

Note:

This English translation of the Notice of the 103rd 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 1, 2022

Notice of the 103rd Annual Shareholders' Meeting

Dear Shareholders,

We are pleased to inform you that Bridgestone Corporation's 103rd Annual Shareholders' Meeting will be held as described in this letter.

Very truly yours,

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

The 103rd Annual Shareholders' Meeting


1. Date and time: Wednesday, March 23, 2022, 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 103rd Fiscal Year (January 1, 2021 through December 31, 2021) and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements
 2. Financial Statements for the 103rd Fiscal Year (January 1, 2021 through December 31, 2021)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	
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.	Mail 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.	The Internet 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
Wednesday, March 23, 2022 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 Tuesday, March 22, 2022.	Your vote will be accepted until 5:30 p.m. on Tuesday, March 22, 2022.

Please refer to the next 

*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”

Scanning the QR Code for “Smart Exercise”

You can access the Website for exercising voting rights without entering your Exercise of Voting Rights Code or Password.

- 1 Please scan the QR Code printed on the bottom-right corner of your Exercise of Voting Rights form.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- 2 Follow the instructions on the screen to exercise your voting rights.

You may exercise your voting rights using “Smart Exercise” only once.
If you would like to change your votes after exercising your voting rights, please access the Website for exercising voting rights and log in using your Exercise of Voting Rights Code and Password, then exercise your voting rights again.

Entering the Exercise of Voting Rights Code and Password

[Website for exercising voting rights]

<https://www.web54.net>

- 1 Please access the Website for exercising voting rights.
- 2 Enter the “Exercise of Voting Rights Code” printed on your Exercise of Voting Rights form.
- 3 Enter the “Password” printed on the Exercise of Voting Rights form.
- 4 Follow the instructions on the screen to exercise your voting rights.

System Requirements

- 1 Depending on the Internet access environment of your PC, mobile phone or smartphone, the service you subscribed, or the models you use, you may not be able to use “Smart Exercise” or the Website 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 103rd Annual Shareholders' Meeting are provided to the shareholders by posting relevant information on the Company's Website in accordance with the relevant provisions of the laws and regulations and the Articles of Incorporation.

- "Primary Operations," "Major Business Locations," "Employees," "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 Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements.

Important Matters and Requests:

1. How to exercise voting rights

- (1) If you attend the meeting in person, please submit your Exercise of Voting Rights forms to the receptionist. Please also bring this Notice of the 103rd Annual Shareholders' Meeting to the venue on the day of the meeting.
- (2) 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 via the Internet or otherwise by 5:30 p.m. on Tuesday, March 22, 2022. If you exercise your voting rights via the Internet, please refer to "Exercise of Voting Rights via the Internet," described on page 3.

2. Preventing the spread of COVID-19

(1) Attending the meeting in person

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 7 of the Japanese version).

(2) Restriction on admission to the venue

In order to prevent the spread of COVID-19 and keep our shareholders safe, we ask that our shareholders take their seats in order, while maintaining adequate distancing to the front, back, left, and right inside the venue. Please note that if there are too many attendees to maintain such distancing, we may refuse admission in order to keep our shareholders safe.

3. Revisions to the Reference to Exercise of Voting Rights, Etc.

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 Website (<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 59,862,695,595 yen (eighty-five (85) yen per share) be disbursed.

Accordingly, the fiscal year's total dividend, including the interim dividend, would be one hundred and seventy (170) 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 24, 2022.

[Reference] Dividends

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	50.00	—	60.00	110.00
Fiscal 2021	—	85.00	—	85.00	170.00
Fiscal 2022 (Projection)	—	85.00	—	85.00	170.00

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

In accordance with the “Act Partially Amending the Companies Act” (Act No. 70 of 2019), a system for electronic provision of materials for general shareholders’ meetings (this refers hereinafter to legally mandated Reference to Exercise of Voting Rights, etc.) will be introduced from the date six months after the date of enforcement of the act (scheduled on March 1, 2023). Accordingly, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16, Paragraph 1 stipulates that the Company shall take measures to provide materials for general shareholders’ meetings in an electronic format. Accordingly, the materials for general shareholders’ meetings to be held on and after March 1, 2023 would no longer be provided by sending the paper copy by mail, as in the past, but by posting the materials on the Company’s website, etc. to be viewed by shareholders.
- (2) The purpose of the proposed Article 16, Paragraph 2 is to stipulate responses to shareholders who wish to receive the paper copy of the materials for general shareholders’ meetings after the introduction of the system for electronic provision. It has previously been permitted to provide certain materials for general shareholders’ meetings in an electronic format by laws and regulations, and we have done so in previous years. Due to recent amendments to the Companies Act, as a general rule we provide all materials for general shareholders’ meetings electronically. However, we provide the paper copy if requested by a shareholder. In that case, the purpose of the Paragraph 2 is to stipulate that the method of providing certain materials for general shareholders’ meetings in an electronic format shall continue within the range permitted by laws and regulations, as was done previously.
- (3) After establishing the proposed Article 16, the provision of “Internet Disclosure and Deemed Provision of Reference Materials, Etc. for General Shareholders’ Meetings” (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, additional rules related to the effective date, etc. shall be established.

Before the amendment	After the amendment
<p>Article 1-Article 15 (Text omitted)</p> <p><u>Article 16 (Internet Disclosure and Deemed Provision of Reference Materials, Etc. for General Shareholders’ Meetings)</u> <u>The Company may deem information pertaining to matters that should be registered or disclosed in general meeting of shareholder reference materials, business reports, financial statements or consolidated financial statements regarding the convocation of a general meeting of shareholders as having been provided to shareholders by making disclosures using the Internet in accordance with the provisions stipulated by ordinance of the Ministry of Justice.</u></p> <p>(Article 16 Newly established)</p> <p>Article 17-Article 36 (Text omitted)</p>	<p>Article 1-Article 15 (Unchanged)</p> <p>(Article 16 Deleted)</p> <p><u>Article 16 (Electronic Provision of Materials for General Shareholders’ Meetings)</u> <u>1. The Company shall, when convening a general shareholders’ meeting, take measures to provide information contained in the Reference to Exercise of Voting Rights, etc. in an electronic format.</u> <u>2. Among the matters to be provided through electronic provision measures, the Company may choose to omit all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p>Article 17-Article 36 (Unchanged)</p>

Before the amendment	After the amendment
<p style="text-align: center;">Additional Rule</p> <p>Article 1 (Text omitted)</p> <p>(Article 2 Newly established)</p>	<p style="text-align: center;">Additional Rule</p> <p>Article 1 (Unchanged)</p> <p>Article 2 (<u>Transitional Measures Regarding Electronic Provision of Materials for General Shareholders' Meetings</u>)</p> <p><u>1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Materials, Etc. for General Shareholders' Meetings) of the Articles of Incorporation before the amendment and the establishment of Article 16 (Electronic Provision of Materials for General Shareholders' Meetings) of the Articles of Incorporation after the amendment shall come into effect on the date of enforcement stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Effective Date").</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, if a general shareholders' meeting is held within six months from the Effective Date, Article 16 of the Articles of Incorporation before the amendment shall remain in force, and Article 16 of the Articles of Incorporation after the amendment shall not be applied, with respect to the meeting.</u></p> <p><u>3. These additional rules shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general shareholders' meeting set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3 Election

of Twelve (12) Members of the Board

The term of office of all the twelve (12) 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 17) 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% (16 of 16)	
2	Masahiro Higashi	Renomination		Member of the Board, Global COO and Representative Executive Officer	100% (11 of 11)	
3	Scott Trevor Davis	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Board of Directors, Member of the Nominating Committee, Member of the Compensation Committee	94% (15 of 16)	Nominating Committee: 100% (19 of 19) Compensation Committee: 100% (14 of 14)
4	Yuri Okina	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Compensation Committee, Member of the Nominating Committee	100% (16 of 16)	Nominating Committee: 100% (19 of 19) Compensation Committee: 100% (14 of 14)
5	Kenichi Masuda	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Nominating Committee, Member of the Compensation Committee	100% (16 of 16)	Nominating Committee: 100% (19 of 19) Compensation Committee: 100% (14 of 14)
6	Kenzo Yamamoto	Renomination	Outside Director, Independent Director	Member of the Board, Chairperson of the Audit Committee	100% (16 of 16)	Audit Committee: 100% (18 of 18)
7	Keikou Terui	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (16 of 16)	Audit Committee: 100% (18 of 18)
8	Seiichi Sasa	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (16 of 16)	Audit Committee: 100% (18 of 18)
9	Yojiro Shiba	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (16 of 16)	Audit Committee: 100% (18 of 18)
10	Yoko Suzuki	Renomination	Outside Director, Independent Director	Member of the Board, Member of the Audit Committee	100% (16 of 16)	Audit Committee: 100% (18 of 18)
11	Hideo Hara	Renomination		Member of the Board, Member of the Audit Committee (full-time)	100% (16 of 16)	Audit Committee: 100% (18 of 18)
12	Tsuyoshi Yoshimi	Renomination		Member of the Board, Member of the Audit Committee (full-time)	100% (16 of 16)	Audit Committee: 100% (18 of 18)



Note: Mr. Masahiro Higashi was newly elected as a Member of the Board at the 102nd Annual Shareholders' Meeting held on March 26, 2021, 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



No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
1	 <p data-bbox="331 495 517 546">Shuichi Ishibashi (January 19, 1954)</p> <div data-bbox="304 573 544 607" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <ul data-bbox="248 629 584 797" style="list-style-type: none"> • The term of office as Member of the Board: 2 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 15,900 	<p data-bbox="635 349 1439 651"> 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 Member of the Board, Global CEO and Representative Executive Officer to Present </p>
<p data-bbox="236 801 1027 831">(Reason for nomination as Member of the Board and overview of expected roles)</p> <p data-bbox="236 831 1439 1043"> Since Mr. Shuichi Ishibashi joined the Company, he has been engaged in such fields as the tire business in the Americas and Japan, chemical and industrial products and 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 formulated the Mid Term Business Plan and 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. </p>		
2	 <p data-bbox="331 1305 517 1357">Masahiro Higashi (February 11, 1961)</p> <div data-bbox="304 1384 544 1417" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <ul data-bbox="248 1440 584 1608" style="list-style-type: none"> • 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: 12,400 	<p data-bbox="635 1160 1439 1485"> 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 Global COO and Representative Executive Officer, Global CAO March 2021 Member of the Board, Global COO and Representative Executive Officer, Global CAO September 2021 Member of the Board, Global COO and Representative Executive Officer to Present </p> <p data-bbox="635 1518 1439 1603"> (Important concurrent positions) Chairman and Representative Board Member, Bridgestone Tire Solution Japan Co., Ltd. </p>
<p data-bbox="236 1635 1027 1664">(Reason for nomination as Member of the Board and overview of expected roles)</p> <p data-bbox="236 1664 1439 1877"> Since Mr. Masahiro Higashi joined the Company, he has been engaged in such fields as the tire business in the Americas and Thailand, chemical and industrial products and diversified products business, advanced business planning, and solutions business. Since his appointment as Global COO and Representative Executive Officer in 2020, he has steadily promoted the management of BSJP and reforms on financial and human resource strategies. From 2021, as the global sustainability strategy leader, he has also promoted execution of business affairs based on the Mid-Long Term Business Strategy and Mid Term Business Plan. The Company has determined that Mr. Masahiro Higashi 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. </p>		

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
3	 <p data-bbox="325 461 528 517">Scott Trevor Davis (December 26, 1960)</p> <div data-bbox="304 544 544 573" style="border: 1px solid black; text-align: center; padding: 2px;">Renomination</div> <div data-bbox="304 595 544 624" style="border: 1px solid black; text-align: center; padding: 2px;">Outside Director</div> <div data-bbox="304 647 544 676" style="border: 1px solid black; text-align: center; padding: 2px;">Independent Director</div> <ul data-bbox="248 696 600 947" style="list-style-type: none"> • The term of office as Member of the Board: 11 years • Attendance at the Board of Directors for the year: 94% 15 of 16 (Attended all meetings after appointment as the Chairperson of the Board of Directors) • Number of shares owned: 1,000 	<p data-bbox="635 320 1422 376">April 1990 Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training)</p> <p data-bbox="635 376 1382 432">April 2001 Professor, Department of International Economics, Reitaku University</p> <p data-bbox="635 432 1426 488">April 2006 to Present Professor, Department of Global Business, College of Business, Rikkyo University</p> <p data-bbox="635 488 1342 544">March 2011 to Present Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 544 1358 600">July 2020 to Present Director, Board of Directors, Fujitsu-JAIMS Foundation</p> <p data-bbox="635 600 1442 678">(Important concurrent positions) Professor, Department of Global Business, College of Business, Rikkyo University Outside Director, Sampo Holdings, Inc.</p>
<p data-bbox="240 947 1011 976">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="240 976 1442 1196">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 Board of Directors and as Chairperson of the Governance Committee, as well as participating in active deliberations as a member of the Nominating Committee and a member of the Compensation Committee. In view of these experience, insights and achievements, Mr. Scott Trevor Davis is expected to continue to fulfill these roles, and the Company has determined that he would appropriately execute the duties of an Outside Director.</p>		
4	 <p data-bbox="336 1453 512 1509">Yuri Okina (March 25, 1960)</p> <div data-bbox="304 1536 544 1565" style="border: 1px solid black; text-align: center; padding: 2px;">Renomination</div> <div data-bbox="304 1588 544 1617" style="border: 1px solid black; text-align: center; padding: 2px;">Outside Director</div> <div data-bbox="304 1639 544 1668" style="border: 1px solid black; text-align: center; padding: 2px;">Independent Director</div> <ul data-bbox="248 1688 600 1861" style="list-style-type: none"> • The term of office as Member of the Board: 8 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 0 	<p data-bbox="635 1285 1016 1314">April 1984 Joined Bank of Japan</p> <p data-bbox="635 1314 1246 1344">April 1992 Joined The Japan Research Institute, Limited</p> <p data-bbox="635 1344 1430 1400">May 2003 Director of Industrial Revitalization Commission, Industrial Revitalization Corporation of Japan (part-time position)</p> <p data-bbox="635 1400 1230 1429">October 2005 Council Member, Science Council of Japan</p> <p data-bbox="635 1429 1366 1485">June 2006 Research Director, Chief Economist, The Japan Research Institute, Limited</p> <p data-bbox="635 1485 1182 1514">April 2010 Visiting Professor, Waseda University</p> <p data-bbox="635 1514 1342 1570">March 2014 to Present Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 1570 1398 1626">June 2014 Vice Chairman of the Institute, The Japan Research Institute, Limited</p> <p data-bbox="635 1626 1158 1659">September 2014 Invited Professor, Keio University</p> <p data-bbox="635 1659 1366 1715">April 2018 to Present Chairperson of the Institute, The Japan Research Institute, Limited</p> <p data-bbox="635 1715 1283 1805">(Important concurrent positions) Chairperson of the Institute, The Japan Research Institute, Limited Outside Director, Marubeni Corporation</p>
<p data-bbox="240 1861 1011 1890">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="240 1890 1442 2049">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. In view of these experience, insights and achievements, Ms. Yuri Okina is expected to continue to fulfill these roles, and the Company has determined that she qualifies for Outside Director.</p>		

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
5	 <p data-bbox="331 465 517 517">Kenichi Masuda (January 11, 1963)</p> <div data-bbox="304 544 544 573" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 595 544 624" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 647 544 676" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 696 596 864" style="list-style-type: none"> • The term of office as Member of the Board: 6 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 0 	<p data-bbox="635 297 1070 349">April 1988 to Present Lawyer, Admitted in Japan</p> <p data-bbox="635 353 1118 405">September 1993 to Present Lawyer, Admitted in New York</p> <p data-bbox="635 439 1426 490">January 1997 to Present Partner, Anderson Mori (Japanese law firm: currently Anderson Mori & Tomotsune)</p> <p data-bbox="635 495 1406 546">April 2010 Adjunct Lecturer, Graduate Schools for Law and Politics, The University of Tokyo</p> <p data-bbox="635 551 1318 580">March 2011 Outside Corporate Auditor, Bridgestone Corporation</p> <p data-bbox="635 584 1339 636">March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 640 1418 692">April 2019 to Present Visiting Professor, Graduate Schools for Law and Politics, The University of Tokyo</p> <p data-bbox="635 696 1401 792">(Important concurrent positions) Partner, Anderson Mori & Tomotsune Outside Audit & Supervisory Board Member, Mercuria Holdings Co., Ltd. Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.</p>
<p data-bbox="236 871 1011 900">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="236 904 1437 1115">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 playing a leading role in enhancing deliberations, etc. as Chairperson of the Nominating Committee and Chairperson of the Compliance Committee, and participating in active deliberations as a member of the Compensation Committee. In view of these experience, insights and achievements, Mr. Kenichi Masuda is expected to continue to fulfill these roles, and the Company has determined that he would appropriately execute the duties of an Outside Director.</p>		
6	 <p data-bbox="331 1373 517 1424">Kenzo Yamamoto (January 21, 1954)</p> <div data-bbox="304 1451 544 1480" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 1503 544 1532" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 1554 544 1583" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 1603 596 1771" style="list-style-type: none"> • The term of office as Member of the Board: 6 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 2,300 	<p data-bbox="635 1149 1015 1178">April 1976 Joined Bank of Japan</p> <p data-bbox="635 1182 1422 1234">December 2003 General Manager for the Americas and Chief Representative in New York, Bank of Japan</p> <p data-bbox="635 1238 1433 1290">July 2005 Director-General, Payment and Settlement Systems Department, Bank of Japan</p> <p data-bbox="635 1294 1378 1346">July 2006 Director-General, Financial System and Bank Examination Department, Bank of Japan</p> <p data-bbox="635 1350 1142 1379">May 2008 Executive Director, Bank of Japan</p> <p data-bbox="635 1384 1418 1413">June 2012 Chairman, NTT Data Institute of Management Consulting, Inc.</p> <p data-bbox="635 1417 1426 1469">August 2013 Board Member, Quality Control Oversight Board, The Japanese Institute of Certified Public Accountants</p> <p data-bbox="635 1473 1433 1525">July 2014 Committee Member, Risk Committee, Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="635 1529 1339 1581">March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 1585 1158 1615">June 2018 to Present Representative, Office KY Initiative</p> <p data-bbox="635 1619 1334 1671">February 2019 to Present Director, TOMIYAMA CULTURAL FOUNDATION</p> <p data-bbox="635 1675 1418 1727">July 2020 to Present Committee Member, Disciplinary Committee, Japan Securities Dealers Association</p> <p data-bbox="635 1731 1270 1827">(Important concurrent positions) Representative, Office of Financial and Economic Initiative Outside Director, SUMITOMO LIFE INSURANCE COMPANY Outside Director, JAPAN POST BANK Co., Ltd.</p>
<p data-bbox="236 1919 1011 1948">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="236 1953 1390 2074">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. In view of these experience, insights and achievements, Mr. Kenzo Yamamoto is expected to continue to fulfill these roles, and the Company has determined that he qualifies for Outside Director.</p>		

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
7	 <p data-bbox="349 461 499 517">Keikou Terui (July 27, 1953)</p> <div data-bbox="304 544 544 573" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 593 544 622" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 642 544 672" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 696 596 864" style="list-style-type: none"> • The term of office as Member of the Board: 6 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 5,700 	<p data-bbox="635 237 1442 925"> 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 </p>
<p data-bbox="236 958 1011 981">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="236 987 1442 1144">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. In view of these experience, insights and achievements, Mr. Keikou Terui is expected to continue to fulfill these roles, and the Company has determined that he would appropriately execute the duties of an Outside Director.</p>		
8	 <p data-bbox="328 1402 520 1458">Seiichi Sasa (October 12, 1953)</p> <div data-bbox="304 1485 544 1514" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 1534 544 1563" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 1583 544 1612" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 1637 596 1805" style="list-style-type: none"> • The term of office as Member of the Board: 6 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 5,100 	<p data-bbox="635 1234 1442 1671"> 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) </p>
<p data-bbox="236 1809 1011 1832">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="236 1839 1442 2020">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. In view of these experience, insights and achievements, Mr. Seiichi Sasa is expected to continue to fulfill these roles, and the Company has determined that he would appropriately execute the duties of an Outside Director.</p>		

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
9	 <p data-bbox="341 461 507 517">Yojiro Shiba (August 7, 1950)</p> <div data-bbox="304 544 544 573" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 593 544 622" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 642 544 672" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 696 596 864" style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 0 	<p data-bbox="635 237 1430 293">April 1974 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p data-bbox="635 295 1278 324">March 2003 Managing Executive Officer, Mizuho Bank, Ltd.</p> <p data-bbox="635 327 1219 356">May 2005 Executive Officer, Oriental Land Co., Ltd.</p> <p data-bbox="635 358 1430 414">June 2007 Executive Director and Senior Executive Officer, Oriental Land Co., Ltd.</p> <p data-bbox="635 416 1410 472">April 2009 Representative Director and Executive Vice President Officer, Oriental Land Co., Ltd.</p> <p data-bbox="635 474 1126 504">June 2013 External Director, AMUSE INC.</p> <p data-bbox="635 506 1230 535">June 2015 Director and Vice Chairman, AMUSE INC.</p> <p data-bbox="635 537 1198 566">June 2017 Director, Vice Chairman, AMUSE INC.</p> <p data-bbox="635 568 1342 624">March 2018 Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 627 1326 656">April 2019 Representative Director and President, AMUSE INC.</p> <p data-bbox="635 658 1230 687">June 2019 Director and Vice Chairman, AMUSE INC.</p> <p data-bbox="635 689 1110 719">June 2020 Special Adviser, AMUSE INC.</p> <p data-bbox="635 721 1286 750">June 2021 Outside Director, NIPPON EXPRESS CO., LTD.</p> <p data-bbox="635 752 1366 808">January 2022 Outside Director, NIPPON EXPRESS HOLDINGS, INC.</p> <p data-bbox="635 810 1198 840">to Present (Important concurrent positions) Outside Director, NIPPON EXPRESS HOLDINGS, INC.</p> <p data-bbox="240 869 1011 898">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="240 900 1430 1055">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. In view of these experience, insights and achievements, Mr. Yojiro Shiba is expected to continue to fulfill these roles, and the Company has determined that he qualifies for Outside Director.</p>
10	 <p data-bbox="320 1312 528 1368">Yoko Suzuki (September 21, 1970)</p> <div data-bbox="304 1395 544 1424" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="304 1444 544 1473" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="304 1494 544 1523" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="248 1547 584 1715" style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 2,200 	<p data-bbox="635 1117 1070 1173">April 1998 Lawyer, Admitted in Japan</p> <p data-bbox="635 1176 1134 1232">to Present April 1998 Joined Takagi Godo Law Office–</p> <p data-bbox="635 1234 1126 1290">November 2002 Partner, Suzuki Sogo Law Office</p> <p data-bbox="635 1292 1430 1348">to Present January 2008 Director, International IC Association of Japan</p> <p data-bbox="635 1350 1430 1406">April 2015 Auditor, The Research Institute of Economy, Trade and Industry</p> <p data-bbox="635 1408 1342 1464">to Present March 2018 Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 1467 1334 1523">June 2018 Auditor, Hitotsubashi University Collaboration Center</p> <p data-bbox="635 1525 1158 1581">to Present September 2021 Auditor, National Archives of Japan</p> <p data-bbox="635 1583 1366 1671">to Present (Important concurrent positions) Partner of Suzuki Sogo Law Office Outside Director, Nippon Pigment Company Limited External Audit & Supervisory Board Member, MARUI GROUP CO., LTD.</p> <p data-bbox="240 1749 1011 1778">(Reason for nomination as Outside Director and overview of expected roles)</p> <p data-bbox="240 1780 1445 1904">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. In view of these experience, insights and achievements, Ms. Yoko Suzuki is expected to continue to fulfill these roles, and the Company has determined that she would appropriately execute the duties of an Outside Director.</p>

No.	Name (Date of birth)	Brief personal history, position, assignment and important concurrent positions
11	 <p>Hideo Hara (December 13, 1951)</p> <p style="border: 1px solid black; padding: 2px; display: inline-block;">Renomination</p> <ul style="list-style-type: none"> • The term of office as Member of the Board: 2 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 7,700 	<p>April 1977 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)</p> <p>January 2001 Seconded to Bridgestone/Firestone Inc. (currently Bridgestone Americas, Inc.) (The United States)</p> <p>March 2006 Vice President and Officer Seconded to Bridgestone Americas Holding, Inc. (currently Bridgestone Americas, Inc.) (The United States)</p> <p>October 2006 Vice President and Officer, Responsible for Original Equipment Tire Sales; Concurrently responsible for Motorsport</p> <p>March 2010 Seconded to Bridgestone Americas, Inc. (The United States)</p> <p>March 2015 Fellow (responsible for technology public relations), Bridgestone Corporation</p> <p>March 2020 to Present Member of the Board</p>
<p>(Reason for nomination as Member of the Board and overview of expected roles) 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. In view of these experience, insights and achievements, Mr. Hideo Hara is expected to continue to fulfill these roles, and the Company has determined that he qualifies for Member of the Board.</p>		
12	 <p>Tsuyoshi Yoshimi (May 26, 1964)</p> <p style="border: 1px solid black; padding: 2px; display: inline-block;">Renomination</p> <ul style="list-style-type: none"> • The term of office as Member of the Board: 3 years • Attendance at the Board of Directors for the year: 100% 16 of 16 • Number of shares owned: 2,200 	<p>April 1988 Joined Bridgestone Corporation</p> <p>January 2010 Seconded to Bridgestone Asia Pacific Pte. Ltd. (Singapore)</p> <p>September 2012 Seconded to Bridgestone (China) Investment Co., Ltd. (Shanghai)</p> <p>October 2013 Director, Finance Division</p> <p>March 2017 Vice President and Officer, Auditing</p> <p>March 2019 to Present Member of the Board</p>
<p>(Reason for nomination as Member of the Board and overview of expected roles) 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. In view of these experience, insights and achievements, Mr. Tsuyoshi Yoshimi is expected to continue to fulfill these roles, and the Company has determined that he qualifies for Member of the Board.</p>		

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. Seichi 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 17), 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. Seichi

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 25 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. The Company has entered into a directors and officers liability insurance agreement provided for in Paragraph 1 of Article 430-3 of the Companies Act with an insurance company, insuring Members of the Board, Executive Officers, and Vice President and Senior Officers to cover any liability or dispute resolution costs that may result from claims for damages related to the performance of their duties. However, certain exclusions apply, including for damages arising from actions taken with the knowledge that they violate laws or regulations. The insurance premiums are fully borne by the Company. If this proposal is approved as originally proposed and any candidates are appointed as Members of the Board, the Company plans to insure them under the insurance agreement. The Company plans to renew the insurance agreement in the future.

8. 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)

[Fundamental Policy on the Structure of the Board of Directors and the Roles Particularly Expected of Members of the Board]

Guided by the mission of “Serving Society with Superior Quality” of the Bridgestone Essence, we have put forth a vision of “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.”

To achieve this, we have positioned sustainability at the core of management and formulated a Mid-Long Term Business Strategy for gaining a competitive advantage by creating both social value and customer value, engaging in management led by this strategy.

The Company has created an overall-balanced Board of Directors whose human resource portfolio encompasses diverse perspectives in order to supervise the appropriate execution of the Company’s Mid-Long Term Business Strategy as it seeks to increase corporate value.

Name	Executive Officers/ Non-executive Directors/ Outside and Independent Directors	Member of the Board Term of Office	Nominating Committee	Audit Committee	Compensation Committee	Sustainability	Capital, Personnel, and Organizational Strategy	Global Experience	Technology and Innovation	Finance and Accounting	Legal Affairs and Risk Management	Management Experience at Other Companies
Shuichi Ishibashi	Representative Executive Officer	2 years				○	○	○				
Masahiro Higashi	Representative Executive Officer	1 year				○	○	○				
Hideo Hara	Member of the Board Internal and Non-executive Director	2 years		○		○		○				
Tsuyoshi Yoshimi	Member of the Board Internal and Non-executive Director	3 years		○			○		○	○		
Yuri Okina	Outside Director, Independent Director	8 years	○		○	○	○			○		
Seiichi Sasa	Outside Director, Independent Director	6 years		○		○				○	○	
Yojiro Shiba	Outside Director, Independent Director	4 years		○			○	○				○
Yoko Suzuki	Outside Director, Independent Director	4 years		○		○	○				○	
Scott Trevor Davis	Outside Director, Independent Director	11 years	○		○	○	○	○				
Keikou Terui	Outside Director, Independent Director	6 years		○		○			○		○	
Kenichi Masuda	Outside Director, Independent Director	6 years	○		○		○	○			○	
Kenzo Yamamoto	Outside Director, Independent Director	6 years		○				○			○	○

* Terms of office are current as of March 23, 2022

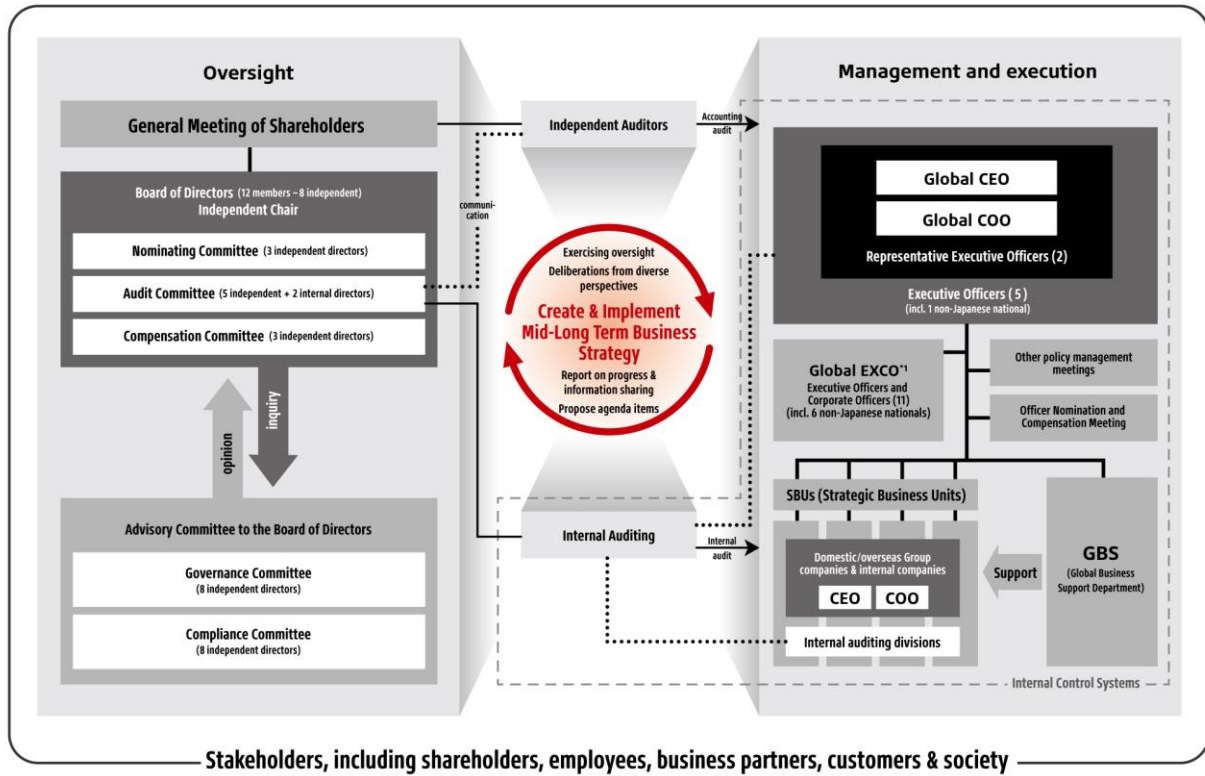
* Outside and Independent Directors are listed in Japanese alphabetical order

* Committee membership reflects committee appointments planned for March 23, 2022

* ○ symbols indicate up to top three priority fields in which each Member of the Board is expected to make the greatest contributions.

(Reference)

«Corporate Governance Structure»



*1 Global EXCO: Global Executive Committee

As of February, 2022

(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 amount⁵ 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 position⁷ for the Outside Director.
8. Has a close relative⁸ 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 person⁹).
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.

2021

Business Report for the 103rd Fiscal Period

Bridgestone Corporation

Note:

This English translation of the Business Report for the 103rd Fiscal Period is for convenience only. If there are any differences between this translation and the Japanese original, the Japanese original supersedes this translation.

INDEX

MESSAGE TO SHAREHOLDERS.....	3
BUSINESS REPORT	5
I. CURRENT STATUS OF THE BRIDGESTONE GROUP.....	5
1. Business Developments and Results of Operations.....	5
2. Capital Investment.....	8
3. Financing.....	8
4. Management Tasks	9
5. Assets and Operating Results	11
6. Status of Organizational Restructuring, etc.	13
7. Major Subsidiaries.....	13
8. Major Business Locations	16
9. Employees.....	16
II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2021	17
1. Total Number of Shares Authorized to Be Issued:	17
2. Total Number of Shares Issued and Outstanding:	17
3. Number of Shareholders:	17
4. Major Shareholders	17
III. STOCK ACQUISITION RIGHTS OF BRIDGESTONE CORPORATION.....	18
1. Status of Stock Acquisition Rights as of the Period-End	18
IV. MATTERS RELATED TO THE DIRECTORS OF THE COMPANY.....	20
1. Names, etc. of the Members of the Board.....	20
2. Names, etc. of the Executive Officers	22
3. Remuneration of Members of the Board and Executive Officers for the Current Period	23
4. Matters Related to the Outside Directors.....	31
V. MATTERS RELATED TO THE INDEPENDENT AUDITORS	33
1. Name of Independent Auditor	33
2. Independent Auditor's Compensation for the Current Period	33
3. Policy for Determination of Dismissal or Non-reappointment of the Independent Auditor	33
VI. SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS (INTERNAL CONTROL	
SYSTEMS).....	34
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	39
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	41
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	42
Notes to Consolidated Financial Statements.....	43
CONSOLIDATED STATEMENT OF CASH FLOW (FOR REFERENCE)	62
NON-CONSOLIDATED BALANCE SHEET	65
NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS	67
NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	68
Notes to Non-consolidated Financial Statements	69
INDEPENDENT AUDITOR'S REPORT	78
AUDIT COMMITTEE'S AUDIT REPORT	84
TOPICS.....	4, 86

Message to Shareholders

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

We celebrated our 90th anniversary in 2021. Since its establishment in 1931, the Group has responded to changes in society and continued to support the safe and secure mobility and lifestyles of individuals in each era. Following the second foundation in 1988, when the Company merged with the Firestone, the Group considers 2020 as the beginning of its “Third Foundation” Bridgestone 3.0. Since then, we have positioned sustainability at the core of management and business, set forth our vision: “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company,” and have taken steps toward that goal. The COVID-19 pandemic has greatly impacted the global economy and each of our lives, accelerating changes in society. While continuing to manage this ongoing crisis, we will focus on “execution” and “delivering results” in line with our Mid Term Business Plan (2021-2023) and steadily rebuild earning power and make strategic growth investments to transform to “strong” Bridgestone.

In 2022, we are launching our corporate commitment, “Bridgestone E8 Commitment.” This will serve as the axis to drive management while earning the trust of future generations, as Bridgestone accelerates transformation toward its 100th anniversary. The “Bridgestone E8 Commitment” will become the vectors guiding this transformation. The Group will confront and overcome various challenges and obstacles, such as the pursuit of both social and customer value, and the pursuit of sustainability and corporate growth, and continue advancing. We hope to earn the empathy of many stakeholders such as society, our partners and customers toward this “Bridgestone E8 Commitment” so that we may work together to create value and support a sustainable society.

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

February 2022

Shuichi Ishibashi

Member of the Board

Global CEO and Representative Executive Officer

(Attachment to the Notice of the 103rd Annual Shareholders' Meeting)

TOPICS

Bridgestone E8 Commitment

Energy	Committed to the realization of a carbon neutral mobility society.
Ecology	Committed to advancing sustainable tire technologies and solutions that preserve the environment for future generations.
Efficiency	Committed to maximizing productivity through the advancement of mobility.
Extension	Committed to nonstop mobility and innovation that keeps people and the world moving ahead.
Economy	Committed to maximizing the economic value of mobility and business operations.
Emotion	Committed to inspiring excitement and spreading joy to the world of mobility.
Ease	Committed to bringing comfort and peace of mind to mobility life.
Empowerment	Committed to contributing to a society that ensures accessibility and dignity for all.

In 2022, the Group established the “Bridgestone E8 Commitment,” its corporate commitment for the “Third Foundation” Bridgestone 3.0. We are committed to creating 8 Bridgestone-like values starting with the letter “E” (Energy, Ecology, Efficiency, Extension, Economy, Emotion, Ease, and Empowerment) in a Bridgestone-like manner, together with employees, society, our partners and customers to realize a sustainable society. These include the realization of a carbon neutral mobility society, sustainable tire technologies and solutions, and inspiring mobility experiences.

The Group believes that future generations of children have entrusted the Earth in our care.

Considering this commitment as the “axis to drive management while earning the trust of future generations,” we will accelerate transformation to drive our evolution to a “sustainable solutions company”, as set out in our vision.

Business Report

(January 1, 2021 through December 31, 2021)

I. CURRENT STATUS OF THE BRIDGESTONE GROUP

1. Business Developments and Results of Operations

Under the mission of “Serving Society with Superior Quality” of the Bridgestone Essence, the Bridgestone Group (the “Group”) announced its Mid Term Business Plan (2021-2023), which is currently underway, with the aim of realizing its vision: “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company,” in February 2021.

In the operating environment surrounding the Group, the global economy headed for recovery as countries around the world started to balance COVID-19 countermeasures and economic activities, as well as made major progress in vaccinations. Global tire demand for new vehicles was impacted by reduced vehicle production caused by semiconductor shortage from the third quarter. However, demand for tires for replacement market remained robust thanks to a vigorous used vehicle market supported by the shortage of new vehicles in addition to economic activities rebounding in various countries. On the cost front, natural rubber and crude oil prices remained high in line with the recovery of the global economy since 2020, while costs including ocean freight unit prices, energy costs, and labor costs have continued to soar, putting downward pressure on the profitability of the Group. Furthermore, in North America, the tight supply of tires due to labor shortages across the market hampered the robust demand for tires for replacement market, and suppliers struggled to fulfill orders.

In this environment, the Group accelerated initiatives to improve profitability pivoting on expense and cost structure reforms and strengthening its premium business strategy, aimed at rebuilding earning power. The Group leveraged its strength in the global production system to flexibly manage supply and agilely responded to rising demand for tires for replacement market. This led to expanded sales.

As a result, the Group’s consolidated revenue for the fiscal year 2021 was ¥3,246.1 billion (up 20% year on year), adjusted operating profit was ¥394.3 billion (up 90% year on year), operating profit was ¥376.8 billion (up 503% year on year), profit before tax was ¥377.6 billion (compared to profit of ¥27.4 billion for the previous fiscal year), and the Group recorded profit attributable to owners of parent of ¥394.0 billion (compared to a loss of ¥23.3 billion for the previous fiscal year).

The Group is promoting business portfolio and manufacturing footprint restructuring as part of the rebuilding of earning power. In the current period, we carried out restructuring from a mid- to long-term perspective in all of our businesses, including tires, chemical and industrial products and diversified products, and internal manufacturing, starting with the announcement of the sale of our building products operations in the U.S. in January.

Note The revenue, adjusted operating profit, operating profit, and profit before tax for fiscal year 2020 have been reclassified to show the respective amounts from continuing operations, excluding the discontinued operations. For details, please refer to Notes 6 through 8 of “5. Assets and Operating Results.”

(1) Developments and results by business segment

During fiscal year 2021, tire demand for new vehicles was adversely affected by reduced vehicle production caused by semiconductor shortage. However, demand for tires for replacement market remained robust thanks to a vigorous used vehicle market in addition to economic activities rebounding in various countries. Results of each segment for fiscal year 2021 are as follows:

[Japan]

The unit sales of tires for passenger cars and light trucks trended favorably, surpassing the unit sales in fiscal year 2020. The unit sales of tires for trucks and buses substantially exceeded the unit sales in fiscal year 2020. As a result, revenue in the segment during fiscal year 2021 was

¥873.0 billion (up 12% year on year), while adjusted operating profit was ¥117.0 billion (up 29% year on year).

[Americas]

In North America, the unit sales of tires for passenger cars and light trucks trended favorably, surpassing the unit sales in fiscal year 2020. The unit sales of tires for trucks and buses substantially exceeded the unit sales in fiscal year 2020. As a result, revenue in the segment during fiscal year 2021 was ¥1,454.6 billion (up 25% year on year), while adjusted operating profit was ¥190.6 billion (up 74% year on year).

[Europe, Russia, Middle East, India and Africa]

In Europe, the unit sales of tires for passenger cars and light trucks trended favorably, surpassing the unit sales in fiscal year 2020. The unit sales of tires for trucks and buses substantially exceeded the unit sales in fiscal year 2020. As a result, revenue in the segment during fiscal year 2021 was ¥693.9 billion (up 26% year on year), while adjusted operating profit was ¥42.1 billion (compared to a loss of ¥20.9 billion in fiscal year 2020).

[China, Asia-Pacific]

The unit sales of tires for passenger cars and light trucks trended favorably, surpassing the unit sales in fiscal year 2020. The unit sales of tires for trucks and buses substantially exceeded the unit sales in fiscal year 2020. As a result, revenue in the segment during fiscal year 2021 was ¥386.9 billion (up 20% year on year), while adjusted operating profit was ¥42.0 billion (up 68% year on year).

Note Effective from fiscal year 2021, the Group has changed its organizational structure in order to better assess each segment based on ROIC, which serves as a new KPI adopted from the perspective of portfolio management. The Group has accordingly changed its segment classifications with respect to its specialty tire business, aircraft tire business, certain aspects of its chemical and industrial products business, sporting goods business, and bicycles business. The specialty tire business, aircraft tire business, and certain aspects of the chemical and industrial products business, have been integrated into the “Japan” segment, after having previously been classified according to the location of each subsidiary, associate, etc. into the respective “Japan,” “Americas,” “Europe, Russia, Middle East, India and Africa,” and “China, Asia-Pacific” segments. The sporting goods business and bicycles business have been shifted to the “Japan” segment from the “Other” segment. For the same reasons, we have changed our approach to calculating segment profit and loss, excluding export earnings from inter-SBU transactions in standard tires, and have also changed our approach to allocating head office administrative expenses. In line with these changes, the revenue and adjusted operating profit for fiscal year 2020 have been reclassified based on the revised segment classifications.

Name of segment	Primary businesses
Japan	Tire business Solutions business Diversified products business [Chemical and industrial products, sporting goods, bicycles, etc.]
Americas	Tire business Solutions business Diversified products business [Air springs]
Europe, Russia, Middle East, India and Africa	Tire business Solutions business
China, Asia-Pacific	Tire business Solutions business
Others	Diversified products business [Others]

Notes 1. The tire business mainly comprises tires and tubes for passenger cars, trucks, buses, construction and off-the-road mining vehicles, industrial and agricultural machinery, aircraft, motorcycles, and scooters, as well as tire-related products, automotive maintenance and repair services, raw materials for tires, and other products.

2. The solutions business utilizes tires and tire-related and mobility-related data to provide high added value and new value.

(2) Research and development (R&D)

As steps toward realizing the vision of the Group, we are further reinforcing our core tire business, and leveraging its strength to expand our solutions business, which is our growth business, on a global scale. We are also developing our exploratory businesses, including the recycle business that recovers and reuses tires as raw material and the guayule business that seeks to diversify sources of natural rubber. In addition to strengthening each of them, we sustainably reinvest value generated from each business throughout the value chain and aim for amplifying value. These initiatives are all based on technology innovation. 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 tire business, we have developed “ENLITEN,” an innovative tire technology optimized for use on electric vehicles (EVs). ENLITEN contributes to reduce CO₂ emissions and improve resource productivity through less resource utilization and increased fuel efficiency, improve safety and peace of mind through enhanced driving performance, and also increase driving range in electric vehicles. Tires with ENLITEN technology have already been adopted in electric vehicles and other vehicles of major new vehicle manufacturers in Japan and overseas, and we have delivered them to emerging manufacturers as well. We will also work on co-creating value with new partners.

A tire is made of the components casings and belts. We are driving the development of commonality and modularity technology which simplifies case-belt combination by having common combination between different products and differentiates ourselves by customizing the tread performance based on each customer’s conditions of use.. We call these development initiatives commonality and modularity technology. We will work to maximize customer value while reducing the environmental footprint throughout our value chain, including streamlining our development and manufacturing processes.

In our solutions business, a growth business, we are developing and expanding mobility solutions centered on Webfleet Solutions, a digital fleet solutions provider in Europe. In September 2021, we completed the acquisition of Azuga Holdings Inc. in the U.S. We will scale up our mobility solutions development through collaboration with them. In mining solutions, we have combined “Bridgestone MasterCore,” the Dan-Totsu product for off-the-road tires for mining vehicles, with digital tools for monitoring vehicles and tires, as part of our efforts to develop mining solutions that optimize mining operations.

As an initiative to achieve sustainable and stable supply and improvement of productivity of natural rubber, we have developed an optimization system for Para rubber tree plantation that utilizes big data through the academic advice from the Institute of Statistical Mathematics at Research Organization of information and systems in Japan, aiming for contribution to the realization of higher yield at rubber farms. We are working on stably increasing the productivity of natural rubber without expanding the plantation area. Furthermore, to diversify our sources of natural rubber, we are also working to achieve practical use of natural rubber derived from the guayule plant, which can be grown in dry regions. We have succeeded in developing a technology to efficiently and stably increase guayule seedlings from high-quality seeds through joint research with Kirin Holdings Company, Limited. We are continuing co-creation with various partners to develop technologies and business models to achieve practical use.

In order to promote Digital Transformation (DX), which is critical for the development of tires, solutions, and technology that combine “real” and “digital,” we are also training and hiring digital talent, including data scientists who can analyze and develop advanced AI and algorithms. We established the “Bridgestone × Tohoku University Co-creation Lab” on the Tohoku University campus as we strive to expand cooperation with external entities in the digital field.

The Group has been participating in an international space exploration mission together with the Japan Aerospace Exploration Agency (JAXA) and Toyota Motor Corporation that tackles the harsh

surface of the moon, following the dream of humanity. In line with this initiative, the Group is developing tires for the manned moon rover “LUNAR CRUISER.”

In order to promote these technology innovations, we have redeveloped our R&D base in Kodaira, Tokyo, to build “Bridgestone Innovation Park,” a global innovation hub. In December 2021, we completed construction of the innovation center “B-Innovation,” which materializes ideas through co-creation with external partners, as well as the mini-test course “B-Mobility,” where engineers can experience their technologies come to life. We are planning to hold opening ceremonies for these facilities in the first half of 2022, and will expand activities that will lead to interaction with empathy and eventually co-creation with as more partners as possible.

With Bridgestone Innovation Park at the core, the Group’s innovation sites “Digital Garage” in Europe and “Mobility Lab” in the U.S. will collaborate drawing on their respective strengths to accelerate innovation.

2. Capital Investment

When considering capital investment, the Group carries out investment activities while limiting investees to a selected few with an eye towards maximizing return on capital investment. 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 by making investments toward increased productivity at existing plants, and making investments such as building our IT infrastructure. Furthermore, we continued to invest in solution networks as a strategic growth investment and in the construction of the technological innovation center Bridgestone Innovation Park, a project ongoing since the previous fiscal year. As a result, capital investment totaled ¥262.0 billion.

On a per-segment basis, the Group’s capital investment consisted of: Japan: ¥56.9 billion; the Americas: ¥102.2 billion; Europe, Russia, the Middle East, India, and Africa: ¥43.4 billion; China, Asia-Pacific: ¥20.1 billion; Other: ¥39.3 billion.

3. Financing

The Group continues to diversify its funding sources and to secure long-term financing. To that end, in fiscal year 2021, the Group raised funds using various methods, including long-term loans of ¥26.5 billion.

At the end of fiscal year 2021, total interest-bearing debt (see note below) was ¥811.1 billion, a decrease of ¥195.1 billion compared to the end of fiscal year 2020 mainly due to ¥220.3 billion in repayments of short-term debt.

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

4. Management Tasks

Changes are accelerating in the surrounding business environment in a wide range of areas, including international relations, politics, economy, environmental issues, and technological innovation. Specifically, the ongoing COVID-19 pandemic since 2020 continues to have a tremendous impact on our economies and lives worldwide. The world is paying more attention to climate change countermeasures as well. These trends are driving the mobility industry to developments in CASE and MaaS, as seen in the accelerating shift to electric vehicles. Profits in the mobility industry as a whole had trended downward as it adjusted to structural changes led by diversifying players in the industry, which also caused the structure of the tire industry to change. While the industry went on a recovery track in 2021, changes are accelerating in the business environment. Survival depends on strength and the ability to adapt to change.

Against this backdrop, the Group is pressing ahead with transforming to a “strong Bridgestone,” capable of adapting to changes in the environment, in line with our Mid Term Business Plan (2021-2023). We are working on this based on three axes. First, we will reflect on the period from 2015 to 2019 when profits were on a declining trend, and “tackle past negative legacies without delay” Second, we will promptly respond to changes in the business environment and “focus on execution and delivering results”. Third, with 2030 as our milestone, we will “lay foundation for the future growth.” To promote this transformation, we have chosen return on invested capital (ROIC) as our critical management index, and are also strengthening portfolio management.

In order to tackle our past negative legacies, we are addressing the Group’s declining profits and working on rebuilding our earning power. In the medium and long-term timespan, we are steadily restructuring manufacturing footprints and the business portfolio in all of our business domains, including the tire business, diversified products business, and internal manufacturing business. This helps reduce fixed costs and promote expense and cost structure reformation.

We are tackling current issues by promoting “Flexible Agile Management,” a method of supply chain management that maximizes supply and sales opportunities by promptly responding to changes in the business environment and tire demand at the global level. In addition, we have been promoting sales expansion of high value-added products such as passenger car high-rim diameter (HRD) tires, our new premium tires with the innovative tire technology “ENLITEN,” which realizes both environmental and driving performance, and “Bridgestone MasterCore” off-the-road tires for mining vehicles. This is part of our relentless efforts to strengthen our premium business strategy and improve the quality of business.

We will also strategically make investments for growth aimed at mid-long term growth, laying foundation for the future. In our core business, we will rebuild our manufacturing footprints and supply system in the mid-long term and work on the expansion of ENLITEN. While we are strengthening the development of ENLITEN as an innovative tire technology optimized for EVs, we will expand its value to products and business models as ENLITEN business strategy going forward. The ENLITEN business strategy will be developed as our new premium strategy for EV era to simultaneously create value that can sometimes be contradictory, such as reducing environmental footprint while achieving business growth, and customizing tire performance for individual customers while streamlining the entire value chain from manufacturing to sales and optimizing costs. We will work on growth businesses by continuing strategic growth investments in various regions with an eye to offering our solutions globally. We will conduct M&As to enhance mobility solutions and reinforce retail service business based on the Group’s global retail network in a bid to expand the solutions business.

In order to ensure global optimization of these measures and investments, the Group has put in place a foundation for financial strategies through efforts such as establishing a new global controller function. The global controller function will assist with prompt decision-making while strictly examining invested capital and associated returns from individual investment activities, and rigorously monitor the progress after decisions have been made to flexibly propose improvements as appropriate.

We have also launched exploratory businesses in domains where the Group's strengths and core competencies can be leveraged. We will start exploring recycle, soft-robotics, and guayule businesses, and continue searching technologies and business models toward commercialization based on co-creation. By doing so, we will continue to support the mobility and movement of people and objects.

We also continue to promote Bridgestone's Human Resource Transformation (HRX) as human resources and organizational structure to support the execution of Mid Term Business Plan. To enable the optimal allocation and success of diverse talent while maintaining a lean organizational structure, we are strengthening measures such as introducing a job-based employment and a job-matching system where individuals register their skills and experiences so they will be appointed to positions where the assets will be useful.

Regarding sustainability that we place at the core of management and business, we will advance our efforts along the "Bridgestone E8 Commitment". This commitment represents 8 Bridgestone-like values that the Group will commit to creating through Bridgestone-like "purpose" and "process," and will serve as the axis to drive management while earning the trust of future generations. We will seek to create a unique Sustainability Business Model in which our efforts toward achieving carbon neutrality and creating a circular economy synergize with our business model. In 2012, we set a long-term environmental vision toward 2050, and to achieve this vision, we have formulated "Milestone 2030," the mid-term environmental targets for 2030. We are working on the reduction of CO₂ emissions based on the Milestone, which sets forth clear-cut targets to reduce total CO₂ emissions (Scopes 1, 2) (Note) by 50% in 2030 compared to our emissions in 2011, and to achieve carbon neutrality by 2050. In 2021, we made a strong progress toward achieving the CO₂ emissions (Scopes 1, 2) target, seeking further reductions such as by adopting renewable energy. As for the reduction of CO₂ emissions across the value chain (Scope 3) (Note), we will undertake further efforts with the target of contributing to the reduction of CO₂ at least five times the sum of Scope 1 and Scope 2 emissions by 2030 (base year: 2020) through our product and service lifecycles by offering solutions. 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, the Group will continue to create both social and customer value, and gain a competitive advantage, so that we can work with society, our partners, and customers to realize a sustainable society.

Note: Scope 1 refers to CO₂ emitted directly by a company (emissions from boilers at in-house plants, etc.), and Scope 2 refers to indirect emissions from energy sources (CO₂ emissions from energy, such as electric power supplied by other companies and consumed in-house). Scope 3 refers to CO₂ emissions during the stages of procurement of materials, logistics, use by customers, and disposal or recycling in the product lifecycle.

5. Assets and Operating Results

Item *J-GAAP in parentheses	Unit	99th	100th	101st	101st	102nd	103rd
		FY 2017 J-GAAP	FY 2018 J-GAAP	FY 2019 J-GAAP	FY 2019 IFRS	FY2020 IFRS	FY2021 IFRS
Revenue (Net sales)	Yen in millions	3,643,427	3,650,111	3,525,600	3,507,243	2,695,224	3,246,057
Adjusted operating profit	Yen in millions	-	-	-	343,122	207,443	394,340
Profit or loss attributable to owners of parent (Profit or loss attributable to owners of parent)	Yen in millions	288,275	291,642	292,598	240,111	(23,301)	394,037
Basic earnings or loss per share (Net income per share)	Yen	375.67	387.95	404.95	332.31	(33.09)	559.56
Total assets (Total assets)	Yen in millions	3,959,038	3,840,269	3,946,505	4,277,016	4,189,327	4,574,892

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 increase in revenue, adjusted operating profit and profit attributable to owners of parent in fiscal year 2021 are stated in "I. CURRENT STATUS OF THE BRIDGESTONE GROUP, 1. Business Developments and Results of Operations."

5. 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. On March 31, 2021, Firestone Building Products Company, LLC, the Company's subsidiary, was sold to Holcim Participations (US) Inc. Firestone Building Products Company, LLC has thus been categorized as discontinued operations. Accordingly, the amounts of revenue and adjusted operating profit for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.

7. On December 10, 2021, the Company decided to newly establish a wholly owned subsidiary through an absorption-type company split which will succeed the Company's anti-vibration rubber business, and after transferring all ownership of the Group's anti-vibration rubber business to the wholly owned subsidiary, it will sell all shares of stock in the wholly owned subsidiary to Anhui Zhongding Holding (Group) Co., Ltd. The anti-vibration rubber business has thus been categorized as discontinued operations. Accordingly, the amounts of

revenue and adjusted operating profit for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.

8. On December 10, 2021, the Company decided to newly establish a wholly owned subsidiary through an absorption-type company split which will succeed the Company's chemical products solutions business, and after transferring all ownership of the Group's chemical products solutions business to the wholly owned subsidiary, it will sell all shares of stock in the wholly owned subsidiary to Endeavour United II Investment Business Limited Partnership, which is organized, managed, and operated by an investment fund Endeavour United Co., Ltd. The chemical products solutions business has thus been categorized as discontinued operations. Accordingly, the amounts of revenue and adjusted operating profit for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.

6. Status of Organizational Restructuring, etc.

On March 31, 2021, Bridgestone Americas, Inc., a U.S. subsidiary of the Company, sold its subsidiary, Firestone Building Products Company, LLC, to Holcim Participations (US) Inc., a U.S. subsidiary of LafargeHolcim Ltd, a Swiss building materials manufacturer.

On December 10, 2021, the Company decided to newly establish a wholly owned subsidiary through an absorption-type company split which will succeed the Company's anti-vibration rubber business, and after transferring all ownership of the Group's anti-vibration rubber business to the wholly owned subsidiary, it will sell all shares of stock in the wholly owned subsidiary to Anhui Zhongding Holding (Group) Co., Ltd. This transaction is expected to close by the end of July 2022, subject to regulatory approvals and other customary closing conditions.

On December 10, 2021, the Company decided to newly establish a wholly owned subsidiary through an absorption-type company split which will succeed the Company's chemical products solutions business, and after transferring all ownership of the Group's chemical products solutions business to the wholly owned subsidiary, it will sell all shares of stock in the wholly owned subsidiary to Endeavour United II Investment Business Limited Partnership, which is organized, managed, and operated by Endeavour United Co., Ltd. This transaction is expected to close by the end of August 2022, subject to regulatory approvals and other customary closing conditions.

7. 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, sale of tires, and development and deployment of solutions business
Bridgestone Retail Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 300	(100.0%) 100.0%	Sale of tires and automotive parts
Bridgestone Diversified Products Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 400	100.0%	Sale of and work on industrial rubber products and building materials
Bridgestone Sports Co., Ltd.	Chuo-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

Company	Location	Capital	Ownership	Primary operations
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
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
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

Company	Location	Capital	Ownership	Primary operations
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

Note 1. Figures in parentheses in the "Ownership" column represent the percentage of indirect ownership.

8. 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 "7. Major Subsidiaries."

9. Employees

Business segments	Number of employees	Increase (decrease) from the previous period-end
Japan	34,960	22
Americas	49,803	(641)
Europe, Russia, Middle East, India and Africa	21,090	(647)
China, Asia-Pacific	18,416	(782)
Other	8,117	(371)
Company-wide (common)	3,250	19
Total	135,636	(2,400)

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

- The number of employees in the Japan segment includes the number of employees at tire plants in Japan that produce tires for other segments.
- Effective from fiscal year 2021, the Group has changed its organizational structure in order to better assess each segment based on ROIC, which serves as a new KPI adopted from the perspective of portfolio management. The Group has accordingly changed its segment classifications with respect to its specialty tire business, aircraft tire business, certain aspects of its chemical and industrial products business, sporting goods business, and bicycles business. The specialty tire business, aircraft tire business, and certain aspects of the chemical and industrial products business, have been integrated into the "Japan" segment, after having previously been classified according to the location of each subsidiary, associate, etc. into the respective "Japan," "Americas," "Europe, Russia, Middle East, India and Africa," and "China, Asia-Pacific" segments. The sporting goods business and bicycles business have been shifted to the "Japan" segment from the "Other" segment. In line with these changes, the increase (decrease) from the previous period-end has been calculated based on the number of employees according to the revised segment classifications.

II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2021

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:** 103,218 shareholders
4. **Major Shareholders**

Name of shareholders	Number of shares owned (in thousands)	Percentage owned
The Master Trust Bank of Japan, Ltd. (Trust account)	93,176	13.23%
Ishibashi Foundation	76,693	10.89%
Custody Bank of Japan, Ltd. (Trust account)	30,766	4.37%
Hiroshi Ishibashi	21,000	2.98%
SMBC Nikko Securities Inc.	17,685	2.51%
Nagasaka Corporation	16,325	2.32%
Nippon Life Insurance Company	13,218	1.88%
Japan Securities Finance Co., Ltd.	11,122	1.58%
STATE STREET BANK WEST CLIENT-TREATY 505234	9,978	1.42%
SSBTC CLIENT OMNIBUS ACCOUNT	9,881	1.40%

Note: Shares held by trust banks include shares owned in the trustees' capacity.

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)	4,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	40 units 2 persons
The 8th Stock Acquisition Rights (Mar. 30, 2010)	5,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	50 units 2 persons
The 9th Stock Acquisition Rights (Mar. 29, 2011)	5,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	50 units 2 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	6,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	60 units 2 persons
The 11th Stock Acquisition Rights (Mar. 26, 2013)	9,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	90 units 2 persons
The 12th Stock Acquisition Rights (Mar. 25, 2014)	7,500 common stocks	¥3,153 (Note)	¥1	May 1, 2014, to Apr. 30, 2034	75 units 3 persons
The 13th Stock Acquisition Rights (Mar. 24, 2015)	5,800 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	58 units 2 persons
The 14th Stock Acquisition Rights (Apr. 21, 2016)	10,300 common stocks	¥2,884 (Note)	¥1	May 7, 2016, to May 6, 2036	103 units 2 persons
The 15th Stock Acquisition Rights Plan A (Apr. 27, 2017)	17,200 common stocks	¥3,577 (Note)	¥1	May 13, 2017, to May 12, 2037	172 units 4 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
Shuichi Ishibashi	Member of the Board	—
Masahiro Higashi	Member of the Board	—
Scott Trevor Davis	Member of the Board (Outside Director) Chairperson of the Board of Directors Member of the Nominating Committee Member of the Compensation Committee	Professor, College of Business, Rikkyo University Outside Director of Sampo 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) Chairperson of the Nominating Committee Member of the Compensation Committee	Lawyer (Partner of Anderson Mori & Tomotsune) Outside Audit & Supervisory Board Member of Mercuria Holdings 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)
Yojiro Shiba	Member of the Board (Outside Director) Member of the Audit Committee	Outside Director of NIPPON EXPRESS CO., LTD.
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.

Name	Position and assignment	Important concurrent positions
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, 2021.

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 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 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, 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 25 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.
9. The Company has entered into a directors and officers liability insurance agreement provided for in Paragraph 1 of Article 430-3 of the Companies Act with an insurance company, insuring Members of the Board, Executive Officers, and Vice President-Senior Officers to cover any liability or dispute resolution costs that may result from claims for damages related to the performance of their duties. However, certain exclusions apply, including for damages arising from actions taken with the knowledge that they violate laws or regulations. The insurance premiums are fully borne by the Company.
10. NIPPON EXPRESS CO., LTD., at which Member of the Board Mr. Yojiro Shiba holds a concurrent position, became a wholly owned subsidiary of NIPPON EXPRESS HOLDINGS, INC., which was newly established on January 4, 2022. Accordingly, Mr. Shiba resigned as Outside Director of NIPPON EXPRESS CO., LTD. and took office as Outside Director of NIPPON EXPRESS HOLDINGS, INC., on the same date.

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 BSJP CEO Responsible for BSJP; Concurrently responsible for BSJP Tire Solutions Business and BSJP COO Chairman and Representative Board Member of Bridgestone Tire Solution Japan Co., Ltd.
Paolo Ferrari	Executive Vice President and Executive Officer	Global CSO Responsible for BSAM BSAM Member of the Board, CEO and President
Masato Banno	Senior Vice President and Executive Officer	Responsible for Technology, Quality Management Global CTO

Notes 1. Positions, assignments and important concurrent positions, etc. are as of December 31, 2021.

2. Of the Executive Officers, Mr. Shuichi Ishibashi and Mr. Masahiro Higashi concurrently serve as Members of the Board.

3. Vice President and Senior Officer, Global CFO Mr. Masuo Yoshimatsu has been appointed Senior Vice President and Executive Officer, Global CFO on January 1, 2022.

4. Meanings of abbreviations

CSO: Chief Business Solutions Officer

CTO: Chief Technology Officer

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

(1) Total amount of remuneration, total amount of each type 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)	Total amount of each type of remuneration (Yen in millions)			Number of recipients (in persons)
		Fixed remuneration	Performance-based remuneration		
			Bonuses	Stock compensation	
Members of the Board	267	267	—	—	14
(of which Outside Directors)	139	139	—	—	8
Executive Officers	595	139	241	215	4

- Notes
- The figures above include remuneration paid to two Members of the Board who resigned during fiscal year 2021.
 - 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.
 - Fixed remuneration and bonuses are fully paid in cash. The Performance Share Unit (“PSU”) Plan, shown as stock compensation under performance-based remuneration, is a plan in which 50% is paid by the delivery of the Company’s shares and 50% is paid in cash in accordance with business performance (those retiring before the planned period ends are paid fully in cash).
 - The stock compensation under performance-based remuneration in the above table includes the amount expensed for each fiscal year of the PSU plan up to fiscal year 2021 (excluding the portion disclosed in prior years).

(2) Remuneration composition

Item		Description
Fixed remuneration	Base remuneration	<ul style="list-style-type: none"> Monthly cash remuneration determined based on responsibilities and job description
	Additional allowance for Members of the Board with concurrent duties	<ul style="list-style-type: none"> Monthly cash remuneration for executive officers who serve concurrently as Members of the Board based on their role and responsibilities
	Additional allowance for the chairpersons	<ul style="list-style-type: none"> Monthly cash remuneration for an outside director based on their role and responsibilities as chairperson of the Board of Directors
	Additional allowance for committee chairs	<ul style="list-style-type: none"> Monthly cash remuneration for an outside director based on their role and responsibilities as chairperson of a committee
Variable remuneration (Performance-based bonus)	Performance-based bonus (Groupwide)	<ul style="list-style-type: none"> Cash remuneration paid after ending the fiscal year
	Type A (Determined by quantitative evaluation)	<ul style="list-style-type: none"> With consolidated adjusted operating profit used as an indicator, payment amounts are determined according to the degree to which targets are achieved. 80% of Groupwide performance-based bonus When the Compensation Committee sets remuneration for each position at 100% (the standard amount), the actual payout may range from 0% to 150% of the standard amount, depending on business performance.
	Type B (Determined by qualitative evaluation)	<ul style="list-style-type: none"> Remuneration reflecting the degree of contribution to improving corporate value, including Companywide performance and value from a mid-term perspective, as discussed and decided by the Compensation Committee 20% of Groupwide performance-based bonus When the Compensation Committee sets remuneration for each position at 100% (the standard amount), the actual payout may range from 80% to 120% of the standard amount, depending on business performance.
	Performance-based bonus (area of responsibility) (Determined by qualitative evaluation)	<ul style="list-style-type: none"> Cash remuneration paid after ending the fiscal year Payment amount is determined according to the degree of achievement within recipient's area of responsibility. When the Compensation Committee sets remuneration for each position at 100% (the standard amount), the actual payout may range from 80% to 130% of the standard amount, depending on business performance in the recipient's area of responsibility.
Performance-based stock compensation	PSUs	<ul style="list-style-type: none"> Remuneration provided for motivation to contribute toward achievement of mid-term performance targets and the improvement of corporate value, in addition to morale and shared value with shareholders Stock-based compensation according to business results over a three-year period With consolidated ROIC and consolidated ROE used as indicators, the number of shares given is determined based on the degree to which targets are reached. Remuneration is split 50-50 between monetary payment and shares at time of delivery, with consideration given to income tax amounts borne by the recipient.

(3) Calculation method and evaluation results of performance-based remuneration

i. Reasons for selecting performance indicators

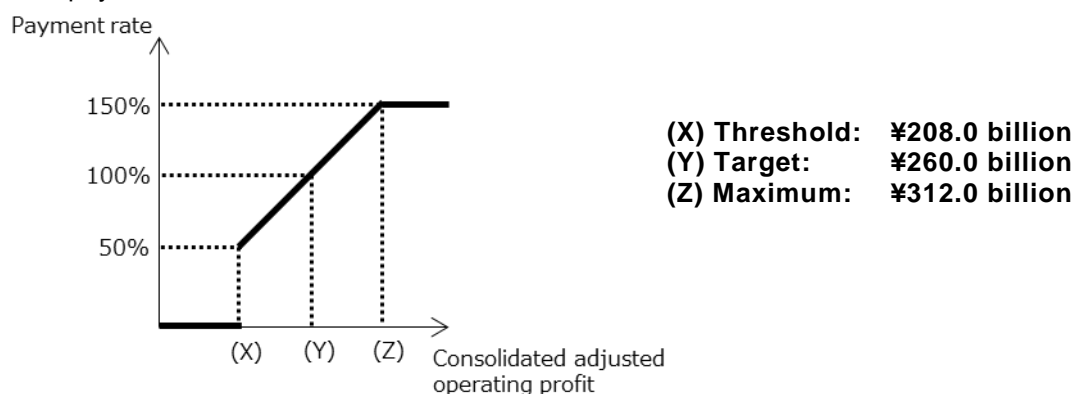
After discussions and deliberations among the Compensation Committee, it was decided that an appropriate director incentive program would include a Groupwide performance-based bonus, with consolidated adjusted operating profit used as an indicator of short-term performance for fiscal year 2021, in addition to performance-based stock compensation. Beginning with the PSU for fiscal year 2021 (the “2021 Plan”), a combination of consolidated ROE and consolidated ROIC, both of which are performance indicators that comprise the numerical targets for the Mid-Term Business Plan, serve as indicators for performance-based stock compensation. These indicators were chosen for their ability to assess business strategy and compensation incentives, for their continuity as an indicator, and for ease of explanation to stakeholders.

ii. Type A Groupwide performance-based bonus

a. Calculation method

$$\boxed{\text{Type A payment amount}} = \boxed{\text{Standard amount by position}} \times \boxed{\text{Payment rate}^{(*)}}$$

* The payment rate is calculated as follows:



b. Evaluation results (the target and result for the performance measuring period from January 1, 2021 to December 31, 2021)

Performance indicator for fiscal year 2021	Target (*)	Results	Payment rate
Amount of consolidated adjusted operating profit	¥260.0 billion	¥394.3 billion	150.0%

* The target is set in the amount of the full-year profit forecast announced publicly in February 2021.

iii. The PSU

(i) Outline of the PSU

The PSU is a performance-based stock compensation plan for executive officers of the Company (“officers eligible for the grant”) under which the Company presets numerical targets of the Company’s performance, etc. (“Performance Indicators”) for a certain period (“Performance Measuring Period”) and delivers the Company’s shares and cash depending on the target achievement rate at the end of the performance measuring period. The Performance Measuring Period of the 2021 Plan is from the fiscal year ended December 31, 2021 to the fiscal year ending December 31, 2023, and the Company’s shares and cash will be delivered after this Performance Measuring Period.

(ii) Calculation method (the 2021 Plan)

The individual number of shares to be delivered and the individual amount to be paid to each of the officers eligible for the grant is calculated based on the following formulas.

- (a) Individual number of shares to be delivered (any number of shares less than 100 shares is rounded up to 100 shares)

$$\text{Standard number of shares by position} \times 50\% \times \text{Payment rate}^{(*1)}$$

- (b) Individual amount to be paid (any amount less than ¥10,000 is rounded up to ¥10,000)

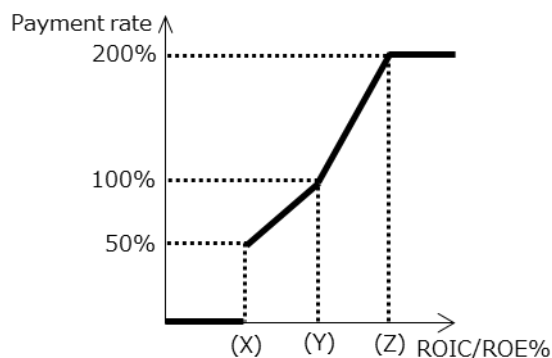
$$\text{Standard number of shares by position} \times 50\% \times \text{Payment rate}^{(*1)} \times \text{Price of Company shares}^{(*2)}$$

*1. Calculation method of payment rate

$$\text{Payment rate A based on consolidated ROIC indicator} \times 0.8 + \text{Payment rate B based on consolidated ROE indicator} \times 0.2$$

<Quantitative performance targets>

	(X) Threshold	(Y) Target	(Z) Maximum
Payment rate A (consolidated ROIC %)	6 (%)	10 (%)	14 (%)
Payment rate B (consolidated ROE %)	8 (%)	12 (%)	16 (%)



*2. Price of Company shares

The average closing price of the Company's shares on the Tokyo Stock Exchange in the month preceding the date of the resolution of the Company's Board of Directors regarding the issuance of new shares or the disposal of treasury stock under the Plan after the end of the Performance Measuring Period

- (c) Performance Measuring Period

From January 1, 2021 to December 31, 2023

- (d) Payment period

The Company will deliver and pay the Company's shares and money equivalent to the individual number of shares to be delivered and the individual amount to be paid calculated using the aforementioned formulas to the officers eligible for the grant in May 2024.

<Performance Measuring Period of the Plan by year>

Plan	2019	2020	2021	2022	2023	2024
2019 Plan	← Performance Measuring Period →			● provision		
2020 Plan		← Performance Measuring Period →			● provision	
2021 Plan			← Performance Measuring Period →			● provision

(iii) Evaluation results (the target and result for the performance measuring period of the 2019 Plan from January 1, 2019 to December 31, 2021)

Performance indicators for the 2019 Plan	Target	Results (*)	Payment rate
Consolidated ROE	12%	8.1%	51.3%
Consolidated operating profit/Consolidated adjusted operating profit	¥423.8 billion	¥314.5 billion	0.0%
Total			41.0%

* The three-year average of the results of each fiscal year

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

The policy for setting remuneration by position and individual remunerations to the Company's Board Members and Executive Officers is determined by the Compensation Committee, composed solely of Independent Outside Directors, by taking into account changes in the business environment and opinions of our shareholders and investors, upon obtaining the information necessary for deliberations from third-party human resources and remuneration consultants who possess abundant global experience and insight.

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

(i) Principles of remuneration

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

(ii) Setting remuneration

The Company sets remuneration for members of the Board of Directors and Executive Officers based on the Company's performance results and business size and it is commensurate with roles and the 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.

- (iii) Remuneration for Members of the Board
- (a) Remuneration for Members of the Board who concurrently serve as Executive Officers comprises fixed remuneration for their Board Member role and remuneration for their Executive Officer role, which includes fixed and variable components.
- (b) Remuneration for Members of the Board who do not concurrently serve as Executive Officers is fixed and comprises base remuneration plus an allowance for the Members of the Board in the position of chairperson or the chair of a committee. The policy is structured to consider the recipient's contributions toward mid- to long-term business performance and the enhancement of corporate value by overseeing the management and operations of the Company without actually being involved in day-to-day operations.

(iv) Remuneration for Executive Officers

Remuneration for Executive Officers comprises fixed and variable components.

(v) Composition ratio of remuneration for Executive Officers (including Members of the Board who concurrently serve as Executive Officers)



Notes 1. The table above represents the composition ratio when performance-based remuneration is within the standard range.

2. The percentages above may not apply when Executive Officers hold concurrent positions as executives of subsidiaries and receive remuneration from those subsidiaries.

ii. Activities of the Compensation Committee

- (i) Roles of the Compensation Committee (matters for consideration, deliberation, and resolution)
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 following items as they pertain to the basic remuneration principles, compensation plans, and remuneration matters in general, and determines the amounts for each position and each individual. 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.

- Policy for setting Board Members' and Executive Officers' remuneration
- Effects of remuneration incentives
- System and level of executive compensation
- Remuneration of executives of major overseas group companies
- Revisions of guidelines regarding executives

(ii) Activities of the Compensation Committee in the period under review

- a. The number of meetings of the Compensation Committee and attendance of members
During the period from January to December 2021, the Compensation Committee held 14 meetings mainly regarding the setting of executive compensation for the period under review, with full attendance for every meeting. In addition, a third-party human resources and remuneration consultant attended the meetings to provide objective and specialized input, as necessary.

- b. Adequacy and appropriateness of individual remuneration for Members of the Board and Executive Officers for the period under review

Individual remunerations for Members of the Board and Executive Officers for the period under review are set by the Compensation Committee, composed solely of Independent Outside Directors, by carrying out multifaceted discussions including consistency of remunerations with the policy for setting remunerations based on objective and specialized information necessary for deliberations, as described in paragraph a. above. Therefore, the Committee has determined that the individual remunerations for Members of the Board and Executive Officers for the period under review are in line with the policy and adequate.

(5) Special Award payments to Executive Officers of the Company (detailed in a timely disclosure release dated January 28, 2022)

The Compensation Committee has held discussions on the ideal compensation system for management in order to realize our Mid-Long Term Business Strategy and Mid Term Business Plan announced in February 2021. Over the past two years starting in 2020, COVID-19 has dramatically changed the business climate unexpectedly and within a short period of time. We appreciate the fact that we are steadily implementing various measures faster than originally planned while formulating business strategies for Bridgestone 3.0 and setting specific targets. At the same time, with the expectation that these management initiatives will continue to contribute to further enhancement of corporate value, we have decided to provide Special Awards as follows.

There was no payout of performance-based stock awards (PSU) for the three-year period from 2018 to 2020, as the actual value of performance metrics fell below the lower limit. Furthermore, the PSU for the three-year period from 2019 to 2021 was paid out at the payment rate described in section (3) iii. (iii) based on finalized results.

- i. Object of payment

Total of four Executive Officers as of the end of 2021

- ii. Form of payment

We plan to pay restricted stock awards* (RS: Restricted Stock/RSU: Restricted Stock Unit) with a three-year restriction as an incentive to bring the current efforts to fruition for further improvement of corporate value in the future.

* 50% will be paid in RS (shares) and 50% will be paid in RSU (cash) in consideration of tax payment funds, etc.

* Handling of resignation during the transfer restriction period (including acquisition without contribution by the Company and lifting of the transfer restriction) shall be deliberated and decided by the Compensation Committee on a case-by-case basis.

- iii. Number of shares to be delivered by position

The number of shares to be issued shall be calculated according to the following method for each director entitled to the issuance by position.

$$\boxed{\text{Number of shares by position } (^{*1})} = \boxed{\text{Amount of stock compensation by position } (^{*2})} \div \boxed{\text{Price of Company shares } (^{*3})}$$

*1: The total number of shares delivered is 31,800 shares.

*2: An appropriate level has been set by referencing the standard amount of PSU (set under the 2021 system), which is also a stock-based compensation.

*3: The average closing price of the Company's shares on the Tokyo Stock Exchange in the month preceding the date of the resolution of the Company's Board of Directors (January 28, 2022) regarding the issuance of new shares or the disposal of treasury stock.

iv. Provision day

- RS (50% of shares delivered by position): Scheduled for February 28, 2022
- RSU* (50% of shares delivered by position): Scheduled for March 2025 (however, only if the transfer restriction on RS is lifted)
- * The amount of RSU payments by position will be calculated using the average closing price of the Company's shares on the Tokyo Stock Exchange during February 2025.
- * There is no quasi-dividend payments related to the cash portion.

(6) Revision of the executive compensation system from fiscal year 2022 onward

Going forward, the Company intends to adopt sustainability incentives as new mid- to long-term incentives for Executive Officers, to promote transformation and encourage the achievement of the sustainability business framework in executing business strategies from a long-term perspective. Accordingly, the Company will review the entire compensation system and implement revisions in 2022 based on the following approaches.

- Fixed remuneration will be set to a level that will allow the Company to maintain a certain level of competitiveness among the comparable companies.
- The ratio of variable remuneration will be set according to the Executive Officers' responsibilities by referring to international standards while placing greater weight on long-term incentives compared to short-term incentives.

4. Matters Related to the Outside Directors

Main activities of outside directors

Positions	Names	Attendance at meetings	Outline of primary activities and duties performed in relation to the expected roles of Outside Directors
Member of the Board	Scott Trevor Davis	Board of Directors: 94% (15 out of 16 meetings) Nominating Committee: 100% (19 out of 19 meetings) Compensation 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 high insight in the fields of sociology, international business administration, domestic and overseas CSR and sustainability. As the Chairperson of the Board of Directors and the Governance Committee, he played a leading role in enhancing deliberations. As a member of the Nominating Committee and the Compensation Committee, he participated in active deliberations.
Member of the Board	Yuri Okina	Board of Directors: 100% (16 out of 16 meetings) Nominating Committee: 100% (19 out of 19 meetings) Compensation 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 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% (16 out of 16 meetings) Nominating Committee: 100% (19 out of 19 meetings) Compensation 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 professional perspective as a lawyer. As the Chairperson of the Nominating Committee and the Compliance 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	Kenzo Yamamoto	Board of Directors: 100% (16 out of 16 meetings) Audit Committee: 100% (18 out of 18 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	Outline of primary activities and duties performed in relation to the expected roles of Outside Directors
Member of the Board	Keikou Terui	Board of Directors: 100% (16 out of 16 meetings) Audit Committee: 100% (18 out of 18 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% (16 out of 16 meetings) Audit Committee: 100% (18 out of 18 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% (16 out of 16 meetings) Audit Committee: 100% (18 out of 18 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% (16 out of 16 meetings) Audit Committee: 100% (18 out of 18 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	¥235 million
(of which amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act)	¥233 million
Total amount of compensation to be paid by the Company and its subsidiaries to the independent auditors	¥469 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 December 20, 2021, 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 has set its vision in 2020 as: "Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company," and has been engaged in management to realize the vision since.

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 further strengthen internal controls, evolve into a sustainable solutions company to be able to proactively address the changing business environment, and continue to implement the ever more effective and efficient planning and execution of our business activities 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 ended December 31, 2021

• In order to further strengthen internal controls, and evolve into a sustainable solutions company to be able to proactively address the changing business environment, 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 an Executive Director dedicated to audit, and under the Executive Director, establishes a department dedicated to assist the Audit Committee with their duties.

Decisions on the selection and replacement of the Executive Director 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 Executive Director.

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

Operational status for the year ended December 31, 2021

- The Company appointed a dedicated Executive Director responsible for Internal Auditing and established a department to assist the Audit Committee with their duties.
- Decisions on the selection and replacement of the Executive Director responsible for Internal Auditing are made based on prior consultations and/or agreements with the Audit Committee. However, there were no selections or replacements in the year ended December 31, 2021.
- The performance assessment of the Executive Director responsible for Internal Auditing 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, Vice President-Senior 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 ended December 31, 2021

- 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 ended December 31, 2021

- 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 ended December 31, 2021

- 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 ended December 31, 2021

- 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 ended December 31, 2021

- 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 ended December 31, 2021

- The Company reallocates authorities appropriately in order to further strengthen internal controls, and evolve into a sustainable solutions company to be able to proactively address the changing business environment.

- (4) In order to ensure that execution of duties by the Executive Officers, Vice President-Senior 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 ended December 31, 2021

- Compliance systems
The Company has developed a compliance system based on the deliberations and recommendations of the Compliance Committee, which is an advisory committee to the Board of Directors, including all Independent Outside Directors. Under this system, the Company deploys the Bridgestone Code of Conduct, which applies to the Group on a global basis, and operates the BridgeLine, a whistleblowing system. Through these ongoing activities, the Company will further reinforce its systems.
- 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 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 2021, the 2020 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 ended December 31, 2021

- **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 reallocates authorities appropriately 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 emergency 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**

Consolidated Statement of Financial Position

	Current Year (As of December 31, 2021)
	Yen in millions
(Assets)	
Current Assets:	
Cash and cash equivalents	787,542
Trade and other receivables	741,612
Inventories	630,140
Other financial assets	11,769
Other current assets	87,029
Subtotal	2,258,092
Assets held for sale	34,778
Total Current Assets	2,292,870
Non-current Assets:	
Property, plant and equipment	1,427,903
Right-of-use assets	294,065
Goodwill	125,393
Intangible assets	134,719
Investments accounted for using equity method	25,131
Other financial assets	140,376
Deferred tax assets	76,790
Other non-current assets	57,644
Total Non-current Assets	2,282,022
Total Assets	4,574,892

	Current Year (As of December 31, 2021)
	Yen in millions
(Liabilities)	
Current Liabilities:	
Trade and other payables	517,010
Bonds and borrowings	149,976
Lease liabilities	54,853
Income taxes payable	40,320
Other financial liabilities	26,656
Provisions	48,691
Other current liabilities	151,417
Subtotal	988,923
Liabilities directly associated with assets held for sale	34,478
Total Current Liabilities	1,023,401
Non-current Liabilities:	
Bonds and borrowings	356,672
Lease liabilities	249,638
Other financial liabilities	15,339
Retirement benefit liabilities	171,981
Provisions	25,540
Deferred tax liabilities	43,810
Other non-current liabilities	13,157
Total Non-current Liabilities	876,137
Total Liabilities	1,899,538
(Equity)	
Common stock	126,354
Capital surplus	122,126
Treasury stock	(38,123)
Other components of equity	111,859
Retained earnings	2,307,667
Total equity attributable to owners of parent	2,629,883
Non-controlling interests	45,471
Total Equity	2,675,354
Total Liabilities and Equity	4,574,892

Consolidated Statement of Profit or Loss

	Current Year (Year ended December 31, 2021)
	Yen in millions
Continuing operations	
Revenue	3,246,057
Cost of sales	1,929,612
Gross profit	1,316,444
Selling, general and administrative expenses	928,620
Other income	14,565
Other expenses	25,590
Operating profit	376,799
Finance income	10,807
Finance costs	16,219
Share of profit of investments accounted for using equity method	6,207
Profit before tax	377,594
Income tax expense	63,234
Profit from continuing operations	314,360
Discontinued operations	
Profit from discontinued operations	86,168
Profit	400,528
Profit attributable to owners of parent	394,037
Non-controlling interests	6,491
Profit	400,528

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2021)

(Yen in millions)

	Equity attributable to owners of parent						
	Common stock	Capital surplus	Treasury stock	Other components of equity			
				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
Balance at January 1, 2021	126,354	122,116	(38,657)	3,125	(112,257)	(9)	49,290
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	156,939	753	14,428
Total comprehensive income	–	–	–	–	156,939	753	14,428
Purchase of treasury stock	–	–	(11)	–	–	–	–
Disposal of treasury stock	–	–	544	(128)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	10	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(281)
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	10	533	(128)	–	–	(281)
Balance at December 31, 2021	126,354	122,126	(38,123)	2,997	44,682	744	63,436

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Retained earnings	Total		
	Re-measurements of defined benefit plans	Total				
Balance at January 1, 2021	–	(59,851)	1,999,996	2,149,958	45,333	2,195,291
Profit	–	–	394,037	394,037	6,491	400,528
Other comprehensive income	15,574	187,694	–	187,694	3,334	191,028
Total comprehensive income	15,574	187,694	394,037	581,731	9,826	591,557
Purchase of treasury stock	–	–	–	(11)	–	(11)
Disposal of treasury stock	–	(128)	(114)	302	–	302
Dividends	–	–	(102,107)	(102,107)	(9,217)	(111,324)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	10	(124)	(114)
Transfer from other components of equity to retained earnings	(15,574)	(15,855)	15,855	–	–	–
Other changes	–	–	–	–	(347)	(347)
Total transactions with owners, etc.	(15,574)	(15,983)	(86,366)	(101,806)	(9,688)	(111,494)
Balance at December 31, 2021	–	111,859	2,307,667	2,629,883	45,471	2,675,354

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. The consolidated financial statements omit 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: 278 companies

Names of principal companies:

- BRIDGESTONE TIRE SOLUTION JAPAN CO., LTD
- BRIDGESTONE RETAIL JAPAN 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
- 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: 14 companies (increased mainly by acquisition)

Dispositions: 16 companies (decreased mainly by sales)

(2) There are no non-consolidated subsidiaries.

3. Scope of application of equity-method accounting

(1) Number of equity-method associates and others: 136 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: 0 companies

Deletions: 1 company (decreased 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 Subsidiaries

A subsidiary is an entity under the control of the Group. The Group controls an entity when it is exposed to or has rights to variable returns arising from its involvement in the entity and has an ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group gains control until the date that control is lost. If any accounting policies applied by a subsidiary differ from those of the Group, adjustments are made to the subsidiary's financial statements where needed to bring them in line with the Group's accounting policies. The balances of payables and receivables and transactions within the Group, as well as unrealized gains or losses arising from internal transactions within the Group, are eliminated when preparing the consolidated financial statements.

Comprehensive income of subsidiaries is attributed to owners of parent and non-controlling interests, even if this results in a negative balance in non-controlling interests.

When the closing date of a subsidiary is different from that of the Group, the subsidiary implements its financial statements based on the provisional accounting as of the Group's closing date. The main subsidiary with a different closing date is BRIDGESTONE INDIA PRIVATE LTD., which adopts a closing date of March 31 due to the local legal system where it operates.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, and the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity as interests attributable to the shareholders of the Company.

If the Group loses control over a subsidiary, gains and losses derived from the loss of control are recognized in profit or loss.

② Associates

An associate is an entity which the Group does not control, but exerts significant influence on financial and operating policies thereof. The equity method is applied to associates from the date that the Group has significant influence to the date that it loses the significant influence.

③ Joint ventures

A joint venture is an entity jointly controlled by two or more parties, including the Group under the contractually agreed sharing of control over economic activities of the joint venture, which exists only when strategic financial and operating decisions related to the relevant activities require unanimous consent of the parties sharing control.

The equity method is applied to joint ventures held by the Group.

(2) Business combinations

Business combinations are accounted for by the acquisition method. Consideration for acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities assumed, and equity instruments issued by the Group in exchange of control over the acquired company. If consideration for acquisition exceeds the fair value of identifiable assets and liabilities, such excess is recorded as goodwill in the consolidated statement of financial position. Conversely, if the consideration is less than the fair value, the difference is immediately recognized in profit or loss in the consolidated statement of profit or loss. Acquisition costs that are attributable to a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the fiscal year in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional values recognized at the acquisition date are retrospectively adjusted to reflect new information obtained during a certain designated period (the "measurement period") on facts and circumstances that existed at the acquisition date and, if known at the acquisition date, would have affected the measurement of the amounts recognized. Additional assets or liabilities are recognized if this new information is known to have resulted in the additional recognition of assets or liabilities. The measurement period may not exceed one year.

The acquisition of additional non-controlling interests is accounted for as an equity transaction, and accordingly, it does not recognize goodwill attributable to such transactions.

Business combinations under common control (i.e., transactions in which all of the combining entities and/or businesses are ultimately controlled by the same party or parties both before and after the business combination and the common control is not transitory) are accounted for at carrying amount.

(3) Foreign currency translation

① Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each entity of the Group by using the exchange rate at the date of the transaction or a rate that approximates such rate.

At the end of each reporting period, monetary items denominated in foreign currencies are translated into functional currencies using the exchange rate at the end of each reporting period. Non-monetary items at fair value denominated in foreign currencies are translated at an exchange rate of the date when their fair values are measured.

Exchange differences arising from translation or settlement of monetary items denominated in foreign currencies are recognized in profit or loss. However, those translation differences arising from financial assets measured through other comprehensive income as well as from cash flow hedges are recognized in other comprehensive income.

② Financial statements of foreign operations

Assets and liabilities of foreign operations, including any goodwill arising on the acquisition of a foreign operation and any fair value adjustments, are translated into presentation currency using the exchange rate at the end of the reporting period. Additionally, income and expenses of foreign operations are translated into presentation currency using average exchange rates during the period, except where the exchange rates fluctuate significantly.

Exchange differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income. For disposals of entire interests in foreign operations and partial disposals of interests resulting in loss of control or loss of significant influence, translation differences are recognized in profit or loss as part of the gain or loss on disposal.

(4) Financial instruments

① Financial assets other than derivatives

(i) Initial recognition and measurement

Trade and other receivables are initially recognized on the date when they are incurred. All other financial assets are initially recognized on the date when the Group becomes a party to the contract on such financial instruments.

At initial recognition, financial assets other than derivatives, which meet both of the following requirements, are classified as financial assets measured at amortized cost, while the rests are classified as financial assets measured at fair value.

- The assets are held based on the business model whose objective is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value are classified into either financial assets whose changes in fair values after acquisition are recognized in profit or loss (“financial assets measured at fair value through profit or loss”) and financial assets whose changes in fair values after acquisition are recognized in other comprehensive income (“financial assets measured at fair value through other comprehensive income”).

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

Equity instruments that are not held for trading are, in principle, designated as financial assets measured at fair value through other comprehensive income at initial recognition.

All the financial assets, except for those classified as financial assets measured at fair value through profit or loss, are measured at fair value plus transaction costs directly attributable to the acquisition of the assets.

(ii) Subsequent measurement

Financial assets after the initial recognition are as follows, depending on respective classifications:

(a) Financial assets measured at amortized cost

After initial recognition, financial assets measured at amortized cost are measured at amortized cost by using the effective interest method.

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

After initial recognition, financial assets measured at fair value through profit or loss are remeasured at fair value as of each closing date, and changes in fair values and dividends are recognized in profit or loss.

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

Changes in fair values measured after initial recognition are recognized in other comprehensive income. Such amounts are reclassified into retained earnings in case of derecognition or a significant decline in the fair values. Dividends from such financial assets are recognized in profit or loss as finance income in the period when the Group's right to receive payment of the dividends is established.

(iii) Derecognition

Financial assets are derecognized when the right to receive benefits expires or all the risk and rewards of ownership of the financial assets are transferred to other entities.

② Impairment of financial assets measured at amortized cost

To account for impairment of items such as financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts against expected credit losses on such financial assets.

At each reporting date, financial assets are assessed whether there has been a significant increase in credit risk on financial instruments since initial recognition.

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

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

Expected credit losses of financial instruments are estimated in a way that reflect the following items:

- Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- Time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amounts of these measurements are recognized in profit or loss. If an event occurs after recognition of an impairment loss that results in a decrease of the impairment loss, such decrease is reversed in profit or loss.

The carrying amount of these financial assets is directly reduced for the impairment when they are expected to become non-recoverable in the future, offsetting the carrying amount by the allowance for doubtful accounts.

③ Financial liabilities other than derivatives

(i) Initial recognition and measurement

Debt securities issued by the Group are initially recognized at the date of issuance. All other financial liabilities are recognized on the date when the Group becomes a party to the contract on such financial instruments.

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 at initial recognition.

All the financial liabilities are initially measured at fair value, while financial liabilities measured at amortized cost are measured at fair value less directly attributable transaction costs.

(ii) Subsequent measurement

Financial liabilities after the initial recognition are as follows, depending on respective classifications:

(a) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost by using the effective interest method.

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

After initial recognition, financial liabilities measured at fair value through profit or loss are remeasured at fair value as of each closing date with any changes in fair values being recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when the obligation is discharged, canceled or expired.

④ Derivatives and hedge accounting

The Group uses derivatives, including forward exchange contracts and interest rate swap transactions, for the purpose of hedging foreign currency risk and interest rate risk.

At the inception of the hedge, the Group designates and documents the hedging relationship between a hedging instrument and a hedged item as well as the Group's risk management objective and strategy concerning the hedge. That documentation includes the hedging relationship, the risk management objective and strategy for undertaking the hedge, as well as the assessment of the hedge effectiveness.

These hedges are expected to be highly effective in offsetting changes in the fair value or the cash flows; however, the Group assesses, on an ongoing basis, whether they actually remained highly effective throughout the hedge period.

Derivatives are initially recognized at fair value. After initial recognition, derivatives are measured at fair value and the subsequent changes in fair value are accounted for as follows:

(i) Fair value hedges

Fair value changes on derivatives are recognized in profit or loss.

Fair value changes on hedged items attributable to hedged risks are recognized in profit or loss with the carrying amounts of the hedged items being adjusted.

(ii) Cash flow hedges

For the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, changes in fair value are recognized in other comprehensive income. When cash flows of the hedged item affect profit or loss, they, together with the hedged item, are immediately recognized in profit or loss.

For the ineffective portion of hedge, the changes in fair value are recognized in profit or loss.

The Group discontinues hedging accounting when the hedging instrument is expired, sold, terminated, or exercised, when the hedge no longer qualifies for hedge accounting, or when the hedge designation is revoked.

(iii) Derivatives not designated as hedging instruments

Fair value changes on derivatives are recognized in profit or loss.

⑤ Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented only when the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(5) Fair value measurement

Certain assets and liabilities are recognized at fair value. The fair value of such assets and liabilities is determined based on market information, such as quoted market price or valuation techniques including the market approach, the income approach and the cost approach. The inputs used in the fair value measurement are categorized into the following three levels.

Level 1: Fair value that is measured by using quoted prices in active markets

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(6) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities not exceeding three months from the acquisition date, that are readily convertible into cash and subject to insignificant risk of changes in value.

(7) Inventories

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

(8) Property, plant and equipment

Property, plant and equipment are measured by using the cost model, and stated at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment includes any costs directly associated with its acquisition, and the costs of dismantling and removing the item and restoring the site on which it is located, as well as the borrowing costs eligible for capitalization.

The depreciation of property, plant and equipment other than land and construction in progress is calculated using the straight-line method over the following estimated useful lives. The estimated useful life of each main asset item is 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 for property, plant and equipment is reviewed at the end of each reporting period, and any change thereof is accounted for as a change in accounting estimate.

(9) Goodwill and intangible assets

① Goodwill

The Group recognizes goodwill arising from business combinations as an asset as of the date when control is obtained (the acquisition date). The measurement of goodwill at initial recognition is presented in “(2) Business combinations”.

Goodwill is stated at cost less accumulated impairment losses. The Group does not amortize goodwill, but tests for impairment annually or whenever there is any indication of impairment. For the purpose of impairment test, goodwill obtained in business combinations is allocated to a cash-generating unit or groups of cash-generating units that are expected to benefit from the synergies of the combination on and after the acquisition date.

Impairment losses of goodwill are recognized in profit or loss and not reversed subsequently.

② Intangible assets

The Group measures intangible assets using the cost model and stated at cost less any accumulated amortization and any accumulated impairment losses.

Separately acquired intangible assets are initially measured at cost, while the cost of intangible assets acquired in a business combination is measured at fair value as of the acquisition date. Expenditures for internally generated intangible assets are recognized as an expense incurred during the period, except for development costs eligible for capitalization.

Intangible assets with finite useful lives are amortized by using the straight-line method over their respective estimated useful lives. If there is an indication of impairment, they are tested for impairment. The estimated useful life of each main asset item is as follows.

Software:	1 to 10 years
Trademarks:	1 to 10 years

The amortization method for intangible assets with finite useful lives is reviewed at the end of each reporting period, and any change thereof is accounted for as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortized but subject to impairment test, and stated at cost less any accumulated impairment losses. Intangible assets are tested for impairment individually or at cash-generating unit level annually or whenever there is any indication of impairment.

(10) Leases

① Lessee

At inception of a contract, the Group recognizes a right-of-use asset and a lease liability for lease components other than short-term leases and leases for which the underlying asset is of low value. At the commencement date, the Group measures the right-of-use asset at cost and the lease liability at the present value of the lease payments that are not paid at that date.

The lease term is determined as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease (if the Group is reasonably certain to exercise that option); and periods covered by an option to terminate the lease (if the Group is reasonably certain not to exercise that option).

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The Group applies the depreciation requirements in International Accounting Standards (IAS) 16 "Property, Plant and Equipment" in depreciating the right-of-use asset. The Group also applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect changes to the lease payments or a lease modification, or to reflect revised in-substance fixed lease payments.

② Lessor

Rental income is recognized on a straight-line basis over the lease term. Rental income arising from subleased properties is recognized in other income.

(11) Impairment of non-financial assets

The Group assesses, for each fiscal year, whether there is any indication that an asset may be impaired. If any such indication exists (or if the impairment test is required each year), the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or a cash-generating unit is measured at the higher of its fair value less costs to sell and its value in use. When the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount, the Group recognizes an impairment loss for the asset and reduces the carrying amount of the asset to its recoverable amount. In calculating the asset's value in use, the estimated future cash flows are discounted to the present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and other factors such as the risks specific to the asset. The fair value less costs to sell is calculated by using an appropriate valuation model supported by indications of fair value available to the Group.

The Group assesses whether there is any indication that an impairment loss recognized in prior years for asset other than goodwill may have decreased or may no longer exist due to a change in assumptions used to determine the recoverable amount or other reasons. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash-generating unit. Then if such recoverable amount exceeds the carrying amount of the asset or the cash-generating unit, the Group reverses an impairment loss to the extent not exceeding the lower of the estimated recoverable amount and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(12) Assets held for sale and discontinued operations

An asset or asset group that is expected to be recovered through a sale transaction rather than through continuing use is classified as an asset or disposal group held for sale if it is highly probable that the asset or asset group

will be sold within one year from the end of the reporting period; the asset or asset group is available for immediate sale in its present condition; and the management of the Group is committed to such sale. An asset held for sale is not depreciated or amortized and measured at the lower of its carrying amount and fair value less costs to sell. A discontinued operation is recognized if the operation includes a component of an entity that either has been disposed of or is classified as held for sale, represents a separate line of business of the Group or geographical area, and is part of a plan to dispose of a separate line of business of the Group or geographical area.

(13) Employee benefits

① Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognized as an expense in the period in which the employees render related services. The bonuses and paid absences are recognized as a liability and an expense when the Group has a present legal or constructive obligation to pay the benefits in return for the past services rendered by employees, and the Group can make a reliable estimate of the amount.

② Post-employment benefits

The Group has adopted a defined benefit plan (such as a corporate pension plan and a lump-sum retirement benefit plan) and a defined contribution plan as the post-employment benefit plans for its employees.

The Group determines the present value of defined benefit obligation as well as the related current service cost and past service cost by using the projected unit credit method. The discount rate is determined by first setting the discount period based on the periods until the dates on which the benefits for each fiscal year will be paid, and then by referencing to market yields on high-grade corporate bonds and the like at the end of the reporting period corresponding the discount period. The defined benefit plan liability or asset is determined by subtracting the fair value of the plan assets from the present value of the defined benefit obligation. Remeasurements of defined benefit plans are recognized in a lump sum in other comprehensive income when they arise, and reclassified to retained earnings immediately. Past service cost is recognized in profit or loss for the period in which it is incurred.

The Group accounts for the defined contribution plan by recognizing an expense when the Group makes contribution to the plan.

Certain consolidated subsidiaries primarily in the United States have adopted a defined benefit retirement plan and a post-employment medical benefit plan to prepare for the retirement benefits to the employees. A post-employment medical benefit plan in the United States is included in the net defined benefit liability due to the nature similar to the retirement benefits.

(14) Share-based payment

The Group has adopted the stock option plan and restricted share-based remuneration plan as an equity-settled share-based payment plan as well as the Performance Share Unit (PSU) plan as a cash-settled share-based payment plan. Stock options are estimated at fair value at the date of grant, taking into account the estimated number of options to be vested, and recognized as expenses over the vesting periods in the consolidated statement of profit or loss while corresponding increases to equity are recognized in the consolidated statement of financial position. Fair value of stock options granted is calculated, in accordance with various terms of such options, using the Black-Scholes model. Restricted share-based remuneration is measured at fair value on the grant date and recognized in the consolidated statement of profit or loss as expenses over the vesting period from the grant date, and the same amount is recognized as an increase in equity in the consolidated statement of financial position. The fair value of restricted share-based remuneration is measured by reference to the fair value of granted shares of the Company.

For the PSU plan, the Group recognizes awards as an expense over the vesting period, recording the same amount as an increase in a liability. As of the reporting date and the settlement date, the Group remeasures the fair value of the liability and recognizes any changes in fair value in profit or loss.

(15) Provisions

The Group recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision is measured at the present

value of the expenditures expected to be required to settle the obligation. The present value of the expenditures is calculated by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability with uncertainty of the occurrence of obligating events being reflected in the estimated future cash flows.

Provisions that the Group recognizes are mainly as follows:

- ① Provision for compensation for industrial accidents
The Group estimates and records an amount based on the past and current experience to prepare for the payment of the medical expenses, the absence from work compensation, etc. incurred as a result of industrial accidents.
- ② Provision for loss on litigation
To prepare for the expenditures of litigation-related expenses, the Group estimates and records an amount of compensation for damages, settlement package, etc. that is currently expected to be incurred in the future.
- ③ Provision for business and plant restructuring expenses
Due to the commencement of discussions for the closure of overseas tire plants, the Group estimates and records an amount that is currently expected to be incurred in the future to prepare for the related expenditures. The Company recorded an estimate of the amount expected to be incurred in the future at this point in time associated with the Company's wholly owned subsidiary succeeding to the anti-vibration rubber business and the chemical products solutions business through a company split (simplified absorption-type company split) and the transfer of the shares of the said wholly owned subsidiary, and the presentation of this amount is mainly included in "liabilities directly associated with assets held for sale" of the consolidated statement of financial position.

(16) Revenue

The Group recognizes revenue at an amount reflecting the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods and services to the customer based on the following five-step approach, except for interest and dividend income, etc. received under IFRS 9 "Financial Instruments":

- Step 1 : Identify contract(s) 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 performance obligations in the contract
- Step 5 : Recognize revenue when (or as) the performance obligation is satisfied.

Revenues from sale of goods are recognized when the control over the goods is transferred to the customer and measured at an amount of consideration promised in a contract with a customer less estimated future returns, discounts and rebates. The amount of returns is estimated and calculated based on an expected return rate derived from the past data and the like. As for discounts and rebates, the amount of future payments is estimated and calculated based on contracts and the like until actual results are confirmed.

(17) Government grants

Government grants are recognized at fair value when conditions for the receipt of grants have been met and reasonable assurance for the receipt could be obtained.

When government grants are related to the items of expense, government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grant is intended to compensate. For grants related to assets, the amount of the grant is deducted from the cost of the asset.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and form part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as expenses in the period in which they are incurred.

(19) Income taxes

Income taxes consist of current tax and deferred tax. These are recognized in profit or loss, excluding tax arising from the items recognized in other comprehensive income or directly in equity, and tax arising from business combinations.

Current taxes are measured at an expected amount of taxes to be paid to or of refund from the taxation authorities. The amount of tax is calculated based on the tax rates and the tax laws that have been enacted, or substantially enacted by the reporting date.

Deferred taxes are recognized for the temporary differences between the carrying amount of assets and liabilities for accounting purposes and their tax bases, unused tax losses carryforward and unused tax credits carryforward as of the reporting date.

Deferred tax assets and liabilities are not recognized for following temporary differences:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from initial recognition of assets and liabilities from transactions that are not business combinations and affect neither accounting profit nor taxable income (loss)
- Deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements when it is probable that the temporary difference will not reverse in the foreseeable future or when it is not probable that taxable profit will be available against which the temporary difference can be utilized.
- Taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangement when 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.

A deferred tax liability is recognized for all taxable temporary differences in principle, and a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

Carrying amount of deferred tax assets is reviewed each period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to use all or part of the benefit of the deferred tax assets. Unrecognized deferred tax assets are reviewed each period 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 by the tax laws that are expected to apply to the period when the assets are realized or the liabilities are settled based on the tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

For uncertain income tax positions, the Group recognizes an asset or a liability at a reasonably estimated amount if the tax position has a high probability of being accepted based on a tax law interpretation.

Deferred tax assets and liabilities are offset against each other if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when either of the following are met: income taxes are levied by the same taxation authority on the same taxable entity; or income taxes are levied by the same taxation authority on different taxable entities, but they either have the intention to settle current tax liabilities and current tax assets on a net basis or plan to realize assets and settle liabilities simultaneously.

(20) Treasury stock

Treasury stock is measured at cost and presented as a deduction from equity. No gain or loss is recognized on the purchase, sale or retirement of treasury stock. The difference between the carrying amount and the consideration thereof at the time of sale is recognized as equity.

(21) Dividends

Of the dividend distributions to the shareholders of the Company, the year-end dividend is recognized as a liability for the period that includes the date of resolution by the Company's shareholders' meeting, while the interim dividend is recognized as a liability for the period that includes the date of resolution by the Board of Directors.

(22) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of parent by the weighted-average number of shares of ordinary shares outstanding adjusted by the number of shares of treasury stock during the period. Diluted earnings per share are calculated taking into consideration the effect of all potential shares with dilutive effect.

(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.

(Changes in presentations)

Profit and loss from businesses that have been classified as discontinued operations are presented as a separate line item at the amount net of income tax expenses under profit from continuing operations in the consolidated statement of profit or loss.

(Accounting estimates)

Items for which amounts have been recorded in the consolidated financial statements of the current fiscal year based on accounting estimates, and may materially affect to the consolidated financial statements of the subsequent fiscal year are as follows.

1. Impairment of non-financial assets

Impairment losses of 10,651 million yen recognized in the current fiscal year consist of 7,689 million yen recorded as “other expenses” in the consolidated statement of profit or loss (of which, “business and plant restructuring expenses” are 3,955 million yen) and 2,962 million yen recorded as “profit from discontinued operations”. Components of the 10,651 million yen impairment losses by asset item are property, plant and equipment of 9,546 million yen, goodwill and intangible assets of 153 million yen, and others of 953 million yen.

For calculation method of the estimates, please refer to, “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (11) Impairment of non-financial assets”.

Note that these estimates are subject to uncertainties that may materially affect valuation of non-financial assets of the subsequent fiscal year in case where estimates regarding valuation of non-financial assets have changed due to factors that include unpredictable change with respect to assumptions.

2. Recoverability of deferred tax assets

For the current fiscal year, “deferred tax assets” of 76,790 million yen have been recorded in the consolidated statement of financial position.

For calculation method of the estimates, please refer to, “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (19) Income taxes”.

Note that these estimates are subject to uncertainties that may materially affect amounts of deferred tax assets in the consolidated financial statements of the subsequent fiscal year in case where estimates regarding valuation of deferred tax asset recoverability have changed due to factors that include unpredictable change with respect to assumptions.

3. Provisions

For the current fiscal year, “provisions” of 74,231 million yen have been recorded in the consolidated statement of financial position.

For calculation method of the estimates, please refer to, “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (15) Provisions”.

Note that these estimates are subject to uncertainties that may materially affect valuation of provisions of the subsequent fiscal year in case where estimates regarding valuation of provisions have changed due to factors that include unpredictable change with respect to assumptions.

4. Measurement of defined benefit obligations

For the current fiscal year, “retirement benefit liabilities” of 171,981 million yen have been recorded in the consolidated statement of financial position upon measurement of defined benefit obligations.

For calculation method of the estimates, please refer to, “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (13) Employee benefits”.

Note that the Group’s defined benefit plans are exposed to the following risks and such risks may materially affect measurement of defined benefit obligations of the subsequent fiscal year.

(i) Investment risk

The present value of the defined benefit obligations is calculated based on a discount rate that is determined by reference to market yields on high-grade corporate bonds at the end of fiscal year. In the event that the investment yields for the plan assets fall below the discount rate, there is a risk of reduction in equity because of the worsened funded status.

(ii) Interest rate risk

In the event that the discount rate is reduced due to a decline in market yields on high-grade corporate bonds, the present value of the defined benefit obligations increases, resulting in a risk of reduction in equity because of the worsened funded status.

5. Fair value measurement of financial instruments

For calculation method of the amounts recorded in the consolidated financial statements and estimates with respect to financial instruments measured at fair value, please refer to “(Notes to financial instruments)” as well as “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (4) Financial instruments” and “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (5) Fair value measurement”.

Note that these estimates are subject to uncertainties that may materially affect fair value measurement of financial instruments of the subsequent fiscal year in case where estimates regarding fair value measurement of financial instruments have changed due to factors that include unpredictable change with respect to assumptions.

6. Uncertain income tax positions

In December 2021, the Company received 34,214 million yen from BRIDGESTONE AMERICAS, INC., the Company's consolidated subsidiary, as repayment of capital associated with sale of the roofing business. For tax purposes, the transaction is to be accounted for by recognizing deductible expenses as loss on transfer of shares. The Company excluded some deductible expenses to calculate its taxable income, for accounting purposes, with respect to this matter which gives rise to some uncertain tax treatments under the Japan's tax law. The Company had engaged third-party legal, tax professionals, etc. to consider plausible tax treatments and estimated its taxable income using either the expected value method or the most likely amount method considering various scenarios and assumptions. As a result, although income tax expense would be 91,100 million yen lower on the basis of lower income taxes payable and higher deferred tax assets if all the deductible expenses were included in calculate taxable income, the Company has lowered its deferred tax assets by 60,000 million yen and increased its income tax expense by the same amount, relative to amounts under the aforementioned treatment.

A potential situation whereby such uncertain tax treatment differs from the final interpretation of Japanese tax law according to the tax authorities could materially affect the income tax expense amount of the subsequent fiscal year.

7. Measurement of disposal groups classified as held for sale

(1) Anti-vibration rubber business

On December 10, 2021, the Company made the decision to transfer its anti-vibration rubber business to a new wholly-owned subsidiary to be established (hereinafter the “New Company”) to which it transfers the business operations by carrying out an absorption-type demerger, then integrating the business operations of the Group into the New Company, and subsequently transferring all shares of the New Company to Anhui Zhongding Holding (Group) Co., Ltd. The Company expects to complete the transaction by the end of July 2022 upon having satisfied conditions that include gaining approval from regulatory authorities with respect to the transaction.

Because this makes it more likely that there will be loss of control of the New Company in the subsequent fiscal year, at the end of the current fiscal year the Company has classified assets and liabilities slated for transfer to the New Company into a disposal group classified as held for sale. Such disposal group classified as held for sale is measured at fair value less cost to sell because the fair value less cost to sell has fallen below the carrying amount. The Company has consequently recognized a loss of 97,715 million yen, recorded in “profit from discontinued operations” in the consolidated statement of profit or loss.

(2) Chemical products solutions business

On December 10, 2021, the Company made the decision to transfer its chemical products solutions business to Endeavour United II Investment Business Limited Partnership (EU Investment Partnership), which is structured, managed, and operated by Endeavour United Co., Ltd. This entails the Company establishing a new wholly-owned subsidiary (hereinafter the “New Company”) to which it transfers the business operations by carrying out an absorption-type demerger, then integrating the business operations of the Group into the New Company, and subsequently transferring all shares of the New Company to EU Investment Partnership. The Company expects to complete the transaction by the end of August 2022 upon having satisfied conditions that include gaining approval from regulatory authorities with respect to the transaction.

Because this makes it more likely that there will be loss of control of the New Company in the subsequent fiscal year, in the current fiscal year the Company has classified assets and liabilities slated for transfer to the New Company into a disposal group classified as held for sale. Such disposal group classified as held for sale is measured at fair value less cost to sell because the fair value less cost to sell has fallen below the carrying amount. The Company has consequently recognized a loss of 44,996 million yen, recorded in “profit from discontinued operations” in the consolidated statement of profit or loss.

For details on calculating these estimates, please refer to, “(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (12) Assets held for sale and discontinued operations”.

Note that these estimates are subject to uncertainties that may materially affect measurement of disposal groups classified as held for sale in the consolidated financial statements of the subsequent fiscal year in case where estimates regarding measurement of disposal groups classified as held for sale have changed due to factors that include unpredictable change with respect to assumptions.

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 continue into the subsequent fiscal year.

(Notes to the consolidated statement of financial position)

1. Accumulated depreciation and accumulated impairment loss	
Property, plant and equipment	3,024,270 million yen
Right-of-use assets	159,844 million yen
2. Assets provided as collateral and collateralized debt obligations	
Assets pledged as collateral (Property, plant and equipment and others)	703 million yen
There are no obligations corresponding to the preceding.	
3. Balance of trade notes (without letter of credit) discounted	129 million yen

(Notes to the consolidated statement of profit or loss)

Business and plant restructuring expenses

The Company recorded 13,757 million yen in “Other expenses” primarily as expenses related to the closure of overseas tire plants, expenses due to the withdrawal from the conveyor belt business and expenses related to the sale of an overseas raw materials plant.

(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, 2021	Number of increase	Number of decrease	As of December 31, 2021
Shares issued				
Common stock (Thousands of shares)	713,698	–	–	713,698
Treasury stock				
Common stock (Thousands of shares) (see Notes 1 and 2)	9,567	2	135	9,434

Note 1: The increase in treasury stock consists of the purchase of 2 thousand shares according to the requests from the shareholders holding less than one unit of shares, and others.

Note 2: The decrease in treasury stock consists of the exercise of stock options of 135 thousand shares and others.

2. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2021	Common Stock	42,248	60	December 31, 2020	March 29, 2021
Board of Directors' Meeting, August 10, 2021	Common Stock	59,859	85	June 30, 2021	September 1, 2021

(2) Dividends whose record date is in the current fiscal 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 23, 2022	Common Stock	59,863	Retained earnings	85	December 31, 2021	March 24, 2022

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

Common stock: 1,025,200 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, purchase, production, distribution and sales, 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 forward exchange 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, forward exchange 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 transactions 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

Investment 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 the consolidated statement of financial position and fair value of the financial instruments as of December 31, 2021, 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)	356,672	358,550
Total	356,672	358,550

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	3,734.23 yen
Continuing operations	437.19 yen
Discontinued operations	122.37 yen
Basic earnings per share	559.56 yen

(Notes to discontinued operations)

(1) US building materials business

BRIDGESTONE AMERICAS, INC., a U.S. 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. in the Americas segment, to Holcim Participations (US) Inc., the U.S. subsidiary of LafargeHolcim Ltd., on January 6, 2021 (local time), and the sale was completed on March 31, 2021.

Therefore, for the current fiscal year, FSBP and its subsidiaries are classified as discontinued operations, and those operations are presented separately.

Profit or loss from discontinued operations

	Fiscal year ended December 31, 2021
	Yen in millions
Profit or loss from discontinued operations	
Income (Note)	352,134
Expenses	(41,822)
Profit before tax from discontinued operations	310,312
Income tax expense (Note)	(78,331)
Profit from discontinued operations	<u>231,980</u>

(Note) A gain on sale of 303,521 million yen relating to the transfer of FSBP is included in the current fiscal year. The income tax expense corresponding to that is 71,045 million yen.

(2) Anti-vibration rubber business

On December 10, 2021, the Company made the decision to transfer its anti-vibration rubber business (hereinafter the "Business Operations") to Anhui Zhongding Holding (Group) Co., Ltd. (hereinafter "AZ"). This entails the Company establishing a new wholly-owned subsidiary (hereinafter the "New Company") to which it transfers the Business Operations by carrying out an absorption-type demerger (hereinafter the "Corporate Demerger"), then integrating the Business Operations of the Group into the New Company, and subsequently transferring all shares of the New Company to AZ (hereinafter the "Share Transfer", with the Corporate Demerger and the Share Transfer hereinafter referred to as the "Business Transaction"). The Company expects to complete the Business Transaction by the end of July 2022 upon having satisfied conditions that include gaining approval from regulatory authorities with respect to the Business Transaction.

For the current fiscal year, the Company has accordingly classified the Business Operations of the Company, BRIDGESTONE APM COMPANY (hereinafter "BAPM"), and BRIDGESTONE NCR CO., LTD. (hereinafter "BSNCR") as discontinued operations as well as BRIDGESTONE ELASTECH CO., LTD., BRIDGESTONE NTEC CO., LTD., BRIDGESTONE INDIA AUTOMOTIVE PRODUCTS PRIVATE LIMITED, and BRIDGESTONE CHANGZHOU AUTOMOTIVE PRODUCTS CO., LTD. as discontinued operations, and those operations are presented separately.

Profit or loss from discontinued operations

Fiscal year ended
December 31, 2021

	Yen in millions
Profit or loss from discontinued operations	
Income	58,583
Expenses (Note 1)	<u>(173,471)</u>
Loss before tax from discontinued operations	(114,888)
Income tax expense (Note 2)	<u>18,394</u>
Loss from discontinued operations	<u><u>(96,494)</u></u>

(Note 1) Expenses for the current fiscal year include a loss on business transfer of 7,452 million yen and a loss of 97,715 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell, both of which were recognized upon having concluded a contract with AZ.

(Note 2) Income tax expense for the current fiscal year includes effects of 18,372 million yen recognized as deferred tax assets against a loss on business transfer incurred upon having concluded a contract with AZ and a loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell. In addition, the Company engaged external tax professionals to determine whether loss for tax purposes against loss on business transfer incurred when executing the business transfer (applicability of deductible temporary difference) should be recognized.

(3) Chemical products solutions business

On December 10, 2021, the Company made the decision to transfer its chemical products solutions business (hereinafter the "Business Operations") to Endeavour United II Investment Business Limited Partnership (hereinafter "EU Investment Partnership"). This entails the Company establishing a new wholly-owned subsidiary (hereinafter the "New Company") to which it transfers the Business Operations by carrying out an absorption-type demerger (hereinafter the "Corporate Demerger"), then integrating the Business Operations of the Group into the New Company, and subsequently transferring all shares of the New Company to EU Investment Partnership, which is structured, managed, and operated by Endeavour United Co., Ltd. (hereinafter "EU") (hereinafter the "Share Transfer", with the Corporate Demerger and the Share Transfer hereinafter referred to as the "Business Transaction"). The Company expects to complete the Business Transaction by the end of August 2022 upon having satisfied conditions that include gaining approval from regulatory authorities with respect to the Business Transaction.

For the current fiscal year, the Company has accordingly classified Business Operations of the Company, BAPM, BSNCR, and BRIDGESTONE PRECISION MOLDING PHILIPPINES, INC., as discontinued operations as well as BRIDGESTONE CHEMITECH CO., LTD., BRIDGESTONE DIVERSIFIED CHEMICAL PRODUCTS CO., LTD., BRIDGESTONE ELECTRONIC MATERIALS (HONG KONG) LTD., BRIDGESTONE CHEMICAL PRODUCTS MALAYSIA SDN. BHD., GUANGZHOU BRIDGESTONE CHEMICAL PRODUCTS CO., LTD., BRIDGESTONE (KAIPING) DIVERSIFIED PRODUCTS CO., LTD., and BRIDGESTONE WUHAN CHEMICAL PRODUCTS CO., LTD. as discontinued operations, and those operations are presented separately.

Profit or loss from discontinued operations

Fiscal year ended
December 31, 2021

	Yen in millions
Profit or loss from discontinued operations	
Income	56,132
Expenses (Note 1)	<u>(111,049)</u>
Loss before tax from discontinued operations	(54,918)
Income tax expense (Note 2)	<u>5,600</u>
Loss from discontinued operations	<u><u>(49,317)</u></u>

(Note 1) Expenses for the current fiscal year include a loss on business transfer of 4,056 million yen and a loss of 44,996 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell, both of which were recognized upon having concluded a contract with EU.

(Note 2) Income tax expense for the current fiscal year includes effects of 5,362 million yen recognized as deferred tax assets against a loss on business transfer incurred upon having concluded a contract with EU and a loss

recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell. In addition, the Company turns to external tax professionals to determine whether loss for tax purposes against loss on business transfer incurred when executing the business transfer (applicability of deductible temporary difference) should be recognized.

(Notes to assets held for sale and liabilities directly associated with assets held for sale)

The breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows.

Assets held for sale

	(As of December 31, 2021)
	Yen in millions
Cash and cash equivalents	105,275
Trade and other receivables	24,955
Inventories	16,511
Property, plant and equipment	24,594
Others	6,154
Loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell	(142,712)
Total	34,778

Liabilities directly associated with assets held for sale

	(As of December 31, 2021)
	Yen in millions
Trade and other payables	18,314
Others	16,164
Total	34,478

Assets held for sale and directly associated liabilities for the current fiscal year, mainly in the anti-vibration rubber business and the chemical products solutions business, have been classified as assets held for sale as the Group made a decision to sell those operations, and their sale is expected to be completed within one year from December 31, 2021. Details are provided in (Notes to discontinued operations).

The disposal groups classified as assets held for sale are measured at fair value less cost to sell as the fair value less cost to sell is less than the carrying amount. As a result, a recognized loss of 142,712 million yen was recorded in "profit from discontinued operations". The fair value has been classified as Level 3 in the hierarchy because it was assessed based on the selling price.

(Significant subsequent events)

Acquisition of treasury stock

The Company has resolved to acquire its treasury stock at the Board of Directors meeting held on February 15, 2022, as per the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act.

- | | |
|---|--|
| (1) Reason of acquisition of treasury stock | As an agile management for improving capital efficiency |
| (2) Kind of shares to acquire | Common stock of the Company |
| (3) Total number of shares to acquire | 25 million shares (up to)
(% of issued shares (not including treasury stock): 3.5%) |
| (4) Total acquisition cost | 100.0 billion yen (up to) |
| (5) Procedure | Market purchases based on the discretionary dealing contract regarding acquisition of treasury stock |
| (6) Timing | February 17, 2022 to December 13, 2022 |

(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, 2021)
	Yen in millions
Cash flows from operating activities	
Profit before tax	377,594
Profit before tax from discontinued operations	140,506
Depreciation and amortization	250,448
Impairment losses	5,495
Loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell	142,712
Increase (decrease) in accounts payable - bonuses	9,086
Increase (decrease) in retirement benefit liabilities	(7,111)
Interest and dividend income	(10,888)
Interest expenses	11,625
Foreign currency exchange loss (gain)	(8,813)
Share of profit (loss) of investments accounted for using equity method	(6,207)
Loss (gain) on sale of fixed assets	(3,480)
Business and plant restructuring income	(2,562)
Business and plant restructuring expenses	25,269
Loss on retirement of fixed assets	4,090
Gains on sale of discontinued operations	(303,521)
Decrease (increase) in trade and other receivables	(69,927)
Decrease (increase) in inventories	(140,209)
Increase (decrease) in trade and other payables	91,617
Increase (decrease) in consumption tax payables	(12,136)
Increase (decrease) in provision related to business and plant	(21,340)
Other	(42,073)
Subtotal	430,173
Interest and dividends received	12,418
Interest paid	(13,372)
Income taxes paid	(147,680)
Net cash provided by (used in) operating activities	281,538
Cash flows from investing activities	
Payments for purchase of property, plant and equipment	(161,040)
Proceeds from sale of property, plant and equipment	9,999
Payments for purchase of intangible assets	(23,951)
Purchase of investment securities	(4,356)
Payments of long-term loans receivable	(12,262)
Collection of loans receivable	14,102
Proceeds from sale of discontinued operations	363,754
Other	(54,545)
Net cash provided by (used in) investing activities	131,701
Cash flows from financing activities	
Proceeds from short-term borrowings	94,667
Repayments of short-term borrowings	(220,281)
Proceeds from long-term borrowings	26,534
Repayments of long-term borrowings	(109,073)
Repayments of lease liabilities	(59,689)
Dividends paid to owners of parent	(102,118)
Dividends paid to non-controlling interests	(9,218)
Other	(143)
Net cash provided by (used in) financing activities	(379,321)
Effect of exchange rate changes on cash and cash equivalents	48,353
Net increase (decrease) in cash and cash equivalents	82,271
Cash and cash equivalents at beginning of period	810,546
Cash and cash equivalents included in assets held for sale	(105,275)
Cash and cash equivalents at end of period	787,542

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

	Year ended December 31, 2021 Yen in millions
Adjusted operating profit (Note 1)	394,340
Adjustment items (income) (Note 2)	3,567
Adjustment items (expenses) (Note 4)	21,107
Operating profit	376,799
Finance income	10,807
Finance costs	16,219
Share of profit of investments accounted for using equity method	6,207
Profit before tax	377,594

(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:

	Year ended December 31, 2021 Yen in millions
Insurance claim income	1,005
Business and plant restructuring income (Note 3)	2,562
Adjustment items (income)	3,567

(Note 3) This was primarily the recording of gain on sales of fixed assets due to the closure of bicycle manufacturing plants in Japan.

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

	Year ended December 31, 2021 Yen in millions
Impairment losses (Note 5)	3,734
Cost of sales (loss on disaster)	637
Other expenses (loss on disaster)	419
Business and plant restructuring expenses (Note 6)	13,757
Other expense with large amounts related to one time event (Note 7)	2,560
Adjustment items (expenses)	21,107

(Note 5) The major breakdown of impairment losses is presented in "1. Impairment of non-financial assets" under Accounting estimates.

(Note 6) The major breakdown of business and plant restructuring expenses is presented in "Notes to the consolidated statement of profit or loss".

(Note 7) The major breakdown of other expense with large amounts related to one time event was the recording of expenses 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 CORPORATION, the Company's consolidated subsidiary.

Non-consolidated Balance Sheet

	Current Year (As of December 31, 2021)
	Yen in millions
(Assets)	
Current Assets:	
Cash and deposits	349,998
Notes receivable	1,251
Accounts receivable	301,816
Finished products	41,822
Work in process	7,323
Raw materials and supplies	31,415
Short-term loans receivable for subsidiaries and associates	38,527
Accounts receivable-other	19,439
Income taxes refund receivable	8,872
Other current assets	4,648
Allowance for doubtful accounts	(12,719)
Total Current Assets	792,392
Fixed Assets:	
Property, plant and equipment	
Buildings	104,726
Structures	8,187
Machinery and equipment	43,630
Vehicles and carriers	1,082
Tools, furniture and fixtures	12,353
Land	63,426
Construction in progress	24,798
Total property, plant and equipment	258,203
Intangible assets	14,582
Investments and other assets	
Investment in securities	90,615
Investments in subsidiaries and associates	799,371
Investments in subsidiaries and associates, other than stock	55,024
Long-term loans receivable for subsidiaries and associates	86,893
Deferred tax assets	35,620
Other assets	2,904
Allowance for doubtful accounts	(26)
Total investments and other assets	1,070,402
Total Fixed Assets	1,343,187
Total	2,135,579

	Current Year (As of December 31, 2021)
	Yen in millions
(Liabilities)	
Current Liabilities:	
Accounts payable	105,258
Current portion of bonds	40,000
Lease obligations	163
Accounts payable - other	74,400
Accrued expenses	29,941
Deposits received	6,061
Allowance for losses on business transfer	133,565
Other current liabilities	4,744
Total Current Liabilities	394,133
Long-Term Liabilities:	
Bonds	310,000
Lease obligations	242
Accrued pension and liability for retirement benefits	47,782
Provision for environmental remediation	263
Asset retirement obligation	2,910
Other long-term liabilities	6,435
Total Long-Term Liabilities	367,633
Total Liabilities	761,766
(Equity)	
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	1,080,562
Reserve for advanced depreciation of fixed assets	31,806
General reserve	789,311
Unappropriated retained earnings	259,445
Total retained earnings	1,111,840
Treasury stock	(38,123)
Total Shareholders' Equity	1,322,151
Net unrealized gain (loss) and translation adjustments:	
Net unrealized gain (loss) on available-for-sale securities	48,950
Deferred gain (loss) on derivative instruments	(285)
Total net unrealized gain (loss) and translation adjustments	48,665
Stock acquisition rights	2,997
Total Equity	1,373,813
Total	2,135,579

Non-consolidated Statement of Profit or Loss

	Current Year (Year ended December 31, 2021)	
	Yen in millions	
Net Sales		839,528
Cost of Sales		527,034
Gross Profit		312,493
Selling, General and Administrative Expenses		208,539
Operating profit		103,954
Non-operating Income		
Interest income	1,141	
Dividend income	194,960	
Other	2,146	198,247
Non-operating Expenses		
Interest expense	988	
Loss on forgiveness of debt	1,522	
Removal and disassembly expense	1,469	
Loss on retirement of fixed assets	987	
Foreign currency exchange loss	1,624	
Other	2,696	9,286
Ordinary Profit		292,915
Extraordinary Loss		
Impairment loss	2,025	
Loss on business transfer	141,074	
Loss on business of subsidiaries and associates	10,816	153,915
Profit before Income Taxes		139,000
Income taxes - current	1,689	
Income taxes - deferred	(29,714)	(28,025)
Profit		167,024

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2021)

(Yen in millions)

	Shareholders' equity										Net unrealized gain (loss) and translation adjustments		Stock acquisition rights
	Common stock	Capital surplus	Retained earnings						Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	
		Capital reserve	Legal reserve	Other retained earnings									
				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					
Beginning 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
(Changes in the year)													
Cash dividends								(102,107)		(102,107)			
Reversal of reserve for special depreciation				(0)				0		-			
Provision of reserve for advanced depreciation of fixed assets					5,375			(5,375)		-			
Reversal of reserve for special account for advanced depreciation of fixed assets						(10,037)		10,037		-			
Profit								167,024		167,024			
Purchase of treasury stock									(11)	(11)			
Disposal of treasury stock								(114)	544	431			
Net change in the year											14,392	128	(128)
Total Changes in the Year	-	-	-	(0)	5,375	(10,037)	-	69,466	533	65,336	14,392	128	(128)
Ending Balance	126,354	122,079	31,279	-	31,806	-	789,311	259,445	(38,123)	1,322,151	48,950	(285)	2,997

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 closing date (unrealized gain and loss, net of tax is recorded in equity, 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

The moving-average cost method (for carrying amounts on the balance sheet, method in which carrying amounts are lowered based on a decline in profitability)

2. Depreciation method for fixed assets

(1) Property, plant and equipment

The declining-balance method

(2) Intangible 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) Allowance for losses on business transfer

In order to reserve for loss arising from a business transfer, the estimated amount to be incurred in the future is recorded.

(3) 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.

(4) 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.

(TRANSLATION)

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 end of the fiscal year. 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
- | <u>Instruments</u> | <u>Items covered</u> |
|------------------------------------|---|
| 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 exchange contracts 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)

1. Application of "Accounting Standard for Disclosure of Accounting Estimates"
The Company has applied the "Accounting Standard for Disclosure of Accounting Estimates" (Accounting Standards Board of Japan Statement No. 31, March 31, 2020) from the current fiscal year, and provided notes on significant accounting estimates.
2. Non-consolidated Statement of Profit or Loss
In the previous fiscal year, "Removal and disassembly expense" (864 million yen in the previous fiscal year) and "Loss on retirement of fixed assets" (1,215 million yen in the previous fiscal year) were included in "Other" in the "Non-operating Expenses" section. During the current fiscal year, the amounts became material and such amounts are disclosed separately.

(Accounting estimates)

1. Impairment on fixed assets
- (1) Amount recorded in the financial statements for the current fiscal year
- | | |
|-------------------------------|---------------------|
| Property, plant and equipment | 258,203 million yen |
| Intangible assets | 14,582 million yen |
- (2) Other information that contributes to understanding of users of the financial statements
The notes have been omitted since the same information has been provided in "(Basic important matters for the preparation of consolidated financial statements) 5. Summary of significant accounting policies (11) Impairment of non-financial assets" in the notes to consolidated financial statements.
2. Recoverability of deferred tax assets
- (1) Amount recorded in the financial statements for the current fiscal year
- | | |
|---------------------|--------------------|
| Deferred tax assets | 35,620 million yen |
|---------------------|--------------------|

(TRANSLATION)

(2) Other information that contributes to understanding of users of the financial statements

The notes have been omitted since the same information has been provided in “(Basic important matters for the preparation of consolidated financial statements) 5. Summary of significant accounting policies (19) Income taxes” in the notes to consolidated financial statements. In addition, for repayment of capital received from a subsidiary in the current fiscal year, the Company has estimated taxable profit, which affects calculation of deferred tax assets. A potential situation whereby the accounting estimate differs from the final interpretation of Japanese tax law according to the tax authorities could materially affect the amount of taxable profit for the subsequent fiscal year. For details, please refer to “(Additional information) 1. Repayment of capital from a subsidiary”.

3. Accrued pension and liability for retirement benefits

(1) Amount recorded in the financial statements for the current fiscal year

Accrued pension and liability for retirement benefits	47,782 million yen
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(2) Other information that contributes to understanding of users of the financial statements

The notes have been omitted since the same information has been provided in “(Basic important matters for the preparation of consolidated financial statements) 5. Summary of significant accounting policies (13) Employee benefits” in the notes to consolidated financial statements.

4. Allowance for losses on business transfer

(1) Amount recorded in the financial statements for the current fiscal year

Allowance for losses on business transfer	133,565 million yen
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(2) Other information that contributes to understanding of users of the financial statements

In order to reserve for a loss expected to be incurred in connection with a transfer of the anti-vibration rubber business and the chemical products solutions business to a wholly-owned subsidiary of the Company through an absorption-type demerger (simplified absorption-type demerger) and a transfer of shares of the wholly-owned subsidiary, the amount expected to be incurred in the future was recorded for such losses that can be reasonably estimated at the end of the current fiscal year.

Note that any unpredictable change in the external environment and other factors may materially affect the amount of losses on business transfer to be recognized in the financial statements of the subsequent fiscal year.

5. Valuation of investments in subsidiaries and associates and investments in subsidiaries and associates, other than stock

(1) Amount recorded in the financial statements for the current fiscal year

Investments in subsidiaries and associates and investments in subsidiaries and associates, other than stock whose market value is deemed extremely difficult to determine	839,150 million yen
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(2) Other information that contributes to understanding of users of the financial statements

For investments in subsidiaries and associates and investments in subsidiaries and associates, other than stock whose market value is deemed extremely difficult to determine, the Company’s policy is to compare the carrying amount of investments to the actual value based on the net asset amount of each company, and recognize an impairment loss when the actual value declines by 50% or more compared to the carrying amount of investments. Note that in cases where any change in the external environment and other factors materially affects the actual value, this may also affect valuation of investments in subsidiaries and associates and investments in subsidiaries and associates, other than stock for the subsequent fiscal year.

(Additional information)

1. Repayment of capital from a subsidiary

In December 2021, the Company received 34,214 million yen from BRIDGESTONE AMERICAS, INC., the Company’s subsidiary, as repayment of capital associated with sale of the roofing business. For tax purposes, the transaction is to be accounted for by recognizing deductible expenses as loss on transfer of shares, while the Company’s investments in subsidiaries and associates are reduced by the same amount for accounting purposes. The Company excluded some deductible expenses to calculate its taxable income with respect to this matter which gives rise to some uncertain tax treatments under the Japan’s tax law. The Company had

(TRANSLATION)

engaged third-party legal, tax professionals, etc. to consider plausible tax treatments and estimate reasonably its taxable income considering various scenarios and assumptions. As a result, although income taxes – deferred would be 91,100 million yen lower on the basis of lower income taxes payable and higher deferred tax assets if all the deductible expenses were included in calculate taxable income, the Company has lowered its deferred tax assets by 60,000 million yen and increased its income taxes – deferred by the same amount, relative to amounts under the aforementioned treatment.

2. Impact of the COVID-19

The impact of COVID-19 is considered when estimating and making judgments concerning impairment of property, plant and equipment, intangible assets and recognition of deferred tax assets. Regarding the impact of COVID-19, the Company considers the recovery of market demand and changes in the market environment and makes individual estimates on the impact. However, it is assumed that the direct impact of COVID-19 will continue into the subsequent fiscal year.

(TRANSLATION)

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of property, plant and equipment 1,071,812 million yen

2. Guarantees

Guarantees on commercial papers issued by BRIDGESTONE EUROPE NV/SA	40,980 million yen
Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	21 million yen
Total	41,001 million yen

3. Balance of trade notes (without letter of credit) discounted 129 million yen

4. Short-term monetary receivables from subsidiaries and associates 298,794 million yen

Long-term monetary receivables from subsidiaries and associates 86,893 million yen

Short-term monetary payables to subsidiaries and associates 73,518 million yen

(Notes to the non-consolidated statement of profit or loss)

1. Transactions with subsidiaries and associates

Net sales 637,949 million yen

Purchases, etc. 252,685 million yen

Transactions other than operating transactions 214,233 million yen

2. 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 the current fiscal year, 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 2,025 million yen impairment losses and a 545 million yen loss on business transfer, totaled 2,570 million yen. A breakdown of that impairment loss is: 1,619 million yen for machinery and equipment; 343 million yen for buildings and structures; 214 million yen for tools, furniture and fixtures; 209 million yen for construction in progress; and 185 million yen for others.

Purpose	Categories	Locations	Amount (Yen in millions)
Assets used in the course of business operations	Machinery and equipment; and some others	Totsuka, Yokohama; and others	1,551
Assets to be disposed of	Machinery and equipment; and some others	Totsuka, Yokohama, Kodaira, Tokyo; and others	1,020

The recoverable amounts for business-use assets were estimated based on their value-in-use and memorandum value. Future cash flows in measurement of the value-in-use were calculated using the discount rate of 7.0%. 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.

3. Loss on business transfer

Based on the decision to transfer the anti-vibration rubber business and the chemical products solutions business, the related following expenses were recorded.

(TRANSLATION)

	Anti-vibration rubber business	Chemical products solutions business
Provision of allowance for losses on business transfer	105,762 million yen	27,803 million yen
Loss on valuation of shares of subsidiaries and associates	2,586 million yen	1,675 million yen
Impairment losses	545 million yen	—
Other	1,572 million yen	1,130 million yen
Total	110,465 million yen	30,609 million yen

4. Loss on business of subsidiaries and associates

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

(TRANSLATION)

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

Type and number of treasury stock

	As of January 1, 2021	Number of increase	Number of decrease	As of December 31, 2021
Common stock (Thousands of shares)	9,564	2	135	9,431

Note 1: The increase in treasury stock consists of the purchase of 2 thousand shares according to the requests from the shareholders holding less than one unit of shares, and others.

Note 2: The decrease in treasury stock consists of the exercise of stock options of 59 thousand shares, disposal of treasury stock as restricted stock compensation of 39 thousand shares, and disposal of treasury stock as performance-based stock compensation of 37 thousand shares.

(Notes to deferred income tax)

Deferred tax assets

Accrued pension and liability for retirement benefits	14,621 million yen
Investments in subsidiaries and associates (Note 1)	14,988
Depreciable assets (Note 1)	11,944
Accrued expenses	5,357
Allowance for losses on business transfer (Note 1)	21,541
Unused tax losses carryforward (Note 2)	6,189
Other	13,815
Deferred tax assets subtotal	88,456
Valuation allowance	(19,786)
Total deferred tax assets	68,670

Deferred tax liabilities

Reserve for advanced depreciation on fixed assets	(14,024) million yen
Net unrealized gain on available-for-sale securities	(18,221)
Other	(806)
Total deferred tax liabilities	(33,051)
Deferred tax assets, net	35,620

Note 1: This includes deferred tax assets associated to loss on business transfer, which consist of the anti-vibration rubber business of 18,171 million yen and the chemical products solutions business of 5,362 million yen.

Note 2: The result of reasonably estimating tax deductible expenses arising from repayment of capital from BRIDGESTONE AMERICAS, INC. was taken into consideration. For details, please refer to the additional information.

(TRANSLATION)

(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)	168,163	Accounts receivable	62,385
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)	65,670	Accounts receivable	29,255
Subsidiary	BRIDGESTONE AMERICAS, INC.	Direct ownership 100.00%	Officers serving concurrently	Repayment of capital	34,214	—	—
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)	98,345	Accounts receivable	36,047
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)	103,990	Accounts receivable	40,069
				Collection of loans	4,020	Short-term loans receivable for subsidiaries and associates	13,051
					—	Long-term loans receivable for subsidiaries and associates	73,738
				Debt guarantee (Note 3)	40,980	—	—

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. Rate of guarantee is determined reasonably in consideration of market interest rates and other rates.

(Notes to per-share information)

Total equity per share	1,946.44 yen
Earnings per share	237.18 yen

(TRANSLATION)

(Notes to significant subsequent events)

Acquisition of treasury stock

The Company has resolved to acquire its treasury stock at the Board of Directors meeting held on February 15, 2022, as per the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act.

(1) Reason of acquisition of treasury stock	As an agile management for improving capital efficiency
(2) Kind of shares to acquire	Common stock of the Company
(3) Total number of shares to acquire	25 million shares (up to) (% of issued shares (not including treasury stock): 3.5%)
(4) Total acquisition cost	100.0 billion yen (up to)
(5) Procedure	Market purchases based on the discretionary dealing contract regarding acquisition of treasury stock
(6) Timing	February 17, 2022 to December 13, 2022

(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, 2022

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiko Haga

Designated Engagement Partner,
Certified Public Accountant:

Takuma Ueki

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 and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2021, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from January 1, 2021 to December 31, 2021, 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, 2021, 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.

(TRANSLATION)

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.

(TRANSLATION)

- 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, 2022

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiko Haga

Designated Engagement Partner,
Certified Public Accountant:

Takuma Ueki

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, 2021, and the non-consolidated statement of profit or loss and non-consolidated statement of changes in equity for the 103rd fiscal year from January 1, 2021 to December 31, 2021, 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, 2021, 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.

(TRANSLATION)

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.

(TRANSLATION)

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 103th business year (from January 1, 2021 to December 31, 2021). 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, 2022

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.

TOPICS

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 and co-creation. 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. At the end of 2021, we completed the construction of “B-Innovation,” a new innovation center, and “B-Mobility,” which houses an analysis facility and a test course. Full-scale operation will start from 2022, and we will accelerate technological innovation through interaction with empathy, co-R&D, co-ideation, and co-creation.

Bridgestone Design Declaration

At Bridgestone, design has played an important role in our original foundation and second foundation, and has also been a driving force behind the Group’s activities. Our new corporate identity, the Bridgestone logo, and the B mark were introduced in 1984 with globalization in mind with “Always moving toward the new Bridgestone” as the credo. At the time, it was a measure to transform not only visual design, but the entire corporate culture, and served as the cornerstone of our globalization spurred by the subsequent merger with Firestone.

Bridgestone Design in the current “Third Foundation” or Bridgestone 3.0 evolves around the concept “Circle Aesthetics.” We are pursuing designs that emphasize the beauty of circles and lines to express the functional beauty of tires and other Group products, as well as our aspirations for the future such as a circulating society and protecting planet Earth. The design concept is also linked to our sustainability business model and Bridgestone E8 Commitment, and embodies our evolution into a sustainable solutions company.