

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Translation)

(Securities Code: 5110)

March 6, 2023

To Our Shareholders

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

THE NOTICE OF CONVOCATION OF THE 131ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

We hereby announce that the 131st Annual General Meeting of Shareholders of Sumitomo Rubber Industries, Ltd. (the “Company”) will be held as below. Your attendance at the meeting is cordially requested.

In convening this General Meeting of Shareholders, the Company shall take measures for the provision in electronic format in relation to information constituting the contents of reference documents of the General Meeting of Shareholders, etc. (Measures for Electronic Provision, etc.), which are posted on the Company’s website as the “Notice of Convocation of the 131st Annual General Meeting of Shareholders.” Please access the Company’s website below to confirm details.

Company’s website:

<https://www.srigroup.co.jp/ir/shareholder/guidance.html>

Measures for Electronic Provision, etc. are available on the following websites in addition to the Company’s website above. Please access these websites to confirm the information.

Website for General Meeting of Shareholders materials:

<https://d.sokai.jp/5110/teiji/>

Tokyo Stock Exchange website (Company Announcements Service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

If you are unable to attend the meeting, you may exercise your voting rights via the internet or in writing, and we would appreciate your reviewing the referential documents and your exercising the voting rights by 5:00 p.m., on Monday, March 27, 2023 (JST).

PARTICULARS OF MEETING

1. Date and Time: 10:00 a.m. on Tuesday, March 28, 2023 (JST)

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

* Please be advised that if all seats in the 13th Floor Hall are taken, you will be asked to be seated in another hall.

We ask for your kind understanding and cooperation.

3. Purpose of Meeting:

Matters to be Reported:

(1) Business Report, Consolidated Financial Statements for the 131st fiscal year (from January 1, 2022 to December 31, 2022) and Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Audit & Supervisory Board

(2) Non-consolidated Financial Statements for the 131st fiscal year (from January 1, 2022 to December 31, 2022)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of 11 Directors

Proposal No. 3: Election of One Audit & Supervisory Board Member

* Of the Measures for Electronic Provision, etc., the following items are not included in the documents to be delivered to shareholders who have requested delivery of written documents in accordance with relevant laws and regulations, as well as Article 15 of the Articles of Incorporation of the Company.

(1) Details of Resolution on Establishing Systems Necessary for Ensuring Appropriate Business Operations and Summary of Operational Status Thereof in the Business Report

(2) The Consolidated Statement of Changes in Total Equity in the Consolidated Financial Statements

(3) The Notes to the Consolidated Financial Statements in the Consolidated Financial Statements

(4) The Non-consolidated Statement of Change in Total Equity in the Financial Statements

(5) The Notes to the Financial Statements in the Financial Statements

The Details of Resolution on Establishing Systems Necessary for Ensuring Appropriate Business Operations and Summary of Operational Status Thereof was audited by the Audit & Supervisory Board Members of the Company as part of the Business Report when they prepared the Audit Report. The Consolidated Statement of Changes in Total Equity, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Change in Total Equity and the 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.

*** Please note that any amendments to the Measures for Electronic Provision, etc., will be posted on each of the above websites before and after the amendments are made.**

[Method to Exercise the Voting Rights]

1. Method to exercise the voting rights:

- (1) Those planning to attend the General Meeting of Shareholders
Please submit the enclosed voting right exercise form to the reception desk at the meeting venue on the day of the General Meeting of Shareholders.
<Date and Time of General Meeting of Shareholders>
10:00 a.m. on Tuesday, March 28, 2023 (JST)

- (2) Those unable to attend the General Meeting of Shareholders
 - (i) Exercising voting rights by “Smart Voting[®]”:
Please use a smartphone or a tablet to read the “Voting Website Login QR Code for Smartphone” at the lower right of the enclosed voting form, and enter your approval or disapproval of each proposal by following the instructions on the screen.
<Voting deadline>
No later than 5:00 p.m. on Monday, March 27, 2023 (JST)

 - (ii) Exercising voting rights via the Internet:
Please access the voting rights exercise website from a PC and a smartphone by entering the “Voting Code” and “Password” printed on the enclosed voting form, and enter your approval or disapproval of each proposal by following the instructions on the screen.
<Voting deadline>
No later than 5:00 p.m. on Monday, March 27, 2023 (JST)

 - (iii) Exercising voting rights in writing:
Please indicate your approval or disapproval of each proposal in the voting form enclosed herein, and return the form to the Company’s Shareholder Registry Administrator by the voting deadline.
<Voting deadline>
To be received no later than 5:00 p.m. on Monday, March 27, 2023 (JST)

Treatment of voting rights

- If you exercise your voting rights via the Internet and in writing, the vote via the Internet shall be deemed effective.
- If you exercise your voting rights several times via the internet, the last vote shall be deemed effective.
- When voting rights are exercised in writing, if no indication on the voting form of your approval or disapproval for any proposal shall be treated as an indication of approval.

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 General Meeting of Shareholders.

Voting by Smart Voting®

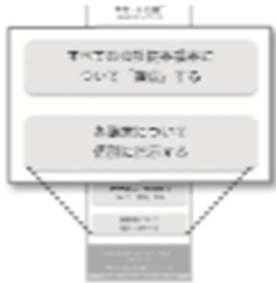
You can log in the Voting Website by entering “Voting Code” and “Password.”

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. Enter your vote following the instructions on the screen.



You may exercise your Voting rights 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 again.

*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.

Exercising Voting Rights Online

Voting

Website:

<https://www.web54.net>

1. Access the Voting Website.



Click “Go to next”

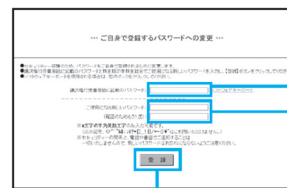
2. Enter the “Voting Code” printed on the voting form.



Enter “Voting Code”

Click “Log in”

3. Enter “Password” printed on the voting form.



Enter “Password”

Set a new password that you will actually use to log in.

Click “Go to next”

4. Enter your vote following the instructions on the screen.

Inquiry for exercising voting rights using Smart Voting® and online

Stock Transfer Agency web support
Sumitomo Mitsui Trust Bank, Limited
(Toll free) 0120-652-031 (9:00 a.m. – 9:00 p.m.)

For other inquiries, please contact:

- (i) Shareholders with an account at a securities company
Please inquire at your securities company.
- (ii) Shareholders who do not have an account at a securities company (shareholders with special accounts)
Stock Transfer Agency Business Planning Department Sumitomo Mitsui Trust Bank, Limited
(Toll free) 0120-782-031 (9:00 a.m. – 5:00 p.m., except Saturdays, Sundays and holidays)

Live Streaming of General Meeting of Shareholders and Acceptance of Questions in Advance

On the day of the meeting, we will provide live streaming of the General Meeting of Shareholders via the Internet. The Company will also accept questions from shareholders in advance concerning matters which relate to the purpose of the Meeting.

Questions in
advance
Reception period

Until 5:00 p.m. on Tuesday, March 21, 2023 (JST)

Live streaming date
and time

Tuesday, March 28, 2023 from 9:30 a.m. (JST)

(The General Meeting of Shareholders will start at 10 a.m.)

● Online access information

(i) Please access the following website designated by the Company.

Distribution
URL

<https://5110.ksoukai.jp>



(ii) On the screen to enter the ID and Password, please enter the ID and Password as described below.

ID

Shareholder Number (nine-digit number) shown on the voting form at hand.

Password

Zip code (seven-digit number excluding the hyphen) shown on the voting form at hand

How to register questions in advance

Please click the “Ask questions in advance” button, enter your question, and then click the “Next” and “Apply” buttons in that order.

● Of the questions received in advance, the Company plans to answer those questions that relate to the agenda for the General Meeting and those that are of interest to shareholders and that the Company is able to answer on the day of the General Meeting of Shareholders.

● We will accept one question per person. Furthermore, we do not promise to answer every question we receive. Please be aware that we will not be able to respond to you individually when we are unable to respond to your inquiry.

How to Watch the Live Streaming

Please click the buttons in the order of “Apply to watch” and “Watch” to watch the live stream.

<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 3 and 4). Similarly, moreover, please note that we will be unable to accept 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 video and sound, and storing them.
- Providing the ID and Password to third parties is strictly prohibited.
- In consideration of the privacy of the shareholders who will attend the meeting, the live streaming 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:

About ID (shareholder number) and password (zip code)

About viewing the live stream

Sumitomo Mitsui Trust Bank, Ltd.
Virtual General Meeting of Shareholders Helpline

0120-782-041

(Hours: 9:00 a.m. to 5:00 p.m. (JST), except Saturdays, Sundays and holidays)

V-cube, Inc.

03-4223-0823

Reception date and time: March 28 (Date of General Meeting of Shareholders)
From 9 a.m. to the conclusion of the General Meeting of Shareholders

On-Demand Viewing of the General Meeting of Shareholders

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

Period: **Friday, April 7, 2023 to Friday, June 30, 2023**

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.

Password

REFERENTIAL DOCUMENTS REGARDING THE EXERCISE OF VOTING RIGHTS

Proposal No. 1: Appropriation 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 the 131st fiscal year as follows, based on the above-mentioned policy.

As a result, the total dividend for the fiscal year under review shall be JPY 35.00 per share, including JPY 20.00 per share for the first half of the period that has already been paid as an interim dividend.

- (1) Type of dividend property:

Cash

- (2) Allotment of dividend property to the shareholders and its total amount:

JPY 15.00 per common share of the Company

Total amount of dividends: JPY 3,945,123,240

- (3) Effective date of dividends of surplus:

March 29, 2023

Proposal No. 2: Election of 11 Directors

The terms of office of all 11 Directors will expire at the close of this General Meeting of Shareholders. Thus, the Company proposes to elect 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	Satoru Yamamoto	Reappointment	President and CEO, Representative Director (President)	14 out of 14 100%
2	Hidekazu Nishiguchi	Reappointment	Director (Managing Executive Officer)	14 out of 14 100%
3	Kiyoshige Muraoka	Reappointment	Director (Senior Executive Officer)	11 out of 11 100%
4	Masatsugu Nishino	Reappointment	Director (Senior Executive Officer)	11 out of 11 100%
5	Naoki Okawa	Reappointment	Director (Senior Executive Officer)	11 out of 11 100%
6	Yasuaki Kuniyasu	New appointment	Senior Executive Officer	-
7	Ikuji Ikeda	Reappointment	Chairman of the Board	14 out of 14 100%
8	Keizo Kosaka	Outside Independent Reappointment	Outside Director	14 out of 14 100%
9	Mari Sonoda	Outside Independent Reappointment	Outside Director	14 out of 14 100%
10	Takashi Tanisho	Outside Independent New appointment	-	-
11	Misao Fudaba	Outside Independent New appointment	-	-

(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	Satoru Yamamoto (June 14, 1958)	Number of Shares of the Company Held	
		37,530	
Career Summary and Position in the Company		Years as a Member of the Board	
Apr. 1982	Joined the Company	8 Years	
Jan. 2001	General Sales Manager of Tyre Sales & Marketing Division	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)	
Mar. 2010	Executive Officer Deputy General Manager of Dunlop Tyres Sales HQ		
Mar. 2011	General Manager of Dunlop Tyres Sales HQ		
Mar. 2013	Senior Executive Officer		
Mar. 2015	Director (Senior Executive Officer)		
Mar. 2019 to present	Representative Director, President and CEO (President)		
Reasons for nomination as a candidate for Director			
<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 & Oceania Business, etc. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, 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	
2	Hidekazu Nishiguchi (December 8, 1960)	Number of Shares of the Company Held	
		22,700	
Career Summary, Position and Responsibility in the Company		Years as a Member of the Board	
Apr. 1983	Joined the Company	2 Years	
Mar. 2012	President & Representative Director of Goodyear Japan Co., Ltd.	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)	
Mar. 2013	Executive Officer of the Company		
Mar. 2014	General Manager of Overseas Tire Sales HQ		
Jan. 2017	Senior Executive Officer General Manager of Corporate Management Planning & Administration Dept.		
Mar. 2021	Director (Senior Executive Officer)		
Mar. 2022 to present	Director (Managing Executive Officer)		
<Responsibility> Supervision of Business Strategy, DX Promotion, Americas, Asia & Oceania, Europe & Africa, Tire Business, and Automotive Systems Business			
Reasons for nomination as a candidate for Director			
<p>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. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, Mr. Nishiguchi has promoted digital management utilizing AI and IoT. Accordingly, the Company requests Mr. Nishiguchi's reappointment as a Director.</p>			

Nominee Number	Name (Date of Birth)	Reappointment
3	Kiyoshige Muraoka (February 21, 1961)	Number of Shares of the Company Held
		7,300
Career Summary, Position and Responsibility in the Company		Years as a Member of the Board
Apr. 1985	Joined the Company	1 Year
Jan. 2010	General Manager of Material Dept. II	Number of Meetings of the Board of Directors Attended (Percentage)
Mar. 2015	Executive Officer General Manager of Material Research & Development HQ	
Mar. 2020	Senior Executive Officer General Manager of Research & Development HQ and Material Research & Development HQ	
Jan. 2022	General Manager of Research & Development HQ	
Mar. 2022 to present	Director (Senior Executive Officer)	
<Responsibility> Supervision of Technology and Production		
Reasons for nomination as a candidate for Director		
<p>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. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, Mr. Muraoka oversees all aspects of technology and production from the perspective of an expert in the technical field. Accordingly, the Company requests Mr. Muraoka's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
4	Masatsugu Nishino (February 8, 1962)	Number of Shares of the Company Held
		15,600
Career Summary, Position and Responsibility in the Company		Years as a Member of the Board
Apr. 1984	Joined the Company	1 Year
Jan. 2006	Representative Director, President and CEO, Dunlop Falken Hokkaido, Ltd. (currently Dunlop Tire Hokkaido Ltd.) Representative Director, President and CEO	Number of Meetings of the Board of Directors Attended (Percentage)
Mar. 2015	Executive Officer of the Company Falken Tyre Europe GmbH Managing Director & CEO	
Jan. 2021	Senior Executive Officer of the Company	
Jan. 2022	General Manager of Human Resources and General Affairs HQ	
Mar. 2022 to present	Director (Senior Executive Officer)	
<Responsibility> Supervision of Sports Business, Hybrid Business, and Procurement		
Reasons for nomination as a candidate for Director		
<p>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. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, Mr. Nishino oversees overall sports business, hybrid business, and procurement. Accordingly, the Company requests Mr. Nishino's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Reappointment
5	Naoki Okawa (July 9, 1961)	Number of Shares of the Company Held 10,300
Career Summary, Position and Responsibility in the Company		Years as a Member of the Board
Apr. 1987	Joined Sumitomo Electric Industries, Ltd.	1 Year
Apr. 2012	General Manager of Harness Section, Accounting Department	Number of Meetings of the Board of Directors Attended (Percentage) 11 out of 11 (100%)
Mar. 2019	Joined the Company General Manager of Accounting & Finance Dept.	
Jan. 2020	Executive Officer	
Jan. 2021	Senior Executive Officer	
Mar. 2022 to present	Director (Senior Executive Officer)	
<Responsibility> Supervision of Financial Strategy and Accounting & Finance		
Reasons for nomination as a candidate for Director		
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. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, Mr. Okawa oversees overall financial strategy and accounting. Accordingly, the Company requests Mr. Okawa's reappointment as a Director.		

Nominee Number	Name (Date of Birth)	New appointment
6	Yasuaki Kuniyasu (September 4, 1969)	Number of Shares of the Company Held 1,000
Career Summary, Position and Responsibility in the Company		
Apr. 1992	Joined the Company	
Jan. 2015	General Manager of Technical Dept. 4, Tyre Technology HQ	
Dec. 2020	General Manager of Tyre Quality Assurance Dept. and General Manager of Tyre Quality Supervision Office	
Jan. 2021	Executive Officer General Manager of Tyre Technology HQ	
Jan. 2022 to present	Senior Executive Officer	
Jan. 2023 to present	General Manager of Corporate Management Planning & Administration Dept.	
<Responsibility> In Charge of Corporate Management Planning & Administration, Digital Planning, Brand Management, and International Business		
Reasons for nomination as a candidate for Director		
Since joining the Company, Mr. Yasuaki Kuniyasu has been engaged mainly in the tire technical sections, serving as General Manager of Tyre Quality Assurance Dept. and General Manager of Tyre Technology HQ and gained broad insights into the Company's technological development and quality management. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Kuniyasu's appointment as a Director in the expectation that his provision of advice and opinions based on insights gained through such experience will contribute to improving the corporate value of the Company.		

Nominee Number	Name (Date of Birth)	Reappointment
7	Ikuji Ikeda (November 7, 1956)	Number of Shares of the Company Held 63,800
Career Summary and Position in the Company		Years as a Member of the Board
Apr. 1979	Joined the Company	16 Years
Jan. 2000	General Manager of Tyre Works Technical Dept.	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
Mar. 2003	Executive Officer	
Mar. 2007	Director (Senior Executive Officer)	
Mar. 2010	Director (Managing Executive Officer)	
Mar. 2011	President and CEO, Representative Director (President)	
Mar. 2019	Chairman, Representative Director	
Mar. 2020 to present	Chairman of the Board	
Reasons for nomination as a candidate for Director		
<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 President and CEO, Representative Director. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, Mr. Ikeda appropriately supervises the entire Group. Accordingly, the Company requests Mr. Ikeda's reappointment as a Director.</p>		

Nominee Number	Name (Date of Birth)	Outside/Independent/Reappointment
8	Keizo Kosaka (December 11, 1945)	Number of Shares of the Company Held 0
Career Summary and Position in the Company, and Significant Concurrent Position		Years as a Member of the Board
Apr. 1970	Admitted to the bar and Joined Irokawa Law Office	14 Years
Apr. 1995	Vice President of Osaka Bar Association	Number of Meetings of the Board of Directors Attended (Percentage)
Jan. 2001	Irokawa Law Office Representative Partner	
June 2006 to present	Outside Audit & Supervisory Board Member of Toyo Aluminum K. K.	14 out of 14 (100%)
Mar. 2009 to present	Outside Director of the Company	
June 2012 to present	Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd.	
June 2016 to present	Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd.	
Jan. 2020 to present	Chairman of Irokawa Legal Professional Corporation	
June 2020 to present	Outside Audit & Supervisory Board Member of SEIREN CO., LTD.	
Significant Concurrent Position		
<p>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.</p>		
Reason for nomination as a candidate for Outside Director and summary of expected roles		
<p>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 advice and opinions from an objective point of view. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Kosaka's reappointment in expectation that his continued provision of advice and opinions as an Outside Director will result in improving the Company's corporate governance.</p>		

Nominee Number	Name (Date of Birth)	Outside/Independent/Reappointment
9	Mari Sonoda (July 24, 1959)	Number of Shares of the Company Held 0
Career Summary and Position in the Company		Years as a Member of the Board 2 Years
Apr. 1982	Joined the Ministry of Finance <Current Japanese name has been changed from “Okura-sho” to “Zaimu-sho”>	Number of Meetings of the Board of Directors Attended (Percentage) 14 out of 14 (100%)
July 2010	Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau, Ministry of Finance	
July 2012	Director General of General Affairs Division, Federation of National Public Service Personnel Mutual Aid Associations	
Jan. 2014	Secretary-General of Secretariat, Specific Personal Information Protection Commission	
Jan. 2016	Secretary-General of Secretariat, Personal Information Protection Commission	
Mar. 2021 to present	Outside Director of the Company	
Reason for nomination as a candidate for Outside Director and summary of expected roles		
<p>Ms. Mari Sonoda has held important positions at the Ministry of Finance and other organizations 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. Judged to be suited to serve as a Director of the Company in light of the Company’s Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Ms. Sonoda’s reappointment in expectation that her continued provision of advice and opinions as an Outside Director will result in improving the Company’s corporate governance.</p>		

Nominee Number	Name (Date of Birth)	Outside/Independent/New appointment
10	Takashi Tanisho (February 26, 1949)	Number of Shares of the Company Held 0
Career Summary and Position in the Company, and Significant Concurrent Position		
Apr. 1973	Joined Hitachi Zosen Corporation	
June 2010	Outside Director	
Apr. 2012	Managing Director	
Apr. 2013	Representative Director, President & Chief Operating Officer	
Apr. 2016	Representative Director, President & Chief Executive Officer	
Apr. 2017	Representative Director, Chairman of the board & President	
Apr. 2020	Representative Director, Chairman of the board & Chief Executive Officer	
Apr. 2022 to present	Representative Director, Chairman of the board	
Significant Concurrent Position		
Representative Director, Chairman of the board of Hitachi Zosen Corporation (As of April 1, 2023, he is scheduled to retire from the Representative Director and assume the position of Director, Senior Corporate Advisor.)		
Reason for nomination as a candidate for Outside Director and summary of expected roles		
Mr. Takashi Tanisho has experienced as Representative Director, President, and Chairman of Hitachi Zosen Corporation, which operates globally in the environmental field, including energy, water, and decarbonization, and has gained extensive experience and broad insights as a manager, and has extensive business experience, particularly in the areas of manufacturing and technology, business strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Tanisho's appointment as a new Outside Director will result in improving the Company's corporate governance.		

Nominee Number	Name (Date of Birth)	Outside/Independent/New appointment
11	Misao Fudaba (February 23, 1956)	Number of Shares of the Company Held 0
Career Summary and Position in the Company, and Significant Concurrent Position		
Apr. 1979	Joined Daicel Corporation	
June 2006	Executive Officer, Deputy Head of Corporate Support Center	
June 2008	Head of Raw Material Purchasing Center	
June 2010	President, President and CEO	
June 2019	Chairman of Board of Directors	
June 2022 to present	Advisor	
Significant Concurrent Position		
Advisor of Daicel Corporation		
Reason for nomination as a candidate for Outside Director and summary of expected roles		
Mr. Misao Fudaba has gained extensive experience and broad insights as a manager based on his experience as President and Chairman of Daicel Corporation, which operates globally in manufacturing and sales of chemical products and high-performance materials, and has extensive business experience, particularly in the areas of business strategy and financial strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Fudaba's appointment as a new Outside Director will result in improving the Company's corporate governance.		

Special Remarks Regarding Director Candidates
(Notes)

1. In the career summary of each candidate above, the position in brackets is the position of the Director as Executive Officer of the Company.
2. Mr. Satoru Yamamoto, a candidate for Director, is directly responsible for auditing and tire quality assurance.
3. At the 130th Annual General Meeting of Shareholders held on March 24, 2022, Director candidates Mr. Kiyoshige Muraoka, Mr. Masatsugu Nishino, and Mr. Naoki Okawa, were newly elected and appointed as Directors. After the 130th Annual General Meeting of Shareholders, the Board of Directors meetings were held a total of 11 times during this fiscal year under review.
4. There is no special interest between the Company and each candidate.
5. Mr. Keizo Kosaka, Ms. Mari Sonoda, Mr. Takashi Tanisho, and Mr. Misao Fudaba are candidates for Outside Directors. Further, if appointed as Directors, the four would become Independent Officers who have no potential conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange.
6. The Company has concluded with each of Mr. Keizo Kosaka and Ms. Mari Sonoda an agreement to limit their liability as Director, as provided for in Article 423, Paragraph 1 of the Companies Act (hereinafter, "Liability Limitation Agreement"), 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 and Ms. Mari Sonoda are appointed as Directors of the Company.
7. If Mr. Takashi Tanisho and Mr. Misao Fudaba, the candidates for appointment as Outside Director, are appointed, the Company will conclude Liability Limitation Agreements with each of them.
8. 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 acts committed with the knowledge that they are in violation of laws and regulations. The 11 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.

Proposal No. 3: Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Takashi Kono will expire at the close of this General Meeting of Shareholders. Thus, the Company proposes to elect one Audit & Supervisory Board Member.

The following candidate has been nominated for the position.

The candidate is 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.

Nominee Number	Name (Date of Birth)	New appointment
1	Kazuo Kinameri (August 15, 1956)	Number of Shares of the Company Held 40,294
Career Summary, Position and Responsibility in the Company		Number of Meetings of the Board of Directors Attended (Percentage)
Apr. 1979	Joined the Company	14 out of 14 (100%)
Jan. 2001	General Manager of Sports Management Dept.	
July 2003	Director of SRI Sports Limited <changed its name to Dunlop Sports Co., Ltd. in 2012>	
Mar. 2007	Director (Senior Executive Officer)	
Mar. 2011	Representative Director (Managing Executive Officer)	
Mar. 2015	President and Representative Director of Dunlop Sports Co., Ltd.	
Jan. 2018	Managing Executive Officer of the Company	
Mar. 2018 to present	Representative Director (Vice President)	
<Responsibility> Supervision of Human Resources and General Affairs, ESG, and Legal Affairs		
Reason for nomination as a candidate for Audit & Supervisory Board Member		
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. and Vice President and Representative Director of the Company. Judged to be suited to serve as an Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Kinameri's appointment in expectation that his provision of advice and opinions as an Audit & Supervisory Board Member will result in strengthening the Company's auditing system.		

(Notes)

- In the career summary of Mr. Kazuo Kinameri, a candidate for Audit & Supervisory Board Member, the position in brackets is the position as Executive Officer of the Company.
- There is no special interest between the Company and Mr. Kazuo Kinameri, a candidate for Audit & Supervisory Board Member.
- If Mr. Kazuo Kinameri, a candidate for appointment as 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 acts committed with the knowledge that they are in violation of laws and regulations. Mr. Kazuo Kinameri, a candidate 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.

<Reference>

The Company's Policy of Election and Dismissal Standards for Directors and Audit & Supervisory Board Members

Sumitomo Rubber Industries, Ltd. (the "Company") shall follow the policies and standards set forth below in selecting and dismissing Directors and Audit & Supervisory Board Members ("Officers").

Proposals for selecting and dismissing Directors are deliberated and determined by the Board of Directors based on the rigorous deliberations and reports of the Nomination and Remuneration Committee. Proposals for the selection or dismissal of Audit & Supervisory Board Members shall be decided by the Board of Directors with the consent of the Audit & Supervisory Board. Thereafter, each candidate will be submitted as a proposal for the General Meeting of Shareholders.

(1) Basic Policy

Candidates for officers shall have the ability, motivation, and experience to effectively fulfill the roles and responsibilities of the Board of Directors, and who can contribute to improving the Company's corporate governance and solving social issues through the Company's business.

(2) Election Standards

The Company's officers must meet the following conditions.

- (i) Has a deep understanding of the Company's corporate philosophy, "Our Philosophy," and embody it in their duties
- (ii) Has the ability to view the overall Group objectively and to analyze and judge the Group in light of changes in the surrounding environment
- (iii) Makes every effort to improve the Company's corporate value over the medium to long term in accordance with the Company's management policy
- (iv) Has expertise in the fields of corporate management and business strategy, production and technology, international business, sales and marketing, legal and governance, financial strategy and accounting, DX and IT, which are the items specified in the skill matrix of the Company's Board of Directors. They must have a sufficient track record in such fields of expertise, and the election of the candidate will ensure a balanced and diverse skills matrix on the Company's Board of Directors
- (v) Outside officers must be suitable persons as management executives of the Company from the perspective of promoting the sustainable growth of the Company and enhancing its corporate value over the medium to long term.

(3) Dismissal Standards

The Company shall review the dismissal of any Company officers when they fail to properly fulfill their roles and responsibilities as an officer. (falling under any of the grounds for disqualification as stipulated by law, when an officer commits an act that offends public order and morals, when an officer is unable to continue to perform their duties due to health reasons or for any other reason, etc.)

Board Skill Matrix After General Meeting of Shareholders (Planned)

To realize “Our Philosophy,” the Group’s corporate philosophy structure, resolve materiality issues over the medium to long term through promotion of ESG management, and execute the new Mid-Term Plan announced in February of this year, the Company has established, as a skills matrix, the expertise that Directors and Audit & Supervisory Board Members should possess in order for the Board of Directors to properly carry out its decision-making and management supervisory functions.

The content of each item is determined by the Board of Directors after discussion by the Nomination and Remuneration Committee, taking into consideration the business environment and the Company’s management plan and business characteristics, and includes up to four items of expertise that are expected primarily from each person.

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
Satoru Yamamoto	President and CEO, Representative Director (President)	•		•	•			
Hidekazu Nishiguchi	Representative Director (Managing Executive Officer)	•		•	•			•
Kiyoshige Muraoka	Director (Senior Executive Officer)		•					•
Masatsugu Nishino	Director (Senior Executive Officer)	•		•	•	•		
Naoki Okawa	Director (Senior Executive Officer)			•			•	
Yasuaki Kuniyasu	Director (Senior Executive Officer)		•					
Ikuji Ikeda	Director	•	•	•				
Keizo Kosaka	Outside Director	•				•		
Mari Sonoda	Outside Director					•	•	•
Takashi Tanisho	Outside Director	•	•		•			•
Misao Fudaba	Outside Director	•				•	•	
Kazuo Kinameri	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 “joy and well-being for all” requires board members with skills in developing sustainable growth strategies, including ESG management, and management experience in a company 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 existing businesses, and have board members with skills and expertise in business portfolio strategy formulation and organizational transformation.
Production and Technology	We aim to provide customers with “joy and well-being for all.” To this end, it is necessary for the Company to have board members who have a wealth of knowledge about the advanced technologies that 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 recycling-oriented 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 creating a 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.

BUSINESS REPORT

(January 1, 2022 – December 31, 2022)

1. Matters Concerning the Current Status of the Group

(1) Progress and Results of Business Operations

Although the global economy during the fiscal year under review showed signs of being on the road to recovery from the impact of the COVID-19 pandemic, there are still concerns about economic growth due to increasing geopolitical tensions caused by the situation in Ukraine, in addition to high levels of inflation and sharply rising interest rates in some regions. Even in Japanese economy, although there are hopes that the impact of the COVID-19 pandemic will subside and the economy will recover, there is a high degree of uncertainty in the status of the economy due to trends in foreign exchange rates and prices.

In the business environment surrounding the Sumitomo Rubber Group (the “Group”), we saw impacts of soaring marine transportation costs, raw material prices, and energy costs, although there were positive signs such as a recovery trend in many markets.

Under such circumstances, the Group strongly promoted a group-wide project aimed at strengthening our business foundation in order to achieve the Mid-Term Plan targeted for 2025, and at the same time, worked to strengthen our competitiveness through a global system by aiming to maximize the effects 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 2022 were as follows: sales revenue increased to JPY 1,098,664 million (a year-on-year increase of 17.4%), and business profit* was JPY 21,963 million (a year-on-year decrease of 57.7%), resulting in increases in revenue and a decrease in profit. Consequently, the Group recorded a decrease in profit, with operating profit decreased to JPY 14,988 million (a year-on-year decrease of 69.5%) and profit attributable to owners of parent, which is net income after taking tax expenses into account, decreased to JPY 9,415 million (a year-on-year decrease of 68.1%).

(*) “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 18.2% from the previous fiscal year to JPY 939,941 million, and business profit decreased 70.3% to JPY 12,311 million.

(Domestic Replacement Market)

In summer tires, we focused on sales of new global flagship tires and premium products. In addition, sales of all-season tires, which have been well received as products that provide safety and security regardless of the season, have increased as market recognition gradually increased. Despite the impact of the delayed snowfall at the end of the year and a decline in tire consumer confidence due to rising prices, winter tire sales for the year were almost on par with the previous year. As a result, sales were almost the same as in the previous fiscal year.

(Domestic Original Equipment Market)

Although the recent situation of sales showed a slight recovery trend as sales exceeded the previous fiscal year's level, sales remained stagnant as a result of automakers' ongoing production reductions caused by the global semiconductor shortage and other factors. As a result, cumulative sales were slightly lower than the previous fiscal year.

(Overseas Replacement Market)

In the Asia and Oceania region, sales were sluggish in China, partly due to the impact of its zero-COVID policy, but sales in Indonesia and Thailand were higher than the previous fiscal year, partly because the impact of the COVID-19 pandemic has eased compared to the previous fiscal year. In Europe, sales were lower than the previous fiscal year due to a slowdown in demand for tires, partly affected by ongoing inflation and other factors. In the Americas region, the product mix was improved despite a decrease in sales volume due to proactive price increases and reduced sales of low-margined products in North America. In South America, demand was strong in the first half of the fiscal year, but declined in the second half of the fiscal year, resulting in sales that were almost on par with the previous fiscal year.

(Overseas Original Equipment Market)

Sales recovered from the previous fiscal year and increased over the previous fiscal year, when sales fell sharply, despite the decrease in production by automobile manufacturers caused by the shortage of semiconductors.

In addition to the above, price increases in each market, as well as the impact of foreign exchange rates, resulted in a year-on-year increase in tire business sales revenue, but soaring marine transportation costs, raw material prices, and energy costs resulted in a decrease in business profit.

Sports Business

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

In the golf goods market, despite a shortage of parts and materials due to rising global demand for golf, sales grew significantly overseas, mainly in North America and South Korea, and sales revenue exceeded the level of the previous fiscal year. In the tennis goods market, sales revenue exceeded the level of the previous fiscal year due to factors such as increased sales of tennis balls in North America and Europe.

In the wellness business, sales revenue exceeded the level of the previous fiscal year thanks to a certain degree of recovery in the number of sports clubs members.

As a result, sales revenue in the sports business increased from the previous fiscal year, and business profit increased as well.

Industrial and Other Products Business

Sales revenue in the industrial and other products business increased 6.5% from the previous fiscal year to JPY 42,126 million, and business profit decreased 65.0% to JPY 680 million.

The medical rubber products business remained robust in both Japan and abroad; revenues in the market for rubber parts for office machines increased in part as a result of the weak yen; revenues in the markets for vibration control and infrastructure also increased; however, revenues in the market for daily life supplies decreased as a result of increased competition for single-use gloves and other factors.

As a result, sales revenue in the industrial and other products business increased from the previous fiscal year, but business profit declined, partly due to the effects of soaring raw material prices and energy costs.

[Consolidated Sales for Each Business]

Business	Sales Revenue	Composition	YOY
Tire Business	JPY 939,941 million	85.6%	118.2%
Sports Business	JPY 116,597 million	10.6%	115.0%
Industrial and Other Products Business	JPY 42,126 million	3.8%	106.5%
Total	JPY 1,098,664 million	100.0%	117.4%

(2) Capital Investments

The Group invested a total of JPY 68,012 million in equipment and facilities during the 131st fiscal year. Major investments were made to increase production at overseas factories in the tire business, to shift production to high-value-added products, and to become carbon neutral.

(3) Fund-Raising Activities

Our investments in equipment and facilities, etc. for the fiscal year under review were provided mainly by cash on hand and borrowings.

(4) Issues to be Addressed

(i) Corporate Philosophy Structure “Our Philosophy”

Based on the Sumitomo Business Philosophy, which had been passed down through the generations, the Group established Our Philosophy in 2020 and defined the following Purpose, which is the Group’s reason for being. We 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,” which is centered on Purpose, is the foundation for all decision-making and the starting point for all actions.

Purpose

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

(ii) Formulation of the New Mid-Term Plan

The Mid-Term Plan newly established this year is outlined in the diagram below. The Company is strengthening its organizational framework and business foundation on a company-wide basis, through the Project to Reinforce the Foundations of Our Business, which began in 2020. At the same time, the Company is reforming its core system and proceeding other measures to implement DX management. With these initiatives as a foundation, the Company will focus on structural reforms on “selection and concentration of existing businesses” for the period through 2025, while at the same time pursuing the creation of a

foundation for growth businesses. Then, from 2026 and beyond, we plan to make a further leap forward by optimizing our business portfolio and expanding business in growing businesses.



(iii) Management Environment and Issues to be Addressed

In terms of the future management environment, a gradual recovery is expected from the sluggish economic activity due to the impact of the COVID-19.

In this way, the Group will steadily pursue its new Mid-Term Plan, while realizing “Our Philosophy” and addressing the following issues with the aim of increasing the economic and social value of the Company.

Tire Business

The Company’s tire technology concept, “SMART TYRE CONCEPT,” will be further developed by utilizing the latest digital technology. By sequentially introducing these technologies into new products, the Company will contribute to the future mobility society.

In the domestic market, we aim to create new demand with an extensive lineup of all-season tires suitable for driving on dry and wet roads as well as on snow-covered roads. All-season tires are all-weather tires that can cope with sudden changes in weather in urban areas and regions where there is little snowfall, and we will increase sales by appealing to various segments of the population.

In the Asia region, we are working to build a robust manufacturing and sales system and promote local production and local consumption. Among these, in China, where the market is large, we launched the “e. SPORT MAXX” EV tire for after-market use last year. In addition, for new vehicles, we are stepping up deliveries of EV tires to Chinese automakers, which are experiencing remarkable growth. Going forward, we will work to improve the presence of the “DUNLOP” brand, particularly in the Chinese market, where demand is expected to recover.

In the Europe and Africa region, the “FALKEN” brand has grown to occupy a corner of the market in Germany, where the market is large, with the 4th largest replacement tire market.

This year, we plan to launch an EV tire “e. ZIEX” for the European market, which will enhance the value of the “FALKEN” brand and expand sales in the replacement tire market.

In the Americas region, we will continue to improve the profitability of our U.S.A. factories. Also, to reduce the risk of tariffs and ocean freight charges, we will increase the ratio of local production for local consumption. In sales, we will promote product development focusing on high-performance tires such as “FALKEN” brand SUV tires in order to improve profits. In South America, the Group is working to build a stable profit base by increasing the supply capacity of high-performance tires at its factories in Brazil and boosting sales.

In terms of production, by fully utilizing the production capacity of our factories around the world, we have established a global production system while promoting 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.

The number of EV vehicles is also increasing in major markets around the world, and we are planning to launch replacement EV tires in Europe following China, and have already begun delivering EV tires for new vehicles to multiple automobile manufacturers. Going forward, the Company will continue to develop tires that can maximize the performance of EVs, using its unique material and design technologies in cooperation with automobile manufacturers in each country of the global market.

As a new initiative to respond to the era of CASE and MaaS(*), we are speeding up our business development based on a system that utilizes various information obtained from tires on a cloud system by fusing our air-pressure-reduction alarm device technology, which has been proven for over 25 years, with our sensing core technology that can detect information on road surfaces. We are now moving forward with the commercialization of this new business. Going forward, we will continue striving to create future tires and services that enable safety for longer and avoid dangers, helping to build a mobility society that includes a society free of traffic accidents and the eventual implementation of automated driving.

* 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, amid uncertain trends in the global economy, such as rising global inflation and geopolitical tensions, the importance of the appeal of sports and the role they play has been affirmed once again since the COVID-19 pandemic, and demand for golf and tennis has remained strong worldwide, while the wellness business has also shown signs of recovery. We will continue to provide our customers with excitement and joy through sports-related products and services.

Regarding golf goods, besides continuing to strengthen our marketing and sales 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 goods, by taking steps to increase the value of the “DUNLOP” brand, such as maintaining our status as an official partner of the Australian Open, maintaining our position as the No. 1 ball used on the ATP Tour, fostering the development of young players through partnerships with elite academies, and fortifying our agreements with top professional players, we will work to expand the market share of racquets and balls. The “DUNLOP” brand will also celebrate the 100th anniversary of the start of tennis ball production in the U.K. in 2023. Through various promotions and collaborations, we will further enhance our brand power and contribute to the revitalization of the tennis industry.

In the wellness business, while the market is on the road to recovery but has yet to reach a full-fledged turnaround, we will make further efforts to improve service quality and customer satisfaction while liquidating unprofitable stores and improving operational efficiency.

Industrial and Other Products Business

In the vibration control business, we will further evolve our technology, which has the No. 1 share in the domestic market for residential vibration-control dampers, and expand it to buildings, bridges, and automated warehouses, as well as contribute to the preservation and maintenance of historical buildings such as Kumamoto Castle. In the medical rubber products business, by expanding business in the pharmaceutical market with the Company's unique high value-added rubber products, we will contribute to the creation of a society in which people can live with safety and comfort.

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 Management

In August 2021, the Group announced our long-term sustainability policy, "Driving Our Future Challenge 2050," and is promoting ESG activities throughout the Group.

In January of this year, we established the "Sustainability Management Promotion HQ" and further strengthened our structure for pursuing ESG management by assigning a "Circular Economy Promotion Dept." in charge of pursuing circular economy in the tire manufacturing and sales business in addition to the "Sustainability Promotion Dept." and the "Environmental Management Dept."

[Environment]

Carbon Neutral Initiatives

We aim to reduce CO2 emissions from all Group factories and achieve carbon neutrality in 2050. To achieve this goal, we are pursuing initiatives, mainly by increasing installations of solar panels and purchases of green electricity, and expect to achieve our 2030 target of a 50% reduction in CO2 emissions (compared to 2017) one year ahead of schedule. 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, by converting the entire process of the high-performance tire manufacturing system "NEO-T01 (T-Zero One)" in the same Factory to clean energy, in January of this year we launched production of mass-produced tires that have achieved carbon neutrality during manufacturing (Scope 1 and 2). In the future, in addition to reviewing the expansion of hydrogen use to domestic and overseas factories, we are also reviewing Scope 3 reduction targets with a view to announcing them by the end of this year.

Regarding the use of renewable energy, we have already switched all purchased electricity at our factories in China to electricity derived from renewable energy sources. In December 2022, we announced our endorsement of RE100, a global corporate renewable energy initiative consisting of companies aiming to achieve 100% renewable energy for electricity.

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 and other 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 the industrial and other products business, 100% by 2050 as well.

[Social]

With the Our Philosophy's Vision of "Uniting our diverse strengths, growing together, driving and thriving on change," we are pursuing the creation of a corporate culture where each and every employee with diverse attributes and values is respected and can feel motivated in their work.

Developing Leadership

As a measure to strengthen the leadership of officers and managers, as well as the President, we implement 360° Feedback once a year as an opportunity to objectively look at their own leadership style. Also, we have introduced executive coaching for Executive Officers, to improve the quality of decision-making and management skills.

Career Support System

We have introduced a Career Support System to create opportunities for each employee to challenge themselves and shine. We have a Career Matching System that expands the possibility of realizing one's mid- to long-term career aspirations through registration and dialogue, and an Open Calls for Project Participants system that allows employees to request participation in projects both inside and outside the Company. We provide opportunities for employees to utilize these systems and think autonomously about their own careers.

Promoting Women's Empowerment

From the perspective of diversity and inclusion, we will continue to promote measures for the advancement of women. With the ratio of female managers and the improvement of the work environment for female technical staff as key indicators, we have implemented a mentoring system for career development of candidates for female managerial positions and Diversity Management Leaders (Ikubosu) Seminars for managers with the aim of creating a highly productive workplace by promoting male participation in childcare.

Organizational Health Index

Since 2020, we periodically conduct an organizational structure survey and make the results available to all employees in order to quantitatively understand the organizational climate that has changed as a result of these initiatives. Overall trend has improved, but there are some new issues that have surfaced, and we will keep attempting to address those.

Establishing a Human Rights Management System

In 2023 we plan to establish a global human rights policy for human rights management and will plan to commit to it, both internally and externally. Also, in parallel, the Company will identify human rights risks in each department, establish a human rights management system that can effectively address these risks, and conduct appropriate human rights due diligence, thereby promoting protection and respect for human rights.

[Governance]

An overview of the Company's corporate governance system is as described on the following page. 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.

We continue to evaluate the effectiveness of the Board of Directors as we have done in the past. However, as a result of various efforts to improve the effectiveness of the Board of Directors in 2022, it was confirmed that

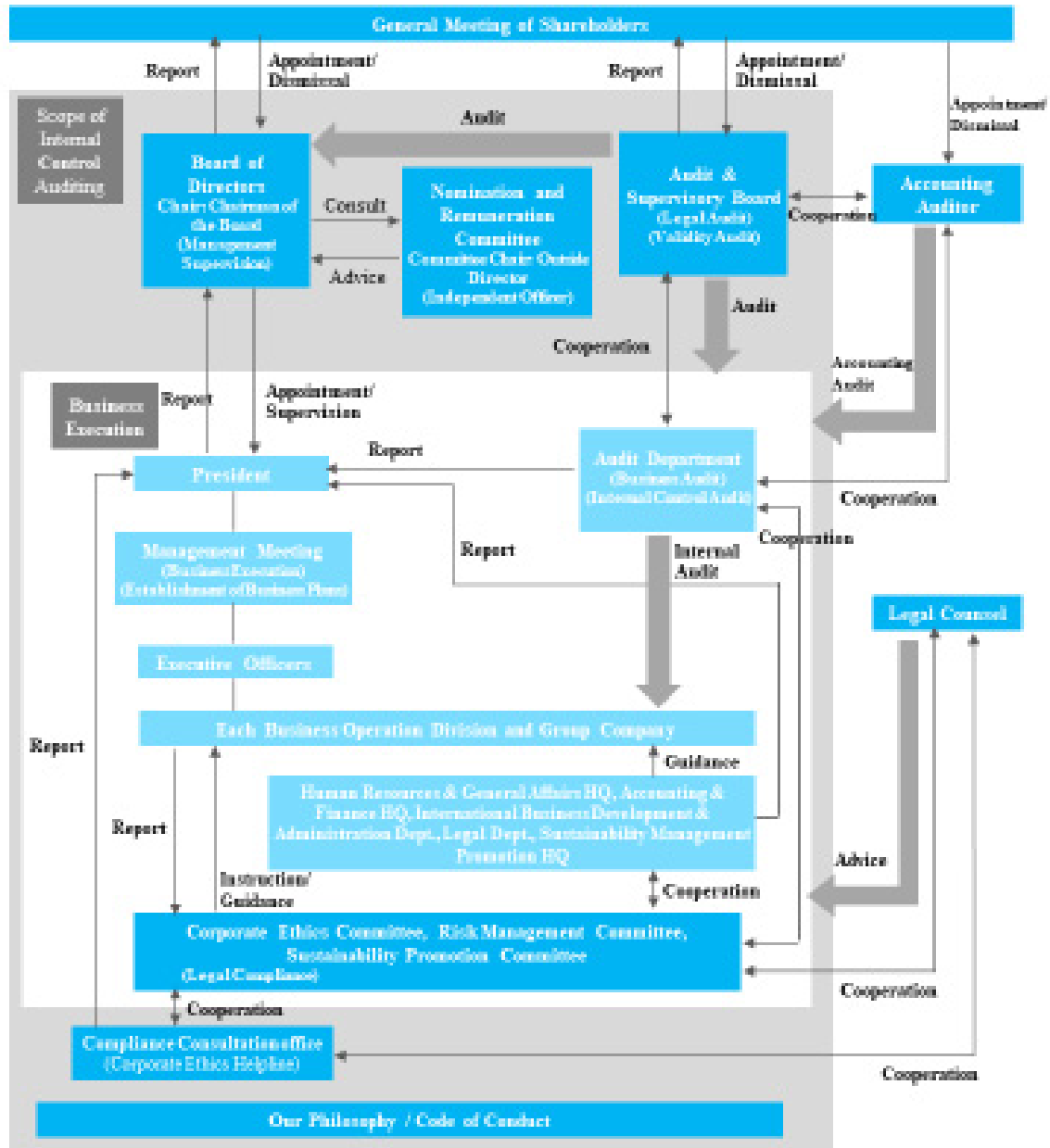
all of the issues raised in the third-party evaluation in 2021, such as ensuring more time for discussion at Board of Directors meetings and providing more information to Outside Officers, have been improved. We will continue to improve the effectiveness of the Board of Directors to further enhance corporate value.

Also, in the formulation of the new Mid-Term Plan announced this year, multiple discussions were held at Board of Directors meetings and off-site meetings, from the conceptualization stage to the finalization of the final draft, in order to enhance the content of the plan based on the diverse views of officers both inside and outside the Company.

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.

Corporate Governance System



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

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

Classification	128th fiscal year ended December 31, 2019	129th fiscal year ended December 31, 2020	130th fiscal year ended December 31, 2021	131st fiscal year ended December 31, 2022
Sales revenue	893,310	790,817	936,039	1,098,664
Business profit	54,391	43,388	51,975	21,963
Operating profit	33,065	38,701	49,169	14,988
Profit attributable to owners of parent	12,072	22,596	29,470	9,415
Basic profit per share	45.90	85.92	112.05	35.80
Total assets	1,035,484	974,805	1,086,169	1,225,202
Total equity	475,537	467,097	513,543	563,863

(Notes)

1. The Group has adopted the International Financial Reporting Standards (IFRS) in place of the Japanese GAAP from the 125th fiscal year for presenting consolidated financial results.
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 number of shares outstanding for the relevant period (excluding treasury stock).
4. In the 128th fiscal year, sales revenue slightly 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.
5. The 129th fiscal year 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.
6. In the 130th fiscal year, in the main tire business, sales of both replacement tires and original equipment tires grew amid the recovery from the COVID-19 pandemic, the product mix improved, and prices improved in response to rising raw material prices, etc.; in the sports business, sales of golf clubs and balls were strong, resulting increased sales revenue and business profit. Operating profit and profit attributable to owners of parent increased mainly due to a decrease in impairment losses on goodwill and non-current assets.
7. Information regarding the 131st fiscal year (the fiscal year under review) is included above in “(1) Progress and Results of Business Operations.”

(6) Major Lines of Business (As of December 31, 2022)

Business	Principal Products
Tire Business	Tires and tubes (for automobiles, construction vehicles, industrial vehicles, automotive races and rallies, motorcycles, etc.), Automotive system business (instant mobility system, deflation warning systems, etc.)
Sports Business	Sporting goods (golf clubs, golf balls, other golf goods, tennis goods, etc.), operation of golf tournaments, operation of golf and tennis schools, fitness business, and others
Industrial and Other Products Business	High-performance rubber business (vibration-control dampers, rubber parts for office machines, rubber parts for medical applications etc.), Daily life supplies business (rubber gloves for cooking and other operations, ramps for wheelchair use, etc.), Infrastructure business (marine dock fenders, floor materials for factories and sports facilities, etc.).

(7) Major Establishments and Principal Subsidiaries (As of December 31, 2022)**(i) The Company**

Company Name	Classification	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	Brazil
Falken Tyre Europe GmbH	EUR 25,000	100.0%	Sale of tires	Germany
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 767	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 golf clubs; sale of golf and tennis goods	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 rubber parts for office machines	China
Sumirubber Vietnam, Ltd.	US\$ 5 million	100.0%	Manufacture and sale of 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)

1. Figures marked with an asterisk (*) are the indirect ownership percentage.
2. Sumitomo Rubber South Africa (Pty) Limited increased capital (capital increase of ZAR 50) during the fiscal year under review.

(8) Employees (As of December 31, 2022)

Business	Number of Employees	Increase (decrease) from the previous fiscal year-end
Tire Business	33,221	+86
Sports Business	3,544	+219
Industrial and Other Products Business	2,924	-111
All Companies (common)	676	+116
Total	40,365	+310

(Note) The above are the number of full-time employees and exclude 3,506 temporary employees.

(9) Major Borrowings (As of December 31, 2022)

Name of Lender	Amount of Loan (JPY million)
Sumitomo Mitsui Banking Corporation	53,360
Sumitomo Mitsui Trust Bank, Limited.	40,000
Development Bank of Japan Inc.	38,000
MUFG Bank, Ltd.	25,840
Shinkin Central Bank	23,500
Mizuho Bank, Ltd.	20,677

2. Shares of the Company (As of December 31, 2022)

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

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

(3) **Number of Shareholders** 44,620

(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)	23,642	8.99%
NORTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	16,878	6.42%
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	8,252	3.14%
Custody Bank of Japan, Ltd. (Trust account)	7,465	2.84%
National Mutual Insurance Federation of Agricultural Cooperatives	7,331	2.79%
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	5,680	2.16%
Sumitomo Mitsui Banking Corporation	5,215	1.98%
Sumitomo Corporation	4,084	1.55%
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	3,938	1.50%

(Note) Ratio of Shareholding is calculated by deducting the treasury stocks (34,841 shares) from the total number of shares issued.

(5) Status of Shares Issued to Corporate Executives as Remuneration for the Execution of Their Duties during This Fiscal Year under Review

The Company issued 15,000 shares of common stock as remuneration for granting shares with restriction to 7 Directors, excluding Outside Directors. Note, there are no applicable matters regarding Outside Directors or Audit & Supervisory Board Members.

3. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of December 31, 2022)

Position	Name	Responsibility and Significant Concurrent Posts
Chairman of the Board	Ikuji Ikeda	
President and CEO, Representative Director (President)	Satoru Yamamoto	
Representative Director (Vice President)	Kazuo Kinameri	Supervision of Human Resources and General Affairs, ESG, and Legal Affairs
Director (Managing Executive Officer)	Hidekazu Nishiguchi	Supervision of Business Strategy, DX Promotion, Americas, Asia & Oceania, Europe & Africa, Tire Business, and Automotive Systems Business
Director (Senior Executive Officer)	Kiyoshige Muraoka	Supervision of Technology and Production and General Manager of Research & Development HQ
Director (Senior Executive Officer)	Masatsugu Nishino	Supervision of Sports Business and Hybrid Business
Director (Senior Executive Officer)	Naoki Okawa	Supervision of Financial Strategy and Accounting & Finance
Outside Director	Keizo Kosaka	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.
Outside Director	Kenji Murakami	
Outside Director	Nobuyuki Kobayashi	Managing Director, Sumitomo Electric Industries, Ltd.
Outside Director	Mari Sonoda	
Standing Audit & Supervisory Board Member	Takashi Kono	
Standing Audit & Supervisory Board Member	Hiroki Ishida	
Outside Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Representative of Murata Morihiro Accounting Firm
Outside Audit & Supervisory Board Member	Asli M. Colpan	Professor of Graduate School of Economics, Kyoto University Professor of 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 130th Annual General Meeting of Shareholders held on March 24, 2022, Mr. Kiyoshige Muraoka, Mr. Masatsugu Nishino, and Mr. Naoki Okawa, as Directors, and Mr. Hiroki Ishida, as Audit & Supervisory Board Member were newly elected and appointed.
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 interests with general shareholders as stipulated by the Tokyo Stock Exchange, and has duly submitted to the Tokyo Stock Exchange a notification to such effect.
5. Standing Audit & Supervisory Board Member Takashi Kono and Hiroki Ishida oversaw accounting and finance for a considerable period of time at the Company and possesses a considerable degree of knowledge in finance and accounting.
6. 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.
7. 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.
8. 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.

Retiring Directors and Audit & Supervisory Board Members during the fiscal year under review

Name	Position at the Time of Retirement	Date of Retirement <Reason for Retirement>
Yasutaka Ii	Director (Managing Executive Officer)	March 24, 2022 <Due to expiration of his term>
Hiroki Ishida	Director (Senior Executive Officer)	March 24, 2022 <Due to expiration of his term>
Yutaka Kuroda	Director (Senior Executive Officer)	March 24, 2022 <Due to expiration of his term>
Naofumi Harada	Director (Senior Executive Officer)	March 24, 2022 <Due to expiration of his term>
Hiroaki Tanaka	Standing Audit & Supervisory Board Member	March 24, 2022 <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 acts committed with the knowledge that they are in 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

Classification of Officers	Total Amount of Remuneration, Etc.	Total Amount of Remuneration, Etc. by Type			Number of Persons to be Paid
		Fixed Remuneration (Basic Salary)	Short-term Performance-based Remuneration (Bonus)	Medium- to Long-term Incentive Remuneration (Stock Compensation)	
Director (of which, Outside Director)	JPY 483 million (JPY 42 million)	JPY 373 million (JPY 42 million)	JPY 93 million (—)	JPY 17 million (—)	15 (4)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	JPY 85 million (JPY 31 million)	JPY 85 million (JPY 31 million)	— (—)	— (—)	6 (3)

(Note) The above number of persons to be paid includes four Directors and one Audit & Supervisory Board Member who retired as of March 24, 2022.

(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), short-term performance-based remuneration (bonus), and medium- to long-term incentive remuneration (stock compensation).

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 Short-Term 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, short-term performance-based remuneration is cash-based remuneration that reflects performance indicators. An amount corresponding to the level of achievement of performance indicators is paid as bonuses at a certain

time each year. The Company selects indicators for short-term performance-based remuneration that it prioritizes in its corporate strategy, such as business profit and profit attributable to owners of parent. 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 Short-term 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)	1,050,000	42,000	4.0%	39,500	24,500	4.8%	0.6
Target (Interim)	1,145,000	31,000	2.7%	28,000	24,500	4.6%	0.7
Target (Third quarter)	1,100,000	13,000	1.2%	9,000	15,000	2.8%	0.7
Actual	1,098,664	21,963	2.0%	14,988	9,415	1.8%	0.7

(Note) Target figures were announced on February 9, August 8 and November 9, 2022, 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. Policy Related to Determination of Medium- to Long-Term Incentive Remuneration

Medium- to long-term incentive remuneration shall be allocated in the form of Company shares with restrictions on transfer of shares until the time of retirement for reasons deemed justifiable by the Company's Board of Directors, in order to incentivize Directors (excluding Outside Directors) to continuously improve the Company's corporate value and to promote further sharing of value between Directors (excluding Outside Directors) and shareholders. The number of shares shall be determined based on a stock remuneration table determined in consideration of the level of other companies, employee payroll, and other factors in accordance with the position of the employee, and is paid at a certain time each year.

e. Policies Related to Determination of Percentage of Remuneration by Type

Remuneration is structured such that the weighting of incentive 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.

Moreover, 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.

However, the payment ratio will fluctuate as follows, as the actual performance-based remuneration to be paid fluctuates depending on consolidated business profit, etc.

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

f. 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 President and CEO, Representative Director (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 incentive 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 Annual General Meeting of Shareholders held on March 26, 2015. At that time, there were 11 Directors (including two Outside Directors) and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members).

Also, the maximum amount of remuneration, etc. for the grant of restricted stock to Directors (excluding Outside Directors) was resolved at the 130th Annual General Meeting of Shareholders held on March 24, 2022, separately from the maximum amount of remuneration to Directors, to be no more than JPY 40 million per year and no more than 20,000 shares per year. Furthermore, the number of Directors (excluding Outside Directors) at that time was 7.

(5) Executive Officers (As of January 1, 2023)

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

Position	Name	Responsibility and Significant Concurrent Posts
Senior Executive Officer	Takanori Aoi	General Manager of Asia & Oceania HQ
Senior Executive Officer	Tomohiko Masuta	General Manager of Europe & Africa HQ
Senior Executive Officer	Eiichi Masuda	Chairman and Chief Executive Officer of Sumitomo Rubber (China) Co., Ltd. Chairman and Chief Executive Officer of Sumitomo Rubber (Changshu) Co., Ltd. Chairman of Sumitomo Rubber (Hunan) Co., Ltd.
Senior Executive Officer	Hideaki Kawamatsu	In Charge of License Business, General Manager of Sports Business HQ
Senior Executive Officer	Yasuo Watanabe	General Manager of America HQ, Sumitomo Rubber USA, LLC Chairman and President & CEO
Senior Executive Officer	Yasuaki Kuniyasu	In Charge of Corporate Management Planning & Administration, Digital Planning, Brand Management, and International Business, and General Manager of Corporate Planning Dept.
Senior Executive Officer	Hiroshi Matsui	In Charge of Advanced Tyre Technology Development, Motor Sports and Overseas Tyre Technical Service, General Manager of Automotive System Division and General Manager of Tyre Technology HQ
Executive Officer	Toshihiko Komatsu	President and CEO of Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş.
Executive Officer	Kenji Saito	In Charge of Safety, General Manager of Tyre Manufacturing HQ
Executive Officer	Atsuhiko Tanaka	General Manager of Supply Chain Management HQ
Executive Officer	Fumikazu Yamashita	General Manager of Sustainability Management Promotion HQ
Executive Officer	Takuzo Iwata	Senior Vice President of Sumitomo Rubber USA, LLC
Executive Officer	Jiro Kawase	General Manager of Dunlop Tyres Sales HQ
Executive Officer	Hiroshi Hamada	In Charge of Industrial Tyre Business, Product Planning, Motorcycle Tyre, General Manager of Original Equipment Tyre Business HQ
Executive Officer	Yoichi Mizuno	General Manager of Material Research & Development HQ
Executive Officer	Kiyoshi Ikawa	In Charge of Public Relations, General Manager of Human Resources and General Affairs HQ and General Manager of CX Project Promotion Office
Executive Officer	Shingo Sakashita	General Manager of International Business Development & Administration Dept.
Executive Officer	Susumu Tanaka	Vice General Manager of Tyre Technology HQ
Executive Officer	Masahiro Tsuzaki	General Manager of Hybrid Business HQ

(6) Outside Directors / Audit & Supervisory Board Members

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

(i) Status of Significant Concurrently Held Outside Directors/ Audit & Supervisory Board Member (As of December 31, 2022)

Position	Name	Significant Concurrent Post
Director	Keizo Kosaka	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.
Director	Nobuyuki Kobayashi	Managing Director of Sumitomo Electric Industries, Ltd.
Audit & Supervisory Board Member	Morihiro Murata	Certified Public Accountant and Tax Accountant Representative of Murata Morihiro Accounting Firm
Audit & Supervisory Board Member	Asli M. Colpan	Professor of Graduate School of Economics, Kyoto University Professor of 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, Sumitomo Electric Industries, Ltd. provides raw materials, etc. of tires to the Company. The amount of transaction through this business relationship accounts for no more than 1.0% of either company's total consolidated annual revenues.
2. There are no special interests between the Company and other companies in which the Outside Directors/ Audit & Supervisory Board Members hold significant concurrent positions.

(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 advice that lead to the improvement of corporate governance of the Company and expresses his opinions on the new Mid-Term Plan, 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 advice that lead to the improvement of corporate governance of the Company and expresses his opinions on the new Mid-Term Plan, 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 advice and opinions based on his experience as a manager.

Position	Name	Activities Engaged In
Director	Nobuyuki Kobayashi	<u>Number of Meetings of the Board of Directors Attended: 14/14</u> At the Board of Directors meetings, he provides advice that lead to the improvement of corporate governance of the Company and expresses his opinions on the new Mid-Term Plan, based on his abundant knowledge and experience primarily in the fields of financial strategies and accounting. In addition, at the Nomination and Remuneration Committee, he provides specific advice and opinions based on his experience as a manager.
Director	Mari Sonoda	<u>Number of Meetings of the Board of Directors Attended: 14/14</u> At the Board of Directors meetings, she provides advice that lead to the improvement of corporate governance of the Company and expresses her opinions on the new Mid-Term Plan, 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 advice 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 & Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, he provides advice that lead to the improvement of corporate governance of the Company and expresses his opinions on the new Mid-Term Plan, 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 advice 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 & Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, she provides advice that lead to the improvement of corporate governance of the Company and expresses her opinions on the new Mid-Term Plan, based on her abundant knowledge and experience primarily as a person of learning and experience. In addition, at the Nomination and Remuneration Committee, she provides specific advice and opinions based on her 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 & Supervisory Board Attended: 12/12</u> At the meetings of the Board of Directors and the Audit & Supervisory Board, he provides advice that lead to the improvement of corporate governance of the Company and expresses his opinions on the new Mid-Term Plan, 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 advice and opinions based on his experience as a manager.

(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 73 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 178 million

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

JPY 178 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 the auditor's remuneration receivable under the Companies Act and the auditor's remuneration receivable under the Financial Instruments and Exchange Law and the above amounts therefore represent the total of these remuneration payable by the Company because these categories cannot be distinguished effectively.
3. Among our major establishments and principal subsidiaries, subsidiaries abroad, such as P.T. Sumi Rubber Indonesia, 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, etc., 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 Dismissal or Non-reappointment of an Accounting Auditor

If the Company's Audit & Supervisory Board decides that the Company should immediately dismiss 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 General Meeting of Shareholders concerning the dismissal or non-reappointment of such Accounting Auditor.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As of December 31, 2022)

(Unit: JPY Million)

<u>ASSETS</u>	<u>AMOUNT</u>
CURRENT ASSETS:	623,899
Cash and cash equivalents	73,846
Trade and other receivables	209,009
Other financial assets	6,950
Inventories	283,501
Other current assets	50,593
NON-CURRENT ASSETS:	601,303
Property, plant and equipment	436,307
Goodwill	26,412
Intangible assets	45,919
Investments accounted for using equity method	4,462
Other financial assets	34,303
Net defined benefit asset	38,899
Deferred tax assets	12,953
Other non-current assets	2,048
<u>TOTAL ASSETS</u>	1,225,202

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
CURRENT LIABILITIES:	352,908
Bonds and loans payable	100,895
Trade and other payables	176,151
Other financial liabilities	14,431
Income tax payable	7,980
Provisions	1,299
Other current liabilities	52,152
NON-CURRENT LIABILITIES:	308,431
Bonds and loans payable	210,907
Other financial liabilities	48,191
Net defined benefit liability	21,333
Provisions	1,654
Deferred tax liabilities	4,690
Other non-current liabilities	21,656
<u>TOTAL LIABILITIES</u>	661,339
<u>EQUITY</u>	<u>AMOUNT</u>
Equity attributable to owners of parent	546,200
Capital stock	42,658
Capital surplus	39,705
Retained earnings	478,379
Treasury stock	(61)
Other components of equity	(14,481)
Non-controlling interest	17,663
<u>TOTAL EQUITY</u>	563,863
<u>TOTAL LIABILITIES AND EQUITY</u>	1,225,202

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2022 to December 31, 2022)

(Unit: JPY Million)

<u>ITEM</u>	<u>AMOUNT</u>
Sales revenue	1,098,664
Cost of sales	(845,442)
Gross profit	253,222
Selling, general and administrative expenses	(231,259)
Business profit	21,963
Other income	3,093
Other expenses	(10,068)
Operating profit	14,988
Financial income	11,519
Financial expenses	(4,041)
Equity in earnings of affiliates	73
Profit before tax	22,539
Income tax expenses	(10,083)
Profit	12,456
Profit attributable to:	
Owners of parent	9,415
Non-controlling interests	3,041
Profit	12,456

NON-CONSOLIDATED BALANCE SHEET

(As of December 31, 2022)

(Unit: JPY Million)

<u>ASSETS</u>	<u>AMOUNT</u>
CURRENT ASSETS:	363,710
Cash and deposits	2,850
Notes receivable-trade	792
Electronically recorded monetary claims	5,165
Accounts receivable-trade	198,813
Merchandise and finished goods	32,278
Work in process	3,870
Raw materials and supplies	26,864
Accounts receivable-other	31,549
Short-term loans receivable	55,014
Other	6,555
Allowance for doubtful accounts	(40)
NON-CURRENT ASSETS:	531,110
PROPERTY, PLANT AND EQUIPMENT:	112,038
Buildings	27,538
Structures	3,723
Machinery and equipment	39,326
Vehicles	676
Tools, furniture and fixtures	12,135
Land	19,213
Leased assets	1,307
Construction in progress	8,120
INTANGIBLE ASSETS:	24,300
Trademark right	10,803
Software	13,109
Leased assets	178
Other	210
INVESTMENTS AND OTHER ASSETS:	394,772
Investment securities	20,512
Stocks of subsidiaries and associates	325,833
Long-term loans receivable	14,827
Long-term prepaid expenses	849
Guarantee deposits	2,868
Prepaid pension cost	21,696
Deferred tax assets	8,590
Other	3
Allowance for doubtful accounts	(406)
<u>TOTAL ASSETS</u>	894,820

(Unit: JPY Million)

<u>LIABILITIES</u>	<u>AMOUNT</u>
CURRENT LIABILITIES:	293,703
Notes payable-trade	724
Electronically recorded obligations	2,426
Accounts payable-trade	79,404
Short-term loans payable	59,129
Current portion of long-term loans payable	28,067
Lease obligations	537
Accounts payable-other	36,929
Accrued expenses	5,865
Income tax payable	262
Deposits received	75,786
Provision for bonuses	2,145
Provision for directors' bonuses	40
Provision for loss on voluntary recall of products	866
Other	1,523
NON-CURRENT LIABILITIES:	220,384
Bonds payable	35,000
Long-term loans payable	175,185
Lease obligations	908
Provision for retirement benefits	6,004
Asset retirement obligations	413
Provision for loss on voluntary recall of products	231
Other	2,643
<u>TOTAL LIABILITIES</u>	514,087
<u>NET ASSETS</u>	<u>AMOUNT</u>
TOTAL EQUITY:	370,919
Capital stock	42,658
Capital surplus:	38,702
Legal capital surplus	38,702
Retained earnings:	289,619
Legal retained earnings	4,536
Other retained earnings:	285,083
Reserve for advanced depreciation of non-current assets	2,339
General reserve	74,842
Retained earnings brought forward	207,902
Treasury stock	(60)
VALUATION AND TRANSLATION ADJUSTMENTS:	9,814
Valuation difference on available-for-sale securities	9,814
<u>TOTAL NET ASSETS</u>	380,733
<u>TOTAL LIABILITIES AND NET ASSETS</u>	894,820

NON-CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2022 to December 31, 2022)

(Unit: JPY Million)

<u>ITEM</u>	<u>AMOUNT</u>	
Net sales		566,086
Cost of sales		(518,123)
Gross profit		47,963
Selling, general and administrative expenses		(84,160)
Operating Loss (-)		(36,197)
Non-operating income:		
Interest and dividend income	47,268	
Foreign exchange losses	12,469	
Other	1,569	61,306
Non-operating expenses:		
Interest expenses	(1,898)	
Loss on sales of notes payable	(348)	
Loss on valuation of derivatives	(813)	
Other	(930)	(3,989)
Ordinary income		21,120
Extraordinary income:		
Insurance claim income	430	
Gain on extinguishment of tie-in shares	290	
Gain on sales of non-current assets	137	857
Extraordinary losses:		
Loss on valuation of shares of subsidiaries and associates	(1,729)	
Impairment losses	(1,339)	
Loss on retirement of non-current assets	(859)	
Loss on voluntary recall of products	(440)	
Loss on disaster	(440)	
Provision of allowance for doubtful accounts for subsidiaries and associates	(236)	
Loss on sales of non-current assets	(3)	(5,046)
Income before income taxes		16,931
Income taxes-current	(2,958)	
Income taxes-deferred	5,905	2,947
Profit		19,878

INDEPENDENT AUDITOR'S REPORT

February 27, 2023

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

KPMG AZSA LLC Kobe Office

Masateru Matsui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masanobu Kono
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shingo Kitaguchi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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 131st fiscal year from January 1, 2022 through December 31, 2022.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of and in accordance with accounting standards of some disclosure items required under International Financial Reporting Standards in accordance with the provisions of the latter part of the first paragraph, Article 120 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the Group, which consists of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2022.

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" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and have fulfilled our 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.

Other Information

Management is responsible for the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Group's reporting process for the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 conformity with accounting principles prescribed in the latter part of the first paragraph, Article 120 of the Regulation on Corporate Accounting, which permits the preparation of consolidated financial statements by omitting certain disclosure items required by International Financial Reporting Standards, and for designing and operating such internal control 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, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in conformity with accounting principles prescribed in the latter part of the first paragraph, Article 120 of the Regulation on Corporate Accounting, that omit some of the 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 design 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 whether the consolidated financial statements are free from material misstatements as a whole, whether due to fraud or error, by obtaining reasonable assurances based on our audit from an independent standpoint in an audit report. Misstatements may arise from fraud or error, and are deemed material if they are reasonably expected to affect the decision-making of users taken on the basis of the consolidated financial statements, individually or in the aggregate.

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

- We identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, and design and perform the auditing procedures responding to those risks. The procedures shall be selected and applied at the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

- In making those risk assessments, the auditors consider internal controls 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 on the appropriateness of management's use of the going concern basis to prepare consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to the events or situations that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes of the consolidated financial statements; or if the notes of the consolidated financial statements are inadequate, we are required to express an opinion with exceptive items on the consolidated financial statements. However, future events or situations may cause the Company to cease to continue as a going concern, although our conclusions are based on the audit evidence obtained by the date of our auditor's report.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles prescribed in the latter part of the first paragraph, Article 120 of the Regulation on Corporate Accounting, that omit some of the disclosure items required by International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- 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. We are responsible for the direction, supervision, and performance of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

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

We report, to the Audit & Supervisory Board Members and the Board, a statement that we have complied with relevant ethical requirements regarding independence in Japan, and communicate with them matters that may reasonably be considered to have an impact on our independence, and where applicable, details of safeguards that are in place to eliminate or mitigate hindrance.

Conflicts of Interest

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

INDEPENDENT AUDITOR'S REPORT

February 27, 2023

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

KPMG AZSA LLC Kobe Office

Masateru Matsui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masanobu Kono
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shingo Kitaguchi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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 131st fiscal year from January 1, 2022 through December 31, 2022.

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, 2022, 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.” section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and have fulfilled our 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.

Other Information

Management is responsible for the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design, implementation and maintenance of the Group’s reporting process for the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 assessing 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 whether the non-consolidated financial statements, etc. are free from material misstatements, whether due to fraud or error, by obtaining reasonable assurance based on our audit from an independent standpoint in an audit report. Misstatement may arise from fraud or error, and is deemed material if it is reasonably expected to affect the decision-making of users taken on the basis of the non-consolidated financial statements, etc., individually or in the aggregate.

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

- We identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform the auditing procedures responding to those risks. The procedures shall be selected and applied at the auditors' judgment. Furthermore, we shall obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- 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 on the appropriateness of management's use of the going concern basis to prepare non-consolidated financial statements, etc. and based on the audit evidence obtained, whether a material uncertainty exists related to the event or situation that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes of the non-consolidated financial statements, etc.; or if the notes of the non-consolidated financial statements, etc. are inadequate, we are required to express an opinion with exceptive items on the non-consolidated financial statements, etc. However, future events or situations may cause the Company to cease to continue as a going concern, although our conclusions are based on the audit evidence obtained by the date of our auditor's report.
- We evaluate 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 planned scope and timing of the audit, material findings of the audit including any material deficiencies in internal controls identified in the process of the audit, and other matters required by auditing standards.

We report, to the Audit & Supervisory Board Members and the Board, a statement that we have complied with relevant ethical requirements regarding independence in Japan, and communicate with them matters that may reasonably be considered to have an impact on our independence, and where applicable, details of safeguards that are in place to eliminate or mitigate hindrance.

Conflicts of Interest

Our firm and the engagement partners 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 131st fiscal year (beginning on January 1, 2022 and ending on December 31, 2022), 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 performing 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 performing an audit, and performed an audit according to the following method:
 - (i) We participated in the Board of Directors meetings 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 Regulations 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 verified 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 “systems for ensuring that the performance of its duties is being carried out correctly” (pursuant to each item of Article 131 of the Regulation on Corporate Accounting) is being established in accordance with the “Quality Control Standard for Audit” (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 fiscal year under review.

2. Results of Audit

(1) Result of Audit of the Business Report, etc. We are of the view:

We are of the view:

- (i) 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) 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) The resolution of the Board of Directors concerning the internal control system is appropriate. We have found no matters to remark with regard to the execution of duties by the Directors concerning this internal control system.

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

We confirm that the method and results of audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We confirm that the method and results of audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

February 28, 2023

Sumitomo Rubber Industries, Ltd.

Audit & Supervisory Board

Takashi Kono (seal)

Standing Audit & Supervisory Board Member

Hiroki Ishida (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 Members.