

Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2022 <under IFRS>

November 10, 2022

These financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), 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.

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Scheduled date of dividend payment commencement: –
Supplementary information for the quarterly financial statements to be prepared: Yes
Meeting to explain the quarterly financial statements to be held: Yes

(All amounts are rounded off the nearest million yen)

1. Consolidated Results for the First Three Quarters of Fiscal 2022 (January 1, 2022 - September 30, 2022)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Figures for continuing operations (Note 2)							
	Revenue		Adjusted operating profit (Note 1)		Operating profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Nine months ended September 30, 2022	2,976,923	28.4	342,197	18.6	307,229	11.0	217,198	6.2
Nine months ended September 30, 2021	2,317,698	–	288,585	–	276,698	–	204,562	–

	Figures including discontinued operations						
	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share	
	Yen in millions	%	Yen in millions	%	Yen	Yen	
Nine months ended September 30, 2022	188,748	(55.4)	619,910	11.7	270.48	270.10	
Nine months ended September 30, 2021	422,848	–	554,742	–	600.49	599.57	

(Notes) 1. The Group utilizes "adjusted operating profit" in place of the previously employed J-GAAP-based operating profit.

For details on reconciliations, please refer to page 12, "Reconciliation from adjusted operating profit to profit before tax" under "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

2. The Group classified the US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations in the fiscal year ended December 31, 2021. For the nine months ended September 30, 2022, revenue, adjusted operating profit, operating profit and profit attributable to owners of parent are presented in amounts from continuing operations that exclude discontinued operations. The year-on-year percentage changes for these amounts are also not presented for the nine months ended September 30, 2021 as they are presented with the same reclassification.

For details on discontinued operations, please refer to page 16, "Discontinued operations" under "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes, (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Yen in millions	Yen in millions	Yen in millions	%
As of September 30, 2022	5,131,394	3,091,993	3,043,457	59.3
As of December 31, 2021	4,574,892	2,675,354	2,629,883	57.5

2. Dividends

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	–	85.00	–	85.00	170.00
Fiscal 2022	–	85.00	–		
Fiscal 2022 (Projection)				85.00	170.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Financial Results Forecasts for Fiscal 2022 (January 1, 2022 - December 31, 2022)

(Percentage figures represent year-on-year changes)

	Figures for continuing operations				Figures including discontinued operations		
	Revenue		Adjusted operating profit		Profit attributable to owners of parent		Basic earnings per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
Fiscal 2022	4,050,000	24.8	470,000	19.2	260,000	(34.0)	373.64

(Note) Changes from the latest forecasts released: Yes

Amounts for profit attributable to owners of parent, and basic earnings per share for continuing operations only are as follows:

- Profit attributable to owners of parent: ¥295,000 million
- Basic earnings per share: ¥423.93

* Notes

(1) Changes in principal subsidiaries during the nine months ended September 30, 2022: No
(Changes in specified subsidiaries involving change in consolidation scope)

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

- 1) Changes in accounting policies required by IFRS : No
- 2) Changes in accounting policies other than 1) : No
- 3) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

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

September 30, 2022	713,698,221 shares
December 31, 2021	713,698,221 shares

2) Number of shares of treasury stock at period end:

September 30, 2022	24,389,365 shares
December 31, 2021	9,434,214 shares

3) Average number of shares outstanding during the period (during the first three quarters):

First Three Quarters ended September 30, 2022	697,827,806 shares
First Three Quarters ended September 30, 2021	704,171,800 shares

* Quarterly financial results reports are exempt from quarterly review 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.

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1. Qualitative Information on Consolidated Financial Quarterly Results

(1) Explanation regarding information on consolidated financial results forecasts and other forward-looking statements

[Revision of consolidated financial results forecasts for the fiscal year ending December 31, 2022]

1) Consolidated financial results forecasts (from January 1, 2022 to December 31, 2022)

	Revenue	Adjusted operating profit	Profit attributable to owners of parent	Basic earnings per share
	Yen in millions	Yen in millions	Yen in millions	Yen
Previous forecasts (A)	3,950,000	450,000	250,000	357.93
Revised forecasts (B)	4,050,000	470,000	260,000	373.64
Differences (B-A)	+100,000	+20,000	+10,000	+15.71
Change (%)	+2.5	+4.4	+4.0	+4.4
(Reference) FY2021 results	3,246,057	394,340	394,037	559.56

2) Reason for revisions

In terms of the Group's operating environment in the nine months ended September 30, 2022, in addition to the various management risks that occurred during the first half, including the suspension of domestic production in Russia and tire exports to Russia, the significant drop in sales in China due to lockdowns in that country, and the temporary stoppage of operations at affiliated production sites due to an external cyberattack at a subsidiary in the US, economic slowdown mainly in the US and Europe became apparent coming into the second half, and the situation remains volatile and uncertain.

In this business environment, the Group worked to further strengthen the "premium business strategy" and "price management" in each region to respond quickly to the sharp rise in raw material prices and rising costs from inflation. In addition, as a result of expanding the sales share of the premium domain through flexible supply management and Dan-Totsu product competitiveness based on our global production system, which is a strength of the Group, sales of all products, which include passenger car/light truck tires, truck and bus tires, and mining and construction tires, exceeded those of the previous year. Moreover, in terms of costs, the Group strived to steadily promote "expense and cost structure reformation," such as improvement of manufacturing sites among others, and worked to ensure profitability.

As a result, the Group's business performance over the nine-month period, which included the effects of the weak yen, was marked by significant increases in both revenue and adjusted operating profit year on year.

For the fourth quarter, the Group envisages a harsh business environment on account of a downturn in global tire demand due to the economic slowdown and further acceleration of inflation. However, through continued strengthening of "premium business strategy," and "price management," we expect to secure firm profitability.

After reexamining the full-year business forecast while taking these circumstances into account, the Group has decided to revise the full-year consolidated financial results forecasts announced in August 2022 as shown above.

The Group assumes that the exchange rates for the fourth quarter onward will be 135 yen/dollar and 135 yen/euro.

* The Group classified the US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations in the fiscal year ended December 31, 2021. Accordingly, revenue and adjusted operating profit for fiscal 2021 and fiscal 2022 have been restated to show figures for continuing operations excluding discontinued operations.

3) Notes concerning financial results forecasts

Financial results forecasts are based on currently available information and contain risks and uncertainties. Please bear in mind, therefore, that the actual financial results may differ substantially from the current forecast due to the economic environment, market trends, and foreign exchange rates in the Group's business domains going forward.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes**(1) Condensed Quarterly Consolidated Statement of Financial Position**

	As of December 31, 2021	As of September 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	787,542	524,561
Trade and other receivables	741,612	977,185
Inventories	630,140	943,031
Other financial assets	11,769	22,914
Other current assets	87,029	130,708
Subtotal	2,258,092	2,598,400
Assets held for sale	34,778	30,753
Total current assets	2,292,870	2,629,152
Non-current assets		
Property, plant and equipment	1,427,903	1,549,666
Right-of-use assets	294,065	321,759
Goodwill	125,393	145,340
Intangible assets	134,719	160,030
Investments accounted for using equity method	25,131	39,933
Other financial assets	140,376	115,465
Deferred tax assets	76,790	100,901
Other non-current assets	57,644	69,148
Total non-current assets	2,282,022	2,502,241
Total assets	4,574,892	5,131,394

	As of December 31, 2021	As of September 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	517,010	568,546
Bonds and borrowings	149,976	118,061
Lease liabilities	54,853	60,559
Income taxes payable	40,320	75,307
Other financial liabilities	26,656	40,874
Provisions	48,691	64,055
Other current liabilities	151,417	214,625
Subtotal	988,923	1,142,029
Liabilities directly associated with assets held for sale	34,478	2,143
Total current liabilities	1,023,401	1,144,171
Non-current liabilities		
Bonds and borrowings	356,672	346,351
Lease liabilities	249,638	273,995
Other financial liabilities	15,339	19,541
Retirement benefit liabilities	171,981	178,824
Provisions	25,540	30,530
Deferred tax liabilities	43,810	33,164
Other non-current liabilities	13,157	12,825
Total non-current liabilities	876,137	895,229
Total liabilities	1,899,538	2,039,401
Equity		
Common stock	126,354	126,354
Capital surplus	122,126	119,065
Treasury stock	(38,123)	(111,745)
Other components of equity	111,859	529,727
Retained earnings	2,307,667	2,380,055
Total equity attributable to owners of parent	2,629,883	3,043,457
Non-controlling interests	45,471	48,536
Total equity	2,675,354	3,091,993
Total liabilities and equity	4,574,892	5,131,394

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Nine months ended September 30, 2022)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Continuing operations		
Revenue	2,317,698	2,976,923
Cost of sales	1,365,922	1,823,303
Gross profit	951,776	1,153,620
Selling, general and administrative expenses	666,126	839,971
Other income	5,148	15,349
Other expenses	14,099	21,769
Operating profit	276,698	307,229
Finance income	6,617	12,028
Finance costs	11,265	19,551
Share of profit (loss) of investments accounted for using equity method	4,170	4,599
Profit before tax	276,220	304,305
Income tax expense	66,590	82,542
Profit from continuing operations	209,630	221,762
Discontinued operations		
Profit (loss) from discontinued operations	218,287	(28,449)
Profit	427,916	193,313
Profit attributable to		
Owners of parent	422,848	188,748
Non-controlling interests	5,068	4,565
Profit	427,916	193,313
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	290.50	311.25
Discontinued operations	309.99	(40.77)
Total	600.49	270.48
Diluted earnings (loss) per share (Yen)		
Continuing operations	290.06	310.82
Discontinued operations	309.52	(40.71)
Total	599.57	270.10

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Nine months ended September 30, 2022)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Profit	427,916	193,313
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	12,489	(17,290)
Remeasurements of defined benefit plans	3,987	2,277
Share of other comprehensive income of investments accounted for using equity method	(18)	(0)
Total of items that will not be reclassified to profit or loss	16,458	(15,014)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	110,989	431,148
Effective portion of change in fair value of cash flow hedges	351	(1,164)
Share of other comprehensive income of investments accounted for using equity method	(972)	11,626
Total of items that may be reclassified to profit or loss	110,368	441,611
Other comprehensive income, net of tax	126,826	426,597
Comprehensive income	554,742	619,910
Comprehensive income attributable to		
Owners of parent	548,817	609,681
Non-controlling interests	5,926	10,229
Comprehensive income	554,742	619,910

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended September 30, 2021

	Equity attributable to owners of parent							
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity			Net change in fair value of financial assets measured through other comprehensive income
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2021	126,354	122,116	(38,657)	3,125	(112,257)	(9)	49,290	
Profit	–	–	–	–	–	–	–	
Other comprehensive income	–	–	–	–	108,927	522	12,471	
Total comprehensive income	–	–	–	–	108,927	522	12,471	
Purchase of treasury stock	–	–	(9)	–	–	–	–	
Disposal of treasury stock	–	–	424	(64)	–	–	–	
Dividends	–	–	–	–	–	–	–	
Changes in ownership interests of owners in subsidiaries under control	–	–	–	–	–	–	–	
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(199)	
Other changes	–	–	–	–	–	–	–	
Total transactions with owners, etc.	–	–	416	(64)	–	–	(199)	
Balance at September 30, 2021	126,354	122,116	(38,241)	3,062	(3,330)	513	61,561	

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2021	–	(59,851)	1,999,996	2,149,958	45,333	2,195,291
Profit	–	–	422,848	422,848	5,068	427,916
Other comprehensive income	4,049	125,969	–	125,969	857	126,826
Total comprehensive income	4,049	125,969	422,848	548,817	5,926	554,742
Purchase of treasury stock	–	–	–	(9)	–	(9)
Disposal of treasury stock	–	(64)	(59)	302	–	302
Dividends	–	–	(102,107)	(102,107)	(9,107)	(111,215)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	–	(124)	(124)
Transfer from other components of equity to retained earnings	(4,049)	(4,248)	4,248	–	–	–
Other changes	–	–	–	–	(63)	(63)
Total transactions with owners, etc.	(4,049)	(4,311)	(97,918)	(101,814)	(9,294)	(111,108)
Balance at September 30, 2021	–	61,806	2,324,926	2,596,961	41,965	2,638,926

Nine months ended September 30, 2022

	Equity attributable to owners of parent						
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity		
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	437,163	(1,319)	(17,291)
Total comprehensive income	–	–	–	–	437,163	(1,319)	(17,291)
Purchase of treasury stock	–	–	(74,837)	–	–	–	–
Disposal of treasury stock	–	–	1,216	(245)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	(616)	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(441)
Transactions with non-controlling interests and other	–	(2,446)	–	–	–	–	–
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	(3,061)	(73,621)	(245)	–	–	(441)
Balance at September 30, 2022	126,354	119,065	(111,745)	2,752	481,845	(575)	45,705

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2022	–	111,859	2,307,667	2,629,883	45,471	2,675,354
Profit	–	–	188,748	188,748	4,565	193,313
Other comprehensive income	2,379	420,933	–	420,933	5,664	426,597
Total comprehensive income	2,379	420,933	188,748	609,681	10,229	619,910
Purchase of treasury stock	–	–	–	(74,837)	–	(74,837)
Disposal of treasury stock	–	(245)	(137)	834	–	834
Dividends	–	–	(119,042)	(119,042)	(4,624)	(123,666)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	(616)	(1,915)	(2,531)
Transfer from other components of equity to retained earnings	(2,379)	(2,820)	2,820	–	–	–
Transactions with non-controlling interests and other	–	–	–	(2,446)	–	(2,446)
Other changes	–	–	–	–	(626)	(626)
Total transactions with owners, etc.	(2,379)	(3,065)	(116,360)	(196,107)	(7,164)	(203,271)
Balance at September 30, 2022	–	529,727	2,380,055	3,043,457	48,536	3,091,993

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	276,220	304,305
Profit (loss) before tax from discontinued operations	295,272	(31,251)
Depreciation and amortization	185,732	209,547
Impairment losses	1,747	14,224
Loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs	–	20,096
Increase (decrease) in retirement benefit liabilities	(9,293)	(12,405)
Interest and dividend income	(6,280)	(11,766)
Interest expenses	8,330	10,143
Foreign currency exchange loss (gain)	(9,032)	(16,631)
Share of loss (profit) of investments accounted for using equity method	(4,170)	(4,599)
Loss (gain) on sale of fixed assets	(788)	(3,415)
Business and plant restructuring income	(179)	(2,257)
Business and plant restructuring expenses	7,935	3,440
Loss on retirement of fixed assets	2,018	1,388
Decrease (increase) in trade and other receivables	(38,241)	(120,694)
Decrease (increase) in inventories	(128,420)	(189,548)
Increase (decrease) in trade and other payables	27,831	42,089
Increase (decrease) in refund liabilities	16,630	27,095
Increase (decrease) in provision for product warranties	(1,753)	15,348
Other	(331,936)	(73,725)
Subtotal	291,623	181,383
Interest and dividends received	7,832	13,972
Interest paid	(8,620)	(9,619)
Income taxes paid	(116,191)	(60,803)
Net cash provided by (used in) operating activities	174,644	124,932
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(114,544)	(146,529)
Proceeds from sale of property, plant and equipment	2,460	12,133
Payments for purchase of intangible assets	(15,399)	(22,799)
Payments for purchase of investment securities	(4,053)	(2,897)
Payments of long-term loans receivable	(9,573)	(23,034)
Collection of loans receivable	10,710	14,445
Payments for sale of discontinued operations	–	(115,502)
Proceeds from sale of discontinued operations	359,319	–
Other	(45,875)	6,847
Net cash provided by (used in) investing activities	183,045	(277,336)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flows from financing activities		
Proceeds from short-term debt	60,226	100,893
Repayments of short-term debt	(171,275)	(71,586)
Proceeds from long-term debt	26,520	54
Repayments of long-term debt	(108,559)	(52,361)
Redemption of bonds	-	(40,000)
Repayments of lease liabilities	(44,610)	(47,997)
Purchase of treasury stock	(7)	(74,814)
Dividends paid to owners of parent	(102,008)	(118,929)
Dividends paid to non-controlling interests	(8,911)	(4,624)
Other	(118)	(14,127)
Net cash provided by (used in) financing activities	(348,743)	(323,492)
Effect of exchange rate changes on cash and cash equivalents	32,346	114,006
Net increase (decrease) in cash and cash equivalents	41,292	(361,890)
Cash and cash equivalents at beginning of period	810,546	787,542
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(1,606)	98,909
Cash and cash equivalents at end of period	850,232	524,561

(6) Notes to the Condensed Quarterly Consolidated Financial Statements**(Notes regarding going concern assumption)**

Not applicable

(Reconciliation from adjusted operating profit to profit before tax)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Adjusted operating profit (Note 1)	288,585	342,197
Adjustment items (income) (Note 2)	1,103	2,581
Adjustment items (expenses) (Note 4)	12,989	37,548
Operating profit	276,698	307,229
Finance income	6,617	12,028
Finance costs	11,265	19,551
Share of profit (loss) of investments accounted for using equity method	4,170	4,599
Profit before tax	276,220	304,305

(Note 1) For adjusted operating profit, adjustment items (income and expenses) are excluded from operating profit.

(Note 2) The major breakdown of adjustment items (income) is as follows:

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Insurance claim income	924	288
Business and plant restructuring income	179	(Note 3) 2,257
Gain on reversal of impairment losses on fixed assets	–	35
Adjustment items (income)	1,103	2,581

(Note 3) Mainly reversal of impairment losses on fixed assets associated with the reorganization of overseas tire plants and gain on sales of shares associated with the sale of a domestic subsidiary are recorded.

(Note 4) The major breakdown of adjustment items (expenses) is as follows:

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Impairment losses	1,498	(Note 5) 13,500
Cost of sales (loss on disaster)	614	5,101
Other expenses (loss on disaster)	398	130
Business and plant restructuring expenses	(Note 6) 7,919	(Note 7) 3,440
Other expense with large amounts related to one time event	(Note 8) 2,560	(Note 9) 15,378
Adjustment items (expenses)	12,989	37,548

- (Note 5) The major breakdown of impairment losses is impairment on assets for the Russian business of ¥13,376 million. Details are presented below in “Impairment of non-financial assets” under Notes to the Condensed Quarterly Consolidated Financial Statements.
- (Note 6) This was primarily the recording of expenses relating to the closure of overseas tire plants.
- (Note 7) This was primarily the recording of expenses relating to the reorganization of overseas tire plants.
- (Note 8) This was the recording of expenses relating to inspections, repairs, etc. of the affected standard and power assist bicycles following the recall of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company.
- (Note 9) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the recall of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company.

(Impairment of non-financial assets)

Nine months ended September 30, 2022

Impairment losses recognized in the nine months ended September 30, 2022 of ¥13,742 million is mainly due to the following reasons.

As announced on March 14, 2022, the Company resolved to suspend production in Russia and tire exports to Russia. Accordingly, the carrying amount of assets for business use in the Russian tire business was reduced by ¥13,376 million to the recoverable amount because at this point in time, the revenue previously estimated for the Russian tire business is uncertain. The recoverable amount of the asset was measured by its value in use, which was calculated by discounting future cash flows at a discount rate of 15% or more.

(Selling, general and administrative expenses)

The breakdown of "Selling, general and administrative expenses" is as follows:

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Freight	130,413	197,418
Employee benefit expenses	208,081	239,815
Depreciation and amortization	66,536	74,942
Research and development expenses (Note)	67,954	81,735
Others	193,143	246,060
Total	666,126	839,971

(Note) All research and development expenses recognized as expenses are included in selling, general and administrative expenses.

(Other income and other expenses)

The breakdown of "Other income" and "Other expenses" is as follows:

(1) Other income

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Gain on sale of fixed assets	778	3,364
Business and plant restructuring income	179	2,257
Insurance claim income	924	288
Others	3,266	9,439
Total	5,148	15,349

(2) Other expenses

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Impairment losses	1,498	(Note 1) 13,500
Business and plant restructuring expenses (Note 2)	7,919	3,440
Loss on retirement of fixed assets	1,974	1,340
Others	2,708	3,489
Total	14,099	21,769

(Note 1) The major breakdown of "Impairment losses" is presented in "Impairment of non-financial assets."

(Note 2) The major breakdown of "Business and plant restructuring expenses" is presented in "Reconciliation from adjusted operating profit to profit before tax."

(Finance income and finance costs)

The breakdown of “Finance income” and “Finance costs” is as follows:

(1) Finance income

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Interest income (Note)	4,964	10,156
Dividend income (Note)	1,279	1,572
Others	374	300
Total	6,617	12,028

(2) Finance costs

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Interest expenses (Note)	8,089	10,065
Net interest of defined benefit plans	1,632	2,184
Others	1,543	7,302
Total	11,265	19,551

(Note) Interest income and interest expenses are in relation to financial assets and financial liabilities measured at amortized cost.

In addition, dividend income is in relation to financial assets measured at fair value through other comprehensive income.

(Discontinued operations)**(1) US building materials business**

BRIDGESTONE AMERICAS, INC., a US subsidiary of the Company, has concluded an agreement with LafargeHolcim Ltd., a Swiss building materials manufacturer, regarding the sale of FIRESTONE BUILDING PRODUCTS COMPANY, LLC (FSBP), a subsidiary of BRIDGESTONE AMERICAS, INC. in the Americas segment, to Holcim Participations (US) Inc., the US subsidiary of LafargeHolcim Ltd., on January 6, 2021 (local time), and the sale was completed on March 31, 2021.

Therefore, FSBP and its subsidiaries are classified as discontinued operations.

(i) Profit or loss from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	347,840	(604)
Expenses	(41,312)	-
Profit (loss) before tax from discontinued operations	306,528	(604)
Income tax expense (Note)	(76,585)	26
Profit (loss) from discontinued operations	229,944	(579)

(Note) A gain on sale of ¥299,821 million relating to the transfer of FSBP is included in the nine months ended September 30, 2021. The income tax expense corresponding to that is negative ¥69,529 million. An adjustment of negative ¥604 million on gain on sale relating to the transfer of FSBP due to a change in the sales price is included in the nine months ended September 30, 2022. The income tax expense corresponding to that is ¥153 million.

(ii) Cash flow from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(303)	-
Net cash provided by (used in) investing activities	352,173	(1,324)
Net cash provided by (used in) financing activities	-	-
Total	351,870	(1,324)

(2) Anti-vibration rubber business

On December 10, 2021, the Company made the decision to transfer its anti-vibration rubber business (the "Business Operations") to Anhui Zhongding Holding (Group) Co., Ltd. (AZ). This entails the Company establishing a new wholly-owned subsidiary (Prospira Corporation) to which it transfers the Business Operations by carrying out an absorption-type demerger (the "Corporate Demerger"), then integrating the Business Operations of the Group into Prospira Corporation, and subsequently transferring all shares of Prospira Corporation to AZ (the "Share Transfer," with the Corporate Demerger and the Share Transfer hereinafter referred to as the "Business Transaction"). The Company completed the Business Transaction on September 1, 2022. The Company plans to later conduct separate transfers targeting some companies.

For the nine months ended September 30, 2022, the Company has accordingly classified the Business Operations of the Company, Bridgestone APM Company, and Bridgestone NCR Co., Ltd. (BSNCR) as discontinued operations as well as Prospira Corporation, Prospira Manufacturing Japan Co., Ltd, Prospira Ntec Japan Co., Ltd, Prospira India Automotive Products Private Limited, Prospira (Thailand) Co., Ltd. Prospira America Corporation and Prospira China Co., Ltd. A restated presentation has also accordingly been given for the nine months ended September 30, 2021, with those operations classified as discontinued operations.

(i) Profit or loss from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	42,786	47,438
Expenses (Note)	(49,756)	(65,936)
Loss before tax from discontinued operations	(6,969)	(18,499)
Income tax expense (Note)	(183)	1,450
Loss from discontinued operations	(7,153)	(17,048)

(Note) Expenses for the nine months ended September 30, 2022, include a loss on business transfer to AZ of ¥4,410 million and a loss of ¥6,834 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. The income tax expense corresponding to that is ¥1,151 million.

(ii) Cash flow from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(7,714)	(10,735)
Net cash provided by (used in) investing activities	(1,710)	(86,629)
Net cash provided by (used in) financing activities	(87)	(66)
Total	(9,511)	(97,430)

(3) Chemical products solutions business

On December 10, 2021, the Company made a decision to transfer its chemical products solutions business (the “Business Operations”) to Endeavour United II Investment Business Limited Partnership (EU Investment Partnership). This entails the Company establishing a new wholly-owned subsidiary (Archem Inc.) to which it transfers the Business Operations by carrying out an absorption-type demerger (the “Corporate Demerger”), then integrating the Business Operations of the Group into Archem Inc., and subsequently transferring all shares of Archem Inc. to EU Investment Partnership, which is structured, managed, and operated by Endeavour United Co., Ltd. (the “Share Transfer,” with the Corporate Demerger and the Share Transfer hereinafter referred to as the “Business Transaction”). The Company completed the Business Transaction on August 1, 2022. The Company plans to later conduct separate transfers targeting some companies.

For the nine months ended September 30, 2022, the Company has accordingly classified Business Operations of the Company, Bridgestone NCR Co., Ltd. (BSNCR), Bridgestone Precision Molding Philippines, Inc. (BPMP), as discontinued operations as well as Bridgestone Chemitech Co., Ltd. (BSCT), Bridgestone Diversified Chemical Products Co., Ltd. (BDCP), Archem Inc., Bridgestone APM Foaming Company, Bridgestone Chemical Products Malaysia Sdn. Bhd., Archem (Thailand) Co., Ltd., Bridgestone Electronic Materials (Hong Kong) Ltd. (BEM), Bridgestone (Kaiping) Diversified Products Co., Ltd., Guangzhou Archem Auto Component Co., Ltd., and Archem (Wuhan) Co., Ltd. A restated presentation has also accordingly been given for the nine months ended September 30, 2021, with those operations classified as discontinued operations.

(i) Profit or loss from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	41,620	40,628
Expenses (Note)	(45,906)	(52,776)
Loss before tax from discontinued operations	(4,287)	(12,148)
Income tax expense (Note)	(218)	1,325
Loss from discontinued operations	(4,505)	(10,823)

(Note) Expenses for the nine months ended September 30, 2022, include a gain on business transfer to EU Investment Partnership of ¥5,364 million and a loss of ¥13,262 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. The income tax expense corresponding to that is ¥1,449 million.

(ii) Cash flow from discontinued operations

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(1,918)	(3,329)
Net cash provided by (used in) investing activities	(2,582)	(37,431)
Net cash provided by (used in) financing activities	(661)	(401)
Total	(5,161)	(41,161)

(Subsequent events)

Not applicable