

Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 31, 2019

August 9, 2019

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSIN". The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

Bridgestone Corporation

Code number:5108

Representative: Masaaki Tsuya, Chairman of the Board
CEO and Representative Executive Officer

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Scheduled date of quarterly securities report submission:

August 9, 2019

Scheduled date of dividend payment commencement:

September 2, 2019

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

Yes

Stock exchange listings: Tokyo, Nagoya, Fukuoka
URL:<https://www.bridgestone.com/>

(All amounts are rounded down to the nearest million yen)

1. Consolidated Results for the First Half of Fiscal 2019 (January 1, 2019 - June 30, 2019)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Yen in millions | % | Yen in millions | % | Yen in millions | % | Yen in millions | % |
| Six months ended June 30, 2019 | 1,744,662 | (1.7) | 158,409 | (20.6) | 154,402 | (19.1) | 118,783 | (11.8) |
| Six months ended June 30, 2018 | 1,775,408 | 1.9 | 199,434 | (1.4) | 190,764 | (2.6) | 134,618 | 2.1 |

(Note) Comprehensive Income: Six months ended June 30, 2019 ¥79,995million [74.2%]
Six months ended June 30, 2018 ¥45,915 million[(66.3)%]

| | Net income per share | Diluted net income per share |
|--------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Six months ended June 30, 2019 | 161.30 | 161.04 |
| Six months ended June 30, 2018 | 179.08 | 178.76 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Ratio of total equity to total assets |
|-------------------------|-----------------|-----------------|---------------------------------------|
| | Yen in millions | Yen in millions | % |
| As of June 30, 2019 | 3,944,018 | 2,311,253 | 57.2 |
| As of December 31, 2018 | 3,840,269 | 2,436,162 | 61.9 |

(Reference) Total equity: As of June 30, 2019 ¥2,255,150million
As of December 31, 2018 ¥2,378,511million

2. Dividends

| | Annual Dividend | | | | |
|----------------------|-----------------|-----------------|-----------------|-----------|--------|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year -end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2018 | — | 80.00 | — | 80.00 | 160.00 |
| FY 2019 | — | 80.00 | — | 80.00 | 160.00 |
| FY 2019 (Projection) | — | — | — | 80.00 | 160.00 |

(Note) Changes from the latest forecasts released: No

3. Consolidated Projected Results for Fiscal 2019 (January 1, 2019 - December 31, 2019)

(Percentage figures represent changes from the same period of previous year)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|---------|-----------------|-------|------------------|-------|-----------------|-------|---|-------|----------------------|
| | Yen in millions | % | Yen in millions | % | Yen in millions | % | Yen in millions | % | Yen |
| FY 2019 | 3,620,000 | (0.8) | 375,000 | (6.9) | 355,000 | (6.9) | 290,000 | (0.6) | 398.04 |

(Note) Changes from the latest forecasts released: Yes

*** Notes**

- (1) Changes in principal subsidiaries during the six months ended June 30, 2019 : No
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- | | |
|---|-------|
| 1) Changes due to revisions of accounting standards, etc. | : Yes |
| 2) Changes in accounting policy other than 1) | : No |
| 3) Changes in accounting estimates | : No |
| 4) Restatements | : No |
- (4) Outstanding number of shares (common stock)
- | | |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): | |
| June 30, 2019 | 761,536,421 shares |
| December 31, 2018 | 761,536,421 shares |
| 2) Number of shares of treasury stock at period end: | |
| June 30, 2019 | 42,088,436shares |
| December 31, 2018 | 9,726,528shares |
| 3) Average outstanding number of shares (during the first half): | |
| First Half ended June 30, 2019 | 736,400,589 shares |
| First Half ended June 30, 2018 | 751,733,584 shares |

*** Implementation status about the quarterly review**

These financial statements are exempt from quarterly review by Certified Public Accountants or Audit Firm.

*** Statement regarding appropriate use of forward-looking statements and other notes**

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance.

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Consolidated Financial Statements and Other Information (Notes)**(1) Consolidated Balance Sheet**

(Yen in millions)

| | FY 2018 (As of December 31, 2018) | FY 2019 1H (As of June 30, 2019) |
|---|--------------------------------------|-------------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and deposits | 440,378 | 434,793 |
| Notes and accounts receivable | 601,417 | 580,694 |
| Short-term investments | 153,853 | 144,438 |
| Merchandise and finished products | 407,608 | 425,512 |
| Work in process | 37,904 | 39,680 |
| Raw materials and supplies | 171,720 | 163,228 |
| Other | 121,286 | 134,675 |
| Allowance for doubtful accounts | (21,729) | (21,723) |
| Total Current Assets | 1,912,440 | 1,901,299 |
| Fixed Assets | | |
| Tangible fixed assets | | |
| Buildings and structures, net | 550,399 | 580,309 |
| Machinery, equipment and vehicles, net | 491,035 | 488,242 |
| Other, net | 426,936 | 428,337 |
| Total Tangible Fixed Assets | 1,468,371 | 1,496,889 |
| Intangible fixed assets | | |
| Goodwill | 41,381 | 142,210 |
| Other | 60,072 | 50,878 |
| Total Intangible fixed assets | 101,454 | 193,089 |
| Investments and other assets | | |
| Investments in securities | 219,970 | 202,220 |
| Other | 139,557 | 151,579 |
| Allowance for doubtful accounts | (1,524) | (1,058) |
| Total Investments and Other Assets | 358,003 | 352,740 |
| Total Fixed Assets | 1,927,829 | 2,042,719 |
| Total Assets | 3,840,269 | 3,944,018 |

(Yen in millions)

| | FY 2018 (As of December 31, 2018) | FY 2019 1H (As of June 30, 2019) |
|--|--------------------------------------|-------------------------------------|
| Liabilities | | |
| Current Liabilities | | |
| Notes and accounts payable | 233,970 | 221,215 |
| Short-term borrowings | 100,627 | 78,676 |
| Commercial paper | 20,955 | 68,294 |
| Current portion of bonds | 70,000 | 70,000 |
| Lease obligations | 1,686 | 11,115 |
| Income taxes payable | 15,073 | 26,663 |
| Provision for recall | — | 5,310 |
| Accounts payable-other | 182,204 | 141,478 |
| Other | 262,601 | 268,978 |
| Total Current Liabilities | 887,119 | 891,731 |
| Long-term Liabilities | | |
| Bonds | 150,000 | 350,000 |
| Long-term borrowings | 38,041 | 37,061 |
| Lease obligations | 27,182 | 64,579 |
| Net defined benefit liability | 196,005 | 189,242 |
| Other | 105,759 | 100,150 |
| Total Long-term Liabilities | 516,988 | 741,034 |
| Total Liabilities | 1,404,107 | 1,632,765 |
| Net Assets | | |
| Shareholders' Equity | | |
| Common stock | 126,354 | 126,354 |
| Capital surplus | 121,997 | 121,997 |
| Retained earnings | 2,362,736 | 2,419,516 |
| Treasury stock-at cost | (32,648) | (169,917) |
| Total Shareholders' Equity | 2,578,440 | 2,497,950 |
| Accumulated Other Comprehensive Income | | |
| Net unrealized gain(loss) on available-for-sale securities | 108,888 | 96,736 |
| Deferred gain(loss) on derivative instruments | 1,730 | 1,946 |
| Foreign currency translation adjustments | (174,850) | (214,659) |
| Remeasurements of defined benefit plans | (135,696) | (126,823) |
| Total Accumulated Other Comprehensive Income | (199,928) | (242,799) |
| Stock Acquisition Rights | 3,452 | 3,302 |
| Non-controlling Interests | 54,198 | 52,800 |
| Total Net Assets | 2,436,162 | 2,311,253 |
| Total Liabilities and Net Assets | 3,840,269 | 3,944,018 |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

| Consolidated Statement of Income First Half | (Yen in millions) | |
|---|---|---|
| | FY 2018 1H (Six months ended June 30, 2018) | FY 2019 1H (Six months ended June 30, 2019) |
| Net Sales | 1,775,408 | 1,744,662 |
| Cost of Sales | 1,089,608 | 1,084,689 |
| Gross Profit | 685,799 | 659,973 |
| Selling, General and Administrative Expenses | | |
| Goods freightage expenses | 88,766 | 92,003 |
| Advertising and promotion expenses | 58,278 | 54,160 |
| Salaries, allowances and bonuses | 132,178 | 131,458 |
| Retirement benefit expenses | 10,940 | 10,154 |
| Depreciation | 17,389 | 20,889 |
| Research and development expenses | 49,382 | 51,337 |
| Other | 129,430 | 141,560 |
| Total Selling, General and Administrative Expenses | 486,365 | 501,564 |
| Operating Income | 199,434 | 158,409 |
| Non-operating Income | | |
| Interest income | 2,582 | 2,883 |
| Dividend income | 5,153 | 4,402 |
| Settlement received | 3,792 | 4,980 |
| Other | 7,702 | 8,851 |
| Total Non-operating Income | 19,230 | 21,118 |
| Non-operating Expenses | | |
| Interest expense | 7,226 | 5,290 |
| Foreign currency exchange loss | 4,911 | 4,916 |
| Other | 15,762 | 14,916 |
| Total Non-operating Expenses | 27,900 | 25,124 |
| Ordinary Income | 190,764 | 154,402 |
| Extraordinary Income | | |
| Gain on sales of investment securities | — | 12,272 |
| Total Extraordinary Income | — | 12,272 |
| Extraordinary Loss | | |
| Loss related to recall | — | 5,310 |
| Total Extraordinary Loss | — | 5,310 |
| Income before Income Taxes and Non-controlling Interests | 190,764 | 161,364 |
| Income Taxes | 51,679 | 38,781 |
| Income before Non-Controlling Interests | 139,084 | 122,582 |
| Profit Attributable to Non-controlling Interests | 4,465 | 3,798 |
| Profit Attributable to Owners of Parent | 134,618 | 118,783 |

Consolidated Statement of Comprehensive Income
First Half

(Yen in millions)

| | FY 2018 1H (Six months ended June 30, 2018) | FY 2019 1H (Six months ended June 30, 2019) |
|---|---|---|
| Income before Non-controlling Interests | 139,084 | 122,582 |
| Other Comprehensive Income (loss) | | |
| Unrealized gain (loss) on available-for-sale securities | (25,270) | (12,152) |
| Deferred gain (loss) on derivative instruments | 5 | 407 |
| Foreign currency translation adjustments | (78,992) | (38,516) |
| Remeasurements of defined benefit plans | 11,193 | 8,661 |
| Share of other comprehensive income in affiliates | (104) | (987) |
| Total Other Comprehensive Income | (93,168) | (42,587) |
| Comprehensive Income | 45,915 | 79,995 |
| Comprehensive income attributable to: | | |
| Owners of parent | 44,390 | 75,912 |
| Non-controlling interests | 1,525 | 4,082 |

(3) Consolidated Statement of Cash Flows

(Yen in millions)

| | FY 2018 1H (Six months ended June 30, 2018) | FY 2019 1H (Six months ended June 30, 2019) |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Income before Income Taxes and Non-controlling Interests | 190,764 | 161,364 |
| Depreciation and amortization | 98,018 | 107,655 |
| Amortization of goodwill | 2,062 | 3,754 |
| Increase (decrease) in net defined benefit liability | 4,856 | 3,745 |
| Increase (decrease) in provision for sales returns | (3,603) | (3,531) |
| Interest and dividend income | (7,736) | (7,286) |
| Interest expense | 7,226 | 5,290 |
| Share of (profit) loss of entities accounted for using equity method | (180) | 3,013 |
| Settlement received | (3,792) | (4,980) |
| Loss (gain) on sales of investment in securities | (265) | (12,272) |
| Loss related to recall | — | 5,310 |
| Decrease (increase) in notes and accounts receivable | (19,538) | 9,831 |
| Decrease (increase) in inventories | (47,314) | (25,269) |
| Increase (decrease) in notes and accounts payable | (7,623) | (27,245) |
| Other | (10,410) | 2,788 |
| Subtotal | 202,461 | 222,171 |
| Interest and dividends received | 7,752 | 7,272 |
| Interest paid | (6,586) | (4,634) |
| Income taxes paid | (77,702) | (32,466) |
| Amount of settlement received | 3,792 | 4,980 |
| Net Cash Provided by Operating Activities | 129,717 | 197,323 |
| Cash Flows from Investing Activities | | |
| Payments for purchase of tangible fixed assets | (115,911) | (128,767) |
| Proceeds from sales of tangible fixed assets | 4,708 | 4,596 |
| Payments for purchase of intangible assets | (2,848) | (4,225) |
| Proceeds from sales of investments in securities | 367 | 14,168 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (170) | (109,205) |
| Other | (1,775) | 4,116 |
| Net Cash Used in Investing Activities | (115,630) | (219,317) |
| Cash Flows from Financing Activities | | |
| Net increase (decrease) in short-term borrowings and commercial paper | 20,359 | 37,740 |
| Proceeds from long-term borrowings | 8,733 | 1,711 |
| Repayments of long-term borrowings | (25,993) | (12,800) |
| Proceeds from issuance of bonds | — | 200,000 |
| Payments for redemption of bonds | (20,000) | — |
| Payments of lease obligations | (779) | (6,324) |
| Purchase of treasury shares | (4) | (137,510) |
| Cash dividends paid | (60,113) | (60,131) |
| Cash dividends paid to non-controlling interests | (5,898) | (5,720) |
| Other | 58 | (1,740) |
| Net Cash Used in Financing Activities | (83,640) | 15,223 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (18,878) | 915 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (88,431) | (5,854) |
| Cash and Cash Equivalents at Beginning of Year | 501,797 | 433,916 |
| Cash and Cash Equivalents at End of current period | 413,365 | 428,061 |

(4)Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

The company acquired its own shares (32,425,900 shares) based on the resolution at the board of directors held on February 15, 2019. Due mainly to the acquisition, treasury stock - at cost increased ¥137,269 million compared with the end of the previous fiscal year, to ¥169,917 million.

(Application of special accounting treatments for Consolidated Quarterly Financial Statements)

Calculation for income tax expenses

Income tax expenses was calculated based upon an estimated effective tax rate for fiscal 2019.

(Changes in accounting policies, Changes in accounting estimates and Restatements)

Changes in accounting policies

(Adoption of ASU2014-09 "Revenue from Contracts with Customers.")

Certain overseas subsidiaries which apply U.S. GAAP adopted ASU2014-09 "Revenue from Contracts with Customers." (May 28, 2014) from the beginning of fiscal 2019.

Due to the adoption of ASU2014-09, the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services.

Certain overseas subsidiaries adopted the method by which the cumulative effect of applying this standard was recognized at the date of initial application.

The effect of this change on retained earnings at the beginning of fiscal 2019 and operating income, ordinary income, and income before income taxes and non-controlling interests for the consolidated cumulative second quarter of fiscal 2019 was immaterial.

(Adoption of IFRS16 "Leases")

Certain overseas subsidiaries which apply the International Financial Reporting Standards adopted IFRS16 "Leases" (January 13, 2016) from the beginning of fiscal 2019.

IFRS16 "Leases" requires recognition of substantially all lease assets and lease liabilities on the balance sheet.

Certain overseas subsidiaries adopted the method by which the cumulative effect of applying this standard was recognized at the date of initial application.

As a result, assets increased by ¥49,606 million, Liabilities increased by ¥51,605 million, and retained earnings decreased by ¥1,998 million at the beginning of fiscal 2019.

The increase in assets was mainly due to the increase in tangible fixed assets, and the increase in liabilities is mainly due to the increase in lease obligations.

The effect of this change on operating income, ordinary income, and income before income taxes and non-controlling interests for the consolidated cumulative second quarter of fiscal 2019 was immaterial.