

# Financial Report

(January 1 ~ December 31, 2022)




February 14, 2023




- 2022 Annual Financial Results Summary
  - Changes in Scope of Consolidation, Affiliated Companies
  - Financial Results Summary
  
- 2023 Annual Financial Results Forecast
  - Financial Results Forecast Summary
  - Capex, Depreciation, Tire Production Capacity etc.
  - Shareholder Returns

# Changes in Scope of Consolidation

Consolidated Subsidiaries **99**  
(vs 2021 year-end : +1)

Equity-method Affiliates **3**  
(vs 2021 year-end : -)

	Newly Included +4	Excluded (3)	Newly Included -	Excluded -
<b>Tires</b> 	Mid Devon Tyres Limited Darcy's Garage Limited Selecta Tyre Limited Cribb Tyre & Battery Ltd (U.K./Sales)	Dunlop Tire Trading (Guangzhou) Co.,Ltd. (China/Sales)		
<b>Sports</b> 		Dunlop International (HK) Limited (Hong Kong/Sales) Dunlop International (Far East) Sdn. Bhd. (Malaysia/Sales)		
<b>Industrial &amp; Other</b> 				

	Manufacturing Companies		Sales Companies		Other Companies		
<b>Tires</b> 	Domestic	1	Domestic	11	Domestic	7	
	Overseas	8	Overseas	32	Overseas	6	
		Asia Pacific	4	Asia Pacific	11	Asia Pacific	2
		Europe and Africa	2	Europe and Africa	18	Europe and Africa	2
		Americas	2	Americas	3	Americas	2
<b>Sports</b> 	Domestic	1	Domestic	1	Domestic	3	
	Overseas	3	Overseas	12	Overseas	7	
		Thailand, U.S., Philippines		Malaysia, U.K., Canada, Australia, China, Hong Kong, South Africa, South Korea, Thailand, France, Germany		U.K.	
<b>Industrial &amp; Other</b> 	Domestic	1	Domestic	3	Domestic	-	
	Overseas	5	Overseas	1	Overseas	-	
		Malaysia, China, Vietnam, Switzerland, Slovenia		Hong Kong		-	

**Total 102**  
 Domestic 28  
 Overseas 74



## Economic Environment

- **Uncertain Economic Environment**
  - Trend Toward Recovery from Effects of COVID-19
  - High Inflation & Drastic Interest Rate Hikes
  - Geopolitical Tension Due to Ukraine Situation
  - Uncertainty Surrounding Foreign Exchange and Prices
- **Ongoing Recovery Trends in Many Markets**
- **Soaring Freight Costs and Rising Prices for Raw Materials and Energy Costs**



## Initiatives of the Group

### Strengthening our Competitiveness with a Global Business Framework

- **Pushing Ahead with Group-Wide Projects to Reinforce our Business Foundations**
- **Developing and Promoting Sales of Advanced Products to Meet the Needs of Customers**
  - Maximizing the Impact of our Robust Network of Manufacturing and Sales Bases in Major Markets around the World

### Reorganizing Our Midterm Plan through 2027

# Consolidated Financial Results (2022 Jan.-Dec.)



Billions of Yen

	Actual 2022	Actual 2021	YOY	Nov. 9 <sup>th</sup> 2022 Forecast 2022	Actual 2020
Sales Revenue	<b>1,098.7</b>	936.0	117%	1,100.0	790.8
Business Profit (%) <small>※1,4</small>	<b>22.0</b> <b>2.0%</b>	52.0 5.6%	42%	13.0 1.2%	43.4 5.5%
Operating Profit (%) <small>※4</small>	<b>15.0</b> <b>1.4%</b>	49.2 5.3%	30%	9.0 0.8%	38.7 4.9%
Profit <small>※2,4</small>	<b>9.4</b>	29.5	32%	15.0	22.6
ROE	<b>1.8%</b>	6.2%		2.8%	4.9%
ROA <small>※3</small>	<b>1.9%</b>	5.0%		1.1%	4.3%
D/E Ratio	<b>0.7</b>	0.6		0.7	0.6

## 2022 Forecast

	Feb. 9 <sup>th</sup>	May 13 <sup>th</sup>	Aug. 8 <sup>th</sup>	Nov. 9 <sup>th</sup>
Sales Revenue	1,050.0	1,140.0	1,145.0	1,100.0
Business Profit	42.0	42.0	31.0	13.0
Operating Profit	39.5	39.5	28.0	9.0
Profit	24.5	29.0	24.5	15.0

- ※1. Business Profit : Sales Revenue – (COS + SGA)  
Business Profit of 2020 Jan.-Mar. is adjusted due to the change of accounting policy in 2020.
- ※2. Profit : Profit attributable to owners of parent
- ※3. ROA : Business Profit / Total Assets
- ※4. Accounting adjustments have been applied since 2<sup>nd</sup> quarter, as pursuant to IAS 29 “Financial Reporting in Hyperinflationary Economies”. (Refer to p.30)

The above notes apply throughout this report.

# Consolidated Financial Results by Quarter



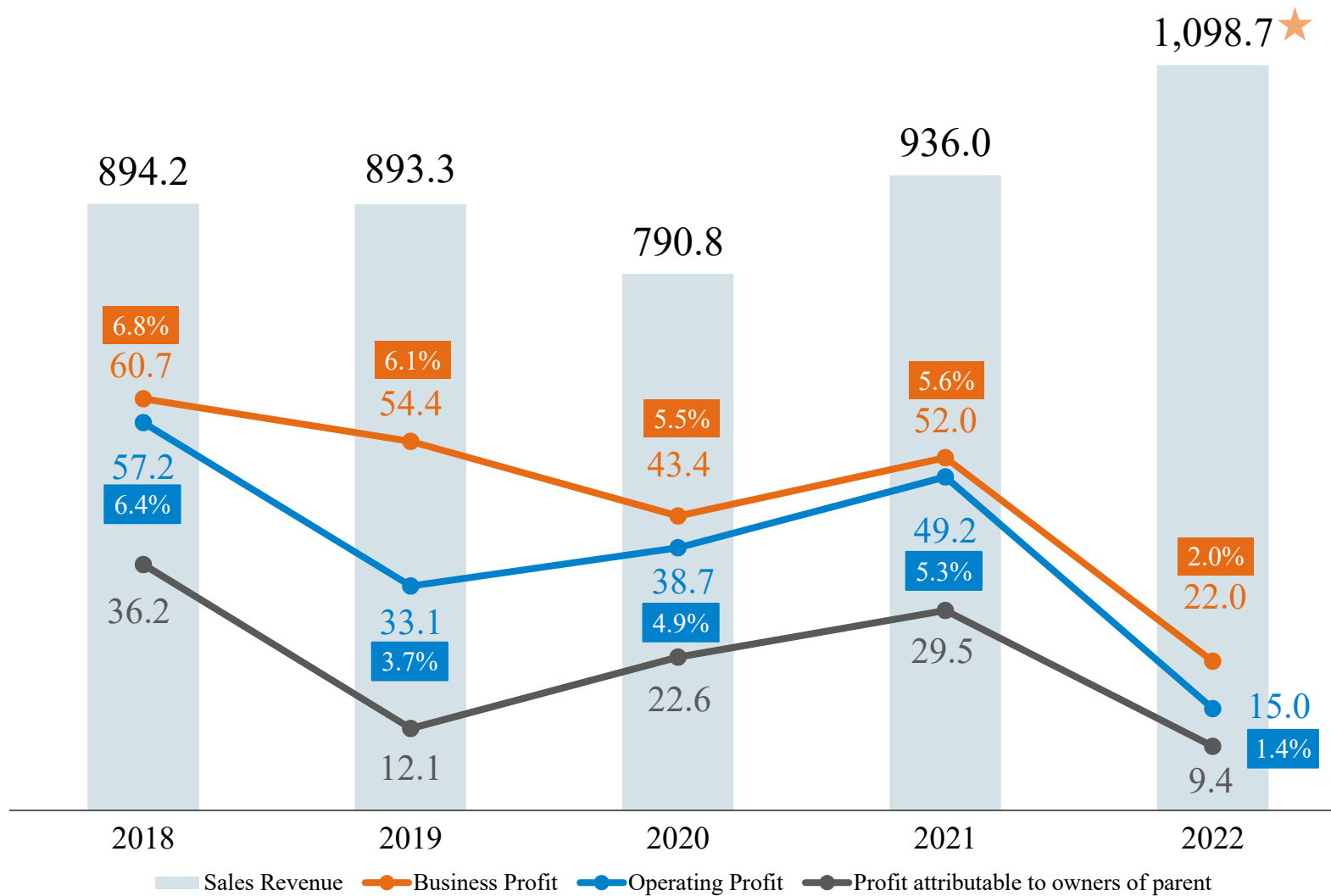
Billions of Yen

	2022 Jan.-Mar.	vs 2021	2022 Apr.-Jun.	vs 2021	2022 Jul.-Sep.	vs 2021	2022 Oct.-Dec.	vs 2021	<b>Actual 2022</b>	<b>vs 2021</b>
Sales Revenue	250.5	117% +36.8	261.6	116% +35.2	269.4	124% +52.5	317.2	114% +38.1	<b>1,098.7</b>	<b>117% +162.6</b>
Business Profit (%)	14.8 5.9%	91% (1.4)	(0.6) -	- (14.5)	(1.8) -	- (3.8)	9.6 3.0%	48% (10.3)	<b>22.0 2.0%</b>	<b>42% (30.0)</b>
Operating Profit (%)	14.2 5.7%	91% (1.4)	(1.6) -	- (14.6)	(2.7) -	- (4.0)	5.2 1.6%	27% (14.2)	<b>15.0 1.4%</b>	<b>30% (34.2)</b>
Profit	11.8	110% +1.1	5.4	55% (4.4)	(2.8)	- (3.0)	(5.0)	- (13.7)	<b>9.4</b>	<b>32% (20.1)</b>

# Consolidated Sales Revenue / Profit (Jan.-Dec.)



Billions of Yen % : Profit Ratio ★ : Record High





## Consolidated Sales Revenue / Business Profit by Reportable Segment (2022 Jan.-Dec.)



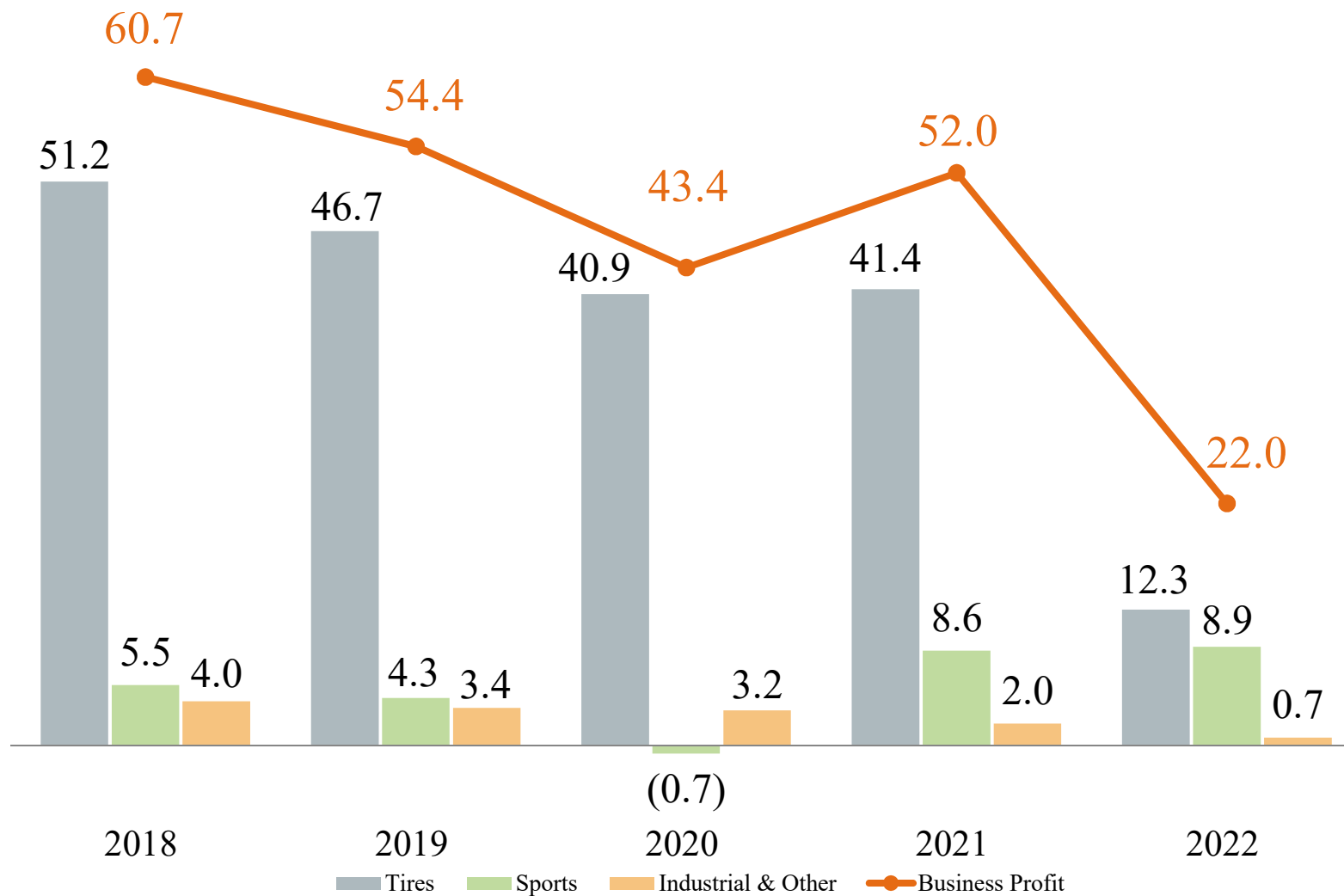
Billions of Yen

		2022 Jan.-Sep.	vs 2021	2022 Oct.-Dec.	vs 2021	<b>Actual 2022</b>	<b>vs 2021</b>	Actual 2021
Sales Revenue	Tires	661.3	120%	278.6	115%	<b>939.9</b>	<b>118%</b>	795.0
	Sports	89.9	118%	26.7	105%	<b>116.6</b>	<b>115%</b>	101.4
	Industrial & Other	30.3	104%	11.8	112%	<b>42.1</b>	<b>106%</b>	39.6
	Total	781.5	119%	317.2	114%	<b>1,098.7</b>	<b>117%</b>	936.0
Business Profit	Tires	3.4	15%	8.9	49%	<b>12.3</b>	<b>30%</b>	41.4
	Sports	8.3	115%	0.7	48%	<b>8.9</b>	<b>104%</b>	8.6
	Industrial & Other	0.7	44%	(0.0)	-	<b>0.7</b>	<b>36%</b>	2.0
	Total	12.4	39%	9.6	48%	<b>22.0</b>	<b>42%</b>	52.0

# Consolidated Business Profit by Reportable Segment (Jan.-Dec.)



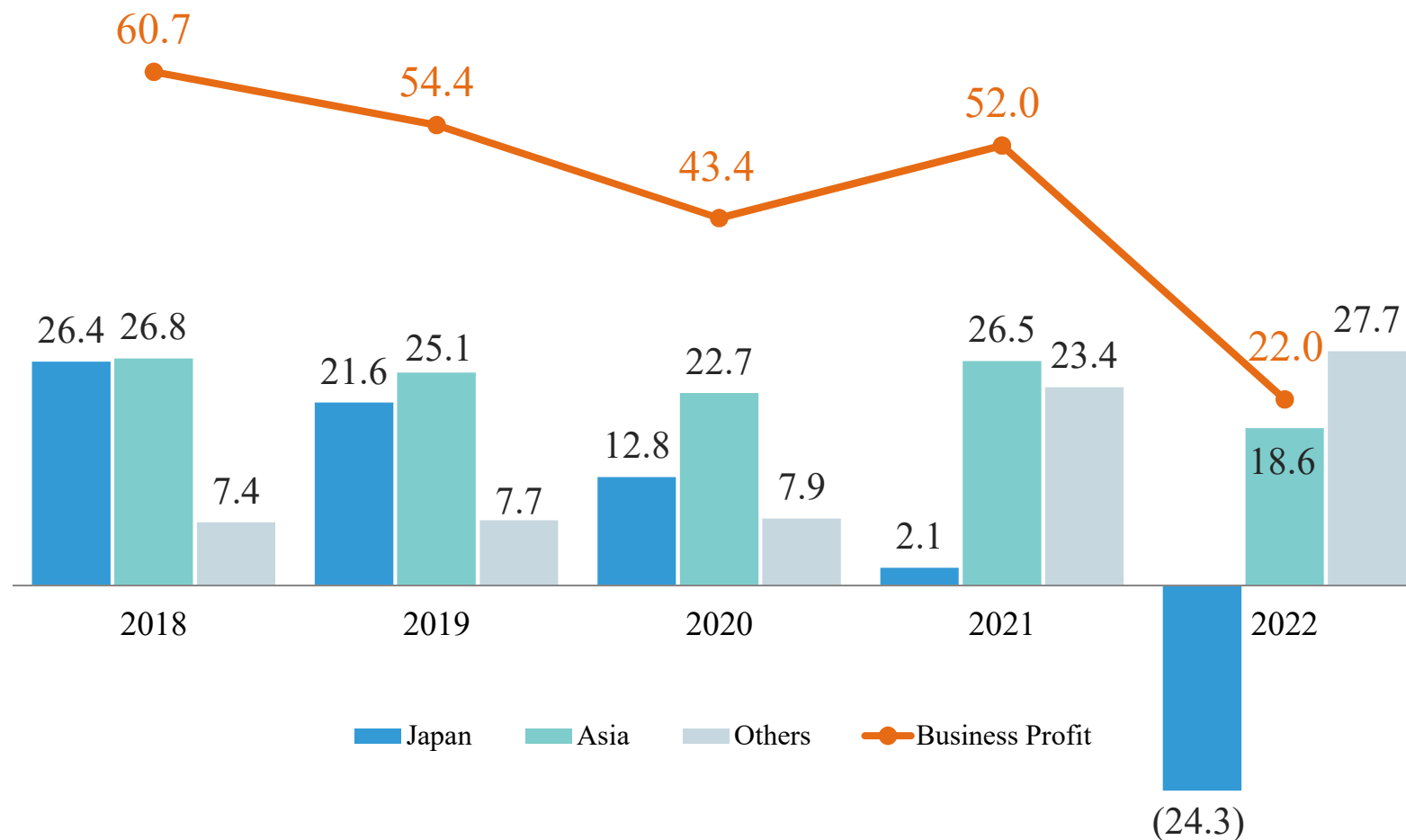
Billions of Yen



# Consolidated Business Profit by Geographic Areas (Jan.-Dec.)



Billions of Yen



## Sales Revenue

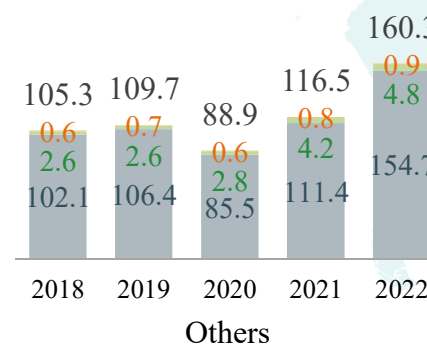
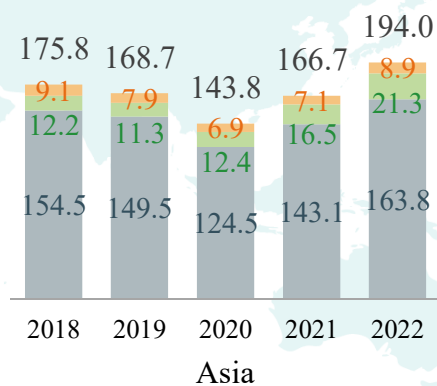
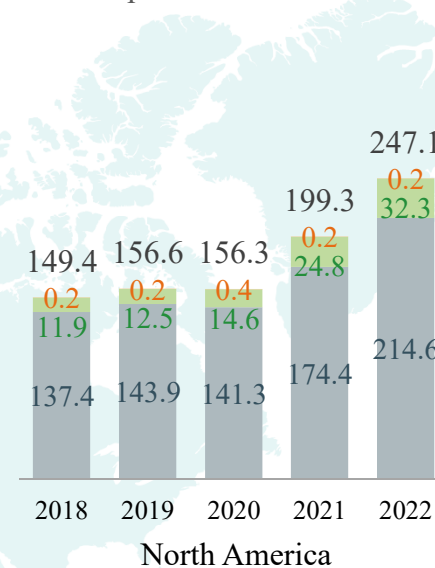
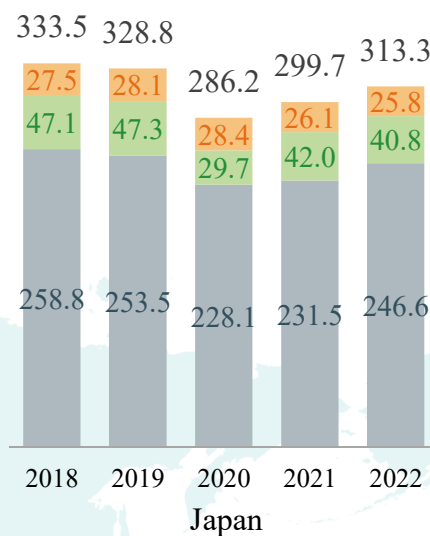
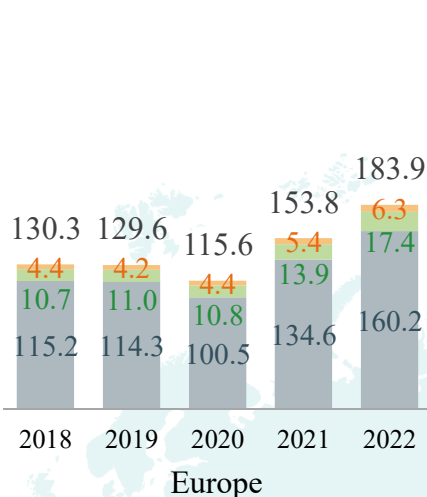
Japan	404.2	399.9	344.2	368.2	390.5
Asia	167.8	160.3	137.0	160.5	186.4
Others	322.3	333.1	309.6	407.4	521.8
Total	894.2	893.3	790.8	936.0	1,098.7

※ Sales and Profit for geographic areas on this page are based on sales company's location.

# Sales Revenue by Destination (Jan.-Dec.)

Billions of Yen

■ Tires ■ Sports ■ Industrial & Other

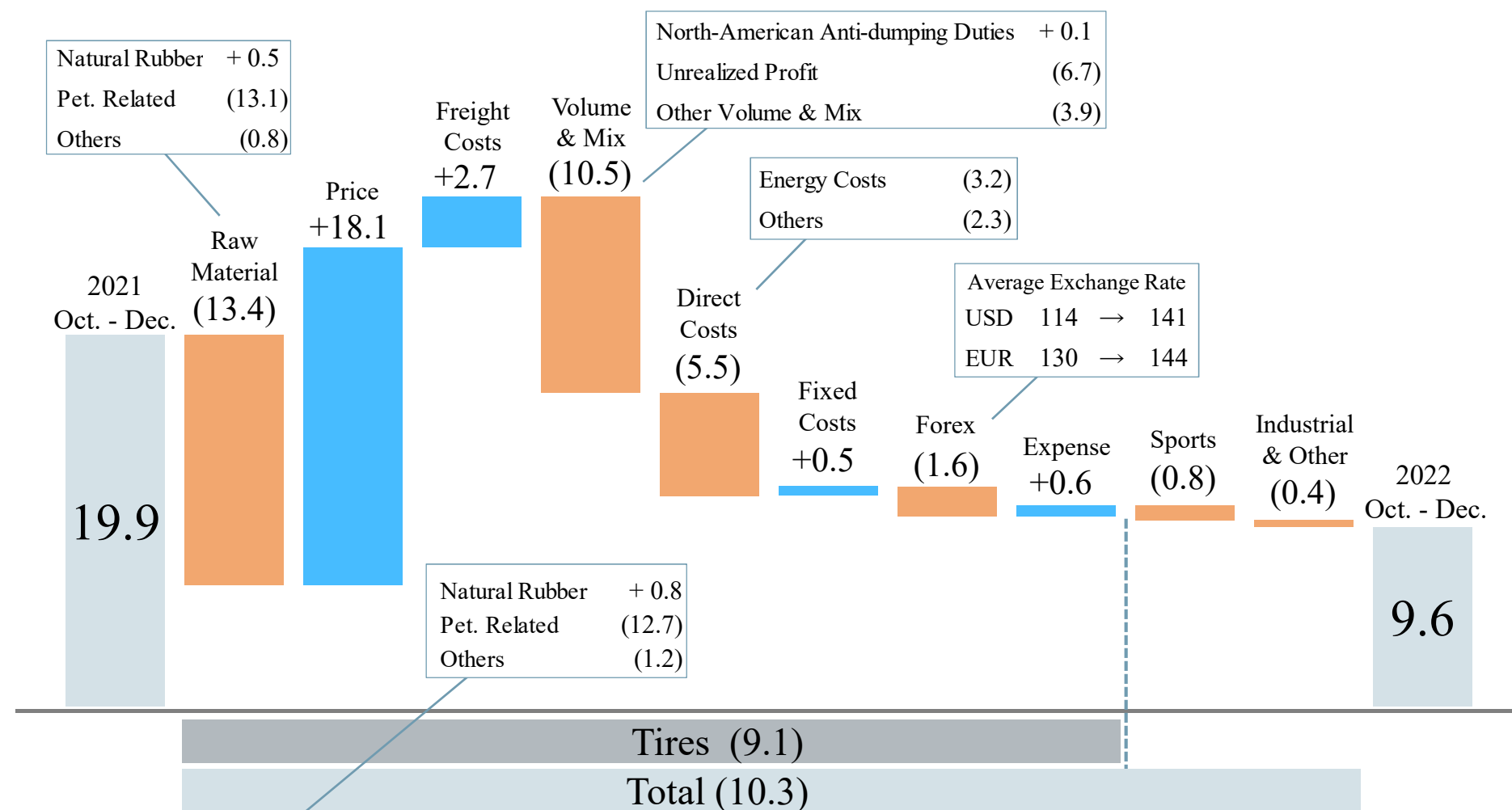


	2018	2019	2020	2021	2022
Consolidated Sales Revenue	894.2	893.3	790.8	936.0	1,098.7
% of Overseas	63%	63%	64%	68%	71%

※ Sales Revenue on this page are based on customer's location.

# Consolidated Business Profit Walk (2022 Oct.-Dec.)

Billions of Yen Increase Decrease



	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Nov. 9 <sup>th</sup> Forecast	(13.1)	+17.4	+0.6	(12.4)	(4.5)	(0.6)	(2.8)	(2.1)	(1.2)	(0.6)	(19.3)
2020Q4 → 2021Q4	(18.9)	+12.6	(11.9)	+2.3	(0.9)	(1.2)	+0.9	+1.9	+0.4	(0.8)	(15.6)

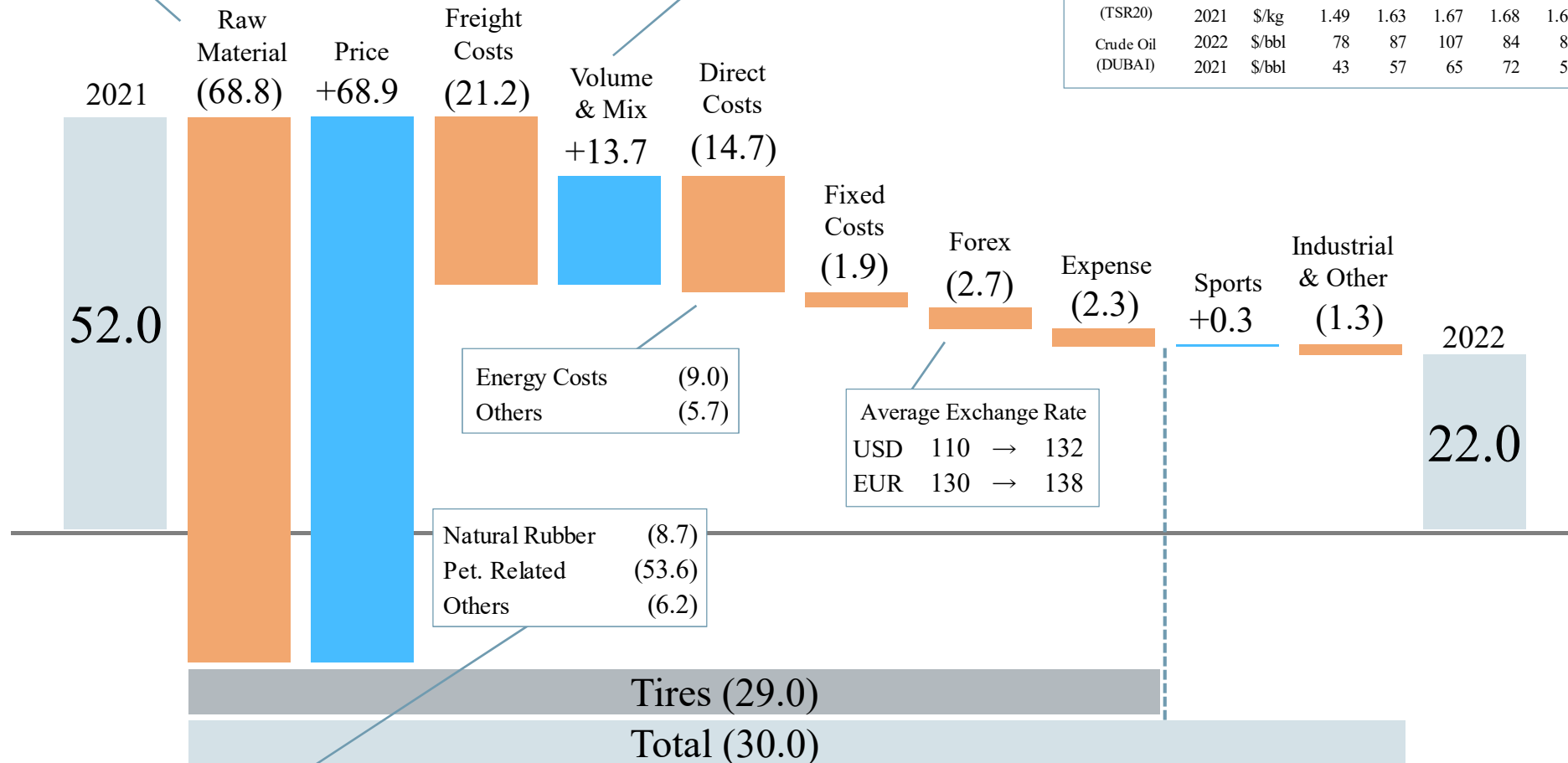
# Consolidated Business Profit Walk (2022 Jan.-Dec.)

Natural Rubber (9.0)  
Pet. Related (54.0)  
Others (5.8)

North-American Anti-dumping Duties (1.3)  
Unrealized Profit + 1.7  
Other Volume & Mix + 13.3

Billions of Yen Increase Decrease

		Unit	1Q	2Q	3Q	4Q	Ave.
Natural Rubber (TSR20)	2022	\$/kg	1.73	1.76	1.68	1.30	1.62
	2021	\$/kg	1.49	1.63	1.67	1.68	1.62
Crude Oil (DUBAI)	2022	\$/bbl	78	87	107	84	89
	2021	\$/bbl	43	57	65	72	59



Energy Costs (9.0)  
Others (5.7)

Average Exchange Rate  
USD 110 → 132  
EUR 130 → 138

Natural Rubber (8.7)  
Pet. Related (53.6)  
Others (6.2)

	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Nov. 9 <sup>th</sup> Forecast	(68.5)	+68.2	(23.3)	+11.8	(13.7)	(3.0)	(3.9)	(5.0)	(0.1)	(1.5)	(39.0)
2020 → 2021	(37.0)	+24.6	(22.3)	+30.5	+5.9	(5.1)	+4.9	(1.1)	+9.4	(1.2)	+8.6

# Consolidated Business Profit Analysis by Factors



Billions of Yen

Period	Business Profit		Factors										
		vs Previous year	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	
2021	Jan.-Mar.	16.2	+13.4	+1.8	+1.2	(2.6)	+8.8	+1.0	(0.2)	+0.3	+0.5	+2.9	(0.3)
	Apr.-Jun.	13.9	+19.0	(5.9)	+4.1	(3.7)	+16.9	+5.7	(2.3)	+1.6	(2.8)	+5.5	(0.1)
	Jul.-Sep.	2.0	(8.2)	(14.0)	+6.7	(4.1)	+2.5	+0.1	(1.4)	+2.1	(0.7)	+0.6	(0.0)
	Oct.-Dec.	19.9	(15.6)	(18.9)	+12.6	(11.9)	+2.3	(0.9)	(1.2)	+0.9	+1.9	+0.4	(0.8)
	Annual	52.0	+8.6	(37.0)	+24.6	(22.3)	+30.5	+5.9	(5.1)	+4.9	(1.1)	+9.4	(1.2)
2022	Jan.-Mar.	14.8	(1.4)	(19.7)	+15.1	(11.2)	+17.0	(2.0)	(0.6)	+0.0	(1.2)	+1.5	(0.3)
	Apr.-Jun.	(0.6)	(14.5)	(17.7)	+16.9	(10.5)	+3.5	(3.4)	(0.8)	+0.1	(1.3)	(0.8)	(0.5)
	Jul.-Sep.	(1.8)	(3.8)	(18.0)	+18.8	(2.2)	+3.7	(3.8)	(1.0)	(1.2)	(0.4)	+0.4	(0.1)
	Oct.-Dec.	9.6	(10.3)	(13.4)	+18.1	+2.7	(10.5)	(5.5)	+0.5	(1.6)	+0.6	(0.8)	(0.4)
	Annual	22.0	(30.0)	(68.8)	+68.9	(21.2)	+13.7	(14.7)	(1.9)	(2.7)	(2.3)	+0.3	(1.3)
vs Nov. 9 <sup>th</sup> Forecast			+9.0	(0.3)	+0.7	+2.1	+1.9	(1.0)	+1.1	+1.2	+2.7	+0.4	+0.2

# Consolidated Statement of Financial Position



Billions of Yen

	<b>Actual 2022 year-end</b>	Actual 2021 year-end	YOY	Main Factors
Current assets	<b>623.9</b>	533.1	+90.8	Trade and other receivables +11.7 Inventories +65.5 Other current assets +10.0
Non-current assets	<b>601.3</b>	553.1	+48.2	
<b>Total assets</b>	<b>1,225.2</b>	1,086.2	+139.0	
Current liabilities	<b>352.9</b>	296.7	+56.2	Tangible assets +46.5 Intangible assets (including goodwill) +3.3
Non-current liabilities	<b>308.4</b>	276.0	+32.4	
<b>Total liabilities</b>	<b>661.3</b>	572.7	+88.6	Interest-bearing debt +76.0 (372.8 ← 296.8) Trade and other payables +15.2
Total equity attributable to owners of parent	<b>546.2</b>	501.5	+44.7	
Non-controlling interest	<b>17.7</b>	12.0	+5.7	
<b>Total equity</b>	<b>563.9</b>	513.5	+50.4	Profit +9.4 Dividends paid (13.2) Foreign currency translation adjustment +49.1
<b>Total liabilities and equity</b>	<b>1,225.2</b>	1,086.2	+139.0	
<b>Equity ratio</b>	<b>44.6%</b>	46.2%	(1.6P)	



# 【Forecast】 Consolidated Financial Results (2023 Jan.-Dec.)



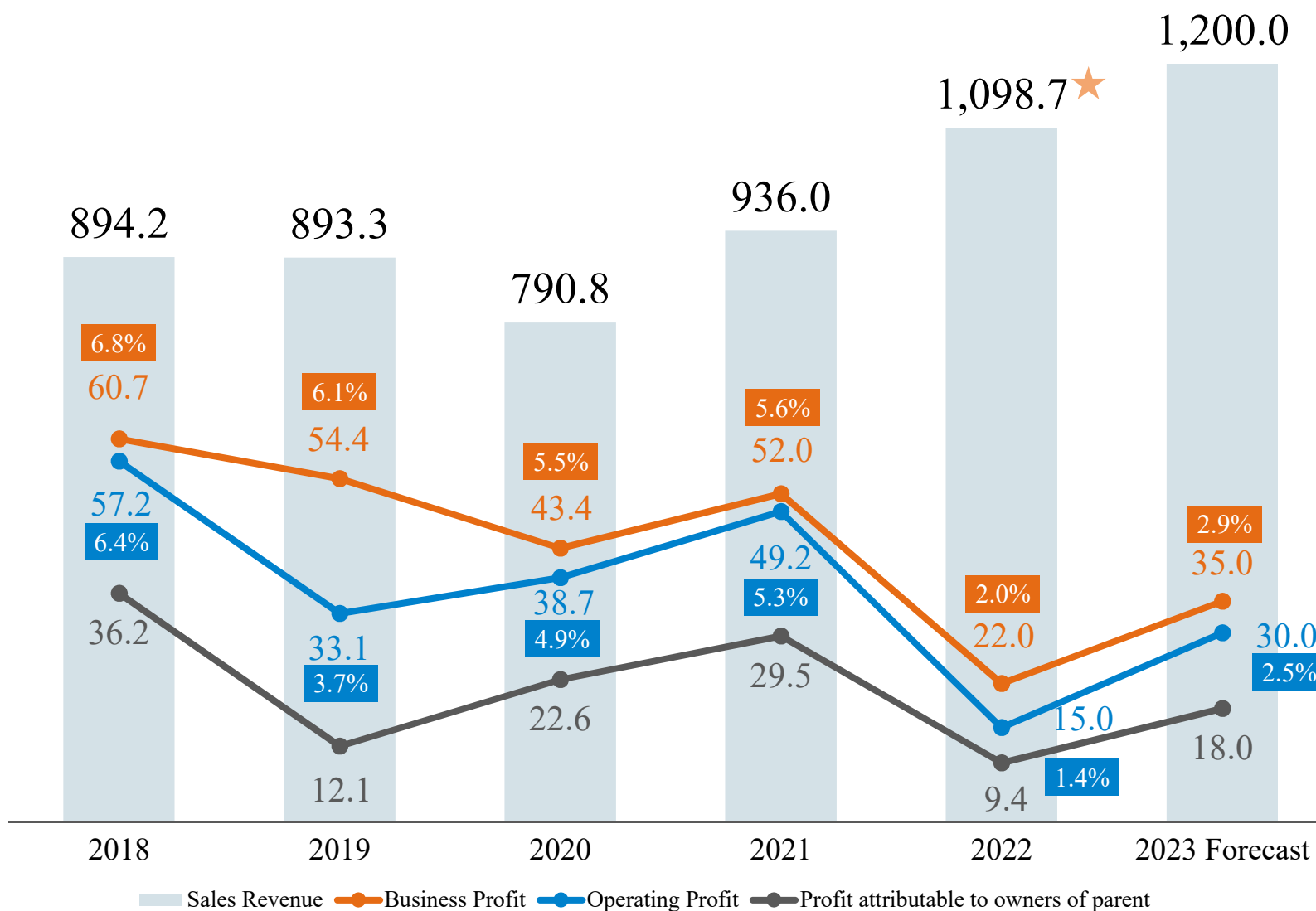
Billions of Yen

	<b>Annual Forecast 2023</b>	Actual 2022	YOY	First half Forecast 2023	vs 2022
Sales Revenue	<b>1,200.0</b>	1,098.7	109%	<b>570.0</b>	111%
Business Profit (%)	<b>35.0</b> <b>2.9%</b>	22.0 2.0%	159%	<b>7.0</b> <b>1.2%</b>	49%
Operating Profit (%)	<b>30.0</b> <b>2.5%</b>	15.0 1.4%	200%	<b>5.0</b> <b>0.9%</b>	40%
Profit	<b>18.0</b>	9.4	191%	<b>1.0</b>	6%
ROE	<b>3.2%</b>	1.8%			
ROA	<b>2.8%</b>	1.9%			
D/E Ratio	<b>0.7</b>	0.7			

# 【Forecast】 Consolidated Sales Revenue / Profit (Jan.-Dec.)



Billions of Yen % : Profit Ratio ★ : Record High



**【Forecast】 Consolidated Sales Revenue / Business Profit  
by Reportable Segment (2023 Jan.-Dec.)**

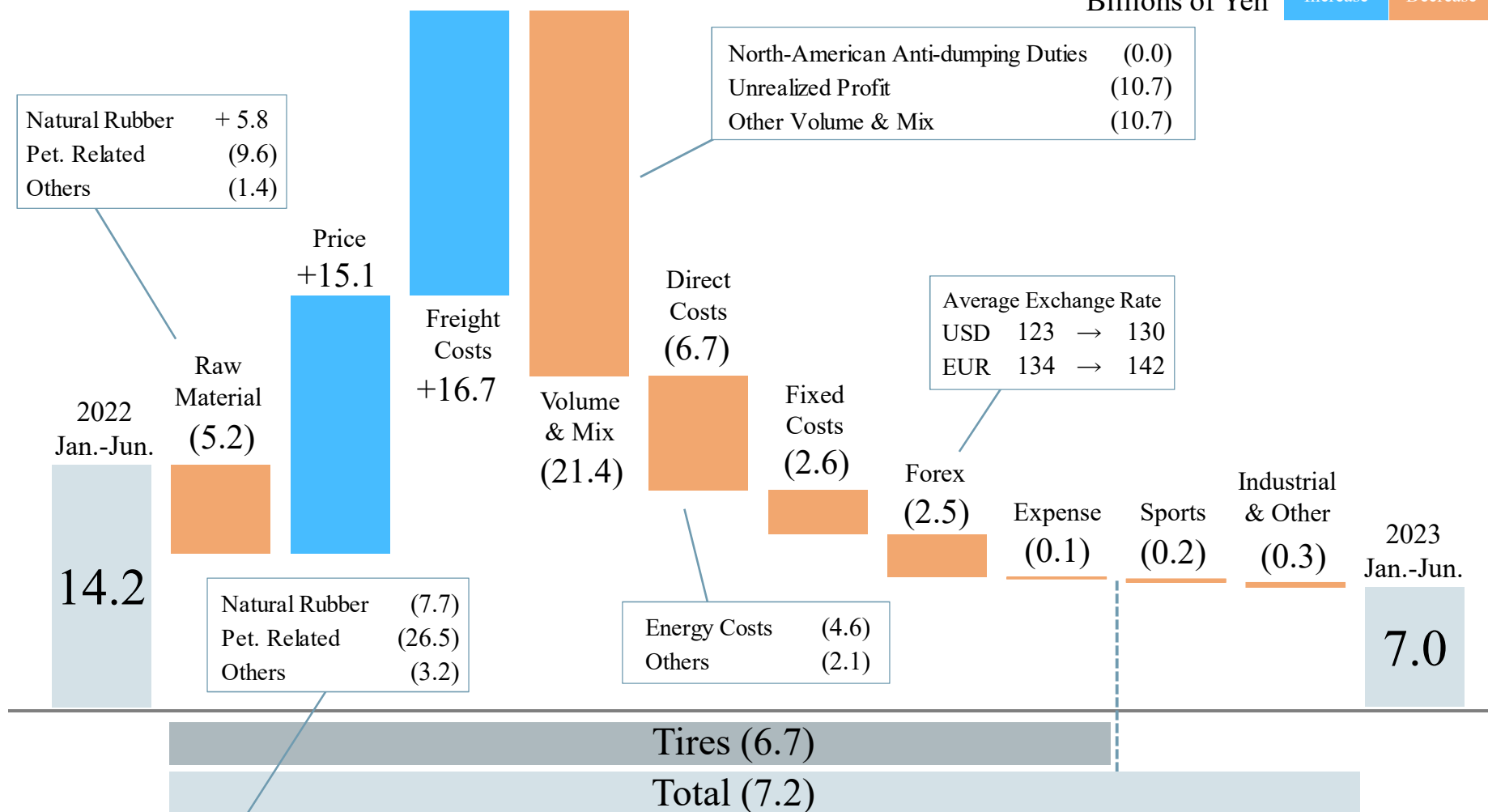


Billions of Yen

		<b>Annual Forecast 2023</b>	Actual 2022	YOY	First half Forecast 2023	vs 2022
Sales Revenue	Tires	<b>1,022.5</b>	939.9	109%	472.5	110%
	Sports	<b>132.5</b>	116.6	114%	75.5	123%
	Industrial & Other	<b>45.0</b>	42.1	107%	22.0	112%
	Total	<b>1,200.0</b>	1,098.7	109%	570.0	111%
Business Profit	Tires	<b>26.0</b>	12.3	211%	1.0	13%
	Sports	<b>8.0</b>	8.9	89%	6.0	97%
	Industrial & Other	<b>1.0</b>	0.7	141%	0.0	0%
	Total	<b>35.0</b>	22.0	159%	7.0	49%

# 【Forecast】 Consolidated Business Profit Walk (2023 Jan.-Jun.)

Billions of Yen Increase Decrease



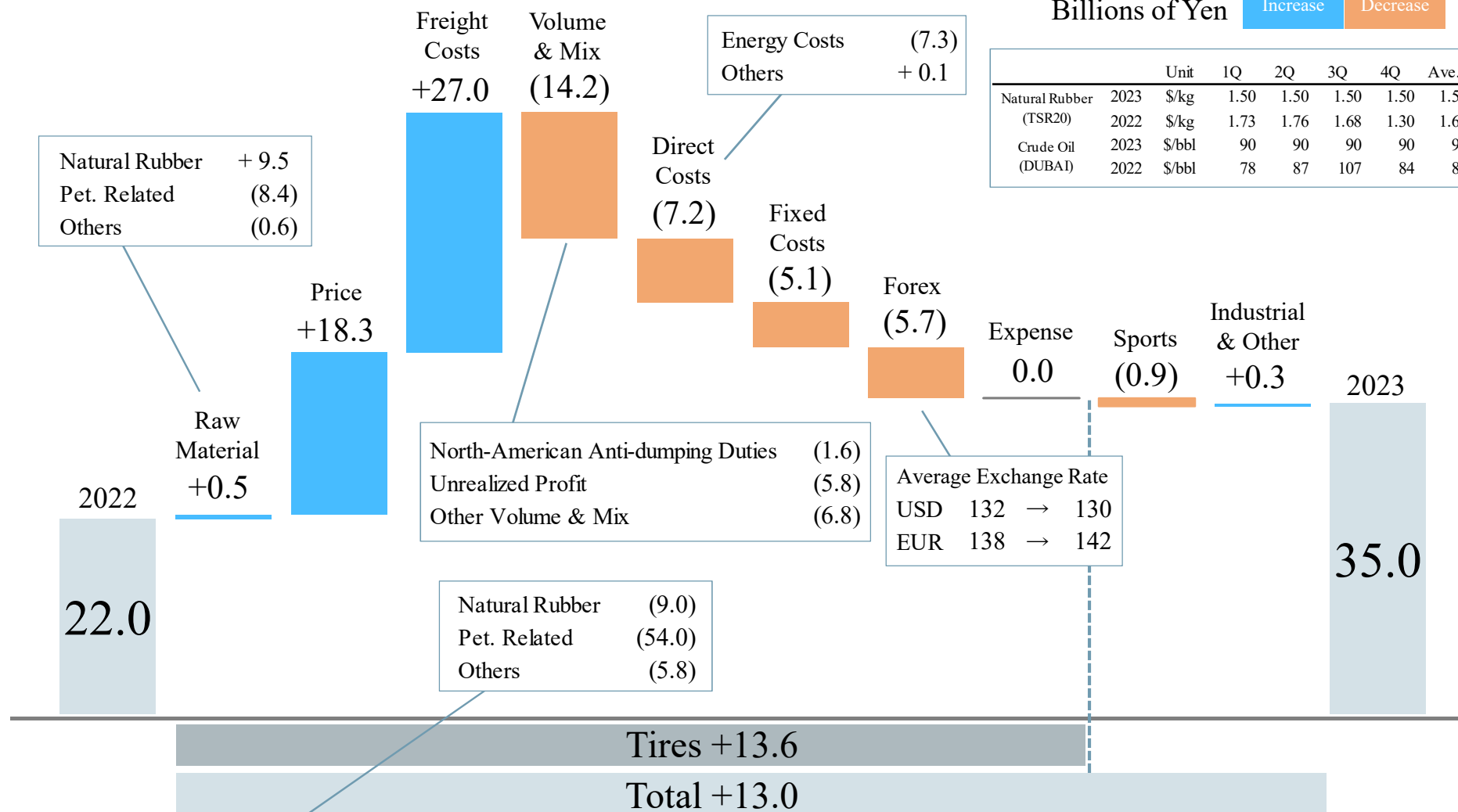
	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
2021 → 2022	(37.4)	+32.0	(21.7)	+20.5	(5.4)	(1.4)	+0.1	(2.5)	+0.7	(0.8)	(15.9)
2020 → 2021	(4.1)	+5.3	(6.3)	+25.7	+6.7	(2.5)	+1.9	(2.3)	+8.4	(0.4)	+32.4

# 【Forecast】 Consolidated Business Profit Walk (2023 Jan.-Dec.)



Billions of Yen Increase Decrease

		Unit	1Q	2Q	3Q	4Q	Ave.
Natural Rubber	2023	\$/kg	1.50	1.50	1.50	1.50	1.50
(TSR20)	2022	\$/kg	1.73	1.76	1.68	1.30	1.62
Crude Oil	2023	\$/bbl	90	90	90	90	90
(DUBAI)	2022	\$/bbl	78	87	107	84	89



Natural Rubber	+9.5
Pet. Related	(8.4)
Others	(0.6)

Freight Costs	+27.0
Volume & Mix	(14.2)
Energy Costs	(7.3)
Others	+0.1

Direct Costs	(7.2)
Fixed Costs	(5.1)

North-American Anti-dumping Duties	(1.6)
Unrealized Profit	(5.8)
Other Volume & Mix	(6.8)

Average Exchange Rate	
USD	132 → 130
EUR	138 → 142

Natural Rubber	(9.0)
Pet. Related	(54.0)
Others	(5.8)

	Raw Material	Price	Freight Costs	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
2021 → 2022	(68.8)	+68.9	(21.2)	+13.7	(14.7)	(1.9)	(2.7)	(2.3)	+0.3	(1.3)	(30.0)
2020 → 2021	(37.0)	+24.6	(22.3)	+30.5	+5.9	(5.1)	+4.9	(1.1)	+9.4	(1.2)	+8.6

# Tire Sales Volume (Comparison %)

vs Previous year	2021 Actual					2022 Actual					2023 Forecast			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual	
Domestic O.E.	97%	148%	79%	80%	96%	81%	84%	122%	111%	98%	122%	107%	114%	
Domestic Rep.	99%	107%	101%	102%	102%	116%	93%	111%	92%	101%	98%	102%	100%	
Overseas O.E.	116%	146%	94%	95%	109%	106%	102%	136%	101%	110%	126%	123%	124%	
Overseas Rep.	110%	151%	96%	97%	110%	97%	93%	91%	81%	90%	92%	107%	99%	
Details	North America	106%	141%	83%	92%	101%	90%	91%	76%	72%	82%	77%	110%	92%
	Europe	100%	165%	112%	114%	118%	106%	98%	84%	92%	95%	96%	101%	99%
	Asia	138%	131%	90%	99%	111%	88%	86%	104%	73%	87%	100%	110%	105%
	Others	103%	177%	106%	89%	112%	105%	98%	103%	89%	99%	95%	109%	101%
<b>Total</b>	<b>107%</b>	<b>140%</b>	<b>95%</b>	<b>96%</b>	<b>107%</b>	<b>99%</b>	<b>93%</b>	<b>104%</b>	<b>89%</b>	<b>96%</b>	<b>101%</b>	<b>109%</b>	<b>105%</b>	
Total Tire Sales (000 Units)	28,410	28,510	27,080	32,030	116,030	28,180	26,600	28,070	28,610	111,460	55,420	61,680	117,100	

Composition Ratio	2021 Actual	2022 Actual	2023 Forecast	
Advanced Tires ※	O.E.	44%	44%	52%
	Rep.	31%	31%	32%
	Total	34%	35%	39%

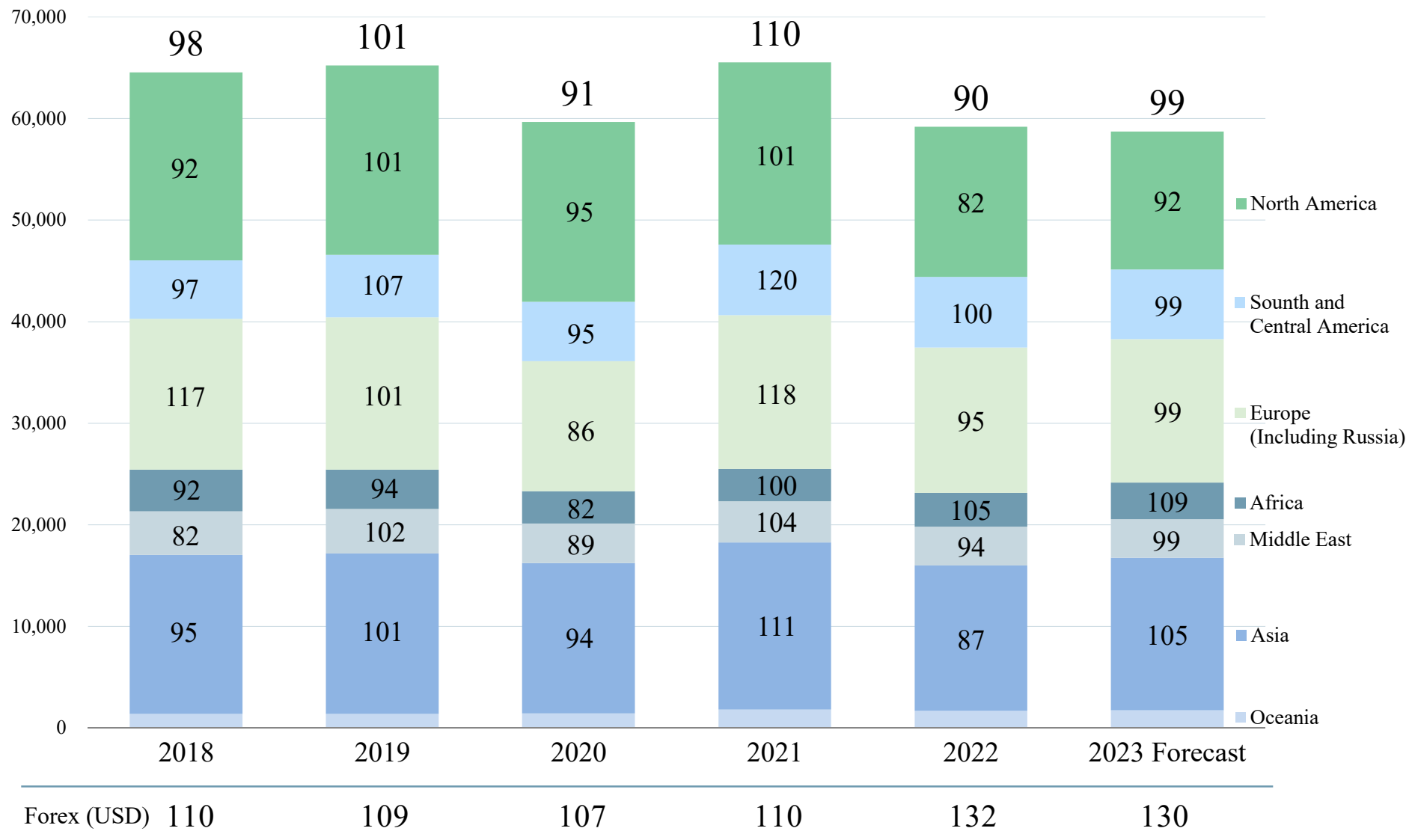
※ Advanced Tires : Primarily for SUVs and Passenger car tires with a size of 18" or larger

# Tire Overseas Rep. Volume by Regional Segment



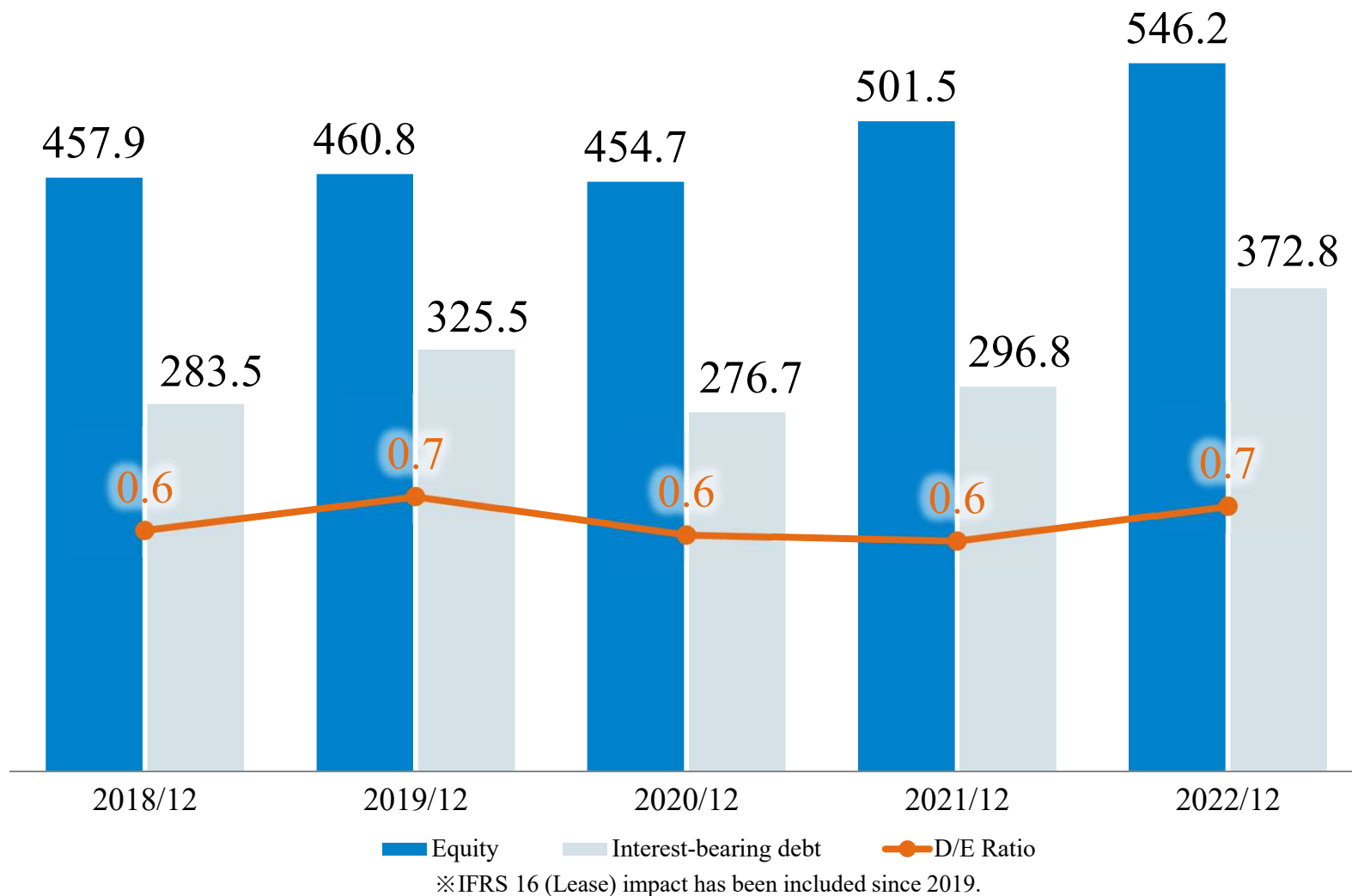
Unit : 000

※Numbers shown in the bar graph are yoY% by region.



# Equity / Interest-Bearing Debt

Billions of Yen

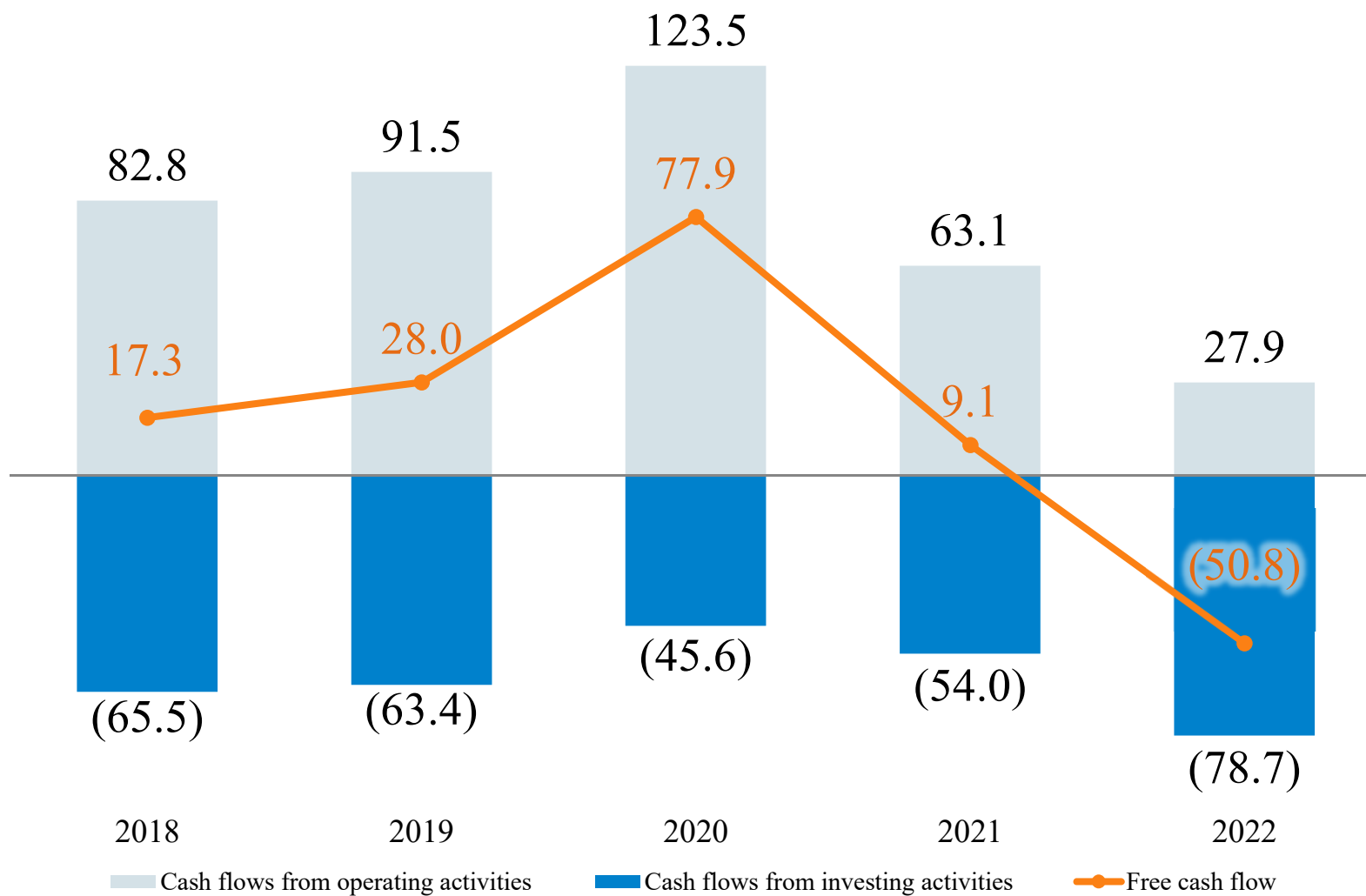


Equity Ratio	2018/12	2019/12	2020/12	2021/12	2022/12
	45.7%	44.5%	46.6%	46.2%	44.6%



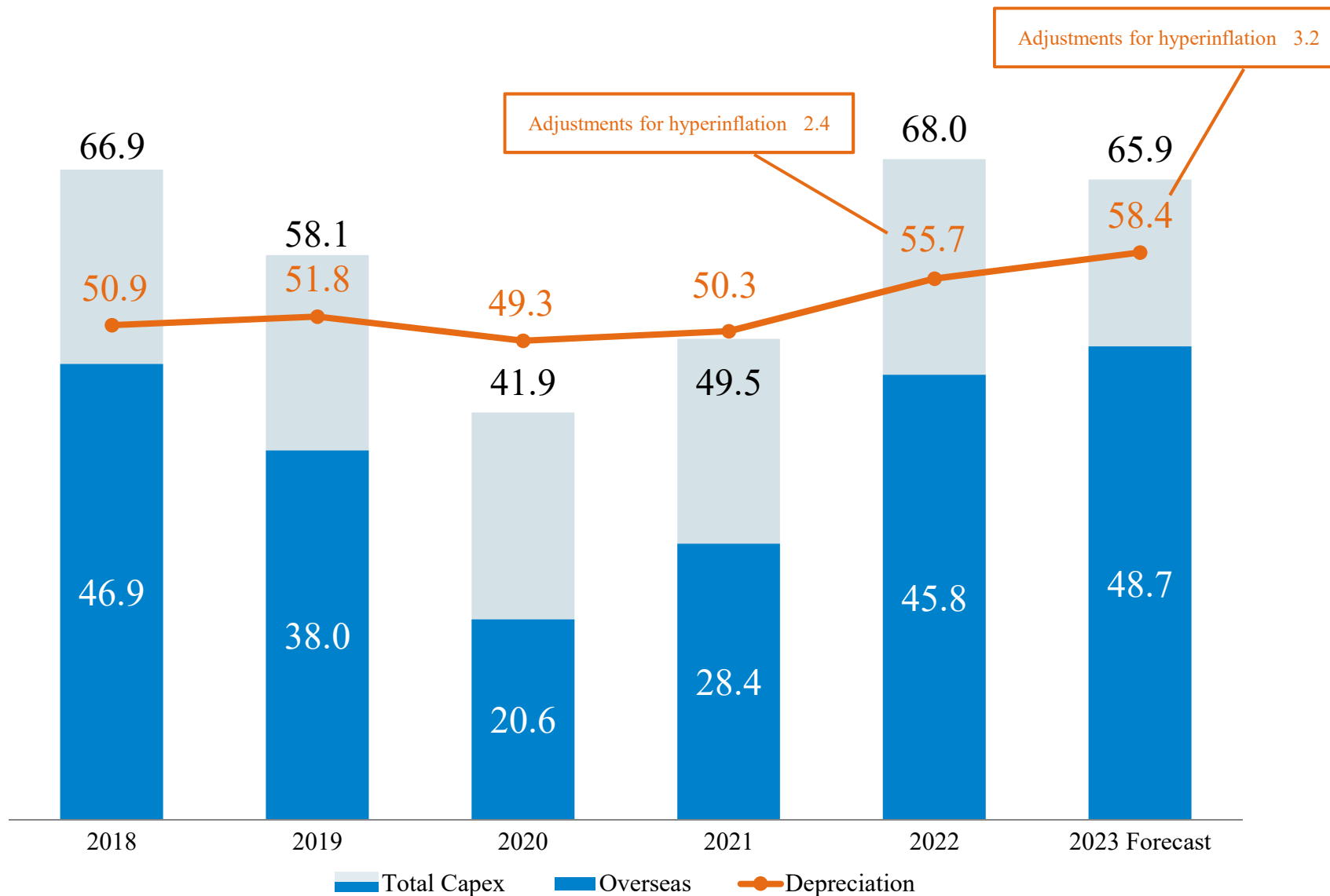
# Cash Flows (Jan.-Dec.)

Billions of Yen



# Capex and Depreciation (Tangible Assets Only)

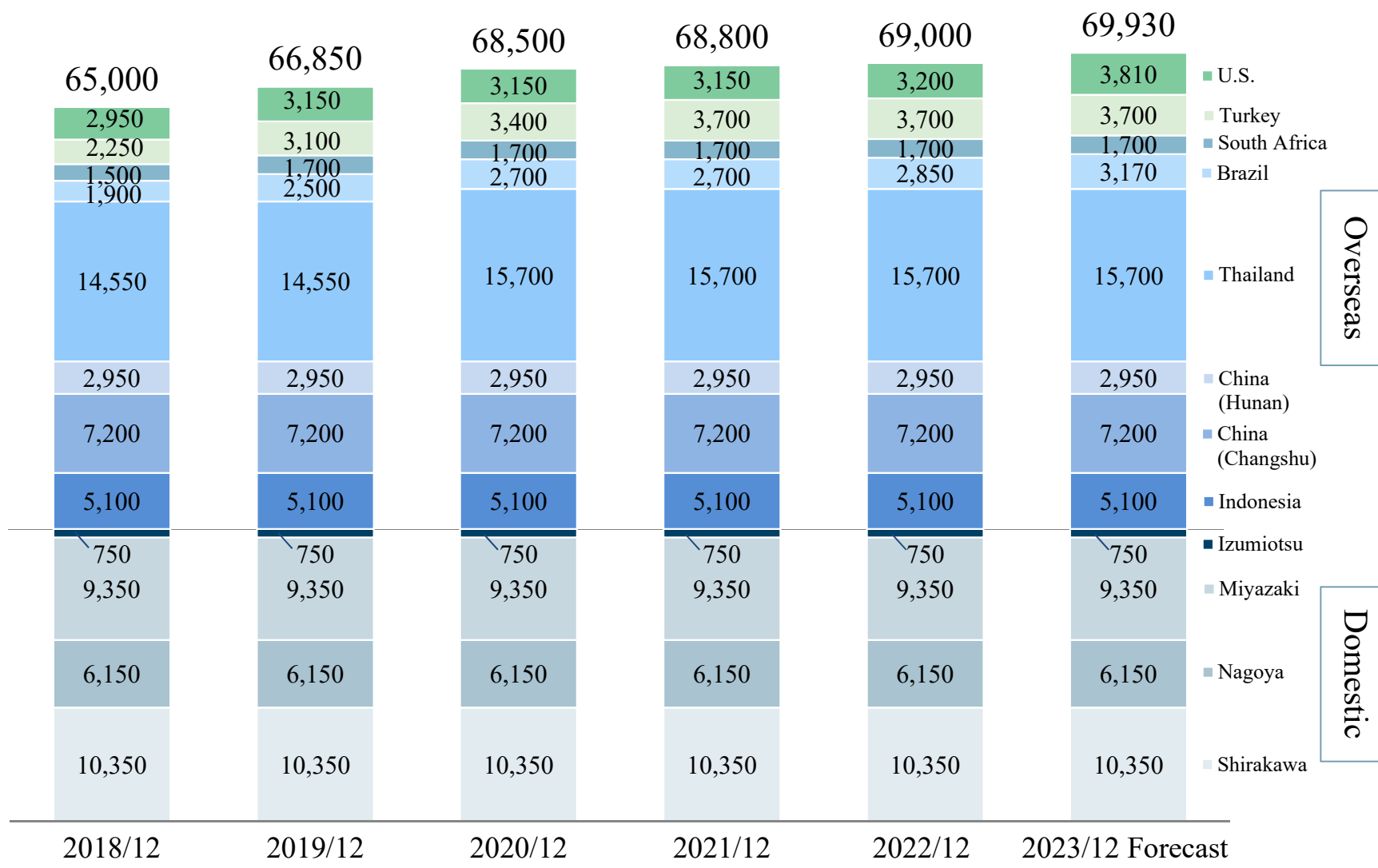
Billions of Yen



※IFRS 16 (Lease) impact has not been included since 2019.

# Tire Production Capacity

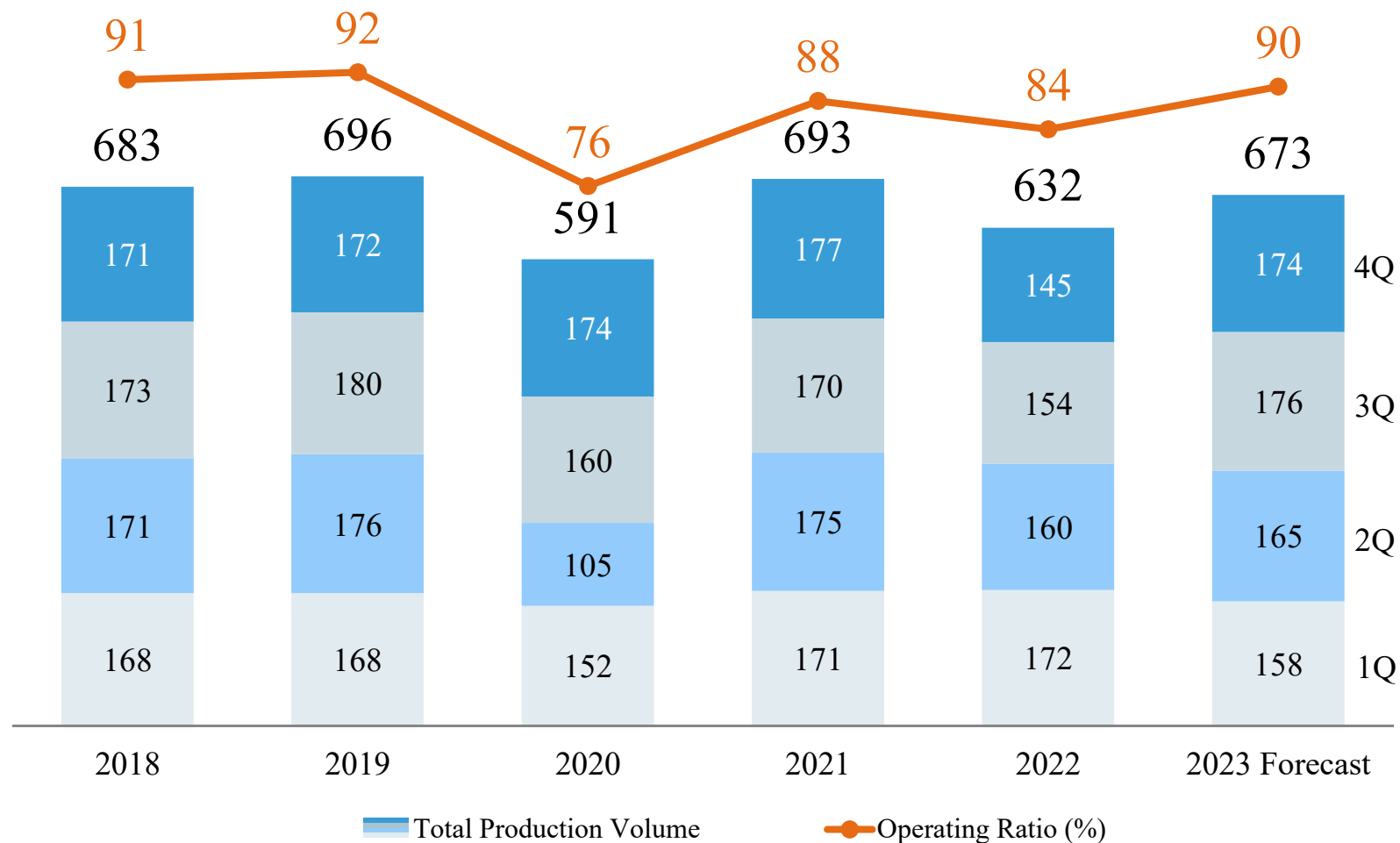
Unit : t/Month



% of Overseas	59%	60%	61%	61%	61%	62%
YOY	103%	103%	102%	100%	100%	101%

# Tire Production Volume and Operating Ratio

Unit : 000t

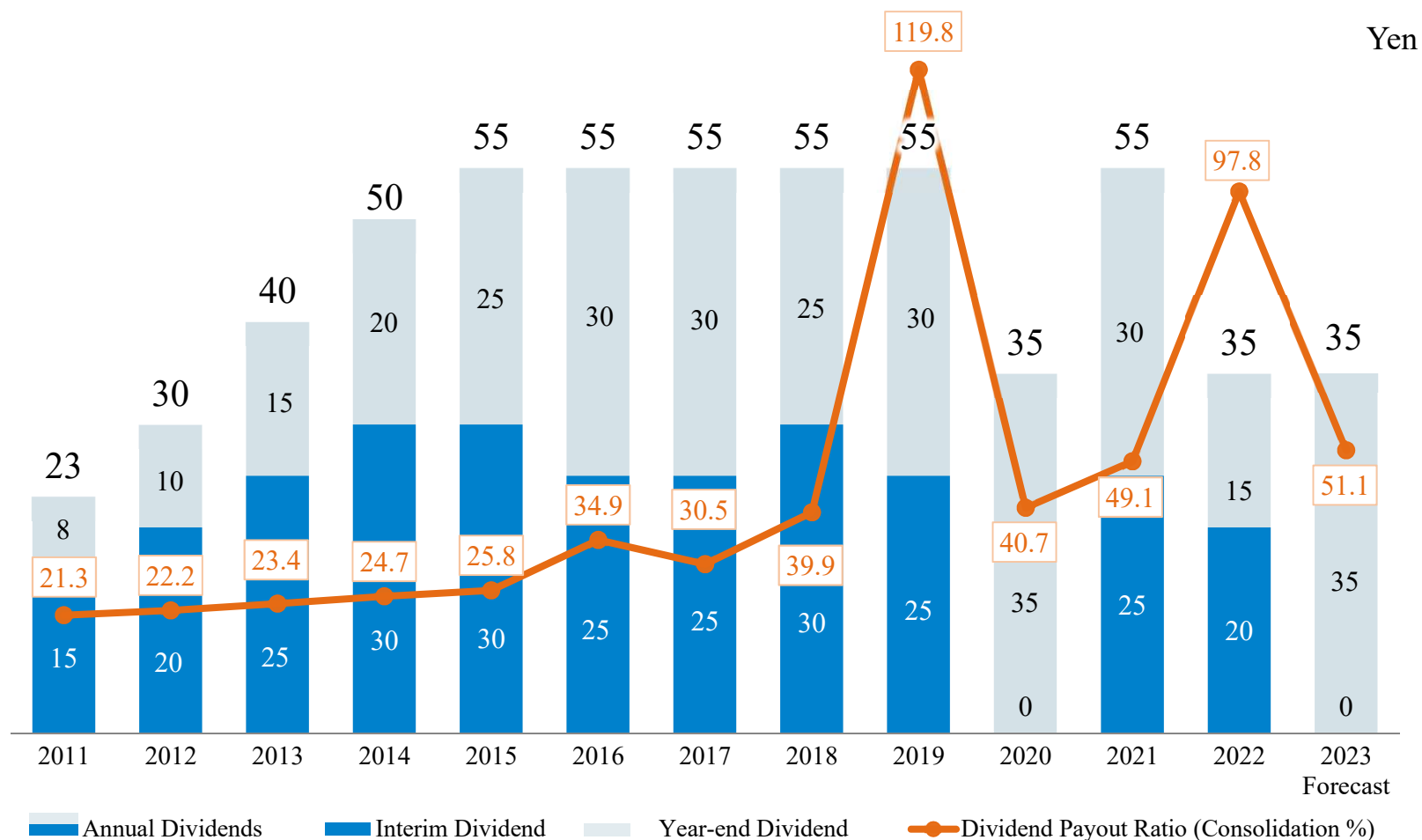


% of Overseas	62%	61%	63%	63%	63%	63%
YOY	101%	102%	85%	117%	91%	107%

We consider 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.

### 2023 Annual Dividends Forecast:

Based on consolidated financial results forecast of 2023, the annual dividends forecast is as below.



# Adjustments for Hyperinflation (Factory in Turkey)

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.

## Impact on Consolidated Financial Statement

Billions of Yen

	Consolidated Statement of Financial Position		Consolidated Statement of Income	
2022 Jan.-Dec.	Assets	+16.5	Business profit	(1.2)
	Liabilities	-	Operating profit	(1.2)
	Equity	+16.5	Profit attributable to owners of parent	+1.0
2023 Jan.-Dec. Forecast※	Assets	+22.6	Business profit	(2.6)
	Liabilities	-	Operating profit	(2.7)
	Equity	+22.6	Profit attributable to owners of parent	+2.3

※Due to future price increases and exchange rate fluctuations, there may be some discrepancy between predicted values and actual values.

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 have not been restated, as they are expressed in terms of the measuring unit current at the period end date.



LE MANS V+ provides luxurious Ride Comfort in addition to top-notch performance when it comes to the trait that consumers value the most\* in tires: Safety.

\*Based on Our Internal Research

**LE MANS V+**



Designed for SUV models that have garnered widespread popularity worldwide, GRANDTREK PT5 achieves a 12% improvement\* in overall steering stability.

\*Compared with Our Previous "GRANDTREK PT3"

**GRANDTREK PT5**



The next evolution of our flagship FALKEN Tires for premium vehicles, rated No. 1\* overall in Europe.

\*Per the results of tire testing published in February 2021 by Europe's largest automobile federation, ADAC (General German Automobile Club).

**AZENIS FK520L**  
**AZENIS FK520**



Our brand-new SRIXON ZX5 Mk II Series of Golf Clubs achieve the highest ball speed in SRIXON History.

**ZX SERIES**  
**Mk II**



## Recent Activities

<https://www.srigroup.co.jp/english/newsrelease/2022/index.html>

For further information, please refer to the news release on our website.

- 2022 Dec. Sumitomo Rubber Joins the RE100 International Environmental Initiative
- Aug. Sumitomo Rubber concludes a “Positive Impact Finance” agreement with Sumitomo Mitsui Trust Bank, after receiving third-party verification of our efforts to contribute to the achievement of SDGs from Japan Credit Rating Agency
- May Sumitomo Rubber Signs on to the UN Global Compact
- Jan. Sumitomo Rubber Group Achieves Shift to 100% Renewable Energy to Meet the Electric Power Needs of Tire Factories in China



END

# SUMITOMO RUBBER GROUP