

Consolidated Financial Results
for the Nine Months Ended September 30, 2022
[IFRS]



November 9, 2022

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of filing quarterly securities report : November 10, 2022
 Scheduled date of commencing dividend payments : -
 Supplementary documents for quarterly financial results : Yes
 Quarterly financial results briefing session : Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2022 (January 1, 2022 to September 30, 2022)

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

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended										
September 30, 2022	781,512	18.9	12,374	(61.4)	9,836	(67.1)	14,372	(30.7)	83,356	109.6
September 30, 2021	657,019	21.6	32,071	306.2	29,861	358.7	20,726	-	39,773	-

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

	Basic profit per share	Diluted profit per share	Business profit to sales revenue ratio
Nine months ended	Yen	Yen	%
September 30, 2022	54.65	-	1.6
September 30, 2021	78.80	-	4.9

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2022	1,274,971	592,351	575,058	45.1	2,186.46
December 31, 2021	1,086,169	513,543	501,540	46.2	1,907.03

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2022	3,438	(58,325)	45,361	77,016
September 30, 2021	37,743	(37,565)	(5,537)	72,353

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2021	-	25.00	-	30.00	55.00
December 31, 2022	-	20.00	-		
Fiscal year ending December 31, 2022 (Forecast)				15.00	35.00

(Note) Revision to the dividends forecast announced most recently: Yes

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

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,100,000	17.5	13,000	(75.0)	9,000	(81.7)	15,000	(49.1)	57.03

(Note) Revision to the financial results forecast announced most recently: Yes

Notes:

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : None
 - 2) Changes in accounting policies other than 1) : None
 - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
 - September 30, 2022 : 263,043,057 shares
 - December 31, 2021 : 263,043,057 shares
 - 2) Total number of treasury stock at the end of the period
 - September 30, 2022 : 34,352 shares
 - December 31, 2021 : 47,604 shares
 - 3) Average number of shares during the period
 - Nine months ended September 30, 2022 : 263,003,526 shares
 - Nine months ended September 30, 2021 : 262,998,854 shares

* Consolidated financial results are outside the scope of the quarterly review procedures to be conducted by certified public accountants or auditing firms.

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

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

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 5 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Consolidated Financial Results Forecast and Other Future Forecast.”

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Operating Results

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	657,019	781,512	18.9
Tires	551,895	661,292	19.8
Sports	76,102	89,921	18.2
Industrial and Other Products	29,022	30,299	4.4
Business profit	32,071	12,374	(61.4)
Tires	23,297	3,406	(85.4)
Sports	7,164	8,258	15.3
Industrial and Other Products	1,577	548	(65.2)
Adjustments	33	162	-
Operating profit	29,861	9,836	(67.1)
Profit attributable to owners of parent	20,726	14,372	(30.7)

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

Foreign exchange rates applied

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	109	128	19
Yen / Euro	130	136	6

During the nine months ended September 30, 2022, the economic environment saw the effects of the situation in Ukraine and COVID-19, in addition to a slowdown in economic growth stemming from a continued rise in inflationary pressures, which have led to a persisting sense of economic stagnation.

In the business environment surrounding the Group, in addition to the impact of a decline in automotive production volume due to the shortage of semiconductors, the impact of soaring freight costs and the rising prices of raw materials continued, albeit appearing to be somewhat easing.

Under these circumstances, the Group strongly promoted company-wide projects that aim to reinforce our business foundation with the goal of accomplishing the Mid-Term Plan, which sets 2025 as the target year. At the same time, we worked to strengthen our competitive advantage in a global structure through such efforts as developing advanced products that meet the needs of customers and raising their brand value with the aim of maximizing the effects of the manufacturing and sales bases we have established in major markets around the world.

As a result, sales revenue of the Group increased 18.9% from the same period of the previous fiscal year to ¥781,512 million, business profit decreased 61.4% to ¥12,374 million, operating profit decreased 67.1% to ¥9,836 million and profit attributable to owners of parent decreased 30.7% to ¥14,372 million.

Operating results by business segment were as follows.

Tire Business

Sales revenue in the tire business increased 19.8% from the same period of the previous fiscal year to ¥661,292 million, and business profit decreased 85.4% to ¥3,406 million.

In the domestic original equipment market, the fallout from ongoing production cuts at auto manufacturers, which mainly stemmed from the global shortage of semiconductors, led to sluggish sales. Although signs of slight recovery were seen, such as recent sales exceeded the year-on-year level, sales fell below the level of the same period of the previous fiscal year.

In the domestic replacement market, sales of new products, namely the global flagship tires, and premium products were strong in the summer tire category. All-season tires, which are well received as a product less susceptible to seasonal changes and offering safety and reliability, also saw a growth in sales, as the gradually increasing market recognition for these tires. Sales of winter tires were also solid, due to the effects of snowfall at the beginning of the year, as well as a temporary surge in demand in the run-up to price hikes. As a result, sales exceeded the level of the same period of the previous fiscal year.

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

In the overseas replacement market, sales in the Asia and Oceania region even so sales in Indonesia and Thailand exceeded the level of the same period of the previous fiscal year, thanks to a recovering trend seen with the eased impact of the COVID-19, sales fell below the level of the same period of the previous fiscal year, due to sluggish sales in China as a result of the country's zero-COVID policy. In Europe, sales volume was largely on par with the level of the same period of the previous fiscal year, although demand for tires is somewhat slowing down due in part to the growing inflation. In the Americas region, while sales volume in North America declined, we were able to improve our product mix as a result of cutting back on the sales of low-profit products. In South America, we were able to increase sales in response to robust local demand for replacement tires by leveraging the advantage of selling locally-produced products.

As a result, sales revenue in the tire business exceeded the level of the same period of the previous fiscal year, but business profit decreased.

Sports Business

Sales revenue in the sports business increased 18.2% from the same period of the previous fiscal year to ¥89,921 million, and business profit increased 15.3% from the same period of the previous fiscal year to ¥8,258 million.

In the golf goods market, despite the shortage of parts caused by the rise in global golf demand, sales in each of the overseas markets such as North America and South Korea grew, and sales revenue exceeded the level of the same period of the previous fiscal year.

Similarly, in the tennis goods markets, sales revenue exceeded the level of the same period of the previous fiscal year.

In the wellness business, thanks in part to boosts from the opening of new stores offsetting the effects of the focused measures to prevent the spread of COVID-19, sales revenue exceeded the level of the same period of the previous fiscal year.

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

Industrial and Other Products Business

Sales revenue in the industrial and other products business increased 4.4% from the same period of the previous fiscal year to ¥30,299 million, and business profit decreased 65.2% to ¥548 million.

Although sales of disposable rubber gloves declined in Japan, orders received for rubber parts for medical applications and rubber parts for office equipment increased.

As a result, sales revenue in the industrial and other products business exceeded the level of the same period of the previous fiscal year, but business profit decreased.

(2) Financial Position

	As of December 31, 2021	As of September 30, 2022	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,086,169	1,274,971	188,802
Total equity	513,543	592,351	78,808
Total equity attributable to owners of parent	501,540	575,058	73,518
Total equity attributable to owners of parent ratio (%)	46.2	45.1	(1.1)
Equity attributable to owners of parent per share	1,907.03 yen	2,186.46 yen	279.43 yen

The financial position of the Group was as follows.

Total assets increased ¥188,802 million from the end of the previous fiscal year to ¥1,274,971 million mainly as a result of increase in inventories, acquisition of tangible assets and effects of foreign currency translation.

Total liabilities increased ¥109,994 million from the end of the previous fiscal year to ¥682,620 million mainly as a result of increase in interest-bearing debt.

Total equity as of September 30, 2022 increased ¥78,808 million from the end of the previous fiscal year to ¥592,351 million, of which equity attributable to owners of parent accounted for ¥575,058 million, and non-controlling interest accounted for ¥17,293 million.

As a result, ratio of equity attributable to owners of parent was 45.1%, and equity attributable to owners of parent per share was ¥2,186.46.

(3) Consolidated Financial Results Forecast and Other Future Forecast

Because of the continuing impact of the decline in automobile production due to the shortage of semiconductors, and the fact that replacement demand in North America, China, and other regions tends to slow down more than when the previous full year financial results forecast was announced (August 8) due to inflation and the behavioral restrictions imposed by COVID-19, as well as the impact of lower profits due to lower sales, we have revised the forecast as follows.

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

	Forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Sales revenue	1,100,000	1,145,000	(45,000)	(3.9)	936,039
Tires	941,000	987,000	(46,000)	(4.7)	795,045
Sports	117,000	115,500	1,500	1.3	101,429
Industrial and Other Products	42,000	42,500	(500)	(1.2)	39,565
Business profit	13,000	31,000	(18,000)	(58.1)	51,975
Tires	4,000	22,000	(18,000)	(81.8)	41,398
Sports	8,500	8,000	500	6.3	8,604
Industrial and Other Products	500	1,000	(500)	(50.0)	1,945
Adjustments	-	-	-	-	28
Operating profit	9,000	28,000	(19,000)	(67.9)	49,169
Profit attributable to owners of parent	15,000	24,500	(9,500)	(38.8)	29,470

Foreign exchange rates applied

	Forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	133	131	2	110
Yen / Euro	139	138	1	130

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	75,093	77,016
Trade and other receivables	197,320	194,114
Other financial assets	2,096	8,391
Inventories	218,019	321,218
Other current assets	40,553	60,988
Total current assets	533,081	661,727
Non-current assets		
Tangible assets	389,795	441,224
Goodwill	26,287	29,259
Intangible assets	42,794	45,767
Investments accounted for using equity method	4,430	4,466
Other financial assets	36,889	35,313
Net defined benefit asset	41,458	42,807
Deferred tax assets	10,641	13,218
Other non-current assets	794	1,190
Total non-current assets	553,088	613,244
Total assets	1,086,169	1,274,971

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	68,143	106,560
Trade and other payables	160,902	164,786
Other financial liabilities	12,100	14,167
Income tax payable	6,301	8,225
Provisions	1,604	1,434
Other current liabilities	47,535	65,908
Total current liabilities	296,585	361,080
Non-current liabilities		
Bonds and loans payable	170,502	207,867
Other financial liabilities	46,919	50,336
Net defined benefit liability	23,417	25,357
Provisions	1,818	1,547
Deferred tax liabilities	12,093	14,339
Other non-current liabilities	21,292	22,094
Total non-current liabilities	276,041	321,540
Total liabilities	572,626	682,620
Equity		
Capital stock	42,658	42,658
Capital surplus	39,715	39,705
Retained earnings	481,455	484,568
Treasury stock	(85)	(60)
Other components of equity	(62,203)	8,187
Total equity attributable to owners of parent	501,540	575,058
Non-controlling interest	12,003	17,293
Total equity	513,543	592,351
Total liabilities and equity	1,086,169	1,274,971

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income
Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Sales revenue	657,019	781,512
Cost of sales	(473,556)	(598,118)
Gross profit	183,463	183,394
Selling, general and administrative expenses	(151,392)	(171,020)
Business profit	32,071	12,374
Other income	1,814	2,435
Other expenses	(4,024)	(4,973)
Operating profit	29,861	9,836
Financial income	3,834	17,051
Financial expenses	(2,787)	(2,614)
Equity in earnings of affiliates	41	73
Profit before tax	30,949	24,346
Income tax expenses	(9,041)	(7,975)
Profit	21,908	16,371
Profit attributable to:		
Owners of parent	20,726	14,372
Non-controlling interests	1,182	1,999
Profit	21,908	16,371
Profit per share		
Basic profit per share (Yen)	78.80	54.65

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Profit	21,908	16,371
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,399	(849)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	95	87
Currency translation differences of foreign operations	15,371	67,747
Other comprehensive income, net of tax	17,865	66,985
Comprehensive income	39,773	83,356
Comprehensive income attributable to:		
Owners of parent	38,473	78,524
Non-controlling interests	1,300	4,832
Comprehensive income	39,773	83,356

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2021	42,658	39,486	461,720	(77)	(99,270)	(241)
Profit			20,726			
Other comprehensive income					15,253	95
Total comprehensive income	-	-	20,726	-	15,253	95
Purchase of treasury stock				(7)		
Disposal of treasury stock		(1)		1		
Dividends			(15,780)			
Capital increase of consolidated subsidiaries						
Changes in ownership interests in subsidiaries that do not result in loss of control		83				
Share-based payment transactions						
Transfer to retained earnings			19			
Transfer to capital surplus		1	(1)			
Other						
Total transactions with owners	-	83	(15,762)	(6)	-	-
Balance as of September 30, 2021	42,658	39,569	466,684	(83)	(84,017)	(146)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2021	10,467	-	(89,044)	454,743	12,354	467,097
Profit			-	20,726	1,182	21,908
Other comprehensive income	2,399		17,747	17,747	118	17,865
Total comprehensive income	2,399	-	17,747	38,473	1,300	39,773
Purchase of treasury stock			-	(7)		(7)
Disposal of treasury stock			-	0		0
Dividends			-	(15,780)	(1,801)	(17,581)
Capital increase of consolidated subsidiaries			-	-	1,325	1,325
Changes in ownership interests in subsidiaries that do not result in loss of control			-	83	(437)	(354)
Share-based payment transactions			-	-		-
Transfer to retained earnings	(19)		(19)	-		-
Transfer to capital surplus			-	-		-
Other			-	-		-
Total transactions with owners	(19)	-	(19)	(15,704)	(913)	(16,617)
Balance as of September 30, 2021	12,847	-	(71,316)	477,512	12,741	490,253

For the nine months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2022	42,658	39,715	481,455	(85)	(74,238)	(126)
Hyperinflation adjustment			1,811		6,328	
Restated balances as of January 1, 2022	42,658	39,715	483,266	(85)	(67,910)	(126)
Profit			14,372			
Other comprehensive income					64,913	87
Total comprehensive income	-	-	14,372	-	64,913	87
Purchase of treasury stock				(2)		
Disposal of treasury stock		(0)		0		
Dividends			(13,150)			
Capital increase of consolidated subsidiaries						
Changes in ownership interests in subsidiaries that do not result in loss of control						
Share-based payment transactions		(10)		27		
Transfer to retained earnings			90			
Transfer to capital surplus		10	(10)			
Other		(10)				
Total transactions with owners	-	(10)	(13,070)	25	-	-
Balance as of September 30, 2022	42,658	39,705	484,568	(60)	(2,997)	(39)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2022	12,161	-	(62,203)	501,540	12,003	513,543
Hyperinflation adjustment			6,328	8,139	2,035	10,174
Restated balances as of January 1, 2022	12,161	-	(55,875)	509,679	14,038	523,717
Profit			-	14,372	1,999	16,371
Other comprehensive income	(848)		64,152	64,152	2,833	66,985
Total comprehensive income	(848)	-	64,152	78,524	4,832	83,356
Purchase of treasury stock			-	(2)		(2)
Disposal of treasury stock			-	0		0
Dividends			-	(13,150)	(1,577)	(14,727)
Capital increase of consolidated subsidiaries			-	-		-
Changes in ownership interests in subsidiaries that do not result in loss of control			-	-		-
Share-based payment transactions			-	17		17
Transfer to retained earnings	(90)		(90)	-		-
Transfer to capital surplus			-	-		-
Other			-	(10)		(10)
Total transactions with owners	(90)	-	(90)	(13,145)	(1,577)	(14,722)
Balance as of September 30, 2022	11,223	-	8,187	575,058	17,293	592,351

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Cash flows from operating activities		
Profit before tax	30,949	24,346
Depreciation and amortization	50,657	56,348
Interest and dividends income	(1,120)	(2,144)
Interest expenses	2,035	2,615
Share of (profit) loss of entities accounted for using equity method	(41)	(73)
Decrease (increase) in inventories	(57,274)	(76,884)
Decrease (increase) in trade and other receivables	22,671	21,078
Increase (decrease) in trade and other payables	1,904	833
Other, net	2,920	(8,913)
Subtotal	52,701	17,206
Interest received	657	1,510
Dividend income received	467	573
Interest expenses paid	(1,808)	(2,418)
Income taxes paid	(14,274)	(13,433)
Net cash provided by (used in) operating activities	37,743	3,438
Cash flows from investing activities		
Purchase of tangible assets	(32,936)	(50,205)
Proceeds from sales of tangible assets	877	368
Purchase of intangible assets	(3,352)	(4,981)
Proceeds from sales of investment securities	5	183
Payment for transfer of business	(899)	(2,333)
Other, net	(1,260)	(1,357)
Net cash provided by (used in) investing activities	(37,565)	(58,325)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	46,583	18,062
Proceeds from long-term debt and newly issued bonds	2	72,504
Repayments of long-term debt and redemption of bonds	(25,049)	(20,520)
Repayments of lease obligations	(10,513)	(10,068)
Proceeds from share insurance to non-controlling interests	1,325	-
Purchase of shares of non-controlling interests	(433)	-
Cash dividends paid	(15,644)	(13,038)
Cash dividends paid to non-controlling interests	(1,801)	(1,577)
Other, net	(7)	(2)
Net cash provided by (used in) financing activities	(5,537)	45,361
Effect of exchange rate change on cash and cash equivalents	3,509	11,449
Net increase (decrease) in cash and cash equivalents	(1,850)	1,923
Cash and cash equivalents at the beginning of current period	74,203	75,093
Cash and cash equivalents at the end of current period	72,353	77,016

(5) Notes on Condensed Quarterly Consolidated Financial Statements
(Notes on Going Concern Assumption)
None

(Significant Accounting Policies)

Significant accounting policies adopted for these Condensed Quarterly Consolidated Financial Statements are the same as the accounting policies adopted for the Consolidated Financial Statements for the previous fiscal year, except for the following item.

Income tax expenses for the nine months ended September 30, 2022 were calculated using the estimated average annual effective tax rate.

(Adjustments for hyperinflation)

As required pursuant to IAS 29 “Financial Reporting in Hyperinflationary Economies,” the Group has revised the financial statements of its subsidiary in a Hyperinflationary Economy to reflect the unit of measurement that is current as of the period end date and has included said revised financial statements in its consolidated financial statements.

The Group has revised the financial results of its subsidiary in Turkey, since the six months ended June 30, 2022 because cumulative 3-year inflation exceeded 100%.

The subsidiary has restated the acquisition costs of its non-monetary assets, including tangible assets, by applying a conversion coefficient based on the initial acquisition date thereof. Monetary items held at current cost will be restated, as they are expressed in terms of the measuring unit current at the period end date. The effect of inflation on the net monetary position is presented in the financial income or expenses section of the condensed quarterly consolidated statements of income.

The financial results of the subsidiary have been converted at the spot exchange rate as of September 30, 2022, and these converted results have been reflected in the Group's condensed quarterly consolidated financial statement. As a result, business profit of the Group decreased ¥930 million and profit attributable to owners of parent increased ¥1,311 million during the the nine months ended September 30, 2022, and total assets increased ¥16,949 million as of September 30, 2022.

(Segment Information)

1. Information by reportable segment

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

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

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

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

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

2. Reportable segment sales revenues and profit or loss

Inter-segment sales revenues are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

Information about reportable segment sales revenues and profit or loss is as follows.

For the nine months ended September 30, 2021 (January 1, 2021 to September 30, 2021)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Quarterly Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	551,895	76,102	29,022	657,019	-	657,019
Inter-segment sales revenue	706	121	581	1,408	(1,408)	-
Total	552,601	76,223	29,603	658,427	(1,408)	657,019
Segment profit (Business profit) (Note 1)	23,297	7,164	1,577	32,038	33	32,071
Other income and expenses						(2,210)
Operating profit						29,861

(Notes)

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

For the nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Quarterly Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	661,292	89,921	30,299	781,512	-	781,512
Inter-segment sales revenue	995	111	890	1,996	(1,996)	-
Total	662,287	90,032	31,189	783,508	(1,996)	781,512
Segment profit (Business profit) (Note 1)	3,406	8,258	548	12,212	162	12,374
Other income and expenses						(2,538)
Operating profit						9,836

(Notes)

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

(Significant Subsequent Events)

None