

Consolidated Financial Results
for the Nine Months Ended September 30, 2023
[IFRS]



November 10, 2023

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of filing quarterly securities report : November 13, 2023
 Scheduled date of commencing dividend payments : -
 Supplementary documents for quarterly financial results : Yes
 Quarterly financial results briefing session : Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)

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

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended										
September 30, 2023	850,702	8.9	41,964	239.1	41,443	321.3	27,205	89.3	79,355	(4.8)
September 30, 2022	781,512	18.9	12,374	(61.4)	9,836	(67.1)	14,372	(30.7)	83,356	109.6

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

	Basic profit per share	Diluted profit per share	Business profit to sales revenue ratio
Nine months ended	Yen	Yen	%
September 30, 2023	103.43	-	4.9
September 30, 2022	54.65	-	1.6

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2023	1,285,117	635,229	618,099	48.1	2,350.02
December 31, 2022	1,225,202	563,863	546,200	44.6	2,076.74

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2023	109,682	(48,625)	(61,184)	80,570
September 30, 2022	3,438	(58,325)	45,361	77,016

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2022	-	20.00	-	15.00	35.00
December 31, 2023	-	5.00	-		
Fiscal year ending December 31, 2023 (Forecast)				40.00	45.00

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

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

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,180,000	7.4	63,000	186.8	46,000	206.9	29,000	208.0	110.26

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

Notes:

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2023
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : Yes
 - 2) Changes in accounting policies other than 1) : None
 - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
 - September 30, 2023 : 263,043,057 shares
 - December 31, 2022 : 263,043,057 shares
 - 2) Total number of treasury stock at the end of the period
 - September 30, 2023 : 24,846 shares
 - December 31, 2022 : 34,841 shares
 - 3) Average number of shares during the period
 - Nine months ended September 30, 2023 : 263,014,575 shares
 - Nine months ended September 30, 2022 : 263,003,526 shares

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

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

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

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

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

(1) Operating Results

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	781,512	850,702	8.9
Tires	661,292	720,594	9.0
Sports	89,921	97,256	8.2
Industrial and Other Products	30,299	32,852	8.4
Business profit	12,374	41,964	239.1
Tires	3,406	31,853	835.3
Sports	8,258	8,900	7.8
Industrial and Other Products	548	1,192	117.1
Adjustments	162	19	-
Operating profit	9,836	41,443	321.3
Profit attributable to owners of parent	14,372	27,205	89.3

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

Foreign exchange rates applied

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	128	138	10
Yen / Euro	136	150	14

During the nine months ended September 30, 2023, the economic environment continued to recover despite the high levels of inflation in certain regions and drastic interest rate hikes to appease such rise in prices, the geopolitical tension reflecting the situations in Ukraine and Middle East, and economic stagnation in some regions. While the Japanese economy continued to recover gradually because of the improvement in the employment and income environment, there is a risk that the deceleration in overseas economies may depress the domestic business conditions and an uncertainty of trends in foreign exchange, interest and prices.

In the business environment surrounding the Group, there was a significant reduction in freight costs that soared in the same period of the previous fiscal year and a lull in the soaring raw material prices and energy costs, which considerably improved the profit as compared with the same period a year ago.

Under these circumstances, the Group strongly promoted company-wide projects that aim to reinforce our business foundation with the goal of accomplishing the Mid-Term Plan, which sets 2027 as the target year. At the same time, we worked to strengthen our competitive advantage through such efforts as developing and expanding sales of high-performance products that meet the needs of customers.

As a result, sales revenue of the Group increased 8.9% from the same period of the previous fiscal year to ¥850,702 million, business profit increased 239.1% to ¥41,964 million, operating profit increased 321.3% to ¥41,443 million and profit attributable to owners of parent increased 89.3% to ¥27,205 million.

Operating results by business segment were as follows.

Tire Business

Sales revenue in the tire business increased 9.0% from the same period of the previous fiscal year to ¥720,594 million, and business profit increased 835.3% to ¥31,853 million.

In the domestic original equipment market, recent sales exceeded the level of the same period of the previous fiscal year, as the impact of ongoing production constraints at auto manufacturers, which mainly stemmed from the global shortage of semiconductors, was wearing off.

In the domestic replacement market, sales declined from the same period of the previous fiscal year due to sluggish sale in the third quarter affected by the price increases of winter tires from July, in addition to the market stagnation.

In the overseas original equipment market, sales slightly fell below the level of the same period of the previous fiscal year due in part to sales falling below the level of the same period of the previous fiscal year in a major market, China.

In the overseas replacement market, sales remained at a low level due to the weak market in the Asia and Oceania region although sales in China exceeded the level of the same period of the previous fiscal year when orders significantly declined due to the impact of COVID-19. Meanwhile, in Southeast Asia, sales fell below the level of the same period of the previous fiscal year amid the overall sluggish market. In Europe, sales volume fell below the level of the same period of the previous fiscal year, because demand for winter tires was sluggish due to warm winter as well as demand for tires is somewhat slowing down due in part to the growing inflation. In the American region, while sales volume in North America fell below the level of the same period of the previous fiscal year due in part to control of sales of low-profit products, sales of flagship Falken tires exceeded the level of the same period of the previous fiscal year with strong sales of WILDPEAK Series, which has been well received in the market. In South America, our sales were on par with the level of the previous fiscal year, having nearly as much sales as we planned, although import products increased in the market against the backdrop of a decline in ocean freight.

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

Sports Business

Sales revenue in the sports business increased 8.2% from the same period of the previous fiscal year to ¥97,256 million, and business profit increased 7.8% from the same period of the previous fiscal year to ¥8,900 million.

In the golf goods market, sales revenue exceeded the level of the same period of the previous fiscal year as we were able to keep strong sales performance primarily in overseas markets such as North America and South Korea thanks to good performance of our contract golf players although sales decreased in Japan due to the impact of the second year after the launch of the 12th generation XXIO club.

In the tennis goods markets, sales revenue exceeded the level of the same period of the previous fiscal year because of the effects such as foreign exchange on sales in overseas markets, although the sales volume was lower than that of the same period a year ago mainly due to the influence of rise in prices.

In the wellness business, sales revenue exceeded the level of the same period of the previous fiscal year thanks to the effects of the price increases as well as comprehensive facilities newly opened during the period.

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

Industrial and Other Products Business

Sales revenue in the industrial and other products business increased 8.4% from the same period of the previous fiscal year to ¥32,852 million, and business profit increased 117.1% to ¥1,192 million.

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

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

As part of structural reforms, we have announced that the Industrial Products Business will gradually cease its production and shipment and completely withdraw from gas hoses by March 31, 2025, which have been produced and sold for 50 years.

(2) Financial Position

	As of December 31, 2022	As of September 30, 2023	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,225,202	1,285,117	59,915
Total equity	563,863	635,229	71,366
Total equity attributable to owners of parent	546,200	618,099	71,899
Total equity attributable to owners of parent ratio (%)	44.6	48.1	3.5
Equity attributable to owners of parent per share	2,076.74 yen	2,350.02 yen	273.28 yen

The financial position of the Group was as follows.

Total assets increased ¥59,915 million from the end of the previous fiscal year to ¥1,285,117 million mainly as a result of acquisition of tangible assets and increase in cash and cash equivalents and trade and other receivables.

Total liabilities decreased ¥11,451 million from the end of the previous fiscal year to ¥649,888 million mainly as a result of decrease in interest-bearing debt.

Total equity as of September 30, 2023 increased ¥71,366 million from the end of the previous fiscal year to ¥635,229 million, of which equity attributable to owners of parent accounted for ¥618,099 million, and non-controlling interest accounted for ¥17,130 million.

As a result, ratio of equity attributable to owners of parent was 48.1%, and equity attributable to owners of parent per share was ¥2,350.02.

(3) Consolidated Financial Results Forecast and Other Future Forecast

As for the consolidated financial results for the fiscal year ending December 31, 2023, sales revenue is expected to exceed the previously announced forecast due to the easing of the downward trend in automotive production volume due to the shortage of semiconductors, and the effect of foreign currency translation. In addition, the business profit, operating profit and profit attributable to owners of parent are supposed to exceed the previously announced forecast due to alleviation of the rising prices of raw materials, improvement of the sales mix by focusing on advanced tires and other factors.

Regarding consolidated financial results forecast for the fiscal year ending December 31, 2023, the Group has revised the previous forecast as follows.

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

	Forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Sales revenue	1,180,000	1,170,000	10,000	0.9	1,098,664
Tires	1,010,500	1,001,000	9,500	0.9	939,941
Sports	125,500	124,500	1,000	0.8	116,597
Industrial and Other Products	44,000	44,500	(500)	(1.1)	42,126
Business profit	63,000	50,000	13,000	26.0	21,963
Tires	52,000	39,000	13,000	33.3	12,311
Sports	10,000	10,000	-	-	8,943
Industrial and Other Products	1,000	1,000	-	-	680
Adjustments	-	-	-	-	29
Operating profit	46,000	41,000	5,000	12.2	14,988
Profit attributable to owners of parent	29,000	23,000	6,000	26.1	9,415

Foreign exchange rates applied

	Forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	140	135	5	132
Yen / Euro	152	148	4	138

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	73,846	80,570
Trade and other receivables	209,009	214,880
Other financial assets	6,950	4,416
Inventories	283,501	284,789
Other current assets	50,593	56,275
Total current assets	623,899	640,930
Non-current assets		
Tangible assets	436,307	459,669
Goodwill	26,412	29,960
Intangible assets	45,919	49,795
Investments accounted for using equity method	4,462	4,418
Other financial assets	34,303	40,450
Net defined benefit asset	38,899	39,607
Deferred tax assets	12,953	17,923
Other non-current assets	2,048	2,365
Total non-current assets	601,303	644,187
Total assets	1,225,202	1,285,117

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	100,895	90,282
Trade and other payables	176,151	167,542
Other financial liabilities	14,431	16,584
Income tax payable	7,980	19,792
Provisions	1,299	1,260
Other current liabilities	52,152	66,196
Total current liabilities	352,908	361,656
Non-current liabilities		
Bonds and loans payable	210,907	184,297
Other financial liabilities	48,191	50,790
Net defined benefit liability	21,333	22,179
Provisions	1,654	1,448
Deferred tax liabilities	4,690	7,867
Other non-current liabilities	21,656	21,651
Total non-current liabilities	308,431	288,232
Total liabilities	661,339	649,888
Equity		
Capital stock	42,658	42,658
Capital surplus	39,705	39,702
Retained earnings	478,379	500,484
Treasury stock	(61)	(43)
Other components of equity	(14,481)	35,298
Total equity attributable to owners of parent	546,200	618,099
Non-controlling interest	17,663	17,130
Total equity	563,863	635,229
Total liabilities and equity	1,225,202	1,285,117

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

(Millions of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Sales revenue	781,512	850,702
Cost of sales	(598,118)	(629,723)
Gross profit	183,394	220,979
Selling, general and administrative expenses	(171,020)	(179,015)
Business profit	12,374	41,964
Other income	2,435	1,919
Other expenses	(4,973)	(2,440)
Operating profit	9,836	41,443
Financial income	17,051	10,254
Financial expenses	(2,614)	(5,201)
Share of profit (loss) of entities accounted for using equity method	73	(38)
Profit before tax	24,346	46,458
Income tax expenses	(7,975)	(18,672)
Profit	16,371	27,786
Profit attributable to:		
Owners of parent	14,372	27,205
Non-controlling interests	1,999	581
Profit	16,371	27,786
Profit per share		
Basic profit per share (Yen)	54.65	103.43

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	16,371	27,786
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(849)	4,095
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	87	(34)
Currency translation differences of foreign operations	67,747	47,508
Other comprehensive income, net of tax	66,985	51,569
Comprehensive income	83,356	79,355
Comprehensive income attributable to:		
Owners of parent	78,524	77,024
Non-controlling interests	4,832	2,331
Comprehensive income	83,356	79,355

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2022	42,658	39,715	481,455	(85)	(74,238)	(126)
Hyperinflation adjustment			1,811		6,328	
Restated balances as of January 1, 2022	42,658	39,715	483,266	(85)	(67,910)	(126)
Profit			14,372			
Other comprehensive income					64,913	87
Total comprehensive income	-	-	14,327	-	64,913	87
Purchase of treasury stock				(2)		
Disposal of treasury stock		(0)		0		
Dividends			(13,150)			
Share-based payment transactions		(10)		27		
Transfer to retained earnings			90			
Transfer to capital surplus		10	(10)			
Other		(10)				
Total transactions with owners	-	(10)	(13,070)	25	-	-
Balance as of September 30, 2022	42,658	39,705	484,568	(60)	(2,997)	(39)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2022	12,161	-	(62,203)	501,540	12,003	513,543
Hyperinflation adjustment			6,328	8,139	2,035	10,174
Restated balances as of January 1, 2022	12,161	-	(55,875)	509,679	14,038	523,717
Profit			-	14,372	1,999	16,371
Other comprehensive income	(848)		64,152	64,152	2,833	66,985
Total comprehensive income	(848)	-	64,152	78,524	4,832	83,356
Purchase of treasury stock			-	(2)		(2)
Disposal of treasury stock			-	0		0
Dividends			-	(13,150)	(1,577)	(14,727)
Share-based payment transactions			-	17		17
Transfer to retained earnings	(90)		(90)	-		-
Transfer to capital surplus			-	-		-
Other			-	(10)		(10)
Total transactions with owners	(90)	-	(90)	(13,145)	(1,577)	(14,722)
Balance as of September 30, 2022	11,223	-	8,187	575,058	17,293	592,351

For the nine months ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2023	42,658	39,705	478,379	(61)	(25,144)	27
Profit			27,205			
Other comprehensive income					45,758	(34)
Total comprehensive income	-	-	27,205	-	45,758	(34)
Purchase of treasury stock				(3)		
Disposal of treasury stock		(0)		0		
Dividends			(5,260)			
Share-based payment transactions		(7)		21		
Transfer to retained earnings			40			
Transfer to capital surplus		7	(7)			
Other		(3)	127			
Total transactions with owners	-	(3)	(5,100)	18	-	-
Balance as of September 30, 2023	42,658	39,702	500,484	(43)	20,614	(7)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2023	10,636	-	(14,481)	546,200	17,663	563,863
Profit			-	27,205	581	27,786
Other comprehensive income	4,095		49,819	49,819	1,750	51,569
Total comprehensive income	4,095	-	49,819	77,024	2,331	79,355
Purchase of treasury stock			-	(3)		(3)
Disposal of treasury stock			-	0		0
Dividends			-	(5,260)	(2,860)	(8,120)
Share-based payment transactions			-	14		14
Transfer to retained earnings	(40)		(40)	-		-
Transfer to capital surplus			-	-		-
Other			-	124	(4)	120
Total transactions with owners	(40)	-	(40)	(5,125)	(2,864)	(7,989)
Balance as of September 30, 2023	14,691	-	35,298	618,099	17,130	635,229

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Cash flows from operating activities		
Profit before tax	24,346	46,458
Depreciation and amortization	56,348	58,617
Interest and dividends income	(2,144)	(2,655)
Interest expenses	2,615	4,662
Share of loss (profit) of entities accounted for using equity method	(73)	38
Decrease (increase) in inventories	(76,884)	16,177
Decrease (increase) in trade and other receivables	21,078	7,242
Increase (decrease) in trade and other payables	833	(9,648)
Other, net	(8,913)	6,705
Subtotal	17,206	127,596
Interest received	1,510	2,263
Dividend income received	573	489
Interest expenses paid	(2,418)	(4,541)
Income taxes paid	(13,433)	(16,125)
Net cash provided by (used in) operating activities	3,438	109,682
Cash flows from investing activities		
Purchase of tangible assets	(50,205)	(45,134)
Proceeds from sales of tangible assets	368	727
Purchase of intangible assets	(4,981)	(6,358)
Proceeds from sales of investment securities	183	354
Payment for transfer of business	(2,333)	—
Other, net	(1,357)	1,786
Net cash provided by (used in) investing activities	(58,325)	(48,625)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	18,062	(13,362)
Proceeds from long-term debt and newly issued bonds	72,504	7,078
Repayments of long-term debt and redemption of bonds	(20,520)	(35,146)
Repayments of lease obligations	(10,068)	(11,651)
Cash dividends paid	(13,038)	(5,242)
Cash dividends paid to non-controlling interests	(1,577)	(2,860)
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	45,361	(61,184)
Effect of exchange rate change on cash and cash equivalents	11,449	6,851
Net increase (decrease) in cash and cash equivalents	1,923	6,724
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents at the end of current period	77,016	80,570

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

(Significant Accounting Policies)

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

Income tax expenses for the nine months ended September 30, 2023 were calculated using the estimated average annual effective tax rate.

(Application of Amendments to IAS 12 *Income Taxes*)

The Group has applied the amendments to IAS 12 *Income Taxes* issued in May 2023 from the fiscal year ending December 31, 2023. The amendments have clarified that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the BEPS Pillar Two GloBE Rules (global minimum taxation rules) published by OECD. The amendments also provide a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules. In addition, as the amendments require an entity to retrospectively apply the said temporary exception immediately upon issuance of the amendments, the Group has adopted the said exception retrospectively from the current fiscal year and thus does not recognize or disclose deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

(Segment Information)

1. Information by reportable segment

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

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

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

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

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

2. Reportable segment sales revenues and profit or loss

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

Figures for reportable segment are based on business profit.

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

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

(Millions of yen)

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

(Notes)

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

For the nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Quarterly Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	720,594	97,256	32,852	850,702	-	850,702
Inter-segment sales revenue	1,053	114	947	2,114	(2,114)	-
Total	721,647	97,370	33,799	852,816	(2,114)	850,702
Segment profit (Business profit) (Note 1)	31,853	8,900	1,192	41,945	19	41,964
Other income and expenses						(521)
Operating profit						41,443

(Notes)

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

(Significant Subsequent Events)

None