

# Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2019

November 8, 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 TANSHIN". 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:

November 8, 2019

Scheduled date of dividend payment commencement:

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Supplementary information for the quarterly financial statements to be prepared:

Yes

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

Yes

(for institutional investors and analysts)

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 Three Quarters of Fiscal 2019 (January 1, 2019 - September 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	%
Nine months ended September 30, 2019	2,635,391	(1.5)	250,345	(13.9)	242,544	(12.3)	205,403	(6.4)
Nine months ended September 30, 2018	2,674,192	0.4	290,864	(3.0)	276,544	(4.2)	219,464	11.0

(Note) Comprehensive Income: Nine months ended September 30, 2019 ¥140,625 million [(28.0)%]  
Nine months ended September 30, 2018 ¥195,342 million [(18.2)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2019	282.11	281.64
Nine months ended September 30, 2018	291.94	291.43

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of September 30, 2019	3,801,355	2,247,702	57.7
As of December 31, 2018	3,840,269	2,436,162	61.9

(Reference) Total equity: As of September 30, 2019 ¥2,193,696 million  
As of December 31, 2018 ¥2,378,511 million

## 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	—		
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	3,490,000	(4.4)	330,000	(18.1)	315,000	(17.4)	275,000	(5.7)	380.60

(Note) Changes from the latest forecasts released: Yes

**\* Notes**

- (1) Changes in principal subsidiaries during the nine months ended September 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):  |                    |
| September 30, 2019   | 761,536,421 shares |
| December 31, 2018  | 761,536,421 shares |
| 2) Number of shares of treasury stock at period end:                       |                    |
| September 30, 2019   | 57,500,024 shares  |
| December 31, 2018  | 9,726,528 shares   |
| 3) Average outstanding number of shares (during the first three quarters): |                    |
| First Three Quarters ended September 30, 2019                              | 728,107,574 shares |
| First Three Quarters ended September 30, 2018                              | 751,746,400 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 Q3 (As of September 30, 2019)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	440,378	298,223
Notes and accounts receivable	601,417	601,444
Short-term investments	153,853	147,622
Merchandise and finished products	407,608	415,847
Work in process	37,904	43,675
Raw materials and supplies	171,720	154,882
Other	121,286	140,419
Allowance for doubtful accounts	(21,729)	(21,454)
<b>Total Current Assets</b>	<b>1,912,440</b>	<b>1,780,659</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures, net	550,399	574,935
Machinery, equipment and vehicles, net	491,035	478,613
Other, net	426,936	439,491
<b>Total Tangible Fixed Assets</b>	<b>1,468,371</b>	<b>1,493,040</b>
<b>Intangible fixed assets</b>		
Goodwill	41,381	138,735
Other	60,072	50,948
<b>Total Intangible fixed assets</b>	<b>101,454</b>	<b>189,683</b>
<b>Investments and other assets</b>		
Investments in securities	219,970	191,802
Other	139,557	147,280
Allowance for doubtful accounts	(1,524)	(1,111)
<b>Total Investments and Other Assets</b>	<b>358,003</b>	<b>337,970</b>
<b>Total Fixed Assets</b>	<b>1,927,829</b>	<b>2,020,695</b>
<b>Total Assets</b>	<b>3,840,269</b>	<b>3,801,355</b>

(Yen in millions)

	FY 2018 (As of December 31, 2018)	FY 2019 Q3 (As of September 30, 2019)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	233,970	199,683
Short-term borrowings	100,627	73,295
Commercial paper	20,955	105,746
Current portion of bonds	70,000	—
Lease obligations	1,686	10,892
Income taxes payable	15,073	23,127
Provision for recall	—	4,627
Accounts payable-other	182,204	122,561
Other	262,601	281,623
<b>Total Current Liabilities</b>	<b>887,119</b>	<b>821,558</b>
<b>Long-term Liabilities</b>		
Bonds	150,000	350,000
Long-term borrowings	38,041	36,890
Lease obligations	27,182	62,931
Net defined benefit liability	196,005	187,540
Other	105,759	94,731
<b>Total Long-term Liabilities</b>	<b>516,988</b>	<b>732,093</b>
<b>Total Liabilities</b>	<b>1,404,107</b>	<b>1,553,652</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	126,354	126,354
Capital surplus	121,997	121,997
Retained earnings	2,362,736	2,448,577
Treasury stock-at cost	(32,648)	(232,405)
<b>Total Shareholders' Equity</b>	<b>2,578,440</b>	<b>2,464,523</b>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain(loss) on available-for-sale securities	108,888	89,915
Deferred gain(loss) on derivative instruments	1,730	329
Foreign currency translation adjustments	(174,850)	(236,728)
Remeasurements of defined benefit plans	(135,696)	(124,343)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(199,928)</b>	<b>(270,827)</b>
Stock Acquisition Rights	3,452	3,300
Non-controlling Interests	54,198	50,706
<b>Total Net Assets</b>	<b>2,436,162</b>	<b>2,247,702</b>
<b>Total Liabilities and Net Assets</b>	<b>3,840,269</b>	<b>3,801,355</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**Consolidated Statement of Income  
First Three Quarters

(Yen in millions)

	FY 2018 Q3 (Nine months ended September 30, 2018)	FY 2019 Q3 (Nine months ended September 30, 2019)
Net Sales	2,674,192	2,635,391
Cost of Sales	1,657,500	1,638,396
Gross Profit	1,016,691	996,995
Selling, General and Administrative Expenses		
Goods freightage expenses	135,559	138,210
Advertising and promotion expenses	84,080	79,761
Salaries, allowances and bonuses	197,368	196,867
Retirement benefit expenses	15,746	14,995
Depreciation	26,506	31,647
Research and development expenses	75,018	77,611
Other	191,547	207,556
Total Selling, General and Administrative Expenses	725,826	746,649
Operating Income	290,864	250,345
Non-operating Income		
Interest income	3,868	4,183
Dividend income	5,603	4,831
Settlement received	3,826	4,980
Other	8,837	7,658
Total Non-operating Income	22,135	21,653
Non-operating Expenses		
Interest expense	10,207	7,846
Foreign currency exchange loss	6,591	6,958
Other	19,655	14,649
Total Non-operating Expenses	36,455	29,454
Ordinary Income	276,544	242,544
Extraordinary Income		
Gain on sales of noncurrent assets	—	29,262
Gain on sales of investment securities	—	21,446
Gain on refund of PIS/COFINS for prior periods	—	4,234
Gain on establishment in jointly controlled entity	30,180	—
Total Extraordinary Income	30,180	54,944
Extraordinary Loss		
Impairment loss	—	6,545
Loss related to recall	—	5,310
Total Extraordinary Loss	—	11,855
Income before Income Taxes and Non-controlling Interests	306,725	285,633
Income Taxes	80,634	74,688
Income before Non-Controlling Interests	226,090	210,945
Profit Attributable to Non-controlling Interests	6,626	5,541
Profit Attributable to Owners of Parent	219,464	205,403

Consolidated Statement of Comprehensive Income  
First Three Quarters

(Yen in millions)

	FY 2018 Q3 (Nine months ended September 30, 2018)	FY 2019 Q3 (Nine months ended September 30, 2019)
Income before Non-controlling Interests	226,090	210,945
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	(11,669)	(18,966)
Deferred gain (loss) on derivative instruments	(285)	(445)
Foreign currency translation adjustments	(29,497)	(60,596)
Remeasurements of defined benefit plans	11,257	11,318
Share of other comprehensive income in affiliates	(551)	(1,630)
Total Other Comprehensive Income	(30,747)	(70,320)
Comprehensive Income	195,342	140,625
Comprehensive income attributable to:		
Owners of parent	190,499	134,504
Non-controlling interests	4,843	6,120

### **(3) 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 (47,838,200 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 ¥199,757 million compared with the end of the previous fiscal year, to ¥232,405 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 third 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 third quarter of fiscal 2019 was immaterial.