

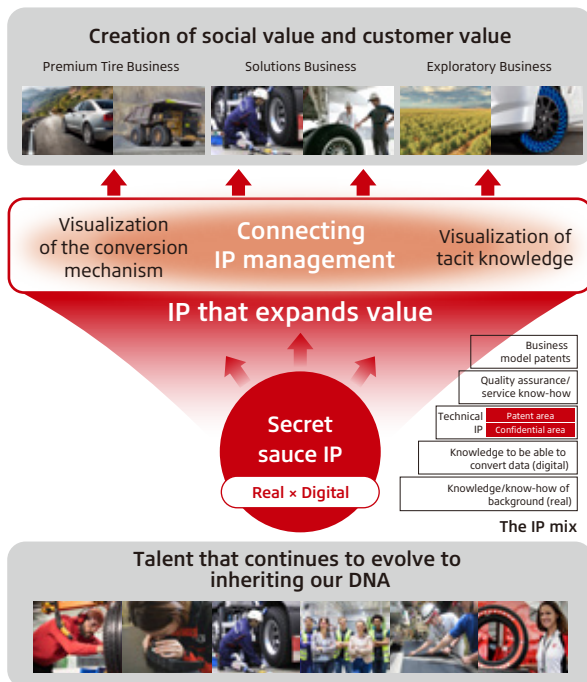


Intellectual Property Strategy

Innovating the Tradition of Utilizing Intellectual Property

Bridgestone is striving to manage intellectual property (IP) in a way that enhances corporate value by visualizing mechanisms to convert IP into social value and customer value. It is also managing IP by verifying the effectiveness of IP investment from an ROIC perspective, thereby increasing the certainty of investment.

Our IP activities are based on the creation, succession, and development of our unique “IP secret sauce” as a fundamental aspect to all our businesses. Based on this fundamental approach, we strategically undertake IP management to amplify social value and customer value by understanding and visualizing diverse IP such as knowledge, expertise, and patents generated on-site (Genbutsu-Genba) throughout the value chain. Then we effectively combine them as an IP mix tailored to the business model.



Toward Translating Intellectual Property into Social Value and Customer Value

In order to translate IP into social value and customer value, we utilize two methods of visualization—“mechanism visualization” and “tacit knowledge visualization”—to increase the certainty of the IP investment’s contribution to business. In concrete terms, mechanism visualization allows us to grasp the characteristics of each business portfolio and work toward IP management linked to business strategy. The “IP secret sauce” that is the starting

point for value translation is our true strength, and forms the core of our IP portfolio from both real and digital perspectives. The real perspective, for example, includes our ability to gain insight into dormant needs that our customers are not yet even aware of, and to offer solutions based on our ability to see and know the market and other phenomena on-site—an ability we have prioritized ever since our founding. Much of our “IP secret sauce” emerged from motorsports activities—effectively, our “mobile laboratory”—which has been passed down to the present day. On the other hand, in terms of digital, our ability to decipher big data and convert it into knowledge that leads to solutions for customers serves as the foundation of our DX-based business such as aviation solutions and mining solutions. This “IP secret sauce”, which combines both real and digital aspects, is converted into new IP, including not only the IP cultivated through manufacturing but also in the domain of business models through our unique IP mix. By strategically combining IP—including not only patents but also peripheral knowledge and expertise—we can amplify and expand value in efficient and strategic ways.

In addition, in the area of tacit knowledge visualization, we identify and extract “craftsperson skills” as the tacit knowledge that is crucial in differentiating our manufacturing and solutions business from our competitors—not only on the manufacturing floor (Genbutsu-Genba) but also through communication with all departments, including development, production, logistics, sales, service, solutions, and more. We are expanding and strengthening our IP mix to link our unique strengths to creating business value. By visualizing a mechanism for translating value across the entire value chain with the IP mix as its axis, we connect our strengths to the fusion of tradition and innovation.

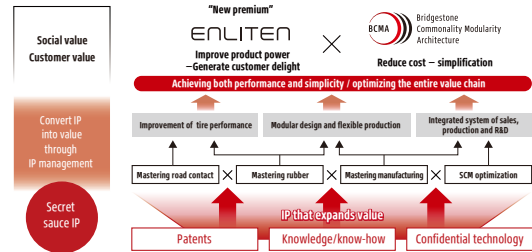
In both real and digital terms, it is talent that creates this “IP secret sauce” and develops it into true value. The Bridgestone E8 Commitment and the organizational capability to cultivate talent that keeps evolving and passing on our corporate culture and DNA are also key elements of our IP management.

We are also using amplification of value through IP visualization in co-creation activities with partner companies. In achieving IP management through open innovation, we strive to create synergies that generate value for both parties by organically combining our IP with that of our partners, based on the fundamental premise of respecting the IP of partner companies. By visualizing each other’s IP and through transparent and fair IP contracts that clearly identify the ownership of intellectual property, we establish an “IP safe zone” where both parties can share intellectual property with peace of mind, thus contributing to fair communication, free and open-minded win-win co-creation activities, and building relationships to that end.

Mechanisms for Visualization in ENLITEN, Bridgestone's Unique Base Technology for Product Design and BCMA

In ENLITEN/BCMA, we hypothesize the relationship between the fundamental technology and the business model to be pursued, and visualize the mechanism by which intellectual property is converted into value, as shown in the diagram to the right. Our "secret sauce" of proprietary technologies, consisting of patents, knowledge and expertise, is linked to "mastering rubber", "mastering road contact", and "mastering manufacturing" of technology innovation and our strengths in supply chain management. Furthermore, this will be converted into value through the expansion of total performance of tires, modular design/flexible production, and an integrated system of sales, production, and development, lead to forming the

● ENLITEN×BCMA IP Influence Diagram



business model of ENLITEN and BCMA. Since visualization has enabled mutual understanding between us and our R&D and business divisions in the field, prioritization of IP investment has been decided through close communication. This enables us to achieve IP management that increases the certainty of value amplification.

Leveraging Intellectual Property in Co-Creation Activities

Our IP division has been involved from the initial stages of our co-creation activities with TIER IV, Inc. helping to establish an IP safe zone that ensures a win-win for both parties by preparing IP agreements. The combination of our unique IP in tire manufacturing and TIER IV's unique IP in innovative autonomous driving technology creates IP that could never be realized alone, and can be expected to

enhance the IP value and corporate value of both parties. For Bridgestone, there is a huge advantage in being able to conduct co-creation activities based on free and open communication in order to utilize TIER IV's technologies and expertise in autonomous driving, which is a new technological field, in developing tires and solutions. For example, we have gained insight into key factors of basic tire performance previously not visible to us, which has led to the creation of new IP.

Verifying Return on IP Investment Using ROIC

We verify the effectiveness of IP management by implementing the concept of ROIC, our key management indicator. Specifically, we set "IP value creativity" as a results-driven KPI that measures the contribution to sales generated by leveraging IP and IP revenue. We also set factor-oriented KPIs that measure management efforts. The quality of IP operations is improved by verifying overall IP management with results-driven KPIs, and by implementing the PDCA cycle for management measures with factor-oriented KPIs.

Bridgestone's IP value creativity nearly doubled in 2023 compared to 2019, thanks to our thorough implementation of lean IP investment, improving the quality of our IP mix, and the efficient and strategic use of IP mix tailored to business models. As of the end of 2023, the number of IP mix units, which is one of our factor-oriented KPIs, was 15 units currently being utilized and 26 units under preparation. Having set

multiple KPIs from both inward-looking and outward-looking perspectives, we will continue to strive to continuously improve our IP management and enhance quality of operations by verifying the effectiveness of IP investment.

