

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2021
[IFRS]



February 9, 2022

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of ordinary shareholders' meeting : March 24, 2022
 Scheduled date of commencing dividend payments : March 25, 2022
 Scheduled date of filing annual securities report : March 25, 2022
 Supplementary documents for financial results : Yes
 Financial results briefing session : Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded to the nearest unit.)

1. Consolidated Financial Results for Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended										
December 31, 2021	936,039	18.4	51,975	19.8	49,169	27.0	29,470	30.4	62,986	-
December 31, 2020	790,817	(11.5)	43,388	(20.2)	38,701	17.0	22,596	87.2	1,044	(94.1)

(Note) "Business profit" is "Sales revenue" subtracted by "Cost of sales" and "Selling, general and administrative expenses."

	Basic profit per share	Diluted profit per share	Profit to equity attributable to owners of parent ratio	Business profit to total assets ratio	Business profit to sales revenue ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2021	112.05	-	6.2	5.0	5.6
December 31, 2020	85.92	-	4.9	4.3	5.5

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2021	1,086,169	513,543	501,540	46.2	1,907.03
December 31, 2020	974,805	467,097	454,743	46.6	1,729.05

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	63,090	(54,023)	(13,332)	75,093
December 31, 2020	123,504	(45,594)	(61,881)	74,203

2. Dividends

	Annual dividends					Total dividends (Annual)	Payout ratio (Consoli- dated)	Dividends on equity attributable to owners of parent (Consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year- end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2020	-	0.00	-	35.00	35.00	9,205	40.7	2.0
December 31, 2021	-	25.00	-	30.00	55.00	14,465	49.1	3.0
Fiscal year ending December 31, 2022 (Forecast)	-	20.00	-	25.00	45.00		48.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	500,000	13.6	12,000	(60.1)	10,500	(63.3)	6,000	(70.7)	22.81
Full year	1,050,000	12.2	42,000	(19.2)	39,500	(19.7)	24,500	(16.9)	93.16

Notes:

- (1) Changes in Significant Subsidiaries during the Fiscal Year Ended December 31, 2021
(Changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
 1) Changes in accounting policies required by IFRS : None
 2) Changes in accounting policies other than 1) : None
 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
 1) Total number of issued shares at the end of the period (including treasury stock)
 December 31, 2021 : 263,043,057 shares
 December 31, 2020 : 263,043,057 shares
 2) Total number of treasury stock at the end of the period
 December 31, 2021 : 47,604 shares
 December 31, 2020 : 41,905 shares
 3) Average number of shares during the period
 Fiscal year ended December 31, 2021 : 262,998,143 shares
 Fiscal year ended December 31, 2020 : 263,002,540 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (From January 1, 2021 to December 31, 2021)

(1) Non-Consolidated Operating Results

	Sales revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2021	526,047	17.9	(5,697)	-	34,870	6.1	31,174	19.2
December 31, 2020	446,164	(12.9)	8,460	(36.4)	32,876	(23.6)	26,146	34.7

	Basic profit per share	Diluted profit per share
Fiscal year ended	Yen	Yen
December 31, 2021	118.53	-
December 31, 2020	99.41	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
December 31, 2021	827,581	375,118	45.3	1,426.33
December 31, 2020	757,035	358,153	47.3	1,361.79

(Reference) Shareholder's equity

As of December 31, 2021: ¥375,118 million As of December 31, 2020: ¥358,153 million

* These financial results are outside the scope of auditing.

* Explanation of the proper use of financial results forecast and other notes

The earnings projections and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to Sumitomo Rubber Industries, Ltd. (the “Company”) and its group companies (collectively, the “Group”) and do not constitute any promises by the Company that they will be realized. Please note that actual results could differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 6 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Overview of Operating Results, (2) Business Forecast for Fiscal 2022.”

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1. Overview of Operating Results

(1) Overview of Operating Results and Financial Position

1) Operating Results for the Fiscal Year under review

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	790,817	936,039	18.4
Tires	679,860	795,045	16.9
Sports	70,257	101,429	44.4
Industrial and Other Products	40,700	39,565	(2.8)
Business profit (loss)	43,388	51,975	19.8
Tires	40,949	41,398	1.1
Sports	(741)	8,604	-
Industrial and Other Products	3,186	1,945	(39.0)
Adjustments	(6)	28	-
Operating profit	38,701	49,169	27.0
Profit attributable to owners of parent	22,596	29,470	30.4

(Note) “Business profit (loss)” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”

Foreign exchange rates applied

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	107	110	3
Yen / Euro	122	130	8

During the fiscal year ended December 31, 2021, the outlook of the global economy continued to recover as a whole, although it continued to face harsh conditions in some areas due to the impact of COVID-19. The Japanese economy overall also remained on a moderate recovery path.

The business environment surrounding the Group was impacted mainly due to the impact of soaring freight costs as well as the rising prices of raw materials, although there were positive signs, such as the recovery trend in many markets including the US and European markets, in addition to the improvement in the export environment due to the weakening of the yen against other currencies. Under these circumstances, the Group strongly promoted company-wide projects that aim to reinforce our business foundation with the goal of accomplishing the Mid-Term Plan, which sets 2025 as the target year. At the same time, we worked to strengthen our competitive advantage in a global structure through such efforts as developing and expanding sales of high-performance products that meet the needs of customers, with the aim of maximizing the effects of the manufacturing and sales bases we have established in major markets around the world.

As a result, the Group's financial results for fiscal 2021 showed that sales revenue of the Group increased 18.4% from the the previous fiscal year to ¥936,039 million, business profit was ¥51,975 million (increased 19.8% from the previous fiscal year), operating profit was ¥49,169 million (increased 27.0% the previous fiscal year), and profit attributable to owners of parent was ¥29,470 million (increased 30.4% from the previous fiscal year).

Business performance by business segment was as follows.

Tire Business

Sales revenue in the tire business increased 16.9% from the previous fiscal year to ¥795,045 million, and business profit increased 1.1% to ¥41,398 million.

In the domestic original equipment market, sales fell below the level of the previous fiscal year because orders received were affected by the decrease in automobile production by auto manufacturers due to the global shortage of semiconductors, etc.

In the domestic replacement market, the sales of high-performance products in the summer tire category increased. We also launched tires for taxis and mini-vans as well as passenger cars in all-season tire category, which well received as a product less susceptible to seasonal changes and offering safety and reliability. Sales of winter tires were also strong due to the effects of snowfall. As a result, sales exceeded the level of the previous fiscal year.

In the overseas original equipment market, there was the impact of the global shortage of semiconductors resulting in a decrease in automobile production, but sales exceeded the previous fiscal year, as orders received recovered compared to the previous fiscal year when orders significantly declined due to the impact of COVID-19.

In the overseas replacement market, sales increased in the Asia and Oceania region due to the effects of the new products launched in China, as well as the expanded sales in Indonesia, where demand has been recovering. In Europe, we sold more units thanks to the effects of promotions such as racing activities, amid a recovery in demand for tires. In the Americas region, despite the continuing strong sales of the WILDPEAK Series for SUVs in North America, the business was greatly affected by restrictions as a result of the tight supply and demand situation of shipping containers, in addition to soaring freight costs. In South America, we increased sales in response to robust local demand by leveraging the advantage of selling locally-produced products.

As a result, sales revenue in the tire business exceeded the level of the previous fiscal year, and profit was essentially unchanged from the previous fiscal year.

Sports Business

Sales revenue in the sports business increased 44.4% from the previous fiscal year to ¥101,429 million, and business profit was ¥8,604 million (loss of ¥741 million for the previous fiscal year).

In the golf goods market, demand continued to be strong in Japan amid COVID-19 pandemic, and Hideki Matsuyama's win at the Masters had the effect of boosting the sales of SRIXON golf clubs and balls and Cleveland Golf golf clubs, while sales of XXIO 12 golf clubs launched in December were also strong. Overseas, we increased sales of golf clubs and balls mainly in North America and South Korea. As a result, sales revenue in the golf goods business exceeded the level of the previous fiscal year.

In the tennis goods markets, sales increased despite the slight decrease in overall demand as a result of

COVID-19 and in the overseas markets, sales of sports goods associated with “padel,” a racket sport originated in Spain, were also strong. As a result, sales revenue in the tennis goods business exceeded the level of the previous fiscal year.

In the wellness business, sales revenue exceeded the level of the previous fiscal year as a result of reinforced operations at all locations while taking all possible measures to prevent infection, despite the lingering effects of COVID-19.

As a result, sales revenue and business profit in the sports business exceeded the level of the same period of the previous fiscal year.

Industrial and Other Products Business

Sales revenue in the industrial and other products business decreased 2.8% from the same period of the previous fiscal year to ¥39,565 million, and business profit decreased 39.0% to ¥1,945 million.

Sales of precision rubber parts for office machines increased reflecting a recovery in production of printers and copiers by major office machine manufacturers, and sales of rubber products for medical applications also remained strong mainly in the overseas markets. Meanwhile, orders received for infrastructure-based products and the demand for disposable gloves declined.

As a result, sales revenue in the industrial and other products business fell below the level of the previous fiscal year and business profit decreased.

2) Financial Position

	As of December 31, 2020	As of December 31, 2021	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	974,805	1,086,169	111,364
Total equity	467,097	513,543	46,446
Total equity attributable to owners of parent	454,743	501,540	46,797
Ratio of equity attributable to owners of parent (%)	46.6	46.2	(0.4)
ROE (%)	4.9	6.2	1.3
ROA (%)	4.3	5.0	0.7
Interest-bearing debt	276,739	296,783	20,044
D/E ratio	0.6	0.6	-
Equity attributable to owners of parent per share	1,729.05 yen	1,907.03 yen	177.98 yen

(Notes) The ROA figures are calculated using consolidated business profit.

Total assets as of December 31, 2021 increased ¥111,364 million from the end of the previous fiscal year to ¥1,086,169 million. Total current assets increased ¥96,429 million, mainly as a result of an increase in inventories. Total non-current assets increased ¥14,935 million, mainly as a result of an increase in net defined benefit asset and other financial assets due to market value of investment securities.

Total liabilities as of December 31, 2021 increased ¥64,918 million from the end of the previous fiscal year to ¥572,626 million. Interest-bearing debt increased ¥20,044 million to ¥296,783 million.

Total equity as of December 31, 2021 amounted to ¥513,543 million, of which equity attributable to owners of parent was ¥501,540 million. Ratio of equity attributable to owners of parent was 46.2%, and equity attributable to owners of parent per share was ¥1,907.03.

3) Cash Flows

Net cash provided by operating activities was ¥63,090 million, the increase being primarily due to the recording of profit before tax of ¥44,765 million, recording of depreciation and amortization of ¥67,724 million, and increase in trade and other payables of ¥33,121 million, although there were cash outflows, including an increase in inventories of ¥61,734 million and income taxes paid of ¥16,758 million.

Net cash used in investing activities was ¥54,023 million, mainly due to the purchase of tangible assets of ¥47,726 million.

As a result, free cash flow, which is computed by subtracting the net cash used in investing activities from the net cash provided by operating activities, was a positive balance of ¥9,067 million.

Net cash used in financing activities was ¥13,332 million, primarily due to net increase in short-term loans payable, long-term debt and bonds of ¥16,855 million, and cash outflows including cash dividends paid of ¥15,776 million and repayment of lease obligation of ¥13,382 million.

As a result, cash and cash equivalents at the end of the fiscal year under review were ¥75,093 million after reflecting the effect of exchange rate change on cash and cash equivalents.

(2) Business Forecast for Fiscal 2022

With regard to the outlook of the global economy, we had anticipated a moderate recovery in economic activities from the effects of the COVID-19 pandemic. However, the recent renewed spread of infections has slowed down economic activities and made the future outlook uncertain. The rise in the market prices of natural rubber and petroleum-based raw materials is expected to continue into the next fiscal year. Additionally, freight costs, which had a significant impact on the Group in the fiscal year under review, are also expected to continue to increase.

The Group is working to strengthen its corporate foundation responding quickly to the change in the business environment and considering the quality of profits and the sustainability of growth. The current estimates of the Group's future business performance at this time are as follows.

Business Forecast for Fiscal 2022

	Full year	Increase (Decrease)	First half	Change in ratio
	Millions of yen	%	Millions of yen	%
Sales revenue	1,050,000	12.2	500,000	13.6
Tires	903,500	13.6	423,000	14.5
Sports	105,500	4.0	57,500	11.8
Industrial and Other Products	41,000	3.6	19,500	0.8
Business profit	42,000	(19.2)	12,000	(60.1)
Tires	32,500	(21.5)	6,000	(74.4)
Sports	7,000	(18.6)	5,000	(9.4)
Industrial and Other Products	2,500	28.5	1,000	(6.5)
Operating profit	39,500	(19.7)	10,500	(63.3)
Profit attributable to owners of parent	24,500	(16.9)	6,000	(70.7)

(Note) "Business profit" is "Sales revenue" subtracted by "Cost of sales" and "Selling, general and administrative expenses."

Foreign exchange rates applied

	Full year	Increase (Decrease)	First half	Increase (Decrease)
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	114	4	114	6
Yen / Euro	129	(1)	129	(1)

The results forecast, and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to the Company and the Group as of the date of the release of this document and include potential risks and uncertainty. Please note that actual results may differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2021 and 2022

The Company considers the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, performance prospects, retained earnings levels and other such indicators on a consolidated basis. The Company also fully intend to utilize our retained earnings as a means of securing funds for capital expenditures, R&D and other forward-looking investments with the aim of expanding our group's earnings base well into the future.

For fiscal 2021, we intend to pay a year-end dividend of ¥30 per share. Combined with an interim dividend of ¥25 per share, which has already been paid, the annual dividend for fiscal 2021 will be ¥55 per share.

For fiscal 2022, we currently plan to pay an annual dividend of ¥45 per share, consisting of an interim dividend of ¥20 per share and a year-end dividend of ¥25 per share.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted IFRS from the fiscal year ended December 31, 2016, with a view to enhancing the international comparability of financial statements in capital markets and improving the quality of business management of the Group companies.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	74,203	75,093
Trade and other receivables	179,635	197,320
Other financial assets	1,399	2,096
Inventories	151,253	218,019
Other current assets	30,162	40,553
Total current assets	436,652	533,081
Non-current assets		
Tangible assets	389,184	389,795
Goodwill	23,378	26,287
Intangible assets	41,402	42,794
Investments accounted for using equity method	4,323	4,430
Other financial assets	33,159	36,889
Net defined benefit asset	32,451	41,458
Deferred tax assets	13,449	10,641
Other non-current assets	807	794
Total non-current assets	538,153	553,088
Total assets	974,805	1,086,169

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	62,256	68,143
Trade and other payables	123,261	160,902
Other financial liabilities	12,816	12,100
Income tax payable	7,790	6,301
Provisions	1,170	1,604
Other current liabilities	38,835	47,535
Total current liabilities	246,128	296,585
Non-current liabilities		
Bonds and loans payable	155,177	170,502
Other financial liabilities	48,164	46,919
Net defined benefit liability	22,202	23,417
Provisions	2,189	1,818
Deferred tax liabilities	11,282	12,093
Other non-current liabilities	22,566	21,292
Total non-current liabilities	261,580	276,041
Total liabilities	507,708	572,626
Equity		
Capital stock	42,658	42,658
Capital surplus	39,486	39,715
Retained earnings	461,720	481,455
Treasury stock	(77)	(85)
Other components of equity	(89,044)	(62,203)
Total equity attributable to owners of parent	454,743	501,540
Non-controlling interest	12,354	12,003
Total equity	467,097	513,543
Total liabilities and equity	974,805	1,086,169

(2) Consolidated Statement of Income and Comprehensive Income
 Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Sales revenue	790,817	936,039
Cost of sales	(558,638)	(676,341)
Gross profit	232,179	259,698
Selling, general and administrative expenses	(188,791)	(207,723)
Business profit	43,388	51,975
Other income	3,818	2,668
Other expenses	(8,505)	(5,474)
Operating profit	38,701	49,169
Financial income	1,735	1,797
Financial expenses	(10,733)	(6,289)
Equity in earnings of affiliates	68	88
Profit before tax	29,771	44,765
Income tax expenses	(6,761)	(14,779)
Profit	23,010	29,986
Profit attributable to:		
Owners of parent	22,596	29,470
Non-controlling interests	414	516
Profit	23,010	29,986
Profit per share		
Basic profit per share (Yen)	85.92	112.05

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit	23,010	29,986
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(5)	1,857
Remeasurements of defined benefit plan	1,972	5,925
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	37	115
Currency translation differences of foreign operations	(23,970)	25,103
Other comprehensive income, net of tax	(21,966)	33,000
Comprehensive income	1,044	62,986
Comprehensive income attributable to:		
Owners of parent	1,835	62,356
Non-controlling interests	(791)	630
Comprehensive income	1,044	62,986

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2020	42,658	39,486	444,783	(75)	(76,471)	(278)
Profit			22,596			
Other comprehensive income					(22,799)	37
Total comprehensive income	-	-	22,596	-	(22,799)	37
Purchase of treasury stock				(3)		
Disposal of treasury stock		(0)		1		
Dividends			(7,890)			
Capital increase of consolidated subsidiaries						
Changes in ownership interests in subsidiaries that do not result in loss of control						
Transfer to retained earnings			2,231			
Transfer of capital surplus		0	(0)			
Total transactions with owners	-	(0)	(5,659)	(2)	-	-
Balance as of December 31, 2020	42,658	39,486	461,720	(77)	(99,270)	(241)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2020	10,697	-	(66,052)	460,800	14,737	475,537
Profit			-	22,596	414	23,010
Other comprehensive income	(5)	2,006	(20,761)	(20,761)	(1,205)	(21,966)
Total comprehensive income	(5)	2,006	(20,761)	1,835	(791)	1,044
Purchase of treasury stock			-	(3)		(3)
Disposal of treasury stock			-	1		1
Dividends			-	(7,890)	(1,592)	(9,482)
Capital increase of consolidated subsidiaries			-	-		-
Changes in ownership interests in subsidiaries that do not result in loss of control			-	-		-
Transfer to retained earnings	(225)	(2,006)	(2,231)	-		-
Transfer to capital surplus			-	-		-
Total transactions with owners	(225)	(2,006)	(2,231)	(7,892)	(1,592)	(9,484)
Balance as of December 31, 2020	10,467	-	(89,044)	454,743	12,354	467,097

For the fiscal year ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2021	42,658	39,486	461,720	(77)	(99,270)	(241)
Profit			29,470			
Other comprehensive income					25,032	115
Total comprehensive income	-	-	29,470	-	25,032	115
Purchase of treasury stock				(8)		
Disposal of treasury stock		(0)		0		
Dividends			(15,780)			
Capital increase of consolidated subsidiaries						
Changes in ownership interests in subsidiaries that do not result in loss of control		229				
Transfer to retained earnings			6,045			
Transfer to capital surplus		0	(0)			
Total transactions with owners	-	229	(9,735)	(8)	-	-
Balance as of December 31, 2021	42,658	39,715	481,455	(85)	(74,238)	(126)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2021	10,467	-	(89,044)	454,743	12,354	467,097
Profit			-	29,470	516	29,986
Other comprehensive income	1,849	5,890	32,886	32,886	114	33,000
Total comprehensive income	1,849	5,890	32,886	62,356	630	62,986
Purchase of treasury stock			-	(8)		(8)
Disposal of treasury stock			-	0		0
Dividends			-	(15,780)	(1,801)	(17,581)
Capital increase of consolidated subsidiaries			-	-	1,325	1,325
Changes in ownership interests in subsidiaries that do not result in loss of control			-	229	(505)	(276)
Transfer to retained earnings	(155)	(5,890)	(6,045)	-		-
Transfer to capital surplus			-	-		-
Total transactions with owners	(155)	(5,890)	(6,045)	(15,559)	(981)	(16,540)
Balance as of December 31, 2021	12,161	-	(62,203)	501,540	12,003	513,543

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before tax	29,771	44,765
Depreciation and amortization	67,665	67,724
Impairment loss	3,615	139
Interest and dividends income	(1,735)	(1,683)
Interest expenses	3,653	2,797
Share of (profit) loss of entities accounted for using equity method	(68)	(88)
Loss (gain) on sales and retirement of non-current assets	1,277	1,489
Decrease (increase) in inventories	25,027	(61,734)
Decrease (increase) in trade and other receivables	5,991	(10,882)
Increase (decrease) in trade and other payables	(1,993)	33,121
Other, net	1,324	4,987
Subtotal	134,527	80,635
Interest received	1,156	963
Dividend income received	571	711
Interest expenses paid	(3,572)	(2,461)
Income taxes paid	(9,178)	(16,758)
Net cash provided by (used in) operating activities	123,504	63,090
Cash flows from investing activities		
Purchase of tangible assets	(41,681)	(47,726)
Proceeds from sales of tangible assets	177	1,068
Purchase of intangible assets	(4,328)	(5,273)
Purchase of investment securities	(74)	(188)
Proceeds from sales of investment securities	387	19
Payment for transfer of business	-	(1,048)
Net decrease (increase) in short-term loans receivable	(3)	33
Other, net	(72)	(908)
Net cash provided by (used in) investing activities	(45,594)	(54,023)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(58,854)	20,901
Proceeds from long-term debt and newly issued bonds	39,921	37,002
Repayments of long-term debt and redemption of bonds	(22,012)	(41,048)
Repayments of lease obligations	(11,453)	(13,382)
Proceeds from contributions of non-controlling interests	-	1,325
Purchase of shares of non-controlling interests	-	(545)
Cash dividends paid	(7,890)	(15,776)
Cash dividends paid to non-controlling interests	(1,592)	(1,801)
Purchase of treasury stocks	(2)	(8)
Other, net	1	-
Net cash provided by (used in) financing activities	(61,881)	(13,332)
Effect of exchange rate change on cash and cash equivalents	(2,457)	5,155
Net increase (decrease) in cash and cash equivalents	13,572	890
Cash and cash equivalents at the beginning of current period	60,631	74,203
Cash and cash equivalents at the end of current period	74,203	75,093

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Segment Information)

1. Information by reportable segment

Reportable segments of the Group are the units for which separate financial information is available and periodically reviewed by the Board of Directors as the highest decision-making body for the purposes of deciding the allocation of management resources and evaluating business performance.

The Group has three divisions based on operations in Tires, Sports and Industrial and Other Products. Each division formulates comprehensive strategies for both domestic and overseas markets and develops business activities.

Therefore, the Group identifies “Tires”, “Sports”, and “Industrial and Other Products” as reportable segments.

Major products and services or details of business that belong to each reportable segment are as follows:

Reportable segment	Major products and services or detail of business
Tires	Tires and tubes (for automobiles, construction vehicles, industrial vehicles, automotive races and rallies, motorcycles, etc.) Automotive system business (instant mobility systems, deflation warning systems, etc.)
Sports	Sporting goods (golf clubs, golf balls and other golf goods, tennis goods, etc.) Operation of golf tournaments Operation of golf and tennis schools Fitness business, and others
Industrial and Other Products	High-performance rubber products (vibration control dampers, precision rubber parts for office machines, rubber parts for medical applications, etc.) Daily life supplies (rubber gloves for cooking and other operations, ramps for wheelchair use, etc.) Products for infrastructure (marine dock fenders, flooring materials for factories and sports facilities, etc.)

2. Reportable segment sales revenues and profit or loss

Inter-segment sales revenue and transfers are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

Information for the reportable segments for the previous fiscal year and the current fiscal year is as follows:

(1) For the fiscal year ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable segment			Total	Adjustments	Amounts recorded in Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	679,860	70,257	40,700	790,817	-	790,817
Inter-segment sales revenue	857	159	924	1,940	(1,940)	-
Total	680,717	70,416	41,624	792,757	(1,940)	790,817
Segment profit or loss (Business profit or loss)	40,949	(741)	3,186	43,394	(6)	43,338
Other income and expenses						(4,687)
Operating profit						38,701
Other major items						
Depreciation and Amortization	60,071	5,390	2,204	67,665	-	67,665
Impairment loss	159	871	2,585	3,615	-	3,615
Capital expenditures	41,834	2,184	1,991	46,009	-	46,009

(Notes)

1. “Segment profit or loss (Business profit or loss)” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”
2. Segment profit or loss included in “Adjustment” comprised elimination of inter-segment transactions.

(2) For the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segment			Total	Adjustments	Amounts recorded in Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	795,045	101,429	39,565	936,039	-	936,039
Inter-segment sales revenue	960	159	874	1,993	(1,993)	-
Total	796,005	101,588	40,439	938,032	(1,993)	936,039
Segment profit (Business profit)	41,398	8,604	1,945	51,947	28	51,975
Other income and expenses						(2,806)
Operating profit						49,169
Other major items						
Depreciation and Amortization	59,809	5,310	2,605	67,724	-	67,724
Impairment loss	138	1	-	139	-	139
Capital expenditures	51,678	2,099	1,938	55,715	-	55,715

(Notes)

1. “Segment profit (Business profit)” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”
2. Segment profit included in “Adjustment” comprised elimination of inter-segment transactions.

3. Information about products and services

Disclosure of this information is omitted because the segmentation of products and services is equal to that of reportable segments.

4. Information by geographic area

Sales revenue and non-current assets from external customers by country and geographic area are as follows:

(1) Sales revenue from external customers

(Millions of yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Japan	286,207	299,681
North America	156,304	199,323
Europe	115,615	153,835
Asia	143,810	166,719
Other areas	88,881	116,481
Total	790,817	936,039

(Note) Sales revenues are classified based on the location of sales destination.

(2) Non-current assets

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Japan	209,042	209,537
North America	32,000	36,841
Europe	53,225	57,792
Asia	109,310	112,989
Other areas	51,194	42,511
Total	454,771	459,670

(Note) Non-current assets are classified based on the physical location where the assets are located.

Investments accounted for using equity method, other financial assets, net defined benefit assets and deferred tax assets are not included.

5. Information about major customers

Disclosure of this information is omitted because sales revenue from transactions with a single external customer does not exceed 10% of the Group’s consolidated sales revenue.

(Per Share Amounts)

1. Basic profit per share

Basic profit per share is as follows:

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Basic profit per share (Yen)	85.92	112.05

2. Basis for calculation of basic profit per share

The basis for calculation of basic profit per share is as follows:

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit attributable to owners of parent (Millions of yen)	22,596	29,470
Single-weighted average number of issued share (Thousands of share)	263,003	262,998

Diluted profit per share is not presented because there were no potentially dilutive securities.

(Significant Subsequent Events)

None