



Summary of Financial Results for 1st Half 2023 & Fiscal 2023 Guidance

August 9, 2023

Member of the Board

Global CEO and Representative Executive Officer

Shu Ishibashi

BRIDGESTONE
Solutions for your journey

Summary

1. Business environment assessment (tire demand trend)
2. Toward a “strong” Bridgestone capable of adapting to change
3. Summary of financial results for 1st Half 2023
4. Fiscal 2023 guidance

Summary

< Business environment >

1st Half & full year 2023: Replacement tire demand in North America & Europe is
more severe than initial assumptions



- **Managed “increase in premium tire sales volume and improvement in price and sales mix” flexibly & agilely;**
Secured financial results for 1st Half, partly thanks to the tailwind from the currency exchange
- Continue management with the same stance in 2nd Half of 2023

1. Business environment assessment - Original equipment tires (PS/TB) -

PS/TB demand - OE -

Trend from 2020 to 2023 - common for PS & TB* -

- Demand declined from COVID-19 impacts in 2020 and shortage of semiconductors from 2021 to 1H 2022. However, with the alleviation of semiconductor shortage and resulting recovery in new car production from 2H 2022, tire demand also recovered.

2023 demand forecast - common for PS & TB - (vs. same period prior year)

- With the alleviation of semiconductor shortage, demand recovery vs. prior year will continue (may partially differ by region)

Demand for PS 18 inch and above - OE -

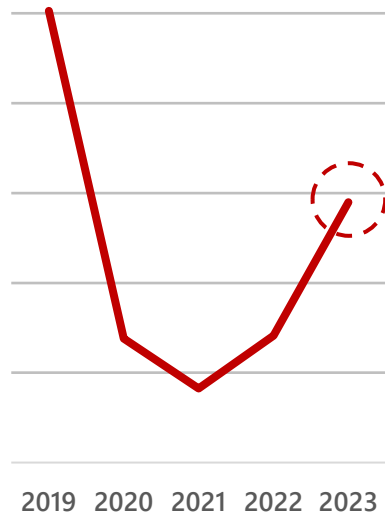
Trend from 2020 to 2023 (N. America & Europe)

- Resilient demand maintained reflecting the shift to larger vehicles & EVs for new cars

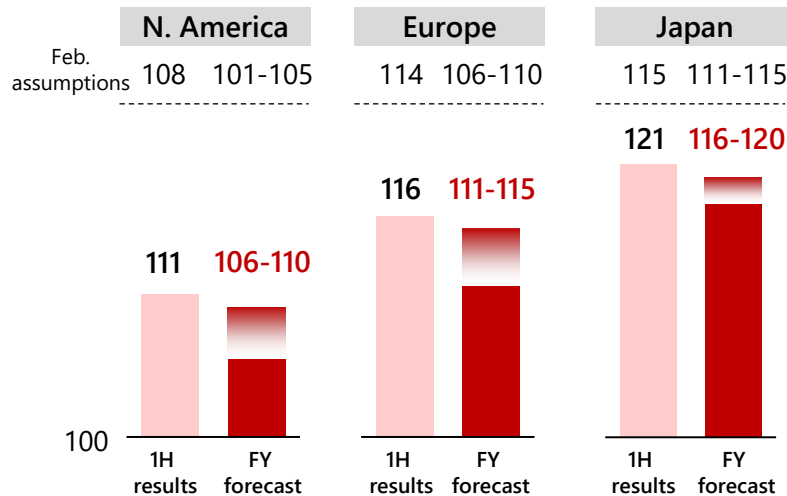
2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Maintain resilient demand and grow vs. prior year from continued demand recovery due to the alleviation of semiconductor shortage, and the shift to larger vehicles & EVs for new cars

Trend in demand
(PS OE – N. America, Europe & Japan)



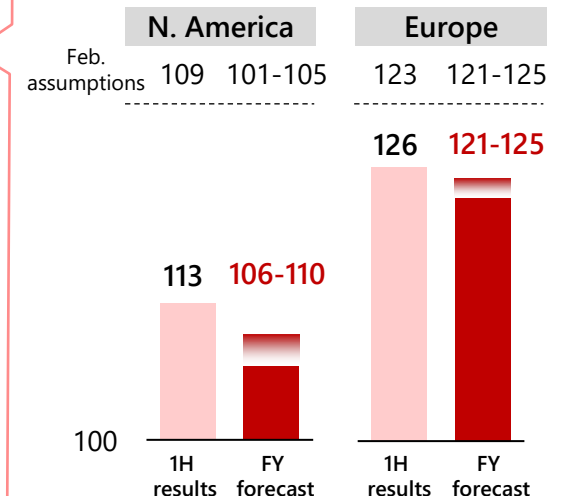
2023 PS demand forecast
(vs. same period prior year)



Trend in demand
(PS-HRD* OE: N. America & Europe)



2023 demand forecast
(vs. same period prior year)



* Demand: Bridgestone estimate

*OE: Tires on new vehicles / PS: Passenger car tires / TB: Truck & bus tires / HRD: High rim diameter

1. Business environment assessment - Passenger car tires (replacement) -

PS demand - REP -

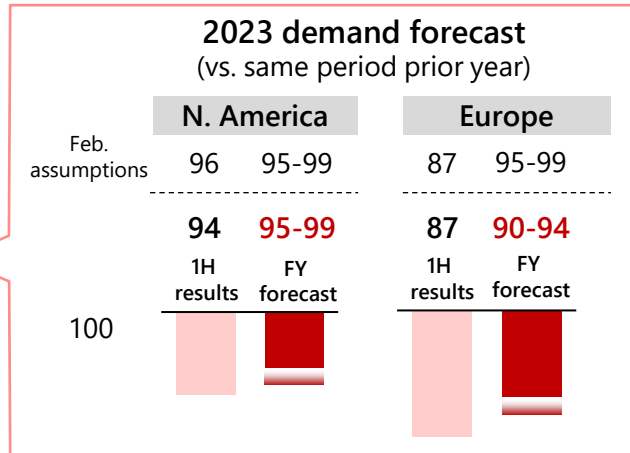
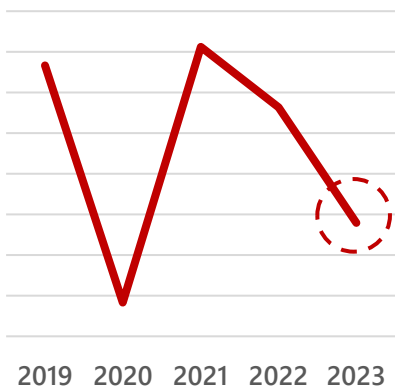
Trend from 2020 to 2023 (N. America & Europe)

- Until 1H 2022, sell-in demand recovered reflecting sell-out recovery from COVID-19 impacts.
- In 2H 2022, sell-out declined in both N. America & Europe due to the economic slowdown in these regions. Distribution inventory increased and sell-in demand declined.

2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Sell-out: N. America – Gradual recovery from 2Q, expected to continue in 2H
Europe – Expect recovery from 2H, but slower than initial assumptions
- Sell-in: N. America – With the completion of distribution inventory adjustments by the end of 1H, expect demand recovery in 2H, but slower than assumptions. Decline vs. prior year for the year.
Europe – Distribution inventory levels remain high at the end of 1H, and demand significantly declined vs. prior year for 1H. Sell-out recovery remains slow in 2H, and with distribution inventory adjustments, sell-in will decline vs. prior year for the year.

Trend in sell-in demand



Demand for PS 18 inch and above - REP -

Trend from 2020 to 2023 (N. America & Europe)

- Relatively resilient, reflecting the shift to large vehicles & Evs

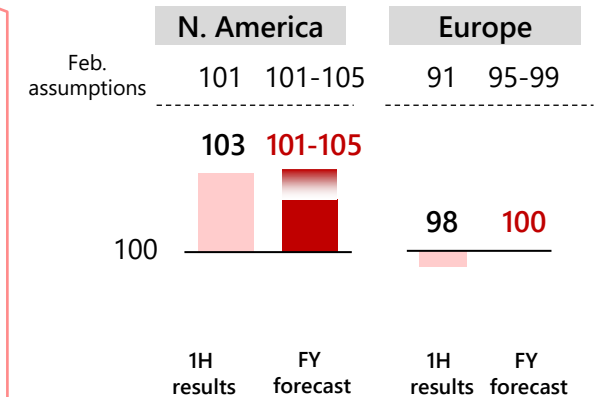
2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Sell-out: N. America – Solid sell-out throughout the year reflecting the shift to large vehicles & EVs
Europe – Sell-out declined from economic slowdown in 1H. Expect recovery from 2H.
- Sell-in: N. America – Demand growth throughout the year reflecting sell-out trend
Europe – In 1H, slight decline in demand vs. prior year impacted by sell-out decline. Expect recovery in 2H, and same level vs. prior year for the year.

Trend in sell-in demand



2023 demand forecast (vs. same period prior year)



* Demand: Bridgestone estimate, Demand for N. America: USTMA (U.S. Tire Manufacturers Association) + TRAC (Tire Rubber Association of Canada) based

1. Business environment assessment - Truck & bus tires (replacement) -

TB demand - REP -

Trend from 2020 to 2023 (N. America & Europe)

- 2021-1H 2022: Sell-out recovered reflecting economic recovery from COVID-19 impacts
- 2H 2022: Sell-out in Europe faced severe conditions from economic recession. Distribution inventory increased and sell-in demand declined. In N. America, with influx of Tier 3-4 manufacturers' import tires, distribution inventory increased.

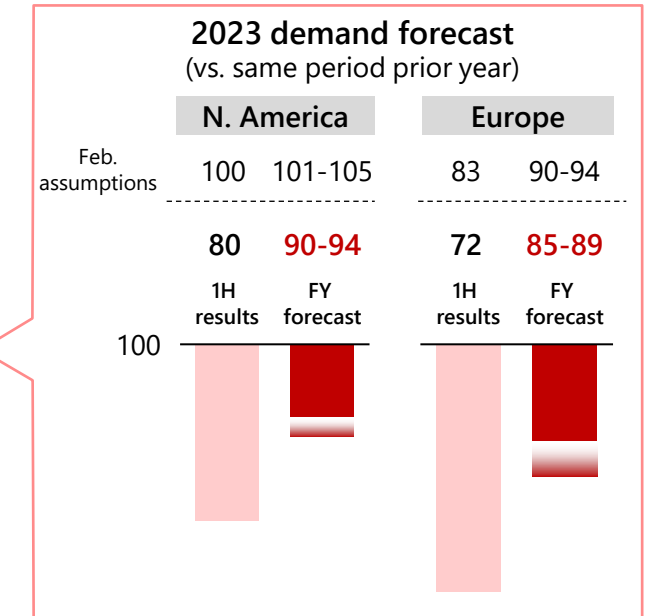
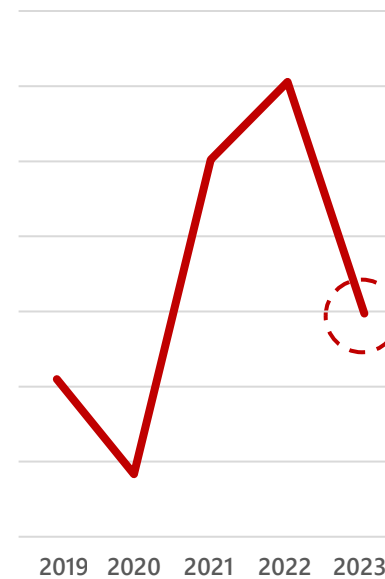
2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Sell-out:
 - N. America – Sell-out declined with economic slowdown becoming apparent in 1H. Expect recovery in 2H, but slower than initial assumptions.
 - Europe – Sell-out significantly declined largely impacted by the economic recession continuing from 2H last year. Expect recovery from 2H but slower than expected with the recession continuing longer than assumptions.
- Sell-in:
 - N. America – Significant decline in demand in 1H vs. prior year largely impacted by distribution inventory adjustments. For 2H, anticipate completion of distribution inventory adjustments in 3Q and demand recovery. Decline vs. prior year for the year due to the significant demand decline impact in 1H.
 - Europe – In 1H, significant decline in demand than assumed vs. prior year reflecting decline in sell-out. Distribution inventory is gradually optimizing, and expect demand recovery in 2H, but less than assumptions. Forecast significant decline vs. prior year for the year.

< Status of distribution inventory adjustments >

- N. America – Expected optimization by the end of 1H, but inventory remains high. Headed for optimization from July with sell-out recovery and anticipate completion of adjustments by 3Q.

Trend in sell-in demand



* Demand: Bridgestone estimate, Demand for N. America: USTMA (U.S. Tire Manufacturers Association) + TRAC (Tire Rubber Association of Canada) based

2. Toward a “strong” Bridgestone capable of adapting to change: Passenger car tires

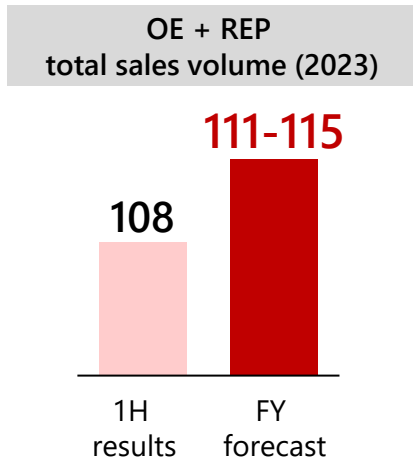
- 2023 full year: Thoroughly ensure **focus on premium** which is relatively resilient
Expand sales, increase market share, improve sales mix and enhance strategic price management to improve business quality based on Dan-Totsu products

Passenger car tire sales (for 2023)

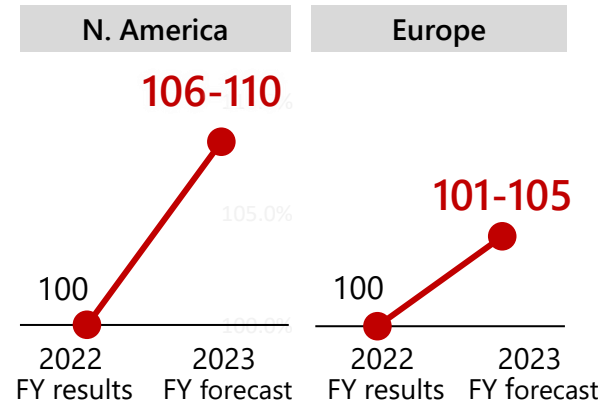
- Plan **sales expansion and increase in market share of HRD tires**
- **Improve sales mix of premium tires** (HRD tires 18 inch & above including ultra-HRD tires 20 inch & above, premium tires in each region)

- Expand sales and increase market share of HRD tires 18 inch and above

- Global sales expansion in 2023 (vs. same period prior year)



- Market share increase for REP (N. America & Europe) – Plan for 2023 (vs. same period prior year)



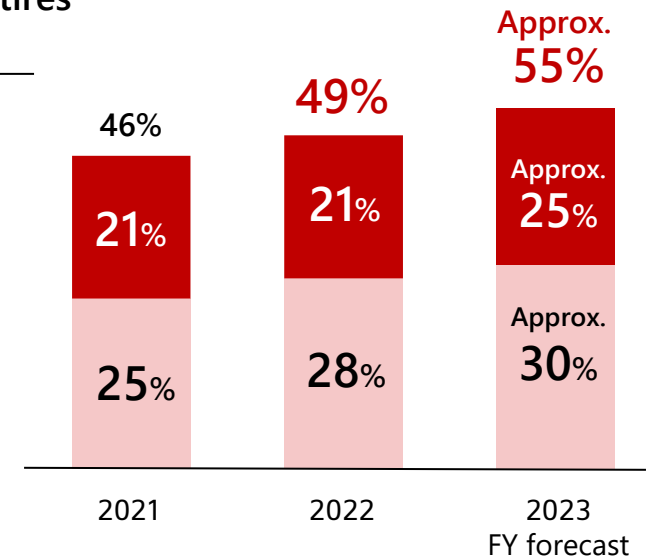
* Demand & market share are Bridgestone estimates

- Improvement in sales mix of premium tires: Global for 2023

Sales portion of premium tires Passenger car tires (REP)

- Premium tire brand + Premium tires in each region
- HRD tires*

*U.S., Europe, Middle East: 18 inch and above
Other regions: 17 inch and above

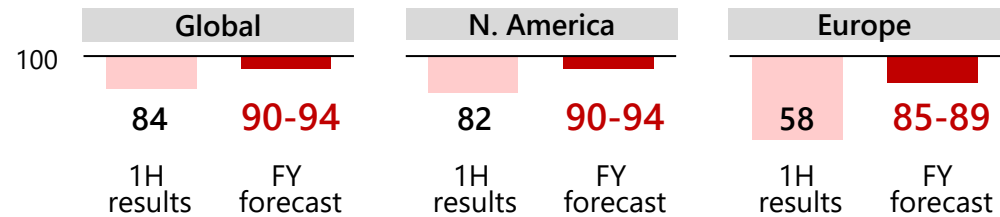


2. Toward a “strong” Bridgestone capable of adapting to change: Truck & bus tires + Retread - replacement -

- 2023 full year: Amidst the decline in new tire sales, **thoroughly ensure focus on premium**
Grow the **retread business** in **N. America & Japan** to contribute to overall TB business performance as well as to **build foundations of solutions** for the Mid Term Business Plan (2024-2026) (24MBP)

- Sales volume of new tires for truck & bus: Expect recovery from sales decline due to the economic slow down & distribution inventory adjustments mainly in N. America & Europe in 2H but decline vs. prior year for the full year.

Sales volume of new REP tire (2023) (vs. same period prior year)

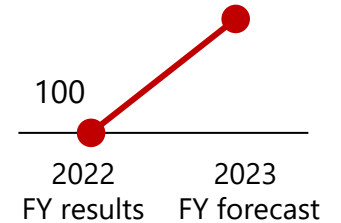


Focus on premium

- Japan: From volume to value
– narrow down low profit categories
- N. America: Increase market share of major brands

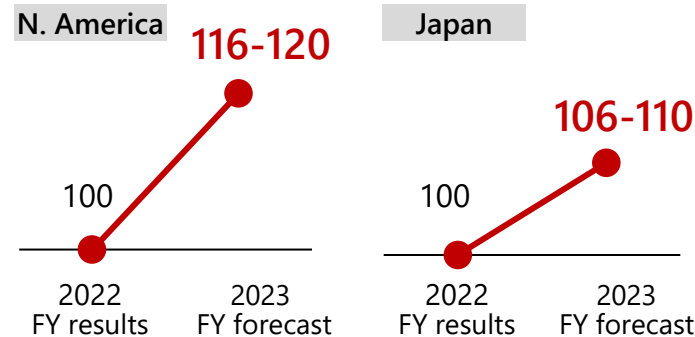
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Market share of BS & FS brand in N. America
(vs. same period prior year)



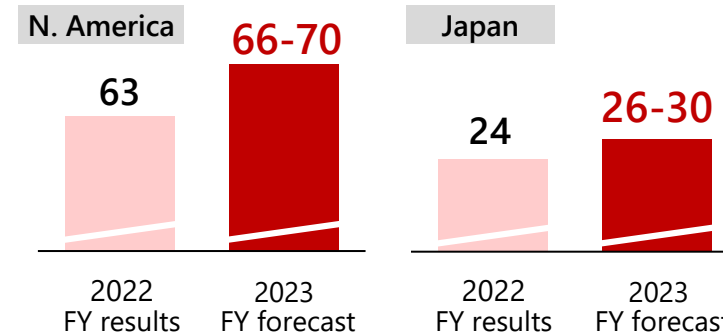
- Expand retread: Build foundations of solutions for the 24MBP

Market share growth in retread
(vs. same period prior year)



* Demand & market share are Bridgestone estimates

Growth in portion of retread sales volume
*Portion of retread tires among total TB tire sales volume including retread



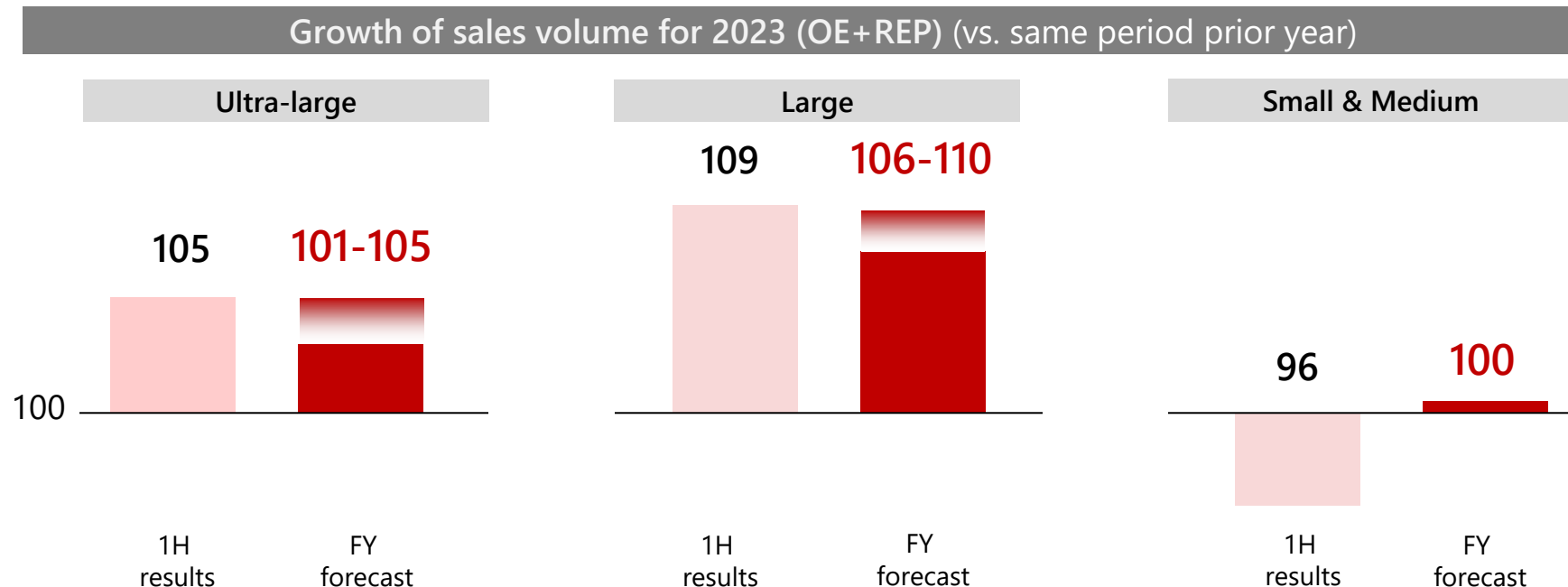
Invest to reinforce production of retread in N. America & Japan

- Japan** Create demand as market leader and establish circular business model
 - Enhance “TPP” solution package
 - Expand B-Select solutions network

- N. America** Contribute to profit by expanding retread
⇒ Improve profitability through price management
(Adj. operating profit margin for 1H 2023: Approx. 25%)

2. Toward a “strong” Bridgestone capable of adapting to change: Off-the-road tires for mining vehicles

- 2023 full year: Plan sales expansion around **Dan-Totsu product Bridgestone MASTERCORE** in the ultra-large and large categories. Build foundations of solutions linked with MASTERCORE for the 24MBP.
- **Ultra-large & Large:** As demand in minerals especially for steel & copper remain solid, expect **global sales to exceed prior year**
- **Small & Medium:** Solid sales growth continue for OE, but for REP, impacted mainly by distribution inventory adjustments of tires for construction vehicles in N. America, expect sales volume to be approx. 95% vs. prior year for the year. Plan same level of sales vs. prior year for OE and REP combined.



3. Summary of financial results for 1st Half 2023

Summary

■ Ensure thorough focus on premium ⇒ Improve business quality

- ❑ Expansion of premium tire sales
(premium tires such as PS HRD tires, OR tires, etc.)
- ❑ Strategic price management
- ❑ Improvement of sales mix
 - Focus on the resilient premium category
 - Accelerate restructure of low profit categories
- ❑ Ensure thorough expense management and cost management through on-site improvement in production

Constantly aim to optimize balance for:
Increase in premium tire sales volume and improvement in price and sales mix

(Unit: B JPY)	2022 6 months results	2023 6 months results	vs. prior year (%)
Revenue	1,886.3	2,101.7	111
Adj. Operating Profit	206.6	238.3	115
Margin	11.0%	11.3%	+0.4pp

*OR: Off-the-road tires

Explanation of 1H results

① Revenue

- Achieved sales expansion of premium passenger car tires and tires for mining vehicles, **securing increased revenue** vs. prior year
- Including tailwind effect from currency exchange, achieved our first revenue of over 2,000 B JPY in 1H

② Adjusted Operating Profit

- In addition to achieving sales expansion of premium passenger car tires and tires for mining vehicles, covered negative impacts on cost from raw material prices and inflation (energy costs, labor costs, etc.) through **improvement in price and sales mix**
- Drove initiatives such as thorough expense management and on-site productivity improvement in production. Also with the tailwind effect from currency exchange, secured **increased profit vs. prior year.**

3. Fiscal 2023 Guidance

■ Fiscal 2023 guidance: No changes from figures announced in February 2023

- As the business environment is expected to be more severe than in initial assumptions, focus on **improving business quality**
- Carefully watch demand trend and thoroughly ensure flexible & agile supply and inventory management
- Ensure **thorough focus on premium** throughout the year.
Maintain stance constantly aiming to optimize balance for increasing premium tires sales volume, improving price and sales mix. Continue management **focusing on "execution & results"** to secure results.

Build foundation
for **growth**
in the 24MBP

■ About the guidance

Shareholder returns:

- No changes from plans announced in Feb.
- Forecast for dividend per share: 200 JPY/year (Dividend increase +25 JPY vs. prior year)

Concerns over the business environment in 2H:

- Delay and/or reduction in level of recovery expected in 2H for TB sales in N. America & Europe
- Decline in sales vs. forecast due to further deterioration of the environment for the European market (Bridgestone also has weakness in business foundations in Europe)

About financial forecast (vs. plan in February):

- Sales: Decline in sales of REP (PS/TB)
Deterioration in sales mix vs. plans in Feb. due to increase in sales portion of OE
 - Price: Continue strategic price management
Pursue optimal balance between sales volume and price based on business environment changes vs. plans in February.
 - Expense & cost: Drive thorough expense management and cost improvement initiatives through continued on-site improvement in production
 - Other: Currency exchange premise (yen depreciation) and raw material prices are improving vs. plans in February.
- ⇒ Minimize the impact from sales volume decline and mix deterioration vs. plans in Feb. through expense management and cost improvement. Including the yen depreciation trend (vs. plans in Feb.), expect to secure results for the full year.

Steadily improve price & sales mix vs. prior year
and continue business quality improvement



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