

Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2021 <under IFRS>

November 11, 2021

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

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Scheduled date of quarterly securities report submission: November 11, 2021
Scheduled date of dividend payment commencement: –
Supplementary information for the quarterly financial statements to be prepared: Yes
Meeting to explain the quarterly financial statements to be held: Yes

(All amounts are rounded off the nearest million yen)

1. Consolidated Results for the First Three Quarters of Fiscal 2021 (January 1, 2021 - September 30, 2021)

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

	Figures for continuing operations (Note 2)							
	Revenue		Adjusted operating profit (Note 1)		Operating profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Nine months ended September 30, 2021	2,401,758	19.8	277,922	168.0	265,771	–	192,904	–
Nine months ended September 30, 2020	2,004,164	–	103,703	–	22,547	–	(40,026)	–

	Figures including discontinued operations						
	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share	
	Yen in millions	%	Yen in millions	%	Yen	Yen	
Nine months ended September 30, 2021	422,848	–	554,742	–	600.49	599.57	
Nine months ended September 30, 2020	(24,118)	–	(128,906)	–	(34.25)	(34.25)	

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

For details on reconciliations, please refer to page 10, "Reconciliation from adjusted operating profit to profit before tax" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

2. The Company has classified FIRESTONE BUILDING PRODUCTS COMPANY, LLC (hereinafter "FSBP") and its subsidiaries as discontinued operations from the first quarter of the fiscal year ending December 31, 2021. Accordingly, profit from discontinued operations on the consolidated statement of profit or loss is presented separately from the continuing operations. Note that for the nine months ended September 30, 2020, the amounts for revenue, adjusted operating profit, operating profit and profit attributable to owners of parent of the continuing operations have been restated using the same classification of operations as that used for 2021. Therefore, the year-on-year percentage changes for these amounts are not presented.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Yen in millions	Yen in millions	Yen in millions	%
As of September 30, 2021	4,452,661	2,638,926	2,596,961	58.3
As of December 31, 2020	4,189,327	2,195,291	2,149,958	51.3

2. 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	–		
Fiscal 2021 (Projection)				85.00	170.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Financial Results Forecasts for Fiscal 2021 (January 1, 2021 - December 31, 2021)

(Percentage figures represent year-on-year changes)

	Figures for continuing operations				Figures including discontinued operations			
	Revenue		Adjusted operating profit		Profit attributable to owners of parent		Basic earnings per share	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
Fiscal 2021	3,320,000	18.3	360,000	84.7	325,000	–	461.53	

(Note) Changes from the latest forecasts released: No

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 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.

Accordingly, the Company has classified FSBP and its subsidiaries as discontinued operations from the first quarter of the fiscal year ending December 31, 2021, and in the Consolidated Financial Results Forecasts for Fiscal 2021, revenue and adjusted operating profit show figures for continuing operations and exclude discontinued operations. Note that the amounts for revenue and adjusted operating profit for the fiscal year ended December 31, 2020 used for calculating the year-on-year percentage changes have been restated using the same classification of operations as that used for 2021, and are approximations that may change as a result of the accounting audits.

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

- Profit attributable to owners of parent: ¥230,000 million
- Basic earnings per share: ¥326.62

* Notes

(1) Changes in principal subsidiaries during the nine months ended September 30, 2021: No
(Changes in specified subsidiaries involving change in consolidation scope)

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

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

(3) Number of issued shares (common stock)

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

September 30, 2021	713,698,221 shares
December 31, 2020	713,698,221 shares

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

September 30, 2021	9,463,368 shares
December 31, 2020	9,566,508 shares

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

First Three Quarters ended September 30, 2021	704,171,800 shares
First Three Quarters ended September 30, 2020	704,101,589 shares

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

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

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

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

	As of December 31, 2020	As of September 30, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	810,546	850,232
Trade and other receivables	667,761	696,456
Inventories	491,240	622,441
Other financial assets	7,277	7,507
Other current assets	76,279	83,521
Subtotal	2,053,104	2,260,157
Non-current assets held for sale	1,425	4,638
Total current assets	2,054,529	2,264,795
Non-current assets		
Property, plant and equipment	1,392,141	1,382,759
Right-of-use assets	290,122	286,578
Goodwill	97,646	119,248
Intangible assets	117,481	131,491
Investments accounted for using equity method	24,543	26,180
Other financial assets	113,222	132,646
Deferred tax assets	49,409	54,306
Other non-current assets	50,234	54,657
Total non-current assets	2,134,798	2,187,866
Total assets	4,189,327	4,452,661

	As of December 31, 2020	As of September 30, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	420,140	420,580
Bonds and borrowings	293,978	162,143
Lease liabilities	53,966	53,205
Income taxes payable	34,978	48,930
Other financial liabilities	29,342	23,788
Provisions	64,806	50,400
Other current liabilities	144,526	169,193
Subtotal	1,041,736	928,240
Liabilities directly associated with non-current assets held for sale	12	1,913
Total current liabilities	1,041,748	930,153
Non-current liabilities		
Bonds and borrowings	412,060	356,888
Lease liabilities	246,187	242,549
Other financial liabilities	13,937	20,577
Net defined benefit liability	191,679	184,761
Provisions	23,730	23,722
Deferred tax liabilities	28,491	42,300
Other non-current liabilities	36,205	12,785
Total non-current liabilities	952,288	883,582
Total liabilities	1,994,036	1,813,735
Equity		
Common stock	126,354	126,354
Capital surplus	122,116	122,116
Treasury stock	(38,657)	(38,241)
Other components of equity	(59,851)	61,806
Retained earnings	1,999,996	2,324,926
Total equity attributable to owners of parent	2,149,958	2,596,961
Non-controlling interests	45,333	41,965
Total equity	2,195,291	2,638,926
Total liabilities and equity	4,189,327	4,452,661

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Nine months ended September 30, 2021)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Continuing operations		
Revenue	2,004,164	2,401,758
Cost of sales	1,296,973	1,446,593
Gross profit	707,191	955,164
Selling, general and administrative expenses	624,368	679,864
Other income	7,861	5,365
Other expenses	68,137	14,895
Operating profit	22,547	265,771
Finance income	5,140	6,610
Finance costs	17,097	11,587
Impairment loss related to shares using equity method	18,322	-
Share of profit (loss) of investments accounted for using equity method	(2,821)	4,170
Profit (loss) before tax	(10,553)	264,964
Income tax expense	26,787	66,992
Profit (loss) from continuing operations	(37,340)	197,973
Discontinued operations		
Profit from discontinued operations	15,908	229,944
Profit (loss)	(21,432)	427,916
Profit (loss) attributable to		
Owners of parent	(24,118)	422,848
Non-controlling interests	2,685	5,068
Profit (loss)	(21,432)	427,916
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	(56.85)	273.95
Discontinued operations	22.59	326.54
Total	(34.25)	600.49
Diluted earnings (loss) per share (Yen)		
Continuing operations	(56.85)	273.53
Discontinued operations	22.59	326.05
Total	(34.25)	599.57

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Nine months ended September 30, 2021)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Profit (loss)	(21,432)	427,916
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(4,772)	12,489
Remeasurements of defined benefit plans	(8,407)	3,987
Share of other comprehensive income of investments accounted for using equity method	(4)	(18)
Total of items that will not be reclassified to profit or loss	(13,182)	16,458
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(93,105)	110,989
Effective portion of change in fair value of cash flow hedges	586	351
Share of other comprehensive income of investments accounted for using equity method	(1,773)	(972)
Total of items that may be reclassified to profit or loss	(94,292)	110,368
Other comprehensive income, net of tax	(107,474)	126,826
Comprehensive income	(128,906)	554,742
Comprehensive income attributable to		
Owners of parent	(126,165)	548,817
Non-controlling interests	(2,741)	5,926
Comprehensive income	(128,906)	554,742

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended September 30, 2020

	Equity attributable to owners of parent						
	Equity attributable to owners of parent			Other components of equity			
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at January 1, 2020	126,354	121,998	(232,330)	3,275	(18,968)	(325)	58,678
Profit (loss)	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	(91,067)	1,021	(4,775)
Total comprehensive income	–	–	–	–	(91,067)	1,021	(4,775)
Purchase of treasury stock	–	–	(2)	–	–	–	–
Disposal of treasury stock	–	–	193,652	(140)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	32	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(4,445)
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	32	193,650	(140)	–	–	(4,445)
Balance at September 30, 2020	126,354	122,030	(38,680)	3,135	(110,035)	697	49,458

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at January 1, 2020	–	42,661	2,290,696	2,349,378	53,099	2,402,477
Profit (loss)	–	–	(24,118)	(24,118)	2,685	(21,432)
Other comprehensive income	(7,226)	(102,047)	–	(102,047)	(5,427)	(107,474)
Total comprehensive income	(7,226)	(102,047)	(24,118)	(126,165)	(2,741)	(128,906)
Purchase of treasury stock	–	–	–	(2)	–	(2)
Disposal of treasury stock	–	(140)	(193,512)	0	–	0
Dividends	–	–	(91,531)	(91,531)	(7,345)	(98,875)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	32	1,039	1,071
Transfer from other components of equity to retained earnings	7,226	2,781	(2,781)	–	–	–
Other changes	–	–	–	–	(194)	(194)
Total transactions with owners, etc.	7,226	2,641	(287,824)	(91,500)	(6,499)	(98,000)
Balance at September 30, 2020	–	(56,745)	1,978,754	2,131,713	43,858	2,175,572

Nine months ended September 30, 2021

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

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

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(10,553)	264,964
Profit before tax from discontinued operations	20,741	306,528
Depreciation and amortization	199,472	185,732
Impairment losses	35,146	1,747
Increase (decrease) in accounts payable - bonuses	8,207	13,853
Increase (decrease) in net defined benefit liability	(13,698)	(9,293)
Interest and dividend income	(4,908)	(6,280)
Interest expenses	10,523	8,330
Foreign currency exchange loss (gain)	(352)	(9,032)
Share of loss (profit) of investments accounted for using equity method	2,821	(4,170)
Loss (gain) on sale of fixed assets	(2,011)	(788)
Business and plant restructuring expenses	25,897	7,935
Loss on retirement of fixed assets	1,407	2,018
Gains on sale of discontinued operations	–	(299,821)
Decrease (increase) in trade and other receivables	52,369	(38,241)
Decrease (increase) in inventories	101,722	(128,420)
Increase (decrease) in trade and other payables	(67,195)	27,831
Increase (decrease) in refund liabilities	15,070	16,630
Increase (decrease) in provision related to business and plant restructuring	16,833	(17,683)
Other	(9,751)	(30,218)
Subtotal	381,738	291,623
Interest and dividends received	5,134	7,832
Interest paid	(10,770)	(8,620)
Income taxes paid	(61,076)	(116,191)
Net cash provided by (used in) operating activities	315,026	174,644
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(149,259)	(114,544)
Proceeds from sale of property, plant and equipment	8,260	2,460
Payments for purchase of intangible assets	(10,919)	(15,399)
Purchase of investment securities	(794)	(4,053)
Payments of long-term loans receivable	(4,354)	(9,573)
Collection of loans receivable	910	10,710
Proceeds from sale of discontinued operations	–	359,319
Other	14,490	(45,875)
Net cash provided by (used in) investing activities	(141,666)	183,045

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Cash flows from financing activities		
Proceeds from short-term debt	302,695	60,226
Repayments of short-term debt	(207,208)	(171,275)
Proceeds from long-term debt	116,700	26,520
Repayments of long-term debt	(271)	(108,559)
Repayments of lease liabilities	(42,327)	(44,610)
Dividends paid (owners of parent)	(91,449)	(102,008)
Dividends paid (non-controlling interests)	(7,453)	(8,911)
Other	(10)	(125)
Net cash provided by (used in) financing activities	70,677	(348,743)
Effect of exchange rate changes on cash and cash equivalents	(15,856)	32,346
Net increase (decrease) in cash and cash equivalents	228,181	41,292
Cash and cash equivalents at beginning of period	432,924	810,546
Cash and cash equivalents included in assets held for sale	-	(1,606)
Cash and cash equivalents at end of period	661,106	850,232

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

Not applicable

(Reconciliation from adjusted operating profit to profit before tax)

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Adjusted operating profit (Note 1)	103,703	277,922
Adjusted items (income) (Note 2)	33	1,103
Adjusted items (expenses) (Note 3)	81,188	13,254
Operating profit	22,547	265,771
Finance income	5,140	6,610
Finance costs	17,097	11,587
Impairment loss related to shares using equity method	18,322	–
Share of profit (loss) of investments accounted for using equity method	(2,821)	4,170
Profit (loss) before tax	(10,553)	264,964

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

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

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Insurance claim income	4	924
Business and plant restructuring income	29	179
Adjusted items (income)	33	1,103

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

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Impairment losses	(Note 4) 35,146	1,747
Cost of sales (loss on disaster)	(Note 5) 11,193	614
Other expenses (loss on disaster)	(Note 6) 2,641	398
Business and plant restructuring expenses	(Note 7) 25,897	(Note 8) 7,935
Other expense with huge amounts related to one time event (Note 9)	6,310	2,560
Adjusted items (expenses)	81,188	13,254

(Note 4) The major breakdown of impairment losses is impairment on property, plant and equipment of ¥38,300 million (of which ¥5,148 million was recorded for business and plant restructuring expenses). Details are

presented below in “Impairment of non-financial assets” under Notes to the Condensed Quarterly Consolidated Financial Statements.

- (Note 5) This was primarily the recording of fixed costs, etc. arising from the period when operations were temporarily suspended at plants, etc. due to official requests and declarations by the national and local governments to prevent the spread of COVID-19.
- (Note 6) This was primarily the recording of fixed costs, incurred over the period of the suspended operations of retail stores, etc., and expenses, etc., which were the direct result of the preparation for and cancellation of events that were cancelled due to official requests and declarations by the national and local governments to prevent the spread of COVID-19.
- (Note 7) This was primarily the recording of expenses such as provisions relating to the commencement of discussions for the closure of overseas tire plants and expenses for the transfer of the unit bath business. As mentioned in (Note 4), ¥5,148 million of impairment loss of property, plant and equipment is included.
- (Note 8) This was primarily the recording of expenses relating to the closure of overseas tire plants.
- (Note 9) This 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, a Bridgestone consolidated subsidiary. In the nine months ended September 30, 2021, the relevant expenses were included in the adjusted items, so these expenses were restated using the same classification for the nine months ended September 30, 2020.

(Impairment of non-financial assets)

Nine months ended September 30, 2020

(Impairment of property, plant and equipment)

Impairment loss on property, plant and equipment recognized in the nine months ended September 30, 2020 of ¥38,300 million is mainly due to the following reasons.

(1) “Europe, Russia, Middle East, India, and Africa” segment

The carrying amount of assets related to property, plant and equipment (assets for business use in Russia) was reduced by ¥9,993 million to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured by value in use, which was calculated by discounting future cash flows at a discount rate of 10.3%. In addition, this impairment loss was recorded in “other expenses” in the condensed quarterly consolidated statement of profit or loss.

(2) “China, Asia-Pacific” segment

The carrying amount of assets related to property, plant and equipment (assets for business use in China) was reduced by ¥19,347 million to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured at their fair value after deducting their disposal cost, and is mainly calculated based on the value of a third-party appraisal determined using the market approach. The fair value hierarchy level is 3. In addition, this impairment loss was recorded in “other expenses” in the condensed quarterly consolidated statement of profit or loss.

(Impairment of investments accounted for using equity method)

Impairment loss on investments accounted for using equity method recognized in the nine months ended September 30, 2020 of ¥18,322 million is mainly the result of the carrying amount of assets related to investments in TIREHUB, LLC, which is a jointly controlled entity in the “Americas” segment being reduced by ¥17,160 million to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment, such as the impacts of COVID-19. The recoverable amount of these assets was measured by value in use, which was calculated by discounting future cash flows at a discount rate of 11.5%. In addition, this impairment loss was recorded

in “impairment loss related to shares using equity method” in the condensed quarterly consolidated statement of profit or loss.

(Selling, general and administrative expenses)

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

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Sales fare	103,652	133,710
Advertising and sales promotion expenses	57,009	59,282
Employee benefit expenses	192,591	211,296
Depreciation and amortization	64,967	66,757
Research and development expenses (Note)	70,067	72,583
Other	136,081	136,237
Total	624,368	679,864

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

(Other income and other expenses)

The breakdown of “Other income” and “Other expenses” is as follows:

(1) Other income

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Insurance claim income	4	924
Gain on sale of fixed assets	2,009	788
Loss on tax purpose reduction entry of fixed assets, grant and subsidies	1,675	283
Settlement package and compensation	789	12
Other	3,383	3,359
Total	7,861	5,365

(2) Other expenses

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Business and plant restructuring expenses (Note 1)	25,897	7,935
Loss on retirement of fixed assets	1,407	2,018
Impairment losses (Note 2)	35,146	1,747
Other	5,687	3,195
Total	68,137	14,895

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

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

(Finance income and finance costs)

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

(1) Finance income

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Interest income (Note)	3,011	4,994
Dividend income (Note)	1,821	1,286
Other	308	330
Total	5,140	6,610

(2) Finance costs

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Interest expenses (Note)	10,523	8,233
Net interest of defined benefit plans	2,869	1,749
Other	3,705	1,604
Total	17,097	11,587

(Note) Interest income and interest expenses are in relation to financial assets and financial liabilities measured at amortized cost. In addition, dividend income is in relation to financial assets measured at fair value through other comprehensive income.

(Discontinued operations)

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 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 nine months ended September 30, 2021, FSBP and its subsidiaries are classified as discontinued operations, and a restated presentation is given for the nine months ended September 30, 2020, with those operations classified as discontinued operations.

(1) Profit or loss from discontinued operations

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	144,866	347,840
Expenses	(124,125)	(41,312)
Profit before tax from discontinued operations	20,741	306,528
Income tax expense (Note)	(4,833)	(76,585)
Profit from discontinued operations	15,908	229,944

(Note) A gain on sale of ¥299,821 million relating to the transfer of FSBP is included in the nine months ended September 30, 2021. The income tax expense corresponding to that is ¥69,529 million.

(2) Cash flow from discontinued operations

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	4,186	(303)
Net cash provided by (used in) investing activities	(2,985)	352,173
Net cash provided by (used in) financing activities	1,072	-
Total	2,273	351,870

(Subsequent events)

Not applicable