

Chapter 3

Vision and Strategy

- 15 Value Creation Process
- 16 Material Issues
- 17 Progress of the Long-Term Corporate Strategy “R.I.S.E. 2035”
- 19 Feature 1: Creating New Value for DUNLOP
- 22 Feature 2: Laying the Groundwork for Growth Areas From “Tires” to “Total Solutions”
- 23 A Message from the Executive Director in Charge of Finance
- 25 Intellectual Property Strategy
- 26 DX Strategy
- 27 R&D Story – Driving the Creation of World-First Innovations

Value Creation Process

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

Inputs

Page 12

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

Page 16

- 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

Page 19

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

Page 17

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

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

Page 16

Corporate Governance

Our Philosophy

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

STEP 2

STEP 3

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

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.

▶ 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
Innovation for Solving Social Issues	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.
Climate Change	A company committed to proactively reducing CO ₂ 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.
Circular Economy	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.
Biodiversity	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.
Human Rights	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.
Diverse Talents	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.
Governance	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
Innovation for Solving Social Issues							
Climate Change							
Circular Economy							
Biodiversity							
Human Rights							
Diverse Talents							
Governance and Corporate Ethics							

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



Management Policy

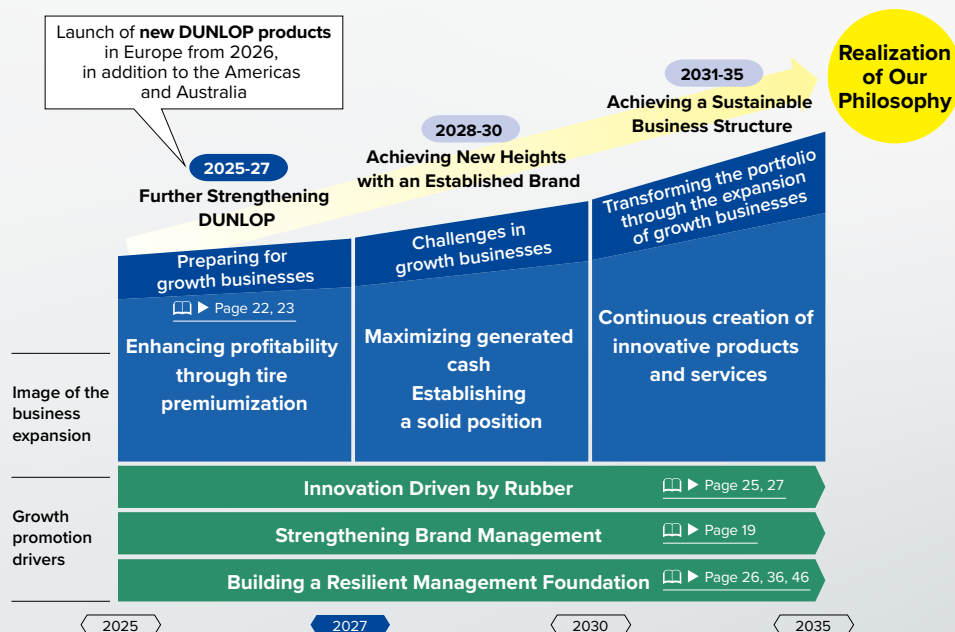
We formulated the Long-Term Corporate Strategy “R.I.S.E. 2035” in March 2025 and announced a strategy for sustainable growth toward 2035. In accordance with the strategy roadmap described below, we have established the foundation for global brand development through the acquisition of the DUNLOP trademark 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



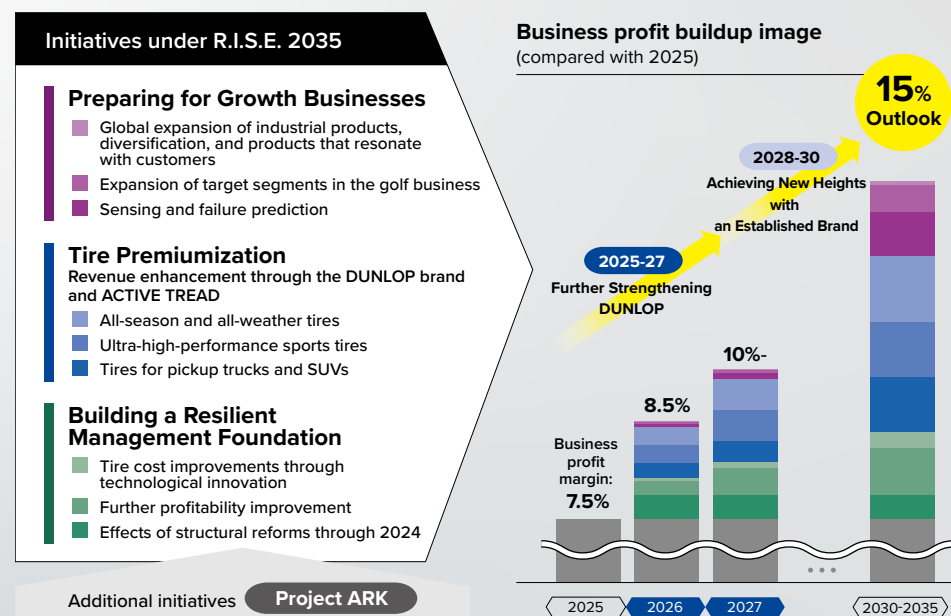
Profit Growth Image Driven by R.I.S.E. 2035

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.

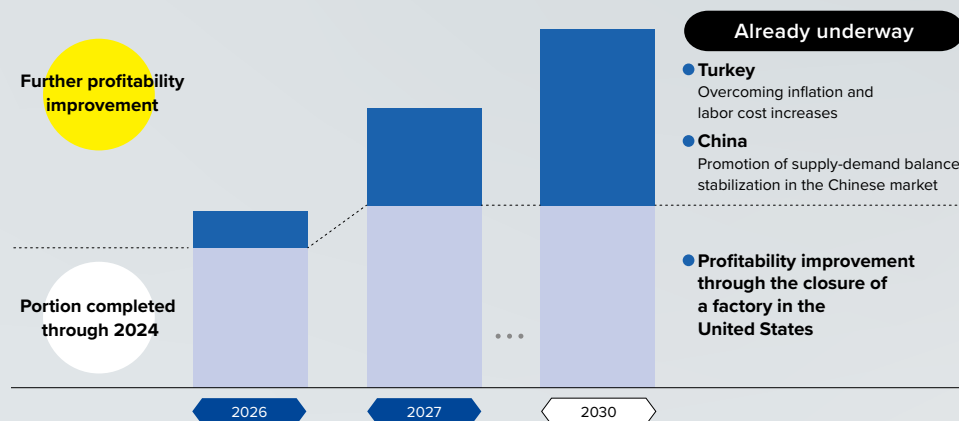
From 2026, we are steadily increasing our business profit and are implementing initiatives to exceed the targets for 2027 and accelerate the achievement of the outlook for 2030.



▶ 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.

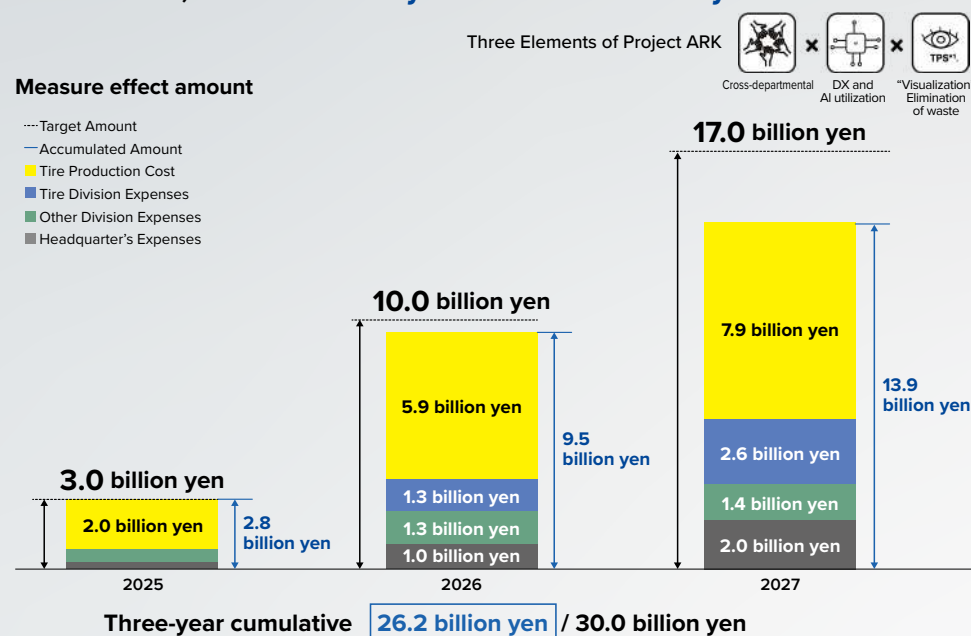
In April this year, we will establish the North America Innovation Lab and accelerate marketing activities and explore needs from a global perspective through co-creation with local customers and partners. Through the development of new businesses originating from solving customer issues, we will create 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)
- Utilization of AI for tire demand prediction and shortening development lead time through virtual prototyping
- Cost reduction at the Thailand factory, the main factory for North America
- Reducing raw material costs by reducing tire weight (currently being applied to new products for replacement market)

*1 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.



Introduction

About Us

Vision and Strategy

Business Activities

Sustainability

Corporate Governance

Corporate Information

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



Introduction

About Us

Vision and Strategy

Business Activities

Sustainability

Corporate Governance

Corporate Information

► 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

► 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.



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.

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.

	Data Unification	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.
	Root Cause Analysis	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.
	Early Issue Detection	Automatically detects hidden defects in data using AI before quality issues escalate. Enables rapid response while preventing complaints and recalls.
	Failure Prediction Model VIN Specific Service Recommendations	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.

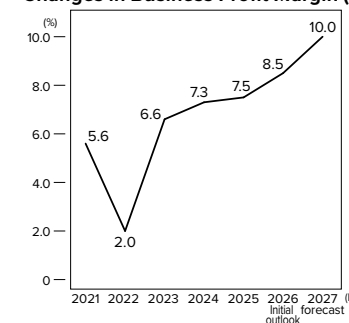
In addition to these business overhauls and the optimization of resource allocation, we have also been working on making progress with creating premium tire products and with cost reductions, resulting in a significant improvement in terms of business results for FY2025. We saw the success of our strategy 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.

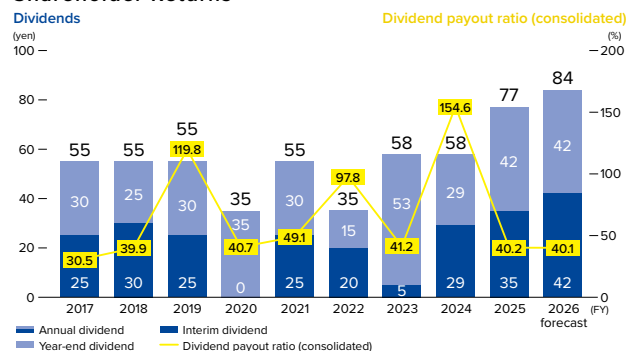
When making investment decisions, we place ROIC as a key indicator and thoroughly conduct screening based on the profitability and capital efficiency of each business. While on the one hand we will invest capital proactively in domains where it is likely that we will see the kind of returns we expect, 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.

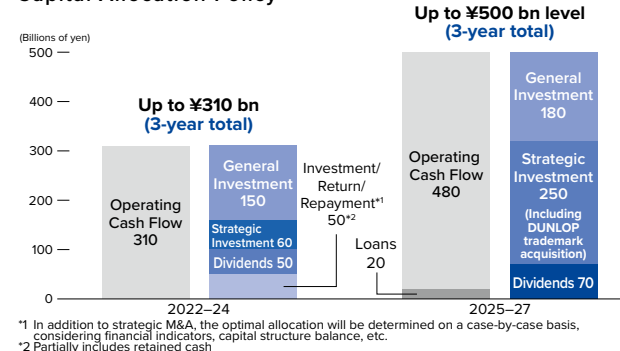
Moreover, when it comes to capital allocation, we place an importance on the balance between growth investments and shareholder returns. We will, with the continuation of stable dividends serving as a foundation, work on the enhancement of shareholder returns in accordance with the improvement of our 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.

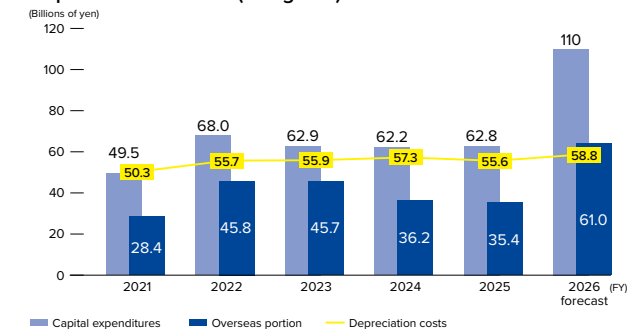
Shareholder Returns



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

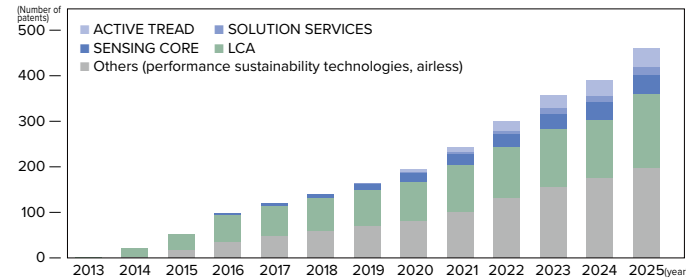
General Manager in Charge of Intellectual Property Department (In charge of Tire Structure, Tire Materials, and Sports & Hybrid Groups)

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

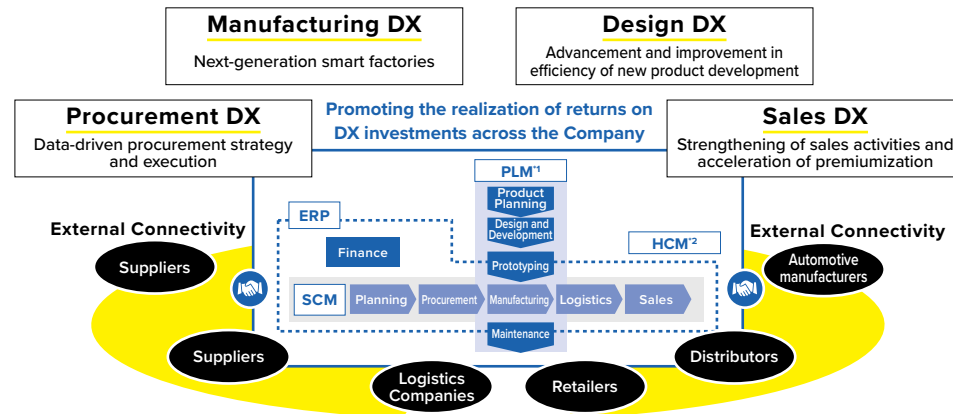
Basic Concept and Strategic Framework

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)
DX Literacy Training Program	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
Project-Based Learning (PBL)	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
Digital Innovation Day	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
Cybersecurity Training	We continuously provide cybersecurity training to all employees to enhance risk awareness and ensure adherence to fundamental practices.	17,326 participants
Targeted Phishing Email Training	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.



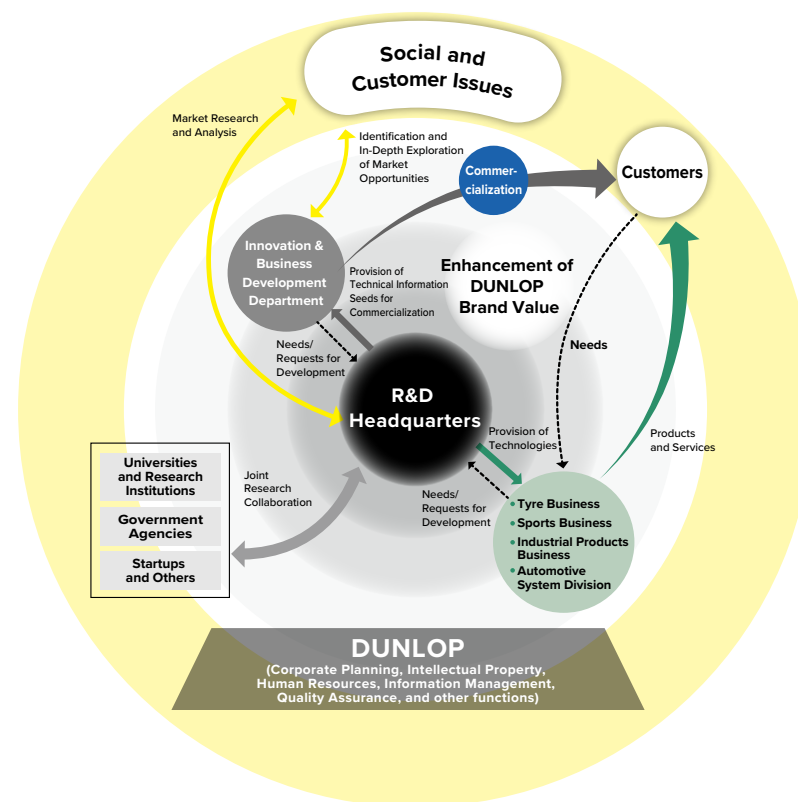
Establishment of Sumitomo Rubber Inds. × Tohoku Univ.
Next-Generation Synchro-Science Research Center

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”¹ 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”², 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.

¹ Spring-8: A large-scale synchrotron radiation facility capable of generating the world’s highest-performance synchrotron radiation
² 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.