

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2022
[IFRS]



February 14, 2023

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of ordinary shareholders' meeting : March 28, 2023
 Scheduled date of commencing dividend payments : March 29, 2023
 Scheduled date of filing annual securities report : March 29, 2023
 Supplementary documents for financial results : Yes
 Financial results briefing session : Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

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

Fiscal year ended	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	%
December 31, 2022	1,098,664	17.4	21,963	(57.7)	14,988	(69.5)	9,415	(68.1)	54,954	(12.8)
December 31, 2021	936,039	18.4	51,975	19.8	49,169	27.0	29,470	30.4	62,986	-

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

Fiscal year ended	Basic profit per share	Diluted profit per share	Profit to equity attributable to owners of parent ratio	Business profit to total assets ratio	Business profit to sales revenue ratio
	Yen	Yen	%	%	%
December 31, 2022	35.80	-	1.8	1.9	2.0
December 31, 2021	112.05	-	6.2	5.0	5.6

(2) Consolidated Financial Position

Fiscal year ended	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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2022	1,225,202	563,863	546,200	44.6	2,076.74
December 31, 2021	1,086,169	513,543	501,540	46.2	1,907.03

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	27,869	(78,697)	41,556	73,846
December 31, 2021	63,090	(54,023)	(13,332)	75,093

2. Dividends

	Annual dividends					Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2021	-	25.00	-	30.00	55.00	14,465	49.1	3.0
December 31, 2022	-	20.00	-	15.00	35.00	9,205	97.8	1.8
Fiscal year ending December 31, 2023 (Forecast)	-	-	-	35.00	35.00		51.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	570,000	11.3	7,000	(50.7)	5,000	(60.2)	1,000	(94.2)	3.80
Full year	1,200,000	9.2	35,000	59.4	30,000	100.2	18,000	91.2	68.44

Notes:

- (1) Changes in Significant Subsidiaries during the Fiscal Year Ended December 31, 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)
 December 31, 2022 : 263,043,057 shares
 December 31, 2021 : 263,043,057 shares
 2) Total number of treasury stock at the end of the period
 December 31, 2022 : 34,841 shares
 December 31, 2021 : 47,604 shares
 3) Average number of shares during the period
 Fiscal year ended December 31, 2022 : 263,004,675 shares
 Fiscal year ended December 31, 2021 : 262,998,143 shares

(Reference) Summary of Non-Consolidated Financial Results**Non-Consolidated Financial Results (From January 1, 2022 to December 31, 2022)****(1) Non-Consolidated Operating Results**

Fiscal year ended	Sales revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	566,086	7.6	(36,197)	-	21,120	(39.4)	19,878	(36.2)
December 31, 2021	526,047	17.9	(5,697)	-	34,870	6.1	31,174	19.2

Fiscal year ended	Basic profit per share	Diluted profit per share
	Yen	Yen
December 31, 2022	75.58	-
December 31, 2021	118.53	-

(2) Non-Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	894,820	380,733	42.5	1,447.61
December 31, 2021	827,581	375,118	45.3	1,426.33

(Reference) Shareholder's equity

As of December 31, 2022: ¥380,733 million As of December 31, 2021: ¥375,118 million

* These financial results are outside the scope of auditing.

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

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

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 6 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Overview of Operating Results, (2) Business Forecast for Fiscal 2023.”

Table of Contents

1. Overview of Operating Results	2
(1) Overview of Operating Results and Financial Position	2
(2) Business Forecast for Fiscal 2023	6
(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and 2023	6
2. Basic Approach to the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Primary Notes	7
(1) Consolidated Statements of Financial Position	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statements of Income	9
Consolidated Statements of Comprehensive Income	10
(3) Consolidated Statements of Changes in Equity	11
(4) Consolidated Statements of Cash Flows	13
(5) Notes on Consolidated Financial Statements	15
(Notes on Going Concern Assumption)	15
(Significant Accounting Policies)	15
(Segment Information)	16
(Per Share Amounts)	19
(Significant Subsequent Events)	19

1. Overview of Operating Results

(1) Overview of Operating Results and Financial Position

1) Operating Results for the Fiscal Year under review

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	936,039	1,098,664	17.4
Tires	795,045	939,941	18.2
Sports	101,429	116,597	15.0
Industrial and Other Products	39,565	42,126	6.5
Business profit	51,975	21,963	(57.7)
Tires	41,398	12,311	(70.3)
Sports	8,604	8,943	3.9
Industrial and Other Products	1,945	680	(65.0)
Adjustments	28	29	-
Operating profit	49,169	14,988	(69.5)
Profit attributable to owners of parent	29,470	9,415	(68.1)

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

Foreign exchange rates applied

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	110	132	22
Yen / Euro	130	138	8

The outlook of the global economy, despite signs of recovery from the effects of COVID-19, continued to raise concerns over economic growth, due to the geopolitical tension reflecting the situation in Ukraine, in addition to the high levels of inflation in certain regions and drastic interest rate hikes to appease such rise in prices. The Japanese economy, while also expected to recover as the effects of COVID-19 subside, has witnessed rising uncertainty, including trends in foreign exchange and prices.

In the business environment surrounding the Group, despite some positive signs, such as the recovery trend in many markets, the impact of soaring freight costs, prices of raw materials and energy costs has been felt. Under these circumstances, the Group strongly promoted company-wide projects that aim to reinforce our business foundation with the goal of accomplishing the Mid-Term Plan, which sets 2025 as the target year. At the same time, we worked to strengthen our competitive advantage in a global structure through such efforts as developing and expanding sales of high-performance products that meet the needs of customers, with the aim of maximizing the effects of the manufacturing and sales bases we have established in major markets around the world. In addition, in order to respond to rapid changes in the business environment, we have reorganized our Mid-Term Plan with 2027 as the target year.

As a result, sales revenue of the Group increased 17.4% from the same period of the previous fiscal year to ¥1,098,664 million, business profit decreased 57.7% to ¥21,963 million, operating profit decreased 69.5% to ¥14,988 million, and profit attributable to owners of parent decreased 68.1% to ¥9,415 million.

Business performance by business segment was as follows.

Tire Business

Sales revenue in the tire business increased 18.2% from the same period of the previous fiscal year to ¥939,941 million, and business profit decreased 70.3% to ¥12,311 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 exceeding the level of the previous fiscal year, sales fell below the level of the same period of the previous fiscal year.

In the domestic replacement market, while sales had been strong from the beginning of the year, the effects of dampening consumer sentiment for tires due to late snowfall and rising prices were seen toward the end of the year. The Group Sales focused on selling new products, namely the global flagship tires, and premium products 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 for the fiscal year were almost on par with the previous fiscal year. As a result, sales were the same 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 compared to the previous fiscal year when orders significantly declined due to the impact of COVID-19.

In the overseas replacement market, sales fell below the level of the previous fiscal year in the Asia and Oceania region, due to sluggish sales in China as a result of its zero-COVID policy and other factors. In Indonesia and Thailand, while certain signs of recovery were seen due in part to the easing of the impact of COVID-19 compared to the previous fiscal year, sales for the full year exceeded the level of the previous fiscal year due in part to the effects of inflation and rising fuel costs in the second half of the year especially in the fourth quarter. In Europe, sales volume fell below 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 and taking other measures, in addition to proactively raising our prices. In South America, sales were mostly on a similar level to the previous fiscal year due in part to a decline in demand in the second half of the year, despite the increase in sales in response to robust local demand in the first half of the year.

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

Sports Business

Sales revenue in the sports business increased 15.0% from the same period of the previous fiscal year to ¥116,597 million, and business profit increased 3.9% to ¥8,943 million.

In the golf goods market, despite the shortage of parts caused by the rise in global golf demand, sales in overseas markets such as North America and South Korea grew, and sales revenue significantly exceeded the level 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 a certain level of recovery in the number of membership, sales revenue exceeded the level 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 6.5% from the same period of the previous fiscal year to ¥42,126 million, and business profit decreased 65.0% to ¥680 million.

Sales of rubber parts for medical applications were strong both in Japan and overseas, sales of rubber parts for office equipment increased due in part to the weakening yen, and sales of products for vibration control system and infrastructure also increased. However, Sales of daily life supplies decreased because disposal gloves declined due to intensified competition, among other factors.

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 December 31, 2022	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,086,169	1,225,202	139,033
Total equity	513,543	563,863	50,320
Total equity attributable to owners of parent	501,540	546,200	44,660
Ratio of equity attributable to owners of parent (%)	46.2	44.6	(1.6)
ROE (%)	6.2	1.8	(4.4)
ROA (%)	5.0	1.9	(3.1)
Interest-bearing debt	296,783	372,760	75,977
D/E ratio	0.6	0.7	0.1
Equity attributable to owners of parent per share	1,907.03 yen	2,076.74 yen	169.71 yen

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

Total assets as of December 31, 2022 increased ¥139,033 million from the end of the previous fiscal year to ¥1,225,202 million. Total current assets increased ¥90,818 million, mainly as a result of an increase in inventories. Total non-current assets increased ¥48,215 million, mainly as a result of acquisition of tangible assets and effects of foreign currency translation.

Total liabilities as of December 31, 2022 increased ¥88,713 million from the end of the previous fiscal year to ¥661,339 million. Interest-bearing debt increased ¥75,977 million to ¥372,760 million.

Total equity as of December 31, 2022 amounted to ¥563,863 million, of which equity attributable to owners of parent was ¥546,200 million. Ratio of equity attributable to owners of parent was 44.6%, and equity attributable to owners of parent per share was ¥2,076.74.

3) Cash Flows

Net cash provided by operating activities was ¥27,869 million, the increase being primarily due to the recording of profit before tax of ¥22,539 million, recording of depreciation and amortization of ¥75,348 million, and increase in trade and other payables of ¥10,205 million, although there were cash outflows, including an increase in inventories of ¥51,758 million and income taxes paid of ¥16,483 million.

Net cash used in investing activities was ¥78,697 million, mainly due to the purchase of tangible assets of ¥67,324 million.

As a result, free cash flow, which is computed by subtracting the net cash used in investing activities from the net cash provided by operating activities, was a negative balance of ¥50,828 million.

Net cash used in financing activities was ¥41,556 million, primarily due to net increase in short-term loans payable, long-term debt and bonds of ¥69,722 million, and cash outflows including cash dividends paid of ¥13,148 million and repayment of lease obligation of ¥13,438 million.

As a result, cash and cash equivalents at the end of the fiscal year under review were ¥73,846 million after reflecting the effect of exchange rate change on cash and cash equivalents.

(2) Business Forecast for Fiscal 2023

With regard to the outlook of the global economy, while the uncertain situation is expected to continue due to the situation in Ukraine and the progression of inflation in various countries, economic activities which had been flagging under the impact of COVID-19, are expected to gradually recover. While the rise in the market prices of raw materials and energy costs is expected to continue into the next fiscal year, the burden of freight costs is expected to decrease.

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

Business Forecast for Fiscal 2023

	Full year	Change in ratio	First half	Change in ratio
	Millions of yen	%	Millions of yen	%
Sales revenue	1,200,000	9.2	570,000	11.3
Tires	1,022,500	8.8	472,500	9.7
Sports	132,500	13.6	75,500	22.7
Industrial and Other Products	45,000	6.8	22,000	11.5
Business profit	35,000	59.4	7,000	(50.7)
Tires	26,000	111.2	1,000	(86.9)
Sports	8,000	(10.5)	6,000	(3.4)
Industrial and Other Products	1,000	47.0	0	(100.0)
Operating profit	30,000	100.2	5,000	(60.2)
Profit attributable to owners of parent	18,000	91.2	1,000	(94.2)

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

Foreign exchange rates applied

	Full year	Increase (Decrease)	First half	Increase (Decrease)
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	130	(2)	130	7
Yen / Euro	142	4	142	8

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

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and 2023

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

For fiscal 2022, we intend to pay a year-end dividend of ¥15 per share. Combined with an interim dividend of ¥20 per share, which has already been paid, the annual dividend for fiscal 2022 will be ¥35 per share.

For fiscal 2023, we currently plan to pay an annual dividend of ¥35 per share, consisting of a year-end dividend of ¥35 per share.

2. Basic Approach to the Selection of Accounting Standards

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

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	75,093	73,846
Trade and other receivables	197,320	209,009
Other financial assets	2,096	6,950
Inventories	218,019	283,501
Other current assets	40,553	50,593
Total current assets	533,081	623,899
Non-current assets		
Tangible assets	389,795	436,307
Goodwill	26,287	26,412
Intangible assets	42,794	45,919
Investments accounted for using equity method	4,430	4,462
Other financial assets	36,889	34,303
Net defined benefit asset	41,458	38,899
Deferred tax assets	10,641	12,953
Other non-current assets	794	2,048
Total non-current assets	553,088	601,303
Total assets	1,086,169	1,225,202

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	68,143	100,895
Trade and other payables	160,902	176,151
Other financial liabilities	12,100	14,431
Income tax payable	6,301	7,980
Provisions	1,604	1,299
Other current liabilities	47,535	52,152
Total current liabilities	296,585	352,908
Non-current liabilities		
Bonds and loans payable	170,502	210,907
Other financial liabilities	46,919	48,191
Net defined benefit liability	23,417	21,333
Provisions	1,818	1,654
Deferred tax liabilities	12,093	4,690
Other non-current liabilities	21,292	21,656
Total non-current liabilities	276,041	308,431
Total liabilities	572,626	661,339
Equity		
Capital stock	42,658	42,658
Capital surplus	39,715	39,705
Retained earnings	481,455	478,379
Treasury stock	(85)	(61)
Other components of equity	(62,203)	(14,481)
Total equity attributable to owners of parent	501,540	546,200
Non-controlling interest	12,003	17,663
Total equity	513,543	563,863
Total liabilities and equity	1,086,169	1,225,202

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

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Sales revenue	936,039	1,098,664
Cost of sales	(676,341)	(845,442)
Gross profit	259,698	253,222
Selling, general and administrative expenses	(207,723)	(231,259)
Business profit	51,975	21,963
Other income	2,668	3,093
Other expenses	(5,474)	(10,068)
Operating profit	49,169	14,988
Financial income	1,797	11,519
Financial expenses	(6,289)	(4,041)
Equity in earnings of affiliates	88	73
Profit before tax	44,765	22,539
Income tax expenses	(14,779)	(10,083)
Profit	29,986	12,456
Profit attributable to:		
Owners of parent	29,470	9,415
Non-controlling interests	516	3,041
Profit	29,986	12,456
Profit per share		
Basic profit per share (Yen)	112.05	35.80

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit	29,986	12,456
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,857	(1,239)
Remeasurements of defined benefit plan	5,925	(1,253)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	115	154
Currency translation differences of foreign operations	25,103	44,836
Other comprehensive income, net of tax	33,000	42,498
Comprehensive income	62,986	54,954
Comprehensive income attributable to:		
Owners of parent	62,356	49,752
Non-controlling interests	630	5,202
Comprehensive income	62,986	54,954

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended December 31, 2021

(Millions of yen)

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

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

For the fiscal year ended December 31, 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			9,415			
Other comprehensive income					42,766	153
Total comprehensive income	-	-	9,415	-	42,766	153
Purchase of treasury stock				(3)		
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			(1,057)			
Transfer to capital surplus		10	(10)			
Other		(10)	(85)			
Total transactions with owners	-	(10)	(14,302)	24	-	-
Balance as of December 31, 2022	42,658	39,705	478,379	(61)	(25,144)	27

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 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			-	9,415	3,041	12,456
Other comprehensive income	(1,240)	(1,342)	40,337	40,337	2,161	42,498
Total comprehensive income	(1,240)	(1,342)	40,337	49,752	5,202	54,954
Purchase of treasury stock			-	(3)		(3)
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	(285)	1,342	1,057	-		-
Transfer to capital surplus			-	-		-
Other			-	(95)		(95)
Total transactions with owners	(285)	1,342	1,057	(13,231)	(1,577)	(14,808)
Balance as of December 31, 2022	10,636	-	(14,481)	546,200	17,663	563,863

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before tax	44,765	22,539
Depreciation and amortization	67,724	75,348
Impairment loss	139	4,137
Interest and dividends income	(1,683)	(2,907)
Interest expenses	2,797	3,637
Share of (profit) loss of entities accounted for using equity method	(88)	(73)
Loss (gain) on sales and retirement of non-current assets	1,489	1,714
Decrease (increase) in inventories	(61,734)	(51,758)
Decrease (increase) in trade and other receivables	(10,882)	(875)
Increase (decrease) in trade and other payables	33,121	10,205
Other, net	4,987	(16,955)
Subtotal	80,635	45,012
Interest received	963	1,944
Dividend income received	711	850
Interest expenses paid	(2,461)	(3,454)
Income taxes paid	(16,758)	(16,483)
Net cash provided by (used in) operating activities	63,090	27,869
Cash flows from investing activities		
Purchase of tangible assets	(47,726)	(67,324)
Proceeds from sales of tangible assets	1,068	555
Purchase of intangible assets	(5,273)	(7,591)
Purchase of investment securities	(188)	(245)
Proceeds from sales of investment securities	19	483
Payment for transfer of business	(1,048)	(2,330)
Net decrease (increase) in short-term loans receivable	33	10
Other, net	(908)	(2,255)
Net cash provided by (used in) investing activities	(54,023)	(78,697)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	20,901	17,584
Proceeds from long-term debt and newly issued bonds	37,002	75,234
Repayments of long-term debt and redemption of bonds	(41,048)	(23,096)
Repayments of lease obligations	(13,382)	(13,438)
Proceeds from contributions of non-controlling interests	1,325	-
Purchase of shares of non-controlling interests	(545)	-
Cash dividends paid	(15,776)	(13,148)
Cash dividends paid to non-controlling interests	(1,801)	(1,577)
Other, net	(8)	(3)
Net cash provided by (used in) financing activities	(13,332)	41,556
Effect of exchange rate change on cash and cash equivalents	5,155	8,025
Net increase (decrease) in cash and cash equivalents	890	(1,247)
Cash and cash equivalents at the beginning of current period	74,203	75,093
Cash and cash equivalents at the end of current period	75,093	73,846

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

(Significant Accounting Policies)

Significant accounting policies adopted for these 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.

(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 December 31, 2022, and these converted results have been reflected in the Group's consolidated financial statement. As a result, business profit of the Group decreased ¥1,216 million, profit attributable to owners of parent increased ¥1,048 million and total assets increased ¥16,549 million as of December 31, 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 detail of business
Tires	Tires and tubes (for automobiles, construction vehicles, industrial vehicles, automotive races and rallies, motorcycles, etc.) Automotive system business (instant mobility systems, deflation warning systems, etc.)
Sports	Sporting goods (golf clubs, golf balls and other golf goods, tennis goods, etc.) Operation of golf tournaments Operation of golf and tennis schools Fitness business, and others
Industrial and Other Products	High-performance rubber products (vibration control dampers, 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 revenue and transfers are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

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

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

(Millions of yen)

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

(Notes)

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

(2) For the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segment			Total	Adjustments	Amounts recorded in Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	939,941	116,597	42,126	1,098,664	-	1,098,664
Inter-segment sales revenue	1,384	149	1,190	2,723	(2,723)	-
Total	941,325	116,746	43,316	1,101,387	(2,723)	1,098,664
Segment profit (Business profit) (Note 1)	12,311	8,943	680	21,934	29	21,963
Other income and expenses						(6,975)
Operating profit						14,988
Other major items						
Depreciation and Amortization	66,880	5,662	2,806	75,348	-	75,348
Impairment loss	3,435	154	548	4,137	-	4,137
Capital expenditures	70,028	2,921	1,780	74,729	-	74,729

(Notes)

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

3. Information about products and services

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

4. Information by geographic area

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

(1) Sales revenue from external customers

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Japan	299,681	313,300
North America	199,323	247,142
Europe	153,835	183,921
Asia	166,719	194,027
Other areas	116,481	160,274
Total	936,039	1,098,664

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

(2) Non-current assets

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Japan	209,537	215,196
North America	36,841	47,948
Europe	57,792	59,714
Asia	112,989	117,450
Other areas	42,511	70,378
Total	459,670	510,686

(Note) Non-current assets are classified based on the physical location where the assets are located. Investments accounted for using equity method, other financial assets, net defined benefit assets and deferred tax assets are not included.

5. Information about major customers

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

(Per Share Amounts)

1. Basic profit per share

Basic profit per share is as follows:

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Basic profit per share (Yen)	112.05	35.80

2. Basis for calculation of basic profit per share

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

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit attributable to owners of parent (Millions of yen)	29,470	9,415
Single-weighted average number of issued share (Thousands of share)	262,998	263,005

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

(Significant Subsequent Events)

None