DUNLOP into a brand under which diverse stakeholders come together to co-create value. We will connect our Purpose, "Through innovation we will create a future of joy and well-being for all," to concrete experiential value. By implementing world-first technologies in society and elevating them to global standards, we will demonstrate DUNLOP's reason for being across all areas: products, services, brand, and data.

The Company will continue to be trusted and chosen by all stakeholders. We will balance value creation through the resolution of social issues with sustainable business growth. I sincerely ask for your continued support and expectations, based on your understanding of the Company's growth potential.

### Bringing World-First Technologies to Society: DUNLOP Co-Creates Value That Supports People Throughout Their Lives



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### **About the Cover**

Since 2026, we have unified our communication brand under DUNLOP. DUNLOP embodies three core brand value propositions across all products and services: “Reliable support for every challenge,” “Experiences that exceed expectations,” and “Pushing beyond limits.” Through innovative experiences, we are committed to creating positive emotions for people around the world. Our brand statement, “TAKING YOU BEYOND,” expresses our aspiration to broaden the possibilities of all who take on challenges and to continue guiding them forward.



# Editorial Policy

How to Use This Report

📖 Links to the relevant page  
🌐 Links to the relevant website

🏠 Returns to the contents page  
⬆️⬆️ Moves to the previous or next page

This integrated report focuses on the direction the DUNLOP Group is heading and its initiatives aimed at creating value over the medium to long term. In 2025, the Group advanced company-wide efforts to realize the Long-Term Corporate Strategy “R.I.S.E. 2035,” announced in March. It was also a year in which, following the announcement of the DUNLOP brand strategy in December and the change in president, the foundation was laid for the global expansion of the DUNLOP brand. This report introduces the vision behind these developments, the broader world they are intended to create, and the initiatives that support the brand. In preparing this report, we referred not only to Integrated Reporting Framework and the Guidance for Collaborative Value Creation, but also to feedback received from institutional investors, with the aim of making this report more conducive to constructive dialogue. We hope this integrated report will encourage readers to take a greater interest in the Company’s future and in what we aim to achieve.

As a first-time initiative, we have included a cross-reference table that links frequently asked questions raised in dialogue with stakeholders, particularly institutional investors, to the pages where the relevant responses are provided. We hope readers will start with the topics of greatest interest to them and that this will help deepen their understanding of the Company’s value creation.

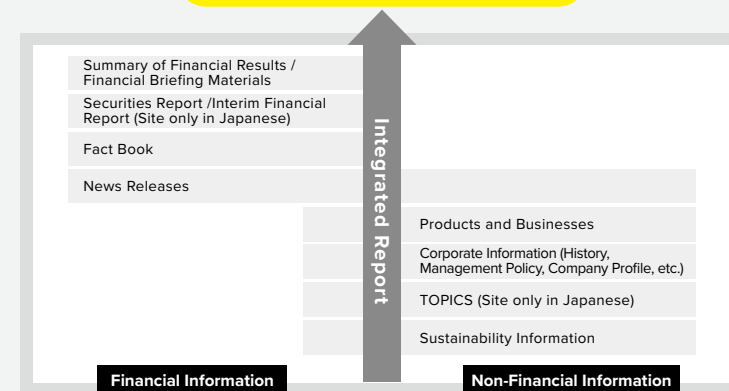
In addition, matters raised through dialogue in our SR and IR activities are reported to management and shared with relevant departments. Opinions and suggestions that can contribute to enhancing corporate value will be reflected in individual initiatives and disclosure materials. We will also continue to address ongoing issues in a timely manner.

Category	Frequently Asked Questions	Relevant Pages / Website
<b>Financial Strategy</b>	<ul style="list-style-type: none"> <li>What is the specific roadmap for achieving the ROE target?</li> <li>How will you optimize and reshape the business portfolio based on ROIC?</li> <li>How do you expect the global expansion of the DUNLOP brand to contribute financially over the medium to long term?</li> </ul>	<ul style="list-style-type: none"> <li>A Message from the Executive Director in Charge of Finance</li> <li>Progress of Long-Term Corporate Strategy “R.I.S.E. 2035”</li> <li>Feature 1</li> <li>Management Policy</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>How do you view the current challenges in further enhancing the effectiveness of the Board of Directors?</li> <li>What is the process for developing and selecting the next generation of management to support sustainable growth?</li> <li>How is your executive compensation system designed to incentivize the enhancement of corporate value?</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Outside Directors Roundtable Talk</li> <li>Corporate Governance</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>What are the prospects for utilizing hydrogen energy in the transition to a decarbonized society, and what is the outlook for its commercialization?</li> <li>How are you addressing supply chain management and risk response in light of increasingly stringent environmental regulations in Europe?</li> <li>How will you fulfill your responsibilities in addressing human rights risks across the global supply chain?</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to a Sustainable Global Environment</li> <li>Building Strong Relationships with Stakeholders</li> <li>Human Rights Report 2026</li> </ul>
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>How will you secure and reallocate the talent needed for the future business model?</li> <li>How are you addressing organizational challenges to improve employee engagement?</li> <li>How will you build a highly productive organization amid an anticipated labor shortage?</li> </ul>	<ul style="list-style-type: none"> <li>Expert Roundtable</li> <li>An Organization That Can Boldly Take on Challenges by Uniting Diverse Strengths</li> <li>Progress of the “Future Factory Project for Better Workplaces”</li> </ul>

## Positioning of Integrated Report

Clicking on a link redirects to our website.

Showing growth potential



🌐 Website Comprehensive information in each category

### Reporting Scope

Sumitomo Rubber Industries, Ltd., with a primary focus on its six factories in Japan, and including some information on sites and affiliated companies in Japan and overseas.

### Referenced Guidelines

- Ministry of Economy, Trade and Industry, *Guidance for Collaborative Value Creation 2.0*
- GRI (Global Reporting Initiative)
- IFRS Foundation, *Integrated Reporting Framework*

### Reporting Period

Primarily fiscal 2025 (January 1, 2025 to December 31, 2025), with some information from outside this period included.

### Publication

June 2026

### Cautionary Statement Regarding Forward-Looking Information

Among the statements contained in this report, those relating to future matters are based on information available at the time of preparation and on certain assumptions deemed reasonable. Actual results may differ materially due to various factors.

## Chapter 2

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# About Us

- 09 Our Philosophy
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- 11 DUNLOP Group Businesses
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# Our Philosophy

Slogan

# Rubber and Beyond, Driving Our Future

“Our Philosophy,” our corporate philosophy framework, is the common guideline that enables us to respond flexibly to an uncertain and rapidly changing environment and achieve further growth. Grounded in the “Sumitomo Business Philosophy,” which has been passed down for over 400 years, it is structured around four concepts beginning with “Purpose.” It serves as the foundation for decision-making and the starting point for action, enabling each employee to recognize the Company’s reason for being and to align their efforts to demonstrate their strengths.

## Activities to Embed “Our Philosophy”

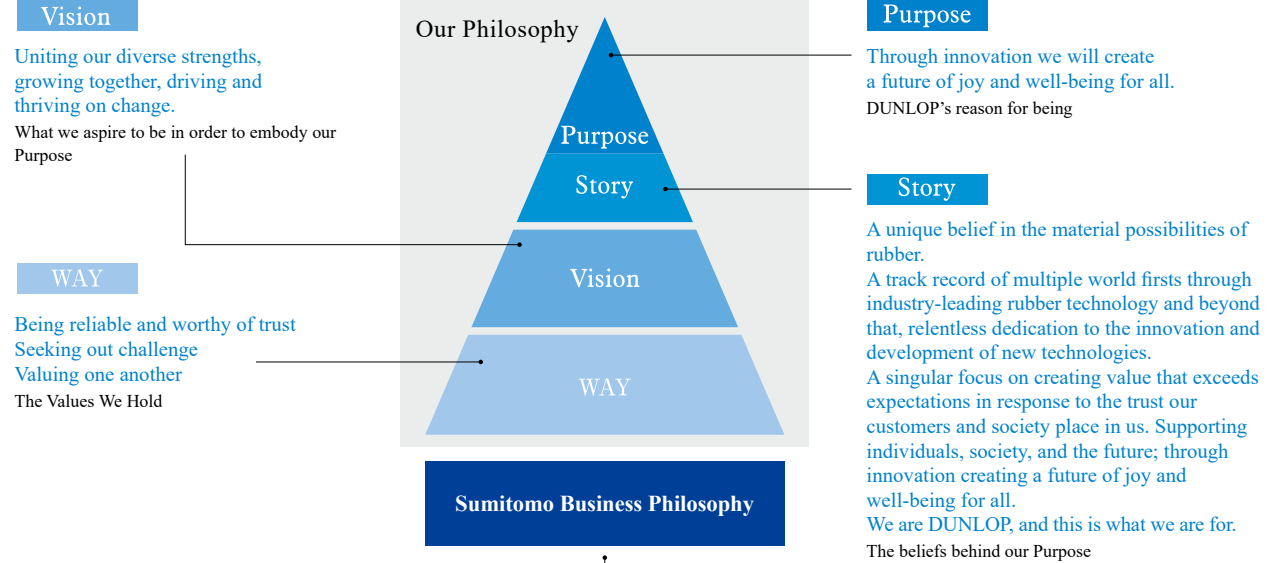
### 1 Global training

We are promoting initiatives tailored to the circumstances of each division and site by dividing the embedding of “Our Philosophy” into four phases: “Recognition,” “Understanding,” “Empathy,” and “Practice.” In 2025, we conducted an engagement survey for follow-up at overseas sites and, through interviews, identified issues and the support required. Based on the findings, we held workshops for overseas sites. Going forward, we will leverage the Global HR Hub to deepen understanding and implementation across our global workforce through regular online workshops and discussions between HR personnel in Japan and overseas, supported by practical implementation tools.



“Our Philosophy” workshop lecture

## DUNLOP’s corporate philosophy framework, “Our Philosophy”



### The Sumitomo Business Philosophy which has been passed down from generation to generation throughout Sumitomo’s 400-year history

- Integrity and sound management**  
To “value trust above all else” and “always earn the trust of others”
- Enterprising spirit**  
Responding to the changing times and being proactive in staying one step ahead
- People are our most important asset.**  
It is human resources that protect, promote and nurture a company
- Benefit for self and others, private and public interests are one and the same.**  
We must always strive to maintain a sense of gratitude to society and conduct our affairs in harmony with the public interest

### 2 “My SRV Journey Map” at the Vietnam Factory

At the Vietnam Factory (SRV), “My SRV Journey Map” is displayed in the workplace to connect “Our Philosophy” with each employee’s personal values. Employees create handwritten message cards, and particularly memorable messages are displayed in the “Live the SRV Way Gallery” as examples of embodying “Our Philosophy.” By sharing the thoughts of colleagues, the initiative promotes mutual understanding and creates opportunities to make the philosophy feel closer to home.



My SRV Journey Map

### 3 “Our Philosophy” Month at the Brazil Factory

At the Brazil Factory, every September is designated as “Our Philosophy” Month. Members of the responsible department share ideas and last year they distributed rice crackers (pictured) as PR items. To raise awareness of the various activities among employees and deepen recognition, a budget is allocated for creating PR items, and HR operations members use measures such as distributing items at the gates, on the intranet and on bulletin boards to encourage greater employee interest.

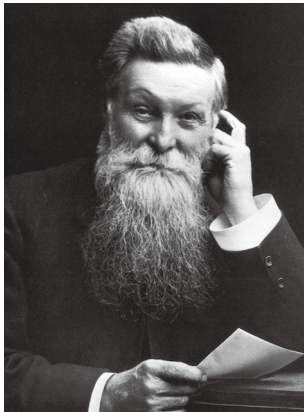


Rice crackers printed with “Our Philosophy”

# HISTORY

## John Boyd Dunlop invented the world's first practical pneumatic tire.

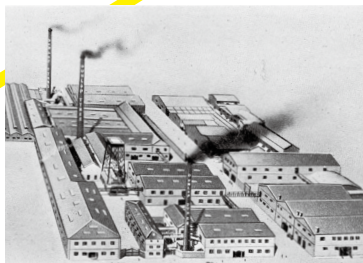
John Boyd Dunlop, a veterinarian living in Ireland, was asked by his 10-year-old son, Johnny, to make his tricycle more comfortable and faster. After repeated experimentation, John made a pneumatic tire out of rubber tubing and rubberized canvas, which he fixed around a wooden disc. Johnny was delighted to ride on his tricycle with these pneumatic tires. John made further improvements, and in 1888, he patented the pneumatic tire and introduced it to the world.



John Boyd Dunlop

*J. B. Dunlop*

1888



Kobe Factory (circa 1921)

## Operations commenced at Kobe Factory

U.K.-based DUNLOP Rubber Company established a factory in Kobe, marking the start of operations as Japan's first modern rubber factory.

1909

## Company name changed to Sumitomo Rubber Industries, Ltd.

In 1963, Sumitomo assumed management of the Company, and in 1981, the Company entered into a full business tie-up with The Ohtsu Tire & Rubber Co., Ltd., a precursor of the FALKEN brand (the Company merged with The Ohtsu Tire & Rubber Co., Ltd. in 2003).

1963~

Sumitomo assumed management

## The Origins of the "Sumitomo Business Philosophy"

Masatomo Sumitomo, the founder of the Sumitomo Group, left behind writings known as the "Monjuin Shiigaki" ("The Founder's Precepts"), which provide a set of principles and guidelines for merchants. His teachings have supported the business operations of the Sumitomo Group throughout its 400-year history, passed down from generation to generation in the form of the "Sumitomo Business Philosophy." Containing such principles as "The business activities of Sumitomo must benefit not only Sumitomo, but must also be of benefit to the nation and to society as a whole," the "Sumitomo Business Philosophy" reflects Sumitomo's strong sense of duty to society. To this day, it still forms the basis of the Group's corporate philosophy.



A wooden statue of Masatomo Sumitomo (Photo provided by Sumitomo Historical Archives)



Monjuin Shiigaki (circa 1650) (Photo provided by Sumitomo Historical Archives)

1983

1999~

2025

## The communication brand was unified under DUNLOP, accelerating global expansion

Acquired DUNLOP trademark and other rights from Goodyear for four-wheel tires in Europe, North America, and Oceania. In March, the Company announced its Long-Term Corporate Strategy "R.I.S.E. 2035." In December, it unified its communication brand under DUNLOP.



## Alliance formed with The Goodyear Tire & Rubber Company of the U.S.

This alliance led to the creation of a joint venture structure under which the manufacture and sale of DUNLOP brand tires was assumed by the Company in Japan and Asia and by Goodyear in North America and Europe. This alliance agreement and the joint venture structure were dissolved in 2015.

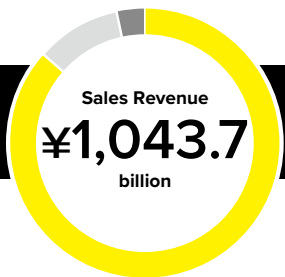


## European tire business was acquired from UK-based DUNLOP Rubber Company

In 1983, the Company acquired the European tire business from U.K.-based DUNLOP Rubber Company. In 1984, it acquired six plants in the U.K., Germany, and France, as well as DUNLOP Tire Technical Division in the U.K. In 1986, it acquired DUNLOP Tire Corporation in the U.S.A., becoming the global owner of the DUNLOP brand.



# DUNLOP Group Businesses



## Tire Business

— More Drive, More Joy —

The Group's tires are used in a wide range of settings that support everyday life and society, including passenger cars, trucks and buses, industrial vehicles, and motorsports. With DUNLOP and FALKEN as its main brands, the Group is committed to creating tires that are friendly to both people and the environment.



### Passenger Cars

We offer a broad range of tires for vehicles ranging from passenger cars to SUVs. Our products serve a wide range of uses, including all-season, summer, and winter tires.

### Trucks and Buses

We offer a wide lineup of tires for trucks and buses. Our products cover a broad range of uses, including all-season tires, summer and winter tires, and tires for unpaved roads.

### Industrial Vehicles

These products are engineered to perform under a wide range of demanding conditions, including heavy loads and low-speed operation. Depending on the application, they incorporate different tire structures, including pneumatic tires and solid tires.

### Agricultural Vehicles

These products are designed for agricultural vehicles used in farming operations, including tractors, tillers, transport vehicles, and implements.



### Race/Rally Vehicles

By developing tires specifically engineered to meet the unique demands of each discipline—such as speed and durability—we support top performance in races and rallies.




### Motorcycles

We offer a broad lineup of motorcycle tires, ranging from on-road to off-road applications and from minibikes to large motorcycles.



#### Emergency Tire Puncture Repair Kits

These emergency tire puncture repair kits restore temporary mobility by injecting sealant into a punctured tire and filling it with air, and are used in many vehicles.



#### SENSING CORE (Tire Sensing)

This software detects and estimates the conditions around tires by comprehensively analyzing wheel speed information generated by tire rotation together with data from the vehicle.



## Sports Business

— Enriching Sporting Life —

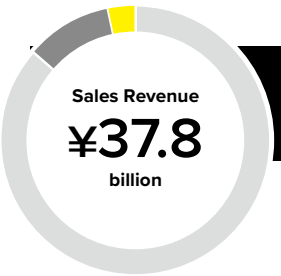
Drawing on its advanced technological capabilities to enrich customers' sporting lives, the Group provides easy-to-use, high-performance products such as golf clubs and tennis rackets, while also supporting customers' physical and mental well-being through the operation of golf and tennis schools. In recent years, the Group has also expanded into the e-sports business.



### Golf

### Tennis

(and other racket sports)



## Industrial Products Business

— Supporting Happier Lives —

The Industrial Products Business delivers a diverse portfolio built on rubber technologies refined over years of experience. These products help protect lives, safeguard health and mobility, and support everyday life. As needs evolve, its scope has expanded from industrial infrastructure to include medical, lifestyle, and healthcare applications—drawing global attention to the potential of its advanced technologies.

#### High-Functional Rubber

Rubber Parts for Medical Applications | Vibration Control Dampers

#### Life & Industry

Rubber Gloves | Floor Coating | Artificial Turf for Sporting Facilities







# Financial and Non-Financial Highlights (FY2025)

Financial and Non-Financial Data

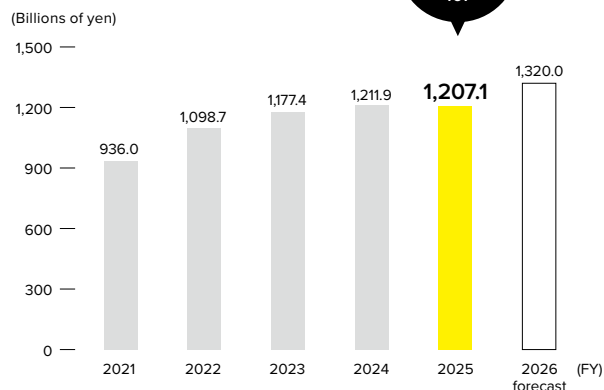
## Financial Highlights

Financial Capital

### Sales Revenue

¥1,207.1 billion

Down  
0.4%  
YoY

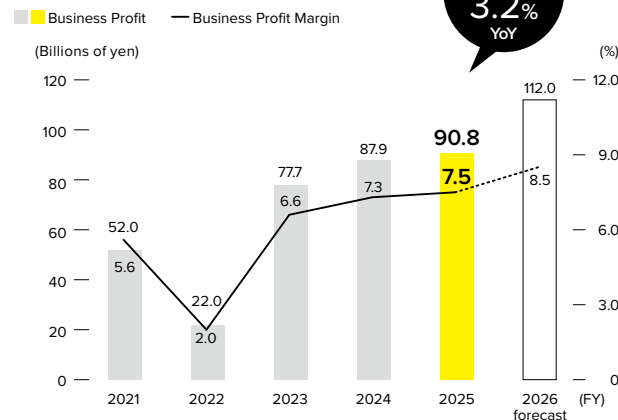


Financial Capital

### Business Profit / Business Profit Margin

¥90.8 billion / 7.5%

Business Profit Up  
3.2%  
YoY



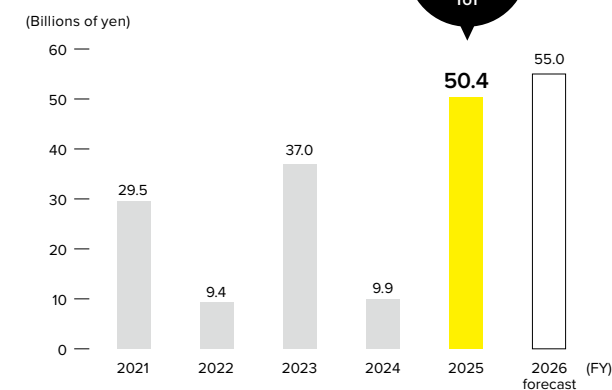
\* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

Financial Capital

### Profit Attributable to Owners of the Parent

¥50.4 billion

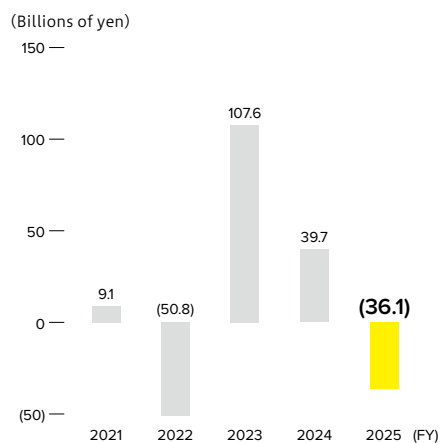
Up  
410.7%  
YoY



Financial Capital

### Free Cash Flow

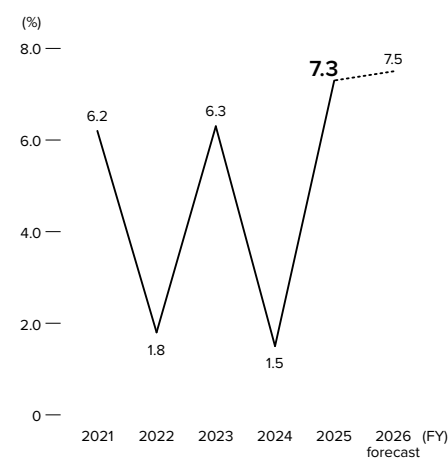
-¥36.1 billion



Financial Capital

### ROE

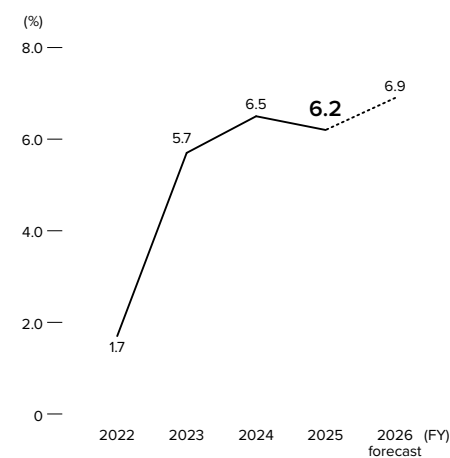
7.3%



Financial Capital

### ROIC

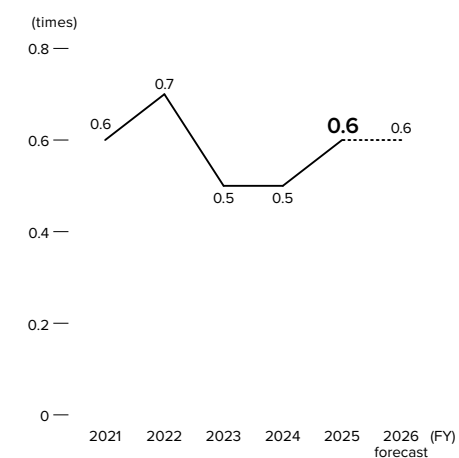
6.2%



Financial Capital

### D/E Ratio

0.6 times



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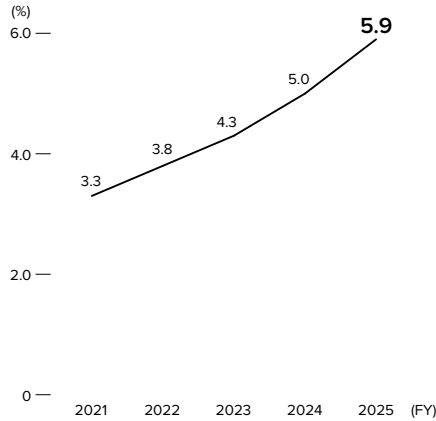
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Non-Financial Data Highlights

Human Capital

Ratio of Female Managers (Non consolidated)



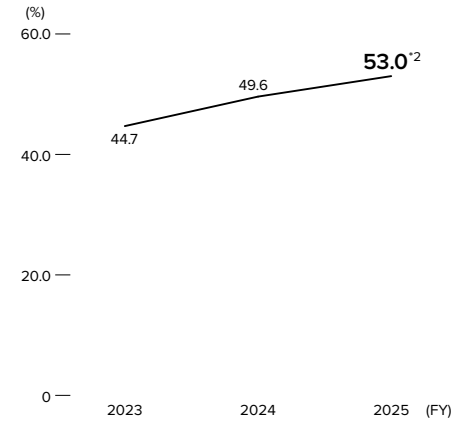
Human Capital

Employee Engagement (Non consolidated)

(FY2025)  
**41%**

Human Capital

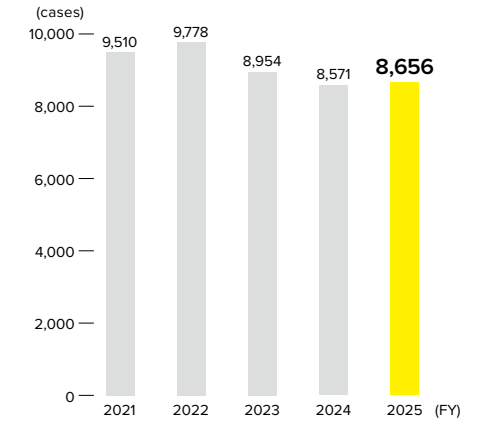
“Our Philosophy” empathy rate<sup>1</sup> (Non consolidated)



<sup>1</sup> For FY2023 and FY2024, the figures represent the percentage of respondents selecting “Empathy” or “Practice” in “Our Philosophy” penetration survey.  
<sup>2</sup> Positive response rate to the engagement survey statement: “I empathize with ‘Our Philosophy.’”

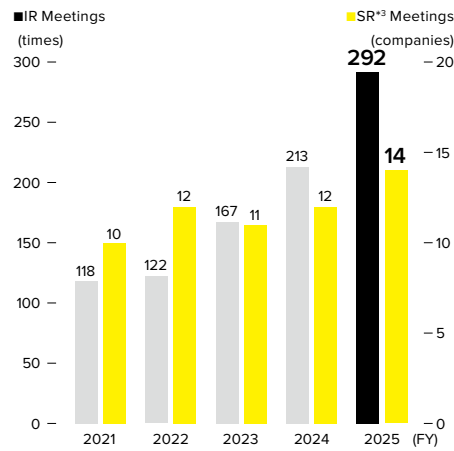
Intellectual Capital

Number of Patents and Utility Models Held (Consolidated)



Social and Relationship Capital

Meetings with Institutional Investors



<sup>3</sup> Shareholder Relations

Social and Relationship Capital

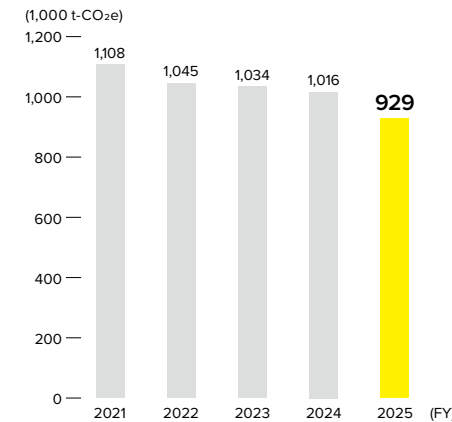
Number of countries where the DUNLOP four-wheel tire business can be operated following the acquisition of DUNLOP trademark rights, etc.

Over **50+** countries<sup>\*4</sup>

<sup>\*4</sup> Mainly in Europe, North America, and Oceania

Natural Capital

Greenhouse Gas Emissions (Scope 1 and 2) (Consolidated)



Natural Capital

Waste Generation (Excluding Valuables) at Six Domestic Factories (Group manufacturing sites in Japan and overseas)

(FY2025)  
**27** k tons

## Chapter 3

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# Vision and Strategy

- 15 Value Creation Process
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# Value Creation Process

Purpose  
Through Innovation We Will Create a Future of Joy and Well-Being for All.

### Inputs

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**Financial Capital**

- Business profit margin: 7.5%
- ROIC: 6.2%
- ROE: 7.3%

**Manufactured Capital**

- 21 production bases
- Tyre Technical Center
- 4 test courses in Japan and overseas
- Capital expenditures: **¥62.8 billion**

**Human Capital**

- 37,671 employees on a consolidated basis
- 68% of employees are based outside Japan

**Intellectual Capital**

- R&D expenses: **¥32.0 billion**
- 8,656 patent applications
- collaborative projects and joint research initiatives

**Social and Relationship Capital**

- Brand value / awareness
- Harmony with local communities

**Natural Capital**

- Energy
- Natural rubber, water, and minerals

### Material Issues

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Innovation for Solving Social Issues

**E** Climate Change

**E** Circular Economy

**E** Biodiversity

**S** Human Rights

**S** Diverse Talent

**G** Governance and Corporate Ethics



Long-Term Corporate Strategy "R.I.S.E. 2035" 📖

# R.I.S.E. 2035

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

### Our Strengths

Innovation Driven by Rubber

Maximizing the Value of the DUNLOP Brand

📖 ▶ Page 25, 27

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### Building a Resilient Management Foundation

- Human Capital Management 📖 ▶ Page 46
- DX Strategy 📖 ▶ Page 26
- Sustainability Management 📖 ▶ Page 36

### Outputs

(Products / Services)

**Existing Businesses**

Tire Business  
📖 ▶ Page 29

Sports Business  
📖 ▶ Page 31

Industrial Products Business  
📖 ▶ Page 33

**New Businesses**

Automotive Systems Business  
📖 ▶ Page 22

### Outcomes

Value Created for Society

Creating a healthy and prosperous society filled with joy and well-being

Co-creation with stakeholders built on trust

Passing on the benefits of a sustainable natural environment to future generations

**KPIs**

"R.I.S.E. 2035" 2030-2035

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- Business profit margin: 15%
- ROE: 12%
- ROIC: 10%

Long-Term Sustainability Targets: "Driving Our Future Initiatives"

📖 ▶ Page 16

Corporate Governance 📖

Our Philosophy 📖



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# Material Issues

In order to realize “Our Philosophy,” our corporate philosophy framework, we identify material issues based on risks and opportunities throughout our value chain as well as our impact on society. We incorporate initiatives related to these material issues into our management strategy, aiming to help resolve social issues while enhancing corporate value over the medium to long term.

Material Issues      Long-Term Sustainability Targets: “Driving Our Future Initiatives”

## ▶ Process for Identifying Material Issues

Using a double materiality approach, we reviewed our material issues in 2024.

### STEP 1 A list of issues was created, and key themes, risks and opportunities were identified.

- Issues were identified across the value chain based on international sustainability indicators and disclosure guidelines.
- More than 100 potential material issues were selected.
- Risks and opportunities arising from social and environmental changes affecting the Group were analyzed
- The relationships between the potential material issues, business domains, and related risks and opportunities were assessed
- Based on the assessment results, the potential material issues were narrowed down to 16 items

### Material Issues Assessment

#### A qualitative assessment was conducted

- Directors and officers, including outside directors were interviewed
- A questionnaire survey of executive officers responsible for business operations was conducted

#### A quantitative assessment was conducted

- An assessment was carried out into the Group’s impact on society in terms of the number of people affected, geographic scope, and time required for recovery
- A financial assessment of the impact on the Group was conducted

#### Dialogue with external stakeholders was carried out

- Peter David Pedersen
- Minoru Matsubara
- The Japan Rubber Manufacturers Association

### STEP 2 Identify Material Issues

- Discussions were held at the Management Meeting
- Approval was obtained from the Sustainability Promotion Committee
- The matters were reported to the Board of Directors.

### STEP 3

## ▶ Material Issues

We have identified the following seven items as our material issues. For each item, we have also summarized our desired state and commitment.

For initiatives related to materiality, we have established the Long-Term Sustainability Targets “Driving Our Future Initiatives,” under which targets are set and progress is monitored.

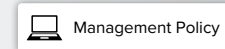
Material Issues	2025 vision	The Company’s Intentions
<b>Innovation for Solving Social Issues</b>	A company that believes in the potential of rubber materials and strives to create new social value.	The Company provides industry-leading rubber technologies in addition to new technologies and services that these technologies spawn. We are always striving to provide new value with the aim of creating a healthy and prosperous society full of joy.
<b>Climate Change</b>	A company committed to proactively reducing CO <sub>2</sub> emissions.	The Company’s business activities produce a large volume of greenhouse gas emissions. To realize a decarbonized society, we are working to reduce emissions across the entire supply chain and achieve carbon neutrality by 2050.
<b>Circular Economy</b>	A company that promotes resource circulation through its products and services.	The Company is a manufacturer that consumes many resources. To ensure the sustainability of its use of limited resources, we promote resource circulation throughout the entire process, from product procurement to disposal.
<b>Biodiversity</b>	A company that understands its dependence on and impact on natural resources, such as natural rubber, and works to coexist with surrounding ecosystems.	The Company’s businesses entail risks that impact ecosystems using natural resources and chemical materials as well as the process of product usage. To ensure that the benefits of ecosystems and natural resources are passed on to future generations, we strive to minimize the negative impacts of our business activities and work towards the conservation and restoration of biodiversity.
<b>Human Rights</b>	A company that respects the human rights of everyone involved with us.	The Company’s businesses are entwined with the lives of many people, including customers, suppliers, and those living around our bases. To continue providing joy and well-being for all, we enhance our understanding of human rights and promote efforts to respect human rights.
<b>Diverse Talents</b>	A company that grows by embracing diverse backgrounds and perspectives	The Company is a global entity that brings together diverse employees. We realize workplaces in which people mutually recognize each other and ensure that the total capabilities of our teams lead to increased corporate value.
<b>Governance</b>	A company that upholds integrity with our stakeholders and builds their trust.	The Company is supported by its customers, suppliers, investors, and other stakeholders. We strive to be reliable and worthy of trust, and to build a strong and flexible management foundation that is responsive to turbulent changes in society.

## ▶ Value Chain Mapping

For each material issue, we have indicated the processes in the product value chain with which the Group is particularly closely involved. All processes, from procurement to disposal and circulation, are closely related to material issues. We will strengthen cross-functional collaboration and address materiality-related issues through a company-wide framework.

Material Issues	Procurement	Transportation	Product Manufacturing	Transportation	Sales	Customer Use	Disposal / Resource Circulation
<b>Innovation for Solving Social Issues</b>							
<b>Climate Change</b>							
<b>Circular Economy</b>							
<b>Biodiversity</b>							
<b>Human Rights</b>							
<b>Diverse Talents</b>							
<b>Governance and Corporate Ethics</b>							

# Progress of the Long-Term Corporate Strategy “R.I.S.E. 2035”



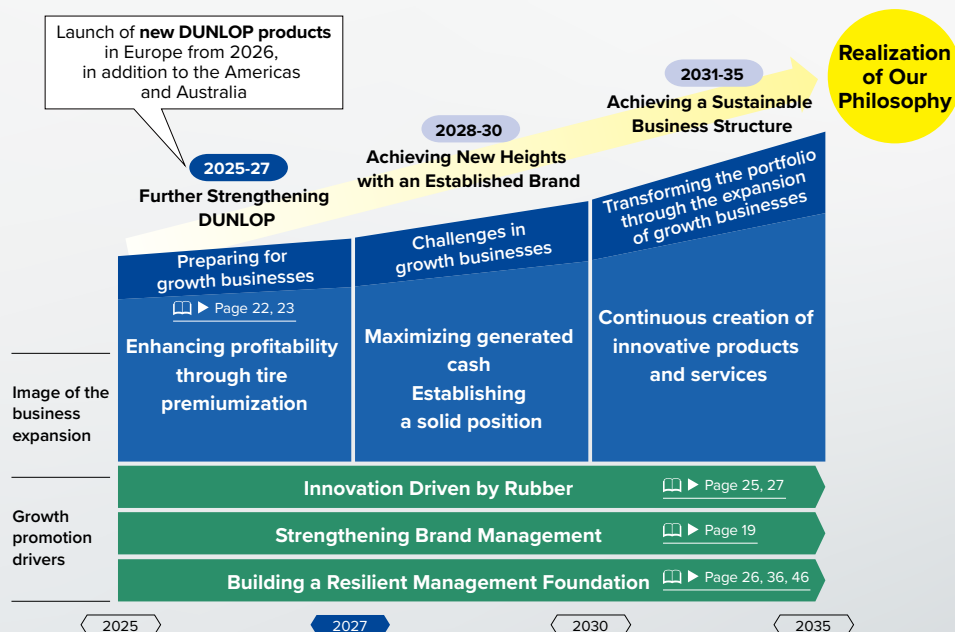
We formulated the Long-Term Corporate Strategy “R.I.S.E. 2035” in March 2025 and announced a strategy for sustainable growth toward 2035. In accordance with the strategy roadmap described below, we have established the foundation for global brand development through the acquisition of the DUNLOP trademark and other rights, strengthened our sensing business through the acquisition of Viaduct, U.S. AI Solutions Company and expanded our structure for creating new businesses. In addition, we established the Innovation & Business Development Department and launched new marketing activities in the United States. At the same time, we are strengthening our management foundation for sustainable growth by promoting human resources development and reforming our organizational culture. From fiscal 2026, we will accelerate the transition to a growth stage by strengthening initiatives such as our tire premiumization strategy through the expansion of premium products in Europe, the Americas, and Australia.

## Roadmap for the Long-Term Corporate Strategy

To achieve our vision for 2035, we are steadily advancing our business expansion strategy based on three growth promotion drivers. First, by 2027, we will focus on enhancing profitability through tire premiumization and preparing for growth businesses. At the same time, we will further strengthen brand management and enhance DUNLOP into an even stronger brand. In addition, following the Americas and Australia, we will expand new DUNLOP products into the European market from 2026, thereby promoting global business expansion. Furthermore, by 2030, we aim to maximize generated cash, enhance our presence and influence in the market, and achieve significant growth by leveraging our established brand strength. By 2035, we will establish a sustainable business structure and realize “Our Philosophy” by continuously creating innovative products and services and transforming our portfolio through the expansion of growth businesses.

### Our Vision for 2035

## Continuing to Provide ‘New Experiential Value’ Born from Rubber to Everyone



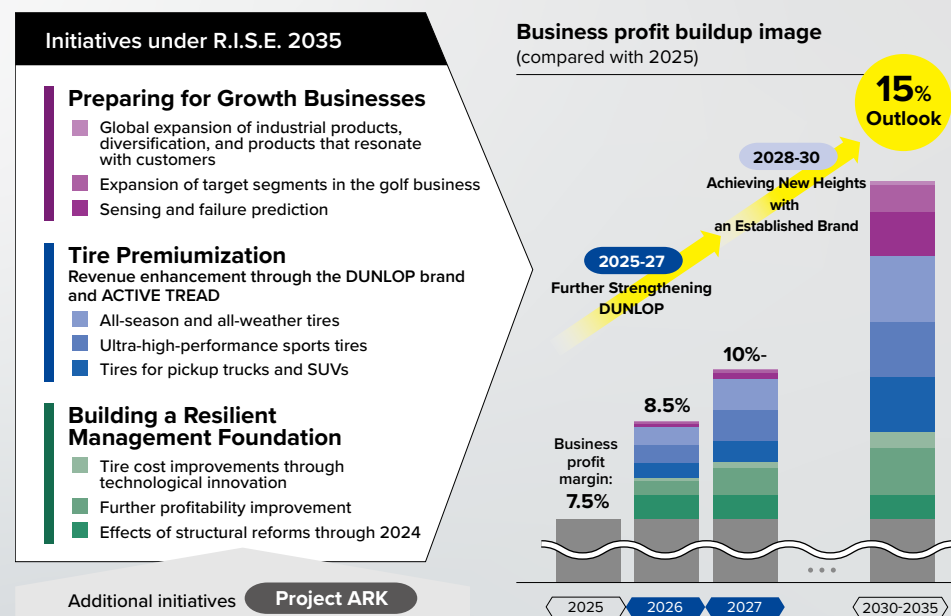
## Profit Growth Image Driven by R.I.S.E. 2035

We aim toward 2030 to increase the ratio of premium products in the Tire Business to over 60% and allocate the resulting earnings to growth investments in existing lines of business and new business areas. We will create value through the global expansion and diversification of industrial products, the expansion of the golf business, and sensing and failure prediction, and aim to establish a business structure in which non-tire businesses generate 30% of our business profit. At the same time, as announced in March 2025,

we will promote cost improvements and profitability reforms through technological innovation and steadily advance toward achieving our business profit margin of over 10% in 2027 and an outlook of 15% for the period from 2030 to 2035.

Furthermore, we have launched “Project ARK” as a company-wide total cost reduction initiative and will further strengthen our foundations for medium- to long-term growth.

## From 2026, we are steadily increasing our business profit and are implementing initiatives to exceed the targets for 2027 and accelerate the achievement of the outlook for 2030.



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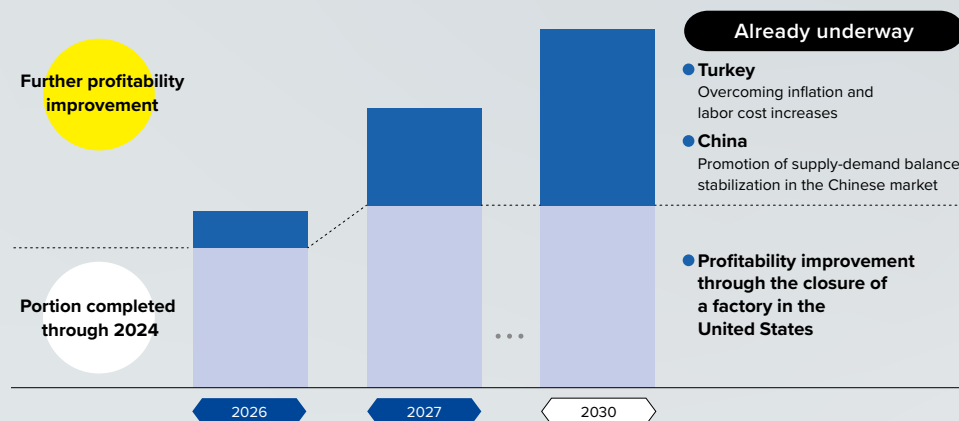
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## ▶ Completion of the pathway for structural reforms

With regard to approximately 10 businesses and products designated for structural reform under the mid-term plan in 2022, we completed the pathway for structural reforms as planned within 2025, including profitability improvement through the closure of a factory in the United States. At present, in light of changes in the business environment, we are continuing to optimize our business portfolio and pursue further profitability improvement without easing our efforts. As shown in the figure below, we expect further profitability improvements through initiatives such as addressing labor cost increases associated with inflation at our factory in Turkey and stabilizing supply-demand balance in the Chinese market. Through these initiatives, we will continue to steadily strengthen our profitability from 2026 onward.

### Business profit improvement image (compared with 2025)



**Tatsuji Matsumoto**

Executive Officer, General Manager of Hybrid Rubber Products Headquarters and General Manager of Innovation & Business Development Department

## ▶ Establishment of the Innovation & Business Development Department

We have established the Innovation & Business Development Department by consolidating functions that had previously been handled by multiple departments in order to promote the discovery and commercialization of new businesses.

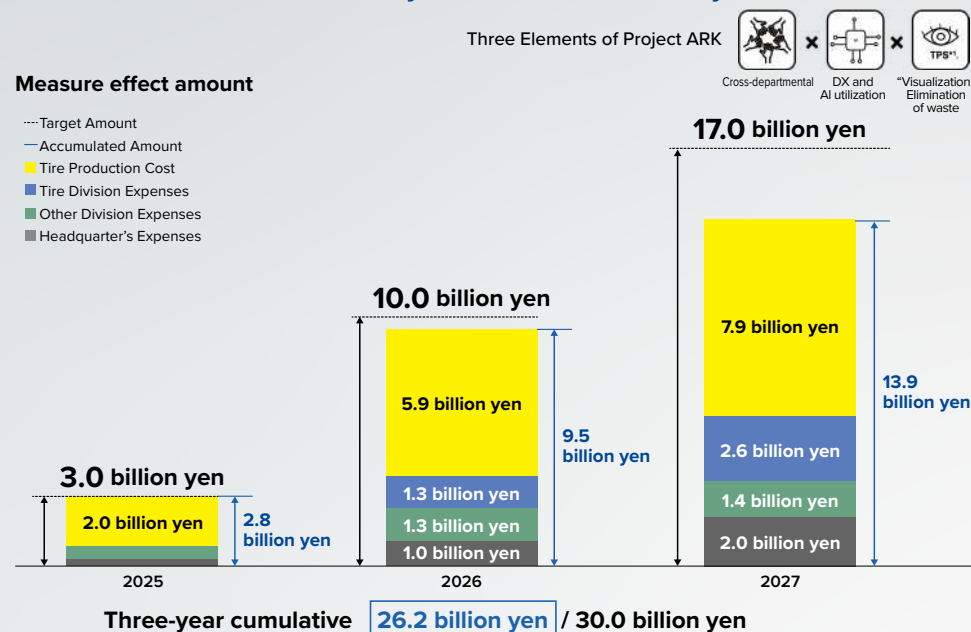
In April this year, we will establish the North America Innovation Lab and accelerate marketing activities and explore needs from a global perspective through co-creation with local customers and partners. Through the development of new businesses originating from solving customer issues, we will create new growth businesses that will shape DUNLOP's future as quickly as possible and generate outcomes that contribute to solving social issues and enhancing corporate value.

## ▶ Execution of Project ARK

In 2025, we launched “Project ARK” as a company-wide total cost reduction initiative. Under this project, we are undertaking company-wide initiatives across departments to achieve a cumulative total cost reduction of 30.0 billion yen by 2027. We are reviewing conventional ways of working and various constraints in our business activities and implementing fundamental cost reduction action plans that thoroughly eliminate inefficiencies.

For 2025, we set a single-year target effect of 3.0 billion yen. In tire costs, which account for a significant portion of total costs, we quantified the reduction in raw material costs resulting from initiatives such as our ongoing “tire weight reduction” efforts and incorporated this as an effect. In addition, through the accumulation of cost reduction action plans in areas other than tire costs, we achieved 2.8 billion yen in cost reduction as actual results. Looking ahead, toward achieving the cumulative target by the end of 2027, we will continue to promote action plans by soliciting concrete ideas from employees and contribute to strengthening a more resilient and sustainable management foundation.

## Against the cumulative target of generating 30.0 billion yen by the end of 2027, we have already secured 26.2 billion yen.



### Key Action Plans and Ideas

- Consolidation and abolition across business divisions of subsidiaries and bases (offices, warehouses)
- Cost reduction at the Thailand factory, the main factory for North America

- Utilization of AI for tire demand prediction and shortening development lead time through virtual prototyping
- Reducing raw material costs by reducing tire weight (currently being applied to new products for replacement market)

<sup>1</sup> TPS: Toyota Production System

# Feature 1 Creating New Value for DUNLOP

 DUNLOP GLOBAL SITE

We have established a new brand statement, “TAKING YOU BEYOND,” with the aim of delivering unprecedented experiences that inspire stakeholders to believe in their potential, challenge their limits, and move beyond them. We will embody this world across all products, services, and other touchpoints, working together as one team.

## TAKING YOU BEYOND

Through the experiences we provide, and the feelings they generate, we lift people out of the ordinary and show them endless new possibilities in themselves, in their lives, and in their future. Moving forward, we aim to embody three core values across all of our products and services: “Confidence to Face Every Challenge”, “Experiences that Exceed Expectations”, and “Pushing Beyond Limits” and we will continue pursuing our goal of creating positive emotion through innovative experiences for people all over the world.



### Experiences that Exceed Expectations

To date, DUNLOP has introduced a wide range of world-first and Japan-first technologies and products. We will continue to deliver products and services that inspire the world and create positive emotions among people.

### Confidence to Face Every Challenge

To enable people to take on challenges, it is essential to ensure peace of mind in their daily lives. We will contribute to solving social issues and provide products and services that support safe and secure living. This embodies the value of “love” – the very essence of DUNLOP’s roots.

### Pushing Beyond Limits

We have supported numerous professional sports that compete in extreme conditions. This is a testament to the performance and quality of our products and services. Even in harsh conditions, including natural disasters such as earthquakes, we create moments that generate positive emotions in people beyond the limits of extreme conditions.



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# Feature 1 Creating New Value for “DUNLOP”

For more than 130 years, DUNLOP has continued to take on challenges by creating world-first technologies and products. Building on the innovation and reliability cultivated through this history, we will position the DUNLOP brand at the core of our management and promote globally unified brand communication. Under ONE DUNLOP, where members around the world are united by a shared vision, we will enhance brand experiences across all customer touchpoints—including products, services, advertising, and retail—and increase brand value across the tire, sports, and lifestyle domains.

## Toward a Global Premium Brand

In January 2025, we acquired the DUNLOP trademark and other rights for four-wheel tires in Europe, North America, and Oceania. In December 2025, we acquired rights to use the DUNLOP brand in Malaysia, Singapore, and Brunei, establishing the foundation to take on global challenges under the DUNLOP brand. In addition, we established the identity of the DUNLOP brand to be “Creating positive emotions through innovative experiences.” From 2026, under ONE DUNLOP, we will develop the brand as “a global premium brand that symbolizes challenge.”

## A New Challenge with a Unified Brand Strategy

To date, we have built not only DUNLOP but also numerous other product brands. By overcoming numerous challenges, we have developed them into strong product brands of which we can be proud on the global stage. Going forward, we will leverage the strengths of these brands and develop a globally optimized brand strategy under ONE DUNLOP. Furthermore, we will incorporate “DUNLOP” into the names of our sales companies worldwide and engage with customers through the DUNLOP brand. This demonstrates our Group’s strong commitment to placing the DUNLOP brand at the core of our management and moving forward with determination.

## The Identity of DUNLOP

Creating positive emotion through innovative experiences.

The Vision pursued by the DUNLOP Brand

A Global Premium Brand that Symbolizes Challenge

2026

ONE DUNLOP has begun

Communication Brand



Tyres	Sports	Industrial Products	Automotive System

2025

Acquisition of DUNLOP trademark and other rights across Europe, North America, Oceania, and Malaysia, Singapore, and Brunei



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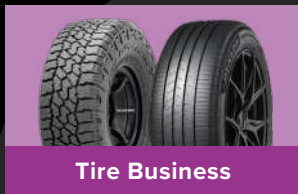
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**▶ Branding Activities**

To strengthen our new branding structure, we will establish a marketing hub in the United Kingdom, the birthplace of DUNLOP. The DUNLOP brand continues to have a strong presence in the United Kingdom, and we will strengthen cross-marketing by leveraging our Tire Business and Sports Business. Furthermore, we will strengthen collaboration with Japan and North America and promote branding activities globally with greater momentum.

**We have positioned DUNLOP as our core brand and are promoting brand enhancement initiatives across the Group.**



**Tire Business**



**Sports Business**

**Creating Innovative Experiences**



Heritage and recognition in motorsports built over time



Strong brand recognition in tennis  
\*Based on external research conducted by the Company



Track record in golf tournaments  
Presence on the PGA Tour

**Tires**

While valuing the heritage we have built in the racing scene over many years, we aim to further evolve as a premium brand. As a symbol of this, we will accelerate the rollout of premium products and expand the presence of the “DUNLOP Bridge” at circuits around the world.

In addition, in September 2025, we announced a collaboration with Gran Turismo, and we will enhance brand value in the racing scene across both real and virtual domains.

**Sports**

As a premium brand that symbolizes challenge, we will expand sponsorship of tennis tours and contracts with professional athletes. DUNLOP tennis balls already hold the No. 1 share of usage on the ATP Tour\*, and by linking with our Tire Business in Europe and the Americas, we will further strengthen our branding impact. By fully leveraging the active image of sports, we will position this at the front of the DUNLOP brand.

\* ATP Tour: An annual tour that oversees a global series of professional men's tennis tournaments.

**▶ DUNLOP Brand Strategy in Europe and North America**

**Leveraging Heritage and Trust as a Competitive Strength**

Building on its British heritage of innovation and pride, the Group combines its cutting-edge technologies and R&D capabilities to achieve growth in next-generation mobility markets.

With strengths in EV- and sustainability-focused product development, digital strategy, and a broad sales network, we will accelerate growth from the United Kingdom to Europe and the rest of the world. By transforming heritage and trust into future competitive strength, we will establish sustained profitability and market advantage.



**Graham Mitchell**  
CEO  
Micheldever Tyre Services Limited

**Strengthening Competitiveness through a Multi-Brand Strategy**

Building on our track record of developing the FALKEN brand into a Tier 2 leader in Europe, we will strengthen our business structure through a multi-brand strategy that incorporates DUNLOP. We aim to expand market share by leveraging our technological capabilities and reliability through OEM fitment approvals, as well as by developing premium products utilizing our proprietary technologies. Furthermore, we will enhance brand value through re-entry into motorsports and collaboration with the Sports Business, thereby achieving sustainable growth and strengthening competitiveness across Europe.



**Markus Bögner**  
President  
Dunlop Tyre Europe GmbH

**Accelerating Growth in North America through Our Sales Network and Next-Generation Products**

Leveraging our unique sales strategy and strong dealer network, we will elevate the DUNLOP brand back to a premium position in the North American market. We will accelerate market share expansion in growth segments through strong recognition in the motorcycle market, solid relationships with Japanese OEMs, and next-generation products such as “SYNCHRO WEATHER” and “SPORT MAXX.” Furthermore, by capitalizing on FALKEN WILDPEAK’s strength in the 4x4 segment and implementing brand strategies with global ambassadors, we will establish sustained profitability and strengthen competitiveness.



**Darren Thomas**  
President & CEO  
Dunlop Tires North America, Inc.

# Feature 2 Laying the Groundwork for Growth Areas

## From “Tires” to “Total Solutions”

### From the Past to the Present —and the Future

#### A Message from the Executive Officer in Charge of the Business

Our Automotive System Business has steadily expanded its technologies and business domains with the mission of supporting the safety and reliability required in a mobility society. Since commercializing the indirect Deflation Warning System (DWS) in 1997, we have advanced sensing technologies utilizing tire rotation signals and built a foundation for accurately understanding conditions around tires.

Today, we are leveraging this technology as SENSING CORE to contribute to improving vehicle safety. Furthermore, through collaboration with Viaduct, Inc. in the United States, we have combined our technologies with its AI-based data analytics capabilities, enabling us to provide new value in failure prediction not only for tires but for entire vehicles.

Viaduct’s AI technologies are also being applied beyond the mobility domain, including failure prediction based on equipment operation data analysis in manufacturing plants. Going forward, by integrating these technologies with our sensing expertise, we will further expand predictive services that support entire vehicles, while extending our value offering to other fields that require operational reliability, such as manufacturing and logistics, thereby achieving sustainable growth.



Executive Officer, General Manager of Automotive System Division  
**Takeshi Asakura**

### SENSING CORE: A Proprietary Technology at the Core of Value Creation

SENSING CORE is our proprietary software technology that analyzes tire rotation signals to understand conditions around tires. A key feature is its ability to detect tire pressure, load, wear, road surface conditions, and early signs of wheel detachment without the need for additional sensors. It can also be widely applied regardless of vehicle or tire specifications and supports functional enhancements through software updates. As a result, it delivers significant value as a core technology that supports improved vehicle safety and efficient vehicle utilization.



\*Deflation Warning System

### Failure Prediction Technology

Viaduct in the United States provides AI-based failure prediction technology that analyzes large volumes of time-series data using proprietary algorithms to detect early signs of anomalies and potential failures. In particular, its AI technology for identifying abnormal data patterns enables accurate detection of failure precursors, identification of root causes, and optimization of component replacement timing. This contributes to reducing the risk of downtime, improving maintenance efficiency, and lowering warranty costs. The technology is also applied beyond the automotive field to manufacturing equipment, demonstrating high versatility and contributing to improved productivity through the stable operation of facilities.

	<b>Data Unification</b>	Unifies data previously dispersed across multiple systems into a single platform. Significantly reduces the time required for data search and analysis, enabling faster decision-making and real-time resolution of problems.
	<b>Root Cause Analysis</b>	Identifies the true root causes of issues based on anomalous data patterns detected by AI. Enables the execution of fundamental solutions by avoiding ad hoc responses.
	<b>Early Issue Detection</b>	Automatically detects hidden defects in data using AI before quality issues escalate. Enables rapid response while preventing complaints and recalls.
	<b>Failure Prediction Model VIN Specific Service Recommendations</b>	Identifies high-risk vehicles individually with precision using AI. Avoids large-scale recalls across all vehicles and enables targeted service campaigns for only the vehicles that require them.

#### Column Viaduct

Viaduct, which provides failure prediction technology, has established a strong foundation for expanding a wide range of services, with team members who possess expertise in AI and machine learning in addition to development and operational experience in the automotive field. This foundation is accelerating the expansion of the fleet management business, particularly in North America, and supporting business expansion into new fields beyond the mobility industry.

From left: Executive Officer and General Manager of Automotive System Division Takeshi Asakura  
Representative Director, Chairperson and CEO Satoru Yamamoto  
CEO, Viaduct David Hallac



### Looking Ahead

We will accelerate the deployment of predictive services in the mobility field by leveraging data utilization that combines SENSING CORE and Viaduct’s AI technologies. Building on core technologies that support improved vehicle safety and efficient vehicle utilization, we will continue to deliver sustained value in addressing the challenges faced by fleet operators and automotive manufacturers.

Viaduct’s AI technologies also have a proven track record as solutions for manufacturing plants, contributing to improved productivity through failure prediction based on equipment operation data. Leveraging these insights, we will expand our value offering into other fields with similar challenges, including those that require high operational reliability and predictive management in the future.

# A Message from the Executive Director in Charge of Finance



**Hitoshi Hino**

Director  
Senior Executive Officer

## Increasing the Quality of Management Starting with Capital Efficiency and Accelerating Enhancement of Cash-Generating Abilities and Growth Investments

### Promoting Earnings Structure Improvements Through the Overhaul of Businesses on the Axis of ROIC

Under our Long-Term Corporate Strategy “R.I.S.E. 2035”, we have assessed the profitability of each business using ROIC as an important indicator and have subsequently undertaken overhauls of our businesses from the viewpoint of capital efficiency. While we are going to be undertaking overhauls including scale-downs and withdrawals in domains where it is unlikely that we will see the kind of profitability we expect, we are also working on the improvement of our earnings structure by allocating management resources in a focused manner to fields where we have a competitive advantage.

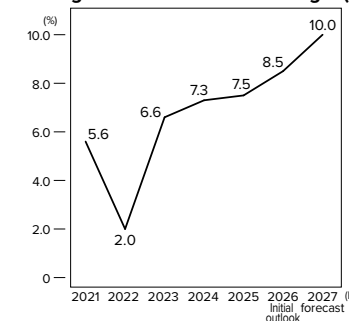
In addition to these business overhauls and the optimization of resource allocation, we have also been working on making progress with creating premium tire products and with cost reductions, resulting in a significant improvement in terms of business results for FY2025. We saw the success of our strategy of making premium tire products, which was led by our new product SYNCHRO WEATHER (which incorporates our proprietary ACTIVE TREAD technology), and saw sales revenue surpass our forecast reaching ¥1,207.1 billion in 2025. We also recorded our highest-ever business profit in the amount of ¥90.8 billion. Our business profit margin was 7.5% and improved for the third year in a row. In association with this, our net income was ¥50.4 billion, which was more than the figure in our forecast; given this, we have increased the annual dividend by ¥7 from the previous forecast to ¥77 per share.

While there were concerns about the impact of US tariffs during 2025, we were able to rebound from the impact of those tariffs as a result of having worked company-wide on price pass-through and the reduction of costs in relation to the financial impact equivalent to ¥13 billion. In addition to that, we started a total cost reduction initiative called Project ARK in July, which alone has resulted in a profit improvement surpassing ¥2.8 billion.

Meanwhile, with respect to capital efficiency, our ROE and ROIC for FY2025 were 7.3% and 6.2%, respectively. In addition to having completed our targeting of around 10 businesses and product lines for structural reform, we have been working on the improvement of capital efficiency by continuing with monitoring using ROIC as an indicator. Going forward, we will place importance on ROIC in relation to the decisions on investments in each business and firmly reflect the

improvements in capital efficiency upon decision-making undertaken for management.

#### Changes in Business Profit Margin (2021–27)



#### Aims for 2027 and 2030-35

	2027	2030-35
	Targets	Outlook
Business Profit Margin	10%	15%
ROE	10%	12%
D/E Ratio	0.6	-
ROIC	8%	10%

2024: Business Profit Margin of 7.3%  
ROE: 1.5%, D/E Ratio: 0.5, ROIC: 6.5%  
2025: Business Profit Margin of 7.5%, ROE: 7.3%  
D/E Ratio: 0.6, ROIC: 6.2%  
Outlook for 2026: Business Profit Margin of 8.5%  
ROE: 7.5%, D/E Ratio: 0.6, ROIC: 6.9%

### Making Profitability Improvements a Reality Through the Progression of Premium Strategies

A significant turning point in terms of the further improvement of our earnings structures was the acquisition of the DUNLOP trademark rights and other assets in the regions of Europe, North America, and the Oceania region. While the acquisition amount for the brand and other elements temporarily meant a significant investment undertaken in the amount of approximately ¥100 billion, we see this as an extremely important strategic move for the improvement of our corporate value over the long term. Having become able to undertake the unified implementation of a brand strategy on a global basis means that we are able to optimize our product deployment and marketing investments with an even higher degree of freedom, meaning that we can expect the enhancement of our earning power to take place through the improvement of brand value.

Given that we are in the midst of establishing a foundation which serves to continuously generate stable cash flows through the acquisition of the DUNLOP trademark rights and other assets, our stance will have us stably improving upon corporate value by firmly tying cash flows produced by virtuous cycles to investments that will lead to medium-to-long-term growth.

Unit price improvements undertaken by creating more premium

products in the Tire Business constitute a key driver of the enhancement of the Company's profitability. We are moving forward with a shift to an earnings structure which is not dependent on the number of items sold, which is something we are doing by deploying products with high levels of added value and which leverage our ACTIVE TREAD technology on the foundation of the value of the DUNLOP brand. The composition ratio of premium products in the tire segment increased to 47% in 2025 and in 2026, our outlook is that we will break through 50%.

The new product group represented by SYNCHRO WEATHER is to serve as the core of our efforts to produce more premium products. The SYNCHRO WEATHER product launched in Japan in 2024 has expanded to 112 sizes in 2026 from the 100 sizes that were available as of the end of 2025. We plan to gradually deploy the product for the European and North American markets going forward. Through this effort, we will expand sales opportunities in high value-added markets and have that lead to an even further improvement of profitability.

Furthermore, we have been moving forward with the enhancement of business foundations in the premium domain through efforts such as the expansion of supply for premium new car manufacturers in Europe and through investment in tires with large diameters. Through these efforts, we are aiming to increase the composition ratio even more for high value-added products and shift to a portfolio which stably generates earnings. Going forward, we will also promote a unified premium strategy for the areas of brands, technologies, products and markets, and have that lead to further enhancement of our profitability.

Through the promotion of these strategies, we will steadily aim to accumulate business profits starting in 2026. Our stance is that we will go about improving profit rates in relation to the business profit margin of 7.5% from 2025 and setting our sights on increasing it to over 10%

by 2027 and to 15% by 2030. Together with this, we are seeing the accumulation of more than 80% in terms of the implementation of ¥30 billion in target cost reduction effects for 2027 when it comes to Project ARK as well and will aim for even further profit increases by continuing to implement measures and ideas.

## Balancing Growth Investments with Shareholder Returns Through Capital Allocation Undertaken on the Foundation of Cash Flow

Deciding on which domains to allocate generated cash flows to achieve future growth is something which I think constitutes the most important management decision impacting corporate value. In terms of finance, we ensure that management is undertaken on the foundation of cash flows and thereby go about contributing to the improvement of corporate value by conducting investment decisions with an awareness of capital efficiency.

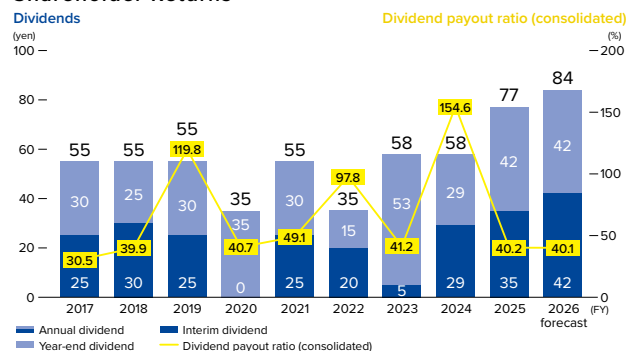
When making investment decisions, we place ROIC as a key indicator and thoroughly conduct screening based on the profitability and capital efficiency of each business. While on the one hand we will invest capital proactively in domains where it is likely that we will see the kind of returns we expect, on the other, we will conduct balanced capital allocation through efforts such as overhauls of domains where improvements in profitability are not likely to be seen. Our aim is to build a business portfolio that is able to sustainably generate cash flows through disciplined investment decisions like these.

For growth investments, we will first put the highest priority on the enhancement of the premium domain in the Tire Business and move forward with the optimization of production allocation serving to support that, and with strategic investments into domestic factories. After having done so, we will proactively implement investments into fields to serve as future sources of earnings in non-tire businesses as well and aim to make our earnings base multi-layered. To be specific, we will move forward with the building of an optimal production framework while we deploy the DUNLOP brand globally, and also implement in a planned manner, initiatives such as investments into upgrades for aging equipment at factories in Japan and abroad.

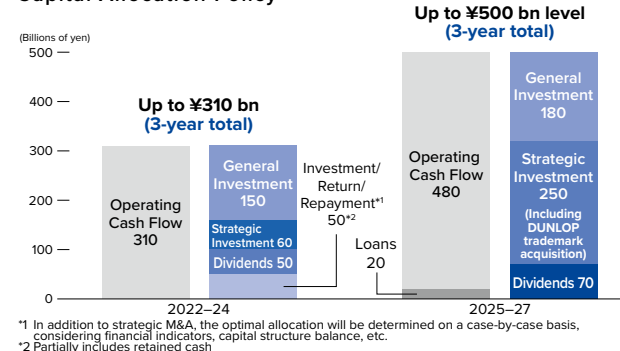
Moreover, when it comes to capital allocation, we place an importance on the balance between growth investments and shareholder returns. We will, with the continuation of stable dividends serving as a foundation, work on the enhancement of shareholder returns in accordance with the improvement of our revenue generation capabilities. In terms of dividends, we will also incorporate a mindset of having at least 3.0% DOE starting in 2026 with the rule being that the consolidated dividend payout ratio will be at least 40%. This is a policy aimed at conducting stable returns to shareholders even in situations where there have been, hypothetically, significant drops in net income. Moreover, we will make timely decisions with respect to the effectiveness of share buybacks based on the investment opportunities and financial conditions that are present.

Going forward, we will further deepen dialogue with investors in relation to mindsets pertaining to management undertaken on the axis of capital efficiency and cash flow generation abilities. Together with appropriately communicating information on the intentions of management, and on initiatives being undertaken, we will drive sustainable improvement in corporate value based on the assessments and expectations of the markets.

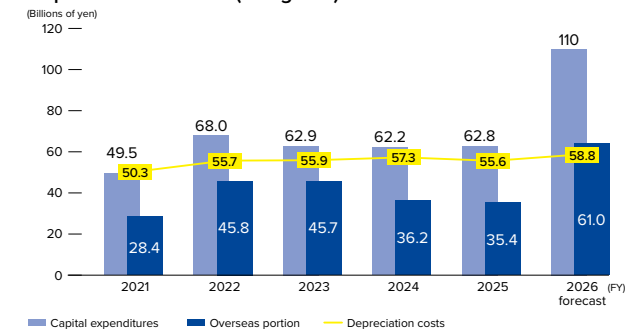
### Shareholder Returns



### Capital Allocation Policy



### Changes in Capital expenditures and Depreciation Costs (Tangible)



\*1 In addition to strategic M&A, the optimal allocation will be determined on a case-by-case basis, considering financial indicators, capital structure balance, etc.  
\*2 Partially includes retained cash

# Intellectual Property Strategy

We position intellectual property as a key management resource that supports our future growth. In our Long-Term Corporate Strategy “R.I.S.E. 2035,” we have identified “Rubber and Analytical Technology” and “Brand Creation Capability” as our unique strengths. Through intellectual property strategies, including patents and designs, the Intellectual Property Department is steadily building and strengthening our “Rubber and Analytical Technology” and links these outcomes to the enhancement of brand value. Through these initiatives, we will establish a sustainable competitive advantage across all business domains— with the Tire Business at the core, and including sports, industrial products, and new businesses.

## ▶ Commitment to Governance of Intellectual Property and Intangible Assets

We will promote initiatives in line with the concepts set forth in Guidelines for the Disclosure and Governance of Investment in Intellectual Property and Intangible Assets issued by the Cabinet Office and the Ministry of Economy, Trade and Industry. We recognize initiatives related to intellectual property and intangible assets not as costs, but as the formation of assets that generate future value creation and cash flows, and we will strive to explain how such initiatives are linked to corporate and social value.

## ▶ Advanced Expertise and Organizational Capability

Our intellectual property activities are supported by professionals with diverse and advanced expertise. The Intellectual Property Department comprises a large number of qualified professionals, including patent attorneys and holders of certifications such as the Intellectual Property Management Skills Test, the Examination of Copyright Proficiency for Practical Business, and Intellectual Property Analyst certified by the Association of Intellectual Property Education. With such qualifications, the Department is able to formulate and execute highly advanced strategies from legal, technical, and management perspectives. We will continue to further enhance the expertise of our professionals and remain a group of specialists capable of responding to the rapidly changing global intellectual property environment.

## ▶ Intellectual Property Mix of “Offense” and “Defense” to Accelerate Innovation

Amid an increasingly sophisticated competitive environment, we are advancing initiatives that integrate R&D strategy, business strategy, and intellectual property strategy. For proprietary technologies such as ACTIVE TREAD and SENSING CORE, we are building an environment that is difficult for competitors to replicate by securing multilayered intellectual property, including technical know-how centered on patents. At the same time, we place emphasis on the “defensive” perspective of respecting the rights of other companies and mitigating business risks, thereby maintaining stable business operations.

### Yoichi Mizuno

Senior Executive Officer, Supervises Tire Monodukuri\* Planning, responsible for Intellectual Property and Research & Development

### Hidetoshi Tsuzaki

General Manager, Intellectual Property Department

### Satoshi Iwami

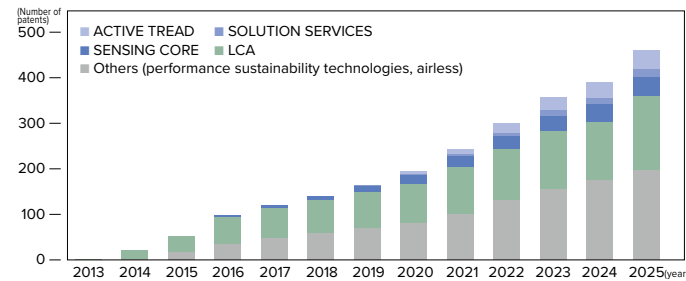
General Manager in Charge of Intellectual Property Department (In charge of Tire Structure, Tire Materials, and Sports & Hybrid Groups)

### Kazuyoshi Miyamoto

General Manager in Charge of Intellectual Property Department (In charge of Business Administration Group)



## Transition in the Number of Published Patents Related to Advanced Technologies and Solution Services (Cumulative Total)



- ACTIVE TREAD: Further expand patents for innovative technology in which rubber properties change in response to water and temperature.
- SENSING CORE: Software-based technology for detecting road surface and tire conditions. Accelerate the filing of solution-related patents to support the shift to SDV (Software Defined Vehicle).
- Solution Services: Secure rights in service domains, including fleet management utilizing digital technologies.
- LCA (Life Cycle Assessment): Secure rights related to recycling technologies (sustainable technologies).

## ▶ New Structure in 2026: Acceleration of DX (Digital Transformation) and Technology Transfer

Since January 2026, the Intellectual Property Department has transitioned to a new organizational structure and is further accelerating DX in intellectual property activities. We position digital technologies not merely as a means of improving efficiency, but as a foundation for enhancing the quality of intellectual property strategies, and we flexibly adopt optimal approaches according to specific operations and objectives. In addition, while placing human expertise at the core, we emphasize accumulating and transferring intellectual property operations within the organization in a manner that ensures reproducibility and continuity. Furthermore, by incorporating knowledge from both inside and outside the Company and continuously deepening learning, we aim to continue leveraging intellectual property as a source of competitive advantage even in a rapidly changing environment.

## ▶ Revitalizing the Organization Through the Invention Award Program

We actively operate an invention award program to encourage the creation of original technologies. Through this program, we motivate each researcher and engineer to take on challenges and foster an innovation mindset across the organization. At the FY2025 Invention Award Ceremony, individuals who made outstanding contributions in areas such as continuously evolving ACTIVE TREAD-related technologies and the development of sustainable materials were recognized.

Under the WAY of “Being unafraid; having the courage to persist in the face of failure,” we will continue to enhance the value of technology through intellectual property and provide “joy and well-being” for people around the world.



Invention Award Ceremony

\*1 Monodukuri: A Japanese approach to manufacturing and engineering that emphasizes craftsmanship, quality, and continuous improvement.

# DX Strategy

An Organization that can Boldly Take on Challenges by Uniting Diverse Strengths

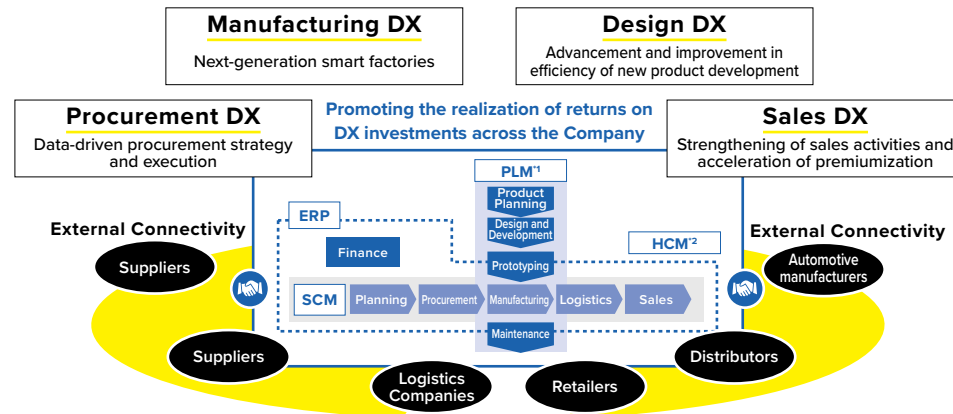
## Basic Concept and Strategic Framework

The Company positions Digital Transformation (DX) as a key management priority and is promoting company-wide initiatives accordingly.

For the Company, "DX management" refers to using data generated through business activities in management without manual intervention to establish a competitive advantage, while ensuring reliable connectivity with increasingly digitalized external networks. This is the form of management through which the Company continues to adapt swiftly to changes in the business environment.

To realize DX management, the Company is promoting three strategic pillars: (1) data-driven management, (2) enhancement of operations through digital technologies, and (3) provision of solution services. The Company will advance these initiatives with speed through both top-down and bottom-up approaches, and by creating innovation through the use of digital technologies, thereby contributing to the realization of Our Philosophy: "Through innovation we will create a future of joy and well-being for all."

**Through DX across manufacturing, sales, and technology, we will further accelerate new product development, optimization of our global production system, and cost reduction, while promoting company-wide efforts to capture the benefits of DX investments.**



**Development of DX Talent (Business Core and Professional Talent, Data Engineers, AI and RPA development talent, etc.)**

\*1 Product Lifecycle Management \*2 Human Capital Management

## DX Promotion Structure

The Company positions DX as a company-wide transformation initiative and is promoting themes in an integrated manner, including ERP renewal, supply chain optimization, the introduction and utilization of IoT, enhancement of data utilization through AI and BI, and the development of DX talent.

For certain transformation projects, the Company has established digital strategy task forces to strengthen cross-functional collaboration. The Company also collaborates with the Solution Business, including the development and commercialization of its proprietary digital solution SENSING CORE, and has established a structure for incorporating these initiatives into management strategy from the perspective of overall optimization.

## Development of DX talent

To realize "R.I.S.E. 2035," advanced and efficient decision-making and business execution using digital technologies are essential. To achieve this, DX talent must possess not only knowledge of digital technologies but also the ability to create new value and demonstrate leadership in promoting digitalization. The Company will develop DX talent through various training programs and awareness-raising activities, and create an environment in which they can fully demonstrate their capabilities.

	Initiatives	(Cumulative total as of the end of 2025)
<b>DX Literacy Training Program</b>	As a foundation for promoting DX across the Company, the Company provides DX literacy training covering data utilization and digital fundamentals to promote the development of a shared language and changes in behavior.	3,586 participants
<b>Project-Based Learning (PBL)</b>	The Company conducts PBL programs in which participants apply data analysis and business process improvement to actual issues at worksites. The Company links learning to tangible outcomes and supports rollout within departments and self-sustaining implementation.	44 participants
<b>Digital Innovation Day</b>	The event is held company-wide to celebrate employees' efforts to take on challenges and expand opportunities for co-creation, thereby building momentum for DX.	Held seven times to date



## Cybersecurity Initiatives

As data utilization and the digitalization of operations expand, addressing cyber risks is becoming increasingly important. From the perspectives of business continuity and ensuring reliability, the Company is strengthening cybersecurity on a company-wide basis, including at global sites and Group companies. While incorporating the latest technologies and measures, we aim to ensure the stable operation of security functions and are also establishing a talent development model designed to continuously enhance response capabilities. From the perspective of protecting critical information assets and production equipment at manufacturing sites, we are developing a secure digital foundation that supports the promotion of DX and creating an environment in which data and digital technologies can be used and applied with confidence.

	Initiatives	FY2025 Results
<b>Cybersecurity Training</b>	We continuously provide cybersecurity training to all employees to enhance risk awareness and ensure adherence to fundamental practices.	17,326 participants
<b>Targeted Phishing Email Training</b>	To prepare for increasingly sophisticated threats, we regularly conduct training that simulates targeted attack emails. We strengthen employees' judgment and initial response capabilities to help prevent damage before it occurs.	18,338 participants

# R&D Story – Driving the Creation of World-First Innovations

We position research and development as a driving force for creating the future in order to provide “joy and well-being” for our stakeholders. We respond to the complex challenges facing society through world-first innovative technologies and solutions. While leveraging our proprietary technology base and open collaboration with internal and external partners, we aim to contribute to the realization of a sustainable society while continuously enhancing corporate value.

## 🎯 Vision for the Research & Development Headquarters

Under the newly established structure following organizational reforms in 2025, we are advancing three pillars— “deepening innovative fundamental research,” “contributing to existing businesses,” and “taking on challenges in new businesses.” We serve as a hub for innovation and will further develop our proprietary technologies. To achieve world-first innovations, the integration of knowledge beyond organizational boundaries is essential. Accordingly, we are accelerating open innovation through joint research with universities and research institutions, as well as collaboration with startups, and actively promoting co-creation with external partners to harness cutting-edge technologies and ideas. Internally, we will engage in two-way dialogue with existing business divisions on market needs and new technologies, and will share emerging business opportunities from a global perspective with the Innovation & Business Development Department (established in January 2026). With functions such as corporate planning, intellectual property, human resources, information management, and quality assurance supporting R&D activities, we are building a robust ecosystem that enables ideas to be rapidly and reliably translated into business. An organization united as one is the source of our competitiveness.



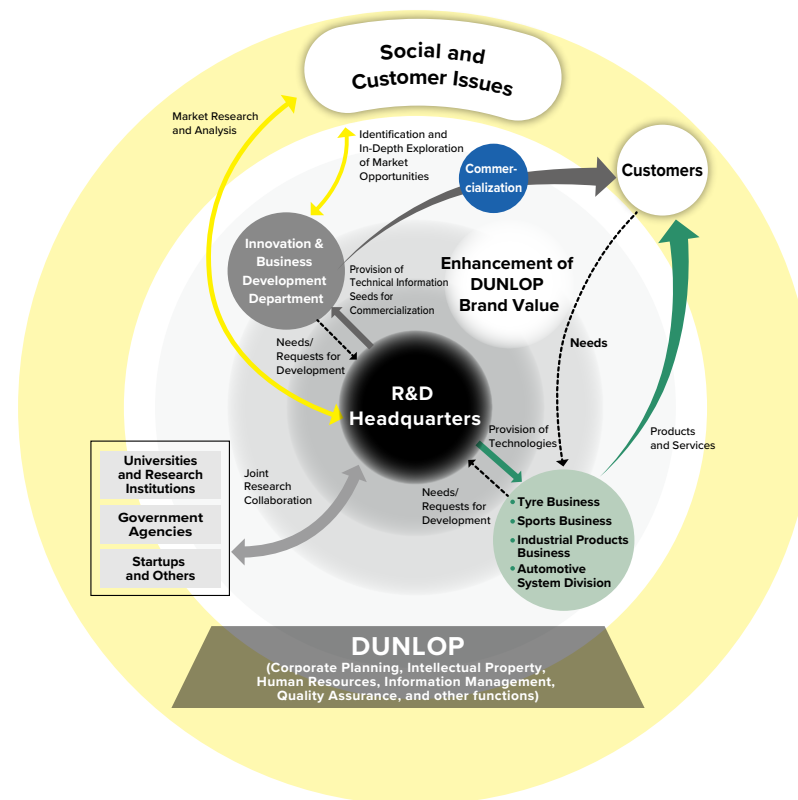
Establishment of Sumitomo Rubber Inds. × Tohoku Univ.  
Next-Generation Synchro-Science Research Center

Building on this structure, we are focusing on three domains: “Environment and Energy,” “Life Science and Motion Technology,” and “Extreme Environments (space, deep sea, and polar regions).” We are advancing initiatives from the deepening of materials technologies to the exploration of new business domains, aiming to contribute to the realization of a sustainable society and to enhance people’s well-being.

We aim for each outcome generated by the R&D Headquarters to help solve social issues and drive the Group’s sustainable growth, and we will continue to pursue the creation of world-first innovations that open up the future.

## Major Initiatives in 2025 (Excerpt)

Collaborative Partners	Content
Tohoku University	Successful visualization of strain-induced crystallization distribution related to improved reinforcement performance of tire rubber
Hokkaido University	Establishment of a co-creation research hub
NEC Corporation	Acceleration of strategic partnership initiatives to build a globally competitive R&D foundation
Kyoto University	Successful three-dimensional visualization of the internal structure of rubber
Quemix Inc.	Successful exponential acceleration of nonlinear equation calculations using quantum computing



## “World-First” Innovations Born from Fundamental Research, Advanced Technologies, and a Spirit of Challenge

DUNLOP is the company that developed Japan’s first domestically produced tire. At the core of this legacy is a spirit of inquiry. Even when performance improves, we go beyond the outcome to analyze the underlying mechanisms at the molecular and atomic levels, identify the causes, and apply these insights to the discovery of next-generation materials. The mindset that “it may come to nothing, but it may also prove valuable in the future” has been passed down as a corporate culture that embraces challenge without fear of failure. We are driven by a strong commitment to create things that do not yet exist in the world and to generate products with even greater value.

Fundamental research supports this spirit of inquiry. For example, we utilize the large-scale synchrotron radiation facility “SPRING-8”<sup>1</sup> to analyze the internal structure of rubber at the molecular level using high-intensity X-rays. We have detected molecular-level changes that cannot be observed with conventional analytical equipment and have elucidated previously unknown phenomena. By designing new materials using computer simulations based on experimental results, we have applied these insights to the development of flagship tires. Going forward, in addition to utilizing the next-generation synchrotron radiation facility “NanoTerasu”<sup>2</sup>, which began operations in 2024, we will continue to pursue new discoveries and take on the challenge of “world-first” innovations while advancing the development of quantum computing technologies.

<sup>1</sup> Spring-8: A large-scale synchrotron radiation facility capable of generating the world’s highest-performance synchrotron radiation  
<sup>2</sup> NanoTerasu: A 3 GeV high-brightness synchrotron radiation facility



Fellow-General Manager of R&D HQ,  
Research Center for  
Advanced Tech. & Innovation  
**Hiroyuki Kishimoto**  
Ph.D.

## Chapter 4

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# Business Activities

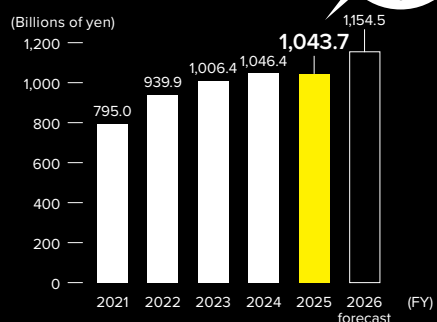
- 29 Tire Business
- 31 Sports Business
- 33 Industrial Products Business

## –More Drive, More Joy –

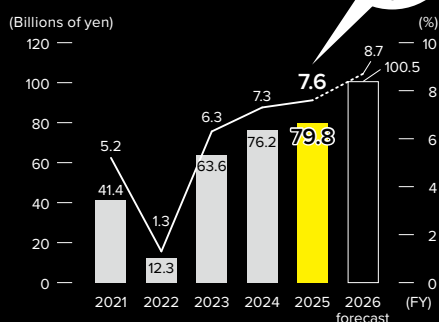
Tires play an essential role in a wide range of settings that support daily life and society, including passenger cars, trucks and buses, industrial vehicles, and motorsports. With DUNLOP and FALKEN as our core brands, we are committed to developing tires that are friendly to people and the environment.

### ▶ Performance Trend

#### Sales Revenue



#### Business Profit\* Margin



\* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

#### Opportunities

- Expansion of sales channels through acquisition of DUNLOP trademark rights
- Increase in unit prices driven by shift to SUVs and high-inch sizes
- Expansion of all-season tire market
- Monetization of combined tire and solution services

#### Risks

- Supply chain disruptions due to geopolitical tensions and logistics instability
- Sudden changes in the external environment, such as raw material costs and exchange rates
- Downward price pressure from production shifts by Chinese manufacturers
- Sharp decline in demand during economic downturns

### A Message from the Executive Officer in Charge of the Business

**Positioning DUNLOP once again as a brand that competes globally. Aiming for further growth under ONE DUNLOP.**

#### Masahiro Tsuzaki

Director, Senior Executive Officer, General Manager of Tyre Business Headquarters



### ▶ Business Overview

In 2025, the business environment remained sluggish overall, due to a global economic slowdown and weakening consumer demand amid rising prices. In the tire market, intensified price competition, particularly in the mass-market segment, became a factor contributing to declining profitability. In addition, the business environment surrounding the Company became increasingly severe, with additional tariffs imposed by the United States affecting export businesses from Japan and ASEAN.

Under these circumstances, we achieved record-high business profits by expanding our premium product lineup, implementing appropriate price revisions, and promoting company-wide cost structural reforms. In addition, ACTIVE TREAD technology was highly recognized by various sectors and earned multiple awards.

#### Recognition for ACTIVE TREAD technology

##### R&D Breakthrough of the Year<sup>1</sup>



##### 2024 Nikkei Superior Products and Services Award (Grand Prize)



##### The Award of Society of Rubber Science and Technology, Japan



##### Nikkan Jidosha Shimbun Car Accessories Award 2025 (Grand Prix)



<sup>1</sup>: <sup>\*</sup>Tire Technology Expo 2027<sup>\*</sup> HP

### ▶ Review of Fiscal 2025

#### Achieved Record-High Profits in the Tire Business Despite U.S. Tariffs

In 2025, the business environment remained challenging, with rising geopolitical risks, increased costs associated with inflation, and the implementation of new U.S. tariffs. Even under these conditions, we focused

on expanding sales of premium tires, including the next-generation all-season tire SYNCHRO WEATHER, the core WILDPEAK series in North America, and all-season tires in Europe. As a result, the premium ratio increased to 47%, up 1.2 percentage points from 2024. By carefully monitoring market trends and implementing price revisions, we were able to absorb most of the impact of U.S. tariffs, resulting in increased profits for the third consecutive year. We will continue to enhance our technological capabilities and product value in order to remain a company chosen by customers.

### Aiming for Accelerated Growth through the Acquisition of DUNLOP Trademark Rights

In addition to acquiring DUNLOP trademark rights for four-wheel vehicle tires in Europe, North America, and Australia, we have also obtained DUNLOP trademark usage rights in Malaysia, Singapore, and Brunei, thereby accelerating our global brand expansion.

Since May 2025, we have commenced sales of DUNLOP-branded tires in North America and Australia. In North America, we launched the new DUNLOP product BLUE RESPONSE A/S in December and are promoting sales primarily to major wholesale customers. Furthermore, we plan to introduce a second wave of new products in 2026, further accelerating the sales of DUNLOP tires. In Europe, we will commence sales of DUNLOP tires from 2026 while strengthening our local development structure. By realizing faster local development, enhanced technological capabilities, and higher quality levels, we will advance the launch of new products for the replacement market and co-creation initiatives with premium OEMs.

### Establishment of a Supply System that Meets Customer Expectations

As part of our structural reforms, we closed our U.S. plant in 2024. However, by rapidly and steadily transferring production to higher-quality and more cost-competitive plants in Japan and Asia, we were able to continue providing a reliable supply that meets customer needs. The ability to establish this system and respond in a short period of time is the result of integrated efforts across manufacturing, sales, and technology, and reflects our commitment to never compromise the trust of our customers.

In parallel, to expand sales of premium tires, we are actively promoting replacement investments at major plants, shifting from existing equipment to production facilities for high-performance tires. We will continue to advance these initiatives in an integrated manner across manufacturing, technology, and sales, leveraging the global supply and sales structure we have built to date.

### Progress of the Long-Term Corporate Strategy

#### Challenge to Become a Global Premium Brand and the Creation of an Organizational Culture That Enables Diverse Talent to Thrive

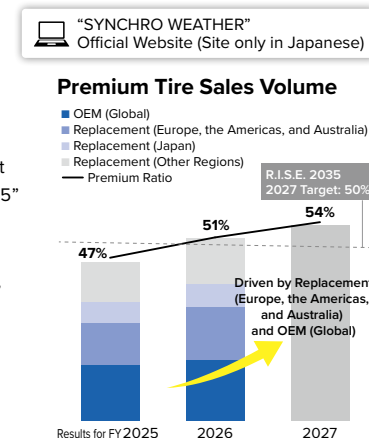
To enhance the value of the DUNLOP brand by promoting brand strategy across the Company, we have established a marketing base in the United Kingdom and are strengthening motorsports activities and leveraging sports assets. Through innovative technologies and services, we will continue to provide new experiential value to customers around the world and establish our position as a global premium brand.

Through these challenges, we will continue to create exciting new value within an organizational culture in which diverse talent can thrive.

### Product Development and Premiumization in Key Regions

Driven by expanded sales of SYNCHRO WEATHER in Japan, the launch of new DUNLOP products in Europe, North America, and Oceania, and growth in OEM fitment in Japan and China, we expect the premium ratio to reach 51% in 2026, achieving the “R.I.S.E. 2035” target of 50% for 2027, one year ahead of schedule.

We have received strong expectations from OEMs for DUNLOP’s brand strength, technological capabilities, and production capacity, and we will further expand this momentum. ACTIVE TREAD technology, incorporated in SYNCHRO WEATHER in Japan, will continue to evolve to meet the high-performance demands of growing all-season and all-weather markets in Europe and North America. We will strengthen local development capabilities at our overseas technical centers and aim to enhance product value in the global market.



### Development DX Strategy: Accelerating Innovation through AI and Simulation to Shape the Tires of the Future Today

Our proprietary “SDI (Sumitomo Rubber Development Innovation) process,” which leverages predictive technologies such as AI and simulation, is transforming conventional tire development. This technology enables highly accurate prediction of tire performance in a virtual environment. By utilizing this technology, we have realized a development breakthrough that reduces the conception and verification process—previously requiring more than three months—to as little as one day.

This development speed enables us to provide optimal solutions as quickly as possible in response to increasingly diverse and sophisticated market demands. We bring products to fruition quickly and create future mobility experiences.

### Manufacturing Strategy: In-House New Factory Advancement of Manufacturing Technology and Production Systems

We achieve the ultimate balance between “high quality” and “high efficiency” for high value-added products. One example is the next-generation production system, SUN-TITAN SYSTEM. Introduced at our Thailand plant, which has the largest production capacity in the Group, this system improves productivity while enabling the manufacture of tires that embody the DUNLOP brand, featuring lighter weight, superior performance, and exceptional quality.

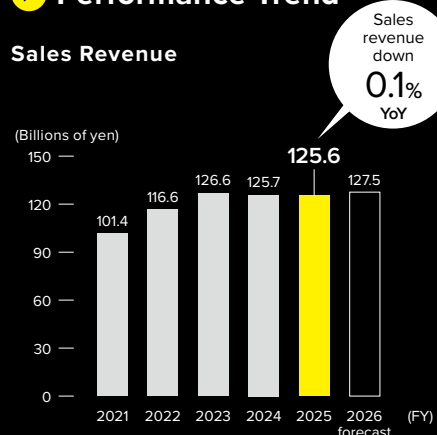
This concept delivers tangible benefits to customers, such as improved fuel efficiency and extended driving range, while also providing value to the environment through reduced environmental impact. We will deploy this future-oriented manufacturing globally and continue to deliver the highest value to customers around the world.

## – Enriching Sporting Life –

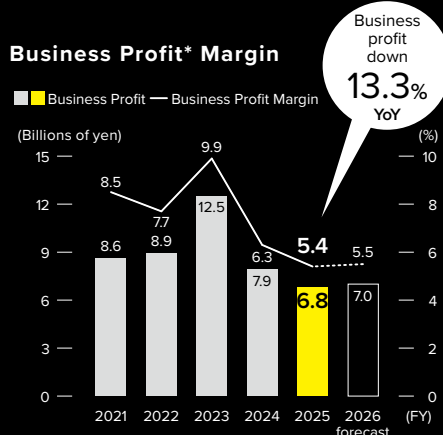
Drawing on the full range of its advanced technical capabilities, DUNLOP Group continually strives to enrich sporting life for customers. In addition to providing high-performance golf clubs, tennis rackets and other sporting gear designed for ease of use by athletes of all stripes, we operate golf and tennis schools and support our customers' physical and mental health on a day-to-day basis. We have also expanded into the e-sports business in recent years.

### ▶ Performance Trend

#### Sales Revenue



#### Business Profit\* Margin



\* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

#### Opportunities

- Expanding business opportunities following the acquisition of trademark rights to the DUNLOP brand worldwide
- Golf: Further business expansion in North America, the world's largest market
- Tennis and other racket sports: Strong popularity of tennis, plus expansion of markets for pickleball (the U.S.) and padel (Europe)
- Extended healthy life expectancy and increased demand for indoor sports, especially among young people
- User expectations for environmentally friendly products

#### Risks

- Reduction in spending for recreational activities due to economic instability caused by geopolitical risks and uncertainties about the future
- Rising prices of raw materials and other commodities
- Concerns regarding the impact of changes in the North American market conditions
- Decline in golf and tennis populations due to low birthrate and aging population in Japan
- Deterioration in the environment for outdoor sports due to higher temperatures and other effects from climate change

### A Message from the Executive Officer in Charge of the Business

**Toward becoming a truly global player. As a frontrunner in enhancing DUNLOP brand value, we will accelerate our challenges.**

#### Keiji Moriyama

Executive Officer, General Manager of the Sports Business Headquarters



### ▶ Business Overview

The Sports Business has continuously refined its quality and technologies since commencing the manufacture of Japan's first domestically produced golf balls and tennis balls in 1930, incorporating feedback from users and top professional athletes.

In golf, we operate brands such as XXIO, SRIXON, and Cleveland Golf, and in tennis, the DUNLOP brand, advancing product development that emphasizes not only performance but also sensory value, including feel and sound at impact. We are also working to enhance brand value through the provision of gear to leading professional athletes.

As a business foundation, we promote development under a dual structure in Japan and North America. On the manufacturing side, we have established a global supply system with golf ball plants located both in Japan and overseas, a golf club assembly plant in Japan, and two tennis ball plants overseas.

Following the acquisition of the DUNLOP brand, we are steadily advancing initiatives to create synergies with the Tire Business. Through these initiatives, we aim to enhance brand value and achieve sustainable growth of the business. We are also expanding into new areas, such as e-sports, with the aim of broadening our reach to the next generation and strengthening their connection with our brand.

### ▶ Review of Fiscal 2025

In 2025, market conditions in South Korea—an important market following North America and Japan—deteriorated due to political factors, which affected our performance.

On the revenue side, both the golf and tennis businesses recorded revenue growth. In golf, SRIXON clubs and balls performed well globally, and in Japan, the XXIO 14 launched in November 2025



XXIO 14

showed solid performance, offsetting the decline in revenue resulting from weak conditions in the South Korean market. In tennis, steady performance in Japan and Europe also contributed to revenue growth. As a result, increased revenue in both businesses absorbed the decrease associated with the transfer of the fitness business in December 2024, and overall revenue remained at the same level as the previous year.

On the profit side, however, decreased sales in the highly profitable South Korean market had an impact, resulting in a decline in profit for the overall sports business.

## ▶ Progress of the Long-Term Corporate Strategy

Under “R.I.S.E. 2035,” we aim to “become a frontrunner in enhancing overall corporate brand value by responding to customer expectations across various occasions and pursuing the joy and excitement inherent in sports experiences,” while targeting a position among the global top three in the golf and tennis businesses.

### | Golf Business

We are working to maximize the value of the DUNLOP brand as our overarching business brand, aiming to achieve a position among the global top three by 2030, with growth in North America—our largest market—as the foundation.

In North America, sales of SRIXON irons and balls have approximately doubled over the past five years, and the success of contracted players has strengthened the flow from brand recognition to purchase.

Capturing this momentum, we launched the rebranding of SRIXON in January 2026. We are evolving the brand from its conventional functional value of “supporting performance improvement” to a “brand that shares passion with all players deeply engaged in golf,” strengthening resonance with a broad range of golfers—from top professionals to weekend players—as a “brand that stands by all golfers striving to improve,” and expanding our target base.

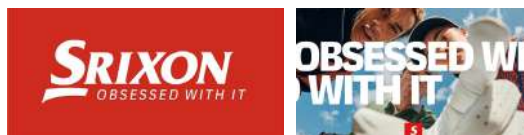
Cleveland Golf will further enhance its differentiation in the market by leveraging its expertise in the short game segment, as it has always done.

XXIO, based on its experiential value of “lightweight,” “ease of swing,” and “forgiveness,” will pursue revenue maximization in North America through a differentiated strategy targeting the baby boomer generation.

By maximizing the strengths of these three brands, we will further strengthen our brand portfolio across the market, spanning products for competitive golfers, average players, and short-game-focused equipment. For DUNLOP, by expanding its exposure as a house brand, we will promote mutual enhancement of brand value alongside XXIO, SRIXON, and Cleveland Golf.

### | Tennis Business

Centered on Europe, we are driving the enhancement of brand value as a frontrunner of the DUNLOP brand.



SRIXON logo following the rebranding.  
The new tagline, “OBSESSED WITH IT,” expresses a strong commitment to golf.

In tennis balls, leveraging high quality as a key strength, we have maintained the No. 1 share of official balls used in ATP Tour tournaments\*1 and aim to grow into the world’s No. 1 brand by utilizing the halo effect.

In tennis rackets, through contracts with promising professional and junior players worldwide and partnerships with leading academies in Europe and North America, we are developing top-level junior camps. We are also promoting the development of players who become familiar with the DUNLOP brand from a young age.

We are working to expand racket sales by leveraging tennis ball distribution channels and aim to increase revenue by 1.5 times by 2030.

\*1: ATP = Association of Tennis Professionals



FX racket with Jack Draper

## | New Business (e-sports)

In e-sports, we focus on protecting players' health and performance. Through the development of recovery wear and sponsorship of events such as Gran Turismo, we will expand our engagement with younger generations and enhance the DUNLOP brand image.

## ▶ Contributing to the Resolution of Social Issues Through Our Business

Under our long-term sustainability targets, “Driving Our Future Initiatives,” we are advancing initiatives aimed at reducing environmental impact and transitioning to a circular economy, with targets of achieving a 40% ratio of sustainable materials by 2030 and 100% by 2050.

In November 2025, we announced the SRIXON Z-STAR+e80 golf ball (not for sale), which achieved a sustainable materials ratio of 82%, demonstrating our technological direction toward future commercialization. In addition, at the Australian Open in January 2026, we collaborated with Tennis Australia on an initiative to reduce waste and promote resource circulation by upcycling tennis ball packaging into tabletop surfaces at the venue.

Furthermore, through the development of sports gear that integrates advanced technologies with human sensibility, as well as the provision of diverse experience opportunities including e-sports, we will support the enhancement of the appeal of sports and the promotion of player health, thereby contributing to the spread of lifelong sports participation and the extension of healthy life expectancy.



SRIXON Z-STAR+e80  
The packaging uses environmentally conscious paper incorporating grass and grain fibers as partial substitutes for wood pulp.

DUNLOP SPORTS STYLE

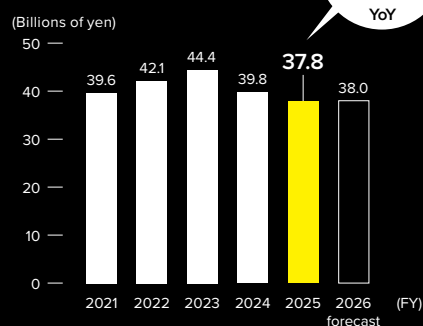
Official DUNLOP Sports online store (Site only in Japanese)

## – Supporting happier lives –

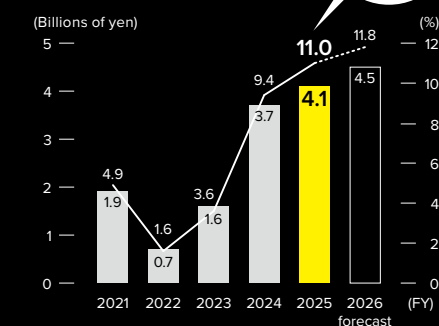
Industrial Products Business is overseen by the Hybrid Rubber Products Headquarters. Leveraging the rubber technologies we have cultivated over the years, we are expanding operations across a wide range of fields—from industrial infrastructure to medical and consumer products—in line with the expanding needs of society. The world is turning its attention to the potential of advanced technologies.

### ▶ Performance Trend

#### Sales Revenue



#### Business Profit\* Margin



\* Business profit = Sales revenue – (Cost of sales + Selling, general and administrative expenses)

#### Opportunities

- Expanding global biopharmaceutical markets
- Rising disaster preparedness awareness driven by forecasts of a potential Nankai Trough megaquake
- Expansion of the market for environmentally friendly products driven by growing sustainability awareness

#### Risks

- Declining production and supply capacity in domestic factories due to labor shortages
- Declining demand for existing products and declining business profitability due to changes of the times
- Supply risk related to raw materials and procured goods

## A Message from the Executive Officer in Charge of the Business

### Aiming to Become a “Business Division that Helps Solve Social Issues”

#### Tatsuji Matsumoto

Executive Officer,  
General Manager of Hybrid Rubber Products Headquarters and  
General Manager of Innovation & Business Development Department



### ▶ Business Overview

At the Hybrid Rubber Products Headquarters, we provide a wide range of high-value-added rubber products created through our proprietary advanced technologies across diverse fields, from medical to industrial infrastructure. Building on the technologies and products we have cultivated, we will expand our business globally, primarily in Asia, and aim to contribute to healthy lives as well as to the medical care and urban development that support them.



In addition to aiming for business expansion, we aim to be a “business division that helps solve social issues.” We will develop and expand products that address social issues, including labor shortages in medical and construction sites due to the declining birthrate and aging population, as well as disaster prevention in response to extreme weather and natural disasters.

## ▶ Review of Fiscal 2025

In 2025, following 2023 and 2024, the business continued to grow steadily, and the business profit margin reached a record high. We believe this was a year in which the efforts of everyone involved bore fruit. Rubber Parts for Medical Applications and Vibration Control Damper business drove overall growth, and structural reforms led to a shift from low-profitability businesses to high-value-added businesses.

We have been advancing the development of products that resonate with customers, which are high-value-added products and services that contribute to solving social issues and resonate with people. As one example, we launched the first product under a new concept focused on performance prioritized by players, the sports artificial turf “Hibrid-Turf REX.” This product pursues control and stability in short passes—key performance factors for soccer players—and has been well received. We will continue to focus on the development of such products that resonate with customers.



## ▶ Progress of the Long-Term Corporate Strategy

To enhance the effectiveness of our long-term corporate strategy, we have established new growth drivers in 2025: strengthening overseas business development, diversification and advancement of our businesses, and the development of products that resonate with customers.

With regard to strengthening overseas business development, we are advancing initiatives centered on reinforcing our sales structure in Asia, where we have traditionally held strengths, and transforming overseas production sites into business hubs. From 2026, we will sequentially strengthen businesses including Rubber



DUNLOP's Social Solutions Business

Parts for Medical Applications, Rubber Parts for Office Equipment, Vibration Control Dampers for buildings, and Marine Fenders, while focusing on launching new local sales agents in each country and strengthening collaboration with production sites.

Regarding the second driver, diversification and advancement of our businesses, we are promoting Rubber Parts for Medical Applications and Vibration Control Damper business. For Rubber Parts for Medical Applications, we will shift our portfolio from general pharmaceuticals to higher value-added products for biopharmaceuticals. For Vibration Control Damper business, we plan to expand from our traditional focus on newly built detached houses to areas such as shrines and temples, overseas buildings, and renovation of existing homes. We are strengthening these initiatives from 2026.

For the third driver, the development of products that resonate with customers, we are accelerating development with a target of launching 15 high-value-added new products by 2030 that resonate with customers from the perspective of addressing social issues such as medical care, natural disaster preparedness, environmental conservation, and population decline. In 2026, we plan to launch five products.

## ▶ Contributing to the Resolution of Social Issues Through Our Business

In 2026, we plan to launch the following products to respond to diverse social needs.

Products		Key Points that “Resonate” with Customers
Residential high-strength vibration control dampers		Enhancement of layout flexibility in urban housing
Foam Fenders		Improved sense of security through the first domestically produced product and high durability
Artificial Turf for Sporting Facilities		Improved ease of passing from the player’s perspective
Portable Ramps for Wheelchairs		Further improvement in stability through record-high product strength (in-house comparison)
Loading Ramps		Contribution to improved operational efficiency in the logistics industry through portability

### Vibration Control Dampers (Vibration Control Damper business) were featured in media coverage.

Title	Broadcast Date	Program	URL
“Confronting a Megaquake! – 30 Years Since the Great Hanshin-Awaji Earthquake”	January 17, 2025	Gaia no Yoake (a TV Tokyo network business documentary program), Episode 1148	<a href="https://www.tv-tokyo.co.jp/gaia/backnumber4/preview_20250117.html">https://www.tv-tokyo.co.jp/gaia/backnumber4/preview_20250117.html</a> (Site only in Japanese)
Technologies Developed Based on Lessons from the Great Hanshin-Awaji Earthquake	Aired on January 20, 2025	news zero (a news program broadcast on the Nippon TV network), #231	<a href="https://www.ntv.co.jp/zero/kikikomi/articles/kwha6nepvsef0ts.html">https://www.ntv.co.jp/zero/kikikomi/articles/kwha6nepvsef0ts.html</a> (Site only in Japanese)

\*Some images related to earthquakes, including fires, are included.

## Chapter 5

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# Sustainability

- 36** Sustainability Management Structure
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“Driving Our Future Initiatives”
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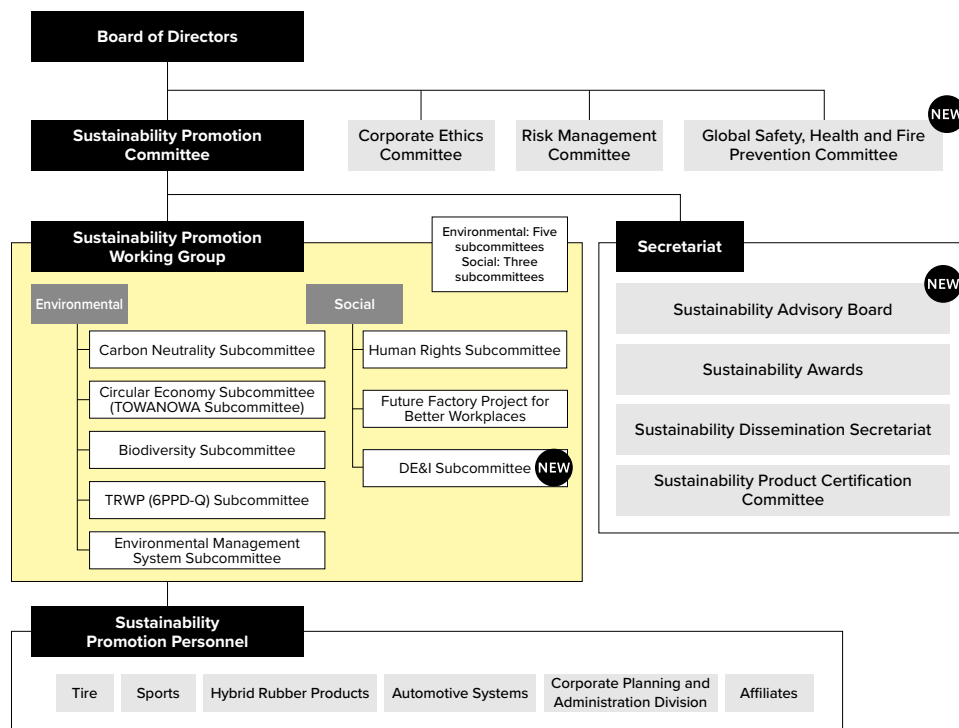
# Sustainability Management Structure

## Sustainability Management Structure

To strengthen sustainability management aimed at realizing “Our Philosophy,” our corporate philosophy framework, the Group has established a company-wide, cross-functional structure. We are promoting the development of mechanisms that integrate business and sustainability to help resolve social issues and translate such efforts into enhanced corporate value. Under the supervision of the Board of Directors, each division works in coordination to ensure highly effective operations.

## Sustainability Promotion Committee

To oversee sustainability initiatives, we hold the Sustainability Promotion Committee twice a year, chaired by the officer in charge of sustainability and comprising all executive officers as members. The Committee deliberates on and makes decisions regarding sustainability-related policies and strategies, and reports its decisions to the Board of Directors. As necessary, it also provides opportunities for dialogue on themes with significant impacts on society and the business, and discusses cross-functional responses. In 2025, the themes selected for dialogue were tire and road wear particles (TRWP) and human rights.



## Major Initiatives in Fiscal 2025

### Sustainability Advisory Board

The Sustainability Advisory Board was established in January 2025 as a forum for regular dialogue between external stakeholders and management. External experts are invited to exchange views on the Company’s sustainability strategy. The Company’s outside directors, officers in charge of each business unit and the officer in charge of sustainability all attend the forum.



	Date	Theme	Speaker
1st Meeting	January 31	Enhancing Corporate Value through Sustainability Management	Resona Asset Management Co., Ltd. Managing Executive Officer Minoru Matsubara
2nd Meeting	May 30	Understanding the Value Provided by the Business through “Social Value (Non-Financial Value)”	— (Internal Discussion)
3rd Meeting	November 28	Human Capital Management for Enhancing Corporate Value	Murata Manufacturing Co., Ltd. Senior Vice President Takanori Toi

### DE&I Subcommittee

In 2025, we established the DE&I Subcommittee to build a company-wide, cross-functional structure for addressing DE&I-related issues and to enhance the effectiveness of related measures. By promoting inclusion, we are working to improve employee engagement, foster an organizational culture that enables the realization of our business strategy, and secure human capital over the long term.

### TRWP Subcommittee

As a tire manufacturer, this subcommittee addresses issues related to tire and road wear particles (TRWP), which affect biodiversity, in order to reduce environmental impact and fulfill our social responsibilities. In 2025, as a member of the Japan Automobile Tire Manufacturers Association, Inc. and the Japan Rubber Manufacturers Association, we worked on the development of ISO standards for the evaluation of TRWP.

### Sustainability Awards

To promote sustainability and deepen employee understanding across the Group, we hold the Sustainability Awards for all Group employees. Award categories are established based on our material issues, recognizing initiatives that contribute to both social value and corporate value, while also sharing the processes and outcomes of those initiatives internally to generate a chain of new challenges.

In 2025, out of 74 entries from across the Group, we presented four Grand Awards and 18 Excellence Awards.

# Long-Term Sustainability Targets: “Driving Our Future Initiatives”

Long-Term Sustainability Targets “Driving Our Future Initiatives” are long-term goals established to accelerate the Group’s sustainability initiatives, based on seven material issues identified from risks and opportunities across the entire value chain. In December 2025, under the material issue “Innovation for Solving Social Issues,” the Group has redefined the social value it can provide as a manufacturing company from a sustainability perspective and set targets for each business. The remaining six material issues have been defined in light of the responsibilities the Group is expected to fulfill as a global corporation. Initiatives toward achieving these targets are promoted through cross-organizational structures across business divisions and sustainability-related committees and are overseen by the Sustainability Promotion Committee.

Material Issues	“Driving Our Future Initiatives”	Related SDGs
<b>Innovation for Solving Social Issues</b>	<ul style="list-style-type: none"> <li>● Realize a safe mobility society through the expansion of high-performance products utilizing advanced technologies, including ACTIVE TREAD technology</li> <li>● Realize a safe mobility society by providing experiential value through AI technology, in addition to SENSING CORE technology</li> <li>● Promote player health and growth by enhancing the appeal of sports through gear that fuses advanced technology with human sensibility</li> <li>● Promote lifelong sports participation and extending healthy life expectancy by providing experiential opportunities for all age groups</li> <li>● Realize safe, secure, and comfortable living and community development by providing high-quality, competitive products that address diverse societal needs</li> <li>● Create new value by launching businesses centered on rubber analysis, evaluation, design, and visualization technologies, starting from societal issues and prospective customer needs</li> <li>● Build an innovation foundation by expanding our base of challenge-oriented talent, reinforce the organizational systems that facilitate challenge-driven initiatives, and advance co-creation with diverse partners</li> </ul>	
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>● Scope 1 and 2: 55% reduction in emissions compared to 2017 levels by 2030 (SBT) and carbon neutrality by 2050</li> <li>● Scope 3: 25% reduction in Cat 1 (SBT) and 10% reduction in Cat 4 compared to 2021 levels</li> <li>● Accelerating the adoption of next-generation energy sources, including hydrogen</li> </ul>	
<b>Circular Economy</b>	<ul style="list-style-type: none"> <li>● 40% sustainable material ratio by 2030 and 100% by 2050</li> <li>● 100% Standard certification rate and 30% Gold certification rate under the Sustainable Product Certification Program by 2030.</li> <li>● Increase retread tire sales volume to 190% of 2021 levels by 2030</li> </ul>	
<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>● 100% sustainable natural rubber procurement by 2050</li> <li>● 100% water recycling rate at water risk sites by 2050</li> <li>● Research and mitigation efforts regarding the environmental impact of tire and road wear particles</li> <li>● Research on the environmental impact of microplastics derived from artificial turf and initiatives to reduce their release</li> </ul>	
<b>Human Rights</b>	<ul style="list-style-type: none"> <li>● Continue to achieve zero serious accidents</li> <li>● Establish and review a UN-aligned grievance mechanism</li> <li>● Ongoing human rights due diligence: identify, address, assess, and disclose risks</li> </ul>	
<b>Diverse Talents</b>	<ul style="list-style-type: none"> <li>● 80% employee empathy score for "Our Philosophy" by 2030 (KPI) (group)</li> <li>● 58% employee engagement score by 2030, 65% by 2035 (KPI) (standalone)</li> <li>● 12% female managers by 2030 (KPI) (standalone)</li> </ul>	
<b>Governance</b>	<ul style="list-style-type: none"> <li>● Board of Directors composed of members with diverse skills and attributes</li> <li>● Conduct external board effectiveness evaluations and engage with institutional investors</li> <li>● Promote tax compliance aligned with international rules and utilize Advance Pricing Agreements based on tax risk</li> </ul>	

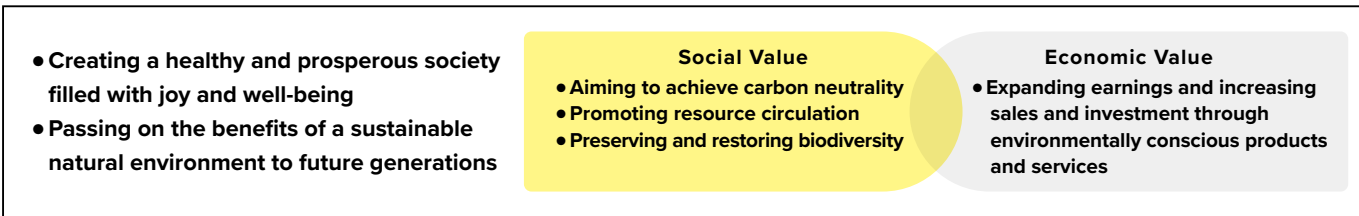
# Contribution to a Sustainable Global Environment

Our business activities involve environmental risks, including the acceleration of climate change through GHG emissions and impacts on ecosystems resulting from the use of natural resources and chemical substances. Recognizing that climate change, a circular economy, and biodiversity are closely interrelated, we aim to achieve harmony with the global environment by taking an integrated approach.

Related Material Issues Page 16

Climate Change
 Circular Economy
 Biodiversity

## Value Creation Page 15



## Related Initiatives

- Addressing Climate Change Page 39
- Toward Realizing a Circular Economy Page 40
- Toward Reducing the Environmental Impact on Nature Page 40

Our Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2021. In January 2024, we also committed to disclosing information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as a TNFD Adopter. In 2025, in accordance with the TCFD and TNFD recommendations, we analyzed climate- and nature-related dependencies and impacts in our business activities and disclosed risks and opportunities in an integrated manner.

Information disclosure aligned with the TCFD and TNFD recommendations

## Key Risks, Opportunities, and Countermeasures

Risks		Key Opportunities	Key Countermeasures
Key Transition Risks	Key Physical Risks		
<p><b>Policy and Legal</b></p> <ul style="list-style-type: none"> <li>● Expansion of demands for CO<sub>2</sub> emissions reductions</li> <li>● Introduction and tightening of regulations on existing products and services</li> </ul> <p><b>Market</b></p> <ul style="list-style-type: none"> <li>● Increase in energy costs at manufacturing sites</li> <li>● Increase in raw material prices</li> <li>● Changes in consumer behavior</li> </ul> <p><b>Technology</b></p> <ul style="list-style-type: none"> <li>● Development and spread of low-environmental-impact technologies, and transition away from existing products</li> </ul> <p><b>Reputation</b></p> <ul style="list-style-type: none"> <li>● Negative stakeholder reactions driven by growing interest in decarbonization and nature-positive initiatives</li> </ul> <p><b>Litigation</b></p> <ul style="list-style-type: none"> <li>● Potential liability due to developments in regulations and case law</li> </ul>	<p><b>Acute</b></p> <ul style="list-style-type: none"> <li>● More frequent and severe natural disasters</li> </ul> <p><b>Chronic</b></p> <ul style="list-style-type: none"> <li>● Weather instability and rising temperatures due to climate change</li> </ul>	<p><b>Market</b></p> <ul style="list-style-type: none"> <li>● Entry into climate- and nature-related businesses</li> </ul> <p><b>Resource Efficiency</b></p> <ul style="list-style-type: none"> <li>● Expansion of efficiency solutions</li> </ul> <p><b>Energy Source</b></p> <ul style="list-style-type: none"> <li>● Use of low-emission energy sources</li> </ul> <p><b>Products and Services</b></p> <ul style="list-style-type: none"> <li>● Differentiation through the creation of products and services that contribute to the protection, management and restoration of nature, as well as decarbonization</li> </ul> <p><b>Reputation</b></p> <ul style="list-style-type: none"> <li>● Recognition from consumers and society</li> <li>● Recognition from investors</li> </ul>	<p><b>[Contribution to a Sustainable Global Environment]</b>  Page 39</p> <ul style="list-style-type: none"> <li>● Realization of carbon-neutral tires in manufacturing</li> <li>● Expansion of initiatives to utilize hydrogen energy and the shift to electricity derived from renewable energy sources</li> <li>● Shortening transportation distances through optimized production allocation and the use of ports nearest to export production plants for shipments</li> <li>● Upgrading ventilation and air-conditioning systems, adjusting working hours to account for high temperatures, and promoting automation</li> <li>● Continuous development of fuel-efficient tires</li> <li>● Reduction in raw material use through lighter-weight tire products</li> <li>● Advancing "TOWANOWA," the circular business concept for the Tire Business</li> <li>● Expanding sales of retread tires to reduce resource use</li> <li>● Setting quantitative targets for the use of sustainable raw materials and promoting R&amp;D</li> <li>● Development and wider adoption of technologies to prevent the release of microplastics from artificial turf</li> <li>● Setting a target of 100% wastewater recycling at factories with high water risk by FY2050</li> <li>● Biodiversity conservation activities at each site</li> </ul> <p><b>[Building Strong Relationships with Stakeholders]</b>  Page 42</p> <ul style="list-style-type: none"> <li>● Initiatives to ensure the traceability of natural rubber</li> <li>● Support activities for natural rubber farmers in collaboration with natural rubber suppliers</li> <li>● Formulation of BCPs for headquarters functions, domestic and overseas manufacturing sites, and domestic subsidiaries</li> </ul>



## Response to Climate Change

### Initiatives to Reduce Scope 1 and 2\*1 Emissions

Fuel used to generate steam in the tire manufacturing process accounts for the majority of our Scope 1 emissions, and we recognize decarbonizing this fuel as a critical issue. In collaboration with industry, academia, and government, we are working to establish and deploy technologies for the use of new energy sources such as hydrogen. While closely monitoring developments in infrastructure and technological innovation beyond 2030, we will advance the practical application of decarbonization technologies, including fuel switching.

To reduce Scope 2 emissions, we are also promoting improvements in energy efficiency through energy conservation and expanding the use of electricity derived from renewable energy sources.



Item	2030 Target (SBT certified)
Scope 1 and 2	55% reduction in total emissions (vs. 2017)
Scope 3 (Category 1)	25% reduction in total emissions (vs. 2021)

\*1 Scope 1: Direct greenhouse gas emissions generated by fuel combustion, manufacturing processes, and other sources in business activities owned or controlled by the Company.  
 \*2 Scope 2: Indirect greenhouse gas emissions generated in the production of energy such as electricity, heat, and steam purchased and used by the Company.

### Use of Hydrogen Energy in Tire Manufacturing

In 2021, following selection by NEDO, we began using a hydrogen boiler at the Shirakawa Factory in Fukushima Prefecture, one of our tire manufacturing sites. In 2024, we concluded a basic agreement with Yamanashi Prefecture on the use of hydrogen, and in April 2025, we introduced and began operating the Yamanashi Model P2G System, a hydrogen production system based on water electrolysis developed by Yamanashi Prefecture and others, at the same factory. We also participate in Fukushima Prefecture's initiative to promote the local production and local consumption of hydrogen, advancing decarbonization in the tire manufacturing process.

The Yamanashi Model P2G System operates 24 hours a day and can produce up to approximately 100 tons of hydrogen annually, replacing much of the hydrogen used in the hydrogen boiler with green hydrogen. As a result, it is expected to reduce CO<sub>2</sub> emissions by approximately 1,000 tons annually across the entire supply chain, including transportation.

To replace part of the energy used at the Shirakawa Factory with hydrogen, we will work with government bodies and infrastructure-related companies to advance studies toward the practical application of hydrogen and hydrogen-derived fuels.



Hydrogen production unit (Shirakawa Factory)



Hydrogen production unit and hydrogen boiler system (Shirakawa Factory)

Basic agreement with Aichi Prefecture on the implementation of a hydrogen-based society (Site only in Japanese)

Introduction of a hydrogen production unit (Yamanashi Model P2G System) at the Shirakawa Factory

### Initiatives to Reduce Scope 3\*2 Emissions

	Key Initiatives	Next Steps
Category 1 (Purchased goods/ services)	<ul style="list-style-type: none"> <li>Briefing sessions were held for suppliers of tire raw materials.</li> <li>Background information on the Paris Agreement and examples of our own reduction initiatives were shared, and suppliers were asked to provide primary data.*3</li> <li>Individual meetings were conducted with certain suppliers to confirm the status of their initiatives and advance CO<sub>2</sub> reduction collaboratively.</li> </ul>	The shift to primary data and engagement activities will be further advanced.
Category 4 (Upstream transportation and distribution)	<ul style="list-style-type: none"> <li>Transportation methods with lower CO<sub>2</sub> emissions were examined, and a Category 4 reduction policy through 2030 was formulated.</li> <li>The Group-wide reduction policy was explained to our overseas sites, and reduction scenarios were developed by each site.</li> <li>The use of primary data was studied to improve the accuracy of CO<sub>2</sub> emissions calculations.</li> </ul>	Work will continue with logistics providers to establish efficient data collection methods and examine future reduction measures.

\*2 CO<sub>2</sub> emissions generated across the value chain, including procurement, logistics, and sales.  
 \*3 Actual CO<sub>2</sub> emissions data calculated by suppliers. Unlike industry averages or estimated values, these data make it possible to capture emissions based on actual conditions and implement effective reduction measures.

### Column Exhibition of the actual “Seeds for the Future” at the Sumitomo Pavilion of Expo 2025 Osaka, Kansai, Japan

—Development of rubber products using CO<sub>2</sub>-recycled artificial limestone in collaboration with Sumitomo Osaka Cement (an outcome of a NEDO GI Fund project)—

We developed a rubber roller for office automation equipment using CO<sub>2</sub>-recycled artificial limestone. It replaces conventional filler materials while maintaining equivalent performance and mineralizes CO<sub>2</sub> during the manufacturing process. The CO<sub>2</sub>-recycled artificial limestone used in this product mineralizes approximately 420 g of CO<sub>2</sub> per kilogram, and if applied to all rubber rollers for office automation equipment produced by the Company, it is expected to reduce CO<sub>2</sub> emissions by approximately 36 tons per year. In addition, the reuse of waste also helps extend the life of landfill sites. This product was exhibited in the display area of the Sumitomo Pavilion at Expo 2025 Osaka, Kansai, Japan. We will continue development toward mass production.



Rubber Rollers for Office Equipment Using Artificial Limestone Derived from CO<sub>2</sub> Recycling

Developed rubber products using CO<sub>2</sub>-recycled artificial limestone in collaboration with Sumitomo Osaka Cement (Site only in Japanese)

### Implementation of Internal Carbon Pricing

To accelerate investment that contributes to reducing CO<sub>2</sub> emissions, we introduced internal carbon pricing (ICP) into investment decision-making in 2022 and began full-scale operation in 2023. Taking changes in the external environment into account, we revised the ICP price in 2025. Previously, ICP applied only to energy-saving investments, but we expanded its scope to cover all investment projects that affect CO<sub>2</sub> emissions.

2 Updated ICP for FY2025: EUR 75.00/t-CO<sub>2</sub>

Information disclosure aligned with the TCFD and TNFD recommendations

## Toward Realizing a Circular Economy



### “TOWANOWA,” the circular business concept for the Tire Business

TOWANOWA aims to provide new value through resource circulation and the use of big data. It contributes to the realization of a sustainable, safe, secure, and comfortable society, including next-generation mobility.

At present, most end-of-life tires are used as fuel, but in the future we envision expanding into material and chemical recycling.

As a first step toward promoting the chipping of off-spec tires,\*4 we began installation work for a tire shredder at the Miyazaki Factory in 2025, and operations started in January 2026.



Tire shredder (Miyazaki Factory)

installation work for a tire shredder at the Miyazaki Factory in 2025, and operations started in January 2026.

\*4 Tires that do not meet shipping quality standards.

### Use of Sustainable Raw Materials

We have set a target of 40% for the ratio of sustainable raw materials by 2030. In response to changes in the business environment surrounding us, we redefined sustainable raw materials from the conventional definition of “biomass raw materials and recycled raw materials” to one aligned with our material issues. Under the new definition, we define sustainable raw materials as those that meet multiple criteria, including contributions to climate change, the circular economy, and biodiversity, as well as consideration for human rights. Based on this new definition, we will advance the selection and use of sustainable raw materials.

2030 Target	2025 Results
40%	27%

### Promotion of Retread Tires

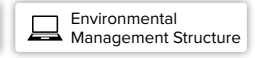
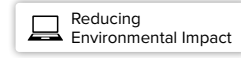
Retread tires are tires in which new rubber is applied to the tread of worn tires while the base tire is reused. Through the promotion of retread tires, we contribute to reducing resource consumption.

We aim to increase domestic retread tire sales volume to 190% of the 2021 level by 2030. In addition to SENSING CORE, we will use tire information and usage history through TPMS (Tire Pressure Monitoring System) and RFID (Radio Frequency Identification) to improve the recovery rate of base tires and increase the number of retreading cycles.

- 📖 Feature2 Laying the Groundwork for Growth Areas
- 📖 Sports Business
- 📖 Initiatives for Recycling-Oriented CB\*5
- 📖 Initiatives for Recycling-Oriented Reinforcing Carbon (Site only in Japanese)
- 📖 Truck, Bus and Commercial Vehicle Retread Tires Catalog (Site only in Japanese)

\*5 Carbon black

## Toward Reducing Environmental Impact



### Tire and Road Wear Particles (TRWP)

TRWP is dust generated by friction between tires and road surfaces and is a mixture composed of tire tread components and road pavement materials. We recognize that clarifying the characteristics of TRWP and its environmental impact, and reducing that impact, is an issue the Company must address.

We have long worked to reduce TRWP generation by enhancing tire wear resistance. In recent years, as a further approach, we have focused on the three stages of TRWP: (1) generation, (2) dispersion, and (3) accumulation.

In “(1) generation,” we are working to clarify the mechanism of TRWP generation and develop suppression technologies. In “(2) dispersion,” we are developing a TRWP recovery device that utilizes the airflow generated around the tire while driving. TRWP is sometimes classified as a type of microplastic, but there are major differences in its properties and behavior in the environment. Accordingly, in “(3) accumulation,” we are developing quantitative analysis methods that distinguish between the two and advancing our understanding of the presence of each in the environment. The results of these efforts at each stage have been presented at academic conferences in Japan and overseas.



We participate in TIP (The Tire Industry Project, an industry organization made up of 10 global tire manufacturers) and are advancing research on TRWP, the establishment of evaluation methods, and dialogue with stakeholders.

In Japan, we are also active as a member of JATMA (The Japan Automobile Tyre Manufacturers Association, Inc.) and JRMA (The Japan Rubber Manufacturers Association), and are working on the development of ISO standards related to the evaluation of TRWP.

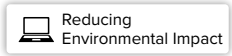
We will continue to expand the scope of our research and advance these initiatives on an ongoing basis in collaboration with external research institutions and companies.

- 📖 Presentation of the results of our initiatives on tire and road wear particles at academic conferences in Japan and overseas
- 📖 Presentation of six research findings on tire and road wear particles at Tire Technology Expo 2026

### Major Survey and Research Findings on TRWP

TRWP Phase	Collaborative Research Partner	Survey / Research
(1) Generation	NICHIREKI Group Co., Ltd.	Study of the Mechanism of TRWP Generation through Approaches from Both Tire and Road Surface Perspectives
	Queen Mary University of London (UK) Professor James Busfield	Clarification of the Effects of Tire Additives on TRWP Formation
	VMI (equipment manufacturer in the Netherlands)	Establishment of a New Laboratory Test Method for TRWP Recovery and Detection Technologies
(2) Dispersion	Dresden University of Technology (Germany) Professor Dr. Gert Heinrich	Clarification of Wear Mechanisms and Proposal of Related Suppression Technologies
	Ostfalia University of Applied Sciences (Germany) Professor Dr. Falk Klinge	<ul style="list-style-type: none"> <li>Design of a TRWP Recovery Device Utilizing Aerodynamics</li> <li>Measurement Research to Capture Three-Dimensional Airflow around Tires</li> </ul>
(3) Accumulation	Graduate School of Global Environmental Studies, Kyoto University Associate Professor Dr. Shuhei Tanaka	Research on methods for the separation and quantitative analysis of TRWP and microplastics

**Response to 6PPD (an anti-aging agent used in tires)**



6PPD (N-(1,3-dimethylbutyl)-N'-phenyl-para-phenylenediamine) is a widely used anti-aging agent in the tire industry. In recent years, following the publication of a paper suggesting that 6PPD-quinone, which is generated when 6PPD reacts with oxygen and ozone in the environment, may be harmful to certain aquatic organisms, regulatory procedures have been advancing in the United States.

Meanwhile, 6PPD itself plays an important role in preventing cracks on the tire surface caused by reactions between rubber and oxygen or ozone in the environment and in slowing deterioration. For this reason, 6PPD is an indispensable material for ensuring that tires fully deliver their performance and can be used safely over a long period of time. The tire industry as a whole is currently examining the potential of alternative technologies and developing and evaluating substitutes, and we are advancing our own efforts as part of that industry-wide work.

**Initiatives Related to the Environmental Impact of Microplastics Derived from Artificial Turf**



Reducing wind-blown dispersion by installing permeable artificial turf as a filter material over rainwater gutters and surrounding the perimeter with blocks

For artificial turf used in sports facilities, it has been pointed out that broken turf fibers and infill rubber chips may flow into rivers and the ocean over time and become microplastics.\*6 Since 2020, we have been working to confirm the status of such leakage and to develop materials and products with a high leakage suppression effect. We have proposed artificial-turf perimeter layouts and the installation of filter materials in drainage ditches, whose suppression effects have been confirmed, to parties involved in artificial turf facilities, and the number of cases in which leakage suppression measures are being gradually implemented is increasing.

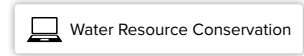
We will continue to develop and improve leakage suppression technologies while promoting the wider

adoption of these measures. Our efforts have also been featured in an article by the Ministry of the Environment\*7 and introduced in guidelines issued by local governments on microplastic measures for artificial turf.\*8 \*9

\*6 Tiny plastic particles smaller than 5 mm in size.

- \*7 "For the reduction of microplastics | Plastic Smart."(Site only in Japanese)
- \*8 Guidelines on suppressing microplastic leakage from artificial turf facilities in Osaka Prefecture, Ver. 1.0. (Site only in Japanese)
- \*9 Measures to prevent microplastic leakage from artificial turf tennis courts

**Water Resource Conservation**



We conduct water risk assessments across our production sites globally and manage them according to regional characteristics.

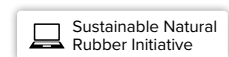
At the seven factories assessed as having high water risk, we have set a target of 100% recycling of factory wastewater by 2050 and formulated site-specific plans that include capital investment.

At one of these sites, our Thailand factory, we achieved a 100% factory wastewater recycling rate in 2024 and have maintained it, while continuing efforts at our other factories to achieve the same goal.

These and other efforts were recognized in the 2025 CDP assessment, in which we received an A rating for water security.

2050 Target	2025 Results
100% water recycling rate at sites with high water risk	14% (one site)

**Response to the EU Deforestation Regulation (EUDR)**



Across our Group, from management to frontline departments, we are advancing measures such as industry-wide collaboration and the development of EUDR response systems to ensure that our commitment to the sustainability of natural rubber is understood and that we can comply fully with the EUDR.

**Participation in GPSNR**

In 2018, we joined GPSNR and strengthened our response to deforestation and human rights issues. We also formulated our Sustainable Natural Rubber Policy and are promoting sustainable procurement in collaboration with our supply chain.

**Strengthening Due Diligence for the EUDR through a Partnership with Singapore-based IT Company SystemEarth**

We began using "SystemEarth," a tool that supports compliance with the EUDR. For products subject to the EUDR, we will strengthen verification of EUDR compliance in the upstream natural rubber supply chain and improve the effectiveness of due diligence on deforestation-free sourcing and legality.

**Column Development of Alternative Natural Rubber Resources**

**—Development of Natural Rubber from Russian Dandelion—**

Natural rubber is produced mainly from para rubber trees, many of which are cultivated in tropical rainforest regions rich in biodiversity. For this reason, the maintenance and management of plantations require consideration for the natural environment. We are conducting joint research with U.S.-based Kulvevat and unveiled a concept tire at Japan Mobility Show 2025 using natural rubber derived from Russian dandelion, which can be cultivated in temperate regions.



Concept tire containing rubber derived from Russian dandelion

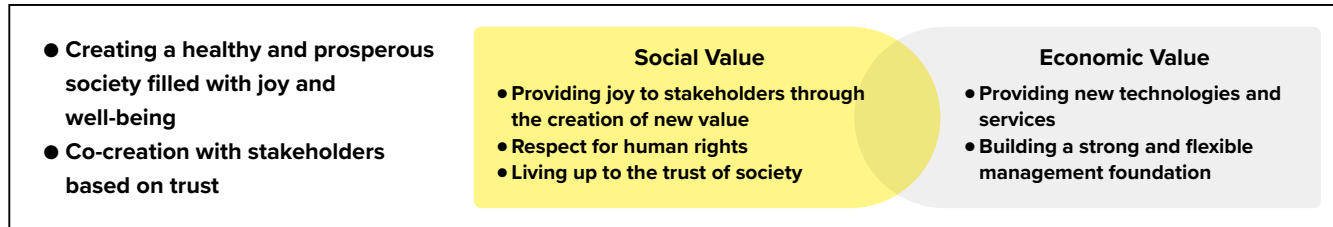
# Building Strong Relationships with Stakeholders

The Group's business is connected to the lives of many people, including customers, suppliers, local communities, and the ecosystems surrounding its sites. We work with all those involved in our business to address issues facing the supply chain and to promote ecosystem conservation and respect for human rights. Through these efforts, we will continue to provide peace of mind and joy to our diverse stakeholders.

Related Material Issues Page 16

Human Rights Biodiversity

## Value Creation Page 15



## Related Initiatives

- Sustainable Natural Rubber Procurement Page 42
- Sustainable Supply Chain Management Page 43
- Respect for Human Rights Page 44
- Thorough Occupational Safety and Health Page 44
- Building Relationships with Local Communities Page 45

## Toward Sustainable Natural Rubber Procurement

Sustainable Natural Rubber Initiative

Natural rubber is a key raw material used in tires, one of the Group's main products, and is derived from the natural environment. To ensure the long-term, sustainable procurement of natural rubber, it is essential to address not only environmental issues but also human rights issues affecting those working on natural rubber plantations and at processing facilities. Based on its Sustainable Natural Rubber Policy, revised in 2021, the Group is working to respect the human rights of all people involved across the supply chain and to reduce its environmental impact.

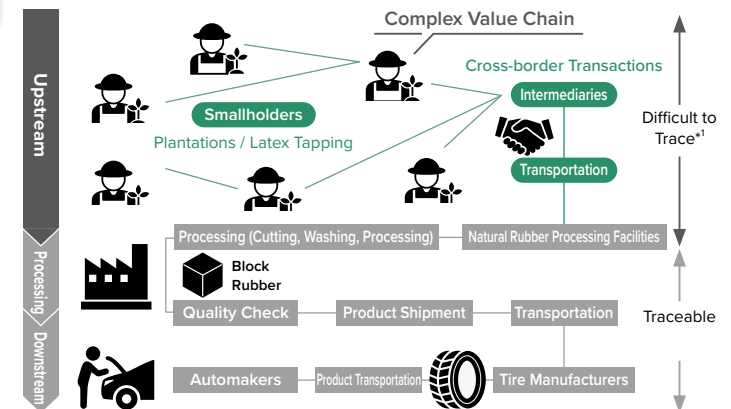
### Risks in the Natural Rubber Supply Chain Importance of Ensuring Traceability in Risk Assessment

The natural rubber supply chain is highly complex, consisting of approximately six million smallholders, plantations, dealers, processors, and other parties around the world. In addition, because transactions take place across regions and national borders, it is difficult to clearly identify distribution routes from farmers to natural rubber processors and ensure traceability.

To avoid and mitigate risks in the supply chain, the Group is working to improve traceability. To this end, we collaborate with stakeholders and industry organizations and use supply chain mapping and other tools to identify areas with high risks of environmental destruction and human rights violations, while also assessing impacts on stakeholders.

We believe that identifying risks in the natural rubber supply chain is essential for sustainable procurement. Accordingly, since July 2023, we have been using RubberWay<sup>®</sup>\*2, an environmental and social risk assessment tool specifically designed for natural rubber.

\*2 An application developed by Michelin, Continental, and software developer SMAG.



\*1 Traceability refers to tracking processes such as production, processing, and distribution for the inspection of agricultural products and manufactured goods.

The Company has introduced a natural rubber-specific risk assessment tool to support the sustainable procurement of natural rubber.

Sustainable Natural Rubber Initiative

## Site Visits to Natural Rubber Plantations and Natural Rubber Processors

Approximately 85% of natural rubber producers are smallholders. Smallholders, who are positioned at the very beginning of the natural rubber supply chain, face a wide range of issues, including improving working conditions, respecting human rights, addressing the impacts of climate change, and coexisting with the natural environment surrounding plantations. Following our visit to Thailand in 2024, we visited natural rubber plantations and natural rubber processors in Indonesia in 2025 and exchanged views with local stakeholders in one of the world's major natural rubber-producing countries.



Dialogue with Workers on Natural Rubber Plantations

Through these visits, we confirmed the multifaceted issues faced by farmers and workers engaged in natural rubber production, including income structures, working conditions, and a lack of successors. We recognize issues related to natural rubber as significant social and environmental risks to the continuity of our business, and we will address them in collaboration with partner companies and local communities.

Human Rights Report 2026

## Capacity Building Project to Support Good Agricultural Practices for Smallholders



Providing agricultural technical guidance to natural rubber producers

In 2025, in Jambi Province, Indonesia, we implemented a support project in collaboration with Halcyon Agri, a producer and distributor of natural rubber, and its natural rubber processing subsidiary, PT. Hok Tong, to promote traceability in natural rubber and improve the standard of living of farmers. The project included surveys of the current situation of natural rubber farmers and raw material distribution routes, as well as support measures such as farmer training and the free provision of fertilizer. During the implementation period from 2022 to 2025, fertilizer was provided to more than 1,000 farmers in total, and guidance on appropriate production techniques was provided through GAP (Good Agricultural Practice).

Through this project, we confirmed that natural rubber yields at supported farms increased by as much as 19%, while farmers' income increased by approximately 25%.

Based on these results, we plan to launch multiple new projects in 2026, including support projects covering expanded regions.

DUNLOP Conducts Smallholder Support Program Toward Sustainable Natural Rubber Procurement: Contributing to Improving Farmers' Profitability

Name of Project Implemented in 2025	Region	Period (Years)	Details of Support
Collaboration Project with Halcyon (Phase 1)	Indonesia South Sumatra	2022–2025	<ul style="list-style-type: none"> <li>• Providing training on efficient working methods and appropriate fertilization</li> <li>• Supporting the adoption of technical practices through the distribution of fertilizer and coagulants and on-site fertilization guidance</li> <li>• Providing ongoing support for improvement through farmer data collection, monitoring, and effectiveness verification</li> </ul>
GPSNR Capacity Building	Northern and Northeastern Thailand	2023–2026	<ul style="list-style-type: none"> <li>• Improving productivity and quality through advice on disease management and appropriate cultivation methods</li> <li>• Improving traceability through visualization of farmland information</li> <li>• Improving farmers' livelihoods and ensuring stable natural rubber procurement</li> </ul>

## Toward Sustainable Supply Chain Management

Supply Chain Management

To strengthen the resilience of the entire supply chain, the Group has established a framework to systematically identify and properly manage a wide range of risks, including human rights, governance, and environmental risks. Through practical measures such as third-party assessments, enhanced BCP<sup>\*3</sup>, and reducing burdens at logistics sites, we are working to ensure stable procurement.

\*3 BCP (Business Continuity Plan): a plan that sets out the activities to be carried out in normal operations and the methods for continuing or restoring business quickly in the event of an emergency.

## Assessment by EcoVadis, an International Third-party Assessment Organization for Human Rights, Governance, and Environmental Performance

We use EcoVadis to efficiently monitor and assess performance related to human rights, governance, and the environment in the supply chain. When selecting new suppliers, we conduct due diligence, and if they do not meet our evaluation criteria, we engage with them to support improvement. By applying standardized evaluation criteria, we are promoting the development of a sustainable and reliable supply chain.

## Strengthening BCP and Related Initiatives

To ensure a stable supply of products, the Group is continuously working to strengthen and expand its BCP.

At the same time, we regard our suppliers as important business partners and promote sustainable procurement and the building of new partnerships by deepening mutual understanding and collaboration.

## Measures to Reduce Burdens at Domestic Logistics Sites

To build a stable logistics framework, we are implementing measures to reduce truck drivers' working hours, lessen the burden of cargo handling at warehouses, and shorten unloading waiting times.

In particular, we regard improving efficiency through DX as a key priority and are advancing initiatives such as centralized management of logistics data, AI- and IoT-based optimization of vehicle dispatching and inventory, visualization of truck waiting times, and automation using WMS<sup>\*4</sup>, AGVs<sup>\*5</sup>, and robots.

We have already introduced systems and equipment at some warehouses, including gate appointment systems, cargo-handling robots, and fan-equipped vests.

We are also implementing measures to continuously reduce burdens at logistics sites by increasing the number of support personnel working in warehouses.

By incorporating measures to build a stable logistics framework into our medium- to long-term plans and monitoring them regularly, we will realize a sustainable and efficient logistics framework.

\*4 WMS (Warehouse Management System): a system for efficiently managing inventory and operations within warehouses


\*5 AGV (Automatic Guided Vehicle): an automated transport vehicle capable of operating without human driving input

## ▶ Respect for Human Rights

The Group strongly recognizes its responsibility to respect the human rights of all people involved in its business activities, including employees, customers, suppliers, and local communities surrounding its sites. To fulfill this important responsibility, we have clarified our policy on respect for human rights and established the necessary framework. We will continue to fulfill our responsibility to respect human rights through our business activities.

### The Group's Human Rights Due Diligence

- With advice from external experts, we identified the key human rights issues that the Group should prioritize.
- To understand the actual state of human rights risks, we conducted human rights due diligence through visits to natural rubber plantations, raw material processing facilities, and sites in Japan and overseas, as well as through dialogue with stakeholders.
- In 2025, we also focused on risks related to migrant workers. We will continue to advance initiatives across the entire value chain.

 Initiatives to Respect Human Rights

## ▶ Holding the Human Rights Global Summit

Group companies with overseas manufacturing sites gather at Headquarters for the Human Rights Global Summit to discuss key issues and share information.

In 2025, we held a workshop on the human rights of migrant workers at Kobe Headquarters, led by the International Organization for Migration (IOM). Through group work and case studies presented by Group companies, participants learned about the risks faced by migrant workers and how companies should respond.



Human Rights Global Summit



It would be good if the HRDD initiatives supported by top management in our company, for example, setting designated teams to handle HRDD issues. (I felt it would be beneficial for our company as well to further advance management-supported human rights due diligence initiatives, for example by establishing a dedicated team.)


S.W. / Human Resources Representative, Indonesia Factory

## ▶ Publication of the Human Rights Report



In 2025, the Group published its first Human Rights Report. The publication of the report also provided opportunities to speak at events hosted by the Principles for Responsible Investment (PRI) Japan Advisory Committee and the United Nations Development Programme (UNDP), giving us valuable opportunities to exchange views with many stakeholders.

 Human Rights Report 2026

 Annual Dialogue on Business and Human Rights: "The Business Case for Human Rights: Building a New Trade Era through Policy, Due Diligence, and Disclosure"

## ▶ Toward Thorough Occupational Safety and Health


The Group places top priority on creating workplaces where all employees can work safely and in good health, and promotes occupational safety and health activities based on two pillars: safe equipment and safe people. Through the development of a comfortable working environment and the fostering of a safety culture with the participation of all employees, we will continue to pursue improvement while responding to changes in the operating environment.


Key Measures	Details
1) Strengthening Governance	Through the Global Safety, Health and Fire Prevention Committee, we will strengthen dialogue with management and enhance the management review function.
2) Strengthening Coordination Among Occupational Safety and Health Managers	We will develop safety leaders at global sites and establish a support framework that makes use of this network.
3) Creating Workplaces Through Two-Way Dialogue	Management will engage in ongoing dialogue with frontline workplaces and promote the creation of safe workplaces that reflect employees' voices.

## ▶ Strengthening Governance through the Global Safety, Health and Fire Prevention Committee

From 2025, we launched the Global Safety, Health and Fire Prevention Committee and strengthened our governance framework. With directors participating, the Committee deliberates on and makes decisions regarding policies on safety, health, and fire prevention.



 Sustainability Management Structure

 Occupational Safety & Health

## ▶ Education and Awareness Activities

With the goal of achieving zero serious accidents, we are promoting the development of safe equipment and safe work practices.

We are focusing on inherently safe design and on improving risk assessment capabilities, while regularly strengthening skills and knowledge through special training and hazard simulation training.



Roller entanglement simulation



Hazard simulation using VR

Column

## Connecting with People and Society

We place importance on collaboration with a wide range of stakeholders and implement social contribution initiatives that place particular value on relationships of trust with the communities around each site. By carrying out flexible social contribution activities tailored to local characteristics, we believe we can not only fulfill our corporate social responsibility, but also help create an environment in which employees can work with peace of mind and engage in their work more easily, thereby contributing to higher employee satisfaction.

### Together with the Next Generation: Educational Support for Nearby Elementary Schools and Nursery Schools



Ichijima Factory / Great purple emperor butterflies and nursery school children at an observation event

At the Ichijima Factory in Hyogo Prefecture, we invite children from nearby nursery schools to events such as a great purple emperor butterfly viewing session and acorn gathering, providing opportunities for them to enjoy learning about the protection of rare animals and plants and to take an interest in the environment. We also maintain the lawn at the test field used for golf ball test shots, and when nursery school children visit, we open the lawn so they can play on it.

Since 2009, we have sponsored the “DUNLOP Manufacturing Workshop” organized by the nonprofit organization CoreNet. For fourth- to sixth-grade elementary school students, we held hands-on sessions assembling craft kits. Through this experience, we provide opportunities for children to discover the fun of manufacturing, feel a sense of achievement upon completion, and gain experience working together.



Scenes from the DUNLOP Manufacturing Workshop

### Support for Para Sports

To help promote para sports, we sponsor various sporting events. In particular, we participate as volunteers at wheelchair tennis tournaments held in Aichi and Hyogo prefectures, and since fiscal 2009 have served as the title sponsor of the International Wheelchair Tennis Tournament DUNLOP KOBE OPEN.



DUNLOP KOBE OPEN

### Holding the Family Event “Family Day”

We held “Family Day” at Kobe Headquarters, offering workplace tours and science workshops for employees’ family members. Participants commented that the event helped their families better understand their work at the Company and gave their children a chance to see a different side of them through the workplace tours. It also provided an opportunity for families to feel closer to both the Company and the DUNLOP brand.



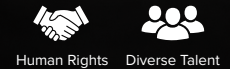
“Family Day” (Company Family Open Day)

- 📄 Holding “Family Day” (Site only in Japanese)
- 📄 Social Contribution Activities
- 📄 Initiatives for the Conservation of Endangered Animals and Plants
- 📄 Environmental Conservation through Greening Activities

# An Organization That Can Boldly Take on Challenges by Uniting Diverse Strengths

We recognize that every individual has the right to be respected and to fully leverage their unique strengths. By fostering a fair and equitable workplace environment where colleagues acknowledge and elevate one another, we aim to enhance overall team capabilities and, ultimately, increase our corporate value.

Related Material Issues Page 16



## Value Creation Page 15

- Creating a healthy and prosperous society filled with joy and well-being
- Co-creation with stakeholders built on trust

**Social value**

- Our contribution as a company addressing social issues

**Economic Value**

- Providing products and services that leverage diverse perspectives
- Enhancing corporate value through collective strength of teams

## Related Action Plans

- Human Capital Management Page 46
- Human Resources Development to Support Sustainable Growth Page 47
- Enhancing Individual Performance Page 47
- Promoting DE&I Initiatives Page 48

## Risks and Opportunities

Opportunities	Risks
<ul style="list-style-type: none"> <li>● Recruitment and retention of high-quality talent and enhancement of corporate value through the promotion of DE&amp;I</li> <li>● Enhancement of employee engagement and productivity through the provision of a safe, secure, fair, and equitable working environment</li> <li>● Stable factory operations and product supply through talent acquisition</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in turnover rate</li> <li>● Decline in employee engagement and productivity</li> <li>● Increased compensation costs and deterioration of corporate reputation due to workplace accidents</li> </ul>

## Human Capital Management

DUNLOP is advancing human capital management to realize its organizational "Vision": "Uniting our diverse strengths, growing together, driving and thriving on change."

We recognize global management talent, innovation talent, and digital transformation talent (DX talent) as sources of competitive advantage. The Company positions them as talent profiles that will drive business expansion in growth areas and support sustained development. As part of establishing a foundation where individuals can thrive, we are fostering a corporate climate that respects the unique attributes and values of each person and ensures a sense of purpose in their work.

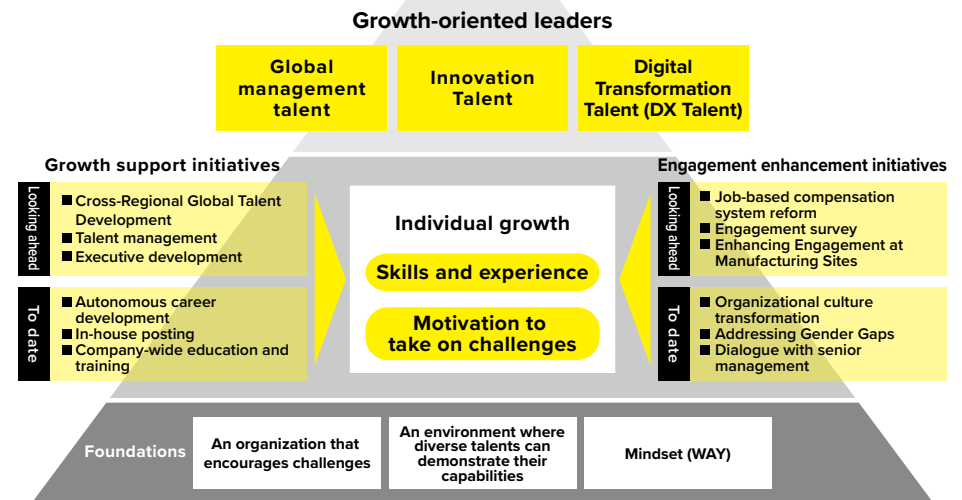
We believe that we can provide joy and well-being for our stakeholders through innovation by mobilizing the collective efforts of our diverse talent to create value.

Expert Roundtable

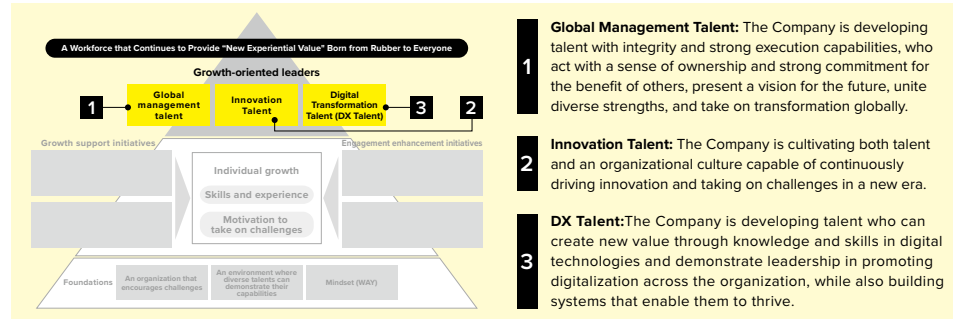
Human Capital Management

To execute our long-term corporate strategy, we are promoting initiatives that enhance performance, skills, and motivation, aiming to build a workforce and organization capable of taking on bold challenges with strong commitment.

A Workforce that Continues to Provide "New Experiential Value" Born from Rubber to Everyone



## Human Resources Development to Support Sustainable Growth



DX Strategy

### 2025 Initiatives

#### Global Management Talent

Based on the definition of "Global Management Talent" established through discussions among executive officers, we have selected candidates from each division and launched training programs aimed at developing next-generation management. Executive officers also participate in the training and monitor the development process of participants, thereby promoting the development of next-generation management leaders across the organization.

Going forward, we will link this talent definition to various HR initiatives, including recruitment, training, and evaluation, to establish consistent talent management. In addition, we plan to further advance the development of global senior management human resources across the Group through initiatives such as overseas trainee programs for younger employees and cross-regional assignments of national staff overseas.

Implementing Measures to Enhance the Performance of Human Resources

#### Innovation Talent Development Program "Innovation Academy"

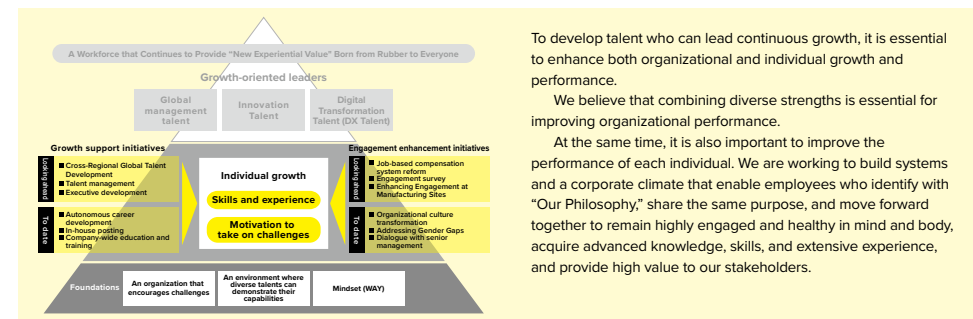


Innovation Academy

Since 2023, we have operated the "Innovation Academy" as an Innovation Talent Development Program. In 2025, in addition to fostering a transformation mindset, we further enhanced the program by expanding content related to new business creation, including idea generation methods, business model design, and commercialization. Under the slogan "Strong commitment and bold challenges—driving the future forward," we will continue to expand this program as a company-wide initiative aimed at developing innovative human resources and creating new lines of business.

Developing Human Resources to Support Consistent Growth

## Enhancing Individual Performance



To develop talent who can lead continuous growth, it is essential to enhance both organizational and individual growth and performance.

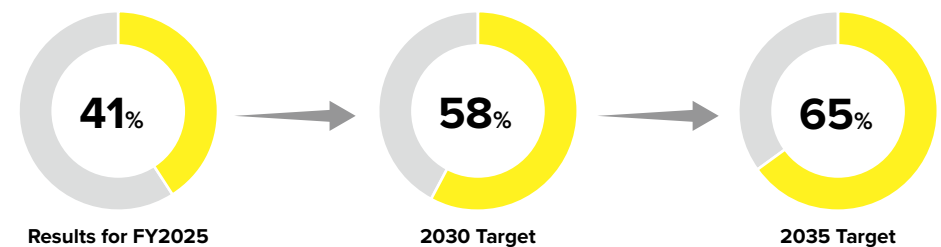
We believe that combining diverse strengths is essential for improving organizational performance.

At the same time, it is also important to improve the performance of each individual. We are working to build systems and a corporate climate that enable employees who identify with "Our Philosophy," share the same purpose, and move forward together to remain highly engaged and healthy in mind and body, acquire advanced knowledge, skills, and extensive experience, and provide high value to our stakeholders.

### Employee Engagement Survey

We reviewed our conventional organizational climate survey and transitioned to an employee engagement survey starting in 2025. We position engagement as a leading indicator that affects organizational performance, including employee turnover and productivity, and are working to identify issues and implement improvements as a key KPI for achieving our growth strategy. In the first year, our standalone engagement score was 41%, falling below external benchmarks (Japan average: 61%; Japan manufacturing industry average: 58%), with particularly lower levels observed at manufacturing sites compared with head office departments.

#### DUNLOP Standalone Engagement Score Targets



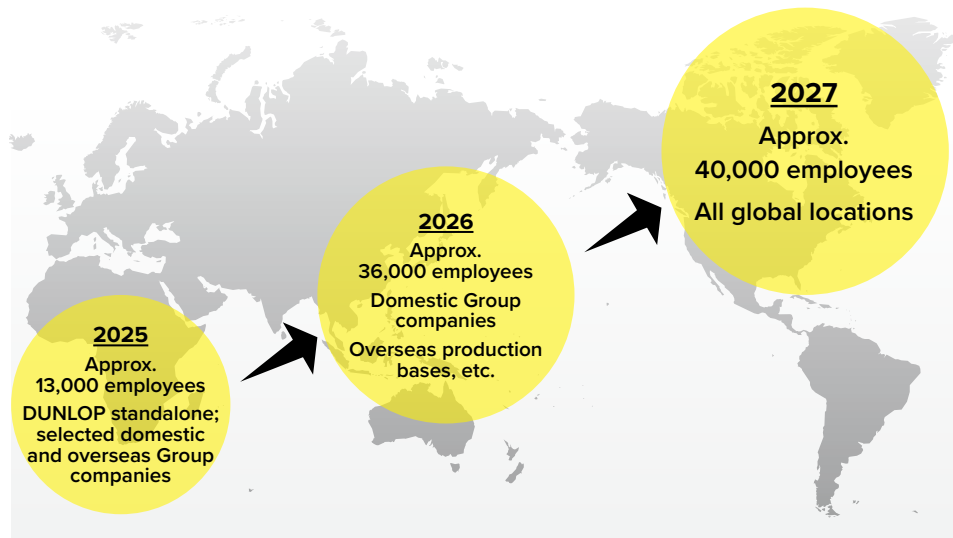
The analysis identified key issues in head office departments, including career visibility, understanding and internalization of strategy, and support for adapting to organizational changes. At manufacturing sites, growth opportunities and alignment with "Our Philosophy" were also identified as key issues, in addition to these factors.

For the standalone Company, we have set engagement score targets of 58% for 2030 and 65% for 2035, and are promoting improvements by incorporating these targets into the evaluation indicators for executive officers and general managers.

Going forward, we will progressively expand the survey to domestic and overseas Group companies, covering overseas locations by 2027 and support the realization of R.I.S.E. 2035 through qualitative improvement in human capital across the Group.

## Expansion of the Employee Engagement Survey to Domestic and Overseas Group Companies

- Rolled out to domestic Group companies and global manufacturing sites in 2026
- Expansion of the engagement survey to all global locations of the DUNLOP Group by 2027



## Promoting DE&I Initiatives

### Inclusion for Transforming Diverse Talent into Organizational Strength

Diversity Equity & Inclusion

We are advancing our DE&I initiatives and place emphasis not only on respecting diversity but also on practicing inclusion to translate diversity into organizational strength. Under the President's commitment, we are implementing measures to incorporate diverse capabilities into human capital management and enable all employees to contribute to sustainable organizational growth. In April 2025, all Directors formulated and disclosed a DE&I top commitment to support the execution of human capital management under our long-term corporate strategy. We will continue to foster an organizational culture in which individuals can fully demonstrate their abilities and strengths, thereby promoting the continued growth of both the organization and individuals, and enhancing corporate value and social value in a synergistic manner.

DE&I Top Commitment

## Understanding and Implementation by Executive Officers and Management

One of the Group's seven material issues is "Diverse Talent." As diversity increases toward achieving this, differences in perspectives and opinions may also arise. We place emphasis on inclusion so that, while taking such differences into account, we can connect them to decision-making and outcomes through constructive dialogue.

To leverage diversity as a driver of corporate value creation through inclusion, we consider it essential not only to establish systems for developing and supporting human resources, but also that each executive officer and member of management deepens their understanding of DE&I and reflects it in daily decisions, actions, and management practices to ensure steady progress.

To foster inclusion, we are promoting initiatives targeting employees, as well as executive officers and management. In human resource development, we have been enhancing systems that provide opportunities for learning and growth, as well as support mechanisms on a foundation that enables employees to work with confidence, thereby creating an environment in which individuals can fully demonstrate their capabilities.

At the same time, for executive officers and management—who are responsible for leading diverse talent—we continuously share the importance of inclusion through various meetings and training programs. Through the practice of inclusive leadership by executive officers and management, we will enhance adaptability to change and drive innovation, thereby contributing to the accomplishment of material issues and the enhancement of corporate value over the medium to long term.

Inclusive Managers (Site only in Japanese)

## Supporting Career Autonomy through Individualized Development and Developing Management Candidates

The ratio of female managers remains low, and further strengthening of development initiatives is required. Conventional uniform development programs and opportunities have not been sufficiently flexible to accommodate female employees with circumstances related to life events. As a result, we believe that individual capabilities have not been fully leveraged, and the development of female talent as future leaders and management candidates has been limited.

In response, starting in 2025, we are strengthening individualized development as a measure to support individual career formation. By utilizing career development sheets prepared by employees as they reflect on their own careers, together with development plan sheets created by their supervisors, we are expanding opportunities for capability development and diverse work experiences. Furthermore, by enhancing the visibility of talent and continuously optimizing and sustaining these initiatives, we aim to maximize human capital and increase the ratio of female managers.

As working styles among men are also diversifying, we will further strengthen individualized development regardless of gender and create an environment in which all employees can maximize their capabilities.

## Column Progress of the “Future Factory Project for Better Workplaces”

### Background and Promotion Structure of the Project

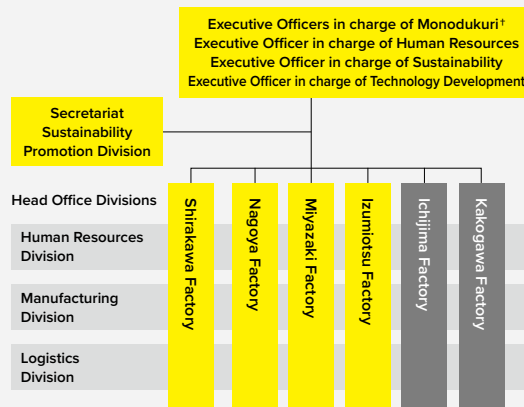
In July 2024, we launched the “Future Factory Project for Better Workplaces,” with factories and the head office working together to address various issues at manufacturing sites. We are expanding these initiatives and will accelerate company-wide efforts at manufacturing sites.

📄 Employees Roundtable Talk: Future Factory Project for Better Workplaces (Integrated Report 2025)

#### Background of the Project

At our manufacturing sites, in addition to issues related to aging facilities and welfare infrastructure, there was also room for improvement in the coordination framework between the head office production and development divisions and the factory divisions. Amid a declining labor force, securing human resources is one of the most critical challenges for the manufacturing industry, and creating attractive manufacturing workplaces where diverse talent can work comfortably has become an urgent priority. Through the “Future Factory Project for Better Workplaces,” we are advancing organizational culture reform, restructuring organizational structures, and reviewing various systems with a focus on human capital, aiming to create workplaces where diverse talent can gather and play active roles with a sense of fulfillment.

#### Promotion Structure of the Project



\*The project will be rolled out in phases.

†: Monodukuri: A Japanese approach to manufacturing and engineering that emphasizes craftsmanship, quality, and continuous improvement.

### Overall Initiatives

We are advancing initiatives in parallel, addressing immediate issues while promoting medium- to long-term measures such as reviewing organizational structures and systems, including HR systems. In the short term, we are reviewing operating calendars to create an environment where employees can take leave more easily. At the same time, we have established company-wide guidelines for capital investment to maintain and enhance the quality of the working environment, and are formulating and implementing investment plans accordingly. We are also reviewing workforce structures, human resource development, and work arrangements.

In 2025, we conducted interviews with approximately 200 employees regarding “workplaces where employees can work comfortably.” Through these initiatives, we are conducting in-depth analyses of issues and, while taking into account site-specific conditions at each factory, the head office is leading these efforts with a cross-organizational approach. We continuously monitor improvement effects through our proprietary engagement surveys and promote understanding through ongoing dialogue.



The factory manager and employees interacting in a renovated break area

### 2025 Initiatives

#### Initiatives for Organizational Culture Reform at Factories

To address factory-specific issues, we have established cross-functional working groups at each factory. These groups are autonomously promoting initiatives directly linked to improving workplace comfort, such as enhancing communication and improving welfare facilities, including break areas. In 2025, we advanced these initiatives at the Shirakawa Factory and the Nagoya Factory.



Executive dialogue with employees at a factory

We have established regular opportunities for dialogue to carefully gather feedback from employees and share issues, thereby building a cycle in which initiatives are driven by on-site leadership. Executive officers have continuously visited factories and engaged in direct dialogue with employees, thereby demonstrating management’s strong commitment. We are fostering an environment in which each employee can be involved in initiatives and experience change firsthand.

At the Shirakawa Factory, where initiatives were launched ahead of other sites, the third round of factory engagement surveys showed, compared with the initial survey, an increase across all generations in momentum toward improving the factory.

### Future Plans and Deployment

We will steadily implement facility renovation plans. We will further advance medium- to long-term measures, including reviews of workforce structures and work arrangements. The factory-level organizational culture reform initiatives that were first implemented at the Shirakawa Factory and the Nagoya Factory will be expanded to the Miyazaki Factory in 2026. Going forward, in addition to tire factories, we will expand these initiatives to non-tire manufacturing bases, working together with each factory to promote the development of sustainable manufacturing workplaces.



#### Message from the General Manager of Human Capital Management

This initiative positions the creation of attractive manufacturing workplaces that enable diverse talent to thrive as a key company-wide management priority. By integrating the knowledge and expertise of each organization across departmental boundaries, we are building systems that facilitate ongoing reflection and improvement based on insights from frontline employees.

Placing “investment in people” at the core, we will steadily enhance the competitiveness of our domestic manufacturing sites with agility.

**Takayuki Matsumoto**

General Manager of BX Human Resources Department, Business Transformation HQ



## Expansion into Factory-Led Projects

The initiatives launched by the head office in 2024 have evolved into factory-specific projects, with participants from all levels at each factory taking the lead in launching and promoting initiatives tailored to each site. Each factory is also developing and promoting its own project name and logo.

### Shirakawa Factory

## “Iketeru” Shirakawa Project



The project is guided by two key principles. The first is “dialogue.” We believe it is most important that each employee at the Shirakawa Factory participates as a central driver of transformation and openly shares their thoughts. The second is “swift decision-making and immediate action” on issues faced by employees. Based on these two principles, we are fostering momentum to carry the transformation through together.

Mr. K.K.  
Project Leader, “Iketeru” Shirakawa Project



### Nagoya Factory

## Nagoya “Jo-Sho” Project



We aim to create a factory where employees working at Nagoya Factory can feel a sense of fulfillment and work comfortably. As a factory with a long history in a region where manufacturing companies are highly concentrated, we believe that initiatives to enhance engagement are needed now more than ever. We will respect increasingly diverse values, further strengthen a sense of unity at the factory, and foster a “Jo-Sho” culture.

Mr. M.N.  
Project Leader, Nagoya “Jo-Sho” Project



### Miyazaki Factory

## Miyazaki “Yakushin” Project



Leaflet distributed to all employees at the start of each project

Through this project, we will value the voice of each employee, promote the resolution of workplace issues, and implement initiatives that create a sense of excitement about working. We will advance these initiatives with the aim of creating an attractive Miyazaki Factory where everyone can work comfortably.

Mr. M.W.  
Project Leader, Miyazaki “Yakushin” Project



## Actual Changes and Feedback from the Workplace on the Project

- We are seeing visible changes, such as improvements to welfare facilities and enhanced investment in heat countermeasures, and this is raising our expectations for the project. (Technical Staff / Foreman)
- We did not have a break area for support function departments, so we are pleased that a shared break space has been created. We are also enjoying casual conversations after lunch. (Administrative Department / Staff)
- For employees who are not directly involved in promoting the project, it is difficult to understand what is being done. We would like more information to be disclosed, even on interim progress. (Technical Staff)



The factory manager distributed leaflets directly at the site entrance.

- We are surprised by the speed of change. We did not expect so many things to change in such a short period of time. (Administrative Department / Staff)
- The break areas have been improved, and the atmosphere has become brighter. Team members carefully selected the equipment and are using it with care. (Technical Staff / Foreman)
- As a dormitory resident who has been living without a bathtub, I appreciate the distribution of tickets for nearby bathing facilities. (Technical Staff / Staff)
- We never imagined that investment would be made in break areas. We hope this project will continue going forward. (Technical Staff / Foreman)



The factory manager handing out leaflets at the site entrance.

- There is strong enthusiasm on-site in discussing improvements to break rooms. We appreciate that attention is being given to matters that have not typically been considered. (Technical Staff)
- Conversations are naturally emerging in the workplace as employees look for colleagues to use the “Ogori-Jihanki” (a vending machine that provides free drinks when two employees use it together). We feel that it is also playing a sufficient role in strengthening workplace communication. (Technical Staff)
- Previously, connectivity in the break room was poor and we had to stand by the window even to check LINE, so we are pleased that it can now be used normally. (Technical Staff / Chargehand)
- We are pleased to see rapid changes, but we would like these initiatives to be carried out carefully to ensure that quality is not compromised. (Technical Staff)



The factory manager handing out leaflets at the site entrance.

# Expert Roundtable – Human Capital that Drives DUNLOP –

## Human Capital Management That Drives Sustainable Value Creation

With human capital management garnering attention as an important source of corporate value, putting it into practice has become a key theme for us as well. In this session of Expert Roundtable, a discussion was held concerning approaches to talent and organizations serving to drive improvements in corporate value, centered on the initiatives in the Long-Term Corporate Strategy “R.I.S.E. 2035.” The discussion was based on both academic perspectives and views from the front lines and corporate management.

### The Necessity of Discussions Based on the Essence of Human Capital Management

**Hattori** First of all, when it comes to the background behind why human capital management is being valued, I would say that there are two main trends. One is changes in the business environment. Rather than relying solely on collective organizational strength as in the past, business globalization has made the capabilities, knowledge, and experience of both individuals and organizations increasingly important. One more trend is that capital markets and labor markets are now looking at things with much more scrutiny. The ideal forms of human resource development and utilization are directly tied to the assessment of corporate value.

From an academic point of view, this situation developed with management at Japanese companies going back and forth between *soft* management style (mindsets rooted in providing guidance to fellow team members through trusting relationships with organizations and individuals and the nurturing of interpersonal relationships) and *hard* management style (mindsets rooted in managing and controlling team members using numerical figures and KPIs). Roughly speaking, traditional Japanese companies value the former and Western companies value the latter. Meanwhile, the characteristics of the form of current human capital management are found to be a synthesis of the two. It can be said that the current form involves a layered model combining soft and hard

management approaches, wherein the deployment of personnel, their development, the visualization of their results and the subsequent results using numbers, is built on a foundation where value is placed on individuals and interpersonal relationships.

**Tokumo** In the past, our company has grown by steadily providing high-quality products while moving forward with expansion overseas and increasing the scale of its market, but due to changes in the business environment, it has become increasingly difficult over the past decade to improve business performance through conventional methods.

In this environment, we feel that there is a need to shift to a more strategic and people-centered approach to human capital management, which has us returning to the concept of “people are our most important asset” as laid out in the Sumitomo Business Philosophy and placing value on people, in addition to figuring out where to make investments and where we can produce results.

In addition, as our business sectors and geographic footprint continue to diversify, it is essential to allocate human capital strategically rather than evenly across all areas. To be specific, there are three items we are focusing on: (1) the enhancement of global human resources and organizations, (2) the visualization of productivity and roles from the perspective of ROI for human capital, and (3) the re-strengthening of our factories in Japan. Based on these elements, we want to go about further

Completed the doctoral program at the Graduate School of Business Administration, Kobe University in 2009, and received a Ph.D. in Business Administration. After working at Shiga University and Yokohama National University, he became an Associate Professor at the Graduate School of Business Administration of Kobe University in 2018. He has been in his current role since 2023. His research interests center on human resource management and organizational behavior.

His main published works include *Saiyogaku* (“Recruitment Studies”), which was published by Shincho Senso in 2016, and *Soshiki Kodo Ron no Kangaekata, Tsukaikata: Ryoshitsu no Ebidensu wo Te ni Suru Tame ni* (“Rethinking organizational behavior: How we think and how to use it”), which was published by Yuhikaku in 2020. He has received awards such as the Academic Association for Organizational Science’s Takamiya Award in June 2022, and the HR award (the top prize in the book category) hosted by Nihon no Jinjibu in October 2025.

### Yuji Tokumo

Executive Officer  
Responsible for Sustainability  
Management Promotion  
General Manager of Human Resources &  
General Affairs HQ and General Manager  
of Business Transformation HQ

Professor

### Yasuhiro Hattori

Professor at the Graduate School of  
Business Administration, Kobe  
University

### Eiichi Hakoshima

Executive Officer  
General Manager of  
Manufacturing HQ,  
Tyre Business HQ

refining a kind of management which involves investments in people, which is in line with the statement made by our new president Mr. Kuniyasu to the effect that people are our greatest asset.

**Hakoshima** Right now, the competition is fierce, and we currently find ourselves in a business environment where *hard* approaches are required, wherein productivity improvements and cost reductions are thoroughly undertaken. Meanwhile, at DUNLOP, we are placing importance on value consisting of both the trust and peace of mind supported by careful manufacturing characteristic of Japanese companies.

The qualities of “integrity and sound management,” which we have prioritized as part of the Sumitomo Business Philosophy, have become instilled in the operations on the shop floor. As a result, I am seeing quality improvement proposals being actively submitted each time I pay a visit to a site. Employees of our company face their work with sincerity each day and I think they are outstanding. Through the development of people and the manufacturing of goods, I would like to see us further improve upon the DUNLOP brand, which is supported by the qualities of “integrity and sound management.” We cannot differentiate ourselves by simply competing on cost or through the mere management of numerical figures.

**Hattori** Mr. Hakoshima, you bring up an important point. It’s not just about competencies and skills; what makes a company competitive also includes elements that encompass attitudes and mindsets reflected in employees’



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engagement with their work. There exists value that cannot be guaranteed by ability alone. Articulating that and consciously refining it is the essence of human capital management.

## Increase the Effectiveness of Human Capital Management by Embedding It in the Workplace

**Hattori** Recently, we have increasingly heard language that emphasizes care for frontline employees, such as one-on-one meetings and employee engagement. However, from the perspective of employees, many of these practices are sometimes perceived less as support and more as a form of close monitoring and control. Control itself is not necessarily the problem. Rather, the issue arises when there is a gap between the language being used and employees' lived reality, because people are highly sensitive to such inconsistencies.

What concerns me is the potential emergence of a culture of silence within organizations. When employees' dissatisfaction remains unspoken and they continue to suppress rather than accept their circumstances, organizations risk drifting into cynicism and emotional disengagement, creating a colder organizational climate. Preventing the emergence of such silent and cynical climates is, in my view, one of the central challenges of human capital management.

**Tokumo** You are truly right about that. Until now, our Company has demonstrated strong execution skills by having everyone in the organization come together as one based on the will of top management; however, we are currently in the midst of environmental changes which mean that business cannot be undertaken based on that approach alone. In recent years, under the "Be the Change" project, we have moved forward in rapid succession with measures aimed at changing our organizational culture through initiatives such as the 360-degree feedback and 1-on-1 meetings. All of them constitute important initiatives, but challenges do remain when it comes to the extent to which these initiatives click with front-line employees and the extent to which they are being leveraged. If they remain merely at the level of "being implemented as systems," there is a risk of drifting toward the kind of disengagement that Professor Hattori mentioned. That is why the steps that follow are important. In that respect, it is highly significant that "R.I.S.E. 2035" clearly articulates the concept of "Strong Resolve and Bold Challenge." If the initiatives taking place thus far constitute the stage in which the building of the foundation for human capital management takes place, then I believe that we are now in the phase where things are to be put into practice.

**Hattori** I think the fact that "R.I.S.E. 2035" expresses ideas in language that feels authentic to your company. The expression "bold" is something I felt would be particularly easy to instill among employees.

There are stages when it comes to instilling philosophies and visions. The first one is to find out about them. The second is to interpret them in one's own way. The last is to translate them into behavior. All of these stages are important. It is often the case that borrowed phrases have things end up stopping at the first stage. With "R.I.S.E. 2035", it is possible to move beyond that. It will be important to carefully monitor the extent to which philosophies and visions actually become instilled, and in what way they are being accepted in the day-to-day operations.

**Hakoshima** I have worked hard on explaining the true meaning of "R.I.S.E. 2035" at each of the factories in the Tire Business, and I think that right now, we are in the phase in which employees are familiar with "R.I.S.E. 2035" and of the philosophies and visions contained therein. However, I would have to say that challenges remain in whether employees look at those things and are able to take ownership over them. The roles of factories all differ from one another, so I have been specifically communicating to each factory my hopes for them on an individual basis; that is something we need to keep doing. When going to a site, I often get candid feedback from employees to the effect that while they understand the importance of long-term corporate strategies, they want us to first work on the improvement of their work environments such as renovating restrooms and cafeterias. I think that communicating our vision and improving work environments is something that must go hand in hand as we move forward.



## Overcoming Challenges in Terms of Organizations and Talent

**Hattori** When pursuing human capital management, a significant challenge to overcome is the design of an arrangement encompassing two tiers in order to address how to place a *hard* approach on top of a foundation comprised of a *soft* approach. Conventionally, Japanese manufacturing had been built on *soft* foundations involving

relationships of trust, stable employment, and relationships with the front lines. This is a crucial strength. Meanwhile, when introducing aspects like KPIs and the management of numerical figures, failing to skillfully have the mechanisms that connect with the underlying culture which exists means that the changes that take place ultimately end up being superficial.

**Tokumo** The conditions dealt with by skilled technical employees working on the front lines and non-manufacturing employees differ. We have put quite a bit of pressure on the front lines in recent years amid the harsh business environment. We are going to be returning to a *soft* approach when it comes to the front lines and turning them into supportive workplaces. An initiative purposed with achieving that is the "Future Factory Project for Better Workplaces," which we launched in July 2024. We have started with the Tire Business and have begun initiatives at the factories of other businesses as well. Meanwhile, while there do remain challenges in terms of the productivity of non-manufacturing employees, we are moving forward with providing greater transparency through KPIs and metrics.

**Hakoshima** Moreover, we believe that there are also challenges to overcome in terms of the nurturing of senior leaders who are conscious of global strategies. We cannot say that we have an appropriate development system in place when it comes to leaders tasked with having the DUNLOP brand evolve overseas. Such a system is something we should be building on a full scale going forward.

**Tokumo** When comparing our Company to companies that excel in global management, we have challenges to overcome in terms of the globalization of head office functions, and there is room for us to strengthen functions such as business support, which we should be doing, and the promotion of company-wide optimization.

**Hattori** When contemplating investment in human capital which include global viewpoints, there is a need to think about the fundamental meanings of human capital. This means in terms of what can be improved through education and experience, and what input is important for businesses. Human capital is something which satisfies both of these elements. It's not just about knowledge and skills. Resilience and the confidence of the individual in their ability to get things done are also elements which are included in the concept of human capital in the broader sense. If resilience and confidence have not been sufficiently formed, it means that even if an individual excels in the aspects of knowledge and skills, they cannot skillfully tie these to producing results. This is something which has been demonstrated by empirical research in the academic field of business administration. Going forward, it might be important to rethink in a bit more of a broader sense about what really constitutes important human capital to DUNLOP, including with respect to the elements I just mentioned.

**Hakoshima** In that respect, I think that when it comes to enhancing the value of DUNLOP, that the instilling of the mindset of "integrity and sound management," which is one of the elements found in the Sumitomo

Business Philosophy, into both employees and organizations is something which will serve as an asset. In addition to quality, it's about how we instill the careful manufacturing skills characteristic of Japanese companies, about building workplace environments that employees can continue to work in, and about improving the brand value. Therefore, how we develop our people is crucial.

**Hattori** You are absolutely right. Competitiveness comes not just from competency; it also includes attitudes towards work.

**Tokumo** I think that we need to make it even clearer where we are investing resources and where we aim to create a competitive advantage. That goes for the re-investment into factories in Japan and the domains of digital technologies and innovation. We do not have the ability to allocate resources to everything in the same manner. That is why we will be strengthening our ability to make judgements based on the perspective of company-wide optimization.

## What Should be Strengthened in Terms of Human Capital Management

**Hattori** I think what will be required of your company is understanding what defines your company ; where your strengths truly lie, how you present it, and conversely, what you intentionally choose not to prioritize. Doing this is not about trying hard to show how unique or original you are; communicating the characteristics of your company to both labor markets and capital markets is essential. Your company already serves as an excellent model and has well-developed systems, including employee benefits. I think that is exactly why it is important to think about how to create an edge for your company while maintaining your dignity as a manufacturer representing Japan on top of that.



**Hakoshima** It is indeed about how we go about demonstrating the style that is unique to DUNLOP. In terms of challenges that we have to

think about from the perspective of human capital management, we need to do what we can with robots and AI when it comes to factories. On the other hand, we want to make sure that we keep the areas in which value is created through people's judgements and actions. I think breaking things down effectively in that sense is important. There, we want to make things clearer in terms of the image that we want to project when it comes to the unique style of manufacturing deployed for DUNLOP tires.

**Tokumo** From a company-wide perspective, the key challenge is strengthening the management layer that leads the organization.

Going forward, we need managerial talent and general managers armed with even greater skills and we also need to ensure the evolution of the whole concept of nurturing talent. In our policy on human capital management, we have outlined global managerial talent, talent able to drive innovation, and those for digital innovation as sources of competitive advantages for us. Global managerial talent is particularly crucial in that respect.

At our Kobe headquarters, for example, having an environment in which 20–30% of employees are international, multiple languages are actively used, and an organization that can respond quickly to changes in global conditions is essential. That kind of organizational environment is essential. In that sense, the diversity and inclusion found at organizations are not mere philosophies, they are foundations which support management itself. Having a diverse array of talent demonstrate their competencies and turning the organization into one where people can be involved in decision-making, is something which I believe will lead us to greater competitiveness going forward.

**Hattori** In human resource development, there is a need to think of things in terms of three stages. The first one is onboarding, which refers to the process of accommodation and development taking place after an individual enters a company. What kind of manager one meets at the beginning and what kinds of values and perspectives they are exposed to will significantly impact how they will develop throughout their careers. The second one is enhancing the appeal of management positions. Recently, we often hear that people don't want to work in management positions, but there is actually a considerable number of people that wouldn't mind doing so if they were asked to. It all depends on making the positions appealing. The third is developing managerial talent. When you move up to a more senior position, what is required is the ability to undertake decision-making even amid situations where you do not have access to the complete information. Of the three, I think the first stage, onboarding, is particularly important. Whether a foundation can be made at the initial stage for someone to grow as a human resource with a broad perspective is something that takes effect after that.

**Hakoshima** I happened to meet a superior that was a supportive yet demanding manager, who trained me while instilling in me the importance of facing manufacturing with sincerity and the value of placing an importance on going to sites to see things firsthand. The perspectives we

are exposed to through our work are crucial.

In order to increase the value of DUNLOP, we want to leverage our style of manufacturing, which is the result of the steady accumulation of efforts to improve the quality of our products and services. Tires are something which are entrusted with people's lives. People support that value. The style of human resource development I am thinking about is one which involves drawing out to the maximum extent the abilities of each employee working on the front lines who is thinking, using their ingenuity, and continuing to ensure quality every day. While firmly deciding on where to emphasize our uniqueness, we will hone our manufacturing supported by people in human capital management.

**Tokumo** In 2025, we put the words "human capital" into "R.I.S.E. 2035". To be honest, there is a need for top management, myself included, to further deepen discussions with a long-term perspective and to develop human resources with broad perspectives. It is my belief that we need to rethink the concept of human capital management in a broader sense, deepen our ideas, and put them into words. The top management team will undertake proper discussions and execute the fine-tuning of the direction to be taken. That will no doubt lead to a better future for us.



**Hattori** Organizational change and human capital management are, in essence, attempts to redesign the organization by staking its future on a new direction.

That is precisely why it is important to assess what must not be lost during that process. Japanese companies, I feel, have lost what had originally been important amid the effort to streamline their businesses over the past two decades. However, caring about people is something that is, in essence, very rational.

What impressed me most in today's discussion was your conviction that "our employees are exceptional." Companies whose leaders continue to see their people in that way are, in my view, enduringly strong.

I look forward to seeing your company go about promoting human capital management after making the changes which should be made, and at the same time, clarifying the things that must not be lost.

## Chapter 6

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# Corporate Governance

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# Corporate Governance



**14** **Hirofumi Yasuhara**  
Outside Audit & Supervisory Board Member

**12** **Naoki Okawa**  
Standing Audit & Supervisory Board Member

**7** **Takashi Tanisho**  
Outside Director

**10** **Yoshihisa Ueda**  
Outside Director

**13** **Asli M. Colpan**  
Outside Audit & Supervisory Board Member

**3** **Hideaki Kawamatsu**  
Director  
Senior Executive Officer

**4** **Hitoshi Hino**  
Director  
Senior Executive Officer

**5** **Masahiro Tsuzaki**  
Director  
Senior Executive Officer

**15** **Toshikazu Tagawa**  
Outside Audit & Supervisory Board Member

**8** **Misao Fudaba**  
Outside Director

**6** **Mari Sonoda**  
Outside Director

**1** **Satoru Yamamoto**  
Representative Director, Chairperson and CEO

**2** **Yasuaki Kuniyasu**  
Representative Director, President and CEO (President)

**9** **Naomi Motojima**  
Outside Director

**11** **Kazuo Kinameri**  
Standing Audit & Supervisory Board Member

■ Director   □ Outside Director   ■ Auditor   □ Outside Audit & Supervisory Board Member



Introduction

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Business Activities

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### ▶ Our Philosophy

Our Group's basic management policy is to enhance not only its economic value but also its social value and contribute to the development of a sustainable society by ensuring that "Our Philosophy" is the foundation for all decision-making and the starting point for all actions. Under this policy, the Company considers the enhancement of corporate governance as one of its major management objectives.

The Company aims to establish deep relationships of trust with society and enhance its fairness and transparency, while ensuring Groupwide business efficiency. Accordingly, the Company has formulated its basic views as follows and strives to further enhance its corporate governance.

- 1) We will develop an environment to secure shareholder rights and opportunities to exercise their rights.
- 2) We will enhance our corporate value by appropriately cooperating with a wide range of stakeholders.
- 3) We will disclose the Company's financial and non-financial information in an accurate and appropriate manner.
- 4) We have established a Management Committee to deliberate on the majority of issues relating to business execution so that the Board of Directors will fully discuss matters on the overall direction of the Company including the management policy and medium- to long-term plans. Furthermore, the fair operation of the Board of Directors will be ensured through strict audits by the standing Audit & Supervisory board members and independent outside Audit & Supervisory board members as well as through objective supervision by the independent outside directors.
- 5) We will strive to continuously enhance our corporate value through dialogue with shareholders.

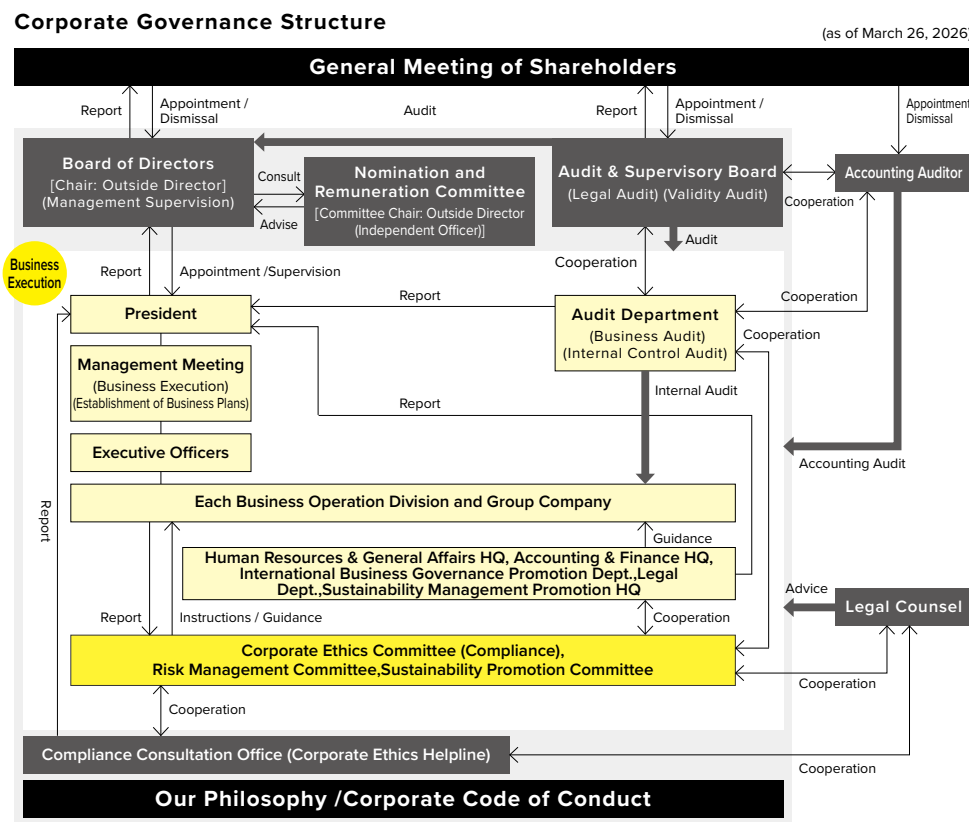
### ▶ Overview of the Governance Structure (as of March 26, 2026)

Organizational Structure	Company with an Audit & Supervisory Board
Directors (including Outside Directors)	10 (5 Outside Directors)
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	5 (3 Outside Members)
Term of Office for Directors	1 year

Executive Officer System	Yes
Advisory Body to the Board of Directors	Nomination and Remuneration Committee
Executive Remuneration Structure	Fixed remuneration, performance-linked remuneration, and medium- to long-term incentive remuneration
Accounting Auditor	KPMG AZSA LLC

### ▶ Corporate Governance Structure

The Company has adopted the corporate structure of a Company with an Audit & Supervisory Board because it recognizes that the audit function performed by Audit & Supervisory Board Members and the Audit & Supervisory Board is essential to building an integrated Group management structure, strengthening trust with society, and enhancing governance and the transparency of business activities across the Group. As part of its efforts to strengthen corporate governance, the Company has established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors, with a majority of independent Outside Directors and an independent Outside Director serving as chair, in order to enhance the objectivity and transparency of procedures such as executive nominations. In addition, the Company has appointed five independent Outside Directors and conducts an annual questionnaire survey of Directors and Audit & Supervisory Board Members through a third-party organization to identify issues and promote measures as necessary to enhance the effectiveness of the Board of Directors.



## ► Approach to the Balance and Diversity of Knowledge, Capabilities, and Expertise

To support the realization of the corporate philosophy framework “Our Philosophy,” the resolution of medium- to long-term material issues through sustainability management, and the execution of the long-term corporate strategy, the Company has defined the expertise expected of Directors and Audit & Supervisory Board Members in a skills matrix. This ensures that the Board of Directors can effectively carry out its decision-making and management oversight functions. The content of each item is determined by the Board of Directors after discussion by the Nomination and Remuneration Committee, taking into account the business environment, the Company’s management plans, and its business characteristics, and up to four areas of expertise primarily expected of each individual are indicated.

In selecting candidates for Directors and Audit & Supervisory Board Members, the Company refers to this skills matrix and ensures that the Board of Directors is composed of an appropriate number of professionals from each field in a well-balanced manner so that it can effectively perform its functions.

Skill Matrix for Directors and Audit & Supervisory Board Members

Name	Position <sup>1</sup>	Years in Office	Skill Matrix for Directors and Audit & Supervisory Board Members							Attendance in Fiscal 2025	
			Corporate Management and Business Strategy	Production and Technology	International Business	Sales and Marketing	Legal and Governance	Financial Strategy and Accounting	DX and IT	Board of Directors	Audit & Supervisory Board
Satoru Yamamoto	Representative Director, Chairperson and CEO	11 years	●		●	●				18/18	–
Yasuaki Kuniyasu	Representative Director, President and CEO (President)	3 years	●	●				●	●	18/18	–
Hideaki Kawamatsu	Director (Senior Executive Officer)	2 years	●	●		●	●			18/18	–
Hitoshi Hino	Director (Senior Executive Officer)	Newly appointed	●		●				●	–	–
Masahiro Tsuzaki	Director (Senior Executive Officer)	Newly appointed	●		●	●				–	–
Mari Sonoda <sup>*2</sup>	Outside Director	5 years						●	●	18/18	–
Takashi Tanisho	Outside Director	3 years	●	●		●			●	18/18	–
Misao Fudaba <sup>*3</sup>	Outside Director	3 years	●					●	●	18/18	–
Naomi Motojima	Outside Director	2 years	●			●				18/18	–
Yoshihisa Ueda	Outside Director	1 year						●	●	14/14	–
Kazuo Kinameri <sup>*4</sup>	Standing Audit & Supervisory Board Member	3 years	●		●	●	●			18/18	12/12
Naoki Okawa	Standing Audit & Supervisory Board Member	Newly appointed			●			●		18/18	–
Asli M. Colpan	Outside Audit & Supervisory Board Member	8 years	●		●		●			16/18	11/12
Hirofumi Yasuhara	Outside Audit & Supervisory Board Member	6 years	●		●			●		18/18	12/12
Toshikazu Tagawa	Outside Audit & Supervisory Board Member	2 years	●		●			●		18/18	12/12

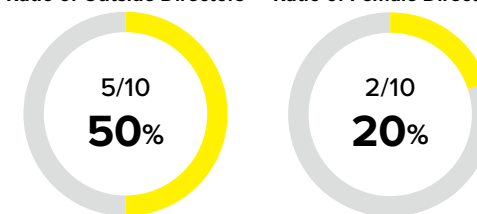
Note: Up to four skill items are presented per individual in line with the Company’s expectations regarding their contributions in their respective areas of specialty. The above matrix does not fully describe the business experience and expertise possessed by each individual.

<sup>\*1</sup> The position in parentheses is the position held as an Executive Officer of the Company. <sup>\*2</sup> Chair of the Nomination and Remuneration Committee <sup>\*3</sup> Chair of the Board of Directors <sup>\*4</sup> Chair of the Audit & Supervisory Board

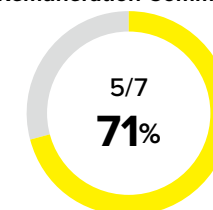
### Reasons for Adoption of Items in the Skill Matrix

Skill Item	Reason for Adoption
Corporate Management and Business Strategy	To realize “joy and well-being for all,” the Board requires members who are capable of formulating sustainability management strategies and who possess management experience and a proven track record in corporate management. Moreover, in order to bring the Company’s economic and social values to even higher levels, it is essential to create new value. In order to achieve this, it is necessary to have board members who identify business changes promptly, pursue new possibilities beyond existing businesses, and have skills and expertise in business portfolio strategy formulation and organizational transformation.
Production and Technology	We aim to provide customers with “joy and well-being for all.” To this end, it is necessary for the Company to have board members who have a wealth of knowledge about the advanced technologies that the Company has cultivated through tireless technological innovation, and who have skills and knowledge related to the creation of human and environmentally friendly products for the realization of a sustainable recycling-oriented society.
International Business	In order to maximize the results of the global structure in the Company business, it is necessary to have board members who have experience in representation at overseas subsidiaries and equivalent positions as an overseas representative, and have skills and knowledge related to overseas business management.
Sales and Marketing	In order to expand global sales of high-performance products created by the Company’s advanced technologies and to continue to provide high-value-added products that respond to rapidly developing CASE and MaaS, thereby creating value that exceeds expectations from customers and society, the Company needs board members with skills and knowledge in understanding market trends and formulating sales strategies.
Legal and Governance	The foundation for the Company’s continued global expansion and creating “joy and well-being for all” is the establishment of an appropriate governance system. In order to improve the effectiveness of management supervision throughout the Group, the Company needs board members with legal knowledge and skills and expertise of corporate governance and risk management.
Financial Strategy and Accounting	In order to maximize corporate value through efficient management of the Company’s capital, the Company needs board members who have the skills and knowledge necessary for accurate financial reporting, establishment of a strong financial base, promotion of growth investments (including M&As) for sustainable enhancement of corporate value, and formulation of appropriate financial and capital strategies to enhance shareholder returns.
DX and IT	In order to realize “innovation creating a future,” it is necessary to establish a data-driven corporate culture that makes active use of AI and the IoT. The Company needs board members who have track records of promoting various innovations, and skills and knowledge in the digital technology field.

Ratio of Outside Directors    Ratio of Female Directors



Ratio of Outside Directors on the Nomination and Remuneration Committee



## ▶ Initiatives to Enhance the Effectiveness of the Board of Directors

Since 2016, the Company has conducted evaluations of the effectiveness of the Board of Directors. In 2025, following fiscal 2024, a questionnaire survey was conducted by a third-party organization, and the Board of Directors analyzed and discussed the results.

The results of the latest questionnaire confirmed improvements in items related to the composition of the Board of Directors, such as its size, diversity, and internal/external ratio, as well as in items related to securing sufficient deliberation time for the Nomination and Remuneration Committee.

On the other hand, some responses indicated that there remains room for improvement in areas such as follow-up on medium- to long-term management plans, discussion of sustainability-related themes, and approaches to internal controls and subsidiary monitoring.

Based on these results, we will continue initiatives to enhance the functions of the Board of Directors, including stronger monitoring of progress on medium- to long-term management plans and broader opportunities for discussion, including in sustainability-related areas, and will continue to operate the Board of Directors effectively.

### Questionnaire Survey on the Effectiveness of the Board of Directors

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Evaluation Method	<ul style="list-style-type: none"> <li>In fiscal 2024, an independent third-party organization conducted questionnaires and interviews with Board members. The Board of Directors then received a report from the organization and held discussions based on it. In fiscal 2025, only a questionnaire survey was conducted.</li> <li>The secretariat conducted questionnaire surveys of Board members. In addition to quantitative evaluations, qualitative comments were also collected and analyzed. Based on the results, issues were identified and countermeasures were implemented. (Fiscal 2022 and Fiscal 2023)</li> </ul>			
Evaluation Results	The results confirmed improvements in all of the following items, which had been identified as issues in the fiscal 2021 effectiveness evaluation. <ul style="list-style-type: none"> <li>Securing sufficient discussion time at Board meetings</li> <li>Enhancing the provision of information to outside directors and audit &amp; supervisory board members</li> </ul>	As a result of initiatives such as free exchanges of views at two off-site meetings and the addition of a new report on IR activities, scores for the previously identified issue areas improved, while issues regarding the diversity of the Board of Directors and insufficient discussion on certain themes remained.	Many responses indicated that the effectiveness of the Board of Directors had increased as a result of initiatives taken to date, and that free and open discussions and exchanges of views were possible under the appropriate and fair management of meetings by the Chairperson of the Board of Directors, who is an Outside Director. Overall, many responses concluded that the Board of Directors was functioning effectively.	As in fiscal 2024, the Board of Directors was generally considered to be functioning effectively. At the same time, some responses indicated that there remains room for improvement in follow-up on medium- to long-term management plans, discussion of sustainability-related themes, and approaches to internal controls and subsidiary monitoring.
Main Initiatives in Response to the Results	<ul style="list-style-type: none"> <li>Expanding opportunities to discuss important themes</li> <li>Expanding opportunities to share information on IR/SR activities</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of one female Director</li> <li>Holding a total of eight off-site meetings and securing sufficient discussion time on important agenda items</li> </ul>	<ul style="list-style-type: none"> <li>Delegation of authority to individual Directors and subordinate meeting bodies</li> <li>Follow-up on the progress of matters previously resolved by the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Selecting important themes throughout the year and holding off-site meetings</li> <li>Establishing regular opportunities for reports from subsidiaries</li> </ul>

### Main Agenda Items of the Board of Directors in 2025

- Consideration and decision-making regarding the medium-term plan, and oversight of its progress
- Consideration and decision-making regarding structural reforms to optimize the business portfolio, and oversight of their progress
- Monitoring the status of business execution globally and making appropriate decisions in a timely manner
- Confirmation of holdings of strategically held shares and decisions to sell such shares to reduce holdings
- Questionnaire surveys to confirm the effectiveness of the Board of Directors and responses to identified issues
- Decisions on acquisitions, trademark rights, and other matters, and oversight of their progress

### Policy for the Activities of the Board of Directors in Fiscal 2026

We will further enhance opportunities to discuss the progress of the medium-term management plan and important themes in management strategy, and will continue to engage in active discussion. In addition, by providing regular opportunities for reports from subsidiaries, we will further strengthen the monitoring framework across the Group globally.

## ▶ Operation of the Board of Directors

To ensure that sufficient consideration can be given to matters submitted to the Board of Directors before meetings are held, materials on agenda items are distributed in advance to Outside Directors and Outside Audit & Supervisory Board Members, and prior explanations are provided after questions have been invited. In addition, the Company shares the content of discussions held at the Management Committee and provides opportunities for the Executive Officer in charge to explain key points in advance for important management decisions that require discussion by the Board of Directors. Independent Outside Directors also serve as Chair of the Board of Directors and Chair of the Nomination and Remuneration Committee, which helps foster open and constructive discussion and exchanges of views.

## ▶ Training for Directors and Audit & Supervisory Board Members

For newly appointed internal Directors, the Company provides guidance on the roles and responsibilities of Directors with outside lecturers invited for that purpose. For outside officers, the Company also continuously provides opportunities to visit factories, sites, and major events in order to promote understanding of the Group. In addition, newly appointed outside officers are given opportunities to receive explanations on the Group's business overview, performance, and issues to be addressed, thereby deepening their understanding of the business and helping create a framework that leads to advice contributing to the enhancement of corporate value.

## ▶ Developing of the Next Generation Senior Management (Succession Plan)

The Human Resources Committee, which is composed of internal Directors, identifies as key posts those positions that have a significant impact on future management and contribute to the development of the next generation of managers. After selecting multiple successor candidates for these key posts, the Company discusses their development. Going forward, the Company will further develop a framework under which employees accumulate stretch assignments from a younger stage and are developed into management.

## Executive Remuneration

The Company's basic policy is that remuneration for Directors and Executive Officers should be linked to shareholder interests so that it functions effectively as an incentive for the sustainable enhancement of corporate value, and that the remuneration of each officer should be set at an appropriate level in light of individual responsibilities.

Specifically, remuneration for Directors other than Outside Directors and for Executive Officers consists of fixed remuneration in the form of basic salary and bonuses as performance-linked remuneration. Directors other than Outside Directors also receive stock remuneration as a medium- to long-term incentive, while Outside Directors, who are responsible for oversight functions, receive only basic salary in order to ensure independence in the performance of their duties. Remuneration for Directors and Executive Officers is reviewed objectively and fairly by the Nomination and Remuneration Committee, a majority of whose members are independent Outside Directors, and is determined following its recommendation to the Board of Directors.

Remuneration for Audit & Supervisory Board Members is determined through consultation among the Audit & Supervisory Board Members within the limit approved at the General Meeting of Shareholders and is paid accordingly.

Since 2023, the Company has operated a system under which remuneration for Directors and Executive Officers reflects the degree of achievement of sustainability targets, including climate change, DE&I including the advancement of women, and supply chain management. The achievement of sustainability-related targets by Directors and Executive Officers is also assessed by the Nomination and Remuneration Committee and reflected in remuneration.

In 2025, taking into account the relatively high proportion of fixed remuneration in executive remuneration, the Company reviewed the remuneration structure, including its composition and evaluation indicators, in order to ensure that it contributes to the enhancement of corporate value over the medium to long term.

### Total Amount of Remuneration for Directors and Audit & Supervisory Board Members (FY2025)

Classification of Officers	Total Amount of Remuneration, Etc.	Total Amount of Remuneration, Etc. by Type			Number of Persons to be Paid
		Fixed Remuneration (Basic Salary)	Short-term Performance-based Remuneration (Bonus)	Medium- to Long-Term Incentive Remuneration (Stock Compensation)	
Director (of which, Outside Director)	¥446 million (¥64 million)	¥304 million (¥64 million)	¥122 million (—)	¥20 million (—)	13 (6)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	¥88 million (¥32 million)	¥88 million (¥32 million)	— (—)	— (—)	5 (3)

Note: The above number of persons to be paid includes three Directors (including one Outside Director) who retired as of March 27, 2025.

## Resolutions of the General Meeting of Shareholders Concerning Officers' Remuneration

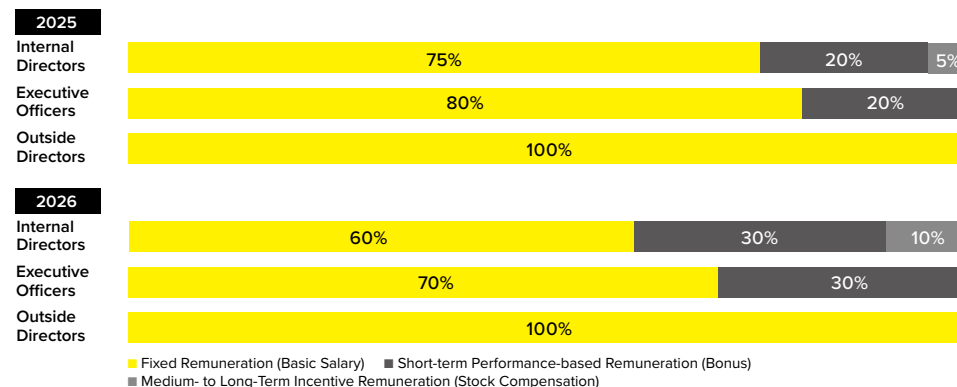
The maximum amount of remuneration, etc. for Directors and Audit & Supervisory Board Members was approved at the 133rd Annual General Meeting of Shareholders held on March 27, 2025, as follows: up to ¥800 million per year for Directors (including up to ¥100 million per year for Outside Directors) and up to ¥150 million per year for Audit & Supervisory Board Members. At that time, the Company had 10 Directors (including five Outside Directors) and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members).

In addition, the limit on remuneration for the grant of restricted stock to Directors (excluding Outside Directors) was resolved separately from the limit on Directors' remuneration at the 130th Annual General Meeting of Shareholders held on March 24, 2022, as within ¥40 million per year and within 20,000 shares per year. At that time, the number of Directors (excluding Outside Directors) was seven.

## Nomination and Remuneration Committee

The Company has established the Nomination and Remuneration Committee as a voluntary committee, chaired by an independent Outside Director, with independent Outside Directors making up a majority of its members. Since 2024, in order to secure sufficient deliberation time in the Committee, the Company has extended meeting times and increased the number of meetings from three to four per year. In 2025, the Committee conducted benchmark analyses of industry peers and companies of a similar size in order to enhance the appropriateness of remuneration levels, and based on the results, reviewed the remuneration table for short-term performance-based remuneration (bonuses). The Company will continue to develop a framework that enables Directors to lead the Group as a whole toward in achieving plan the medium-term plan.

## Types of Remuneration and Payment Ratios



Note: The actual ratio of performance-based remuneration paid will vary depending on consolidated business profit and other factors.

## Risk Management

### Basic Perspective

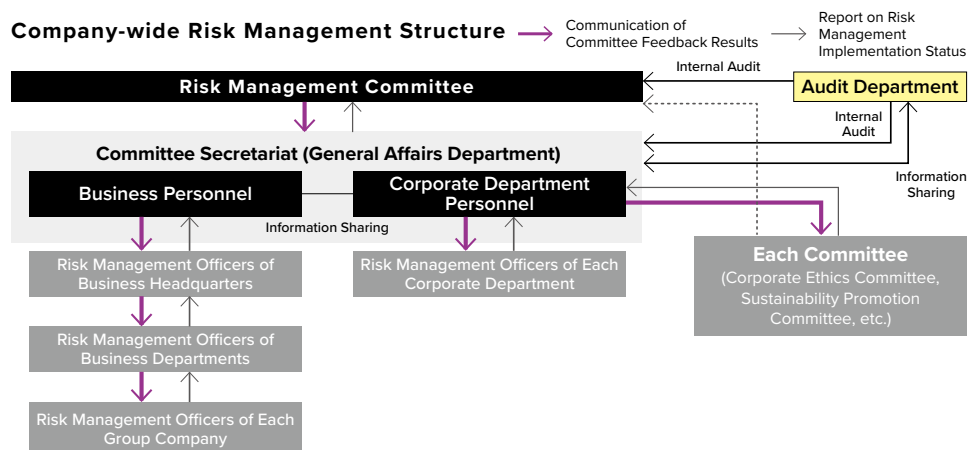
In promoting the realization of “Our Philosophy,” the Group’s basic policy for risk management is to eliminate or mitigate, as far as possible, risks that could have a significant impact on stable business activities, compliance, and other matters.

For management risks that may have a significant impact on business activities, such as quality, legal, environmental, credit, accident, and disaster risks, the relevant departments and each subsidiary conduct risk analyses and examine countermeasures in advance in accordance with the Risk Management Regulations that govern risk management across the Group. These matters are deliberated at the Company’s Management Committee and other bodies. In conducting risk analyses and examining countermeasures, the Company seeks advice and guidance whenever necessary from external experts.

### Risk Management Structure

The Risk Management Committee deliberates on the identification and assessment of priority risks that could impede the execution and achievement of the medium-term plan, activity policies related to risk management, responses to risks requiring company-wide cross-functional action, and other important matters related to company-wide risk management. It also monitors the status of responses by each department, each Group company, and those responsible for priority risks. These initiatives are reported to the Board of Directors, and the Board confirms the effectiveness of risk management by monitoring them.

#### Company-wide Risk Management Structure



### Risk Assessment

Risks are reviewed regularly in accordance with changes in the risks surrounding the business and the operating environment. Risks are assessed on a five-level scale for both impact and likelihood, and impact is quantitatively evaluated from five perspectives: amount of loss, human loss, environmental impact, damage to social reputation, and impact on research and development, production and sales activities. Among these risks, those that could cause severe damage to the Group’s management are designated as priority risks and are followed up regularly by the Risk Management Committee.

#### Impact

##### Magnitude of Impact if a Risk Materializes

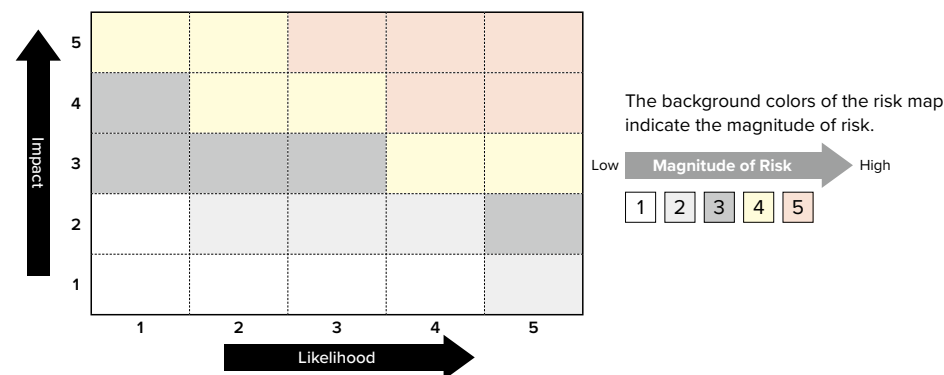
Rank	Impact
5	A fatal impact that threatens corporate management
4	Major disruption to management due to the loss of multiple assets, deaths or injuries of stakeholders, or similar events
3	Some disruption to management due to loss or damage of assets, or multiple serious injuries to stakeholders
2	Partial damage to or loss of assets, or employee injuries, with very limited impact on management
1	Almost no damage occurs

#### Likelihood

##### Likelihood (Frequency) of a Risk Materializing

Rank	Frequency
5	Occurs Frequently
4	Occurs Repeatedly
3	Occurs Occasionally
2	Occurs Rarely
1	Occurs Very Rarely

### Risk Map



Priority Risks	Magnitude of Risk	
	4	3
● Risks Related to Natural Disasters	4	
● Risks Related to Occupational Accidents, Fires, etc.	4	
● Risks Related to Product Quality Control	4	
● Risks Related to Political and Economic Conditions, etc.	4	
● Risks Related to Compliance	3	
● Risks Related to Information Security		4
● Risks Related to Sustainability Management		4
● Risks Related to Human Rights Violations		4
● Risks Related to Talent Acquisition		4
● Risks Related to Intellectual Property		3

\* There are no risks that correspond to a risk magnitude of 5.

## Compliance

### Basic Perspective

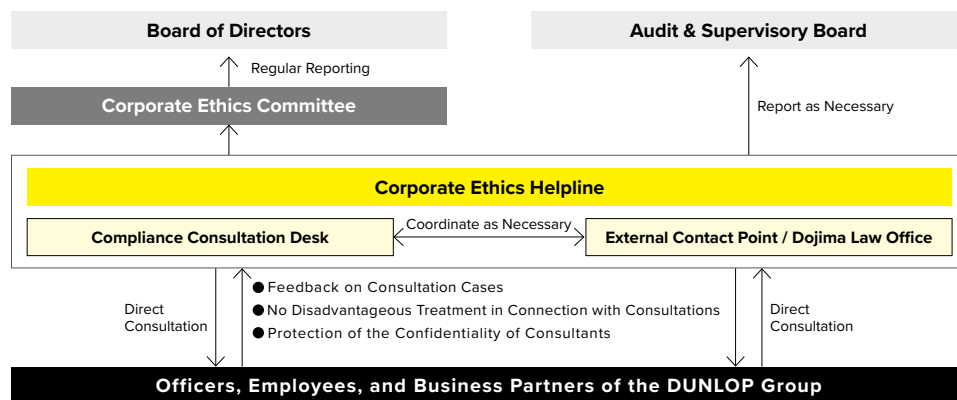
The Group believes that compliance with laws and regulations and the maintenance of corporate ethics are fundamental to the survival of the Company and are essential to sustaining vitality and enhancing competitiveness over the long term as a corporate group.

### Governance

In February 2003, the Group established its Standards of Business Conduct and has held meetings of the Corporate Ethics Committee, chaired by the President, four times a year. In addition, the Group has established the Regulations Concerning the Corporate Ethics Framework so that employees and stakeholders can refer to compliance guidelines at any time in the course of their daily work. The Group also conducts regular awareness-raising activities to promote understanding and embed the Standards of Business Conduct.

The Standards of Business Conduct and the Regulations Concerning the Corporate Ethics Framework are evaluated once a year to confirm and maintain their effectiveness. In 2004, in addition to establishing the Compliance Consultation Desk as an internal consultation point under the Corporate Ethics Helpline, the Group also designated an external law firm as an external consultation point. Privacy is strictly protected, and disadvantageous treatment in connection with consultations is prohibited. The usage status of the Corporate Ethics Helpline is reported quarterly to the Corporate Ethics Committee and regularly to the Board of Directors. The number of consultations in 2025 was 71.

### Compliance Framework



### Examples of Initiatives

#### Re-communication of “Bad News First / Fast”

To further reinforce a culture of promptly reporting and sharing risk information and concerns, the Group re-communicated the “Bad News First / Fast” concept across the organization.

- Materials and videos were prepared in both Japanese and English and communicated to all Group sites.
- Confirmation of video viewing by all Group employees

Through these efforts, the Group has further strengthened a shared understanding of the importance of thorough early reporting.

#### Implementation of Seminars for Overseas Subsidiaries

Compliance seminars were conducted for certain overseas subsidiaries using the following methods.

- In-person seminars through on-site visits / online explanatory sessions
- Explanations were provided on topics such as Bad News First / Fast, the internal whistleblowing system, and the basic approach to compliance.

The aim is to share common values and standards of conduct across the Group even in diverse cultural and institutional environments.

### Initiatives Related to the Antimonopoly Act



**Akiko Matsubayashi**  
Executive Officer, General  
Manager of the Legal Department












In August 2025, the Japan Fair Trade Commission approved a commitment plan under the Antimonopoly Act regarding the sale of all-season passenger vehicle tires by DUNLOP TYRE JAPAN, LTD., a Group company. Although this did not constitute a finding of a violation of the Antimonopoly Act, the Group takes the matter very seriously as one that called into question its commitment to compliance. Under the commitment and initiative of top management, the Group has further strengthened thorough compliance with the Antimonopoly Act by issuing a clear message from the President that no violations of the Antimonopoly Act will be tolerated, conducting Antimonopoly Act training by external lawyers, and issuing and disseminating a revised Antimonopoly Act Compliance Manual incorporating the latest information.

# Communication with Shareholders and Investors

## Basic Approach to Information Disclosure

We recognize that the timely and appropriate disclosure of corporate information to investors forms the foundation of a sound securities market. We will continue to provide corporate information in a timely and appropriate manner by enhancing our internal systems to ensure that disclosures are made promptly, accurately, and fairly from an investor perspective.

### Information Disclosure Structure

Accounting & Finance Headquarters	Human Resources & General Affairs Headquarters	Sustainability Management Promotion Headquarters
Summary of Financial Results 	General Meeting of Shareholders	Integrated Report  
Securities Report / Interim Financial Report (Site only in Japanese) 	Corporate Governance Report 	
Results Briefing Materials (Presentation, Audio, Video, and Transcript) (Site only in Japanese) 	Information on Shares, Credit Ratings, and Corporate Bonds	
Fact Book 	Notice of Convocation of the Annual General Meeting of Shareholders 	Sustainability Website 
Investor Relations (IR) IR Meetings 	SR* Meetings	Engagement with ESG Rating Agencies 

\*Shareholder Relations

### Stakeholder Engagement Record in Fiscal 2025

Activity Results	Fiscal 2023	Fiscal 2024	Fiscal 2025
<b>Financial Results Briefings</b> ● Target: Institutional Investors and Analysts	4 times	4 times	4 times
<b>IR Meetings</b> ● Target: Institutional Investors and Analysts	167 times	213 times	292 times
<b>Japan</b>	96 times	122 times	166 times
<b>Overseas</b>	71 times	91 times	126 times
<b>SR Meetings</b> ● Target: Institutional Investors	11 companies	12 companies	14 companies



Financial Results Briefing



Test-Drive Event (Asahikawa, Hokkaido)



## Effectiveness of Governance in Growth Phase and Proactive Engagement of Outside Directors

### Yoshihisa Ueda

Outside Director  
(Newly Appointed Outside Director in 2025)

### Mari Sonoda

Outside Director  
(Chair of the Nomination and Remuneration Committee)

### Misao Fudaba

Outside Director  
(Chairperson of the Board of Directors)

### Evaluation of the Transition to the New Management Structure

Q

What discussions took place at the Nomination and Remuneration Committee regarding the appointment of President Kuniyasu? Would you also please share your views on the new management structure?

**Sonoda** Needless to say, the appointment of President Kuniyasu was not decided overnight. The Nomination and Remuneration Committee has considered the succession plan for the entire management team, including Chairperson Yamamoto, from a long-term perspective. We have continued discussions while always keeping in mind what kind of structure should be in place to lead the Company's future management.

In the process leading to the decision, we continuously emphasized to the executive team the importance of human resource development. At the same time, the committee members themselves sought to carefully assess each candidate's skills and aptitude. I understand that the decision was made comprehensively, based not only on

discussions at Board of Directors meetings but also on close observation of comments and conduct in various day-to-day meetings.

**Fudaba** I have watched President Kuniyasu's progress since around the time he became an Executive Officer and then a Director. He was one of several candidates, but as I observed him continuously, I came to appreciate his growth, including the way he built his career primarily in technical fields and later gained broad experience in areas such as quality assurance and corporate planning.

The final appointment was determined by the Nomination and Remuneration Committee. However, it is also true that the executive team had systematically developed talent as a foundation for that decision. On that basis, the committee members evaluated him from multiple perspectives and selected President Kuniyasu. Going forward, I look forward to seeing him fully exercise his leadership as President in his own way.

**Ueda** Former President and current Chairperson Yamamoto steadily addressed serious issues through bold structural reforms. He also made the results tangible and clearly indicated the direction in which the Company should move by launching new products and technologies and advancing the brand strategy. President Kuniyasu

Our Company has transitioned from structural reform into a growth phase, and through discussions incorporating diverse perspectives at the Board of Directors level, we have strengthened the effectiveness of our governance. As the issues we face expand, including the advancement of growth strategies and the strengthening of global competitiveness, improving the quality of decision-making through substantive governance has become increasingly important. In this roundtable, the Outside Directors discussed the role of the Board of Directors, growth strategies, and issues to be addressed to enhance corporate value going forward.

supported that reform process on the front lines, and I have observed his qualities while working with him over the past year. I believe it is highly appropriate that he should take responsibility for the next stage of growth as Chairperson Yamamoto's successor.

**Sonoda** The Company holds informal meetings between Outside Directors and Executive Officers. Separate from Board of Directors meetings, these meetings provide opportunities for each Executive Officer to explain their own issues and themes, and they are held on an ongoing basis. Through these opportunities, we have been able to engage directly with candidates to succeed the President as well as with the next generation of leaders. This succession is the result of efforts to build mutual understanding and repeatedly assess their respective qualities and aptitude.

**Fudaba** Because I serve as Chairperson of the Board of Directors, over the past year I have received explanations from President Kuniyasu on each Board agenda item and have deepened my understanding of his character through repeated one-on-one discussions. I believe what is required of a top executive is the ability to face difficult situations with sincerity and without avoidance. President Kuniyasu has taken responsibility for important matters such

as the Long-Term Corporate Strategy “R.I.S.E. 2035” and the acquisition of the DUNLOP brand, and he has explained frankly not only the positive aspects but also the challenges. This attitude makes him highly trustworthy.

While clearly defining the division of roles with Chairperson Yamamoto, it is vital that we demonstrate both internally and externally that decision-making authority is clearly unified.

**Ueda** The future management strategy is as set out in “R.I.S.E. 2035,” and its steady execution is essential.

We expect that he will accurately grasp changes in the business environment, set the direction for the sustained enhancement of corporate value, and lead the organization accordingly.

In addition, I believe his important roles include appropriately identifying risks and making swift decisions while fulfilling accountability, developing the next generation of management talent, and continuously fostering a sound and open corporate culture. It will be important to build on the relationships of trust with stakeholders established by Chairperson Yamamoto, incorporate diverse views, ensure a decision-making process that does not become insular or one-sided, and promote management that emphasizes dialogue.

**Sonoda** We have been working on structural reforms under the current management structure, and I recognize that the major issues have largely been organized and that a certain path forward is now becoming visible. Chairperson Yamamoto’s emphasis on dialogue with the market, enhancement of investor relations, and proactive information disclosure have also become an important foundation for the Company. I expect these efforts to continue to be strengthened.

### Evolution of Board Discussions and Related Issues

**Q** How do you evaluate the mechanisms and culture that support Board discussions? Please also share your views on how Outside Directors should be involved.

**Fudaba** Since I became Chairperson, Board meetings have tended to take more time. However, I view this positively, as it reflects not only the large number of agenda items but also the fact that each Director actively expresses views from diverse perspectives and that discussions are extremely lively. Outside Directors, in particular, ask multifaceted questions and provide advice based on their respective expertise. I appreciate that the quality of discussions at the Board of Directors as a whole has improved year by year. Leadership has had a

major influence behind these changes. During Chairperson Yamamoto’s time as President, an attitude of listening to diverse opinions became firmly established, and I feel this has led to positive changes in the way the Board of Directors conducts its discussions.

**Sonoda** From the perspective of engaging in discussion, I believe the Company has two major strengths. First, through informal meetings with Executive Officers, we can directly access information and data close to the front lines. Second, off-site meetings introduced in recent years provide opportunities before Board meetings to organize issues, receive interim reports, and exchange views. I feel that these initiatives have improved the quality of discussions at Board meetings. In addition, Internal Directors actively express their views not only on their own areas of responsibility but also on other areas, resulting in open and active discussions. I also feel that one of the Company’s distinctive strengths is that, under the leadership of Chairperson Fudaba, frank and candid views are exchanged effectively within a limited timeframe.

**Ueda** I recognize that this kind of atmosphere cannot be created overnight and is gradually taking root as a healthy organizational culture through the accumulation of efforts to date. I believe this positive culture will also spread throughout the Company, and that the understanding that open and active discussions help bring essential issues to light can be expected to extend beyond the Board of Directors to the organization as a whole.



**Fudaba** At Board meetings, it is important to maintain the atmosphere of candid, open, and active discussion that has been established to date. At the same time, I recognize that there is room for improvement in terms of what should be discussed. In particular, to appropriately monitor the progress of “R.I.S.E. 2035” and the new President’s management policy, we need to clearly define the issues to be reviewed on an ongoing basis and organize the framework for discussion by using off-site meetings and other opportunities in

addition to Board meetings.

From the perspective of increasing management speed, it is also important to consider how decisions are made by the executive side before matters are submitted to the Board of Directors. We need to review authorities and processes, including which meeting bodies make decisions, who is responsible for decisions, and the scope of that responsibility, and build a structure that enables swift decision-making. Structural reforms have produced certain results, but highly challenging issues remain. It is important for the executive team and the Board of Directors to discuss these issues repeatedly while appropriately sharing roles, and to resolve them steadily.

**Sonoda** I recognize that speed will be a very important factor in how the Board of Directors operates going forward. Decision-making requires a certain amount of information and background explanation, and while enhancing materials is important, preparing them can also create an excessive burden. As the Company advances DX initiatives, further operational streamlining is desirable. This is an important issue not only for the operation of the Board of Directors but also for the way the executive team that supports it conducts its work.

**Ueda** With regard to the future role of outside directors, I believe the foundation is to represent the common interests of shareholders and convey capital market perspectives to management. At the same time, when looking inside a company, there are often issues that are difficult for management to see. I recognize that many corporate misconduct cases may be rooted in such less visible problems. Therefore, it is also an important role of Outside Directors to pay attention to the perspectives of employees and the front lines, and to make visible issues that are difficult for management to see or that may be overlooked. In other words, we are required to focus on risks arising from corporate culture that may lie behind decision-making. Such risks may, in some cases, shake the foundations of management, and it is our responsibility to bring them to light from an independent perspective before they materialize.

### Evaluation of Growth Strategies Centered on the DUNLOP Brand

**Q** From the standpoint of Outside Directors, please share your views on growth opportunities and risks related to the global development of the DUNLOP brand.

**Fudaba** While I recognized the importance of global expansion from my experience in corporate management, I did not fully appreciate the

significance of making an investment of this scale in the acquisition of the DUNLOP trademark rights and related assets. However, through repeated discussions and reviews, I deepened my understanding of the brand's history and value, as well as its positioning within our future growth strategy. I now recognize it as one of the important pillars of our medium- to long-term management strategy.

Investments of this kind are meaningful only when they are integrated with assumptions and numerical plans for future growth. Continuous monitoring of whether steady progress is being made in line with the plan is important, and I believe this is a role that the Board of Directors, not only the executive side, must fulfill. Additionally, for our Company, the DUNLOP brand is something that we once owned and later regained, so in a sense, this also represents a renewed challenge for us. In that sense as well, this initiative is an important undertaking that we absolutely must turn into concrete results.

**Sonoda** Regaining the DUNLOP brand had long been a cherished aspiration for the Company, and I recognize that achieving this was a major turning point. Going forward, we are entering a critical phase aimed at growth; however, as a prerequisite, we are required to steadily generate results that justify the investments being made. Of particular importance will be recovering lost ground in European and North American markets and reviving the brand. To achieve this, I believe it is necessary to move forward on two fronts in parallel: providing products that leverage our company's technologies, and strengthening our marketing and sales capabilities.

At the same time, addressing risks is also important. Given the various risks associated with overseas production and sales, it is essential to establish a robust foundation, particularly a financial foundation, that can respond even to unforeseen circumstances. Securing supply is also an important issue. In light of challenges such



as the operating status of production bases and labor shortages, we need to maintain a perspective of securing supply capacity globally in line with growth.

Furthermore, the acquisition of DUNLOP trademark rights and other assets will contribute not only to the business but also to the enhancement of corporate value. High brand recognition has a positive impact on recruitment and employee motivation, and is expected to become an important foundation supporting future growth.

**Ueda** I believe that leveraging the DUNLOP brand will lead to significant growth opportunities. By enhancing brand value in an integrated manner, with the tire business at the core and including the Sports Business and Industrial Products Business, the Company should be able to further strengthen overall trust, advance differentiation, and contribute to enhancing customer value through long-term relationships with customers.

Enhancing brand value will also serve as an important foundation for acquiring talent, collaborating with external partners, and creating new businesses, thereby generating a virtuous cycle of medium- to long-term growth. Moreover, a brand is not merely something communicated externally; it is embodied through the actions of each employee. Therefore, I believe the key to enhancing brand value is to align brand strategy with corporate culture and create an environment in which employees can autonomously embody the brand.

At the same time, in light of uncertainties associated with changes in the social environment, I recognize the importance of advancing the brand strategy under a consistent policy without being swayed by short-term fluctuations.

## Perspectives on Organization and Human Capital Supporting Global Strategies



**Q** What kind of transformation do you think is necessary in terms of organizational culture and human resources for the Company to continue growing globally?

**Sonoda** From the perspective of human resources, I believe three elements are particularly important: the spirit to take on new challenges, the flexibility to accept diverse values, and communication skills. As we develop our business globally, these capabilities will be essential because values and needs differ from market to market.

At the same time, how to turn the skills of individual employees into

organizational strength is a separate challenge, and I recognize that management leadership is important to achieve this. Based on these elements, we are also required to make flexible judgments in response to changes in the environment and revise policies as necessary. Risks often materialize in unexpected ways, and I believe that being an organization capable of responding swiftly according to the situation is essential for competing globally.

**Fudaba** In addition to the points raised by Director Sonoda, as a global company, we need to pay close attention to risks such as misconduct at overseas bases and delays in information sharing. Important management issues include the possibility that challenges may arise not only on the front lines but also at the management level, and whether so-called "bad news" is shared in a timely manner. To address these issues, developing global talent is important; however, in addition to that, I believe it is essential for top management themselves to engage directly and repeatedly in dialogue with the leaders of overseas bases in order to deepen those relationships. It is important to increase organizational unity through close communication with top management, whether at bases in Japan or overseas.

I believe that Chairperson Yamamoto's efforts, during his time as president, to visit bases both in Japan and overseas and engage directly in repeated dialogue at sales and production sites were highly meaningful in deepening understanding of the organization. Such efforts are not easy, but I recognize that they play an important role in narrowing the distance with the front lines. Outside Directors are also provided with opportunities to understand the front lines, and the ability to feel the connection between management and the front lines is one of the Company's distinctive characteristics. Through the accumulation of these efforts, I recognize that the Company needs to build a framework in which each base makes decisions while sharing a global perspective.

**Ueda** Human resources are not costs to be managed, but strategic capital that creates corporate value. It is vital that we enhance employee engagement and foster a corporate culture that encourages diverse learning and challenges.

While organizational culture is an important management foundation, we also need to be mindful that, depending on its nature, it can become a factor that inhibits constructive communication. For example, a culture that places excessive emphasis on performance may induce inappropriate conduct and hinder fact-based, constructive communication. In this respect, the concept of "Bad News First/Fast" set out in the Company's Corporate Code of Conduct has significant meaning. Sharing issues and

problems at an early stage and turning them into organizational learning contributes to improving transparency and also helps build an environment in which employees can express their opinions with psychological safety.

### Enhancing Governance and Corporate Value

**Q** How do you think the new management structure and the evolution of governance will lead to the enhancement of corporate value over the medium to long term?

**Sonoda** I believe it is important to increase the precision of early risk detection, based on the steady continuation of the governance mechanisms we have built to date. This is also connected to the concept of “Bad News First/Fast,” and we need to improve our sensitivity to signs of problems so that we can detect them quickly. At the same time, in decision-making, it is also important to fully incorporate diverse perspectives and deepen discussions based on them. Through these efforts, I would like us to further enhance the effectiveness of governance.

**Fudaba** Under the new management structure, the lineup of Internal Directors and Executive Officers, including President Kuniyasu, is now in place. It is important to fully discuss and move forward with what kinds of mechanisms and operating structures this team will build going forward. In addition, to achieve sustainable management over the long term, it is essential to develop talent while constantly keeping in mind the next management team and the structure beyond that. Management decisions are not completed within just a few years, and many themes must be pursued with a view to the next 10 years. In that sense as well, I believe that steadily developing talent who will carry the Company forward will serve as a foundation that supports the Company’s medium- to long-term growth.

At the Company, the Sumitomo Business Philosophy has permeated the front lines, and proactive activities from a long-term perspective have taken root. I feel that this culture nurtures people and provides fertile ground for developing the next leaders. There are many individual issues to address, such as generating results from the DUNLOP brand and strengthening overseas production bases. At the same time, I believe that valuing a long-term approach to developing people and the organization will form a foundation for sustainable growth.

**Ueda** In recent years, the term governance has become widely recognized, and its importance goes without saying. At the same time, however, I sense concern that governance may become limited to the establishment of systems and formal compliance, becoming a mere formality. I believe governance is not a fixed destination, but a process of continuously updating itself in response to changes in laws and regulations, social norms, and the business environment.

Therefore, rather than being bound by superficial forms, it is important to autonomously design the mechanisms needed according to our business characteristics and stage of growth, and to enhance their effectiveness. For example, improving capital efficiency is an important theme. However, if excessive emphasis on shareholder returns suppresses investment in human resources or research and development, it may undermine medium- to long-term growth opportunities.

From this perspective, I believe that governance in its essence means working to enhance governance autonomously and continuously while providing reasonable explanations as necessary. As an Outside Director, I recognize that it is important to communicate substantive initiatives externally, rather than emphasizing formal compliance.

### Aspirations as Outside Directors

**Q** As Outside Directors, what do you wish to protect from a medium- to long-term perspective?

**Sonoda** The Company has significant strengths in technological capabilities. In recent years, we have developed a number of technologies that we can proudly present externally, including ACTIVE TREAD, the new technology featured in the all-season tire SYNCHRO WEATHER; sensing technologies that leverage analytical technologies; digital simulation technologies cultivated over many years; and vibration control technologies. I recognize that we have now entered a phase in which these strengths can finally be translated into growth. To achieve the various targets set out in “R.I.S.E. 2035,” I believe it is important for the entire Company to work together as one. As an Outside Director, I would like to support these efforts from an external perspective by maintaining appropriate governance while encouraging initiatives that leverage our technological strengths to drive growth and enhance corporate value.

**Fudaba** President Kuniyasu’s appointment is highly significant in

further demonstrating the Company’s strengths, given his extensive experience in design and technological development. Going forward, the President will play an important role in communicating the Company’s technological strengths and future vision in his own words during dialogues with investors. I also believe that having a top executive who understands the front lines well will be a great encouragement to employees. In addition, it is important to strengthen global unity by repeatedly engaging in direct dialogue with people at overseas bases and sharing his own ideas.

At the same time, the Company has people with diverse expertise in areas such as sales and overseas business. While fully leveraging the capabilities of such talent, the President will be expected to focus on the role he should fulfill and lead the entire organization in a positive direction. Through such efforts, I would like us to draw out the strengths of the entire executive team and connect them to better management.



**Ueda** I recognize that the structure of Chairperson Yamamoto, who has led reforms to date, and President Kuniyasu, who supported those reforms while also having experience in technical fields, represents a transition at an extremely appropriate time as the Company shifts its focus from reform to growth.

As an Outside Director, I recognize that greater involvement in investor relations activities will be crucial going forward, and I would like to be proactively involved. Investor relations activities aimed at dialogue with investors are not merely venues for communicating information. They are also important opportunities to directly understand the evaluations and expectations of investors and capital markets. Through such dialogue, I will deepen my own learning and actively engage in these activities as opportunities to communicate that the Company continues to take on challenges, thinks independently, and acts on its own initiative.

# Third-Party Remarks



Professor  
**Katsuhiko Kokubu**

Professor, 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 holding positions such as assistant professor at Kobe University, he assumed his current position in 2021. Has served as Vice President and Head of the Graduate School of Business Administration at Kobe University. Also serves as Chairperson of the Japan Corporate Social Accounting and Reporting Association. Specializes in social and environmental accounting, sustainability management, and management ethics. His major publications, edited works, and supervised translations include *From Accountability to Management Ethics* (Yuhikaku Publishing Co., Ltd.), *Emergent-Type Responsibility Management* (Nikkei Publishing Inc.), *ESG Evaluation Using AI* (Dobunkan Shuppan. Co., Ltd.), and *Purpose Management* (Translation supervised by Chuokeizai-sha).

## Steady Progress Toward the Realization of the Long-Term Corporate Strategy “R.I.S.E. 2035”

The DUNLOP Integrated Report lays out a clear storyline showing the feasibility of the Long-Term Corporate Strategy “R.I.S.E. 2035.” The message of President Yasuaki Kuniyasu is specific and forward-looking, leaving a strong impression of DUNLOP’s future growth potential. The report is not focused solely on growth, but gives sufficient consideration to sustainability and all people connected to the Company. In particular, DUNLOP’s corporate philosophy structure, which is grounded in the Sumitomo Business Philosophy, is highly significant as a symbol of the integration of international strategy with Japanese management philosophy. I believe this report would be even more persuasive if it provided a more comprehensive explanation of the specific ways this corporate philosophy structure is applied in actual management practice.

## Toward Value Creation Through Sustainability Management

With regard to sustainability management, I believe that this report shows a clear path for generating economic value from social value, while paying close attention to the entire value chain. The value a company provides is enhanced not only through its core products and services, but also by resolving the issues that arise around them. This is a central challenge for sustainability management when considering the sustainability of products and services. The “total solutions” and “businesses that resolve social issues” that DUNLOP strives to realize should emphasize precisely that point. If these initiatives are reexamined within the framework of sustainability management, it will be possible to present a broader vision for sustainability. Furthermore, I consider the integration of ROIC management with the social value derived from sustainability to be an important issue going forward. It is important that social value first be understood on a monetary value basis and then developed into ratio-based indicators. I look forward to seeing a strategy that maintains this sequence.

## Roundtable Talk Sessions that Close Information Gaps

One-way corporate disclosure is prone to becoming one-sided, and in some cases may fail to convey the company’s true character. In this respect, I believe that the expert roundtable on human capital management and the roundtable discussion among Outside Directors succeed in conveying the candid voices and judgements of those in management settings. The sincere discussions among DUNLOP employees and officers about the company’s current situation conveys information to stakeholders that goes beyond data provision and explanations of corporate policy. Going forward, I hope to see further efforts to broaden the range of stakeholders involved and present DUNLOP’s activities to readers in a more multifaceted way.

## Response to Third-Party Remarks

We would like to express our sincere gratitude to Professor Kokubu for his insightful opinions and valuable advice.

In 2025, we made further progress in integrating business and sustainability. This included adding “Innovation to Address Social Issues” as a new element to our long-term sustainability targets “Driving Our Future Initiatives,” and deepening discussions among officers through the Sustainability Advisory Board from the perspective of viewing the value provided by businesses in terms of social (non-financial) value.

Your observation that resolving issues that arise around products and services further enhances the value provided to customers and society is fully aligned with the vision set out in our Long-Term Corporate Strategy “R.I.S.E. 2035,” which is defined as “Continuing to Provide ‘New Experience Value’ Born from Rubber to Everyone.” We are steadily addressing material issues such as climate change, biodiversity, and human rights through an integrated approach, looking beyond our own business activities to all those involved across the entire value chain.

In Integrated Report 2026, we strove to provide a more specific account of the activities described above in relation to our Long-Term Corporate Strategy “R.I.S.E. 2035.”

Going forward, in order to realize our long-term strategy, we will further deepen dialogue with stakeholders, including employees, as we work to advance our human capital management with the awareness that “People are our most important asset” We recognize that clearly communicating the connection between social value and economic value remains a challenge, and will continue discussions within the Company and work to build a shared understanding.

Using the information disclosure in this integrated report as a starting point, we will continue to engage in constructive dialogue with our stakeholders and reflect the outcomes of that dialogue in management, thereby contributing to the sustainable enhancement of corporate value.



**Yukino Miyagi**

General Manager, Sustainability  
Management Promotion Headquarters

## Chapter 7

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# Financial Data

Financial and Non-Financial Data

## Consolidated Financial Data

Years ended December 31	Unit	IFRS <sup>*1</sup>									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Earnings for the year:</b>											
Sales revenue	Millions of yen	756,696	877,866	894,243	893,310	790,817	936,039	1,098,664	1,177,399	1,211,856	<b>1,207,061</b>
Overseas sales ratio	%	59	63	63	63	64	68	71	70	72	<b>70</b>
Cost of sales	Millions of yen	499,650	611,185	632,756	637,658	558,638	676,341	845,442	850,898	853,568	<b>838,694</b>
Selling, general and administrative expenses	Millions of yen	182,130	199,706	200,806	201,261	188,791	207,723	231,259	248,831	270,347	<b>277,581</b>
Business profit <sup>*2</sup>	Millions of yen	74,916	66,975	60,681	54,391	43,388	51,975	21,963	77,670	87,941	<b>90,786</b>
Business profit rate	%	9.9	7.6	6.8	6.1	5.5	5.6	2.0	6.6	7.3	<b>7.5</b>
Operating profit	Millions of yen	73,284	67,449	57,155	33,065	38,701	49,169	14,988	64,490	11,186	<b>82,584</b>
Operating profit ratio	%	9.7	7.7	6.4	3.7	4.9	5.3	1.4	5.5	0.9	<b>6.8</b>
Profit attributable to owners of parent <sup>*3</sup>	Millions of yen	41,364	46,979	36,246	12,072	22,596	29,470	9,415	37,048	9,865	<b>50,379</b>
Profit to equity attributable to owners of parent ratio	%	5.5	5.4	4.1	1.4	2.9	3.1	0.9	3.1	0.8	<b>4.2</b>
<b>Financial position at year-end:</b>											
Total assets	Millions of yen	897,634	1,018,266	1,002,383	1,035,484	974,805	1,086,169	1,225,202	1,266,732	1,341,123	<b>1,459,932</b>
Total equity	Millions of yen	459,541	490,886	472,807	475,537	467,097	513,543	563,863	641,430	675,810	<b>736,310</b>
Total equity attributable to owners of parent	Millions of yen	429,316	459,907	457,927	460,800	454,743	501,540	546,200	624,114	656,134	<b>716,080</b>
Interest-bearing debt	Millions of yen	204,218	273,452	283,482	325,490	276,739	296,784	372,760	310,932	331,218	<b>406,629</b>
<b>Cash flows for the year:</b>											
Cash flows from operating activities	Millions of yen	128,190	76,109	82,820	91,458	123,504	63,090	27,869	169,800	104,325	<b>150,427</b>
Cash flows from investing activities	Millions of yen	(42,144)	(100,724)	(65,494)	(63,417)	(45,594)	(54,023)	(78,697)	(62,230)	(64,659)	<b>(186,556)</b>
Free cash flows	Millions of yen	86,046	(24,615)	17,326	28,041	77,910	9,067	(50,828)	107,570	39,666	<b>(36,129)</b>
Cash flows from financing activities	Millions of yen	(71,055)	21,706	(2,122)	(40,979)	(61,881)	(13,332)	41,556	(95,568)	(35,623)	<b>30,880</b>
<b>Related information:</b>											
Capital expenditures	Billions of yen	49.6	62.5	66.9	58.1	41.9	49.5	68.0	62.9	62.2	<b>62.8</b>
Depreciation and amortization	Billions of yen	51.2	56.0	57.4	67.9	67.7	67.7	75.3	78.6	83.2	<b>78.7</b>
Research and development costs	Billions of yen	24.3	25.7	25.8	26.2	24.2	25.4	27.3	27.3	27.7	<b>32.0</b>
<b>Related information:</b>											
Tire sales volume	Millions of tires	112.64	123.47	123.61	124.36	108.83	116.03	111.46	108.36	103.33	<b>97.56</b>
ROE	%	9.7	10.6	7.9	2.6	4.9	6.2	1.8	6.3	1.5	<b>7.3</b>
ROA (business profit base)	%	8.2	7.0	6.0	5.2	4.3	5.0	1.9	6.2	6.7	<b>6.5</b>
D/E ratio	(times)	0.5	0.6	0.6	0.7	0.6	0.6	0.7	0.5	0.5	<b>0.6</b>
ROIC	%	—	—	—	—	—	—	1.7	5.7	6.5	<b>6.2</b>
Ratio of equity attributable to owners of parent	%	47.8	45.2	45.7	44.5	46.6	46.2	44.6	49.3	48.9	<b>49.0</b>

<sup>\*1</sup> From the fiscal year ended December 2016, we apply IFRS instead of JGAAP.

<sup>\*2</sup> Defined by Sumitomo Rubber Industries, Ltd. as its primary management indicator, business profit is calculated using the following formula: Sales revenue – (Cost of sales + Selling, general and administrative expenses).

<sup>\*3</sup> Profit attributable to owners of parent as calculated under IFRS.



Introduction

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# Recognition and Certifications from External Organizations

Some honors and certifications related to sustainability activities that DUNLOP Group has received from outside organizations are listed below.


## Inclusion in the ESG Index Series As of March, 2026




**FTSE4Good**  
FTSE4Good Index Series



**FTSE JPX Blossom Japan Index**  
FTSE Blossom Japan Index



**FTSE JPX Blossom Japan Sector Relative Index**  
FTSE Blossom Japan Sector Relative Index



**S&P/JPX Carbon Efficient Index**  
S&P/JPX Carbon Efficient Index

**2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX**  
MSCI Nihonkabu ESG Select Leaders Index

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## Social



**SPORTS YELL COMPANY 2026**  
Ministry of Education, Culture, Sports, Science and Technology: Sports Yell Company



**健康経営優良法人 2026**  
KENKO Investment for Health  
Ministry of Economy, Trade and Industry: KENKO Investment for Health (KIH)



**女性が活躍している企業!**  
Ministry of Health, Labour and Welfare: "Eruboshi" certification



**DX認定**  
Digital transformation certification



**2021年認定 Kurumin**  
Ministry of Health, Labor and Welfare: "Kurumin" Certification  
\*Obtained from Dunlop Golf Club Corp

## Participation in and Endorsement of Initiatives



**WE SUPPORT**  
UN GLOBAL COMPACT  
UN Global Compact



Tire Industry Project  
World Business Council for Sustainable Development



Powered by  
WBC World Business Council for Sustainable Development



**TYRES EUROPE**  
Tyres Europe

JRMA: The Japan Rubber Manufacturers Association



**TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES  
TCFD: Task Force on Climate-related Financial Disclosures



**TNFD** Taskforce on Nature-related Financial Disclosures  
TNFD: Taskforce on Nature-related Financial Disclosures



**CLIMATE GROUP RE100**  
RE100



**GPSNR**  
GPSNR (Global Platform for Sustainable Natural Rubber)



**HRPP**  
HRPP (Hevea Research Platform in Partnership)



**GX League**  
The GX League (GX: green transformation)




**JAPAN HYDROGEN ASSOCIATION**  
Japan Hydrogen Association




**Circular Partners**  
Circular Partners


## Environment




**CDP A List 2025**  
CDP 2025 A List (Climate Change and Water Security)



**CDP Supplier Engagement Leader 2025**  
CDP Supplier Engagement Leader 2025



**ECO FIRST**  
Ministry of the Environment of Japan: Eco-First Program

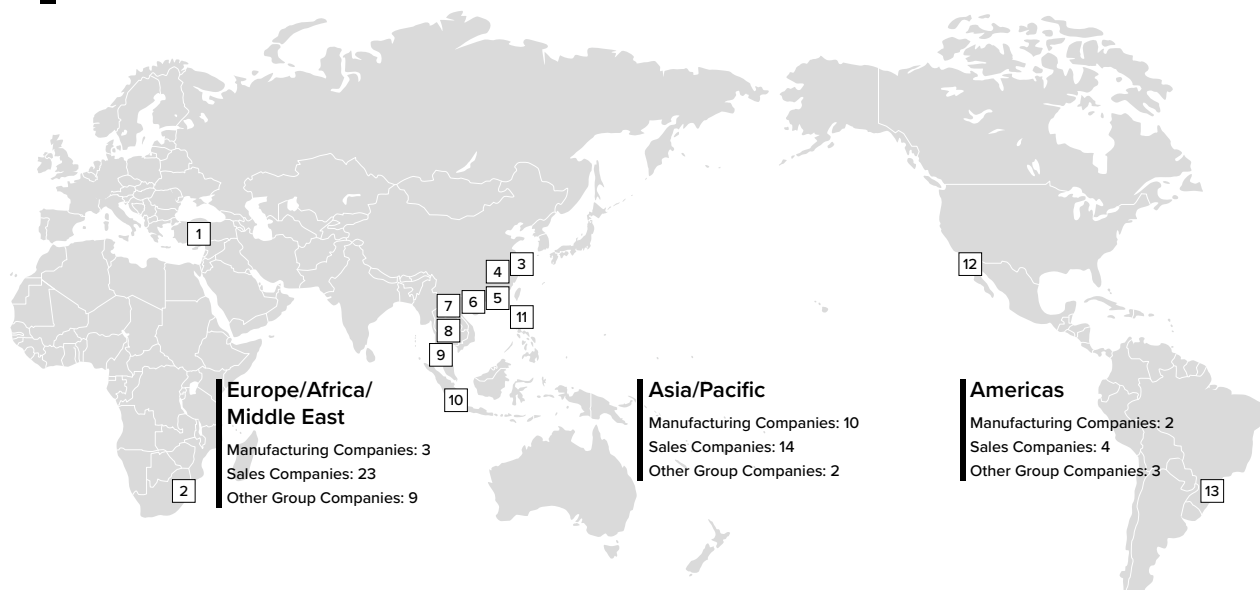


**自然共生サイト 30by30**  
Ministry of the Environment of Japan: Nationally Certified Sustainably Managed Natural Sites | 30by30

# Corporate Information, Stock Information

Group Profile

## OVERSEAS



### Europe/Africa/Middle East

Manufacturing Companies: 3  
Sales Companies: 23  
Other Group Companies: 9

### Asia/Pacific

Manufacturing Companies: 10  
Sales Companies: 14  
Other Group Companies: 2

### Americas

Manufacturing Companies: 2  
Sales Companies: 4  
Other Group Companies: 3

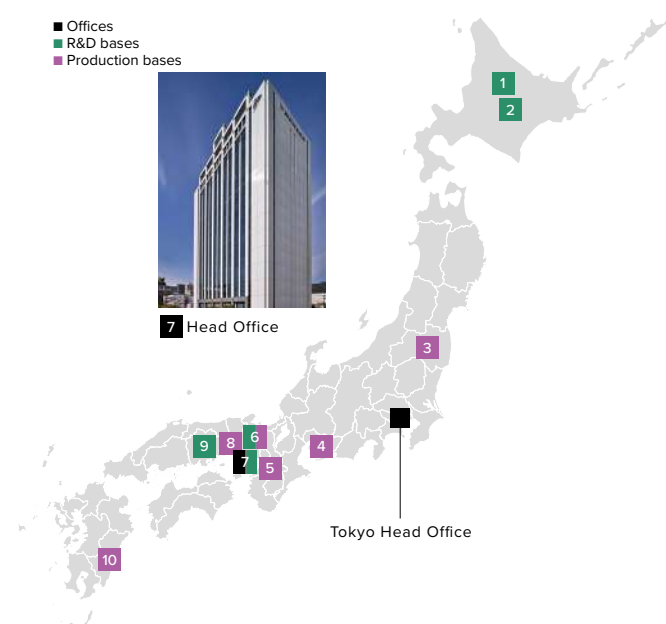


## Overview of the Company

<b>Company Name</b> Sumitomo Rubber Industries, Ltd.	<b>Address</b> Head Office: 3-6-9, Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan Tokyo Head Office: Toyosu Center Bldg. 3-3-3, Toyosu, Koto-ku, Tokyo 135-6005, Japan	<b>Consolidated number of employees</b> 37,671 (7,675 on a non-consolidated basis) * As of December 31, 2025
<b>Establishment</b> 1917	<b>Paid-in Capital</b> ¥42,658 million	

## JAPAN

- Offices
- R&D bases
- Production bases



## Main Production and R&D Bases



Introduction

About Us

Vision and Strategy

Business Activities

Sustainability

Corporate Governance

Corporate Information

## Investor Information (As of December 31, 2025)

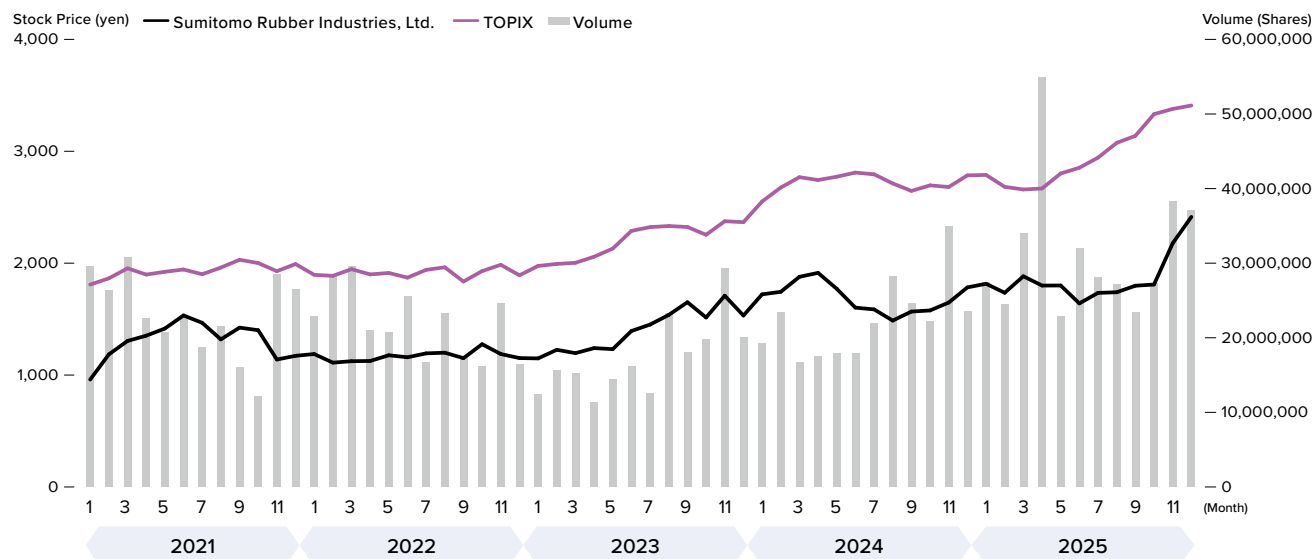
<b>Number of Shares of Common Stock</b>	Authorized shares: 800,000,000 Issued shares: 263,043,057
<b>Number of Shareholders</b>	40,224
<b>Stock Exchange Listing</b>	Tokyo
<b>Ticker Symbol</b>	5110
<b>Transfer Agent and Special Account Management Institution</b>	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
<b>Independent Auditors</b>	KPMG AZSA LLC 7-1-1 Kumoi-street, Chuo-ku, Kobe, Hyogo, Japan

## Major Shareholders

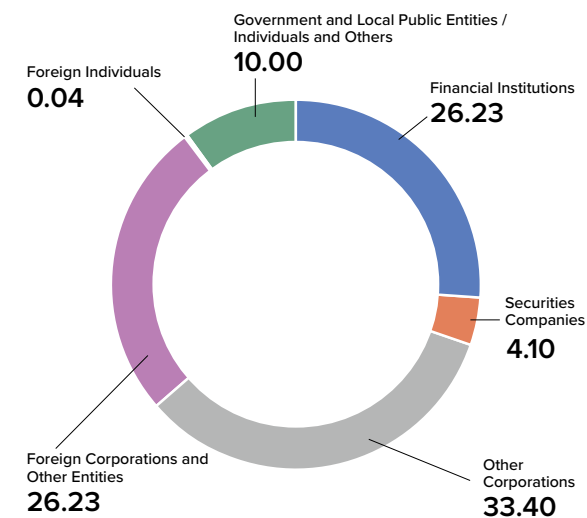
Name of Shareholder	Number of Shares (Thousand shares)	Ratio of Shareholding
Sumitomo Electric Industries, Ltd.	75,879	28.87%
The Master Trust Bank of Japan, Ltd. (Trust account)	36,752	13.98%
Custody Bank of Japan Ltd. (Trust account)	16,571	6.30%
MSIP CLIENT SECURITIES	7,329	2.79%
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,694	2.55%
JPMorgan Securities Japan Co., Ltd.	5,893	2.24%
STATE STREET BANK AND TRUST COMPANY 505001	5,191	1.97%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,132	1.57%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	3,145	1.20%
JP MORGAN CHASE BANK 385781	2,718	1.03%
Major Shareholders (Top 10)	164,304	62.50%

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 206,873 shares of treasury stock.

## Stock Price



## Breakdown of Shares by Shareholder Type





**SUMITOMO RUBBER INDUSTRIES, LTD.**

3-6-9, Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan



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