

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

May 15, 2023

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

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Scheduled date of quarterly securities report submission: May 15, 2023  
Scheduled date of dividend payment commencement: –  
Supplementary information for the quarterly financial statements to be prepared: Yes  
Meeting to explain the quarterly financial statements to be held: Yes

(All amounts are rounded off the nearest million yen)

## 1. Consolidated Results for the First Quarter of FY2023 (January 1, 2023 - March 31, 2023)

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

	Figures for continuing operations (Note 2)							
	Revenue		Adjusted operating profit (Note 1)		Operating profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Three months ended March 31, 2023	1,043,541	17.1	116,794	15.5	127,501	45.5	90,660	38.6
Three months ended March 31, 2022	891,011	22.5	101,095	19.2	87,632	5.1	65,416	3.4

	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
Three months ended March 31, 2023	90,499	68.1	124,319	(32.0)	132.24	132.07
Three months ended March 31, 2022	53,836	(81.1)	182,934	(54.1)	76.63	76.51

(Note) 1. The Group utilizes "adjusted operating profit" in place of the previously employed J-GAAP-based operating profit. For details on reconciliations, please refer to page 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 Group classified anti-vibration rubber business and chemical products solutions business as discontinued operations, thereby deducting such discontinued operations from monetary amounts of the three months ended March 31, 2022 and three months ended March 31, 2023.  
For details on discontinued operations, please refer to page 14, "Discontinued operations" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes, (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

## (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Yen in millions	Yen in millions	Yen in millions	%
As of March 31, 2023	4,994,945	3,074,798	3,025,579	60.6
As of December 31, 2022	4,962,203	3,012,501	2,965,835	59.8

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

## 2. Dividends

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

(Note) Changes from the latest forecasts released: No

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

(Percentage figures represent year-on-year changes)

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

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

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

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

### \*Notes

(1) Changes in principal subsidiaries during the three months ended March 31, 2023: 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 : Yes
- 2) Changes in accounting policies other than 1) : No
- 3) Changes in accounting estimates : No

\* For details, please refer to page 10, "Changes in accounting policies" under "1. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

(3) Number of issued shares (common stock)

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

March 31, 2023	713,698,221 shares
December 31, 2022	713,698,221 shares

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

March 31, 2023	29,241,533 shares
December 31, 2022	29,348,738 shares

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

First Quarter ended March 31, 2023	684,382,059 shares
First Quarter ended March 31, 2022	702,567,842 shares

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

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

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

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

	As of December 31, 2022	As of March 31, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	518,905	517,011
Trade and other receivables	946,608	940,412
Inventories	885,305	922,491
Other financial assets	15,107	8,567
Other current assets	118,031	120,214
Subtotal	2,483,956	2,508,696
Assets held for sale	28,694	16,618
Total current assets	2,512,650	2,525,314
Non-current assets		
Property, plant and equipment	1,556,665	1,563,516
Right-of-use assets	301,278	297,202
Goodwill	136,406	139,054
Intangible assets	159,920	166,043
Investments accounted for using equity method	38,894	35,236
Other financial assets	104,509	115,509
Deferred tax assets	82,010	89,357
Other non-current assets	69,871	63,713
Total non-current assets	2,449,553	2,469,631
Total assets	4,962,203	4,994,945

	As of December 31, 2022	As of March 31, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	607,498	513,782
Bonds and borrowings	107,866	161,495
Lease liabilities	56,033	56,272
Income taxes payable	53,780	68,100
Other financial liabilities	34,074	43,528
Provisions	51,615	40,876
Other current liabilities	173,340	196,356
Subtotal	1,084,204	1,080,410
Liabilities directly associated with assets held for sale	1,596	1,256
Total current liabilities	1,085,800	1,081,666
Non-current liabilities		
Bonds and borrowings	345,584	331,253
Lease liabilities	257,684	253,279
Other financial liabilities	18,075	9,211
Retirement benefit liabilities	155,112	157,295
Provisions	37,302	38,707
Deferred tax liabilities	39,053	38,358
Other non-current liabilities	11,092	10,378
Total non-current liabilities	863,901	838,481
Total liabilities	1,949,701	1,920,147
Equity		
Common stock	126,354	126,354
Capital surplus	119,517	119,517
Treasury stock	(136,814)	(136,314)
Other components of equity	358,523	385,711
Retained earnings	2,498,255	2,530,310
Total equity attributable to owners of parent	2,965,835	3,025,579
Non-controlling interests	46,666	49,219
Total equity	3,012,501	3,074,798
Total liabilities and equity	4,962,203	4,994,945

**(2) Condensed Quarterly Consolidated Statement of Profit or Loss**

(Three months ended March 31, 2023)

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Continuing operations		
Revenue	891,011	1,043,541
Cost of sales	544,427	642,919
Gross profit	346,584	400,622
Selling, general and administrative expenses	247,837	284,472
Other income	3,583	15,601
Other expenses	14,697	4,250
Operating profit	87,632	127,501
Finance income	7,672	9,480
Finance costs	4,532	10,052
Share of profit (loss) of investments accounted for using equity method	2,336	(199)
Profit before tax	93,109	126,730
Income tax expense	26,634	34,720
Profit from continuing operations	66,475	92,010
Discontinued operations		
Profit (loss) from discontinued operations	(11,580)	(161)
Profit	54,894	91,849
Profit attributable to		
Owners of parent	53,836	90,499
Non-controlling interests	1,059	1,350
Profit	54,894	91,849
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	93.11	132.47
Discontinued operations	(16.48)	(0.24)
Total	76.63	132.24
Diluted earnings (loss) per share (Yen)		
Continuing operations	92.97	132.30
Discontinued operations	(16.46)	(0.24)
Total	76.51	132.07

**(3) Condensed Quarterly Consolidated Statement of Comprehensive Income**

(Three months ended March 31, 2023)

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Profit	54,894	91,849
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	(9,499)	2,639
Remeasurements of defined benefit plans	1,026	(7,809)
Total of items that will not be reclassified to profit or loss	(8,473)	(5,170)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	139,702	36,786
Effective portion of change in fair value of cash flow hedges	(2,042)	(949)
Share of other comprehensive income of investments accounted for using equity method	(1,148)	1,803
Total of items that may be reclassified to profit or loss	136,512	37,640
Other comprehensive income, net of tax	128,040	32,470
Comprehensive income	182,934	124,319
Comprehensive income attributable to		
Owners of parent	179,787	120,954
Non-controlling interests	3,147	3,366
Comprehensive income	182,934	124,319

**(4) Condensed Quarterly Consolidated Statement of Changes in Equity**

Three months ended March 31, 2022

	Equity attributable to owners of parent						
	Equity attributable to owners of parent			Other components of equity			
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–
Restated balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	136,715	(2,363)	(9,499)
Total comprehensive income	–	–	–	–	136,715	(2,363)	(9,499)
Purchase of treasury stock	–	–	(26,025)	–	–	–	–
Disposal of treasury stock	–	–	683	(136)	–	–	–
Dividends	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	31
Transactions with non-controlling interests and other	–	(2,446)	–	–	–	–	–
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	(2,446)	(25,342)	(136)	–	–	31
Balance at March 31, 2022	126,354	119,681	(63,465)	2,861	181,398	(1,620)	53,968

	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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at January 1, 2022	–	111,859	2,307,667	2,629,883	45,471	2,675,354
Cumulative effects of changes in accounting policies	–	–	91	91	13	105
Restated balance at January 1, 2022	–	111,859	2,307,758	2,629,974	45,484	2,675,458
Profit	–	–	53,836	53,836	1,059	54,894
Other comprehensive income	1,098	125,951	–	125,951	2,088	128,040
Total comprehensive income	1,098	125,951	53,836	179,787	3,147	182,934
Purchase of treasury stock	–	–	–	(26,025)	–	(26,025)
Disposal of treasury stock	–	(136)	(32)	516	–	516
Dividends	–	–	(59,863)	(59,863)	(1,719)	(61,582)
Transfer from other components of equity to retained earnings	(1,098)	(1,068)	1,068	–	–	–
Transactions with non-controlling interests and other	–	–	–	(2,446)	–	(2,446)
Other changes	–	–	–	–	479	479
Total transactions with owners, etc.	(1,098)	(1,203)	(58,827)	(87,818)	(1,240)	(89,058)
Balance at March 31, 2022	–	236,607	2,302,767	2,721,943	47,391	2,769,334



Three months ended March 31, 2023

	Equity attributable to owners of parent						
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity		
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2023	126,354	119,517	(136,814)	2,673	310,311	2,980	42,558
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	36,536	(946)	2,639
Total comprehensive income	–	–	–	–	36,536	(946)	2,639
Purchase of treasury stock	–	–	(5)	–	–	–	–
Disposal of treasury stock	–	–	505	(81)	–	–	–
Dividends	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(10,960)
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	–	500	(81)	–	–	(10,960)
Balance at March 31, 2023	126,354	119,517	(136,314)	2,592	346,847	2,035	34,237

	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, 2023	–	358,523	2,498,255	2,965,835	46,666	3,012,501
Profit	–	–	90,499	90,499	1,350	91,849
Other comprehensive income	(7,775)	30,454	–	30,454	2,016	32,470
Total comprehensive income	(7,775)	30,454	90,499	120,954	3,366	124,319
Purchase of treasury stock	–	–	(1)	(6)	–	(6)
Disposal of treasury stock	–	(81)	(37)	387	–	387
Dividends	–	–	(61,592)	(61,592)	(819)	(62,411)
Transfer from other components of equity to retained earnings	7,775	(3,185)	3,185	–	–	–
Other changes	–	–	–	–	7	7
Total transactions with owners, etc.	7,775	(3,266)	(58,445)	(61,210)	(812)	(62,023)
Balance at March 31, 2023	–	385,711	2,530,310	3,025,579	49,219	3,074,798

**(5) Condensed Quarterly Consolidated Statement of Cash Flows**

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	93,109	126,730
Profit (loss) before tax from discontinued operations	(11,294)	(131)
Depreciation and amortization	65,636	72,241
Impairment losses	12,774	73
Increase (decrease) in accounts payable - bonuses	(2,073)	(5,320)
Increase (decrease) in retirement benefit liabilities	2,003	602
Interest and dividend income	(2,656)	(7,780)
Interest expenses	3,058	4,638
Foreign currency exchange loss (gain)	1,387	14,217
Share of loss (profit) of investments accounted for using equity method	(2,336)	199
Loss (gain) on sale of fixed assets	(1,633)	(10,859)
Business and plant restructuring income	(892)	(2,724)
Business and plant restructuring expenses	1,132	2,085
Loss on retirement of fixed assets	328	1,318
Decrease (increase) in trade and other receivables	(30,088)	10,492
Decrease (increase) in inventories	(54,424)	(24,091)
Increase (decrease) in trade and other payables	2,573	(48,329)
Increase (decrease) in consumption tax payables	6,697	10,844
Increase (decrease) in refund liabilities	18,338	16,149
Increase (decrease) in provision for loss on litigation	632	(7,891)
Other	(27,993)	(25,282)
Subtotal	74,277	127,181
Interest and dividends received	4,895	11,019
Interest paid	(2,903)	(4,589)
Income taxes paid	(10,295)	(13,782)
Net cash provided by (used in) operating activities	65,973	119,829
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(65,658)	(82,537)
Proceeds from sale of property, plant and equipment	1,912	12,482
Payments for purchase of intangible assets	(5,894)	(9,724)
Proceeds from sales of investments in securities	157	13,137
Payments of long-term loans receivable	(12,256)	(11,163)
Other	7,701	(2,342)
Net cash provided by (used in) investing activities	(74,038)	(80,149)

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Cash flows from financing activities		
Proceeds from short-term debt	35,356	146,165
Repayments of short-term debt	(16,599)	(111,116)
Proceeds from long-term debt	17	14,214
Repayments of long-term debt	(46,583)	(14,297)
Repayments of lease liabilities	(15,077)	(16,406)
Dividends paid to owners of parent	(59,240)	(60,802)
Other	(32,276)	(821)
Net cash provided by (used in) financing activities	(134,401)	(43,063)
Effect of exchange rate changes on cash and cash equivalents	39,452	1,603
Net increase (decrease) in cash and cash equivalents	(103,014)	(1,779)
Cash and cash equivalents at beginning of period	787,542	518,905
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(5,824)	(115)
Cash and cash equivalents at end of period	678,704	517,011

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

Not applicable

**(Changes in accounting policies)**

(Application of IAS 12 “Income Taxes”)

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

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

Because the cumulative effects due to the application of the above standard were reflected in the condensed quarterly consolidated statement of changes in equity, for the three months ended March 31, 2022, the balance at the beginning of the period for retained earnings increased by ¥91 million and the balance at the beginning of the period for non-controlling interests increased by ¥13 million.

**(Reconciliation from adjusted operating profit to profit before tax)**

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Adjusted operating profit (Note 1)	101,095	116,794
Adjustment items (income) (Note 2)	1,017	13,509
Adjustment items (expenses) (Note 5)	14,479	2,802
Operating profit	87,632	127,501
Finance income	7,672	9,480
Finance costs	4,532	10,052
Share of profit (loss) of investments accounted for using equity method	2,336	(199)
Profit before tax	93,109	126,730

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

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

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Insurance claim income	99	22
Business and plant restructuring income	892	(Note 3) 2,724
Gain on reversal of impairment losses on fixed assets	26	43
Other income with large amounts related to one time event	–	(Note 4) 10,720
Adjustment items (income)	1,017	13,509

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

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

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

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Impairment losses	(Note 6) 12,774	73
Cost of sales (loss on disaster)	941	489
Other expenses (loss on disaster)	41	64
Business and plant restructuring expenses	723	(Note 7) 2,103
Other expense with large amounts related to one time event	–	(Note 8) 73
Adjustment items (expenses)	14,479	2,802

(Note 6) The major breakdown of impairment losses is impairment on assets for the Russian business of ¥12,765 million. Details are presented below in “Impairment of non-financial assets” under Notes to the Condensed Quarterly Consolidated Financial Statements.

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

(Note 8) This was the recording of expenses relating to part replacement, etc. of the affected standard and power assist bicycles following the recall in October 2022 of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company.

### (Impairment of non-financial assets)

#### Three months ended March 31, 2022

Impairment losses recognized in the three months ended March 31, 2022 of ¥12,774 million is mainly due to the following reasons.

As announced on March 14, 2022, the Company resolved to suspend production in Russia and tire exports to Russia. As a result, the previously estimated revenue from the Russian tire business is not expected to be realized at this time, and accordingly the carrying amount of assets for business use in the Russian tire business was reduced by ¥12,765 million to the recoverable amount. The recoverable amount of the asset was measured by its value in use.

**(Selling, general and administrative expenses)**

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

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Freight	56,184	58,837
Advertising and sales promotional expenses	19,212	20,384
Employee benefit expenses	74,074	82,293
Depreciation and amortization	23,232	26,207
Research and development expenses (Note)	26,377	29,681
Others	48,759	67,070
Total	247,837	284,472

(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)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Gain on sale of fixed assets	1,628	(Note 1) 10,859
Business and plant restructuring income	892	(Note 2) 2,724
Others	1,064	2,017
Total	3,583	15,601

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

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

## (2) Other expenses

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Business and plant restructuring expenses	723	(Note 1) 2,103
Loss on retirement of fixed assets	304	1,318
Removal and disassembly expense	149	551
Impairment losses	(Note 2) 12,774	73
Others	747	205
Total	14,697	4,250

(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)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Interest income (Note)	2,314	7,444
Gain on valuation of derivatives	–	1,732
Foreign currency exchange gain	5,001	–
Others	357	305
Total	7,672	9,480

## (2) Finance costs

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Interest expenses (Note)	3,022	4,635
Foreign currency exchange loss	–	3,553
Net interest of defined benefit plans	705	1,113
Others	805	752
Total	4,532	10,052

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

**(Discontinued operations)****(1) Anti-vibration rubber business**

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

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

**1) Profit or loss from discontinued operations**

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	16,714	1,427
Expenses (Note)	(22,015)	(1,459)
Profit (loss) before tax from discontinued operations	(5,302)	(32)
Income tax expense	(215)	(33)
Profit (loss) from discontinued operations	(5,516)	(64)

(Note) Expenses for the three months ended March 31, 2022, include a loss of ¥3,237 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. Expenses for the three months ended March 31, 2023, include a reversal of expenses of ¥148 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

**2) Cash flow from discontinued operations**

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(3,864)	(143)
Net cash provided by (used in) investing activities	(419)	(85)
Net cash provided by (used in) financing activities	(35)	-
Total	(4,318)	(227)



## (2) Chemical products solutions business

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

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

## 1) Profit or loss from discontinued operations

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	14,435	495
Expenses (Note)	(20,427)	(595)
Profit (loss) before tax from discontinued operations	(5,992)	(99)
Income tax expense	(71)	3
Profit (loss) from discontinued operations	(6,064)	(97)

(Note) Expenses for the three months ended March 31, 2022, include a loss of ¥4,845 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs. Expenses for the three months ended March 31, 2023, include a loss of ¥91 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

## 2) Cash flow from discontinued operations

	Three months ended March 31, 2022	Three months ended March 31, 2023
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(1,874)	(15)
Net cash provided by (used in) investing activities	(1,508)	(145)
Net cash provided by (used in) financing activities	(165)	-
Total	(3,547)	(160)

**(Subsequent events)**

Not applicable