

# Premium Tire Business

Bridgestone E8 Commitment

- Energy
- Ecology
- Efficiency
- Extension
- Economy

In Mid Term Business Plan (2021-2023), the Group is working to expand sales and market share of high rim diameter (HRD) tires for passenger cars in the existing premium area. Accordingly, it is replacing manufacturing equipment and promoting maximum utilization of existing equipment based on current production capacity. The Group is reinforcing its structure to “produce and sell” premium products, which will serve as the foundation for starting the creation of Bridgestone’s unique “new premium” at full-scale in Mid Term Business Plan (2024-2026).

## Reinforcement of Existing Premium Segment

### » Strengthening Sales of Passenger Car HRD Tires

The Group will continue to strengthen its approach to passenger car HRD tires globally as a premium segment that is relatively resilient to environmental changes. The Group is working to capture recursion demand from original equipment (OE) tires to replacement (REP) tires, including in North America and Europe, which are key markets for passenger car HRD tires, and in emerging markets where the use of HRD tires is continuing to expand.

In North America and Europe in particular, the Group is aiming to have HRD tires 18 inches and above account for approximately 65% of total sales volume for OE tires and approximately 40% of total sales volume for REP tires in 2023. The Group will also add a new perspective, focusing on ultra-HRD tires 20 inches and above, an area where we expect strong growth in demand resulting from the accelerated shift to EVs. While taking advantage of the EV expansion trend in the United States, which is the Group’s largest market, we will also reinforce efforts on a global scale.

### » Improvement in Dan-Totsu Product Power and Product Planning Power

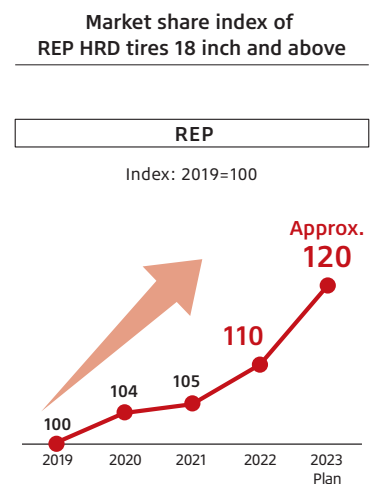
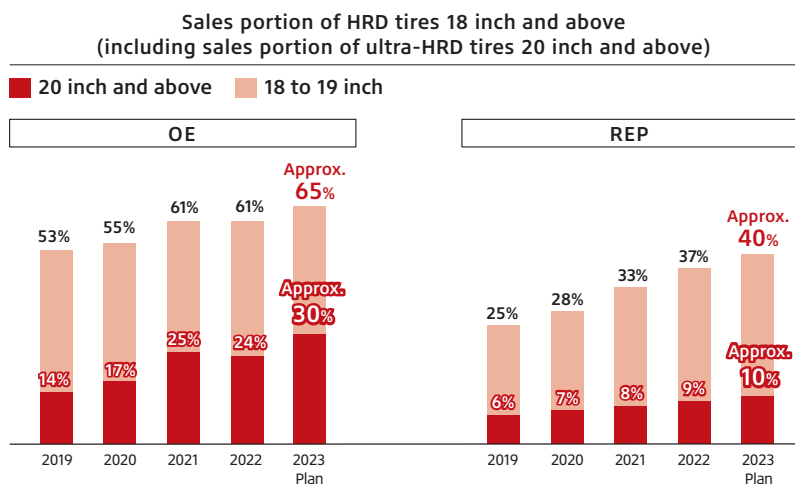
The Group is steadily improving its Dan-Totsu product power

by enhancing product planning power based on the global product strategy that it has been continuing to strengthen since 2020. As an example that illustrates customer recognition of the value of Dan-Totsu products, in North America the Group achieved the top spot in 2022 for the number of products that achieved the number one ranking in the Voice of Customer survey by Tire Rack®, an E-commerce tire distributor that receives overwhelming support from premium customers. In Europe as well, in terms of premium tires such as the sport tire POTENZA, the winter tire BLIZZAK, and the TURANZA 6 equipped with ENLITEN, the Group is receiving high evaluations from magazines that have large local influence.

### » Improvement of Sales Mix with Premium Tires in Each Region

Based on this Dan-Totsu product power, the Group is continuing to strengthen sales of premium tires in each region and improving the sales mix. Premium tires include premium tire brands such as POTENZA and BLIZZAK built by proving value to customers. In terms of passenger car tires, in 2023 more than half the sales of global replacement tires will be for HRD tires and premium tires in each region. The Group will also further reinforce sales of premium brands for truck and bus tires.

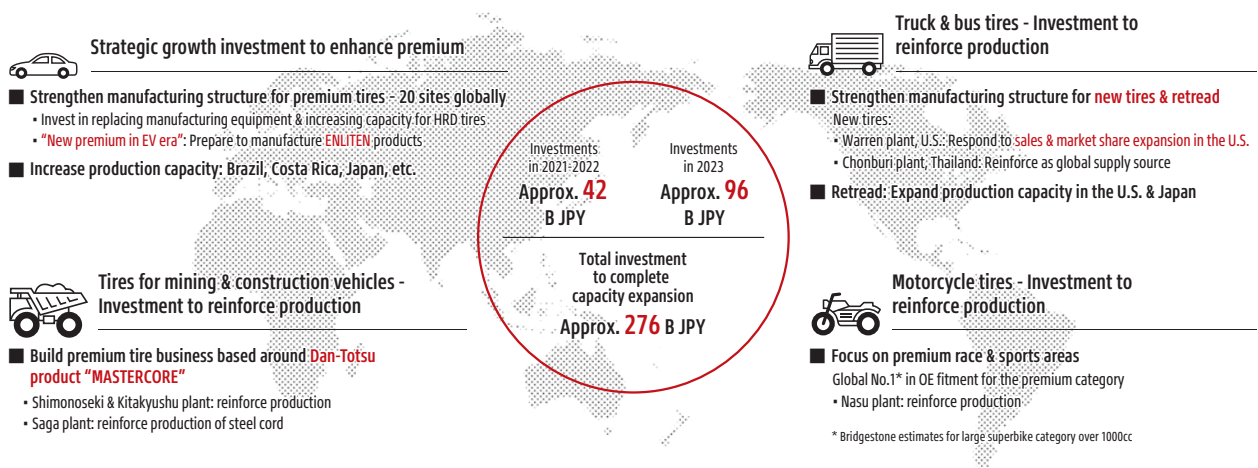
## Europe & North America



## » Reinforcement of Structure to “Produce” Premium Products

The Group will make strategic growth investments and reinforce its structure for producing premium products. For passenger car tires, investments are focused on production of HRD tires and products equipped with ENLITEN, not only to replace manufacturing equipment at 20 sites around the world, but also to increase production capacity in Brazil, Costa Rica, and Japan. For truck and bus tires, where the Group is establishing a circular business model, the manufacturing structure for new tires and retreads will be strengthened, in response to sales and market share expansion in the United States where the Bridgestone Group has a strong business

### • Strategic Growth Investments to Enhance Premium Segment



foundation. Regarding tires for off-the-road mining vehicles, the Group is investing in production in response to sales and market share expansion mainly for the Dan-Totsu product Bridgestone MASTERCORE. In motorcycle tires, where the Group has secured the top global position for OE tires in the premium segment (Bridgestone estimates for the large superbike category over 1000cc), the Group is enhancing its investment in production with a focus on the premium racing and sports areas. The Group currently plans to invest a total of approximately 280 billion JPY including for 2023 and onwards, while making sure the investments are lean through on-site productivity improvement and by fully leveraging existing equipment.

In addition to making strategic growth investments, ensure they are lean through on-site productivity improvement & full leverage of existing equipment

## New Global Footprint

### New Core Competency

Regarding the new global footprint, which is a new core competency in the 2030 Long Term Strategic Aspiration, the Group is continuing to build flexible and agile supply chain management capable of adapting to change. For passenger car tires and truck and bus tires, the Group is building a structure that can achieve global optimization by ensuring it has the flexibility to adapt to changes in the business environment while keeping “local production for local sales” as the basic concept. The aim is to build a structure that is also optimal for contributing to carbon neutrality. Through investments to reinforce production during Mid Term Business Plan (2021-2023), the Group will aim to achieve a local production for local sales ratio of 95% for passenger car tires and 85% for truck and bus tires. From Mid Term Business Plan (2024-2026) onwards, investments for Green & Smart factories will also be

reinforced. The Group will reinforce manufacturing leveraging regional strengths and characteristics such as those between North America and Europe, and Asia and Japan. Japan will remain the core of manufacturing, supporting the premium tire business where high-levels of on-site and technological capabilities are required, such as for high-difficulty specialties tires including off-the-road mining tires and aircraft tires.

- Global “local production for local sales” ratio (Aspiration)
  - Passenger car tires: **95%**
  - Truck and bus tires: **85%**
- Off-the-road mining tires and aircraft tires
  - Percent manufactured in Japan: **90%**

## Creation of “New Premium”

Based on the reinforcement of the existing premium segment, the Group will drive the full-scale creation of “new premium” toward Mid Term Business Plan (2024-2026). The starting point for this is Dan-Totsu products. The Group will reinforce product planning power to plan Dan-Totsu products on a global level. Bridgestone will build “new premium” by realizing “ultimate customization” that involves customizing not only desired tire performance based on being attentive to and having a deep understanding of customers and markets, but also performance providing new value that Bridgestone will uniquely create and provide. This customization will enable sharpening competitive edge. The core will be value creation through the fusion of ENLITEN, which is the base technology for product design, and BCMA, which is the base technology for manufacturing and R&D. The two are positioned as Bridgestone’s base technology for “products”. Another key element will be the off-the-road mining tire Bridgestone MASTERCORE.

## Bridgestone’s Base Technology for “Products”

### » Base Technology for Product Design to Realize “Ultimate Customization” “New Premium” ENLITEN

ENLITEN, positioned as a “new premium”, is a base technology for product design that can improve the basic performance of tires and elevate all conventional performance indicators.

In addition, it significantly enhances environmental performance leading to sustainability, as well as performance that not only meets the apparent needs and potential wants of specific markets and customers, but also further inspires and delivers new value that the market and customers may not even have imagined. ENLITEN can be used to customize performance and sharpen the competitive edge of products.

By realizing this “ultimate customization” according to market and customer desires, thus generating customer delight and proving value, the Group aims to increase prices and improve its position. ENLITEN is positioned as the “new premium in the EV era” for passenger car tires and the “new premium in the circular business era” for truck and bus tires. This value will be expanded from technology to products and the business model.

For passenger car tires, the Group has expanded the number of products equipped with ENLITEN for original equipment fitments. By proving their value to customers, the number of fitments has expanded from 27 models (including 7 EVs) at the end of 2021 to 50 models (including 20 EVs) at the end of the first quarter in 2023. Based on this expansion, from 2023 the Group has started to drive the full-scale expansion of ENLITEN-equipped replacement tires, taking in recursion demand. “Turanza 6”, which is Bridgestone’s first replacement passenger car tire with ENLITEN, and “DURAVIS VAN” for light truck and bus were launched in Europe in January 2023.

As the phrase “new premium in the EV era” suggests, ENLITEN will not only significantly improve EV driving range and electricity consumption and extend vehicle battery life through reduced tire rolling resistance, but also contribute

to ensuring space for batteries, lighter batteries, and reduced cost for vehicles. The Group will continue expansion of ENLITEN-equipped products to solve issues related to electrification from the ground up.

The percentage of ENLITEN equipment for replacement tires is planned to be expanded from 5% in 2023 to 20% in 2024, and 70% in 2026 with the launch of a total of 50 products equipped with ENLITEN.



**Steven De Bock**

Vice President, Consumer Business Unit, BSEMA

TURANZA 6 is our first replacement passenger car tire equipped with ENLITEN, our base technology for product design, which aims to combine EV compatibility with maximum safety, outstanding tire performance and improved sustainability characteristics. Creating a tire that is perfectly adapted to meet the needs of drivers is a balancing act between delivering exceptional performance, optimal sustainability characteristics, and ensuring the highest levels of safety in dry and wet conditions. TURANZA 6 can be applied regardless of whether the tires are intended for use on ICE, hybrid, or electric vehicles and will support a carbon-neutral mobility society from the ground up.

» **Base Technology for Manufacturing and R&D: BCMA**

BCMA (Bridgestone Commonality Modularity Architecture) is the base technology for manufacturing and R&D, supporting the realization of “ultimate customization” using ENLITEN. The basic concept of BCMA is to group tire components into three modules and share them across different products, simplifying development and the supply chain, optimizing cost (including cost reduction) and improving agility in development and manufacturing while realizing “ultimate customization”. To develop BCMA and to establish the foundations for its execution and expansion, the Group will clarify the roles and responsibilities of 50 new tire factories around the world.



**Customize**

Customize performance flexibly & agilely per market/customer, and differentiate

**Simplification**

Improve efficiency of development process & supply chain, realize productivity improvement & cost reduction

» **Value Creation in Premium Tire Business toward Mid Term Business Plan (2024-2026)**

In order to create value and gain a competitive advantage, the Group will promote the fusion of price position improvement based on generating customer delight that can be realized through ENLITEN’s “ultimate customization” and cost reduction and optimization through BCMA. Agility improvement in product design and agility improvement from development to production will create further value. It will also be important to enhance product planning power and global supply chain management power to effectively leverage them.

Product planning power, in particular for planning Dan-Totsu products—the starting point for everything—is the key to the creation of “new premium”. Whether the Group can

not only meet the apparent needs and potential wants of specific markets and customers, but also convert Bridgestone’s technologies and passion into new benefits, create new value that markets and customers could not have imagined, and deliver products that breakthrough conventional ways of thinking and inspire people, is critical. The Group will also consider its organizational structure including enhancing the diversity of its talent to achieve this.

In addition, toward Mid Term Business Plan (2024-2026), the Group will consider measures for reinforcing new brand power and channel power. As a premium business to support the “reinforcement of earning power”, the Group will lay the groundwork for realizing value creation as shown in the image below.

• **Mid-Term Business Plan (2024-2026) Reinforce Earning Power: Global x Regional Strategy**

