

# Consolidated Financial Results for the Nine Months Ended September 30, 2024 [IFRS]



November 8, 2024

Company name : Sumitomo Rubber Industries, Ltd.  
 Stock exchange listing : Tokyo Stock Exchange  
 Code number : 5110  
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 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, 2024 (January 1, 2024 to September 30, 2024)

(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, 2024	874,942	2.8	61,514	46.6	11,485	(72.3)	4,050	(85.1)	20,017	(74.8)
September 30, 2023	850,702	8.9	41,964	239.1	41,443	321.3	27,205	89.3	79,355	(4.8)

(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, 2024	15.40	-	7.0
September 30, 2023	103.43	-	4.9

## (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2024	1,271,364	637,181	619,495	48.7	2,355.24
December 31, 2023	1,266,732	641,430	624,114	49.3	2,372.90

### (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, 2024	66,584	(55,052)	(32,856)	69,939
September 30, 2023	109,682	(48,625)	(61,184)	80,570

### 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, 2023	-	5.00	-	53.00	58.00
December 31, 2024	-	29.00	-		
Fiscal year ending December 31, 2024 (Forecast)				29.00	58.00

(Note) Revision to the dividends forecast announced most recently: None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% 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	1,200,000	1.9	80,000	3.0	5,000	(92.2)	1,000	(97.3)	3.80

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

Notes:

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2024  
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
    - September 30, 2024 : 263,043,057 shares
    - December 31, 2023 : 263,043,057 shares
  - 2) Total number of treasury stock at the end of the period
    - September 30, 2024 : 14,827 shares
    - December 31, 2023 : 25,265 shares
  - 3) Average number of shares during the period
    - Nine months ended September 30, 2024 : 263,023,980 shares
    - Nine months ended September 30, 2023 : 263,014,575 shares

\* Review of quarterly financial statements by certified public accountants or auditing firms: None

\* 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, 2023	For the nine months ended September 30, 2024	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	850,702	874,942	2.8
Tires	720,594	748,763	3.9
Sports	97,256	97,689	0.4
Industrial and Other Products	32,852	28,490	(13.3)
Business profit	41,964	61,514	46.6
Tires	31,853	51,154	60.6
Sports	8,900	7,926	(10.9)
Industrial and Other Products	1,192	2,262	89.7
Adjustments	19	172	-
Operating profit	41,443	11,485	(72.3)
Profit attributable to owners of parent	27,205	4,050	(85.1)

(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, 2023	For the nine months ended September 30, 2024	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	138	151	13
Yen / Euro	150	165	15

During the nine months ended September 30, 2024, the economic environment continued to recover gradually, though some regions remain at a standstill. While the Japanese economy is expected to continue to recover steadily with the improvement in the employment and income environment, there is a risk that the deceleration in overseas economies may depress the domestic business conditions, which is due primarily to the impact of continued high interest rates in the U.S. and Europe and the stagnation of the real estate market in China, and an uncertainty of the situation in Middle East as well as the trends in prices.

In the business environment surrounding the Group, while tire sales volume through the third quarter of the year was slightly lower than the level of the same period of the previous fiscal year, which stemmed from the impact of production halted at some automobile manufacturers and the market stagnation due mainly to inflation, the effect such as foreign exchange 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.

In addition, the Company has made the decision to terminate production at the U.S. tire factory which was a major issue in our structural reforms and to dissolve the subsidiary operating the factory. We will carry out procedures for dissolving the subsidiary in accordance with local laws and regulations. These financial results include the amounts to be recorded from January to September.

As a result, sales revenue of the Group increased 2.8% from the same period of the previous fiscal year to ¥874,942 million, business profit increased 46.6% to ¥61,514 million, operating profit decreased 72.3% to ¥11,485 million and profit attributable to owners of parent decreased 85.1% to ¥4,050 million.

Operating results by business segment were as follows.

## **Tire Business**

Sales revenue in the tire business increased 3.9% from the same period of the previous fiscal year to ¥748,763 million, and business profit increased 60.6% to ¥51,154 million.

In the domestic original equipment market, sales significantly fell below the level of the same period of the previous fiscal year due to the typhoon that occurred at the end of August as well as production cutbacks at some automobile manufacturers.

In the domestic replacement market, though sales volume declined from the same period of the previous fiscal year due to rush demand before the prices increase in the same period of the last year, our market share has improved as sales figure of winter and summer tires outperformed the industry.

In the overseas original equipment market, sales substantially declined from the level of the same period of the previous fiscal year due to decreased sale to Japanese automobile manufacturers in Asia.

In the overseas replacement market, in Asia-Oceania region, sales in China remained at a low level due to its market stagnation. Likewise, sales in Southeast Asia fell below from the level of the same period of the previous fiscal year amid the overall sluggish market. In Europe, sales dipped from the level of the same period of the previous fiscal year because all-season tires and other products which constitute strong points of our FALKEN brand temporarily fallen into short supply, having contributed to sales growth through the expansion of the products. In the American region, sales volume fell below the level of the same period of the previous fiscal year, while the sales of a flagship product, WILDPEAK Series increased primarily, and motorcycle tire sales also performed steadily. In South America, sales exceeded the level of the previous fiscal year, as we made efforts to expand sales in the environment where 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 thanks to the impact of foreign exchange, though the sales volume declined below the level of the same of the previous fiscal year.

## **Sports Business**

Sales revenue in the sports business increased 0.4% from the same period of the previous fiscal year to ¥97,689 million, and business profit decreased 10.9% from the same period of the previous fiscal year to ¥7,926 million.

In the golf goods market, sales revenue exceeded the level of the same period of the previous fiscal year due to solid sales performance for 13th generation XXIO club and the impact of foreign exchange, despite deteriorating market conditions in South Korea and intensification of competitive environments in North America.

In the tennis goods markets, sales were on par with the level of the previous fiscal year due to stagnant sales in Europe, in spite of increased sales in Japan and North America.

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 a result, sales revenue in the sports business exceeded the level of the same period of the previous fiscal year, but business profit decreased on account of reduced sales and profits in South Korea and deterioration of the sales mix mainly in North America, both of which are our key markets.

Regarding the wellness business excluding golf and tennis schools, we plan to transfer all shares of the target company to new shareholders in early December.

## **Industrial and Other Products Business**

Sales revenue in the industrial and other products business decreased 13.3% from the same period of the previous fiscal year to ¥28,490 million, and business profit increased 89.7% to ¥2,262 million.

Sales of rubber parts for medical applications decreased as we conducted a stock transfer of our subsidiary engaged in manufacturing and sales of medical rubber products in Europe at the end of January 2024, which led to substantial decline in sales in Europe. In addition, sales for daily life supplies fell below the level of same period of the previous fiscal year, but sales for infrastructure products and rubber parts for office equipment increased.

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

## (2) Financial Position

	As of December 31, 2023	As of September 30, 2024	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	1,266,732	1,271,364	4,632
Total equity	641,430	637,181	(4,249)
Total equity attributable to owners of parent	624,114	619,495	(4,619)
Total equity attributable to owners of parent ratio (%)	49.3	48.7	(0.5)
Equity attributable to owners of parent per share	2,372.90 yen	2,355.24 yen	(17.66) yen

The financial position of the Group was as follows.

Total assets increased ¥4,632 million from the end of the previous fiscal year to ¥1,271,364 million mainly as a result of increase in inventories.

Total liabilities increased ¥8,881 million from the end of the previous fiscal year to ¥634,183 million mainly as a result of decrease in interest-bearing debt.

Total equity as of September 30, 2024 decreased ¥4,249 million from the end of the previous fiscal year to ¥637,181 million, of which equity attributable to owners of parent accounted for ¥619,495 million, and non-controlling interest accounted for ¥17,686 million.

As a result, ratio of equity attributable to owners of parent was 48.7%, and equity attributable to owners of parent per share was ¥2,355.24.

(3) Consolidated Financial Results Forecast and Other Future Forecast

With regard to the consolidated financial results forecast for the fiscal year ending December 31, 2024, operating profit and profit attributable to owners of parent are expected to be lower than the previous forecast due to the decision the Company made to terminate production in Sumitomo Rubber USA, LLC (“SRUSA”) and dissolve the company.

For details about the termination of production in SRUSA and its dissolution, please refer to "Termination of Production and Dissolution of a Consolidated Subsidiary in US and Recording of Other expenses" released on November 7, 2024.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

	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	1,200,000	1,200,000	-	-	1,177,399
Tires	1,032,500	1,030,000	2,500	0.2	1,006,381
Sports	129,500	132,500	(3,000)	(2.3)	126,647
Industrial and Other Products	38,000	37,500	500	1.3	44,371
Business profit	80,000	80,000	-	-	77,670
Tires	68,500	67,500	1,000	1.5	63,572
Sports	9,000	10,000	(1,000)	(10.0)	12,482
Industrial and Other Products	2,500	2,500	-	-	1,603
Adjustments	-	-	-	-	13
Operating profit	5,000	61,000	(56,000)	(91.8)	64,490
Profit attributable to owners of parent	1,000	41,000	(40,000)	(97.6)	37,048

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	149	153	(4)	141
Yen / Euro	163	165	(2)	152

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, 2023	As of September 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	90,251	69,939
Trade and other receivables	215,970	194,431
Other financial assets	2,896	2,348
Inventories	262,456	295,962
Other current assets	51,368	61,576
Subtotal	622,941	624,256
Assets related to disposal groups classified as held for sale	1,778	14,220
Total current assets	624,719	638,476
<b>Non-current assets</b>		
Tangible assets	451,621	424,150
Goodwill	29,704	28,302
Intangible assets	50,332	56,196
Investments accounted for using equity method	4,486	4,518
Other financial assets	33,056	36,353
Net defined benefit asset	53,474	54,149
Deferred tax assets	17,357	28,100
Other non-current assets	1,983	1,120
Total non-current assets	642,013	632,888
Total assets	1,266,732	1,271,364

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	61,209	73,694
Trade and other payables	175,844	159,752
Other financial liabilities	16,542	15,260
Income tax payable	17,450	11,142
Provisions	2,235	1,298
Other current liabilities	56,271	62,009
Subtotal	329,551	323,155
Liabilities related to disposal groups classified as held for sale	1,538	10,850
Total current liabilities	331,089	334,005
Non-current liabilities		
Bonds and loans payable	184,166	177,348
Other financial liabilities	52,139	64,470
Net defined benefit liability	23,027	24,250
Provisions	1,431	870
Deferred tax liabilities	12,219	12,254
Other non-current liabilities	21,231	20,986
Total non-current liabilities	294,213	300,178
Total liabilities	625,302	634,183
Equity		
Capital stock	42,658	42,658
Capital surplus	39,702	39,830
Retained earnings	522,716	505,242
Treasury stock	(43)	(25)
Other components of equity	19,081	31,790
Total equity attributable to owners of parent	624,114	619,495
Non-controlling interest	17,316	17,686
Total equity	641,430	637,181
Total liabilities and equity	1,266,732	1,271,364

(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, 2023	For the nine months ended September 30, 2024
Sales revenue	850,702	874,942
Cost of sales	(629,723)	(614,850)
Gross profit	220,979	260,092
Selling, general and administrative expenses	(179,015)	(198,578)
Business profit	41,964	61,514
Other income	1,919	3,520
Other expenses	(2,440)	(53,549)
Operating profit	41,443	11,485
Financial income	10,254	7,910
Financial expenses	(5,201)	(11,753)
Share of profit (loss) of entities accounted for using equity method	(38)	36
Profit before tax	46,458	7,678
Income tax expenses	(18,672)	(1,022)
Profit	27,786	6,656
Profit attributable to:		
Owners of parent	27,205	4,050
Non-controlling interests	581	2,606
Profit	27,786	6,656
Profit per share		
Basic profit per share (Yen)	103.43	15.40

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	27,786	6,656
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,095	692
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(34)	9
Currency translation differences of foreign operations	47,508	12,660
Other comprehensive income, net of tax	51,569	13,361
Comprehensive income	79,355	20,017
Comprehensive income attributable to:		
Owners of parent	77,024	16,803
Non-controlling interests	2,331	3,214
Comprehensive income	79,355	20,017

(3) Condensed Quarterly Consolidated Statements of Changes in Equity  
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

For the nine months ended September 30, 2024

(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, 2024	42,658	39,702	522,716	(43)	10,201	(4)
Profit			4,050			
Other comprehensive income					10,150	9
Total comprehensive income	-	-	4,050	-	10,150	9
Purchase of treasury stock				(3)		
Disposal of treasury stock				0		
Dividends			(21,568)			
Share-based payment transactions		2		21		
Transfer to retained earnings			44			
Transfer to capital surplus						
Other		126				
Total transactions with owners	-	128	(21,524)	18	-	-
Balance as of September 30, 2024	42,658	39,830	505,242	(25)	20,351	5

	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	Other components of equity relating to disposal groups classified as held for sale	Total	Total			
Balance as of January 1, 2024	10,784	-	(1,900)	19,081	624,114	17,316	641,430	
Profit				-	4,050	2,606	6,656	
Other comprehensive income	694		1,900	12,753	12,753	608	13,361	
Total comprehensive income	694	-	1,900	12,753	16,803	3,214	20,017	
Purchase of treasury stock				-	(3)		(3)	
Disposal of treasury stock				-	0		0	
Dividends				-	(21,568)	(2,718)	(24,286)	
Share-based payment transactions				-	23		23	
Transfer to retained earnings	(44)			(44)	-		-	
Transfer to capital surplus				-	-		-	
Other				-	126	(126)	-	
Total transactions with owners	(44)	-	-	(44)	(21,422)	(2,844)	(24,266)	
Balance as of September 30, 2024	11,434	-	-	31,790	619,495	17,686	637,181	

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	46,458	7,678
Depreciation and amortization	58,617	62,534
Impairment loss	143	43,951
Interest and dividends income	(2,655)	(2,936)
Interest expenses	4,662	5,156
Share of loss (profit) of entities accounted for using equity method	38	(36)
Decrease (increase) in inventories	16,177	(37,465)
Decrease (increase) in trade and other receivables	7,242	26,412
Increase (decrease) in trade and other payables	(9,648)	(15,816)
Other, net	6,562	4,287
Subtotal	127,596	93,765
Interest received	2,263	2,412
Dividend income received	489	511
Interest expenses paid	(4,541)	(4,967)
Income taxes paid	(16,125)	(25,137)
Net cash provided by (used in) operating activities	109,682	66,584
Cash flows from investing activities		
Purchase of tangible assets	(45,134)	(41,610)
Proceeds from sales of tangible assets	727	457
Purchase of intangible assets	(6,358)	(10,853)
Proceeds from sales of investment securities	354	67
Other, net	1,786	(3,113)
Net cash provided by (used in) investing activities	(48,625)	(55,052)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(13,362)	39,365
Proceeds from long-term debt and newly issued bonds	7,078	-
Repayments of long-term debt and redemption of bonds	(35,146)	(35,000)
Repayments of lease obligations	(11,651)	(13,055)
Cash dividends paid	(5,242)	(21,446)
Cash dividends paid to non-controlling interests	(2,860)	(2,718)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	(61,184)	(32,856)
Effect of exchange rate change on cash and cash equivalents	6,851	1,232
Net increase (decrease) in cash and cash equivalents	6,724	(20,312)
Cash and cash equivalents at the beginning of current period	73,846	90,251
Cash and cash equivalents included in assets relating to disposal groups classified as held for sale	-	(220)
Cash and cash equivalents at the end of current period	80,570	69,939

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

(Notes on Impairment loss)

For nine months ended September 30, 2024

The Company resolved at the Board of Directors meeting held on November 7, 2024, to terminate all production activities at SRUSA, a consolidated subsidiary of the Company, and to dissolve SRUSA as part of business structure reform after making the necessary preparations. We will proceed with necessary procedures for dissolution in accordance with local laws and regulations.

Accordingly, the carrying amount of the manufacturing equipment of SRUSA was written down to the recoverable value using the fair value less costs to sell (classified as “Level 3” within the fair value hierarchy). An impairment loss of 40,282 million yen was recorded in “Other expenses”.

(Notes on Other income and expenses)

Other income and expenses consist of the following.

1. Other income

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Proceeds from sales of tangible assets	271	169
Government grant income	66	128
Others	1,582	3,223
Total	1,919	3,520

2. Other expenses

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Impairment loss (Note1) (Note2)	143	43,951
Business restructuring expenses (Note2)	-	6,257
Others	2,297	3,341
Total	2,440	53,549

(Notes)

1. Details of impairment loss are described in Notes on Impairment loss.
2. Inventory write-down is recorded as Impairment loss and Business restructuring expenses, related the termination of production and dissolution of SRUSA during the nine months ended September 30, 2024.



(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, 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 (Note3)						(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.
3. Details of Other income and expenses are described in Notes on Other income and expenses.

For the nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)

(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	748,763	97,689	28,490	874,942	-	874,942
Inter-segment sales revenue	914	104	1,007	2,025	(2,025)	-
Total	749,677	97,793	29,497	876,967	(2,025)	874,942
Segment profit (Business profit) (Note 1)	51,154	7,926	2,262	61,342	172	61,514
Other income and expenses (Note3)						(50,029)
Operating profit						11,485

(Notes)

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

(Significant Subsequent Events)

The Company resolved at the Board of Directors meeting held on November 7, 2024, to terminate all production activities at SRUSA, a consolidated subsidiary of the Company, and to dissolve SRUSA after making the necessary preparations.

1. Reason for the Dissolution

The Company dissolved the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company and acquired 100% of shares of Goodyear Dunlop Tires North America, Ltd. (currently, SRUSA) in October 2015 to meet the demand for the North American market. Since then, we have been manufacturing tires for passenger cars, motorcycles, trucks, and buses.

The Company and its US subsidiaries have cooperated to improve the production structure and operational efficiencies. However, the business environment remains severe due to the deterioration of productivity and profitability at SRUSA, and profitability is hard to improve in the long term.

Against this backdrop, we have extensively deliberated and carefully considered measures on our commitment to the North American market and the restructuring of operations there. Based on the assessment that, in the North American market, sale of tires produced at the SRUSA facility could not be profitable, we decided to discontinue all production activities at SRUSA and dissolve it.

The tire research and development conducted at SRUSA will be transferred to SRI America, Inc. and will remain in North America. In addition, the sales structure of Sumitomo Rubber North America, Inc., a subsidiary of the Company, remains unchanged.

The Company positions the period up to 2025 as a phase of “selection & concentration of existing lines of business” under the current Mid-Term Plan. We continue to focus resources on and use them in growing businesses to strive for the future growth of the Group.

2. Overview of the subsidiary to be dissolved

(1) Company name	Sumitomo Rubber USA, LLC	
(2) Address	New York, USA	
(3) Representative	Yasuo Watanabe, President & CEO	
(4) Business description	Manufacture of tires for passenger cars, motorcycles, trucks, and buses	
(5) Capital stock	262,634 (In thousands of US dollars)	
(6) Establishment	1920	
(7) Employees	1,555 (as of the end of September 2024)	
(8) Major Shareholders and Shareholding Ratio	SRI America, Inc. (the Company’s 100% owned subsidiary): 100%	
(9) Relationship between the listed company and the company concerned	Capital relationship	The Company owns 100% shares in SRUSA.
	Personnel relationship	The Company dispatches officers to SRUSA.
	Business Relationship	The Company lends money.

3. Date of the dissolution

The Company resolved to terminate all production activities at SRUSA and to dissolve SRUSA after making the necessary preparations on November 7, 2024. We will proceed with necessary procedures for dissolution in accordance with local laws and regulations.

4. Loss arising from the dissolution

The Company recorded loss on structural reforms in North America of 46.5 billion yen in connection with the dissolution as other expenses in the consolidated financial results for the nine months ended September 30, 2024 (January 1, 2024 through September 30, 2024). In addition, the Company expects to record expenses including costs for layoffs and early termination penalties of an estimated 28.2 billion yen for the fourth quarter of the fiscal year ending December 31, 2024 and thereafter. The amount may differ significantly as details are currently under scrutiny and will be announced as soon as there are any significant changes that need to be disclosed.