Note:
This English translation of the Notice of the 102nd Annual Shareholders' Meeting and the Reference to Exercise of Voting Rights is for convenience only. If there are any differences between this translation and the Japanese original, the Japanese original supersedes this translation.

Securities Code: 5108
Bridgestone Corporation
1-1, Kyobashi 3-chome, Chuo-ku
Tokyo, Japan

March 4, 2021

Notice of the 102nd Annual Shareholders' Meeting

Dear Shareholders,

We are pleased to inform you that Bridgestone Corporation's 102nd Annual Shareholders' Meeting will be held as described in this letter.

While we have made every effort to prevent the spread of COVID-19 at the venue, we ask that all shareholders carefully consider whether or not to attend the meeting given the current state of the COVID-19 pandemic. If a state of emergency is in effect as of the date of the meeting, we request that shareholders refrain from attending the meeting in person, regardless of their physical condition. The Meeting will be streamed live online for shareholders not attending the Meeting in person (information is available on page 6 of the Japanese version).

If you are refraining from attending the meeting, you may exercise your voting rights in writing (by mailing) or via an electromagnetic means (through the Internet, etc.). Please review the Reference to Exercise of Voting Rights provided below, then (1) indicate your vote of approval or disapproval on the enclosed Exercise of Voting Rights form and return the form to us, or (2) exercise your voting rights on the Web site (https://www.web54.net) or otherwise by 5:30 p.m. on Thursday, March 25, 2021.

Very truly yours,

Masaaki Tsuya
Chairman of the Board

The 102nd Annual Shareholders' Meeting

1. Date and time: Friday, March 26, 2021, at 10:00 a.m. (Reception opens at 8:30 a.m.)

2. Location: "Aoi," the Main Ballroom, 2nd Floor, Palace Hotel Tokyo
   1-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
   *Please refer to the guide map for the Annual Shareholders' Meeting on the last page (only available in Japanese).

3. Purpose of the meeting
   Matters to be reported:
   1. Business Report and Consolidated Financial Statements for the 102nd Fiscal Year (January 1, 2020 through December 31, 2020) and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements
   2. Financial Statements for the 102nd Fiscal Year (January 1, 2020 through December 31, 2020)

   Matters to be resolved:
   Proposal 1 Appropriation of Surplus
   Proposal 2 Partial Amendments to the Articles of Incorporation
   Proposal 3 Election of Twelve (12) Members of the Board

The details of the respective proposals are as per "Reference to Exercise of Voting Rights" provided from page 5 onwards.

(1) Guidance for Exercise of Voting Rights

Guidance for Exercise of Voting Rights

Attending the Shareholders' Meeting	Not attending the Shareholders' Meeting	
	Mail	**The Internet**
If you attend the meeting in person, please submit your Exercise of Voting Rights forms to the receptionist. To save resources, please bring this Notice to the meeting.	Please review the Reference to Exercise of Voting Rights, indicate your vote of approval or disapproval on the enclosed Exercise of Voting Rights form, and return the form to us.	Please refer to Exercise of Voting Rights via the Internet provided below, and cast your vote of approval or disapproval.
Meeting Date and Time	**Exercise Deadline**	**Exercise Deadline**
Friday, March 26, 2021 at 10:00 a.m. (Reception opens at 8:30 a.m.)	The form must arrive at the Company by no later than 5:30 p.m. on Thursday, March 25, 2021.	Your vote will be accepted until 5:30 p.m. on Thursday, March 25, 2021.

Please refer to the next page

*If any shareholder has exercised his/her voting rights multiple times via the Internet, etc., only the final execution shall be deemed as his/her effective exercise of voting rights. If any shareholder has exercised his/her voting rights both by sending the Exercise of Voting Rights form and via the Internet, etc., only the latter one to arrive at the Company shall be deemed effective, provided, however, that only the exercise of voting rights via the Internet, etc., shall be deemed effective if both arrive at the Company on the same day.

Guidance for Platform for Electronic Exercise of Voting Rights
Institutional investors may use the "ICJ platform," a platform for electronic exercise of voting rights by institutional investors, which is operated by Investor Communications Japan, Inc. (ICJ).

Conditions for the exercise of voting rights by proxy

Each shareholder is allowed to exercise his/her voting rights through a proxy, who shall be one of the shareholders with voting rights of the Company. Such shareholder or his/her proxy shall submit a document certifying the proxy right (e.g., power of attorney) to the Company.

Handling of requests for the Exercise of Voting Rights form by shareholders who have approved in advance the sending of Notices of Annual Shareholders' Meeting via an electromagnetic means

If you have approved the sending of Notices via an electromagnetic means and wish the delivery of an Exercise of Voting Rights form, please contact the dedicated phone service, which is stated in Other Inquiries described on page 3 (Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited).

“Exercise of Voting Rights via the Internet”

1 Please access the Web site for exercising voting rights designated by the Company.

[Web site for exercising voting rights]
https://www.web54.net

2 Enter the “Exercise of Voting Rights Code” and “Password” printed at the right of the Exercise of Voting Rights form and follow the instructions on the screen.

Exercise deadline: Your vote will be accepted until 5:30 p.m. on Thursday, March 25, 2021.

System Requirements

1 Depending on the Internet access environment of your PC or mobile phone, the service you subscribed, or the models you use, you may not be able to use the Web site to exercise voting rights. For details, please contact the staff in charge by calling the dedicated phone number of Stock Transfer Agent Department “Web Support,” Sumitomo Mitsui Trust Bank, Limited, as shown below.

2 To connect your communication device to the Internet, you may have to pay a connection fee and telecommunication charges to your service provider and a carrier. Such a fee or charges shall be borne by you.

Contact

Inquiries on the Operation of Your PC and Other Communication Terminals	The Stock Transfer Agent Department “Web Support” Helpline by Sumitomo Mitsui Trust Bank, Limited Phone number in Japan: 0120-652-031 Reception time: 9:00 a.m.–9:00 p.m.
Other Inquiries	The Transfer Agent Business Center Helpline by Sumitomo Mitsui Trust Bank, Limited Phone number in Japan: 0120-782-031 Reception time: 9:00 a.m.–5:00 p.m. (Except for Saturdays, Sundays and national holidays)

(2) Matters Related to Disclosure via the Internet

The following matters that are not stated in this Notice of the 102nd Annual Shareholders' Meeting are provided to the shareholders by posting relevant information on the Company's Web site in accordance with the relevant provisions of the laws and regulations and the Articles of Incorporation.

- "Primary Operations," "Major Business Locations," "Employees," "Major Lenders and Loan Amounts (Bridgestone Corporation)," "Shares of Bridgestone Corporation," "Stock Acquisition Rights of Bridgestone Corporation," "Matters Related to the Outside Directors," "Matters Related to the Independent Auditors" and "Systems to Ensure the Propriety of Business Operations ('Internal Control Systems')" in the Business Report.
- "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements.
- "Non-consolidated Balance Sheet," "Non-consolidated Statement of Income," "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements.

Notes:

- If you attend the meeting in person, please submit your Exercise of Voting Rights forms to the receptionist.
- We anticipate the reception area will be crowded right before opening of the meeting, so please plan to arrive to the venue early.
- If you exercise your voting rights on the Web site (https://www.web54.net), please refer to "Exercise of Voting Rights via the Internet." described on page 3.
- Please bring this Notice of the 102nd Annual Meeting of Shareholders to the venue on the day of the meeting.
- Should any revision be needed with regard to the Reference to Exercise of Voting Rights, the Business Report, the Consolidated Financial Statements and/or the Financial Statements, the Company will post such revision on the Company's Web site (https://www.bridgestone.com/).

Reference to Exercise of Voting Rights

Proposals and Reference Information

Proposal 1 Appropriation of Surplus

The Company proposes to appropriate surplus by disbursing the year-end dividend for the year according to the schedule shown below in view of the year's closing results, and the interest of promoting corporate strength, future business development and other aspects.

1. Matters related to year-end dividends

(1) Disbursement of dividends to shareholders and total amount thereof

It is proposed that a total amount of 42,248,082,780 yen (sixty (60) yen per share) be disbursed.
Accordingly, the fiscal year's total dividend, including the interim dividend, would be one hundred and ten (110) yen per share.

(2) Effective date of the disbursement of dividends from surplus

It is proposed to set the effective date for the disbursement of dividends to be March 29, 2021.

[Reference] Dividends

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	80.00	—	80.00	160.00
Fiscal 2020	—	50.00	—	60.00	110.00
Fiscal 2021 (Projection)	—	60.00	—	70.00	130.00

Cautionary notes concerning dividend projections

As projection on dividends contain unpredictable elements that may cause fluctuations, they do not constitute guarantees by the Company of their achievement.

Proposal 2 Partial Amendments to the Articles of Incorporation

The Company became a Company with Nominating Committee, etc. with the approval of the Annual Shareholders' Meeting held on March 24, 2016. Since then, it has continued striving to reinforce its corporate governance structure. As part of these efforts, the Company wishes to abolish the Chairman of the Board system and switch to a system in which the chairperson of the Shareholders' Meeting and the chairperson of the Board of Directors are each appointed according to their respective roles.
These changes are intended to continue enriching explanations on the Company's management to its shareholders by selecting the chairperson of the Shareholders' Meetings from among Representative Executive Officers at a meeting of the Board of Directors, and to further enhance execution and supervision functions by selecting the chairperson of the Board of Directors from among Directors that include Outside Directors at a meeting of the Board of Directors.
The amendments also expressly state that the Board of Directors will select the persons that convene the Shareholders' Meetings and meetings of the Board of Directors.
[Related articles: Articles 15, 21 and 22 before the amendment]

The Company's Articles of Incorporation defines Executive Officers in charge of executing overall business affairs as the "CEO" and the "COO," but the Company wishes to change these titles to "Global CEO" and "Global COO," as the persons in these positions are to take charge of all Group companies worldwide.
[Related article: Article 31 before the amendment]

The Company's Articles of Incorporation stipulate that, in addition to Representative Executive Officers and Executive Officers under the Companies Act, the Company may appoint Corporate Officers under their supervision. However, as part of the overhauling of the Company's executive operation structure on January 1, 2021, the Corporate Officer system was abolished. Accordingly, Chapter VII, Article 34 (Corporate Officers) before the amendment is to be deleted.

Before the amendment	After the amendment
Article 1-Article 14 (Text omitted)	Article 1-Article 14 (Unchanged)
Article 15 (Person with Right to Convene and Chairman) A general meeting of shareholders shall be convened by the Chairman of the Board who shall act as chairperson thereat. If the Chairman of the Board is involved in an accident or the Chairman of the Board is vacant, the Director as specified in accordance with the order previously determined by the Board of Directors shall convene and act as chairperson of the same.	Article 15 (Person with Right to Convene and Chairman) A general meeting of shareholders shall be convened by a person appointed from among the Directors by a resolution of the Board of Directors, and a person appointed from among the Representative Executive Officers by a resolution of the Board of Directors shall act as the chairperson thereat. If an incident arises that prevents either of the appointed persons from fulfilling their duties, the Director as specified in accordance with the order previously determined by the Board of Directors shall convene and the Representative Executive Officer or Executive Officer as specified in accordance with the order previously determined shall act as chairperson of the same.
Article 16-Article 20 (Text omitted)	Article 16-Article 20 (Unchanged)
Article 21 (Chairman of the Board) The Company may appoint the Chairman of the Board by a resolution of the Board of Directors.	(Article 21 Deleted)

Before the amendment	After the amendment
Article 22 (Person with Right to Convene Meeting of the Board of Directors and Chairman) A meeting of the Board of Directors shall be convened by the Chairman of the Board who shall act as chairperson thereat. If the Chairman of the Board is involved in an accident or the Chairman of the Board is vacant, the Director as specified in accordance with the order previously determined by the Board of Directors shall convene and act as chairperson of the same.	Article 21 (Person with Right to Convene Meeting of the Board of Directors and Chairman) A meeting of the Board of Directors shall be convened by a person appointed from among the Directors by a resolution of the Board of Directors, and a person appointed from among the Directors by a resolution of the Board of Directors shall act as chairperson thereat. If an incident arises that prevents either of the selected persons from fulfilling their duties, the Director as specified in accordance with the order previously determined by the Board of Directors shall convene and act as chairperson of the same.
Article 23-Article 30 (Text omitted)	Article 22-Article 29 (Unchanged)
Article 31 (Representative Executive Officers, CEO and COO, etc.) 1. (Text omitted) 2. The Company may appoint the CEO and the COO as the Executive Officers in charge of executing overall business affairs by a resolution of the Board of Directors. 3. (Text omitted)	Article 30 (Representative Executive Officers, Global CEO and Global COO, etc.) 1. (Unchanged) 2. The Company may appoint the Global CEO and the Global COO as the Executive Officers in charge of executing overall business affairs by a resolution of the Board of Directors. 3. (Unchanged)
Article 32-Article 33 (Text omitted)	Article 31-Article 32 (Unchanged)
CHAPTER VII **CORPORATE OFFICERS**	
Article 34 (Corporate Officers) The Company may appoint corporate officers (including corporate officers with specific titles) as the officers in charge of executing business affairs under Executive Officers.	(CHAPTER VII and Article 34 Deleted)
CHAPTER VIII ACCOUNTS	CHAPTER VII ACCOUNTS
Article 35-Article 38 (Text omitted)	Article 33-Article 36 (Unchanged)
Additional Rule Article 1 (Text omitted)	**Additional Rule** Article 1 (Unchanged)

Proposal 3 Election of Twelve (12) Members of the Board

The term of office of all the thirteen (13) current Members of the Board expires at the close of this Shareholders' Meeting. Accordingly, it is proposed that twelve (12) nominees be appointed as Members of the Board.
These nominees for Members of the Board have been determined through strict selection procedures at the Nominating Committee of the Company.
Each nominee has been confirmed to meet the requirements of the "Nominating Policy for Appointment to the Board" (as described on page 16) in the selection process.
Furthermore, the Nominating Committee made its decisions after exhaustive deliberations with the aim of creating an overall-balanced Board of Directors whose human resource portfolio encompasses diverse perspectives, which is necessary for the Board to supervise the appropriate execution of the Company's Mid-Long Term Business Strategy as it seeks to become a sustainable solutions company.

The reasons for selecting the nominees for Members of the Board are indicated below.

No.	Name			Current position and assignment in the Company	Attendance at the Board of Directors for the year	Attendance at statutory meetings for the year
1	Shuichi Ishibashi	Renomination		Member of the Board, Global CEO and Representative Executive Officer	100% (11 of 11)	-
2	Masahiro Higashi	New Nomination		Global COO and Representative Executive Officer, Global CAO	-	-
3	Scott Trevor Davis	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Nominating Committee, Member of the Compensation Committee	100% (15 of 15)	Nominating Committee: 100% (23 of 23) Compensation Committee: 100% (15 of 15)
4	Yuri Okina	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Compensation Committee, Member of the Nominating Committee	100% (15 of 15)	Nominating Committee: 100% (23 of 23) Compensation Committee: 100% (15 of 15)
5	Kenichi Masuda	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Nominating Committee, Member of the Compensation Committee	100% (15 of 15)	Nominating Committee: 100% (23 of 23) Compensation Committee: 100% (15 of 15)
6	Kenzo Yamamoto	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Audit Committee	100% (15 of 15)	Audit Committee: 100% (14 of 14)
7	Keikou Terui	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (15 of 15)	Audit Committee: 100% (14 of 14)
8	Seiichi Sasa	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (15 of 15)	Audit Committee: 100% (14 of 14)
9	Yojiro Shiba	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (15 of 15)	Audit Committee: 100% (14 of 14)
10	Yoko Suzuki	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (15 of 15)	Audit Committee: 100% (14 of 14)
11	Hideo Hara	Renomination		Member of the Board, Member of the Audit Committee (full-time)	100% (11 of 11)	Audit Committee: 100% (10 of 10)
12	Tsuyoshi Yoshimi	Renomination		Member of the Board, Member of the Audit Committee (full-time)	100% (15 of 15)	Audit Committee: 100% (14 of 14)

Notes:
1. Mr. Shuichi Ishibashi was newly elected as a Member of the Board at the 101st Annual Shareholders' Meeting held on March 24, 2020, and accordingly, the total number of the Board of Directors meetings he was able to attend is different from that of other candidates.
2. Mr. Hideo Hara was newly elected as a Member of the Board at the 101st Annual Shareholders' Meeting held on March 24, 2020 and appointed as a member of the Audit Committee on the same day, and accordingly, the total number of the Board of Directors meetings he was able to attend is different from that of other candidates.

Nominees for Members of the Board

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal history, position, assignment and important concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>
Shuichi Ishibashi
(January 19, 1954)

Renomination

・The term of office as Member of the Board: 1 year
・Attendance at the Board of Directors for the year: 100% 11 of 11
・Number of shares owned: 10,600</td><td>April 1977 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)
June 2003 Director, Consumer Tires Business
January 2005 Vice President and Officer
July 2012 Vice President and Senior Officer
January 2014 Senior Vice President
January 2016 Executive Vice President
March 2016 Executive Vice President and Executive Officer
January 2019 Vice Chair and Representative Executive Officer
March 2020 to Present Member of the Board, Global CEO and Representative Executive Officer</td></tr>
<tr><td colspan="2">(Reason for nomination as Member of the Board)
Since Mr. Shuichi Ishibashi joined the Company, he has been engaged in such fields as the tire business in the Americas and Japan, diversified products business, global marketing strategy, solutions business, and technology and quality management. Since his appointment as Global CEO and Representative Executive Officer in 2020, he has formulated the Mid-Long Term Business Strategy, which was approved by the Board of Directors, and has powerfully promoted the implementation of these strategies as the chief executive officer of the Company. The Company has determined that Mr. Shuichi Ishibashi continuously qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his global business experience and insight for corporate management.</td></tr>
<tr><td rowspan="2">2</td><td>
Masahiro Higashi
(February 11, 1961)

New Nomination

・Number of shares owned: 7,500</td><td>April 1985 Joined Bridgestone Corporation
January 2013 Director, Global Customer and Market Research Division and Director, Advanced Business Planning Division
October 2013 Vice President and Officer
March 2017 Vice President and Senior Officer
January 2019 Senior Vice President and Executive Officer
January 2020 Vice Chair and Representative Executive Officer
July 2020 to Present Global COO and Representative Executive Officer, Global CAO</td></tr>
<tr><td colspan="2">(Reason for nomination as Member of the Board)
Since Mr. Masahiro Higashi joined the Company, he has been engaged in such fields as the tire business in the Americas and Thailand, diversified products business, advanced business planning, and solutions business. Since his appointment as Global COO and Representative Executive Officer, Global CAO in 2020, he has steadily promoted execution of business affairs based on the Mid-Long Term Business Strategy, focusing mainly on managing BSJP and implementing reforms on financial and human resource strategies. The Company has determined that Mr. Masahiro Higashi qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his global business experience and insight for corporate management.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal history, position, assignment and important concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>
Scott Trevor Davis
(December 26, 1960)
Renomination
Outside Director
Independent Director
・The term of office as Member of the Board: 10 years
・Attendance at the Board of Directors for the year: 100% 15 of 15
・Number of shares owned: 0</td><td>April 1990 Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training)
April 2001 Professor, Department of International Economics, Reitaku University
April 2006 to Present Professor, Department of Global Business, College of Business, Rikkyo University
March 2011 to Present Member of the Board as Outside Director, Bridgestone Corporation
July 2020 to Present Director, Board of Directors, Fujitsu-JAIMS Foundation
(Important concurrent positions)
Professor, Department of Global Business, College of Business, Rikkyo University
Outside Director, Sompo Holdings, Inc.</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Mr. Scott Trevor Davis has excellent academic knowledge in the field of sociology and international business administration, as well as abundant wisdom regarding CSR and sustainability in Japan and overseas. He has been contributing to appropriate decision making of the Board of Directors as Outside Director since 2011. He has also been playing a leading role in enhancing deliberations, etc. as Chairperson of the Nominating Committee and as Chairperson of the Governance Committee, as well as participating in active deliberations as a member of the Compensation Committee. The Company has determined that Mr. Scott Trevor Davis would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</td></tr>
<tr><td rowspan="2">4</td><td>
Yuri Okina
(March 25, 1960)
Renomination
Outside Director
Independent Director
・The term of office as Member of the Board: 7 years
・Attendance at the Board of Directors for the year: 100% 15 of 15
・Number of shares owned: 0</td><td>April 1984 Joined Bank of Japan
April 1992 Joined The Japan Research Institute, Limited
May 2003 Director of Industrial Revitalization Commission, Industrial Revitalization Corporation of Japan (part-time position)
October 2005 Council Member, Science Council of Japan
June 2006 Research Director, Chief Economist, The Japan Research Institute, Limited
April 2010 Visiting Professor, Waseda University
March 2014 to Present Member of the Board as Outside Director, Bridgestone Corporation
June 2014 Vice Chairman of the Institute, The Japan Research Institute, Limited
September 2014 Invited Professor, Keio University
April 2018 to Present Chairperson of the Institute, The Japan Research Institute, Limited
(Important concurrent positions)
Chairperson of the Institute, The Japan Research Institute, Limited
Outside Director, Marubeni Corporation</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Ms. Yuri Okina has significant research experience regarding financial systems and financial administration, as well as abundant knowledge of economics and financial situations. She has been contributing to appropriate decision making of the Board of Directors as Outside Director since 2014. Since 2016, she has been playing a leading role in enhancing deliberations, etc. as Chairperson of the Compensation Committee, and participating in active deliberations as a member of the Nominating Committee. The Company has determined that Ms. Yuri Okina continuously qualifies for Outside Director in view of these experiences, insights and achievements.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal history, position, assignment and important concurrent positions</th></tr>
<tr><td rowspan="2">5</td><td>
Kenichi Masuda
(January 11, 1963)
Renomination
Outside Director
Independent Director
・ The term of office as Member of the Board: 5 years
・Attendance at the Board of Directors for the year:
100%　15 of 15
・Number of shares owned: 0</td><td>April 1988 to Present　Lawyer, Admitted in Japan
September 1993 to Present　Lawyer, Admitted in New York
January 1997 to Present　Partner, Anderson Mori (Japanese law firm: currently Anderson Mori & Tomotsune)
April 2010　Adjunct Lecturer, Graduate Schools for Law and Politics, The University of Tokyo
March 2011　Outside Corporate Auditor, Bridgestone Corporation
March 2016 to Present　Member of the Board as Outside Director, Bridgestone Corporation
April 2019 to Present　Visiting Professor, Graduate Schools for Law and Politics, The University of Tokyo
(Important concurrent positions)
Partner, Anderson Mori & Tomotsune
Outside Corporate Auditor, LIFENET INSURANCE COMPANY
Audit & Supervisory Board Member, Mercuria Investment Co., Ltd.
Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Mr. Kenichi Masuda has abundant professional career and experience as a lawyer at law firms in Japan and overseas, as well as his expertise as represented by his current experience of teaching corporate law at a graduate school of law. He has been contributing to audits as Outside Corporate Auditor since 2011. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director. He has also been participating in active deliberations as a member of the Nominating Committee and Compensation Committee, and playing a leading role in enhancing deliberations, etc. as Chairperson of the Compliance Committee. The Company has determined that Mr. Kenichi Masuda would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</td></tr>
<tr><td rowspan="2">6</td><td>
Kenzo Yamamoto
(January 21, 1954)
Renomination
Outside Director
Independent Director
・ The term of office as Member of the Board: 5 years
・Attendance at the Board of Directors for the year:
100%　15 of 15
・Number of shares owned: 1,900</td><td>April 1976　Joined Bank of Japan
December 2003　General Manager for the Americas and Chief Representative in New York, Bank of Japan
July 2005　Director-General, Payment and Settlement Systems Department, Bank of Japan
July 2006　Director-General, Financial System and Bank Examination Department, Bank of Japan
May 2008　Executive Director, Bank of Japan
June 2012　Chairman, NTT Data Institute of Management Consulting, Inc.
August 2013　Board Member, Quality Control Oversight Board, The Japanese Institute of Certified Public Accountants
July 2014　Committee Member, Risk Committee, Mitsubishi UFJ Financial Group, Inc.
March 2016 to Present　Member of the Board as Outside Director, Bridgestone Corporation
June 2018 to Present　Representative, Office KY Initiative
February 2019 to Present　Director, TOMIYAMA CULTURAL FOUNDATION
July 2020 to Present　Committee Member, Disciplinary Committee, Japan Securities Dealers Association
(Important concurrent positions)
Representative, Office of Financial and Economic Initiative
Outside Director, SUMITOMO LIFE INSURANCE COMPANY
Outside Director, JAPAN POST BANK Co., Ltd.</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Mr. Kenzo Yamamoto has abundant expertise on financial market and financial systems, as well as his deep insight regarding corporate management and risk management. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and playing a leading role in enhancing deliberations, etc. as Chairperson of the Audit Committee. The Company has determined that Mr. Kenzo Yamamoto continuously qualifies for Outside Director in view of these experiences, insights and achievements.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal history, position, assignment and important concurrent positions</th></tr>
<tr><td rowspan="2">7</td><td>
Keikou Terui
(July 27, 1953)
Renomination
Outside Director
Independent Director
・ The term of office as Member of the Board: 5 years
・Attendance at the Board of Directors for the year:
100% 15 of 15
・Number of shares owned: 4,600</td><td>April 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI))
July 2008 Director-General for Technology Policy Coordination, Minister's Secretariat, METI
January 2011 Director-General, Kanto Bureau of Economy, Trade and Industry, METI
April 2012 Director-General for Regional Economic and Industrial Policy, METI
August 2013 to Present President, Japan Utility Telemetering Association
October 2013 Senior Research Associate, Chemicals Evaluation and Research Institute, Japan
June 2014 to Present Director, Union of Japanese Scientists and Engineers
March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation
June 2016 Director, Chemicals Evaluation and Research Institute, Japan
August 2018 to Present Director, Japan Industrial Safety Competency Center
June 2020 to Present Senior Managing Director, Japan Chemical Innovation and Inspection Institute
(Important concurrent positions)
Senior Managing Director, Japan Chemical Innovation and Inspection Institute
Outside Director, Ube Industries, Ltd.
Outside Director, ORGANO CORPORATION</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Mr. Keikou Terui has broad insight regarding industrial technology fields, as well as his abundant administrative experience in industrial policies at the Ministry of Economy, Trade and Industry. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director, and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Keikou Terui would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</td></tr>
<tr><td rowspan="2">8</td><td>
Seiichi Sasa
(October 12, 1953)
Renomination
Outside Director
Independent Director
・ The term of office as Member of the Board: 5 years
・Attendance at the Board of Directors for the year:
100% 15 of 15
・Number of shares owned: 4,700</td><td>April 1976 Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) (Resigned in June 1978)
March 1983 to Present Certified Public Accountant, Admitted
September 2005 Adjunct Lecturer, Graduate School of Political Studies, Gakushuin University
December 2007 Examiner for Financial Accounting, Certified Public Accountant Examination
June 2008 Executive Director, KPMG AZSA LLC
March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation
September 2017 Visiting Professor, Hitotsubashi University
(Important concurrent positions)
Certified Public Accountant (Representative, Sasa Seiichi Certified Public Accountant Office)</td></tr>
<tr><td colspan="2">(Reason for nomination as Outside Director)
Mr. Seiichi Sasa has abundant professional career and experience of accounting audit and consulting as a Certified Public Accountant, as well as his expertise as represented by his current experience of teaching accounting and audit at a university and graduate school and former appointment as an Examiner of Certified Public Accountant Examination. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Seiichi Sasa would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</td></tr>
</table>

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
9	 Yojiro Shiba (August 7, 1950) Renomination Outside Director Independent Director ・ The term of office as Member of the Board: 3 years ・Attendance at the Board of Directors for the year: 100% 15 of 15 ・Number of shares owned: 0	April 1974 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) March 2003 Managing Executive Officer, Mizuho Bank, Ltd. May 2005 Executive Officer, Oriental Land Co., Ltd. June 2007 Executive Director and Senior Executive Officer, Oriental Land Co., Ltd. April 2009 Representative Director and Executive Vice President Officer, Oriental Land Co., Ltd. June 2013 External Director, AMUSE INC. June 2015 Director and Vice Chairman, AMUSE INC. June 2017 Director, Vice Chairman, AMUSE INC. March 2018 to Present Member of the Board as Outside Director, Bridgestone Corporation April 2019 Representative Director and President, AMUSE INC. June 2019 Director and Vice Chairman, AMUSE INC. June 2020 to Present Special Adviser, AMUSE INC. (Important concurrent positions) Special Adviser, AMUSE INC.
	(Reason for nomination as Outside Director) Mr. Yojiro Shiba has insights into the creation of value and establishment of business from the perspective of customers based on his deep insight as the result of abundant corporate management experience in the financial industry and entertainment business industry. Since 2018, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Yojiro Shiba continuously qualifies for Outside Director in view of these experiences, insights and achievements.	
10	 Yoko Suzuki (September 21, 1970) Renomination Outside Director Independent Director ・The term of office as Member of the Board: 3 years ・Attendance at the Board of Directors for the year: 100% 15 of 15 ・Number of shares owned: 1,400	April 1998 to Present Lawyer, Admitted in Japan April 1998 Joined Takagi Godo Law Office November 2002 to Present Partner, Suzuki Sogo Law Office January 2008 Director, International IC Association of Japan April 2015 to Present Auditor, The Research Institute of Economy, Trade and Industry March 2018 to Present Member of the Board as Outside Director, Bridgestone Corporation June 2018 to Present Auditor, Hitotsubashi University Collaboration Center (Important concurrent positions) Partner of Suzuki Sogo Law Office Outside Director, Nippon Pigment Company Limited External Audit & Supervisory Board Member, MARUI GROUP CO., LTD.
	(Reason for nomination as Outside Director) Ms. Yoko Suzuki has high expertise as a lawyer, and abundant experience and deep insight as an outside auditor and auditor of other companies and various associations. Since 2018, she has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Ms. Yoko Suzuki would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.	

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
11	 Hideo Hara (December 13, 1951) Renomination ・The term of office as Member of the Board: 1 year ・Attendance at the Board of Directors for the year: 100% 11 of 11 ・Number of shares owned: 6,900	April 1977 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation) January 2001 Seconded to Bridgestone/Firestone Inc. (currently Bridgestone Americas, Inc.) (The United States) March 2006 Vice President and Officer Seconded to Bridgestone Americas Holding, Inc. (currently Bridgestone Americas, Inc.) (The United States) October 2006 Vice President and Officer, Responsible for Original Equipment Tire Sales; Concurrently responsible for Motorsport March 2010 Seconded to Bridgestone Americas, Inc. (The United States) March 2015 Fellow (responsible for technology public relations), Bridgestone Corporation March 2020 to Present Member of the Board
	(Reason for nomination as Member of the Board) Since Mr. Hideo Hara joined the Company, he has accumulated abundant business experience in such fields as tire technology development, product strategy, and technology public relations in Japan and the Americas. He was appointed a Member of the Board in 2020, and has utilized his broad business experience and insight centered on the field of technology to contribute to appropriate decision making of the Board of Directors and to promote strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Hideo Hara continuously qualifies for Member of the Board in view of these experiences, insights and achievements.	
12	 Tsuyoshi Yoshimi (May 26, 1964) Renomination ・The term of office as Member of the Board: 2 years ・Attendance at the Board of Directors for the year: 100% 15 of 15 ・Number of shares owned: 1,600	April 1988 Joined Bridgestone Corporation January 2010 Seconded to Bridgestone Asia Pacific Pte. Ltd. (Singapore) September 2012 Seconded to Bridgestone (China) Investment Co., Ltd. (Shanghai) October 2013 Director, Finance Division March 2017 Vice President and Officer, Auditing March 2019 to Present Member of the Board
	(Reason for nomination as Member of the Board) Since Mr. Tsuyoshi Yoshimi joined the Company, he has accumulated abundant business experience through the engagement in such fields as finance, Asia Pacific business, and internal auditing. He was appointed a Member of the Board in 2019, and has utilized his broad business experience and insight centered on the field of finance contribute to appropriate decision making of the Board of Directors and to promote the strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Tsuyoshi Yoshimi continuously qualifies for Member of the Board in view of these experiences, insights and achievements.	

Notes:
1. None of the nominees has any special interest with the Company.
2. 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 the nominees as Outside Directors.
3. To ensure the independence of its Outside Directors, the Company has designated its own "Guidelines for Determining Whether Outside Directors are Sufficiently Independent" (as described on page 16), in addition to the respective standards stipulated by each of the stock exchanges on which the Company's shares are listed. 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 have fulfilled the Guidelines and the standards, and the Company has notified the respective stock exchanges of them as Independent Directors.

4. NYK LINE, at which Ms. Yuri Okina had served as an Outside Director up to June 2017, received dispositions from the Japan Fair Trade Commission and overseas competition law enforcement authorities from 2014 through 2015 for its involvement in cartel conduct concerning ocean shipping services for cars and other vehicles. Ms. Yuri Okina had not been aware of the occurrence of such illegal conducts until NYK LINE received these dispositions. However, during her term of office as an Outside Director of NYK LINE, she had regularly expressed her views on legal compliance, and after becoming aware of these issues, she had endeavored to reinforce NYK LINE's legal compliance systems for the eradication of any conducts in violation of competition laws of each country, and for the prevention of the recurrence of such conducts.

5. The term of office of the respective nominees is calculated as at the close of this Shareholders' Meeting.

6. If Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, Mr. Hideo Hara and Mr. Tsuyoshi Yoshimi become the Members of the Board, the Company will enter into an agreement with each of them that limits his/her damage compensation liability of Paragraph 1 of Article 423 of the Companies Act, pursuant to the provision in Paragraph 2 of Article 26 of the Articles of Incorporation of the Company based on Paragraph 1 of Article 427 of the Companies Act. The maximum amount of his/her liability based on said agreement shall be the higher of either 10 million yen or the minimum liability amount prescribed in Paragraph 1 of Article 425 of the Companies Act.

7. If this proposal is approved, each of Nominating, Audit and Compensation Committees is scheduled to be composed of the following members, respectively.

Nominating Committee:
Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda

Audit Committee:
Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, Mr. Hideo Hara, Mr. Tsuyoshi Yoshimi

Compensation Committee:
Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda

(Reference)

[Nominating Policy for Appointment to the Board]

The Company considers the character and judgment of each individual, their experience and expertise and their level of dedication and commitment to performing the duties expected of a member of the Board.

(Outside Directors)

The Company takes into account the following:

(1) The candidate's expertise, experience and ability to make judgments from an independent perspective.

(2) The candidate's absence of connections with the Company that would undermine their independence from the Company.*

*Specifically, the candidate's ability to meet the conditions for independence as set out in the Company's "Guidelines for Determining Whether Outside Directors are Sufficiently Independent"

(Members of the Board other than Outside Directors)

The Company takes into account the following:

(1) The candidate's scope of knowledge and experience regarding the business and its operations.

(2) The level of the candidate's ability to formulate business plans and targets based upon an insightful understanding of the changing business environment.

[Guidelines for Determining Whether Outside Directors are Sufficiently Independent]

In order to ensure that Bridgestone Corporation ("Bridgestone") achieves the objectivity and transparency necessary for appropriate corporate governance, it is best that outside directors be as independent as possible. Bridgestone has accordingly established these guidelines concerning the requisite independence of Outside Directors. If any of the following items applies to an Outside Director (or to a candidate for such position. The same applies hereafter), they shall be deemed to lack the required level of independence. A person who:

1. In the past was an Executing Person of Bridgestone or a consolidated subsidiary of Bridgestone (collectively, the "Bridgestone Group").[1]
2. Is a major shareholder of Bridgestone.[2]
3. Is an Executing Person of a company or entity to which one of the following is applicable:
   (1) A major supplier or customer of the Bridgestone Group.[3]
   (2) A major lender to the Bridgestone Group.[4]
   (3) A company or entity of which the Bridgestone Group holds 10% or more of the voting shares.
4. Is a certified public accountant with an auditing firm that is an accounting auditor of the Bridgestone Group.
5. Is a professional, such as a consultant, accountant, tax accountant, lawyer, judicial scrivener, or patent attorney who has received a large amount[5] of money or other assets from the Bridgestone Group.
6. Is a person who has received a large amount of donation from the Bridgestone Group.[6]
7. Is an Executing Person of another company, which position constitutes an interlocking director or corporate auditor position[7] for the Outside Director.
8. Has a close relative[8] to which any of the above items 1 through 7 applies (but other than with respect to item 4 or 5, limited to a significant person[9]).
9. Is a person to which any of the above items 2 through 8 has applied within the last 5 years.
10. Notwithstanding the above, is a person with respect to which any other particular factors exist that could create a conflict of interest with Bridgestone.

Notes: [1] This means one who is currently an executive director, executive officer, corporate officer or other similar person or employee (each, for purpose of these Guidelines, an "Executing Person") or who has been an Executing Person of the Bridgestone Group at any time in the past.

[2] A "major shareholder" shall mean a shareholder holding 5% or more of the voting shares, either in their own name or a third party's name, as of the end of Bridgestone's fiscal year. If the major shareholder is an organization such as a company (or other legal entity) or partnership, it shall mean an Executing Person of the organization.

[3] A "major supplier or customer" means a supplier or customer of the Bridgestone Group products whose annual total transactions with the Bridgestone Group exceeds 2% of Bridgestone's consolidated aggregate sales or 2% of the consolidated aggregate sales of the other party. In addition, automobile manufacturers which are customers of the Bridgestone Group tire products, and synthetic rubber manufacturers and steel cord manufacturers which are suppliers to the Bridgestone Group are considered major suppliers or customers regardless of actual annual transaction amounts.

[4] A "major lender" means a financial institution from which the Bridgestone Group receives loans where the outstanding loan amount as of the end of Bridgestone's fiscal year exceeds 2% of Bridgestone's consolidated gross assets or 2% of the financial institution's consolidated gross assets.

[5] "Large amount" means the occurrence of either of the following in response to the professional's provision of services:

(1) In the event that the professional is providing services to the Bridgestone Group as an individual, the receipt by the professional from the Bridgestone Group of compensation (excluding compensation for services as a director or corporate auditor) of an amount exceeding 10 million yen per year.

(2) In the event the professional services are provided by an organization such as a company (or other legal entity) or a partnership, the receipt by the organization from the Bridgestone Group of the total amount of compensation exceeding 2% of the annual aggregate income of the organization. Even if not more than 2%, if the organization receives more than 10 million yen per year as compensation for services in which the professional was directly involved, it is considered a "large amount."

[6] This means the recipient of a donation exceeding 10 million yen per year from the Bridgestone Group. If the recipient is an organization such as a company (or other legal entity) or a partnership, any member of the organization who is directly involved with the research, education or other activity related to the donation.

[7] "Interlocking director or corporate auditor position" means an Executing Person of the Bridgestone Group who is an Outside Director or Corporate Auditor for another company, where an Executing Person of such other company is also an Outside Director of Bridgestone.

[8] A "close relative" means a spouse or a relative within two degrees of family relation.

[9] A "significant person" means a director, executive officer, corporate officer or an Executing Person who is a division manager or above, or an Executing Person with authority similar to any of the foregoing.

2020

Business Report for the 102nd Fiscal Period

Bridgestone Corporation

Note:
This English translation of the Business Report for the 102nd Fiscal Period is for convenience only. If there are any differences between this translation and the Japanese original, the Japanese original supersedes this translation.

I N D E X

Message to Shareholders

I would like to convey my sincere appreciation to our shareholders for their support of the Bridgestone Group.

The Bridgestone Group marked its 90th anniversary this year. These 90 years have not all been a smooth ride, and the Group was faced with numerous difficulties to overcome. Despite it all, we were able to keep growing, led by our mission of “Serving Society with Superior Quality.”

We now pass the torch to a new management team as we aim for even greater heights over the next 10 years and beyond.

Thank you for your continued support and encouragement in the years ahead.

February 2021

Masaaki Tsuya
Chairman of the Board

I would like to convey my sincere appreciation to our shareholders for their support of the Bridgestone Group.

The impact of COVID-19 has increased both the pace and magnitude of the changes to our business environment, making the future unstable and unpredictable at the same time. In such conditions, we believe that it is vital that we anticipate these changes, turn them into opportunities, and contribute more to solve social issues for a better world.

The Group positions 2020 as the beginning of its “Third Foundation,” following its original foundation in 1931 and its second foundation in 1988, when it merged with the Firestone Tire & Rubber Company. Guided by our mission, we have set a new vision as: “continuing to provide social value and customer value as a sustainable solutions company toward 2050,” and have started a new chapter of our journey. In July 2020, we announced our “Mid-Long Term Business Strategy Framework” aimed at achieving our vision, and have been giving updates on its progress.

This year (2021) not only marks our 90th anniversary, but it is also the second year of our third foundation, and a year to start achieving results. We will continue to thoroughly reinforce the earning power of our core business, the tire and rubber business, make strategic investments in growth areas such as digital transformation and innovation, and further evolve and expand our solutions business, our growth business. Furthermore, toward the year 2030 and beyond, we will promote our Sustainability Business Framework. By adding recycle as an exploratory business to our core and growth businesses, we will build our Sustainability Business Model that facilitates a circular economy in each of our businesses through resource circulation, reduction of CO_2 emissions, and achieving carbon neutrality throughout our activities, while also reinvesting those benefits and value sustainably back into our business.

Thank you for your continued support and encouragement in the years ahead.

February 2021

Shuichi Ishibashi
Member of the Board
Global CEO and Representative Executive Officer

(Attachment to the Notice of the 102nd Annual Shareholders’ Meeting)

Business Report

(January 1, 2020 through December 31, 2020)

I. CURRENT STATUS OF THE BRIDGESTONE GROUP

1. Business Developments and Results of Operations

The Bridgestone Group (the “Group”) positions 2020 as the first year of its “Third Foundation” (Bridgestone 3.0) and has put forth a new vision: “Bridgestone continues to provide social value and customer value as a sustainable solutions company today, tomorrow and toward the future in 2050.” To realize this vision, we formulated the Mid-Long Term Business Strategy and have steadily promoted related initiatives.

The operating environment surrounding the Group saw a global slump in tire demand due to the impact of COVID-19 during the first and second quarters. During the third quarter, restrictions on the movement of people and goods were relaxed and economic activity resumed, leading to a recovery in demand. During the fourth quarter, demand for tires for passenger cars fell due to the second wave of COVID-19, but demand for tires for trucks and buses remained robust and the recovery trend continued.

Due to the significant decrease in tire demand from the previous year, the Group's consolidated revenue for the fiscal year 2020 was ¥2,994.5 billion (down 15% year on year), adjusted operating profit was ¥222.9 billion (down 35% year on year), operating profit was ¥64.1 billion (down 82% year on year), profit before tax was ¥29.3 billion (down 91% year on year), and the Group recorded a loss attributable to owners of parent of ¥23.3 billion (compared to profit of ¥240.1 billion for the previous fiscal year).

The Group is working as one to continue its response to this environment organization-wide, placing the highest priority on the lives and safety of employees, customers, and other stakeholders. We resumed full-fledged production and sales activities to capture the recovery in demand for tires in each region, including all the plants that were temporarily shut down during the second quarter, and are gradually raising the operation rate. In addition, in terms of finance, we are continuing thorough expense and cost control.

The Group sees this crisis as an opportunity for medium and long-term reform, and we are working to enhance our fundamental competitiveness under our new management structure. We are pushing forward with expense and cost structure reforms aimed at rebuilding earning power. In September 2020, we began discussions to cease activity at the Bethune plant in France; in November, we closed the Port Elizabeth plant in South Africa; and in January 2021, we announced the sale of our building products operations in the U.S. Furthermore, as part of our personnel and organizational strategies that support our Mid-Long Term Business Strategy, we have overhauled our executive operation structure and human resources system from the start of 2021.

(1) Developments and results by business segment

		Fiscal year 2020 (Yen in billions)	YoY change (%)
Consolidated	Revenue	2,994.5	(15)
	Japan	762.6	(17)
	Americas	1,407.9	(15)
	Europe, Russia, Middle East, India and Africa	564.3	(12)
	China, Asia-Pacific	394.6	(15)
Consolidated	Adjusted operating profit (loss)	222.9	(35)
	Japan	64.6	(41)
	Americas	139.9	(24)
	Europe, Russia, Middle East, India and Africa	(17.6)	—
	China, Asia-Pacific	24.6	(32)

During fiscal year 2020, after a slump in global tire demand caused by the COVID-19 pandemic in the first and second quarters, demand recovered to a certain degree in the third and fourth quarters. However, for the full year, demand declined significantly from the previous year. Results of each segment for fiscal year 2020 are as follows:

[Japan]
The unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased significantly compared to fiscal year 2019. As a result, revenue in the segment during fiscal year 2020 was ¥762.6 billion (down 17% year on year), while adjusted operating profit was ¥64.6 billion (down 41% year on year).

[Americas]
In North America, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased significantly compared to fiscal year 2019. As a result, revenue in the segment during fiscal year 2020 was ¥1,407.9 billion (down 15% year on year), while adjusted operating profit was ¥139.9 billion (down 24% year on year).

[Europe, Russia, Middle East, India and Africa]
In Europe, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased significantly compared to fiscal year 2019. As a result, revenue in the segment during fiscal year 2020 was ¥564.3 billion (down 12% year on year), while an adjusted operating loss of ¥17.6 billion (profit of ¥15.0 billion in fiscal year 2019) was recorded.

[China, Asia-Pacific]
The unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased significantly compared to fiscal year 2019. As a result, revenue in the segment during fiscal year 2020 was ¥394.6 billion (down 15% year on year), while adjusted operating profit was ¥24.6 billion (down 32% year on year).

(2) Research and development (R&D)
In order to realize our new Group vision, we will further reinforce our core tire and rubber business, and leverage its strength to expand our solutions business, our growth business. Technology innovation is what will support this business evolution. We will work on R&D activities with a focus on technology innovation, and accelerate innovation by combining our strong "real," which we have long accumulated on site (genba), with "digital." Through this, we will develop Dan-Totsu products and Dan-Totsu solutions.

In our core tire and rubber business, we have developed "ENLITEN," a tire technology that balances light weight and driving performance at a high level. ENLITEN is designed to reduce CO_2 emissions through less resource utilization and increased fuel efficiency, while improving safety and peace of mind through enhanced driving performance, contributing to society and our customers. Tires with ENLITEN technology have already been selected as original equipment on domestic and international vehicle manufacturers' vehicles, including electric vehicles. For our construction and mining vehicle tires, we have developed the Dan-Totsu product "Bridgestone MasterCore" tire line, which offers optimal performance customized to various mine sites and to the operations of customers. Combining our unique new technologies, including a new type of steel cord and other advanced materials, structure and process engineering, the MasterCore tire line has realized superior durability without sacrificing performance in other areas.

Our solutions business, which is our growth business, includes aviation solutions. We are collaborating with Japan Airlines Co, Ltd. to begin co-creating new value. Our tire wear prediction technologies will enable us to realize greater accuracy in systematic tire replacements, reduce wheel and tire inventories, and improve the efficiency of aircraft maintenance programs. To help realize a safer automotive society, we have collaborated with Microsoft Corporation to develop the world’s first monitoring system that can detect tire problems caused by exterior tire damage in real-time, while driving. Furthermore, for truck and bus business operators, we have also begun offering in Japan the “Tirematics” digital solution tool, which can remotely monitor internal tire pressure.

We have been renovating our R&D base in Kodaira, Tokyo, to establish “Bridgestone Innovation Park,” a global innovation hub. Here, we will start with interaction with empathy with society, our customers and partners, and deepen relationships with them through co-ideation, co-R&D and co-creation. We will accelerate innovation in the areas of technology, business model and design to ultimately create new value for society and our customers. The first of the facilities, the Bridgestone Innovation Gallery, was opened to the general public in November 2020. The Gallery features Bridgestone’s history and corporate activities. We also have innovation sites in Rome in Italy and in Akron, Ohio in the U.S. These bases function as a Center of Excellence (CoE), leveraging their respective strengths and globally collaborating while leading innovation and solution initiatives.

The Group promotes co-creation of value with diverse stakeholders, both inside and outside the company to support the evolution of mobility and contribute to the realization of a sustainable society. In the domain of new mobility, the Group has been participating in an international space exploration mission together with the Japan Aerospace Exploration Agency (JAXA) and Toyota Motor Corporation. As part of this initiative, the Group has begun researching tires for manned, pressurized rovers required for moon exploration activities. Bridgestone also jointly established a social cooperation program titled “Open Innovation of Mobility Technologies to Achieve the SDGs” with the Graduate School of Frontier Sciences at The University of Tokyo, DENSO Corporation, NSK Ltd., and ROHM Co., Ltd. The goal of this program is to conduct R&D on technologies for the electrification of mobility and making it more resource-efficient and sustainable. The program will also test a mechanism for making part of its results publicly available to support open innovation. The program promotes research on tires for wireless charging systems, with the aim of commercializing wireless charging for in-wheel motors that can be used while the vehicle is in motion. The Group has jointly developed with Information Services International-Dentsu, Ltd. a high-precision technology for diagnosing Para rubber tree diseases using artificial intelligence (AI) image analysis. This technology aims for a stable, sustainable supply of natural rubber, a key material in the manufacturing of tires, and contributes to increasing productivity of rubber plantations. We will continue to fuse our unique expertise of rubber with digital technology, cooperating with various partners to accelerate technology innovation and co-create new value.

2. Capital Investment

In response to the crisis caused by the COVID-19 pandemic, the Group has fundamentally reviewed its expenses and investments. Our capital investment plans also limit investees to a selected few with an eye towards maximizing return on investment, while allocating resources necessary to achieve future growth. Based on this approach, we focused on rebuilding our earning power during the period under review, by expanding the sales ratio of premium products, enhancing our cost competitiveness, and making investments such as the restructuring of our logistics bases. Furthermore, we invested in the construction of Bridgestone Innovation Park, which will serve as a technological innovation center. As a result, capital investment totaled ¥271.9 billion.

On a per-segment basis, the Group’s capital investment consisted of: Japan: ¥60.4 billion; the Americas: ¥102.8 billion; Europe, Russia, the Middle East, India, and Africa: ¥54.9 billion; China, Asia-Pacific: ¥22.4 billion; Other: ¥31.4 billion.

3. Financing

The Group procured funds by having the Company borrow ¥200 billion from banks and other measures in light of risks that the COVID-19 pandemic will persist.

At the end of fiscal year 2020, total interest-bearing debt (see note below) was ¥1,006.1 billion, an increase of ¥161.7 billion compared to the end of fiscal year 2019.

Note: Interest-bearing debt includes short-term debt, commercial paper, corporate bonds, long-term debt and obligations under finance leases.

4. Management Tasks

The surrounding business environment is undergoing substantial change in a wide range of areas, including international relations, politics, economy, environmental issues, and technological innovation. Specifically in 2020, COVID-19 had a tremendous impact on our lives and economies worldwide, and efforts to combat global warming also attracted greater attention. Furthermore, in the mobility industry, which is facing a “once in a century” fundamental shift, developments in MaaS and CASE have a major impact on our business. With profits declining across the entire tire industry, we must adapt to change and be strong. Looking inward at the Group’s business results in recent years, a high-cost, high-expense structure and price management issues have emerged as factors causing operating profit to decline.

Against this backdrop, the Group positions the period beginning in 2020 as its “Third Foundation” (Bridgestone 3.0), formulated the Mid-Long Term Business Strategy, and operates its business accordingly, to keep providing social and customer value as a sustainable solutions company toward 2050. The Mid Term Business Plan created for achieving this goal seeks to evolve the group into a “strong Bridgestone”, leaner and more capable of quickly adapting to changes in the business environment, by 2023. In 2020, we kept a close eye on the impact and outlook of COVID-19, enforced thorough crisis management, and promoted cash-oriented management. While continuing crisis management in 2021, we will promote the rebuilding of earning power through expense and cost structure reformation, including manufacturing footprint and business portfolio restructuring, and through pursuing operational excellence, mainly for our core business, that we began in 2020. In turn, we will invest the resources thus generated in strategic growth investments focusing on areas with promising profitability, for example to strengthen our premium business strategy and to expand our solutions business. As enablers for execution, we are also reinforcing our foundation for financial strategy, and promoting Bridgestone’s Human Resource Transformation (HRX) as part of the Mid-Long Term Business Strategy.

We announced our Sustainability Business Framework in December 2020, placing sustainability at the core of management and business. Adding recycle as an exploratory business to the existing tire, rubber and solutions businesses, we aim to create a unique Sustainability Business Model that contributes to resource circulation and reducing CO_2 emissions throughout our value chain, achieving a win-win-win relationship between society, our customers, and Bridgestone. To highlight our environmental efforts, in 2012, we set a long-term environmental vision toward 2050, formulated “Milestone 2020,” the mid-term environmental targets for 2020, and carried out initiatives aimed at achieving these targets. Through our global efforts, we reached these targets ahead of schedule in 2019. We have reduced global water withdrawal intensity by 40%, improved resource productivity (sales per raw materials used) by 33%, and reduced CO_2 intensity by 34% compared to 2005. We have newly formulated "Milestone 2030," our new mid-term environmental targets. The Milestone sets forth clear-cut targets to reduce CO2 emissions by 50% in 2030 compared to our emissions in 2011, and to achieve carbon neutrality by 2050. Furthermore, to ramp up our contributions toward a circular economy, we aim to increase our use of recycled and renewable materials to 40% of our resources by 2030. Positioning sustainability at the core, we will create both social and customer value, and gain a competitive advantage, so that we can work with society and customers to create a sustainable society.

5. Assets and Operating Results

Item *J-GAAP in parentheses	Unit	98th FY 2016	99th FY 2017	100th FY 2018	101st FY 2019	101st FY 2019	102nd FY2020
		J-GAAP	J-GAAP	J-GAAP	J-GAAP	IFRS	IFRS
Revenue (Net sales)	Yen in millions	3,337,017	3,643,427	3,650,111	3,525,600	3,507,243	2,994,524
Adjusted operating profit	Yen in millions	-	-	-	-	343,122	222,932
Profit or loss attributable to owners of parent (Profit or loss attributable to owners of parent)	Yen in millions	265,550	288,275	291,642	292,598	240,111	(23,301)
Basic earnings or loss per share (Net income per share)	Yen	339.04	375.67	387.95	404.95	332.31	(33.09)
Total assets (Total assets)	Yen in millions	3,716,030	3,959,038	3,840,269	3,946,505	4,277,016	4,189,327

Notes 1. The Group prepares its consolidated financial statements based on International Financial Reporting Standards (IFRS) from fiscal year 2020. Figures for fiscal year 2019 reclassified under IFRS are stated together for comparison.

2. Adjusted operating profit is obtained by adjusting indicators by certain items.
Adjustments: Business/plant restructuring expenses, impairment loss, loss on disaster, Insurance claim income and other one-off and substantial income or loss.
Adjustments are determined based on the notion that management provides effective information on the Group's performance for comparison and that they appropriately reflect the method business is managed. Adjusted operating profit is not defined under IFRS, so it is not necessarily comparable with indicators with similar names of other companies.

3. Basic earnings per share (net income per share) is calculated using the average number of shares during each period.

4. The factors for the significant year-on-year decrease in revenue, adjusted operating profit and profit attributable to owners of parent in fiscal year 2020 are stated in "I. CURRENT STATUS OF THE BRIDGESTONE GROUP, 1. Business Developments and Results of Operations."

5. BRIDGESTONE EUROPE NV/SA, a consolidated overseas subsidiary of the Company, has adopted IFRS in its consolidated financial statements from fiscal year 2017. The changes in accounting policy resulting from the adoption of IFRS are applied retrospectively, and therefore, total assets and other items for fiscal year 2016 are adjusted retrospectively.

6. At the beginning of fiscal year 2019, the Group adopted new accounting standards including the ASBJ's "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28 – February 16, 2018). This new standard was applied retrospectively to the total asset amount for fiscal year 2018.

6. Major Subsidiaries

Company	Location	Capital	Ownership	Primary operations
Bridgestone Tire Solution Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 710	100.0%	Management of domestic sale of tires for replacement market and sale of tires
Bridgestone Retail Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 300	(100.0%) 100.0%	Sale of tires and automotive parts
Bridgestone Diversified Chemical Products Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 310	100.0%	Manufacture and sale of synthetic resin products
Bridgestone Diversified Products Japan Co., Ltd.	Minato-ku, Tokyo	Yen in millions 400	100.0%	Sale of and work on industrial rubber products and building materials
Bridgestone Sports Co., Ltd.	Minato-ku, Tokyo	Yen in millions 3,000	100.0%	Manufacture and sale of sporting goods
Bridgestone Cycle Co., Ltd.	Ageo, Saitama	Yen in millions 1,870	100.0%	Manufacture and sale of bicycles
Bridgestone Finance Corporation	Kodaira, Tokyo	Yen in millions 50	100.0%	Lending, purchasing of sales receivables and entrusted processing of accounting and payroll calculation
Bridgestone Americas, Inc.	U.S.	USD in thousands 127,000	100.0%	Management of Americas operations
Bridgestone Americas Tire Operations, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Retail Operations, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Sale of tires and automotive components, and automotive maintenance and repair services
Bridgestone Bandag, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of retreading materials and provision of related services
Firestone Polymers, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of synthetic rubber
Firestone Building Products Company, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of commercial roofing material and other products
Bridgestone Canada Inc.	Canada	CAD in thousands 127,553	(100.0%) 100.0%	Manufacture and sale of tires and sale of automotive components
Bridgestone de Mexico, S.A. de C.V.	Mexico	MXN in thousands 455,998	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone do Brasil Industria e Comercio Ltda.	Brazil	BRL in thousands 458,788	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Argentina S.A.I.C.	Argentina	ARS in thousands 201,242	(100.0%) 100.0%	Manufacture and sale of tires

Company	Location	Capital	Ownership	Primary operations
Bridgestone Europe NV/SA	Belgium	EUR in thousands 2,063,963	100.0%	Management of Europe, Russia, Middle East, India and Africa tire operations and sale of tires
Bridgestone Poznan Sp. z o.o.	Poland	PLN in thousands 558,059	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Hispania Manufacturing S.L.U.	Spain	EUR in thousands 3	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Middle East & Africa FZE	U.A.E.	AED in thousands 17,000	(100.0%) 100.0%	Sale of tires
Bridgestone India Private Ltd.	India	INR in thousands 7,737,041	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone South Africa (Pty) Ltd.	South Africa	ZAR in thousands 207	(75.0%) 75.0%	Manufacture and sale of tires
Bridgestone Asia Pacific Pte. Ltd.	Singapore	SGD in thousands 1,623,782	100.0%	Management of China and Asia-Pacific tire operations and sale of tires
Bridgestone (China) Investment Co., Ltd.	China	USD in thousands 347,665	100.0%	Management of China tire operations and sale of tires
Bridgestone (Wuxi) Tire Co., Ltd.	China	USD in thousands 255,040	(100.0%) 100.0%	Manufacture and sale of tires
Thai Bridgestone Co., Ltd.	Thailand	THB in thousands 400,000	(69.2%) 69.2%	Manufacture and sale of tires
Bridgestone Tire Manufacturing (Thailand) Co., Ltd.	Thailand	THB in thousands 6,921,000	(100.0%) 100.0%	Manufacture and sale of tires
P.T. Bridgestone Tire Indonesia	Indonesia	IDR in thousands 10,358,400	(54.3%) 54.3%	Manufacture and sale of tires
Bridgestone Australia Ltd.	Australia	AUD in thousands 205,820	(100.0%) 100.0%	Sale of tires
Bridgestone Mining Solutions Australia Pty. Ltd.	Australia	AUD in thousands 7,000	100.0%	Sale and related services of off-the-road tires for mining and construction vehicles and conveyor belts, etc.
Bridgestone Treasury Singapore Pte. Ltd.	Singapore	USD in thousands 450,700	100.0%	Lending and purchasing of sales receivables

Notes1. Bridgestone Americas, Inc. agreed to sell Firestone Building Products Company, LLC on January 6, 2021 (local time). The sale is scheduled to take place during the first half of 2021.

2. Figures in parentheses in the “Ownership” column represent the percentage of indirect ownership.

7. Major Business Locations

Bridgestone Corporation

Headquarters	3-1-1 Kyobashi, Chuo-ku, Tokyo

Technical Center	Kodaira, Tokyo and Totsuka-ku, Yokohama		
Nasu Plant	Nasushiobara, Tochigi	Shimonoseki Plant	Shimonoseki, Yamaguchi
Tochigi Plant	Nasushiobara, Tochigi	Kitakyushu Plant	Wakamatsu-ku, Kitakyushu
Tokyo AC Tire Plant	Kodaira, Tokyo	Tosu Plant	Tosu, Saga
Yokohama Plant	Totsuka-ku, Yokohama	Saga Plant	Miyaki-gun, Saga
Iwata Plant	Iwata, Shizuoka	Kurume Plant	Kurume, Fukuoka
Seki Plant	Seki, Gifu	Amagi Plant	Asakura, Fukuoka
Hikone Plant	Hikone, Shiga	Kumamoto Plant	Tamana, Kumamoto
Hofu Plant	Hofu, Yamaguchi		

Subsidiaries

Please see Section “6. Major Subsidiaries.”

8. Employees

Business segments	Number of employees	Increase (decrease) from the previous period-end
Japan	28,790	(845)
Americas	51,220	(3,776)
Europe, Russia, Middle East, India and Africa	21,861	113
China, Asia-Pacific	20,716	(1,008)
Other	12,218	(157)
Company-wide (common)	3,231	120
Total	138,036	(5,553)

Notes 1. The number of employees is the number of active employees.

2. The number of employees in the Japan segment includes the number of employees at tire plants in Japan that produce tires for other segments.

9. Major Lenders and Loan Amounts (Bridgestone Corporation)

Lender	Loan Balance (Yen in millions)
MUFJ Bank, Ltd.	100,000
Sumitomo Mitsui Banking Corporation	70,000
Mizuho Bank, Ltd.	30,000
Total	200,000

II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2020

1. **Total Number of Shares Authorized to Be Issued:** 1,450,000,000 shares
2. **Total Number of Shares Issued and Outstanding:** 713,698,221 shares
3. **Number of Shareholders:** 139,494 shareholders
4. **Major Shareholders**

Name of shareholders	Number of shares owned (in thousands)	Percentage owned
Ishibashi Foundation	76,693	10.89%
The Master Trust Bank of Japan, Ltd. (Trust account)	58,400	8.29%
Custody Bank of Japan, Ltd. (Trust account)	25,704	3.65%
SMBC Nikko Securities Inc.	21,720	3.08%
Hiroshi Ishibashi	21,000	2.98%
Nippon Life Insurance Company	17,624	2.50%
Nagasaka Corporation	16,325	2.32%
Japan Securities Finance Co., Ltd.	11,748	1.67%
JPMorgan Securities Japan Co., Ltd.	10,915	1.55%
Custody Bank of Japan, Ltd. (Trust account 4)	9,054	1.29%

Notes 1: Shares held by trust banks include shares owned in the trustees' capacity.
2: The Company holds 9,564 thousand in treasury stock, which is not included in the above table.

III. STOCK ACQUISITION RIGHTS OF BRIDGESTONE CORPORATION

1. Status of Stock Acquisition Rights as of the Period-End

(1) Stock acquisition rights held by directors (excluding outside directors) and executive officers

Name of stock acquisition rights (date of resolution)	Class and number of shares underlying the stock acquisition rights	Issue price (per unit of stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 7th Stock Acquisition Rights (Mar. 26, 2009)	10,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	100 units 3 persons
The 8th Stock Acquisition Rights (Mar. 30, 2010)	11,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	110 units 3 persons
The 9th Stock Acquisition Rights (Mar. 29, 2011)	16,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	160 units 5 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	32,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	320 units 5 persons
The 11th Stock Acquisition Rights (Mar. 26, 2013)	38,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	380 units 5 persons
The 12th Stock Acquisition Rights (Mar. 25, 2014)	23,700 common stocks	¥3,153 (Note)	¥1	May 1, 2014, to Apr. 30, 2034	237 units 6 persons
The 13th Stock Acquisition Rights (Mar. 24, 2015)	21,800 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	218 units 5 persons
The 14th Stock Acquisition Rights (Apr. 21, 2016)	34,800 common stocks	¥2,884 (Note)	¥1	May 7, 2016, to May 6, 2036	348 units 5 persons
The 15th Stock Acquisition Rights Plan A (Apr. 27, 2017)	41,600 common stocks	¥3,577 (Note)	¥1	May 13, 2017, to May 12, 2037	416 units 7 persons
The 15th Stock Acquisition Rights Plan B (Apr. 27, 2017)	4,200 common stocks	¥3,671 (Note)	¥1	July 6, 2017, to July 5, 2037	42 units 1 person

(2) Stock acquisition rights held by outside directors

Name of stock acquisition rights (date of approval)	Class and number of shares underlying the stock acquisition rights	Issue price (per unit of stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 9th Stock Acquisition Rights (Mar. 29, 2011)	1,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	10 units 1 person
The 10th Stock Acquisition Rights (Mar. 27, 2012)	1,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	10 units 1 person

Note: The Company and those to whom stock acquisition rights are allocated, offset, on the date of allocation, the receivables and payables for the issue price payments and the same amount of remuneration for services.

IV. MATTERS RELATED TO THE DIRECTORS OF THE COMPANY

1. Names, etc. of the Members of the Board

Name	Position and assignment	Important concurrent positions
Masaaki Tsuya	Member of the Board Concurrently Chairman of the Board	Chairman of the Board, Bridgestone Americas, Inc. (BSAM)
Shuichi Ishibashi	Member of the Board	—
Akihiro Eto	Member of the Board	Supervisory Board Chair, Bridgestone Europe NV/SA (BSEMIA)
Scott Trevor Davis	Member of the Board (Outside Director) Chairperson of the Nominating Committee Member of the Compensation Committee	Professor, College of Business, Rikkyo University Outside Director of Sompo Holdings, Inc.
Yuri Okina	Member of the Board (Outside Director) Chairperson of the Compensation Committee Member of the Nominating Committee	Chairperson of the Institute, The Japan Research Institute, Limited Outside Director of Marubeni Corporation
Kenichi Masuda	Member of the Board (Outside Director) Member of the Nominating Committee Member of the Compensation Committee	Lawyer (Partner of Anderson Mori & Tomotsune) Outside Corporate Auditor of LIFENET INSURANCE COMPANY Outside Audit & Supervisory Board Member of Mercuria Investment Co., Ltd. Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.
Kenzo Yamamoto	Member of the Board (Outside Director) Chairperson of the Audit Committee	Representative, Office KY Initiative Outside Director of SUMITOMO LIFE INSURANCE COMPANY Outside Director of JAPAN POST BANK Co., Ltd.
Keikou Terui	Member of the Board (Outside Director) Member of the Audit Committee	Senior Managing Director, Japan Chemical Innovation and Inspection Institute Outside Director of Ube Industries, Ltd. Outside Director of ORGANO CORPORATION
Seiichi Sasa	Member of the Board (Outside Director) Member of the Audit Committee	Certified Public Accountant (Representative of Sasa Seiichi Certified Public Accountant Office)

Name	Position and assignment	Important concurrent positions
Yojiro Shiba	Member of the Board (Outside Director) Member of the Audit Committee	Special Adviser of AMUSE Inc.
Yoko Suzuki	Member of the Board (Outside Director) Member of the Audit Committee	Lawyer (Partner of Suzuki Sogo Law Office) Outside Director of Nippon Pigment Company Limited External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.
Hideo Hara	Member of the Board Member of the Audit Committee (full-time)	—
Tsuyoshi Yoshimi	Member of the Board Member of the Audit Committee (full-time)	—

Notes 1. Positions, assignments and important concurrent positions, etc. are as of December 31, 2020.

2. Of the Members of the Board, 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 Outside Directors as prescribed in Item 15 of Article 2 of the Companies Act.

3. There are no special interests between the Company and the organizations in which each Outside Director holds concurrent position(s).

4. The Company has designated Members of the Board, 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 as Independent Directors as stipulated by the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Fukuoka Stock Exchange, and notified the respective stock exchanges to that effect.

5. Member of the Audit Committee Mr. Seiichi Sasa has abundant professional experience in accounting audit and consulting as a Certified Public Accountant, as well as considerable knowledge in finance and accounting.

6. Member of the Audit Committee Mr. Tsuyoshi Yoshimi was in charge of accounting operations of the Company for many years and has considerable knowledge in finance and accounting.

7. The Company has selected Members of the Board Mr. Hideo Hara and Mr. Tsuyoshi Yoshimi as full-time members of the Audit Committee. Coordination with the internal audit department and day-to-day gathering of information through attendance at important meetings are important for enhancing the effectiveness of audits. Therefore, the Company has appointed Members of the Board who are well versed in the Company's internal organization and business execution as full-time Members of the Audit Committee.

8. The Company has entered into an agreement with each of Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, Mr. Hideo Hara and Mr. Tsuyoshi Yoshimi that limits his/her damage compensation liability of Paragraph 1 of Article 423 of the Companies Act, pursuant to Paragraph 2 of Article 26 of the Articles of Incorporation of the Company based on the provision in Paragraph 1 of Article 427 of the Companies Act. The maximum amount of his/her liability based on said agreement shall be the higher of either ¥10 million or the minimum liability amount prescribed in Paragraph 1 of Article 425 of the Companies Act.

2. Names, etc. of the Executive Officers

Name	Position	Assignment and important concurrent positions
Shuichi Ishibashi	Representative Executive Officer	Global CEO
Masahiro Higashi	Representative Executive Officer	Global COO Global CAO BSJP CEO and President Responsible for BSJP Concurrently responsible for Japan Tire Business
Paolo Ferrari	Executive Vice President and Executive Officer	Responsible for BSAM BSAM Member of the Board, CEO and President, COO
Christine Karbowiak	Executive Vice President and Executive Officer	Responsible for G Public Relations, Government Relations and Sustainability Global CSTO BSAM Vice Chair of the Board, CAO, CRO, and Executive Vice President
Masato Banno	Senior Vice President and Executive Officer	Responsible for Technology, Quality Management Global CTO Concurrently responsible for Products and Technology Development

Notes 1. Positions, assignments and important concurrent positions, etc. are as of December 31, 2020.

2. Of the Executive Officers, Mr. Shuichi Ishibashi concurrently serves as Members of the Board.

3. Ms. Christine Karbowiak resigned from her post as an Executive Officer on December 31, 2020.

4. There was a reassignment for an Executive Officer during the fiscal year as follows:

New position	Former position	Name	Date of reassignment
Member of the Board BSEMIA Supervisory Board Chair	Member of the Board Representative Executive Officer, COO, and President Concurrently responsible for BSJP	Akihiro Eto	July 1, 2020

Mr. Akihito Eto resigned from his post as a Representative Executive Officer and an Executive Officer on June 30, 2020.

5. Meanings of abbreviations

CAO: Chief Administrative Officer

CSTO: Chief Sustainability Officer

CRO: Chief Risk Officer

CTO: Chief Technical Officer

In the column of "Assignment and important concurrent positions," G refers to global.

3. Remuneration of Members of the Board and Executive Officers for the Current Period

(1) Total amount of remuneration and the number of recipients by the categories of Members of the Board and Executive Officers

Categories		Total amount of remuneration (Yen in millions)	Number of recipients (in persons)
Member of the Board		299	13
	(of which Outside Directors)	138	8
Executive Officer		204	8

Notes 1. The figures above include remuneration paid to four Executive Officers who resigned during the current period.

2. Compensation for Members of the Board who hold concurrent positions as Executive Officers is divided into compensation for their Board Member role and compensation for their Executive Officer role. Each type of compensation is included in the above figures.

3. The Company has introduced the Performance Share Unit (PSU) Plan, which is a performance-based stock compensation plan.
The above performance-based stock compensation includes the amount expensed for each fiscal year of the PSU plan up to fiscal year 2020.

4. As part of the Company's response to the business environment associated with the spread of COVID-19, the Chairman of the Board and the Executive Officers relinquished a portion of their monthly compensation for fiscal year 2020.

(2) Policy and process for setting Board Members' and Executive Officers' remuneration

i. Policy for setting Board Members' and Executive Officers' remuneration

Principles for remuneration setting

1. Attract and cultivate superior talent
2. Support a competitive remuneration level
3. Provide motivation for the execution of business strategies
4. Provide motivation for enhancing shareholder value

Setting of remuneration

The Company sets remuneration for Members of the Board and Executive Officers that reflects factors such as the Company's performance results and business size and commensurate with roles and level of responsibilities undertaken. The policy is structured to consider the remuneration levels of other major global companies in Japan, which were selected for comparison from the point of view of sales volume, overseas sales ratio, and operating profit ratio.

Remuneration for Members of the Board

(a) Remuneration for Members of the Board who concurrently conduct business execution is comprised of fixed and variable components.
  - Fixed remuneration: Fixed remuneration is made up of base remuneration for duties and remuneration based on the roles and responsibilities of the Members of the Board and Executive Officers.
  - Variable remuneration: Variable remuneration is comprised of the group-wide performance based bonus and the Performance Share Unit (PSU) Plan, which is a performance-based stock compensation plan.

(b) Remuneration for Members of the Board who do not concurrently conduct business execution is fixed and comprised of base remuneration and allowance for Members of the Board. The policy is structured to consider their contributions towards mid- to long-term business performance and enhancement of corporate values by overseeing the management and operation of the Company without actually being involved in day-to-day operations.

Remuneration for Executive Officers

Remuneration for Executive Officers is comprised of fixed and variable components.

- Fixed remuneration: Fixed remuneration is made up of the base remuneration for their duties and remuneration based on the roles and responsibility of the Executive Officer.
- Variable remuneration: Variable remuneration is comprised of the group-wide performance-based bonus, performance-based bonus in their responsible area, and PSU.

Composition ratio of remuneration for Members of the Board who concurrently conduct business execution and Executive Officers

Fixed remuneration	Variable remuneration	
Monthly remuneration (Base payment and additional payment for Members of the Board and Executive Officers)	Short-term incentives (Group-wide performance-based bonus and performance-based bonus in their responsible area)	Long-term incentives (Performance-based stock compensation plan)
30%-45%	31%-39%	24%-31%

Notes 1. The table above represents ratios for when the performance-based remunerations are within the standard range.

2. The percentages above may not apply when Members of the Board or Executive Officers hold concurrent positions as Executives of subsidiaries and receive remuneration from those subsidiaries.

ii. Process for determining Board Members' and Executive Officers' remuneration

The Compensation Committee, composed solely of Outside Directors, determines remuneration of Members of the Board and Executive Officers. The Compensation Committee determines the compensation policy for the Company's Members of the Board and Executive Officers, and based on the policy, the committee deliberates on the basic remuneration principles, compensation plans, and remuneration matters in general, and determines the amounts for each position. If any Members of the Board or Executive Officers hold concurrent positions as Executives for any subsidiaries, the Compensation Committee also deliberates on the remuneration to be paid by those subsidiaries.

4. Matters Related to the Outside Directors

Main activities of outside directors

Positions	Names	Attendance at meetings	Primary activities
Member of the Board	Scott Trevor Davis	Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 100% (23 out of 23 meetings) Compensation Committee: 100% (15 out of 15 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his high insight in the fields of sociology, international business administration, domestic and overseas CSR and sustainability. As the Chairperson of the Nominating Committee and the Governance Committee, he played a leading role in enhancing deliberations. As a member of the Compensation Committee, he participated in active deliberations.
Member of the Board	Yuri Okina	Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 100% (23 out of 23 meetings) Compensation Committee: 100% (15 out of 15 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her extensive research experience in the financial systems and financial administration. As the Chairperson of the Compensation Committee, she played a leading role in enhancing deliberations. As a member of the Nominating Committee, she participated in active deliberations.
Member of the Board	Kenichi Masuda	Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 100% (23 out of 23 meetings) Compensation Committee: 100% (15 out of 15 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his professional perspective as a lawyer. As a member of the Nominating Committee and the Compensation Committee, he participated in active deliberations. He played a leading role as the Chairperson of the Compliance Committee.
Member of the Board	Kenzo Yamamoto	Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (14 out of 14 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial markets and financial systems. He played a leading role as the Chairperson of the Audit Committee and promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.

Positions	Names	Attendance at meetings	Primary activities
Member of the Board	Keikou Terui	Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (14 out of 14 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive knowledge and administrative experience in the industry technology fields. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Seiichi Sasa	Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (14 out of 14 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his expertise as a certified public accountant. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Yojiro Shiba	Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (14 out of 14 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial industry and entertainment business industry. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Yoko Suzuki	Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (14 out of 14 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her professional perspective as a lawyer. As a member of the Audit Committee, she promoted strengthening of the audit system from an objective viewpoint, leveraging her broad knowledge.

V. MATTERS RELATED TO THE INDEPENDENT AUDITORS

1. Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

2. Independent Auditor's Compensation for the Current Period

Amount of compensation to be paid by the Company to the independent auditors	¥230 million
(of which amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act)	¥229 million
Total amount of compensation to be paid by the Company and its subsidiaries to the independent auditors	¥462 million

Notes 1. The Audit Committee checks and reviews details of the audit plan, audit activities carried out to date, trends in remuneration paid underlying any rational model applied to audit fee estimation, and non-audit fees. Subsequently, the Audit Committee agrees to the audit fees set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act as stipulated in Article 399, Paragraph 1 of the Companies Act.

2. The audit agreement entered into by the independent auditors and the Company does not separately stipulate the compensation amounts for the audit under the Companies Act, the audit under the Financial Instruments and Exchange Act, and the audit on consolidated financial statements in the English language. Furthermore, those three amounts cannot be practically distinguished from one another. Hence, they are included in the amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. The Company has paid consideration to the independent auditors for services (non-auditing services) other than those set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act. Such services consisted of English translation services for consolidated financial statements and other documents.

4. Major overseas subsidiaries are subject to be audited by overseas independent auditors other than the Company's independent auditor. Such overseas independent auditors are qualified as certified public accountants or audit corporations under relevant overseas laws and regulations. As used herein, the term "audit" means those services intended to ensure compliance with overseas laws and regulations equivalent to the provisions in the Companies Act or the Financial Instruments and Exchange Act of Japan.

3. Policy for Determination of Dismissal or Non-reappointment of the Independent Auditor

The Audit Committee dismisses the independent auditor with a unanimous resolution in the event where it determines the independent auditor falls under any items of Article 340, Paragraph 1 of the Companies Act. In this case, the members of the Audit Committee chosen by the Audit Committee must report its decision and the reason for dismissal to the first General Meeting of Shareholders after the dismissal.

In addition to the above, in circumstances including when the Audit Committee deems it necessary for securing an appropriate audit system or for its improvement, the Audit Committee determines details of the proposal regarding non-reappointment of the independent auditor, based on which the Board of Directors submits the proposal to the General Meeting of Shareholders.

VI. SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS (INTERNAL CONTROL SYSTEMS)

At the Company's Board of Directors' meeting held on March 23, 2018, the following matters were resolved regarding the development of internal control systems pursuant to the provisions of Items (i)(b) and (e) of Paragraph (1) of Article 416 of the Companies Act. The Board of Directors receives reports from business divisions regarding the operational statuses of their internal control systems, and oversees the implementation of these systems on an ongoing basis. The operational status of each item during the period under review was as indicated below.

1. Fundamental principles for the development of the Company's internal control systems

Under the corporate mission of "Serving Society with Superior Quality," the Company continues its work to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of its business."

As part of the initiatives undertaken, segregation between oversight and execution of the duties, oversight by the Board of Directors, and appropriate and more efficient business operations are all regarded as the fundamental principles that the Company should consider in the refinement of its internal control systems.

With the understanding of the above, the Company's Board of Directors determines policies for development and implementation of internal control systems.

In order to realize the enhancement of internal control systems and speed of decision-making and subsequently reach a new height of the efficiency and effectiveness of management and business execution in accordance with the policies on the development of the internal control systems, the Company's Board of Directors delegates the development and implementation of internal control systems that are in line with the set policies to the Representative Executive Officers and oversee the implementation work.

Operational status for the year ending December 31, 2020
・In order to realize the enhancement of internal control systems and speed of decision-making in accordance with the policies set by the Board of Directors, the Company develops and implements its internal control systems while making continuous improvements. The Board of Directors oversees their progress through reports received from the Representative Executive Officers and audits conducted by the Audit Committee, which are also reported to the Board of Directors.

2. Matters that are necessary in the execution of duties by the Audit Committee

(1) In order to assist the work of the Audit Committee, the Company appoints a Corporate Officer dedicated to audit, and under the Corporate Officer, establishes a department

dedicated to assist the Audit Committee with their duties.
Decisions on the selection and replacement of the Corporate Officer dedicated to audit are made based on prior consultations with and/or consent of the Audit Committee. The same applies when the Audit Committee requests replacement of the Corporate Officer.

The performance assessment of the Corporate Officer dedicated to audit takes the performance evaluations conducted by the Audit Committee into consideration.

Operational status for the year ending December 31, 2020

・The Company appointed a Corporate Officer dedicated to audit and established a department dedicated to assist the Audit Committee with their duties.
・Decisions on the selection and replacement of the Corporate Officer who is dedicated to audit are made based on prior consultations and/or agreements with the Audit Committee.
・The performance assessment of the Corporate Officer dedicated to audit takes the performance evaluations conducted by the Audit Committee into consideration.

(2) A person designated by the Audit Committee is required to report on matters predetermined by the Audit Committee periodically or without delay.

The Company prohibits unfavorable treatment of Members of the Board, Executive Officers, Corporate Officers, and employees of the Company, and the Members of the Board, Corporate Auditors, Corporate Officers, and employees of subsidiaries for reporting matters to the Audit Committee.

Operational status for the year ending December 31, 2020

・The business divisions of the Company report on items that are selected for periodic reporting by the Audit Committee and any ad-hoc reporting items are reported on a regular basis without delay. In addition, internal policies prohibit any unfavorable treatment of the reporting party, and it is confirmed that such protection is appropriately in place.

(3) All the expenses associated with the execution of duties by the Audit Committee are fully compensated.

Operational status for the year ending December 31, 2020

・ The Company stipulates in its internal regulations that any budgeting and its use required for the execution of duties based on resolution by the Audit Committee shall be fully compensated, and it is confirmed that it is operated appropriately.

(4) In order to ensure an effective audit by the Audit Committee, opportunities are created for Members of the Audit Committee to gain an understanding of the flow of important decision-making practices in the Company and the status of business operations.

Operational status for the year ending December 31, 2020

・The Audit Committee requests the Company to provide opportunities to attend important meeting bodies, inspect documents, receive reporting, among others. These are important opportunities for the Audit Committee to grasp important decision-making processes and the status of business execution, and the Company appropriately secures these opportunities.

3. Systems to ensure that the execution of duties by Executive Officers complies with relevant laws and regulations and the Articles of Incorporation, and matters that are necessary for the appropriate execution of business operations by the Company and the corporate group consisting the Company and its subsidiaries.

(1) Information concerning execution of duties by Executive Officers is documented without delay and adequately retained. Any significant information related to the execution of business is reported to the Board of Directors without delay.

Operational status for the year ending December 31, 2020

・The Company stipulates rules concerning retention of documents such as approval forms that are important sources of information for the execution of duties by Executive Officers, meeting minutes of important committee meetings, and the documentation retention method. It is confirmed that such documents are retained properly. In addition, the Representative Executive Officers report on important information related to execution of duties during the Board of Directors' meeting in a timely manner while continuously making improvements in its practices.

(2) A risk management system is developed and implemented to manage risks of incurring losses.

Operational status for the year ending December 31, 2020

・The Company stipulates rules concerning risk management systems in its internal policies and confirms that such systems are functioning effectively within the Group globally. In addition, through discussions held within working groups that are subordinate to the Global EXCO, risk management systems are further refined by continuously making improvements on a global scale.

(3) In order to ensure the efficient execution of duties by Executive Officers, under the appropriate delegation of authority from the Board of Directors to the Representative Executive Officer, internal policies are maintained, and appropriate authorities required for the execution of duties are reallocated.

Operational status for the year ending December 31, 2020

・The Company delegates authorities appropriately to realize both the enhancement of internal control systems and the speed of decision-making.

(4) In order to ensure that execution of duties by the Executive Officers, Corporate Officers, and employees complies with relevant laws and regulations and the Articles of Incorporation, systems for J-SOX Act compliance are developed and implemented in accordance with “System for Ensuring Appropriateness of Statements on Finance and Accounting and Other information,” set forth in Article 24-4-4 of the Financial Instruments and Exchange Act of Japan (the so-called “J-SOX Act”).

Operational status for the year ending December 31, 2020

- Compliance systems

  The Company continues to deliberate compliance matters at the Compliance Committee, which is established as an advisory committee to the Board of Directors, including all Independent Outside Directors, and implement activities effectively based on the recommendations from the Committee. These activities include the continued development of the Bridgestone Code of Conduct, which applies to the Group on a global basis. The Company will further strengthen its systems, making continuous improvement through discussions held between the global legal function and the compliance function.

- Implementation of a reporting framework

  The Company stipulates a framework for reporting necessary information to the Representative Executive Officers periodically or on an as-needed basis (reporting to meeting bodies such as Global EXCO and a flow of communication and information in emergency situations) in its internal policies. In addition, there is a system in place for the Representative Executive Officers to report on matters at the Board of Directors’ meeting, where necessary.

- Implementation of systems against antisocial forces

  Under the Representative Executive Officer and CEO policy, the Company appoints the Chief Risk Officer as the person responsible, and assigns a manager at each office to promote internal systems, and also provides training to all employees every year.

- Implementation of systems for the J-SOX Act compliance

  The Company develops and implements appropriate systems for the J-SOX Act compliance in accordance with the internal policies. In March 2020, the 2019 internal control system report was submitted to the head of the Kanto Local Finance Bureau.

(5) In order to ensure proper execution of business operations at subsidiaries, policies are communicated across the Group; authorities are appropriately reallocated; a reporting framework for subsidiaries to report their execution of business to the Company is developed and implemented; and audits are conducted globally.

Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance are developed and implemented within each subsidiary.

Operational status for the year ending December 31, 2020

- Communication of policies
  The Company establishes internal policies on communicating its management policies to ensure that they are communicated appropriately across the Group globally. Where necessary, the policies are revised through discussions held in the Global EXCO.
- Reallocation of authorities
  Regarding important matters that the Company should coordinate in cooperation with its group companies and matters for which decisions are made by group companies, the Company delegates appropriate levels of authority on a case-by-case basis, taking the business activities of each group company and its level of governance maturity into consideration.
- A framework for reporting to the Company
  The Company stipulates a framework for necessary information related to the status of business operations within a group company to the Representative Executive Officers periodically or on an as-needed basis (reporting to committees such as Global EXCO and a flow of communication and information in urgent situations) in its internal policies. In addition, there is a system in place for the Representative Executive Officers to report on matters at Board of Directors' meetings, where necessary.
- Global audits
  The Company conducts global audits on areas determined by risk assessment and analysis. In addition, the Internal Auditing Office collects information about internal audits performed at group companies in Japan and other countries, and where necessary, shares information with the Internal Audit Department of each group company.
- Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance within each subsidiary
  As mentioned in 3(4) above, the Company develops and implements the necessary systems, including systems to be implemented at group companies.

Consolidated Statement of Financial Position

	Current Year (As of December 31, 2020)	Previous Year (As of December 31, 2019) (for reference) (IFRS)
	Yen in millions	Yen in millions
(Assets)		
Current Assets:		
Cash and cash equivalents	810,546	432,924
Trade and other receivables	667,761	755,344
Inventories	491,240	630,162
Other financial assets	7,277	14,311
Other current assets	76,279	80,643
Subtotal	**2,053,104**	**1,913,385**
Non-current asset held for sale	1,425	5,023
Total Current Assets	**2,054,529**	**1,918,408**
Non-current Assets:		
Property, plant and equipment	1,392,141	1,555,170
Right-of-use assets	290,122	298,569
Goodwill	97,646	98,346
Intangible assets	117,481	113,664
Investments accounted for using equity method	24,543	47,071
Other financial assets	113,222	140,462
Deferred tax assets	49,409	60,711
Other non-current assets	50,234	44,616
Total non-current assets	**2,134,798**	**2,358,608**
Total assets	**4,189,327**	**4,277,016**

	Current Year (As of December 31, 2020)	Previous Year (As of December 31, 2019) (for reference) (IFRS)
	Yen in millions	Yen in millions
(Liabilities)		
Current Liabilities:		
Trade and other payables	420,140	453,069
Bonds and borrowings	293,978	135,442
Lease liabilities	53,966	52,827
Income tax payables	34,978	51,506
Other financial liabilities	29,342	27,628
Provisions	64,806	34,931
Other current liabilities	144,526	138,980
Subtotal	**1,041,736**	**894,383**
Liabilities directly associated with non-current assets held for sale	12	953
Total current liabilities	**1,041,748**	**895,336**
Non-current liabilities:		
Bonds and borrowings	412,060	405,514
Lease liabilities	246,187	250,685
Other financial liabilities	13,937	12,937
Defined benefit liabilities	191,679	211,619
Provisions	23,730	23,348
Deferred tax liabilities	28,491	44,243
Other non-current liabilities	36,205	30,856
Total non-current Liabilities	**952,288**	**979,203**
Total Liabilities	**1,994,036**	**1,874,539**
(Equity)		
Common stock	126,354	126,354
Capital surplus	122,116	121,998
Treasury stock	(38,657)	(232,330)
Other components of equity	(59,851)	42,661
Retained earnings	1,999,996	2,290,696
Total equity attributable to owners of parent	**2,149,958**	**2,349,378**
Non-controlling interests	45,333	53,099
Total equity	**2,195,291**	**2,402,477**
Total liabilities and equity	**4,189,327**	**4,277,016**

Consolidated Statement of Income

	Current Year (Year ended December 31, 2020)	Previous Year (Year ended December 31, 2019) (for reference) (IFRS)
	Yen in millions	Yen in millions
Revenue	**2,994,524**	**3,507,243**
Cost of Sales	**1,906,553**	**2,182,554**
Gross Profit	**1,087,971**	**1,324,689**
Selling, General and Administrative Expenses	907,200	998,360
Other Income	32,019	47,606
Other expenses	148,676	24,599
Operating Income	**64,114**	**349,336**
Finance income	8,431	17,748
Finance costs	23,654	28,324
Impairment loss on shares accounted for using equity method	18,196	-
Share of loss of investments accounted for using equity method	(1,429)	(3,251)
Profit before tax	**29,266**	**335,510**
Income tax expense	48,997	89,219
Net profit (loss)	**(19,731)**	**246,291**
Net profit (loss) attributable to owners of parent	**(23,301)**	**240,111**
Net profit attributable to non-controlling Interests	3,571	6,179
Net profit (loss)	**(19,731)**	**246,291**

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2020) (Yen in millions)

	Equity attributable to owners of parent						
				Other components of equity			
	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	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	**126,354**	**121,998**	**(232,330)**	**3,275**	**(18,968)**	**(325)**	**58,678**
Net profit (loss)							
Other comprehensive income					(93,289)	315	1,706
Total comprehensive income					**(93,289)**	**315**	**1,706**
Purchase of treasury stock			(3)				
Disposal of treasury stock			193,677	(150)			
Dividends							
Changes in ownership interests of owners in subsidiaries under control		118					
Transfer from other components of equity to retained earnings							(11,094)
Other changes							
Total transactions with owners, etc.	**–**	**118**	**193,674**	**(150)**	**–**	**–**	**(11,094)**
Balance at December 31, 2020	**126,354**	**122,116**	**(38,657)**	**3,125**	**(112,257)**	**(9)**	**49,290**

	Equity attributable to owners of parent					
	Other components of equity					
	Re-measurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
Balance at January 1, 2020	**–**	**42,661**	**2,290,696**	**2,349,378**	**53,099**	**2,402,477**
Net profit (loss)		–	(23,301)	(23,301)	3,571	(19,731)
Other comprehensive income	6,564	(84,703)		(84,703)	(4,665)	(89,369)
Total comprehensive income	**6,564**	**(84,703)**	**(23,301)**	**(108,005)**	**(1,095)**	**(109,099)**
Purchase of treasury stock		–		(3)		(3)
Disposal of treasury stock		(150)	(193,526)	0		0
Dividends		–	(91,531)	(91,531)	(7,507)	(99,037)
Changes in ownership interests of owners in subsidiaries under control		–		118	871	990
Transfer from other components of equity to retained earnings	(6,564)	(17,659)	17,659	–		–
Other changes		–		–	(36)	(36)
Total transactions with owners, etc.	**(6,564)**	**(17,809)**	**(267,398)**	**(91,415)**	**(6,672)**	**(98,087)**
Balance at December 31, 2020	**–**	**(59,851)**	**1,999,996**	**2,149,958**	**45,333**	**2,195,291**

Notes to Consolidated Financial Statements

(Basic important matters for the preparation of consolidated financial statements)

1. Standards for the preparation of consolidated financial statements

The consolidated financial statements of Bridgestone and its subsidiaries (hereinafter "the Group") are prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") pursuant to the provisions of the first paragraph of Article 120 of the Ordinance on Company Accounting. This consolidated financial statements omits part of the disclosures required under IFRS pursuant to the provisions of the second sentence of the first paragraph of Article 120.

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 280 companies

Names of principal companies:

・BRIDGESTONE TIRE SOLUTION JAPAN CO., LTD
・BRIDGESTONE RETAIL JAPAN CO., LTD
・BRIDGESTONE DIVERSIFIED CHEMICAL PRODUCTS CO., LTD
・BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO., LTD.
・BRIDGESTONE SPORTS CO., LTD.
・BRIDGESTONE CYCLE CO., LTD.
・BRIDGESTONE FINANCE CORPORATION
・BRIDGESTONE AMERICAS, INC.
・BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC
・BRIDGESTONE RETAIL OPERATIONS, LLC
・BRIDGESTONE BANDAG, LLC
・FIRESTONE POLYMERS, LLC
・FIRESTONE BUILDING PRODUCTS COMPANY, LLC
・BRIDGESTONE CANADA INC.
・BRIDGESTONE DE MEXICO, S.A. DE C.V.
・BRIDGESTONE DO BRASIL INDUSTRIA E COMERCIO LTDA.
・BRIDGESTONE ARGENTINA S.A.I.C.
・BRIDGESTONE EUROPE NV/SA
・BRIDGESTONE POZNAN SP. Z O.O.
・BRIDGESTONE HISPANIA MANUFACTURING S.L.U.
・BRIDGESTONE MIDDLE EAST & AFRICA FZE
・BRIDGESTONE INDIA PRIVATE LTD.
・BRIDGESTONE SOUTH AFRICA (PTY) LTD.
・BRIDGESTONE ASIA PACIFIC PTE. LTD.
・BRIDGESTONE (CHINA) INVESTMENT CO., LTD.
・BRIDGESTONE (WUXI) TIRE CO., LTD.
・THAI BRIDGESTONE CO., LTD.
・BRIDGESTONE TIRE MANUFACTURING (THAILAND) CO., LTD.
・P.T. BRIDGESTONE TIRE INDONESIA
・BRIDGESTONE AUSTRALIA LTD.
・BRIDGESTONE MINING SOLUTIONS AUSTRALIA PTY. LTD.
・BRIDGESTONE TREASURY SINGAPORE PTE. LTD.

Changes in the scope of consolidation
Additions: 9 companies (increased mainly by acquisition)
Dispositions: 9 companies (decreased mainly by liquidation)

(2) There are no non-consolidated subsidiaries.

3. Scope of application of equity-method accounting

(1) Number of equity-method associates and others: 137 companies

Names of principal companies:
・TIREHUB, LLC
・BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

Changes in the scope of equity-method accounting
Additions: 1 company (increased by share acquisition)
Deletions: 7 companies (decreased mainly by sales)

(2) There are no non-consolidated subsidiaries or associates to which equity-method accounting is not applied.

4. Fiscal year of consolidated subsidiaries

The fiscal year for BRIDGESTONE INDIA PRIVATE LTD. ends on March 31. Its financial statements are prepared on the basis of a provisional settlement of accounts performed as of the date of the consolidated financial statements.

5. Summary of significant accounting policies

(1) Basis of consolidation

① Subsidiary

A subsidiary is an entity controlled by the Group. The Group controls the entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiary is included in the consolidated financial statements from the day on which the Group obtained control to the day on which the Group lost such control. If the accounting policies of the subsidiary are different from those of the Group, the financial statements of the subsidiary are adjusted as needed to be consistent with the Group's accounting policies. All intragroup balances and transactions, as well as the unrealized gains and losses from intragroup transactions, are eliminated in preparing the consolidated financial statements.

The comprehensive income of a subsidiary is attributed to the owner and non-controlling interest of the parent company even if this results in the non-controlling interests having a deficit balance.

If the fiscal year of a subsidiary ends on a different date, the financial statements from the provisional settlement of accounts performed as of the date of the consolidated financial statements is applied. A major subsidiary with a fiscal year that ends on a different date is BRIDGESTONE INDIA PRIVATE LTD. Its fiscal year ends on March 31 in order to comply with local laws and regulations.

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the parent's shareholders.

If the control is lost, the gains and losses from such loss of control are recognized in profit or loss.

② Associate

An associate is an entity over which the Group has a significant influence on the financial and operating policies, but does not have control over the entity. Associates are accounted for using the equity method from the day on which the Group obtained the significant influence to the day on which the Group lost such significant influence.

③ Joint venture

A joint venture is an entity where a number of parties, which includes the Group, contractually agree to share control over the economic activities of the entity. All parties sharing control over the entity must reach unanimous consent when making strategic financial and operating decisions of its activities.

Joint ventures held by the Group, are accounted for using the equity method.

(2) Business combination

Business combinations are accounted for using the acquisition method. The consideration of an acquisition is measured as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed and equity instruments issued by the Group in exchange for the control over the acquiree. If the consideration of acquisition exceeds the sum of the fair value of identifiable net assets, the difference is recognized as goodwill in the consolidated statement of financial position. If the consideration of acquisition is below the fair value of identifiable net assets, the difference is immediately recognized in profit or loss in the consolidated statement of income. Acquisition-related costs directly attributed to the business combination are recognized as expenses when incurred.

If the initial accounting treatment of the business combination is incomplete by the end of the fiscal year in which the business combination occurs, such items are reported as provisional amounts. If facts and circumstances that had existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date, are additionally obtained within a period of time (hereinafter "Measurement Period"), the obtained new information is to be reflected on the provisional amounts and they are corrected retrospectively. If new information results in the recognition of assets and liabilities, additional assets and liabilities are recognized. The measurement period does not exceed one year.

As additional acquisition of non-controlling interest is accounted for as an equity transaction, goodwill is therefore not recognized in these transactions.

Business combinations under common control are accounted for based on carrying amounts, if all of the combined entities or businesses are ultimately controlled by the same party or parties before and after the business combination, and that control is not transitory.

(3) Foreign currency translation

① Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company using the exchange rate at the date of the transaction or at the exchange rate that approximates the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies at the end of the fiscal year are translated into functional currency using the exchange rate as of the end of the fiscal year. Non-monetary items measured at fair value that are denominated in foreign currencies are translated using the exchange rate as of the date when the fair value was determined.

Exchange differences arising from the translation and settlement of monetary items denominated in foreign currencies are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

② Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair values adjustments arising from acquisitions, are translated into presentation currency using the exchange rate as of the end of the fiscal year. In addition, income and expenses of foreign operations are translated into presentation currency using the average exchange rate for the period, except when there are significant fluctuations in the exchange rate.

Exchange differences arising from translations of the financial statements of foreign operations are recognized in other comprehensive income. When disposing of all interests in a foreign operation, or partially disposing of interests resulting in the loss of control or significant influence over the foreign operation, the exchange difference is recognized in profit or loss as part of the disposal.

(4) Financial instruments

① Financial assets other than derivatives

(i) Initial recognition and measurement

The Group initially recognizes trade and other receivables at the date they are originated. All other financial assets are initially recognized at the date when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets other than derivatives are classified into financial assets measured at amortized cost if both of the following conditions are met, if neither condition is met, they are classified as financial assets measured at fair value.

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• The contractual term of the financial assets give rise on specified dates to cash flows that are solely payments or principal and interest on the principal amount outstanding.

Financial assets measured at fair value are classified into financial assets measured at fair value and changes in those fair value are recognized in profit or loss (hereinafter "financial assets measured at fair value through profit or loss"), and financial assets measured at fair value and changes in those fair value are recognized in other comprehensive income (hereinafter "financial assets measured at fair value through other comprehensive income".

Equity instruments not designated as financial assets measured at fair value through other comprehensive income at initial recognition, and debt instruments that do not meet the criteria for amortized cost measurement are classified as financial assets measured at fair value through profit or loss.

Equity instruments not held for trading are, in principle, designated as financial assets measured at fair value through other comprehensive income when they are initially recognized.

Except financial assets measured at fair value through profit or loss, all financial assets are measured at their fair value plus transaction costs directly attributable to the financial asset.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the following classifications:

(a) Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through profit or loss

Financial assets are remeasured at fair value at the end of reporting period. Changes in the fair value and dividends are recognized in profit or loss.

(c) Financial assets measured at fair value through other comprehensive income

Changes in the fair value are recognized in other comprehensive income. If financial assets are derecognized, or if the fair value significantly decreases, those changes are transferred to retained earnings. Dividends from those financial assets are recognized in finance income for the period in which the Group is entitled to receive dividends.

(iii) Derecognition

Financial assets are derecognized when the rights to receive benefits expire or are transferred, or when substantially all the risks and rewards of the ownership are transferred.

② Impairment of financial assets measured at amortized cost

With respect to financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts for expected credit losses.

At each reporting date, the Group assesses whether the credit risks on a financial instrument have increased significantly since the initial recognition.

If the credit risk on a financial instrument has not significantly increased since the initial recognition, the allowance for doubtful accounts for the financial instrument is measured at the amount equal to the 12-month expected credit losses. If the credit risk on a financial instrument has significantly increased since the initial recognition, the allowance for doubtful accounts for the financial instrument is measured at the amount equal to the lifetime expected credit losses.

However, the allowance for doubtful accounts for trade receivables are always measured at the amount equal to the lifetime expected credit losses.

The expected credit losses of financial instruments are estimated in a way that reflects the following:

• An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;

• The time value of money; and

• Reasonable and supportable information about past events, current conditions and forecasts of economic conditions that is available without undue cost or effort at the reporting date.

The amounts resulting from these measurements are recognized in profit or loss. If an event that reduces an impairment loss occurs after the impairment loss has been recognized, the impairment loss is reversed to the extent of the decrease and credited in profit or loss.

If the financial asset has been determined as not recoverable, its carrying amount is directly offset by the allowance for doubtful accounts.

③ Financial liabilities other than derivatives

(i) Initial recognition and measurement

The Group initially recognizes debt securities issued by the Group at the date of issuance. All other financial liabilities are recognized at the date on which the Group becomes a party to the contract of the financial instrument.

At the initial recognition, financial liabilities other than derivatives are classified into either financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss.

Upon initial recognition, all financial liabilities are measured at fair value. However, financial liabilities measured at amortized cost are measured at the amount after deducting transaction costs directly attributable to the liabilities.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured as follows, according to the classification:

(a) Financial liabilities measured at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities are remeasured at fair value at the end of reporting period, and any changes in the fair value are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes financial liabilities when the obligation specified in the contract is discharged or canceled or expires.

④ Derivatives and hedge accounting

The Group utilizes foreign currency forward contracts, interest rate swap contracts, and other derivatives for the purpose of hedging foreign exchange risk and interest rate risk, respectively.

When starting a hedge, the Group designates and documents the relationship between the hedging instrument and items hedged, objectives and strategies for managing the risks being hedged. The document includes the hedge relationship, objectives of risk management, strategy related to executing the hedge, as well as an evaluation of the effectiveness of the hedge.

Although these hedges are expected to be highly effective in offsetting changes in fair value or changes in cash flow, they are continuously evaluated in order to determine whether they were highly effective during the hedging period.

Derivatives are initially recognized at their fair value. Subsequently, they are remeasured at fair value and those changes are accounted for as follows:

(i) Fair value hedge

The gain or loss arising from derivatives is recognized in profit or loss.

The changes in fair value of the hedged item adjusts the carrying amount of the hedged item and are recognized in profit or loss.

(ii) Cash flow hedge

Of the gains and losses related to the hedging instrument that are effective at hedging, the amount of changes in the fair value is recognized in other comprehensive income, and recognized in profit or loss when the cash flow of hedged items affect profit or loss.

For the portion of the hedge that are not effective, the amount of fluctuation in the fair value is recognized in profit or loss.

When the hedging instrument expires, is sold, terminated, or exercised, or when the hedge does not meet the requirements for hedge accounting, or that the hedge designation is cancelled, hedge accounting is discontinued.

(iii) Derivatives not designated as hedges

Fluctuations in the fair value of such derivatives is recognized in profit or loss.

⑤ Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented only when the Group currently has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

(5) Fair value measurement

Certain assets and liabilities are recognized at their fair value. The fair value of these assets and liabilities are determined based on the market value and other market information, as well as valuation techniques such as the market approach, income approach, and cost approach. There are three levels to inputs used in the measurement of the fair value as follows:

Level 1: Fair value measured with quoted prices in active markets;

Level 2: Fair value that is calculated using inputs other than inputs categorized within Level 1 that are observable, either directly or indirectly; and

Level 3: Fair value that is calculated based on valuation techniques with unobservable inputs.

(6) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, demand deposits and short term investments that are highly liquid and readily convertible to known amounts of cash subject to an insignificant risk of changes in value, and that mature or become due within three months from the date of acquisition.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and the costs are principally determined by using the moving-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

(8) Property, plant and equipment

Property, plant and equipment are measured using the cost model and carried at cost less any accumulated depreciation and any accumulated impairment losses. The acquisition cost comprises any costs directly attributable to the acquisition of the asset, costs to dismantle, remove, and restoring the site to their original state, as well as borrowing costs that fulfill the conditions to capitalize.

Depreciation of assets other than land and construction in progress is calculated in a straight line basis over the following estimated useful lives of the assets. The estimated useful lives of major asset items are as follows:

Buildings and structures:	10 to 50 years
Machinery and vehicles:	3 to 17 years
Tools, furniture and fixtures:	2 to 20 years

The depreciation method of property, plant and equipment is reviewed at the end of reporting period. Changes in the depreciation method are accounted for as changes in the accounting estimate.

(9) Goodwill and intangible assets

① Goodwill

The Group recognizes goodwill arising from business combinations as assets when control is obtained (i.e., at the date of acquisition). Measurement of goodwill at the initial recognition is contained in section (2) “Business combination”.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized and the impairment test is performed once a year or whenever indications of impairment are identified. Due to the objectives of the impairment test, goodwill acquired through a business combination is allocated to the cash-generating unit or the group of cash-generating units, for which benefits can be expected through synergy of the business combination since the date of acquisition onward.

Impairment loss on goodwill is recognized in profit or loss and is not reversed in subsequent periods.

② Intangible assets

The Group applies the cost model in measurement of intangible assets and they are carried at cost less any accumulated amortization and impairment losses.

The cost of separately acquired intangible assets comprise any costs directly attributable to acquisition of the assets. The cost of intangible assets acquired in business combinations are measured at fair value at the acquisition date. Expenditures related to internally generated intangible assets are recognized in expenses when incurred, with the exception of development costs that meet the criteria for capitalization. Intangible assets are amortized on a straight-line basis over their estimated useful lives with the exception of intangible assets with indefinite useful lives. The estimated useful lives of each major asset item are as follows:

Software: 1 to 10 years

Trademarks: 1 to 10 years

The amortization method of intangible assets with definite useful lives is reviewed at the end of reporting period. Changes in the amortization method are accounted for as changes in the accounting estimate.

Intangible assets with indefinite useful lives are not amortized. Instead, the costs less accumulated impairment loss are recognized. An impairment test is performed individually or by cash-generating unit once a year or whenever indications of impairment are identified.

(10) Leases

① Lessee

At the commencement date of an agreement, the Group recognizes right-of-use assets and lease liabilities for lease components that are neither short-term leases nor leases with small underlying assets. At the inception, right-of-use assets are measured at cost and lease liabilities are measured at the present value of the future lease payments that has not yet been paid.

The lease term is determined as the non-cancellable term of the lease together with the term for which the option for extending the lease is valid (i.e., when the Group is reasonably certain that it will exercise this option) and the term for which the option for cancelling the lease is valid (i.e., when the Group is reasonably certain that it will not exercise this option).

Subsequent to the commencement date, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is subject to the requirements for depreciation under IAS 16 “Property, Plant and Equipment” are applied. Furthermore, IAS 36 “Impairment of Assets” is adhered to when testing whether an asset is impaired and accounting for any identified impairment.

Right-of-use assets are depreciated from the commencement date to the end of the useful life of the underlying asset if ownership of the asset is transferred to the Group by the end of the lease term. In other cases, they are depreciated from the commencement date to the end of the useful life of the right-of-use asset, or the end of the lease term, whichever is earlier.

Lease liabilities are subsequently measured to:

• Increase in the carrying amounts to reflect interests related to the lease liability;

• Decrease in the carrying amounts to reflect lease payments; or

• Remeasure the carrying amount to reflect the change in the lease payments or changes in lease conditions, or to reflect revised fixed lease payments.

② Lessor

Operating lease income is recognized using the straight-line method throughout the entire lease term. Operating lease income from subleased real estate is recognized as other revenues.

(11) Impairment of non-financial assets

The Group assesses whether there is any indication that an asset may be impaired each year. If any such indication exists, or in cases where the impairment test is required to be performed each year, the recoverable amount of the asset is estimated. In cases that the recoverable amount cannot be estimated for each asset, it is estimated by the cash-generating unit to which the asset belongs. The recoverable amount of an asset or a cash-generating unit is determined at the higher of its fair value less costs to sell or its value in use. If the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, impairment losses are recognized and the carrying amount is reduced to the recoverable amount. In determining the value in use, estimated future cash flows are discounted to the present value, using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, the Group uses an appropriate valuation model supported by available fair value indicators.

The Group assesses whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases that the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount or the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(12) Non-current assets held for sale

An asset or asset group for which the carrying amount is expected to be recovered through a sales transaction rather than through continuing use is classified into a non-current asset or disposal group held-for-sale when the following conditions are met: it is highly probable that the asset or asset group will be sold within one year after the end of the fiscal year, the asset or asset group is available for immediate sale in its present condition, and the Group management commits to the sale plan. In such cases, the non-current asset is not depreciated or amortized and is measured at the lower of it carrying amount or its fair value less costs to sell.

(13) Employee benefits

① Short-term employee benefits

Short-term employee benefits are not discounted, and recognized as expenses when the associated services are rendered. For bonuses and paid leaves expenses, liabilities and expenses are recognized when the Group has a present legal or constructive obligation to pay for employee benefits as a result of the services rendered by employees, and when a reliable estimate can be made.

② Post-employment benefits

The Group sponsors a defined benefit plan and a defined contribution plan as post-employment benefit plans for employees.

The Group calculates the present value of defined benefit obligations, related current service cost and past service cost using the projected unit credit method. For a discount rate, a discount period is determined based on the period until the expected date of benefit payment in each year, and the discount rate is determined by reference to market yields for the period corresponding to the discount period at the end of the year on high quality corporate bonds and others. The assets and liabilities of the defined benefit plan is measured at the present value of the defined benefit obligation less the fair value of the plan assets. Remeasurements of defined benefit plans are recognized in other comprehensive income for the period when they are incurred and transferred to retained earnings immediately. Past service costs are recognized in profit or loss during the period when incurred.

The cost for retirement benefits for defined contribution plans is recognized as an expense at the time of contribution.

In addition, some consolidated subsidiaries including mainly those in the United States adopt defined benefit plan and post-employment medical benefit plan to finance retirement benefits for employees. As post-employment medical benefit plan in the United States are similar to retirement benefit plan in terms of characteristics, they are presented as a component of “Defined benefit liabilities”

(14) Share-based payment

The Group has a stock option plan as an equity-settled share-based payment plan and a performance share unit plan as a cash-settled share-based payment plan. Stock options are measured at fair value at grant date and are recognized as an expense over the vesting period in the consolidated statement of income by considering the number of stock options that are expected to be eventually vested. The corresponding amount is recognized as an increase in equity in the consolidated statement of financial position. The fair value of the options granted take into consideration the options' various conditions, and is calculated using the Black-Scholes model.

Concerning the performance share unit plan, the remuneration is recognized as expense through the vesting period, and the same amount is recognized as an increase in liabilities. Note that the fair values of the liabilities are remeasured on the reporting date and the settlement date, and fluctuations in the fair value is recognized in profit or loss.

(15) Provisions

The Group has present obligations (legal or constructive obligations) resulting from past events and recognizes provisions when it is probable that the outflow of resources embodying economic benefits are required to settle the obligations and the amount of the obligations can be estimated reliably.

Where the effect of the time value of money is material, the amount of provisions is measured at the present value of the expenditures expected to be required to settle the obligations. In the measurement of the present value, the Group uses the current market assessments of the time value of money and the pretax discount rate reflecting inherent risks specific to the liability. Uncertainty related to the occurrence is reflected in the future cash flow estimates.

In terms of provisions, the Group mainly recognizes the following provisions:

① Provision for worker accident compensation

The amount is estimated and recorded based on actual payments that occurred in the past and present in preparation for the payment of medical fees, paid leave, and other compensations caused by a worker accident.

② Provision for legal proceedings

The amount is estimated and recorded based on currently foreseeable payments in preparation for the payment of damages, settlement, and other compensations caused by legal proceedings.

③ Provision for business and plant restructuring

In accordance with the commencement of discussions mainly for the closure of overseas tire plants, the amount is estimated and recorded based on the currently foreseeable payments in preparation for the payment of related expenses.

(16) Revenue

Except the interest and dividend incomes based on IFRS 9 “Financial Instruments”, the Group recognizes revenue to an amount that reflects the expected consideration to obtain the right to the transfer and exchange of customer goods and services based on the following five-step approach:

Step 1：Identify the contract with a customer
Step 2：Identify the performance obligations in the contract
Step 3：Determine the transaction price
Step 4：Allocate the transaction price to the separate performance obligations in the contract
Step 5：Recognize revenue when or as the entity satisfies the performance obligation

Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, and is measured at the consideration promised in a contract with a customer, less estimation of potential future returns, discounts, and rebates.

The amount of the returns is calculated with potential future returns rate estimated based on historical data and other sources. Regarding discounts and rebates, future payments are estimated based on contracts and agreements until the actual amounts are determined.

(17) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to them and receive the grants.

In the case that the government grants are related to expense items, they are recognized in profit or loss on a systematic basis over the period in which the related costs for which the grants are intended to compensate are recognized. With regard to government grants for assets, the amount of the grants is deducted from the acquisition cost of the assets.

(18) Borrowing costs

With respect to assets that necessarily take a substantial period of time to get ready for their intended use or sale, the borrowing costs that are directly attributable to the acquisition, construction or production of the assets are capitalized as part of the acquisition cost of the assets. Other borrowing costs are recognized as an expense in the period when they are incurred.

(19) Income taxes

Income taxes for the year comprise current and deferred income taxes. Income taxes are recognized in profit or loss except to the extent that they arise from items recognized in other comprehensive income or directly in equity, or from a business combination.

Current taxes are measured at the expected tax payable or tax receivable on taxable income for the year due to or due from the tax authorities, applying the tax rates and tax laws and regulations that have been enacted or substantively enacted by the end of the fiscal year.

Deferred taxes are recognized for carryforward of tax losses and tax credits as well as temporary differences between the tax base and carrying amounts of assets and liabilities that exist as of the end of the fiscal year.

However, deferred tax assets and liabilities are not recognized for the following temporary differences:

• Temporary differences arising from the initial recognition of goodwill;

• Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit (loss) at the time of the transaction;

• Deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements for which it is probable that the temporary difference will not reverse in the foreseeable future or when it is less probable that taxable profit will be available against which the temporary difference can be utilized; or

• Taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, for which the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed every fiscal year, and is reduced to the extent that it is no longer probable that sufficient future taxable income will be available to use the full or partial amount of the assets. Unrecognized deferred tax assets are reviewed every fiscal year, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws and regulations that are expected to be applied for the period in which the liability is settled or the asset is realized, based on tax rates and tax laws and regulations that have been enacted or substantively enacted by the end of the fiscal year.

Regarding the Group's uncertain tax position for its corporate income tax, a reasonable estimated amount is recognized as an asset or liability if it is probable that a tax position will occur based on the interpretation of tax laws.

Deferred tax assets and liabilities are offset when there is a legally reinforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or when the Group intends to settle its current tax assets and liabilities on a net basis through the separate taxable entity or conduct a realization of the assets and settlement of the liabilities simultaneously.

(20) Treasury stocks

Treasury stocks are recognized at cost and deducted from equity. No gain or loss is recognized on the purchase, sale or cancellation of the treasury stocks. Any difference between the carrying amount and the consideration paid is recognized in capital surplus.

(21) Dividends

Dividend distributions to the shareholders of the Company are recognized as liabilities in the period in which, for year-end dividends, the Annual Shareholders' Meeting resolve the distribution and, for interim dividends, the Board of Directors resolve the distribution.

(22) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of the parent company by the weighted-average number of ordinary shares outstanding during the year, adjusted by the number of treasury stocks. Diluted earnings per share are calculated by adjusting the effects of dilutive potential ordinary shares.

(23) Other significant items related to the preparation of consolidated financial statements

Accounting treatment of consumption tax

Consumption tax and local consumption taxes are excluded.

6. Additional information

The key assumptions and estimates bearing significant risks that may lead to material corrections in the future are as below.

The impact of COVID-19 is considered when estimating and making judgments concerning impairment of non-financial assets (property, plant and equipment, right-of-use assets, intangible assets, goodwill, investments accounted for using equity-method) and recognition of deferred tax assets. Regarding the impact of COVID-19, the Group considers the recovery of market demand and changes in the market environment for each region and makes individual estimates on the impact. However, it is assumed that the direct impact of COVID-19 will last up till two fiscal years from now.

(Notes to the consolidated statement of financial position)

1. Accumulated depreciation and accumulated impairment loss

Property, plant and equipment	2,953,555 million yen
Right-of-use assets	119,166 million yen

2. Assets provided as collateral and collateralized debt obligations

Assets pledged as collateral (Property, plant and equipment and others)	678 million yen

There are no obligations corresponding to the preceding.

3. Balance of trade notes (without letter of credit) discounted — 157 million yen

(Notes to the consolidated statement of income)

1. Impairment loss

For the purpose of the impairment test, the Group classifies the assets for its business as a group based on the categories to manage those assets. Assets to be disposed of (i.e., assets that are planned for disposal, sales, etc.) and idle assets are individually grouped. Impairment loss of 95,376 million yen, including 5,754 million yen presented as business and plant restructuring expenses, was recognized in the fiscal year ended December 31, 2020 and the amount was recognized in “other expenses”, which were mainly due to the following reasons.

The carrying amount of assets for business use in the Russian passenger vehicle tire business was reduced by 10,068 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured by value in use, which was calculated by discounting future cash flows at a discount rate of 10.3%.

The carrying amount of assets for business use in the Indian tire business was reduced by 6,598 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured by value in use, which was calculated by discounting future cash flows at a discount rate of 13.5%.

The carrying amount of assets for business use in the Chinese truck and bus tire business was reduced by 19,581 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, and was mainly calculated based on the value of a third-party appraisal determined using the market approach. The fair value hierarchy is Level 3.

The carrying amount of idle assets for business use in the Vietnamese passenger vehicle tire business was reduced by 9,196 million yen to the recoverable amount, because the idle assets were no longer expected to be used for business purposes. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, however, because these assets would be difficult to sell, the fair value after deducting their disposal cost was deemed to be zero. The fair value hierarchy is Level 3.

The carrying amount of assets for business use in the Thailand small and medium mining and construction vehicle tire business was reduced by 17,442 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, and was mainly calculated based on the value of a third-party appraisal determined using the market approach. The fair value hierarchy is Level 3.

The carrying amount of assets for business use in Japanese anti-vibration rubber business was reduced by 6,210 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, and was calculated based on the value of a third-party appraisal determined using the market approach. The fair value hierarchy is Level 3.

The carrying amount of assets for business use in the aircraft tire business was reduced by 8,296 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, and was mainly calculated based on the value of a third-party appraisal determined using the market approach. The fair value hierarchy is Level 3.

2. Business and plant restructuring expense
The business and plant restructuring expense of 42,821 million yen was primarily the expenses as provisions relating to the commencement of discussions for the closure of overseas tire plants and expenses for the transfer of the unit bath business, and was recognized in “Other expenses”. An impairment loss of 5,754 million yen is included in this amount.

3. Expenses incurred for recall-related
Recall related expenses of 11,410 million yen relating to inspections, repairs, etc. of the affected standard bicycles and power assist bicycles following the recall of certain models of standard bicycles and power assist bicycles manufactured by BRIDGESTONE CYCLE CO., LTD., a Bridgestone consolidated subsidiary, were recognized in “Selling, general and administrative expenses”.

4. Impairment of investments accounted for using equity method
Impairment loss on investments accounted for using equity method of 18,196 million yen was mainly the result of the carrying amount of assets related to investments in TIREHUB, LLC, a joint venture in the "Americas" segment, being reduced by 17,032 million yen to the recoverable amount because the intended revenue was no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured by value in use, which was calculated by discounting future cash flows at a discount rate of 11.5%. This impairment loss was recognized in “Impairment loss on shares accounted for using equity method”.

(Notes to the consolidated statement of changes in equity)

1. Type and total number of shares issued/Type and number of treasury stock

	As of January 1, 2020	Number of increase	Number of decrease	As of December 31, 2020
Shares issued Common stock (Thousands of shares) (see Notes1)	761,536	—	47,838	713,698
Treasury stock Common stock (Thousands of shares) (see Notes2 and 3)	57,481	1	47,916	9,567

Note 1: The decrease in shares issued consists of the cancellation of treasury stock of 47,838 thousand shares pursuant to the resolution at the meetings of the Board of Directors.

Note 2: The increase in treasury stock consists of the purchase of 1 thousand shares according to the requests from the shareholders who have odd-lot shares.

Note 3: The decrease in treasury stock consists of the cancellation of treasury stock of 47,838 thousand shares pursuant to the resolution at the meetings of the Board of Directors and exercise of stock options and others of 77 thousand shares.

2. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 24, 2020	Common Stock	56,325	80	December 31, 2019	March 25, 2020
Board of Directors' Meeting, August 7, 2020	Common Stock	35,206	50	June 30, 2020	September 1, 2020

(2) Dividends whose record date is in the current year and effective date is in the following fiscal year

Resolution	Type	Total dividends (Yen in millions)	Source	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2021	Common Stock	42,248	Retained earnings	60	December 31, 2020	March 29, 2021

3. The category and the number of shares to be allocated to stock acquisition rights at the fiscal year end (excluding those for which the beginning of their exercise periods has not yet occurred)

Common stock: 1,084,000 shares

(Notes to financial instruments)

1. Qualitative information on financial instruments

The Group is exposed to financial risks (e.g., credit risk, liquidity risk, foreign exchange risk, interest rate risk and market price risk) in the process of its management activities and it manages risks based on a specific policy in order to avoid said risks.

(1) Credit risk management

The Group is exposed to credit risk such as a counterparty's default on contractual obligations resulting in financial losses to the Group. The Group regularly monitors the financial position of significant customers and manage the due dates and the receivables balance of each customer to minimize the risk of defaults resulting from deterioration of a customer's financial position, and when full or partial collection of the receivables is considered impossible, or extremely difficult, it is deemed to be a default. The Group enters into derivative transactions only with highly-rated financial institutions in order to minimize counterparty risk.

The carrying amounts after impairment presented in the consolidated statement of financial position represent the Group's maximum exposure to credit risk of financial assets.

(2) Liquidity risk management

The Group is exposed to liquidity risk that it would not be able to repay liabilities on the due date due to the deterioration of the financing environment. Payment terms of payables, such as notes and accounts payable, and other payables are approximately less than one year.

The Group practices fund management effectively by recognizing the future fund position in advance based on cash flow projections. The Group also strives to diversify sources of financing such as borrowings or bonds in order to reduce liquidity risk. In addition, the Group keeps necessary credit facilities to manage liquidity risk by having commitment lines with several financial institutions.

(3) Foreign exchange risk management

The Group engages in business, such as development, production, distribution, sales and purchase, globally and conducts international transactions in regions around the world, and therefore the fluctuation of foreign currency rates has an impact on the Group's performance.

The Company and certain subsidiaries use principally foreign currency forward contracts to hedge foreign currency exchange risk identified by currency on a monthly basis for receivables and payables in foreign currencies. When receivables and payables in foreign currencies are expected from forecasted transactions, foreign currency forward contracts and currency option contracts may be used. In addition, currency swap contracts are used to hedge foreign currency exchange fluctuation risk.

The Group limits derivative transactions to actual exposure under internal regulations and does not enter into derivative transactions for speculative purposes.

(4) Interest rate risk management

Some of borrowings, etc. with floating interest rates in the Group are exposed to interest rate risk. The Group uses interest rate swap contracts for the purpose of hedging interest rate risk on borrowings.

The Group limits derivative transactions to actual exposure under internal regulations and does not enter into derivative transactions for speculative purposes.

(5) Market price fluctuation risk management

Investments in securities in the Group consist primarily of equity securities of business partners and are exposed to market price risk.

The Group regularly monitors market prices and financial positions of the issuers with whom it has business relations, and appropriately reviews the status of these securities considering the relationships with the issuers.

2. Fair values of financial instruments

Carrying amounts of consolidated statement of financial position and fair value of the financial instruments as of December 31, 2020, are as follows. Financial instruments for which carrying amounts are equal to or reasonably approximate fair value are excluded from the following table.

	Carrying amounts of consolidated statement of financial position Yen in millions	Fair value Yen in millions
Financial instruments measured at amortized cost		
Bonds and borrowings (Non-current)	412,060	413,610
Total	412,060	413,610

Calculation method of fair values of financial instruments is as follows:

Bonds and borrowings

The fair values of bonds are based on the market prices. The fair values of borrowings are determined by discounting the aggregated values of the principal for the remaining period and interest using an assumed interest rate as if the same type of borrowings were newly made.

(Notes to per-share information)

Total equity attributable to owners of parent per share	3,053.35 yen
Basic loss per share	(33.09) yen

(Significant subsequent events)

Sale of subsidiary

BRIDGESTONE AMERICAS, INC., an United States 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 (hereinafter “FSBP”), a subsidiary of BRIDGESTONE AMERICAS, INC., to Holcim Participations (US) Inc., the United States subsidiary of LafargeHolcim Ltd., on January 6, 2021 (local time).

In accordance with the Company’s decision of the sale, the Company plans to categorize FSBP and its subsidiaries as discontinued operations for fiscal year 2021, from January 1, 2021 to December 31, 2021. Accordingly, profit from discontinued operations on the consolidated statement of profit or loss is planned to be presented separately from the continuing operations.

1. Reasons for the sale of the subsidiary

Founded in 1980, FSBP is a leading company in building materials including roofing materials. As a result of a detailed consideration of FSBP‘s future positioning from the standpoint of the Group‘s mid-long business strategy, the Group decided that the best course of action was to sell FSBP to Holcim Participations (US) Inc., the United States subsidiary of LafargeHolcim Ltd, a global leader in building solutions.

As a result of the sale, more growth opportunities will be created for FSBP under LafargeHolcim Ltd, and the Group will be able to rebuild the earning power of its tire and rubber businesses and to make strategic growth investments in its solutions business.

Furthermore, following this sale, the Group plans to remove FSBP and its subsidiaries from the Group‘s consolidated subsidiaries.

2. Period for the sale of the subsidiary

Resolution date at the Company's Board of Directors	January 6, 2021
Contract conclusion date for the sale of the subsidiary	January 6, 2021 (local time)
Execution date for the sale of the subsidiary	First half of 2021 (planned)

3. Name and contents of business of the subsidiary being sold

Name: FIRESTONE BUILDING PRODUCTS COMPANY, LLC

Contents of business: Manufacturing and sales of roofing materials for building and related products

Contents of transactions with the company: The Company has no transactions with the relevant Subsidiary

4. Selling price, gain (loss) on sales, and equity ratio before and after sale

Selling price:	The Group will determine the selling price after adjusting FSBP's operating capital and other factors to the company value of 3.4 billion U.S. dollars.
Gain (loss) on sales:	The Group expects to recognize net profit from discontinued operations of approximately 200 billion yen as a gain on sales (after tax) in fiscal year 2021 in the consolidated statements of profit or loss. Furthermore, the gain on sales may change due to foreign exchange rates and other factors.
Pre-sale equity ratio:	100%
Sale equity ratio:	100% (planned)
Post-sale equity ratio:	0% (planned)

(Other notes)

Presentation of stated amounts

Figures less than one million yen are rounded to the nearest million yen.

Consolidated Statement of Cash Flows (for reference)

	Current Year (Year ended December 31, 2020)	Previous Year (Year ended December 31, 2019) (IFRS)
	Yen in millions	Yen in millions
Cash flows from operating activities		
Profit before tax	29,266	335,510
Depreciation and amortization	267,454	269,749
Impairment losses	89,622	10,542
Increase (decrease) in net defined benefit liability	(13,196)	2,710
Interest and dividend income	(7,598)	(16,626)
Interest expense	13,426	16,020
Foreign currency exchange loss	4,905	5,152
Impairment loss on shares accounted for using equity method	18,196	-
Share of profit of investments accounted for using equity method	1,429	3,251
Gain on sales of fixed assets	(24,192)	(30,418)
Business and plant restructuring expenses	42,821	2,635
Loss on retirement of fixed assets	6,905	5,718
Decrease in trade and other receivable	56,908	21,875
Decrease in inventories	128,837	7,292
Decrease in trade and other payable	(7,524)	(40,807)
Increase(decrease) in accrued consumption taxes	14,340	(4,543)
Other	(16,806)	(4,881)
Subtotal	**604,791**	**583,179**
Interest and dividends received	7,835	16,535
Interest paid	(13,960)	(15,096)
Income taxes paid	(71,719)	(79,589)
Net cash provided by operating activities	**526,947**	**505,029**
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(200,677)	(270,530)
Proceeds from sales of property, plant and equipment	38,857	38,758
Payments for purchase of intangible assets	(17,436)	(11,256)
Proceeds from sales of investments in securities	19,755	87,091
Payments of long-term loans receivable	(4,450)	(2,071)
Collection of loans receivable	3,489	1,210
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,873)	(110,354)
Other	6,957	5,275
Net cash used in investing activities	**(155,378)**	**(261,875)**
Cash flows from financing activities		
Proceeds from short-term debt	309,432	292,943
Repayments of short-term debt	(248,436)	(257,682)
Proceeds from long-term debt	116,615	30
Repayments of long-term debt	(3,353)	(23,361)
Proceeds from issuance of bonds	-	200,000
Redemption of bonds	-	(70,000)
Repayments of lease liabilities	(57,132)	(55,002)
Purchase of treasury stock	(3)	(200,004)
Dividends paid (owners of parent)	(91,524)	(117,679)
Dividends paid (non-controlling interests)	(7,501)	(9,954)
Other	(21)	251
Net cash provided by (used in) financing activities	**18,077**	**(240,458)**
Effect of exchange rate changes on cash and cash equivalents	**(12,025)**	**(1,293)**
Net increase in cash and cash equivalents	**377,621**	**1,403**
Cash and cash equivalents at beginning of period	**432,924**	**433,916**
Cash and cash equivalents included in assets held for sale	**-**	**(2,395)**
Cash and cash equivalents at end of period	**810,546**	**432,924**

(Reconciliation from adjusted operating profit to profit before tax) (for reference)

	Year ended December 31, 2020 Yen in millions
Adjusted operating profit (Note 1)	222,932
Adjusted items (income) (Note 2)	467
Adjusted items (expenses) (Note 3)	159,285
Operating profit	64,114
Finance income	8,431
Finance costs	23,654
Impairment loss related to shares using equity method	18,196
Share of loss of investments accounted for using equity method	(1,429)
Profit before tax	29,266

(Note 1) For adjusted operating profit, adjusted items (income and expenses) are excluded from operating profit.
(Note 2) The major breakdown of adjusted items (income) is as follows:

	Year ended December 31, 2020 Yen in millions
Insurance claim income	305
Business and plant restructuring income	162
Other expense with huge amounts related to one time event	-
Adjusted items (income)	467

(Note 3) The major breakdown of adjusted items (expenses) is as follows:

	Year ended December 31, 2020 Yen in millions
Impairment losses (Note 4)	89,622
Cost of sales (loss on disaster) (Note 5)	11,685
Other expenses (loss on disaster) (Note 6)	3,747
Business and plant restructuring expenses (Note 7)	42,821
Other loss with huge amounts related to one time event (Note 8)	11,410
Adjusted items (expenses)	159,285

(Note 4) The major breakdown of impairment losses is presented in Notes to the consolidated statement of income.

(Note 5) This was primarily the recording of fixed costs, etc. arising from the period when operations were temporarily suspended at plants, etc. due to official requests and declarations by the national and local governments to prevent the spread of COVID-19.

(Note 6) This was primarily the recording of fixed costs, incurred over the period of the suspended operations of retail stores, etc. and expenses, etc. which were the direct result of the preparation for and cancellation of events that were cancelled due to official requests and declarations by the national and local governments to prevent the spread of COVID-19.

(Note 7) The major breakdown of business and plant restructuring expenses is presented in Notes to the consolidated statement of income.

(Note 8) The major breakdown of other loss with huge amounts related to one time event is presented in "3. Expenses incurred for recall-related" under Notes to the consolidated statement of income.

Non-consolidated Balance Sheet

	Current Year (As of December 31, 2020)
	Yen in millions
(Assets)	
Current Assets:	
Cash and deposits	779,313
Trade notes receivable	420,718
Trade accounts receivable	1,256
Short-term investments	241,831
Merchandise and finished products	29,598
Work in process	5,688
Raw materials and supplies	20,859
Short-term loans for subsidiaries and associates	42,046
Accounts receivable-other	13,871
Other	6,779
Allowance for doubtful accounts	(3,332)
Total Current Assets	**779,313**
Fixed Assets:	
Tangible fixed assets	
Buildings	90,353
Structures	6,575
Machinery and equipment	41,380
Vehicles and carriers	1,278
Tools, furniture and fixtures	11,461
Land	63,462
Construction in progress	31,082
Total tangible fixed assets	**245,592**
Intangible fixed assets	**10,879**
Investments and other assets	
Investments in securities	71,257
Investments in subsidiaries and associates	836,414
Investments in subsidiaries and associates, other than stock	55,377
Long-term loans for subsidiaries and associates	84,681
Deferred tax assets	10,720
Other	3,173
Allowance for doubtful accounts	(17)
Total investments and other assets	**1,061,605**
Total Fixed Assets	**1,318,076**
Total	**2,097,389**

	Current Year (As of December 31, 2020)
	Yen in millions
(Liabilities)	
Current Liabilities:	
Trade accounts payable	82,338
Short-term loans payable	100,000
Short-term loans payable to subsidiaries and associates	233
Current portion of long-term loans payable	100,000
Current portion of long-term loans payable to subsidiaries and associates	1,341
Lease obligations	138
Accounts payable - other	57,963
Accrued expenses	28,684
Income taxes payable	15,948
Deposits received	6,030
Other	4,345
Total Current Liabilities	**397,018**
Long-Term Liabilities:	
Bonds	350,000
Lease obligations	174
Accrued pension and liability for retirement benefits	49,442
Provision for environmental remediation	259
Asset retirement obligation	2,881
Other	3,530
Total Long-Term Liabilities	**406,286**
Total Liabilities	**803,305**
(Net Assets)	
Shareholders' Equity:	
Common stock	**126,354**
Capital surplus	
Capital reserve	122,079
Total capital surplus	**122,079**
Retained earnings	
Legal reserve	31,279
Other retained earnings	
Reserve for special depreciation	0
Reserve for advanced depreciation of fixed assets	26,430
Reserve for special account for advanced depreciation of fixed assets	10,037
General reserve	789,311
Unappropriated retained earnings	189,979
Total retained earnings	**1,047,037**
Treasury stock - at cost	**(38,656)**
Total Shareholders' Equity	**1,256,814**
Net unrealized gain (loss) and translation adjustments:	
Net unrealized gain (loss) on available-for-sale securities	34,558
Deferred gain (loss) on derivative instruments	(414)
Total net unrealized gain (loss) and translation adjustments	**34,144**
Stock acquisition rights	**3,125**
Total Net Assets	**1,294,084**
Total	**2,097,389**

Non-consolidated Statement of Income

	Current Year (Year ended December 31, 2020)	
	Yen in millions	
Net Sales		**691,683**
Cost of Sales		**453,712**
Gross Profit		**237,971**
Selling, General and Administrative Expenses		**172,594**
Operating income		**65,377**
Non-operating Income		
Interest income	1,766	
Dividend income	36,958	
Other	2,840	**41,564**
Non-operating Expenses		
Interest expense	1,342	
Foreign currency exchange loss	2,961	
Other	6,482	**10,785**
Ordinary Income		**96,155**
Extraordinary Income		
Gain on sales of fixed assets	8,576	
Gain on sales of investments in securities	17,584	**26,160**
Extraordinary Loss		
Impairment loss	1,396	
Loss on business of subsidiaries and associates	17,961	**19,357**
Income before Income Taxes		**102,959**
Income taxes - current	17,178	
Income taxes - deferred	2,867	20,045
Net Income		**82,914**

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2020) (Yen in millions)

	Shareholders' equity										Net unrealized gain (loss) and translation adjustments		Stock acquisition rights
		Capital surplus	Retained earnings										
				Other retained earnings									
	Common stock	Capital reserve	Legal reserve	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	General reserve	Unappropriated retained earnings	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	
Beginning Balance	**126,354**	**122,079**	**31,279**	**3**	**25,977**	**9,421**	**989,311**	**193,191**	**(232,329)**	**1,265,284**	**44,107**	**(515)**	**3,275**
(Changes in the year)													
Cash dividends								(91,531)		(91,531)			
Reversal of reserve for special depreciation				(2)				2		–			
Provision of reserve for advanced depreciation of fixed assets					453			(453)		–			
Provision of reserve for special account for advanced depreciation of fixed assets						616		(616)		–			
Reversal of General reserve							(200,000)	200,000		–			
Net income for the year								82,914		82,914			
Purchase of treasury stock									(3)	(3)			
Disposal of treasury stock								(163)	313	150			
Cancellation of treasury stock								(193,364)	193,364	–			
Net change in the year										–	(9,549)	101	(150)
Total Changes in the Year	**–**	**–**	**–**	**(2)**	**453**	**616**	**(200,000)**	**(3,211)**	**193,674**	**(8,470)**	**(9,549)**	**101**	**(150)**
Ending Balance	**126,354**	**122,079**	**31,279**	**0**	**26,430**	**10,037**	**789,311**	**189,979**	**(38,656)**	**1,256,814**	**34,558**	**(414)**	**3,125**

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation policies and methods for assets

(1) Valuation policies and methods for investments in securities

Investments in subsidiaries and associates — the moving-average cost method

Available-for-sale securities

With market value — Fair value based on the market price, etc., at the fiscal year end (unrealized gain and loss, net of tax are recorded in net assets, and the moving-average method is used to calculate the cost of securities sold.)

Without market value — Primarily the moving-average cost method. Note that investments provided to limited investment partnerships and other organizations are based on the most recent available financial statements according to the financial reporting date specified in contracts with the partnership. They incorporate a net amount of equivalent equity.

(2) Valuation policies and methods for derivatives

Fair value

(3) Valuation policies and methods for inventories

Inventories are principally stated at the lower of cost, determined by the moving-average method, or net selling value.

2. Depreciation method for fixed assets

(1) Tangible fixed assets

The declining-balance method

(2) Intangible fixed assets

The straight-line method

3. Accounting policies for reserves and allowances

(1) Allowance for doubtful accounts

In order to reserve for loss from the nonpayment of claims, the actual credit loss rate is used to calculate the amount to be recorded for general claims, and for designated claims for which there is a concern of nonpayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

(2) Accrued pension and liability for retirement benefits

In order to reserve for retirement benefits for employees, an amount based on the estimated amount of projected benefit obligations and pension plan assets as of the current fiscal year end is recorded.

a) Method of attributing projected benefits to periods

Projected benefits are attributed to periods of service up to the end of the current fiscal year on a benefit formula basis.

b) Method of recognizing unrecognized actuarial gain/loss and past service cost

Past service cost is treated as an expense using the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the employees in the year in which the past service costs occur.

Actuarial gain/loss is treated as an expense using the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the employees in the year in which the gain/loss occurs, recorded from the following fiscal year.

(3) Provision for environmental remediation

In order to reserve for outlays for legally required removal and disposal of PCB, etc., the estimated amount of future obligations is recorded.

4. Accounting policies for the translation of foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign currency exchange gain and loss from translation are recognized in income.

5. Hedge accounting

(1) Hedge accounting method

Deferred hedge accounting is applied.

(2) Hedging instruments and items covered

Instruments	Items covered
Forward foreign exchange contracts	Foreign currency-denominated monetary claims and obligations and forecasted foreign currency-denominated transactions
Foreign currency swaps	Borrowings and bonds
Interest rate swaps	Borrowings
Commodity swaps	Raw materials

(3) Hedging policy

Forward foreign exchange transactions are used only to cover actual foreign exchange needs, and foreign exchange swaps are made to match the principal amount and term of the hedged foreign currency-denominated obligation. Interest rate swaps are entered into for the amount of borrowings only.
Commodity swaps are entered into for the trade amount of raw materials. It is the Company's policy not to use any derivative transactions for speculative purposes.

(4) Method for evaluating the effectiveness of hedges

The validity of hedges is evaluated based on a comparison of total fluctuations in the cash flow or fluctuations in the market value of the hedged item with the total fluctuations in the cash flow or fluctuations in the market value of the hedging instrument.

6. Accounting treatment of consumption tax

Consumption tax and local consumption taxes are excluded. Suspense consumption taxes paid and received are offset and net amount is recorded within accounts receivable-other in current assets.

(Changes in presentations)

Non-consolidated Statement of Income
In the previous fiscal year, "Removal and disassembly expense" was disclosed separately in the "Non-operating Expenses" section. Since during this fiscal year, the materiality of the amount decreased, such amount is included in "Other".
The amount of "Removal and disassembly expense" for this fiscal year is 864 million yen.

(Additional information)

The impact of COVID-19 is considered when estimating and making judgments concerning impairment of tangible fixed assets, intangible fixed assets and recoverability of deferred tax assets. Regarding the impact of COVID-19, the Company looks at the recovery of market demand and changes in the market environment and makes individual estimates on the impact, but it is assumed that the direct impact of COVID-19 will last until two fiscal years from now at most.

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets 1,051,973 million yen

2. Guarantees

Guarantees on commercial papers issued by BRIDGESTONE EUROPE NV/SA	53,827 million yen
Guarantees on borrowings and trade accounts payable of BRIDGESTONE HUIZHOU SYNTHETIC RUBBER CO., LTD.	938 million yen
Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	25 million yen
Total	54,790 million yen

3. Balance of trade notes (without letter of credit) discounted 157 million yen

4. Short-term monetary receivables from subsidiaries and associates	246,697 million yen
Long-term monetary receivables from subsidiaries and associates	84,681 million yen
Short-term monetary payables to subsidiaries and associates	68,362 million yen

(Notes to the non-consolidated statement of income)

1. Transactions with subsidiaries and associates

Sales	507,800 million yen
Purchases, etc.	194,762 million yen
Transactions other than operating transactions	56,782 million yen

2. Gain on sales of fixed assets

   This was mainly due to the gains on sales of land.

3. Impairment loss

   The Company classifies the assets it uses for its business based on the categories used within the Company to manage those assets. Assets to be disposed of (assets that are scheduled to be scrapped, sold off, etc.) and idle assets are grouped by property. In fiscal year 2020, the book prices of business-use assets whose profitability decreased and assets to be disposed of which are scheduled to be scrapped or sold off were reduced to recoverable amounts. Those reductions were recognized as a 1,396 million yen impairment loss under Extraordinary Losses. A breakdown of that impairment loss is: 850 million yen for construction in progress; 426 million yen for machinery and equipment; 79 million yen for tools, furniture and fixtures; 28 million yen for vehicles and carriers; and 14 million yen for buildings and structures.

Purpose	Categories	Locations	Amount (millions of yen)
Assets used in the course of business operations	Machinery and equipment; Construction in progress; and some others	Tamana, Kumamoto; and others	848
Assets to be disposed of	Construction in progress	Hikone,Shiga	548

The recoverable amounts for business-use assets were estimated based on their value-in-use. Their future cash flow was calculated at a discount rate of 6.5%. Of the assets to be disposed of, the recoverable amount for assets to be sold off was measured based on their net selling price. The recoverable amount for assets to be scrapped was evaluated based on their memorandum value.

4. Loss on business of subsidiaries and associates

   Taking into consideration the financial condition of certain subsidiaries and associates, related losses have been recorded.

(Notes to the non-consolidated statement of changes in equity)

Type and number of treasury stock

	As of January 1, 2020	Number of increase	Number of decrease	As of December 31, 2020
Common stock (Thousands of shares)	57,478	1	47,916	9,564

Note 1: The increase in treasury stock consists of the purchase of 1 thousand shares according to the requests from the shareholders who have odd-lot shares.

Note 2: The decrease in treasury stock consists of the cancellation of treasury stock of 47,838 thousand shares pursuant to the resolution at the meetings of the Board of Directors and exercise of stock options of 77 thousand shares.

(Notes to deferred income tax)

Deferred tax assets		
Accrued pension and liability for retirement benefits	15,132	million yen
Investments in subsidiaries and associates	51,276	
Depreciable assets	12,252	
Accrued expenses	5,471	
Other	11,484	
Deferred tax assets subtotal	95,615	
Valuation allowance	(55,061)	
Total deferred tax assets	40,554	

Deferred tax liabilities		
Reserve for advanced depreciation on fixed assets	(11,654)	million yen
Reserve for special account for advanced depreciation of fixed assets	(4,426)	
Net unrealized gain on available-for-sale securities	(13,463)	
Other	(291)	
Total deferred tax liabilities	(29,834)	
Deferred tax liabilities, net	10,720	

(Notes to transactions with related parties)

Subsidiaries and associates, etc.

Attribute	Company name	Percentage of ownership	Relationship with counterparty	Details of transaction	Transaction amount (Yen in millions) (Note 1)	Account item	Ending balance (Yen in millions) (Note 1)
Subsidiary	BRIDGESTONE TIRE SOLUTION JAPAN CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Sales of the Company's products (Note 2)	146,695	Trade accounts receivable	62,054
Subsidiary	BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO.,LTD.	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	58,265	Trade accounts receivable	25,489
Subsidiary	BRIDGESTONE FINANCE CORPORATION	Direct ownership 100.00%	Lending, etc. Officers serving concurrently	Lending (Note 3,4)	21,188	Short-term loans for subsidiaries and associates	9,128
Subsidiary	BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC	Indirect ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	58,483	Trade accounts receivable	20,247
Subsidiary	BRIDGESTONE EUROPE NV/SA	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	76,259	Trade accounts receivable	27,151
				Lending (Note 3)	3,570	Short-term loans for subsidiaries and associates	3,809
					—	Long-term loans for subsidiaries and associates	84,422
				Debt guarantee (Note 5)	53,827	—	—
				Contribution in kind (Note 6)	25,799	—	—
Subsidiary	BRIDGESTONE ASIA PACIFIC PTE. LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Receipt of dividends in kind (Note 6)	25,799	—	—
				Repayment of borrowings	21,526	Short-term loans payable to subsidiaries and associates	—
Subsidiary	BRIDGESTONE (CHINA) INVESTMENT CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Collection of loans	21,526	Short-term loans for subsidiaries and associates	—

Transaction conditions and policies for determination of transaction conditions, etc.

(Notes)

1. Consumption tax is not included in the transaction amounts, but is included in the ending balances.
2. Sales price is determined based on the market price.
3. Interest rates are determined based on the market.
4. The transaction amount is the average balance in the current fiscal year.
5. Rate of guarantee is determined reasonably in consideration of market interest rates and other rates.
6. The Company receives notes as dividends in kind and makes contributions in kind due to the reorganization in the Group and the price is determined based on the amount of the shareholders' equity of the reorganized company.

(Notes to per-share information)

Total equity per share	1,833.40 yen
Net income per share	117.76 yen

(Other notes)

Presentation of stated amounts

Figures less than one million yen are rounded to the nearest million yen.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 15, 2021

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hitoshi Matsumoto

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiko Haga

Designated Engagement Partner,
Certified Public Accountant:

Akiko Fujiharu

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Bridgestone Corporation (the "Company") and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2020 to December 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under Designated International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in significant subsequent events under notes to the consolidated financial statements, in response to the resolution of the Company's Board of Directors on January 6, 2021, BRIDGESTONE AMERICAS, INC., an United States subsidiary of the Company, has signed an agreement to sell FIRESTONE BUILDING PRODUCTS COMPANY, LLC, a subsidiary of BRIDGESTONE AMERICAS, INC. to Holcim Participations (US) Inc., the United States subsidiary of LafargeHolcim Ltd., as of the same date. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 15, 2021

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hitoshi Matsumoto

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiko Haga

Designated Engagement Partner,
Certified Public Accountant:

Akiko Fujiharu

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of Bridgestone Corporation (the "Company"), namely, the non-consolidated balance sheet as of December 31, 2020, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 102nd fiscal year from January 1, 2020 to December 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

（TRANSLATION）
Audit Committee's Audit Report

Audit Report

The Audit Committee has conducted audits of the Members of the Board and Executive Officers with regard to their performance of duties during the 102nd business year (from January 1, 2020 to December 31, 2020). A report covering the method and results of the audit follows.

1. Method and Contents of Audit
The Audit Committee received reports regularly from the Members of the Board, Executive Officers, employees and other relevant personnel and requested explanations from them as necessary, and expressed their opinions, regarding the status of the establishment and operation of the contents of the Board of Directors' resolutions related to matters set forth in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act of Japan and the systems based on such resolutions (internal control systems). At the same time, the Audit Committee conducted audits using the following methods:
(1) In accordance with the audit policy, assignment of duties and other matters established by the Audit Committee, and in collaboration with the internal audit division and other relevant functions, the Audit Committee attended important meetings, received reports on the status of performance of duties from the Members of the Board, Executive Officers and other relevant personnel, requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. Also, with respect to the subsidiaries, the Audit Committee endeavored to facilitate a mutual understanding and exchanged information with the Members of the Board, Corporate Auditors and other relevant personnel of each subsidiary and received reports on their respective business as necessary.
(2) The Audit Committee monitored and verified whether the Independent Auditors maintained their independence and properly conducted their audits, received a report from the Independent Auditors on the status of performance of duties, and requested explanations as necessary. In addition, the Audit Committee was notified by the Independent Auditors that they had established a "system to ensure that the duties of the Independent Auditors were properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, the Audit Committee examined the business report and its supplemental schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statement of changes in equity and notes to the non-consolidated financial statements) and their supplemental schedules, as well as the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and notes to the consolidated financial statements) for the business year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

(i) We acknowledge that the business report and its supplemental schedules fairly present the status of the Company in conformity with the applicable laws, regulations and the Articles of Incorporation of the Company.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any law, regulation or the Articles of Incorporation of the Company was found with respect to the performance of the duties by the Members of the Board or the Executive Officers.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. In addition, we did not find any matters to be mentioned with respect to the description in the business report nor the performance by the Members of the Board and Executive Officers of their duties concerning the internal control systems.

(2) Results of Audit of Non-consolidated Financial Statements and their Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

February 15, 2021

Audit Committee, Bridgestone Corporation

Kenzo Yamamoto

Keikou Terui

Seiichi Sasa

Yojiro Shiba

Yoko Suzuki

Hideo Hara(full-time)

Tsuyoshi Yoshimi (full-time)

Note: Kenzo Yamamoto, Keikou Terui, Seiichi Sasa, Yojiro Shiba, and Yoko Suzuki are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Reference Information

PROJECTIONS FOR FISCAL 2021

The Group's operating environment requires careful attention due to factors causing instability such as fluctuations in exchange rates and the prices of raw materials and feedstock, and international political conditions in addition to the global COVID-19 pandemic.
Amid such an environment, the Group projects the following overall business results through the steady implementation of Mid-Term Business Plan initiatives.

			Fiscal 2021 projections	Fiscal 2020 results	Change	
					Amount	Ratio
Full-year			Yen in billions	Yen in billions	Yen in billions	%
	Revenue		3,010.0	2,994.5	+15.5	+1
	Adjusted operating profit		260.0	222.9	+37.1	+17
	Profit (loss) attributable to owners of parent		261.0	(23.3)	+284.3	
Exchange Rate	Full-year		Yen	Yen		%
		yen/dollar	103	107	-	-3
		yen/euro	126	122		+3

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 and therefore do not constitute guarantees by the Company of their achievement. Accordingly, actual business results may differ substantially from the Company's current assessment.

TOPICS

Mid-Long Term Business Strategy Framework

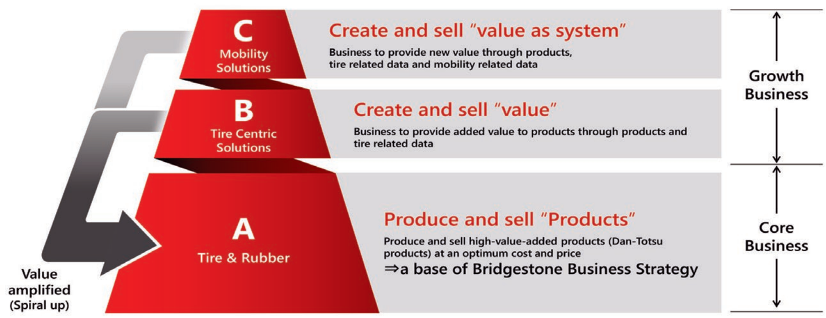
Guided by our mission “Serving Society with Superior Quality,” which has been passed on since the Group’s founding, we have put forth a new vision as: “continuing to provide social value and customer value as a sustainable solutions company toward 2050.” Last year, we entered a new chapter of our journey as we set out to realize this vision. We position sustainability at the core of management and business. Through our unique solutions business, which leverages the strengths of our tire and rubber business, we will create both social value and customer value while gaining a competitive advantage so that we will evolve into a sustainable company together with society and our stakeholders. In the mobility area in particular, we will promote solutions through our unique platform, Bridgestone T&DPaaS (Bridgestone Tire & Diversified Products as a Solution), and contribute to the evolution of mobility.

In our Mid-Long Term Business Strategy, we will build a unique business model by reinforcing our core tire and rubber business, and leveraging its advantages to expand our solutions business, our growth business. We have drawn up a growth strategy where the value of each business amplifies and continues to spiral up.

Mid-Long Term Business Strategy with Sustainability at its Core

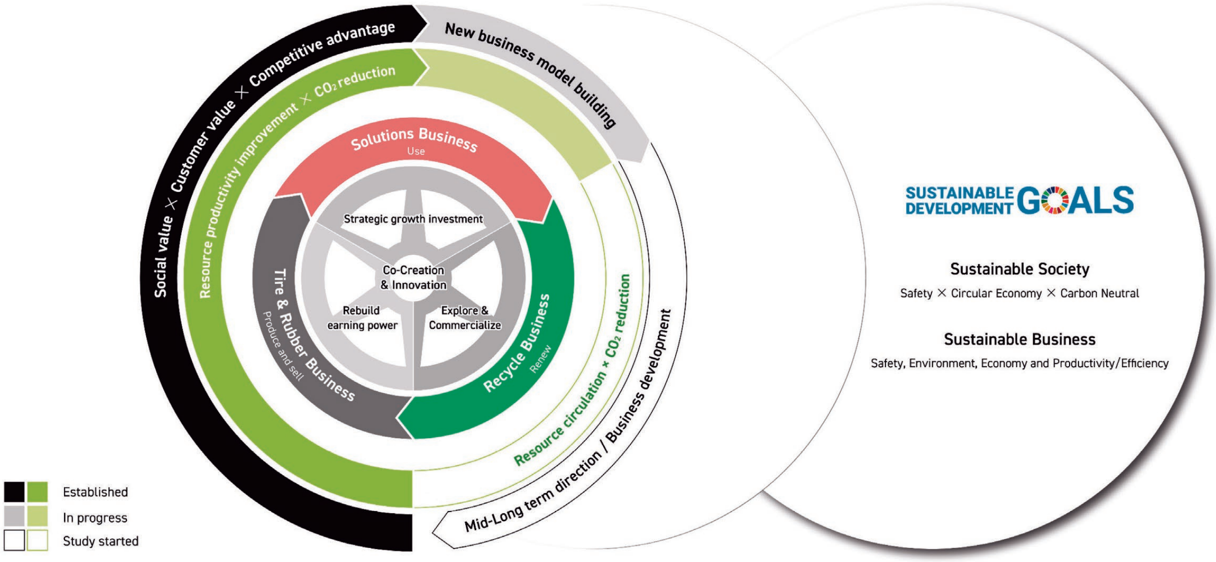
Y2020~Bridgestone 3.0 (The 3rd Foundation)

Build our unique business model



Evolve to solutions business leveraging the strengths and expertise of tire & rubber business

Sustainability Business Framework



In December 2020, the Group announced its "Sustainability Business Framework," which aims to support mobility with safety and peace of mind, and contribute to the realization of a carbon neutral society. Bridgestone has worked to reduce the amount of raw materials used in its core tire and rubber business, through the development of Dan-Totsu products that offer longer life while using fewer resources. In our solutions business, which continues to provide value at the time of product use, we also contribute to product reuse through retreading (Tire to Tire), where we retread and reuse tires. Toward 2030, we will build a recycle business that renews used tires into raw material (Tire to Rubber/Tire to Raw Material) as an exploratory business. We will create a unique Sustainability Business Model that contributes to resource circulation and reduction of CO_2 emissions throughout the value chain, from manufacturing, to customer use, to recycle. This model pursues a win-win-win relationship between society, our customers, and Bridgestone.

We are accelerating our global efforts for environmental causes in particular. In addition to our existing long-term environmental vision toward 2050, we have formulated "Milestone 2030," our new mid-term environmental targets. The Milestone sets forth clear-cut targets to reduce CO_2 emissions by 50% in 2030 compared to those in 2011, and to achieve carbon neutrality by 2050. Furthermore, we aim to increase our ratio of recycled or renewable material to 40% by 2030.

Bridgestone Innovation Park

We are reconstructing our R&D base in Kodaira, Tokyo to establish “Bridgestone Innovation Park,” a hub to create new value through innovation. The first of its facilities is the “Bridgestone Innovation Gallery,” opened in November 2020. This corporate gallery features our history, corporate DNA, business activities, and innovation initiatives. We position it as a place for “interaction with empathy” that will bring together the company, our customers, stakeholders, and society. From 2022, we plan to begin using “B-Innovation,” a new innovation center, and “B-Mobility,” which houses an analysis facility and a test course, for R&D activities.

Bridgestone’s HRX

The Group is promoting its own Human Resource Transformation (HRX) for the optimal use of human resources, which enable the execution of its Mid-Long Term Business Strategy. From January 2021, we have been working to accelerate decision making by overhauling our executive operation structure, transitioning to a new human resource system, and making our structure and organizations simpler and leaner. With our new human resources system, we will clarify our human resource portfolio and requirements, optimize resource allocation and placement, and implement new talent development to reinforce our management structure. Furthermore, we are integrating and reorganizing office sites, and revising our telework systems to support diverse work styles through Work Style Reforms, create added value, and improve productivity.