

The following is an English translation of the Notice of Convocation of the 130th Ordinary General Meeting of Shareholders of Sumitomo Rubber Industries, Ltd. (the “Company”) to be held on March 24, 2022. The Company provides this translation solely for reference and convenience of the shareholders and not for any other purposes. The Company makes no warranty, express or implied, as to the accuracy or completeness of the translation. Furthermore, the provision of this translation by the website shall neither constitute an offer to purchase or sell any securities or a solicitation of such offer nor be deemed a recommendation for investment.

(Translation)

(Securities Code: 5110)

March 7, 2022

To Our Shareholders

Sumitomo Rubber Industries, Ltd.  
6-9, Wakinohama-cho 3-chome  
Chuo-ku, Kobe-shi  
Satoru Yamamoto  
Representative Director, President and CEO

## **THE NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be advised that the 130th Ordinary General Meeting of Shareholders of the Company will be held as below. Your attendance at the meeting is cordially requested.

If you are unable to attend the meeting, you may exercise your voting rights in writing or on the internet, and we would appreciate your reviewing the attached referential documents and your exercising the voting rights by 5:00 p.m., March 23, 2022 (Wednesday) in accordance with the "Method to Exercise the Voting Rights" described in the pages 5 and 6.

Sincerely yours

### Measures for Preventing the Spread of COVID-19 Infections

To prevent COVID-19 infections, you are kindly requested to return the Voting Form or exercise voting rights via the Internet so that you can refrain from coming to the venue of the Meeting on the day of the General Meeting of Shareholders. We will post the proceedings of this General Meeting of Shareholders again on our video-viewing website at a later date.

### Discontinuance of Souvenirs

From this year, we will no longer prepare the souvenirs that we have distributed to shareholders attending the General Meeting of Shareholders. We would ask for your understanding.

## PARTICULARS OF MEETING

1. Date and Time: March 24, 2022 (Thursday) at 10:00 a.m.

2. Place: 13th floor Hall of the Company's Head Office  
6-9, Wakinohama-cho 3-chome  
Chuo-ku, Kobe-shi

\* In the event that 13th floor Hall becomes full, we may guide you to a different hall.  
We ask for your kind understanding and patience.

3. Purpose of Meeting:

Items to be Reported:

- (1) Business Report, Consolidated Financial Statements for the 130th business term (from January 1, 2021 to December 31, 2021) and Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Audit & Supervisory Board
- (2) Financial Statements for the 130th business term (from January 1, 2021 to December 31, 2021)

Items on the Agenda:

Item No. 1 on the Agenda:	Approval of the proposed disposal of surplus
Item No. 2 on the Agenda:	Partial Amendments to the Articles of Incorporation
Item No. 3 on the Agenda:	Election of eleven (11) Directors
Item No. 4 on the Agenda:	Election of two (2) Audit & Supervisory Board Members
Item No. 5 on the Agenda:	Determination of Remuneration for Granting Shares with Restriction on Transfer to Directors

4. Disclosure through the internet:

The following matters are posted on our website (<http://www.srigroup.co.jp/>) and not stated on the attachment to this Notice of Convocation for your viewing pursuant to the related regulations and Article 15 of the Articles of Incorporation.

- (1) “Consolidated Statement of Changes in Total Equity” in the Consolidated Financial Statements
- (2) “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements
- (3) “Non-consolidated Statement of Change in Total Equity” in the Financial Statements
- (4) “Notes to the Financial Statements” in the Financial Statements

Further,

“Consolidated Statement of Changes in Total Equity”, “Notes to the Consolidated Financial Statements”, “Non-consolidated Statement of Change in Total Equity” and “Notes to the Financial Statements” were audited by the Audit & Supervisory Board Members of the

Company and the Accounting Auditor as part of the Consolidated Financial Statements and the Financial Statements, respectively, when they prepared their respective Audit Reports.

END

\* Please note that if any revisions are made to the contents of the Referential Documents Regarding the Exercise of Voting Rights, Business Report, Consolidated Financial Statements and Financial Statements and that are attached to this Notice of Convocation, the revised contents will be posted on our website. (<http://www.srigroup.co.jp/>).

Measures for Preventing the Spread of COVID-19 Infections  
at the 130th Ordinary General Meeting of Shareholders of the Company

On the occasion of holding the 130th Ordinary General Meeting of Shareholders of the Company on Thursday, March 24, 2022, we would request our shareholders' understanding and cooperation in confirming the following contents in order to prevent the spread of COVID-19 infections.

<Requests for shareholders>

- From the viewpoint of preventing the spread of infectious diseases, we would request those who are considering coming to the venue of the General Meeting of Shareholders to take comprehensive measures to care for their health and not to force themselves to come.
- Regarding the elderly, those with underlying diseases, and those who are pregnant, we would ask that they take special care.
- When exercising voting rights, we would appreciate it if you would exercise rights in writing or via the Internet, etc. in advance.  
For details, please refer to pages 5 and 6.
- If you come to the Meeting venue on the day of the Meeting, we would ask for your cooperation in wearing a mask and using the alcohol-based hand sanitizers we will install at the venue.
- As we will measure your body temperature when entering the Meeting venue, your cooperation would be appreciated.
- You are kindly requested to be considerate of the people around you, including through coughing etiquette.
- At the Meeting venue on the day of the Meeting, please be seated while following the instructions of operating staff.

<Measures to be taken by the Company>

- We will also check the physical condition of operating staff by measuring their body temperature in advance. Moreover, they will perform their duties while wearing masks and gloves.
- We will install alcohol-based hand sanitizers at the Meeting venue's entrance and at several other locations around the venue.
- If you are not in good physical condition or have a fever, we may decline your entry.
- We will refrain from serving drinks.
- Those who do not come to the Meeting venue can view the proceedings of this General Meeting of Shareholders on the Internet.  
(For details, please refer to pages 7.)

Please note that as the above contents may be changed depending on the future situation, we would appreciate it if you could check the website of the Company in advance.

## [Method to Exercise the Voting Rights]

### 1. Method to Exercise the Voting Rights:

#### (1) Those Planning to Attend the General Shareholders' Meeting

Please submit the enclosed Voting Form to the reception desk at the meeting venue on the day of the General Shareholders' Meeting.

Further, we ask that you please bring this Brochure with you to the meeting as it contains reference materials pertaining to the Agenda.

<Date and Time of General Shareholders' Meeting>

10:00 AM on Thursday, March 24, 2022

#### (2) Those Unable to Attend the General Shareholders' Meeting

##### (i) Exercising Voting Rights in Writing:

Having indicated your vote with regard to each Resolution on the Agenda, please return the enclosed Voting Form to our company's Shareholder Registry Administrator so that it arrives no later than the Voting Deadline listed below.

<Voting Deadline>

5:00 PM on Wednesday, March 23, 2022

##### (ii) Exercising Voting Rights by "Smart Voting<sup>®</sup>"

Using a smartphone or tablet to read the "Voting Website Login QR Code for Smartphone" at the lower right of the enclosed Voting Form, please register your vote with regard to each Resolution on the Agenda by following the onscreen instructions provided.

<Voting Deadline>

5:00 PM on Wednesday, March 23, 2022

##### (iii) Exercising Voting Rights Online:

Accessing the Voting Website from a PC, or smartphone, and using the "Voting Code" and "Password" printed on the enclosed Voting Form, please register your vote with regard to each Resolution on the Agenda by following the onscreen instructions provided.

<Voting Deadline>

5:00 PM on Wednesday, March 23, 2022

*Please refer to the following page for further details.*

### **Treatment of voting rights exercised more than once**

- If you exercise your voting rights in writing and on the Internet, etc., the vote exercised on the Internet shall be deemed the effective vote.
- If you exercise your voting rights several times on the internet, the last vote shall be deemed to be the effective vote.

### **Use of the electronic voting platform for exercising voting rights (For institutional shareholders):**

Institutional shareholders shall be able to exercise their voting rights through electromagnetic form via the "Electronic Voting Platform" operated by ICJ Inc. in the Company's Ordinary General Meeting of Shareholders.

## Voting by Smart Voting®

You can log in the Voting Website by entering “Voting Code” and “Password.”

1. Read the QR Code printed at the lower right of the Voting Form.



\*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Afterwards, enter your vote following the guide on the screen.



### **voting rights may be exercised by “Smart Voting®” only once.**

If you wish to change your vote after exercising your voting rights, please read the QR code again, access the Voting Website, log in by entering “Voting Code” and “Password” printed on the Voting Form, and exercise your voting rights.

\*The shareholders are requested to bear the fees for connection and telecommunication costs for accessing to the site for exercising voting rights.

\*You may not use the site depending on the environment for using the internet, the service subscribed to and the model used.

**Inquiry for exercising voting rights using Smart Voting® and online**

Stock Transfer Agency Online Support Desk  
Sumitomo Mitsui Trust Bank, Limited  
(Toll free) 0120-652-031 (9:00 AM – 9:00 PM)

**For other inquiries, please contact:**

Securities Business Center  
Sumitomo Mitsui Trust Bank, Limited  
(Toll free) 0120-782-031 (open Mon – Fri 9:00 AM – 5:00 PM)

\* If you have an account with a securities firm, please contact it.

## Exercising Voting Rights Online

Voting Website: <https://www.web54.net>

1. Access the Voting Website.



Click “Go to next”

2. Enter the “Voting Code” printed on the Voting Form.



Enter “Voting Code”

Click “Log in”

3. Enter “Password” printed on the Voting Form.



Enter “Password”

Click “Go to next”

4. Afterwards, enter your vote following the guide on the screen.



## Live Stream of the General Meeting of Shareholders

On the day of the Meeting, we will provide live streaming of the proceedings of the General Meeting of Shareholders via the Internet.

1 Please access the following website designated by the Company.

Distribution date and time

March 24, 2022 (Thursday) from 9:30 a.m.  
(The General Meeting of Shareholders will start at 10 a.m.)

Distribution URL

<https://5110.ksoukai.jp>



2 When the screen to enter the shareholder ID and Password is displayed, please enter the shareholder ID and password as described below.

Shareholder ID

**Shareholder Number** (nine-digit number) shown on the Voting Form at hand.

Password

**Zip code** (seven-digit number excluding the hyphen) of the shareholder's registered address

3 Please accept the cautionary statement and click the "View" button to use it.

### <Precautions for viewing the live stream>

- Shareholders who view the live stream will not be allowed to participate in the resolutions on the day of the Meeting, unlike those who attend the Meeting on the day. We would appreciate it if you could exercise your voting rights in advance by mail or via the Internet, etc. (see pages 5 and 6). Similarly, moreover, please note that we will be unable to receive your questions and opinions during the deliberations on the day of the Meeting.
- The program may not be viewed depending on the connection environment of your computer and the Internet as well as the line conditions.
- Communication fees and other charges for viewing shall be borne by the shareholder.
- Please refrain from taking pictures or recording pictures and sound, and storing them.
- Providing the Shareholder ID and Password to third parties is strictly prohibited.
- In consideration of the privacy of the shareholders who will attend the Meeting, the live stream shall only show an area near the chairperson's seat and officers' seats.

Inquiries about live stream	If you have any questions, please make an inquiry to the following contacts:	
	<b>About Shareholder Number and Password</b> Sumitomo Mitsui Trust Bank, Ltd. Virtual General Meeting of Shareholders Helpline <b>0120-782-041</b> Reception hours: 9 a.m. to 5 p.m. on weekdays	<b>About viewing the live stream</b> V-cube, Inc. <b>03-4503-6561</b> Reception date and time: March 24 (Date of General Meeting of Shareholders) From 9 a.m. to the conclusion of the General Meeting of Shareholders

## On-Demand Viewing of the Proceedings on the Day of the General Meeting of Shareholders

- In order to allow shareholders who were unable to come to the Meeting venue to see the proceedings, we will distribute part of this General Meeting of Shareholders on an on-demand basis on the Internet at a later date.

Period: April 1, 2022 (Friday) to June 30, 2022 (Thursday)

Shareholders who wish to view the program should visit the following website:

Distribution URL

<https://generalmeeting.sumitomorubber.co.jp/>



You can access the above URL by scanning the QR code shown on the right with your smartphone or tablet.

To view, please enter the following password:

Password: \*\*\*\*\*

## **REFERENTIAL DOCUMENTS REGARDING THE EXERCISE OF VOTING RIGHTS**

### **Item No. 1 on the Agenda:     Approval of the proposed disposal of surplus**

The Company regards that the most important issue is providing return to shareholders and makes it a basic policy to pay stable dividend in the long term by making comprehensive determinations of consolidated dividend payout ratio, business outlook and the level of retained earnings, etc.

In addition, we intend to use retained earnings for prior investments such as capital investment and research and development, to expand future revenue base.

We propose to pay the year-end dividend for this period as follows, based on the above-mentioned policy.

As a result, the total dividend for this period shall be JPY 55.00 per share, including JPY 25.00 per share for the first half of the period that has already been paid as an interim dividend.

- (1) Assets subject to dividend:  
Cash
  
- (2) Allotment of dividend to the shareholders and its total amount:  
JPY 30.00 per 1 common share of the Company  
Total amount of dividend: JPY 7,889,863,590
  
- (3) Date of which the distribution of the surplus will be effective:  
March 25, 2022



**Item No. 2 on the Agenda: Partial Amendments to the Articles of Incorporation**

**1. Reasons for Amendments**

Since the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of 2019) will come into effect on September 1, 2022, the Company’s Articles of Incorporation shall be amended as follows in preparation for the introduction of an electronic provision system for materials for general meetings of shareholders:

- (1) Article 15, Paragraph 1 of the proposed amendment stipulates that the Company shall take measures to provide electronically the information contained in Referential Documents Regarding the Exercise of Voting Rights, etc.
- (2) Article 15, Paragraph 2 of the proposed amendment shall establish provisions to limit the scope of matters to be stated in the documents to be delivered to shareholders who have made a request for delivery of documents.
- (3) The provisions regarding Internet disclosure and deemed provision of the Referential Documents Regarding the Exercise of Voting Rights, etc. (Article 15 of the current Articles of Incorporation) will no longer be necessary and therefore shall be deleted.
- (4) In conjunction with the above establishment and deletion, supplementary provisions concerning the effective date, etc. shall be established.

**2. Details of Amendments**

The details of the amendments are as follows:

(Amended portions are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>Chapter 3 General Meeting of Shareholders</p> <p><u>(Internet Disclosure and Deemed Provision of Referential Documents Regarding the Exercise of Voting Rights, etc.)</u></p> <p><u>Article 15 When convening a general meeting of shareholders, the Company may deem that information pertaining to matters to be stated or indicated in the Referential Documents Regarding the Exercise of Voting Rights, Business Report, Financial Statements and Consolidated Financial Statements has been provided to shareholders by means of disclosure through the Internet in accordance with the Ordinance of the Ministry of Justice.</u></p> <p>&lt;Newly established&gt;</p>	<p>Chapter 3 General Meeting of Shareholders</p> <p>&lt;Deleted&gt;</p> <p><u>(Measures, etc. for Electronic Provision of Materials for General Meetings of Shareholders)</u></p> <p><u>Article 15 When convening a general meeting of shareholders, the Company shall take measures to provide electronically the information contained in Referential Documents Regarding the Exercise of Voting Rights, etc.</u></p> <p><u>(2) The Company may omit all or part of the matters set forth in the applicable Ordinance</u></p>

Current Articles of Incorporation	Proposed amendments
<p>&lt;Newly established&gt;</p>	<p style="text-align: center;"><u>of the Ministry of Justice in relation to those which the Company takes measures for electronic provision to shareholders who have made a request for delivery of documents no later than the record date for the voting rights.</u></p> <p><u>Supplementary Provisions</u></p> <p>(1) <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Referential Documents Regarding the Exercise of Voting Rights, etc.) of the Articles of Incorporation prior to the amendment and the establishment of Article 15 (Measures, etc. for Electronic Provision of Materials for General Meetings of Shareholders) of the Articles of Incorporation after the amendment shall take effect on September 1, 2022 (hereinafter referred to as the "Effective Date"), which is the effective date of the amending provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019).</u></p> <p>(2) <u>Notwithstanding the provisions of the preceding Paragraph, Article 15 of the Articles of Incorporation prior to the amendment shall remain in effect with respect to the general meeting of shareholders to be held on a day falling within six (6) months after the Effective Date.</u></p> <p>(3) <u>These Supplementary Provisions shall be deleted after six (6) months have elapsed from the Effective Date or three (3) months have elapsed from the date of the general meeting of shareholders set forth in the preceding Paragraph, whichever comes later.</u></p>

### Item No. 3 on the Agenda: Election of eleven (11) Directors

The terms of office of all twelve (12) Directors will expire at the close of this General Meeting of Shareholders. Thus, an election is requested to elect eleven (11) Directors.

The following candidates have been nominated for the positions.

The number and the candidates of directors are decided at the Board of Directors based on a recommendation of the Nomination and Compensation Committee which is an advisory body of the Board of Directors.

Nominee Number	Name		Position at the Company	Number of Meetings of the Board of Directors Attended (Percentage)
1	Ikuji Ikeda	Reappointment	Chairman of the Board	14 out of 14 100%
2	Satoru Yamamoto	Reappointment	Representative Director, President and CEO (President)	14 out of 14 100%
3	Kazuo Kinameri	Reappointment	Representative Director (Vice President)	14 out of 14 100%
4	Hidekazu Nishiguchi	Reappointment	Director (Senior Executive Officer)	11 out of 11 100%
5	Kiyoshige Muraoka	New appointment	Senior Executive Officer	-
6	Masatsugu Nishino	New appointment	Senior Executive Officer	-
7	Naoki Okawa	New appointment	Senior Executive Officer	-
8	Keizo Kosaka	Outside Independent Reappointment	Outside Director	14 out of 14 100%
9	Kenji Murakami	Outside Independent Reappointment	Outside Director	14 out of 14 100%
10	Nobuyuki Kobayashi	Outside Independent Reappointment	Outside Director	14 out of 14 100%
11	Mari Sonoda	Outside Independent Reappointment	Outside Director	11 out of 11 100%

(Note) In the brief personal history of each candidate above, the position in brackets is the position of the Director as Executive Officer of the Company.

Nominee Number	Name (Date of Birth)	Reappointment
1	Ikuji Ikeda (November 7, 1956)	Number of Shares of the Company Held
		55,700
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b>
4/1979	Joined the Company	15 Years
1/2000	General Manager of Tyre Works Technical Dept.	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>
3/2003	Executive Officer of the Company	
3/2007	Director (Senior Executive Officer) of the Company	14 out of 14 (100%)
3/2010	Director (Managing Executive Officer) of the Company	
3/2011	Representative Director, President and CEO (President) of the Company	
3/2019	Representative Director, Chairman of the Board of the Company	
3/2020 to present	Chairman of the Board of the Company	
<b>Reasons for nomination as a candidate for Director</b>		
<p>Since joining the Company, Mr. Ikuji Ikeda has been engaged mainly in the production sections and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer in Charge of Overseas Operations and Representative Director, President and CEO. Mr. Ikeda has properly supervised the Group's overall operations as Chairman of the Board. Accordingly, the Company requests Mr. Ikeda's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
2	Satoru Yamamoto (June 14, 1958)	Number of Shares of the Company Held
		27,430
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b>
4/1982	Joined the Company	7 Years
1/2001	General Sales Manager of Tyre Sales & Marketing Division of the Company	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>
3/2010	Executive Officer of the Company	
	Deputy General Manager of Dunlop Tyres Sales HQ of the Company	14 out of 14 (100%)
3/2011	General Manager of Dunlop Tyres Sales HQ of the Company	
3/2013	Senior Executive Officer of the Company	
3/2015	Director (Senior Executive Officer) of the Company	
3/2019 to present	Representative Director, President and CEO (President) of the Company	
<b>Reason for nomination as a candidate for Director</b>		
<p>Since joining the Company, Mr. Satoru Yamamoto has been engaged mainly in the replacement tire sales sections and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer in Charge of Sales of Replacement Tires and Officer Responsible for Supervision of Asia &amp; Pacific Business, etc. In addition, Mr. Yamamoto has exercised leadership as CEO, worked out sustainable growth strategies and enhanced the economic and social value of the Company. Accordingly, the Company requests Mr. Yamamoto's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
3	Kazuo Kinameri (August 15, 1956)	<b>Number of Shares of the Company Held</b>
		35,094
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b>
4/1979	Joined the Company	4 years
1/2001	General Manager of Sports Management Dept. of the Company	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b> 14 out of 14(100%)
7/2003	Director of SRI Sports Limited <changed its name to Dunlop Sports Co., Ltd. in 2012>	
3/2007	Director (Senior Executive Officer) of SRI Sports Limited	
3/2011	Representative Director (Managing Executive Officer) of SRI Sports Limited	
3/2015	President and Representative Director of Dunlop Sports Co., Ltd.	
1/2018	Managing Executive Officer of the Company	
3/2018	Representative Director	
to present	(Vice President) of the Company	
<Duty> Supervision of Human Resources and General Affairs, ESG, Asia & Pacific Business and Sports Business		
<b>Reason for nomination as a candidate for Director</b>		
Since joining the Company, Mr. Kazuo Kinameri has been engaged mainly in the sports business and has gained extensive experience and broad insights as a manager based on his experience as the President and Representative Director of Dunlop Sports Co., Ltd. Mr. Kinameri has worked to strengthen corporate governance and supervised the overall management section. Accordingly, the Company requests Mr. Kinameri's reappointment as a Director.		

Nominee Number	Name (Date of Birth)	Reappointment
4	Hidekazu Nishiguchi (December 8, 1960)	<b>Number of Shares of the Company Held</b>
		17,600
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b>
4/1983	Joined the Company	1 Year
3/2012	President & Representative Director of Goodyear Japan Co., Ltd.	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b> 11 out of 11 (100%)
3/2013	Executive Officer of the Company	
3/2014	General Manager of Overseas Tire Sales HQ of the Company	
1/2017 to present	Senior Executive Officer of the Company General Manager of Corporate Management Planning & Administration Dept. of the Company	
3/2021 to present	Director (Senior Executive Officer) of the Company	
<Duty> Supervision of Corporate Management Planning & Administration and Tire Business, In Charge of License Business, Digital Planning and Motorcycle Tyre, General Manager of Corporate Management Planning & Administration Dept.		
<b>Reason for nomination as a candidate for Director</b>		
Since joining the Company, Mr. Hidekazu Nishiguchi has been engaged mainly in the tire sales sector and has gained extensive experience and broad insights as a manager based on his experience as General Manager of the Corporate Management Planning & Administration Dept. and Executive Officer in Charge of Digital Planning. Mr. Nishiguchi has promoted digital management utilizing AI and IoT at Meetings of the Board of Directors. Accordingly, the Company requests his reappointment as Director.		

Nominee Number	Name (Date of Birth)	New appointment
5	Kiyoshige Muraoka (February 21, 1961)	Number of Shares of the Company Held 4,300
<b>Brief Personal History and Position at the Company</b>		
4/1985	Joined the Company	
1/2010	General Manager of Material Dept. II of the Company	
3/2015	Executive Officer of the Company General Manager of Material Research & Development HQ of the Company	
3/2020 to present	Senior Executive Officer of the Company General Manager of Research & Development HQ and Material Research & Development HQ of the Company	
1/2022 to present	General Manager of Research & Development HQ of the Company	
<Duty> In Charge of Intellectual Property and Material Development, General Manager of Research & Development HQ		
<b>Reason for nomination as a candidate for Director</b>		
Since joining the Company, Mr. Kiyoshige Muraoka has been engaged mainly in the material development section, serving as General Manager of Material Research & Development HQ and General Manager of Research & Development HQ, and gained broad insights into the Company's technological development and advanced technologies. The Company requests Mr. Muraoka's appointment as a Director in the expectation that his provision of opinions and suggestions based on insights gained through such experience will contribute to improving the corporate value of the Company.		

Nominee Number	Name (Date of Birth)	New appointment
6	Masatsugu Nishino (February 8, 1962)	Number of Shares of the Company Held 12,600
<b>Brief Personal History and Position at the Company</b>		
4/1984	Joined the Company	
1/2006	Representative Director, President and CEO, Dunlop Falken Hokkaido, Ltd. (currently Dunlop Tire Hokkaido Ltd.) Representative Director, President and CEO	
3/2015	Executive Officer of the Company Falken Tyre Europe GmbH Managing Director & CEO	
1/2021 to present	Senior Executive Officer of the Company	
1/2022 to present	General Manager of Human Resources and General Affairs HQ of the Company	
<Duty> In Charge of Social Contribution Promotion, Sustainability Promotion and Public Relations, General Manager of Human Resources and General Affairs HQ		
<b>Reason for nomination as a candidate for Director</b>		
Since joining the Company, Mr. Masatsugu Nishino has been engaged mainly in the tire sales sector and has gained extensive experience and broad insights as a manager based on his experience as the President of the Group's overseas subsidiary. The Company requests Mr. Nishino's appointment as a Director in the expectation that his provision of opinions and suggestions based on insights gained through such experience will contribute to improving the corporate value of the Company.		

Nominee Number	Name (Date of Birth)	New appointment
7	Naoki Okawa (July 9, 1961)	Number of Shares of the Company Held 4,200
<b>Brief Personal History and Position at the Company</b>		
4/1987	Joined Sumitomo Electric Industries, Ltd.	
4/2012	General Manager of Harness Section, Accounting Department of the above company	
3/2019 to present	Joined the Company General Manager of Accounting & Finance Dept. of the Company	
1/2020	Executive Officer of the Company	
1/2021 to present	Senior Executive Officer of the Company	
<Duty> General Manager of Accounting & Finance Dept.		
<b>Reason for nomination as a candidate for Director</b>		
Since joining Sumitomo Electric Industries, Ltd., Mr. Naoki Okawa has held important positions and has gained broad insights of financial and capital strategies based on his experience as General Manager of Accounting & Finance Dept. of the Company, etc. The Company requests Mr. Okawa's appointment as a Director in the expectation that his provision of opinions and suggestions based on insights gained through such experience will contribute to improving the corporate value of the Company.		

Nominee Number	Name (Date of Birth)	Outside/Independent/Reappointment	
8	Keizo Kosaka (December 11, 1945)	Number of Shares of the Company Held 0	
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b> 13 Year	
4/1970	Admitted to the bar and Joined Irokawa Law Office	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b> 14 out of 14 (100%)	
4/1995	Vice President of Osaka Bar Association		
1/2001	Irokawa Law Office Representative Partner		
6/2006 to present	Outside Audit & Supervisory Board Member of Toyo Aluminum K. K.		
3/2009 to present	Outside Director of the Company		
6/2012 to present	Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd.		
6/2016 to present	Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd.		
1/2020 to present	Chairman of Irokawa Legal Professional Corporation		
6/2020 to present	Outside Audit & Supervisory Board Member of SEIREN CO., LTD.		
<b>Important Concurrent Post</b>			
Attorney Chairman of Irokawa Legal Professional Corporation Outside Audit & Supervisory Board Member of Toyo Aluminum K.K. Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd. Outside Audit & Supervisory Board Member of SEIREN CO., LTD.			
<b>Reason for nomination as a candidate for Outside Director and summary of expected roles</b>			
Mr. Keizo Kosaka, making full use of his abundant knowledge as a lawyer with expertise in corporate legal affairs, has provided the Company with invaluable opinions and suggestions from an objective point of view. The Company requests Mr. Kosaka's reappointment in expectation that his continued provision of opinions and suggestions as an Outside Director will result in improving the Company's corporate governance.			

Nominee Number	Name (Date of Birth)	Outside/Independent/Reappointment
9	Kenji Murakami (August 17,1947)	<b>Number of Shares of the Company Held</b>
		13,900
<b>Brief Personal History</b>		<b>Years as a Member of the Board</b>
4/1970	Joined Daiwa House Industry Co., Ltd.	6 Years
6/2000	Managing Director of Daiwa House Industry Co., Ltd.	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>
6/2001	Executive Managing Director of Daiwa House Industry Co., Ltd.	
4/2004	Representative Director, President and COO of Daiwa House Industry Co., Ltd.	
4/2011	Representative Director, Vice Chairman of Daiwa House Industry Co., Ltd.	
4/2012	Director of Daiwa House Industry Co., Ltd.	
3/2016 to present	Outside Director of the Company	
<b>Reason for nomination as a candidate for Outside Director and summary of expected roles</b>		
Mr. Kenji Murakami has served as Representative Director, President and COO of Daiwa House Industry Co., Ltd., and gained extensive experience and broad insights as a manager. The Company requests Mr. Murakami's reappointment in expectation that his continued provision of opinions and suggestions as an Outside Director will result in improving the Company's corporate governance.		

Nominee Number	Name (Date of Birth)	Outside/Independent/Reappointment
10	Nobuyuki Kobayashi (May 31, 1961)	<b>Number of Shares of the Company Held</b>
		0
<b>Brief Personal History and Position at the Company</b>		<b>Years as a Member of the Board</b>
4/1985	Joined Sumitomo Electric Industries, Ltd.	2 Years
6/2016	Executive Officer of the Company	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>
6/2019 to present	Managing Director of the above company	
3/2020 to present	Outside Director of the Company	
<b>Important Concurrent Post</b>		
Managing Director, Sumitomo Electric Industries, Ltd.		
<b>Reason for nomination as a candidate for Outside Director and summary of expected roles</b>		
Mr. Nobuyuki Kobayashi has been engaged mainly in the accounting and finance section at Sumitomo Electric Industries, Ltd. and gained extensive experience and broad insights as a manager, based on his experience as Managing Director of the company. The Company requests Mr. Kobayashi's reappointment in expectation that his continued provision of opinions and suggestions as an Outside Director will result in improving the Company's corporate governance.		



<b>Nominee Number</b>	<b>Name (Date of Birth)</b>	<b>Outside/Independent/Reappointment</b>
<b>11</b>	Mari Sonoda (July 24, 1959)	<b>Number of Shares of the Company Held</b> 0
<b>Brief Personal History</b>		<b>Years as a Member of the Board</b> 1 Year
4/1982	Joined the Ministry of Finance <Current Japanese name has been changed from “Okura-sho” to “Zaimu-sho”>	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b> 11 out of 11 (100%)
7/2010	Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau, Ministry of Finance	
7/2012	Director General of General Affairs Division, Federation of National Public Service Personnel Mutual Aid Associations	
1/2014	Secretary-General of Secretariat, Specific Personal Information Protection Commission	
1/2016	Secretary-General of Secretariat, Personal Information Protection Commission	
3/2021 to present	Outside Director of the Company	
<b>Reason for nomination as a candidate for Outside Director and summary of expected roles</b>		
Ms. Mari Sonoda has held important positions at the Ministry of Finance and elsewhere and has gained expertise in finance, fiscal affairs and policy-making as well as extensive experience based on her experience in developing personal information protection systems, including My Number, the national identification number. The Company requests Ms. Sonoda’s reappointment in expectation that her continued provision of opinions and suggestions as an Outside Director will result in improving the Company’s corporate governance.		

Special Remarks Regarding Director Candidates  
(Notes)

1. In the brief personal history of each candidate above, the position in brackets is the position of the Director as Executive Officer of the Company.
2. Mr. Satoru Yamamoto is directly responsible for auditing and tire quality assurance.
3. At the 129th Ordinary General Meeting of Shareholders held on March 26, 2021, Mr. Hidekazu Nishiguchi and Ms. Mari Sonoda were newly elected and appointed as Director and Outside Director, respectively. After the 129th Ordinary General Meeting of Shareholders, Meetings of the Board of Directors were held a total of 11 times during this period.
4. Mr. Nobuyuki Kobayashi is a Managing Director of Sumitomo Electric Industries, Ltd., which owns 28.85% of the total number of the Company's shares issued and outstanding (excluding treasury stock) and has a trading relationship with the Company regarding raw materials for tires, etc. This business relationship accounts for less than 1.0% of either company's total consolidated annual revenues.
5. Mr. Keizo Kosaka, Mr. Kenji Murakami, Mr. Nobuyuki Kobayashi and Ms. Mari Sonoda are candidates for appointment as Outside Directors. Further, if appointed as Directors, the four would become Independent Officers, outside corporate officers who have no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange.
6. The Company has concluded with each of Mr. Keizo Kosaka, Mr. Kenji Murakami, Mr. Nobuyuki Kobayashi and Ms. Mari Sonoda an agreement to limit their liability as a director, as provided for in Article 423, Paragraph 1 of the Companies Act, to an amount not exceeding the total amount provided in each of the items in Article 425, Paragraph 1 of the Companies Act. These agreements will remain in effect in the event that Mr. Keizo Kosaka, Mr. Kenji Murakami, Mr. Nobuyuki Kobayashi and Ms. Mari Sonoda are appointed as Directors of the Company.
7. With the Company's and subsidiaries' Directors and Audit & Supervisory Board Members as the insured, the Company has concluded a liability insurance contract for officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate for losses borne by insured persons for statutory compensation for damages and the costs of litigation under the insurance contract. However, in order to ensure that the appropriateness of the performance of duties by insured persons is not impaired, there are certain grounds for exemption, such as in the case of an act conducted with the knowledge that it is a violation of laws and regulations. The eleven candidates for Director will be included among the insured persons under the insurance contract. In addition, the insurance contract will be renewed with the same contents at the time of its next renewal.

**Item No. 4 on the Agenda: Election of two (2) Audit & Supervisory Board Members**

The terms of office of Audit & Supervisory Board Members Hiroaki Tanaka and Asli M. Colpan will expire at the close of this General Meeting of Shareholders. Thus, an election is requested to elect two (2) Audit & Supervisory Board Members.

The following candidates have been nominated for the positions.

The candidates are decided at the Board of Directors based on a recommendation of the Nomination and Remuneration Committee which is an advisory body of the Board of Directors, and with the consent of the Audit & Supervisory Board.

<b>Nominee Number</b>	<b>Name (Date of Birth)</b>	<b>Outside/Independent/Reappointment</b>
<b>1</b>	Asli M. Colpan (October 25, 1977)	<b>Number of Shares of the Company Held</b>  0
<b>Brief Personal History</b>		<b>Years as a Member of the Board</b>
4/2008	Program-Specific Associate Professor of Kyoto Center for Japanese Studies, Columbia University	4 Years
10/2012	Visiting Scholar of Reischauer Institute of Japanese Studies, Harvard University Visiting Associate Professor of Massachusetts Institute of Technology (MIT) Department of Political Science and Sloan School of Management	<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>  14 out of 14 (100%)
		<b>Number of Meetings of the Audit &amp; Supervisory Board Attended (Percentage)</b>  12 out of 12 (100%)
7/2015	Outside Director of GOURMET KINEYA CO., LTD.	
4/2016	Associate Professor of Graduate School of Economics, Kyoto University	
5/2016	Associate Professor of Graduate School of Management, Kyoto University	
9/2016	Visiting Professor of Harvard Business School	
3/2018 to present	Outside Audit & Supervisory Board Member of the Company	
4/2018 to present	Professor of Graduate School of Economics, Kyoto University Professor of Graduate School of Management, Kyoto University	
3/2019 to present	Outside Director of NISSHA Co., Ltd.	
<b>Important Concurrent Post</b>		
Professor of Graduate School of Economics, Kyoto University Professor of Graduate School of Management, Kyoto University Outside Director of NISSHA Co., Ltd.		
<b>Reason for nomination as a candidate for Audit &amp; Supervisory Board Member</b>		
Ms. Asli M. Colpan has advanced academic knowledge as a professor specializing in management strategy and corporate governance, as well as abundant insights from the experience of being involved in corporate management as Outside Director of GOURMET KINEYA CO., LTD. and NISSHA Co., Ltd. The Company requests Ms. Colpan's reappointment in the expectation that her provision of opinions and suggestions as an Outside Audit & Supervisory Board Member will contribute to strengthening the audit system of the Company.		

Nominee Number	Name (Date of Birth)	New appointment
2	Hiroki Ishida (July 11, 1958)	<b>Number of Shares of the Company Held</b> 46,700
<b>Brief Personal History and Position at the Company</b>		<b>Number of Meetings of the Board of Directors Attended (Percentage)</b>
4/1981	Joined Sumitomo Electric Industries, Ltd.	14 out of 14 (100%)
1/2005	General Manager, Corporate Planning Dept. of the above company	
6/2007	General Manager, Strategic Planning Div., Automotives Business Unit of the above company	
2/2010	Joined the Company	
3/2010	Executive Officer of the Company	
3/2011 to present	Director (Senior Executive Officer) of the Company	
<Duty> Supervision of Finance and International Business Development & Administration, In Charge of Legal Affairs and Brand Management		
<b>Reason for nomination as a candidate for Audit &amp; Supervisory Board Member</b>		
Since joining Sumitomo Electric Industries, Ltd., Mr. Hiroki Ishida has held important positions and has gained extensive experience and broad insights as a manager based on his experience as Executive Officer in Charge of Finance of the Company, etc. The Company requests Mr. Ishida's appointment in the expectation that his provision of opinions and suggestions as an Audit & Supervisory Board Member will contribute to strengthening the audit system of the Company.		

(Notes)

- In the brief personal history of Mr. Hiroki Ishida, a candidate for Audit & Supervisory Board Member, the position in brackets is the position as Executive Officer of the Company.
- There are no special relationships between the Company and each candidate.
- Ms. Asli M. Colpan is a candidate for appointment as Outside Audit & Supervisory Board Member. Further, if appointed as an Audit & Supervisory Board Member, she would become an Independent Officer, an outside corporate officer who has no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange.
- The Company has concluded with Ms. Asli M. Colpan an agreement to limit her liability as an Audit & Supervisory Board Member, as provided for in Article 423, Paragraph 1 of the Companies Act, to an amount not exceeding the total amount provided in each of the items in Article 425, Paragraph 1 of the Companies Act (hereinafter referred to as the "Liability Limitation Agreement" under the agenda item). This agreement will remain in effect in the event that Ms. Asli M. Colpan is appointed as an Audit & Supervisory Board Member of the Company.
- If Mr. Hiroki Ishida, a candidate for appointment as an Audit & Supervisory Board Member, is appointed, the Company will conclude a Liability Limitation Agreement with him.
- With the Company's and subsidiaries' Directors and Audit & Supervisory Board Members as the insured, the Company has concluded a liability insurance contract for officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate for losses borne by insured persons for statutory compensation for damages and the costs of litigation under the insurance contract. However, in order to ensure that the appropriateness of the performance of duties by insured persons is not impaired, there are certain grounds for exemption, such as in the case of an act conducted with the knowledge that it is a violation of laws and regulations. The two candidates for Audit & Supervisory Board Member will be included among the insured persons under the insurance contract. In addition, the insurance contract will be renewed with the same contents at the time of its next renewal.

Board Skill Matrix After General Meeting of Shareholders (Planned)

Name	Position	Skill Matrix for Directors and Audit & Supervisory Board Members						
		Corporate Management and Business Strategy	Production and Technology	International Business	Sales and Marketing	Legal and Governance	Financial Strategy and Accounting	DX and IT
Ikuji Ikeda	Chairman of the Board	•	•	•				
Satoru Yamamoto	Representative Director, President and CEO (President)	•		•	•			
Kazuo Kinameri	Representative Director (Vice President)	•		•	•	•		
Hidekazu Nishiguchi	Director (Managing Executive Officer)	•		•	•			•
Kiyoshige Muraoka	Director (Senior Executive Officer)		•					•
Masatsugu Nishino	Director (Senior Executive Officer)	•		•	•	•		
Naoki Okawa	Director (Senior Executive Officer)			•			•	
Keizo Kosaka	Outside Director	•				•		
Kenji Murakami	Outside Director	•		•	•			
Nobuyuki Kobayashi	Outside Director			•			•	•
Mari Sonoda	Outside Director					•	•	•
Takashi Kono	Standing Audit & Supervisory Board Member			•			•	•
Hiroki Ishida	Standing Audit & Supervisory Board Member	•		•		•	•	
Morihiro Murata	Outside Audit & Supervisory Board Member	•				•	•	
Asli M. Colpan	Outside Audit & Supervisory Board Member	•		•		•		
Hirofumi Yasuhara	Outside Audit & Supervisory Board Member	•		•			•	

[Reasons for Adoption of Items in the Skill Matrix]

Skill item	Reason for adoption
Corporate Management and Business Strategy	Realization of the highest level of joy and well-being requires board members with skills in developing sustainable growth strategies and corporate management experience and track records. Moreover, in order to bring the Company's economic and social values to even higher levels, it is essential to create new value. In order to achieve this, it is necessary to identify business changes promptly, pursue new possibilities beyond the tire business, sports business, and industrial products business, and have board members with skills and expertise in business portfolio strategy formulation.
Production and Technology	We aim to provide customers with the highest levels of joy and well-being. To this end, it is necessary for the Company to have board members who have a wealth of knowledge about the advanced technologies the Company has cultivated through tireless technological innovation, and who have skills and knowledge related to the creation of human and environmentally friendly products for the realization of a sustainable society.
International Business	In order to maximize the results of the global structure in the Company business, it is necessary to have board members who have experience in representation at overseas subsidiaries and equivalent positions as an overseas representative, and have skills and knowledge related to overseas business management.
Sales and Marketing	Expanding global sales of high-performance products created by the Company's advanced technologies and continuing to provide high-value-added products in response to the rapid shift to electric vehicles (EVs) will lead to the creation of value that exceeds expectations from customers and society. To this end, the Company needs board members with skills and knowledge in the areas of understanding market trends and formulating sales strategies.
Legal and Governance	The foundation for the Company's continued global expansion is the establishment of an appropriate governance system. In order to improve the effectiveness of management supervision throughout the Group, the Company needs board members with legal knowledge and knowledge of corporate governance and risk management.
Financial Strategy and Accounting	In order to maximize corporate value through efficient management of the Company's capital, the Company needs board members who have the skills and knowledge necessary for accurate financial reporting, establishment of a strong financial base, promotion of growth investments (including M&As) for sustainable enhancement of corporate value, and formulation of appropriate financial and capital strategies to enhance shareholder returns.
DX and IT	In order to realize “Innovation for the Future,” it is necessary to establish a data-driven corporate culture that makes active use of AI and the IoT. The Company needs board members who have track records of promoting various innovations, and skills and knowledge in the digital technology field.

## **Item No. 5 on the Agenda: Determination of Remuneration for Granting Shares with Restriction on Transfer to Directors**

At the 123rd Ordinary General Meeting of Shareholders held on March 26, 2015, the amount of remuneration, etc. for the Directors was approved to be no more than JPY 800 million per year (of which, the annual amount for Outside Directors was no more than JPY 70 million; however, salaries for employees of Directors who also served as employees were not included). We would like to request approval to pay a new remuneration for granting shares with restriction on transfer to the Directors (excluding Outside Directors; hereinafter referred to as the "Eligible Directors") separately from the aforementioned remuneration amount, in order to provide incentives for the Eligible Directors to continuously improve the corporate value of the Company and to further share the value with shareholders.

The total amount of monetary remuneration to be paid to the Eligible Directors for granting shares with restriction on transfer pursuant to this proposal shall be within JPY 40 million per year, which is considered reasonable in light of the above purpose.

In accordance with the resolution of the Board of Directors, the Eligible Directors shall deliver all the monetary remuneration claims arising out of this proposal as assets contributed in kind and shall receive the issuance or disposition of the Company's common shares. The total number of common shares to be issued or disposed of as a result of this shall be within 20,000 shares per year (however, if a stock split (including gratis allotment of shares of the Company common stock) or a reverse stock split of the common stock of the Company is carried out after the date of resolution of this proposal, the adjustment shall be made in accordance with such ratio of stock split or reverse stock split). This is considered reasonable in light of the above purpose, and the amount to be paid per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (closing price on the most recent trading day prior to the closing date of the transaction if the transaction was not closed on that day). The Board of Directors shall determine the specific timing of payment and distribution to each Eligible Director.

A summary of the content of the Company's Policies Related to Determination of Remuneration, Etc. for individual Directors is as set forth in (4) Remuneration of Directors and Audit & Supervisory Board Members (ii) under 3. Directors and Audit & Supervisory Board Members of the Business Report. A resolution was adopted on February 9, 2022 to make amendments as set forth in this agenda subject to the approval of this agenda as proposed, and the content of this agenda and the plan is deemed to be reasonable.

If Item No. 3 on the Agenda "Election of eleven (11) Directors" is approved as proposed, the number of Eligible Directors will be seven (7).

For the issuance or disposition of shares of common stock of the Company pursuant to this, the Company and the Eligible Directors shall enter into an agreement on allotment of shares with restriction on transfer (hereinafter referred to as the "Allotment Agreement") which shall contain the following details:

### **(1) Transfer Restriction Period**

The Eligible Directors shall not transfer, create security interests on, or otherwise dispose of (hereinafter referred to as the "Transfer Restriction") the common shares of the Company allotted under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during the period from the day when they received the allotment under the Allotment Agreement until the day when they retire as Directors of the Company (hereinafter referred to as the "Transfer Restriction Period").

### **(2) Lifting of Transfer Restriction**

On condition that the resignation of the Eligible Director is due to a reason deemed justifiable by the Board of Directors of the Company, the Company shall lift the restriction on transfer for all of the Allotted Shares (however, if the Company acquires all or part of the Allotted Shares without consideration pursuant to (3) (ii) below, the

remainder of the Allotted Shares after such acquisition without consideration) upon expiration of the Transfer Restriction Period.

(3) Acquisition of the Allotted Shares without Consideration

- (i) The Company shall automatically acquire, without compensation, the Allotted Shares for which the Transfer Restriction has not been lifted pursuant to the provisions of (2) above at the time of expiration of the Transfer Restriction Period.
- (ii) In addition, the Company shall acquire, without compensation, the number of Allotted Shares corresponding to the remaining period in the case of resignation during the period for execution of duties eligible for the remuneration pertaining to the Allotted Shares. In addition, in the case of certain reasons set forth in the Allotment Agreement, such as an illegal act, the Company shall acquire all or part of the Allotted Shares without compensation.

(4) Treatment in Reorganization, Etc.

Notwithstanding the provisions of (1) above, if any matter relating to a merger agreement under which the Company becomes the disappearing company, contract of share exchange in which the Company becomes a wholly-owned subsidiary, share transfer plan, or any other reorganization is approved at a General Meeting of Shareholders of the Company (provided, however, that if the approval of such reorganization is not required by the General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors of the Company, lift the Transfer Restriction with respect to the number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period until the effective date of such reorganization, etc., prior to the effective date of such reorganization, etc. In this case, moreover, the Company shall automatically acquire, without compensation, the Allotted Shares for which the Transfer Restriction has not been lifted immediately after the lifting of the Transfer Restriction.

(5) Other Matters Determined by the Board of Directors

In addition to the above, the details of the Allotment Agreement shall be determined by the Board of Directors, including the method for manifestation of intention and notice under the Allotment Agreement, the method for amendment to the Allotment Agreement and other matters.

The shares allotted to the Eligible Directors through the plan shall be managed in a dedicated account opened by the Eligible Directors at a securities company specified by the Company during the Transfer Restriction Period so that they may not be transferred, pledged as security, or otherwise disposed of during the Transfer Restriction Period.



# BUSINESS REPORT

(January 1, 2021 – December 31, 2021)

## 1. Matters concerning the Current Status of the Group

### (1) Development and Results of Business Operations

During the fiscal year ended December 31, 2021, although there remained some severe situations due to the effects of COVID-19, an overall recovery was observed. The overall recovery of the Japanese economy also continued slowly. Japan's economy also remained in a severe condition, with employment deteriorating due to decreases in personal consumption, exports, and production caused by stagnant economic activities affected by COVID-19 infections.

The business environment surrounding the Sumitomo Rubber Group (the "Group") saw impacts of soaring marine transportation costs and raw material prices, although there were positive signs such as a recovery trend in many markets, including Europe and the United States, in addition to an improvement in the export environment due to a weaker yen in the foreign exchange market.

Under such circumstances, within the Group, we strongly promoted a group-wide project aimed at strengthening our business foundation in order to achieve Our Midterm Plan targeted for 2025, and at the same time, worked to strengthen our competitiveness through a global system by making the most of our manufacturing and sales bases in major markets around the world, developing and increasing sales of high-performance products that meet customer needs.

As a result, the Group's financial results for fiscal 2021 were as follows: sales revenue increased to JPY 936,039 million (a year-on-year increase of 18.4%) and business profit\* was JPY 51,975 million (a year-on-year increase of 19.8%), resulting in increases in both revenue and profit. Consequently, the Group recorded an increase in profit, with operating profit up to JPY 49,169 million (a year-on-year increase of 27.0%) and profit attributable to owners of parent, which is net income after taking tax expenses into account, rising to JPY 29,470 million (a year-on-year increase of 30.4%).

(\*) "Business profit" is "Sales revenue" less "Cost of sales" and "Selling, general and administrative expenses" and is approximately equivalent to "Operating profit" under the Japanese GAAP. The Company discloses business profit as well as reporting figures in the consolidated financial statements. The Company also believes that the indicator provides useful information for users of the consolidated financial statements to assess operating results.

### [Outline of Each Business]

#### Tire Business

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

(Domestic Replacement Market)

In addition to the increase in sales of high-performance products for summer tires, all-season tires, which are popular as products that can provide safety and peace of mind regardless of the season, have been launched for taxis and commercial vehicles in addition to passenger cars. Sales of winter tires were strong partly due to snowfall. As a result, sales revenue was higher than in the previous fiscal year.

#### (Domestic Original Equipment Market)

Although sales volume increased as a result of efforts to expand sales of high-value-added products, particularly fuel-efficient tires, overall sales volume decreased and sales revenue declined from the previous fiscal year as automobile manufacturers reduced production due to the global semiconductor shortage among others.

#### (Overseas Replacement Market)

In the Asia Pacific region, we increased sales due to the launch of new products in China, and promoted sales in Indonesia, where demand was recovering. As demand for tires was recovering in the Europe/Africa region, we increased sales partly due to promotional effects of racing activities, etc. In the Americas region, the “WILDPEAK” series for SUV tires continued to sell well in North America as in the previous year. However, in addition to the constraints imposed by a tight supply of shipping containers, the Company was significantly affected by a rise in marine transportation costs. In South America, we expanded sales in response to strong demand by taking advantage of the strengths of local production for local consumption. As a result, sales revenue was higher than in the previous fiscal year.

#### (Overseas Original Equipment Market)

Sales revenue increased from the level of the previous fiscal year as a result of a recovery in orders from the previous fiscal year, when orders dropped significantly due to COVID-19 infections, despite the decrease in production by automobile manufacturers caused by the shortage of semiconductors.

As a result, sales revenue of the tire business increased from the level of the previous fiscal year, and business profit remained almost flat.

### **Sports Business**

Sales revenue in the sports business increased 44.4% from the previous fiscal year to JPY 101,429 million, with a business profit of JPY 8,604 million (a loss of JPY 741 million in the previous fiscal year).

In the golf equipment markets, the domestic market saw demand remain strong due to the growing popularity of golf as a sport that allows players to play outdoors with social distance secured. Also partly due to Hideki Matsuyama's victory in the Masters Tournament, an international major tournament, sales of “SRIXON” golf club balls and “Cleveland” golf clubs were strong. Moreover, sales of the “XXIO 12” golf club, which was launched in December 2021, also started well. Overseas, sales of both golf clubs and balls increased mainly in North America and South Korea. As a result, sales revenue was higher than in the previous fiscal year.

In the tennis equipment market, sales revenue increased year on year, as a result of increasing sales despite a slight decrease in demand due to COVID-19 infections, as well as strong sales of products related to the Spanish-origin racket sport Padel in overseas markets.

In the wellness business, sales revenue was higher than in the previous fiscal year, as a result of strengthening sales at all business sites, while conducting management with top priority on safety by taking thorough measures to prevent infectious diseases at sports clubs and other stores.

As a result, sales revenue in the sports business increased significantly from the previous fiscal year, resulting in an increase in business profit as well.

## **Industrial and Other Products Business**

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

There was a decline in orders for infrastructure-related products, and a drop in demand for disposable gloves, despite a recovery trend in the production of printers and copiers by major OA equipment manufacturers, and steady sales of medical rubber products mainly overseas.

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

### **【Consolidated Sales for Each Business】**

Business	Revenue	Composition	Comparison with Previous Period
Tire Business	JPY 795,045 million	85.0%	116.9%
Sports Business	JPY 101,429 million	10.8%	144.4%
Industrial and Other Products Business	JPY 39,565 million	4.2%	97.2%
Total	JPY 936,039 million	100.0%	118.4%

## **(2) Capital Investments**

The Group invested a total of JPY 49,548 million in equipment and facilities during this period. Major investments were made to update facilities for the expansion of investments in increased production at overseas factories and the production shifts to high-value-added products at domestic factories.

## **(3) Fund-Raising Activities**

Our investments in equipment and facilities for this period were provided mainly by cash on hand and borrowings.

## **(4) Issues to be Addressed**

### **(i) Response to Inappropriate Cases**

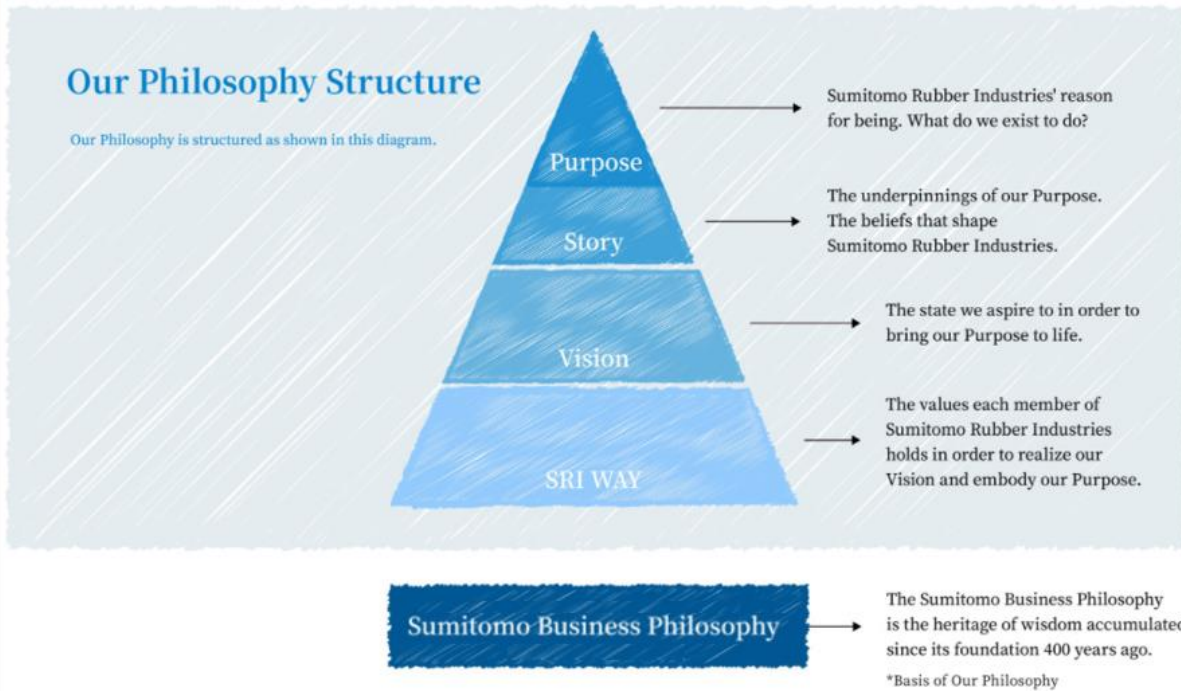
With regard to inappropriate quality control cases that occurred in the Group, we set up a Special Investigation Committee that included external experts for each case, announced the cases, and then released the investigation results on November 9, 2021. In addition to the establishment of the Quality Assurance HQ and case study training using these cases as teaching materials, the Group will continue to steadily implement various measures to improve communication among businesses/business sites and strengthen group governance going forward. Moreover, we will thoroughly comply with “Being reliable and worthy of trust” stated in “Our Philosophy” to reform our corporate culture, strengthen our quality assurance system, and restore the trust of customers.

### **(ii) Corporate Philosophy Structure “Our Philosophy”**

The Group established Our Philosophy in 2020 as follows based on the Sumitomo Business Philosophy, which had been passed down through the generations. The Company will enhance not only its economic value but also its social value and contribute to the development of a sustainable society, by ensuring that “Our Philosophy” is the foundation for all decision-making and the starting point for all actions.

# Our Philosophy

\*Our Philosophy is indicated in the gray area



## Purpose

Through innovation we will create a future of joy and well-being for all.

## Story

A unique belief in the material possibilities of rubber.  
A track record of multiple world firsts through industry-leading rubber technology, and beyond that, relentless dedication to the innovation and development of new technologies.  
A singular focus on creating value that exceeds expectations in response to the trust our customers and society place in us.

Supporting individuals, society, and the future; through innovation creating a future of joy and well-being for all.

We are Sumitomo Rubber Industries, and this is what we are for.

## Vision

Uniting our diverse strengths, growing together, driving and thriving on change.

## SRI WAY - Values

### Being reliable and worthy of trust

Facing forward with honesty and integrity, responding to the trust our customers, our colleagues and our society place in us.

### Seeking out challenge

Being unafraid; having the courage to persist in the face of failure.

### Valuing one another

Understanding and respecting each other's individuality and perspective.

## Slogan

Rubber and Beyond, Driving Our Future

## (iii) Management Environment and Issues to be Addressed

In terms of the future management environment, there are continuing concerns about the impact of COVID-19, and it is expected that the recovery of economic activities in Japan and overseas will remain constrained.

Under such conditions, the Group has managed its businesses focusing on issues listed in Our Midterm Plan and adding/adjusting individual action plans according to changes in markets and ways of working. The Group will continue implementing the following initiatives with the focus on "Developing and Promoting Sales of Advanced Products," "Creating New Value," and "Promoting ESG-based Management" as value drivers, with the aim of enhancing corporate economic and social value, while taking into account the quality of profits and the sustainability of growth.

## **Tire Business**

### **Brand Strategy**

The pioneer brand "DUNLOP" offers a lineup of products featuring cutting-edge environmental and safety technologies, primarily in Japan and Asian markets. "FALKEN," a global brand for people who enjoy driving, is strengthening its expansion using its lineup of products with high-value-added and quality features, mainly in the U.S., European and Japanese markets.

### **Developing and Promoting Sales of Advanced Products**

In Japan, we will expand sales of "ENASAVE NEXT III" fuel-efficient tire, which is the first in the world to use a hydrogenated polymer that halves the decrease in wet grip performance, and cellulose nanofiber, a high-performance biomass material that helps to bring about a low-carbon society. We will also work on sales of "VEURO VE 304," an advanced tire that realizes a comfortable interior space with an excellent level of quietness and driving stability and maintains the highest level of wet performance.

In the Europe/Africa region, the value of the FALKEN brand in Europe has been steadily increasing; for example, "AZENIS FK 510" won the first place overall in tire tests conducted by ADAC (Allgemeiner Deutscher Automobil-Club e.V., or German Automobile Federation), Europe's largest automobile federation. Going forward, the Group will also increase sales of replacement tires, by steadily increasing deliveries to automobile manufacturers in Europe to further enhance its presence.

In the Americas region, sales of mainly advanced tires, such as the FALKEN brand for SUV tires, remained strong in North America, and the Group is investing in increased production at its factories in the U.S. and export bases of factories in Japan and Thailand. In South America, the Group is working to build a stable profit base by promoting local production for local consumption with a supply of tires from its factories in Brazil and deciding to invest in increased production to strengthen its capacity to supply advanced tires.

In terms of production, we will continue to complement the supply and demand in each region with our Thai factory, which is one of the largest tire factories in the world, while utilizing the full production capacity of our factories around the world to promote local production for local consumption. Through these efforts, we will strengthen our business foundation by building a strong relationship of trust with automobile manufacturers on a global basis, and with the expansion of the use of tires for new vehicles and its spillover effects on replacement tire sales.

In addition, we have already started to supply automobile manufacturers with tires for EVs, while EVs are increasing in major markets around the world. Going forward, in cooperation with automobile manufacturers in Japan, the U.S. and Europe, the Company will develop tires that can maximize the performance of EVs, using its unique material and design technologies.

### **Creating New Value**

We are aiming to build a system that uses various pieces of information obtained from tires on a cloud system, by fusing our currently already commercialized air-pressure-reduction alarm device technology with our sensing core technology, which can detect road surface information. Going forward, we will continue striving to create

future tires and services that enable safety for longer and avoid dangers, and to provide total solutions in response to CASE and MaaS\*.

\* CASE is an acronym that takes the first letters of Connected, Autonomous/Automated, Shared, and Electric.

MaaS is an acronym using the first letters of Mobility as a Service.

### **Sports Business**

In the environment surrounding the sports business, demand for golf increased and the tennis and wellness businesses also showed trends of recovery, partly because the COVID-19 pandemic brought renewed awareness of the attractions of sport and its important roles in leading healthy and fulfilling lives. We will continue to provide our customers with *Joy* through sports-related products and services.

Regarding golf equipment, we introduced a new series XXIO 12 (Twelve), the 12th generation of our flagship XXIO Golf Club. Going forward, besides continuing to strengthen our marketing structure in North America, the world's largest market, we will further increase sales and create new value by launching products with top-notch performance according to market needs under a dual development system in Japan and the U.S.

Regarding tennis equipment, the DUNLOP tennis ball “DUNLOP Australian Open” had been used as the official ball of the Australian Open since 2019, while DUNLOP tennis balls were named the No. 1 tennis ball on the ATP Tour in terms of usage rate for three consecutive years. Taking advantage of the high assessment of DUNLOP tennis balls obtained in this way, we will improve the value of the DUNLOP brand and expand sales.

In the wellness business, we will strive to offer new value by establishing and further accelerating synergies from the merger of three subsidiaries related to golf schools, tennis schools, and fitness last April.

### **Industrial and Other Products Business**

The medical rubber products business, which contributes to the development of medical care, and vibration control units for housing, which contribute to countermeasures against natural disasters such as earthquakes and typhoons, will continue to be positioned as priority fields and we will strive to expand sales globally. As initiatives to create added value that contributes to a sustainable society, we are also working to control the outflow of microplastics in the synthetic turf business for sports, among others.

Going forward, we will aim to achieve further growth by continuing to develop and provide high-value-added products that meet the needs of the times for all merchandise.

### **Promoting ESG-based Management**

The Group has been promoting ESG activities throughout the Group, led by the Sustainability Promotion HQ, which was established in January 2021, such as supporting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June of the same year, and announcing the long-term sustainability policy “Driving Our Future Challenge 2050” in August of the same year.

[Environment]

- Promotion of Technology Development Concept: “SMART TYRE CONCEPT”

In response to the so-called once-in-a-century change in motorization, the Group will complete all technologies (safety technology to enhance safety performance and ENASAVE technology to enhance environmental performance) of the technological development concept "SMART TYRE CONCEPT" by 2029, to enable all new products launched in 2030 and after to be tires with either of the technologies.

- Carbon Neutral Initiative

We aim to reduce CO<sub>2</sub> emissions from all Group factories by 50% from the level of 2017 in 2030 and achieve carbon neutrality in 2050. To achieve this goal, we will strive to take initiatives, mainly by increasing installations of solar panels and purchases of green electricity. In the tire manufacturing process, furthermore, in order to utilize hydrogen, which is attracting attention as a next-generation energy source, we started verification tests at the Shirakawa Factory in Fukushima Prefecture in August 2021. In combination with solar power generation, the entire process of the high-performance tire manufacturing system NEO-T01 in the same Factory will use clean energy, aiming for the completion of "tires with zero CO<sub>2</sub> emissions" during their manufacture in 2023. Subsequently, we will consider expanding the use of hydrogen to factories in Japan and overseas.

- Utilization of Sustainable Raw Materials (Biomass and Recycled Raw Materials)

The Group will improve the ratio of sustainable raw materials in the tire, sports and industrial products businesses. In the tire business, we will aim to achieve a sustainable raw materials ratio of 40% in 2030 and 100% in 2050, and for golf balls and tennis balls in the sports business and in industrial products business, 100% by 2050 as well.

- Reduction of Plastics Used Initiative

While reducing the use of plastics has become a major social issue, we are aiming to reduce such use in tire labels and packaging materials for the Company's products by 40% in 2030 from the level of 2019. As part of such initiatives, we eliminated the plastic lid when delivering the official balls for the Australian Open tennis tournament held in January 2022, to reduce the use of plastics.

[Social]

The Company will continue to promote measures such as career development for women through a mentor system, implementation of unconscious bias training for all levels, and sound leadership development through multifaceted personnel evaluations. Our aim is to create a corporate culture that respects the diverse attributes and values of every person, and makes work worthwhile for each employee.

Respecting international norms on human rights such as the "Universal Declaration of Human Rights," the "Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises," and various treaties of the International Labour Organization (ILO), the Company will also strive to develop a human rights due diligence process and human rights management system going forward.

Regarding the promotion of health management, in an environment where there is no prospect for the end of COVID-19 infections, we will strive to develop an environment where employees can work in good health with peace of mind. We will do this by actively implementing workplace vaccinations in Japan, promoting telecommuting, and providing special paid holidays for COVID-19-related absence from work.

[Governance]

An overview of the Company's corporate governance system is as described on page 52. With Our Philosophy as the foundation for all corporate activities, the Company has established a system to appropriately respond to social conditions with major changes and global business expansion, by appropriately supervising the status of execution of duties by the Board of Directors and the Audit & Supervisory Board.

Last year, as a result of the introduction of a third party evaluation for the evaluation of the effectiveness of the Board of Directors that had been conducted from before, it became evident that the strengths of the Company's Board of Directors were the sharing of information with Outside Officers and the securing of diversity.

Going forward, while taking advantage of these strengths, the Company will enhance the effectiveness of the Board of Directors and further improve corporate value by carefully selecting agenda items so that it can focus more on discussions on important matters pertaining to overall management, and providing opportunities to freely exchange opinions on topics that should be intensively discussed. Moreover, the Nomination and Remuneration Committee, chaired by an Outside Director and with the majority of its members being Outside Officers, discusses

systems that will enhance corporate value, using the Skill Matrix incorporating the skills necessary for the Company from a medium- to long-term perspective. Going forward, the Company will continue to develop a system that enables Directors to further lead the entire Group toward achieving the Mid-Term Plan.

We would like to humbly request our shareholders to continue providing support and encouragement for the Sumitomo Rubber Group.



## (5) Trend of Profit/Loss and Asset (IFRS)

(Unit: JPY million except “Basic profit per share” figure)

Division	127th December, 2018	128th December, 2019	129th December, 2020	130th December, 2021
Revenue	894,243	893,310	790,817	936,039
Business profit	60,681	54,391	43,388	51,975
Operating profit	57,155	33,065	38,701	49,169
Profit attributable to owners of parent	36,246	12,072	22,596	29,470
Basic profit per share	137.81	45.90	85.92	112.05
Total assets	1,002,383	1,035,484	974,805	1,086,169
Total equity	472,807	475,537	467,097	513,543

(Notes)

1. The Group has adopted the International Financial Reporting Standards (IFRS) in place of the Japanese GAAP from the 125th Term for presenting consolidated financial results. For reference purposes, the consolidated financial results for the 124th Term have been restated in accordance with the IFRS.
2. “Business profit” is “Revenue” less “Cost of sales” and “Selling, general and administrative expenses,” and is approximately equivalent to “Operating income” under the Japanese GAAP. The company discloses “Business profit” as well as reporting figures in the consolidated financial statements. The company also believes that the indicator provides useful information for users of the consolidated financial statements to assess operating results.
3. “Basic profit per share” is calculated based on the average of the total number of shares issued and outstanding for the relevant period (calculations exclude treasury stocks).
4. Some accounting policies have been changed from the 129th Term. Business profit for the 128th Term is shown by figures with the retrospective application of the changed policies.
5. In the 127th Term, revenue increased from the previous fiscal year. However, business profit and operating profit declined from the previous fiscal year, due mainly to deterioration of sales mix in the mainstay tire business and increases in fixed costs and expenses. Profit attributable to owners of parent decreased significantly from the previous fiscal year, due primarily to the recording of impairment loss on goodwill in relation to a manufacturing and sales subsidiary in South Africa mainly because of a deterioration in the sales environment.
6. In the 128th Term, revenue decreased because sales of winter tires declined in the domestic replacement market due to the effects of a warm winter, although sales increased in original equipment markets in Japan and overseas. Business profit decreased, due mainly to an increase in fixed costs and expenses, in addition to the effects of unfavorable exchange rate movements. Moreover, operating profit and profit attributable to owners of parent decreased significantly, due primarily to the recording of impairment losses on goodwill and non-current assets in the tire business in North America, a factory in South Africa, and a factory in Switzerland serving the industrial products and the other businesses.
7. The 129th term saw both sales revenue and business profit decreasing in the main Tire Business, as a result of significant production cutbacks by automobile manufacturers in many regions in Japan and overseas due to COVID-19. Operating profit and profit attributable to owners of parent increased mainly due to a significant decrease in impairment losses on goodwill and non-current assets.
8. Information regarding the 130th Term (the year under review) is included above in “(1) Development and Results of Business Operations.”

**(6) Major Lines of Business (As of December 31, 2021)**

Business	Principal Products
Tire Business	Tires/Tubes (Automobile, Construction vehicles, Industrial vehicles, Race/Rally, Motorcycles, etc.), Automotive System (Instant Mobility System, Deflation Warning System)
Sports Business	Sports equipment (Golf clubs, Golf balls, other Golf items, Tennis items, etc.), Golf tournament operation, Golf and tennis school operation, Fitness club operation, etc.
Industrial and Other Products Business	High-performance rubber business (vibration-control dampers, precision rubber parts for printers and photocopiers, medical rubber products, etc.), Household items business (rubber gloves for household use, portable wheelchair ramps, etc.), Infrastructure business (dock fenders, a variation of floor materials for factories and sports facilities, etc.).

**(7) Major Establishments and Principal Subsidiaries (As of December 31, 2021)****(i) The Company**

Company Name	Category	Location
Sumitomo Rubber Industries, Ltd.	Head Office	Kobe-shi, Hyogo Pref,
	Tokyo Head Office	Koto-ku, Tokyo
	Factories	<Nagoya Factory> Toyota-shi, Aichi Pref., <Shirakawa Factory> Shirakawa-shi, Fukushima Pref., <Izumiotu Factory> Izumiotu-shi, Osaka Pref., <Miyazaki Factory> Miyakonojo-shi, Miyazaki Pref., <Kakogawa Factory> Kakogawa-shi, Hyogo Pref. <Ichijima Factory> Tamba-shi, Hyogo Pref.

## (ii) The Subsidiaries

Company Name	Capital	Ownership	Main Business	Location
PT Sumi Rubber Indonesia	US\$ 100 million	72.5%	Manufacture and sale of tires, golf balls, etc.	Indonesia
Sumitomo Rubber (China) Co., Ltd.	CNY 3,394 million	100.0%	Supervision of tire business in China	China
Sumitomo Rubber (Changshu) Co., Ltd.	CNY 2,503 million	Indirect ownership 100.0%	Manufacture and sale of tires	China
Sumitomo Rubber (Hunan) Co., Ltd.	CNY 1,781 million	Indirect ownership 100.0%	Manufacture and sale of tires	China
Sumitomo Rubber (Thailand) Co., Ltd.	THB 14,000 million	100.0%	Manufacture and sale of tires	Thailand
Sumirubber Thai Eastern Corporation Co., Ltd.	THB 200 million	70.0%	Manufacture and sale of natural rubber	Thailand
SUMITOMO RUBBER SINGAPORE PTE.LTD.	US\$ 18 million	100.0%	Procurement of natural rubber	Singapore
Sumitomo Rubber USA, LLC	US\$ 89 million	Indirect ownership 100.0%	Manufacture and sale of tires	U.S.A.
Sumitomo Rubber North America, Inc.	US\$ 25 million	Indirect ownership 100.0%	Sale of tires	U.S.A.
Sumitomo Rubber do Brasil Ltda.	BRL 1,599 million	100.0%	Manufacture and sale of tires	Brasil
Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş.	TRY 1,507 million	80.0%	Manufacture and sale of tires	Turkey
Sumitomo Rubber South Africa (Pty) Limited	ZAR 717	100.0%	Manufacture and sale of tires	South Africa
Dunlop Golf Club Corporation	JPY 100 million	100.0%	Manufacture of golf clubs	Miyakonojoshi, Miyazaki Pref.
Srixon Sports Manufacturing (Thailand) Co., Ltd.	THB 400 million	100.0%	Manufacture of hard tennis balls	Thailand
Dunlop International (Philippines), Inc.	PHP 90 million	100.0%	Manufacture of hard tennis balls and squash balls	Philippines
Roger Cleveland Golf Company, Inc.	US\$ 31 million	100.0%	Manufacture of hard tennis balls and squash balls	U.S.A.
Sumirubber Malaysia Sdn. Bhd.	MYR 28 million	100.0%	Manufacture and sale of rubber gloves; manufacture and sale of flat tire sealant	Malaysia

Company Name	Capital	Ownership	Main Business	Location
Zhongshan Sumirubber Precision Rubber Ltd.	US\$ 6 million	100.0%	Manufacture and sale of precision rubber parts for office machines	China
Sumirubber Vietnam, Ltd.	US\$ 5 million	100.0%	Manufacture and sale of precision rubber parts for office machines	Vietnam
Lonstroff AG	CHF 12 million	100.0%	Manufacture and sale of medical packaging material, rubber parts for medical use and industrial rubber parts	Switzerland

(Note) Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş. increased capital (capital increase of TRY 450 million) during the fiscal year under review.

#### **(8) Employees (As of December 31, 2021)**

Business	Number of Employees	Increase (decrease)
Tire Business	33,135	+712
Sports Business	3,325	+172
Industrial and Other Products Business	3,035	-169
All Companies (common)	560	+42
Total	40,055	+757

(Note) The above are the number of full-time employees and exclude 3,617 temporary employees.

#### **(9) Major Borrowings (As of December 31, 2021)**

Name of Lender	Amount of Loan (JPY million)
Sumitomo Mitsui Banking Corporation	44,878
Development Bank of Japan Inc.	33,000
Shinkin Central Bank	24,500
Sumitomo Mitsui Trust Bank, Ltd.	22,047
MUFG Bank, Ltd.	21,521
Mizuho Bank, Ltd.	18,651

## 2. Shares of the Company (As of December 31, 2021)

(1) **Total Number of Shares Issuable** 800,000,000 Shares

(2) **Total Number of Shares Issued** 263,043,057 Shares

(3) **Number of Shareholders** 44,872

### (4) Major Shareholders (Top 10)

Name of Shareholder	Number of Shares held (Thousand shares)	Ratio of Shareholding (%)
Sumitomo Electric Industries, Ltd.	75,879	28.85
The Master Trust Bank of Japan, Ltd. (Trust account)	24,342	9.26
National Mutual Insurance Federation of Agricultural Cooperatives	7,331	2.79
Custody Bank of Japan, Ltd. (Trust account)	6,731	2.56
NORTHERN TRUST CO.(AVFC)RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,089	2.32
Sumitomo Mitsui Banking Corporation	5,215	1.98
Sumitomo Corporation	4,805	1.83
NORTHERN TRUST CO.(AVFC)RE U.S. TAX EXEMPTED PENSION FUNDS	4,325	1.64
SMBC Nikko Securities Inc.	4,143	1.58
STATE STREET BANK AND TRUST COMPANY 505103	3,780	1.44

(Note) Ratio of Shareholding is calculated by deducting the treasury stocks (47,604 shares) from the total number of shares issued.

### 3. Directors and Audit & Supervisory Board Members

#### (1) Directors and Audit & Supervisory Board Members (As of December 31, 2021)

Position	Name	Duties and Important Concurrent Posts
Chairman of the Board	Ikuji Ikeda	
Representative Director, President and CEO (President)	Satoru Yamamoto	
Representative Director (Vice President)	Kazuo Kinameri	Supervision of Human Resources and General Affairs, ESG, Asia Pacific and Sports Business
Director (Managing Executive Officer)	Yasutaka Ii	Supervision of America Business, General Manager of America HQ. - Sumitomo Rubber USA, LLC President & CEO
Director (Senior Executive Officer)	Hiroki Ishida	Supervision of Finance and International Business Development & Administration, In Charge of Legal Affairs and Brand Management
Director (Senior Executive Officer)	Yutaka Kuroda	Supervision of Technology and Production
Director (Senior Executive Officer)	Naofumi Harada	Supervision of Hybrid Business, Europe & Africa, In Charge of Promoting Sport Hybrid Production
Director (Senior Executive Officer)	Hidekazu Nishiguchi	Supervision of Corporate Management Planning & Administration and Tire Business, In Charge of License Business, Digital Planning and Motorcycle Tyre, General Manager of Corporate Management Planning & Administration Dept.
Outside Director	Keizo Kosaka	Attorney Irokawa Legal Professional Corporation Chairman Toyo Aluminum K.K. Outside Audit & Supervisory Board Member Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member Techno Associe Co. Ltd. Outside Audit & Supervisory Board Member SEIREN CO., LTD. Outside Audit & Supervisory Board Member
Outside Director	Kenji Murakami	
Outside Director	Nobuyuki Kobayashi	Managing Director, Sumitomo Electric Industries, Ltd.
Outside Director	Mari Sonoda	
Standing Audit & Supervisory Board Member	Hiroaki Tanaka	
Standing Audit & Supervisory Board Member	Takashi Kono	
Outside Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Murata Morihiro Accounting Firm Representative
Outside Audit & Supervisory Board Member	Asli M. Colpan	Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Outside Director of NISSHA Co., Ltd
Outside Audit & Supervisory Board Member	Hirofumi Yasuhara	Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor of Hitachi Zosen Corporation

(Notes)

1. Positions in parentheses alongside official titles indicate the position of the Director as Executive Officer of the Company.
2. At the 129th Ordinary General Meeting of Shareholders held on March 26, 2021, Mr. Hidekazu Nishiguchi and Ms. Mari Sonoda were newly elected and appointed as Director and Outside Director, respectively.
3. Representative Director, President and CEO Satoru Yamamoto is directly responsible for auditing and tire quality assurance.
4. The Company has designated Outside Directors Keizo Kosaka, Kenji Murakami, Nobuyuki Kobayashi and Mari Sonoda, as well as Outside Audit & Supervisory Board Members Morihiro Murata, Asli M. Colpan and Hirofumi Yasuhara as Independent Officers, outside corporate officers who have no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange, and has duly submitted to Tokyo Stock Exchange a notification to such effect.
5. Standing Audit & Supervisory Board Member Hiroaki Tanaka has supervised the management section and engaged in management of subsidiaries for a considerable period of time at the Company and possesses extensive experience and broad insights as a manager.
6. Standing Audit & Supervisory Board Member Takashi Kono oversaw accounting and finance for a considerable period of time at the Company and possesses a considerable degree of knowledge in finance and accounting.
7. As a certified public accountant and a tax accountant, Outside Audit & Supervisory Board Member Morihiro Murata is well acquainted with corporate accounting and possesses a considerable degree of knowledge with regard to both finance and accounting.
8. As a person of learning and experience in the field of management, Outside Audit & Supervisory Board Member Asli M. Colpan possesses a considerable degree of knowledge with regard to finance and accounting.
9. Outside Audit & Supervisory Board Member Hirofumi Yasuhara has engaged in corporate finance and corporate management for a considerable period at Panasonic Corporation and PanaHome Corporation <Currently Panasonic Homes Co., Ltd.> and possesses extensive experience and broad insights as a manager.

#### Retired Directors during this period

Name	Position at the Time of Retirement	Date of Retirement <Reason for Retirement>
Minoru Nishi	Representative Director (Vice President)	March 26, 2021 <Due to expiration of his term>
Mitsuteru Tanigawa	Director (Senior Executive Officer)	March 26, 2021 <Due to expiration of his term>

(Note) Positions in parentheses alongside official titles at the time of retirement indicate the position of the Director as Executive Officer of the Company.

## (2) Summary of Agreement Concerning Limitation of Liability

The Company has concluded an agreement with each Outside Directors and each Audit & Supervisory Board Members to limit their liabilities as Director and Audit & Supervisory Board Member. As specified in Article 423, Paragraph 1 of the Companies Act, their liability shall be limited to the aggregate of the amount specified in each item of Article 425, Paragraph 1 of the said law.

## (3) Summary of the Liability Insurance Contract for Officers

With the Company's and subsidiaries' Directors and Audit & Supervisory Board Members as the insured, the Company has concluded a liability insurance contract for officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate for losses borne by insured persons for statutory compensation for damages and the costs of litigation under the insurance contract. However, in order to ensure that

the appropriateness of the performance of duties by insured persons is not impaired, there are certain grounds for exemption, such as in the case of an act conducted with the knowledge that it is a violation of laws and regulations. In addition, the insurance contract will be renewed with the same contents at the time of its next renewal.

#### (4) Remuneration of Directors and Audit & Supervisory Board Members

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

Category of Officers	Total Amount of Remuneration, Etc.	Total Amount of Remuneration, Etc. by Type		Number of Persons to be Paid
		Fixed Remuneration	Performance-based Remuneration	
Director (of which, Outside Director)	JPY 500 million (JPY 36 million)	JPY 407 million (JPY 36 million)	JPY 94 million (-)	14 (4)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	JPY 76 million (JPY 25 million)	JPY 76 million (JPY 25 million)	- (-)	5 (3)

(Notes) The above number of persons to be paid includes 2 Directors who retired as of March 26, 2021.

##### (ii) Policies Related to Determination of Remuneration, Etc.

The basic policy of the Company is to adopt a remuneration system that is linked to the interests of shareholders, in order to ensure that remuneration for its Directors functions sufficiently as an incentive to sustainably enhance corporate value, while also ensuring that, when making decisions about the remuneration of individual officers, this remuneration is at a level appropriate for their respective responsibilities.

##### a. Composition of Directors' Remuneration

Remuneration for Directors consists of fixed remuneration (basic salary) and performance-based remuneration (bonus).

##### b. Policies Related to Determination of Fixed Remuneration

The fixed remuneration is a monthly basic salary, and is determined in accordance with their position, responsibilities, and years in office, based on basic salary tables determined after comprehensively taking into consideration the level of remuneration at peers, the business performance of the Company, salary levels for employees, and other factors. The total amount of payment shall be determined within the limit of the amount of remuneration approved at the General Meeting of Shareholders.

##### c. Policies Related to Determination of Performance-Based Remuneration and the Content of Performance Indicators

In order to raise officers' awareness of the need to enhance business performance each business year, performance-based remuneration is cash-based remuneration that reflects performance indicators. An amount corresponding to the level of achievement of performance indicators is paid at a certain time each year. The Company selects indicators for performance-based remuneration that it prioritizes in its corporate strategy, such as business profit and profit attributable to owners of parent company. The values of these indicators are determined when plans are formulated, in a way that is consistent with the Mid-Term Plan, and are revised as necessary in accordance with changes in the environment, taking into consideration any recommendations from the Nomination and Remuneration Committee.



<Indicators for Performance-based Remuneration, Targets, Actual Results, Etc. for Fiscal Year Under Review>

	Revenue (JPY million)	Business profit (JPY million)	Business profit margin	Operating profit (JPY million)	Profit attributable to owners of parent (JPY million)	ROE	D/E ratio
Target (Beginning of year)	870,000	46,000	5.3%	43,000	29,000	6.3%	0.6
Target (Interim)	930,000	55,000	5.9%	52,000	35,500	7.5%	0.6
Actual	936,039	51,975	5.6%	49,169	29,470	6.2%	0.6

(Note) Target figures for the beginning of the year and interim period were announced on February 9 and August 5, 2021, respectively.

For the allocation to each individual, the individual's position, operational duties, level of responsibility, level of achievement of key targets within departments under his or her supervision, level of contribution to business performance, and other factors are taken into account, also taking into consideration a medium- to long-term perspective. Bonuses shall not be paid to Outside Directors to ensure their independence.

d. Policies Related to Determination of the Ratios of Fixed Remuneration and Performance-Based Remuneration

Remuneration is structured such that the weighting of performance-based remuneration is higher for officers with higher positions than lower positions, and is considered by the Nomination and Remuneration Committee, taking into consideration remuneration levels benchmarked against companies of a similar business scale to the Company or in a related industry or business format.

Furthermore, in terms of general amounts for the proportion of each type of remuneration, if performance indicators are fully achieved, the ratio of fixed remuneration to performance-based remuneration is 7:3 for Directors, excluding Outside Directors.

e. Procedures for Determining Remuneration

The remuneration of Directors is determined based on objective and fair consideration by the Nomination and Remuneration Committee, the majority of whose members are independent outside officers and upon a recommendation and resolution of the Board of Directors. The President, delegated by the Board of Directors, determines the details of remuneration for individual officers within the scope of the proportion of remuneration for each type of remuneration indicated in the recommendation of the Nomination and Remuneration Committee, while also respecting the content of this recommendation. The remuneration for Audit & Supervisory Board Members is determined through discussions by Audit & Supervisory Board Members within the amount of remuneration approved at the General Meeting of Shareholders, and paid.

<Matters Related to Delegation of Determination of Remuneration, etc. for Individual Directors>

The Representative Director, President and CEO (Satoru Yamamoto), who oversees the overall performance of the Company and evaluates each Director, is delegated to determine the specific content of the amount of remuneration for individuals by resolution of the Board of Directors. The content of the delegated rights includes determining the amount of fixed remuneration for officers and appraising and allocating performance-based remuneration based on officers' operational responsibilities. In order to ensure that the President appropriately exercises these rights, the Board of Directors consults the Nomination and Remuneration Committee regarding a draft proposal and receives a recommendation. The President delegated by the Board of Directors shall make a decision in accordance with the content of this recommendation.

The amount of fixed remuneration and performance-based remuneration for each individual is determined by the Nomination and Remuneration Committee after deliberation from an objective perspective based on the

policies for determining the remuneration of Directors, and the Board of Directors has decided that it is in accordance with these policies.

<Resolutions of the General Meeting of Shareholders concerning Remuneration of Officers, Etc.>

The maximum amount of remuneration for directors and Audit & Supervisory Board Members was resolved not to exceed JPY 800 million per year (including JPY 70 million for Outside Directors) and JPY 100 million per year, respectively, at the 123rd Ordinary General Meeting of Shareholders held on March 26, 2015. At that time, there were 11 Directors (including 2 Outside Directors) and 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members).

#### Reference

A summary of Policies for Determining Officer Remuneration of Directors, which were resolved at the Board of Directors meeting held on February 9, 2022, subject to the approval of Item No. 5 of the Agenda, is as follows.

- Remuneration for Directors consists of fixed remuneration (basic salary), short-term performance-based remuneration (bonus), and medium- to long-term incentive remuneration (stock compensation).
- In terms of general amounts for the proportion of each type of remuneration, if the performance indicator is fully achieved, the ratios of fixed remuneration (basic salary), short-term performance-based remuneration (bonus) and medium- to long-term incentive remuneration (stock compensation) are 75%, 20%, 5%, respectively, for Directors excluding Outside Directors.

Position	Fixed Remuneration Basic Salary	Performance-based Remuneration (Bonus)	Medium- to Long-term Incentive Remuneration (Stock Compensation)
Director (Excluding Outside Director)	72 - 95%	0 - 20%	5 - 8%

(Note) The payment ratio will fluctuate, as the actual performance-based remuneration to be paid fluctuates depending on consolidated business profit, etc.

#### (5) Executive Officers (As of January 1, 2022)

Executive officers who do not concurrently serve as directors are as follows:

Position	Name	Duties and Important Concurrent Posts
Senior Executive Officer	Takanori Aoi	General Manager of Asia & Pacific HQ
Senior Executive Officer	Kiyoshige Muraoka	In Charge of Intellectual Property Dept., and Material Development, General Manager of Research & Development HQ.
Senior Executive Officer	Tomohiko Masuta	General Manager of Europe & Africa HQ
Senior Executive Officer	Masatsugu Nishino	In Charge of Social Contribution Promotion, Sustainability Promotion and Public Relations, General Manager of Human Resources and General Affairs HQ
Senior Executive Officer	Naoki Okawa	General Manager of Accounting & Finance Dept.
Senior Executive Officer	Eiichi Masuda	Sumitomo Rubber (China) Co., Ltd. Chairman and Chief Executive Officer Sumitomo Rubber (Changshu) Co., Ltd. Chairman and Chief Executive Officer Sumitomo Rubber (Hunan) Co., Ltd. Chairman
Senior Executive Officer	Hideaki Kawamatsu	General Manager of Sports Business HQ.

Position	Name	Duties and Important Concurrent Posts
Senior Executive Officer	Yasuo Watanabe	General Manager of International Business Development & Administration Dept.
Senior Executive Officer	Yasuaki Kuniyasu	In Charge of Motor Sports and Overseas Tyre Technical Service, General Manager of Tyre Technology HQ
Executive Officer	Toshihiko Komatsu	Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş. President and CEO
Executive Officer	Kenji Saito	Sumitomo Rubber (Thailand) Co., Ltd. President, Sumirubber Thai Eastern Corporation Co., Ltd. President
Executive Officer	Akio Onishi	Vice General Manager of Sports Business HQ. and General Manager of SportsProduct Development Dept.
Executive Officer	Naofumi Yanetani	General Manager of Oversea Tire Sales HQ.
Executive Officer	Atsuhiko Tanaka	Vice General Manager of Supply Chain Management HQ. and General Manager of Production Planning Dept. SRI Logistics Ltd. President
Executive Officer	Fumikazu Yamashita	In charge of Safety & Environment Management, General Manager of Sustainability Promotion HQ
Executive Officer	Takuzo Iwata	Vice General Manager of Tyre Manufacturing HQ.
Executive Officer	Hiroshi Matsui	General Manager of Automotive System Division
Executive Officer	Jiro Kawase	General Manager of Dunlop Tyres Sales HQ.
Executive Officer	Hiroshi Hamada	General Manager of Original Equipment Tyre Business HQ
Executive Officer	Yoichi Mizuno	General Manager of Material Research & Development HQ and General Manager of Material Research & Development Dept. I
Executive Officer	Kiyoshi Ikawa	General Manager of Human Resources Dept., Human Resources and General Affairs HQ

## (6) Outside Directors / Audit & Supervisory Board Members

The details of Outside Directors/ Audit & Supervisory Board Members are as follows:

### (i) Status of Important Concurrently Held Outside Directors/ Audit & Supervisory Board Member (As of December 31, 2021)

Position	Name	Important Concurrent Post
Director	Keizo Kosaka	Attorney Irokawa Legal Professional Corporation Chairman Toyo Aluminum K.K. Outside Audit & Supervisory Board Member Sekisui Plastics Co., Ltd. Outside Audit & Supervisory Board Member Techno Associe Co. Ltd. Outside Audit & Supervisory Board Member SEIREN CO., LTD. Outside Audit & Supervisory Board Member
Director	Nobuyuki Kobayashi	Managing Director, Sumitomo Electric Industries, Ltd.
Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Murata Morihiro Accounting Firm Representative
Audit & Supervisory Board Member	Asli M. Colpan	Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Outside Director of NISSHA Co., Ltd
Audit & Supervisory Board Member	Hirofumi Yasuhara	Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor of Hitachi Zosen Corporation

(Notes)

1. Sumitomo Electric Industries, Ltd. is a shareholder owning 28.85% of the total number of shares issued by the Company (excluding treasury stock). In addition, the company provides raw materials, etc. of tires to the Company. This business relationship accounts for no more than 1.0% of either company's total consolidated annual revenues.
2. There are no special relationships between the Company and other companies in which the outside Directors/ Audit & Supervisory Board members hold important concurrently serving posts.

### (ii) Major Activities Engaged by Outside Directors/Audit & Supervisory Board Members

Position	Name	Activities Engaged In
Director	Keizo Kosaka	<u>Number of Meetings of the Board of Directors Attended: 14/14</u> At the Board of Directors meetings, he provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on his abundant legal knowledge and experience primarily as a lawyer. In addition, as chairperson of the Nomination and Remuneration Committee, he leads fair and transparent committee management.
Director	Kenji Murakami	<u>Number of Meetings of the Board of Directors Attended: 14/14</u> At the Board of Directors meetings, he provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on his abundant knowledge and experience of corporate strategies primarily as a former corporate manager. In addition, at the Nomination and Remuneration Committee, he provides specific suggestions and opinions based on his experience as a manager.
Director	Nobuyuki Kobayashi	<u>Number of Meetings of the Board of Directors Attended: 14/14</u> At the Board of Directors meetings, he provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on his abundant knowledge and experience primarily in the fields of financial strategies and accounting. In addition, at the Nomination and Remuneration

Position	Name	Activities Engaged In
		Committee, he provides specific suggestions and opinions based on his experience as a manager.
Director	Mari Sonoda	<u>Number of Meetings of the Board of Directors Attended: 11/11</u> At the Board of Directors meetings, she provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on her abundant knowledge and experience primarily in the fields of finance and fiscal affairs accumulated when working as a government official. In addition, at the Nomination and Remuneration Committee, she provides specific suggestions and opinions based on her experience as a government official.
Audit & Supervisory Board Member	Morihiro Murata	<u>Number of Meetings of the Board of Directors Attended: 14/14, Meetings of the Audit &amp; Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, he provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on his abundant knowledge and experience primarily as a certified public accountant and tax accountant. In addition, at the Nomination and Remuneration Committee, he provides specific suggestions and opinions based on his experience of having engaged in corporate management as an outside director.
Audit & Supervisory Board Member	Asli M. Colpan	<u>Number of Meetings of the Board of Directors Attended: 14/14, Meetings of the Audit &amp; Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, she provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on her abundant knowledge and experience primarily in the field of academics. In addition, at the Nomination and Remuneration Committee, she provides specific suggestions and opinions based on his experience of having engaged in corporate management as an outside director.
Audit & Supervisory Board Member	Hirofumi Yasuhara	<u>Number of Meetings of the Board of Directors Attended: 14/14, Meetings of the Audit &amp; Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, he provides opinions and suggestions that lead to the improvement of corporate governance of the Company, based on his abundant knowledge and experience primarily in the fields of corporate management and financial strategies. In addition, at the Nomination and Remuneration Committee, he provides specific suggestions and opinions based on his experience as a manager.

(Note) At the 129th Ordinary General Meeting of Shareholders held on March 26, 2021, Ms. Mari Sonoda was newly elected and appointed as an Outside Director. After the 129th Ordinary General Meeting of Shareholders, Meetings of the Board of Directors were held a total of 11 times during this period.

(iii) Remuneration of Outside Directors/ Audit & Supervisory Board Members

Number of Persons to be Paid	Amount Paid from the Company	Amount Paid from the Company's Subsidiary
7	JPY 62 million	—

(Note) The Company does not have a parent company.

#### **4. Accounting Auditor**

##### **(1) Name of Accounting Auditor**

KPMG AZSA LLC

##### **(2) Amount of Remuneration Payable to Each Accounting Auditor**

(i) Total amount of remuneration payable by the Company to the Accounting Auditor:

JPY 164 million

(ii) Total amount of remuneration payable by the Company and its subsidiaries to the Accounting Auditor:

JPY 164 million

(Notes)

1. The Company's Audit & Supervisory Board reviewed the content of the Accounting Auditor's audit plan, the status of execution of its accounting audit duties and the grounds for calculation of the estimated remuneration for the Accounting Auditor, based on the reports and necessary documents obtained from Directors, related divisions and departments and the Accounting Auditor, and as a result consented to the amount of remuneration, etc., for the Accounting Auditor under Article 399, Paragraph 1, of the Companies Act.
2. The audit agreement executed between the Company and the Accounting Auditor does not distinguish (nor is it practical to make such distinction) the auditor's fee receivable under the Companies Act and the auditor's fee receivable under the Financial Instruments and Exchange Law and the above amounts therefore represent the total of these fees payable by the Company.
3. Among our major establishments and principal subsidiaries, P.T. Sumi Rubber Indonesia, Sumitomo Rubber (China) Co., Ltd., SUMITOMO RUBBER SINGAPORE PTE.LTD., Sumitomo Rubber (Changshu) Co., Ltd., Sumitomo Rubber (Hunan) Co., Ltd., Sumitomo Rubber (Thailand) Co., Ltd., Sumirubber Thai Eastern Corporation Co., Ltd., Sumitomo Rubber do Brasil Ltda., Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.S., Sumitomo Rubber South Africa (Pty) Limited, Srixon Sports Manufacturing (Thailand) Co., Ltd., Dunlop International (Philippines), Inc., Sumirubber Malaysia Sdn. Bhd., Zhongshan Sumirubber Precision Rubber Ltd., Sumirubber Vietnam, Ltd. and Lonstroff AG have undergone a statutory audit by certified public accountants or audit corporations (including those who have equivalent qualifications in foreign countries) besides the Company's Accounting Auditor.

##### **(3) Contents of Non-Auditing Services**

The Company has entrusted to the Accounting Auditor agreed-upon procedural services as services falling outside the purview of Article 2, Paragraph 1 of the Certified Public Accountant Law (non-auditing services).

##### **(4) The Company's Policy of Termination/Non-reappointment of an Accounting Auditor**

If the Company's Audit & Supervisory Board decides that the Company should immediately terminate the Accounting Auditor pursuant to the provisions of Article 340 of the Companies Act, then the Accounting Auditor shall be dismissed by unanimous vote of all the Audit & Supervisory Board Members of the Company. If the Company's Audit & Supervisory Board evaluates the reappointment/non-reappointment of such Accounting Auditor pursuant to Article 344 of the Companies Act and decides that the Accounting Auditor would be unable to continue to properly perform its duties, the Audit & Supervisory Board shall determine the content of a proposal to be submitted to the shareholders meeting concerning the termination/non-reappointment of such Accounting Auditor.

## **5. Details of Resolution on Establishing Systems Necessary for Ensuring Appropriate Business Operations and Summary of Operational Status Thereof**

To establish a system necessary to ensure the proper execution of business of the Sumitomo Rubber Group, which comprises the Company and its subsidiaries as set forth in Article 2, Item 3, of the Companies Act, the Company resolved matters at the Board of Directors meeting. The details and operational status of the system are outlined below.

### **(1) A System to Preserve and Manage Information Concerning the Execution of Business by Directors**

Information concerning the execution of business by Directors, such as documents on proposals or decisions, shall be recorded and managed appropriately in accordance with the Regulations Concerning Preservation of Documents of the Company. Directors and Audit & Supervisory Board Members of the Company shall be permitted to view these records at all times.

<Overview of Operational Status>

Minutes were prepared for each important meeting including the Board of Directors' meetings and managed appropriately in accordance with the Regulations Concerning Preservation of Documents Directors and Audit & Supervisory Board Members of the Company are permitted to view these records at all times.

### **(2) Rules concerning the Risk Management of Loss and Other Systems**

Management risks involving quality, laws, the environment, credit, accidents, disasters, etc., that may materially adversely affect the business activities of the Group shall be addressed by the relevant division and subsidiary in advance, by analyzing those risks and planning countermeasures in accordance with the Regulations Concerning Risk Control that stipulate the risk management rules of the entire Group, and then referred to the management meeting of the Company for discussion. If necessary, advice and guidance may be sought from professionals, including legal counsel, in analyzing and planning countermeasures for such risks.

Any risk comprehensively involving the Group shall be addressed by each business division for its respective business operation in coordination with other relevant divisions and subsidiaries The Risk Management Committee shall oversee group-wide risk management activities and investigate as appropriate and confirm that the risk management system is functioning effectively.

If any material risk becomes clear or could be anticipated within the Group, the President of the Company shall establish a Risk Management Center pursuant to the Regulations Concerning Risk Control.

<Overview of Operational Status>

The Risk Management Committee meeting was held twice in accordance with the Regulations Concerning Risk Control of the Company to oversee cross-Group risk management activities and confirm that group-wide risk management system is functioning effectively.

To counter the COVID-19 pandemic, moreover, the Company, through the Risk Management Center headed by the President, implemented appropriate response measures for minimizing damage to its business operations and performance. Specifically, while placing top priority on ensuring the safety of employees and their families, the Risk Management Center, in cooperation with Divisions and functional departments, led efforts to implement preventive measures against infections, organize response measures for infected persons, obtain information on supply chains, and implement response measures.

### **(3) A System to Ensure the Efficient Execution of Business by Directors**

In order to ensure that Directors and managerial and other personnel may execute their business properly and efficiently, duties, authority, and relevant operations shall be specifically allocated in the Company through the Regulations Concerning Allocation of Responsibility and Duties Each subsidiary shall also establish a similar organizational system in compliance with the Company's regulations.

Furthermore, the Company shall introduce an Executive Officer System to perform its business flexibly in response to the changing environment and customer needs.

With respect to the performance and efficiency of each division, a mid-term managerial plan shall be drawn up, targets shall be set at budget meetings (to be reviewed as necessary), and the status of achievements of those targets shall be reported and reviewed on a monthly basis at the Group's performance meetings.

All business operations shall actively promote IT and digital technology to enhance efficiency in the execution of business.

<Overview of Operational Status>

The Company has a system to ensure efficient execution of duties. As part of such a system, the Board of Directors held 12 ordinary meetings and 2 extraordinary meetings to check the status of progress of a mid-term managerial plan and other operations that were determined to be executed.

The Company also introduced an Executive Officer System and held 27 management meetings, handling a broad scope of duties delegated from the Board of Directors, thereby performing its business flexibly.

The Company strives to facilitate decision-making by developing an IT system that collects and disseminates important management information accurately and quickly, and is executing its business efficiently even under the COVID-19 pandemic.

#### **(4) A System to Ensure the Execution of Business by Directors and Employees is in Compliance with Laws/Regulations and the Articles of Incorporation**

The Company ensures that the corporate philosophy of the Sumitomo Rubber Group, "Our Philosophy," is the foundation for all decision-making and the starting point for all actions. Our corporate Code of Conduct, and various compliance manuals shall be widely distributed, top management shall clarify its principles, and it shall be made thoroughly clear that compliance with laws and corporate ethics create the basic foundation of management.

The Corporate Ethics Committee, chaired by the President of the Company, shall identify, analyze, and evaluate those compliance risks comprehensively involving the entire Group, plan and conduct training, ascertain the cause of any violation, propose measures to prevent their recurrence, and ensure thorough familiarization of the foregoing throughout the Group.

A Corporate Ethics Help Line shall be established to allow employees and others of the Group to directly report and consult on any actions that are questionable with regard to corporate ethics. Information received by the Corporate Ethics Help Line shall be reported to the Corporate Ethics Committee, which shall assess the situation and adopt the necessary measures. The Sumitomo Rubber Group's corporate code of conduct shall stipulate that any relationship with such antisocial forces must be forbidden to reject any and all exigent demands from antisocial forces.

<Overview of Operational Status>

In addition to supervision of the Board of Directors' meetings, the Company held 12 Audit & Supervisory Board meetings, thereby ensuring that the execution of business by directors was compliant with laws, regulations and the Articles of Incorporation. Moreover, the Company held four meetings of the Corporate Ethics Committee to deliberate the Group's compliance issues and address those compliance risks comprehensively involving the entire Group. As part of such measures, we addressed the incidents reported to the Corporate Ethics Help Line in a sincere manner.

In response to inappropriate cases at the Company and its overseas subsidiaries, an Emergency Committee was established promptly to respond in accordance with the Internal Control System. The Board of Directors appropriately supervised the progress of such cases, and the results of the investigation of the Special Investigation Committee were released in November 2021. Based on the recommendations of the Special Investigation Committee to prevent recurrence, we have already started to take measures for establishing the Quality Assurance HQ and reforming the corporate culture. Going forward, we will continue to follow up on the progress at the Board of Directors meetings on a regular basis.



**(5) A System to Report to the Company Matters related to the Execution of Business by Directors and Other Personnel of Subsidiaries**

A system shall be established whereby the relevant division of the Company shall periodically receive reports from the Directors and other personnel of each subsidiary on its performance targets and achievements, and, as necessary, receive reports on certain matters such as those that need to be reported to and discussed at the Company's management meetings and the meetings of the Board of Directors, risk management, and compliance matters. The foregoing shall then be discussed with the Company, if necessary, pursuant to the Regulations Concerning Management of Affiliated Companies.

<Overview of Operational Status>

The Quality Assurance Division and other relevant divisions of the Company that received reports from subsidiaries appropriately responded to inappropriate cases at the Company's subsidiaries. The Company established an Emergency Committee at the Company and shared information at the management meetings and the Board of Directors meetings to appropriately supervise these cases. Going forward, we will review the reporting routes between the Head Office and subsidiaries as appropriate, and will implement appropriate execution of business throughout the Group by establishing a system that enables the Head Office and subsidiaries to address various issues in an integrated manner.

**(6) A System to Ensure Adequate Financial Reporting**

The Group shall strive to maintain internal control systems in accordance with the Financial Instruments and Exchange Law and assessment/audit standards and implementation standards prescribed by the Financial Services Agency, and to enhance systems to ensure adequate financial reporting by the Group.

<Overview of Operational Status>

The Company has consistently been striving to strengthen a system to ensure the adequate financial reporting by the Group. As part of such efforts, the Company is utilizing audits by accounting auditors and further improving the internal control systems of the Company in line with laws and regulations.

**(7) Establishment of a Post to Assist the Duties of Audit & Supervisory Board Members at the Request of Audit & Supervisory Board Members**

An employee shall be selected to work as a dedicated assistant to assist the duties of Audit & Supervisory Board Members exclusively under their direction.

The opinion of the Audit & Supervisory Board shall be sought in advance in the event of carrying out personnel changes and evaluating the performance of the aforementioned assistant of Audit & Supervisory Board Members.

<Overview of Operational Status>

The Company installed a dedicated assistant to assist the duties of Audit & Supervisory Board Members, with careful consideration as to the independence of this position.

**(8) Systems to Allow Directors and Employees to Report to Audit & Supervisory Board Members of the Company and to Allow Other Reports to be Made to Audit & Supervisory Board Members**

Standing Audit & Supervisory Board Members of the Company shall participate in management meetings and other important meetings of the Company to appropriately understand the circumstances of the Group. Important matters such as those involving risk management shall be reported directly by Directors or heads of divisions of the Group to Audit & Supervisory Board Members of the Company, as necessary.

Matters reported to the Corporate Ethics Help Line (excluding minor problems) shall be reported to the Audit & Supervisory Board of the Company. With regard to Regulations Concerning the System to Address Corporate Ethics for all the Group companies, the Group shall establish a system which prevents informants being treated unfairly as a result of reporting to Audit & Supervisory Board Members of the Company by stipulating provisions such as the

duty of confidentiality of personal information relating to informants and the prohibition of unfair treatment of informants who have contacted the Corporate Ethics Help Line.

<Overview of Operational Status>

Standing Audit & Supervisory Board Members of the Company participate in important meetings such as management meetings, the Corporate Ethics Committee meetings, the Risk Management Committee meetings and Sustainability Promotion Committee meetings, and receive the information necessary for effective audits as needed. By exchanging such information with outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings, objective, fair and effective audits were conducted.

**(9) Other Systems to Ensure Effective Audit Coverage by Audit & Supervisory Board Members**

Audit & Supervisory Board Members of the Company shall be given opportunities to receive explanations from Directors or heads of divisions of the Group, as necessary.

Audit & Supervisory Board Members of the Company may request the Company to reimburse any expenses including ad-hoc expenditures incurred with respect to the execution of business within a reasonable scope.

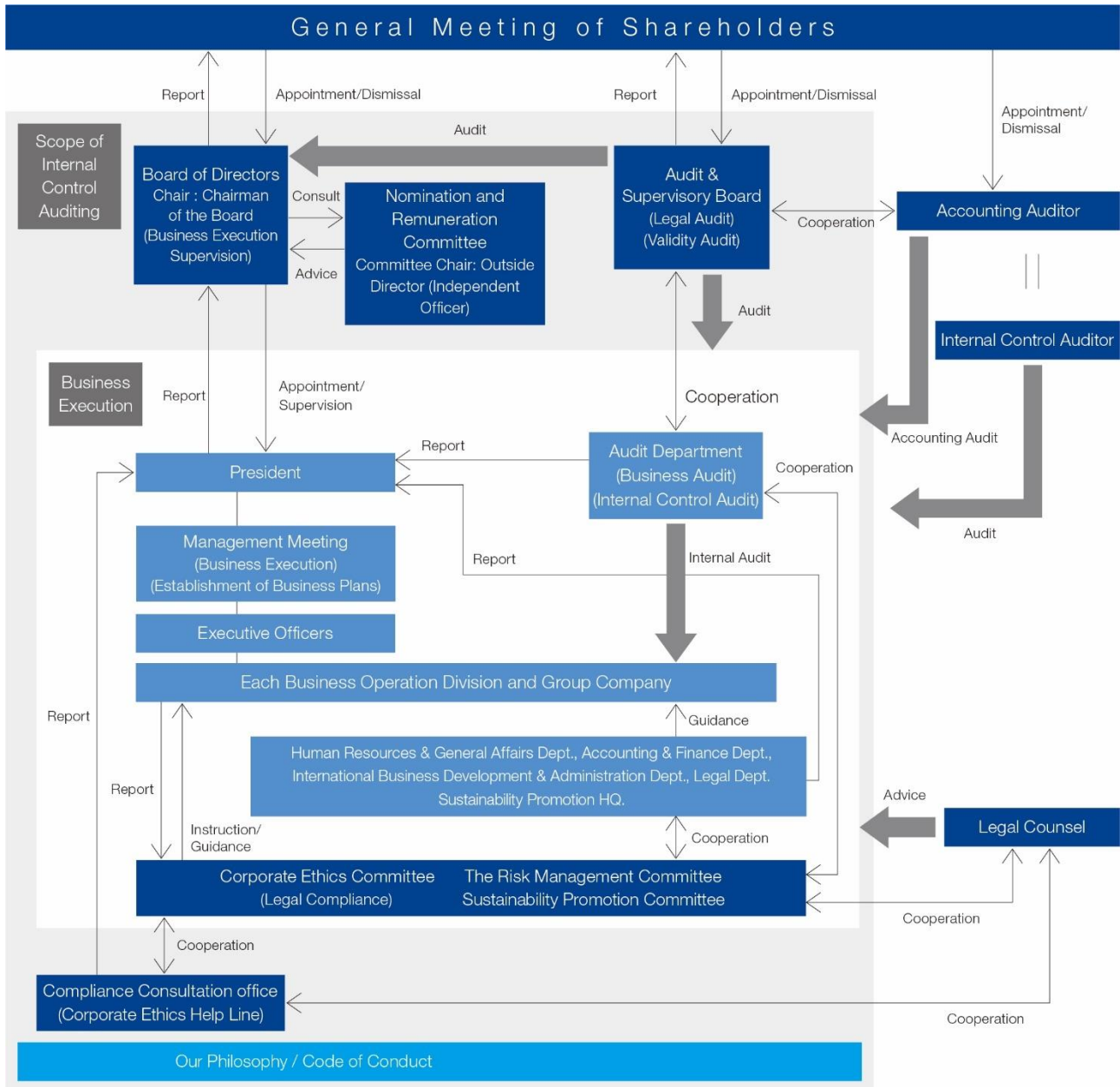
<Overview of Operational Status>

At the Audit & Supervisory Board meetings of the Company, Audit & Supervisory Board Members conducted a total of 11 interviews with Directors or heads of divisions of the Group with regard to the business duties for which they are responsible and the status of the progress of the Company's mid-term management plan.

Also, the results of onsite investigations by Audit & Supervisory Board Members were shared among all Audit & Supervisory Board Members, thereby implementing effective audits.

In addition, expenses deemed necessary for the execution of business by Audit & Supervisory Board Members were budgeted in advance based on the audit plan, while ad-hoc expenditures were also borne by the Company.

## Corporate Governance System



(Note) In this Business Report, all figures are rounded to the nearest notational unit.

**Consolidated Statement of Financial Position**

(As of December 31, 2021)

(Unit: JPY Million)

<b><u>ASSETS</u></b>	<b><u>AMOUNT</u></b>
<b>CURRENT ASSETS:</b>	<b>533,081</b>
Cash and cash equivalents	75,093
Trade and other receivables	197,320
Other financial assets	2,096
Inventories	218,019
Other current assets	40,553
<b>NON-CURRENT ASSETS:</b>	<b>553,088</b>
Property, plant and equipment	389,795
Goodwill	26,287
Intangible assets	42,794
Investments accounted for using equity method	4,430
Other financial assets	36,889
Net defined benefit asset	41,458
Deferred tax assets	10,641
Other non-current assets	794
<b><u>TOTAL ASSETS</u></b>	<b>1,086,169</b>

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
<b>CURRENT LIABILITIES:</b>	<b>296,585</b>
Bonds and loans payable	68,143
Trade and other payables	160,902
Other financial liabilities	12,100
Income tax payable	6,301
Provisions	1,604
Other current liabilities	47,535
<b>NON-CURRENT LIABILITIES:</b>	<b>276,041</b>
Bonds and loans payable	170,502
Other financial liabilities	46,919
Net defined benefit liability	23,417
Provisions	1,818
Deferred tax liabilities	12,093
Other non-current liabilities	21,292
<b><u>TOTAL LIABILITIES</u></b>	<b>572,626</b>
<u>EQUITY</u>	<u>AMOUNT</u>
<b>Equity attributable to owners of parent</b>	<b>501,540</b>
Capital stock	42,658
Capital surplus	39,715
Retained earnings	481,455
Treasury stock	(85)
Other components of equity	(62,203)
<b>Non-controlling interest</b>	<b>12,003</b>
<b><u>TOTAL EQUITY</u></b>	<b>513,543</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b>1,086,169</b>

**CONSOLIDATED STATEMENT OF INCOME**

(From January 1, 2021 to December 31, 2021)

(Unit: JPY Million)

<b><u>ITEM</u></b>	<b><u>AMOUNT</u></b>
<b>Revenue</b>	<b>936,039</b>
Cost of sales	(676,341)
<b>Gross profit</b>	<b>259,698</b>
Selling, general and administrative expenses	(207,723)
<b>Business profit</b>	<b>51,975</b>
Other income	2,668
Other expenses	(5,474)
<b>Operating profit</b>	<b>49,169</b>
Financial income	1,797
Financial expenses	(6,289)
Equity in earnings of affiliates	88
<b>Profit before tax</b>	<b>44,765</b>
Income tax expenses	(14,779)
<b>Profit</b>	<b>29,986</b>
Profit attributable to:	
Owners of parent	29,470
Non-controlling interests	516
<b>Profit</b>	<b>29,986</b>

**NON-CONSOLIDATED BALANCE SHEET**

(As of December 31, 2021)

(Unit: JPY Million)

<b><u>ASSETS</u></b>	<b><u>AMOUNT</u></b>
<b>CURRENT ASSETS:</b>	<b>316,741</b>
Cash and deposits	1,862
Notes receivable-trade	7,089
Accounts receivable-trade	191,227
Merchandise and finished goods	31,124
Work in process	3,169
Raw materials and supplies	22,551
Accounts receivable-other	22,652
Short-term loans receivable	33,179
Other	3,928
Allowance for doubtful accounts	(40)
<b>NON-CURRENT ASSETS:</b>	<b>510,840</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>	<b>111,762</b>
Buildings	28,642
Structures	2,990
Machinery and equipment	38,593
Vehicles	563
Tools, furniture and fixtures	12,219
Land	19,938
Leased assets	1,413
Construction in progress	7,404
<b>INTANGIBLE ASSETS:</b>	<b>22,703</b>
Trademark right	12,499
Software	9,869
Leased assets	120
Other	215
<b>INVESTMENTS AND OTHER ASSETS:</b>	<b>376,375</b>
Investment securities	22,109
Stocks of subsidiaries and associates	313,282
Long-term loans receivable	14,717
Long-term prepaid expenses	777
Guarantee deposits	2,819
Prepaid pension cost	20,692
Deferred tax assets	2,188
Other	1
Allowance for doubtful accounts	(210)
<b><u>TOTAL ASSETS</u></b>	<b>827,581</b>

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
<b>CURRENT LIABILITIES:</b>	<b>275,502</b>
Notes payable-trade	1,473
Accounts payable-trade	69,332
Short-term loans payable	68,376
Current portion of long-term loans payable	13,800
Lease obligations	528
Accounts payable-other	38,963
Accrued expenses	5,450
Income tax payable	22
Deposits received	71,966
Provision for bonuses	2,166
Provision for directors' bonuses	95
Provision for sales rebates	139
Provision for loss on voluntary recall of products	1,182
Other	2,010
<b>NON-CURRENT LIABILITIES:</b>	<b>176,961</b>
Bonds payable	20,000
Long-term loans payable	146,248
Lease obligations	1,013
Provision for retirement benefits	5,987
Asset retirement obligations	470
Provision for loss on voluntary recall of products	344
Other	2,899
<b><u>TOTAL LIABILITIES</u></b>	<b>452,463</b>
<u>NET ASSETS</u>	<u>AMOUNT</u>
<b>TOTAL EQUITY:</b>	<b>364,178</b>
<b>Capital stock</b>	<b>42,658</b>
<b>Capital surplus:</b>	<b>38,702</b>
Legal capital surplus	38,702
<b>Retained earnings:</b>	<b>282,902</b>
Legal retained earnings	4,536
Other retained earnings:	278,366
Reserve for advanced depreciation of non-current assets	2,397
Reserve for special depreciation	0
General reserve	74,842
Retained earnings brought forward	201,127
<b>Treasury stock</b>	<b>(84)</b>
<b>VALUATION AND TRANSLATION ADJUSTMENTS:</b>	<b>10,940</b>
<b>Valuation difference on available-for-sale securities</b>	<b>10,940</b>
<b><u>TOTAL NET ASSETS</u></b>	<b>375,118</b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>827,581</b>



**NON-CONSOLIDATED STATEMENT OF INCOME**

(From January 1, 2021 to December 31, 2021)

(Unit: JPY Million)

<b><u>ITEM</u></b>	<b><u>AMOUNT</u></b>	
<b>Net sales</b>		<b>526,047</b>
Cost of sales		(426,445)
<b>Gross profit</b>		<b>99,602</b>
Selling, general and administrative expenses		(105,299)
<b>Operating Loss (-)</b>		<b>(5,697)</b>
Non-operating income:		
Interest and dividend income	37,677	
Foreign exchange losses	3,789	
Loss on valuation of derivatives	476	
Other	1,043	42,985
Non-operating expenses:		
Interest expenses	(1,517)	
Loss on sales of notes payable	(139)	
Other	(762)	(2,418)
<b>Ordinary income</b>		<b>34,870</b>
Extraordinary income:		
Gain on sales of non-current assets	11	
Gain on extinguishment of tie-in shares	3	14
Extraordinary losses:		
Loss on voluntary recall of products	(878)	
Loss on retirement of non-current assets	(820)	
Loss on disaster	(365)	
Loss on sales of non-current assets	(11)	(2,074)
<b>Income before income taxes</b>		<b>32,810</b>
Income taxes-current	(2,073)	
Income taxes-deferred	437	(1,636)
<b>Profit</b>		<b>31,174</b>

## INDEPENDENT AUDITORS AUDIT REPORT

March 3, 2022

To: The Board of Directors of Sumitomo Rubber Industries, Ltd.

KPMG AZSA LLC Kobe Office

Designated Limited Liability Member & Executive Member	Certified Public Accountant	Masateru Matsui
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Designated Limited Liability Member & Executive Member	Certified Public Accountant	Masanobu Kono
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Designated Limited Liability Member & Executive Member	Certified Public Accountant	Shingo Kitaguchi
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### *Opinion*

Pursuant to Article 444, Paragraph 4 of “The Companies Act,” we have audited the accompanying consolidated financial statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes on the Consolidated Financial Statements of Sumitomo Rubber Industries, Ltd. (the “Company”) applicable to the 130th fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of some disclosure items required by International Financial Reporting Standards in accordance with the latter part of the first paragraph, Article 120 of the Ordinance of Companies Accounting, present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2021.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under those standards is described in the “Auditors’ Responsibility in the Auditing of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions for professional ethics in Japan, and fulfil other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of the Management, the Audit & Supervisory Board Members, and the Board for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for designing and operating such internal controls as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for evaluating whether or not it is appropriate to prepare the consolidated financial statements based on the going concern assumption, and for disclosing such matters if it is necessary under the going concern assumption in accordance with the latter part of the first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Audit & Supervisory Board Members and the Board are responsible for monitoring the performance of duties by the Directors in the development and operation of the financial reporting process.

*Auditors' Responsibility in the Auditing of the Consolidated Financial Statements*

Our responsibility is to express an opinion on the consolidated financial statements as to whether there are material misstatements as a whole due to fraud or error, by obtaining reasonable assurances based on our audit as independent auditors. Misstatements may occur due to fraud or error, and are deemed material if they are reasonably expected to affect the decision-making of users of the consolidated financial statements, individually or compiled.

We shall, as professional experts, make judgements through the audit process in accordance with auditing standards generally accepted in Japan, and implement the following with professional skepticism:

- We identify and assess material misstatements due to fraud or error, and draft and implement auditing procedures responding to the risk of material misstatements. The procedures shall be selected and applied at the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence.
- In making those risk assessments, the auditors consider internal controls that are relevant to the audit of consolidated financial statements, in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- We evaluate the appropriateness of accounting policies used and method of application thereof, and the reasonableness of accounting estimates made by the management, as well as the appropriateness of notes.
- We conclude whether or not it is appropriate for the management to prepare financial statements based on the going concern assumption and whether there is significant uncertainty about events or situations which may incur material skepticism of the going concern assumption. If there is a significant uncertainty about the going concern assumption, we are required to issue a reminder in the notes of the consolidated financial statements in the Audit Report; or if the notes of the consolidated financial statements on the significant uncertainty are not appropriate, we are required to express an opinion with exceptive items on the consolidated financial statements. A company may not be able to continue as a going concern, depending on future events and situations, although the auditor's conclusion is based on the audit evidence obtained by the date of the Audit Report.

- We assess whether or not the presentation and notes of the consolidated financial statements are in accordance with the latter part of first paragraph, Article 120 of the Ordinance of Companies Accounting, which prescribes some omissions of disclosure items required by International Financial Reporting Standards, and whether the presentation, structure, and contents of the consolidated financial statements, including related notes, as well as the consolidated financial statements appropriately present the transactions and accounting events which provide their basis.
- We obtain sufficient and appropriate audit evidence for the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. Auditors are responsible for the instruction, supervision, and implementation of audit on the consolidated financial statements. Auditors are individually responsible for the opinion.

We report, to the Audit & Supervisory Board Members and the Board, the scope and the timing of implementation of the planned audit, material findings of the audit including material defects of internal controls identified in the process of implementing the audit, and other matters required by auditing standards.

We report, to the Audit & Supervisory Board Members and the Board, compliance of the entity with provisions for professional ethics in Japan, matters reasonably deemed to affect the independence of auditors, and their details if safeguards are taken to eliminate or mitigate hindrance.

#### *Conflicts of Interest*

We have no interest in the Company and its subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

## INDEPENDENT AUDITORS AUDIT REPORT

March 3, 2022

To: The Board of Directors of Sumitomo Rubber Industries, Ltd.

KPMG AZSA LLC Kobe Office

Designated Limited Liability Member & Executive Member	Certified Public Accountant	Masateru Matsui
Designated Limited Liability Member & Executive Member	Certified Public Accountant	Masanobu Kono
Designated Limited Liability Member & Executive Member	Certified Public Accountant	Shingo Kitaguchi

### *Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of “The Companies Act,” we have audited the accompanying non-consolidated financial statements, which comprise the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Total equity, the Notes on the Non-Consolidated Financial Statements, and the supplemental schedules (collectively referred to as the “Non-Consolidated Financial Statements, etc.”) of Sumitomo Rubber Industries, Ltd. (the “Company”) applicable to the 130th fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the Non-Consolidated Financial Statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2021, in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in those standards is described in the “Auditors’ Responsibility in the Auditing of the Non-Consolidated Financial Statements, etc.” We are independent of the Company in accordance with provisions for professional ethics in Japan, and fulfil other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibility of the Management, the Audit & Supervisory Board Members, and the Board for the Non-Consolidated Financial Statements, etc.*

Management is responsible for the preparation and fair presentation of the Non-Consolidated Financial Statements, etc. in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan, and for designing and operating such internal controls as management determines are necessary to enable the preparation and fair presentation of Non-Consolidated Financial Statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the Non-Consolidated Financial Statements, etc., the management is responsible for evaluating as to whether it is appropriate to prepare the Non-Consolidated Financial Statements, etc. based on the going concern assumption; and for disclosing such matters if it is necessary to disclose matters for the going concern in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Audit & Supervisory Board Members and the Board are responsible for monitoring the performance of duties by the Directors in the development and operation of the financial reporting process.

*Auditors' Responsibility in the Auditing of the Non-Consolidated Financial Statements, etc.*

Our responsibility is to express an opinion on the Non-Consolidated Financial Statements, etc. as to whether there are material misstatements as a whole due to fraud or error, by obtaining reasonable assurance based on our audit as independent auditors. Misstatement may occur due to fraud or error, and is deemed material if it is reasonably expected to affect the decision-making of users of the Non-Consolidated Financial Statements, etc., individually or compiled.

We shall, as professional experts, make judgement through the audit process in accordance with auditing standards generally accepted in Japan, and implement the following with professional skepticism:

- We identify and assess material misstatement due to fraud or error, and draft and implement the auditing procedures responding to the risk of material misstatement. The procedures shall be selected and applied by the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence.
- In making those risk assessments, the auditors consider internal controls relevant to the audit of the Non-Consolidated Financial Statements, etc., in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- We evaluate the appropriateness of accounting policies used and method of application thereof, and the reasonableness of accounting estimates made by management, as well as the appropriateness of notes.
- We conclude as to whether it is appropriate for management to prepare financial statements based on the going concern assumption and whether there is significant uncertainty about the event or situation which may incur material skepticism on the going concern assumption. If there is a significant uncertainty about the going concern assumption, we are required to issue a reminder in the notes of the Non-Consolidated Financial Statements, etc. in the Audit Report; or if the notes of the Non-Consolidated Financial Statements, etc. on the significant uncertainty are not appropriate, we are required to express an opinion with exceptive items on the Non-Consolidated Financial Statements, etc. A company may not be able to continue as a going concern, depending on future events and situations, although auditor's conclusion is based on the audit evidence obtained by the date of the Audit Report.

- We assess as to whether the presentation and notes of the Non-Consolidated Financial Statements, etc. are in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan, and whether the presentation, structure and content of the Non-Consolidated Financial Statements, etc. including related notes as well as the Non-Consolidated Financial Statements, etc. appropriately present the transactions and accounting events which provide their basis.

We report, to the Audit & Supervisory Board Members and the Board, the scope and the timing of implementation of the planned audit, material findings of the audit including material defects of internal controls identified in the process of implementing the audit, and other matters required by auditing standards

We report, to the Audit & Supervisory Board Members and the Board, compliance of the entity with provisions for professional ethics in Japan, matters reasonably deemed to affect the independence of auditors, and their details if safeguards are taken to eliminate or mitigate hindrance.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## AUDIT REPORT

Having reviewed the audit reports compiled by each Audit & Supervisory Board Member in regard to the performance of duties by the Directors of Sumitomo Rubber Industries, Ltd. (the “Company”) for the 130th business year (beginning on January 1, 2021 and ending on December 31, 2021), we, the Audit & Supervisory Board (the “Board”) of the Company, prepared this Audit Report and shall report as follows:

### 1. Method and Contents of Audit Performed by the Audit & Supervisory Board Members and the Board

- (1) We decided on the policies of audit and job assignment, received report from each Audit & Supervisory Board Member on the status of conducting audit and results of audit, received reports from Directors, etc. and from the Accounting Auditor on the status of performance of their duties, and requested explanation as necessary.
- (2) Each Audit & Supervisory Board Member, in observance of the auditing standards determined by the Board, and in accordance with the auditing policy and job assignment, communicated with the Directors, internal audit office, and other employees, collected information and organized the environment for conducting an audit, and conducted an audit according to the following method:
  - (i) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors and employees on the status of the performance of their duties, requested explanations as necessary, reviewed important approval documents, and conducted investigations on the state of operations and conditions of assets at the head office and other main offices of the Company. In addition, regarding subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Members of subsidiaries, and received business reports from subsidiaries, as necessary.
  - (ii) We regularly received reports from the Directors and employees, requested explanations as necessary and expressed opinions on the contents of a resolution of the Board of Directors concerning the establishment of a system, stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as necessary to assure that the performance of duties by the Directors is in compliance with laws and regulations and others to assure the appropriateness of the operations of a company group consisting of a stock company and its subsidiaries, as well as on the status of the development and operation of the system (internal control system) established based on the resolution.
  - (iii) We monitored and reviewed the Accounting Auditors to determine whether they remained independent and performed their audits appropriately, received reports from them on the status of the performance of their duties, and requested explanations as necessary. We also received a notice from the Accounting Auditors that the “system to assure proper performance of duties” (the matters provided in each item of Article 131 of the Corporate Accounting Regulations) is being established in accordance with the “Standards for Quality Control of Audits” (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above method, we reviewed the Business Report and the supplemental schedules, the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets, and List of Notes to the Financial Statements) and the supplemental schedules, and the consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and List of Notes to the Consolidated Financial Statements) for the current business year.



## 2. Results of Audit

### (1) Result of Audit of the Business Report, etc.

We are of the view:

- (i) that the Business Report and the supplemental schedules fairly present the conditions of the Company as required by laws and regulations and the Articles of Incorporation of the Company;
- (ii) that in connection with the performance of duties by the Directors, we did not find any improper act or any material fact which constitutes a violation of laws and regulations or the Articles of Incorporation of the Company; and
- (iii) that the resolution of the Board of Directors concerning the internal control system is appropriate, and that there are no matters to be indicated concerning the execution of duties by the Directors concerning this internal control system. As stated in the Business Report, the Group has identified an inappropriate quality control case. With regard to this case, the Audit & Supervisory Board has confirmed that the Group is making efforts to prevent its recurrence, and will continue to closely monitor the steady implementation of measures to prevent its recurrence.

### (2) Results of Audit of the Financial Statements and the Supplemental Schedules

We find that the method and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and appropriate.

### (3) Results of Audit of the Consolidated Financial Statements

We find that the method and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and appropriate.

March 4, 2022

Sumitomo Rubber Industries, Ltd.

Audit & Supervisory Board

Hiroaki Tanaka (seal)

Standing Audit & Supervisory Board Member

Takashi Kono (seal)

Standing Audit & Supervisory Board Member

Morihiro Murata (seal)

Audit & Supervisory Board Member

Asli M. Colpan (seal)

Audit & Supervisory Board Member

Hirofumi Yasuhara (seal)

Audit & Supervisory Board Member

(Note)

Audit & Supervisory Board Members Morihiro Murata, Asli M. Colpan and Hirofumi Yasuhara are Outside Audit & Supervisory Board .