

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

August 9, 2023

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

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Scheduled date of quarterly securities report submission: August 9, 2023
Scheduled date of dividend payment commencement: September 1, 2023
Supplementary information for the quarterly financial statements to be prepared: Yes
Meeting to explain the quarterly financial statements to be held: Yes

(All amounts are rounded off the nearest million yen)

1. Consolidated Results for the First Half of FY2023 (January 1, 2023 - June 30, 2023)

(1) Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Figures for continuing operations (Note 2)							
	Revenue		Adjusted operating profit (Note 1)		Operating profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Six months ended June 30, 2023	2,101,706	11.4	238,302	15.3	250,620	44.0	183,298	55.9
Six months ended June 30, 2022	1,886,341	24.9	206,631	13.3	173,992	(1.4)	117,599	(10.5)

	Figures including discontinued operations					
	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Yen in millions	%	Yen in millions	%	Yen	Yen
Six months ended June 30, 2023	182,643	96.5	424,963	(2.3)	266.85	266.51
Six months ended June 30, 2022	92,942	(73.6)	435,180	(8.9)	132.70	132.52

- (Notes) 1. The Group utilizes "adjusted operating profit" in place of the previously employed J-GAAP-based operating profit. For details on reconciliations, please refer to page 11, "Reconciliation from adjusted operating profit to profit before tax" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."
2. The Group classified the US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations, thereby deducting such discontinued operations from monetary amounts of the six months ended June 30, 2022 and six months ended June 30, 2023. For details on discontinued operations, please refer to page 15, "Discontinued operations" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Yen in millions	Yen in millions	Yen in millions	%
As of June 30, 2023	5,391,333	3,373,575	3,323,647	61.6
As of December 31, 2022 (Note)	4,962,203	3,012,501	2,965,835	59.8

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

2. Dividends

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

(Note) Changes from the latest forecasts released: No

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

(Percentage figures represent year-on-year changes)

	Figures for continuing operations				Figures including discontinued operations			
	Revenue		Adjusted operating profit		Profit attributable to owners of parent		Basic earnings per share	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
FY2023	4,150,000	1.0	510,000	5.7	335,000	11.6	489.52	

(Note) Changes from the latest forecasts released: No

IAS 12 "Income Taxes" was applied retrospectively, and the year-on-year changes presented are for the comparison with the figures for FY2022 after the retrospective application.

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

- Profit attributable to owners of parent: ¥340,000 million
- Basic earnings per share: ¥496.82

*Notes

(1) Changes in principal subsidiaries during the six months ended June 30, 2023: Yes

(Changes in specified subsidiaries involving change in consolidation scope)

Newly included: None

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

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

1) Changes in accounting policies required by IFRS : Yes

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

3) Changes in accounting estimates : No

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

(3) Number of issued shares (common stock)

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

June 30, 2023 713,698,221 shares

December 31, 2022 713,698,221 shares

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

June 30, 2023 29,083,511 shares

December 31, 2022 29,348,738 shares

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

First Half ended June 30, 2023 684,443,923 shares

First Half ended June 30, 2022 700,372,256 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation

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

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

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

	As of December 31, 2022	As of June 30, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	518,905	609,521
Trade and other receivables	946,608	1,003,005
Inventories	885,305	988,079
Other financial assets	15,107	16,393
Other current assets	118,031	131,973
Subtotal	2,483,956	2,748,972
Assets held for sale	28,694	6,437
Total current assets	2,512,650	2,755,409
Non-current assets		
Property, plant and equipment	1,556,665	1,677,052
Right-of-use assets	301,278	314,871
Goodwill	136,406	150,813
Intangible assets	159,920	178,269
Investments accounted for using equity method	38,894	31,153
Other financial assets	104,509	123,080
Deferred tax assets	82,010	104,103
Other non-current assets	69,871	56,585
Total non-current assets	2,449,553	2,635,924
Total assets	4,962,203	5,391,333

	As of December 31, 2022	As of June 30, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	607,498	528,299
Bonds and borrowings	107,866	276,963
Lease liabilities	56,033	59,143
Income taxes payable	53,780	82,789
Other financial liabilities	34,074	63,426
Provisions	51,615	35,761
Other current liabilities	173,340	197,742
Subtotal	1,084,204	1,244,122
Liabilities directly associated with assets held for sale	1,596	1,813
Total current liabilities	1,085,800	1,245,936
Non-current liabilities		
Bonds and borrowings	345,584	240,495
Lease liabilities	257,684	268,566
Other financial liabilities	18,075	11,783
Retirement benefit liabilities	155,112	159,608
Provisions	37,302	41,604
Deferred tax liabilities	39,053	38,405
Other non-current liabilities	11,092	11,362
Total non-current liabilities	863,901	771,823
Total liabilities	1,949,701	2,017,758
Equity		
Common stock	126,354	126,354
Capital surplus	119,517	120,149
Treasury stock	(136,814)	(135,577)
Other components of equity	358,523	581,578
Retained earnings	2,498,255	2,631,144
Total equity attributable to owners of parent	2,965,835	3,323,647
Non-controlling interests	46,666	49,928
Total equity	3,012,501	3,373,575
Total liabilities and equity	4,962,203	5,391,333

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Six months ended June 30, 2023)

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Continuing operations		
Revenue	1,886,341	2,101,706
Cost of sales	1,154,935	1,292,255
Gross profit	731,405	809,451
Selling, general and administrative expenses	547,171	576,092
Other income	6,926	25,909
Other expenses	17,169	8,648
Operating profit	173,992	250,620
Finance income	11,841	18,637
Finance costs	9,895	23,609
Share of profit (loss) of investments accounted for using equity method	4,227	(1,171)
Profit before tax	180,164	244,477
Income tax expense	59,878	58,171
Profit from continuing operations	120,286	186,306
Discontinued operations		
Profit (loss) from discontinued operations	(24,657)	(655)
Profit	95,629	185,651
Profit attributable to		
Owners of parent	92,942	182,643
Non-controlling interests	2,686	3,008
Profit	95,629	185,651
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	167.91	267.81
Discontinued operations	(35.21)	(0.96)
Total	132.70	266.85
Diluted earnings (loss) per share (Yen)		
Continuing operations	167.67	267.47
Discontinued operations	(35.16)	(0.96)
Total	132.52	266.51

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Six months ended June 30, 2023)

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Profit	95,629	185,651
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(11,587)	8,007
Remeasurements of defined benefit plans	1,193	(7,804)
Share of other comprehensive income of investments accounted for using equity method	23	33
Total of items that will not be reclassified to profit or loss	(10,372)	236
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	338,095	247,233
Effective portion of change in fair value of cash flow hedges	(2,869)	(6,129)
Share of other comprehensive income of investments accounted for using equity method	14,698	(2,028)
Total of items that may be reclassified to profit or loss	349,923	239,076
Other comprehensive income, net of tax	339,552	239,312
Comprehensive income	435,180	424,963
Comprehensive income attributable to		
Owners of parent	427,042	417,916
Non-controlling interests	8,138	7,047
Comprehensive income	435,180	424,963

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended June 30, 2022

	Equity attributable to owners of parent						
	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 change in fair value of financial assets measured through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–
Restated balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	347,421	(3,031)	(11,565)
Total comprehensive income	–	–	–	–	347,421	(3,031)	(11,565)
Purchase of treasury stock	–	–	(38,808)	–	–	–	–
Disposal of treasury stock	–	–	1,059	(171)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	(616)	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	27
Transactions with non-controlling interests and other	–	(2,446)	–	–	–	–	–
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	(3,061)	(37,749)	(171)	–	–	27
Balance at June 30, 2022	126,354	119,065	(75,872)	2,826	392,103	(2,288)	51,899

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2022	–	111,859	2,307,667	2,629,883	45,471	2,675,354
Cumulative effects of changes in accounting policies	–	–	91	91	13	105
Restated balance at January 1, 2022	–	111,859	2,307,758	2,629,974	45,484	2,675,458
Profit	–	–	92,942	92,942	2,686	95,629
Other comprehensive income	1,275	334,100	–	334,100	5,451	339,552
Total comprehensive income	1,275	334,100	92,942	427,042	8,138	435,180
Purchase of treasury stock	–	–	–	(38,808)	–	(38,808)
Disposal of treasury stock	–	(171)	(14)	875	–	875
Dividends	–	–	(59,863)	(59,863)	(3,741)	(63,603)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	(616)	(1,915)	(2,531)
Transfer from other components of equity to retained earnings	(1,275)	(1,248)	1,248	–	–	–
Transactions with non-controlling interests and other	–	–	–	(2,446)	–	(2,446)
Other changes	–	–	–	–	576	576
Total transactions with owners, etc.	(1,275)	(1,419)	(58,628)	(100,858)	(5,079)	(105,937)
Balance at June 30, 2022	–	444,540	2,342,072	2,956,159	48,543	3,004,702

Six months ended June 30, 2023

	Equity attributable to owners of parent							
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity			Net change in fair value of financial assets measured through other comprehensive income
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2023	126,354	119,517	(136,814)	2,673	310,311	2,980	42,558	
Profit	–	–	–	–	–	–	–	
Other comprehensive income	–	–	–	–	241,115	(6,045)	8,040	
Total comprehensive income	–	–	–	–	241,115	(6,045)	8,040	
Purchase of treasury stock	–	–	(7)	–	–	–	–	
Disposal of treasury stock	–	–	1,244	(269)	–	–	–	
Dividends	–	–	–	–	–	–	–	
Changes in ownership interests of owners in subsidiaries under control	–	631	–	–	–	–	–	
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(19,786)	
Other changes	–	–	–	–	–	–	–	
Total transactions with owners, etc.	–	631	1,237	(269)	–	–	(19,786)	
Balance at June 30, 2023	126,354	120,149	(135,577)	2,404	551,426	(3,065)	30,812	

	Equity attributable to owners of parent						
	Other components of equity			Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2023	–	358,523	2,498,255	2,965,835	46,666	3,012,501	
Profit	–	–	182,643	182,643	3,008	185,651	
Other comprehensive income	(7,836)	235,273	–	235,273	4,039	239,312	
Total comprehensive income	(7,836)	235,273	182,643	417,916	7,047	424,963	
Purchase of treasury stock	–	–	(1)	(8)	–	(8)	
Disposal of treasury stock	–	(269)	(111)	864	–	864	
Dividends	–	–	(61,592)	(61,592)	(3,199)	(64,790)	
Changes in ownership interests of owners in subsidiaries under control	–	–	–	631	(631)	–	
Transfer from other components of equity to retained earnings	7,836	(11,949)	11,949	–	–	–	
Other changes	–	–	–	–	45	45	
Total transactions with owners, etc.	7,836	(12,218)	(49,754)	(60,105)	(3,785)	(63,890)	
Balance at June 30, 2023	–	581,578	2,631,144	3,323,647	49,928	3,373,575	

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	180,164	244,477
Profit (loss) before tax from discontinued operations	(26,871)	(581)
Depreciation and amortization	133,990	146,675
Impairment losses	14,010	234
Increase (decrease) in accounts payable - bonuses	(9,200)	(11,300)
Increase (decrease) in retirement benefit liabilities	947	(4,032)
Interest and dividend income	(7,114)	(17,243)
Interest expenses	6,317	9,699
Foreign currency exchange loss (gain)	(9,258)	11,573
Share of loss (profit) of investments accounted for using equity method	(4,227)	1,171
Loss (gain) on sale of fixed assets	(2,665)	(11,283)
Business and plant restructuring income	(1,721)	(6,995)
Business and plant restructuring expenses	2,385	4,893
Loss on retirement of fixed assets	1,007	1,745
Decrease (increase) in trade and other receivables	(42,941)	28,823
Decrease (increase) in inventories	(121,745)	(17,816)
Increase (decrease) in trade and other payables	19,195	(74,504)
Increase (decrease) in consumption tax payables	2,818	6,023
Increase (decrease) in refund liabilities	20,301	16,698
Increase (decrease) in provision for loss on litigation	(2,081)	(8,497)
Other	(27,618)	(64,129)
Subtotal	125,695	255,631
Interest and dividends received	9,331	20,568
Interest paid	(6,357)	(9,338)
Income taxes paid	(33,859)	(30,460)
Net cash provided by (used in) operating activities	94,811	236,401
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(102,462)	(136,945)
Proceeds from sale of property, plant and equipment	5,602	14,926
Payments for purchase of intangible assets	(10,997)	(20,615)
Proceeds from sales of investments in securities	163	25,024
Payments of long-term loans receivable	(20,079)	(14,328)
Collection of loans receivable	10,634	9,345
Other	2,070	(5,933)
Net cash provided by (used in) investing activities	(115,070)	(128,526)

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	7,925	33,589
Proceeds from long-term borrowings	48	21,875
Repayments of long-term borrowings	(50,173)	(15,603)
Redemption of bonds	(40,000)	-
Repayments of lease liabilities	(31,722)	(32,974)
Dividends paid to owners of parent	(59,847)	(61,592)
Dividends paid to non-controlling interests	(3,741)	(3,199)
Other	(52,607)	(3,844)
Net cash provided by (used in) financing activities	(230,117)	(61,747)
Effect of exchange rate changes on cash and cash equivalents	97,492	44,896
Net increase (decrease) in cash and cash equivalents	(152,884)	91,023
Cash and cash equivalents at beginning of period	787,542	518,905
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(14,172)	(407)
Cash and cash equivalents at end of period	620,486	609,521

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

Not applicable

(Changes in accounting policies)

(Application of IAS 12 “Income Taxes”)

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

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

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

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

International Tax Reform—Pillar Two Model Rules

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

(Reconciliation from adjusted operating profit to profit before tax)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Adjusted operating profit (Note 1)	206,631	238,302
Adjustment items (income) (Note 2)	1,929	18,663
Adjustment items (expenses) (Note 5)	34,568	6,344
Operating profit	173,992	250,620
Finance income	11,841	18,637
Finance costs	9,895	23,609
Share of profit (loss) of investments accounted for using equity method	4,227	(1,171)
Profit before tax	180,164	244,477

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

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Insurance claim income	282	778
Business and plant restructuring income	1,613	(Note 3) 6,995
Gain on reversal of impairment losses on fixed assets	35	169
Other income with large amounts related to one time event	–	(Note 4) 10,720
Adjustment items (income)	1,929	18,663

(Note 3) Mainly reversal of impairment losses on fixed assets associated with the reorganization of overseas tire plants and gain on sales of fixed assets, and gain on transfer of interests are recorded.

(Note 4) This was primarily the recording of gains on the sale of land.

(Note 5) The major breakdown of adjustment items (expenses) is as follows:

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Impairment losses	(Note 6) 13,287	234
Cost of sales (loss on disaster)	4,519	963
Other expenses (loss on disaster)	105	102
Business and plant restructuring expenses	1,387	(Note 7) 4,830
Other expense with large amounts related to one time event	(Note 8) 15,269	(Note 9) 216
Adjustment items (expenses)	34,568	6,344

(Note 6) The major breakdown of impairment losses is impairment on assets for the Russian business of ¥13,165 million. Details are presented below in “Impairment of non-financial assets” under Notes to the Condensed Quarterly Consolidated Financial Statements.

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

(Note 8) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the safety inspection (and free repair) of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company.

(Note 9) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the recall in October 2022 of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company, and other factors.

(Impairment of non-financial assets)

Six months ended June 30, 2022

Impairment losses recognized in the six months ended June 30, 2022 of ¥13,496 million is mainly due to the following reasons.

As announced on March 14, 2022, the Company resolved to suspend production in Russia and tire exports to Russia. As a result, the previously estimated revenue from the Russian tire business is not expected to be realized at this time, and accordingly the carrying amount of assets for business use in the Russian tire business was reduced by ¥13,165 million to the recoverable amount. The recoverable amount of the asset was measured by its value in use, which was calculated by discounting future cash flows at a discount rate of 15% or more.

(Selling, general and administrative expenses)

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Freight	125,655	113,431
Advertising and sales promotional expenses	57,878	45,303
Employee benefit expenses	155,983	171,116
Depreciation and amortization	47,822	53,806
Research and development expenses (Note)	53,685	59,256
Others	106,149	133,180
Total	547,171	576,092

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

(Other income and other expenses)

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

(1) Other income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Gain on sale of fixed assets	2,643	(Note 1) 11,283
Business and plant restructuring income	1,613	(Note 2) 6,995
Insurance claim income	282	4,180
Others	2,390	3,452
Total	6,926	25,909

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

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

(2) Other expenses

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Business and plant restructuring expenses	1,387	(Note 1) 4,830
Loss on retirement of fixed assets	965	1,745
Removal and disassembly expense	395	1,217
Impairment losses	(Note 2) 13,287	234
Others	1,135	622
Total	17,169	8,648

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

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

(Finance income and finance costs)

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

(1) Finance income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Interest income (Note)	5,706	16,288
Dividend income (Note)	1,352	926
Foreign currency exchange gain	4,670	–
Others	112	1,423
Total	11,841	18,637

(2) Finance costs

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Interest expenses (Note)	6,148	9,692
Foreign currency exchange loss	–	10,248
Net interest of defined benefit plans	1,423	2,228
Others	2,324	1,441
Total	9,895	23,609

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

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

(Discontinued operations)

(1) US building materials business

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

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

1) Profit or loss from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	(559)	-
Expenses	-	-
Profit (loss) before tax from discontinued operations	(559)	-
Income tax expense (Note)	142	-
Profit (loss) from discontinued operations	(417)	-

(Note) An adjustment of negative ¥559 million on gain on sale relating to the transfer of FSBP due to a change in the sales price is included in the six months ended June 30, 2022. The income tax expense corresponding to that is negative ¥142 million.

2) Cash flow from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	-	-
Net cash provided by (used in) investing activities	-	-
Net cash provided by (used in) financing activities	-	-
Total	-	-

(2) Anti-vibration rubber business

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

The Group has accordingly classified the Business Operations of the Company, Bridgestone APM Company, and Bridgestone Industrial Products (Thailand) Co., Ltd. as discontinued operations as well as Prospira Corporation, Prospira Manufacturing Japan Co., Ltd, Prospira Ntec Japan Co., Ltd, Prospira India Automotive Products Private Limited, Prospira (Thailand) Co., Ltd., Prospira America Corporation and Prospira China Co., Ltd.

1) Profit or loss from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	33,277	2,860
Expenses (Note)	(44,724)	(2,802)
Profit (loss) before tax from discontinued operations	(11,447)	58
Income tax expense	489	(83)
Profit (loss) from discontinued operations	<u>(10,958)</u>	<u>(25)</u>

(Note) Expenses for the six months ended June 30, 2022, include a loss of ¥6,620 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. Expenses for the six months ended June 30, 2023, include a reversal of expenses of ¥27 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

2) Cash flow from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(6,589)	25
Net cash provided by (used in) investing activities	(1,755)	(152)
Net cash provided by (used in) financing activities	(54)	-
Total	<u>(8,398)</u>	<u>(127)</u>

(3) Chemical products solutions business

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

The Company has accordingly classified Business Operations of the Company, Bridgestone Industrial Products (Thailand) Co., Ltd., and Archem Philippines, Inc., as discontinued operations as well as Bridgestone Chemitech Co., Ltd. (BSCT), Bridgestone Diversified Chemical Products Co., Ltd. (BDPC), Archem Inc., Bridgestone APM Foaming Company, Bridgestone Chemical Products Malaysia Sdn. Bhd., Archem (Thailand) Co., Ltd., Bridgestone Electronic Materials (Hong Kong) Ltd. (BEM), Bridgestone (Kaiping) Diversified Products Co., Ltd., Guangzhou Archem Auto Component Co., Ltd., and Archem (Wuhan) Co., Ltd.

1) Profit or loss from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	28,649	889
Expenses (Note)	(43,515)	(1,528)
Profit (loss) before tax from discontinued operations	(14,866)	(640)
Income tax expense	1,583	10
Profit (loss) from discontinued operations	(13,282)	(630)

(Note) Expenses for the six months ended June 30, 2022, include a loss of ¥11,878 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. Expenses for the six months ended June 30, 2023, include a loss of ¥657 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

2) Cash flow from discontinued operations

	Six months ended June 30, 2022	Six months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(3,882)	(239)
Net cash provided by (used in) investing activities	(3,459)	(333)
Net cash provided by (used in) financing activities	(352)	-
Total	(7,692)	(572)

(Subsequent events)

Not applicable