

Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2023 <under IFRS>

November 10, 2023

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 TANSHIN." 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 quarterly securities report submission: November 10, 2023
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 FY2023 (January 1, 2023 - September 30, 2023)

(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, 2023	3,198,144	7.4	362,259	5.9	375,795	22.3	265,665	22.3
Nine months ended September 30, 2022	2,976,923	28.4	342,197	18.6	307,229	11.0	217,198	6.2

	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, 2023	266,732	41.3	568,159	(8.3)	389.68		389.20	
Nine months ended September 30, 2022	188,748	(55.4)	619,910	11.7	270.48		270.10	

(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 11, "Reconciliation from adjusted operating profit to profit before tax" under "1. 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, thereby deducting such discontinued operations from monetary amounts of the nine months ended September 30, 2022 and nine months ended September 30, 2023. For details on discontinued operations, please refer to page 15, "Discontinued operations" under "1. 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, 2023	5,510,819	3,447,237	3,395,831	61.6
As of December 31, 2022 (Note)	4,962,203	3,012,501	2,965,835	59.8

(Note) Due to the retrospective application of IAS 12 "Income Taxes," the figures for the previous fiscal year are those after the retrospective application.

2. Dividends

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	–	85.00	–	90.00	175.00
FY2023	–	100.00	–		
FY2023 (Projection)				100.00	200.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Financial Results Forecasts for FY2023 (January 1, 2023 - December 31, 2023)

(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	
FY2023	4,150,000	1.0	510,000	5.7	335,000	11.6	489.39	

(Note) Changes from the latest forecasts released: No
IAS 12 "Income Taxes" was applied retrospectively, and the year-on-year changes presented are for the comparison with the figures for FY2022 after the retrospective application.

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: ¥340,000 million
- Basic earnings per share: ¥496.69

*Notes

(1) Changes in principal subsidiaries during the nine months ended September 30, 2023: Yes
(Changes in specified subsidiaries involving change in consolidation scope)

Newly included: None

Excluded: 1 company (Bridgestone (Huizhou) Tire Co., Ltd.)

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

1) Changes in accounting policies required by IFRS : Yes

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

3) Changes in accounting estimates : No

* For details, please refer to page 11, "Changes in accounting policies" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

(3) Number of issued shares (common stock)

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

September 30, 2023 713,698,221 shares

December 31, 2022 713,698,221 shares

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

September 30, 2023 29,070,390 shares

December 31, 2022 29,348,738 shares

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

First Three Quarters ended September 30, 2023 684,498,061 shares

First Three Quarters ended September 30, 2022 697,827,806 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. Condensed Quarterly Consolidated Financial Statements and Primary Notes**(1) Condensed Quarterly Consolidated Statement of Financial Position**

	As of December 31, 2022	As of September 30, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	518,905	644,761
Trade and other receivables	946,608	1,037,138
Inventories	885,305	974,629
Other financial assets	15,107	8,574
Other current assets	118,031	137,926
Subtotal	2,483,956	2,803,028
Assets held for sale	28,694	1,358
Total current assets	2,512,650	2,804,386
Non-current assets		
Property, plant and equipment	1,556,665	1,698,347
Right-of-use assets	301,278	321,452
Goodwill	136,406	153,084
Intangible assets	159,920	199,224
Investments accounted for using equity method	38,894	34,209
Other financial assets	104,509	131,588
Deferred tax assets	82,010	106,188
Other non-current assets	69,871	62,341
Total non-current assets	2,449,553	2,706,432
Total assets	4,962,203	5,510,819

	As of December 31, 2022	As of September 30, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	607,498	534,770
Bonds and borrowings	107,866	278,112
Lease liabilities	56,033	60,610
Income taxes payable	53,780	96,822
Other financial liabilities	34,074	57,223
Provisions	51,615	38,960
Other current liabilities	173,340	226,776
Subtotal	1,084,204	1,293,273
Liabilities directly associated with assets held for sale	1,596	923
Total current liabilities	1,085,800	1,294,196
Non-current liabilities		
Bonds and borrowings	345,584	240,903
Lease liabilities	257,684	273,688
Other financial liabilities	18,075	11,245
Retirement benefit liabilities	155,112	157,874
Provisions	37,302	40,790
Deferred tax liabilities	39,053	33,804
Other non-current liabilities	11,092	11,083
Total non-current liabilities	863,901	769,386
Total liabilities	1,949,701	2,063,582
Equity		
Common stock	126,354	126,354
Capital surplus	119,517	120,182
Treasury stock	(136,814)	(135,516)
Other components of equity	358,523	638,076
Retained earnings	2,498,255	2,646,735
Total equity attributable to owners of parent	2,965,835	3,395,831
Non-controlling interests	46,666	51,405
Total equity	3,012,501	3,447,237
Total liabilities and equity	4,962,203	5,510,819

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Nine months ended September 30)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Continuing operations		
Revenue	2,976,923	3,198,144
Cost of sales	1,823,303	1,971,022
Gross profit	1,153,620	1,227,121
Selling, general and administrative expenses	839,971	875,724
Other income	15,349	35,105
Other expenses	21,769	10,707
Operating profit	307,229	375,795
Finance income	12,028	30,508
Finance costs	19,551	49,579
Share of profit (loss) of investments accounted for using equity method	4,599	341
Profit before tax	304,305	357,065
Income tax expense	82,542	86,034
Profit from continuing operations	221,762	271,032
Discontinued operations		
Profit (loss) from discontinued operations	(28,449)	1,067
Profit	193,313	272,098
Profit attributable to		
Owners of parent	188,748	266,732
Non-controlling interests	4,565	5,366
Profit	193,313	272,098
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	311.25	388.12
Discontinued operations	(40.77)	1.56
Total	270.48	389.68
Diluted earnings (loss) per share (Yen)		
Continuing operations	310.82	387.64
Discontinued operations	(40.71)	1.56
Total	270.10	389.20

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Nine months ended September 30)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Profit	193,313	272,098
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	(17,290)	12,998
Remeasurements of defined benefit plans	2,277	(7,810)
Share of other comprehensive income of investments accounted for using equity method	(0)	(2)
Total of items that will not be reclassified to profit or loss	(15,014)	5,186
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	431,148	297,028
Effective portion of change in fair value of cash flow hedges	(1,164)	(4,969)
Share of other comprehensive income of investments accounted for using equity method	11,626	(1,184)
Total of items that may be reclassified to profit or loss	441,611	290,875
Other comprehensive income, net of tax	426,597	296,061
Comprehensive income	619,910	568,159
Comprehensive income attributable to		
Owners of parent	609,681	558,504
Non-controlling interests	10,229	9,655
Comprehensive income	619,910	568,159

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended September 30, 2022

	Equity attributable to owners of parent						
	Equity attributable to owners of parent			Other components of equity			Net change in fair value of financial assets measured through other comprehensive income
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	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	
Balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–
Restated 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		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, 2022	–	111,859	2,307,667	2,629,883	45,471	2,675,354
Cumulative effects of changes in accounting policies	–	–	91	91	13	105
Restated balance at January 1, 2022	–	111,859	2,307,758	2,629,974	45,484	2,675,458
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	2,380,147	3,043,548	48,549	3,092,097

Nine months ended September 30, 2023

	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, 2023	126,354	119,517	(136,814)	2,673	310,311	2,980	42,558
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	291,497	(4,863)	12,996
Total comprehensive income	–	–	–	–	291,497	(4,863)	12,996
Purchase of treasury stock	–	–	(10)	–	–	–	–
Disposal of treasury stock	–	–	1,308	(288)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	665	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(19,788)
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	665	1,297	(288)	–	–	(19,788)
Balance at September 30, 2023	126,354	120,182	(135,516)	2,384	601,808	(1,883)	35,767

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2023	–	358,523	2,498,255	2,965,835	46,666	3,012,501
Profit	–	–	266,732	266,732	5,366	272,098
Other comprehensive income	(7,858)	291,772	–	291,772	4,289	296,061
Total comprehensive income	(7,858)	291,772	266,732	558,504	9,655	568,159
Purchase of treasury stock	–	–	(1)	(11)	–	(11)
Disposal of treasury stock	–	(288)	(127)	892	–	892
Dividends	–	–	(130,053)	(130,053)	(3,868)	(133,922)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	665	(1,020)	(356)
Transfer from other components of equity to retained earnings	7,858	(11,930)	11,930	–	–	–
Other changes	–	–	–	–	(27)	(27)
Total transactions with owners, etc.	7,858	(12,218)	(118,252)	(128,508)	(4,916)	(133,424)
Balance at September 30, 2023	–	638,076	2,646,735	3,395,831	51,405	3,447,237

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	304,305	357,065
Profit (loss) before tax from discontinued operations	(31,251)	1,146
Depreciation and amortization	209,547	227,527
Impairment losses	14,224	404
Increase (decrease) in retirement benefit liabilities	(12,405)	(7,579)
Interest and dividend income	(11,766)	(27,088)
Interest expenses	10,143	15,032
Foreign currency exchange loss (gain)	(16,631)	13,982
Share of loss (profit) of investments accounted for using equity method	(4,599)	(341)
Loss (gain) on sale of fixed assets	(3,415)	(16,493)
Business and plant restructuring income	(2,257)	(7,947)
Business and plant restructuring expenses	3,440	5,505
Loss on retirement of fixed assets	1,388	2,063
Decrease (increase) in trade and other receivables	(120,694)	5,691
Decrease (increase) in inventories	(189,548)	6,626
Increase (decrease) in trade and other payables	42,089	(72,495)
Increase (decrease) in allowance for doubtful accounts	(781)	6,124
Increase (decrease) in consumption tax payables	(2,742)	5,672
Increase (decrease) in refund liabilities	27,095	28,179
Increase (decrease) in provision for loss on litigation	(4,319)	(8,565)
Other	(30,439)	(81,405)
Subtotal	181,383	453,102
Interest and dividends received	13,972	30,496
Interest paid	(9,619)	(14,387)
Income taxes paid	(60,803)	(44,729)
Net cash provided by (used in) operating activities	124,932	424,482
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(146,529)	(195,509)
Proceeds from sale of property, plant and equipment	12,133	21,491
Payments for purchase of intangible assets	(22,799)	(44,415)
Proceeds from sales of investments in securities	870	25,046
Payments of long-term loans receivable	(23,034)	(16,794)
Collection of loans receivable	14,445	12,396
Payments for sale of discontinued operations	(115,502)	-
Other	3,081	(1,859)
Net cash provided by (used in) investing activities	(277,336)	(199,643)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	29,306	34,543
Proceeds from long-term borrowings	54	22,734
Repayments of long-term borrowings	(52,361)	(16,201)
Redemption of bonds	(40,000)	-
Repayments of lease liabilities	(47,997)	(50,210)
Dividends paid to owners of parent	(118,929)	(129,955)
Dividends paid to non-controlling interests	(4,624)	(3,868)
Other	(88,941)	(4,468)
Net cash provided by (used in) financing activities	(323,492)	(147,425)
Effect of exchange rate changes on cash and cash equivalents	114,006	48,100
Net increase (decrease) in cash and cash equivalents	(361,890)	125,514
Cash and cash equivalents at beginning of period	787,542	518,905
Net increase (decrease) in cash and cash equivalents included in assets held for sale	98,909	342
Cash and cash equivalents at end of period	524,561	644,761

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

Not applicable

(Changes in accounting policies)

(Application of IAS 12 “Income Taxes”)

Deferred tax related to assets and liabilities arising from a single transaction

Due to the application of IAS 12 “Income Taxes” (amended in May 2021), the accounting treatment was clarified for the initial recognition, etc. concerning transactions that give rise to equal taxable and deductible temporary differences at the time of the transaction, and the deferred tax liabilities and deferred tax assets regarding the taxable and deductible temporary differences are each recognized in the consolidated statement of financial position.

Together with the application of this standard, the consolidated financial statements for FY2022 were revised retrospectively. As a result, in the condensed quarterly consolidated statement of financial position as of December 31, 2022, deferred tax assets increased by ¥385 million, deferred tax liabilities increased by ¥341 million, retained earnings increased by ¥29 million and non-controlling interests increased by ¥15 million.

Because the cumulative effects due to the application of the above standard were reflected in the condensed quarterly consolidated statement of changes in equity, for the nine months ended September 30, 2022, the balance at the beginning of the period for retained earnings increased by ¥91 million and the balance at the beginning of the period for non-controlling interests increased by ¥13 million.

International Tax Reform—Pillar Two Model Rules

Due to the application of IAS 12, “Income Taxes” (amended in May 2023), the Company has applied a temporary exception to the requirement to recognize and disclose deferred tax assets and deferred tax liabilities pertaining to income taxes arising from the tax system related to the Pillar Two model rules announced by the Organisation for Economic Co-operation and Development (OECD). As this standard was applied retrospectively, deferred tax assets and deferred tax liabilities pertaining to income taxes arising from the tax system related to the Pillar Two model rules have not been recognized or disclosed.

(Reconciliation from adjusted operating profit to profit before tax)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Adjusted operating profit (Note 1)	342,197	362,259
Adjustment items (income) (Note 2)	2,581	21,153
Adjustment items (expenses) (Note 6)	37,548	7,617
Operating profit	307,229	375,795
Finance income	12,028	30,508
Finance costs	19,551	49,579
Share of profit (loss) of investments accounted for using equity method	4,599	341
Profit before tax	304,305	357,065

(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, 2022	Nine months ended September 30, 2023
Insurance claim income	288	2,309
Business and plant restructuring income	(Note 3) 2,257	(Note 4) 7,947
Gain on reversal of impairment losses on fixed assets	35	178
Other income with large amounts related to one time event	–	(Note 5) 10,720
Adjustment items (income)	2,581	21,153

(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) Mainly reversal of impairment losses on fixed assets associated with the reorganization of overseas tire plants and gain on sales of fixed assets, and gain on transfer of interests are recorded.

(Note 5) This was primarily the recording of gains on the sale of land.

(Note 6) The major breakdown of adjustment items (expenses) is as follows:

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Impairment losses	(Note 7) 13,500	404
Cost of sales (loss on disaster)	5,101	1,377
Other expenses (loss on disaster)	130	237
Business and plant restructuring expenses (Note 8)	3,440	5,384
Other expense with large amounts related to one time event	(Note 9) 15,378	(Note 10) 216
Adjustment items (expenses)	37,548	7,617

(Note 7) 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 8) This was primarily the recording of expenses relating to the reorganization of overseas tire plants.

(Note 9) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the safety inspection (and free repair) of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company.

(Note 10) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the recall in October 2022 of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company, and other factors.

(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. As a result, the previously estimated revenue from the Russian tire business is not expected to be realized at this time, and accordingly the carrying amount of assets for business use in the Russian tire business was reduced by ¥13,376 million to the recoverable amount. 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, 2022	Nine months ended September 30, 2023
Freight	197,418	167,452
Advertising and sales promotional expenses	79,745	68,749
Employee benefit expenses	239,815	260,431
Depreciation and amortization	74,942	82,933
Research and development expenses (Note)	81,735	89,433
Others	166,315	206,725
Total	839,971	875,724

(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, 2022	Nine months ended September 30, 2023
Gain on sale of fixed assets	3,364	(Note 1) 16,493
Business and plant restructuring income (Note 2)	2,257	7,947
Insurance claim income	288	5,803
Others	9,439	4,862
Total	15,349	35,105

(Note 1) Mainly relates to gains on the sale of land.

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

(2) Other expenses

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Business and plant restructuring expenses (Note 1)	3,440	5,384
Loss on retirement of fixed assets	1,340	2,063
Removal and disassembly expense	1,906	1,852
Impairment losses (Note 2)	13,500	404
Others	1,583	1,005
Total	21,769	10,707

(Note 1) The major breakdown of "Business and plant restructuring expenses" is presented in "Reconciliation from adjusted operating profit to profit before tax."

(Note 2) The major breakdown of "Impairment losses" is presented in "Impairment of non-financial assets."

(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, 2022	Nine months ended September 30, 2023
Interest income (Note)	10,156	25,838
Dividend income (Note)	1,572	1,202
Others	300	3,468
Total	12,028	30,508

(2) Finance costs

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Interest expenses (Note)	10,065	15,025
Foreign currency exchange loss	1,335	26,661
Net interest of defined benefit plans	2,184	3,353
Others	5,967	4,541
Total	19,551	49,579

(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.

1) Profit or loss from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	(604)	-
Expenses	-	-
Profit (loss) before tax from discontinued operations	(604)	-
Income tax expense (Note)	26	-
Profit (loss) from discontinued operations	(579)	-

(Note) 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.

2) Cash flow from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	-	-
Net cash provided by (used in) investing activities	(1,324)	-
Net cash provided by (used in) financing activities	-	-
Total	(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 conduct separate transfer targeting a company at a later time.

The Group has accordingly classified the Business Operations of the Company, Bridgestone APM Company, and Bridgestone Industrial Products (Thailand) Co., Ltd. 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.

1) Profit or loss from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	47,438	4,396
Expenses (Note)	(65,936)	(4,357)
Profit (loss) before tax from discontinued operations	(18,499)	38
Income tax expense (Note)	1,450	(92)
Profit (loss) from discontinued operations	<u>(17,048)</u>	<u>(54)</u>

(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.

Expenses for the nine months ended September 30, 2023, include a loss of ¥97 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

2) Cash flow from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(10,735)	96
Net cash provided by (used in) investing activities	(86,629)	(180)
Net cash provided by (used in) financing activities	(66)	-
Total	<u>(97,430)</u>	<u>(84)</u>

(3) Chemical products solutions business

On December 10, 2021, the Company made the 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 has accordingly classified Business Operations of the Company, Bridgestone Industrial Products (Thailand) Co., Ltd., and Archem Philippines, Inc., as discontinued operations as well as Bridgestone Chemitech Co., Ltd. (BSCT), Bridgestone Diversified Chemical Products Co., Ltd. (BDPC), 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.

1) Profit or loss from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	40,628	2,093
Expenses (Note)	(52,776)	(984)
Profit (loss) before tax from discontinued operations	(12,148)	1,108
Income tax expense (Note)	1,325	13
Profit (loss) from discontinued operations	(10,823)	1,121

(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.

Expenses for the nine months ended September 30, 2023, include a gain on business transfer to EU Investment Partnership of ¥1,195 million.

2) Cash flow from discontinued operations

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(3,329)	(236)
Net cash provided by (used in) investing activities	(37,431)	2,008
Net cash provided by (used in) financing activities	(401)	-
Total	(41,161)	1,772

(Subsequent events)

Not applicable