

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Through realization of its Mid-Long Term Business Strategy that places sustainability at the core of management and business, the Bridgestone Group aims to evolve into a solutions company leveraging the strengths of its tire and rubber business. Doing so, the Group will continue to serve society by creating social and customer value, and gain competitive advantage. It will drive its Mid-Long Term Business Strategy, from framework to execution, in line with its Mid Term Business Plan which details the Group's initiatives through 2023 to achieve its goals, with an aggressive approach and challenging spirit.

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Realization of Mid-Long Term Business Strategy with Sustainability as its Core Bridgestone Sustainability Journey

Social issues, Customer issues, Change in external and social environment

Bridgestone Sustainability Journey

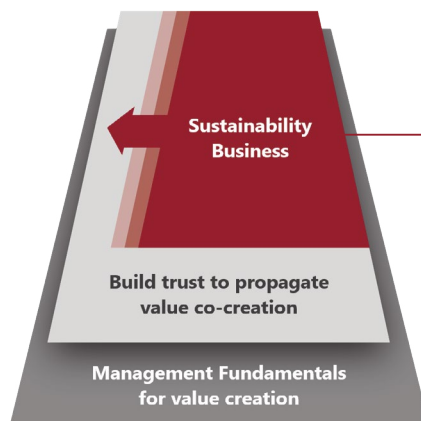
Mission

Serving Society with Superior Quality

Global CSR Commitment, Compass

Our Way to Serve

Sustainability framework



GUIDING PRINCIPLES

The Bridgestone Group is committed to the global realization of a sustainable society. By evolving into a sustainable solutions company and through all its corporate activities, the Group is taking steps to positively impact the journeys of its customers and society-at-large.

Shojiro Ishibashi, founder of the Bridgestone Group, believed a business that contributes to society will be forever profitable. This belief directly links to the concept of sustainability. As the current business environment and society's and customers' needs rapidly change, this belief is becoming more important than ever.

Serving society with superior quality. This statement was formalized as the Bridgestone Group's mission in 1968 based on the philosophy of its founder, and has remained unchanged throughout the Group's history. Introduced in 2017, *Our Way to Serve* is the compass for employees at all

levels of the Bridgestone Group's worldwide organization, as they incorporate the Group's mission into their everyday responsibilities. The Group's mission and *Our Way to Serve*, together with the Sustainability Framework, articulate the Group's approach to sustainability, and are guiding principles as it strives to achieve sustainable growth with society, customers and partners by creating social and customer value.

More information is available in this report:

- *Our Way to Serve*: [See pages 7-8](#)
- Sustainability Framework: [See pages 53-54](#)

Continue to grow with society, customers and partners by creating, balancing and expanding social and customer value

Vision

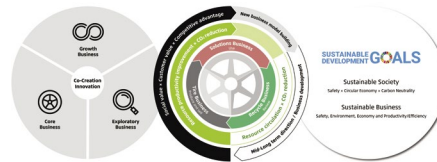
Toward 2050, Bridgestone continues to provide social value and customer value, as a sustainable solutions company.

Strategy

(Mid-Long Term Business Strategy)



Portfolio



Business model



HOW TO ACCOMPLISH OUR VISION

The Group marked 2020 as the first year of its third foundation — Bridgestone 3.0 — and is implementing its Mid-Long Term Business Strategy with sustainability at its core to accomplish its vision of continuing to provide social and customer value as a sustainable solutions company toward 2050. By incorporating sustainability into every aspect of its business, the Group is creating social and customer value and gaining competitive advantage. At the same time, it is building trust in collaboration with society, customers and partners. Concurrently, via its corporate governance and Management Fundamentals, the Group also is operating as a responsible business.

Toward 2030 and beyond, the Group aims to realize its Sustainability Business Model that pursues a win-win-win situation among society, customers and the Group, while evolving its business portfolio to meet the changing needs of society and customers

More information is available in this report:

- Mid-Long Term Business Strategy: [See pages 17-18](#)
- Portfolio: [See pages 19-22](#)
- Sustainability Business Model: [See pages 23-24](#)

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

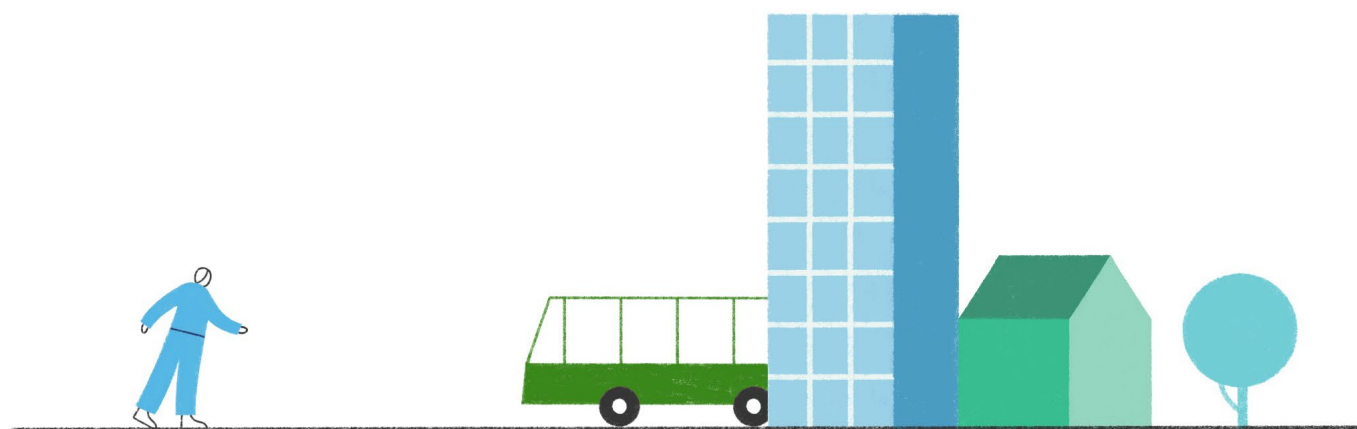
Mid-Long Term Business Strategy

“Serving Society with Superior Quality” has been and remains the Bridgestone Group’s mission since its founding. In 2020, the Group embarked on a new chapter, Bridgestone 3.0 — its third foundation — to provide social and customer value as a sustainable solutions company toward 2050. As a first step, the Group announced its Mid-Long Term Business Strategy with sustainability at its core.

Mid-Long Term Business Strategy with Sustainability at its Core Y2020~Bridgestone 3.0 (The 3rd Foundation)



In developing its business strategy, the Group carefully assessed the internal and external business environment — considering social trends, mobility trends and the competitive landscape — to determine the impact of each on its business. The Group then formulated a strategy to turn change into opportunity. The changes the Group considered, and its response to each, include:



CHANGES IN THE EXTERNAL AND SOCIAL ENVIRONMENT

- Unprecedented changes → Change management system to be more agile.
- Geopolitical risk → Promote “glocal” management.
- Climate change → Place sustainability at the core of management.
- Technology innovation and digital transformation (DX) → Co-creation, innovation and promotion of Bridgestone DX.

CHANGES IN MOBILITY

- Acceleration of Mobility as a Service (MaaS) and Connected, Autonomous, Shared, Electric (CASE) → Reinforce Dan-Totsu product strategy, taking into account sustainability and the evolution of mobility, expand tire-centric solutions and mobility solutions.

CHANGES IN THE TIRE INDUSTRY

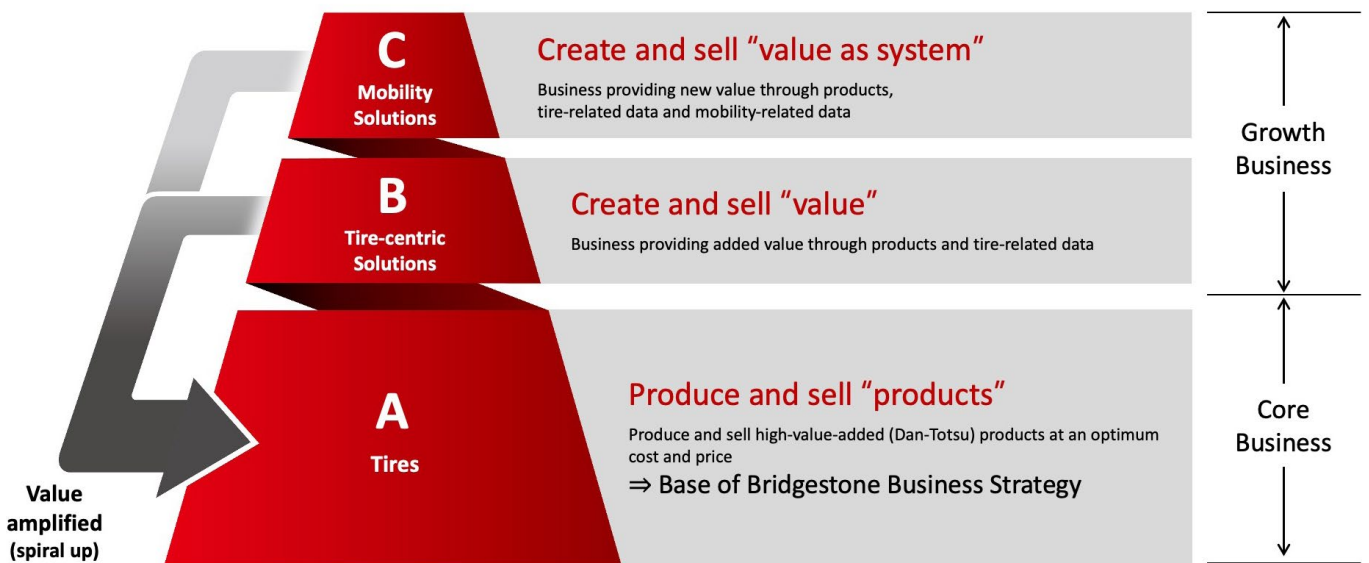
- Profitability of the industry as a whole is deteriorating.
- Still maintaining high profitability compared to analogous manufacturing industries.
- Expansion of the gap among players in the industry.
- Emerging competitors → intensifying price erosion as more players enter the market.

The Group’s growth strategy with sustainability at its core is to achieve sustainable growth together with society, customers and partners through its unique solutions activities. The core of this business strategy comes to life through Bridgestone Tires and Diversified Products as a Solution (Bridgestone T&DPaaS), its unique solutions platform that supports society’s rapidly evolving mobility needs with Dan-Totsu products, services and networks.

Building a unique business model

The Group’s core tire business is the foundation of all its business strategies, and it will continue to produce and sell high-value-added Dan-Totsu products. As a growth business, the Group will create new “value” by utilizing tire data and mobility data, evolving it into a solutions business that sells “value.” The Group will strengthen its core tire business, and leverage its advantages to expand its solutions business, so that the value of each business amplifies and continues to “spiral up.” This is its unique business strategy.

Building a unique business model



Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Outline of the Mid Term Business Plan: Realization of Sustainability Business Framework

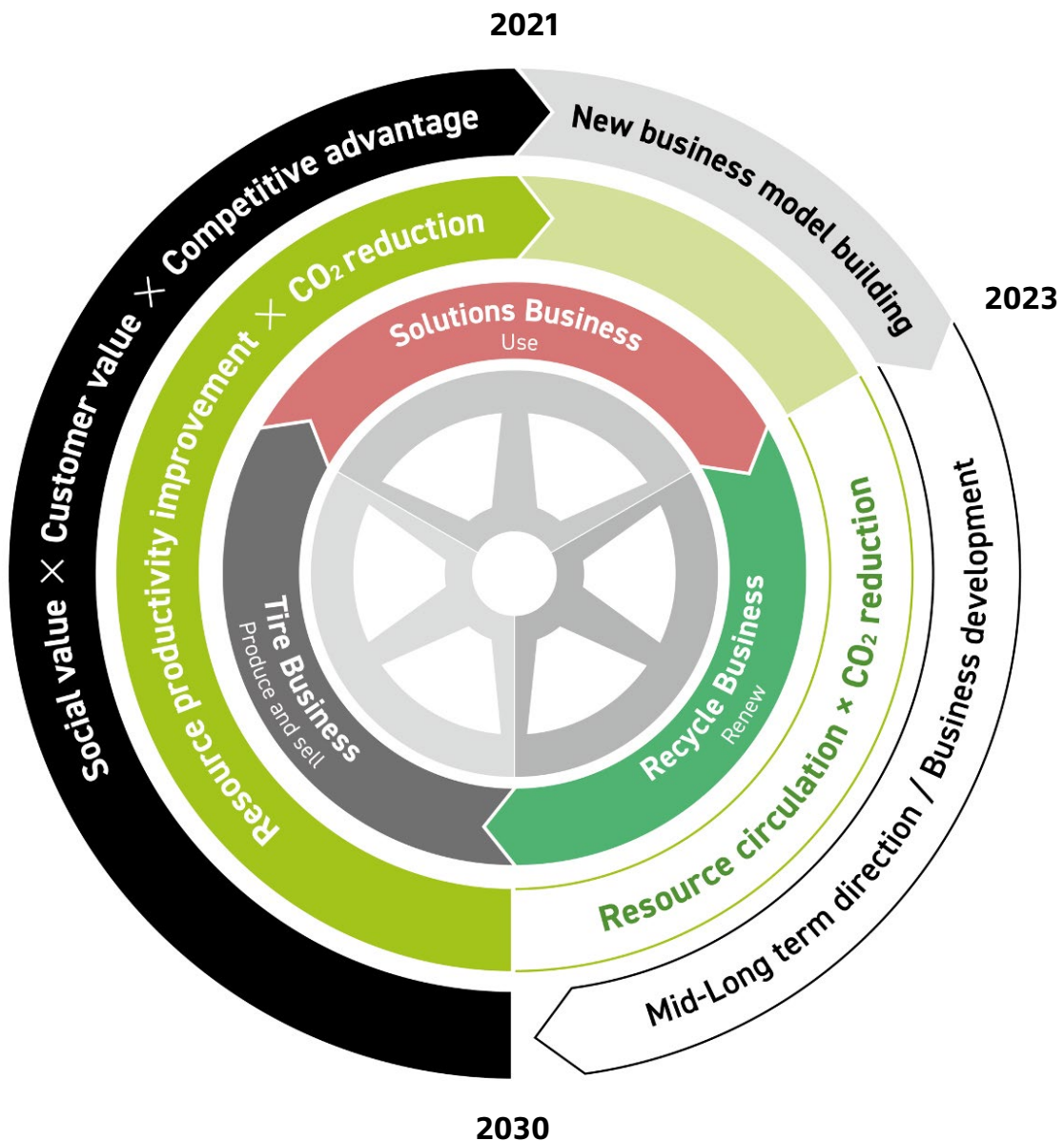
Toward becoming a sustainable solutions company: Support the mobility and movement of people and objects, create social and customer value, and gain a competitive advantage

Up to now, the Bridgestone Group has been contributing to the improvement of resource productivity and reduction of CO₂ emissions through its tire and rubber business, which produces and sells products, and its solutions business, which provides value to customers during use.

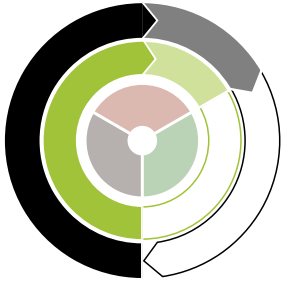
To further evolve into a sustainable solutions company, the Group will build a unique business model for the solutions

business and promote the recycle business that renews tires to raw materials, thereby realizing resource circulation, CO₂ reduction, a circular economy and carbon neutrality throughout its businesses.

Realizing this Sustainability Business Framework through co-creation and innovation, and the Group will thus contribute to the United Nations SDGs and a sustainable society.



Milestone in the Mid Term Business Plan (2021-2023) and toward 2030



2021

“Produce and sell” tire business / “value during use” solutions business: **Reinforce & expand**

“Renew” recycle business: **Start exploration**

2023

“Produce and sell” tire business / “value during use” solutions business: **Establish a unique business model**

“Renew” recycle business: **Commercialize**



2030

“Produce and sell” tire business / “value during use” solutions business / “Renew” recycle business: **Sustainable reinvestment of value generated from each business**

The Group’s Mid Term Business Plan, which will be implemented over the three-year period from 2021 to 2023, clarifies specific goals and actions to realize the Sustainability Business Framework based on its Mid-Long Term Business Strategy. With a view to 2030, it will drive toward 2023 with an aggressive approach and a spirit aimed at challenging the status quo to evolve into a “strong” Bridgestone capable of adapting to change. At the end of 2023, the Group will be well on its way toward becoming a sustainable solutions company throughout its value chain.

Promotion of the “produce and sell,” “value during use” and “renew” businesses

Beginning in 2021, the Group is working to amplify and expand its value through the unique business model that links its tire business with its solutions business. In addition, it has begun the search for recycling technology that will renew tires used by customers into raw materials. By 2023, the final year of its current Mid Term Business Plan, the Group will be prepared to commercialize this recycle business.

By 2030, the Group aims to establish a business model for all of its businesses, from produce and sell, value during use, and renew, and to link them to its sustainability activities, such as resource circulation and carbon neutrality, so that they continue to revolve like a wheel. The Group is advancing on its “Bridgestone 3.0 Journey” toward achieving this goal.

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Outline of the Mid Term Business Plan: Bridgestone 3.0 Journey toward 2030

Evolving into a “strong” Bridgestone toward becoming a sustainable solutions company

Under the new Mid Term Business Plan, the Bridgestone Group will enter a stage of “aggressive approach” and set a new business portfolio, rebuild earning power and full-scale investment in strategic growth.

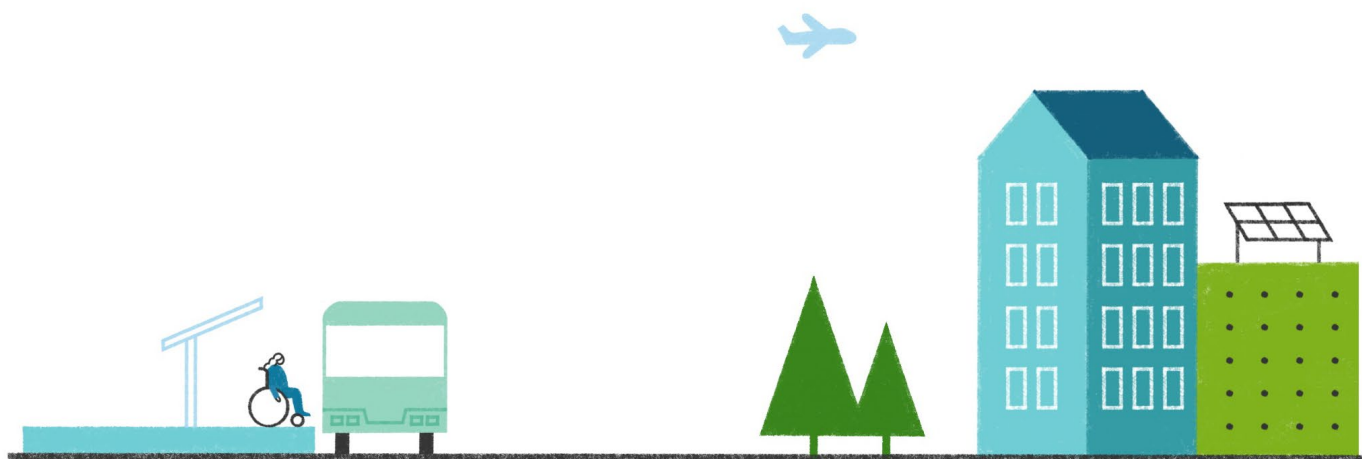
To realize its Sustainability Business Framework and implement the Mid Term Business Plan, the Group has established a new business portfolio. To sustainably grow toward the future, it has added on exploratory businesses, in addition to its existing core tire business and solutions business, its growth business. The contents of the core, growth and exploratory businesses are not fixed. In the future, the solutions business will become the core business, the exploratory business will become the growth business, and new exploratory businesses will be created while the Group steadily grows and meets the changing needs and environment of society and customers, as it has done in the past. By evolving its business portfolio, the Group aims to become a sustainable solutions company.

In the core business, the Group is rebuilding earning power. Through expense and cost structure reformation and implementing its premium business strategy, the Group is further strengthening its tire business. In its growth business, the Group is accelerating global expansion and development of solutions so they will evolve into core businesses by 2030. In the exploratory business, the Group has started exploring the recycle business, essential to its Sustainability Business Framework, as well as the soft-robotics business where Bridgestone can utilize its core competencies, such as mastering rubber.

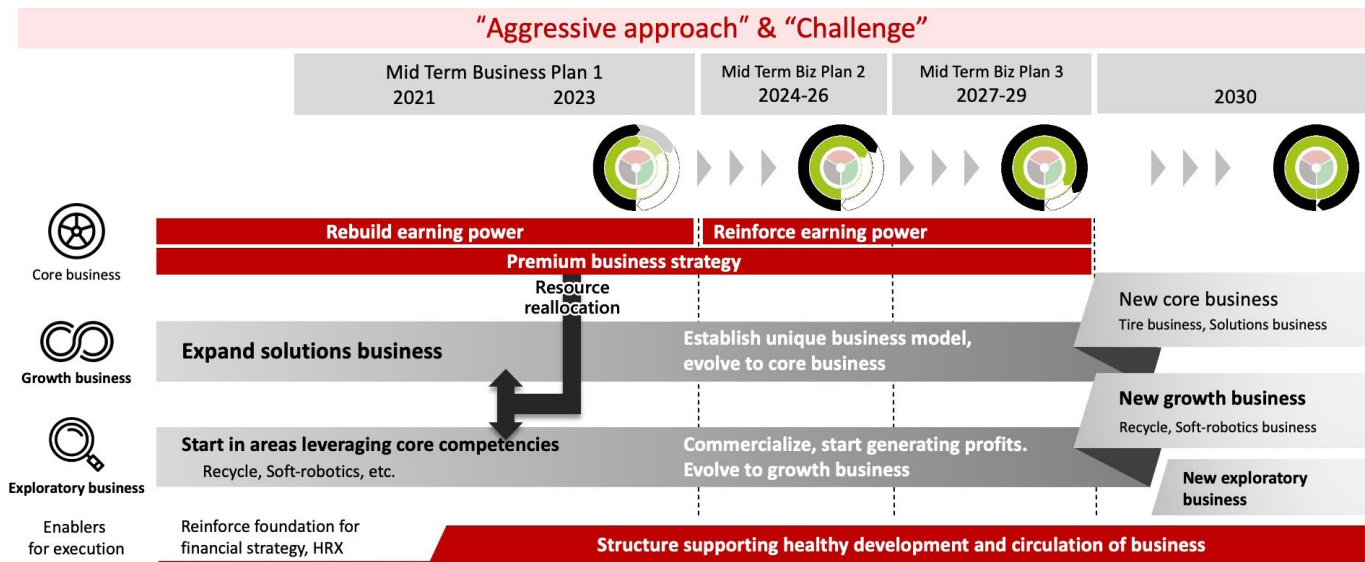
To realize the Sustainability Business Framework and implement the Mid Term Business Plan, the Group is flexibly reallocating strategic resources generated by the rebuilding of its earning power to strategic growth investment. In 2023, the Group aims to achieve a revenue level of 3,300 billion JPY, an adjusted operating profit ratio of 13%, and a return on invested capital (ROIC) of 10%. Its ambition is to establish a resilient and highly profitable structure capable of adapting to changes.

Toward realizing the Sustainability Business Framework, in line with Milestone 2030, its mid-term environmental goal, the Group will increase its use of recycled and renewable materials to 40% of its resources. In addition, it will work to reduce CO₂ emissions by 50% (compared to a 2011 baseline) and contribute to reducing by more than five times the amount of its CO₂ emissions across its value chain.

For more details on the Mid Term Business Plan, please see the following pages.



Bridgestone 3.0 Journey toward 2030
New business portfolio
Create social and customer value, and gain competitive advantage

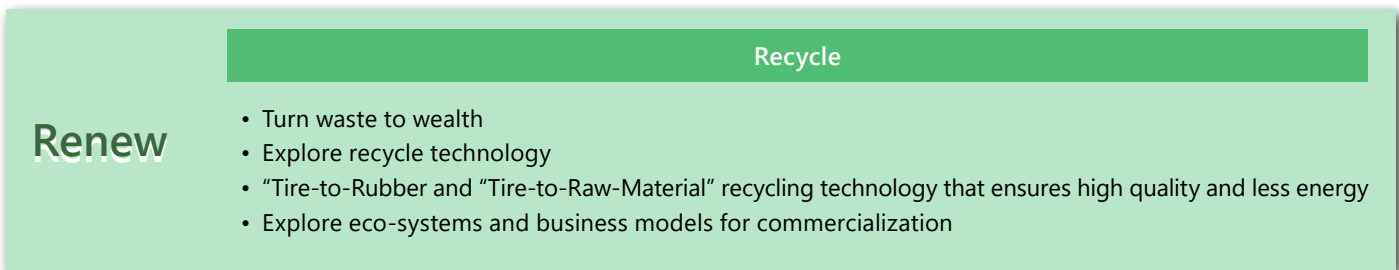
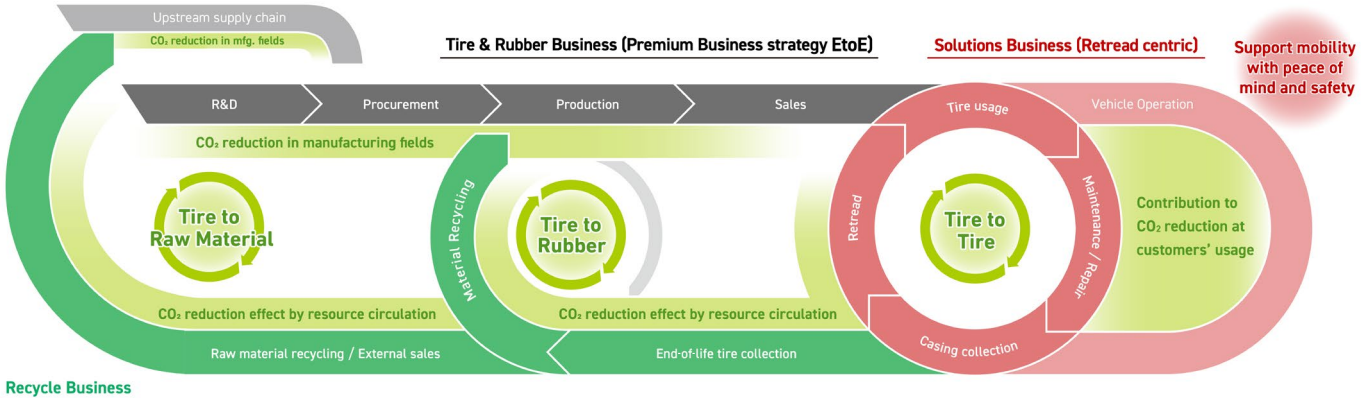
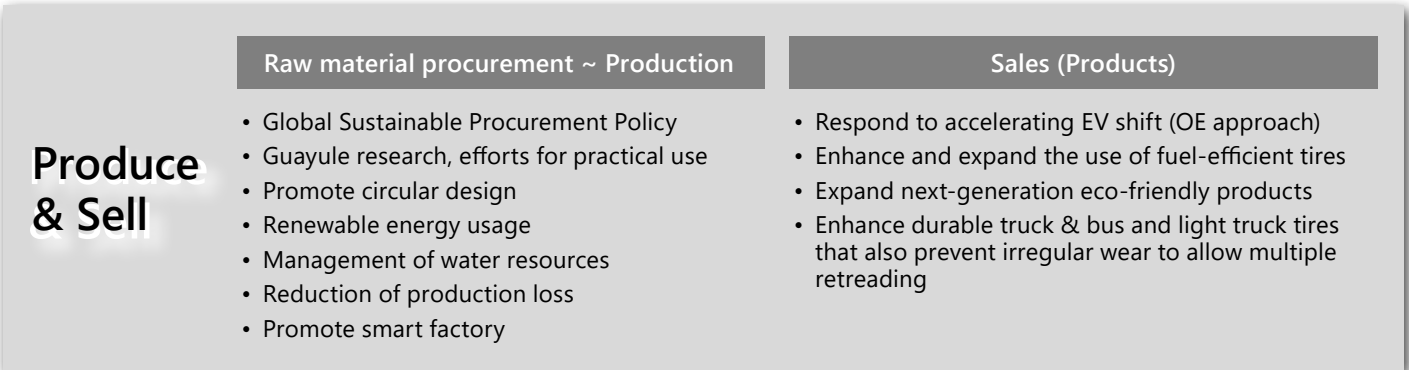


Evolve to a "strong" Bridgestone capable of adapting to changes, toward becoming a sustainable solutions company

	2021	2023	2024-29	2030
Business Portfolio	Core = tire business / Growth = solution business / Start exploratory business		Solutions business gradually becomes "core"; exploratory business becomes "growth"	Core = tire and solutions business / Growth = exploratory business / New exploratory business
Promote a circular economy Improve material circularity Maximize resource/tire value	Contribute to a circular economy across the value chain and the product life cycle			Recycled & renewable material ratio 40%
Carbon Neutrality Reduction of emissions Contribute to emission reductions	Reduce CO₂ emissions to achieve Milestone 2030			Reduction of CO₂ emissions: -50% Contribute to reducing more than 5x our emissions
Revenue % of solution business	3,010 B JPY 17%	3,300 B JPY level 20% level	Grow while adapting to changes Increase sales in solution	Toward a sustainable solutions company Resilient highly profitable structure in all businesses
Adjusted Operating Profit %	260 B JPY 8.6%	450 B JPY level 13% level	Resilient and highly profitable structure	
ROIC	6.3%	10% level		
ROE	6.8%	12% level		



Realization of Mid-Long Term Business Strategy with Sustainability as its Core Sustainability Business Model



2021-2023

- **Carbon neutrality**
 - Realize carbon neutrality across the value chain and product lifecycle
- **Circular Economy**
 - Improve material circularity
 - Maximize resource/tire value

Consolidate foundation and clarify roadmap towards carbon neutrality
 Optimize manufacturing footprint & business portfolio, enhance renewable energy use, explore new energy. Contribute to CO₂ emission reduction and gain competitive advantage through eco-friendly products & solutions business

Transition to a circular business model.
Explore and commercialize recycle business
 Enhance and expand recycled & renewable resources & expand retread business. Maximize value through light weight products, durable, wear-resistant Dan-Totsu products + Dan-Totsu solutions



Competitive advantage
Adding value, Cost optimization, Risk management

Use

Solutions

- Multiple retreading of durable case tires that also prevent irregular wear
- Promote premium retread
- Optimization of customer fleet operations
- Wear/endurance prediction
- Repair
- Subscription

The Bridgestone Group’s vision of becoming a sustainable solutions company is articulated in its Sustainability Business Model. By contributing to the achievement of specific United Nations SDGs, supporting the safe mobility and movement of people and objects, and creating social and customer value, the Group will create competitive advantage and a win-win-win situation among society, customers and Bridgestone.

Already, the Group has realized tire-to-tire recycling, which is based on retreading, where the tread of the tire is replaced and the casing is reused. This is contributing to CO₂ emissions reduction and resource circulation. In the future, it will create opportunities in the recirculation of tire-to-rubber and tire-to-raw material through its recycle business. In this way, the Group will contribute to CO₂ reduction at all stages of its value chain, including manufacturing, the customer use stage, and recycling.

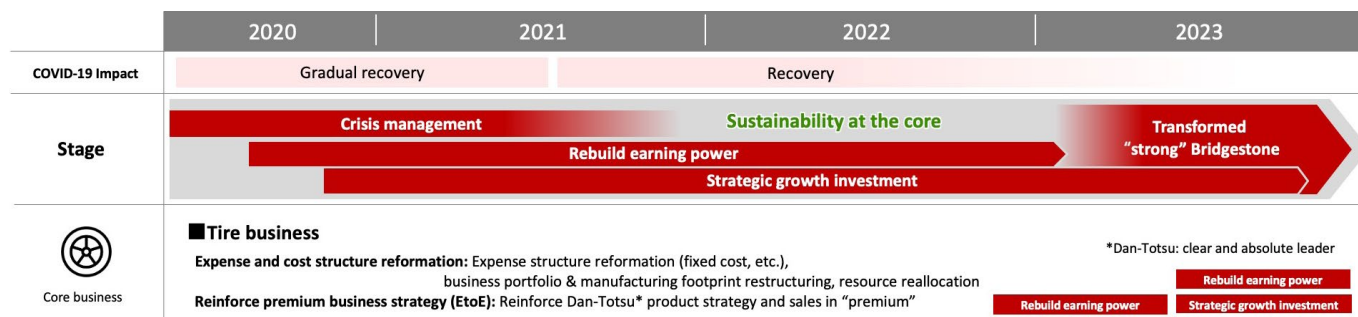
This business model will only be successful through co-creation and innovation. Particularly in the area of mobility solutions, the Group will connect with customers and co-creation partners through its unique platform. To advance tire-to-rubber and tire-to-raw material solutions, the Group also will connect with a wide variety of customers, partners and other stakeholders through an open platform. In this way, while amplifying the value of tires throughout the value chain, the Bridgestone Group will evolve into a sustainable solutions company contributing to the realization of a sustainable society.

~2030	~2050
<p>Reduction of CO₂ emissions: -50% Contribute to reducing more than 5x our emissions</p>	<p>Carbon neutrality</p>
<p>Recycled & renewable material ratio: 40%</p>	<p>100% sustainable material</p>

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Core Business: Rebuilding Earning Power

Rebuilding earning power through expense and cost structure reformation, reinforcing premium business strategy



In its core tire business, the Bridgestone Group is taking two approaches to rebuild earning power: reforming the expense and cost structure, and reinforcing its premium business strategy.

The Group is addressing its cost structure through thorough expense management.

To reinforce its premium business strategy, it will enhance its existing strengths by creating Dan-Totsu products, services and solutions that match society and customer needs at a competitive cost. It will then sell these offerings through premium channels that provide customers with high-value-added services.

Expense and cost structure reformation

In terms of cost and expense structure reformation, the Group will work to achieve further efficiency and optimization in all regions and domains globally through cost reformations in procurement and logistics, strict selection of investment, and thorough expense management. Through these activities, the Group expects to reduce fixed costs by approximately 53 billion JPY from 2019 to 2023. In 2020, as part of its response to the COVID-19 pandemic, the Group improved fixed costs by 25 billion JPY compared to the previous year through structural reformation implemented under risk management.

It will maintain this greatly improved fixed-cost structure and continue to promote further reformation and improvements.

Variable costs are also projected to be reduced by 9 billion JPY from 2019 to 2021, and the Group will maintain this more competitive variable cost ratio.

As a drastic structural reformation, the Group will also continue to consider and execute the restructuring of its business portfolio and manufacturing footprint over the long term.

Reductions made through expense and cost structure reformation

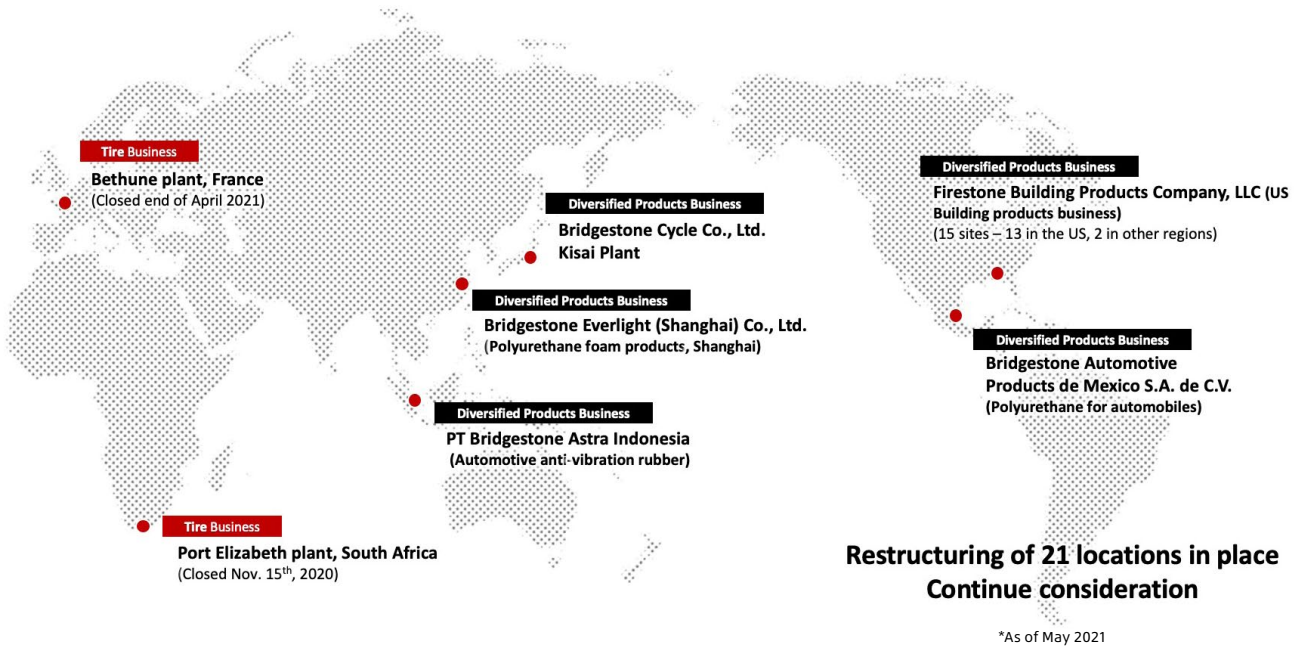
	2019	2020	2021	2023
	Reduction expected in 2019~2023 from structure reformation: total -53 B JPY			
Fixed Cost	-25 B JPY 2019~2020 reduction	-10 B JPY 2020~2021 reduction	Expected improvement (2021-2023) -18 B JPY	
	Reduction expected in 2019~2021 from structure reformation: 35 B JPY		Accelerate further expense structure improvement, and reallocate to strategic resources	
	Operational productivity improvement		-1.5 B JPY	
		Restructuring of organization & review of wage system	-13 B JPY	
		Reexamination of sales promotion & brand strategy	- 8.5 B JPY	
		Restructuring of manufacturing footprint, business portfolio and integration of office facilities, etc.	and 12 B JPY	
Variable Cost	-3 B JPY 2019~2020 reduction	-6 B JPY 2020~2021 reduction	Keep competitive variable cost ratio: 2021: 7.8%⇒2023: 7.7%	
	Reduction expected in 2019~2021 from structure reformation: 9 B JPY		2020: Improved expense structure through crisis management in response to COVID-19 impacts. ⇒ Continue & enhance 2021 onwards	
	Consolidate/rationalize warehouse		- 4 B JPY	
		Control unit price of logistics	- 1 B JPY	
		Cost reduction through procurement system reform	- 4 B JPY	

*Assumption for the exchange rate (2021-2023): 103 JPY/USD

Restructuring business portfolio and manufacturing footprint

The Group is examining the restructuring of its approximately 160 manufacturing sites, including diversified products and material manufacturing sites, keeping in mind the sustainable growth of each business.

In addition to the restructuring, the Group will also reinforce its tire manufacturing sites by maximizing the use of existing production capacities through optimization of its global supply system and manufacturing improvement.

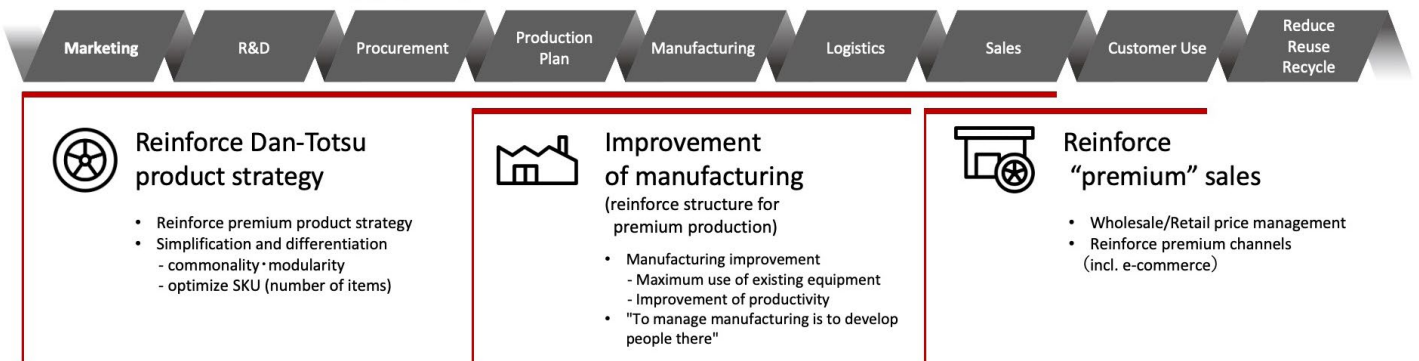


Reinforce premium business strategy

With an eye on sustainability and the evolution of mobility, the Group is focusing on high-value-added premium products and reinforcing its premium business strategy throughout the value chain to improve the quality of its business. The Group will promote this approach end-to-end, from product strategy and development to sales, focusing on delivering its Dan-Totsu product strategy, making manufacturing improvements and prioritizing premium sales.

To reinforce its Dan-Totsu product strategy, the Group is working on commonality/modularity and SKU optimization as a part of simplification and differentiation.

In addition, to prioritize premium sales, the Group is reinforcing sales through premium channels including e-commerce, which can provide customers with high value-added services.



Realization of Mid-Long Term Business Strategy with Sustainability as its Core Core Business: Rebuilding Earning Power

Reinforce sales of passenger car high-rim diameter (HRD) tires

To strengthen sales of high value-added products in the tire business, the Group is steadily promoting passenger car HRD tires, through a premium strategy to ensure tires for new vehicles generate demand for high value-added replacement tires (REP).

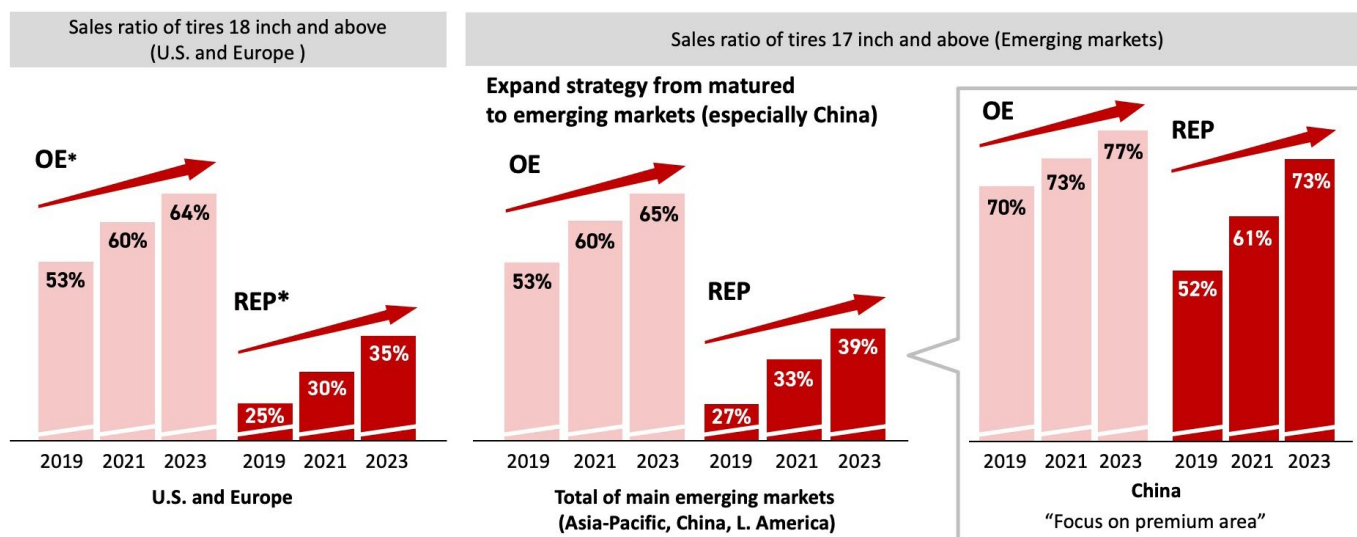
In developed markets, especially the U.S. and Europe, where the shift to higher rim diameter tires is ahead, the Group is reinforcing sales of 18-inch and larger tires as premium products. In the emerging markets of Asia-Pacific and Latin America, the Group is selling 17-inch and larger tires as premium products in anticipation of the trend toward HRD tires.

In China, HRD tires already account for over 70% of total sales of original equipment tires. The Group will drive sales of replacement HRD tires to more than 70% by 2023, compared to approximately 50% in 2019. China is a focus area in the Group's premium strategy and the Group will continue to reinforce this market.



ALENZA LX100 launched in Japan in February 2021

Sales ratio of high-inch tires for passenger cars (unit sales basis)



Reinforce premium product expansion for new mobility and toward sustainability

The mobility industry has entered a period of great transformation with CASE and MaaS. The shift to electric vehicles (EVs) and electrification is accelerating on a global scale toward the goal of becoming carbon neutral. In addition, with the expansion of car-sharing services, the utilization rate per vehicle is increasing and the performance required of tires is changing dramatically.

To respond to this evolution in mobility and the need for sustainability, the Group will introduce and expand innovative next generation eco-friendly products as new premium products. In the passenger car tire market, the ECOPIA brand was rolled out in 2010. By 2020, approximately 80% of all the Group's passenger car tires were eco-friendly products.

Moreover, the Group will reinforce its revolutionary ENLITEN technology which achieves both innovative light weight and driving performance.

The Group will also contribute to CO₂ reduction and cost optimization across the value chain by promoting commonality and modularity that enable simplification and differentiation. By aggressively advancing this initiative on a global scale, the Group aims to expand the module application rate to 17% of replacement tires by 2023. In light truck and truck and bus tire applications, which have a high utilization rate, the Group will further reinforce its technologies, including retreading, to allow safe and long-lasting use.

Bridgestone's approach placing sustainability at the core



Passenger car tires

■ Expand next generation eco-friendly product line-up as new "premium"

ECOPIA

Roll out since 2010
1st generation
Eco-friendly product
⇒ 80% of all products (as of 2021)

Innovative next generation eco-friendly technology fit for EVs and "shared"

ENLITEN

Achieve both innovative light weight and driving performance
--- contribute to driving distance of EVs

Next-level CO₂ emission reduction + improved resource productivity

Selected as original equipment on Japanese and international manufacturer cars (incl. EV)

■ Commonality · Modularity acceleration

-- Contribute to CO₂ emission reductions & improvement of resource productivity

- Simplify case-belt combinations (modules) between products, differentiate through tread performance
- Globally expand module application ratio: 2019 0% ⇒ 2023 17% (in replacement tires)



Light truck, Truck and Bus tires

■ For commercial fleets that have high utilization rate, reinforce technology to allow safe and long-lasting use with eco-friendly products

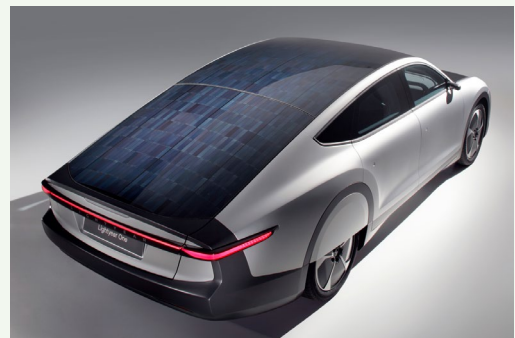
- Improve and balance prevention of irregular wear and durability for long life. Technology that allows multiple retreading

ENLITEN

TECHNOLOGY THAT ACHIEVES BOTH ENVIRONMENTAL BENEFITS AND DRIVING PERFORMANCE

ENLITEN technology makes it possible to reduce the weight of tires by approximately 20% and rolling resistance by approximately 30%¹ compared to conventional passenger car tires. It achieves these benefits by reducing the number of components used in tires, while maintaining driving performance and tire life. This makes it possible to reduce CO₂ emissions caused by tires by about 30% when driving gasoline-powered vehicles. It also contributes to reducing environmental impact and the achievement of sustainable mobility by extending the driving range of electric vehicles (EVs) on a single charge. It further contributes to improved resource productivity by reducing total material weight.

ENLITEN technology is applied on Turanza Eco tires specially engineered for Lightyear One, the world's first long-ranged solar electric vehicle by Netherlands-based mobility innovator [Lightyear](#)². The Bridgestone Group developed the Turanza Eco Tires by combining, for the first time, the revolutionary lightweight ENLITEN and ologic technology, which has larger diameters, high-inflation pressures and slim design. The technologies made it possible to reduce further rolling resistance and increase the driving range of electric vehicles. This co-creation between Lightyear and Bridgestone is a direct result of a shared focus on sustainability and a relationship built upon the more than eight years of collaboration through the Bridgestone World Solar Challenge. The development of Turanza Eco tires is a step up to a new stage of this co-creation activity based on technological innovation.



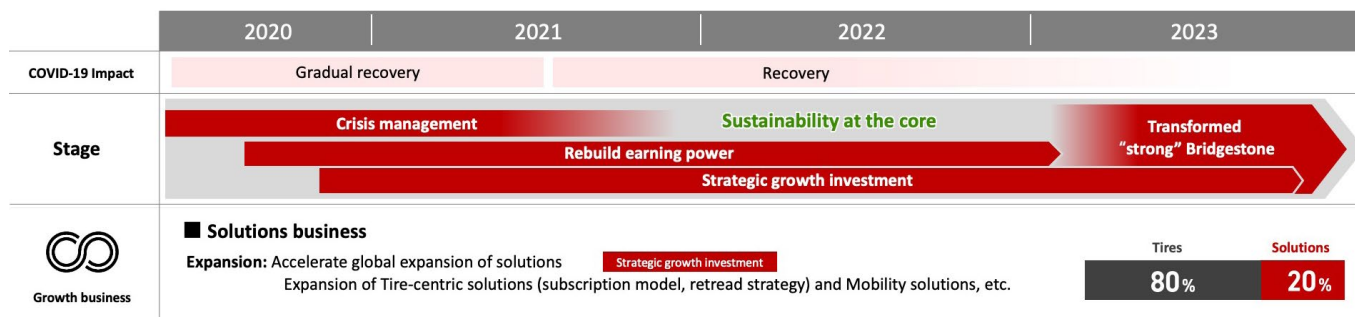
¹ Comparison made using the 225/40R18 tire size.

² A company developing long-range solar EV (Lightyear One) based in Netherlands, established in 2016.

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Growth Business: Solutions Business Expansion

Continue expansion of the resilient business model



The solutions business, which the Bridgestone Group has identified as a growth business, provides value to customers when they use tires. It maximizes the value provided by the Group through coordination with its core tire business.

By expanding the solutions business, the Group will continue to accelerate its growth as a resilient business adaptable to change. In its Mid Term Business Plan, the Group aims to increase solutions business sales to 20% or more of total sales by 2023.

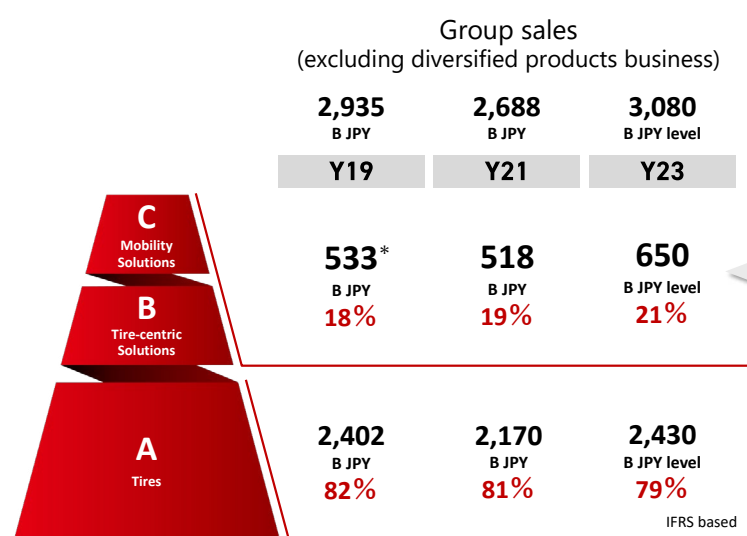
Tire-centric solutions and mobility solutions

In terms of tire-centric solutions, the core of the solutions business, the Group will expand and strengthen its subscription and retreading services based on its global Dan-Totsu network.

partnerships and M&A activities in North America and other regions. In doing so, it intends to triple its sales from approximately 22 billion to 67 billion JPY. Through such initiatives, the Group plans to expand its business from approximately 533 billion JPY in 2019 to 650 billion JPY in 2023.

The Group plans to scale up its mobility solutions offerings through Webfleet Solutions, but also through strategic

Continue expansion of the resilient business model



C Mobility Solutions

- Webfleet Solutions
- Other fleet solutions

22 B JPY (2019) ⇒ 67 B JPY (2023)

B Tire-centric Solutions

- Truck & Bus retread sales (global)
- New business form (not conventional tire sell-out)
Mining solutions, Hose solutions, Aircraft solutions, truck tire mileage sales, Subscription (mobox), etc.

95 B JPY (2019) ⇒ 110 B JPY (2023)

- Services at equity stores
(incl. N. America retail financial services revenue)
For passenger cars and commercial fleets

66 B JPY (2019) ⇒ 103 B JPY (2023)

350 B JPY (2019) ⇒ 370 B JPY (2023)

533 B JPY (2019) ⇒ 650 B JPY (2023)

* 2019 sales data has been revised and adjusted to IFRS basis from Mid-Long Term Business Plan Update presentation on August 7th 2020.

Tire-centric solutions: Global expansion of subscription models

Mobox, the core of the Group's tire-centric solutions, is a subscription service for passenger cars that offers tires and maintenance for a fixed monthly fee. In addition to tire recommendation, reassembly and removal by professional and experienced staff, it also offers various services such as puncture compensation, periodic safety inspections, and various maintenance services. The Group aims to increase the number of subscription contracts for passenger cars by approximately 20 times by 2023 (compared to 2019) by rolling out the European mobox model to Japan and the U.S.

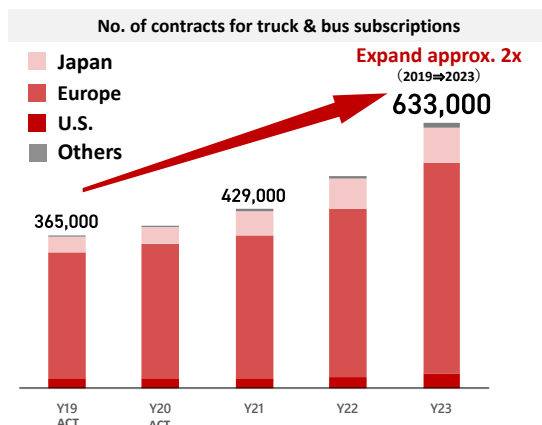
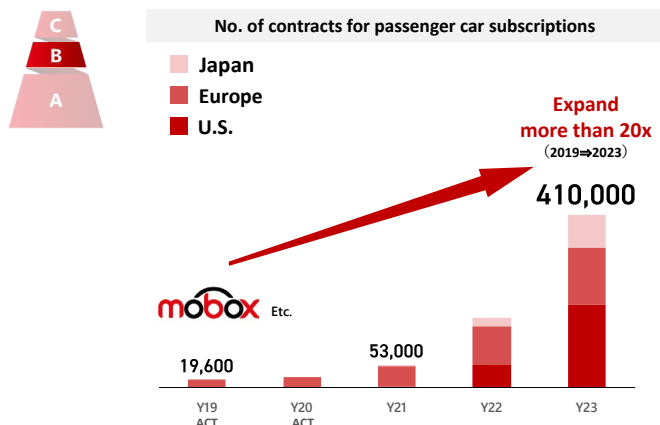
The Group also plans to approximately double the number of contracts for truck and bus fleet subscriptions, which are already widely used by customers in Japan, Europe and the U.S., during the same time frame. To this end, the Group will optimize services to fit customer needs in each region.

Subscription models reduce the burden on the environment by ensuring the long and optimal use of tires with safety and peace of mind.

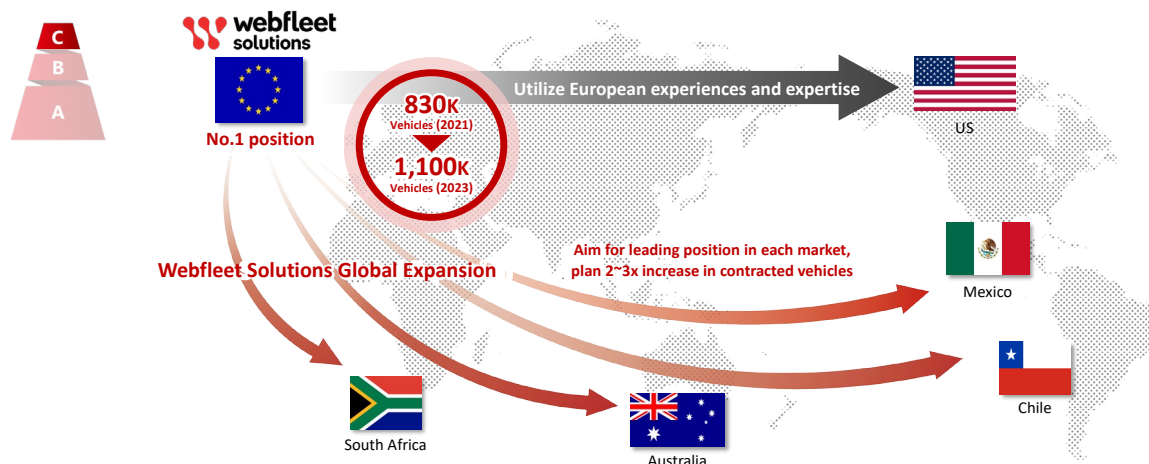
Mobility Solutions: Global expansion of fleet solutions

Webfleet Solutions, a Bridgestone Company, is a leading fleet management service provider with more than 20 years of experience. Its core Software-as-a-Service platform, WEBFLEET, supports transportation operations and contributes to improved safety, efficiency and productivity of drivers and operators by managing various data related to vehicle operations. More than 50,000 companies worldwide trust WEBFLEET to connect their fleets and get their drivers, vehicles and businesses where they need to go safely and efficiently. The Group will continue to roll out its fleet management services and know-how globally, from a European Center of Excellence. Webfleet Solutions already commands the number one position in Europe. By further strengthening this foundation, the Group plans to increase connected vehicles to more than 1 million by 2023.

The Group has already begun global expansion aimed at doubling or tripling the number of contracted units, and to establish a leading global position for the Webfleet Solutions business. In North America, the Group will consider further business expansion with strategic partnerships and M&A to scale up its fleet solutions. These approaches will enable the Group to help achieve safer, more efficient and more sustainable mobility.



Global expansion of fleet solutions



Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Growth Business: Retread

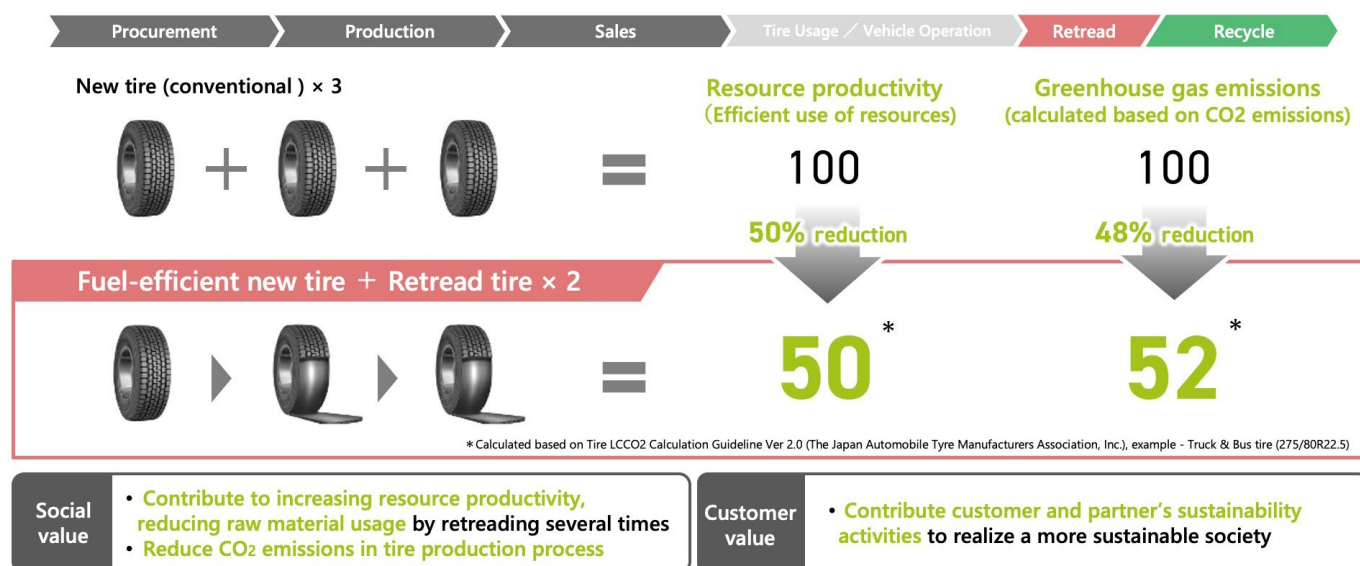
Retread solutions as the core of Sustainability Business Framework

The Bridgestone Group is developing a global retread service in which it collects worn out tires from customers, replaces the worn tread, and delivers tires that are again ready for use. By initially developing durable tires that also prevent unpredictable wear, and by providing appropriate maintenance, this service makes it possible to retread a single tire several times. Combining Dan-Totsu products, retread service, and maintenance as a subscription package with a flat monthly fee, customers can use tires more safely, longer and more cost efficiently.

Furthermore, retreading tires can contribute to improving resource productivity and reducing CO₂ emissions. Based on the premise that Bridgestone tires are used three times by

customers, comparing the use of three new tires with the use of one new fuel-efficient tire retreaded twice, the amount of raw materials used and CO₂ emissions during the entire life cycle, excluding the use phase, can be reduced by about half. Thus, utilizing multiple retreads based on the Group's unique technology can further contribute to environmental sustainability.

This solution is essential to the Group's Sustainability Business Model and tire-centric solutions, which enable maximum use of tires throughout total tire life and provides social and customer value in terms of increased safety, a healthier environment, cost efficiency and productivity.



Development of retread solution

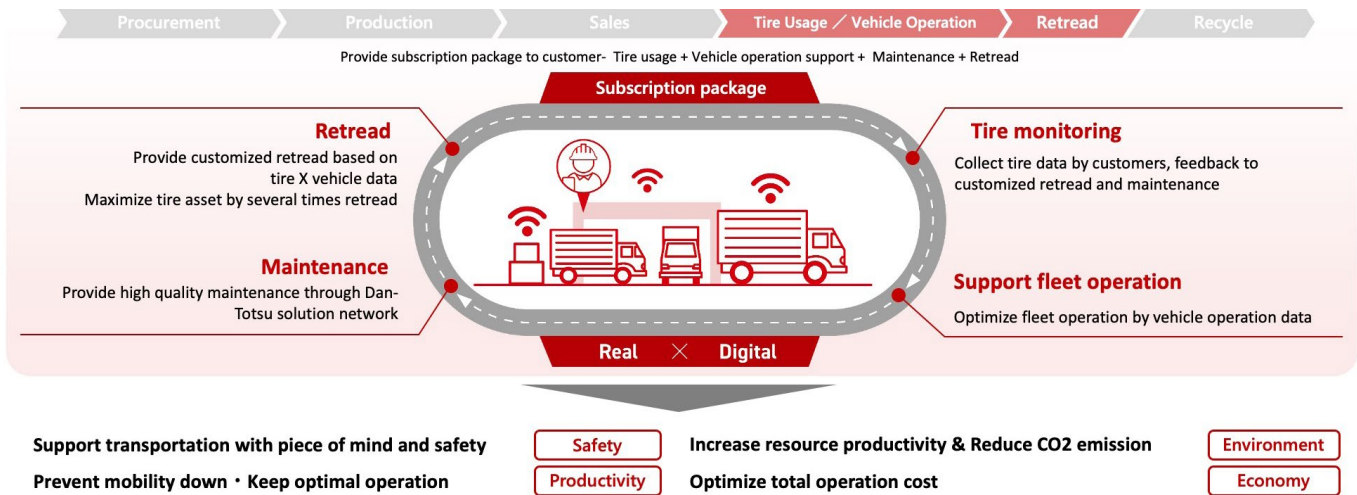
By combining retread services with digital technologies, such as tire monitoring allowing visibility of tire data, and mobility data provided by Webfleet solutions, the Group can provide Dan-Totsu solutions for customers.

These Dan-Totsu solutions analyze tire and mobility data with the Group's unique algorithms to provide tire wear and durability predictions, and Webfleet Solutions provides fleet operation support to prevent downtime from tire and vehicle trouble to ensure safe mobility and maintain optimal

operations of customers, thereby reducing the customer's total operation cost. In addition, this contributes to the reduction of CO₂ emission at customer's use phase.

In the future, the Group will use mobility and tire data as the basis for offering premium retreading that will enable it to customize the Dan-Totsu products, surface area to be retreaded, tread shape and appropriate timing for each vehicle and each tire, according to its usage conditions.

Image of premium retread



A MESSAGE FROM

Paolo Ferrari

Executive Vice President and Executive Officer of Bridgestone Corporation
Global Chief Business Solutions Officer
BSAM Member of the Board, CEO and President

The global pandemic has challenged us all to adapt to accelerated shifts in the way people around the world live, work and move. Bridgestone has met these challenges and opportunities with a sharp focus on ensuring a sustainable and successful Bridgestone that delivers value to society, customers, employees and shareholders.

The steps we are taking today are focused on contributing to a brighter future and a better planet. With an eye toward becoming a sustainable solutions company, we are building on the strength of our core business and expanding our offering beyond tires and service to develop smart-sensing tire technologies and world-class mobility solutions. The solutions we offer are co-created and designed with purpose. Together, we want to create a world that moves in safer, smarter, more efficient and more sustainable ways.

Our mobility solutions will enable a circular economy. Smart-sensing technologies like our IntelliTire¹ and iTrack II tire management platforms² help maximize each tire's time in service. Longer tire life means fewer valuable resources are consumed producing new tires and fewer

CO₂ emissions are emitted from new tire production. In addition, fleet management solutions, such as the WEBFLEET platform offered by Bridgestone's Webfleet Solutions business, will play an increasingly important role in driving safety and efficiency improvements for the transportation industry globally and the realization of a carbon neutral society.

These advanced solutions will work hand-in-hand with our world-class Bandag retread business. In 2020 alone, we retreaded more than 6 million commercial truck tires in North America, extending the useful life of these tires while reducing waste and water use, and avoiding more than 5 billion kilowatt hours of energy consumption. In the future, we believe retreading can be expanded to include tires in fast-growing segments, such as last-mile delivery.

At Bridgestone, we believe what's good for society is good for business. Our vision for the future will only be achieved through partnership. I am proud of the steps Bridgestone is taking today to create a better tomorrow, and I am excited to be on this journey with each of you.

¹ A tire with a unique QR code that tracks, monitors and measures performance across a tire's full lifecycle.

² For more information on iTrack, see [page 33](#).

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Core & Growth Businesses: Four Categories for Execution

In its core and growth businesses, the Bridgestone Group has established four categories to serve as the basis for executing its Mid Term Business Plan. These categories consider the characteristics of the business, its position and the maturity of mobility in each region.

Category 1, MAIN, encompasses the business in North America, mining, and the tire and solutions business in Japan. These three businesses account for about half of the Group's sales. In this category, the Group will expand its solutions business and proactively invest resources to further reinforce and accelerate value amplification of its businesses.

Category 2, NEXT, is the tire business in five markets, China passenger cars, Latin America, India passenger cars, Asia-Pacific and the Middle East, where the Group will start contributing sales and profits to the global market to become MAIN. Currently, these businesses account for about 20% of total sales and the Group expects them to grow in the future. To do so, it will build a profit base and allocate resources in stages. In particular, it will reinforce the premium business strategy in China and establish a solutions business that responds to the accelerating transformation toward CASE

mobility and MaaS. In the next phase of the Mid Term Business Plan starting in 2024, some of today's MAIN businesses are expected to face a challenging business environment. Therefore, the Group expects the next MAIN businesses to help it become a sustainable solutions company.

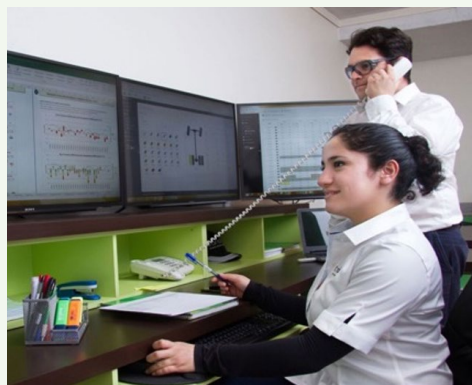
Category 3, STRATEGIC, contains the European tire and solutions business, and aviation tire and solutions business, which form an important basis for the Group's global strategy. Europe is the starting point for the Group's global strategy in terms of sustainability, regulations, MaaS and original equipment manufacturers for passenger cars, trucks and buses.

Category 4, DEVELOPING, includes the China truck and bus tire business, India truck and bus tire business, and Russia and Africa tire businesses. The Group is rebuilding these businesses and constructing a foundation for future profits. The Group will continue efforts to break away from deficits by 2023 by reinforcing its premium business strategy, as these are markets with a promising future.

Mining Solutions

CONTRIBUTE TO OPTIMIZATION OF MINING OPERATIONS THROUGH THE COMBINATION OF "REAL" X "DIGITAL"

The Bridgestone Group is developing mining solutions that contribute to the safety, reduced environmental impact, economic efficiency and productivity of mine operators. It is doing so by combining the real x digital worlds to deliver integrated products, services and servicing networks that utilize tire and mobility data. At mining sites, it is important to increase fleet availability and to quickly transport more minerals per vehicle. BRIDGESTONE MASTERCORE tires are a Dan-Totsu product with ultra-high durability. They are based on the combination of the Group's unique new technologies, including steel cord and other materials, and structure and processing engineering that can offer proposals considering each customers' operation plan and mine layout. In addition to providing BRIDGESTONE MASTERCORE tires, the Group provides comprehensive services to maximize mine performance by offering tire maintenance, repair, fittings and more. In addition to data such as tire temperature and air pressure that can be collected by old-generation tire monitoring systems, iTrack, the Group's tire and mining vehicle monitoring system, captures and accumulates vehicle operation data and other information in real time. The Group analyzes this data with its unique algorithms to provide solutions such as tire wear, durability prediction and vehicle operation support. In addition, by further enhancing foundations for providing this solution through its Dan-Totsu network, the Group will continue to support safe, economic and efficient mining operations.



Four categories for execution

<p>1 MAIN</p> <p>Continue reinforcement/expansion Expand solutions business based on our strong core business, accelerate value amplification</p> <p>Resources Proactive investment Profits Maximize</p> <p>N. America Tire/Solutions biz Mining Tire/Solutions biz Japan Tire/Solutions biz</p> <ul style="list-style-type: none"> Reinforce premium business strategy Expand solutions business Master manufacturing, business structure reformation Reinforce tire-centric solutions 	<p>2 NEXT</p> <p>Aim to become "MAIN" Start contribution to group</p> <p>Resources Step-by-step investment Profits Build foundation</p> <p>China Passenger Car Tire biz L. America / India PS / Asia-Pacific / Middle East Tire biz</p> <ul style="list-style-type: none"> Reinforce premium business strategy Lay foundation for solutions Reinforce premium business strategy
<p>3 STRATEGIC</p> <p>Contribute to global strategy Build framework for strategic synergy and contribution to group global</p> <p>Resources Limited investment Profits Build foundation (stabilize profitability)</p> <p>Europe Tire/Solutions biz Aviation Tire/Solutions biz</p> <ul style="list-style-type: none"> Tire business: Reinforce premium business strategy Solutions business: Drive & reinforce global expansion Expand solutions business <p><small>*Basis for global strategy regarding: sustainability, regulations, MaaS, OEM (Passenger cars, truck and bus)</small></p>	<p>4 DEVELOPING</p> <p>Aim to become "NEXT" Stabilize profitability</p> <p>Re sources Minimal investment Profits Build foundation (break away from deficits)</p> <p>China Truck & Bus Tire biz India Truck & Bus biz Russia / Africa / Tire biz</p> <ul style="list-style-type: none"> Rebuild business Reinforce premium business strategy

Evolution of portfolio

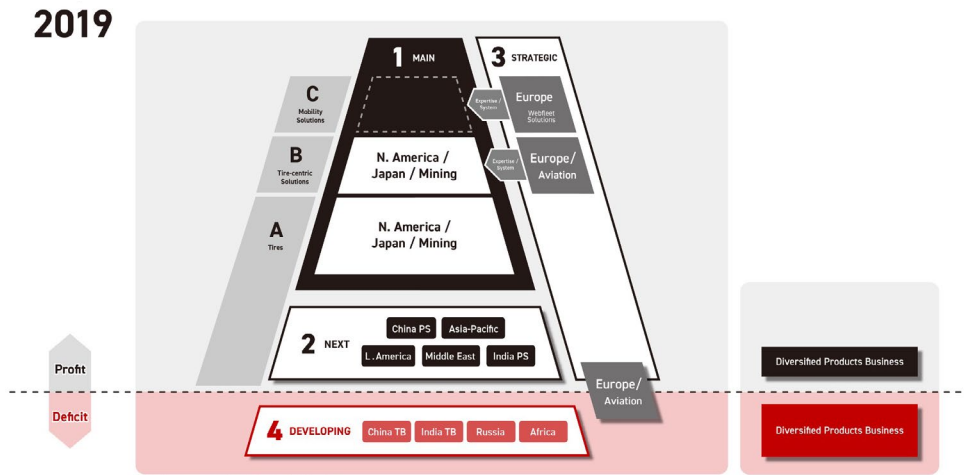
Based on these four categories, the Group will proceed with its Mid Term Business Plan and business portfolio management. It will reinforce its MAIN category to create even stronger businesses by combining the tire business and tire-centric solutions. It also will advance mobility solutions and expand the North America and mining businesses through potential M&A, as well as strategic partnerships.

In the NEXT category, the Group will reinforce its regional tire businesses to migrate them to the next MAIN category.

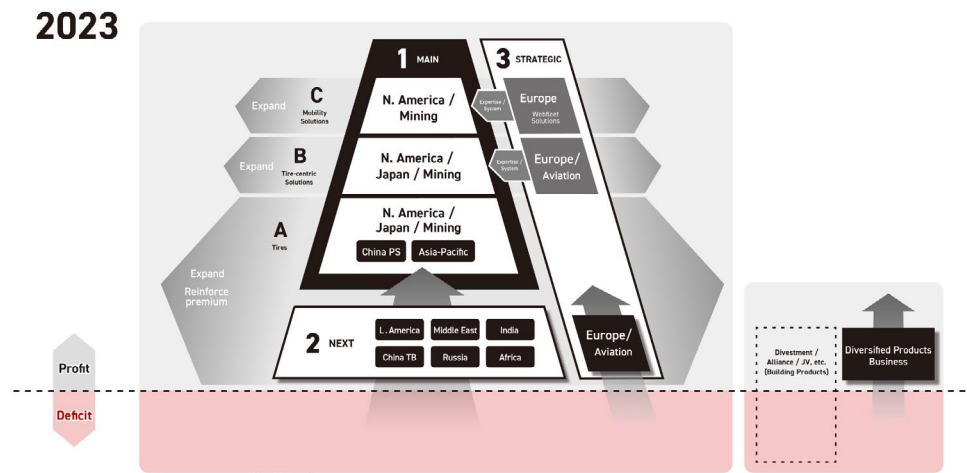
In the STRATEGIC category, the Group will leverage the expertise and systems acquired in the solutions businesses, such as the European Webfleet Solutions business and subscription models, applying these solutions to the MAIN category businesses to scale up these offerings in North America.

In the DEVELOPING category, the Group will rebuild its core tire business and evolve it to the NEXT category.

From 2021 to 2023, the Group will implement portfolio management of these four categories. Furthermore, the Diversified Products business will aim to return to profitability by focusing on businesses where core competencies can be utilized. In this way, the Group will turn all its businesses profitable by 2023.



*PS = Passenger car tires, TB = Truck & Bus tires



*PS = Passenger car tires, TB = Truck & Bus tires

Realization of Mid-Long Term Business Strategy with Sustainability as its Core DX & Technology Innovation

Technological innovation supporting the Mid Term Business Plan

To continue to provide social and customer value as a sustainable solutions company toward 2050, the Bridgestone Group will strengthen its sources of competitive advantage through technology innovation.

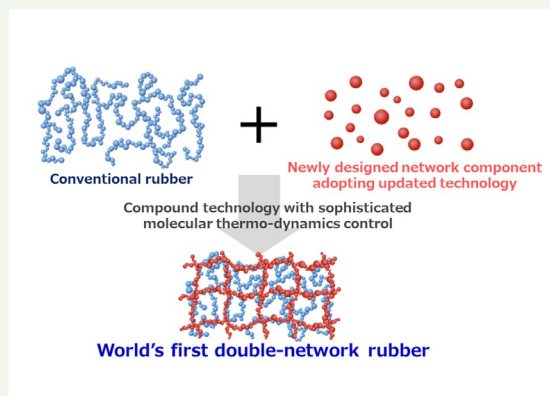
Since its founding in 1931, the Group has been developing technologies that provide new value. These include such innovations as wet performance tires that stop with confidence even on rainy days, ice performance tires that reduce slippage on icy surfaces and snowy roads, and the improved fuel efficiency of tires.

The Group has also succeeded in developing a technology that achieves both rubber strength and fuel efficiency, which had been extremely difficult to attain. It has created a rubber material with a double-network structure that is both flexible and strong.

RUBBER MATERIAL WITH A DOUBLE-NETWORK STRUCTURE

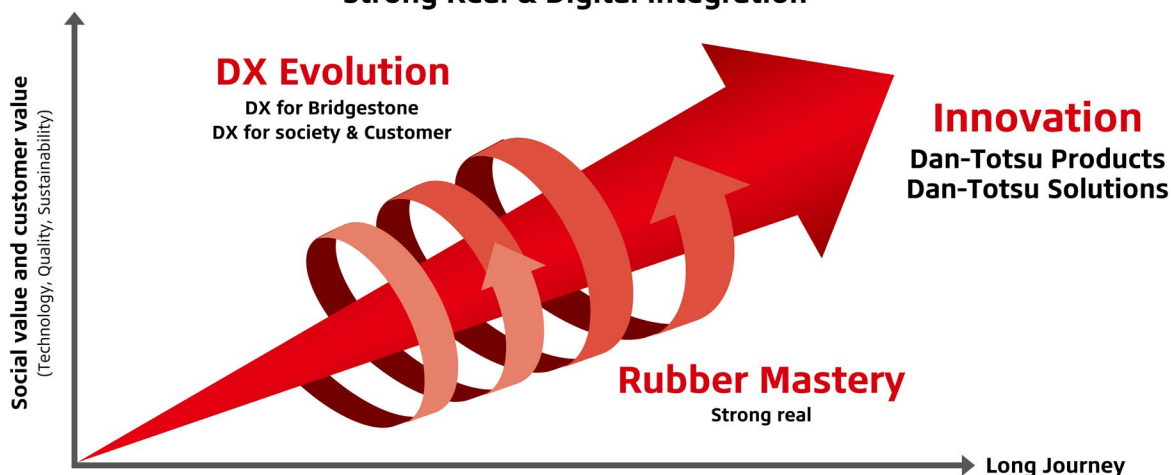
Creating value for new rubber changes conventional concepts

Rubber material with a double-network structure combines hard, energy-absorbing properties with soft, supple properties. It was successfully co-created by the Bridgestone Group in collaboration with 12 research organizations. While maintaining the fuel efficiency of conventional fuel-efficient rubber (base rubber), the new material is about five times stronger, making it possible to produce thinner and lighter tires that reduce environmental impact.



Technology innovation that supports the Mid Term Business Plan

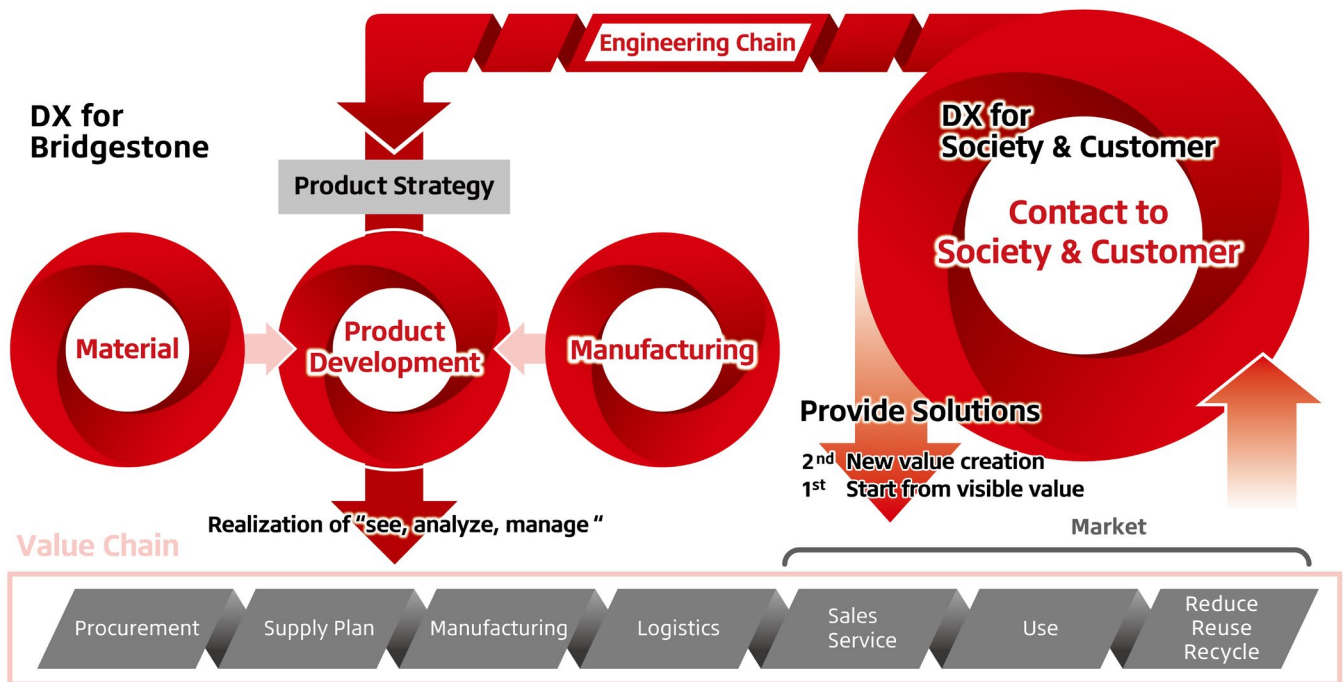
Strong Real & Digital Integration



Master the rubber as a strong Real, and creating innovation through combination with Digital (DX*)

*DX= Digital Transformation

Bridgestone's DX (Digital Transformation)



Innovation through the combination of strong Real X Digital

The Bridgestone Group has the technology to see, analyze, and manage rubber, which has been cultivated over many years of product and material development. It also has a vast amount of data obtained from these technologies and knowledge accumulated on the manufacturing floor. The Bridgestone Group refers to Dan-Totsu products, Dan-Totsu solutions and Dan-Totsu network as its strong Real. This real world expertise of rubber mastery is the foundation of the Group's R&D; it also is its greatest strength. By digitally connecting and utilizing technology, data, and Takumi — craftsman skills — such as its unique simulation algorithm, the Group is able to develop Dan-Totsu products and Dan-Totsu solutions faster, easier, and more accurately with greater data.

The technology innovation driving the Group is the combination of strong Real X Digital, to generate Dan-Totsu product and solution innovations that create social and customer value.

ADVANCED DESIGN SIMULATION

By using advanced design simulations that combine the Group's accumulated high-quality market data and tire databases with structural computer-aided engineering (CAE), it is possible to simulate the ground conditions of tires on snowy roads, wet roads, soil and sand. In addition, by combining this data with other models, it also is possible to perform combined simulations of tires and suspensions, tires and vehicles, etc. The Group's Dan-Totsu tire for mining, BRIDGESTONE MASTERCORE, and innovative tire technology that achieves both environmental benefits and driving performance, ENLITEN, were developed using strong Real X advanced-design Digital simulation.

MATERIAL AND COMPOUNDING SIMULATION

The vast amount of laboratory data the Group has about a wide variety of rubber materials is the core of its strong Real technology. Advanced material and compounding simulations become possible by combining this data with nano-level molecular CAE. Such simulations will accelerate the development of innovative materials that have advanced functions beyond those of conventional materials currently available in the marketplace.

UNIQUE ALGORITHM USED FOR ADVANCED SIMULATIONS

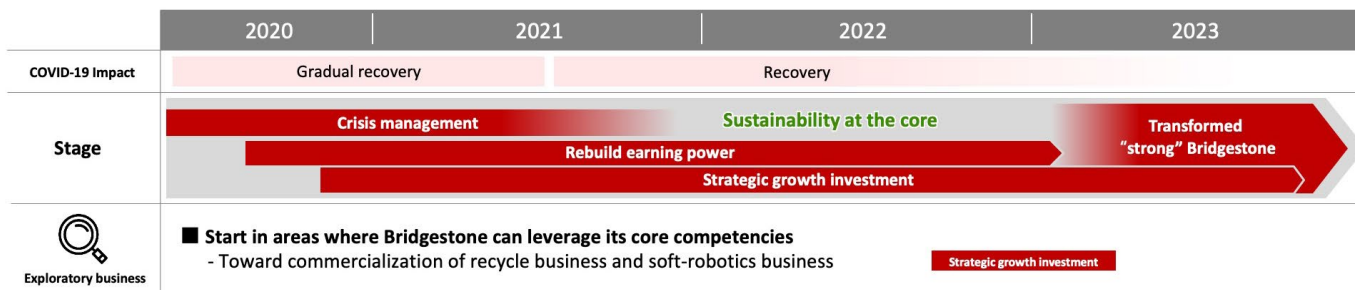
By using advanced simulations to analyze customer driving data in real time, the Group can accurately ascertain the tire condition of the vehicle being driven. This is made possible by the Group's unique algorithm, which is based on its knowledge of the world's roads and its ability to obtain highly accurate data from customers worldwide. Going forward, the Group will further strengthen the development of such algorithms to accelerate the development of Dan-Totsu solutions and provide new social and customer value.

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Exploratory Business: Enablers for Start-ups

Starting a new journey toward a sustainable solutions company

The Bridgestone Group, which aims to become a sustainable solutions company, has added the “exploratory business” to its business portfolio to achieve sustainable growth for the future.



Based on its mission of “Serving Society with Superior Quality,” the Group is exploring new business areas leveraging its core competencies, creating potential synergies with its existing businesses, contributing to the achievement of SDGs, and ensuring synergy with its Sustainability Business Model.

At present, the Group has set up a specialized organization to explore the commercialization of recycling and soft-robotics and is examining these areas in collaboration with global partners. To interact with a broader range of partners, the Group has introduced a corporate venture capital fund called the Bridgestone Sustainability Fund and also will utilize M&A and other means to speed up the commercialization process.

A global hub to create new value: Interaction with empathy, Co-ideation, Co-R&D, Co-creation

Co-creation and innovation are essential for the Group to advance its growth and exploratory business. The Group is constructing the Bridgestone Innovation Park as a base for this co-creation with various partners.



The Group believes that four steps are necessary to create new value: interaction with empathy, co-ideation, co-R&D and co-creation. Last year, the Bridgestone Innovation Gallery opened as a place to engage with a wide variety of stakeholders. The Gallery introduces the Group’s history as well as innovation initiatives to generate empathy. At the B-Innovation center and the B-Mobility mini-test course scheduled for completion at the end of 2021, the Group will accelerate the process of co-ideation, co-R&D and co-creation.



A MESSAGE FROM

Masato Banno

Senior Vice President and Executive Officer
Global Chief Technology Officer
Responsible for Technology, Quality Management

Bridgestone aims to achieve its Mid-Long Term Business Strategy and Sustainability Business Framework with technological innovation that supports its vision — toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.

Bridgestone will continue to provide social and customer value by combining its strength in the Real world (such as its overwhelming experience and abundant market data gained through its mastery of rubber, grounding and hysteresis as a long-standing industry leader) with the evolution of its own style of digital transformation to create innovation and the Dan-Totsu products and solutions that result. This is Bridgestone’s approach to technological innovation.

The Bridgestone Innovation Park, a place to accelerate this technological innovation, is scheduled to be completed at the end of 2021. Bridgestone also is embarking on work style reform by combining a simple organizational structure with an agile employee development system. In addition, through its Park operations, Bridgestone will collaborate globally with other innovation hubs and have touch points with various partners to explore new business opportunities.

Bridgestone will interact with society, customers and partners, and then deepen these relationships to foster co-ideation, co-R&D and co-creation. This, in turn, will accelerate technological innovation and enable Bridgestone to provide social and customer value.

In addition, the Group is developing innovation sites in each of its global regions. With the Bridgestone Innovation Park in Kodaira, Japan, at the core, the Group will strengthen collaboration and accelerate co-creation and innovation

with Digital Garage in Rome, Mobility Lab in Akron, USA, and KTC, a diversified business technology center in Yokohama, Japan.



Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Exploratory Business: Recycle Business

Realization of a circular economy

To deliver its sustainability business model, the Bridgestone Group is promoting initiatives to build a new business to advance tire recycling technology. Since there are many technical challenges involved in returning tires to rubber or raw materials, the Group will promote open innovation, including various partnerships.

The shift from a linear economy, in which natural resources are extracted, made into products and disposed of in large quantities without being reused, is an issue being faced by society as a whole. The transformation into a circular economy, in which resources are reused and recycled, is an opportunity closely aligned to the Group's business activities.

As resource consumption increases due to economic growth, the supply-demand balance of resources likely becomes tighter. A depletion of natural resources, and the resulting sharp rise in raw material prices, is expected to have a significant impact on production activities.

Building the recycle business

TIRE-TO-RAW MATERIAL

The Bridgestone Group has been searching for technologies to convert tires back into raw materials. In partnership with [Delta-Energy Group LLC](#), Bridgestone Americas, Inc. is producing tires that use recovered carbon black (rCB). This material is recovered from end-of-life tires through pyrolysis, or thermal decomposition, as a replacement for virgin carbon black, a raw material used in tires. Using rCB reduces CO₂ emissions from carbon black production by 81% compared to virgin materials, while offering similar product performance.

In 2020, Bridgestone purchased over 1,200 metric tons of rCB, the equivalent of approximately 380,000 end-of-life tires, resulting in the reduction of approximately 1,900 metric tons of CO₂ emissions. Annually, the company targets to increase the use of rCB to 6,800 metric tons and reduce the equivalent of over 10,800 metric tons of CO₂ emissions. The Group is also investigating ways to convert recycled oil to virgin carbon black by upgrading the pyrolysis process. In addition, the Group has verified that the recycled oil can be used as a substitute for naphtha through a low-energy and precisely controlled pyrolysis process, and the Group aims to obtain butadiene and isoprene, which are raw materials for synthetic rubber used in tires.

TIRE-TO-RUBBER

In general, when tires are converted back into rubber, they are downsized and used as ground rubber or reclaimed rubber material by adding further processing to the ground rubber.

The Group recognizes that using resources more wisely and sustainably is an opportunity to address this important issue. For this reason, the Group believes it will be necessary to establish a material-recycling system that returns end-of-life tires, which are currently used mainly as fuel, to tire raw materials.

The Group is accelerating its initiatives to realize a circular economy by recovering tire materials and introducing various recycling technologies, with the aim of achieving both resource recycling, in which customers return used tires to recycled raw materials, and CO₂ reduction.

To realize the tire recycle business, the Group considers end-of-life tires as a resource and is exploring technologies to return tires as economical and high-quality raw materials and rubber. The Group aims to achieve both resource circulation and CO₂ reduction, and continues to work toward the realization of a circular economy and achieving carbon neutrality.

However, the use of these conventional products is limited to small amounts because it is difficult to obtain the same level of fracture resistance as that of new rubber when large quantities of these products are used in rubber compounding.

The Group is conducting multifaceted research into innovative technologies that will enable the reprocessing of rubber from tires by applying heat and other methods, so that this recycled material can be widely used as a material for new tires. In the future, these technologies will make it possible to utilize end-of-life tires as raw materials for new tires, and the Group expects to significantly enhance material circularity¹.

BRIDGESTONE'S CIRCULAR DESIGN

Along with the development of individual technologies for the recycle business, the Group also will promote the circular design of tires. In addition to developing materials and designs that make tires more recyclable, the Group is aiming for a design that enables efficiency and optimization throughout the entire value chain, including procurement, production, logistics, sales, service and collection. The Group will continue to turn waste to wealth to create social and customer value.

Its accumulated tire and rubber research development expertise and innovation is very important for these activities. Equally essential is the knowledge and leadership of various partners, which is why co-creation for social and customer value will be a priority as the recycle business evolves.

¹ A concept that indicates the circularity of raw materials. The Bridgestone Group uses the percentage of raw materials used that are recycled or derived from renewable resources as an indicator.

Realization of Mid-Long Term Business Strategy with Sustainability as its Core

Exploratory Business: Soft-Robotics Business

Supporting safe mobility and movement of people and objects

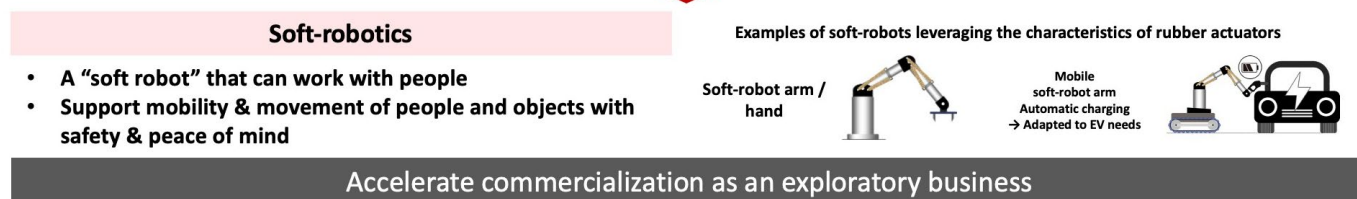
The soft-robotics business is a new attempt in the Bridgestone Group's diversified products business to support safe and secure mobility and movement of people and objects by utilizing soft-robots that can collaborate with humans. In particular, the Group is exploring the development of various soft-robots, such as lightweight and high output robot arms.

To address such social and customer issues, the Group is utilizing its expertise and technology in mastering rubber to further develop a soft-robotics business. Since this business also has a high-level of synergy with the Group's existing businesses, it can utilize current production facilities for manufacturing. It also can utilize the expertise of core and growth businesses to further develop its business model. In doing so, the Group will accelerate the commercialization of this new business.

Societies in developed countries are experiencing workforce reductions due to declining birthrates and aging populations. There also is an increasing need for contact-less technology from COVID-19 pandemic impacts and work automation.



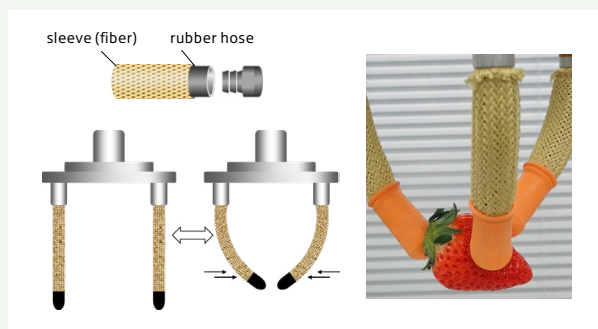
Co-creation / Innovation



Soft-robot hand

COMBINING FLEXIBILITY AND HIGH OUTPUT TO ACHIEVE THE RIGHT GRIP STRENGTH WITH A SINGLE HAND

The Bridgestone Group's rubber actuator is a polymer composite consisting of a rubber tube and a fiber-braided sleeve that applies its tire and hydraulic hose technologies. These rubber actuators are flexible, impact resistant, lightweight and high output. As one of its applications, the Group is developing a robot hand that can correctly grip everything from soft to hard objects of various sizes and weights, ranging from items like strawberries to tires. The soft-robot hand is expected to be used in a wide variety of applications. This is another example of how the Group is co-creating social and customer value with numerous stakeholders.



Realization of Mid-Long Term Business Strategy with Sustainability as its Core Financial Plan

Transforming into a “strong” Bridgestone by rebuilding earning power

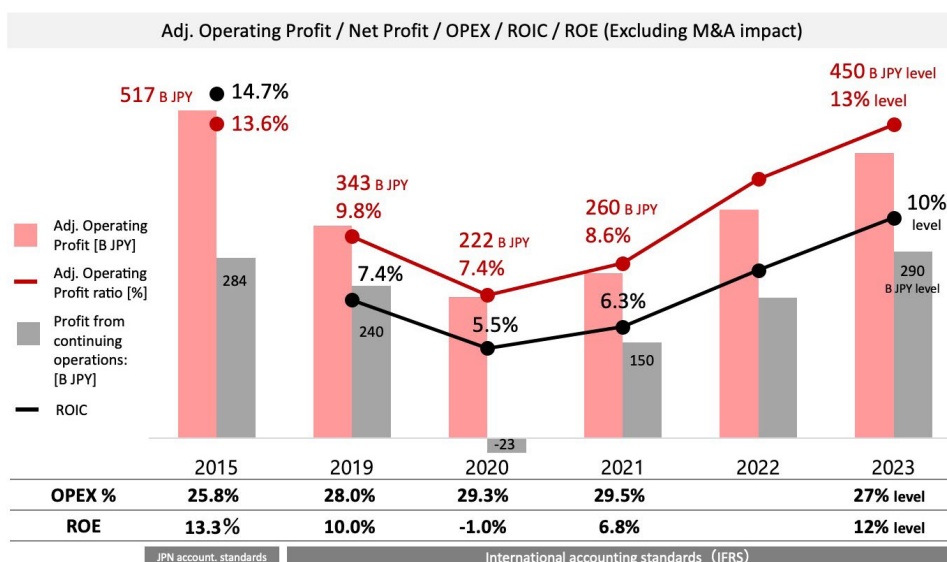
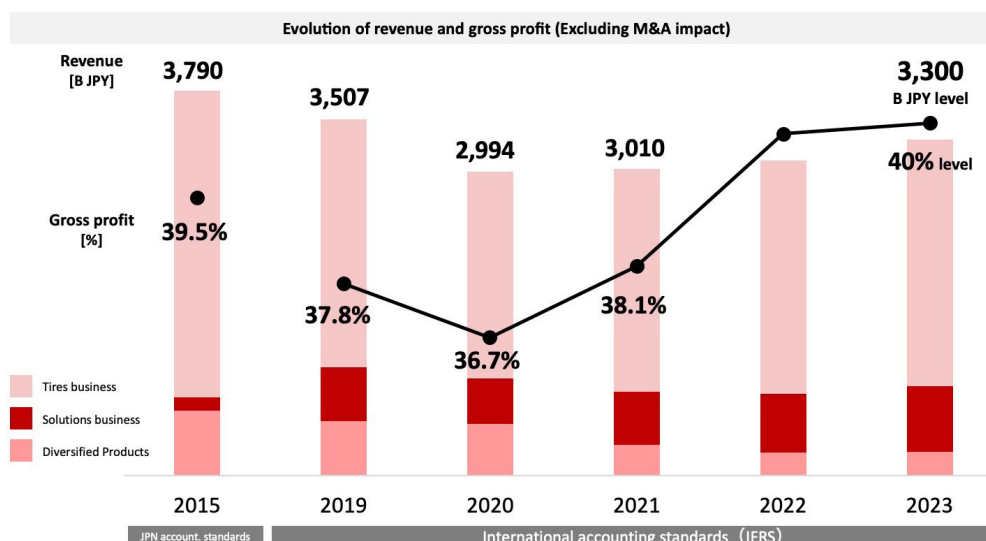
The Bridgestone Group’s financial plan is supported by rebuilding earning power through expense and cost structure reformation, reinforcement of its premium business strategy, and expansion of its solutions business. As a result of these efforts, the Group’s gross profit margin is expected to grow to the 40% level by 2023, exceeding that of 2015, and revenue is expected to reach the 3,300 billion JPY level. These figures reflect an improvement of business quality and a new business portfolio as shown below and indicate a transformation to a resilient and highly profitable structure in all businesses. These results are being achieved by:

- Increasing the sales ratio of premium products in the tire business.
- Increasing the sales ratio of the solutions business (tire-centric solutions and mobility solutions) to 20% of total sales.

- Reorganizing diversified businesses and focusing on businesses where core competencies can be leveraged.

The Group aims to keep its operating expenses ratio below the 2019 level through steady structural reforms. As a result, it plans to achieve an adjusted operating margin of 13%, on par with 2015, and an adjusted operating profit of 450 billion JPY by 2023. The resources generated by narrowing down operational resources will be reinvested as strategic resources for growth.

As a result of the above outlined actions, profit from continuing operations in 2023 is expected to be approximately 290 billion JPY, exceeding the 2015 level. The Bridgestone Group has adopted return on invested capital (ROIC) as a new core management indicator and aims to achieve a ROIC of 10% in 2023 and return on equity (ROE) of around 12%.



Realization of Mid-Long Term Business Strategy with Sustainability as its Core Financial Strategy

Strategic resource deployment

In its Mid Term Business Plan, the Bridgestone Group is working to evolve into a “strong” Bridgestone with an aggressive approach and challenging spirit. To do so, it plans to invest 700 billion JPY in strategic resources by 2023 that will be generated by thoroughly narrowing down its operational resources. This includes 350 billion JPY for strategic investments and expenses and 350 billion JPY for co-creation activities such M&A, the Corporate Venture Capital Fund and strategic partnerships. The Group plans to identify business opportunities and invest with the aim of further strengthening its core business and skillfully balancing strategic investments to expand its growth business.

STRATEGIC INVESTMENTS AND EXPENSES

Strategic resources account for 30% of total investments and 5% of expenses. The Group will invest resources to restructure its business portfolio and manufacturing footprint, transform the structure of its Japanese business, as well as to expand its growth business. Resources will be allocated as strategic growth investments toward the premium business strategy in the tire business and in tire-centric solutions and mobility solutions to support the solutions business.

M&A, CORPORATE VENTURE CAPITAL, STRATEGIC PARTNERSHIP

In the solutions and the exploratory businesses, which aim to commercialize recycling and soft-robotics, it is essential to expand and establish the business through co-creation with partners. Through M&A and strategic partnerships with various stakeholders including government and academia, the Group will strategically accelerate the realization and expansion of its business. Furthermore, the Group will introduce the Bridgestone Sustainability Fund, a corporate venture capital fund, to secure its touch points with potential partners, including start-ups.

LINKING CREDIT TO SUSTAINABILITY

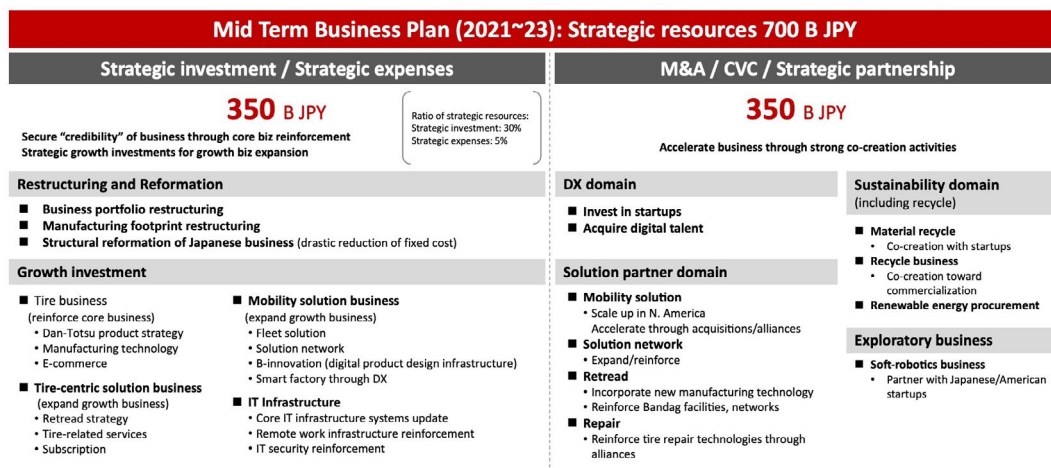
Linking credit to sustainability performance is an innovative approach that drives continued environmental, social and

governance (ESG) improvements. BSAM is one of the first companies in the U.S. tire manufacturing industry to create a 1.1 billion USD sustainability-linked committed credit facility. As its ESG ratings improve, its committed credit facility fee and borrowing costs will be reduced. BSEMIA has created a sustainability-linked loan. It also rewards its suppliers with financial incentives for obtaining ESG ratings from [EcoVadis](#).

Strengthening Investment Management by Project and Implementing Carbon Pricing

In investing strategic resources, it is important to have a process to correctly assess opportunities and investment targets. For this reason, the Bridgestone Group continues to strengthen its corporate finance function. In January 2021, the Group established a new global controller function to manage individual investment projects on a global basis, and put in place a structure that enables it to properly evaluate the return of each project. In addition, it has established an M&A Steering Committee, led by the Global CEO and with senior executives from each business and region as members, which discusses, evaluates and carefully selects deals on a target-by-target basis, thus enabling speedy decision-making. A committee led by the Global COO also has been established to carefully select capital investments. For the allocation of strategic resources, Bridgestone conducts comprehensive assessments using new management indexes such as ROIC (Return on Invested Capital), and sets hurdle rates in factoring in capital costs and risks by business and region. In addition, Bridgestone has introduced internal carbon pricing since 2011, incorporating sustainability factors into its investment decisions, for example, by taking into account CO₂ emission costs and reduction benefits in its assessments.

With sustainability at the core of its business, the Group will implement PDCA (Plan-Do-Check-Act) cycles even more rigorously from strategic and financial perspectives to correctly assess opportunities and investment targets for the allocation of strategic resources.



Topic: Strengthening Financial Strategy Foundation to Support the Mid Term Business Plan Realizing Portfolio Management Using ROIC as a Key Management Index

The Bridgestone Group is rebuilding its financial strategy foundation to realize portfolio management. To progress with an “aggressive approach” and “challenge” spirit, it is essential to build a framework to support strategic decision-making, including divestments and financial evaluation, by portfolio.

For this reason, in the Mid Term Business Plan (2021-2023), in addition to adjusted operating profit ratio and return on equity (ROE), which have been used as management indices, ROIC, has been newly designated as a key management index.

In line with the portfolio set in the Mid Term Business Plan, the Group uses ROIC to evaluate profitability by business and region, accelerating the “rebuilding of earning power.” Furthermore by introducing ROIC, the Group emphasizes management that is even more conscious of the cost of capital.

Promotion of Portfolio Management

ROIC by portfolio (by business and region) supports strategic decision-making in line with the Mid Term Business Plan, including evaluation of progress in initiatives to rebuild earning power, optimal allocation of management resources, and reasonable decisions for “strategic growth investment.”

In addition, for each portfolio, the Group promotes portfolio management by clarifying do’s and don’ts including management of divestments, such as formulating and following up on recovery plans if established criteria are not met in each business, and considering discontinuation if the business does not recover.

Definition of ROIC in the Group

ROIC is an index that shows how much profit is generated in relation to the capital invested in business activities. In other words, it evaluates return on investment and capital efficiency. The basic calculation formula used by the Group follows.

$$\text{ROIC} = \frac{\text{Adjusted operating profit (after tax)}}{\text{Working capital + Noncurrent assets (Invested capital)}}$$

Adjusted operating profit (after tax): Fixed tax rate of 30%
 Working capital: Notes and accounts receivable and other assets + Inventories
 – Notes and accounts payable and other liabilities (FY-end balance)
 Noncurrent assets: Noncurrent assets excluding deferred tax assets (FY-end balance)

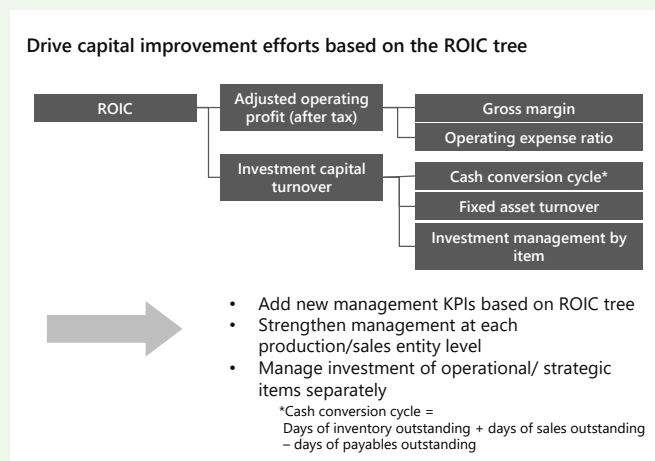
The advantage of placing ROIC at the core of management indicators is that it can strengthen both profitability management by portfolio and the improvement cycle. By visualizing returns (capital efficiency) by business and region, it is possible to correctly evaluate each business and region with different attributes. In addition, the ROIC tree makes it easier to incorporate improvements and key performance

indicators (KPIs) in operations, such as at each regional production/sales entity level, and to quickly take action.

Using the ROIC tree to drive improvement activities:

The ROIC tree is a diagram that breaks down and visualizes ROIC into KPIs from the operational perspective, and connects “the Group’s goal” and “operational level goals” in an integrated manner. Through the ROIC tree, operational and corporate functions of each portfolio can work together to improve ROIC in an end-to-end manner for the entire value chain, rather than through individual or departmental optimization.

Drive capital improvement efforts based on the ROIC tree



Driving activities to promote the dissemination of ROIC

To disseminate the ROIC concept and implement improvement activities in the Group, the financial strategy department at the Global Headquarters oversees global activities and has appointed ROIC ambassadors for each business and region. The ambassadors are responsible for explaining the ROIC concept (dissemination activities) and supporting and monitoring KPI setting at each business site, as well as following up on operational improvements and ensuring there is alignment between the Mid Term Business Plan and actions in each operation. Bridgestone is strengthening such activities so that, in the future, each site will be able to realize improvement activities by themselves.

Through such activities, the Group is accelerating portfolio management to achieve ROIC at the 10% level in 2023 as set in the Mid Term Business Plan.

Realization of Mid-Long Term Business Strategy with Sustainability as its Core HR and Organizational Strategy

Human Resource Transformation (HRX) to enable the Mid-Long Term Business Strategy and the Mid Term Business Plan

Human resources (HR) are the foundation for executing the Bridgestone Group’s Mid-Long Term Business Strategy and its Sustainability Business Model.

The Bridgestone Group will promote its own HRX to maximize its organizational capability (organization x talent) and promote the development of diverse talent and next-generation global management. To this end, the Group will build strategic talent programs and organizational structures that match the characteristics of each of its core, growth, and exploratory businesses.

In the core business, the Group is working to fundamentally change its culture while leveraging its unique strengths, optimizing its global operations from a strategic perspective, and evolving into glocal management.

These initiatives will help it create resources to achieve its

goals and flexibly reallocate them to growth and exploratory businesses.

In the growth business, the Group aims to create a new culture, structures and work styles for the solutions business, including the development of digital talent. The Group also is promoting the exchange of talents among global bases and businesses to strengthen the foundation of its expanding solutions business.

In the exploratory business, the Group is building a new structure based on challenging the status quo. It will promote diversity and inclusion, global talent exchange, and the establishment of internal and external networks for co-creation. In particular, since the exploratory business involves creating a new business from the ground up, it will establish an organizational structure that emphasizes an entrepreneurial spirit.

Bridgestone HRX

DIVERSITY & INCLUSION

Promoting diversity and inclusion is an important element of the Bridgestone Group’s [Global Human Rights Policy](#) that it implemented throughout the organization. In addition, as the Group expands its solutions and exploratory businesses in the future, it will be essential to have a multifaceted perspective, so it will focus more than ever on developing and promoting diverse talent. In addition, to empower female participation and representation, the Group will strengthen the appointment of female managers and reinforce external hiring. It also is establishing support systems such as the mentoring program.

GLOBAL TALENT MANAGEMENT

To achieve its Mid-Long Term Business Strategy, it is essential for the Group to develop human resources with a global perspective. To this end, the BRIDGESTONE NEXT 100 talent development program was launched in 2020. The Group is selecting and developing 100 candidates who will become next-generation management. Also, in January 2021, the Group revamped its human resource system to clarify and optimize the allocation of its human resource portfolio and promote new talent-development initiatives to reinforce its management structure.

DIGITAL TALENT

To expand its solutions business, it is essential to create new value using digital technology and know-how, so the Group is focusing on the development of digital talents to carry out this task. The Group has established a training program to

develop “data scientists” who are responsible for digital data analysis and system development at three levels: beginner, intermediate and advanced. The Group also is promoting collaboration with teammates in Webfleet Solutions and iTrack Digital Solutions businesses, who have newly joined the Group through M&A.

In addition, the Group is strengthening its partnerships with external organizations to train and recruit high-level digital talents, especially experts in artificial intelligence (AI) and algorithms, who are essential for implementing digital solutions and DX. For example, the Group has established Bridgestone Endowed Chairs at universities where students can practice and conduct research with Bridgestone dispatched employees based on case studies.

As a result, the Group is planning to increase the number of advanced digital talent from the current 900 to approximately 1,200 by 2023. The Group will continue to accelerate the development of talent who can realize its DX.

Program to develop digital talents (Japan)

