

Mid Term Business Plan (2021-2023)—21MBP Summary

21MBP (Mid-Term Business Plan) was formulated and announced in February 2021, targeting the period from 2021 to 2023, as the starting point for the transformation under Bridgestone 3.0. This aims to become a "strong" Bridgestone capable of adapting to change. In 2023 as its last year, we reviewed our "execution and delivering results" toward the 24MBP focusing on value creation from 2024.

Positioning of 2023

- Last year of Mid Term Business Plan (2021-2023)—21MBP: Return to a "strong" Bridgestone capable of adapting to change
- Foundation for Mid Term Business Plan (2024-2026)—24MBP: Complete laying the foundation for premium enhancement and evolution with solutions business

- Return to a "strong" Bridgestone capable of adapting to change → **Not yet returned**
- Complete laying the foundation for premium enhancement and linkage with solutions business

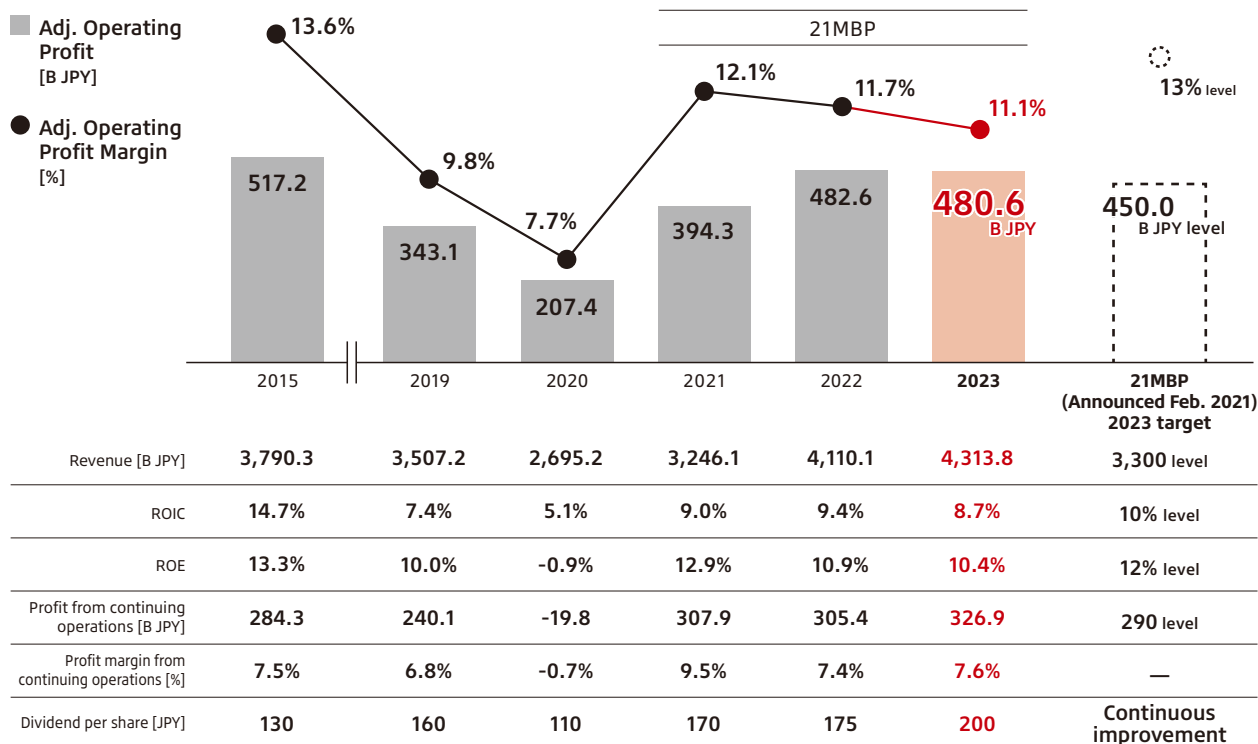
Foundation for premium enhancement → **Completed: Reinforced structure to "produce and sell" premium tires**

Foundation for linkage with solutions business → **Partially achieved**

21MBP: With setback in solutions for consumer tires, clarified "what to do" and "what not to do"
Decision to promote mainly retail & service as well as commercial BtoB solutions in the 24MBP

Financial Performance from 2015 to 2023

Currency	USD	121 JPY	109 JPY	107 JPY	110 JPY	132 JPY	141 JPY	103 JPY
exchange	EUR	134 JPY	122 JPY	122 JPY	130 JPY	138 JPY	152 JPY	126 JPY



Return to a “strong” Bridgestone capable of adapting to change ➡ Not yet returned

In the 21MBP, Bridgestone aimed to be a “strong” Bridgestone capable of adapting to change, however in 2023 we were unable to sufficiently adapt to the change amid significant demand decline in truck & bus tires for replacement mainly in North America and Europe. Insufficient accuracy in demand and sales forecasts in North America and Europe, as well as the weak business and channel foundations in Europe that were exposed by the challenging business environment remain as issues.

As for revenue, Bridgestone secured an increase versus prior year by achieving sales mix improvement through expanded sales of premium PS (passenger car) tires for replacement and sales expansion of ultra-large/large OR (off-road mining) tires, as well as tailwind from currency exchange.

On the other hand, there was a decrease in adjusted operating profit versus prior year with a significant impact from Argentina’s hyperinflationary accounting (approximately 10 billion JPY impact on profit decrease) although cost increases from increase in raw material prices, energy cost and labor cost, as well as deterioration in plant capacity utilization reflecting sales decline in North America and Europe, were covered by improvement in price and sales mix and thorough expense management (profit increase excluding the impact from Argentina’s hyperinflationary).

ROIC, the most important management indicator, was 8.7%, lower than the 21MBP target of 10%, so there remained issues in signal monitoring, sensitivity to agilely adapt to changes, as well as quality and speed of PDCA (Plan-Do-Check-Act) cycles.

Foundation for premium enhancement ➡ Completed

To establish the foundation for premium enhancement, mainly in 2023, we thoroughly selected and executed investments in reinforcing production to drive premium enhancement even in the challenging business environment.

Strategic Growth Investment

- PS: Invested in replacing manufacturing equipment for high rim diameter (HRD) and ENLITEN products (Japan, Europe and Latin America)
- OR: Reinforced production to manufacture Dan-Totsu product “Bridgestone MASTERCORE” (Japan)
- TB: Strengthened manufacturing for premium new tires (Thailand and U.S.) (Adjusted investment timing based on demand environment)
- MC: Reinforced production in premium race and sports areas (Japan)

Furthermore, in terms of sales as well, Bridgestone has steadily driven premium enhancement, such as sales

expansion and improvement in sales mix of PS HRD tires and PS premium tires as well as sales expansion and increase in market share of OR premium tires.

Foundation for linkage with solutions business ➡ Partially achieved

Bridgestone has laid the foundation for linkage with solutions business. In addition to strengthening and expanding PS retail & service, TB retread, and mining solutions by linking them to the premium tire business, we have also laid the groundwork for future development in the mobility tech business in North America.

Strategic Growth Investment

- Reinforced PS retail & service solutions network (North America and Japan)
- TB retread: Reinforced production (North America and Japan)
- Enhanced mining solutions network: Acquisition of Otraco International Pty Ltd, off-the-road tire solutions provider in Australia, Chile, and South Africa (2021)
- Laid foundation for mobility tech business in North America: Acquisition of digital fleet solutions provider Azuga (2021)
- Responded to new mobility – Establishment of a mobility ecosystem: Minor investments, venture capital investments, etc.

Additionally, in June 2023, we clarified “what to do” and “what not to do”.

We determined unprofitable projects from the viewpoints of profitability, growth potential and value creation one by one and decided to discontinue solutions for consumer tires (mainly for PS) in North America & Europe which did not work as a business model. Also, we decided to promote rebuilding of retread in Europe and Asia which have profitability issues in 24MBP.

Meanwhile, “what to do” is solutions to amplify value of premium tire. We will focus on retail & services (in North America and Japan), TB retread for commercial BtoB solutions, and mining and aviation solutions. In addition, for the mobility tech business in North America, which is positioned as strategic business from the 24MBP, we will begin initiatives to create new value based on the “Fleetcare” concept which offers premium tires and solutions as a package service.

Thus, under 21MBP, we could not return to a “strong Bridgestone capable of adapting to change”, meanwhile generally completing to lay foundation for premium enhancement and linkage with solutions business. In 2024, the first year of the 24MBP, we will reinforce business quality as a top priority and have a clear path to tackle and resolve the remaining issues of the 21MBP and the new issues from 2023 in order to return a “strong” Bridgestone capable of adapting to change.