

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2019

## <under Japanese GAAP>

February 17, 2020

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

Company name: **Bridgestone Corporation** Stock exchange listings: Tokyo, Nagoya, Fukuoka  
 Code number: 5108 URL: <https://www.bridgestone.com/>  
 Representative: Masaaki Tsuya, Chairman of the Board  
 CEO and Representative Executive Officer  
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 Scheduled date of annual shareholders' meeting: March 24, 2020  
 Scheduled date of securities report submission: March 24, 2020  
 Scheduled date of dividend payment commencement: March 25, 2020  
 Supplementary information for the financial statements to be prepared: Yes  
 Meeting to explain the financial statements to be held: Yes

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Fiscal 2019	3,525,600	(3.4)	326,098	(19.0)	316,823	(16.9)	292,598	0.3
Fiscal 2018	3,650,111	0.2	402,732	(3.9)	381,132	(4.9)	291,642	1.2

(Note) Comprehensive income: Fiscal 2019 ¥237,629 million [46.5%] Fiscal 2018 ¥162,160 million [(50.2)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit / Total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal 2019	404.95	404.28	12.5	8.1	9.2
Fiscal 2018	387.95	387.28	12.4	9.8	11.0

(Reference) Share of profit (loss) of entities accounted for using equity method:  
 Fiscal 2019 ¥(3,224) million Fiscal 2018 ¥(1,270) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2019	3,946,505	2,344,290	58.0	3,250.37
Fiscal 2018	3,840,269	2,436,162	61.9	3,163.71

(Reference) Equity: Fiscal 2019 ¥2,288,438 million Fiscal 2018 ¥2,378,511 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
Fiscal 2019	464,457	(266,910)	(198,601)	435,319
Fiscal 2018	360,955	(243,061)	(159,094)	433,916

## 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year - end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
Fiscal 2018	—	80.00	—	80.00	160.00	120,284	41.2	5.1
Fiscal 2019	—	80.00	—	80.00	160.00	113,880	39.5	5.0
Fiscal 2020 (Projection)	—	80.00	—	80.00	160.00		49.0	

(Note) The dividend payout ratio (consolidated) for fiscal 2020 (projection) has been calculated based on basic earnings per share, pursuant to the International Financial Reporting Standards (IFRS), as stated under "3. Consolidated Projected Results for Fiscal 2020" below.

### 3. Consolidated Projected Results for Fiscal 2020 (January 1, 2020 - December 31, 2020)

(Percentage figures represent changes from the previous year)

Fiscal 2020	Revenue		Adjusted operating profit		Profit attributable to owners of parent		Basic earnings per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
	3,550,000	1.2	360,000	4.7	230,000	(3.9)	326.68

(Note) The Company calculates the consolidated projected results pursuant to the International Financial Reporting Standards (IFRS) given that it has opted to voluntarily apply the IFRS beginning with the 1st quarter of fiscal 2020. The actual values per the IFRS for fiscal 2019 used in determining changes from the previous year constitute approximate values, and may vary depending on accounting audit results.

#### \* Notes

(1) Changes in principal subsidiaries during fiscal 2019: No

(Changes in specified subsidiaries involving change in consolidation scope)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revisions of accounting standards, etc. : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

\* For further details, please see page 15, "Changes in accounting policies" under "3. Consolidated Financial Statements and Primary Notes (5) Notes to the Consolidated Financial Statements."

(3) Number of issued shares (common stock)

1) Total number of issued shares at period end (including treasury stock):

December 31, 2019 761,536,421 shares

December 31, 2018 761,536,421 shares

2) Number of shares of treasury stock at period end

December 31, 2019 57,481,254 shares

December 31, 2018 9,726,528 shares

3) Average number of shares outstanding during the period

Fiscal 2019 year ended December 31, 2019 722,556,662 shares

Fiscal 2018 year ended December 31, 2018 751,760,814 shares

#### (Reference) Summary of Non-consolidated Results

##### Non-consolidated Results for Fiscal 2019 (January 1, 2019 - December 31, 2019)

(1) Non-consolidated Operating Results

(Percentage figures represent changes from the previous year)

Fiscal 2019	Net sales		Operating profit		Ordinary profit		Profit	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Fiscal 2019	867,267	(2.5)	105,388	(22.1)	203,233	(7.2)	224,719	27.6
Fiscal 2018	889,413	3.7	135,270	(2.2)	218,951	(12.4)	176,069	(2.3)

Fiscal 2019	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal 2019	311.00	310.49
Fiscal 2018	234.21	233.80

(2) Non-consolidated Financial Position

Fiscal 2019	Total assets	Net assets	Equity ratio	Net assets per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2019	1,975,746	1,312,152	66.2	1,859.05
Fiscal 2018	1,977,911	1,442,509	72.8	1,914.12

(Reference) Equity: Fiscal 2019 ¥1,308,876 million Fiscal 2018 ¥1,439,056 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

Forecasts based on our projections and plans for the future in this document contain unpredictable elements that may cause fluctuations. As such, they do not constitute guarantees by the Company of the achievement of those forecasts. Accordingly, actual business results may differ substantially from the Company's current assessment. For further details, please see page 4, "Projections for fiscal 2020" under "1. Operating Results (1) Analysis of Operating Results."

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## 1. Operating Results

The Bridgestone Corporation is referred to as the “Company,” and the Company and its subsidiaries are referred to as the “Group.”

### (1) Analysis of Operating Results

[Operating results for fiscal 2019]

#### 1) Sales and earnings

	Fiscal 2019	Fiscal 2018	Increase (Decrease)	
			Amount	Ratio
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	3,525.6	3,650.1	(124.5)	(3)
Operating profit	326.0	402.7	(76.6)	(19)
Ordinary profit	316.8	381.1	(64.3)	(17)
Profit attributable to owners of parent	292.5	291.6	0.9	—

During the fiscal year of 2019 (January 1, 2019 to December 31, 2019), the Group’s operating environment in Japan is being clouded by the uncertainty of the global economy and other matters, despite the domestic economic conditions maintaining a course of gradual recovery. For our overseas operations, while instability persists in both the political and economic fronts, economic conditions continue to recover gradually overall. The U.S. economy continued on a recovery path, and the European economy showed signs of weak recovery. In Asia, the Chinese economy has continued to slow gradually.

Under these operating conditions, the Group continued to focus on three priority issues to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of its business.” The first priority issue is “cultivating global corporate culture.” The Group has focused on promoting brand strategies through sponsorship and supporting activities for the Olympic and Paralympic Games Tokyo 2020. The Group has also expanded highly competitive products and services in global markets, while building and enhancing a solutions business that extends beyond the scope of existing business to provide social and customer value, to accelerate innovation in technology, business model and design. In regard to the second and third priority issues, “developing human resources capable of global management” and “upgrading the global management structure,” the Group continuously strives to implement various measures, aimed at nurturing diverse human resources and reforming governance structure, by investing appropriate costs.

As a result, the Group’s net sales in fiscal 2019 were ¥3,525.6 billion, a year-on-year decrease of 3%; operating profit was ¥326.0 billion, a year-on-year decrease of 19%; ordinary profit was ¥316.8 billion, a year-on-year decrease of 17%; and profit attributable to owners of parent was ¥292.5 billion, same level of previous year.

## 2) Segment information

		Fiscal 2019	Fiscal 2018	Increase (Decrease)	
				Amount	Ratio
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net sales	2,953.1	3,051.4	(98.2)	(3)
	Operating profit	325.8	393.9	(68.0)	(17)
Diversified Products	Net sales	588.3	618.7	(30.4)	(5)
	Operating profit	0.1	8.9	(8.7)	(98)
Consolidated Results	Net sales	3,525.6	3,650.1	(124.5)	(3)
	Operating profit	326.0	402.7	(76.6)	(19)

In the tire segment, globally, the Group worked on developing competitive advantage and strengthening differentiation for the future by introducing desirable products and services, while locally, the Group responded swiftly to demand fluctuation in each region.

In Japan, unit sales of tires for passenger cars and light trucks and unit sales of tires for trucks and buses remained unchanged from fiscal 2018. In the Americas, unit sales of tires for passenger cars and light trucks in North America and unit sales of tires for trucks and buses decreased compared to fiscal 2018. In Europe, unit sales of tires for passenger cars and light trucks and unit sales of tires for trucks and buses decreased compared to fiscal 2018. In China, Asia and Oceania, unit sales of tires for passenger cars and light trucks and unit sales of tires for trucks and buses decreased compared to fiscal 2018. In the specialty tire business, unit sales of large and ultra-large radial tires for construction and mining vehicles remained unchanged from fiscal 2018.

As a result, net sales in the tires segment during fiscal 2019 were ¥2,953.1 billion, a year-on-year decrease of 3%; operating profit was ¥325.8 billion, a year-on-year decrease of 17%.

In the diversified products business, the Group is undergoing radical business restructuring of the chemical and industrial products business under the organizational name of "chemical and industrial products," as it heads toward 2021, which will mark the 50th anniversary since the start of integrated business activities. Additionally, the Group has advanced its management reform in the diversified products business overseas, and the sports, cycle, and AHL (Active and Healthy Lifestyle) related businesses.

As a result, net sales in the diversified products segment were ¥588.3 billion, a year-on-year decrease of 5%; operating profit was ¥0.1 billion, a year-on-year decrease of 98%.

*(Note) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

[Projections for fiscal 2020]

The Group's operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstock, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

Amid such an environment, the Group projects the following overall business results through the steady implementation of Mid-Term Management Plan initiatives.

		Fiscal 2020 projections	Increase (Decrease) (Note)		
			Amount	Ratio	
Full-year		Yen in billions	Yen in billions	%	
	Revenue	3,550.0	41.9	1	
	Adjusted operating profit	360.0	16.0	5	
	Profit attributable to owners of parent	230.0	(9.4)	(4)	
Exchange Rate	Full-year	Yen	-	%	
		yen/dollar		108	(1)
		yen/euro		121	(1)

Note: The Company calculates the consolidated projected results pursuant to the International Financial Reporting Standards (IFRS) given that it has opted to voluntarily apply the IFRS beginning with the 1st quarter of fiscal 2020. The actual values per the IFRS for fiscal 2019 used in determining changes from the previous year constitute approximate values, and may vary depending on accounting audit results.

#### Cautionary Notes Concerning Forward-Looking Statements

Forecasts based on our projections and plans for the future in this document contain unpredictable elements that may cause fluctuations. As such, they do not constitute guarantees by the Company of the achievement of those forecasts. Accordingly, actual business results may differ substantially from the Company's current assessment.

**(2) Analysis of Financial Position**

## 1) Cash flows

	Fiscal 2019	Fiscal 2018	Increase (Decrease)
			Amount
	Yen in billions	Yen in billions	Yen in billions
Cash flows from operating activities	464.4	360.9	103.5
Cash flows from investing activities	(266.9)	(243.0)	(23.8)
Cash flows from financing activities	(198.6)	(159.0)	(39.5)
Effect of exchange rate change on cash and cash equivalents	2.4	(26.6)	29.1
Net increase (decrease) in cash and cash equivalents	1.4	(67.8)	69.2
Cash and cash equivalents at beginning of year	433.9	501.7	(67.8)
Cash and cash equivalents at end of year	435.3	433.9	1.4

The Group's cash and cash equivalents (hereinafter "net cash") increased ¥1.4 billion during fiscal 2019, to ¥435.3 billion, compared with a decrease of ¥67.8 billion during the previous year.

**(Cash flows from operating activities)**

Net cash provided by operating activities increased ¥103.5 billion compared with the previous year, to ¥464.4 billion. The principal contributors in that cash provided included profit before income taxes of ¥407.2 billion, compared with ¥427.7 billion during the previous year, and depreciation of ¥223.1 billion, compared with ¥200.4 billion during the previous year. These contributors offset income taxes paid of ¥79.7 billion, compared with ¥143.7 billion during the previous year.

**(Cash flows from investing activities)**

Net cash used in investing activities increased ¥23.8 billion compared with the previous year, to ¥266.9 billion. The principal contributors in that cash used included purchase of property, plant and equipment of ¥270.5 billion, compared with ¥257.5 billion during the previous year, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥110.3 billion, compared with ¥2.3 billion during the previous year. These contributors offset proceeds from sales of property, plant and equipment of ¥38.1 billion, compared with ¥8.2 billion during the previous year, and proceeds from sales of investment securities of ¥87.1 billion, compared with ¥20.5 billion during the previous year.

**(Cash flows from financing activities)**

Net cash used in financing activities increased ¥39.5 billion compared with the previous year, to ¥198.6 billion. The principal contributors in that cash used included repayments of long-term loans payable of ¥23.3 billion, compared with ¥44.9 billion during the previous year, redemption of bonds of ¥70.0 billion, compared with ¥20.0 billion during the previous year, repayments of lease obligations of ¥13.0 billion, compared with ¥5.3 billion during the previous year, purchase of treasury shares of ¥200.0 billion (not applicable during the previous year), and cash dividends paid of ¥117.6 billion, compared with ¥120.2 billion during the previous year. These contributors offset increase in short-term bank loans and commercial papers of ¥35.1 billion, compared with an increase of ¥24.3 billion during the previous year, and proceeds from issuance of bonds of ¥200.0 billion (not applicable during the previous year).



## 2) Trends in cash flow indicators

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Equity ratio (%)	59.2	61.9	58.0
Equity ratio on market value basis (%)	99.5	82.9	72.6
Interest-bearing debt to cash flow ratio (years)	1.1	1.1	1.3
Interest coverage ratio (times)	34.6	29.3	50.1

(Note) *Equity ratio: Equity (Net assets - Share acquisition rights - Non-controlling interests) / Total assets*  
*Equity ratio on market value basis: Market capitalization / Total assets*  
*Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow*  
*Interest coverage ratio: Cash flow / Interest payments*

- \* All indices are calculated using consolidated financial figures.
- \* Market capitalization is calculated as closing share price at the end of period × number of issued shares at the end of period (excluding treasury stock).
- \* For cash flow, the figure for net cash provided by operating activities in the consolidated statements of cash flows is used. For interest-bearing debt, the sum for all liabilities in the consolidated balance sheets for which interest is paid is used. For interest payments, the figure for interest expenses paid in the consolidated statements of cash flows is used.

**(3) Basic Policy for the Appropriation of Profits and Dividends for the Fiscal 2019 and 2020**

Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening our management base in preparation for future business developments while working to improve business results. In regard to distributing profits to shareholders, the Company conducts shareholder returns while maintaining an appropriate financial position and securing the internal reserves necessary for future growth investments. In determining dividend payments, the Company comprehensively evaluates factors including business results, financial condition for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows. Based on these considerations, the Company strives to live up to expectations of shareholders by issuing stable dividend payments targeting a consolidated payout ratio of 20%-40%.

The Company pays dividends twice a year, comprising year-end and interim cash dividends. Year-end cash dividends are subject to a resolution of the annual shareholders' meeting, while interim cash dividends are subject to a resolution of the Board of Directors. Further, the Company strives to strengthen the long-term stability of our management base by using internal reserves to improve and expand production and sales systems and advance R&D activities in Japan and overseas.

For the fiscal 2019, the Company plans to pay a cash dividend of ¥160 per share, comprising a year-end cash dividend of ¥80 per share and an interim cash dividend of ¥80 per share.

For the fiscal 2020, the Company plans to pay a cash dividend of ¥160 per share, comprising a year-end cash dividend of ¥80 per share and an interim cash dividend of ¥80 per share.

**2. Basic Policy on the Selection of Accounting Standard**

The Group has opted to voluntarily adopt the International Financial Reporting Standards (IFRS) with respect to its consolidated financial statements commencing with fiscal 2020 with the aim of heightening the quality of the Group's business management.

**3. Consolidated Financial Statements and Primary Notes****(1) Consolidated Balance Sheet**

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	440,378	441,255
Notes and accounts receivable - trade	601,417	583,223
Securities	153,853	136,044
Merchandise and finished goods	407,608	406,119
Work in process	37,904	39,360
Raw materials and supplies	171,720	150,943
Other	121,286	135,496
Allowance for doubtful accounts	(21,729)	(21,377)
Total current assets	1,912,440	1,871,066
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	550,399	591,612
Machinery, equipment and vehicles, net	491,035	502,568
Land	167,742	188,317
Construction in progress	171,980	188,058
Other, net	87,213	91,603
Total property, plant and equipment	1,468,371	1,562,160
Intangible assets		
Goodwill	41,381	91,410
Other	60,072	113,639
Total intangible assets	101,454	205,049
Investments and other assets		
Investment securities	219,970	141,820
Long-term loans receivable	11,465	7,980
Deferred tax assets	65,698	77,081
Retirement benefit asset	371	7,797
Other	62,022	74,686
Allowance for doubtful accounts	(1,524)	(1,138)
Total investments and other assets	358,003	308,228
Total non-current assets	1,927,829	2,075,438
<b>Total assets</b>	<b>3,840,269</b>	<b>3,946,505</b>

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	233,970	202,048
Short-term loans payable	100,627	76,745
Commercial papers	20,955	58,696
Current portion of bonds	70,000	—
Lease obligations	1,686	12,094
Income taxes payable	15,073	40,497
Provision for sales returns	3,531	3,337
Provision for recall	—	4,534
Accounts payable - other	182,204	175,562
Accrued expenses	215,068	193,756
Other	44,001	71,039
Total current liabilities	887,119	838,312
Non-current liabilities		
Bonds payable	150,000	350,000
Long-term loans payable	38,041	34,249
Lease obligations	27,182	65,673
Deferred tax liabilities	27,723	34,977
Provision for product warranties	28,759	2,687
Provision for environmental measures	1,511	874
Retirement benefit liability	196,005	201,412
Other	47,765	74,026
Total non-current liabilities	516,988	763,902
Total liabilities	1,404,107	1,602,215
Net assets		
Shareholders' equity		
Capital stock	126,354	126,354
Capital surplus	121,997	121,997
Retained earnings	2,362,736	2,535,720
Treasury shares	(32,648)	(232,330)
Total shareholders' equity	2,578,440	2,551,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	108,888	55,363
Deferred gains or losses on hedges	1,730	(342)
Foreign currency translation adjustment	(174,850)	(189,271)
Remeasurements of defined benefit plans	(135,696)	(129,054)
Total accumulated other comprehensive income	(199,928)	(263,303)
Share acquisition rights	3,452	3,275
Non-controlling interests	54,198	52,576
Total net assets	2,436,162	2,344,290
Total liabilities and net assets	3,840,269	3,946,505

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

(Consolidated Statement of Income)

(Millions of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended December 31, 2019
Net sales	3,650,111	3,525,600
Cost of sales	2,268,743	2,201,684
Gross profit	1,381,367	1,323,916
Selling, general and administrative expenses		
Sales fare	185,880	184,192
Advertising and promotion expenses	113,796	106,983
Salaries, allowances and bonuses	264,602	262,963
Retirement benefit expenses	20,508	19,920
Depreciation	35,511	42,528
Research and development expenses	103,551	105,283
Other	254,783	275,946
Total selling, general and administrative expenses	978,635	997,817
Operating profit	402,732	326,098
Non-operating income		
Interest income	4,453	6,529
Dividend income	7,402	6,357
Settlement received	3,853	4,980
Miscellaneous income	14,703	10,151
Total non-operating income	30,413	28,018
Non-operating expenses		
Interest expenses	12,810	10,311
Foreign exchange losses	7,041	8,013
Miscellaneous loss	32,160	18,969
Total non-operating expenses	52,012	37,293
Ordinary profit	381,132	316,823
Extraordinary income		
Gain on sales of non-current assets	–	30,608
Gain on sales of investment securities	16,237	76,646
Gain on refund of PIS/COFINS for prior periods	–	8,880
Gain on establishment in jointly controlled entity	30,398	–
Total extraordinary income	46,635	116,134
Extraordinary losses		
Impairment loss	–	13,665
Loss on retirement of non-current assets	–	4,621
Loss related to recall	–	7,420
Total extraordinary losses	–	25,706
Profit before income taxes	427,768	407,251
Income taxes - current	110,438	113,474
Income taxes - deferred	17,579	(5,170)
Total income taxes	128,017	108,303
Profit	299,750	298,947
Profit attributable to non-controlling interests	8,108	6,349
Profit attributable to owners of parent	291,642	292,598

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended December 31, 2019
Profit	299,750	298,947
Other comprehensive income		
Valuation difference on available-for-sale securities	(67,787)	(53,518)
Deferred gains or losses on hedges	500	(864)
Foreign currency translation adjustment	(81,140)	(11,647)
Remeasurements of defined benefit plans, net of tax	12,279	6,926
Share of other comprehensive income of entities accounted for using equity method	(1,442)	(2,213)
Total other comprehensive income	(137,589)	(61,317)
Comprehensive income	162,160	237,629
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	156,553	229,223
Comprehensive income attributable to non-controlling interests	5,607	8,406

**(3) Consolidated Statement of Changes in Net Assets**

Previous Year (Year ended December 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	126,354	122,984	2,342,822	(206,052)	2,386,108
Cumulative effects of changes in accounting policies			20,879		20,879
Restated balance	126,354	122,984	2,363,701	(206,052)	2,406,987
Changes of items during period					
Dividends of surplus			(120,278)		(120,278)
Profit attributable to owners of parent			291,642		291,642
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares			(108)	285	177
Retirement of treasury shares		(905)	(172,220)	173,126	-
Capital increase of consolidated subsidiaries		(80)			(80)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(986)	(964)	173,403	171,452
Balance at end of current period	126,354	121,997	2,362,736	(32,648)	2,578,440

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	176,686	(55)	(93,479)	(127,112)	3,629	56,961
Cumulative effects of changes in accounting policies				(20,879)		
Restated balance	176,686	(55)	(93,479)	(147,991)	3,629	56,961
Changes of items during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares						
Capital increase of consolidated subsidiaries						
Net changes of items other than shareholders' equity	(67,798)	1,786	(81,370)	12,294	(177)	(2,763)
Total changes of items during period	(67,798)	1,786	(81,370)	12,294	(177)	(2,763)
Balance at end of current period	108,888	1,730	(174,850)	(135,696)	3,452	54,198

## Current Year (Year ended December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	126,354	121,997	2,362,736	(32,648)	2,578,440
Cumulative effects of changes in accounting policies			(1,768)		(1,768)
Restated balance	126,354	121,997	2,360,967	(32,648)	2,576,671
Changes of items during period					
Dividends of surplus			(117,701)		(117,701)
Profit attributable to owners of parent			292,598		292,598
Purchase of treasury shares				(200,003)	(200,003)
Disposal of treasury shares			(144)	321	177
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	174,752	(199,681)	(24,929)
Balance at end of current period	126,354	121,997	2,535,720	(232,330)	2,551,742

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	108,888	1,730	(174,850)	(135,696)	3,452	54,198
Cumulative effects of changes in accounting policies						
Restated balance	108,888	1,730	(174,850)	(135,696)	3,452	54,198
Changes of items during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Disposal of treasury shares						
Net changes of items other than shareholders' equity	(53,524)	(2,072)	(14,420)	6,642	(177)	(1,621)
Total changes of items during period	(53,524)	(2,072)	(14,420)	6,642	(177)	(1,621)
Balance at end of current period	55,363	(342)	(189,271)	(129,054)	3,275	52,576

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended December 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	427,768	407,251
Depreciation	200,476	223,100
Amortization of goodwill	4,559	6,886
Increase (decrease) in retirement benefit liability	6,562	16,437
Interest and dividend income	(11,855)	(12,886)
Interest expenses	12,810	10,311
Foreign exchange losses (gains)	3,332	4,719
Share of loss (profit) of entities accounted for using equity method	1,414	3,350
Settlement received	(3,853)	(4,980)
Loss (gain) on sales of non-current assets	–	(30,608)
Loss (gain) on sales of investment securities	(16,237)	(76,646)
Gain on refund of PIS/COFINS for prior periods	–	(8,880)
Gain on establishment in jointly controlled entity	(30,398)	–
Impairment loss	–	13,665
Loss on retirement of non-current assets	–	5,552
Loss related to recall	–	7,420
Decrease (increase) in notes and accounts receivable - trade	(57,384)	23,817
Decrease (increase) in inventories	(55,837)	11,572
Increase (decrease) in notes and accounts payable - trade	15,322	(39,647)
Other, net	4,661	(24,845)
Subtotal	501,340	535,590
Interest and dividend income received	11,805	12,876
Interest expenses paid	(12,328)	(9,276)
Settlement package received	3,853	4,980
Income taxes paid	(143,715)	(79,712)
Net cash provided by (used in) operating activities	360,955	464,457
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(257,548)	(270,530)
Proceeds from sales of property, plant and equipment	8,234	38,101
Purchase of intangible assets	(5,753)	(9,394)
Purchase of investment securities	(2,867)	(2,642)
Proceeds from sales of investment securities	20,524	87,103
Payments of long-term loans receivable	(5,667)	(2,066)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,368)	(110,357)
Other, net	2,384	2,875
Net cash provided by (used in) investing activities	(243,061)	(266,910)



(Millions of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended December 31, 2019
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term bank loans and commercial papers	24,347	35,132
Proceeds from long-term loans payable	15,823	29
Repayments of long-term loans payable	(44,955)	(23,361)
Proceeds from issuance of bonds	–	200,000
Redemption of bonds	(20,000)	(70,000)
Repayments of lease obligations	(5,318)	(13,087)
Purchase of treasury shares	(8)	(200,003)
Cash dividends paid	(120,234)	(117,678)
Dividends paid to non-controlling interests	(9,035)	(9,953)
Other, net	285	321
Net cash provided by (used in) financing activities	(159,094)	(198,601)
Effect of exchange rate change on cash and cash equivalents	(26,680)	2,456
Net increase (decrease) in cash and cash equivalents	(67,881)	1,402
Cash and cash equivalents at beginning of period	501,797	433,916
Cash and cash equivalents at end of period	433,916	435,319

**(5) Notes to the Consolidated Financial Statements**

**(Notes regarding going concern assumption)**

Not applicable

**(Changes in accounting policies)**

(Adoption of ASU No. 2014-09 "Revenue from Contracts with Customers")

Certain consolidated subsidiaries in overseas which apply U.S. GAAP have adopted ASU No. 2014-09, "Revenue from Contracts with Customers" (May 28, 2014; hereinafter "ASU No. 2014-09") from the beginning of fiscal 2019.

ASU No. 2014-09 calls for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Certain overseas subsidiaries adopted the method by which the cumulative effect of retrospectively applying this standard was recognized at the date of initial application.

As a result, under current liabilities, other increased by ¥17,210 million and accrued expenses decreased by ¥19,980 million; under non-current liabilities, other increased by ¥25,759 million and provision for product warranties decreased by ¥25,759 million; and retained earnings increased by ¥229 million at the beginning of fiscal 2019. This change in accounting policies has an immaterial effect on operating profit, ordinary profit and profit before income taxes of fiscal 2019.

It also has an immaterial effect on net assets per share, basic earnings per share, and diluted earnings per share of fiscal 2019.

(Adoption of IFRS 16 "Leases")

Certain consolidated subsidiaries in overseas which apply International Financial Reporting Standards (IFRS) have adopted IFRS 16 "Leases" (January 13, 2016; hereinafter "IFRS 16") from the beginning of fiscal 2019.

IFRS 16 requires lessees to recognize assets and liabilities for, in principle, all leases. Certain overseas subsidiaries adopted the method by which the cumulative effect of retrospectively applying this standard was recognized at the date of initial application.

As a result, assets increased by ¥49,606 million, liabilities increased by ¥51,605 million, and retained earnings decreased by ¥1,998 million at the beginning of fiscal 2019. The increase in assets was mainly due to the increase in property, plant and equipment, and the increase in liabilities was mainly due to the increase in lease obligations. This change in accounting policies has an immaterial effect on operating profit, ordinary profit and profit before income taxes of fiscal 2019.

It also has an immaterial effect on net assets per share, basic earnings per share, and diluted earnings per share of fiscal 2019.

**(Segment information)**

## 1. Overview of reporting segments

The Group's reporting segments are components of the Group for which discrete financial information is available, and that the Board of Directors and the Management Committee regularly review in order to decide the allocation of business resources and assess operating performance.

The Group's reporting segments consist mainly of Tire business including the production and sale of tires and tubes, sale of wheels and accessories, the production and sale of retread material and services, auto maintenance and repair services, and Diversified products business including Chemical and Industrial Products, BSAM Diversified Products (Note), sporting goods, bicycles, etc. Thus, the Group has two reporting segments: Tires and Diversified products.

(Note) BSAM Diversified Products: A business under BRIDGESTONE AMERICAS, INC. supplying commercial roofing materials, etc.

## 2. Methods of calculating amounts for net sales, profit/loss, assets and other items by reporting segment

The accounting treatment methods for each reported business segment are consistent with those outlined in "Basic important matters for preparation of consolidated financial statements." Reporting segment profit figures are on an operating profit basis. Internal sales and transfers between segments are based on prices for third-party transactions and total cost.

## 3. Information regarding net sales, profit/loss, assets and other items by reporting segment

Consolidated Results for Fiscal 2018 (January 1, 2018 - December 31, 2018)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Notes)	Consolidated
Net sales:					
External sales	3,041,099	609,011	3,650,111	–	3,650,111
Inter-segment sales or transfers	10,301	9,744	20,045	(20,045)	–
Total	3,051,400	618,755	3,670,156	(20,045)	3,650,111
Segment profit (Operating profit)	393,954	8,920	402,874	(142)	402,732
Segment assets	3,392,479	452,646	3,845,125	(4,856)	3,840,269
Other					
Depreciation and amortization	181,345	19,130	200,476	–	200,476
Amortization of goodwill	3,035	1,524	4,559	–	4,559
Investment for equity-method affiliates	47,394	408	47,803	35	47,838
Increase in property, plant and equipment and intangible assets	241,047	31,849	272,897	–	272,897

Notes: The adjustments are as follows.

(Note 1) Adjustments of segment profit represent elimination of inter-segment transactions.

(Note 2) Adjustments of segment assets represent elimination of inter-segment receivables and payables.

## Consolidated Results for Fiscal 2019 (January 1, 2019 - December 31, 2019)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Notes)	Consolidated
Net sales:					
External sales	2,944,119	581,480	3,525,600	–	3,525,600
Inter-segment sales or transfers	8,982	6,821	15,804	(15,804)	–
Total	2,953,102	588,302	3,541,404	(15,804)	3,525,600
Segment profit (Operating profit)	325,875	165	326,041	57	326,098
Segment assets	3,546,260	409,671	3,955,932	(9,426)	3,946,505
Other					
Depreciation and amortization	207,430	22,556	229,987	–	229,987
Amortization of goodwill	5,385	1,500	6,886	–	6,886
Investment for equity-method affiliates	46,381	423	46,804	34	46,839
Increase in property, plant and equipment and intangible assets	385,641	28,254	413,896	–	413,896

Notes: The adjustments are as follows.

(Note 1) Adjustments of segment profit represent elimination of inter-segment transactions.

(Note 2) Adjustments of segment assets represent elimination of inter-segment receivables and payables.

**(Per share information)**

(Yen)

Items	Previous Year (Year ended December 31, 2018)	Current Year (Year ended December 31, 2019)
Net assets per share	3,163.71	3,250.37
Basic earnings per share	387.95	404.95
Diluted earnings per share	387.28	404.28

Note: Basic earnings per share and diluted earnings per share are calculated based on the following:

	Previous Year (Year ended December 31, 2018)	Current Year (Year ended December 31, 2019)
Basic earnings per share	(Yen in millions)	(Yen in millions)
Profit attributable to owners of parent	291,642	292,598
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	291,642	292,598
Average number of shares of common stock during term	(Thousands of shares) 751,760	(Thousands of shares) 722,556
Diluted earnings per share	(Thousands of shares)	(Thousands of shares)
Adjustments of profit attributable to owners of parent	—	—
Increase of common stock (stock option portion included in the above)	1,299 (1,299)	1,194 (1,194)
Summary of potential shares not included in calculation of diluted earnings per share because there are no dilutive effects	-----	-----

**(Significant subsequent events)**

Not applicable

**4. Other****(1) Senior Management Changes****1) New Members of the Board of Directors** Current occupation in parentheses

To be assumed after approval at the Company's Annual Shareholders' Meeting on March 24, 2020

Member of the Board CEO and Representative Executive Officer	Shuichi Ishibashi	[ Vice Chair and Representative Executive Officer, G-Chief Solution Officer Responsible for G Solution Strategy ]
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Member of the Board	Hideo Hara	[ Fellow ]
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**2) Re-elected Members of the Board of Directors** Current occupation in parentheses

To be assumed after approval at the Company's Annual Shareholders' Meeting on March 24, 2020

Chairman of the Board Chairman of Bridgestone Americas, Inc.	Masaaki Tsuya	[ Chairman of the Board CEO and Representative Executive Officer Chairman of Bridgestone Americas, Inc. ]
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Member of the Board President COO and Representative Executive Officer Concurrently responsible for BSJP	Akihiro Eto	[ Member of the Board President COO and Representative Executive Officer Concurrently responsible for BSJP ]
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Member of the Board	Scott Trevor Davis	[ Member of the Board ]
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Member of the Board	Yuri Okina	[ Member of the Board ]
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Member of the Board	Kenichi Masuda	[ Member of the Board ]
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Member of the Board	Kenzo Yamamoto	[ Member of the Board ]
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Member of the Board	Keikou Terui	[ Member of the Board ]
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Member of the Board	Seiichi Sasa	[ Member of the Board ]
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Member of the Board	Yojiro Shiba	[ Member of the Board ]
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Member of the Board	Yoko Suzuki	[ Member of the Board ]
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Member of the Board	Tsuyoshi Yoshimi	[ Member of the Board ]
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\* Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba and Ms. Yoko Suzuki are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

3) Members of the Nominating Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 24, 2020

Member of the Board	Scott Trevor Davis	[ Member of the Board ]
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Member of the Board	Yuri Okina	[ Member of the Board ]
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Member of the Board	Kenichi Masuda	[Member of the Board ]
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\* Mr. Scott Trevor Davis, Ms. Yuri Okina and Mr. Kenichi Masuda are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

4) Members of the Audit Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 24, 2020

Member of the Board	Kenzo Yamamoto	[ Member of the Board ]
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Member of the Board	Keikou Terui	[ Member of the Board ]
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Member of the Board	Seiichi Sasa	[ Member of the Board ]
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Member of the Board	Yojiro Shiba	[ Member of the Board ]
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Member of the Board	Yoko Suzuki	[ Member of the Board ]
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Member of the Board	Hideo Hara	[ Fellow ]
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Member of the Board	Tsuyoshi Yoshimi	[ Member of the Board ]
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\* Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba and Ms. Yoko Suzuki are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

5) Members of the Compensation Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 24, 2020

Member of the Board	Scott Trevor Davis	[ Member of the Board ]
Member of the Board	Yuri Okina	[ Member of the Board ]
Member of the Board	Kenichi Masuda	[ Member of the Board ]

\* Mr. Scott Trevor Davis, Ms. Yuri Okina and Mr. Kenichi Masuda are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

6) Re-elected Members of Executive Officers Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 24, 2020

Member of the Board CEO and Representative Executive Officer	Shuichi Ishibashi	[ Vice Chair and Representative Executive Officer, G-Chief Solution Officer Responsible for G Solution Strategy ]
Member of the Board President COO and Representative Executive Officer Concurrently responsible for BSJP	Akihiro Eto	[ Member of the Board President COO and Representative Executive Officer Concurrently responsible for BSJP ]
Vice Chair and Representative Executive Officer, G-Chief Solution Officer Responsible for G Solution Strategy, Finance and Human Resources; Concurrently responsible for G Original Equipment Strategy	Masahiro Higashi	[ Vice Chair and Representative Executive Officer, Responsible for G-MAA (Mining, Aircraft, Agriculture) Solutions, GBE (Global Business Enhancement), Finance and Human Resources; Concurrently responsible for G Original Equipment Strategy ]



<p>Executive Vice President and Executive Officer of Bridgestone Corporation Member of the Board, CEO and President, COO of Bridgestone Americas, Inc.</p>	<p>Paolo Ferrari</p>	<p>[ Executive Vice President and Executive Officer, G-Chief Digital Strategic Officer of Bridgestone Corporation Responsible for G Digital Strategy Member of the Board, CEO and President, COO of Bridgestone Americas, Inc. ]</p>
<p>Executive Vice President and Executive Officer, G-Chief Sustainability Officer of Bridgestone Corporation Responsible for G Public Relations, Government Relations and Sustainability Vice Chair, Chief Administrative Officer, Chief Risk Officer and Executive Vice President of Bridgestone Americas, Inc.</p>	<p>Christine Karbowski</p>	<p>[ Executive Vice President and Executive Officer, G-Chief Sustainability Officer of Bridgestone Corporation Responsible for G Public Relations, Government Relations and Sustainability Vice Chair, Chief Administrative Officer, Chief Risk Officer and Executive Vice President of Bridgestone Americas, Inc. ]</p>
<p>Senior Vice President and Executive Officer, G-Chief Technical Officer Responsible for Technology, Quality Management; Concurrently responsible for Products and Technology Development</p>	<p>Masato Banno</p>	<p>[ Senior Vice President and Executive Officer, G-Chief Technical Officer Responsible for Technology, Quality Management; Concurrently responsible for Products and Technology Development ]</p>

7) New Member of Corporate Officers

Current occupation in parentheses

Effective March 24, 2020

<p>Vice President and Officer Original Equipment Tire Sales Japan Concurrently Director, Original Equipment Tire Sales Japan Division II</p>	<p>Hideyuki Takeda</p>	<p>[ Director Assistant to Vice President and Officer, Original Equipment Tire Sales Japan ]</p>
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8) Promotion of Corporate Officers

Current occupation in parentheses

Effective March 24, 2020

Vice President and Senior  
Officer  
Seconded to Bridgestone Asia  
Pacific Pte. Ltd.  
Member of the Board, CEO and  
COO of Bridgestone Asia Pacific  
Pte. Ltd.  
Chairman of Bridgestone  
(China) Investment Co., Ltd.

Yoshikazu Shida

[ Vice President and Officer  
Seconded to Bridgestone Asia  
Pacific Pte. Ltd.  
Executive Chair of Bridgestone  
Asia Pacific Pte. Ltd.  
Chairman of Bridgestone (China)  
Investment Co., Ltd. ]

9) Retiring Corporate Officers

Effective March 24, 2020

Masashi Ohara

[ Vice President and Senior  
Officer Responsible for Core  
Technology ]

[ END ]