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Annual Securities Report

(Filed pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act of Japan)
Business year
From January 1, 2024 To December 31, 2024
(106th Fiscal Period)

Bridgestone Corporation

(E01086)

106th Fiscal Period (from January 1, 2024 to December 31, 2024)

Annual Securities Report

1 This document was prepared for printing by adding a table of contents and pages to the Annual Securities Report, which is in accordance with Article 24, paragraph (1) of the Financial Instruments and Exchange Act, submitted as data on March 25, 2025 using the Electronic Data Processing System for Disclosure (EDINET) prescribed in Article 27-30, paragraph (2) of the aforementioned act.

2 The document does not include the attachments to the Annual Securities Report submitted as described above, but the Audit Report is bound in an unpaginated booklet.

Bridgestone Corporation

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Annual Securities Report for the 106th Fiscal Period

Audit Report

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[Document Submitted]	Annual Securities Report
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Filed to]	Director of the Kanto Local Finance Bureau
[Date of Submission]	March 25, 2025
[Business Year]	106th Fiscal Period (from January 1, 2024 to December 31, 2024)
[Company Name]	Bridgestone Corporation
[Company Name (in English)]	BRIDGESTONE CORPORATION
[Position and Name of Representative]	Shuichi Ishibashi Member of the Board Global CEO and Representative Executive Officer
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[Nearest Contact]	3-1-1 Kyobashi, Chuo-ku, Tokyo
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[Contact for Communications]	Suguru Ono, Director, Global Financial Accounting Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Fukuoka Stock Exchange (2-14-2 Tenjin, Chuo-ku, Fukuoka)

Part I Information on the Company

I. Overview of the Company

1. Key financial data and trends

(1) Consolidated financial data

Term		International Financial Reporting Standards				
		102nd	103rd	104th	105th	106th
Year ended		December 2020	December 2021	December 2022	December 2023	December 2024
Revenue	Yen in millions	2,695,224	3,246,057	4,110,070	4,313,800	4,430,096
Profit before tax	Yen in millions	27,412	377,594	423,458	444,154	421,437
Profit or loss attributable to owners of parent	Yen in millions	(23,301)	394,037	300,305	331,305	284,989
Comprehensive income attributable to owners of parent	Yen in millions	(108,005)	581,731	556,730	516,150	517,490
Equity attributable to owners of parent	Yen in millions	2,149,958	2,629,883	2,965,835	3,353,592	3,731,606
Total assets	Yen in millions	4,189,327	4,574,892	4,962,203	5,427,813	5,723,517
Total equity attributable to owners of parent per share	Yen	3,053.35	3,734.23	4,333.80	4,898.25	5,448.98
Basic earnings (loss) per share	Yen	(33.09)	559.56	432.20	483.99	416.19
Diluted earnings (loss) per share	Yen	(33.09)	558.71	431.61	483.41	415.76
Ratio of equity attributable to owners of parent to total assets	%	51.3	57.5	59.8	61.8	65.2
Return on equity attributable to owners of parent	%	(1.0)	16.5	10.7	10.5	8.0
Price earnings ratio	Times	–	8.8	10.9	12.1	12.8
Cash flows from operating activities	Yen in millions	526,947	281,538	268,483	661,433	548,844
Cash flows from investing activities	Yen in millions	(155,378)	131,701	(338,004)	(297,719)	(255,061)
Cash flows from financing activities	Yen in millions	18,077	(379,321)	(364,109)	(183,657)	(343,258)
Cash and cash equivalents at end of period	Yen in millions	810,546	787,542	518,905	724,601	706,732
Number of employees	Persons	138,036	135,636	129,262	125,199	121,464

(Notes)
1. The Bridgestone Group (the "Group") prepares its consolidated financial statements based on International Financial Reporting Standards (IFRS) from the 102nd fiscal period, with the transition date of January 1, 2019.
2. Price earnings ratio is not listed for the 102nd fiscal period due to there being a basic loss per share.
3. The average number of temporary employees is omitted since the number is below 10% of the number of employees.
4. On March 31, 2021, Firestone Building Products Company, LLC (hereinafter "FSBP"), a subsidiary of Bridgestone Corporation (the "Company"), was sold to Holcim Participations (US) Inc. FSBP has thus been categorized as discontinued operations. Accordingly, the amounts of revenue and profit before tax for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.
5. 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. (hereinafter "AZ"). The anti- vibration rubber business has thus been categorized as discontinued operations. Accordingly, the amounts of revenue and profit before tax for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.
6. 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 (hereinafter "EUF-2"), which is organized, managed, and operated by an investment fund Endeavour United Co., Ltd. (hereinafter "EU"). The chemical products solutions business has thus been categorized as discontinued operations. Accordingly, the amounts of revenue and profit before tax for the 102nd fiscal period have been reclassified to present the respective amounts of continuing operations, excluding the discontinued operations.

7. The Group has adopted International Accounting Standards (IAS) 12, "Income Taxes" (revised in May 2021), from the 105th fiscal period. Accordingly, the data for the 104th fiscal period are those after the retrospective application.

Term		J-GAAP
		102nd
Year ended		December 2020
Net sales	Yen in millions	2,999,018
Ordinary Profit	Yen in millions	173,802
Loss attributable to owners of parent	Yen in millions	(2,016)
Comprehensive income	Yen in millions	(99,079)
Total equity	Yen in millions	2,119,718
Total assets	Yen in millions	3,876,270
Total equity per share	Yen	2,942.56
Loss per share	Yen	(2.86)
Diluted earnings per share	Yen	–
Equity ratio	%	53.5
Return on equity	%	(0.1)
Price earnings ratio	Times	–
Net cash provided by (used in) operating activities	Yen in millions	483,938
Net cash provided by (used in) investing activities	Yen in millions	(157,772)
Net cash provided by (used in) financing activities	Yen in millions	61,086
Cash and cash equivalents at end of period	Yen in millions	810,546
Number of employees	Persons	138,036

(Notes)
1. The average number of temporary employees is omitted since the number is below 10% of the number of employees.
2. Various figures derived from generally accepted accounting principles in Japan (J-GAAP) for the 102nd fiscal period have not been audited in accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.
3. Diluted earnings per share is not listed for the 102nd fiscal period due to there being a net loss per share despite their being potential shares.
4. Price earnings ratio is not listed for the 102nd fiscal period due to there being a net loss per share.

(2) Financial data for the Company

Term		102nd	103rd	104th	105th	106th
Year ended		December 2020	December 2021	December 2022	December 2023	December 2024
Net sales	Yen in millions	691,683	839,528	981,660	1,007,593	967,363
Ordinary Profit	Yen in millions	96,155	292,915	231,918	300,594	227,240
Profit	Yen in millions	82,914	167,024	164,341	284,215	235,046
Common stock	Yen in millions	126,354	126,354	126,354	126,354	126,354
Total number of shares issued	Thousands of shares	713,698	713,698	713,698	713,698	713,698
Total equity	Yen in millions	1,294,084	1,373,813	1,304,356	1,457,572	1,548,873
Total assets	Yen in millions	2,097,389	2,135,579	1,911,361	2,121,023	2,114,128
Total equity per share	Yen	1,833.40	1,946.44	1,902.07	2,125.55	2,258.69
Dividend per share [Interim dividend amount]	Yen	110 [50]	170 [85]	175 [85]	200 [100]	210 [105]
Earnings per share	Yen	117.76	237.18	236.52	415.19	343.26
Diluted earnings per share	Yen	117.57	236.83	236.20	414.70	342.90
Equity ratio	%	61.6	64.2	68.1	68.6	73.2
Return on equity	%	6.4	12.5	12.3	20.6	15.7
Price earnings ratio	Times	28.7	20.9	19.8	14.1	15.6
Dividend payout ratio	%	93.4	71.7	74.0	48.2	61.2
Number of employees	Persons	14,858	14,745	13,903	14,106	14,207
Total shareholder return	%	85.8	128.5	126.4	159.6	152.5
[Comparative indicator: TOPIX (dividend included)]	%	[107.4]	[121.1]	[118.1]	[151.5]	[182.5]
Highest share price	Yen	4,082.0	5,467.0	5,509.0	6,245.0	7,058.0
Lowest share price	Yen	2,861.5	3,307.0	4,042.0	4,548.0	4,970.0

(Notes) 1. The average number of temporary employees is omitted since the number is below 10% of the number of employees.

2. From April 4, 2022, the highest share price and lowest share price are those recorded on the Tokyo Stock Exchange (Prime Market). Prior to that, the prices were those recorded on the Tokyo Stock Exchange (First Section).

3. At the beginning of the 104th fiscal period, the Group adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations. The key financial data for the 104th fiscal period reflects the adoption of these accounting standards, etc.

2. History

Date	Event
March 1931	Established Bridgestone Tire Co., Ltd in the city of Kurume, Fukuoka Prefecture in Japan. Commenced production of automotive tires.
October 1935	Commenced production of golf balls
May 1937	Relocated head office to Tokyo
September 1937	Commenced production of V-belts and rubber hoses
February 1942	Changed name to Nippon Tire Co., Ltd.
October 1949	Company split with the establishment of Bridgestone Cycle Company (now, Bridgestone Cycle Co., Ltd.)
February 1951	Renamed back to Bridgestone Tire Co., Ltd.
October 1961	Listed on the Tokyo and Osaka Stock Exchanges
June 1967	Established joint venture in Thailand, Thai Japan Tyre Co., Ltd. (now, Thai Bridgestone Co., Ltd.)
September 1972	Established joint venture Bridgestone Spalding Co., Ltd. (now, Bridgestone Sports Co., Ltd.)
September 1973	Established joint venture in Indonesia, P.T. Bridgestone Tire Indonesia (now, PT Bridgestone Tire Indonesia)
December 1980	Acquired Uniroyal Holdings Limited (now, Bridgestone Australia Ltd.) in Australia
November 1982	Established Bridgestone Tire Manufacturing (U.S.A.), Inc. in the U.S. (May 1990, merged with Bridgestone/Firestone, Inc. (now, Bridgestone Americas Tire Operations, LLC))
April 1984	Changed name to Bridgestone Corporation
January 1988	Established Bridgestone Finance Europe B.V. in the Netherlands (now, such operations have been succeeded by Bridgestone Treasury Singapore Pte. Ltd. in Singapore)
May 1988	Acquired the Firestone Tire & Rubber Company. (now, Bridgestone Americas Tire Operations, LLC)
January 1989	Established Bridgestone Finance Corporation
January 1993	Consolidated the sports business into Bridgestone Sports Co., Ltd.
December 1994	Bridgestone/Firestone Europe S.A. (now, Bridgestone Europe NV/SA) became a holding-company structure for European operations with sales and logistics functions in Europe consolidated in that company
December 1994	Established Bmah Corporation (now, Bridgestone Americas, Inc.) in the U.S.
January 1997	Acquired Fedstone (Pty) Limited (now, Bridgestone South Africa Holdings (Pty) Ltd.), with the consolidated subsidiary Firestone South Africa (Pty) Ltd. in South Africa (now, Bridgestone South Africa (Pty) Ltd.)
July 1998	Established Bridgestone/Firestone Poland Sp. z o.o. (now, Bridgestone Poznan Sp. z o.o.) in Poland
November 1999	Established Bridgestone Middle East FZE (now, Bridgestone Middle East & Africa FZE) in the United Arab Emirates
March 2000	Established Bridgestone Tire Manufacturing (Thailand) Co., Ltd. in Thailand
December 2001	Bridgestone/Firestone, Inc. (now, Bridgestone Americas Tire Operations, LLC) split and reorganized by business with Bridgestone/Firestone Americas Holding, Inc. (now, Bridgestone Americas, Inc.) as a holding company for management of businesses in the Americas
February 2003	Established Bridgestone (Wuxi) Tire Co., Ltd. in China
October 2004	Established Bridgestone (China) Investment Co., Ltd. in China
August 2005	Acquired PT. Goodyear Sumatra Plantation (now PT Bridgestone Sumatra Rubber Estate) in Indonesia
July 2006	Established Bridgestone Asia Pacific Pte. Ltd. in Singapore
May 2007	Bridgestone Americas Holding, Inc. (now, Bridgestone Americas, Inc.) acquired Bandag, Incorporated (now, Bridgestone Bandag, LLC)
June 2014	Acquired Masthead Industries, LLC (now Bridgestone Hose America, Inc.) in the U.S.
May 2017	Bridgestone Europe NV/SA acquired Ets Paul Ayme (Holding) & Ayme er Fils SAS (now First Stop Ayme SAS) in France
April 2019	Bridgestone Europe NV/SA acquired Tom Tom Telematics B.V. (now Bridgestone Mobility Solutions B.V.) in Netherlands
September 2021	Bridgestone Americas, Inc. acquired Azuga Holdings, Inc.
December 2021	Bridgestone Mining Solutions Australia Pty. Ltd. acquired Otraco International Pty. Ltd.

3. Description of business

The Bridgestone Group (the "Group") comprises Bridgestone Corporation (the "Company"), 232 subsidiaries (of which 232 are consolidated subsidiaries), and 124 associates (of which 124 are accounted for using the equity method). The Group is engaged in the businesses below through its reporting segments "Japan," "Asia-Pacific, India and China," "Americas," and "Europe, Middle East and Africa," as well as through other segments.

Reporting segments have been reorganized from the current fiscal year. Details are described in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 6. Operating Segments."

Name of segment	Major businesses	Major companies	
Japan	Premium tire business Solutions business Chemical and industrial products and diversified products business [Sports, cycle]	[Controlling, manufacturing and sales]	Bridgestone Corporation
		[Controlling of tire sales]	Bridgestone Tire Solution Japan Co., Ltd.
		[Tire sales]	Bridgestone Retail Japan Co., Ltd. Bridgestone Mining Solutions Latin America S.A. Bridgestone Mining Solutions Australia Pty. Ltd.
		[Chemical and industrial product sales]	Bridgestone Diversified Products Japan Co., Ltd.
		[Manufacturing and sales of golf goods]	Bridgestone Sports Co., Ltd.
		[Manufacturing and sales of bicycles, etc.]	Bridgestone Cycle Co., Ltd.
Asia-Pacific, India and China	Premium tire business Solutions business	[Controlling and sales]	Bridgestone Asia Pacific Pte. Ltd. Bridgestone (China) Investment Co., Ltd.
		[Manufacturing and sales of tires]	Bridgestone (Wuxi) Tire Co., Ltd. Bridgestone India Private Ltd. Thai Bridgestone Co., Ltd. Bridgestone Tire Manufacturing (Thailand) Co., Ltd. PT Bridgestone Tire Indonesia
		[Tire sales]	Bridgestone Australia Ltd.
Americas	Premium tire business Solutions business Diversified products business [Air springs]	[Controlling]	Bridgestone Americas, Inc.
		[Manufacturing and sales of tires]	Bridgestone Americas Tire Operations, LLC Bridgestone Bandag, 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.
		[Tire sales]	Bridgestone Retail Operations, LLC
		[Manufacturing and sales of raw materials for tires]	Firestone Polymers, LLC
		[Manufacturing and sales of air springs]	Firestone Industrial Products Company, LLC

Name of segment	Major businesses	Major companies	
Europe, Middle East and Africa	Premium tire business Solutions business	[Controlling and sales]	Bridgestone Europe NV/SA
		[Manufacturing and sales of tires]	Bridgestone Poznan Sp. z o.o. Bridgestone Stargard Sp. z o.o. Bridgestone Hispania Manufacturing, S.L.U. Bridgestone South Africa (Pty) Ltd.
		[Tire sales]	First Stop Ayme SAS Bridgestone Middle East & Africa FZE
Others	Other business	[Finance and others]	Bridgestone Finance Corporation Bridgestone Treasury Singapore Pte. Ltd.

(Notes)
1. The premium tire business mainly comprises tires for passenger cars, trucks & buses, and specialties tires (for off-the-road mining and construction vehicles, agricultural machinery, and motorcycles).
2. The solutions business comprises the retail and service solutions business, and the commercial BtoB solutions business (solutions for truck & bus, mining vehicle, and aircraft tires).
3. The chemical and industrial products business mainly comprises hydraulic and high-performance hoses, rubber tracks, plastic piping, and seismic insolation.

4. Subsidiaries and associates

Name	Location	Common stock / Investment in capital (Yen in millions)	Description of major businesses	Ownership ratio of voting rights (%)	Relationship			
					Officers serving concurrently	Loans	Business transactions	Leasing of facilities
(Consolidated subsidiaries)								
Bridgestone Tire Solution Japan Co., Ltd.	Kodaira, Tokyo	710	Management of domestic sale of tires for replacement market, sale of tires, and development and deployment of solutions business	100.0	Yes	No	Purchase of products from the Company	Business facilities
Bridgestone Retail Japan Co., Ltd.	Kodaira, Tokyo	300	Sale of tires and automotive parts	(100.0) 100.0	Yes	No	No	Business facilities
Bridgestone Logistics Co., Ltd.	Kodaira, Tokyo	400	Shipping and warehousing	100.0	Yes	No	Shipping and warehousing of the Company's products	Business facilities
Bridgestone Diversified Products Japan Co., Ltd.	Totsuka-ku, Yokohama	400	Sale and work on industrial rubber products and building materials	100.0	Yes	No	Purchase of products from and supply of products to the Company	Business facilities
Bridgestone Sports Co., Ltd.	Chuo-ku, Tokyo	3,000	Manufacture and sale of golf goods	100.0	Yes	No	No	Business facilities
Bridgestone Cycle Co., Ltd.	Ageo, Saitama	10,870	Manufacture and sale of bicycles	100.0	Yes	No	No	Business facilities
Bridgestone Specialty Tire Manufacturing (Thailand) Co., Ltd.	Thailand	THB in millions 11,900	Manufacture and sale of off-the-road tires for mining and construction vehicles and aircraft tires	100.0	Yes	No	Supply of products to the Company	No
Bridgestone Mining Solutions Latin America S.A.	Chile	USD in millions 3	Sale and related services of off-the-road tires for mining and construction vehicles and conveyor belts, etc.	67.0	Yes	No	Purchase of products from the Company	No
Bridgestone Mining Solutions Australia Pty. Ltd.	Australia	AUD in millions 7	Sale and related services of off-the-road tires for mining and construction vehicles and conveyor belts, etc.	100.0	Yes	No	Purchase of products from the Company	No
Bridgestone Asia Pacific Pte. Ltd.	Singapore	SGD in millions 1,624	Management of Asia-Pacific, India and China tire operations and sale of tires	100.0	Yes	No	Purchase of products from the Company	No
Bridgestone (China) Investment Co., Ltd.	China	USD in millions 348	Management of China tire operations and sale of tires	100.0	Yes	No	Purchase of products from the Company	No
Bridgestone (Shenyang) Tire Co., Ltd.	China	USD in millions 183	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Supply of products to the Company	No
Bridgestone (Wuxi) Tire Co., Ltd.	China	USD in millions 255	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Supply of products to the Company	No
Bridgestone India Private Ltd.	India	INR in millions 7,737	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Purchase of products from and supply of products to the Company	No
Bridgestone Tire Manufacturing Vietnam LLC	Vietnam	USD in millions 448	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Supply of products to the Company	No
Thai Bridgestone Co., Ltd.	Thailand	THB in millions 400	Manufacture and sale of tires	(69.2) 69.2	Yes	No	Supply of products to the Company	No
Bridgestone Tire Manufacturing (Thailand) Co., Ltd.	Thailand	THB in millions 6,921	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Supply of products to the Company	No

Name	Location	Common stock / Investment in capital (Yen in millions)	Description of major businesses	Ownership ratio of voting rights (%)	Relationship			
					Officers serving concurrently	Loans	Business transactions	Leasing of facilities
PT Bridgestone Tire Indonesia	Indonesia	IDR in millions 10,358	Manufacture and sale of tires	(54.3) 54.3	Yes	No	Supply of products to the Company	No
Bridgestone Australia Ltd.	Australia	AUD in millions 206	Sale of tires	(100.0) 100.0	No	No	No	No
Bridgestone Americas, Inc.	U.S.	USD in millions 127	Management of Americas operations	100.0	Yes	No	No	No
Bridgestone Americas Tire Operations, LLC	U.S.	USD in thousands 1	Manufacture and sale of tires	(100.0) 100.0	Yes	No	Purchase of products and raw materials from and supply of products to the Company	No
Bridgestone Retail Operations, LLC	U.S.	USD in thousands 1	Sale of tires and automotive components, and automotive maintenance and repair services	(100.0) 100.0	Yes	No	No	No
Bridgestone Bandag, LLC	U.S.	USD in thousands 1	Manufacture and sale of retreading materials and provision of related services	(100.0) 100.0	No	No	Supply of products to the Company	No
Firestone Polymers, LLC	U.S.	USD in thousands 1	Manufacture and sale of synthetic rubber	(100.0) 100.0	No	No	Supply of raw materials to the Company	No
Firestone Industrial Products Company, LLC	U.S.	USD in thousands 1	Manufacture and sale of air springs	(100.0) 100.0	No	No	No	No
Bridgestone Canada Inc.	Canada	CAD in millions 21	Manufacture and sale of tires and sale of automotive components	(100.0) 100.0	No	No	Purchase of products from the Company	No
Bridgestone de Mexico, S.A. DE C.V.	Mexico	MXN in millions 456	Manufacture and sale of tires	(100.0) 100.0	No	No	Purchase of products from the Company	No
Bridgestone do Brasil Industria e Comercio LTDA.	Brazil	BRL in millions 510	Manufacture and sale of tires	(100.0) 100.0	No	No	Purchase of products and raw materials from the Company	No
Bridgestone Argentina S.A.I.C.	Argentina	ARS in millions 201	Manufacture and sale of tires	(100.0) 100.0	No	No	Purchase of products from the Company	No
Bridgestone Europe NV/SA	Belgium	EUR in millions 2,064	Management of Europe, Middle East and Africa tire operations and sale of tires	100.0	Yes	Yes	Purchase of products from and supply of products to the Company	No
Bridgestone Poznan Sp. z o.o.	Poland	PLN in millions 558	Manufacture and sale of tires	(100.0) 100.0	No	No	Purchase of raw materials from the Company	No
Bridgestone Stargard Sp. z o.o.	Poland	PLN in millions 573	Manufacture and sale of tires	(100.0) 100.0	No	No	No	No
First Stop Ayme SAS	France	EUR in millions 22	Sale of tires	(100.0) 100.0	No	No	No	No
Bridgestone Tatabanya Kft.	Hungary	HUF in millions 73,311	Manufacture and sale of tires	(100.0) 100.0	No	No	No	No
Bridgestone Hispania Manufacturing, S.L.U.	Spain	EUR in thousands 3	Manufacture and sale of tires	(100.0) 100.0	No	No	No	No
Bridgestone Middle East & Africa FZE	U.A.E.	AED in thousands 17	Sale of tires	(100.0) 100.0	No	No	No	No

Name	Location	Common stock / Investment in capital (Yen in millions)	Description of major businesses	Ownership ratio of voting rights (%)	Relationship			
					Officers serving concurrently	Loans	Business transactions	Leasing of facilities
Bridgestone South Africa (Pty) Ltd.	South Africa	ZAR in thousands 207	Manufacture and sale of tires	(75.0) 75.0	No	No	Purchase of products and raw materials from the Company	No
Bridgestone Singapore Pte. Ltd.	Singapore	USD in thousands 674	Sale and purchase of natural rubber	100.0	Yes	No	Supply of raw materials to the Company	No
Bridgestone Finance Corporation	Kodaira, Tokyo	50	Lending, factoring and entrusted processing of accounting and payroll calculation	100.0	Yes	No	Settlement of some of the Company's payables and partially entrusted service for accounting	Business facilities
Bridgestone Treasury Singapore Pte. Ltd.	Singapore	USD in millions 451	Lending and factoring	100.0	Yes	No	Collection agency for some of the Company's receivables	No
Other: 192 companies								
(Equity-method associates and others) TireHub, LLC	U.S.	USD in millions 21	Sale of tires	(50.0) 50.0	No	No	No	No
Brisa Bridgestone Sabanci Lastik Sanayi ve Ticaret A.S.	Turkey	TRY in millions 305	Manufacture and sale of tires	43.6	Yes	No	Purchase of products and raw materials from the Company	No
Other: 122 companies								

(Notes) 1. Bridgestone Tire Solution Japan Co., Ltd., Bridgestone Specialty Tire Manufacturing (Thailand) Co., Ltd., Bridgestone Asia Pacific Pte. Ltd., Bridgestone (China) Investment Co., Ltd., Bridgestone (Shenyang) Tire Co., Ltd., Bridgestone (Wuxi) Tire Co., Ltd., Bridgestone India Private Ltd., Bridgestone Tire Manufacturing Vietnam LLC, Bridgestone Tire Manufacturing (Thailand) Co., Ltd., Bridgestone Australia Ltd., Bridgestone Americas, Inc., Bridgestone Americas Tire Operations, LLC, Bridgestone Argentina S.A.I.C., Bridgestone Europe NV/SA, Bridgestone Poznan Sp. z o.o., Bridgestone Stargard Sp. z o.o., Bridgestone Tatabanya Kft., Bridgestone Singapore Pte. Ltd., and Bridgestone Treasury Singapore Pte. Ltd. are specified subsidiaries.

2. Figures in parentheses in the ownership ratio of voting rights column indicate indirect ownership ratio.
3. The initial amount of investment in capital is stated with respect to limited liability companies (LLCs) because LLCs under U.S. law do not have common stock.
4. Revenues of Bridgestone Americas Tire Operations, LLC (hereinafter "BATO") and Bridgestone Retail Operations, LLC (hereinafter "BSRO") (excluding internal sales from intercompany transactions within the Group) exceed 10% of the consolidated revenue.

(Yen in millions)

Major financial information	BATO	(1) Revenue	1,193,419
		(2) Profit before tax	130,149
		(3) Profit	102,948
		(4) Total equity	1,014,905
		(5) Total assets	1,278,018
	BSRO	(1) Revenue	765,832
		(2) Profit before tax	41,677
		(3) Profit	31,178
		(4) Total equity	298,987
		(5) Total assets	537,420

5. Employees

(1) Consolidated companies

(As of December 31, 2024)

Name of segment	Number of employees
Japan	26,469
Asia-Pacific, India and China	19,174
Americas	47,946
Europe, Middle East and Africa	16,680
Other	7,956
Company-wide (common)	3,239
Total	121,464

(Notes) 1. The number of employees represents the number of active employees.
2. The number of employees in the Japan segment includes the number of employees at tire plants in Japan that produce tires for other segments.

(2) Status of the Company

(As of December 31, 2024)

Number of employees	Average age (Years)	Average length of service (Years)	Average annual salary (Thousands of yen)
14,207	41.9	15.5	7,552

Name of segment	Number of employees
Japan	10,327
Other	641
Company-wide (common)	3,239
Total	14,207

(Notes) 1. The number of employees represents the number of active employees.
2. The average annual salary includes bonuses and extra wages.

(3) Labor union

The Company’s labor union is a member of the Japanese Trade Union Confederation (JTUC-RENGO). There are currently no particular matters concerning relations with the labor union that require mentioning. Labor-management relations are founded on mutual trust and are extremely amicable.

Stable labor-management relations are maintained at consolidated subsidiaries and there are no particular matters that require mentioning.

(4) Percentage of female employees in managerial positions, rate of male employees who took childcare leave and wage disparities between male and female employees

Since its founding in 1931, the Group has had a history of valuing diverse talent and fostering diversity through the acquisition of Firestone Tire & Rubber Company in the U. S. in 1988, etc., which we consider as our “second foundation (Bridgestone 2.0).” In our “third foundation,” starting in 2020, we have set our vision: “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.” In an era where change has become commonplace, we aim to continue to support the mobility of people and goods by being attentive and supportive of problems encountered by society and our customers and providing solutions in that regard. To realize this vision, diversity is essential for building a foundation for sustainable value creation. The Group will accelerate various initiatives to cultivate a corporate culture and to create a workplace environment where diverse talents can shine based on the belief that success of diverse talents leads to creation of value based on the “Bridgestone E8 Commitment” as the axis.

(Explanation regarding percentage of female employees in managerial positions)

From the perspective of expecting all employees to support an inclusive workplace environment mutually and at the same time promoting diversity in decision-making as an organization, the Group is empowering women and promoting the development and assignment of female leaders. In Japan, the Group is enhancing its female employee career support such as that of the Program for empowering and supporting female talents towards appointment to managers, in addition to supporting retention of female employees in a manner that enables them to continue working in a manner suited to their individual circumstances in alignment with their diverse life stages, in part by strengthening recruitment of female employees, retaining and empowering them by their work-life balance, and introducing a FemTech program. In promoting assignment of female managers positions, the Company introduced an officer mentor program that combines elements of mentoring and career support in 2021. As a result, the Company's percentage of female managers stands at 4.9% as of December 2024 (2.4% in 2020 prior to program introduction). Going forward, the Company will continue to apply the PDCA cycle and further accelerate these efforts.

(Explanation regarding rate of male employees who took childcare leave)

The Group engages in various initiatives such as those that involve establishing training on the theme of unconscious bias and promoting awareness-raising activities with its sights set on reforming preconceived notions regarding gender role divisions and transforming the corporate culture. We will continue our efforts that entail developing various opportunities for diverse talents to shine on a Group-wide basis. The rate of male employees who took childcare leave has increased steadily; 32.3% as of December 31, 2024, compared to the previous fiscal year (27.9%).

(Explanation regarding wage disparities between male and female employees)

There is no disparity in the wage structure or system between male and female employees in the Group. However, there is a difference between male and female employees as a result of current talent portfolio in terms of job categories and the percentage of managerial positions, resulting in wage disparities. In promoting our aim of developing various opportunities for diverse talents to shine on a Group-wide basis, we are putting efforts to have our talent portfolio more balanced, enhancing participation of female managers in key positions, improving working environment at manufacturing sites, and strengthening recruitment of female employees.

Diversity related metrics for the Company and domestic consolidated subsidiaries are as follows.

1) The Company

Company name	Percentage of female employees in managerial positions (%) (Notes 1 and 4)	Rate of male employees who took childcare leave (%) (Notes 2, 4 and 5)	Wage disparities between male and female employees (%) (Notes 3, 4 and 7)		
			All employees	Of which, regular employees	Of which, part-time and fixed-term employees
Bridgestone Corporation	4.9	32.3	84.7	85.5	75.4

2) Consolidated subsidiaries

Company name	Percentage of female employees in managerial positions (%) (Notes 1 and 4)	Rate of male employees who took childcare leave (%) (Notes 2, 4, 5 and 6)	Wage disparities between male and female employees (%) (Notes 3, 4, 6 and 7)		
			All employees	Of which, regular employees	Of which, part-time and fixed-term employees
Bridgestone Tire Solution Japan Co., Ltd.	0.7	10.3	65.8	64.0	76.3
Bridgestone Retail Japan Co., Ltd.	0.0	44.0	65.6	72.3	112.1
Bridgestone Tire Service Eastern Japan Co., Ltd.	0.0	0.0	69.4	70.3	90.1
Bridgestone Tire Service Western Japan Co., Ltd.	0.0	0.0	63.5	66.6	69.3
Bridgestone Tire Center Nishinihon Co., Ltd.	0.0	66.7	60.9	62.1	72.5
Bridgestone BRM Co., Ltd.	0.0	7.1	67.5	76.4	45.8
Bridgestone Logistics Co., Ltd.	4.5	47.4	80.8	82.1	84.6
Towa Unyu Co., Ltd.	0.0	–	73.8	78.7	56.9
Bridgestone Plant Engineering Co., Ltd.	1.8	44.4	75.6	77.3	61.1
Asahi Carbon Co., Ltd.	0.0	100.0	71.5	71.5	–
Bridgestone Diversified Products Japan Co., Ltd.	3.9	40.0	69.2	68.8	47.4
Bridgestone Flowtech Corporation	2.4	30.8	73.7	75.0	66.3
Bridgestone Cycle Co., Ltd.	0.7	50.0	67.0	64.2	99.9
Bridgestone Sports Co., Ltd.	9.2	33.3	77.4	76.4	55.6
Bridgestone Sports Sales Japan Co., Ltd.	1.5	66.7	60.7	67.8	67.6
Bridgestone Software Co., Ltd.	11.8	100.0	80.4	79.5	97.9
Bridgestone Empowerment Co., Ltd	66.7	50.0	112.9	116.5	71.7
Bridgestone Business Service Co., Ltd.	0.0	–	61.0	76.1	60.7

(Notes) 1. This is calculated based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015). Managerial positions are calculated based on positions equivalent to manager level or above in each company of the Group. The figures listed represent the percentage of the number of female employees in managerial positions in the total number of managerial positions as of December 31, 2024.

2. Rate of employees who took childcare leave is calculated based on the rate of childcare leave, etc. taken under Article 71-4, item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions under "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
This is calculated by the formula: "the number of employees who started childcare leave in the current fiscal year ÷ the number of employees whose spouses gave birth during the current fiscal year × 100." It may exceed 100% given that some employees whose spouses gave birth in the previous fiscal year have taken childcare leave, etc. during the current fiscal year.

3. This is calculated as a ratio of average annual wages of female employees to those of male employees in the current fiscal year based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015). Average annual wages are calculated as "total wages ÷ number of employees." Total wages include base salary, extra wages, bonuses, etc., excluding retirement allowances, commuting allowances, etc.

4. Secondees are counted as employees of the companies dispatching them as secondee.

5. The number of male employees who took parental leave is added to the number of male employees who took childcare leave.
6. A hyphen “-” indicates that there are no eligible employees.
7. Regular employees include full-time employees and permanent contract employees, and part-time and fixed-term employees include fixed-term contract employees (including retired reemployed employees). Additionally, wages of employees on overseas assignments and wages during periods of leave (such as childcare leave and sick leave, etc. due to non-occupational injury and diseases) are excluded from the calculation.

II. Business Overview

1. Management policy, management environment and issues to be addressed

The various changes in the Group's business environment continue to occur with complexity at an accelerating pace, such as geopolitics, economy, the global environment, sustainability, and technological innovation including digitalization. In particular, sustainability, which is at the core of the Group's management, is becoming more and more important, such as addressing climate change and taking measures to help achieve a nature-positive world (restoring nature). In the mobility industry, the spread of EVs is currently showing signs of slowing down in some areas, but the mid- to long-term outlook for growth is unchanged. The automobile industry is undergoing structural changes, with Chinese EV manufacturers stepping up their offensive moves. In conjunction with this, the tire industry is also seeing an increase in low-end tires imports from China, mainly in Europe and South America, which is posing a new threat.

In this environment, the Group has set the vision of "continuing to provide social value and customer value as a sustainable solutions company toward 2050." The Group has also set the "2030 Long Term Strategic Aspiration" announced in August 2022 as a roadmap toward 2031, the 100th anniversary of its founding. As part of this journey, we are striving to become a resilient "excellent" Bridgestone that transforms change into opportunity, unaffected by continuous change while remaining robust and flexible like rubber. Under our Mid Term Business Plan (2024-2026) announced in March 2024, we have outlined our activities geared toward achieving this vision as a three-year plan, and are accelerating our transformation.

In our Mid Term Business Plan (2024-2026), our management continues to be based on three axes: "Tackle past negative legacies squarely without delay," "Focus on execution and delivering results for immediate issues," and "Lay foundation for future growth," and we will "further focus on value creation" in accordance with our four basic business scenarios. These scenarios are to "Create good business quality," "Create good tires," "Create good business," and to "Create new business sowing good seeds for the future." In particular, we have set the improvement of management, working & business quality as our top priority for 2025 in line with "Create good business quality."

In light of the accelerating structural changes in the automobile and tire industries, we have positioned 2025 as "the year of emergency and crisis management." We will promote management based on the dual approach of "defensive" activities, in which we will thoroughly improve the management, working & business quality throughout the value chain, and "offensive" activities, including the strengthening of our Dan-Totsu products and solutions business with a view to achieving growth in 2026 onward (Full-year consolidated financial results forecasts for fiscal year 2025: 4,330.0 billion yen of revenue, 505.0 billion yen of adjusted operating profit, 11.7% of adjusted operating profit ratio, 9.2% of ROIC and 7.2% of ROE). To improve the management, working & business quality, we established a new global executive management structure effective January 1, 2025. We placed four Executive Vice Presidents under the Global CEO, and clarified the business responsibilities (profit and loss responsibility) of BRIDGESTONE WEST and BRIDGESTONE EAST, and made the Global CTO (Chief Technology Officer), Global CAO (Chief Administration Officer) and Global CSO (Chief Strategy Officer) responsible for cross-functional and global optimization. Ensuring that each executive fulfills their respective roles and responsibilities as equals, we are strengthening management and governance, ensuring checks and balances, and promoting management that is "focused on execution and delivering results."

With regard to our "defensive" activities, we will first execute global business restructuring and rebuilding (2nd Stage), mainly in North America, Latin America, and Europe, and will implement fixed cost reductions in conjunction with this. With regard to our European business in particular, which is struggling in terms of both business performance and business environment, we will continue to improve performance by restructuring and rebuilding in all areas, including production, sales/retail, and head office functions, which we have been working on since the end of 2024, and will integrate and simplify our organizational structure and capture the benefits of this. For the North American business, in January 2025 we announced the closure of the LaVergne plant, a truck and bus tire plant in Tennessee, U.S. At the same time, we have been working to optimize business locations and costs by reducing production capacity at our agricultural machinery tire plant in Des Moines, Iowa, and reducing workforce at our head office and sales and operations functions. In the Latin America business, we have also started to reduce production capacity and headcount at each production site in Brazil and Argentina. At Bridgestone East, which includes the domestic tire and chemical businesses, we will also simplify the organization and streamline functions.

Turning to our "offensive" activities, we will amplify the value of tires from the "produce and sell" stage to the "use" stage, with Dan-Totsu products at the core. To achieve this, we will continue to strengthen our Dan-Totsu products. For passenger car tires, we will launch new products equipped with ENLITEN, our base technology for product design that we have positioned as our "new premium in the EV era (for passenger cars)." For mining vehicle tires, we will expand the rollout of Bridgestone MASTERCORE as well as continue to develop and plan the next generation Dan-Totsu products. Additionally, we will strengthen our activities to reduce global business costs in all areas related to manufacturing, from raw material procurement to development, production, and logistics, and promote improvements in business quality throughout the entire value chain. These activities include global procurement activities, supply chain management (SCM) logistics reform, Bridgestone Commonality Modularity Architecture (BCMA), shifting to green and smart factories, and the steady improvement of on-site productivity; efforts which have provided essential support for business performance, even amid the challenging business environment of 2024. In 2025, we will accelerate these efforts and strengthen their contribution to business performance and value creation.

In the solutions business, our growth business, we will strengthen the commercial BtoB solutions business (mining, aviation, truck and bus solutions) as a strategic business. By combining the strengths of the Group's strong real and digital capabilities, we will work closely with customers on-site to solve their pain points, and successfully amplify the value of Dan-Totsu products, amplify trust with customers, and amplify data value to create new social and customer value, thereby expanding their contributions to business performance. In light of this, the Group has positioned the U.S. and India businesses and the mining solution and aviation solutions business as growth markets, and will strive to achieve growth accompanied by quality. In the U.S., with the aim of contributing to American society and economy and continuing to support the movement of people and goods, we will set a course for growth by working to expand our sales channels for passenger car tires with a focus on strengthening our Dan-Totsu products, and starting the rebuilding of our U.S. consumer business. For truck and bus tires, we will also expand our truck and bus solutions that combine real and digital to create customer success. In India, we will invest in technology development, such as increasing production capacity for passenger car tires and establishing a satellite technology center to strengthen our Dan-Totsu products for the Indian market. Through these investments, we will increase our presence in the Indian market and further solidify our market leader position. For mining solution and aviation solutions business, we will continue to create value by expanding sales of premium tires and deepening the link between premium tires and solutions in line with the direction for commercial BtoB solutions mentioned above.

We will also start new corporate branding activities to build a "sustainable premium" brand. With sustainable global motorsport activities at its core, we will continue to empower each and all to achieve their best as a "sustainable premium" brand with the aim of becoming essential to the future of mobility.

In the chemical and industrial products and diversified products businesses, we will continue to focus on areas where we can leverage our strengths.

In the exploratory business, which we have positioned as "Sowing new seeds" for the future, we are promoting social value and sustainability as our core focus. We will accelerate exploration for business models centered on co-creation with external partners for recycling, guayule, soft robotics, and next-generation tire AirFree that does not need air-filling.

By implementing both defensive and offensive activities, we will evolve into a strong Bridgestone capable of adapting to change, reinforce our earning power, and move toward the "True Next Stage" in 2026.

With regard to sustainability, which is at the core of our management and business, we will endeavor to evolve Bridgestone's unique sustainability business model that ensures the link between business model and sustainability initiatives to contribute to achieving carbon neutrality, a nature-positive world (nature restoration), and a circular economy across the value chain—"produce and sell" and "use" of products, and their "renew" to raw material.

Particularly on the environmental front, the Group set its long-term environmental vision toward 2050 in 2012, and “Milestone 2030,” the mid-term environmental targets toward 2030 to realize this vision. In terms of carbon neutrality, we have set clear-cut targets of reducing CO_2 emissions (Scopes 1, 2) (Note) by 50% in 2030 compared to our 2011 baseline, and achieving carbon neutrality by 2050. We estimate an approximate 60% reduction in 2024, above this goal. A major contributor to this significant reduction is the increased ratio of renewable energy (electricity) at our global plants, which we are working on as part of efforts to reduce CO_2 emissions, in addition to the impact of year-on-year decrease in production volume and the effect of improved productivity. In the regions in which we operate around the world, we are promoting the installation of solar panels and switching to electricity derived from renewable energy sources in the electricity purchased externally. The ratio of renewable energy (electricity) at our global plants is expected to be approximately 70% by 2024. We will proceed with initiatives to achieve our goal of 100% by 2030. As for the reduction of CO_2 emissions across the value chain (Scope 3) (Note), we will drive initiatives with the target of contributing to reducing more than five times the total of Scope 1 and Scope 2 emissions by 2030 (base year: 2020) throughout the lifecycle of our products, services, and solutions. We estimate these initiatives contributing roughly 2.6 times to reducing these emissions in 2024, marking a steady increase. In order to realize a circular economy, we aim to increase the ratio of recycled and renewable resources to 40% by 2030 and to achieve 100% sustainable material by 2050. We estimate having achieved a ratio of approximately 39% in 2024, and plan to continue strengthening these efforts by linking them with our product strategy. Moving forward, we will accelerate our initiatives geared toward achieving carbon neutrality and a circular economy across the value chain with our motorsport activities serving as a “mobile laboratory.” In addition, to help achieve a nature-positive world, we will focus on activities that promote the sustainable use of natural rubber and water resources that are directly linked to the Group’s business. In particular, to help smallholder farmers improve productivity and prevent deforestation, we are working to support natural rubber smallholder farmers with the goal of partnering with a total of 12,000 farmers by 2026, by utilizing the technology cultivated at our own farms and know-how in effective disease control. We will work closely with local farmers on-site, focusing on solving their issues and contributing to the local community.

In addition, as the business environment is constantly changing, we will strengthen our structure to cope with global management risk unaffected by change. The Group has currently set four priority management issues. The first is our response to 6PPD (an antioxidant and antiozonant commonly used in the tire industry) and TRWP (Tire and Road Wear Particles). With regard to 6PPD, the industry as a whole is working on this issue, and the Group is also developing alternatives based on the basic premise that tire safety can be guaranteed. TRWP is the result of friction between the tire and the road surface, and is a mixture of the tread, which is the surface of the tire, and road pavement materials. As an industry leader, the Group is studying the characteristics of TRWP and its impact through tire industry projects under the World Business Council for Sustainable Development (WBCSD). We are also actively participating in initiatives by regional industry groups, and leading the formulation of international standards (ISO standards) for evaluation and test methods. As an independent initiative of the Group, we will continue to strengthen our approach to TRWP reduction, including the expansion of long-life products and collaboration with the solutions business across the value chain of “produce and sell” and “use” of tires. The second is our response to the EU Deforestation Regulation (EUDR). We will strengthen our relationships with natural rubber partners with a focus on sustainability. The third is our response to cyberattacks. We have established a global cyber security team and promoted fundamental measures. The fourth is our response to geopolitical risk. In particular, we are paying close attention to political trends in the U.S., a key market for the Group, and are working to identify the business impact of policy changes and take measures to minimize it. With regard to the additional tariffs on Mexico, Canada, and China announced following the inauguration of the Trump administration in January 2025, we will continue to closely monitor the situation and respond by considering possible cases and building multiple scenarios to put in place a system that enables us to respond quickly, correctly assess the situation, and activate and swiftly implement action plans based on these scenarios at the appropriate time.

With regard to our talent, the driving force behind all of these corporate activities, we aim to reinforce talent investment to increase added value and create a virtuous cycle of value creation based on improving productivity and creativity. In 2024, we officially introduced talent creativity as a global management KPI, a means of tracking progress with these efforts. We are working on regional and country-specific issues while also making sure to keep up with global trends. In Japan in particular, we are working to create a comfortable workplace where diverse talent can shine. These initiatives include digital training programs, conducting the "Genba 100-Day Challenge," a development program to enhance on-site experiences, and improving the working environment at production sites. Additionally, in the Bridgestone NEXT 100 program launched in 2020 to foster the next generation of management leaders, approximately 100 talents are selected globally every year and receive focused training through increased opportunities for dialogue with management and proactive stretch assignments. In addition, to promote DE&I, we are strengthening the creation of a working environment that ensures accessibility and dignity for all, such as introducing a FemTech program to address female-specific health issues using technology. To enable diverse talent to shine even in a challenging business environment, we will work to increase the talent investment amount per person, such as by raising wages in a well-balanced manner and strengthening talent investment that combines monetary compensation with other measures based on improving talent creativity and productivity.

Under our unchanging mission of "Serving Society with Superior Quality," the Group aims to maximize its contributions to all stakeholders, including shareholders, customers, partners (suppliers), employees, and society. With the Bridgestone E8 commitment as the axis of value creation, we will continue to lay the foundation for sustainable value creation.

(Note) Scope 1 refers to CO_2 emitted directly by a company (emissions from boilers at in-house plants, etc.), and Scope 2 refers to indirect emissions from energy sources (CO_2 emissions from energy, such as electric power supplied by other companies and consumed in-house). Scope 3 refers to CO_2 emissions during the stages of procurement of materials, logistics, use by customers, and disposal or recycling in the product lifecycle.

2. Approach to and initiatives for sustainability

(1) Sustainability

Since its foundation, the Group has been expanding and evolving its business to meet the changing needs of society and to continue supporting the safe and secure mobility and individuals' lifestyles in each era. We believe that it is the Group's role and responsibility to fulfill its mission of "Serving Society with Superior Quality," which involves anticipating changes in society, turning them into opportunities, and contributing to the realization of a sustainable society through its business and social contribution activities.

We positioned 2020 as the first year of the "third foundation" or Bridgestone 3.0 and announced the Mid-Long Term Business Strategy, placing sustainability at the core of management and business. The Group identified its vision of "Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company." At the same time, we released our "Sustainability Business Framework" in 2020, for achieving a win-win-win relationship among society, customers, and Bridgestone by striking a balance between creating social and customer value in seeking sustainable growth of the Group itself. Currently, we are working to establish a unique Sustainability Business Model by incorporating sustainability into the management strategy and Mid Term Business Plan, whereby the Sustainability Business Model links our business model with achieving carbon neutrality and realizing a circular economy across the Group's entire value chain, and promoting a nature-positive world.

1) Governance

The Company has been making progress in developing its corporate governance system as part of its efforts that involve driving management in line with the Mid Term Business Plan, which is prepared once every three years based on the Mid-Long Term Business Strategy for achieving its vision under its mission of "Serving Society with Superior Quality" of the Bridgestone Essence. The Company continues to improve its corporate governance by strengthening internal controls and evolving as a sustainable solutions company.

The Company's Board of Directors enlists a corporate governance system aiming to realize the Mid-Long Term Business Strategy by exercising its supervisory function involving discussions with business divisions from diverse perspectives via business execution progress reports and information sharing from the business divisions. The Board of Directors receives and reviews regular reports on the status of sustainability initiatives such as achieving carbon neutrality, circular economy, and promoting a nature-positive world.

In the business divisions, from January 2024, under the Global CEO, the Group's business will be divided into two regions, BRIDGESTONE WEST, centered mainly in the U.S. and Europe, and BRIDGESTONE EAST, centered mainly in Japan and the rest of Asia. Under the two regions, several SBUs (Strategic Business Units) have been established, which have been broken down into detailed business areas to allow us to be more closely involved on-site and go deeper into issues. Furthermore, we have established a structure whereby four Executive Vice Presidents support the Global CEO upon having transitioned to a new & true glocal management structure effective from January 2025. This involves clarifying the business responsibilities (profit and loss responsibility) of BRIDGESTONE WEST and BRIDGESTONE EAST, as well as the cross-functional and global optimization responsibilities for pursuing global optimization, in appointing a Global CAO (Chief Administration Officer)・Global CSO (Chief Strategy Officer) and Global CTO (Chief Technology Officer), and accordingly ensuring that each executive fulfills their respective roles and responsibilities as equals. In so doing, we are promoting management that is "focused on execution and delivering results." We will strengthen management and governance under this structure, thereby furthermore pursuing improvement of management, working & business quality worldwide.

The Global EXCO, consisting mainly of these members, has been established as the highest global level executive body within the Group. This committee aims to strengthen the checks and balances of the Group by deliberating and discussing management strategy and issues from a global perspective and improving the transparency of the decision-making process. The committee agrees to the Mid Term Business Plan, which is based on the Mid-Long Term Business Strategy, placing sustainability at the core of management, annual budgets, important investment initiatives, etc., and shares the progress of these plans.

The Company has designed the remuneration system for Board Members and Executive Officers based on the following principles of remuneration: “attract and cultivate superior talent,” “support a competitive remuneration level,” “provide motivation for the execution of business strategies,” and “provide motivation for enhancing shareholder value.” From fiscal year 2022, the Company adopted the mid- to long-term incentives aimed at promoting sustainability and transformation initiatives, and achieving Mid-Long Term Business Strategy. The Compensation Committee has set the following six goals and evaluates the achievement.

a. Internal and external communication and embodying value creation based on the “Bridgestone E8 Commitment” as the axis

b. Investment in and development of talent to increase added value and engagement

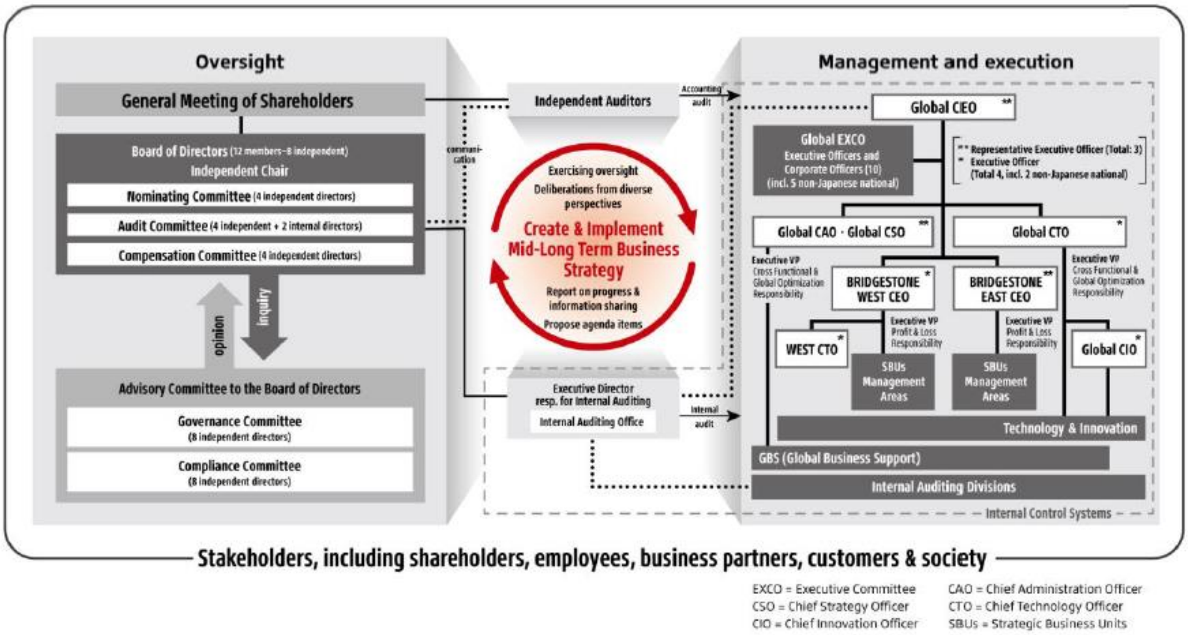
c. Carbon neutrality, including reduction of CO_2 emissions

d. Circular economy, including increasing the ratio of recycled and renewable resources

e. Nature positive, focusing on natural rubber and water resources

f. Address tire and road wear particles (TRWP) and 6PPD (an antioxidant and antiozonant commonly used in the tire industry) as an industry leader

The following diagram provides an overview of the Company’s corporate governance system.

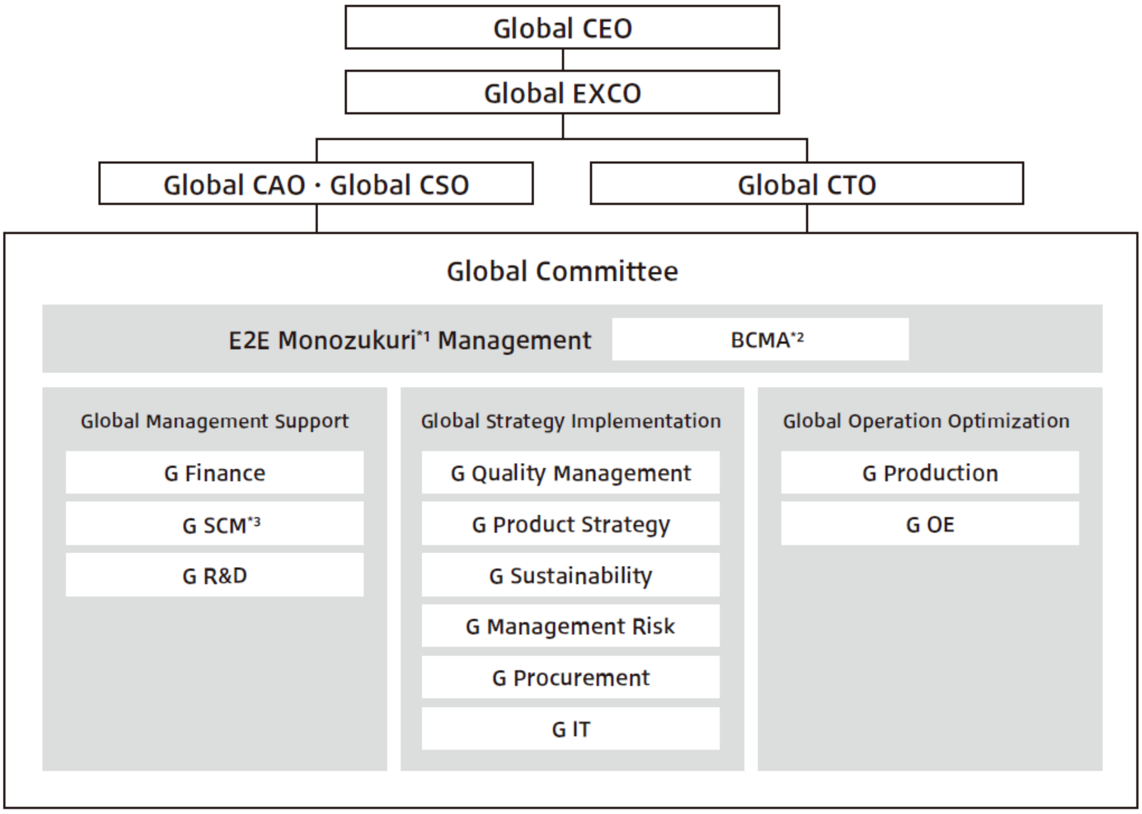


As of March 25, 2025

Details for the corporate governance system and remuneration system, please refer to “(1) Overview of corporate governance, 1) Basic approach to corporate governance and implementation of measures, b. Overview of the corporate governance system,” and “(4) Remuneration for Members of the Board and Executive Officers, 1) Board Members’ and Executive Officers’ remuneration for the current fiscal year, c. Calculation method and evaluation results of performance-based remuneration” in “IV. Status of the Company, 4. Status of corporate governance.”

Under the Global EXCO, committees have been established based on management strategy and issues, with the Global CTO and Global CAO･Global CSO in charge, and each committee promotes initiatives to resolve issues across the regions and organizations. The Global CTO and Global CAO･Global CSO are responsible for the cross-functional and global optimization of these activities and they report and make recommendations to G-EXCO on management challenges of the respective business areas. In the area of sustainability, several related committees, including the Global Sustainability Committee, operating under the purview of the Global CAO･Global CSO, assume the role of promoting the planning and execution of various sustainability initiatives, and they continuously strive to strengthen measures by implementing PDCA cycles, advancing the progress management, targets and KPI and formulation of measurement criteria. In addition to the GSC conducting periodic reviews of the sustainability priority items to be addressed, working groups under the purview of the GSC promote activities for each of the key themes, and report on its progress and plans to the committees at least quarterly.

Global sustainability management structure (as of January 1, 2025)



G= Global
*1: Monozukuri= R&D and manufacturing
*2: BCMA=Bridgestone commonality modularity Architecture
*3: SCM=Supply Chain Management

2) Strategy and risk management

The Group believes that it is essential to build a deeper relationship of trust with its stakeholders while continuing to promote initiatives that form an indispensable foundation for a responsible company to create new value for society and customers, and to achieve sustainable growth together with customers and partners. The Group’s sustainability strategy, as one of the initiatives forming a foundation for management, delineates the trajectory for creating value for society and customers through its business activities, social contribution activities, and co-creation activities with all partners, and accordingly identifies the sustainability priority items to be addressed to continue to create both social and customer value.

Sustainability priority items to be addressed

- Establishment and evolution of the Sustainability Business Model: develop readiness toward carbon neutrality, expand circular economy business activities, and promote a nature-positive world (focusing on "initiatives for sustainable use of natural rubber and water resources")
- Fostering trust with customers, partners and local communities: contribute to solving issues in local communities, and promote road safety education around the world
- Respect for human rights: promote initiatives in line with the Global Human Rights Policy and continue reinforcement of activity levels
- TRWP (tire and road wear particles)/6PPD (an antioxidant and antiozonant commonly used in the tire industry): in collaboration with other industry players and academic institutions, investigate the environmental impacts of tires throughout their lifecycle as an industry leader. Continue to promote initiatives to reduce TRWP across the value chain from "produce and sell" to "use" of tires, including promotion of long-life products and collaboration with the solutions business. Promote initiatives to develop 6PPD alternatives based on the basic premise that it is possible to ensure tire safety and security.

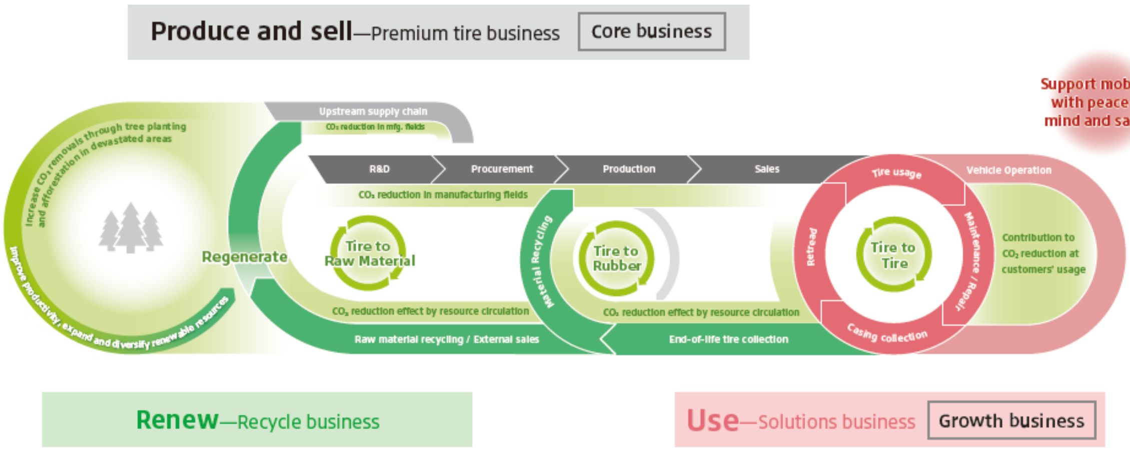
Sustainability Business Model

The Mid-Long Term Business Strategy placing sustainability at the core of management was formulated to realize its vision "Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company." With the Mid Term Business Plan as its concrete execution plan, the Group drives the Mid-Long Term Business Strategy from framework to execution.

Regarding sustainability which we place at the core of management and business, we are working to establish Bridgestone's unique Sustainability Business Model in which we link initiatives focused on the realization of carbon neutrality and a circular economy, and promotion of a nature-positive world to our business across the entire value chain from the "produce and sell," "use," of products to their "renewal" to raw materials.

Over the years, the Group has shown a commitment to living in harmony with nature, based on its "Environmental Mission Statement," which was refined in 2011. The Group has been implementing initiatives to achieve its vision of "living in harmony with nature" in order to reduce CO_2 emissions and tackle the urgent issue of global warming through technology development aimed at valuing natural resources. We set our long-term environmental vision toward 2050 in 2012, and disclosed "Milestone 2030," the mid-term environmental targets for 2030, in 2020 to realize this vision. In terms of carbon neutrality, we have set clear targets for reducing its total CO_2 emissions (Scope 1 and 2) by 50% compared with 2011 by 2030, and to realize carbon neutrality by 2050. Regarding circular economy, we aim to increase the ratio of use of recycled and renewable resources to 40% by 2030 and to achieve 100% sustainable materials by 2050.

In addition, the Group evolved its Sustainability Business Model and transform it to a regenerative business model in line with the concepts of the SBTs (Note) for nature action framework, namely, to avoid actions that harm the environment, reduce impact on nature to the greatest extent possible, contribute to the restoration and regeneration of the environment, and fundamentally transform systems. This evolution helps to achieve a nature-positive world where the Group can help stop and reverse the loss of natural ecosystems. In the Mid Term Business Plan (2024-2026), we will focus on "initiatives for the sustainable use of natural rubber & water resources" that are directly linked to our business. By advancing sustainability initiatives across the entire value chain, the Group is committed to the "Bridgestone E8 Commitment" of "Energy: Committed to the realization of a carbon neutral mobility society" and "Ecology: Committed to advancing sustainable tire technologies and solutions that preserve the environment for future generations."



Circular Economy

2026	Recycled & renewable material ratio 39% above
2050	100% sustainable materials

Carbon Neutrality

2026	CO_2 emission reduction (Scope 1, 2) reduce more than 50% (vs 2011)
2050	Carbon neutrality

Nature Positive*

Focus on "initiatives for sustainable use of natural rubber & water resources" which are directly related to our business

Evolving to a regenerative business model

Regarding risk management, please refer to control of global management risk described in "1. Management policy, management environment and issues to be addressed," and "3. Business risks" in "II. Business Overview."

(Note) Science-based targets

3) Metrics and targets

The Group has established metrics and targets in relation to priority items to be addressed in seeking to continue to create both social and customer value. We appropriately track progress of our activities for resolving issues under the Company's corporate governance system of aiming to realize the Mid-Long Term Business Strategy based on these metrics and targets.

Progress made on initiatives toward establishing a unique Sustainability Business Model that links our business with achieving carbon neutrality across the entire value chain, realizing a circular economy, and promoting a nature-positive world is as follows.

Priority items to be addressed	Sub-categories	Targets	Progress (2024)	Contribution to the SDGs	Creation of value stated in the Bridgestone E8 Commitment
Establishment and evolution of the Sustainability Business Model	Develop readiness toward carbon neutrality	Reduce CO_2 emissions (Scopes 1 and 2): Reduce CO_2 emissions by 50% by 2030 (compared to 2011) Achieve carbon neutrality by 2050	Scopes 1 and 2: 60% reduction of CO_2 emissions (compared to 2011) (Note 1) Ratio of renewable energy (electricity): 72% (Note 1)		· 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
		Contribute to CO_2 reduction (Scope 3): Contribute to reducing more than five times our CO_2 emissions by 2030			
	Expand circular economy business activities	Improve resource productivity and develop long life/resource-saving design Contribute to a circular economy: Increase the ratio of recycled and renewable resources to 40% by 2030 (Note 2) Use 100% sustainable materials by 2050	Ratio of recycled and renewable materials: 39% (Note 1)		
	Promote nature-positive world	Formulate and implement a water stewardship plan at production sites located in water stress areas: Implement at all targeted sites by 2030	Being implemented at all 17 targeted sites		
		Reinforce support for natural rubber smallholders: Support for a cumulative total of 12,000 smallholders by 2026 (Note 3)	Training and technical support provided to a cumulative total of 11,687 smallholders (Note 1)		

(Note 1) These constitute estimated values as of March 25, 2025, and may be revised upon confirmation through assurance review performed by third-party organizations.
(Note 2) Within total material weight for tire products including tire casing for retreading
(Note 3) Cumulative total from 2023

For other ESG-related data, please refer to the Company’s website “Sustainability.”

(2) Initiatives related to climate change and natural capital loss

As the world becomes increasingly concerned about climate change and the loss of natural capital, there is a growing movement towards a decarbonized society, as exemplified by the Paris Agreement. Additionally, efforts to achieve a nature-positive world, as outlined in the Kunming-Montreal Global Biodiversity Framework, which aims to halt and reverse ecosystem and nature capital loss to put nature on a path to recovery, are gaining momentum. In this context, the Group is working to comprehensively recognize its risks and opportunities associated with climate change and the loss of natural capital, reflecting these in business strategy.

The main risks we identify in this category are "transition risks" associated with the transition to a decarbonized society and a society where nature can coexist, and "physical risks" due to climate change and natural capital loss. Transition risks in Japan and overseas in response to climate change and natural capital loss involve the introduction of systems and regulations related to carbon taxes, CO_2 emission reduction obligations and emissions trading systems, and systems and regulations related to low-fuel consumption performance of tires, recycling used tires, water withdrawal and sustainable natural rubber, etc. If the R&D expenses required to meet the changing needs of society and customers do not produce sufficient results, there is a risk that the Group's operating results and financial position may be adversely affected in ways that include limitations on business activities and increased costs. Physical risks include the risk of stronger typhoons and increased frequency of flooding and drought, which pose the risk of interrupting business activities, risks related to the procurement of raw materials as a result of changing rainfall patterns leading to poor harvesting of natural rubber, and the risk of lower demand for winter tires due to reduced snowfalls. On the other hand, we also see these changes in society and customer needs as new opportunities for growth, and we are working to establish its unique Sustainability Business Model by incorporating sustainability into the corporate strategy and Mid Term Business Plan. Our Sustainability Business Model links our business with the realization of carbon neutrality and a circular economy, and promotion of a nature-positive world across the entire value chain.

Based on the Group's awareness of the transition risks and opportunities, the Group has set targets for 2030 to reduce absolute CO_2 emissions (Scope 1 and 2) by 50% compared with 2011 levels, contribute to global CO_2 emissions reductions across the lifecycles and value chain (Scope 3) of the Group's products and services that exceeds five times the amount of CO_2 emissions (Scope 1 and 2) generated by the Group's operations compared with 2020 levels, increase the ratio of recycled and renewable material to 40%, and promote water stewardship plans to reduce water risks at production bases in water-stressed areas. The Group is working to meet these targets with efforts that include developing new technology that helps reduce CO_2 emissions, reducing emissions at production bases of the Group, reducing the impact on natural capital from water withdrawal in water-stressed areas, promoting the development and sales of fuel-efficient tires, expanding our retread tire business, and reducing CO_2 emissions across the supply chain and impact on natural capital through collaboration with suppliers.

The Group addresses transition risks associated with forests through initiatives that include deploying its Global Sustainable Procurement Policy encompassing a commitment to no deforestation, performing supplier assessments utilizing third-party sustainability investigation and evaluation organizations, and conducting on-site audits of natural rubber processing facilities. Furthermore, the Group enhances traceability by working collaboratively with its suppliers in visiting upstream farmers, while also confirming actual conditions at production sites in part by assessing farming operations and facilitating improvements. In seeking to prevent deforestation, the Group is preparing for implementation of its comprehensive framework established on a Group-wide basis for complying with European laws and regulations. Natural rubber production is concentrated in the tropical rain forests of Southeast Asia where it is largely supported by smallholder farmers. As such, we believe that building a sustainable natural rubber supply chain is crucial to the Company's sustainability. We are working with smallholder farmers to improve productivity and achieve zero deforestation. Our goal is to partner with a cumulative total of 12,000 smallholders by 2026, each utilizing technology developed at our own farms and know-how effective in disease control. In addition to individual efforts, we have been spearheading the establishment and promotion of the Global Platform for Sustainable Natural Rubber (GPSNR) and thereby strengthening initiatives for sustainable use of natural rubber, which includes advancing creation of standards for improving supply chain transparency and traceability through dialogue and collaboration with multiple stakeholders.

We evaluate the cost of CO_2 emission and the effect of reductions based on internal carbon pricing in order to assess the risks and opportunities associated with an investment. We are also working to reduce CO_2 emissions across the value chain and the impact of various environmental burdens on natural capital through efforts to build a recycling business that converts used tires back into raw materials and to improve productivity in the natural rubber business.

Concerning physical risks and their associated opportunities, in line with our Business Continuity Plan (BCP), we continue to set up systems to ensure an appropriate response should a crisis occur, as well as support for resumption of business activities. We are also working to diversify our sources of natural rubber through efforts to commercialize guayule, a rubber-producing plant that grows in arid regions.

The Group’s response status in accordance with recommended disclosures on final recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce on Nature-related Financial Disclosure (TNFD) version 1.0, is as follows.

1) Governance

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group’s Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Board of Directors’ oversight of dependencies, impacts, risks and opportunities</td><td colspan="2">· The Board of Directors receive and review regular reports on the status of sustainability initiatives, including achieving carbon neutrality, realizing a circular economy and promoting a nature-positive world.</td></tr>
<tr><td>Management’s role in assessing and managing dependencies, impacts, risks and opportunities</td><td colspan="2">· The Global EXCO, the highest level of corporate management, approves and manages the progress of mid-long term strategies, targets and action plans, including achieving carbon neutrality, realizing a circular economy and promoting a nature-positive world.</td></tr>
</table>

Human rights policies and engagement activities, and oversight by the Board of Directors and management, with respect to indigenous peoples, local communities, affected and other stakeholders (TNFD recommended disclosure)	–	· The Global Human Rights Policy and the Global Sustainable Procurement Policy of the Group articulate its strong commitment to respect and support internationally recognized human rights principles such as the UN Guiding Principles for Business and Human Rights. The Global Sustainable Procurement Policy contains minimum requirements for suppliers to acquire or use land only by legal means in accordance with UN Declaration on the Rights of Indigenous Peoples, and to follow Free, Prior, and Informed Consent (FPIC) principles when acquiring land and assessing any forest development or creating forest management plans. The Group promotes the implementation of these policies within the Group, with suppliers, and across the supply chain. · The Group collaborates with the World Wildlife Fund (WWF) to study and develop a due diligence process for ensuring the company's supply chain is in compliance with the Global Sustainable Procurement Policy. On-site ESG audits are conducted for suppliers, including natural rubber smallholders, using a self-assessment questionnaire developed in conjunction with WWF, and risks are evaluated. This questionnaire includes inquires on the FPIC. · The Group establishes a grievance mechanism for the natural rubber supply chain and publicly discloses the standard operating procedure and status of each grievance. We use the grievance mechanism, among others, to monitor any potential/actual issues related to indigenous peoples and local communities' rights in our supply chain. · The Global EXCO approves and manages action plans and progress for sustainability, including respect for human rights, which are reviewed by the Board of Directors.

2) Strategy

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group's Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Dependencies, impacts, risks and opportunities over the short-, medium-, and long-term</td><td colspan="2">· The Group comprehensively assesses and manages its dependency and impact on the climate and natural capital, as well as the risks and opportunities associated with climate change and the loss of natural capital. Dependencies, impacts, risks and opportunities have been identified as follows.
· Important risks and opportunities are incorporated into the management strategy and Mid Term Business Plan in working to establish a unique Sustainability Business Model that links our business with achieving carbon neutrality across the entire value chain, realizing a circular economy, and promoting a nature-positive world.
Dependencies on climate and natural capital (Note)
· Dependency on nature's provision of water and biomass in the raw material procurement stage as well as climate and healthy soil maintenance and regulating services provided by ecosystems.
· Dependency on nature's provision of water in the tire production stage.
Impacts on climate and natural capital (Note)
· Impact of land use in the raw material procurement stage.</td></tr>
</table>

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group’s Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Impact on business model, value chain, strategy, and financial planning</td><td colspan="2">· Impact of water resource usage and waste generation in the tire production stage.
· Impact of greenhouse gas emissions, water resource usage, emissions to air, water and soil and waste generation throughout the value chain.
Physical risks and opportunities related to climate change and loss of natural capital
· Risks of stronger typhoons and increased frequency of flooding and drought, which pose the risk of interrupting business activities.
· Risks related to the procurement of raw materials as a result of changing rainfall patterns leading to poor harvesting of natural rubber.
· Risk of lower demand for winter tires due to reduced snowfalls.
· Opportunities to commercialize natural rubber derived from guayule, which grows in arid regions. Risks due to poor harvesting of natural rubber derived from Para rubber trees, which are found predominantly in tropical regions.
Risks and opportunities related to the transition to a decarbonized society and a society in harmony with nature
· Risk of adverse effects on operating results and financial position, such as limitations on business activities and increased costs, if R&D expenses required to meet the rapidly changing needs of society and customers do not produce sufficient results when systems and regulations to combat climate change and loss of natural capital are introduced (for example, carbon taxes, CO_2 emission reduction obligations and emissions trading systems, and systems and regulations related to low-fuel consumption performance of tires, recycling used tires, water withdrawal and sustainable natural rubber, etc.).
· Opportunities associated with changes in competitive factors due to changes in mobility needs (for example, increased demand for tires for electric vehicles, increased demand for tires and solutions that help customers reduce CO_2 emissions).
· Opportunities to commercialize the recycling business resulting from increased regulation around the recycling of used tires.
(Note) This refers to the main areas of dependency and impact throughout the value chain of the tire business that were evaluated as either “very high” or “high” in importance by the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and industrial groups using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure).</td></tr>
<tr><td>Resilience of the organization’s strategy, taking into consideration different scenarios</td><td colspan="2">· The Group assesses risks and opportunities based on multiple climate- and nature-related scenarios. It has already begun to address those important risks and opportunities identified and will continue to do so on a regular basis.</td></tr>
<tr><td>Locations applicable to direct operations, upstream and downstream
· Locations with high integrity ecosystems and/or areas of decline in integrity
· Areas where biodiversity is of high importance
· Water stress areas
· Areas where the organization is likely to have significant potential dependencies and/or impacts
(TNFD recommended disclosure)</td><td>· Expand CO_2 absorption and fixation through afforestation of degraded land</td><td>· The Group regularly evaluates production sites located in water stress areas with a risk of declining water resources in terms of quantity and quality. A water stewardship plan based on the water situation in each location has been formulated and is being implemented at all 17 production sites located in water stress areas as of end of 2024.</td></tr>
</table>

3) Management of risks and opportunities

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group’s Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Process for identifying, assessing, and prioritizing dependencies, impacts, risks and opportunities in direct operations and upstream and downstream value chain</td><td colspan="2" rowspan="3">· The Group strives to comprehensively and appropriately identify and address risks and opportunities across its operation while considering the business scale and characteristics of each Group company. The Group identifies risks and opportunities associated with climate and natural capital by considering dependency and impact throughout the value chain based on evaluations from ENCORE by UNEP-WCMC and others and the Business & Biodiversity Interrelationship Map® released by Japan Business Initiative for Biodiversity (JBIB).
· In terms of business strategy risks and opportunities directly related to the execution of the Mid-Long Term Business Strategy, the Group strengthens controls with respect to global management risk by setting priority management issues. The Group has currently set four priority management issues, including the EU Deforestation Regulation. In addition, operational risks related to day-to-day operations are overseen by the Chief Risk Officer (CRO), who is responsible for overall risk management and formulating risk response plans.
· Identifying potential risks faced by each region and the Group as a whole on an annual basis; clarifying ownership for those risks not only for the Group as a whole, but also for each business, SBU and division; and implementing risk management in an autonomous and continuous manner.</td></tr>
<tr><td>Management process</td></tr>
<tr><td>Integration into and informing the organization’s overall risk management</td></tr>
</table>

4) Metrics and targets

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group’s Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Metrics used in the assessment and management of risks and opportunities</td><td rowspan="2">· Establishing targets and regularly monitoring CO_2 emissions (CO_2 emissions reduction in Scopes 1, 2, and 3, and the reduction contribution of CO_2 emissions throughout the lifecycle and value chain of the Group’s products and services) as one of the metrics for assessing and managing climate-related risks and opportunities.
· The Group evaluates the cost of CO_2 emission (US$100/t$CO_2$) and the effect of reductions based on internal carbon pricing in order to assess the risks and opportunities associated with an investment.</td><td rowspan="2">· The Group sets water withdrawal in water stress areas, environmental footprint (amount of hazardous/non-hazardous waste and landfill, VOC emissions, SOx/NOx emissions), size of habitat management area, and number of supported natural rubber smallholders as metrics in the assessment and management of nature-related risks, opportunities and impacts and regularly monitors status.</td></tr>
<tr><td>Metrics used in the assessment and management of dependencies and impacts</td></tr>
</table>

<table>
<tr><th rowspan="2">Recommended disclosures</th><th colspan="2">Status of the Group’s Response</th></tr>
<tr><th>TCFD</th><th>TNFD</th></tr>
<tr><td>Targets and performance in metrics used in the management of dependencies, impacts, risks and opportunities</td><td colspan="2">

· Setting long term environmental vision (2050 and beyond) and mid- term target (2030) to achieve carbon neutrality, realize a circular economy and promote nature-positive world; evaluating and disclosing performance every year.
· Setting targets toward 2030 to reduce our absolute CO_2 emissions (Scope 1 and 2) by 50% compared with 2011 levels, contribute to global CO_2 emissions reductions across the lifecycles and value chain (Scope 3) of the Group’s products and services exceeding five times our operation’s CO_2 emissions (Scope 1 and 2) compared with 2020 levels, increase ratio of recycled and renewable material to 40%, and promote water stewardship plans to reduce water risks at production bases in water-stressed areas.
· Setting target of supporting 12,000 natural rubber smallholders by 2026 in seeking to curb deforestation
· The main results for targets toward 2030 are as follows.

<table>
<tr><th colspan="2">Priority items to be addressed</th><th>Metrics</th><th>2023 results</th><th>2024 results</th><th>2030 targets</th></tr>
<tr><td rowspan="4">Establishment and evolution of the Sustainability Business Model</td><td>Develop readiness toward carbon neutrality</td><td>Ratio of absolute CO_2 emissions reduction (Scopes 1 and 2) compared with 2011 levels</td><td>57%</td><td>Approx. 60% (Note 1)</td><td>50%</td></tr>
<tr><td>Expand circular economy business activities</td><td>Ratio of recycled and renewable material (Note 2)</td><td>39.6%</td><td>Approx. 39% (Note 1)</td><td>40%</td></tr>
<tr><td rowspan="2">Activities for achieving a nature-positive world</td><td>12,000 supported natural rubber smallholders (Note 3)</td><td>5,640</td><td>6,047 (Note 1)</td><td>(2026) 12,000</td></tr>
<tr><td>Formulate and implement a water stewardship plan at production sites located in water stress areas</td><td>Completed formulating at all 17 targeted sites</td><td>Being implemented at all 17 targeted sites</td><td>Implemented at all targeted sites</td></tr>
</table>

(Note 1) These constitute estimated values as of March 25, 2025, and may be revised upon confirmation through assurance review performed by third-party organizations.
(Note 2) Within total material weight for tire products including tire casing for retreading
(Note 3) Cumulative total from 2023
</td></tr>
</table>

(3) Initiatives related to human capital and diversity

1) Strategy

The Group strives to enhance corporate value by added value creation aligned with its business strategy. At the same time, we are promoting our talent strategy aligned with the business strategy, as the axis of our talent strategy, which aims to allow diverse talents to shine through spreading success and gaining confidence of individuals. In aiming to achieve the “2030 Long Term Strategic Aspiration,” we have been advancing various initiatives for enhancing productivity and creativity of each and every employee as the driving force for transformation with improving management, working & business quality as our top priority in seeking to accelerate our transformation through "focus more on value creation" as part of our "respect for being on-site (Genbutsu-Genba)" worldwide under the Mid Term Business Plan (2024-2026).

We began experimenting with "Talent creativity" as a benchmark reflecting such initiatives in 2023, and have accordingly introduced "Talent creativity" as a global management KPI to the Mid Term Business Plan (2024-2026). Our basic approach to "Talent creativity" is that of reinforcing talent investment to increase added value and create a virtuous cycle of value creation. We set "Talent creativity KPI" as one standard as a global company and work on issues by region / by country while tracking global progress through its KPI (adjusted operating profit (value added) divided by talent investment (sum of labor expense, training and development expense, and welfare and benefit expense)).

Talent creativity KPI

$$\text{Talent creativity}\uparrow = \frac{\text{Adjusted OP}\uparrow}{\underset{\left(\text{Labor expense} + \text{training and development expense} + \text{welfare \& benefit expense}\right)}{\text{Talent investment}\uparrow}}$$

In order to navigate the challenging business environment brought about by the acceleration of structure changes in the automotive and tire industries, the Group positions 2025 as "the year of emergency and crisis management." With its aim of enhancing productivity and creativity even amidst a challenging business environment the Group will take "Decisive Action after Thorough Planning (Jukuryo-Danko)," which is one of the concepts of "foundation" set forth under the Bridgestone Essence (corporate philosophy) in each of our respective roles by tackling challenges squarely with a proper sense of urgency. Furthermore, we will promote our talent strategy aligned with our business strategy in placing emphasis on ensuring that each and every employee engages in value creation while embracing and embodying the Bridgestone DNA in terms of its "Focus on quality," "Respect for being on-site (Genbutsu-Genba)," "Being attentive and supportive of customer problems," and championing a "Challenging spirit."

a. Pursuit of management, working & business quality improvement

The Group has set "Create good business quality" as our top priority of the Mid Term Business Plan (2024-2026) as a foundation for value creation. The Group seeks to reinforce management, working & business quality worldwide in striving toward innovation and continuous improvement in alignment with Bridgestone's unique Deming Plan, which was formulated in the 1960s toward receiving the Deming Application Prize, given to companies that demonstrate distinguished and comprehensive quality management. This Deming Plan reflects the Bridgestone DNA. The Group seeks to improve management, working & business quality by carrying out various initiatives, "Deming Plan re-energizing initiative (management, working & business quality improvement)" and "training in place of founding (Kurume visit)" for encouraging employees to embrace the Bridgestone DNA and promoting behavioral transformation, and also "Bridgestone NEXT 100" program for developing the next-generation global management leaders in serving as a crucial aspect of passing the Bridgestone DNA to the next generation as well.

Global initiatives

Deming Plan re-energizing initiative (management, working & business quality improvement)	The Group implemented the following trainings to reaffirm and re-energize the "Bridgestone's unique Deming Plan" globally as initiatives in the first fiscal year of the Mid Term Business Plan (2024-2026): Step 1 Training: Learning the framework of thinking using the booklet on "Bridgestone's unique Deming Plan." Step 2 Training: Workshops where each functional department brings operational examples for PDCA and why why analysis (WHY-WHY-WHY) Additionally, as part of the PDCA for this activity, we conducted a global assessment to check the re-energizing of the Deming Plan and evaluated the effectiveness of the initiatives.
Training in place of founding (Kurume visit)	This program instills participants with pride with respect to working for the Group and serves as an opportunity for them to develop a work-oriented mindset by having them visit Bridgestone's place of founding in Kurume City (Kurume Plant, Ishibashi Cultural Center, etc.), where they further experience the founder's thoughts, Bridgestone's DNA, and the Bridgestone Essence (corporate philosophy), thereby enabling them to gain a more extensive understanding of the Group. Many overseas SBU employees also participate in this program, which utilizes opportunities provided by Global EXCO held in Japan and leadership development training.
Bridgestone NEXT 100	As the Group pushes forward with leadership development by region and country, we have also been developing this global program. The program nominates approximately 100 individuals globally each year (30 in Japan, 30 in the Americas, 20 in Europe, 20 in Asia / divided into three levels of Next, Advancing, and Developing Executive) to take part in this program and the individuals participate in town hall meetings with the Global CEO, Executive Vice President, and respective overseas Group Presidents and various management / executive meetings as well as overseas business school training programs. In 2024, two individuals from the Next Executive level were promoted to Vice President and Senior Officer. In 2025, one individual was furthermore promoted to Vice President and Senior Officer, and another was appointed as Executive Vice President and Representative Executive Officer of the Company.

b. Enhancing productivity and creativity of each and every employee (Policy for talent development and policy for internal workplace environment development)

The Group works toward achieving "a strong Bridgestone" and "reinforcing earning power" by navigating a challenging business environment. Reinforcing earning power hinges on enhancing productivity and creativity (Talent creativity) of each and every employee. Accordingly, we conduct Bridgestone-like talent development and establish workplace environments in seeking to strengthen the Bridgestone DNA while ensuring that growth of the Group and that of each and every employee go hand in hand. Specifically, we value the concept of "foundation" of respect for being on-site (Genbutsu-Genba) across Bridgestone's broad business portfolio in ensuring that diverse talent takes initiative with respect to their own careers. As such, we are accelerating various initiatives by putting a focus on developing talent that proactively takes on challenges of value creation (support for taking on challenges and achieving growth), and on establishing workplace environments that promote both of engagement and better workplaces (developing opportunities for diverse talent to shine).

Furthermore, the Group will work on strengthening the premium tire business, which is "produce and sell" of Dan-Totsu products, as core business while also enhancing the solutions business, which is to "amplify value" during customer "use" phase of our Dan-Totsu products, as growth business. By deepening the linkage of the premium tire business and the solutions business, we aim to create new social and customer value, and we believe this will lead to sustainable growth while enhancing the Group's corporate value. To achieve that, we believe it is important to be attentive and supportive of problems encountered by society and our customers and providing solutions in that regard by combining the strong real such as the Group's Dan-Totsu products and operational excellence at on-site with digital power. We will strive to develop digital and solutions talent that embodies Bridgestone's unique approach in order to accelerate such "real x digital" capabilities, thereby facilitating new value creation.

Through such initiatives, we aim to build a foundation toward the "True Next Stage" in 2026 by achieving "a strong Bridgestone" capable of adapting to change and reinforcing our earning power.

The Group's foundation for corporate management is the notion of "Safety First, Always," as set forth in its Safety Mission Statement. Given that this is an expectation of our customers and other stakeholders, we are promoting activities for improving working environment also to ensure each and every employee is able to work in a safe workplace with peace of mind based on this Safety Mission Statement, which is furthermore essential in ensuring industrial safety and hygiene with respect to the Group's employees and contractors through the application of stringent safety standards.

• Support of diverse talent in taking on challenges and achieving growth

Global initiatives

Supporting self-directed career development	Across the Group's operations, we encourage employees to have career and development plans, while also facilitating their self-directed career development efforts in enabling them to complete meaningful and rewarding work in collaboration with their supervisors and leadership teams. - Encourage a culture conducive to appropriate and open feedback - Introduce regular career development interviews as well as 360-degree evaluations and other such multi-faceted evaluations
Providing learning opportunities for a wide range of employees	We aim to create a learning-oriented organization in promoting a culture conducive to enabling employees to achieve continuous learning and growth in seeking for them to play active roles over the long term within the Group. We accordingly engage in ongoing efforts to fortify investment in talent development on a Group-wide basis, taking into account circumstances in respective regions and countries. We arrange region-specific learning activities that encourage employees to engage in self-directed learning and development.
Supporting employees motivated to take on challenge and achieve growth	We take steps to foster a culture conducive to encourage more employees to take on challenges who apply voluntarily take initiative to take on challenges through the "Genba (on-site) 100-Day Challenge Program," which involves verifying, improving, and addressing on-site challenges and hypotheses established by participants at site either within or outside their country of them. - Further extend the reach of the program globally, which was launched in Japan in 2023 and subsequently expanded to BSAPIC (Asia-Pacific, India and China) in 2024

Initiatives in Japan

Providing early management opportunity for junior employees	In 2023, we introduced the "Management Challenge Program," which offers junior employees who are motivated to take on challenges the opportunity to gain management experience early in their careers by serving in a pre-management position.
Supporting for strengthening management behavior in encouraging subordinates (team members) to take on challenges and achieve growth	We perform 360-degree evaluations to help all line managers (general managers and managers) review and improve the self management behavior by gaining the awareness of the factors that either promote or hinder their leadership. We also carry out a "Coaching program" for equipping such managers with coaching skills and practices necessary to encourage each team member to take initiative and challenge towards self growth through dialogue like One-on-One communication.

• Developing opportunities for diverse talent to shine

Global initiatives

Activities to ensure that employees are able to work in a safe workplace with peace of mind	We continually update our safety standards to address increasing ergonomic risks associated with aging of the population, changing regulations, deterioration of machinery and equipment, and introduction of new technologies at sites. We also earnestly develop awareness of safety when it comes to new business initiatives undertaken by the Group. We also identify issues through safety maturity assessments and promote continuous improvement to create safe workplaces.
Activities for promoting culture change and enhancing engagement as a foundation	We began conducting globally unified engagement surveys in 2023 upon having positioned improvement of employee engagement as one of our key issues in globally promoting culture changes in line with the "Bridgestone E8 Commitment." We deepen and make progress on initiatives in part by sharing good practices from each region upon having identified global common strengths and improvement items, while respecting regional differences in cultures and characteristics. - Global common strength: Quality and customer-oriented spirit/Permeation of vision and strategy - Global common improvement items: Collaboration (overcome organizational silos)/Agile operation/DE&I/Talent development
Developing female leaders on a Group-wide basis worldwide	From the perspective of promoting diversity in decision-making as an organization as well as expecting all employees to support an inclusive workplace environment mutually, we are empowering women and developing female leaders, while considering the conditions in each individual region and country where it operates.

Initiatives in Japan

Establishing workplace environments for facilitating evolution of manufacturing and culture change promotion at manufacturing sites (Genba)	We continuously implement quick-impact investments that reflect the voices of employees who work at "Genba (on-site)" and are working to enhance benefits, improve the workplace environment, and reduce the workload. - Engage in ongoing measures for heat stress prevention, assisting to carry heavy objects, establish dressing lockers and rest areas for female employees at manufacturing sites, and introduce female working uniforms - Activate "small group activity" where such small groups take initiatives to improve workplace environment by themselves with discretionary budget at manufacturing sites - Improve the production process from the viewpoint of female operation employees to promote Suru-raku (streamlined and less burden) production as one of good practices that strike a balance between safety and work efficiency (reduced workloads in transportation of materials)
Developing a foundation for diverse talents to shine and promoting assignment of female leaders	We promote various initiatives for empowering diverse talent in seeking to address disparities relative to the Group's overseas locations when it comes to the domain of diversity, equity and inclusion. - DE&I management workshops for all line managers (general managers and managers) - FemTech program to address women-specific health issues using technology and awareness-raising activities with the aim of creating workplaces where each and every employee can shine - Officer Mentor program where the Company's officers and external specialists serve as mentors in supporting career development of female managers and candidates
Creating opportunities for talent with an entrepreneurial spirit to take on challenges	In 2023, we established the "Softrobotics Ventures" as a corporate venture in the exploratory business. We have accordingly brought together diverse talent with an entrepreneurial spirit to create new businesses from scratch to take on the "challenge" of early commercialization with respect to the notion of "Bridgestone's new challenges utilizing our expertise in R&D of rubber materials—soft robot hand with 'just the right' grip supporting the lives of individuals through the power of rubber."

• Strengthening talent that accelerates adoption of strong real x digital capabilities

Global initiatives

Developing and acquiring digital talent	We promote development and acquisition of digital talent globally in order to broaden Bridgestone-like digital talent with a focus on respect for being on-site (Genbutsu-Genba), which is essential for creating social value and customer value, while also seeking to best integrate talent among Webfleet, Azuga and the Group.
Development of solution engineers	We seek to amplify value during "use" of tires from "produce and sell" with Dan-Totsu products as its core that are fundamental to the Group's strategy. To such ends, we will further strengthen globally our on-site field engineering activities that deeply understand customer's pain points, which is our Group's strength. With respect to talent underpinning such initiatives, we promote systematic development and acquisition of solution skills tailored to characteristics of market and needs of each region in looking toward developing engineers equipped with a deep understanding of both product value and customer needs.

Initiatives in Japan

Providing opportunities to take on challenges in strengthening digital skills covering a wide range of skill levels	In 2023, we introduced the "Digital 100-Day Training" program, which provides opportunities for taking on challenges of learning and strengthening digital skills by having individual employees, who recognize the need for digital skills and are eager to acquire such skills, select a program that matches individual skill level. The program provides opportunities to learn in depth digital technologies associated with the own responsibilities as well as classroom lectures. We have also established proficiency-based training courses for the intermediate (Solution Field Engineer) and advanced (AI/Algorithm Expert) levels.

2) Metrics and targets

	2026 global targets	2024 global result
Talent creativity KPI (Note) Index trends with the index value set to 100 for the baseline year of 2019.	130 level	102 (a year-on-year decrease of 8)

Talent creativity: Priority activity indicators		2026 global targets	2024 global result	Manage-ment, working & business quality improvement	Productivity and creativity enhancement		
					Support in taking on challenges and achieving growth	Development of a working environment	Strengthening of talent with real x digital capabilities
i Activities on management, working & business quality improvement		Bridgestone-like Quality Management Training - Extend reach to a wider level and embark on global expansion from 2024	Accompanying the booklet on "Bridgestone's unique Deming Plan," trainings to reaffirm and re-energize the "Bridgestone's unique Deming Plan" were developed worldwide. Assessment of checking the re-energizing of the Deming Plan and promotion of PDCA cycles in activities.	●			
ii Number of digital talents		Expand to the level of 2,000 people	Approx. 1,750 people (a year-on-year increase of approx. 150 people)				●
iii Number of Genba (On-site) 100-Day Challenge Program participants		Embark on global expansion from 2024 Expand to the level of 45 participants per year in 2026	Expanding to BSAPIC (Asia-Pacific, India and China), a total of 24 persons participated over 2023-24.		●		
iv Safety performance	1) Fatalities	0	1 (a year-on-year decrease of 1)			●	
	2) Lost-time injuries frequency rate (Note 1)	2.50	2.41 (a year-on-year decrease of 0.34)				
v Percentage of female leaders (Note 2)		An increase of 3% in comparison with 2023 levels	16.4% (a year-on-year increase of 0.3%) (Note 3)			●	

(Note 1) This is calculated by the formula: (Number of lost-time injuries/Total working hours) x 1,000,000. The 2024 result shows the number as of February 28, 2025, and it may change depending on outcomes of work-related injury assessments.

(Note 2) It is based on those in managerial positions, including leaders who manage and oversee teams in production sites and other sites.

(Note 3) The percentage of female leaders by segment in the Group is as follows.

(As of December 31, 2024)

Segment \ Category	Percentage of female leaders			Total
	Top managerial positions	Managerial positions	Junior managerial positions	
Japan	0.6%	8.0%	5.7%	6.4%
Asia-Pacific, India and China	9.8%	22.3%	12.2%	14.0%
Americas	34.0%	26.0%	21.9%	22.6%
Europe, Middle East and Africa	9.4%	22.9%	19.3%	20.5%
Total	8.6%	17.8%	16.1%	16.4%

- The percentage is based on the number of active employees.
- "Japan" includes the "Others" and "Company-wide (common)" segments.
- The definitions of each category are as follows.

Top managerial positions: Officer-equivalent (Executives & VPs)

Managerial positions: Persons in charge of the management of an organization (Line Managers)

Junior managerial positions: Persons who contribute to the organization with their individual knowledge and experience, or are in a position to guide the organization's day-to-day management objectives.

3. Business risks

The following provides an overview of risks concerning the state of business and financial information described in this Annual Securities Report that may have a bearing on investors' decisions. The Group is aware of these risks, and systematic efforts are made to prevent or minimize the impact of related adverse events on operations.

Nonetheless, the potential exists for unforeseen or unpredictable risks other than those described below to negatively affect the operations, business results, and financial position of the Group.

All references to possible future developments in the text are as of March 25, 2025, the filing date of this Annual Securities Report.

(Processes for evaluating and managing risks)

Every year, the Group evaluates and identifies risks faced by various regions and the Group as a whole in terms of their potential impact and likelihood of occurrence. By allowing management to be conducted in an autonomous and continuous manner through clarifying who is responsible for managing the risk, not only for the Group as a whole, but also for every business, SBU, and division, our Group's risk evaluation and management system is able to deal with serious management risks under the direct supervision of the Global CEO.

(1) Risks related to demand and macroeconomic conditions

The Group conducts research and development (R&D), procurement, production, logistics, sales and other business activities on a global scale. Operating results and financial position are thus subject to trends in demand, interest rates, exchange rates, share prices, and other economic variables in the countries and regions where we operate. In the current fiscal year, the Group's revenue by region was 52% from operations in the Americas; 20% from Europe, Middle East and Africa; 15% from Asia-Pacific, India and China; and 13% from Japan. An economic downturn in any of these regions could exert a major adverse effect on the operating results and financial position of the Group.

The Group's business is closely tied to the automobile industry; therefore, the operating results and financial position of the Group are strongly affected by business conditions in the global automobile industry. Demand for replacement tires in each country where the Group operates depends on national trends in consumer spending, automotive fuel prices, and a range of other local market variables. Any combination of trends that might cause demand for replacement tires to decline, or to grow at a slower rate, could adversely affect the operating results and financial position of the Group.

Furthermore, some of the Group's products, such as hydraulic hoses and large and ultra-large off-the-road radial tires for mining and construction vehicles, are affected by business conditions in the resources industry and the civil engineering and construction industries. If these factors reduce demand or slow its projected rise, the Group's operating results and financial position may be adversely affected.

Moreover, demand for winter tires (which make a sizable contribution to sales in regions such as Japan, Europe, and North America) is closely related to seasonal weather trends. A mild winter and a decline in demand in these regions could adversely affect, to some extent, the operating results and financial position of the Group.

(2) Legal, regulatory, and litigation risk

The Group's operations around the world are subject to diverse national (and, in Europe, supranational) laws and regulations, including trade, investment, foreign exchange transactions, taxation systems (including transfer pricing), anticompetitive practices, environmental protection, and protection of personal information. Laws and regulations that affect the Group's business activities have been established and introduced. These include labeling systems and regulations regarding tire performance and regulations regarding chemicals in Japan and overseas. Accordingly, new or revised laws and regulations could limit the scope of business activities, raise operating costs, or otherwise adversely affect the operating results and financial position of the Group.

The Group could be subject to lawsuits or to investigations by governmental authorities with regard to its business activities in Japan or in overseas markets. In the event that an important lawsuit is filed or investigation by governmental authorities has commenced, the Group's operating results and financial position could be affected.

(3) Risks related to operational disruption

・Natural disasters, wars, terrorist actions, civil strife, and social and political unrest

Globally dispersed operations expose the Group to a broad range of natural and man-made risks that could constitute force majeure, including natural disasters, such as earthquakes and floods, wars, terrorist actions, civil strife, boycotts, epidemics, energy supply problems, and general social or political unrest. Such events have the potential to adversely affect the operating results and financial position of the Group. Also, factors such as abrupt, substantial fluctuations in political or economic matters in Japan or overseas could hinder the continuation of the Group's business activities. Such events have the potential to affect the Group's operating results and financial position.

The risk of earthquakes is particularly high in Japan where the Group has numerous key facilities. Management systematically promotes the seismic reinforcement of the Group's facilities in Japan based on an order of priority determined from the results of site analyses using seismic diagnostics. In addition, a BCP has been created in order to facilitate a swift response in event of an earthquake and the quick restoration of operations. Operation of this BCP is subject to regular review and improvement. The Group has also formulated a BCP designed to prioritize the wellbeing and safety of employees, families, and all related parties while minimizing the Group's losses stemming from the spread of H1N1 influenza, COVID-19, and other diseases caused by unknown pathogens. The content of this BCP is continuously expanded based on feedback from its implementation. Despite the preventive measures, such serious risks could disrupt or reduce the scale of operations or cause damage to facilities, necessitating expensive repairs or restoration work. The costs involved could adversely affect the Group's operating results and financial position.

Operational disruptions at those plants where the production of certain products or materials is concentrated have the potential to cause greater problems due to the increased possibility of a supply interruption, which could result in claims for compensation based on breach of supply contracts, or in an erosion of customer confidence in the Group as a reliable source of supply. Any such developments could have a significantly adverse impact on the operating results and financial position of the Group.

・Information technology (IT) systems failures

With the drastic rise in the importance of information systems in the Group's business activities, the Group is striving to protect systems and data through advancing security and other measures. However, failure of such information systems due to external causes, such as natural disasters and cyberattacks, or through human error, could result in the halt of major operations and services and theft or leakage of confidential or personal information and data, with the possibility of hindering further business activities. Such incidents bear the potential to damage the Group's brand image and lower social trust, adversely affecting its operating results and financial position.

・Industrial action

Prolonged strikes or other industrial action due to unfruitful labor-management negotiation could cause operational disruptions, and thereby adversely affect the operating results and financial position of the Group. Management strives to minimize the risk of labor unrest by fostering good labor-management relations throughout global operations.

(4) Risks related to climate change and natural capital loss

The Group recognizes the risks and opportunities related to climate change and natural capital loss in an integrated manner and reflects them in its business strategy. The main risks we identify in this category are "transition risks" associated with the transition to a decarbonized society and a society where nature can coexist, and "physical risks" due to climate change and natural capital loss. On the other hand, we also see these changes in society and customer needs as new opportunities for growth. Details regarding risks and measures for addressing risks are presented in "II. Business Overview, 2. Approach to and initiatives for sustainability, (2) Initiatives related to climate change and natural capital loss."

(5) Risks related to corporate and brand image

The Group strives to enhance its corporate and brand image consistently through global business activities. Systematic efforts are made to ensure compliance with all applicable laws and regulations and to promote the highest ethical standards. Programs are in place across the Group to prevent industrial incidents, particularly fires and any accidents that could cause occupational injuries, and to respond immediately to any accidents that occur. In addition, we strive to ensure more timely and appropriate disclosure of information to our stakeholders, underpinned by recognition regarding the growing importance of further heightening trust from the society surrounding the Group. Despite such efforts, serious ethical lapses or industrial accidents, which lose social trust, along with a situation where the Group fails to provide timely and appropriate information disclosure regarding those incidents, have the potential to adversely affect the operating results and financial position of the Group by damaging the image and reputation of the Group, diminishing the general public's confidence in the Group, or leading to a drop in share price.

(6) Currency risk

The global distribution of the Group's R&D, production, logistics, procurement of raw materials and sales activities requires business transactions in numerous currencies. The Group employs foreign currency forward contracts to hedge foreign currency-denominated trade receivables and payables, and currency swaps to hedge foreign currency-denominated loans and borrowings in an effort to minimize the effects of short-term exposure to exchange rate fluctuations. However, hedging cannot insulate the Group's operations completely from foreign exchange market trends since these operations include extensive import and export activities worldwide. Fluctuations in exchange rates can thus have an adverse effect on the operating results and financial position of the Group. Exchange rate fluctuations also affect the consolidated performance of the Group because results are reported in yen. Changes in exchange rates affect the values recorded for revenue, expenses, assets, and liabilities in all countries outside Japan when translated into yen. In general terms, yen appreciation against other leading currencies tends to depress the operating results, while yen depreciation tends to have a favorable impact.

(7) Risks related to competition

The Group encounters numerous competitors in its respective markets and engages in business amid an intense competitive environment encompassing selling price competition. In addition, the Group may face negative effects on costs and expenses due to factors such as increases in raw material prices, energy costs and labor costs. Whereas the Group contends with this business environment through ongoing internal efforts such as those that involve improving productivity and enhancing cost management, while also striving to enhance competitiveness through initiatives that include proposing and providing new product value to customers and markets, a situation where the Group is unable to offset declining profits through such efforts could adversely affect the Group's operating results.

The Group's strategy emphasizes technology innovation, along with its product development capabilities and manufacturing capabilities cultivated thus far as a manufacturer. The Group targets the development and introduction of products equipped with new and advanced technologies, and then aims to persuade customers and society of the value inherent in such technical advances to secure prices sufficient to ensure that profits fully offset the costs of development. Fierce competition in various fields can sometimes prevent the Group from recovering development costs through pricing, which can also have an adverse effect on operating results and financial position.

(8) Risks related to product defects

The Group holds customer safety as its highest priority. The Group invests considerable resources in establishing and maintaining high quality standards for all products manufactured and sold. Management is particularly sensitive to the importance of quality assurance in tires and other products closely associated with human safety. The Group has honed its quality assurance capabilities by upgrading information systems related to product performance, collecting pertinent market information, and establishing systems to provide early warning of any potential safety issues that may arise before they become problems. Nonetheless, such efforts cannot guarantee the complete prevention of product defects or eliminate the chance of an extensive product recall because product defects could occur due to unpredictable factors. Any such defects or recalls could result in customer claims for damages, as well as associated litigation costs, replacement costs, and damage to the Group's reputation. Product liability claims, class-action lawsuits, and other litigation pose a particular risk in the U.S.

(9) Risks related to raw materials procurement

Disruption of supplies of raw materials has the potential to affect performance adversely. The Group uses large quantities of natural rubber in tires and other rubber products, most of which are supplied from Southeast Asia. The availability of natural rubber supplies in quantities sufficient for manufacturing purposes is subject to disruption due to natural disasters, wars, terrorist actions, civil strife, other social or political unrest, and strikes in addition to the threat of poor harvests.

Supply shortages due to tight supply of raw materials or capacity constraints are also potential problems with other basic raw materials, and could adversely affect the Group's operating results and financial position.

The Group relies on in-house upstream raw materials operations and on third-party suppliers for important raw materials. Any disruption of activity to those operations or suppliers and any other events that impede the Group's plants that use those raw materials could adversely affect the Group's operating results and financial position.

Increases in the costs of raw materials due to tight supply, trade for speculative purposes, and other reasons are also potentially detrimental to the operating results and financial position of the Group. Management cannot guarantee that price rises can always be passed on to customers or that ongoing efforts to raise productivity will be sufficient to compensate for any sharp increases in raw materials costs.

(10) Risks related to pension costs and obligations

Pension-related costs and obligations are reliant on actuarial assumptions concerning discount rates and a number of other variables. If these assumptions were to change significantly as a result of changes in interest rates or the fair value of plan assets (including pension assets), or other factors were to necessitate a change in the underlying assumptions, there could be an increase in pension-related costs and obligations, as well as a material impact on the operating results and financial position of the Group.

(11) Risks related to intellectual property

The Group treats intellectual property as an important business resource. Systematic efforts are made to employ intellectual property effectively in improving the competitive position of the Group, to protect intellectual property rights from infringement, and to avoid infringing the intellectual property rights of other parties. Despite such safeguards, any actual or alleged infringement of third-party intellectual property rights by the Group could have a negative impact on the use of certain materials or technologies by the Group, and could potentially also trigger the payment of compensatory damages. Any such outcome could have a negative effect on the operating results and financial position of the Group. Conversely, if claims by the Group of intellectual property rights infringement against third parties are not upheld, the Group could also suffer direct or indirect losses through the diminished differentiation or competitiveness of its products in global markets.

4. Management analysis of financial position, operating results and cash flows

The Group has changed the segment classification of the India business from the current fiscal year in line with its efforts to further strengthen its global management structure. Accompanying this, the “China, Asia-Pacific” segment has been changed to the “Asia-Pacific, India and China” segment, and the “Europe, Russia, Middle East, India and Africa” segment has been changed to the “Europe, Middle East and Africa” segment. As a result, the figures for the previous fiscal year, have been reclassified into new segment classifications. The transfer of Russian business has been completed in December 2023.

In addition, 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 previous fiscal year, and the current fiscal year.

Details are described in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 6. Operating Segments.”

All references to possible future developments in the text are as of the filing date of this Annual Securities Report.

(1) Overview of operating results, etc.

Overview of the financial position, operating results, and cash flows of the Group for the current fiscal year is as follows.

1) Financial position and operating results

a. Sales and earnings

	2024	2023	Increase (Decrease)	
			Amount	Ratio
	Yen in billions	Yen in billions	Yen in billions	%
Revenue	4,430.1	4,313.8	+116.3	+3
Adjusted operating profit	483.3	480.6	+2.7	+1
Operating profit	443.3	481.8	(38.5)	(8)
Profit before tax	421.4	444.2	(22.7)	(5)
Profit attributable to owners of parent	285.0	331.3	(46.3)	(14)

The Group has established a vision of “continuing to provide social value and customer value as a sustainable solutions company toward 2050” under its mission of “Serving Society with Superior Quality.” Moreover, we have set the “Bridgestone E8 Commitment” as our corporate commitment to support a sustainable society with our employees, society, partners and customers and as the focus of our value creation. To realize this vision, we have formulated the “2030 Long Term Strategic Aspiration,” with an eye on 2031, the 100th anniversary of our founding. With this vision as our North Star, we have steadily carried out management in line with specific plans, laid forth in our Mid Term Business Plan (2024-2026), released in March 2024.

New threats have emerged including structural changes in the automotive industry driven by factors such as the strength of the Chinese EV market and accelerating structural changes in the tire industry such as increased imports of low-priced tires mostly to the European and South American markets. In this kind of challenging business environment requiring a prompt response to these threats, the Group has set its management, working & business quality improvement as its top priority, and while launching business restructuring and rebuilding initiatives as part of our Second Stage, we worked to “focus more on value creation” as part of our “respect for being on-site (Genbutsu-Genba).”

In the premium tire business, one of the Group’s core businesses, demand for new vehicle tires for passenger cars and small trucks has moderated globally against the backdrop of the slowdown in the shift to electric vehicles. Although demand in Asia slightly exceeded those of the previous fiscal year, especially demand in Europe and Japan declined significantly from the previous fiscal year, and demand in North America fell slightly. Demand for high-rim diameter tires (18 inches or more) reflected the shift to larger vehicles, and demand was on par with the previous fiscal year in North America and Europe, while in Japan, demand increased year-on-year. Demand for new truck and bus tires decreased significantly year-on-year in North America, Europe, and Asia, but demand in Japan was on par with the previous fiscal year, rebounding from the decline in vehicle manufacturing in the previous fiscal year caused by part supply shortages. Demand for replacement tires for passenger cars and small trucks has been impacted greatly by the trend of increased low-priced imported tires, due to the lowering of import tariffs on goods from Thailand and South Korea in January 2024 in North America, leading to decreased demand from the previous fiscal year among the major tire manufacturers that are members of tire manufacturers associations in the U. S. and Canada, while demand remained flat in Japan and Asia and increased in Europe amid a trend of gradual market recovery. Furthermore, demand continued to grow for replacement high-rim diameter tires (18 inches or more), centered on North America and Europe. Demand for replacement truck and bus tires rose year-on-year for the full year, as a result of North American retail inventory normalizing in the first quarter and demand gradually recovering from the second quarter onward. In Europe and Asia, demand recovered year-on-year, while in Japan, demand was mostly unchanged year-on-year.

Amid this type of demand environment, the Group’s revenue increased year-on-year due to progressive improvement in the sales mix achieved by expanding sales channels for premium passenger car tires in the replacement tire market (high-rim diameter tires (18 inches or more), high-profit premium tire brands in each region, etc.), as well as sales of ultra-large tires for mining vehicles remaining on par with the previous fiscal year, and the tailwind of favorable foreign exchange rates, despite the global reduction in unit sales of new vehicle tires for passenger cars and small trucks and tires for trucks and buses, as well as the deterioration of the Latin America business, mainly in Brazil and Argentina.

Adjusted operating profit slightly exceeded levels of the previous fiscal year, due to the steady implementation of restructuring and rebuilding initiatives (Second Stage), improvement in sales prices and the sales mix spread, as well as the favorable tailwind of the depreciated yen, which was able to absorb the decline in the Latin America business and the impact of reduced unit sales. During the current fiscal year, the Group further strengthened our focus on the premium domain, centered on Dan-Totsu products, accelerated the reduction or exit from losses and unprofitable businesses, and continued to improve the sales mix. Despite the increase in the fixed cost burden and worsening of processing costs due to the impact of reduced unit sales of passenger car and small truck tires and truck and bus tires, in addition to declining marine transport unit costs, initiatives to reduce business costs set forth in the Mid Term Business Plan (2024-2026) including global procurement, global SCM (supply chain management) logistics reform, BCMA (Bridgestone Commonality Modularity Architecture), the green and smart transition, and steady improvements in onsite productivity (Genbutsu-Genba) all contributed positively to the Group’s business results.

Furthermore, operating profit declined year-on-year as a result of the recording of restructuring and rebuilding-related expenses such as impairment losses on assets for Europe business use, despite the recording of a gain on the sale of Roppongi company housing in the second quarter.

As a result, the Group’s revenue in the current fiscal year was 4,430.1 billion yen, a year-on-year increase of 3%; adjusted operating profit was 483.3 billion yen, a year-on-year increase of 1%; operating profit was 443.3 billion yen, a year-on-year decrease of 8%; profit before tax was 421.4 billion yen, a year-on-year decrease of 5%; and profit attributable to owners of parent was 285.0 billion yen, a year-on-year decrease of 14%. Going forward, with pursuing the top priority on management, working & business quality improvement, the Group will carry out management that balances “defense” and “offense” while continuing to “focus more on value creation.”

b. Segment information

		2024	2023	Increase (Decrease)	
				Amount	Ratio
		Yen in billions	Yen in billions	Yen in billions	%
Japan	Revenue	1,226.1	1,242.4	(16.4)	(1)
	Adjusted operating profit	187.3	206.5	(19.2)	(9)
Asia-Pacific, India and China	Revenue	529.7	551.5	(21.7)	(4)
	Adjusted operating profit	58.5	55.2	+3.3	+6
Americas	Revenue	2,180.0	2,080.0	+99.9	+5
	Adjusted operating profit	180.1	212.0	(31.8)	(15)
Europe, Middle East and Africa	Revenue	835.6	819.2	+16.4	+2
	Adjusted operating profit	29.8	11.7	+18.1	+155
Others	Revenue	84.0	77.3	+6.7	+9
	Adjusted operating profit	7.5	5.5	+2.1	+38
Consolidated Results	Revenue	4,430.1	4,313.8	+116.3	+3
	Adjusted operating profit	483.3	480.6	+2.7	+1

[Japan]

Revenue was 1,226.1 billion yen, a year-on-year decrease of 1%, and adjusted operating profit was 187.3 billion yen, a year-on-year decrease of 9%.

Unit sales of replacement tires for passenger cars and small trucks, as well as unit sales of tires for trucks and buses, were mostly unchanged year-on-year, while overseas exports of tires for passenger cars, trucks, and buses fell significantly from the previous fiscal year. Both revenue and profit decreased year-on-year as improvements in sale prices and sales mix and the favorable tailwind of the depreciated yen were unable to absorb the impact of increased fixed cost burden, soaring raw materials prices and inflation, despite strategic price management and the strengthened focus on the premium domain by reducing low-margin areas.

[Asia-Pacific, India and China]

Revenue was 529.7 billion yen, a year-on-year decrease of 4%, and adjusted operating profit was 58.5 billion yen, a year-on-year increase of 6%.

In terms of unit sales, while unit sales of new vehicle tires fell significantly from the previous fiscal year, sales of replacement tires for passenger cars and small trucks were mostly unchanged, and sales of replacement tires for trucks and buses were steady. Additionally, soaring raw materials costs and inflation were absorbed by sales price improvements in countries in the region, a thorough focus on the premium domain, and improvement in the sales mix, while the impact of business rebuilding also contributed, leading to decreased revenue but increased profit.

[Americas]

Revenue was 2,180.0 billion yen, a year-on-year increase of 5%, and adjusted operating profit was 180.1 billion yen, a year-on-year decrease of 15%.

In the North America tire business, while unit sales of replacement tires for trucks and buses increased year-on-year, new vehicle tires as well as replacement tires for passenger cars and small trucks, and well as tires for new trucks and buses, were down year-on-year. On the cost front, although the sales mix improved steadily, in addition to the worsening of processing costs due to production adjustments caused by inflation and decreased unit sales, a decline in profit related to the Latin America business had a significant impact.

As a result, revenue increased and profit decreased year-on-year as the tailwind of the depreciated yen was unable to absorb the losses.

[Europe, Middle East and Africa]

Revenue was 835.6 billion yen, a year-on-year increase of 2%, and adjusted operating profit was 29.8 billion yen, a year-on-year increase of 155%.

In the Europe business, while unit sales of replacement tires for passenger cars and small trucks, as well as for trucks and buses, were mostly unchanged from the previous fiscal year, new tire sales declined significantly. Despite the decline caused by reduced unit sales, in addition to the improvement from the previous fiscal year in the sales prices compared to the raw materials costs and in the mix spread, the effects of business restructuring and rebuilding began to contribute partially to improved profitability, and both revenue and profit increased from the previous fiscal year.

(Notes)
1. The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.
2. The Group has changed the segment classification from the current fiscal year as follows. The amounts and figures for the previous fiscal year shown for comparison represent those based on the changed classification.

"China, Asia-Pacific" has been changed to "Asia-Pacific, India and China"

"Europe, Russia, Middle East, India and Africa" has been changed to "Europe, Middle East and Africa"

c. Financial position

(Current assets)

Current assets were 2,863.6 billion yen, increasing by 166.2 billion yen, or 6%, from the end of the previous fiscal year, as cash and cash equivalents decreased by 17.9 billion yen, but trade and other receivables increased by 85.0 billion yen and inventories increased by 76.7 billion yen.

(Non-current assets)

Non-current assets were 2,859.9 billion yen, increasing by 129.5 billion yen, or 5%, from the end of the previous fiscal year, as property, plant and equipment increased by 101.8 billion yen, and right-of-use assets increased by 9.4 billion yen.

(Current liabilities)

Current liabilities were 1,176.2 billion yen, decreasing by 88.6 billion yen, or 7%, from the end of the previous fiscal year, as trade and other payables increased by 11.5 billion yen and lease liabilities increased by 5.2 billion yen, but bonds and borrowings decreased by 119.1 billion yen.

(Non-current liabilities)

Non-current liabilities were 760.8 billion yen, increasing by 3.2 billion yen, or 0.4%, from the end of the previous fiscal year, as retirement benefit liabilities decreased by 7.1 billion yen, but lease liabilities increased by 11.8 billion yen.

Furthermore, total interest-bearing debt (Note) recorded in both current liabilities and non-current liabilities decreased by 102.4 billion yen, or 12%, from the end of the previous fiscal year, to 727.7 billion yen.

(Note) Interest-bearing debt includes bonds and borrowings and lease liabilities.

(Equity)

Total equity was 3,786.5 billion yen, increasing by 381.1 billion yen, or 11%, from the end of the previous fiscal year, as we recorded increases in other components of equity of 219.2 billion yen and profit attributable to owners of parent of 285.0 billion yen, despite a decrease of 140.4 billion yen due to dividends paid to owners of parent.

As a result, total assets at the end of the current fiscal year was 5,723.5 billion yen, increasing by 295.7 billion yen, or 5%, from the end of the previous fiscal year. Furthermore, the ratio of equity attributable to owners of parent to total assets for the current fiscal year was 65.2%, increasing by 3.4 percentage points from the end of the previous fiscal year.

2) Cash flows

	2024	2023	Increase (Decrease)
			Amount
	Yen in billions	Yen in billions	Yen in billions
Cash flows from operating activities	548.8	661.4	(112.6)
Cash flows from investing activities	(255.1)	(297.7)	+42.7
Cash flows from financing activities	(343.3)	(183.7)	(159.6)
Effect of exchange rate changes on cash and cash equivalents	32.2	25.5	+6.7
Net increase (decrease) in cash and cash equivalents	(17.3)	205.5	(222.8)
Cash and cash equivalents at beginning of period	724.6	518.9	+205.7
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(0.6)	0.2	(0.8)
Cash and cash equivalents at end of period	706.7	724.6	(17.9)

The Group's cash and cash equivalents (hereinafter "net cash") decreased 17.9 billion yen during the current fiscal year, to 706.7 billion yen, compared with an increase of 205.7 billion yen during the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities decreased 112.6 billion yen compared with the previous fiscal year, to 548.8 billion yen. The principal contributors in that cash provided included profit before tax of 421.4 billion yen, compared with 444.2 billion yen in the previous fiscal year, depreciation and amortization of 348.1 billion yen, compared with 305.8 billion yen in the previous fiscal year, and interest and dividends received of 20.7 billion yen, compared with 34.5 billion yen in the previous fiscal year. These contributors offset an increase in trade and other receivables of 29.5 billion yen, compared with a decrease of 56.8 billion yen in the previous fiscal year, an increase in inventories of 16.3 billion yen, compared with a decrease of 85.3 billion yen in the previous fiscal year, interest paid of 24.0 billion yen, compared with 17.8 billion yen in the previous fiscal year, and income taxes paid of 117.3 billion yen, compared with 58.0 billion yen in the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities decreased 42.7 billion yen compared with the previous fiscal year, to 255.1 billion yen. The principal contributors in that cash used were payments for purchase of property, plant and equipment of 299.3 billion yen, compared with 282.4 billion yen in the previous fiscal year, payments for purchase of intangible assets of 38.0 billion yen, compared with 60.5 billion yen in the previous fiscal year, and payments of long-term loans receivable of 13.8 billion yen, compared with 21.1 billion yen in the previous fiscal year. These contributors offset proceeds from sale of property, plant and equipment of 80.6 billion yen, compared with 29.6 billion yen in the previous fiscal year, and collection of loans receivable of 11.0 billion yen, compared with 14.9 billion yen in the previous fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities increased 159.6 billion yen compared with the previous fiscal year, to 343.3 billion yen. The principal contributors in that cash used were repayments of long-term borrowings of 35.7 billion yen, compared with 20.7 billion yen in the previous fiscal year, redemption of bonds of 100.0 billion yen (no such expenditure in the previous fiscal year), repayments of lease liabilities of 71.6 billion yen, compared with 68.4 billion yen in the previous fiscal year, and dividends paid to owners of parent of 140.3 billion yen, compared with 130.0 billion yen in the previous fiscal year. These contributors offset an increase in short-term borrowings of 14.1 billion yen, compared with 20.9 billion yen in the previous fiscal year.

3) Production, orders received and sales

a. Production results

The production results by segment for the current fiscal year are as follows.

Name of segment	Amount (Yen in millions)	YoY Change (%)
Japan	805,888	+0.9
Asia-Pacific, India and China	430,416	(5.2)
Americas	1,639,633	+1.7
Europe, Middle East and Africa	662,860	+1.7
Total	3,538,798	+0.6

(Note) The amounts are based on selling prices.

b. Orders received

Apart from undertaking made-to-order production for a small number of special products such as special hoses, all the Group's production is made to stock.

c. Sales results

The sales results by segment for the current fiscal year are as follows.

Name of segment	Amount (Yen in millions)	YoY Change (%)
Japan	961,777	+1.6
Asia-Pacific, India and China	478,690	(1.9)
Americas	2,157,097	+4.6
Europe, Middle East and Africa	813,048	+1.7
Others	19,475	+16.1
Corporate or elimination	10	(57.6)
Total	4,430,096	+2.7

(2) Management's analysis and discussion of the operating results, etc.

The following section describes management's understanding, analysis and discussion of the Group's operating results, etc.

All references to possible future developments in the text are as of March 25, 2025, the filing date of this Annual Securities Report.

1) Significant accounting estimates and assumptions used in such estimates

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to the provisions of Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (hereinafter the "Regulation on Consolidated Financial Statements"). Material accounting policies, accounting estimates, and assumptions used in such estimates for preparing the consolidated financial statements are described in "3. Material Accounting Policies" and "4. Significant Accounting Estimates and Judgements Involving Estimates" of "V. Financial Information, 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements."

2) Understanding, analysis and discussion of the operating results, etc. for the current fiscal year

The Group's operating results, etc. for the current fiscal year are as follows.

Factors that have a material impact on the Group's operating results and measures taken to address such factors are described in "1. Management policy, management environment and issues to be addressed."

(Revenue, adjusted operating profit and operating profit)

Revenue, adjusted operating profit, operating profit and status by segment are described in "(1) Overview of operating results, etc."

As a result, the adjusted operating profit ratio was 10.9%, down 0.2 percentage points from fiscal year 2023.

(Profit attributable to owners of parent)

Profit attributable to owners of parent decreased by 46.3 billion yen (down 14% year-on-year) to 285.0 billion yen. This was mainly due to a decrease of 38.5 billion yen in operating profit and a decrease of 8.1 billion yen in finance income.

3) Capital financing and liquidity

Cash and cash equivalents decreased by 17.9 billion yen to 706.7 billion yen compared to the end of fiscal year 2023. The status of cash flow by business activity is described in "(1) Overview of operating results, etc."

Regarding financing, in addition to borrowings from financial institutions, we will continue to diversify our funding sources to diversify risks and reduce interest costs with methods such as direct financing through domestic corporate bonds and commercial paper, securitization of trade receivable, or leasing.

Funds will primarily be used with priority assigned to achieving sustainable growth and enhancing corporate value by enlisting strategic growth investment to focus on strengthening earning power and creating value, while building a sustainable premium brand. We will do this while utilizing funds to maintain a strong financial position and to return an appropriate level of profit to our shareholders.

4) Objective indicators for assessing the status of achievement of the management policy, management strategy and management goals

The revenue in the current fiscal year was 4,430.1 billion yen, a year-on-year increase of 116.3 billion yen; adjusted operating profit was 483.3 billion yen, a year-on-year increase of 2.7 billion yen; adjusted operating profit ratio was 10.9%, a year-on-year decrease of 0.2 percentage points; ROIC was 8.2%, a year-on-year decrease of 0.5 percentage points; and ROE was 8.1%, a year-on-year decrease of 2.3 percentage points.

In our Mid Term Business Plan (2024-2026), our management continues to be based on three axes: “Tackle past negative legacies squarely without delay,” “Focus on execution and delivering results for immediate issues,” and “Lay foundation for future growth,” and we will “further focus on value creation” in accordance with our four basic business scenarios. These scenarios are to “Create good business quality,” “Create good tires,” “Create good business,” and to “Create new business sowing good seeds for the future.” In particular, we have set the improvement of management, working & business quality as our top priority for 2025 in line with “Create good business quality.”

In light of the accelerating structural changes in the automobile and tire industries, we have positioned 2025 as “the year of emergency and crisis management.” We will promote management based on the dual approach of “defensive” activities, in which we will thoroughly improve the management, working & business quality throughout the value chain, and “offensive” activities, including the strengthening of our Dan-Totsu products and solutions business with a view to achieving growth in 2026 onward (Full-year consolidated financial results forecasts for fiscal year 2025: 4,330.0 billion yen of revenue, 505.0 billion yen of adjusted operating profit, 11.7% of adjusted operating profit ratio, 9.2% of ROIC and 7.2% of ROE).

(Note) ROE is calculated based on the amount of profit attributable to owners of parent from continuing operations.

5. Important business contracts

No item to report.

6. Research and development activities

The Group's R&D activities are focused on creating social value and customer value, as set forth in our vision, through technology innovations driven by the three forms of "mastering": "mastering rubber," "mastering road contact," and "mastering manufacturing." By strengthening the development of our "Dan-Totsu products" in the premium tire business, our core business, and enhancing its linkage with the solution business, our growth business, we aim to amplify the value of our Dan-Totsu products at the customers' tire "use" phase and solve their pain points. We will drive these activities by combining the strong "real" capabilities unique to Bridgestone, such as our technologies, knowledge, and know-how, with "digital." We are also engaged in R&D activities to explore new business opportunities for the Group in the diversified products businesses, as well as in the exploratory business.

In our premium tire business, we are working on the evolution of "ENLITEN," the product design base technology. We have positioned ENLITEN as a "new premium" technology that creates unique value for the Group, and are working to establish and evolve this technology not only with the aim of improving the performance of conventional tires in all directions by making thinner, lighter, and rounder tires, but also to realize "ultimate customization" to meet individual tire performance needs for each product, market, and customer. We have also been expanding our lineup of new products equipped with ENLITEN technology across the globe, starting with our passenger car tires. Through 2024, we launched "Turanza EV" exclusively for EVs in the U.S. market, "Turanza 6" in Europe, and "Turanza 6i" in India, among others. In Japan, we launched "REGNO GR-X III" in 2024, followed by "REGNO GR-X III TYPE RV," a premium brand product designed for minivans and compact SUVs, in February 2025. While inheriting the characteristics of the REGNO GR-X III, this new product is customized to meet the needs of minivan and compact SUV users and the vehicle characteristics, providing not only conventional minivan users but also compact SUV users with the value of the new "REGNO FEELING," including enhanced spatial quality and refined driving performance. Going forward, we will continue to expand our lineup of products equipped with ENLITEN technology across the globe so that more customers can experience the value of our premium brand products.

In order to evolve this technology into next-generation ENLITEN technology, we will also accelerate the development of replacement tire technology through the development of motorsport tires used in extreme conditions, with our sustainable global motorsport activities serving as a "mobile laboratory."

Furthermore, by integrating ENLITEN technology with BCMA (Bridgestone Commonality Modularity Architecture) manufacturing technology, we will work to enhance product appeal while reducing business costs and environmental impact. BCMA divides the tire into three modules: the carcass, skeleton of the tire; the belt, which reinforces the tire; and the tread, which makes up the tire surface. Module 1 (carcass) and Module 2 (belt) are shared among different products to simplify the value chain from development to production, thus reducing business costs, whereas Module 3 (tread) is used to customize performance and differentiate products. We started the full-scale deployment of the system to the global market in 2024. First, we selected four model plants among our passenger car tire plants, and implemented BCMA-related activities based on the model plants in each region and on a global scale. In 2024, we expanded our efforts to achieve continuous production through module sharing, which contributed to the reduction of business costs. We will also spread these benefits throughout the value chain, such as in raw material procurement and inventory reduction. Additionally, with Japan positioned as the core of manufacturing for global operations, we began efforts to pursue the essence of manufacturing and evolve it to the next level through the Advanced Hikone Model in combination with BCMA. Starting with the introduction of EXAMATION tire molding system equipped with AI, this model allows us to collect data related to production, analyze it using digital technology, identify issues in tire production, and promote improvement activities on-site. We will evolve manufacturing through the combination of real and digital, and generate the synergy effect of BCMA's realization of "simple manufacturing without variation" for a chain of improvements in safety, environment, quality, cost, and other manufacturing indices.

In the solutions business, our growth business, we are developing solutions with a focus on commercial products, namely tires for mining vehicles, aviation, and truck & buses. With respect to tires for mining vehicles, we are working to expand solutions that help optimizing mining operations through the combination of our strong real and digital capabilities, with "Bridgestone MASTERCORE" as Dan-Totsu products at the core. For example, to prevent tire damage due to heat, a major pain point faced by mining companies, we have built unique algorithms leveraging AI that combine customer data―mining vehicle information shared with us based on the trust of our customers—with our data obtained from "Bridgestone iTrack," a next-generation tire monitoring system for mining vehicles, such as tire temperature and air pressure. This allows us to predict tire durability, and propose optimal timings for tire maintenance and vehicle operation routes to customers, helping to maximize the productivity and economic value of mining operations by reducing tire costs and vehicle downtimes. Moreover, we also contribute to sustainability by reducing the number of tires used through safer and longer use, as well as by improving resource productivity. Going forward, we will continue to expand our mining solutions by strengthening our Dan-Totsu products and evolving our digital technology. In our aviation solutions, we are also strengthening the development of solutions based on co-creation with customers. In our co-creation with Japan Airlines Co., Ltd. to date, we have been developing technology to predict tire wear during operation with the aim of achieving highly accurate and systematic tire replacement for the regional aircraft operated by J-Air Co., Ltd. Based on the knowledge gained through these efforts, we have further evolved our tire wear prediction technology, and from May 2024, expanded the scope of highly accurate and systematic tire replacement operations to include large aircraft such as the A350-900. Going forward, we will continue to support the safety and security of operations in the aviation industry and create new value.

We are also implementing R&D activities in the exploratory business focused on the creation of social value.

First is the promotion of the recycling business. In the recycling business, we launched a joint project with ENEOS Corporation for the social implementation of chemical recycling technologies for used tires in Japan. This project, supported by the "Green Innovation Fund" established by the Ministry of Economy, Trade and Industry, aims to contribute to the improvement of resource recycling and carbon neutrality in the value chain of the tire and rubber, and petrochemical industries. In June 2023, we installed test units at the Bridgestone Innovation Park (the "BIP") to promote the social implementation of chemical recycling technology that enables precise pyrolysis of used tires. Using this equipment, we have begun pilot demonstration experiments aimed at the social implementation of chemical recycling technology, which converts the tire-derived oil generated through the precision pyrolysis of used tires into recycled oil, and then uses this oil to produce chemical products such as butadiene, a raw material for synthetic rubber, at high yields. Furthermore, in January 2025, we announced the construction of a pilot demonstration plant for the precision pyrolysis of used tires, which will execute the basic precision pyrolysis technology obtained from the test units and continue our efforts to scale-up technologies with the aim of mass production for social implementation. As another recycling initiative, in 2024, we also commenced an industry-government-academia initiative to establish material recycling technology for polyolefins (such as polyethylene and polypropylene), which account for more than half of waste plastics. This initiative aims to create new resource-recycling plastic materials that can be repeatedly recycled by increasing the strength of recycled polyolefin materials using the world's first high-performance ethylene-based thermoplastic elastomer (ESB) we developed. Through this initiative, we will elucidate the mechanism of change in polyolefin properties at the molecular level and conduct optimal molecular design of ESB, thereby exploring the possibility of realizing the effective recycling of plastic materials.

Second is the guayule business, in which we aim to diversify natural rubber sources. With a focus on the U.S., we are promoting co-creation and open innovation with the U.S. Department of Energy, local NGOs, and external partners. Since guayule can be cultivated in arid regions, making it a viable alternative to natural rubber, contributing not only to the diversification of supply sources but also to the greening of arid regions. We began the full-scale development of guayule-derived tires in 2012, and in 2022, we supplied race tires made of guayule-derived natural rubber to the NTT INDYCAR® Series, and demonstrated their performance. We will continue to take advantage of the NTT INDYCAR® Series under the concept of using it as "mobile laboratory" to explore technologies for commercialization.

Third is our soft-robotics business. We have been making proposals for the automation of piece-picking using a soft-robot hand (product name: TETOTE), primarily to the logistics and manufacturing industries. In the small-scale commercialization phase, we are promoting the development of products and services to meet societal and customer expectations and capture demand through co-creation with industry leaders. We are also working to create new value in terms of emotions and experiences through soft robots (umaru and Morph inn) that moves peoples' hearts. We will sow new seeds as an exploratory business based on co-creation with a wide range of partners, and utilize them to enhance human creativity in the Group to provide a place where diverse talent, especially for young talent to shine.

Fourth is the development of next-generation tire "AirFree," which does not need air-filling. In 2008, we began developing a next-generation tire that does not need air-filling that would support safe and secure transportation, eliminate the risk of punctures, require less maintenance, and also recyclable. Since then, we have been evolving this technology under the "Air Free Concept." By leveraging our core competencies—resin material technology leveraging "mastering rubber" and the technology of "mastering road contact"—and also utilizing digital simulation technology and tire technology, we have evolved it to a new material and structure that is safe, secure, comfortable, and also easy to recycle and retread. With an eye to social implementation, we evolved the Air Free Concept into AirFree in 2024, and started demonstration experiments on public roads near Kodaira City. We have been verifying the characteristics and functions of AirFree in various environments on public roads that are closer to the actual usage environment. Going forward, we aim for social implementation in 2026 by expanding co-creation with local governments to support regional mobility by targeting Green Slow Mobility—a small-scale transportation service utilizing electric vehicles that operate on public roads at speeds below 20 km/h—as one application area for AirFree.

In addition, we are participating in an international space exploration mission with the Japan Aerospace Exploration Agency (JAXA) and Toyota Motor Corporation, carrying the dreams of mankind as we take on the challenge of the harsh environment of the moon's surface. For this mission, we are conducting research and development on tires for use in manned lunar rovers. Inspired by the plump footpads of camels, the first-generation tire technology was developed by placing soft metal-based felt on the tread area that contacts the surface to enhance the friction force with the fine sand covering the surface of the moon. Leveraging the technology cultivated in the "AirFree" tire, the second-generation tire has been developed using thin metal spokes that can deform and divide the tread segments to achieve a high level of durability and ability to traverse required to withstand the extreme lunar environment. We are collaborating with U.S. firm Astrobotic Technology to accelerate the development of this second-generation tire. Thus far, we have been focusing on developing technology through ground tests and simulations, but through this collaboration, we believe that we will be able to make significant progress in tire technology development by verifying the driving data we actually obtain on the moon. We will promote co-creation and development to support the safe and secure movement of people and goods even in the "extreme" environment of the lunar surface, and become an indispensable presence in the future of space mobility.

We are also promoting co-creation activities centered on the evolution of mobility and sustainability.

Through co-creation with Tier IV, Inc., a company that provides solutions necessary for the development and operation of safe and secure autonomous vehicles, we will also contribute to the evolution of mobility, including the R&D and development and practical application of autonomous driving. We began the co-creation of autonomous driving technology in 2022 at the BIP, and in 2024, we conducted demonstration experiments on public roads in Shiojiri City, Nagano Prefecture with the aim of ensuring the safe operation of autonomous vehicles. Using the data obtained from these experiments, we will accelerate the development of tire technologies that incorporate autonomous driving technology and know-how and contribute to improving the safety and productivity of mobility, as well as next-generation mobility solutions.

In the field of raw materials for tires, we are establishing technology through co-creation with various partners to promote the sustainable and stable supply of natural rubber, improve productivity, and diversify supply sources. In 2024, we participated in a project implemented by the Fukuoka Bio Community, and began research to develop technology to prevent infection by the fungi that causes white root disease. This disease affects para rubber trees, a natural rubber resource, and poses a challenge to the sustainable and stable supply of natural rubber. By developing this technology, we aim to improve the productivity of natural rubber plantations. Furthermore, we are working in partnership with the Pacific Northwest National Laboratory (the "PNNL") in the U.S. on research and development into a method for synthesizing butadiene, one of the main materials used in tires, from ethanol, which is traditionally derived from petroleum. In this initiative, we aim to establish a method for synthesizing butadiene from ethanol in a sustainable and cost-effective manner by combining PNNL's catalytic technology and Bridgestone's process engineering. By doing so, we will continue our R&D efforts to open up the future possibility of synthesizing butadiene from ethanol derived from plants or recycled sources.

Furthermore, in material development, we are advancing initiatives that utilize digital technology based on co-creation, including the launch of joint research on rubber simulation fundamental technology at the

“Bridgestone × Tohoku University Co-creation Lab” established on the Tohoku University campus. In 2024, we also started the research and development of tire materials using the next-generation synchrotron radiation facility NanoTerasu. We will accelerate the development of innovative materials by observing the polymer materials widely used in tire products on a molecular level and combining the various data and simulations generated by this facility.

To promote these technology innovations, we renovated our Technical Center in Kodaira, Tokyo, turning it into global innovation hub BIP. With the BIP at the core, we will also strengthen collaboration with the Group’s innovation sites in Rome, Europe and Akron, Ohio in the U.S. and utilize their respective strengths to promote global innovation. To accelerate innovation at the BIP, we will also implement work-style reforms that incorporate the Activity Based Working (ABW) concept, which allows each employee to design their diverse work style to maximize the output of individual employees and their team, thereby improving the productivity and talent creativity of each employee.

R&D expenses for the Group as a whole for fiscal year 2024 totaled 126.2 billion yen.

(Note) Since some of the Group’s R&D activities are not tied to specific segments and the results of such activities may appear in multiple segments, the description of their status and amounts by segment have not been included.

III. Facilities

1. Overview of capital expenditures

When considering capital investment, the Group carries out strategic investment activities while limiting investees to a selected few with an eye towards maximizing return on capital investment. Based on this approach, for the current fiscal year, we focused on laying the foundation for future growth even amid the tough business environment that required responding to new threats in the automotive and tire industries. We carried out strategic investments centered on the premium tire business to expand and strengthen our "Dan-Totsu products," as well as investments aimed at building IT infrastructure to improve productivity, etc. With limited management resources, we carefully selected investment destinations while balancing between investments for the future and restructuring, resulting in a total capital investment of 389.8 billion yen.

On a per-segment basis, the Group's capital investment consisted of: Japan: 79.2 billion yen; Asia-Pacific, India and China: 39.1 billion yen; the Americas: 181.9 billion yen; Europe, the Middle East and Africa: 49.2 billion yen; Others: 40.4 billion yen.

In addition, for the current fiscal year, impairment losses of 61,184 million yen have been recorded. The major breakdown of impairment losses is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 16. Impairment of Non-financial Assets."

2. Major facilities

(1) The Company

(As of December 31, 2024)

Name of business location	Location	Name of segment	Description of facilities	Carrying amount (Yen in millions)						Number of employees
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m^2)	Other	Right-of-use assets (Area in thousands of m^2)	Total	
Kurume Plant	Kurume, Fukuoka	Japan	Production facilities	8,507	4,435	1,043 (457)	1,211	34 (11)	15,231	996
Tokyo AC Tire Plant	Kodaira, Tokyo	Japan	Production facilities	1,651	1,117	–	291	6 (0)	3,064	200
Yokohama Plant	Totsuka-ku, Yokohama	Japan	Production facilities	10,055	950	2,957 (240)	614	3,210 (1)	17,785	373
Nasu Plant	Nasushiobara, Tochigi	Japan	Production facilities	2,813	3,484	1,220 (195)	961	611 (40)	9,089	746
Hikone Plant	Hikone, Shiga	Japan	Production facilities	10,670	12,987	1,162 (654)	2,246	804 (–)	27,869	1,426
Shimonoseki Plant	Shimonoseki, Yamaguchi	Japan	Production facilities	12,331	4,080	4,028 (278)	2,110	52 (–)	22,600	774
Tosu Plant	Tosu, Saga	Japan	Production facilities	2,401	5,776	948 (182)	1,697	14 (–)	10,836	766
Tochigi Plant	Nasushiobara, Tochigi	Japan	Production facilities	4,961	7,155	1,372 (151)	1,268	4,409 (444)	19,165	865
Kumamoto Plant	Tamana, Kumamoto	Japan	Production facilities	2,279	2,885	1,690 (142)	522	381 (6)	7,758	617
Amagi Plant	Asakura, Fukuoka	Japan	Production facilities	4,265	5,460	1,104 (388)	811	9 (1)	11,650	918
Hofu Plant	Hofu, Yamaguchi	Japan	Production facilities	6,715	7,567	1,515 (482)	1,872	137 (–)	17,806	990
Seki Plant	Seki, Gifu	Japan	Production facilities	1,580	1,161	2,709 (150)	102	318 (–)	5,870	228
Saga Plant	Miyaki-gun, Saga	Japan	Production facilities	5,293	3,882	2,908 (236)	400	19 (–)	12,503	552
Kitakyushu Plant	Wakamatsu-Ku, Kitakyushu	Japan	Production facilities	12,422	5,029	4,703 (374)	738	18 (–)	22,911	543
Technical Center	Kodaira, Tokyo	Corporate	Other facilities	35,499	9,890	2,010 (3,008)	8,835	4,123 (630)	60,358	2,723
Chemical & Industrial Products Technology Center	Totsuka-ku, Yokohama	Japan	Other facilities	2,691	462	–	184	1 (–)	3,339	447
Headquarters and others	Chuo-ku, Tokyo and others	Corporate	Other facilities	10,200	208	23,171 (240)	953	5,248 (12)	39,779	1,043

(2) Domestic subsidiaries

(As of December 31, 2024)

Company name	Location	Name of segment	Description of facilities	Carrying amount (Yen in millions)						Number of employees
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m^2)	Other	Right-of-use assets (Area in thousands of m^2)	Total	
Bridgestone Sports Co., Ltd.	Chuo-ku, Tokyo and others	Japan	Production facilities and others	486	761	1,839 (57)	252	853 (–)	4,190	327
Bridgestone Cycle Co., Ltd.	Ageo, Saitama and others	Japan	Production facilities and others	282	37	1,247 (125)	12	38 (–)	1,616	553

(3) Overseas subsidiaries

(Asia-Pacific, India and China)

(As of December 31, 2024)

Company name (Name of business location)	Location	Name of segment	Description of facilities	Carrying amount (Yen in millions)						Number of employees
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m^2)	Other	Right-of-use assets (Area in thousands of m^2)	Total	
Bridgestone (Tianjin) Tire Co., Ltd. (Tianjin Plant)	China	Asia-Pacific, India and China	Production facilities	6,036	16,094	–	2,022	750 (249)	24,903	1,173
Bridgestone (Wuxi) Tire Co., Ltd. (Wuxi Plant)	China	Asia-Pacific, India and China	Production facilities	6,332	15,070	–	2,994	546 (286)	24,941	1,290
Bridgestone India Private Ltd. (Pune Plant)	India	Asia-Pacific, India and China	Production facilities	11,143	14,028	–	2,274	3,726 (759)	31,171	1,976
Thai Bridgestone Co., Ltd. (Nong Khae Plant)	Thailand	Asia-Pacific, India and China	Production facilities	6,455	8,982	3,605 (1,215)	3,203	–	22,244	2,544
Bridgestone Tire Manufacturing (Thailand) Co., Ltd. (Chonburi Plant)	Thailand	Asia-Pacific, India and China	Production facilities	8,576	4,706	3,932 (611)	5,637	144 (–)	22,996	2,144
Bridgestone Specialty Tire Manufacturing (Thailand) Co., Ltd.	Thailand	Japan	Production facilities and others	12,503	6,185	5,239 (822)	2,466	26 (–)	26,419	756

(Americas)

(As of December 31, 2024)

Company name (Name of business location)	Location	Name of segment	Description of facilities	Carrying amount (Yen in millions)						Number of employees
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m^2)	Other	Right-of-use assets (Area in thousands of m^2)	Total	
Bridgestone Americas Tire Operations, LLC (Wilson Plant)	U.S.	Americas	Production facilities	14,021	31,278	21 (1,803)	1,205	336 (–)	46,861	1,744
Bridgestone Americas Tire Operations, LLC (Warren Plant)	U.S.	Americas	Production facilities	10,474	12,940	634 (3,662)	440	1,541 (–)	26,030	1,101
Bridgestone Americas Tire Operations, LLC (Aiken Plant)	U.S.	Americas	Production facilities	20,494	18,664	1,205 (2,353)	662	215 (–)	41,239	1,650
Bridgestone Americas Tire Operations, LLC (Aiken Off Road Plant)	U.S.	Americas	Production facilities	40,172	8,924	544 (2,206)	251	22 (–)	49,913	526
Bridgestone Canada Inc. (Joliette Plant)	Canada	Americas	Production facilities	10,557	18,661	8 (552)	1,712	0 (–)	30,938	1,534
Bridgestone de Mexico, S.A. DE C.V. (Cuernavaca Plant)	Mexico	Americas	Production facilities	9,652	19,800	4 (368)	1,226	36 (–)	30,718	1,349
Bridgestone do Brasil Industria e Comercio LTDA. (Sao Paulo Plant)	Brazil	Americas	Production facilities	3,709	11,618	83 (408)	1,327	1,188 (–)	17,925	2,410
Bridgestone do Brasil Industria e Comercio LTDA. (Bahia Plant)	Brazil	Americas	Production facilities	13,712	18,390	14 (1,000)	1,164	96 (–)	33,376	1,083
Firestone Polymers, LLC (Lake Charles Plant)	U.S.	Americas	Production facilities	11,391	6,602	0 (324)	496	–	18,490	306
Bridgestone Americas Tire Operations, LLC (Technical Center)	U.S.	Americas	Other facilities	11,669	6,073	268 (25,208)	346	10 (–)	18,366	485

(Europe, Middle East and Africa)

(As of December 31, 2024)

Company name (Name of business location)	Location	Name of segment	Description of facilities	Carrying amount (Yen in millions)						Number of employees
				Buildings and structures	Machinery and vehicles	Land (Area in thousands of m^2)	Other	Right-of-use assets (Area in thousands of m^2)	Total	
Bridgestone Poznan Sp. z o.o. (Poznan Plant)	Poland	Europe, Middle East and Africa	Production facilities	24,262	17,974	226 (35)	3,201	1,695 (300)	47,359	1,790
Bridgestone Stargard Sp. z o.o. (Stargard Plant)	Poland	Europe, Middle East and Africa	Production facilities	15,506	–	679 (1,000)	–	443 (–)	16,629	1,002
Bridgestone Tatabanya Kft. (Tatabanya Plant)	Hungary	Europe, Middle East and Africa	Production facilities	11,451	7,810	1,328 (659)	2,223	137 (–)	22,949	1,161
Bridgestone Hispania Manufacturing, S.L.U. (Bilbao Plant)	Spain	Europe, Middle East and Africa	Production facilities	371	59	10 (150)	–	578 (–)	1,018	801
Bridgestone Hispania Manufacturing, S.L.U. (Burgos Plant)	Spain	Europe, Middle East and Africa	Production facilities	6,332	22,658	– (301)	3,803	2,092 (–)	34,885	1,431
Bridgestone Europe NV/SA (Technical Center)	Italy	Europe, Middle East and Africa	Other facilities	6,815	3,666	1,246 (1,749)	374	211 (–)	12,312	613

(Notes)
1. The amounts are based on carrying amounts excluding construction in progress.
2. Land for the Company’s Tokyo AC Tire Plant is presented as part of the Technical Center because their plots are not separated.
3. Land for the Company’s Technical Center includes 2,497,000 m^2 of land, as well as 630,000 m^2 of land recorded as right-of-use assets, for test course sites under its management (located in Shibetsu, Hokkaido and Nasushiobara, Tochigi).
4. Land for the Company’s Chemical & Industrial Products Technology Center is presented as part of the Yokohama Plant because their plots are not separated.
5. Land for Bridgestone Americas Tire Operations, LLC’s Technical Center includes 24,281,000 m^2 of land for test course sites.
6. No major facilities are currently idle.

3. Plans for addition and retirement of facilities

Plans for addition and retirement of facilities in the next fiscal year (January 1, 2025 to December 31, 2025) are as follows.

(1) Additions

The breakdown by segment is as follows.

Name of segment	Amount of planned capital expenditures (Yen in millions)	Key descriptions and purposes of facilities, etc.
Japan	97,000	Strategic investments centered on the premium tire business to expand and strengthen the “Dan-Totsu products,” as well as investments aimed at building IT infrastructure to improve productivity, etc.
Asia-Pacific, India and China	54,000	The same as above
Americas	152,000	The same as above
Europe, Middle East and Africa	42,000	The same as above
Other	61,000	The same as above
Total	406,000	–

(Notes) 1. The amount of planned capital expenditures in the Japan segment includes the amounts of planned capital expenditures at tire plants in Japan that produce tires for other segments.
2. Funds required for the planned capital expenditures are scheduled to be covered by funds on hand, borrowings, leases and bonds.

(2) Retirements

There are no plans for the retirement or sale of significant facilities, except for the retirement or sale of facilities for recurring upgrades.

IV. Status of the Company

1. Shares of the Company

(1) Total number of shares authorized, etc.

1) Total number of shares authorized

Class	Total number of shares authorized to be issued (Shares)
Common stock	1,450,000,000
Total	1,450,000,000

2) Total number of shares issued

Class	Number of shares issued as of the end of the fiscal year (Shares) (December 31, 2024)	Number of shares issued as of the filing date (Shares) (March 25, 2025)	Stock exchange on which the Company is listed or authorized financial instruments business association to which the Company is registered	Details
Common stock	713,698,221	713,698,221	Tokyo Stock Exchange (Prime Market) Fukuoka Stock Exchange	Number of shares per unit: 100 shares
Total	713,698,221	713,698,221	–	–

(2) Stock acquisition rights

1) Stock option plans

Date of resolution	March 26, 2009	March 30, 2010	March 29, 2011
Classification and number of eligible individuals	Members of the Board of the Company: 9 Vice President-Officers not concurrently serving as members of the Board of the Company: 20	Members of the Board of the Company: 8 Vice President-Officers not concurrently serving as members of the Board of the Company: 25	Members of the Board of the Company: 9 Vice President-Officers not concurrently serving as members of the Board of the Company: 36
Number of stock acquisition rights (Notes 1 and 2)	77 units [57 units]	103 units [98 units]	357 units [352 units]
Type, details, and number of shares underlying the stock acquisition rights (Notes 1 and 3)	Common stock 7,700 shares [5,700 shares]	Common stock 10,300 shares [9,800 shares]	Common stock 35,700 shares [35,200 shares]
Exercise price (Note 1)	1 yen	Same as left	Same as left
Exercise period (Note 1)	From May 1, 2009 to April 30, 2029	From May 6, 2010 to April 30, 2030	From May 2, 2011 to April 30, 2031
Issue price and amount of common stock to be increased when shares are issued upon exercise of the stock acquisition rights (Note 1)	Issue price: 1,265 yen Amount of common stock to be increased: 633 yen	Issue price: 1,401 yen Amount of common stock to be increased: 701 yen	Issue price: 1,657 yen Amount of common stock to be increased: 829 yen
Exercise conditions (Note 1)	(Note 4)	Same as left	Same as left
Matters concerning transfer of stock acquisition rights (Note 1)	Any acquisition of the stock acquisition rights through transfer must be approved by the Company's Board of Directors. (Note 5)	Same as left	Same as left
Matters concerning granting of stock acquisition rights in the event of reorganization (Note 1)	–	–	–

Date of resolution	March 27, 2012	March 26, 2013	March 25, 2014
Classification and number of eligible individuals	Members of the Board of the Company: 9 Vice President-Officers not concurrently serving as members of the Board of the Company: 35	Members of the Board of the Company excluding outside directors: 4 Vice President-Officers not concurrently serving as members of the Board of the Company: 36	Members of the Board of the Company excluding outside directors: 4 Vice President-Officers not concurrently serving as members of the Board of the Company: 46
Number of stock acquisition rights (Notes 1 and 2)	553 units [537 units]	869 units [837 units]	729 units [717 units]
Type, details, and number of shares underlying the stock acquisition rights (Notes 1 and 3)	Common stock 55,300 shares [53,700 shares]	Common stock 86,900 shares [83,700 shares]	Common stock 72,900 shares [71,700 shares]
Exercise price (Note 1)	1 yen	Same as left	Same as left
Exercise period (Note 1)	From May 1, 2012 to April 30, 2032	From May 1, 2013 to April 30, 2033	From May 1, 2014 to April 30, 2034
Issue price and amount of common stock to be increased when shares are issued upon exercise of the stock acquisition rights (Note 1)	Issue price: 1,649 yen Amount of common stock to be increased: 825 yen	Issue price: 3,314 yen Amount of common stock to be increased: 1,657 yen	Issue price: 3,154 yen Amount of common stock to be increased: 1,577 yen
Exercise conditions (Note 1)	(Note 4)	Same as left	Same as left
Matters concerning transfer of stock acquisition rights (Note 1)	Any acquisition of the stock acquisition rights through transfer must be approved by the Company's Board of Directors. (Note 5)	Same as left	Same as left
Matters concerning granting of stock acquisition rights in the event of reorganization (Note 1)	–	–	–

Date of resolution	March 24, 2015	April 21, 2016	April 27, 2017
Classification and number of eligible individuals	Members of the Board of the Company excluding outside directors: 3 Vice President-Officers not concurrently serving as members of the Board of the Company: 48	Members of the Board of the Company excluding non-executive members of the Board: 2 Executive officers of the Company not concurrently serving as members of the Board: 8 Vice President-Officers of the Company not concurrently serving as executive officers: 41	Plan A Members of the Board of the Company excluding non-executive members of the Board: 2 Executive officers of the Company not concurrently serving as members of the Board: 5 Vice President-Officers of the Company not concurrently serving as executive officers: 45 Plan B Executive officers of the Company not concurrently serving as members of the Board: 1 Vice President-Officers of the Company not concurrently serving as executive officers: 2
Number of stock acquisition rights (Notes 1 and 2)	794 units [765 units]	1,503 units [1,416 units]	Plan A 1,616 units Plan B 71 units
Type, details, and number of shares underlying the stock acquisition rights (Notes 1 and 3)	Common stock 79,400 shares [76,500 shares]	Common stock 150,300 shares [141,600 shares]	Common stock Plan A 161,600 shares Plan B 7,100 shares
Exercise price (Note 1)	1 yen	Same as left	Same as left
Exercise period (Note 1)	From May 1, 2015 to April 30, 2035	From May 7, 2016 to May 6, 2036	Plan A From May 13, 2017 to May 12, 2037 Plan B From July 6, 2017 to July 5, 2037
Issue price and amount of common stock to be increased when shares are issued upon exercise of the stock acquisition rights (Note 1)	Issue price: 4,100 yen Amount of common stock to be increased: 2,050 yen	Issue price: 2,885 yen Amount of common stock to be increased: 1,443 yen	Plan A Issue price: 3,578 yen Amount of common stock to be increased: 1,789 yen Plan B Issue price: 3,672 yen Amount of common stock to be increased: 1,836 yen
Exercise conditions (Note 1)	(Note 4)	Same as left	Same as left
Matters concerning transfer of stock acquisition rights (Note 1)	Any acquisition of the stock acquisition rights through transfer must be approved by the Company's Board of Directors. (Note 5)	Same as left	Same as left
Matters concerning granting of stock acquisition rights in the event of reorganization (Note 1)	–	–	–

(Notes) 1. The information is as of the end of the current fiscal year (December 31, 2024). As for the information that has changed between the end of the current fiscal year and the last day of the month prior to the filing date (February 28, 2025), the information as of the last day of the month prior to the filing date is presented in brackets. For all other matters, there has been no change in the information since the end of the current fiscal year.

2. The number of shares underlying each stock acquisition right is 100.
3. In case of the following events subsequent to the day of allotment, the number of shares to be granted shall be adjusted accordingly.
   (1) If the Company conducts a share split (including a gratis allotment of shares; hereinafter the same for share splits) or share consolidation, the number of shares to be granted shall be adjusted in accordance with the following formula, and the total number of shares underlying the stock acquisition rights shall be the number of shares to be granted after adjustment multiplied by the total number of stock acquisition rights yet to be exercised or acquired by the Company.

   Number of shares to be granted after adjustment = Number of shares to be granted before adjustment × Ratio of share split or consolidation

   (Any fractions less than one share shall be rounded down when calculating the number of shares to be granted.)

   (2) In case of a compelling event that requires an adjustment to the number of shares to be granted, such as the Company reducing its common stock or conducting a merger or company split, the number of shares to be granted shall be adjusted to a reasonable extent, taking account of the factors such as the conditions of the reduction in common stock, the merger or company split, and the total number of shares underlying the stock acquisition rights shall be the number of shares to be granted after adjustment multiplied by the total number of stock acquisition rights yet to be exercised or acquired by the Company. Any fractions less than one share shall be rounded down when calculating the number of shares to be granted.
4. (1) Even during the exercise period, a stock acquisition right holder may not exercise his/her stock acquisition rights while he/she is holding a position of member of the Board, executive officer, or vice president-officer (currently vice president and senior officer) of the Company (including the day on which he/she retires).
   (2) Stock acquisition rights may not be exercised in part.
   (3) Other exercise conditions are prescribed in the stock acquisition right allotment agreement executed between the Company and the stock acquisition right holder.
5. Other details are prescribed in the subscription requirements and the stock acquisition right allotment agreement executed between the Company and the stock acquisition right holder.

2) Shareholder rights plans

No item to report.

3) Other stock acquisition rights

No item to report.

(3) Exercises of moving strike convertible bonds

No item to report.

(4) Changes in the total number of shares issued, common stock and legal capital surplus

Date	Increase (decrease) in the total number of shares issued (Thousands of shares)	Total number of shares issued (Thousands of shares)	Increase (decrease) in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Increase (decrease) in legal capital surplus (Yen in millions)	Balance of legal capital surplus (Yen in millions)
January 21, 2020 (Note)	(47,838)	713,698	–	126,354	–	122,079

(Note) The decreases are due to retirements of treasury stock.

(5) Distribution of shares by shareholder category

(As of December 31, 2024)

Category	Status of shares (Number of shares per unit: 100 shares)								Number of shares less than one unit (shares)
	National and local govern-ments	Financial institutions	Financial instruments business operators	Other corpora-tions	Foreign shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	–	230	57	1,227	917	388	124,191	127,010	–
Number of share units held	–	1,987,004	548,686	1,026,692	2,023,746	2,431	1,539,784	7,128,343	863,921
Ratio to total shares (%)	–	27.87	7.70	14.40	28.39	0.03	21.60	100.00	–

(Notes) 1. Treasury stock (28,868,688 shares) is included in "Individuals and others" (288,686 units) and "Number of shares less than one unit" (88 shares). All 28,868,688 shares of treasury stock were the shares effectively held as of December 31, 2024.

2. "Other corporations" and "Number of shares less than one unit" include 16 units and 20 shares registered in the name of Japan Securities Depository Center, Inc., respectively.

(6) Major shareholders

(As of December 31, 2024)

Name	Address	Number of shares held (Thousands of shares)	Ratio of the number of shares held to the total number of shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	1-8-1 Akasaka, Minato-ku, Tokyo	99,320	14.50
Ishibashi Foundation	1-7-2 Kyobashi, Chuo-ku, Tokyo	76,693	11.20
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	38,558	5.63
Hiroshi Ishibashi	Minato-ku, Tokyo	21,000	3.07
Nagasaka Corporation	1-7-2 Kyobashi, Chuo-ku, Tokyo	16,325	2.38
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	14,471	2.11
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	13,218	1.93
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	13,138	1.92
Barclays Securities Japan Limited BNYM (Standing proxy: MUFG Bank, Ltd.)	6-10-1 Roppongi, Minato-ku, Tokyo (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	11,000	1.61
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	10,215	1.49
Total	–	313,938	45.84

(Notes)
1. Ishibashi Foundation is a public interest incorporated foundation, established for the purpose of contributing to the sound development of society through business that popularizes and improves fine arts as well as through donation and grants program that support artistic, cultural and educational activities.
2. Shares held by trust banks include shares owned in the trustees' capacity.
3. The Company holds 28,869 thousand shares of treasury stock, which are not included in the table above.
4. According to the change report of the statement of large-volume holdings, which was made available for public inspection on May 8, 2024, the shares of the Company were held by BlackRock Japan Co., Ltd. and its joint holders as of April 30, 2024 with the detail shown below. The above table is based on the shareholder register, as the Company was unable to confirm the status of shares effectively held by these companies as of December 31, 2024.
   The detail of the change report of the statement of large-volume holdings is as follows:

(As of April 30, 2024)

Name	Address	Number of shares held (Thousands of shares)	Ratio of the number of shares held to the total number of shares issued (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	12,847	1.80
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	1,316	0.18
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	2,369	0.33
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario, Canada	1,176	0.16
BlackRock Asset Management Ireland Limited	1st floor, 2 Ballsbridge Park, Ballsbridge, Dublin, the Republic of Ireland	5,094	0.71
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, USA	12,512	1.75
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, USA	7,649	1.07
Total	–	42,962	6.02

(7) Voting rights

1) Total number of shares issued

(As of December 31, 2024)

Category	Number of shares		Number of voting rights (Units)	Details
Shares without voting rights		–	–	–
Shares with restricted voting rights (Treasury stock, etc.)		–	–	–
Shares with restricted voting rights (Other)		–	–	–
Shares with full voting rights (Treasury stock, etc.)	(Own holdings of treasury stock) Common stock	28,868,600	–	–
	(Cross-shareholdings) Common stock	10,000	–	
Shares with full voting rights (Other)	Common stock	683,955,700	6,839,557	–
Shares less than one unit	Common stock	863,921	–	–
Total number of shares issued		713,698,221	–	–
Total number of voting rights		–	6,839,557	–

(Note) The number of shares in the "Shares with full voting rights (Other)" field includes 1,600 shares registered in the name of Japan Securities Depository Center, Inc. The number of voting rights includes 16 units of voting rights relating to shares with full voting rights registered in the name of Japan Securities Depository Center, Inc.

2) Treasury stock

(As of December 31, 2024)

Name of shareholder	Address	Number of shares held under own name	Number of shares held under the names of others	Total number of shares held	Ratio of the number of shares held to the total number of shares issued (%)
Bridgestone Corporation	3-1-1 Kyobashi, Chuo-ku, Tokyo	28,868,600	–	28,868,600	4.04
Bridgestone Tire Nagano Sales Co., Ltd.	2-18-20 Koyaminami, Matsumoto City, Nagano	10,000	–	10,000	0.00
Total	–	28,878,600	–	28,878,600	4.05

2. Acquisition of treasury stock, etc.

[Class of stock] Acquisition of common stock pursuant to Article 155, items (iii), (vii) and (xiii) of the Companies Act

(1) Acquisition by resolution of the Shareholders' Meeting

No item to report.

(2) Acquisition by resolution of the Board of Directors

Acquisition of common stock pursuant to Article 155, item (iii) of the Companies Act

Category	Number of shares	Total amount (Yen)
Resolution at the Board of Directors (February 17, 2025) (Timing: February 20 to December 23, 2025)	Up to 75,000,000	Up to 300,000,000,000
Treasury stock acquired prior to the current fiscal year	–	–
Treasury stock acquired in the current fiscal year	–	–
Total number of shares and total amount of outstanding shares of resolution	–	–
Ratio of non-exercised portion at the end of the current fiscal year (%)	–	–
Treasury stock acquired during the period after the reporting period to the Filing Date	1,451,800	8,586,360,400
Ratio of non-exercised portion as of the Filing Date (%)	98.1	97.1

(Note) Treasury stock acquired during the period after the reporting period to the Filing Date does not include shares acquired through the purchase of treasury stock between March 1, 2025 and the Filing Date of the Annual Securities Report.

(3) Items not based on resolution of the Shareholders' Meeting or Board of Directors

Acquisition of common stock pursuant to Article 155, item (vii) of the Companies Act

Category	Number of shares	Total amount (Yen)
Treasury stock acquired in the current fiscal year	1,821	10,909,951
Treasury stock acquired during the period after the reporting period to the Filing Date	167	953,120

(Note) Treasury stock acquired during the period after the reporting period to the Filing Date does not include shares acquired through demand for purchase of shares from shareholders holding less than one unit of shares between March 1, 2025 and the Filing Date of the Annual Securities Report.

Acquisition of common stock pursuant to Article 155, item (xiii) of the Companies Act

Category	Number of shares	Total amount (Yen)
Treasury stock acquired in the current fiscal year	4,980	–
Treasury stock acquired during the period after the reporting period to the Filing Date	–	–

(Note) This was an acquisition without contribution of some common stock allocated to the executive directors and directors as restricted share-based remuneration.
Treasury stock acquired during the period after the reporting period to the Filing Date does not include shares acquired through acquisition without contribution between March 1, 2025 and the Filing Date of the Annual Securities Report.

(4) Status of disposal and ownership of acquired treasury stock

Category	Current fiscal year		The period after the reporting period to the Filing Date	
	Number of shares	Total disposal amount (Yen)	Number of shares	Total disposal amount (Yen)
Acquired treasury stock that was offered to subscribers	–	–	–	–
Acquired treasury stock that was cancelled	–	–	–	–
Acquired treasury stock that was transferred due to merger, share exchange, share issuance and company split	–	–	–	–
Other				
(Through exercise of stock option)	89,800	418,661,753	20,600	96,041,114
(Through granting of Performance Share Unit)	38,000	177,161,700	–	–
(Through granting of Restricted Stock Unit, etc.)	16,600	77,391,690	–	–
(Through granting of restricted share-based remuneration)	37,730	175,902,170	38,200	180,387,658
(Sales due to demand for sales of shares from shareholders holding less than one unit of shares)	154	717,973	–	–
Number of treasury stock held	28,868,688	–	30,261,855	–

(Note) The status of disposal and ownership of acquired treasury stock in the period after the reporting period to the Filing Date does not include treasury stock caused by the exercise of stock options between March 1, 2025 and the Filing Date of the Annual Securities Report, and treasury stock from sales due to demand for sales of shares from shareholders holding less than one unit of shares.

3. Dividend policy

Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening our management base in preparation for future business developments while working to improve business results. In regard to distributing profit to shareholders, the Company will prioritize the realization of sustainable growth and enhancement of corporate value mainly by strengthening earning power, focusing on creating value, and conducting strategic growth investments in order to build a sustainable premium brand, which will lead to maintaining an appropriate financial position and enhancing shareholder returns. In determining dividend payments, the Company comprehensively evaluates factors including business results, financial positions for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows. Based on these considerations, the Company strives to live up to the expectations of shareholders by striving to achieve stable and continuous increases of dividend payments targeting a consolidated payout ratio of 50% by sustainably enhancing our corporate value.

The Company pays dividends of surplus twice a year, comprising year-end and interim dividends. Year-end dividends are subject to a resolution of the Annual Shareholders' Meeting, while interim dividends are subject to a resolution of the Board of Directors. In addition, the Articles of Incorporation prescribe that the Company may, by resolution of the Board of Directors, distribute interim dividends with the date of record for such dividends being June 30 each year.

Based on the above policy, the dividend for the 106th Fiscal Period is set at an annual dividend of 210 yen per share, comprising an interim dividend of 105 yen per share and a year-end dividend of 105 yen per share.

The appropriation of surplus through dividends relating to the current fiscal year is as follows.

Date of resolution	Total dividend amount (Yen in millions)	Dividend per share (Yen)
August 9, 2024: Resolution of the Board of Directors	71,903	105
March 25, 2025: Resolution of the Annual Shareholders' Meeting	71,907	105

4. Status of corporate governance

(1) Overview of corporate governance

1) Basic approach to corporate governance and implementation of measures

a. Basic approach to corporate governance

The Company considers the enhancement of corporate governance to be one of its most important management priorities. The Company believes that working to increase management quality and enhance the transparency of decision-making is indispensable and, accordingly, continually strives to strengthen corporate governance. This ensures that the Group continues to fulfill its founding mission as stated in the Bridgestone Essence (corporate philosophy): “Serving Society with Superior Quality.”

Based on this approach, in accordance with the responsibility and authority delineated in the Administrative Authority Rules, and in line with the Policy Management Rules, the Company is committed to developing, communicating, and abiding by fair, transparent decision-making and management policies and governs the behavior of the entire executive organization.

b. Overview of the corporate governance system

In March 2016, the Company transitioned to the “Company with Nominating Committee, etc.” model of corporate governance, and has subsequently made continuous efforts to strengthen its corporate governance system. As part of these efforts, the Company amended its Articles of Incorporation at the Annual Shareholders’ Meeting held on March 26, 2021, abolishing the Chairman of the Board system in favor of a system in which the chairperson of the Shareholders’ Meeting and the chairperson of the Board of Directors are each appointed according to their respective roles.

These changes were made to continue enriching explanations on the Company’s management to its shareholders by selecting the chairperson of the Shareholders’ Meeting from among representative executive officers at a meeting of the Board of Directors, and to further enhance the function of overseeing execution by appointing the chairperson of the Board of Directors from among members of the Board (including outside directors) at a meeting of the Board of Directors.

These amendments also expressly state in the Articles of Incorporation that the Board of Directors will appoint the persons that convene the Shareholders’ Meeting and meetings of the Board of Directors.

At the Annual Shareholders’ Meeting held on March 25, 2025, 12 members of the Board (nine men and three women) were elected, including eight outside directors (five men and three women). In accordance with the aforementioned amendments to the Articles of Incorporation, the chairperson of the Shareholders’ Meeting, the chairperson of the Board of Directors, and the persons that convene Shareholders’ Meeting and meetings of the Board of Directors are appointed via resolution by the Board of Directors.

In addition, items related to decisions on basic management policies, important business execution matters, and other matters that must be determined by the Board of Directors are stipulated in the Articles of Incorporation, the Board of Directors’ Rules, and Administrative Authority Rules. These matters are determined after careful deliberations by the Board of Directors.

The Company has established and maintains a corporate governance system that functions through the appropriate, active performance of duties by the Nominating Committee, the Audit Committee, and the Compensation Committee, in conjunction with oversight of the executive officers and members of the Board by the Board of Directors. The Nominating Committee has four members, all of whom are outside directors. This committee determines standards and policies for the fair and transparent appointment and dismissal of members of the Board and makes appropriate proposals to the Board of Directors for the appointment and dismissal of the representative executive officers under a fair and transparent succession plan. The Audit Committee has six members, consisting of four outside directors and two internal non-executive members of the Board. This committee conducts audits regarding the business execution of executive officers and the execution of duties of members of the Board. The two internal non-executive members of the Board has been appointed as full-time members of the Audit Committee by the Audit Committee. The Compensation

Committee has four members, all of whom are outside directors. This committee deliberates on such matters as the details of remuneration for members of the Board and executive officers.

In addition, to further increase the transparency of corporate governance, the Governance Committee and the Compliance Committee have been established as advisory committees to the Board of Directors. These advisory committees to the Board of Directors deliberate on the corporate governance system and related matters and on compliance activities as a whole and submit reports to the Board of Directors. Both advisory committees are each composed of all eight outside directors, and the internal non-executive members of the Board, who are members of the Audit Committee, participate as observers.

The composition of the Board of Directors and each committee is as follows.

Name	Position	Board of Directors	Nominating Committee	Compensa-tion Committee	Audit Committee	Governance Committee	Compliance Committee
Shuichi Ishibashi	Member of the Board (Executive Officer)*	○	–	–	–	–	–
Masato Banno	Member of the Board (Executive Officer)	○	–	–	–	–	–
Scott Trevor Davis	Outside Director	◎	○	○	–	◎	○
Kenichi Masuda	Outside Director	○	◎	○	–	○	◎
Kenzo Yamamoto	Outside Director	○	○	◎	–	○	○
Yoko Suzuki	Outside Director	○	–	–	○	○	○
Yukari Kobayashi	Outside Director	○	–	–	○	○	○
Yasuhiro Nakajima	Outside Director	○	–	–	◎	○	○
Noriko Morikawa	Outside Director	○	–	–	○	○	○
Toshiaki Itagaki	Outside Director	○	○	○	–	○	○
Akira Matsuda	Member of the Board (Non-executive Officer)	○	–	–	○	–	–
Tsuyoshi Yoshimi	Member of the Board (Non-executive Officer)	○	–	–	○	–	–

As of March 25, 2025

(Note) ○ indicates a member, ◎ indicates the chairperson of the body (the chairperson of the Board of Directors or the chairperson of the committee).

* indicates the chairperson of the Shareholders' Meeting.

The following indicates attendance at meetings of the Board of Directors of members of the Board and statutory committees during the current fiscal year (January 1, 2024 to December 31, 2024) as of March 25, 2025.

Name	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Shuichi Ishibashi	14 of 14 (100%)	–	–	–
Scott Trevor Davis	14 of 14 (100%)	16 of 16 (100%)	12 of 12 (100%)	–
Kenichi Masuda	14 of 14 (100%)	16 of 16 (100%)	12 of 12 (100%)	–
Kenzo Yamamoto	14 of 14 (100%)	13 of 13 (100%)	9 of 9 (100%)	6 of 6 (100%)
Yoko Suzuki	14 of 14 (100%)	–	–	20 of 20 (100%)
Yukari Kobayashi	14 of 14 (100%)	–	–	20 of 20 (100%)
Yasuhiro Nakajima	14 of 14 (100%)	–	–	20 of 20 (100%)
Akira Matsuda	14 of 14 (100%)	–	–	20 of 20 (100%)
Tsuyoshi Yoshimi	14 of 14 (100%)	–	–	20 of 20 (100%)

(Note) Mr. Kenzo Yamamoto's attendance differs from other Outside Directors as he was a member of the Audit Committee until March 26, 2024, and was appointed as a member of the Nominating Committee and a member of the Compensation Committee on the same date.

Matters considered at the Board of Directors and statutory and advisory committees are as follows:

・ Board of Directors

During the current fiscal year, the Board of Directors confirmed the progress of the Mid Term Business Plan (2024-2026), centered on reports from the Global CEO and Representative Executive Officer regarding discussions at the Global Executive Committee (hereinafter "Global EXCO"), toward achieving the Mid-Long Term Business Strategy decided at the Board of Directors meeting in April 2020. At the same time, the Board of Directors set themes based on requests from outside directors, and engaged in discussions with particular emphasis placed on sustainability initiatives, cybersecurity management systems and measures, exploratory business initiatives, status of IR activities, and capital policy, based on reports and proposals in that regard received from the business divisions. In addition, the Board of Directors supervises execution and makes necessary decisions particularly through deliberations on quarterly financial results and individual matters.

<Statutory Committees>

・ Nominating Committee

While exchanging opinions on management strategies with executive officers in Japan and abroad, including the Global CEO, and with persons in charge of each business, the Committee deliberated on the Board succession planning and proposals related to the election of representative executive officers, and decided on proposals for the election of members of the Board to be submitted to the Annual Shareholders' Meeting, upon holding discussions on Board member composition including consideration of new nominees for members of the Board.

・ Audit Committee

As described in "4 (3) 1) Audit by the Audit Committee."

・ Compensation Committee

As described in "4 (4) 1) d. Activities of the Compensation Committee."

<Advisory Committees>

・ Governance Committee

The Committee deliberates on the evaluation results of the effectiveness of the Board of Directors' functions and given matters, and makes recommendations to the Board of Directors, thereby leading to the continuous improvement of corporate governance. The Committee also evaluates the Company's efforts to improve its governance system and proposes to enhance its effectiveness. Specifically, it deliberates on the contents of the "Report on the Corporate Governance Code," which explains the Company's initiatives and views on all the principles of the Corporate Governance Code, and reports its findings to the Board of Directors.

・ Compliance Committee

The Committee oversees compliance-related systems and activities by receiving reports on, and discussing compliance activities in the Group, the penetration status of the Bridgestone Code of Conduct in the Group on a global basis, and the operation status of the BridgeLine, a whistleblowing system.

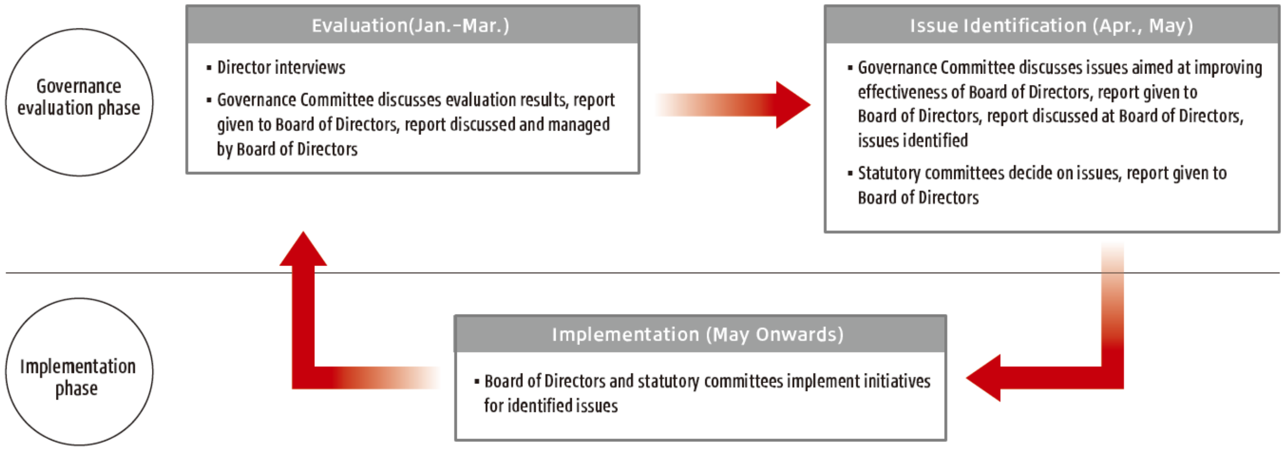
<Evaluation of the effectiveness of the Board of Directors>

In evaluating the effectiveness of the Board of Directors, the Company recognizes that enhancement of governance is premised on the functioning of the Board of Directors as well as the statutory and advisory committees. Based on this understanding, the Company accordingly conducts functional assessment that comprehensively encompasses the Board of Directors as well as the statutory and advisory committees, taking into account deliberation outcomes of the Board of Directors and the respective committees, as well as self-evaluations of each member of the Board.

Board of Director evaluations enlist a cyclical one-year PDCA process that entails issue identification for the current fiscal year based on evaluation of the previous fiscal year, implementation, evaluation of the current fiscal year, and issue identification for the subsequent fiscal year based on evaluation of the current fiscal year, leading to continuous improvement.

The evaluation for fiscal year 2024 confirmed that effectiveness of the Board of Directors has been ensured given that the Board of Directors makes appropriate decisions in a timely manner. The findings are based on the notion that the Board of Directors receives reports in a timely manner from the business divisions and members of the Board exchange opinions among themselves at forums other than meetings of the Board of Directors and respective committees in order to enable more substantive deliberations at meetings of the Board of Directors. The Board of Directors also reports on and discusses specific themes based on requests from outside directors, and actively engages in deliberations enlisting diverse perspectives of outside directors. In addition, the statutory and advisory committees confirm and review the status of the Group's worldwide activities.

Effectiveness evaluation process



As for the business divisions from January 2024, under the Global CEO, the Group's business has been divided into two regions, BRIDGESTONE WEST (mainly in the U.S. and Europe) and BRIDGESTONE EAST (mainly in Japan and Asia). Under the two regions, several SBUs have been established, which have been broken down into detailed business areas to allow management and execution to be more closely involved in the field and to go deeper into issues. Furthermore, we have evolved the new & true glocal management structure effective from January 2025 and established a structure whereby four Executive Vice Presidents support the Global CEO. This involves clarifying the business responsibilities (profit and loss responsibility) of BRIDGESTONE WEST and BRIDGESTONE EAST, as well as the cross-functional and global optimization responsibilities, in appointing a Global CAO (Chief Administration Officer)・Global CSO (Chief Strategy Officer) and Global CTO (Chief Technology Officer), and accordingly ensuring that the four Executive Vice Presidents fulfill their respective roles and responsibilities as equals. In so doing, we are promoting management that is "focused on execution and delivering results."

The Global EXCO, consisting mainly of these members, has been established as the Group's highest level management and execution committee to discuss and deliberate management strategies and issues (including sustainability) from a global perspective, thereby strengthening the Group's checks and balances function and improving transparency in the decision-making process. (Global EXCO Members are described in the following table.)

In addition, each operating division involved in business execution maintains a system for reporting to the appropriate representative executive officers of said divisions regarding the status of execution of duties. This information is also regularly and promptly reported to the Board of Directors in order to aid in their deliberations, and these actions ensure that the Group maintains an effective supervisory function.

Name	Position
Shuichi Ishibashi	Global CEO (Representative Executive Officer)
Nobuyuki Tamura	BRIDGESTONE EAST CEO (Executive Vice President and Representative Executive Officer)
Scott Damon	BRIDGESTONE WEST CEO (Executive Vice President and Executive Officer)
Yasuhiro Morita	Global CAO・Global CSO (Executive Vice President and Representative Executive Officer)
Masato Banno	Global CTO (Executive Vice President and Executive Officer)
Emilio Tiberio	BRIDGESTONE WEST CTO (Senior Vice President and Executive Officer)
Tomohiro Kusano	Global CIO (Senior Vice President and Executive Officer)
Agustin Pedroni	BSAPIC Group President (Vice President and Senior Officer)
Craig Schneider	BRIDGESTONE WEST Retail Group President (Vice President and Senior Officer) BRIDGESTONE WEST CSO
Christopher Nicastro	BRIDGESTONE WEST CLO・CCPO・CRO (Vice President and Senior Officer) Group Global General Counsel BSAM Chair of the Board BSEMEA Supervisory Board Chair

As of March 25, 2025

(Note) Meanings of abbreviations are as follows.

CAO: Chief Administration Officer

CSO: Chief Strategy Officer

CTO: Chief Technology Officer

CIO: Chief Innovation Officer

CLO: Chief Legal Officer

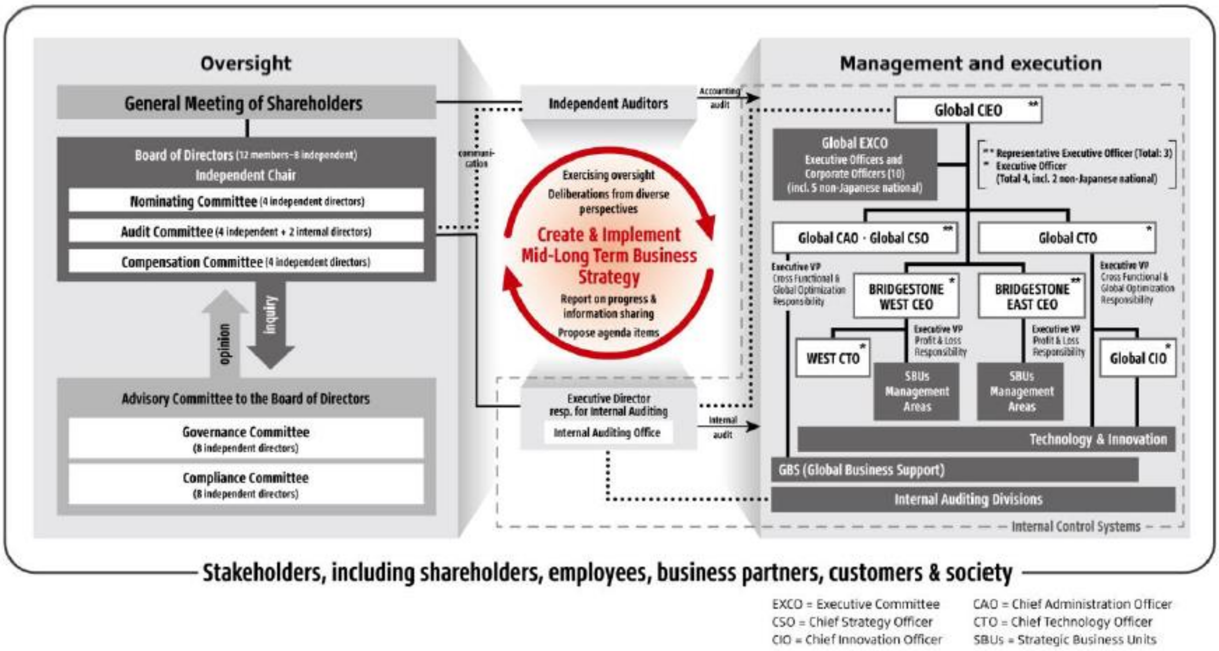
CCPO: Chief Compliance Officer

CRO: Chief Risk Officer

c. Reasons for adopting current corporate governance system

Under the corporate mission, the Group has set forth a vision that states, “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.” Thus, building an optimal corporate governance system is a top priority, and we believe that continually improving the quality of management and ensuring transparency in decision-making are absolutely essential. As part of this enhancement of the governance system, the Company has adopted the current system to both further strengthen internal controls and evolve into a sustainable solutions company capable of proactively addressing the changing business environment.

The following chart provides an overview of the Company's corporate governance system.



As of March 25, 2025

d. Status of the development and implementation of internal control systems

At the Company's Board of Directors' meeting held on December 20, 2021, the following policies were resolved regarding the development of internal control systems required pursuant to the provisions of Article 416, paragraph (1), items (i) (b) and (e) of the Companies Act.

(a) 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.

(b) Matters that are necessary in the execution of duties by the Audit Committee

A) 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 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.

B) 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.

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

D) 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.

(c) 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 of the Company and its subsidiaries.

A) 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.

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

C) 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.

D) 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”).

E) 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.

2) Overview of agreement limiting damage compensation liability

The Company has entered into agreements with Members of the Board (excluding persons who are Executive Members of the Board, etc.) that limits his/her damage compensation liability of Article 423, paragraph (1) of the Companies Act, pursuant to Article 25, paragraph (2) of the Articles of Incorporation of the Company based on the provision in Article 427, paragraph (1) 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 Article 425, paragraph (1) of the Companies Act.

3) Overview of directors and officers liability insurance agreement with directors and officers as insureds

The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) 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.

4) Number of Members of the Board

The Articles of Incorporation state that the number of Members of the Board of the Company shall be not more than 15.

5) Requirements for election of Members of the Board

The Articles of Incorporation state that the resolution for election of Members of the Board shall be made with shareholders present at a meeting who hold shares representing one-third (1/3) or more of the voting rights of shareholders who are entitled to exercise voting rights, by a majority of the voting rights of the attending shareholders.

6) Matters to be resolved at the Shareholders' Meeting that can be resolved by the Board of Directors

The Articles of Incorporation state that the following matters can be resolved by the Board of Directors without resolution of the Shareholders' Meeting.

- The ability to purchase treasury stock

  (To enable a flexible response)
- The ability to exempt Members of the Board from liability

  (To enable the full demonstration of capabilities expected in their roles)
- The ability to exempt Executive Officers from liability

  (To enable the full demonstration of capabilities expected in their roles)
- The ability to distribute interim dividends

  (To provide stable return of profits to shareholders)

The additional rule in the Articles of Incorporation states that the Company may exempt the liability of any person who served as a Corporate Auditor prior to the transition to a Company with Nominating Committee, etc.

7) Special resolution requirements for Shareholders' Meetings

For the smooth operation of the Shareholders' Meetings, the Articles of Incorporation state that with respect to special resolution requirements for Shareholders' Meetings set forth in Article 309, paragraph (2) of the Companies Act, resolutions may be adopted on the condition that shareholders holding at least one-third (1/3) of the voting rights granted to all shareholders are present at the meeting and that a majority of at least two-thirds (2/3) of those voting rights is obtained.

(2) Members of the Board and Executive Officers

1) List of Members of the Board and Executive Officers

Members of the Board and Executive Officers include 14 males and 3 females. (Percentage of female Members of the Board and Executive Officers: 17.6%)

a. Members of the Board

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Member of the Board	Shuichi Ishibashi	January 19, 1954	April 1977	Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)	Note 2	45,800
			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 (present)		
Member of the Board	Masato Banno	September 18, 1963	April 1986	Joined Bridgestone Corporation	Note 2	16,100
			March 2012	Director, Tire Research Division and General Manager, Advanced Tire Technology Development Department		
			January 2017	Vice President and Officer		
			January 2018	Vice President and Senior Officer		
			January 2019	Senior Vice President and Executive Officer		
			September 2019	Senior Vice President and Executive Officer, G-CTO		
			January 2025	Executive Vice President and Executive Officer, Global CTO		
			March 2025	Member of the Board, Executive Vice President and Executive Officer, Global CTO (present)		
Member of the Board Note 1	Scott Trevor Davis	December 26, 1960	April 1990	Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training)	Note 2	1,000
			April 2001	Professor, Department of International Economics, Reitaku University		
			April 2006	Professor, Department of Global Business, College of Business, Rikkyo University (present)		
			March 2011	Member of the Board as Outside Director, Bridgestone Corporation (present)		
Member of the Board Note 1	Kenichi Masuda	January 11, 1963	April 1988	Attorney-at-law (present)	Note 2	–
			January 1997	Partner, Anderson Mori (Japanese law firm: currently Anderson Mori & Tomotsune) (present)		
			March 2011	Outside Corporate Auditor, Bridgestone Corporation		
			March 2016	Member of the Board as Outside Director, Bridgestone Corporation (present)		

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Member of the Board Note 1	Kenzo Yamamoto	January 21, 1954	April 1976	Joined Bank of Japan	Note 2	3,300
			December 2003	General Manager for the Americas and Chief Representative in New York, Bank of Japan		
			July 2005	Director-General, Payment and Settlement Systems Department, Bank of Japan		
			July 2006	Director-General, Financial System and Bank Examination Department, Bank of Japan		
			May 2008	Executive Director, Bank of Japan		
			June 2012	Chairman, NTT Data Institute of Management Consulting, Inc.		
			March 2016	Member of the Board as Outside Director, Bridgestone Corporation (present)		
			June 2018	Representative, Office KY Initiative (present)		
Member of the Board Note 1	Yoko Suzuki	September 21, 1970	April 1998	Attorney-at-law (present)	Note 2	4,200
			April 1998	Joined Takagi Godo Law Office		
			November 2002	Partner, Suzuki Sogo Law Office (present)		
			March 2018	Member of the Board as Outside Director, Bridgestone Corporation (present)		
Member of the Board Note 1	Yukari Kobayashi	April 17, 1963	April 1987	Joined IBM Japan, Ltd.	Note 2	300
			July 2002	Senior Manager, Overall Management of System Products Marketing, IBM Japan, Ltd.		
			January 2007	Director in charge of Public Sector, Global Business Service, IBM Japan, Ltd.		
			January 2007	Executive Officer, IBM Business Consulting Services KK		
			March 2016	Growth Leader for Mercer Far East Zone; Chief of Staff, Mercer Japan Ltd.		
			January 2018	Director, Mercer Investment Solutions Ltd.		
			February 2018	Chief Operating Officer, Mercer Japan Ltd.		
			September 2018	Corporate Officer; Corporate Strategy Management Lead, Area Transformation Lead, and Chief of Staff, Microsoft Japan Co., Ltd.		
			March 2020	Representative Partner, Amanda Life Consulting LLC (present)		
			March 2023	Member of the Board as Outside Director, Bridgestone Corporation (present)		
			June 2023	Representative Member, JC1 LLC. (present)		

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Member of the Board Note 1	Yasuhiro Nakajima	October 13, 1961	April 1984 March 1995 July 2007 July 2012 July 2014 July 2017 July 2022 March 2023	Joined Hitachi, Ltd. Certified Public Accountant (present) Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata General Manager, Nagoya Office, PricewaterhouseCoopers Aarata LLC Oversight Board Member, PricewaterhouseCoopers Aarata LLC Representative, Nakajima CPA Office (present) Member of the Board as Outside Director, Bridgestone Corporation (present)	Note 2	300
Member of the Board Note 1	Noriko Morikawa	October 18, 1958	April 1981 August 1988 September 1991 March 1995 March 2005 June 2009 August 2010 March 2025	Joined Chori Co., Ltd. Joined Daiwa Securities America Inc. Joined Arthur Anderson & Co. Joined Motorola Inc. Director, Responsible for accounting and finance, General Manager, Accounting and Finance Headquarters in Japan, Motorola Inc. Joined Bosch Corporation Director, Vice President, Responsible for Administrative Headquarters, Bosch Corporation Member of the Board as Outside Director, Bridgestone Corporation (present)	Note 2	–
Member of the Board Note 1	Toshiaki Itagaki	November 23, 1960	April 1983 April 2012 January 2015 January 2017 April 2018 March 2022 March 2024 March 2025	Joined Chugai Pharmaceutical Co., Ltd. General Manager of Marketing & Sales Planning Department, Chugai Pharmaceutical Co., Ltd. Vice President, General Manager of Finance & Accounting Department, Chugai Pharmaceutical Co., Ltd. Vice President, General Manager of IT Supervisory Division and General Manager of Finance & Accounting Department, Chugai Pharmaceutical Co., Ltd. Executive Vice President & CFO, General Manager of Finance Supervisory Division, General Manager of IT Supervisory Division and General Manager of Finance & Accounting Department, Chugai Pharmaceutical Co., Ltd. Director, Executive Vice President & CFO, Chugai Pharmaceutical Co., Ltd. Advisor, Chugai Pharmaceutical Co., Ltd. (present) Member of the Board as Outside Director, Bridgestone Corporation (present)	Note 2	–

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Member of the Board	Akira Matsuda	January 16, 1963	April 1987	Joined Bridgestone Corporation	Note 2	3,800
			September 1989	Seconded to Bridgestone/Firestone Inc. (currently Bridgestone Americas, Inc.) (The United States)		
			January 2011	Director, eco-Activities Promotion Division, Bridgestone Corporation		
			March 2014	Vice President and Officer, Environment		
			January 2017	Vice President and Senior Officer, Responsible for Global Innovation		
			January 2019	Vice President and Senior Officer; CQMO, Responsible for Quality Management		
			January 2022	Lead Expert; CQMO; Assistant to Executive Vice President, Responsible for Quality Management		
			March 2023	Member of the Board (present)		
Member of the Board	Tsuyoshi Yoshimi	May 26, 1964	April 1988	Joined Bridgestone Corporation	Note 2	3,500
			January 2010	Seconded to Bridgestone Asia Pacific Pte. Ltd. (Singapore)		
			September 2012	Seconded to Bridgestone (China) Investment Co., Ltd. (Shanghai)		
			October 2013	Director, Finance Division, Bridgestone Corporation		
			March 2017	Vice President and Officer, Auditing		
			March 2019	Member of the Board (present)		
Total						78,300

(Notes) 1. Of the Members of the Board, Mr. Scott Trevor Davis, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Ms. Yoko Suzuki, Ms. Yukari Kobayashi, Mr. Yasuhiro Nakajima, Ms. Noriko Morikawa and Mr. Toshiaki Itagaki are outside directors.

2. The terms of office of Members of the Board shall expire at the close of the Annual Shareholders' Meeting relating to the last business year that ends within one year after their election at the Annual Shareholders' Meeting held on March 25, 2025.

3. The Company is a Company with Nominating Committee, etc. The structure of committees is described in "4 (1) Overview of corporate governance."

4. Meanings of abbreviations are as follows.
CTO: Chief Technology Officer CQMO: Chief Quality Management Officer

b. Executive Officers

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Representative Executive Officer Global CEO	Shuichi Ishibashi	January 19, 1954	April 1977	Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)	Note 1	45,800
			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 (present)		

Position	Name	Date of birth	Personal history		Term of office	Number of shares held
Executive Vice President and Representative Executive Officer BRIDGESTONE EAST CEO Global Mining, Industrial, Construction and Aviation Tire Solutions Business	Nobuyuki Tamura	April 16, 1963	April 1986 July 2012 January 2017 October 2022 January 2025	Joined Bridgestone Corporation Director, Global OE Business Planning and Operations Division Vice President and Officer Vice President and Senior Officer Executive Vice President and Representative Executive Officer, BRIDGESTONE EAST CEO (present)	Note 1	5,800
Executive Vice President and Executive Officer BRIDGESTONE WEST CEO Concurrently Global CDXO BSAM Group President	Scott Damon	August 28, 1970	February 1996 May 2007 March 2019 January 2020 January 2025	Joined Bandag, Inc. Director, Marketing Strategic Brands & Channels, Bridgestone Bandag Tire Solutions, Bridgestone Americas Tire Operations, LLC Vice President and Officer, Bridgestone Corporation Vice President and Senior Officer Executive Vice President and Executive Officer BRIDGESTONE WEST CEO Concurrently Global CDXO (present)	Note 1	5,500
Executive Vice President and Representative Executive Officer Global CAO･Global CSO	Yasuhiro Morita	December 25, 1972	April 1996 September 2018 March 2022 January 2024 January 2025	Joined Bridgestone Corporation Director (seconded to Bridgestone (China) Investment Co., Ltd.) Executive Director Vice President and Senior Officer Executive Vice President and Representative Executive Officer Global CAO･Global CSO (present)	Note 1	3,700
Executive Vice President and Executive Officer Global CTO	Masato Banno	September 18, 1963	April 1986 March 2012 January 2017 January 2018 January 2019 September 2019 January 2025 March 2025	Joined Bridgestone Corporation Director, Tire Research Division and General Manager, Advanced Tire Technology Development Department Vice President and Officer Vice President and Senior Officer Senior Vice President and Executive Officer Senior Vice President and Executive Officer, G-CTO Executive Vice President and Executive Officer, Global CTO Member of the Board, Executive Vice President and Executive Officer, Global CTO (present)	Note 1	16,100
Senior Vice President and Executive Officer BRIDGESTONE WEST CTO	Emilio Tiberio	February 18, 1971	April 1999 March 2019 January 2022 January 2025	Joined Bridgestone Technical Center Europe S.p.A. Vice President and Officer, Bridgestone Corporation Vice President and Senior Officer Senior Vice President and Executive Officer BRIDGESTONE WEST CTO (present)	Note 1	4,500
Senior Vice President and Executive Officer Global CIO	Tomohiro Kusano	June 21, 1965	April 1990 May 2014 March 2017 January 2019 January 2025	Joined Bridgestone Corporation Director, Tire Material Development Division I Vice President and Officer Vice President and Senior Officer Senior Vice President and Executive Officer Global CIO (present)	Note 1	9,100
Total						90,500

(Notes) 1. The terms of office of Executive Officers shall expire at the close of the first meeting of the Board of Directors convened after the close of the Annual Shareholders' Meeting relating to the last business year that ends within one year after their election.

2. Meanings of abbreviations are as follows.
   CDXO: Chief Digital Transformation Officer   CAO: Chief Administration Officer
   CSO: Chief Strategy Officer   CTO: Chief Technology Officer   CIO: Chief Innovation Officer

2) Outside Directors and Outside Corporate Auditors

The Company has elected eight outside directors (as of March 25, 2025).

The Company believes that outside directors contribute to strengthening corporate governance, including maintaining appropriate decision-making at meetings of the Board of Directors. To that end, the outside directors provide independent opinions concerning deliberations, etc., on proposals at the Board of Directors based on their high level of insight and wealth of experience derived from their diverse backgrounds and areas of expertise.

To ensure the appropriate composition of the Board of Directors, the nominees for the Company's outside directors are determined through strict appointment procedures at the Company's Nominating Committee in accordance with the "Nominating Policy for Appointment to the Board" (described at the end) prescribed by the Company's Nominating Committee, and the reasons for appointment are as follows.

Name	Main occupation	Reasons for appointment
Scott Trevor Davis	Professor, Department of Global Business, College of Business, Rikkyo University	Mr. Scott Trevor Davis has excellent academic knowledge in the field of sociology and international business administration, as well as abundant wisdom regarding sustainability and ESG in Japan and overseas. Since his appointment as Outside Director of the Company, he has been contributing to ensuring appropriate decision making of the Board of Directors, including from the perspectives of governance, compliance, and organizational and personnel strategy. In particular, based on his understanding of the Company's business, the situation the Company is in, and shareholder expectations toward the Company, which he has cultivated over the course of his tenure, and a reasonable level of trust with the management team, he became the Company's first Independent Outside Director serving as Chairperson of the Board of Directors in 2021 and has introduced a system to incorporate proposals from Independent Outside Directors into the agenda setting of the Board of Directors, and has evolved this system every year. He also maintains an appropriate level of tension in regular one-on-one discussions with the Global CEO, and has been playing a leading and extremely vital role in setting appropriate agenda and further enhancing deliberations at Board of Directors meetings, such as by making proposals and requests regarding agenda and proposals submitted by senior management and how to explain them. In addition, he participates in active deliberations as a member of the Nominating Committee and a member of the Compensation Committee, and plays a leading role as Chairperson of the Governance Committee in the discussion to further enhance the Company's governance structure, including the improvement of the effectiveness evaluation process for the Board of Directors.

Name	Main occupation	Reasons for appointment
		He also contributes significantly as Chairperson of the Board of Directors to conduct more efficient and effective management of the Board of Directors that meets stakeholders' expectations by actively and directly participating in dialogue with investors and analysts, and using the opinions and perspectives of shareholders gained there to deepen discussions at Board of Directors meetings. The Company has received an objective opinion from an external lawyer stating that, based on his performance of duties at the Company, stating that he is "not considered to lack independence, and can be expected to act in the interest of general shareholders from an objective standpoint." In continuing to serve as Chairperson of the Board of Directors, the Company expects him to contribute to the enhancement of its governance, and also expects him to make significant contributions as a member of the Nominating Committee by utilizing the deep understanding of both the Company's history and future vision he has cultivated to date, in carrying out management succession planning, one of the Nominating Committee's key responsibilities. Based on the above, the Company has determined that Mr. Scott Trevor Davis would appropriately execute the duties as an Outside Director essential for ensuring and improving governance in order for the Company to achieve sustainable growth and increase its corporate value over the mid- to long-term.

Name	Main occupation	Reasons for appointment
Kenichi Masuda	Attorney-at-law (Partner of Anderson Mori & Tomotsune)	Mr. Kenichi Masuda has abundant professional career and experience as an attorney-at-law at law firms in Japan and overseas, as well as high levels of expertise. Since his appointment as Outside Director of the Company, he has been contributing to ensuring appropriate decision making of the Board of Directors from a wide range of perspectives, not only legal and risk management, but also shareholder returns and organizational strategies. In particular, based on his understanding of the Company’s business, the situation the Company is in, and shareholder expectations toward the Company, which he has cultivated over the course of his tenure, and a reasonable level of trust with the management team, since his appointment as a Chairperson of the Nominating Committee in 2021, he has been playing an extremely vital role in strengthening the management execution structure and oversight thereof by taking the lead and actively engaging in the verification of the Board of Directors’ human resources portfolio and the succession planning of Directors and Executive Officers, etc. Specifically, as Chairperson of the Nominating Committee, he regularly holds one-on-one discussions with the Global CEO while maintaining an appropriate level of tension, takes the initiative in frequently holding one-on-one meetings with each Director, confirms the contents of the Directors’ mutual evaluations and shares them with the Nominating Committee. In addition, when considering nominees for Outside Director, independently from the senior management, he actively and proactively gathers information on whether a person is suitable for this role by directly listening to the opinions of external consultants and holding multiple meetings with potential nominees prior to Nominating Committee meetings, leading to effective and efficient nominee consideration by the Nominating Committee. In addition to participating in active deliberations as a member of the Compensation Committee, he has also been playing a leading role as Chairperson of the Compliance Committee in verifying and discussing further improvements to the Company’s compliance framework. Furthermore, the Company has received an objective opinion from an external lawyer stating that, based on his performance of duties at the Company, stating that he is “not considered to lack independence, and can be expected to act in the interest of general shareholders from an objective standpoint.”

Name	Main occupation	Reasons for appointment
		In continuing to serve as Chairperson of the Nominating Committee, the Company expects him to make significant contributions in spearheading review of management succession planning, one of the Nominating Committee's key responsibilities, by utilizing the deep understanding of both the Company's history and future vision he has cultivated to date. Based on the above, the Company has determined that Mr. Kenichi Masuda would appropriately execute the duties as an Outside Director essential for the establishment of succession plans that will enable the Company to achieve sustainable growth and increase its corporate value over the mid- to long-term.

Name	Main occupation	Reasons for appointment
Kenzo Yamamoto	Representative, Office KY Initiative	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 his appointment as an Outside Director of the Company, he has been contributing to ensuring appropriate decision making by the Board of Directors from the perspective of corporate management and risk management in light of global conditions and human capital improvement. Since 2018, as a Chairperson of the Audit Committee, he has been strengthening our auditing system on a global scale, etc., and in 2023, he played a leading and extremely vital role in the change of our Independent Auditor, taking into consideration the rotation system used for auditing firms in other countries. Utilizing his deep and abundant experience as the Chairman of the Audit Committee, since 2024 he has participated in the active deliberations of the Nominating Committee and Compensation Committee as a member of both committees, and has greatly contributed to the establishment of more objective processes and the content of discussions. In view of these experiences, insights, and achievements, Mr. Kenzo Yamamoto is expected to contribute from a more diverse perspective, and the Company has determined that he qualifies as an Outside Director.
Yoko Suzuki	Attorney-at-law (Partner of Suzuki Sogo Law Office)	Ms. Yoko Suzuki has high expertise as an attorney-at-law, and abundant experience and deep insight as an outside auditor and auditor of other companies and various associations. Since her appointment as an Outside Director of the Company, she has been contributing to ensuring appropriate decision making of the Board of Directors, not only in risk management but also from the perspectives of enhancing talent creativity and quality management with an awareness of engagement and diversity, including the promotion of women's participation in the workplace. In addition, as a member of the Audit Committee, she has been participating in active deliberations and on-site audits of subsidiaries, etc., to promote the strengthening of our auditing system and internal controls on a global scale, etc. In view of these experiences, 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 as an Outside Director.

Name	Main occupation	Reasons for appointment
Yukari Kobayashi	Representative Partner, Amanda Life Consulting LLC Representative Member, JC1 LLC.	Ms. Yukari Kobayashi has deep insight regarding the digital field and business strategy through her extensive practical and management experience in the IT and consulting industries. Since her appointment as an Outside Director of the Company, she has been contributing to ensuring appropriate decision making of the Board of Directors not only from the perspectives of global business strategies, such as digital fields and risk management from a global standpoint, but also of promoting women's participation in the workplace. In addition, as a member of the Audit Committee, she has been participating in active deliberations and on-site audits of subsidiaries, etc., and promoting the strengthening of our auditing system and internal controls on a global scale, including IT governance. In view of these experiences, insights and achievements, Ms. Yukari Kobayashi is expected to continue to fulfill these roles, and the Company has determined that she qualifies as an Outside Director.
Yasuhiro Nakajima	Certified Public Accountant (Representative of Nakajima CPA Office)	Mr. Yasuhiro Nakajima has abundant professional career and experience in accounting audit and advisory services as a Certified Public Accountant, and possesses expertise through teaching accounting and audit at a university. Since his appointment as an Outside Director of the Company, he has been contributing to ensuring appropriate decision making of the Board of Directors, not only in finance and accounting but also from the perspective of enhancing governance from a global standpoint. In addition, as a member of the Audit Committee, he has been participating in active deliberations and on-site audits of subsidiaries, etc., and working to promote the strengthening of our auditing system and internal controls on a global scale, including through cooperation with the Independent Auditor. In view of these experiences, insights and achievements, Mr. Yasuhiro Nakajima is expected to continue to fulfill these roles, and the Company has determined that he would appropriately execute the duties as an Outside Director.

Name	Main occupation	Reasons for appointment
Noriko Morikawa	–	Ms. Noriko Morikawa has deep insight into capital, human resources, and organizational strategies through her extensive practical and managerial experience at overseas firms involved in the IT and telecommunications industry and automotive components industry. She also has global business experience and knowledge, having worked overseas for multiple companies and been responsible for overall operations at the headquarters. Through multiple meetings with the Chairperson of the Nominating Committee and the Nominating Committee, the Company was able to confirm that, in view of these experience and insights, she is expected to contribute to appropriate decision making of the Board of Directors. In light of this, and from the perspective of securing an appropriate human resources portfolio for the Board of Directors, the Company has determined that she qualifies for a new Outside Director.
Toshiaki Itagaki	Advisor, Chugai Pharmaceutical Co., Ltd.	Mr. Toshiaki Itagaki has deep insight into finance, IT, the digital field, and marketing through his extensive practical and managerial experience in the pharmaceutical industry. He also has global business experience and knowledge, including experience working overseas, involvement in cross-border M&A negotiations, and dealing with overseas investors. Through multiple meetings with the Chairperson of the Nominating Committee and the Nominating Committee, the Company was able to confirm that, in view of these experience and insights, he is expected to contribute to appropriate decision making of the Board of Directors. In light of this, and from the perspective of securing an appropriate human resources portfolio for the Board of Directors, the Company has determined that he qualifies for a new Outside Director.

Mr. Scott Trevor Davis, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Ms. Yoko Suzuki, Ms. Yukari Kobayashi, Mr. Yasuhiro Nakajima, Ms. Noriko Morikawa, and Mr. Toshiaki Itagaki, who are outside directors with no special interest in the Company, are considered independent outside directors as they do not present a conflict of interest with general shareholders, according to the Company's Guidelines for Determining Whether Outside Directors Are Sufficiently Independent. The Company's Guidelines for Determining Whether Outside Directors Are Sufficiently Independent are described at the end.

In addition, outside directors' holdings of the Company's stock are described under "4 (2) 1) a. Members of the Board."

[Nominating Policy for Appointment to the Board]

The nominated candidates shall possess the character and insight required to be able to put the Bridgestone Essence (corporate philosophy) into practice, the experience necessary to supervise the execution of business as a member of the Board, and the tenacity needed to perform the duties expected of a member of the Board of the Company.

(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 Group that would undermine their independence from the Group.*

*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 candidate's managerial ability to delineate the Company's ideal direction while taking actions informed by the changing business environment.

[Guidelines for Determining Whether Outside Directors Are Sufficiently Independent]

To ensure that the Company achieves the objectivity and transparency necessary for appropriate corporate governance, it is best that outside directors be as independent as possible.

The Company has accordingly established these guidelines concerning the requisite independence of Outside Directors in the Company. 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 for the Company. A person who:

1. In the past was an Executing Person of the Company or a consolidated subsidiary of the Company (collectively, the "Group") (Note 1)
2. Is a major shareholder of the Company (Note 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 Group (Note 3)
   (2) A major lender to the Group (Note 4)
   (3) A company or entity of which the Group holds 10% or more of the voting shares
4. Is a certified public accountant belonging to an auditing firm that is an accounting auditor of the Group
5. Is a professional, such as a consultant, accountant, tax accountant, attorney-at-law, judicial scrivener, or patent attorney who has received a large amount (Note 5) of money or other assets from the Group
6. Is a person who has received a large amount of donation from the Group (Note 6)
7. Is an Executing Person of another company, which position constitutes an interlocking director or corporate auditor position (Note 7) for the Outside Director

8. Has a close relative (Note 8) to which any of the above items 1 through 7 applies (but other than with respect to item 4 or 5, limited to a significant person (Note 9))
9. Is a person to which any of the above items 2 through 8 has applied within the last five 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 the Company

(Notes) 1. This means one who is currently an executive member of the Board, executive officer, vice president-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 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 the Company'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 Group's products whose annual total transactions with the Group exceeds 2% of the Company's consolidated aggregate sales or 2% of the consolidated aggregate sales of the other party. In addition, automobile manufacturers which are customers of the Group's tire products, and synthetic rubber manufacturers and steel cord manufacturers which are suppliers to the Group are considered major suppliers or customers regardless of actual annual transaction amounts.

4. A "major lender" means a financial institution from which the Group receives loans where the outstanding loan amount as of the end of the Company's fiscal year exceeds 2% of the Company'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 Group as an individual, the receipt by the professional from the Group of compensation (excluding remuneration for services as a member of the Board or executive officer) of an amount exceeding 10 million yen per year.

   (2) In the event the professional services are provided to the Group by an organization such as a company (or other legal entity) or a partnership, the receipt by the organization from the 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 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 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 the Company.

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

9. A "significant person" means a member of the Board, executive officer, vice president-officer or an Executing Person who is a division manager or above, or an Executing Person with authority similar to any of the foregoing.

3) Mutual cooperation of oversight or audit performed by Outside Directors with internal audit, the Audit Committee audit and accounting audit, as well as relationship with the internal control department

Outside Directors consider financial statements and policies for development of internal control systems, and directly or indirectly receive reports from the internal control department, through deliberation of proposals at the Board of Directors such as information on operations based on such development policies, providing effective oversight of executive officers and members of the Board. Mutual cooperation of oversight or audit performed by Outside Directors with internal audit, and the Audit Committee audit and accounting audit are described in “4. (3) Status of audit.”

(3) Status of audit

1) Audit by the Audit Committee

a. Organization and personnel

The Company's Audit Committee in the current fiscal year consists of a total of six members, comprising four outside directors and two internal full-time members. Mr. Yasuhiro Nakajima, a member of the Audit Committee, has abundant professional experience in accounting audit and advisory work as a Certified Public Accountant, as well as considerable knowledge in finance and accounting. Mr. Tsuyoshi Yoshimi, a full-time member of the Audit Committee, was in charge of accounting operations of the Company for many years and has considerable knowledge in finance and accounting.

In order to assist with the duties of the Audit Committee, the Company has assigned an executive director dedicated to audit, and established a department led by such executive director that is dedicated to assist the Audit Committee with their duties. Decisions on the appointment and replacement of the executive director dedicated to audit are made with the consent of the Audit Committee, while the performance assessment of such executive director is determined by taking the performance evaluations conducted by the Audit Committee into consideration.

b. Activities of the Audit Committee

(a) Frequency of Audit Committee meetings

The Audit Committee convened a total of 20 meetings during the current fiscal year. This included regular meetings between Representative Executive Officers and the Audit Committee on five occasions, which involved exchanges of various opinions and advice from the Audit Committee.

The total time of the meetings came to 53 hours and 59 minutes, which works out to three hours and 20 minutes per meeting (excluding regular meetings with the Representative Executive Officers). The status of attendance by individual members of the Audit Committee is as follows.

Position	Name	Attendance at Audit Committee meetings
Chairperson of the Audit Committee (Note 1)	Kenzo Yamamoto	6 of 6 (100%)
Chairperson of the Audit Committee (Note 2)	Yojiro Shiba	20 of 20 (100%)
Member of the Audit Committee	Yoko Suzuki	20 of 20 (100%)
Member of the Audit Committee	Yukari Kobayashi	20 of 20 (100%)
Member of the Audit Committee	Yasuhiro Nakajima	20 of 20 (100%)
Full-time member of the Audit Committee	Akira Matsuda	20 of 20 (100%)
Full-time member of the Audit Committee	Tsuyoshi Yoshimi	20 of 20 (100%)

(Note 1) Retired as a member of the Audit Committee on March 26, 2024.
(Note 2) Appointed as a Chairperson of the Audit Committee on March 26, 2024.

(b) Activities of the Audit Committee and members of the Audit Committee

A. Resolutions and reports by the Audit Committee

There were 12 resolutions passed by the Audit Committee during the current fiscal year. The main content of these resolutions was related to audit report, audit policies and planning, assignment of duties of committee members, agreement on audit fees of the accounting auditor, and reappointment of the accounting auditor. There were also 115 reports. These reports included the audit report from the accounting auditor, reports from the Internal Auditing Department on internal audits and Group internal audit activities, risk management activity reports from operating divisions involved in business execution, and reports on the activities of the full-time members of the Audit Committee.

B. Activities of the members of the Audit Committee

In addition to the resolutions and reports above, members of the Audit Committee directly exchange opinions and provide advice in regular meetings with Representative Executive Officers. Moreover, they confirm management issues and the state of business through their attendance at Global EXCO and other important meetings. They also make on-site visits to major Group companies and business locations in Japan and overseas, consisting of 14 business locations in Japan and 17 business locations overseas, to conduct audits regarding the status of execution of duties and the implementation status of internal control systems at such locations. As for the accounting audit, the Audit Committee receives reports and explanations on audit plans, audit methods, and results from the accounting auditor, and then verifies the appropriateness of the results. The members of the Audit Committee also hold meetings with accounting auditors in charge of major overseas Group companies when making on-site visits to such Group companies to receive explanations regarding the status of audits.

In addition to the duties above, the full-time members of the Audit Committee strive to improve audit effectiveness by attending regular monthly executive committee meetings and other important meetings, engaging in daily information gathering efforts in cooperation with the internal audit divisions, and reporting to the Audit Committee.

C. Priority audit matters for the current fiscal year

Having identified the following four issues warranting focus for the current fiscal year, the Audit Committee conducted audit activities in cooperation with the Internal Auditing Department and the accounting auditor.

(A) Confirmation of the execution status of the Mid Term Business Plan (2024-2026) centered around the "Bridgestone E8 Commitment"

The Audit Committee has designated the followings as priority items for the current fiscal year: the status of Group-wide initiatives related to the "Bridgestone E8 Commitment" corporate commitment established by the Company in March 2022; the impact on its business and internal control systems of various measures implemented within the mid- to long-term business plan; and the status of initiatives related to sustainability, Talent creativity, and the new structure (WEST, EAST Integration). The Audit Committee has confirmed such matters through reporting to the Board of Directors, reports from relevant divisions at Audit Committee meetings, and on-site visits made to business locations in Japan and abroad.

(B) Confirmation of the Group's risk management systems and their implementation status with respect to risks affecting business

The Audit Committee has confirmed the status of improvements made to the Group's risk management systems, and response to business risks such as geopolitical risk, TRWP (tire and road wear particles), 6PPD (a chemical widely used in the tire industry to prevent degradation), and cyberattacks. In addition to receiving reports from relevant divisions at Audit Committee meetings, the Committee does this through attendance at various internal meetings and through consultations with the Internal Auditing Department and the Group's internal audit divisions.

(C) Confirmation and advice on status of improvements made to the monitoring system for the Group's internal control based on the "Three Lines of Defense" approach

The Audit Committee has confirmed and furnished advice on the status of improvements made to the system for monitoring internal controls based on the "Three Lines of Defense" approach, through collaboration with the Internal Auditing Department and the audit committees of overseas SBUs, and through attendance at various internal meetings and on-site audits.

(D) Confirmation of appropriate collaboration with the accounting auditor and status of performance of duties thereof

The Audit Committee has confirmed the status of performance of duties of the accounting auditor, KPMG AZSA LLC, and of its overseas network (KPMG Group), and also confirmed the status of collaboration with the Company and companies of the Group. To such ends, the Audit Committee has had a series of meetings with KPMG AZSA LLC, and also held meetings and consulted with local KPMG Group when making on-site visits to major overseas locations. Furthermore, the Committee has exchanged opinions on key audit matters (KAM) upon receiving explanations on a quarterly basis from the accounting auditor regarding audit response and status of review.

2) Status of internal audits

a. Organization, personnel and procedures

The Group's internal auditing organization is comprised of the Internal Auditing Department and the SBU internal audit divisions established at each SBU. In striving to operate in accordance with standards of The Institute of Internal Auditors (IIA), the Internal Auditing Department formulates an annual audit plan and reports it to the Audit Committee, and, based on that, conducts internal audits primarily of the effectiveness of Group governance and internal control on each function, operating division, and Group companies in Japan and overseas. In addition, the Internal Auditing Department supervises activities of the Group's internal audit system and works with the internal audit divisions at each SBU and the internal audit function of domestic subsidiaries on activities aimed at establishing an optimal internal audit system for the Group. The Internal Auditing Department collects audit reports and activity reports from the internal audit divisions of overseas SBUs in monthly meetings, and regularly reports it to the Audit Committee.

Among the internal audit divisions of overseas SBUs, the internal audit divisions of BSAM and BSEMEA affiliated with BRIDGESTONE WEST underwent organizational integration in 2024 in seeking to consolidate and streamline functions, while further enhancing internal audit capabilities.

As of March 25, 2025, the Internal Auditing Department had 33 employees, and internal audit divisions of overseas SBUs had approximately 60 employees.

b. Mutual cooperation of internal audit, the Audit Committee audit and accounting audit

The Internal Auditing Department exchanges information and opinions with the Audit Committee, the Group's internal auditing organization and the accounting auditor as necessary, and generally maintain close contact, thereby working to further increase audit efficiency and effectiveness.

c. Internal audits, Audit Committee audits, and accounting audits, and relationship with internal control department

With the cooperation of the Group's internal audit divisions, the Internal Auditing Department strives to improve and strengthen internal controls by auditing the development and operational status of internal controls at locations in Japan and overseas and then reporting the findings to the Audit Committee, while simultaneously working with respective departments in charge of internal controls (internal control department). Regarding internal controls related to financial reporting, the Internal Auditing Department works with the accounting auditor and internal control department in striving to confirm and improve the status of controls, and in reporting the evaluation results to the Audit Committee and the Board of Directors. Furthermore, the Audit Committee confirms the development and operational status of internal controls upon receiving reports directly from the respective departments in charge of internal controls, as previously noted in "1) Audit by the Audit Committee," and simultaneously exchanges opinions as necessary.

d. Initiatives to secure the effectiveness of internal audits

The Internal Auditing Department ensures independence from operating divisions from the perspective of ensuring effective audits by receiving instructions from and regularly reporting directly to the Audit Committee. It also regularly reports directly to the Global CEO under the dual reporting line approach. An external professional institution assessed the Internal Auditing Department in 2022 and the internal audit division of BSAM in 2023 as generally conforming to the IIA's Global Internal Audit Standards at the respective times of the assessments. The Internal Auditing Department works to elevate the level of audits across all the internal audit divisions within the Group by performing self-reviews of audit quality every year and otherwise striving to improve audit quality through efforts that include enhancing skills of auditors in part through their acquisition of international qualifications and training, and exchanging information with internal audit divisions of other companies that embrace sophisticated audit practices.

3) Status of accounting audits

a. Auditing firm

KPMG AZSA LLC

b. Consecutive audit period

Two years

c. Certified public accountants who performed the audit

Mr. Hirotaka Tanaka

Mr. Kentaro Maruta

Mr. Ayumu Nakajima

d. Composition of assistants involved in auditing operations

22 certified public accountants, ten associate members of the Japanese Institute of Certified Public Accountants, and 42 other staff members are involved in the accounting auditing operations.

e. Policy and reasons for appointment of accounting auditor

To ensure the appropriate performance of duties by the accounting auditor, the Audit Committee appoints an appropriate accounting auditor from perspectives such as the quality control system, auditing systems, audit plans and audit fee levels.

The Audit Committee dismisses the accounting auditor with a unanimous resolution in the event where it determines the accounting auditor falls under any items of Article 340, paragraph (1) of the Companies Act. In this case, the members of the Audit Committee appointed by the Audit Committee must report its decision and the reason for dismissal to the first Shareholders' Meeting after the dismissal. In addition to the above, in the circumstances where the Audit Committee deems it necessary for securing an appropriate auditing system or for its improvement, the Audit Committee determines details of the proposal for non-reappointment of the accounting auditor, based on which the Board of Directors submits the proposal to the Shareholders' Meeting.

According to the above policy, as a result of receiving the necessary reports and evaluation based on predetermined evaluation criteria concerning the auditing systems, independence, audit plans, and status of performance of duties of KPMG AZSA LLC, the current accounting auditor, the Audit Committee has reappointed the same firm as the accounting auditor for the 107th Fiscal Period (fiscal year 2025).

f. Change of accounting auditor

Changes made with respect to the Company's accounting auditor are as follows.

104th Fiscal Period (from January 1, 2022 to December 31, 2022) (Consolidated and Non-consolidated)
Deloitte Touche Tohmatsu LLC

105th Fiscal Period (from January 1, 2023 to December 31, 2023) (Consolidated and Non-consolidated)
KPMG AZSA LLC

The matters included in the extraordinary securities report are as follows.

(a) Name of the auditing certified public accountants, etc. pertaining to the change

A) Name of the elected auditing certified public accountant, etc.

KPMG AZSA LLC

B) Name of the retiring auditing certified public accountant, etc.

Deloitte Touche Tohmatsu LLC

(b) Date of the change

March 28, 2023 (The date of the 104th Annual Shareholders' Meeting)

(c) Date on which the retiring auditing certified public accountant, etc. assumed the position as auditing certified public accountant, etc.

March 29, 2001

(d) Matters concerning the opinion, etc. on audit reports prepared by the retiring auditing certified public accountant, etc. during the most recent three years

No item to report.

(e) Reason and background that led to the decision to make the change or the change

The term of office of the Company's Independent Auditor, Deloitte Touche Tohmatsu LLC, expired at the close of the 104th Annual Shareholders' Meeting held on March 28, 2023. Due to the fact that Deloitte Touche Tohmatsu LLC has served as the Company's Independent Auditor for many years, and taking into consideration the rotation system used for auditing firms in other countries, the Audit Committee decided to accept proposals from multiple auditing firms on a periodic basis and compare said proposals. The Audit Committee concluded that the appointment of KPMG AZSA LLC as the new Independent Auditor would bring a new perspective to auditing. Furthermore, the Audit Committee deemed that KPMG AZSA LLC's specialization, independence, quality management system, global auditing structure, and the like all well meet the requirements set by the Audit Committee.

(f) Opinion on the reason and background that led to the change set forth in (e) above

A) Opinions of the retiring auditing certified public accountant, etc.

We have received a reply that they have no particular opinion.

B) Opinion of the Audit Committee

The Committee deems it appropriate.

g. Evaluation of the accounting auditor

The Audit Committee prescribes evaluation criteria that conforms with the practical guidelines prescribed by the Japan Audit & Supervisory Board Members Association, and evaluates the accounting auditor annually in light of such criteria. When conducting such evaluation, the Audit Committee deliberates on reports mainly on matters, including the auditing systems, independence, specialization, audit plans, and status of performance of duties that are received from the accounting auditors and relevant internal departments.

From the standpoint of independence of the accounting auditor, the Audit Committee has established a new policy unique to the Company to limit non-audit fees provided by the accounting auditor and its group and receives regular reports from the accounting auditor to verify the status thereof.

4) Audit fees

a. Fees to auditing certified public accountants, etc.

Category	Previous fiscal year		Current fiscal year	
	Fees for audit services (Yen in millions)	Fees for non-audit services (Yen in millions)	Fees for audit services (Yen in millions)	Fees for non-audit services (Yen in millions)
The Company	215	–	231	6
Consolidated subsidiaries	205	–	205	–
Total	420	–	436	6

(Notes) 1. The audit agreement entered into by the accounting auditors and the Company does not separately stipulate the fee amounts for the audit under the Companies Act and the audit under the Financial Instruments and Exchange Act. Furthermore, those two amounts cannot be practically distinguished from one another, so this report lists the total amount that should be paid to the accounting auditors.

2. The details of non-auditing services provided to the Company by auditing certified public accountants, etc. are as follows.

(Previous fiscal year)

No item to report.

(Current fiscal year)

Services (non-auditing services) other than those set forth in Article 2, paragraph (1) of the Certified Public Accountants Act for which the Company has paid fees to the accounting auditors are the English translation services for consolidated financial statements and other documents.

b. Fees to companies in the same network as the auditing certified public accountants, etc. (excluding a.)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit services (Yen in millions)	Fees for non-audit services (Yen in millions)	Fees for audit services (Yen in millions)	Fees for non-audit services (Yen in millions)
The Company	–	96	–	27
Consolidated subsidiaries	1,846	117	2,176	122
Total	1,846	213	2,176	149

(Note) The details of non-auditing services provided by companies in the same network as the auditing certified public accountants, etc. are as follows.

(Previous fiscal year)

Non-auditing services provided to the Company and consolidated subsidiaries are advisory services concerning tax, etc.

(Current fiscal year)

Non-auditing services provided to the Company and consolidated subsidiaries are advisory services concerning tax, etc.

c. Details of fees for other important audit services

No item to report.

d. Policy for determining audit fees

The Company determines audit fees paid to its accounting auditors based on verification of the number of required man-hours and the appropriateness of the amounts according to the audit plans. The consent of the Audit Committee is obtained for such determination.

e. Reasons for the Audit Committee's consent to the audit fees

As a result of confirmation and consideration of the details of the accounting auditors' audit plans, trends in previous audits and fees paid, the basis of calculation for the fee quotation and non-audit fees, the Audit Committee deems the fees for services set forth in Article 2, paragraph (1) of the Certified Public Accountants Act to be reasonable and provides the consent pursuant to Article 399, paragraph (1) of the Companies Act.

(4) Remuneration for Members of the Board and Executive Officers

1) Board Members' and Executive Officers' remuneration for the current fiscal year

a. Total amount of remuneration, amount of each type of remuneration, and the number of recipients by the categories of Members of the Board and Executive Officers

Position category	Amount of each type of remuneration (Yen in millions)					Number of recipients (in persons)
	Fixed remuneration	Performance-based remuneration			Total	
		Annual bonuses	Stock compensation (PSU)	Stock compensation (RSU, etc.)		
Members of the Board (Internal)	121	–	–	–	121	4
Members of the Board (Outside)	203	–	–	–	203	8
Executive Officers	210	149	79	174	613	4
Total	534	149	79	174	937	16

(Notes) 1. Allowance for Executive Officers who hold concurrent positions as Members of the Board (additional allowance for Members of the Board with concurrent duties) is included in the total amount of remuneration for Members of the Board.

2. The amount of fixed remuneration in the above table (total amount of base remuneration, additional allowance for Members of the Board with concurrent duties, additional allowance for the chairpersons, and additional allowance for committee chairs) is the total amount of remuneration paid during fiscal year 2024 (fully paid in cash). (Including remuneration for Members of the Board and Executive Officers who retired during the current fiscal year.)

3. Of the annual bonuses in the above table, Group-wide performance-based bonus is the amount expected to be paid in March 2025 based on the results of business performance, etc. of fiscal year 2024 (fully paid in cash), and performance-based bonus (area of responsibility) is the total amount of the actual payment during fiscal year 2024 (reflecting the previous fiscal year's business performance) and the standard amount expected to be paid in March 2025.

4. The stock compensation of the performance-based remuneration in the above table represents the total amount expensed up to fiscal year 2024 (excluding the portion disclosed in prior years).
   - The Performance Share Unit (PSU) is awarded in the form of shares of the Company's common stock or other securities according to Group-wide performance over a three-year period. (50% is paid in cash equivalent to the market value; however, those retiring before the relevant period ends are paid fully in cash equivalent to the market value.)
   - The Restricted Stock Unit, etc. (RSU, etc.) is a system under which RSU and Restricted Stock (RS) are granted according to the evaluation of initiatives related to sustainability, including ESG, and transformation in each fiscal year. Transfer restriction for RS will be lifted at the time of retirement, and for RSU, cash is paid equivalent to the market value of the number of stock units at the time of the lifting of the RS transfer restriction. The ratio of emphasis on RS and RSU is set at 50:50.

5. Two Executive Officers who hold concurrent positions as Members of the Board are included in the numbers of Members of the Board (Internal) and Executive Officers, respectively.

6. One Executive Officer who retired during fiscal year 2024 is included in the number of Executive Officers.

b. Total amount of consolidated remuneration for persons received consolidated remuneration of 100 million yen or more.

Names and principal positions related to the current fiscal year	Company category	Position category	Total amount of consolidated remuneration (Yen in millions)					
			Fixed remuneration	Performance-based remuneration			Other	Total
				Annual bonuses	Stock compensation (PSU)	Stock compensation (RSU, etc.)		
Shuichi Ishibashi, Global CEO	The Company	Member of the Board	12	–	–	–	–	275
		Executive Officer	92	65	37	69	–	
Masahiro Higashi, Joint Global COO (Note 1)	The Company	Member of the Board	12	–	–	–	–	198
		Executive Officer	68	53	12 (Note 2)	53 (Note 2)	–	
Paolo Ferrari, Joint Global COO (Note 3)	The Company	Executive Officer	–	–	17 (Note 5)	32 (Note 5)	–	917
	BSAM (Note 4)	Member of the Board, CEO and President	217	208 (Note 5)	70 (Note 5)	–	373 (Note 6)	
Masato Banno, Global CTO	The Company	Executive Officer	50	31	14	21	–	116

(Notes) 1. Mr. Masahiro Higashi retired as Executive Officer of the Company effective December 31, 2024.
2. The amount is the actual amount paid in relation to retirement of the officer referred to in Note 1, above.
3. Mr. Paolo Ferrari retired as Executive Officer of the Company effective October 31, 2024, and retired from Bridgestone Americas, Inc. on December 31, 2024.
4. The remuneration of executives at Bridgestone Americas, Inc. (BSAM) is determined taking into account business performance, etc. of BSAM, following investigation, analysis and consideration of matters such as market levels for remuneration of directors and executive officers in the incumbent's location of the United States when determining remuneration. Fixed remuneration includes an amount equivalent to fringe benefits.
5. The amount is the actual amount paid in relation to retirement of the officer referred to in Note 3, above. (excluding the portion disclosed in prior years).
6. The amount shown is the lump-sum payment, etc. received after retirement. (excluding the portion disclosed in prior years).
This lump-sum payment is remuneration based on an agreement concluded in advance.

c. Calculation method and evaluation results of performance-based remuneration

(a) Short-term incentives (annual bonuses)

<Group-wide performance-based bonus>

・ The Group-wide performance-based bonus for fiscal year 2024 was paid at 78.0% of the standard amount, in accordance with the evaluation of the performance indicators as follows.
(Recipients: Global CEO and Representative Executive Officer, Joint Global COO and Representative Executive Officer, Senior Vice Presidents and Executive Officers)

Performance indicator	Fluctuation range of payment rate	Target for fiscal year 2024* (Yen in billions)	Results for fiscal year 2024 (Yen in billions)	Payment rate
Amount of consolidated adjusted operating profit	0-150%	Maximum: 636.0 Target: 530.0 Threshold: 424.0	483.30	78.0%

* In its Mid Term Business Plan and other initiatives, the Company aims to become a more resilient and highly profitable company, and accordingly, has positioned adjusted operating profit as one of its key management indices and selected it as an appropriate indicator for the annual evaluation of executive remuneration.

Bonus payment by individual = Standard amount by position (Group-wide performance-based bonus) × Payment rate 78.0%

<Performance-based bonus (area of responsibility)>

・ The amount of bonus payment for Joint Global COO and Representative Executive Officer for fiscal year 2024 has been determined by the Compensation Committee at a meeting held in March 2025, based on the achievement of the performance in the area of responsibility as the person in charge of the business, while comprehensively taking into consideration important initiatives, etc., being carried out in light of the business environment in the area of responsibility.

- The amount of bonus payment for Senior Vice Presidents and Executive Officers for fiscal year 2024 has been determined by the Compensation Committee at a meeting held in March 2025, based on the individual performance evaluation for the functions for which they are responsible.

(Recipients: Joint Global COO and Representative Executive Officer, Senior Vice Presidents and Executive Officers)

Bonus payment by individual	=	Standard amount by position (Performance-based bonus (area of responsibility))	×	Payment rate (Individual performance evaluation) (0-150%)

- Since Joint Global COO and Representative Executive Officer, and Senior Vice Presidents and Executive Officers have important roles and responsibilities not only for improving consolidated financial performance but also for improving their area of responsibility and functions over the medium to long term, the ratio of emphasis on Group-wide performance bonus (based on evaluation of consolidated financial performance) and performance-based bonus for area of responsibility (based on individual performance evaluation) is set at 60:40 on a standard amount basis.

(b) Mid- to long-term incentives (stock compensation)

<Performance Share Unit (PSU)>

- The 2022 Plan (evaluation period: 2022 to 2024), for which the evaluation was finalized in fiscal year 2024, resulted in a payment of 72.3% of the standard number of shares, based on the evaluation of performance indicators as follows. 50% is delivered in the form of the Company's common stock, and the remaining 50% is paid in cash equivalent to the market value.

(Recipients: Global CEO and Representative Executive Officer, Joint Global COO and Representative Executive Officer, Joint Global COO and Executive Officer, Senior Vice Presidents and Executive Officers)

Performance indicator	Evaluation ratio	Fluctuation range of payment rate	Target for fiscal year 2024		Results	Payment rate
Consolidated ROIC	80%	0-200%	Maximum:	14%	8.2%	77.5%
			Target:	10%		
			Threshold:	6%		
Consolidated ROE	20%	0-200%	Maximum:	16%	8.1%	51.3%
			Target:	12%		
			Threshold:	8%		
				Payment rate (weighted-average)		72.3%

Number of shares by individual	=	Standard number of shares by position*	×	Payment rate 72.3%

* The "standard number of shares by position" above is calculated by dividing the standard amount by position by the Company's stock price at the beginning of the performance evaluation period.

<Restricted Stock Unit, etc. (RSU, etc.)>

- The payment of RSU, etc. for fiscal year 2024 was 110% of the standard amount, in overall consideration of achievement status of the sustainability targets ((1) Internal and external communication and tangible value creation driven by the "Bridgestone E8 Commitment," (2) investment in and development of human resources to increase added value and job satisfaction, (3) carbon neutrality, including reduction of CO_2 emissions, (4) achievement of a circular economy, including increasing the ratio of recycled and renewable resources, (5) activities for achieving a nature-positive world focused on natural rubber and water resources, and (6) response to TRWP and 6PPD (Note) as an industry leader). The Compensation Committee, while anticipating the realization of the results of future human resource investment, mainly evaluated the fact that concrete results have already been achieved in response to the TRWP and 6PPD and that steady progress is being made in the areas of carbon neutrality and the circular economy. The number of individual stock units to be provided as RSU and the number of individual shares to be delivered as RS are calculated by dividing the "Amount of RSU, etc. payments by individual" stated below by the Company's stock price at the time of the share unit provision and share delivery.

(Recipients: Global CEO and Representative Executive Officer, Joint Global COO and Representative Executive Officer, Joint Global COO and Executive Officer, Senior Vice Presidents and Executive Officers)

Amount of RSU, etc. payments by individual	=	Standard amount by position	×	Payment rate 110%

(Note) For details on TRWP, 6PPD and our response, please see “1. Management policy, management environment and issues to be addressed” in “II. Business Overview.”

d. Activities of the Compensation Committee

(a) The number of meetings of the Compensation Committee and attendance of members

In fiscal year 2024, the Compensation Committee held 12 meetings mainly regarding the amount of executive compensation, with full attendance for every meeting. In addition, a third-party human resources and remuneration consultant provided objective and specialized input necessary for deliberations, as necessary.

(b) Specific matters resolved, deliberated and considered at the Compensation Committee

The Compensation Committee mainly deliberated, decided, or confirmed the following during fiscal year 2024.

- Discussed the evaluation of performance-based remuneration for the previous fiscal year (consolidated financial performance evaluation for Group-wide performance-based bonus, individual performance evaluation for performance-based bonus (area of responsibility), consolidated financial performance evaluation for PSU, and evaluation of initiatives related to sustainability and transformation pertaining to RSU, etc.) and determined the amount to be paid to each individual and the number of shares to be delivered.
- Discussed and decided on the performance-based remuneration targets for fiscal year 2024 (consolidated financial performance targets related to Group-wide performance-based bonus and PSU, and sustainability-related initiative targets related to RSU, etc.).
- Deliberated the appropriateness of remuneration, etc. paid by overseas Group companies to the Company’s Executive Officers and its Vice Presidents and Senior Officers assigned to overseas Group companies, based on reports received on such remuneration, etc.
- Made decisions on the remuneration system for the subsequent fiscal year with respect to the level and composition of remuneration for Members of the Board and Executive Officers. This involved comparing the level and composition of such remuneration with that of major companies in Japan operating globally to verify the appropriateness and then discussing the matter of appropriate remuneration level and composition in alignment with the Company’s principles of remuneration.

(c) Adequacy and appropriateness of individual remuneration for Members of the Board and Executive Officers

Individual remunerations for Members of the Board and Executive Officers for the current fiscal year 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 paragraphs (a) and (b) above. Therefore, the Committee has determined that the individual remunerations for Members of the Board and Executive Officers are in line with the policy and are adequate.

2) Policy for setting Board Members’ and Executive Officers’ remuneration for the subsequent fiscal year

a. Method for deciding the policy for setting Board Members’ and Executive Officers’ remuneration and key points for the subsequent fiscal year

(a) Method for deciding the 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.

(b) Key points for the policy for setting Board Members' and Executive Officers' remuneration
The Company decided to review levels of remuneration for Members of the Board upon having compared such levels with those of major companies in Japan operating globally. There are no other particular matters that require mentioning regarding the policy for setting Board Members' and Executive Officers' remuneration for the subsequent fiscal year.

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

(a) Principles of remuneration

・ The Company designs the remuneration system for Board Members and Executive Officers based on the following remuneration principles.

Principles of remuneration	• Attract and cultivate superior talent • Support a competitive remuneration level • Provide motivation for the execution of business strategies • Provide motivation for enhancing shareholder value

(b) Remuneration system

<Executive Officers>

・ Remuneration of Executive Officers consists of the following.

Type of remuneration		Overview	
Fixed		Base remuneration	・ Monthly cash remuneration determined based on role and responsibilities (position, etc.) of each Executive Officer
Variable	Short-term incentives	Performance-based bonus (Group-wide)	・ Cash remuneration paid based on the evaluation of Group-wide performance (amount of consolidated adjusted operating profit) for each fiscal year
		Performance-based bonus (area of responsibility)	・ Cash remuneration paid based on the individual performance evaluation for each fiscal year (Recipients: Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, Senior Vice Presidents and Executive Officers)
	Mid- to long-term incentives	Performance Share Unit (PSU)	・ Remuneration provided for sharing value with shareholders and raising motivation to contribute to achievement of mid-term performance targets and the improvement of corporate value ・ Shares, etc. delivered according to Group-wide performance (ROIC and ROE) over a three-year period (50% is paid in cash equivalent to the market value)
		Restricted Stock Unit, etc. (RSU, etc.)	・ Remuneration provided for sharing value with shareholders and encouraging executive officers to realize the Mid-Long Term Business Strategy with sustainability at the core ・ RSU, etc. are provided according to the evaluation of sustainability and transformation initiatives in each fiscal year, and vest at time of retirement. (50% is provided as stock units, and cash equivalent to the market value is paid at time of retirement. The remaining 50% is provided as restricted stock, and the transfer restriction is lifted upon retirement.)

<Members of the Board>

・ Remuneration for Members of the Board who do not concurrently serve as Executive Officers consists of a fixed "base remuneration," "additional allowance for the chairpersons" when an Outside Director assumes the position of Chairperson of the Board of Directors, and "additional allowance for committee chairs" when an Outside Director assumes the position of chairperson of statutory or voluntary committees. This is in view of their role to contribute to the improvement of corporate performance and value over the medium- to long-term by supervising overall execution from an independent and objective perspective.

・ If an Executive Officer concurrently serves as a Member of the Board, he/she will receive, in addition to his/her remuneration as an Executive Officer, “additional allowance for Members of the Board with concurrent duties” for his/her role and responsibilities as a Member of the Board.

(c) Method of setting remuneration levels and composition ratio of remuneration

<Executive Officers>

・ The Company sets remuneration for Executive Officers at an appropriate amount according to each Executive Officer’s role and position by referring to remuneration levels, etc. of other major companies in Japan, which are equal or greater in size (net sales and market capitalization) and profitability (operating profit ratio) than the Company and operate globally in the same manner as the Company (hereinafter the “Peer Companies”).
・ While base remuneration is set at a middle level of the Peer Companies, the ratio of variable remuneration is, in principle, set higher for higher positions with greater responsibility for business performance and corporate value, by referring to European companies. The Company aims to set the total remuneration at a level that ensures a certain level of competitiveness among the Peer Companies.
・ The following charts show the composition ratio of remuneration for Executive Officers by position if the variable remuneration is the standard amount.

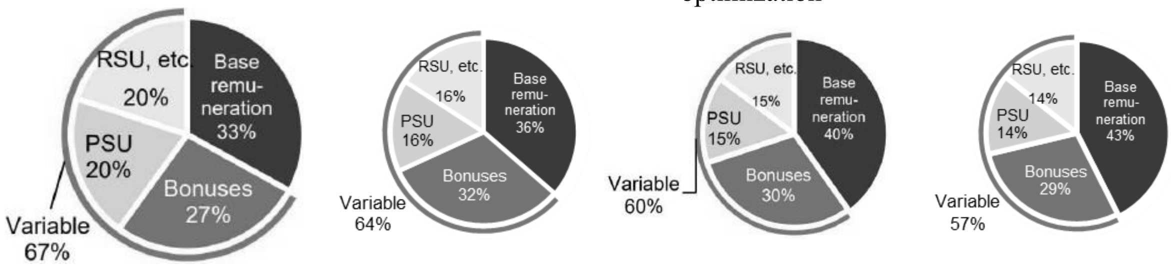
<Global CEO and Representative Executive Officer>

<Executive Vice President and Executive Officer*>

Responsible for businesses

Responsible for cross-functional and global optimization

<Senior Vice President and Executive Officer>



* Includes Representative Executive Officer and Executive Officer concurrently serving as a Member of the Board

<Members of the Board>

・ Remuneration for Members of the Board who do not concurrently serve as Executive Officers is set in consideration of factors such as remuneration levels at the Peer Companies and companies with Nominating Committee, etc., the roles and functions expected of each Member of the Board, and the workload involved in executing their duties.

(d) Performance indicators of performance-based remuneration and reasons for the selection

・ The Company selects the following as performance indicators of performance-based remuneration based on the Mid-Long Term Business Strategy and the Mid Term Business Plan.

Short-term incentives(*1)		
Performance-based bonus (Group-wide)		Performance-based bonus (area of responsibility)
<Enhancement of earning power and profitability> Consolidated adjusted operating profit		<Achievement in area of responsibility/strategic targets> Individual performance evaluation
100%		100%
Mid- to long-term incentives(*2)		
PSU		RSU, etc.
<Review of business portfolio> <Improvement of profitability over mid-term>		<Realization of transformation/sustainability business framework>
ROIC	ROE	Evaluation of sustainability
80%	20%	100%

*1. The ratio of emphasis on Group-wide performance-based bonus and performance-based bonus (area of responsibility) is set at 60:40 in view of the roles and responsibilities Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, and Senior Vice Presidents and Executive Officers bear. (The Global CEO and Representative Executive Officer only receives Group-wide performance-based bonuses).

*2. The ratio of emphasis on PSU (financial evaluation) and RSU, etc. (non-financial evaluation) is set at 50:50 uniformly for all Executive Officers.

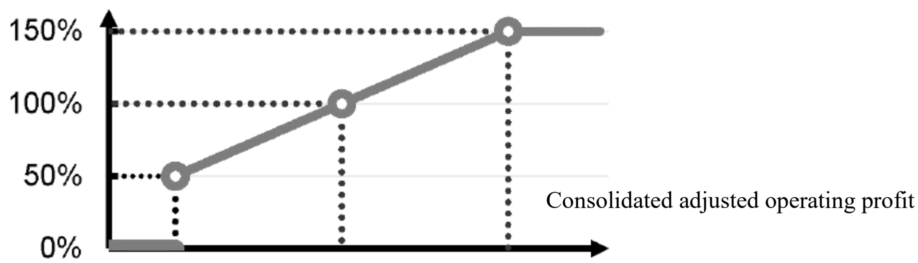
(e) Short-term incentives (annual bonuses)

<Group-wide performance-based bonus>

・ The amount of individual Group-wide performance-based bonus is determined within a range of 0% to 150% of the standard amount, according to the degree to which targets of consolidated adjusted operating profit are achieved.
(Recipients: Global CEO and Representative Executive Officer, Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, Senior Vice Presidents and Executive Officers)

Bonus payment by individual Evaluation (payment rate)	=	Standard amount by position (Group-wide performance-based bonus)	×	Evaluation of consolidated adjusted operating profit (0-150%)

<Target for fiscal year 2025>



Threshold: 404.0　　Target: 505.0　　Maximum: 606.0　　(Yen in billions)

・ Target: Full-year forecast amount publicly-announced in February 2025
・ Maximum: Target + 20% (the payment rate is 150% if the actual profit exceeds the forecast amount)
・ Threshold: Target - 20% (the payment rate is 0% if the actual profit falls below the forecast amount)

・ The Compensation Committee may adjust (increase or decrease) the payment rate of the Group-wide performance-based bonus if it determines that performance, corporate value or brand value have been or could potentially be significantly impacted by an event (including changes in the external environment) that was not anticipated at the beginning of the period.

<Performance-based bonus (area of responsibility)>

・ The amount of individual bonuses for Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, and Senior Vice Presidents and Executive Officers is Group-wide performance-based bonus plus performance-based bonus (area of responsibility), which is variable within a range of 0% to 150% of the standard amount, determined according to the individual performance evaluation related to their area of responsibility and functions. The ratio of emphasis on Group-wide performance-based bonus and performance-based bonus (area of responsibility) is set at 60:40 in view of the roles and responsibilities Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, and Senior Vice Presidents and Executive Officers bear.
(Recipients: Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, Senior Vice Presidents and Executive Officers)

Bonus payment by individual	=	Standard amount by position (Performance-based bonus (area of responsibility))	×	Individual performance evaluation (0-150%)

・ The individual performance evaluation of Executive Vice Presidents and Representative Executive Officers responsible for businesses is based on the achievement of performance in the area of responsibility as the person in charge of the business. The Compensation Committee determines the final evaluation by comprehensively considering important initiatives in light of the business environment in the area of responsibility.

・ The individual performance evaluation of Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, and Senior Vice Presidents and Executive Officers responsible for cross-functional and global optimization is designed to evaluate the efforts and results of each individual, as they play an important role and responsibility in improving Group-wide functions over the medium to long term as functional managers.

(f) Mid- to long-term incentives (stock compensation)

<Performance Share Unit (PSU)>

・ The Company's PSU is a plan in which the Company's common stock, etc. are delivered in a number calculated based on its consolidated results (ROIC and ROE) at the end of the performance measuring period (a three-year period). The number of shares, etc. to be delivered to each Executive Officer is determined within a range of 0% to 200% of the preset standard number of shares by position. 50% of the number of shares calculated is paid in cash equivalent to the market value
(Recipients: Global CEO and Representative Executive Officer, Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, Senior Vice Presidents and Executive Officers)

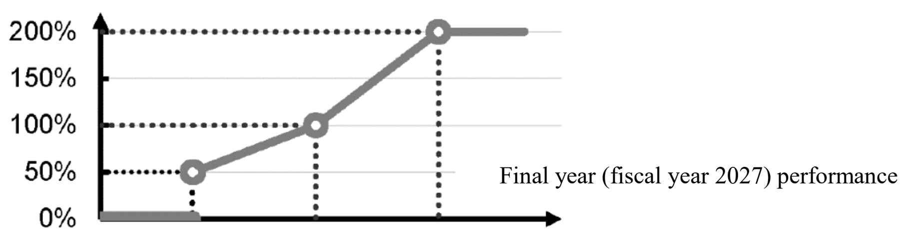
Number of shares by individual	=	Standard number of shares by position*	× [	Evaluation of consolidated ROIC (0-200%)	×	80%	+	Evaluation of consolidated ROE (0-200%)	×	20%	]

* The "standard number of shares by position" above is calculated by dividing the standard amount by position by the Company's stock price at the beginning of the performance evaluation period.

<Image of the performance measuring period of the PSU plan by year>

Plan	2023	2024	2025	2026	2027	2028
2023 Plan	Performance measuring period			● Provision of shares/cash		
2024 Plan		Performance measuring period			● Provision of shares/cash	
2025 Plan			Performance measuring period			● Provision of shares/cash

<Target for 2025 Plan>



	Threshold:	Target:	Maximum:
Consolidated ROIC	6%	10%	14%
Consolidated ROE	7%	11%	15%

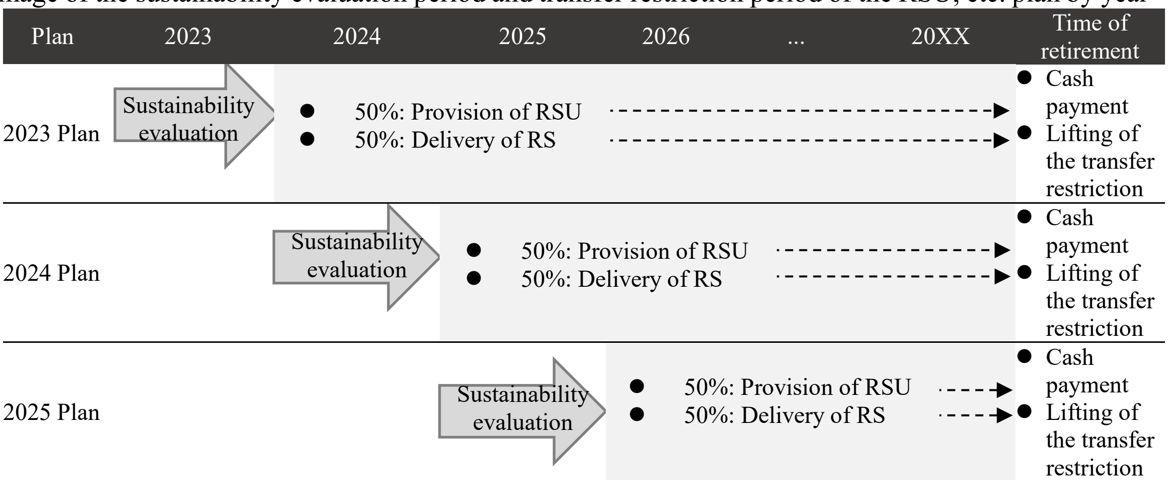
・ Target: Figure set as a medium- to long-term target
・ Maximum: Target + 4 points (the payment rate is 200% if the actual performance exceeds the target figure)
・ Threshold: Target - 4 points (the payment rate is 0% if the actual performance falls below the target figure)

<Restricted Stock Unit, etc. (RSU, etc.)>

- The number of RSU, etc. of the Company to be granted is determined within a range of 0% to 120% of the standard amount, according to the evaluation of the efforts related to transformations and sustainability, including ESG, in each fiscal year. Since achievement in those initiatives are reflected in the corporate value (the Company's stock price) over the medium- to long-term, vesting of RSU, etc. shall be at the time of retirement. 50% of the amount to be paid shall be delivered as RSU, and cash equivalent to the market value of the number of stock units shall be paid at the time of retirement. The remaining 50% shall be delivered in the form of the Company's stock (RS), on which transfer restriction shall be lifted at the time of retirement. In order to ensure objectivity, fairness, and effectiveness as an incentive, the Compensation Committee, composed of Outside Directors, will make the final evaluation after verifying the appropriateness of self-evaluation of executive side. The number of individual stock units to be provided as RSU and the number of individual shares to be delivered as RS are calculated by dividing the "Amount of RSU, etc. payments by individual" stated below by the Company's stock price at the time of the share unit provision and share delivery.
  (Recipients: Global CEO and Representative Executive Officer, Executive Vice Presidents and Representative Executive Officers, Executive Vice Presidents and Executive Officers, Senior Vice Presidents and Executive Officers)

Amount of RSU, etc. payments by individual	=	Standard amount by position	×	Sustainability evaluation (0-120%)

<Image of the sustainability evaluation period and transfer restriction period of the RSU, etc. plan by year>



(g) Other important matters

<Remuneration of foreign Executive Officers>

- Notwithstanding the provisions set forth in (b) through (e) above, the remuneration, etc. of foreign Executive Officers shall be determined individually, based on "(a) Principles of remuneration," taking into consideration the remuneration levels and practices in the human resources market that are assumed in light of their place of residence. However, in light of their responsibilities for the entire Group as an Executive Officer of the Company, the same structure as other Executive Officers will be applied to them with respect to "(f) Mid- to long-term incentives (stock compensation)."

<Process for deciding individual remuneration>

- The details of individual remunerations to the Company's Members of the Board and Executive Officers are determined by the Compensation Committee, composed solely of Independent Outside Directors, in accordance with the policy for setting Board Members' and Executive Officers' remuneration. If any Members of the Board or Executive Officers of the Company hold concurrent positions as executives for any subsidiaries, the Compensation Committee also deliberates on the remuneration to be paid by those subsidiaries. The main roles and powers of the Compensation Committee are as follows.

<Main roles and powers of the Compensation Committee>

Matters for resolution	Matters for deliberation
・ Policy for setting Board Members' and Executive Officers' remuneration ・ Details of remuneration for individual Members of the Board and Executive Officers based on the aforementioned policy	・ In the event that Member of the Board or Executive Officer is concurrently an executive of a Group company, the remuneration paid by such Group company ・ Remuneration paid by Group companies for the Chair, CEO and COO of key overseas Group companies ・ Report on the status of execution of duties by the Compensation Committee reported to Members of the Board

(h) Reference: Statement pertaining to performance-related remuneration as prescribed in Article 34, paragraph (1), item (iii) of the Corporation Tax Act
Group-wide performance-based bonus and Performance Share Unit (PSU) for the Company's Executive Officers are designed as performance-related remuneration as prescribed in Article 34, paragraph (1), item (iii) of the Corporation Tax Act in order to allow the full amount to be treated as a deductible expense. The calculation method for these is determined by a resolution of the Compensation Committee, composed solely of Independent Outside Directors. The details of the calculation method are as follows.

A. Group-wide performance-based bonus for fiscal year 2025
The individual amount of Group-wide performance-based bonus is to be calculated by position and determined in accordance with the following calculation method at the first meeting of the Compensation Committee following the finalization of the consolidated financial statements for the fiscal year ending December 31, 2025. The performance indicator used as the basis for calculating the pay amount is consolidated adjusted operating profit, and the performance measuring period for this indicator is from January 1, 2025 to December 31, 2025.

(A) Calculation method
Amount of payment by individual = Standard amount by position(*1) × Payment rate(*2)

*1 Standard amounts by position are as follows:

Position	Global CEO and Representative Executive Officer	Executive Vice President and Representative Executive Officer (Responsible for businesses)	Executive Vice President and Executive Officer (Responsible for cross-functional and global optimization)	Senior Vice President and Executive Officer
Standard amount by position (per person)	83.23 million yen	31.50 million yen	27.00 million yen	19.05 million yen

*2 The payment rate is calculated by the following formula, and any fraction after the decimal point resulting from the calculation is rounded off to the first decimal place.

Consolidated adjusted operating profit (fiscal year 2025 results)	Less than 404.0 billion yen	Between 404.0 billion yen and 606.0 billion yen	606.0 billion yen or more
Payment rate	0%	50% + {100% × (Consolidated adjusted operating profit - 404.0 billion yen) ÷ 202.0 billion yen}	150%

(B) Upper limit for payment by individual

Position	Global CEO and Representative Executive Officer	Executive Vice President and Representative Executive Officer (Responsible for businesses)	Executive Vice President and Executive Officer (Responsible for cross-functional and global optimization)	Senior Vice President and Executive Officer
Upper limit for payment by individual(*3)	124.85 million yen	47.25 million yen	40.50 million yen	28.58 million yen

*3 The upper limit for payment by individual is the "defined amount" prescribed in Article 34, paragraph (1), item (iii) (a) 1. of the Corporation Tax Act.

(C) Timing of payment
Payments will be made in a lump sum in March following the end of the performance measuring period, based on the payment amounts by individual calculated using the above calculation method.

B. PSU 2025 Plan (performance measuring period: 2025 to 2027)

The number of shares of the Company's common stock to be delivered as PSU ("Number of PSU Shares to Be Delivered") and the amount of money to be paid ("Amount of PSU Cash to Be Paid") to each individual will be calculated and determined in accordance with the following calculation method at the first meeting of the Compensation Committee following the finalization of the consolidated financial statements for the fiscal year ending December 31, 2027.

(A) Overview of the Company's PSU

The Company determines the Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid to each Executive Officer according to the results of performance indicators (actual results) during a predetermined performance measuring period. The performance indicators used as the basis for calculating the Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid under the 2025 Plan are consolidated ROIC and consolidated ROE, and the performance measuring period for these indicators is from January 1, 2025 to December 31, 2027.

The Company shall pay "monetary compensation claims to provide in-kind contributions" to each Executive Officer in order to deliver shares of the Company's common stock to each Executive Officer. The amount of such monetary compensation claims is determined by the Compensation Committee to the extent that is not particularly favorable to each Executive Officer subscribing to the Company's common stock.

The Company will deliver shares of common stock of the Company to each Executive Officer by issuing new shares or disposing of treasury stock. Each Executive Officer shall be granted the Company's common stock by making in-kind contribution to the Company of the aforementioned monetary compensation claims to provide in-kind contributions.

(B) Calculation method

The Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid by individual are calculated and determined by position as follows. Any fraction of less than 100 shares in the Number of PSU Shares to Be Delivered and any fraction of less than 10,000 yen in the Amount of PSU Cash to Be Paid shall be rounded up to 100 shares and 10,000 yen, respectively.

・ Number of PSU Shares to Be Delivered = Standard number of shares by position(*1) × 50% × Payment rate(*2)

・ Amount of PSU Cash to Be Paid = Standard number of shares by position(*1) × 50% × Payment rate(*2) × the Company's stock price(*3)

*1 Standard number of shares by position is as follows: In the period between the determination of this calculation method by the Compensation Committee and the determination by the Compensation Committee of the Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid to each Executive Officer according to the results of the performance indicators, if the total number of shares issued by the Company changes due to consolidation of stock or stock split (including a free distribution of the Company's stock; the same definition applies to stock splits described below), the below standard number of shares by position shall be adjusted by multiplying the ratio of such consolidation of stock or stock split, and the number of shares after the adjustment will be used in the calculation.

Position	Global CEO and Representative Executive Officer	Executive Vice President and Representative Executive Officer (Responsible for businesses)	Executive Vice President and Executive Officer (Responsible for cross-functional and global optimization)	Senior Vice President and Executive Officer
Standard number of shares by position (per person)	11,000 shares	4,600 shares	4,000 shares	2,800 shares

*2 The payment rate is calculated by the following formula, and any fraction after the decimal point resulting from the calculation is rounded off to the first decimal place.

・ Payment rate = Payment rate A(*a) × 0.8 + Payment rate B(*b) × 0.2

*a The payment rate A is calculated by the following formula based on consolidated ROIC results (%) for fiscal year 2027, and any fraction after the decimal point resulting from the calculation is rounded off to the first decimal place.

Consolidated ROIC results (%, fiscal year 2027)	Less than 6%	From 6% to 10%	From 10% to 14%	14% or more
Payment rate A	0%	50% + {50% × (Consolidated ROIC results(%) - 6%) ÷ 4%}	100% + {100% × (Consolidated ROIC results(%) - 10%) ÷ 4%}	200%

*b The payment rate B is calculated by the following formula based on consolidated ROE results (%) for fiscal year 2027, and any fraction after the decimal point resulting from the calculation is rounded off to the first decimal place.

Consolidated ROE results (%, fiscal year 2027)	Less than 7%	From 7% to 11%	From 11% to 15%	15% or more
Payment rate B	0%	50% + {50% × (Consolidated ROE results(%) - 7%) ÷ 4%}	100% + {100% × (Consolidated ROE results(%) - 11%) ÷ 4%}	200%

*3 The Company's stock price uses the daily average closing price of the Company's stock on the Tokyo Stock Exchange for the month preceding the day of the resolution made by the Company's Board of Directors concerning the new issuance of common stock of the Company or disposal of treasury stock for delivery according to this plan, following the performance measuring period.

(C) Maximum Number of PSU Shares to Be Delivered and maximum Amount of PSU Cash to Be Paid to each individual

Position(*4)	Global CEO and Representative Executive Officer	Executive Vice President and Representative Executive Officer (Responsible for businesses)	Executive Vice President and Executive Officer (Responsible for cross-functional and global optimization)	Senior Vice President and Executive Officer
Maximum Number of PSU Shares to Be Delivered(*5)	11,000 shares	4,600 shares	4,000 shares	2,800 shares
Maximum Amount of PSU Cash to Be Paid(*5)	82.60 million yen	34.55 million yen	30.04 million yen	21.03 million yen

*4 Positions are based on the position held by each Executive Officer immediately following the conclusion of the Annual Shareholders' Meeting for the fiscal year preceding the beginning of the performance measuring period (fiscal year 2024).

*5 The "maximum Number of PSU Shares to Be Delivered" and "maximum Amount of PSU Cash to Be Paid" are respectively the "defined number" and "defined amount" as prescribed in Article 34, paragraph (1), item (iii) (a) 1. of the Corporation Tax Act.

(D) Conditions for delivery and payment

The Company shall deliver and pay in May 2028 to each Executive Officer who meets the following three conditions, shares of the Company's stock and cash equivalent to the Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid to each individual calculated based on the above calculation method.

- Hold a position of Executive Officer of the Company during the period from the day of the Annual Shareholders' Meeting convened on March 25, 2025 until the day of the Annual Shareholders' Meeting scheduled to be convened in March 2028 (hereafter "Relevant Period"), and during the performance measuring period corresponding to the Relevant Period.
- No engagement in illegal acts (criminal conduct related to professional duties, breach of trust against the Company, and acts that incur serious disciplinary measures or require censure).
- Other matters that the Company's Compensation Committee and its Board for Directors deems as necessary to be achieved for the stock compensation plan

Treatment if an Executive Officer changes roles during the Relevant Period

(E) If a person becomes an Executive Officer or is promoted or demoted, or otherwise subject to a change in position during the Relevant Period, the standard number of shares by position for such person shall be the number calculated with the following formula.

- Standard number of shares by position of the person who changes roles = Standard number of shares by position prior to the change of roles(*6) + (Standard number of shares by position after the change of roles - Standard number of shares by position prior to the change of roles(*6)) × Number of months after the change of roles in Relevant Period(*7) ÷ 36

*6 In the event of assuming office as a new Executive Officer, calculated with the "Standard number of shares by position prior to the change of roles" set at 0.

*7 Fractions of less than one month are to be rounded up to one full month.

Similarly, the maximum Number of PSU Shares to Be Delivered and the maximum Amount of PSU Cash to Be Paid will be proportionally divided according to the position prior to and after the change of roles and the number of months after the change of roles.

- If a person retires as an Executive Officer during the Relevant Period, the standard number of shares by position for such person shall be the number calculated with the following formula.
- Standard number of shares by position of the person who retires = Standard number of shares by position during tenure(*8) × Number of months in office in Relevant Period(*9) ÷ 36

*8 In the event of promotion, demotion, or change in position during the term of office of an Executive Officer, the standard number of shares by position shall be calculated in accordance with the treatment in (E) above.

*9 Fractions of less than one month are to be rounded up to one full month.

(F) If an Executive Officer retires during the Relevant Period and all mandate or employment relationship with the Company is terminated, the Company will provide a cash payment equivalent to the Amount of PSU Cash to Be Paid in lieu of the delivery of shares of the Company's stock equivalent to the Number of PSU Shares to Be Delivered. That is, regardless of the calculation method stated in (B) above, the total amount of cash to be paid in PSU will be calculated based on the following calculation method and will be paid upon retirement if the conditions for delivery and payment set forth in (D) above are met. The maximum amount of cash to be paid in PSU shall be an amount equal to twice the "maximum Amount of PSU Cash to Be Paid" set forth in (C) above. Any fraction of less than 10,000 yen in the Amount of PSU Cash to Be Paid shall be rounded up.

- Amount of PSU Cash to Be Paid = Standard number of shares by position of the retiring officer × Payment rate (*10) × Price of Company shares (*11)

*10 The payment rate is determined on a case-by-case basis by the Compensation Committee.

*11 The Company's share price shall be the average closing price of the Company's stock on the Tokyo Stock Exchange for the month preceding the month of the date of retirement.

If an Executive Officer retires during the Relevant Period and continues to hold a position other than Executive Officer until the end of the Relevant Period, the calculation method for the Number of PSU Shares to Be Delivered and the Amount of PSU Cash to Be Paid, and the timing of delivery of shares of the Company's stock and cash equivalent thereto shall be in accordance with the provisions of (A) through (F) above, as with other incumbent Executive Officers.

Treatment if there is a restructuring of the organization or abolition of the PSU during the Relevant Period

(G) If, during the Relevant Period, a resolution concerning a merger with the Company being the non-surviving company, a company split with compensation for the split granted to the Company's shareholders, a share exchange or share transfer whereby the Company becomes a wholly-owned subsidiary, the consolidation of stock for only the fractions held by Eligible Executive Officers, the acquisition of shares or sale of shares pursuant to whole acquisition clause is approved at the Shareholders' Meeting (or at the Board of Directors, if not convened) and becomes effective or if the abolition of the PSU is approved by the Company's Compensation Committee and becomes effective, regardless of the calculation method stated in (B) above, the Company shall pay cash in the amount obtained by multiplying the number of months from the first month of the Relevant Period to the month in which such approval was made divided by 36 by the standard number of shares by position(*12) for each Executive Officer on the day of such approval, the payment rate(*13) calculated at the time of such approval, and the daily average closing price of the Company's stock on the Tokyo Stock Exchange for the month preceding the day of such approval, as long as the conditions for delivery and payment prescribed in (D) above are reached. The maximum amount of cash to be paid in PSU shall be an amount equal to twice the "maximum Amount of PSU Cash to Be Paid" set forth in (C) above. Any fraction of less than 10,000 yen in the amount of cash paid shall be rounded up.

*12 If (E) or (F) above applies to an Executive Officer (in the case of a retired Executive Officer, only if he/she continues to hold a position other than Executive Officer at the Company after retirement until the date of approval), the result based on the calculation method described in (E) or (F) above shall be applied as the standard number of shares by position of such Executive Officer.

*13 The payment rate is calculated according to the method described in (B)*2 above, but the consolidated ROIC results (%) and consolidated ROE results (%), which are the basis for the calculation, shall be the results for the most recent fiscal year listed in the Annual Securities Report filed by the date of such approval instead of the results for fiscal year 2027.

(5) Stock holdings

1) Standards and approach for classification of investment stocks

The Company distinguishes between investment stocks for pure investment purposes—shares held for gaining profit through changes in share value and dividends—and strategic shareholdings, which are all other shares held in accordance with the Company shareholding policy. The Company does not hold any investment stocks for pure investment purposes.

2) Investment stocks held for purposes other than pure investment

a. Shareholding policy and method for verifying appropriateness for holding as well as details regarding verification of the appropriateness of holding shares for each individual security performed by the Board of Directors and other parties

(a) Shareholding policy for strategic shareholdings

The Company defines strategic shareholdings as holdings that contribute toward increased corporate value of the Company and are held out of necessity from the Company's business strategy perspective or with the goal of maintaining or strengthening relationships with businesses or collaborative industries. The Company will not hold strategic shareholdings for reasons outside of this definition.

(b) Verifying appropriateness of strategic shareholdings

The Company confirms the appropriateness of its holdings on an annual basis, including an assessment of securities for which there are holdings, number of shares held, holding ratios, and other factors. These assessments are then verified by the Board of Directors. Appropriateness of holding is comprehensively determined by operating divisions involved in business execution in accordance with the shareholding policy of the Company, taking into account a quantitative evaluation of the economic rationale corresponding to the cost of capital and other relevant factors for each individual stock holding. Shareholdings that are not judged as appropriate based on the results of this verification process are being reduced at the appropriate time. As a result, the number of strategic shareholdings is decreased year on year.

b. Number of securities and balance sheet amounts

	Number of securities	Balance sheet amounts (Yen in millions)
Unlisted shares	36	1,441
Shares other than unlisted shares	25	47,384

(Securities for which the number of shares increased during the current fiscal year)

	Number of securities	Total acquisition cost for the increase in the number of shares (Yen in millions)	Reason for increasing number of shares
Unlisted shares	–	–	–
Shares other than unlisted shares	–	–	–

(Securities for which the number of shares decreased during the current fiscal year)

	Number of securities	Total sale value related to the decrease in the number of shares (Yen in millions)
Unlisted shares	4	51
Shares other than unlisted shares	6	8,269

(Note) Decrease or increase in the number of shares of the above securities does not include changes due to consolidation of stock, stock splits, stock transfers, stock exchanges, mergers, and others.

c. Information on the number of specific investment stocks and deemed shareholdings by security, and the amount recorded on the balance sheet

(a) Specific Investments Stocks

Name	Current fiscal year Number of shares Balance sheet amount (Yen in millions)	Previous fiscal year Number of shares Balance sheet amount (Yen in millions)	Purpose of holding, overview of business alliances, etc., quantitative effect of holding (Note 1) and reasons for the increase in the number of shares	Ownership of the Company's shares
TOYOTA MOTOR CORPORATION	9,799,450	9,799,450	Maintain/strengthen business relationships in the premium tire business, and also increase corporate value by maintaining and strengthening collaborative/co-creation relationships as a strategic co-creation partner in areas that include development of technology in the premium tire domain, creation of a sustainable premium brand by being equipped on premium vehicles, fostering of a car culture and strengthening of premium brands through motorsports activities, development of technologies and strengthening of brands through the aerospace business, and talent development	Yes
	30,829	25,385		
Toyo Tire Corporation	2,500,000	5,000,000	Maintain/strengthen business alliances (manufacturing domain, etc.)	No
	6,114	11,800		
Otsuka Holdings Co., Ltd.	200,000	200,000	Maintain/strengthen business and collaborative relationships in the solutions business	No
	1,720	1,058		
Sumitomo Mitsui Financial Group, Inc. (Note 2)	421,836	281,112	Business strategy through financial transactions	Yes
	1,588	1,934		
YELLOW HAT LTD.	527,076	527,076	Maintain/strengthen business and collaborative relationships in the premium tire business	Yes
	1,416	930		
Idemitsu Kosan Co.,Ltd.	856,000	856,000	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	886	657		
Fukuyama Transporting Co., Ltd.	200,162	200,162	Maintain/strengthen business and collaborative relationships in the solutions business	No
	741	812		
FUJI KYUKO CO., LTD.	244,510	244,510	Maintain/strengthen business and collaborative relationships in the solutions business	No
	547	1,032		
SENKO Group Holdings Co., Ltd.	366,888	366,888	Maintain/strengthen business and collaborative relationships in the solutions business	No
	547	419		
Nishi-Nippon Railroad Co., Ltd.	212,237	212,237	Maintain/strengthen business and collaborative relationships in the solutions business	No
	481	507		
AUTOBACS SEVEN Co., Ltd.	313,632	313,632	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	460	489		

Name	Current fiscal year	Previous fiscal year	Purpose of holding, overview of business alliances, etc., quantitative effect of holding (Note 1) and reasons for the increase in the number of shares	Ownership of the Company’s shares
	Number of shares	Number of shares		
	Balance sheet amount (Yen in millions)	Balance sheet amount (Yen in millions)		
Kintetsu Group Holdings Co.,Ltd.	124,281	124,281	Maintain/strengthen business and collaborative relationships in the solutions business	No
	411	556		
Niigata kotsu Co., Ltd.	163,870	163,870	Maintain/strengthen business and collaborative relationships in the solutions business	No
	341	336		
SAN-AI OBBLI CO.,LTD.	153,550	153,550	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	291	247		
ISEKI&CO., LTD.	270,970	270,970	Maintain/strengthen business and collaborative relationships in the premium tire business	Yes
	253	293		
Hankyu Hanshin Holdings, Inc.	57,983	57,983	Maintain/strengthen business and collaborative relationships in the solutions business	No
	239	260		
ITOCHU ENEX CO.,LTD.	101,386	101,386	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	166	156		
Hiroshima Electric Railway Co.,Ltd.	120,000	120,000	Maintain/strengthen business and collaborative relationships in the solutions business	No
	76	92		
Central Japan Railway Company	25,000	25,000	Maintain/strengthen business and collaborative relationships in the solutions business	No
	74	90		
Mie Kotsu Group Holdings, Inc.	121,536	121,536	Maintain/strengthen business and collaborative relationships in the solutions business	No
	60	73		
NISSIN SHOJI CO.,LTD.	50,000	50,000	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	44	46		
Daiwa Motor Transportation Co., Ltd.	42,000	42,000	Maintain/strengthen business and collaborative relationships in the solutions business	No
	30	45		
SAKAI HEAVY INDUSTRIES, LTD. (Note 3)	11,616	5,808	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	28	35		
KAMEI CORPORATION	12,100	12,100	Maintain/strengthen business and collaborative relationships in the premium tire business	No
	23	21		
AIR WATER INC.	10,000	10,000	Maintain/strengthen business and collaborative relationships in the solutions business	No
	19	19		
SEINO HOLDINGS CO., LTD. (Note 4)	–	391,229	–	No
	–	836		

Name	Current fiscal year	Previous fiscal year	Purpose of holding, overview of business alliances, etc., quantitative effect of holding (Note 1) and reasons for the increase in the number of shares	Ownership of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Yen in millions)	Balance sheet amount (Yen in millions)		
SANKYU INC. (Note 4)	–	51,514	–	No
	–	267		
S LINE GROUP CO.,LTD. (Notes 4 and 5)	–	29,700	–	No
	–	26		
ORIX CORPORATION (Note 4)	–	5,000	–	No
	–	13		

(Notes) 1. Although the quantitative effect of holding shares for each security is not published for the purpose of business confidentiality, the appropriateness of each individual holding is comprehensively determined by operating divisions involved in business execution in accordance with the shareholding policy of the Company, taking into account a quantitative evaluation of the economic rationale corresponding to the cost of capital and other relevant factors, and is then verified by the Board of Directors.

2. On October 1, 2024, Sumitomo Mitsui Financial Group, Inc. carried out a stock split of common stock at a three for one ratio.
3. On October 1, 2024, SAKAI HEAVY INDUSTRIES, LTD. carried out a stock split of common stock at a two for one ratio.
4. A dash ("-") signifies that there are no holdings for the security in question.
5. S LINE GROUP CO., LTD. was delisted on September 17, 2024.

(b) Deemed Shareholdings

No item to report.

3) Investment stocks for pure investment purposes

No item to report.

4) Investment stocks for which the purpose of holding was changed from pure investment purposes during the current fiscal year

No item to report.

V. Financial Information

1. Method for preparation of the consolidated financial statements and the non-consolidated financial statements

   (1) The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) pursuant to the provisions of Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; the “Regulation on Consolidated Financial Statements”).

   (2) The non-consolidated financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; the “Regulation on Financial Statements”).

   The Company is allowed to file specified financial statements under the Financial Instruments and Exchange Act and prepares non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. Audit certification

   The consolidated financial statements and the non-consolidated financial statements for the fiscal year from January 1, 2024 to December 31, 2024 were audited by KPMG AZSA LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Special effort to ensure the appropriateness of consolidated financial statements, etc., and development of a system for preparing consolidated financial statements, etc. appropriately in accordance with IFRS

   The Company makes special effort to ensure the appropriateness of the consolidated financial statements, etc., and develop a system for preparing consolidated financial statements, etc. appropriately in accordance with IFRS. The details are as follows:

   (1) In order to develop a system that ensures a proper understanding of the contents of accounting standards, etc. and apply them to the consolidated financial statements, etc., the Company joins the Financial Accounting Standards Foundation to gather information, and attends various seminars hosted by said Foundation.

   (2) In addition, the Company develops the Group’s accounting policy in accordance with IFRS and practices accounting procedures based on the policy to appropriately prepare the consolidated financial statements in accordance with IFRS. The Company obtains press releases and standards published by the International Accounting Standards Board as needed, understands the latest standards and weighs their implications to the Company, and updates the Group’s accounting policy in a timely manner.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

(Yen in millions)

	Note	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Assets			
Current assets			
Cash and cash equivalents	8,20	724,601	706,732
Trade and other receivables	9,35	952,307	1,037,345
Inventories	10	868,578	945,285
Other financial assets	11,35	10,792	11,427
Other current assets	12,26	138,063	146,726
Subtotal		2,694,341	2,847,515
Assets held for sale	13	3,093	16,117
Total current assets		2,697,434	2,863,632
Non-current assets			
Property, plant and equipment	14,16, 20	1,738,506	1,840,317
Right-of-use assets	17	319,135	328,553
Goodwill	15,16	149,990	159,037
Intangible assets	15,16	200,858	204,878
Investments accounted for using equity method		41,183	48,526
Other financial assets	11,35	131,210	112,019
Deferred tax assets	18	88,141	96,002
Other non-current assets	12,23, 26	61,357	70,554
Total non-current assets		2,730,379	2,859,885
Total assets		5,427,813	5,723,517

(Yen in millions)

	Note	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	19,35	599,240	610,704
Bonds and borrowings	20,35	258,074	138,940
Lease liabilities	20,35	61,308	66,513
Income taxes payable	18	91,124	98,416
Other financial liabilities	20,35	49,659	38,787
Provisions	21	35,489	42,748
Other current liabilities	22,26	168,858	178,595
Subtotal		1,263,753	1,174,703
Liabilities directly associated with assets held for sale	13	1,058	1,541
Total current liabilities		1,264,811	1,176,243
Non-current liabilities			
Bonds and borrowings	20,35	239,789	239,441
Lease liabilities	20,35	270,989	282,827
Other financial liabilities	20,35	9,901	11,609
Retirement benefit liabilities	23	153,511	146,433
Provisions	21	40,255	37,942
Deferred tax liabilities	18	30,946	31,683
Other non-current liabilities	26	12,217	10,852
Total non-current liabilities		757,608	760,785
Total liabilities		2,022,419	1,937,029
Equity			
Common stock	24	126,354	126,354
Capital surplus	24	120,300	120,655
Treasury stock	24	(135,409)	(134,592)
Other components of equity	24	531,127	750,372
Retained earnings	24	2,711,220	2,868,817
Total equity attributable to owners of parent		3,353,592	3,731,606
Non-controlling interests		51,803	54,882
Total equity		3,405,394	3,786,488
Total liabilities and equity		5,427,813	5,723,517

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Continuing operations			
Revenue	6,26	4,313,800	4,430,096
Cost of sales	10,14, 15,17, 23	2,661,228	2,704,093
Gross profit		1,652,573	1,726,003
Selling, general and administrative expenses	14,15, 17,23, 27,34	1,181,482	1,252,132
Other income	6,28	39,193	82,078
Other expenses	6,16, 23,28	28,509	112,630
Operating profit		481,775	443,319
Finance income	29	35,385	27,290
Finance costs	23,29	78,346	49,802
Share of profit (loss) of investments accounted for using equity method		5,341	630
Profit before tax		444,154	421,437
Income tax expense	18	111,177	129,224
Profit from continuing operations		332,977	292,213
Discontinued operations			
Profit (loss) from discontinued operations	14,15, 17,23, 31	4,375	(33)
Profit		337,352	292,181
Profit attributable to			
Owners of parent		331,305	284,989
Non-controlling interests		6,048	7,192
Profit		337,352	292,181
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)			
Continuing operations	32	477.60	416.24
Discontinued operations	32	6.39	(0.05)
Total	32	483.99	416.19
Diluted earnings (loss) per share (Yen)			
Continuing operations	32	477.02	415.81
Discontinued operations	32	6.38	(0.05)
Total	32	483.41	415.76

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit		337,352	292,181
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	30,35	12,693	(2,074)
Remeasurements of defined benefit plans	23,30	(8,367)	8,587
Share of other comprehensive income of investments accounted for using equity method	30	(2)	(7)
Total of items that will not be reclassified to profit or loss		4,324	6,506
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	30	184,445	226,642
Effective portion of change in fair value of cash flow hedges	30	(999)	(4,418)
Share of other comprehensive income of investments accounted for using equity method	30	1,282	9,321
Total of items that may be reclassified to profit or loss		184,728	231,545
Other comprehensive income, net of tax		189,051	238,051
Comprehensive income		526,404	530,232
Comprehensive income attributable to			
Owners of parent		516,150	517,490
Non-controlling interests		10,253	12,742
Comprehensive income		526,404	530,232

3) Consolidated Statement of Changes in Equity

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Note	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
Balance as of January 1, 2023		126,354	119,517	(136,814)	2,673	310,311	2,980	42,558
Profit		–	–	–	–	–	–	–
Other comprehensive income		–	–	–	–	183,178	(1,886)	12,690
Total comprehensive income		–	–	–	–	183,178	(1,886)	12,690
Purchase of treasury stock	24	–	–	(16)	–	–	–	–
Disposal of treasury stock	24	–	–	1,420	(365)	–	–	–
Dividends	25	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control		–	783	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	–	(21,013)
Other changes		–	–	–	–	–	–	–
Total transactions with owners, etc.		–	783	1,405	(365)	–	–	(21,013)
Balance as of December 31, 2023		126,354	120,300	(135,409)	2,308	493,489	1,094	34,236

	Note	Equity attributable to owners of parent				Non-controlling interests	Total
		Other components of equity					
		Remeasure-ments of defined benefit plans	Total	Retained earnings	Total		
Balance as of January 1, 2023		–	358,523	2,498,255	2,965,835	46,666	3,012,501
Profit		–	–	331,305	331,305	6,048	337,352
Other comprehensive income		(9,136)	184,845	–	184,845	4,206	189,051
Total comprehensive income		(9,136)	184,845	331,305	516,150	10,253	526,404
Purchase of treasury stock	24	–	–	(1)	(17)	–	(17)
Disposal of treasury stock	24	–	(365)	(162)	893	–	893
Dividends	25	–	–	(130,053)	(130,053)	(3,940)	(133,994)
Changes in ownership interests of owners in subsidiaries under control		–	–	–	783	(1,228)	(445)
Transfer from other components of equity to retained earnings		9,136	(11,876)	11,876	–	–	–
Other changes		–	–	–	–	51	51
Total transactions with owners, etc.		9,136	(12,242)	(118,340)	(128,394)	(5,117)	(133,511)
Balance as of December 31, 2023		–	531,127	2,711,220	3,353,592	51,803	3,405,394

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Note	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
Balance as of January 1, 2024		126,354	120,300	(135,409)	2,308	493,489	1,094	34,236
Profit		–	–	–	–	–	–	–
Other comprehensive income		–	–	–	–	231,372	(4,194)	(2,081)
Total comprehensive income		–	–	–	–	231,372	(4,194)	(2,081)
Purchase of treasury stock	24	–	–	(33)	–	–	–	–
Disposal of treasury stock	24	–	–	850	(253)	–	–	–
Dividends	25	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control		–	354	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	–	(5,599)
Other changes		–	–	–	–	–	–	–
Total transactions with owners, etc.		–	354	817	(253)	–	–	(5,599)
Balance as of December 31, 2024		126,354	120,655	(134,592)	2,055	724,861	(3,100)	26,555

	Note	Equity attributable to owners of parent				Non-controlling interests	Total
		Other components of equity					
		Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Balance as of January 1, 2024		–	531,127	2,711,220	3,353,592	51,803	3,405,394
Profit		–	–	284,989	284,989	7,192	292,181
Other comprehensive income		7,405	232,502	–	232,502	5,549	238,051
Total comprehensive income		7,405	232,502	284,989	517,490	12,742	530,232
Purchase of treasury stock	24	–	–	(4)	(37)	–	(37)
Disposal of treasury stock	24	–	(253)	(22)	575	–	575
Dividends	25	–	–	(140,369)	(140,369)	(9,565)	(149,933)
Changes in ownership interests of owners in subsidiaries under control		–	–	–	354	(221)	133
Transfer from other components of equity to retained earnings		(7,405)	(13,004)	13,004	–	–	–
Other changes		–	–	–	–	124	124
Total transactions with owners, etc.		(7,405)	(13,257)	(127,391)	(139,476)	(9,662)	(149,138)
Balance as of December 31, 2024		–	750,372	2,868,817	3,731,606	54,882	3,786,488

4) Consolidated Statement of Cash Flows

(Yen in millions)

	Note	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Cash flows from operating activities			
Profit before tax		444,154	421,437
Profit before tax from discontinued operations	31	5,340	63
Depreciation and amortization		305,805	348,058
Impairment losses		1,833	61,184
Increase (decrease) in retirement benefit liabilities		(9,959)	(8,949)
Interest and dividend income		(31,079)	(16,982)
Interest expenses		21,038	25,105
Foreign currency exchange loss (gain)		19,346	(9,511)
Share of loss (profit) of investments accounted for using equity method		(5,341)	(630)
Loss (gain) on sale of fixed assets		(17,322)	(74,688)
Business and plant restructuring income		(8,645)	(1,407)
Business and plant restructuring expenses		13,390	43,260
Loss on retirement of fixed assets		3,225	3,016
Decrease (increase) in trade and other receivables		56,807	(29,491)
Decrease (increase) in inventories		85,319	(16,311)
Increase (decrease) in trade and other payables		(55,279)	(2,214)
Other	2	(125,919)	(72,540)
Subtotal		702,712	669,402
Interest and dividends received		34,461	20,740
Interest paid		(17,757)	(24,046)
Income taxes paid		(57,982)	(117,252)
Net cash provided by (used in) operating activities		661,433	548,844
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(282,449)	(299,292)
Proceeds from sale of property, plant and equipment		29,609	80,558
Payments for purchase of intangible assets		(60,488)	(38,001)
Proceeds from sale of investment securities		27,923	9,559
Payments of long-term loans receivable		(21,122)	(13,810)
Collection of loans receivable		14,891	10,972
Other	2	(6,083)	(5,046)
Net cash provided by (used in) investing activities		(297,719)	(255,061)

(Yen in millions)

	Note	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	33	20,873	14,103
Proceeds from long-term borrowings	33	23,107	–
Repayments of long-term borrowings	33	(20,668)	(35,691)
Redemption of bonds	33	–	(100,000)
Repayments of lease liabilities	33	(68,401)	(71,552)
Dividends paid to owners of parent		(130,044)	(140,344)
Dividends paid to non-controlling interests		(3,940)	(9,565)
Other		(4,584)	(209)
Net cash provided by (used in) financing activities		(183,657)	(343,258)
Effect of exchange rate changes on cash and cash equivalents		25,475	32,215
Net increase (decrease) in cash and cash equivalents		205,532	(17,260)
Cash and cash equivalents at beginning of period		518,905	724,601
Net increase (decrease) in cash and cash equivalents included in assets held for sale	13	164	(610)
Cash and cash equivalents at end of period	8	724,601	706,732

Notes to Consolidated Financial Statements

1. Reporting Entity

Bridgestone Corporation (the “Company”) is a stock company located in Japan. The Company’s consolidated financial statements, which were prepared for the reporting period ended December 31, represent the Company and its subsidiaries (the “Group”) as well as the Company’s interests in its associates and joint ventures.

The detail of the Group’s business is stated in Note “6. Operating Segments.”

2. Basis of Preparation

(1) Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) pursuant to the provisions of Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), as the Group satisfies the requirements for “specified company complying with designated international accounting standards” set forth in Article 1-2 of the same regulation.

The consolidated financial statements were approved on March 25, 2025 by Shuichi Ishibashi, Member of the Board, Global CEO and Representative Executive Officer of the Company, and Naoki Hishinuma, Global CFO and Executive Director of the Company.

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared based on historical cost, except for items such as financial instruments that are measured at fair value as stated in Note “3. Material Accounting Policies.”

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency adopted by the Company, and figures less than one million yen are rounded off to the nearest million yen.

(4) Changes in presentations

(Consolidated statement of cash flows)

“Increase (decrease) in accounts payable - bonuses,” “Increase (decrease) in allowance for doubtful accounts,” “Increase (decrease) in provision for loss on litigation,” and “Increase (decrease) in provision for product warranties” that were stated as separate line items under “Cash flows from operating activities” for the previous fiscal year are included in “Other” under “Cash flows from operating activities” from the current fiscal year, as their amounts have become immaterial.

As a result, (10,845) million yen stated in “Increase (decrease) in accounts payable - bonuses,” 6,519 million yen stated in “Increase (decrease) in allowance for doubtful accounts,” (7,047) million yen stated in “Increase (decrease) in provision for loss on litigation,” and (7,682) million yen stated in “Increase (decrease) in provision for product warranties” under “Cash flows from operating activities” in the previous fiscal year have been reclassified as (125,919) million yen in “Other.”

“Payments for purchase of investment securities” that was stated as a separate line item under “Cash flows from investing activities” for the previous fiscal year is included in “Other” under “Cash flows from investing activities” from the current fiscal year, as its amount has become immaterial.

As a result, (2,203) million yen that was stated in “Payments for purchase of investment securities” under “Cash flows from investing activities” in the previous fiscal year has been reclassified as (6,083) million yen in “Other.”

3. Material 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. The Group measures for acquisition as the sum of the acquisition-date fair values of the assets transferred, liabilities assumed, and equity instruments issued by the Group in exchange for 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. Financial statements of foreign operations under a high inflationary economy reflect the effect of inflation, and revenue and expenses are calculated in the presentation currency using the exchange rate at the end of the reporting period.

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

a 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 rest 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 value after acquisition are recognized in profit or loss (“financial assets measured at fair value through profit or loss”) or financial assets whose changes in fair value 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.

However, trade receivables that do not include a significant financial component are initially recognized at their transaction price.

b Subsequent measurement

Financial assets after the initial recognition are measured 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 value and dividends are recognized in profit or loss.

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

Changes in fair value 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.

c Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when almost all the risks and rewards of ownership have been transferred through a transfer of the financial assets.

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.

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

a 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.

b Subsequent measurement

Financial liabilities after the initial recognition are measured 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 value being recognized in profit or loss.

c Derecognition

The Group derecognizes a financial liability when said financial liability is extinguished, i.e., when the obligations specified in the contract are discharged, cancelled 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 whether the hedging relationship meets the requirements for hedge effectiveness, at the inception of the hedging relationship and on an ongoing basis.

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:

a 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.

b 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 prospectively when the hedging instrument is expired, sold, terminated or exercised, or when the hedge no longer qualifies for hedge accounting.

c 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

When engaged in lease transactions as a 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.

As a lessor, there are no material lease transactions.

(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 as an equity-settled share-based payment plan, the restricted share-based remuneration plan as an equity-settled and cash-settled share-based payment plan, and the PSU plan and RSU plan, etc. 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.

Within restricted share-based remuneration, equity-settled share-based payment 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 starting from the grant date, and the same amount is recognized as an increase in equity in the consolidated statement of financial position. Cash-settled share-based payment is recognized in the consolidated statement of profit or loss as expenses over the vesting period starting from the grant date, and the same amount is recognized as an increase in liabilities in the consolidated statement of financial position. As of the reporting date and the day of lifting of transfer restrictions, the Group remeasures the fair value of the liability and recognizes any changes in fair value in profit or loss. The fair value of restricted share-based remuneration is measured by reference to the fair value of the Company’s shares granted.

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.

The RSU plan, etc. are measured at the standard amount of compensation by position and recognized in the consolidated statement of profit or loss as expenses over the vesting period, and the same amount is recognized as an increase in liabilities in the consolidated statement of financial position. As of the date of allotment and the day of lifting of transfer restriction of the Company’s shares, 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 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. The outflow of the economic benefits is supposed to occur mainly during the period one year after the end of the current fiscal year.

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. The outflow of the economic benefits is supposed to occur mainly within one year from the end of the current fiscal year.

3) Provision for product warranties

   To prepare for the expenditures for after-sales and other services for products sold, the Group estimates and records an amount to be incurred based on past experience. The outflow of the economic benefits is supposed to occur mainly within one year from the end of the current fiscal year.

(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 the 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 the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group engages in the premium tire business, solutions business, chemical and industrial products and diversified products business, and other businesses.

In these businesses, because customers mainly obtain control over the product at the time of delivery of the product, the performance obligations are considered to be satisfied at that time, and revenue is recognized at the time of delivery of the product.

In addition, consideration for performance obligations is mainly received within one year from satisfaction of the performance obligations, and contains no significant financing component.

Revenue is 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 mainly 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, affect neither accounting profit nor taxable income (loss), and do not give rise to equal taxable and deductible temporary differences at the time of the transaction
- 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.

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

Within the global minimum tax rules, an income inclusion rule ("IIR") has been introduced in Japan. Applicable from the fiscal year beginning on or after April 1, 2024, an additional tax will be imposed on parent companies located in Japan up to the minimum tax rate (15%) of the taxes borne by the subsidiaries, etc. of those parent companies located in Japan. This rule has already been applied to certain countries outside of Japan such as EU countries, and the impact of this tax on the Group's consolidated financial statements is insignificant.

(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) Adjusted operating profit

Adjusted operating profit is determined by adding or subtracting certain adjustment items to or from pre adjusted metrics.

Reconciliations: Business and plant restructuring income and expenses, impairment losses, gain on reversal of impairment losses, loss on disaster, insurance claim income, and other gains and losses with large amounts related to one time event

Management of the Group determines the adjustment items based on whether they can help provide effective comparative information on the Group performance and appropriately reflect how the businesses are managed. The adjusted operating profit is presented in Note "6. Operating Segments."

Adjusted operating profit is not defined by IFRS and not necessarily comparable to metrics similarly named by other companies.

4. Significant Accounting Estimates and Judgements Involving Estimates

In preparing the consolidated financial statements in accordance with IFRS, the Group is required to establish judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effect of any changes in accounting estimates is recognized in the reporting period in which the change was made and in future periods.

The items involving estimates and judgments that significantly affect the amounts in the consolidated financial statements are listed as follows:

- Impairment of non-financial assets (Note “16. Impairment of Non-financial Assets”)
- Recoverability of deferred tax assets (Note “18. Income Taxes”)
- Provisions (Note “21. Provisions”)
- Measurements of defined benefit obligations (Note “23. Employee Benefits”)
- Fair value measurement of financial instruments (Note “35. Financial Instruments”)
- Uncertain income tax positions (Note “18. Income Taxes”)
- Measurement of disposal groups classified as held for sale (Note “13. Assets Held for Sale”)

5. New Standards and Interpretations Not Yet Adopted

The primary newly issued or revised standards and interpretations that were issued on or before the date of approval of the consolidated financial statements, but have not yet been early adopted by the Group, are described below.

The effects on the Group resulting from the application are currently under review.

Standard	Standard name	Timing of mandatory application (starting fiscal year)	Timing of application by the Group	Contents of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending December 31, 2027	A new standard that replaces IAS 1, which is the current accounting standard on presentation and disclosure in financial statements

6. Operating Segments

(1) Overview of reporting segments

The Group’s reporting segments are components of the Group for which discrete financial information is available, and that the Board of Directors and the Management Committee regularly review in order to decide the allocation of business resources and assess operating performance.

The Group has four reportable segments consisting of the “Japan,” “Asia-Pacific, India and China,” “Americas,” and “Europe, Middle East and Africa” segments, structured as such to disclose business results more appropriately based on SBU—classification of the Group’s businesses for management control purposes. Within the above segments, the Group runs its premium tire business, solutions business, chemical and industrial products and diversified products business, and other businesses.

The Group has changed the segment classification of the India business from the current fiscal year in line with its efforts to further strengthen its global management structure. Accompanying this, the “China, Asia-Pacific” segment has been changed to the “Asia-Pacific, India and China” segment, and the “Europe, Russia, Middle East, India and Africa” segment has been changed to the “Europe, Middle East and Africa” segment. The transfer of the Russian business has been completed in December 2023.

The Group classified the anti-vibration rubber business and the chemical products solutions business as discontinued operations, thereby deducting such discontinued operations from monetary amounts for the previous fiscal year, and the current fiscal year. Details on discontinued operations are presented in Note “31. Discontinued Operations.”

(2) Segment revenue and business results

Revenue and business results of the continuing operations by reportable segment of the Group are as follows. The Board of Directors assesses the segment performance and determines resource allocation after reviewing revenues and adjusted operating profit. Internal sales or transfers between segments are determined primarily at selling prices based on arm’s length transaction prices or total cost. Also, figures for the previous fiscal year have been reclassified in accordance with the new segment structure described in (1).

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Reportable segments					Other (Note)	Corporate or elimination	Consoli-dated total
	Japan	Asia-Pacific, India and China	Americas	Europe, Middle East and Africa	Total			
Revenue								
External revenue	946,547	488,121	2,063,073	799,261	4,297,002	16,775	23	4,313,800
Inter-segment revenue	295,889	63,347	16,968	19,963	396,168	60,518	(456,686)	–
Total revenue	1,242,437	551,468	2,080,042	819,224	4,693,170	77,293	(456,663)	4,313,800
Segment profit (loss)								
Adjusted operating profit	206,485	55,186	211,960	11,670	485,301	5,456	(10,155)	480,602
Other items								
Depreciation and amortization	74,932	37,185	121,798	45,007	278,921	8,060	18,824	305,805
Impairment losses	806	861	166	–	1,833	–	–	1,833
Gain on reversal of impairment losses	14	4	–	–	18	–	–	18

(Note) Service businesses and other businesses not included in the reportable segments are included in the "Other."

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Reportable segments					Other (Note)	Corporate or elimination	Consoli-dated total
	Japan	Asia-Pacific, India and China	Americas	Europe, Middle East and Africa	Total			
Revenue								
External revenue	961,777	478,690	2,157,097	813,048	4,410,612	19,475	10	4,430,096
Inter-segment revenue	264,298	51,055	22,871	22,549	360,773	64,536	(425,309)	–
Total revenue	1,226,074	529,745	2,179,968	835,597	4,771,385	84,011	(425,299)	4,430,096
Segment profit (loss)								
Adjusted operating profit	187,281	58,477	180,143	29,766	455,667	7,516	20,120	483,303
Other items								
Depreciation and amortization	87,619	39,139	141,474	52,394	320,627	8,777	18,655	348,058
Impairment losses	4,722	704	116	55,642	61,184	–	–	61,184
Gain on reversal of impairment losses	1,215	–	–	–	1,215	–	–	1,215

(Note) Service businesses and other businesses not included in the reportable segments are included in the "Other."

Reconciliation from adjusted operating profit to profit before tax

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Adjusted operating profit (Note 1)	480,602	483,303
Adjustment items (income) (Note 2)	21,731	66,016
Adjustment items (expenses) (Note 5)	20,558	105,999
Operating profit	481,775	443,319
Finance income	35,385	27,290
Finance costs	78,346	49,802
Share of profit (loss) of investments accounted for using equity method	5,341	630
Profit before tax	444,154	421,437

(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:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Insurance claim income	2,347	57
Business and plant restructuring income	(Note 3) 8,645	1,407
Gain on reversal of impairment losses	18	1,215
Other income with large amounts related to one time event (Note 4)	10,720	63,336
Adjustment items (income)	21,731	66,016

(Note 3) Mainly reversal of impairment losses, gain on sale of fixed assets and gain on transfer of interests associated with the restructuring of overseas tire plants 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:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Impairment losses	1,833	(Note 6) 61,184
Cost of sales (loss on disaster)	1,777	1,747
Other expenses (loss on disaster)	403	304
Business and plant restructuring expenses (Note 7)	17,921	43,578
Other expense with large amounts related to one time event (Note 8)	(1,375)	(814)
Adjustment items (expenses)	20,558	105,999

(Note 6) The major breakdown of impairment losses is presented in Note “16. Impairment of Non-financial Assets.”

(Note 7) This was primarily the recording of expenses relating to the restructuring of overseas tire plants (China, Europe, etc.).

(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, among others, of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Co., Ltd., a consolidated subsidiary of the Company, and other factors, but these expenses were partially reversed.

(3) Information about geographical areas

The breakdown of revenue from external customers and non-current assets by geographical area is as follows:

Revenue from external customers

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Japan	596,967	596,346
Asia-Pacific, India and China	671,707	677,329
Americas	2,189,390	2,284,216
[of which, the U.S.]	[1,761,809]	[1,857,570]
Europe, Middle East and Africa	855,737	872,206
Total	4,313,800	4,430,096

(Note) Revenues are broken down by location of sales destination.

Non-current assets

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Japan	547,227	557,867
Asia-Pacific, India and China	340,771	360,923
Americas	1,124,923	1,267,572
Europe, Middle East and Africa	448,651	410,290
Total	2,461,572	2,596,652

(Note) Non-current assets are broken down by location of each asset and do not include financial instruments, deferred tax assets and assets associated with employee benefits.

(4) Information about major customers

Disclosures are omitted because there are no external customers for which sales account for 10% or more of revenue in the consolidated statement of profit or loss.

7. Business Combinations

Previous fiscal year (Year ended December 31, 2023)

No item to report.

Current fiscal year (Year ended December 31, 2024)

No item to report.

8. Cash and Cash Equivalents

The breakdown of "Cash and cash equivalents" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Cash and deposits	724,601	695,782
Short-term investments	–	10,950
Total	724,601	706,732

9. Trade and Other Receivables

The breakdown of "Trade and other receivables" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Notes and accounts receivable	934,482	1,027,581
Other	61,444	55,923
Allowance for doubtful accounts	(43,619)	(46,160)
Total	952,307	1,037,345

Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.

Trade and other receivables are classified as financial assets measured at amortized cost.

The changes in allowance for doubtful accounts are presented in Note "35. Financial Instruments (3) Credit risk management 2) Changes in allowance for doubtful accounts."

10. Inventories

The breakdown of "Inventories" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Finished products	580,308	595,641
Work in process	50,985	50,631
Raw materials and supplies	234,274	294,864
Other	3,011	4,150
Total	868,578	945,285

The amounts of inventories recognized as expenses during the previous fiscal year and the current fiscal year are 2,592,423 million yen and 2,619,636 million yen, respectively.

11. Other Financial Assets

(1) Breakdown of other financial assets

The breakdown of "Other financial assets" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Equity instruments	76,391	59,591
Long-term loans receivable	19,118	22,667
Other	46,493	41,188
Total	142,002	123,446
Current assets	10,792	11,427
Non-current assets	131,210	112,019
Total	142,002	123,446

Equity instruments are classified as financial assets measured at fair value through other comprehensive income, and long-term loans receivable are classified as financial assets measured at amortized cost.

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

Major issuers of financial assets measured at fair value through other comprehensive income and their fair value are as follows:

(Yen in millions)

Issue	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Toyota Motor Corporation	25,385	30,829
Otsuka Holdings Co., Ltd.	1,058	1,720
Sumitomo Mitsui Financial Group, Inc.	1,934	1,588
Yellow Hat Ltd.	930	1,416
Idemitsu Kosan Co., Ltd.	657	886
Fukuyama Transporting Co., Ltd.	812	741

These stocks are designated as financial assets measured at fair value through other comprehensive income as they are held for the following main reasons: out of necessity from the Company's business strategy perspective, and for the purpose of maintaining and strengthening the business and collaborative relationships.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

To improve its asset efficiency and to review its business relationship and for other purposes, the Group derecognizes the financial assets measured at fair value through other comprehensive income by selling a portion of those assets.

The fair values at the time of sale and cumulative gains (losses) recognized in other comprehensive income are as follows:

(Yen in millions)

Previous fiscal year (Year ended December 31, 2023)		Current fiscal year (Year ended December 31, 2024)	
Fair value	Cumulative gains (losses)	Fair value	Cumulative gains (losses)
27,635	19,598	9,397	7,741

When financial assets measured at fair value through other comprehensive income are derecognized or the fair value declines significantly, cumulative gains (losses) recognized in other comprehensive income are reclassified to retained earnings. The amounts of cumulative gains (losses), net of tax, which were recognized in other comprehensive income and subsequently reclassified into retained earnings, are 21,013 million yen and 5,599 million yen for the previous fiscal year and the current fiscal year, respectively.

12. Other Assets

The breakdown of "Other current assets" and "Other non-current assets" is as follows:

(1) Other current assets

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Prepaid expenses	51,395	57,660
Consumption tax receivables	45,841	50,199
Other	40,827	38,867
Total	138,063	146,726

(2) Other non-current assets

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Retirement benefit assets (Note 1)	8,274	6,687
Other (Note 2)	53,083	63,867
Total	61,357	70,554

(Note 1) The details of retirement benefit assets are presented in Note "23. Employee Benefits (1) Post-employment benefits 3) Reconciliation of defined benefit obligations and plan assets."

(Note 2) "Other" consists primarily of spare parts.

13. Assets Held for Sale

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

(1) Assets held for sale

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Cash and cash equivalents	5,276	5,886
Trade and other receivables	870	1,135
Inventories	472	463
Property, plant and equipment	2,994	9,776
Other	379	6,719
Accumulated loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell	(6,898)	(7,862)
Total	3,093	16,117

(2) Liabilities directly associated with assets held for sale

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Trade and other payables	1,058	1,531
Other	–	10
Total	1,058	1,541

Assets held for sale and directly associated liabilities for the previous fiscal year, mainly in the anti-vibration rubber business, have been classified as assets held for sale as the Group made a decision to sell those operations.

Assets held for sale and directly associated liabilities for the current fiscal year were mainly property, plant and equipment at Bridgestone (Shenyang) Tire Co., Ltd., classified as assets held for sale due to the very high probability of their being sold following the termination of production there, and assets related to the anti-vibration rubber business, classified as held for sale as the Group made a decision to sell those operations. Details for the anti-vibration rubber business are provided in Note "31. Discontinued Operations."

For the disposal groups classified as assets held for sale, property, plant and equipment of Bridgestone (Shenyang) Tire Co., Ltd. are measured at fair value less costs to sell as the fair value less costs to sell is less than the carrying amount. As a result, a recognized loss of 4,758 million yen was recorded in “other expenses.” The fair value has been classified as Level 3 in the hierarchy because it was assessed based on appraisal values by a third party. The anti-vibration rubber business is measured at fair value less costs to sell as the fair value less costs to sell is less than the carrying amount. As a result, a recognized loss of 339 million yen was recorded in “Loss from discontinued operations” in the consolidated statement of profit or loss. The fair value has been classified as Level 3 in the hierarchy because it was assessed based on the selling price.

14. Property, Plant and Equipment

The changes in the carrying amount of “Property, plant and equipment,” as well as cost, accumulated depreciation and accumulated impairment losses are as follows:

(Yen in millions)

Carrying amounts	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance as of January 1, 2023	595,920	470,688	84,981	171,399	223,228	10,449	1,556,665
Acquisition	–	–	–	–	291,132	–	291,132
Depreciation (Note)	(42,964)	(112,065)	(49,870)	–	48	(4,508)	(209,359)
Impairment losses	(904)	(1,460)	(912)	(318)	(208)	(12)	(3,814)
Sale or disposal	(3,109)	(2,257)	(968)	(2,984)	(444)	(341)	(10,103)
Transfer from construction in progress	44,593	123,701	47,290	904	(222,065)	5,577	–
Exchange differences	36,701	35,511	5,235	5,554	18,743	426	102,170
Other changes	1,330	(911)	9,626	(391)	1,598	563	11,815
Balance as of December 31, 2023	631,567	513,207	95,382	174,164	312,032	12,154	1,738,506
Acquisition	–	–	–	–	282,886	–	282,886
Depreciation (Note)	(48,379)	(121,317)	(62,825)	–	51	(4,076)	(236,546)
Impairment losses	(10,292)	(32,105)	(3,989)	(1,216)	(12,665)	(1,111)	(61,378)
Sale or disposal	(1,190)	(1,825)	(885)	(705)	(1,727)	(181)	(6,513)
Transfer from construction in progress	69,122	130,534	59,624	663	(265,141)	5,198	–
Exchange differences	42,325	30,293	6,374	8,453	22,811	647	110,903
Other changes	(5,776)	710	19,988	(684)	(2,169)	391	12,459
Balance as of December 31, 2024	677,377	519,497	113,669	180,675	336,078	13,022	1,840,317

(Note) Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses” and “Profit (loss) from discontinued operations” in the consolidated statement of profit or loss.

(Yen in millions)

Cost	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance as of January 1, 2023	1,331,732	2,460,890	624,511	177,087	241,006	60,588	4,895,815
Balance as of December 31, 2023	1,417,621	2,644,086	677,923	179,757	325,232	65,028	5,309,648
Balance as of December 31, 2024	1,552,064	2,875,238	750,802	187,436	360,123	69,292	5,794,955

(Yen in millions)

Accumulated depreciation and accumulated impairment loss	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance as of January 1, 2023	735,812	1,990,202	539,530	5,688	17,778	50,139	3,339,150
Balance as of December 31, 2023	786,054	2,130,879	582,541	5,592	13,200	52,875	3,571,141
Balance as of December 31, 2024	874,687	2,355,741	637,133	6,761	24,045	56,270	3,954,637

15. Goodwill and Intangible Assets

(1) Changes during the period

The changes in the carrying amount of "Goodwill" and "Intangible assets" as well as cost, accumulated amortization and accumulated impairment losses are as follows:

(Yen in millions)

Carrying amounts	Goodwill	Trademarks	Software	Other (Note 2)	Total
Balance as of January 1, 2023	136,406	13,977	74,735	71,207	296,325
Acquisition	868	3	–	59,617	60,488
Amortization (Note 1)	–	(461)	(22,467)	(7,162)	(30,090)
Sale and retirement	–	–	(885)	(117)	(1,002)
Impairment losses	–	–	(53)	–	(53)
Exchange differences	12,580	1,049	4,387	5,643	23,659
Transfer of accounts	–	–	48,206	(48,206)	–
Other	136	–	1,696	(312)	1,520
Balance as of December 31, 2023	149,990	14,568	105,619	80,670	350,847
Acquisition	636	8	–	37,357	38,001
Amortization (Note 1)	–	(456)	(31,040)	(8,671)	(40,167)
Sale and retirement	–	–	(5,074)	(210)	(5,284)
Impairment losses	(3,394)	(212)	(979)	(459)	(5,044)
Exchange differences	11,797	1,393	5,300	4,435	22,925
Transfer of accounts	–	–	29,913	(29,913)	–
Other	8	(1)	3,295	(665)	2,637
Balance as of December 31, 2024	159,037	15,300	107,034	82,544	363,915

(Note 1) Amortization of intangible assets is included in "Cost of sales," "Selling, general and administrative expenses" and "Profit (loss) from discontinued operations" in the consolidated statement of profit or loss.

(Note 2) "Software in progress" is included in "Other."

(Yen in millions)

Cost	Goodwill	Trademarks	Software	Other	Total
Balance as of January 1, 2023	140,238	16,302	136,603	110,702	403,845
Balance as of December 31, 2023	156,363	17,610	188,741	131,127	493,841
Balance as of December 31, 2024	169,016	19,169	220,694	146,138	555,017

(Yen in millions)

Accumulated amortization and impairment losses	Goodwill	Trademarks	Software	Other	Total
Balance as of January 1, 2023	3,832	2,325	61,868	39,495	107,520
Balance as of December 31, 2023	6,373	3,042	83,122	50,457	142,994
Balance as of December 31, 2024	9,979	3,869	113,660	63,594	191,102

(2) Material goodwill and intangible assets

The material goodwill and intangible assets recorded in the consolidated statement of financial position primarily represent the goodwill recognized through the acquisition of Bridgestone Mobility Solutions B.V. and the carrying amounts of the goodwill are 69,547 million yen and 72,987 million yen as of the previous fiscal year-end and the current fiscal year-end, respectively. In addition, the goodwill recognized by this acquisition was allocated to cash generating units which were expected to benefit from the synergies and belongs to Webfleet Solutions cash-generating unit and Bridgestone Europe cash-generating unit group.

16. Impairment of Non-financial Assets

(1) Impairment losses

For measuring impairment losses, the Group categorizes assets for business based on the categories, which are adopted for internal management purposes, while grouping assets to be disposed of (assets planned to be disposed of by retirement, sale, etc.) and idle assets individually.

Impairment losses of 4,066 million yen recognized in the previous fiscal year consisted of 4,066 million yen recorded as “other expenses” (of which, “business and plant restructuring expenses” are 2,233 million yen). In recording these impairment losses, the carrying amounts have been reduced to the recoverable amounts mainly for operating assets with reduced profitability, assets to be disposed of through retirement or sale, and idle assets with no plans for use. The recoverable amounts of the assets are principally measured at their fair value. The fair value has been classified as Level 3 in the hierarchy.

Impairment losses recognized in the current fiscal year of 69,892 million yen (of which, “business and plant restructuring expenses” are 8,709 million yen) are recorded under “other expenses.” The components of the impairment losses of 69,892 million yen by item are 61,378 million yen for property, plant and equipment, 3,394 million yen for goodwill, 1,650 million yen for intangible assets, and 3,470 million yen for others. The breakdown by segment (excluding the amount recorded in “business and plant restructuring expenses”) is as follows:

(Yen in millions)

Cash-generating unit	Segments					Other	Consolidated total
	Japan	Asia-Pacific, India and China	Americas	Europe, Middle East and Africa	Total		
Truck and bus tire business in Europe	–	–	–	31,722	31,722	–	31,722
Agricultural machinery tire business in Europe	–	–	–	7,683	7,683	–	7,683
Retail businesses in Europe (Note)	–	–	–	15,870	15,870	–	15,870
Other	4,722	704	116	367	5,908	–	5,908
Total	4,722	704	116	55,642	61,184	–	61,184

(Note) Composed of multiple independent cash-generating units.

The major reasons for the impairment losses are as follows:

Starting in the current fiscal year, the Group has positioned the Europe business as a business unit under focused management, working on business restructuring and rebuilding. Accordingly, effective from the current fiscal year, the cash-generating units have been changed: the tire business for passenger cars, trucks, buses, agricultural machinery, and several retail businesses have been separated from the Bridgestone Europe cash-generating unit as independent cash-generating units.

Related to the truck and bus tire business in Europe, the carrying amounts of certain idle assets have been reduced by 5,491 million yen to the recoverable amount, as there is no expectation for them to be used for business purposes. The recoverable amount of these assets has been measured using the fair value after the deduction of disposal costs, and as the sale of these assets is challenging, the fair value after the deduction of disposal costs has been assessed as zero. The fair value has been classified as Level 3 in the hierarchy. As for other assets, the carrying amount of these assets was reduced by 26,231 million yen to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment. The recoverable amount of these assets was measured mainly by their value in use, which was calculated by discounting future cash flows at an after-tax discount rate of 10.0%.

Related to the agricultural machinery tire business in Europe, the carrying amount of these assets was reduced by 7,683 million yen to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment. The recoverable amount of these assets was measured mainly by their value in use, which was calculated by discounting future cash flows at an after-tax discount rate of 10.0%.

Related to the several retail businesses in Europe, the carrying amount of these assets was reduced by 15,870 million yen to the recoverable amount because the intended revenue is no longer expected as a result of changes in the business environment. The recoverable amount of these assets was measured mainly by their value in use, which was calculated by discounting future cash flows at an after-tax discount rate of 8.0 to 10.0%.

The breakdown of these impairment losses is as follows:

(Yen in millions)

Cash-generating unit	Segment	Type of assets	Amount
Truck and bus tire business in Europe	Europe, Middle East and Africa	Machinery and equipment	20,974
		Construction in progress	7,694
		Other	3,054
		Subtotal	31,722
Agricultural machinery tire business in Europe		Machinery and equipment	3,381
		Construction in progress	3,440
		Other	862
		Subtotal	7,683
Retail businesses in Europe (Note)		Buildings and structures	3,246
		Machinery and equipment	4,911
		Goodwill	3,385
		Other	4,328
		Subtotal	15,870
Total			55,275

(Note) Composed of multiple independent cash-generating units.

(2) Impairment test of cash-generating units or cash-generating unit groups containing goodwill

The Group conducts an impairment test on cash-generating units or cash-generating unit groups containing goodwill every period or whenever there is any indication of impairment.

Among goodwill allocated to each cash-generating unit or cash-generating unit group in the current fiscal year, the principal goodwill is recognized in Webfleet Solutions cash-generating unit. In addition, out of the cash-generating units or cash-generating unit groups to which goodwill has been allocated, the one with a carrying amount of materiality is Bridgestone Europe cash-generating unit group. The impairment test conducted on each cash-generating unit or cash-generating unit group was done as follows.

1) Webfleet Solutions cash-generating unit

The recoverable amount of goodwill in the impairment test is calculated based on value in use. The value in use in the previous fiscal year reflects past experience and external sources of information and is based on the Group's business plan for the next three years as approved by the management. After the three-year plan, the Company discounts the future cash flows to the present value using an after-tax discount rate of 9.6% of the cash-generating unit, using the future growth rate reduced from 12.9% in the fourth year to 3.0% in the tenth year and the same 3.0% in and after the eleventh year as the continuous growth rate considering inflation.

The value in use in the current fiscal year reflects past experience and external sources of information and is based on the Group's business plan for the next two years as approved by the management. After the two-year plan, the Company discounts the future cash flows including the continuous growth rate, etc. to the present value using an after-tax discount rate of 9.6% of the cash-generating unit, using the future growth rate reduced from 8.9% in the third year to 3.0% in the tenth year and the same 3.0% in and after the eleventh year as the continuous growth rate considering inflation.

There is a risk of impairment when key assumptions used for the impairment test change. However, as the value in use sufficiently exceeds the carrying amount of the cash-generating unit, the Group determines that it is highly unlikely that the value in use would fall below the carrying amount even if key assumptions used in the impairment test fluctuated by a reasonably foreseeable extent.

In addition, out of the total goodwill related to the acquisition of Bridgestone Mobility Solutions B.V. of 72,987 million yen (as of the previous fiscal year-end: 69,547 million yen), the carrying amount allocated to Webfleet Solutions cash-generating unit as of the current fiscal year-end is 65,358 million yen (as of the previous fiscal year-end: 62,267 million yen). The Group determines that the amount of the goodwill allocated to cash-generating units other than Webfleet Solutions is not material compared to the amount recorded in the consolidated financial statements.

2) Bridgestone Europe cash-generating unit group

The recoverable amount at the impairment test of the Bridgestone Europe cash-generating unit in the previous fiscal year is calculated based on value in use. The value in use reflects past experience and external sources of information and is based on the Group's business plan for the next three years as approved by the management. After the three-year plan, the Company discounts the future cash flows to the present value using an after-tax discount rate of 10.3% of the cash-generating unit, using the future growth rate reduced from 3.3% in the fourth year to 2.2% in the sixth year and the same 2.2% in and after the seventh year as the continuous growth rate considering inflation.

Starting in the current fiscal year, the Group has positioned the Europe business as a business unit under focused management, working on business restructuring and rebuilding. Accordingly, effective from the current fiscal year, the cash-generating units have been changed: the tire business for passenger cars, trucks, buses, agricultural machinery, and several retail businesses have been separated from the Bridgestone Europe cash-generating unit as independent cash-generating units. Following the changes to cash-generating units, the goodwill which had been allocated to the Bridgestone Europe cash-generating unit in the previous fiscal year is now allocated to the Bridgestone Europe cash-generating unit group including the passenger car tire business, truck and bus tire business, and agricultural machinery tire business. In addition, the Group assesses whether there is any indication that the passenger car tire business, truck and bus tire business, and agricultural machinery tire business may be impaired. If any such indication exists, then the impairment test is conducted. Based on the results of the impairment test, the impairment test of the Bridgestone Europe cash-generating unit group, which contains goodwill, is conducted.

The recoverable amount at the impairment test of the Bridgestone Europe cash-generating unit group to which goodwill was allocated in the previous fiscal year is calculated based on the value in use. The value in use reflects past experience and external sources of information and is based on the Group's business plan for the next two years as approved by the management. After the two-year plan, the Company discounts the future cash flows including the continuous growth rate, etc. to the present value using an after-tax discount rate of 10.0% of the cash-generating unit, using the future growth rate reduced from 5.0% in the third year to 2.2% in the sixth year and the same 2.2% in and after the seventh year as the continuous growth rate considering inflation.

No impairment loss is recorded because the value in use is higher than the carrying amount; however, if the discount rate increases by 0.3%, there is a possibility of incurring an impairment loss.

Non-financial assets of 246,465 million yen, including goodwill of 15,013 million yen, is recorded in Bridgestone Europe cash-generating unit group.

17. Lease Transactions

The Group enters into lease contracts as the lessee for buildings and structures, etc.

(1) Items related to right-of-use assets

The carrying amount, depreciation and additions to “Right-of-use assets” are as follows:

(Yen in millions)

Carrying amounts	Buildings and structures	Other	Total
Balance as of December 31, 2023	253,548	65,587	319,135
Balance as of December 31, 2024	263,667	64,886	328,553

(Yen in millions)

Depreciation (Note)	Buildings and structures	Other	Total
Previous fiscal year (Year ended December 31, 2023)	54,045	12,577	66,622
Current fiscal year (Year ended December 31, 2024)	56,934	14,586	71,520

(Note) Depreciation of right-of-use assets is included in “Cost of sales,” “Selling, general and administrative expenses” and “Profit (loss) from discontinued operations” in the consolidated statement of profit or loss.

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Additions to right-of-use assets	69,740	69,984

(2) Expenses and cash outflows for leases

The lease expenses are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Interest expense on lease liabilities	8,536	10,373
Recognition exemptions: expenses for short-term leases	1,175	1,432
Recognition exemptions: expenses for leases of low-value assets	381	370
Expense relating to variable lease payments not included in the measurement of lease liabilities	2,387	4,208

Total cash outflows for leases are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Total cash outflow for leases	72,276	77,553

(3) Maturity analysis for lease liabilities

The details are presented in Note “35. Financial Instruments (4) Liquidity risk management.”

18. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of items giving rise to “Deferred tax assets” and “Deferred tax liabilities” and the changes thereof are as follows:

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	As of January 1, 2023	Recognized in net profit or loss	Recognized in other comprehensive income	Other	As of December 31, 2023
Deferred tax assets					
Lease liabilities	71,982	4,097	–	–	76,078
Retirement benefit liabilities	35,010	(1,790)	2,739	2,026	37,985
Unrealized gains	27,283	7,336	–	–	34,619
Unused tax losses carryforward	10,563	(6,374)	–	3,292	7,481
Other	70,223	11,044	(3,748)	2,211	79,731
Total deferred tax assets	215,061	14,313	(1,009)	7,529	235,894
Deferred tax liabilities					
Property, plant and equipment, and intangible assets	69,666	(5,302)	–	6,304	70,668
Right-of-use assets	68,694	3,615	–	–	72,309
Financial assets	15,650	–	(559)	–	15,091
Other	18,093	2,532	(32)	39	20,632
Total deferred tax liabilities	172,103	845	(591)	6,343	178,700
Net deferred tax assets	42,958	13,468	(418)	1,186	57,195

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	As of January 1, 2024	Recognized in net profit or loss	Recognized in other comprehensive income	Other	As of December 31, 2024
Deferred tax assets					
Lease liabilities	76,078	(1,019)	–	5,399	80,457
Retirement benefit liabilities	37,985	(2,802)	(779)	1,687	36,091
Unused tax losses carryforward	7,481	649	–	(55)	8,075
Other (Note)	114,350	(7,610)	2,745	5,807	115,293
Total deferred tax assets	235,894	(10,782)	1,966	12,838	239,916
Deferred tax liabilities					
Property, plant and equipment, and intangible assets	70,668	(9,377)	–	6,069	67,360
Right-of-use assets	72,309	(1,110)	–	4,971	76,170
Financial assets	15,091	–	(332)	–	14,759
Other	20,632	(2,857)	(521)	54	17,308
Total deferred tax liabilities	178,700	(13,344)	(853)	11,094	175,597
Net deferred tax assets	57,195	2,562	2,819	1,744	64,319

(Note) “Unrealized gains” in the current fiscal year are included in “Other” under deferred tax assets.

The breakdown of deferred tax assets and liabilities in the consolidated statement of financial position is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Deferred tax assets	88,141	96,002
Deferred tax liabilities	30,946	31,683
Net deferred tax assets	57,195	64,319

Deferred tax assets recognized by taxable entities that have suffered a loss in either the previous fiscal year or the current fiscal year are 574 million yen and 19,645 million yen as of the previous fiscal year-end and the current fiscal year-end, respectively. For recognizing these deferred tax assets, the Group considers if deductible temporary differences and a part or all of unused tax losses carryforward can be used for future taxable income. For an assessment of the recoverability of deferred tax assets, the Group considers deferred tax liabilities planned to be reversed and expected future taxable income and tax planning. As for recognition of deferred tax assets, the Group determines it is highly probable that these tax benefits will be realized based on the taxable income level in the past and the prediction of future taxable income in the period during which deferred tax assets can be recognized.

The deductible temporary differences and unused tax losses carryforward for which deferred tax assets were not recognized are as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Deductible temporary differences	95,084	111,505
Unused tax losses carryforward	218,578	254,299
Total	313,662	365,803

The unused tax losses carryforward and unused tax credits carryforward for which deferred tax assets were not recognized will expire as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Unused tax losses carryforward		
Within five years	72,951	85,396
After five years	145,627	168,903
Total unused tax losses carryforward	218,578	254,299
Unused tax credits carryforward		
Within five years	2,855	2,876
After five years	4,384	6,299
Total unused tax credits carryforward	7,240	9,176

Total temporary differences arising from the investments in subsidiaries and associates or interests in joint arrangements, which are not recognized as deferred tax liabilities as of the previous fiscal year-end and the current fiscal year-end amount to 536,023 million yen and 647,563 million yen, respectively.

Deferred tax liabilities related to the above temporary differences are not recognized as the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not make such a reversal in the foreseeable future.

(2) Income tax expense

The breakdown of "Income tax expense" is as follows.

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Current income tax expense	124,142	142,233
Deferred income tax expense	(12,966)	(13,010)
Total income tax expense	111,177	129,224

Income taxes recognized on sale of the financial assets measured at fair value through other comprehensive income are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Income tax expense	1,840	2,011

(3) Reconciliation of effective tax rate

The breakdown of the primary factors contributing to differences between the statutory effective tax rates and the tax burden ratio of income tax after adjustments for tax effect accounting is as follows:

The Company is subject to corporation tax, inhabitant tax and business tax. The statutory effective tax rates calculated based on these taxes are 30.6% and 30.6% for the previous fiscal year and the current fiscal year, respectively. However, overseas consolidated subsidiaries are subject to local corporate and other taxes.

(%)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Effects from reassessment of the recoverability of deferred tax assets	2.5	6.1
Tax credits for experiment and research expenses at companies in Japan	(1.2)	(1.1)
Differences in applicable tax rates of consolidated subsidiaries	(5.1)	(2.8)
Tax adjustments for overseas subsidiaries	(1.9)	(1.5)
Other	0.1	(0.6)
Tax burden ratio of income tax after adjustments for tax effect accounting	25.0	30.7

(4) Uncertain income tax positions

As for the repayment of capital received from Bridgestone Americas, Inc., a consolidated subsidiary, in fiscal year 2021, the Company accounted for the transaction by recognizing deductible expenses as loss on transfer of shares for tax purposes. In fiscal year 2021, 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 for the effect of uncertainties considering various scenarios and assumptions. As a result, although an effect of 91,100 million yen in total would be imposed on a decrease in income taxes payable and an increase in deferred tax assets if all the deductible expenses were included in calculating taxable income, the Company lowered its deferred tax assets by 60,000 million yen in fiscal year 2021, relative to amounts under the aforementioned accounting treatment. There was no change in the judgment on this matter from fiscal year 2021. However, due to progress in the use of unused tax losses carryforward, the Company has lowered its deferred tax assets by 6,413 million yen and increased its income taxes payable by 53,587 million yen in the current fiscal year, relative to amounts in the case where all the deductible expenses were included in calculating taxable income.

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

19. Trade and Other Payables

The breakdown of "Trade and other payables" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Notes and accounts payable	269,287	282,691
Accounts payable - other	207,793	202,217
Accrued expenses	122,160	125,795
Total	599,240	610,704

Trade and other payables (excluding accrued expenses) are classified as financial liabilities measured at amortized cost.

20. Bonds and Borrowings (Including Other Financial Liabilities)

(1) Breakdown of financial liabilities

The breakdown of "Bonds and borrowings," "Lease liabilities" and "Other financial liabilities" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)	Average interest rate (%) (Note 1)	Repayment deadline
Short-term borrowings	124,073	137,234	6.9	–
Current portion of long-term borrowings	34,014	1,706	3.5	–
Current portion of bonds	99,988	–	–	–
Long-term borrowings	30,024	29,616	3.3	November 2027 – December 2032
Bonds	209,765	209,824	0.3	April 2026 – April 2029
Short-term lease liabilities	61,308	66,513	3.6	–
Long-term lease liabilities	270,989	282,827	3.1	January 2026 – October 2105
Other	59,560	50,395	–	–
Total	889,720	778,116	–	–
Current liabilities:	369,041	244,240	–	–
Non-current liabilities:	520,679	533,876	–	–
Total	889,720	778,116	–	–

(Note 1) "Average interest rate" represents the weighted average interest rates for the interest rates and balances as of the end of the current fiscal year.

(Note 2) Bonds and borrowings are categorized as financial liabilities measured at amortized cost.

The terms for the different bonds that have been issued are summarized below:

(Yen in millions)

Company name	Issue	Issuance date	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)	Interest rate (%)	Collateral	Maturity date
Bridgestone Corporation	The 10th unsecured bonds	April 21, 2017	49,994	–	0.2	None	April 19, 2024
Bridgestone Corporation	The 11th unsecured bonds	April 21, 2017	59,946	59,962	0.3	None	April 21, 2027
Bridgestone Corporation	The 12th unsecured bonds	April 19, 2019	49,993	–	0.1	None	April 19, 2024
Bridgestone Corporation	The 13th unsecured bonds	April 19, 2019	49,959	49,976	0.2	None	April 17, 2026
Bridgestone Corporation	The 14th unsecured bonds	April 19, 2019	99,860	99,886	0.4	None	April 19, 2029
Total		–	309,752	209,824	–	–	–

(2) Assets pledged as collateral for liabilities

Assets pledged as collateral are as follows:

(Yen in millions)

Assets pledged as collateral	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Cash and cash equivalents	234	244
Property, plant and equipment	492	491
Total	726	735

21. Provisions

"Provisions" is recorded as current liabilities and non-current liabilities in the consolidated statement of financial position.

The breakdown of "Provisions" and the changes are as follows:

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Provision for compensation for industrial accidents	Provision for loss on litigation	Provision for product warranties	Other	Total
Balance as of January 1, 2023	11,852	21,105	22,528	33,432	88,917
Increase during period	12,494	12,432	4,151	9,972	39,049
Decrease (used)	(11,806)	(17,317)	(8,930)	(9,676)	(47,729)
Decrease (reversed)	(1,230)	(224)	(2,848)	(2,875)	(7,177)
Exchange differences	820	(773)	572	1,554	2,173
Other	–	280	–	231	511
Balance as of December 31, 2023	12,130	15,503	15,473	32,638	75,744

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Provision for compensation for industrial accidents	Provision for loss on litigation	Provision for product warranties	Other	Total
Balance as of January 1, 2024	12,130	15,503	15,473	32,638	75,744
Increase during period	10,623	13,558	4,201	21,338	49,720
Decrease (used)	(9,584)	(14,134)	(6,311)	(6,903)	(36,932)
Decrease (reversed)	(310)	(485)	(2,431)	(7,807)	(11,033)
Exchange differences	1,414	(1,435)	1,954	1,155	3,088
Other	–	332	–	(229)	103
Balance as of December 31, 2024	14,273	13,339	12,886	40,192	80,690

(1) Provision for compensation for industrial accidents

The Group estimates and records an amount based on 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. The outflow of the economic benefits is supposed to occur mainly during the period one year after the end of the current fiscal year.

(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. The outflow of the economic benefits is supposed to occur mainly within one year from the end of the current fiscal year.

(3) Provision for product warranties

To prepare for the expenditures for after-sales and other services for products sold, the Group estimates and records an amount to be incurred based on past experience. The outflow of the economic benefits is supposed to occur mainly within one year from the end of the current fiscal year.

(4) Other

"Other" includes asset retirement obligations, provision for environmental expenses, etc.

22. Other Current Liabilities

The breakdown of "Other current liabilities" is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Bonuses to officers and employees	40,857	42,992
Refund liabilities	40,268	43,489
Provision for unused paid absences	26,429	28,480
Contract liabilities	21,556	23,606
Other	39,748	40,028
Total	168,858	178,595

The details of contract liabilities are presented in Note "26. Revenue."

23. Employee Benefits

(1) Post-employment benefits

The Group has adopted both funded and unfunded defined benefit plans and defined contribution plans as retirement benefits for its employees. The funded defined benefit plans are managed by pension funds that are legally segregated from the Group. The board of directors of pension funds and pension trustees are required by law to act in the best interests of the participants and are responsible for managing the plan assets in accordance with the prescribed policies.

The Group's defined benefit plans are exposed to the following risks:

(i) Investment risk

The Group calculates the present value of the defined benefit obligations based on a discount rate that is determined by reference to market yields on high-grade corporate bonds at the end of the 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.

1) Reconciliation of defined benefit obligations

The changes in the defined benefit obligations are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Present value of defined benefit obligations at beginning of period (Note)	616,474	638,935
Service cost	12,456	13,480
Interest expense	24,316	25,117
Remeasurements		
Actuarial gains and losses arising from changes in demographic assumptions	(99)	1,571
Actuarial gains and losses arising from changes in financial assumptions	7,108	(31,065)
Actuarial gains and losses arising from experience adjustments	3,385	(2,768)
Past service cost and settlement of plan	(5,277)	(1,986)
Benefits paid	(51,882)	(50,069)
Exchange differences on translation of foreign operations	30,650	43,072
Other	1,804	1,848
Present value of defined benefit obligations at end of period (Note)	638,935	638,135

(Note) The weighted-average durations of the defined benefit obligations of the Group are 10.9 years and 10.3 years as of the previous fiscal year-end and the current fiscal year-end, respectively.

2) Reconciliation of plan assets

The changes in the plan assets are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Fair value of the plan assets at beginning of period	490,577	518,131
Interest revenue	19,627	20,692
Remeasurements		
Return on plan assets	14,508	(10,430)
Contribution from employers (Note 1) (Note 2)	16,445	15,642
Benefits paid	(45,088)	(45,024)
Settlement of plan	(245)	(541)
Exchange differences on translation of foreign operations	24,119	36,204
Other	(1,812)	(649)
Fair value of the plan assets at end of period	518,131	534,025

(Note 1) The Group and its pension funds, in accordance with the laws and regulations, periodically conduct financial verifications and recalculate the amount of contributions for the purpose of appropriating funds for future benefit accruals and maintaining a balanced pension fund in case of a deficit.

(Note 2) The Group plans to make a contribution of 13,627 million yen in the subsequent fiscal year.

3) Reconciliation of defined benefit obligations and plan assets

The relationship between the defined benefit obligations, the plan assets and the defined benefit liabilities (assets) in the consolidated statement of financial position is as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Present value of the funded defined benefit obligations	570,703	570,089
Fair value of the plan assets	(518,131)	(534,025)
Subtotal	52,572	36,064
Present value of the unfunded defined benefit obligations	68,232	68,046
Effect of asset ceiling	24,433	35,635
Defined benefit liabilities (assets)	145,237	139,745
Amounts on the consolidated statement of financial position		
Retirement benefit liabilities	153,511	146,433
Retirement benefit assets	(8,274)	(6,687)
Defined benefit liabilities (assets) in the consolidated statement of financial position	145,237	139,745

4) Major components of plan assets

The major components of plan assets by category are as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)			Current fiscal year (As of December 31, 2024)		
	Quoted price in active markets		Total	Quoted price in active markets		Total
	Quoted	Unquoted		Quoted	Unquoted	
Debt instruments	245,575	12,504	258,079	251,587	11,929	263,516
Japan	9,338	2,161	11,499	8,356	1,079	9,435
Overseas	236,237	10,343	246,580	243,231	10,850	254,081
Equity instruments	29,133	12,927	42,060	33,496	11,832	45,328
Japan	1,073	–	1,073	1,522	–	1,522
Overseas	28,060	12,927	40,987	31,974	11,832	43,806
Cash and cash equivalents	25,881	15,742	41,623	23,636	10,998	34,634
Alternative investments (Note)	50,825	70,595	121,420	54,175	80,120	134,295
Other	55	54,894	54,949	64	56,188	56,252
Total	351,469	166,662	518,131	362,958	171,067	534,025

(Note) Alternative investments include investments, such as trusteed pension assets, real estate fund, and hedge fund, etc.

The investment management policy of the Group for the major plans is as follows:

(Japan)

The Company's policy aims for managing plan assets to secure stable returns over the medium to long term so that it can ensure payment of defined benefit obligations in the future, in accordance with internal regulations. More specifically, the Group sets a target return and asset allocation that is within the range of tolerable risk defined annually, and manages its plan assets by maintaining this allocation. When assessing the asset allocation, the Group examines whether to introduce the type of plan assets that is closely linked to changes in defined benefit obligations.

Furthermore, in the event of an unexpected event in the market environment, the Group is able to temporarily adjust the weighting of risk assets in accordance with the internal regulations.

(Overseas)

The policies for managing plan assets of these foreign subsidiaries are established by pension trustees and the managements of these foreign subsidiaries in accordance with the laws of each country. The objective of such policies is to secure investment income that exceeds the changes in the value of liabilities while managing the risks arising from defined benefit obligations.

The core part of the plan assets is invested in bonds linked to the defined benefit obligations. The remaining part of the plan assets is invested mainly in the stocks to earn long-term income.

5) Reconciliation of the effect of the asset ceiling

The changes in the effect of the asset ceiling are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Effect of asset ceiling at beginning of period	9,782	24,433
Remeasurements		
Change in the effect of asset ceiling	14,377	11,065
Exchange differences on translation of foreign operations	274	137
Effect of asset ceiling at end of period	24,433	35,635

6) Items related to actuarial assumptions

Significant actuarial assumptions for each fiscal year are as follows:

(%)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Discount rate	3.9	4.4

(Note) Valuation of the defined benefit obligations includes a judgment of future uncertain events. Sensitivity of the defined benefit obligation to changes in the major base rate as of the end of the current fiscal year is as follows: Although the sensitivity assumes that all the other variables remain constant, practically they do not always change independently. Negative figures represent a decrease in the defined benefit obligations and positive figures an increase in them.

(Yen in millions)

	Changes in base rate	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Discount rate	0.5% increase	(46,418)	(28,640)
	0.5% decrease	50,871	31,077

7) Defined contribution plan

The amounts of contributions paid to the defined contribution plan are 20,350 million yen and 21,927 million yen for the previous fiscal year and the current fiscal year, respectively.

(2) Employee benefit expenses

Employee benefit expenses that are included in “Cost of sales,” “Selling, general and administrative expenses,” “Other expenses,” “Finance costs” and “Profit (loss) from discontinued operations” in the consolidated statement of profit or loss are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Employee benefit expenses	12,985	16,836

24. Equity and Other Components of Equity

(1) Common stock and capital surplus

The Companies Act provides that at least half of the paid-in capital shall be appropriated as common stock, and the remaining amount may be appropriated as capital reserve within capital surplus. The Companies Act also provides that capital reserve may be appropriated as common stock pursuant to a resolution at the shareholders' meeting.

1) Number of shares authorized

The numbers of authorized shares are 1,450,000,000 shares and 1,450,000,000 shares as of the previous fiscal year-end and the current fiscal year-end, respectively.

2) Number of shares issued and fully paid

The changes in the number of shares issued and the balances of common stock and capital surplus are as follows:

	Number of issued shares of common stock (Shares)	Common stock (Yen in millions)	Capital surplus (Yen in millions)
Beginning of the previous fiscal year (As of January 1, 2023)	713,698,221	126,354	119,517
Increase (Decrease)	–	–	783
Previous fiscal year (As of December 31, 2023)	713,698,221	126,354	120,300
Increase (Decrease)	–	–	354
Current fiscal year (As of December 31, 2024)	713,698,221	126,354	120,655

(Note) The shares issued by the Company are shares of common stock with no par value and have no restrictions on any rights.

(2) Treasury stock

The changes in the number of shares and balance of treasury stock are as follows:

	Number of shares (Shares)	Amount (Yen in millions)
Beginning of the previous fiscal year (As of January 1, 2023)	29,348,738	136,814
Increase (decrease) (Note 2)	(301,567)	(1,405)
Previous fiscal year (As of December 31, 2023)	29,047,171	135,409
Increase (decrease) (Note 3)	(175,483)	(817)
Current fiscal year (As of December 31, 2024)	28,871,688	134,592

(Note 1) The Company has adopted the stock option and appropriated shares of treasury stock for the delivery of shares upon exercise of these options. The terms of the contract and the amounts, etc. are presented in Note "34. Share-based Payment."

(Note 2) The main factors of the increase (decrease) in treasury stock during the previous fiscal year were an increase due to purchase of shares less than one unit, a decrease due to exercise of stock options, and a decrease due to the disposal of restricted share-based remuneration, PSUs and RSUs.

(Note 3) The main factors of the increase (decrease) in treasury stock during the current fiscal year were an increase due to acquisition without compensation of restricted share-based remuneration, a decrease due to exercise of stock options, and a decrease due to the disposal of restricted share-based remuneration, PSUs and RSUs.

(3) Other components of equity

1) Stock acquisition rights

The Company has adopted the stock option plan and issued stock acquisition rights in accordance with the Companies Act. The terms of the contract and the amounts, etc. are presented in Note “34. Share-based Payment.”

2) Exchange differences on translation of foreign operations

The exchange differences on translation of foreign operations occur when the financial statements of the foreign operations prepared using foreign currencies are consolidated.

3) Effective portion of change in fair value of cash flow hedges

The Company hedges the fluctuation risk of variability in future cash flows through hedges, and this is the portion of the changes in fair value of the derivative instruments designated as cash flow hedges, which are deemed to be effective.

4) Net change in fair value of financial assets measured through other comprehensive income

This is the valuation difference of the fair values of financial assets measured through other comprehensive income.

5) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans include actuarial gains and losses that arise from the present value of defined benefit obligations, the return on plan assets (except for amounts included in net interest), and changes in the effect of the asset ceiling (except for amounts included in net interest). They are recognized in other comprehensive income when they arise, and reclassified from other components of equity to retained earnings immediately.

(4) Retained earnings

The Companies Act provides that an amount equal to 10% of the dividends paid from surplus shall be transferred to capital reserve and legal retained earnings until the aggregate amount of capital reserve and legal retained earnings equals 25% of the nominal value of common stock. The amount accumulated in legal retained earnings may be used to offset deficit. Furthermore, such legal retained earnings may be reversed pursuant to a resolution at the shareholders’ meeting.

25. Dividends

(1) The amount of dividends paid

Previous fiscal year (Year ended December 31, 2023)

(Resolution)	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders’ Meeting, March 28, 2023	Common Stock	61,592	90	December 31, 2022	March 29, 2023
Board of Directors’ Meeting, August 9, 2023	Common Stock	68,462	100	June 30, 2023	September 1, 2023

Current fiscal year (Year ended December 31, 2024)

(Resolution)	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2024	Common Stock	68,465	100	December 31, 2023	March 27, 2024
Board of Directors' Meeting, August 9, 2024	Common Stock	71,903	105	June 30, 2024	September 2, 2024

(2) Dividends that will be effective in the subsequent fiscal year of the record date

Previous fiscal year (Year ended December 31, 2023)

(Resolution)	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2024	Common Stock	68,465	100	December 31, 2023	March 27, 2024

Current fiscal year (Year ended December 31, 2024)

(Resolution)	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 25, 2025	Common Stock	71,907	105	December 31, 2024	March 26, 2025

26. Revenue

(1) Disaggregation of revenue

The breakdown of revenue from continuing operations is as follows.

The Group has changed the segment classification of the India business from the current fiscal year in line with its efforts to further strengthen its global management structure. Accompanying this, the "China, Asia-Pacific" segment has been changed to the "Asia-Pacific, India and China" segment, and the "Europe, Russia, Middle East, India and Africa" segment has been changed to the "Europe, Middle East and Africa" segment. The transfer of the Russian business has been completed in December 2023. Also, figures for the previous fiscal year have been reclassified in accordance with the new segment structure.

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Reportable segments					Other	Corporate or elimination	Consolidated total
	Japan	Asia-Pacific, India and China	Americas	Europe, Middle East and Africa	Total			
Tires (Note 1)	716,935	488,121	2,003,081	799,261	4,007,398	15,481	23	4,022,902
Other (Note 2)	229,613	–	59,992	–	289,605	1,293	–	290,898
Total external revenue	946,547	488,121	2,063,073	799,261	4,297,002	16,775	23	4,313,800
Revenue recognized from contracts with customers	915,826	488,121	2,055,923	787,360	4,247,230	16,775	23	4,264,028
Revenue recognized from other sources (Note 3)	30,722	–	7,150	11,900	49,772	–	–	49,772

(Note 1) "Tires" includes the premium tire business and solutions business that the Group operates in.

(Note 2) "Other" includes chemical and industrial products and diversified products business that the Group operates in.

(Note 3) Revenue recognized from other sources includes lease income based on IFRS 16.

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Reportable segments					Other	Corporate or elimination	Consolidated total
	Japan	Asia-Pacific, India and China	Americas	Europe, Middle East and Africa	Total			
Tires (Note 1)	741,903	478,690	2,085,467	813,048	4,119,108	18,115	10	4,137,233
Other (Note 2)	219,874	–	71,630	–	291,504	1,360	–	292,863
Total external revenue	961,777	478,690	2,157,097	813,048	4,410,612	19,475	10	4,430,096
Revenue recognized from contracts with customers	924,475	478,690	2,147,971	799,014	4,350,150	19,475	10	4,369,634
Revenue recognized from other sources (Note 3)	37,302	–	9,126	14,035	60,462	–	–	60,462

(Note 1) "Tires" includes the premium tire business and solutions business that the Group operates in.

(Note 2) "Other" includes chemical and industrial products and diversified products business and other businesses that the Group operates in.

(Note 3) Revenue recognized from other sources includes lease income based on IFRS 16.

(2) Contract balances

Contract balances of the Group consist of receivables, contract assets and contract liabilities arising from contracts with customers. In the consolidated statement of financial position, receivables arising from contracts with customers are presented as “Trade and other receivables,” while the contract assets and contract liabilities are as follows:

(Yen in millions)

	Beginning of the previous fiscal year (As of January 1, 2023)	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Contract assets	4,953	9,291	9,992
Contract liabilities	23,117	27,377	27,534

Of the amount of revenue recognized in the previous fiscal year and current fiscal year, the amounts included in the balance of contract liabilities at the beginning of the fiscal year were 18,532 million yen and 21,556 million yen, respectively. The amount of revenue recognized in the current fiscal year from performance obligations satisfied in the previous periods is not material.

The contract assets are presented as “Other current assets” and “Other non-current assets” in the consolidated statement of financial position.

The contract assets primarily relate to unbilled accounts receivable on product design and development for customers.

Generally, contract assets increase when the Company transfers goods or services to customers before the customers pay consideration or the payment is due (excluding receivables for which the right to consideration is unconditional), and decrease when the Company bills customers.

The contract liabilities are presented as “Other current liabilities” and “Other non-current liabilities” in the consolidated statement of financial position.

The contract liabilities primarily relate to advances received from customers in association with maintenance services for automobiles.

Generally, contract liabilities increase when the Company receives consideration from customers before the Company transfers goods or services to the customers, and decrease when the Company satisfies its performance obligations.

(3) Transaction price allocated to the remaining performance obligations

The amounts of revenue from continuing operations related to the unsatisfied (or partially unsatisfied) performance obligations that are expected to be recognized in the future at the end of the fiscal year are as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Within one year	32,030	33,409
Over one year	21,795	26,230

As the Group has applied the practical expedient provided in paragraph 121 of IFRS 15, it does not disclose information about the remaining performance obligation that has an original expected duration of one year or less. Among consideration from contracts with customers, there is no significant amount that is not included in transaction price.

27. Selling, General and Administrative Expenses

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

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Freight	222,461	212,680
Advertising and sales promotional expenses	91,505	98,918
Employee benefit expenses	346,249	365,262
Depreciation and amortization	112,836	127,386
Research and development expenses (Note)	121,993	126,156
Other	286,439	321,729
Total	1,181,482	1,252,132

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

28. Other Income and Other Expenses

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

(1) Other income

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Gain on sale of fixed assets (Note 1)	17,322	74,688
Business and plant restructuring income	(Note 2) 8,645	1,407
Insurance claim income	6,832	102
Other	6,394	5,880
Total	39,193	82,078

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

(Note 2) The breakdown of "Business and plant restructuring income" is presented in Note "6. Operating Segments."

(2) Other expenses

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Impairment losses	1,833	(Note 1) 61,184
Business and plant restructuring expenses (Note 2)	17,921	43,578
Removal and disassembly expense	3,895	3,618
Loss on retirement of fixed assets	3,225	3,016
Other	1,637	1,234
Total	28,509	112,630

(Note 1) The breakdown of "Impairment losses" is presented in Note "16. Impairment of Non-financial Assets."

(Note 2) The breakdown of "Business and plant restructuring expenses" is presented in Note "6. Operating Segments."

29. Finance Income and Finance Costs

The breakdown of "Finance income" and "Finance costs" is as follows:

(1) Finance income

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Interest income (Note)	29,468	15,012
Gain on short-term investments	–	10,198
Other	5,917	2,080
Total	35,385	27,290

(2) Finance costs

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Interest expenses (Note)	21,031	25,105
Foreign currency exchange loss	47,375	8,608
Other	9,940	16,089
Total	78,346	49,802

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

30. Other Comprehensive Income

The analysis of “Other comprehensive income” by item in terms of the amount that occurred during each fiscal year, the amount reclassified to profit or loss and the impact of tax effects are as follows:

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Amount that occurred during the period	Reclassification adjustment	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Net change in fair value of financial assets measured through other comprehensive income	18,245	–	18,245	(5,552)	12,693
Remeasurements of defined benefit plans	(11,106)	–	(11,106)	2,739	(8,367)
Share of other comprehensive income of investments accounted for using equity method	(2)	–	(2)	–	(2)
Total of items that will not be reclassified to profit or loss	7,136	–	7,136	(2,813)	4,324
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	181,184	3,261	184,445	–	184,445
Effective portion of change in fair value of cash flow hedges	(11,311)	9,903	(1,409)	409	(999)
Share of other comprehensive income of investments accounted for using equity method	1,302	(21)	1,282	–	1,282
Total of items that may be reclassified to profit or loss	171,176	13,143	184,318	409	184,728
Total	178,312	13,143	191,455	(2,403)	189,051

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Amount that occurred during the period	Reclassification adjustment	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Net change in fair value of financial assets measured through other comprehensive income	(4,581)	–	(4,581)	2,507	(2,074)
Remeasurements of defined benefit plans	9,366	–	9,366	(779)	8,587
Share of other comprehensive income of investments accounted for using equity method	(7)	–	(7)	–	(7)
Total of items that will not be reclassified to profit or loss	4,778	–	4,778	1,728	6,506
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	228,121	(1,479)	226,642	–	226,642
Effective portion of change in fair value of cash flow hedges	(15,255)	8,963	(6,292)	1,874	(4,418)
Share of other comprehensive income of investments accounted for using equity method	9,148	172	9,321	–	9,321
Total of items that may be reclassified to profit or loss	222,015	7,656	229,671	1,874	231,545
Total	226,792	7,656	234,449	3,603	238,051

31. Discontinued Operations

(1) Anti-vibration rubber business

On December 10, 2021, the Company made the decision to transfer anti-vibration rubber business (the "Business Operations") to 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 a separate transfer targeting a company at a later time.

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

1) Profit or loss from discontinued operations

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit or loss from discontinued operations		
Income	5,835	6,008
Expenses (Note)	(1,574)	(5,903)
Profit (loss) before tax from discontinued operations	4,262	105
Income tax expense	(850)	(110)
Profit (loss) from discontinued operations	3,411	(5)

(Note) Expenses for the previous fiscal year include a gain on business transfer to AZ of 3,626 million yen and a reversal of expenses of 249 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less costs to sell.

Expenses for the current fiscal year include a reversal of expenses of 339 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less costs to sell.

2) Cash flow from discontinued operations

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	467	692
Net cash provided by (used in) investing activities	1,510	(337)
Net cash provided by (used in) financing activities	–	–
Total	1,976	355

(2) Chemical products solutions business

On December 10, 2021, the Company made the decision to transfer chemical products solutions business (the "Business Operations") to EUF-2. 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 EUF-2, which is structured, managed, and operated by EU (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 Group has accordingly classified Business Operations of the Company, Bridgestone Industrial Products (Thailand) Co., Ltd., and Archem Philippines, Inc., as discontinued operations as well as Bridgestone Chemitech Co., Ltd. (BSCT), Bridgestone Diversified Chemical Products Co., Ltd. (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

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit or loss from discontinued operations		
Income (Note)	2,077	–
Expenses	(999)	–
Profit (loss) before tax from discontinued operations	1,078	–
Income tax expense	(114)	–
Profit (loss) from discontinued operations	964	–

(Note) Expenses for the previous fiscal year include a gain on business transfer to EU of 1,165 million yen.

2) Cash flow from discontinued operations

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(234)	–
Net cash provided by (used in) investing activities	2,006	–
Net cash provided by (used in) financing activities	–	–
Total	1,772	–

32. Earnings per Share

(1) Basic earnings (loss) per share

Basic earnings (loss) per share and its basis for the calculation are as follows:

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit attributable to owners of parent (Yen in millions)	331,305	284,989
Profit not attributable to common shareholders of parent (Yen in millions)	–	–
Profit used for calculating basic earnings per share (Yen in millions)	331,305	284,989
Profit from continuing operations used for calculating basic earnings per share (Yen in millions)	326,929	285,021
Profit (loss) from discontinued operations used for calculating basic earnings per share (Yen in millions)	4,375	(33)
Weighted-average number of shares of common stock (Thousands of shares)	684,531	684,753
Basic earnings (loss) per share		
Continuing operations (Yen)	477.60	416.24
Discontinued operations (Yen)	6.39	(0.05)
Basic earnings (loss) per share (Yen)	483.99	416.19

(2) Diluted earnings (loss) per share

Diluted earnings (loss) per share and its basis for the calculation is as follows:

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit used for calculating basic earnings per share (Yen in millions)	331,305	284,989
Adjustment to profit (Yen in millions)	–	–
Profit used to calculate diluted earnings per share (Yen in millions)	331,305	284,989
Profit from continuing operations used to calculate diluted earnings per share (Yen in millions)	326,929	285,021
Profit (loss) from discontinued operations used to calculate diluted earnings per share (Yen in millions)	4,375	(33)
Weighted-average number of shares of common stock (Thousands of shares)	684,531	684,753
Increase in common stock		
Increase from stock options (Thousands of shares)	821	715
Weighted-average number of shares of common stock after dilution (Thousands of shares)	685,352	685,468
Diluted earnings (loss) per share		
Continuing operations (Yen)	477.02	415.81
Discontinued operations (Yen)	6.38	(0.05)
Diluted earnings (loss) per share (Yen)	483.41	415.76

33. Cash Flow Information

Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities are as follows:

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	As of January 1, 2023	Changes with cash flows	Changes without cash flows			As of December 31, 2023
			Acquisition	Exchange differences on translation of foreign operations	Other	
Long-term borrowings	51,548	2,439	–	5,376	4,675	64,038
Short-term borrowings	92,247	20,873	–	10,953	–	124,073
Bonds	309,656	–	–	–	96	309,752
Lease liabilities	313,716	(68,401)	71,186	15,796	–	332,297
Total liabilities related to financing activities	767,167	(45,089)	71,186	32,125	4,771	830,160

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	As of January 1, 2024	Changes with cash flows	Changes without cash flows			As of December 31, 2024
			Acquisition	Exchange differences on translation of foreign operations	Other	
Long-term borrowings	64,038	(35,691)	–	2,975	–	31,322
Short-term borrowings	124,073	14,103	–	(941)	–	137,234
Bonds	309,752	(100,000)	–	–	72	209,824
Lease liabilities	332,297	(71,552)	72,386	16,209	–	349,340
Total liabilities related to financing activities	830,160	(193,139)	72,386	18,243	72	727,721

34. Share-based Payment

The Group has adopted the stock option plan, the PSU plan, the RSU, etc. plan and restricted share-based remuneration plan. The details of the stock option plan are presented in "1. Information on Stock, etc." of "IV. Information about Reporting Company," and those of the PSU, the RSU, etc. in "4. Corporate Governance, etc." of "IV. Information about Reporting Company."

(1) Stock option plan

The Group has not granted any new stock options since July 5, 2017.

1) Terms of the contracts, etc.

	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 26, 2009	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 30, 2010	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 29, 2011	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 27, 2012
Persons granted	Nine directors of the Company and 20 corporate officers not concurrently serving as directors of the Company	Eight directors of the Company and 25 corporate officers not concurrently serving as directors of the Company	Nine directors of the Company and 36 corporate officers not concurrently serving as directors of the Company	Nine directors of the Company and 35 corporate officers not concurrently serving as directors of the Company
Class and number of shares granted	Common stock: 110,000 shares	Common stock: 118,500 shares	Common stock: 154,500 shares	Common stock: 202,000 shares
Date of grant	May 1, 2009	May 6, 2010	May 2, 2011	May 1, 2012
Vesting conditions	No vesting condition	No vesting condition	No vesting condition	No vesting condition
Target service period	No specified service period	No specified service period	No specified service period	No specified service period
Exercise period	From May 1, 2009 to April 30, 2029	From May 6, 2010 to April 30, 2030	From May 2, 2011 to April 30, 2031	From May 1, 2012 to April 30, 2032

	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 26, 2013	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 25, 2014	Resolution at Annual Shareholders' Meeting and Board of Directors' Meeting held on March 24, 2015	Resolution at Board of Directors' Meeting held on April 21, 2016
Persons granted	Four directors of the Company and 36 corporate officers not concurrently serving as directors of the Company	Four directors of the Company and 46 corporate officers not concurrently serving as directors of the Company	Three directors of the Company and 48 corporate officers not concurrently serving as directors of the Company	Two directors of the Company excluding non-executive directors, eight executive officers not concurrently serving as directors and 41 corporate officers
Class and number of shares granted	Common stock: 196,000 shares	Common stock: 131,900 shares	Common stock: 142,500 shares	Common stock: 208,800 shares
Date of grant	May 1, 2013	May 1, 2014	May 1, 2015	May 6, 2016
Vesting conditions	No vesting condition	No vesting condition	No vesting condition	No vesting condition
Target service period	No specified service period	No specified service period	No specified service period	No specified service period
Exercise period	From May 1, 2013 to April 30, 2033	From May 1, 2014 to April 30, 2034	From May 1, 2015 to April 30, 2035	From May 7, 2016 to May 6, 2036

	Resolution at Board of Directors' Meeting held on April 27, 2017 Plan A	Resolution at Board of Directors' Meeting held on April 27, 2017 Plan B
Persons granted	Two directors of the Company excluding non-executive directors, five executive officers not concurrently serving as directors and 45 corporate officers	One executive officer not concurrently serving as director and two corporate officers
Class and number of shares granted	Common stock: 206,500 shares	Common stock: 14,300 shares
Date of grant	May 12, 2017	July 5, 2017
Vesting conditions	No vesting condition	No vesting condition
Target service period	No specified service period	No specified service period
Exercise period	From May 13, 2017 to May 12, 2037	From July 6, 2017 to July 5, 2037

2) Changes in the number of stock options

	Previous fiscal year (Year ended December 31, 2023)		Current fiscal year (Year ended December 31, 2024)	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Balance as of beginning of period	882,400	1	757,000	1
Effect of share split	–	–	–	–
Granted	–	–	–	–
Exercised	125,400	1	89,800	1
Forfeited	–	–	–	–
Ending balance	757,000	1	667,200	1
Exercisable balance as of end of period	757,000	1	667,200	1

(Note 1) The number of stock options is presented by converting it into the number of shares.

(Note 2) All the stock options have been granted at an exercise price of 1 yen per share.

(Note 3) The weighted-average stock price of the exercised stock options at exercise during the period is 6,243 yen for the current fiscal year. As for the previous fiscal year, it was 5,647 yen.

(Note 4) The weighted-average remaining contractual lives of the outstanding stock options as of the previous fiscal year-end and the current fiscal year-end were 10.8 years and 10.1 years, respectively.

(2) PSU

As previously mentioned, the Group has introduced the PSU.

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Number of shares granted (Shares)	76,100	38,000
Fair value at grant date (Yen) (Note 1)	4,979	6,375

(Note 1) Fair value is measured based on the average of the daily closing prices of the Company's common stock on the Tokyo Stock Exchange for the one month immediately preceding the resolution date of the Board of Directors.

(Note 2) The carrying amounts of liabilities arising from share-based remuneration transactions are 1,305 million yen and 1,155 million yen as of the previous fiscal year-end and the current fiscal year-end, respectively.

(3) RSU, etc.

As previously mentioned, the Company has introduced the RSU, etc.

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Number of shares granted (Shares)	19,600	16,600
Fair value at grant date (Yen) (Note 1)	4,979	6,375
Transfer Restriction Period	From May 16, 2023 to date of retirement	From May 16, 2024 to date of retirement

(Note 1) Fair value is measured based on the average of the daily closing prices of the Company's common stock on the Tokyo Stock Exchange for the one month immediately preceding the resolution date of the Board of Directors.

(Note 2) The carrying amounts of liabilities arising from share-based remuneration transactions are 267 million yen and 332 million yen as of the previous fiscal year-end and the current fiscal year-end, respectively.

(4) Restricted share-based remuneration plan

The Company has introduced a share-based remuneration plan to grant restricted shares to executive directors, directors, and lead experts from January 2021 with the aim of sharing values with shareholders regarding stock price fluctuation, thereby incentivizing them to make a contribution toward an increase in the stock price and corporate values of the Company.

This plan is a remuneration plan that allocates the Company's common stock, or provides financial payments, to those eligible for the allotment by providing monetary remuneration claims, and those eligible persons pay all of said monetary remuneration claims in the form of contribution in kind. The Company concludes a restricted share allotment agreement with those eligible for the allotment whereby they are restricted to transfer the allotted common stock of the Company to a third party, pledge them as collateral and dispose of them for a certain period prescribed in the allotment agreement (hereinafter, the "Transfer Restriction Period") (such restrictions are hereinafter referred to as the "Transfer Restriction").

The Transfer Restriction shall be lifted for all of the restricted shares as of the expiry of the Transfer Restriction Period on the condition that those eligible for the allotment continued to assume the positions of executive director, director, and lead expert (hereinafter, the "Positions Eligible for Allotment") during the target service period. The monetary remuneration shall be paid promptly upon the expiry of the Transfer Restriction Period for the restricted shares. However, when those eligible for the allotment lose the status of Positions Eligible for Allotment of the Company before the expiry of the Transfer Restriction Period with a reason deemed valid by the Global CEO following the deliberations of Officer Nomination and Compensation Meeting of the Company, the Transfer Restriction shall be lifted at a point in time immediately following the said loss of the positions. Meanwhile, when there are shares for which the Transfer Restriction is not lifted as of the expiry of the Transfer Restriction Period, the Company will acquire such restricted shares without consideration per its scheme.

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Number of shares granted (Shares)	83,360	37,730
Fair value at grant date (Yen) (Note 1)	4,982	5,990
Transfer Restriction Period	From March 1, 2023 to December 31, 2025	From March 1, 2024 to December 31, 2026

(Note 1) Fair value is measured based on the average of the daily closing prices of the Company's common stock on the Tokyo Stock Exchange for the one month immediately preceding the resolution date of the Board of Directors.

(Note 2) The carrying amounts of liabilities arising from share-based remuneration transactions are 103 million yen as of the current fiscal year-end.

(5) Share-based remuneration expenses

Share-based remuneration expenses for each plan and each settlement method included in the "Selling, general and administrative expenses" in the consolidated statement of profit or loss are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Stock option	–	–
PSU	1,211	367
RSU, etc.	183	142
Restricted share-based remuneration	415	309

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Equity-settled	–	200
Cash-settled	1,809	618

35. Financial Instruments

(1) Capital management

The Group believes that expanding the spread of ROIC-WACC (weighted average cost of capital) and ROE-cost of equity will contribute to improving the corporate value, and has adopted a policy of improving its capital structure to balance financial soundness and capital efficiency.

As items to be managed for measuring capital efficiency, the Group utilizes ROE and ROIC as management indicators. In capital management, the ratio of owners' equity to gross assets is used as an important indicator, and is continually monitored. Working to sustainably enhance corporate value, we will carry out and promote "Financial strategy" in addition to "Profitability improvement" and "Growth investments."

(2) Matters related to risk management

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

(3) 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 major customers and manages the due dates and the receivables balance of each customer to early detect and 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.

The Group's credit risk exposure related to notes and accounts receivable, etc. is as follows: The Group measures the future expected credit losses to record allowance for doubtful accounts on notes and accounts receivable, etc., taking into account probability of recoverability and if there has been a significant increase in credit risk, etc. The determination of whether credit risk has significantly increased is made with consideration for matters such as information on past-due events and debtor financial difficulties (problems in debt collection have occurred or are highly likely to occur although the organization has not entered bankruptcy). However, when the situation can be justified based on the reason for exceeding the due date, past performance, or other matter, it is concluded that there is no significant increase in credit risk. Allowance for doubtful accounts on trade receivables is always measured at an amount equal to lifetime expected credit losses, which may be measured either on an individual or collective basis, depending on the nature and size of the transaction, and on the credit risk characteristics. If one or several of the following events that can affect the estimated future cash flows of the trade receivables adversely occur, the Group assesses expected credit losses on an individual receivable basis as credit-impaired trade receivables. The Group does not expose itself to significant concentrations of credit risk from specific supplier or customer.

- A breach of contract such as a default or substantial overdue payments
- Significant financial difficulty of the debtor
- The probability that the debtor will enter bankruptcy or other financial reorganization

1) Credit risk exposure related to trade and other receivables, etc.

Notes and accounts receivable, etc.

(Yen in millions)

	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses		Total
	Financial assets without credit impairment	Financial assets with credit impairment	
Previous fiscal year (As of December 31, 2023)	929,675	22,153	951,828
Current fiscal year (As of December 31, 2024)	1,029,999	15,819	1,045,819

Other financial assets

(Yen in millions)

	Financial assets for which allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which allowance for doubtful accounts is measured at an amount equal to lifetime expected credit losses		Total
		Financial assets for which credit risk has increased significantly since initial recognition	Financial assets with credit impairment	
Previous fiscal year (As of December 31, 2023)	107,883	118	873	108,874
Current fiscal year (As of December 31, 2024)	101,380	99	890	102,370

2) Changes in allowance for doubtful accounts

Allowance for doubtful accounts against notes and accounts receivable, etc.

(Yen in millions)

	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses		Total
	Financial assets without credit impairment	Financial assets with credit impairment	
Balance as of January 1, 2023	21,538	17,647	39,185
Increase during period	5,429	6,411	11,840
Decrease during period (utilized)	(498)	(366)	(864)
Decrease during period (reversed)	(2,772)	(3,169)	(5,941)
Other	1,554	(1,597)	(43)
Balance as of December 31, 2023	25,250	18,926	44,177
Increase during period	8,440	1,111	9,551
Decrease during period (utilized)	(2,771)	(5,696)	(8,466)
Decrease during period (reversed)	(2,438)	(573)	(3,011)
Other	2,993	972	3,965
Balance as of December 31, 2024	31,475	14,740	46,215

Allowance for doubtful accounts against other financial assets

(Yen in millions)

	Financial assets for which allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which allowance for doubtful accounts is measured at an amount equal to lifetime expected credit losses		Total
		Financial assets for which credit risk has increased significantly since initial recognition	Financial assets with credit impairment	
Balance as of January 1, 2023	190	131	650	971
Increase during period	0	96	163	259
Decrease during period (utilized)	–	–	–	–
Decrease during period (reversed)	(1)	(109)	(12)	(122)
Other	(125)	–	74	(51)
Balance as of December 31, 2023	65	118	874	1,057
Increase during period	12	57	164	233
Decrease during period (utilized)	–	–	–	–
Decrease during period (reversed)	(1)	(76)	–	(77)
Other	0	–	(147)	(147)
Balance as of December 31, 2024	75	99	891	1,066

(4) Liquidity risk management

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

Based on a cash flow plan that incorporates estimated cash inflows and outflows arising from business activities, 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.

Balances of financial liabilities (including derivative financial instruments) by due date as of the end of each fiscal year are as follows:

Previous fiscal year (As of December 31, 2023)

(Yen in millions)

	Carrying amounts	Contractual cash flows	Within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	599,240	599,240	599,240	–	–	–	–	–
Bonds and borrowings	497,863	498,110	258,087	663	50,000	61,853	26	127,481
Lease liabilities	332,297	373,171	68,969	57,880	47,728	38,465	28,225	131,904
Subtotal	1,429,400	1,470,521	926,296	58,543	97,728	100,318	28,251	259,385
Derivative financial liabilities (Note)								
Forward exchange contracts	(3,412)	(3,412)	(3,412)	–	–	–	–	–
Currency swap contracts	20,212	20,212	20,113	64	36	–	–	–
Commodity swap contracts	(269)	(269)	(269)	–	–	–	–	–
Interest rate swap contracts	(336)	(336)	(336)	–	–	–	–	–
Subtotal	16,196	16,196	16,096	64	36	–	–	–
Total	1,445,596	1,486,717	942,392	58,607	97,764	100,318	28,251	259,385

Current fiscal year (As of December 31, 2024)

(Yen in millions)

	Carrying amounts	Contractual cash flows	Within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	610,704	610,704	610,704	–	–	–	–	–
Bonds and borrowings	378,381	378,557	138,941	50,000	61,345	20	100,090	28,161
Lease liabilities	349,340	394,941	75,055	65,003	53,662	41,604	29,377	130,240
Subtotal	1,338,425	1,384,202	824,700	115,003	115,007	41,624	129,467	158,401
Derivative financial liabilities (Note)								
Forward exchange contracts	8,103	8,103	8,103	–	–	–	–	–
Currency swap contracts	2,966	2,966	1,254	206	1,515	(9)	–	–
Commodity swap contracts	(248)	(248)	(248)	–	–	–	–	–
Subtotal	10,820	10,820	9,108	206	1,515	(9)	–	–
Total	1,349,245	1,395,022	833,808	115,209	116,522	41,615	129,467	158,401

(Note) Receivables and payables incurred by derivative transactions are presented in net amount.

Total amount of committed line and the amount undrawn are as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Total amount of committed line	156,013	173,998
The amount drawn	–	–
The amount undrawn	156,013	173,998

(5) 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 exchange fluctuation 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 related to exports and imports, forward exchange contracts and currency option contracts may be used, depending on exchange rate conditions. In addition, currency swap contracts are used to hedge foreign currency exchange fluctuation risk associated with loans and borrowings denominated in foreign currencies.

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

Foreign currency sensitivity analysis

For the financial instruments held by the Group at each fiscal year-end, the impact of appreciation of the foreign currencies against the yen by 1 yen on profit after tax is as follows:

The figures below do not include the impact of translation of financial instruments denominated in functional currencies, assets and liabilities as well as revenues and costs of foreign operations into yen. This analysis is based on the assumption that other variable factors (such as balances, interest rate, etc.) are constant.

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit after tax	(29)	(27)

(6) Interest rate risk management

Some of borrowings, etc. with floating interest rates in the Group are exposed to interest rate fluctuation 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.

Interest rate sensitivity analysis

As for the financial instruments held by the Group at each fiscal year-end, the impact of interest rate hikes by 1% on profit after tax is as follows:

This analysis is applicable to the financial instruments subject to the effects of changes in interest rates, assuming other variable factors such as the effects of the changes in currency rates remain constant.

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Profit after tax	(657)	(374)

(7) Market price fluctuation risk management

Investment securities in the Group consist primarily of equity securities of business partners and are exposed to market price fluctuation 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 held by the Group upon confirming the rationality of holding them.

Sensitivity of share price fluctuation risk

The sensitivity analysis of the listed stocks the Group holds to share price fluctuation risk is as follows: The analysis shows the impact of drops in market prices of the listed stocks by 1% on other comprehensive income before tax effect, assuming other variables remain constant.

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Other comprehensive income	(502)	(423)

(8) Fair value measurement

The fair value hierarchy of the financial instruments is categorized into the following three levels based on the inputs to the valuation techniques used.

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

1) Financial instruments measured at fair value

The methods for measuring of major financial instruments measured at fair value are as follows:

(i) Derivative assets and derivative liabilities

Derivative assets and derivative liabilities are included in other financial assets and other financial liabilities, respectively, and these are classified as financial assets and financial liabilities measured at fair value through profit or loss. These are forward exchange contracts, currency swap contracts and interest rate swap contracts, etc., which are measured based on the model using largely observable inputs such as foreign currency rates and interest rates.

(ii) Short-term investments

Short-term investments are included in cash and cash equivalents, classified into financial assets measured at fair value through profit or loss. The fair value of short-term investments is determined by reference to quoted prices in active markets and is categorized as Level 1.

(iii) Shares, etc.

Shares, etc. are included in other financial assets, classified into financial assets measured at fair value through profit or loss, or financial assets measured at fair value through other comprehensive income. The shares categorized in Level 1 are the listed stocks traded in active market, which are measured at a quoted price on the exchange. The shares, etc. categorized in Level 3 are unlisted stocks, etc., which are primarily measured by using the method that discounts future cash flows and the net asset-based valuation model (i.e., a method of measuring enterprise value based on the net assets of the share issuing company, adjusted for any items that should be adjusted due to marked-to-market, if any).

The fair value hierarchy of financial instruments measured at fair value is as follows:

Previous fiscal year (As of December 31, 2023)

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Derivative assets	–	6,450	–	6,450
Short-term investments	–	–	–	–
Shares, etc.	50,174	–	27,937	78,111
Total	50,174	6,450	27,937	84,561
Derivative liabilities	–	22,645	–	22,645
Total	–	22,645	–	22,645

Current fiscal year (As of December 31, 2024)

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Derivative assets	–	3,879	–	3,879
Short-term investments	10,950	–	–	10,950
Shares, etc.	42,304	–	19,026	61,330
Total	53,254	3,879	19,026	76,159
Derivative liabilities	–	14,700	–	14,700
Total	–	14,700	–	14,700

Transfers between levels of the fair value hierarchy are recognized at the end of each fiscal year. There was no transfer between Level 1 and Level 2 for the previous fiscal year and the current fiscal year.

The changes in assets and liabilities measured at fair value by using Level 3 inputs on a recurring basis from the beginning to the end of the previous and current fiscal years are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Balance as of beginning of period	19,251	27,937
Gains and losses		
Profit or loss (Note 1)	(25)	(60)
Other comprehensive income (Note 2)	844	(10,237)
Purchases	7,210	901
Sale and collection	(215)	(1,137)
Other	871	1,622
Ending balance	27,937	19,026

(Note 1) Amount is included in “finance income” and “finance costs” in the consolidated statement of profit or loss.

(Note 2) Amount is included in “Net change in fair value of financial assets measured through other comprehensive income” in the consolidated statement of comprehensive income.

The financial instruments categorized as Level 3 in the fair value hierarchy financial assets, are classified into financial assets measured at fair value through profit or loss, or financial assets measured at fair value through other comprehensive income for which quoted market prices are not readily available. The fair values of such financial instruments are calculated based on the Group’s accounting policy. When measuring the fair values, the Group determines the most appropriate valuation technique considering the nature of the assets, etc. with reasonably estimated input.

2) Financial instruments measured at amortized cost

The methods for measuring the fair value of major financial instruments measured at amortized cost are as follows:

The table below does not include financial instruments where the carrying amounts of which reasonably approximate the fair values and it is not material.

Bonds and borrowings

The fair values of bonds are based on the market prices. The fair values of the borrowings are calculated based on the present value and by discounting the total principal and interest over the remaining term at an interest rate that would be applied if similar borrowings were newly made.

Previous fiscal year (As of December 31, 2023)

(Yen in millions)

	Carrying amounts	Level 1	Level 2	Level 3	Total
Bonds and borrowings	239,789	–	238,181	–	238,181
Total	239,789	–	238,181	–	238,181

Current fiscal year (As of December 31, 2024)

(Yen in millions)

	Carrying amounts	Level 1	Level 2	Level 3	Total
Bonds and borrowings	239,441	–	235,430	–	235,430
Total	239,441	–	235,430	–	235,430

(9) Hedge accounting

Risk management strategy

The Group uses, as derivative transactions, such as forward exchange contracts and currency option contracts to mitigate foreign currency fluctuation risk associated with the foreign currency-denominated receivables and payables as well as foreign currency-denominated forecast transaction. It uses currency swap contracts, if required, to mitigate risk of changes in currency rate and interest rate associated with the foreign currency-denominated loans and borrowings. The Group also engages in interest rate swap contracts, if required, to mitigate risk of changes in interest rate of the borrowings. It uses commodity swap contracts, if required, to mitigate price fluctuation risk from raw materials. With respect to the execution and management of derivative transactions, the Group complies with the internal regulations that stipulate transaction authority, and engages in the derivative transactions with only highly rated financial institutions to mitigate counterparty credit risk. Hedge ratio is appropriately determined based on the economic relationship between the hedging instrument and hedged item as well as its risk management strategies. There is no material ineffective portion of hedge as the Group applies hedge accounting only when the critical terms of hedging instruments and hedged items match exactly.

The Group uses derivatives when it is economically rational to do so, including the cases where the hedging relationship does not meet the requirements to qualify for hedge accounting.

The carrying amounts and changes in fair value of the hedging instruments that qualify for hedge accounting in each fiscal year are as follows:

Previous fiscal year (As of December 31, 2023)

(Yen in millions)

Hedging type	Hedging instruments	Contract amount	Carrying amount (Note)	
			Assets	Liabilities
Cash flow hedges	Foreign currency derivatives	110,415	2,008	499
	Interest rate derivatives	31,424	336	–
Total		141,839	2,345	499

Current fiscal year (As of December 31, 2024)

(Yen in millions)

Hedging type	Hedging instruments	Contract amount	Carrying amount (Note)	
			Assets	Liabilities
Cash flow hedges	Foreign currency derivatives	89,668	–	4,247
Total		89,668	–	4,247

(Note) The carrying amounts of these derivatives are recorded in “Other financial assets” or “Other financial liabilities” in the consolidated statement of financial position, and the amounts due for more than one year are categorized as non-current assets or non-current liabilities.

The expected duration of cash flows from the cash flow hedges is approximately four months to 12 months for foreign currency contracts, which is expected to be largely the same as the expected duration of the impact on net profit or loss.

For the previous and current fiscal years, there are no material amounts recognized in profit or loss, which are related to the ineffective portions of hedges and portions excluded from assessment of hedge effectiveness.

The changes in the cash flow hedge reserve arising from the hedging instruments designated as cash flow hedges are as follows:

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Effective portion of change in fair value of cash flow hedges			
	Foreign currency risk	Interest rate risk	Commodity-related risk	Total
Balance as of January 1, 2023	1,683	1,297	–	2,980
Other comprehensive income				
Amount that occurred during the period (Note 1)	(10,890)	(1,280)	(28)	(12,198)
Amount of reclassification adjustment (Note 2)	9,903	–	–	9,903
Tax effect	89	320	–	409
Balance as of December 31, 2023	785	337	(28)	1,094

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Effective portion of change in fair value of cash flow hedges			
	Foreign currency risk	Interest rate risk	Commodity-related risk	Total
Balance as of January 1, 2024	785	337	(28)	1,094
Other comprehensive income				
Amount that occurred during the period (Note 1)	(14,612)	(449)	30	(15,031)
Amount of reclassification adjustment (Note 2)	8,963	–	–	8,963
Tax effect	1,762	112	–	1,874
Balance as of December 31, 2024	(3,102)	–	2	(3,100)

(Note 1) The changes in fair value of the hedged items used as the basis for recognizing the ineffective portion match the changes in fair value of the hedging instruments.

(Note 2) The amount was reclassified as the hedged items affected net profit or loss, and it was recognized as "Other income," "Other expenses" or "Finance income" and "Finance costs" in the consolidated statement of profit or loss.

36. Related Party

(1) Related party transactions

Previous fiscal year (Year ended December 31, 2023)

No item to report.

Current fiscal year (Year ended December 31, 2024)

No item to report.

(2) Remuneration for key management personnel

The remuneration for key management personnel of each fiscal year is as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Remuneration and bonuses	666	683
Share-based payment	423	254
Total	1,089	937

37. Subsidiaries and Associates, etc.

(1) Information on significant subsidiaries

The significant subsidiaries and associates of the Group as of the end of the current fiscal year are presented in "4. Subsidiaries and associates" of "I. Overview of the Company" of "Part I Information on the Company."

(2) Significant associates and jointly controlled entities

There are no significant associates and jointly controlled entities of the Group.

38. Commitments

Commitments for the acquisition of assets after the closing date of each fiscal year are as follows:

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Acquisition of property, plant and equipment	118,518	151,812
Acquisition of intangible assets	6,692	3,843
Total	125,210	155,655

39. Subsequent Events

1. Acquisition of treasury stock

   For the purpose of providing investment that will contribute to the enhancement of corporate value and realizing the optimal capital structure (enhancement of capital efficiency), the Company decided to acquire treasury stock at the Board of Directors meeting held on February 17, 2025, 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) Kind of shares to acquire	Common shares of the Company
(2) Total number of shares to be acquired	Up to 75 million shares
(3) Total acquisition cost	Up to 300.0 billion yen
(4) Procedure	Market purchases based on the discretionary dealing contract regarding repurchase of shares
(5) Period of acquisition	February 20, 2025 to December 23, 2025

2. Cancellation of treasury stock

   At the Board of Directors Meeting held on February 17, 2025, the Company resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

(1) Kind of shares to be cancelled	Common shares of the Company
(2) Total number of shares to be cancelled	All of the treasury shares acquired as stated above in 1. Acquisition of treasury stock
(3) Scheduled date of the cancellation	January 23, 2026

3. Issuance of bonds

   The Company reached a decision on the following matters by the power vested in Global CEO and Representative Executive Officer by the Board of Directors on February 17, 2025.

(1) Attribute	Domestic unsecured straight corporate bonds
(2) Planned period of issue	April 1, 2025 to December 31, 2025
(3) Total amount to be issued	Within 200.0 billion yen However, multiple issues within the scope of this amount are not ruled out.

(4) Interest rate — Using an interest rate higher than the yields of the national government bonds, which correspond to the said maturity of the issued bonds, by no more than 1.0%

(5) Amount to be paid — 100 yen per 100 yen par value of face value

(6) Maturity date — Within 10 years

(7) Repayment method — Redemption at maturity for full face value

(8) Use of funds — To be allocated to investment and financing funds, capital investment, funds to acquire treasury stock, and others

(2) Other

Half-year information for the current fiscal year

	Six months ended June 30, 2024	Fiscal year ended December 31, 2024
Revenue (Yen in millions)	2,176,773	4,430,096
Profit before tax (Yen in millions)	276,866	421,437
Profit attributable to owners of parent (Yen in millions)	199,082	284,989
Basic earnings per share (Yen)	290.76	416.19

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	318,073	257,352
Accounts receivable	*1 326,704	*1 331,415
Finished products	44,268	46,479
Work in process	8,457	9,358
Raw materials and supplies	41,488	59,729
Short-term loans receivable for subsidiaries and associates	*1 107,436	*1 57,116
Accounts receivable-other	*1 24,167	*1 27,799
Other current assets	*1 21,764	*1 17,081
Allowance for doubtful accounts	(765)	(1,361)
Total current assets	891,593	804,967
Fixed assets		
Property, plant and equipment		
Buildings, net	99,275	102,713
Structures, net	8,502	8,567
Machinery and equipment, net	47,525	48,841
Vehicles and carriers, net	1,676	1,713
Tools, furniture and fixtures, net	16,543	16,996
Land	57,563	56,082
Construction in progress	34,254	41,987
Total property, plant and equipment	265,338	276,900
Intangible assets	34,319	45,596
Investments and other assets		
Investment in securities	51,646	50,646
Investments in subsidiaries and associates	800,458	809,526
Investments in subsidiaries and associates, other than stock	52,590	55,916
Long-term loans receivable for subsidiaries and associates	*1 1,276	*1 45,127
Deferred tax assets	21,393	15,865
Other assets	2,409	9,597
Allowance for doubtful accounts	(0)	(14)
Total investments and other assets	929,773	986,665
Total fixed assets	1,229,429	1,309,161
Total assets	2,121,023	2,114,128

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable	*1 93,205	*1 96,958
Current portion of bonds	100,000	–
Lease obligations	112	111
Accounts payable - other	*1 72,970	*1 73,360
Accrued expenses	*1 30,429	*1 29,771
Income taxes payable	63,964	66,077
Deposits received	5,859	6,100
Allowance for losses on business transfer	5,834	5,834
Other current liabilities	34,465	25,609
Total current liabilities	406,837	303,819
Long-term liabilities		
Bonds	210,000	210,000
Lease obligations	326	215
Accrued pension and liability for retirement benefits	41,506	45,754
Asset retirement obligation	2,596	2,618
Other long-term liabilities	2,186	2,849
Total long-term liabilities	256,614	261,436
Total liabilities	663,451	565,254
Equity		
Shareholders' equity		
Common stock	126,354	126,354
Capital surplus		
Capital reserve	122,079	122,079
Total capital surplus	122,079	122,079
Retained earnings		
Legal reserve	31,279	31,279
Other retained earnings		
Reserve for advanced depreciation of fixed assets	28,796	29,261
Reserve for special account for advanced depreciation of fixed assets	8,903	–
General reserve	789,311	789,311
Retained earnings brought forward	452,692	555,781
Total retained earnings	1,310,980	1,405,631
Treasury stock	(135,408)	(134,591)
Total shareholders' equity	1,424,005	1,519,473
Net unrealized gain (loss) and translation adjustments		
Net unrealized gain (loss) on available-for-sale securities	30,076	30,157
Deferred gain (loss) on derivative instruments	1,183	(2,812)
Total net unrealized gain (loss) and translation adjustments	31,259	27,345
Stock acquisition rights	2,308	2,055
Total equity	1,457,572	1,548,873
Total liabilities and equity	2,121,023	2,114,128

2) Non-consolidated Statement of Profit or Loss

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Net sales	*1 1,007,593	*1 967,363
Cost of sales	*1 608,053	*1 605,847
Gross profit	399,540	361,516
Selling, general and administrative expenses	*1,*2 222,484	*1,*2 219,988
Operating profit	177,056	141,528
Non-operating income		
Interest income	*1 1,059	*1 3,560
Dividend income	*1 144,010	*1 109,211
Other	*1 7,223	*1 4,173
Total non-operating income	152,292	116,943
Non-operating expenses		
Interest expenses	841	724
Foreign currency exchange loss	18,897	18,524
Other	9,015	11,984
Total non-operating expenses	28,754	31,232
Ordinary profit	300,594	227,240
Extraordinary income		
Gain on sale of fixed assets	*3 16,028	*1, *3 64,245
Gain on sales of investments in securities	19,665	6,974
Gain on business transfer	*4 5,512	–
Total extraordinary income	41,206	71,219
Extraordinary loss		
Loss on business of subsidiaries and associates	–	*5 8,803
Total extraordinary loss	–	8,803
Profit before income taxes	341,800	289,655
Income taxes - current	47,141	47,514
Income taxes - deferred	10,445	7,095
Total income taxes	57,586	54,609
Profit	284,215	235,046

3) Non-consolidated Statement of Changes in Equity

Previous fiscal year (Year ended December 31, 2023)

(Yen in millions)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Common stock	Capital reserve	Total capital surplus	Legal reserve	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	Total retained earnings
Beginning balance	126,354	122,079	122,079	31,279	29,859	–	789,311	306,534	1,156,982
Changes in the year									
Cash dividends								(130,053)	(130,053)
Reversal of reserve for advanced depreciation of fixed assets					(1,063)			1,063	–
Provision of reserve for special account for advanced depreciation of fixed assets						8,903		(8,903)	–
Profit								284,215	284,215
Purchase of treasury stock								(1)	(1)
Disposal of treasury stock								(162)	(162)
Net change in the year other than shareholders' equity									
Total changes in the Year	–	–	–	–	(1,063)	8,903	–	146,158	153,998
Ending balance	126,354	122,079	122,079	31,279	28,796	8,903	789,311	452,692	1,310,980

	Shareholders' equity		Net unrealized gain (loss) and translation adjustments			Stock acquisition rights	Total equity
	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Total net unrealized gain (loss) and translation adjustments		
Beginning balance	(136,813)	1,268,602	31,783	1,298	33,081	2,673	1,304,356
Changes in the year							
Cash dividends		(130,053)					(130,053)
Reversal of reserve for advanced depreciation of fixed assets		–					–
Provision of reserve for special account for advanced depreciation of fixed assets		–					–
Profit		284,215					284,215
Purchase of treasury stock	(16)	(17)					(17)
Disposal of treasury stock	1,420	1,258					1,258
Net change in the year other than shareholders' equity			(1,706)	(115)	(1,821)	(365)	(2,186)
Total changes in the Year	1,405	155,403	(1,706)	(115)	(1,821)	(365)	153,216
Ending balance	(135,408)	1,424,005	30,076	1,183	31,259	2,308	1,457,572

Current fiscal year (Year ended December 31, 2024)

(Yen in millions)

	Shareholders' equity								
	Common stock	Capital surplus		Retained earnings					
		Capital reserve	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
					Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	
Beginning balance	126,354	122,079	122,079	31,279	28,796	8,903	789,311	452,692	1,310,980
Changes in the year									
Cash dividends								(140,369)	(140,369)
Provision of reserve for advanced depreciation of fixed assets					465			(465)	–
Reversal of reserve for special account for advanced depreciation of fixed assets						(8,903)		8,903	–
Profit								235,046	235,046
Purchase of treasury stock								(4)	(4)
Disposal of treasury stock								(22)	(22)
Net change in the year other than shareholders' equity									
Total changes in the Year	–	–	–	–	465	(8,903)	–	103,089	94,651
Ending balance	126,354	122,079	122,079	31,279	29,261	–	789,311	555,781	1,405,631

	Shareholders' equity		Net unrealized gain (loss) and translation adjustments			Stock acquisition rights	Total equity
	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Total net unrealized gain (loss) and translation adjustments		
Beginning balance	(135,408)	1,424,005	30,076	1,183	31,259	2,308	1,457,572
Changes in the year							
Cash dividends		(140,369)					(140,369)
Provision of reserve for advanced depreciation of fixed assets		–					–
Reversal of reserve for special account for advanced depreciation of fixed assets		–					–
Profit		235,046					235,046
Purchase of treasury stock	(33)	(37)					(37)
Disposal of treasury stock	850	828					828
Net change in the year other than shareholders' equity			81	(3,995)	(3,914)	(253)	(4,167)
Total changes in the Year	817	95,468	81	(3,995)	(3,914)	(253)	91,302
Ending balance	(134,591)	1,519,473	30,157	(2,812)	27,345	2,055	1,548,873

Notes to Non-consolidated Financial Statements

(Material 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

   Marketable securities — Fair value

   (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)

   Non-marketable securities — 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.

   1) 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.

2) 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 subsequent fiscal year.

4. Accounting policies for revenue and expenses

The Company recognizes revenue at an amount reflecting the amount of consideration to which the Company 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.:

Step 1: Identify the 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 the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company engages in the premium tire business, solutions business, chemical and industrial products business, and other businesses.

In these businesses, because customers mainly obtain control over the product at the time of delivery of the product, the performance obligations are considered to be satisfied at that time, and revenue is recognized at the time of delivery of the product.

In addition, consideration for performance obligations is mainly received within one year from satisfaction of the performance obligations, and contains no significant financing component.

5. 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 profit or loss.

6. Hedge accounting method

(1) Hedge accounting method

Deferred hedge accounting is applied.

(2) Hedging instruments and items covered

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

(3) Hedging policy

Forward exchange contracts are used only to cover actual foreign exchange needs, and currency swap contracts 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 accumulated amount of fluctuations in the cash flow or fluctuations in the market value of the hedged item with the accumulated amount of fluctuations in the cash flow or fluctuations in the market value of the hedging instrument.

(Significant accounting estimates)

1. Impairment on fixed assets

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

(Yen in millions)

	Previous fiscal year	Current fiscal year
Property, plant and equipment	265,338	276,900
Intangible assets	34,319	45,596

(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 "3. Material Accounting Policies (11) Impairment of non-financial assets" in the notes to the consolidated financial statements.

2. Recoverability of deferred tax assets and accounting treatment of income taxes payable

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

(Yen in millions)

	Previous fiscal year	Current fiscal year
Deferred tax assets	21,393	15,865
Income taxes payable	63,964	66,077

(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 "3. Material Accounting Policies (19) Income taxes" in the notes to consolidated financial statements. In addition, as for the repayment of capital received from Bridgestone Americas, Inc., a subsidiary of the Company, in fiscal year 2021 the Company accounted for the transaction by recognizing deductible expenses as loss on transfer of shares for tax purposes, while the Company's investments in subsidiaries and associates were reduced by the same amount for accounting purposes. In fiscal year 2021, 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 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 an effect of 91,100 million yen in total would be imposed on a decrease in income taxes payable and an increase in deferred tax assets if all the deductible expenses were included in calculating taxable income, the Company lowered its deferred tax assets by 60,000 million yen in fiscal year 2021, relative to amounts under the aforementioned accounting treatment. There was no change in the judgment on this matter from fiscal year 2021. However, due to progress in use of unused tax losses carryforward, the Company has lowered its deferred tax assets by 6,413 million yen and increased its income taxes payable by 53,587 million yen in the current fiscal year, relative to amounts in the case where all the deductible expenses were included in calculating taxable income. A potential situation whereby the accounting estimate differs from the final interpretation of Japan's tax law according to the tax authorities could materially affect deferred tax assets, income taxes payable, and other amounts for the subsequent fiscal year.

3. Accrued pension and liability for retirement benefits

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

(Yen in millions)

	Previous fiscal year	Current fiscal year
Accrued pension and liability for retirement benefits	41,506	45,754

(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 "3. Material Accounting Policies (13) Employee benefits 2) Post-employment benefits" in the notes to the consolidated financial statements.

4. Allowance for losses on business transfer

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

(Yen in millions)

	Previous fiscal year	Current fiscal year
Allowance for losses on business transfer	5,834	5,834

(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, 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

(Yen in millions)

	Previous fiscal year	Current fiscal year
Non-marketable investments in subsidiaries and associates and investments in subsidiaries and associates	853,048	865,443

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

For non-marketable investments in subsidiaries and associates and investments in subsidiaries and associates, 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 significantly. 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.

Regarding the 208,029 million yen in shares of Bridgestone Europe NV/SA, because the actual value based on the net asset amount is not significantly lower than the investment book value, impairment is not performed. In the event that the actual value declines significantly as a result of changes such as the occurrence of impairment losses in the Webfleet Solutions cash-generating unit or Bridgestone Europe cash-generating unit group within our subsidiary group, there is the possibility of affecting the valuation of Bridgestone Europe NV/SA shares in the following fiscal year.

(Non-consolidated balance sheet)

*1 Monetary receivables from and payables to subsidiaries and associates

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Short-term monetary receivables	391,857	342,830
Long-term monetary receivables	1,276	45,127
Short-term monetary payables	64,200	70,807

2 Guarantees

(Yen in millions)

Previous fiscal year (As of December 31, 2023)		Current fiscal year (As of December 31, 2024)	
(1) Guarantees on borrowings and commercial papers issued by Bridgestone Europe NV/SA	102,128	(1) Guarantees on borrowings and commercial papers issued by Bridgestone Europe NV/SA	102,250
(2) Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	16	(2) Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	14
Total	102,144	Total	102,264

(Non-consolidated statement of profit or loss)

*1 Transactions with subsidiaries and associates

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Net sales	803,942	758,598
Purchases, etc.	227,045	268,091
Transactions other than operating transactions	181,910	147,067

*2 Selling, general and administrative expenses

Major items and amounts are as follows:

(Yen in millions)

	Previous fiscal year (Year ended December 31, 2023)	Current fiscal year (Year ended December 31, 2024)
Freight	68,355	60,358
Retirement benefit expenses	788	596
Depreciation	4,788	5,592
Research and development expenses	70,693	76,551

In the previous fiscal year, selling expenses accounted for approximately 40% of selling, general and administrative expenses, and in the current fiscal year, selling expenses accounted for approximately 40%.

*3 Gain on sale of fixed assets

Previous fiscal year (Year ended December 31, 2023)

Mainly relates to gains on the sale of land.

Current fiscal year (Year ended December 31, 2024)

Mainly relates to gains on the sale of land.

*4 Gain on business transfer

Previous fiscal year (Year ended December 31, 2023)

Mainly due to adjustment of sales price in connection with a transfer of the anti-vibration rubber business.

*5 Loss on business of subsidiaries and associates

Current fiscal year (Year ended December 31, 2024)

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

(Tax effect accounting)

1 Major components of deferred tax assets and liabilities

(Yen in millions)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Deferred tax assets		
Accrued pension and liability for retirement benefits	12,701	14,001
Investments in subsidiaries and associates	52,564	44,998
Depreciable assets	10,687	11,300
Accrued expenses	6,211	8,662
Other	12,194	10,210
Deferred tax assets subtotal	94,357	89,170
Valuation allowance	(42,236)	(44,496)
Total deferred tax assets	52,120	44,674
Deferred tax liabilities		
Reserve for advanced depreciation of fixed assets	(12,697)	(12,902)
Reserve for special account for advanced depreciation of fixed assets	(3,926)	–
Net unrealized gain (loss) on available-for-sale securities	(12,859)	(13,054)
Other	(1,247)	(2,853)
Total deferred tax liabilities	(30,728)	(28,809)
Deferred tax assets, net	21,393	15,865

2 Reconciliation of the statutory effective tax rate and the tax burden ratio of income tax after adjustments for tax effect accounting

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Items not categorized as temporary differences	(12.1)	(10.7)
Valuation allowance	(1.1)	0.8
Tax credits for experiment and research expenses	(1.6)	(1.6)
Other	1.0	(0.2)
Tax burden ratio of income tax after adjustments for tax effect accounting	16.8	18.9

(Revenue recognition)

As for information that serves as the basis for understanding revenue arising from contracts with customers, the notes have been omitted since the same information has been provided in “(Material accounting policies) 4. Accounting policies for revenue and expenses.”

(Significant subsequent events)

1. Acquisition of treasury stock

   For the purpose of providing investment that will contribute to the enhancement of corporate value and realizing the optimal capital structure (enhancement of capital efficiency), the Company decided to acquire treasury stock at the Board of Directors meeting held on February 17, 2025, 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) Kind of shares to acquire	Common shares of the Company
(2) Total number of shares to be acquired	Up to 75 million shares
(3) Total acquisition cost	Up to 300.0 billion yen
(4) Procedure	Market purchases based on the discretionary dealing contract regarding repurchase of shares
(5) Period of acquisition	February 20, 2025 to December 23, 2025

2. Cancellation of treasury stock

   At the Board of Directors Meeting held on February 17, 2025, the Company resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

(1) Kind of shares to be cancelled	Common shares of the Company
(2) Total number of shares to be cancelled	All of the treasury shares acquired as stated above in 1. Acquisition of treasury stock
(3) Scheduled date of the cancellation	January 23, 2026

3. Issuance of bonds

   The Company reached a decision on the following matters by the power vested in Global CEO and Representative Executive Officer by the Board of Directors on February 17, 2025.

(1) Attribute	Domestic unsecured straight corporate bonds
(2) Planned period of issue	April 1, 2025 to December 31, 2025
(3) Total amount to be issued	Within 200.0 billion yen
	However, multiple issues within the scope of this amount are not ruled out.
(4) Interest rate	Using an interest rate higher than the yields of the national government bonds, which correspond to the said maturity of the issued bonds, by no more than 1.0%
(5) Amount to be paid	100 yen per 100 yen par value of face value
(6) Maturity date	Within 10 years
(7) Repayment method	Redemption at maturity for full face value
(8) Use of funds	To be allocated to investment and financing funds, capital investment, funds to acquire treasury stock, and others

4) Non-consolidated supplementary schedules

Schedule of property, plant and equipment, etc.

(Yen in millions)

Category	Type of assets	Beginning Balance	Increase	Decrease	Depreciation and amortization	Ending Balance	Accumulated depreciation
Property, plant and equipment	Buildings	99,275	13,643	1,693	8,512	102,713	205,932
	Structures	8,502	1,430	59	1,305	8,567	31,708
	Machinery and equipment	47,525	20,508	288	18,903	48,841	682,224
	Vehicles and carriers	1,676	939	10	891	1,713	12,061
	Tools, furniture and fixtures	16,543	14,947	213	14,282	16,996	170,353
	Land	57,563	26	1,506	–	56,082	–
	Construction in progress	34,254	59,978	52,245	–	41,987	–
	Total	265,338	111,470	56,015	43,894	276,900	1,102,277
Intangible assets	Total	34,319	18,166	256	6,633	45,596	17,750

Schedule of allowances

(Yen in millions)

Account item	Beginning Balance	Increase	Decrease	Ending Balance
Allowance for doubtful accounts	765	747	137	1,375
Allowance for losses on business transfer	5,834	–	–	5,834

(2) Details of Major Assets and Liabilities

This information is omitted as the consolidated financial statements are prepared.

(3) Other

No item to report.

VI. Administrative Information on the Company's Shares

Business year	From January 1 to December 31
Annual Meeting of Shareholders	March
Record date	December 31
Record dates for dividends of surplus	June 30 (Interim dividend) December 31 (Year-end dividend)
Number of shares constituting one unit	100 shares
Sale or purchase of shares less than one unit	
Handling office	(Special account) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholders' register	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	–
Handling charge for selling or purchase	The amount separately stipulated as the amount equivalent to share brokerage fees
Method of public notice	The method of public notices of the Company shall be electronic public notices; provided, however, that if the Company is unable to give an electronic public notice because of an accident or any other unavoidable reason, public notices of the Company may be given in "The Nikkei" newspaper published in Tokyo. (URL for public notice: https://www.bridgestone.co.jp/)
Special benefits for shareholders	No

(Note) With regard to shares less than one unit held by the shareholder, a shareholder of the Company may not exercise any rights other than rights provided in each item of Article 189, paragraph (2) of the Companies Act, and the right to claim that which is set forth in the Company's Articles of Incorporation (to claim the right to make additional purchase of shares less than one unit).

VII. Reference Information on the Company

1. Information on the parent company or equivalent of the Company

The Company does not have a parent company or equivalent.

2. Other reference information

From the beginning of the current fiscal year until the filing date of this securities report, the Company has filed the following documents.

(1)	Annual securities report and appendices, and written confirmation	(The 105th Fiscal Period)	From January 1, 2023 to December 31, 2023	Filed to Director-General of Kanto Local Finance Bureau on March 26, 2024.
(2)	Internal control report and appendices			Filed to Director-General of Kanto Local Finance Bureau on March 26, 2024.
(3)	Quarterly securities reports and written confirmations	(First quarter of the 106th Fiscal Period)	From January 1, 2024 to March 31, 2024	Filed to Director-General of Kanto Local Finance Bureau on May 13, 2024.
(4)	Semi-annual securities report and written confirmation	(During 106th Fiscal Period)	From January 1, 2024 to June 30, 2024	Filed to Director-General of Kanto Local Finance Bureau on August 9, 2024.
(5)	Extraordinary securities report	Extraordinary securities report based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.		Filed to Director-General of Kanto Local Finance Bureau on March 29, 2024.
(6)	Extraordinary securities report	Extraordinary securities report based on Article 19, paragraph (2), item (ix) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.		Filed to Director-General of Kanto Local Finance Bureau on September 20, 2024.
(7)	Extraordinary securities report	Extraordinary securities report based on Article 19, paragraph (2), item (ii)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.		Filed to Director-General of Kanto Local Finance Bureau on January 29, 2025.
(8)	Securities registration statement (Disposals of treasury stock as Performance Share Units and Restricted Stock Units) and appendices			Filed to Director-General of Kanto Local Finance Bureau on March 26, 2024 and March 25, 2025.
(9)	Notification for revision of securities registration statement	Notification for revision pertaining to the securities registration statement filed on March 26, 2024		Filed to Director-General of Kanto Local Finance Bureau on March 29, 2024 and May 13, 2024.
(10)	Shelf registration statement (Straight bonds) and attached documents			Filed to Director-General of Kanto Local Finance Bureau on May 22, 2024.
(11)	Amended shelf registration statement (Straight bonds)			Filed to Director-General of Kanto Local Finance Bureau on September 20, 2024 and January 29, 2025.
(12)	Share Buyback Report			Filed to Director-General of Kanto Local Finance Bureau on March 14, 2025.

Part II Information About Company Which Provides Guarantee to Reporting Company

No item to report.

Independent Auditor’s Report on the Financial Statements
and
Internal Control Over Financial Reporting

March 25, 2025

To the Board of Directors of
Bridgestone Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Hirotaka Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Maruta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ayumu Nakajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bridgestone Corporation. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the company’s Annual Securities Report, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 93 of “the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (IFRS Accounting Standards).

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to "Notes to subsequent events" to the consolidated financial statements. The Company decided to acquire and cancel its treasury stock at the Board of Directors meeting held on February 17, 2025. Additionally, the Company reached a decision on the issuance of bonds by the power vested in the Representative Executive Officer and Global CEO by the Board of Directors on February 17, 2025.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of management’s judgment as to whether an impairment loss should be recognized on goodwill allocated to the cash-generating unit of Webfleet Solutions.	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated statement of financial position, Bridgestone Corporation (hereinafter referred to as "Bridgestone") recognized goodwill of ¥65,358 million allocated to the cash-generating unit (CGU) of Webfleet Solutions, which represented approximately 1% of total assets in the consolidated financial statements. The goodwill was initially recognized when Bridgestone Europe NV/SA (hereinafter referred to as "Bridgestone Europe"), a consolidated subsidiary of Bridgestone, acquired control of TomTom Telematics B.V. (currently Bridgestone Mobility Solutions B.V.). As described in Note 3, “Material accounting policies, (9) Goodwill and intangible assets" and Note 16, “Impairment of non-financial assets” to the consolidated financial statements, CGUs to which goodwill is allocated are tested for impairment at least annually or whenever it is determined that there is an impairment indicator. In the impairment testing, when the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined as the higher of value in use or fair value less costs to sell. For the current fiscal year, Bridgestone Europe used value in use as the recoverable amount in the impairment testing of goodwill allocated to the CGU of Webfleet Solutions. The future cash flows used to measure value in use were estimated based on the business plan approved by management for the following two years and by setting annual growth rates declining towards the perpetual growth rate in the subsequent periods. Key assumptions underlying the future cash flows, such as the perpetual growth rate, involved a high degree of uncertainty. Accordingly, management’s judgment thereon had a significant effect on the estimated future cash flows.	In order to assess the appropriateness of Bridgestone’s judgment with respect to whether an impairment loss should be recognized on non-financial assets including goodwill allocated to the CGU of Webfleet Solutions, we involved the component auditor of Bridgestone Europe and performed the audit procedures set out below, including the direction and supervision of the component auditor and review of its work, among others: (1) Internal control testing Test the design of Bridgestone’s internal controls relevant to measure value in use used for impairment testing on the CGU to which goodwill is allocated. (2) Assessment of reasonableness of the estimated value in use In addition to performing inquiry of management and the personnel responsible for the relevant business, we performed primarily the following procedures, to assess the reasonableness of key assumptions used in estimating future cash flows and the rationale for their adoption: ● Assessment of consistency between the business plan used to estimate future cash flows and the business plan approved by management; ● Assessment of the precision of management’s estimation of future cash flows by analyzing the level of achievement of previous business plans and the factors contributing to any deviations; ● Assessment of projected revenue growth and projected increase in EBITDA margin used in estimating future cash flows by comparing

In addition, selecting appropriate models and input data to estimate the discount rate used to measure value in use requires a high degree of expertise in valuation. We therefore determined that our assessment of appropriateness of management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the CGU of Webfleet Solutions was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	them to the historical performance; and ● Assessment in relation to the discount rate and the perpetual growth rate by involving valuation specialist within the network firm of the component auditor of Bridgestone Europe regarding the following: • appropriateness of the model used to estimate the discount rate based on subject matters relevant to the valuation and the requirements of accounting standards; • appropriateness of the discount rate through understanding of input data used in the calculation and comparison with the discount rate independently calculated by valuation specialist using data published by external organizations among others; and • appropriateness of the perpetual growth rates through comparison with data published by external organizations independently obtained by valuation specialist. We also assessed how changes in the perpetual growth rate and discount rate could impact management's judgment on whether an impairment loss should be recognized.

Appropriateness of management’s judgment concerning the changes to cash-generating units in relation to the Bridgestone Europe cash-generating unit group, and as to whether an impairment loss should be recognized on the non-financial assets including goodwill allocated to the cash-generating unit group.

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of financial position, Bridgestone recognized non-financial assets of ¥246,465 million, including goodwill of ¥15,013 million allocated to the cash-generating unit (CGU) group of Bridgestone Europe, which represented approximately 4% of total assets in the consolidated financial statements. The goodwill was initially recognized when Bridgestone Europe, a consolidated subsidiary of Bridgestone, acquired control of several companies. As described in Note 16, “Impairment of non-financial assets” to the consolidated financial statements, starting in the current fiscal year, the Group has positioned the Europe business as a business unit under focused management, working on business restructuring and rebuilding. Accordingly, effective from the current fiscal year, the CGUs have been changed: the tire business for passenger cars, trucks, buses, agricultural machinery, and several retail businesses have been separated from the CGU of Bridgestone Europe as independent CGUs. The goodwill which was allocated to the CGU of Bridgestone Europe in the previous fiscal year is now allocated to the CGU group of Bridgestone Europe including the passenger car tire business, truck and bus tire business, and agricultural machinery tire business. Unless a change is justified, CGUs are identified consistently from period to period for the same asset or types of assets. Events or circumstances that justify changes in CGUs, and the identification of new CGUs, involve management’s judgment, which have a significant effect on the results of impairment tests. As described in Note 16, “Impairment of non-financial assets” to the consolidated financial statements, the Group assesses whether there is any indication that the passenger car tire business, truck and bus tire business, and agricultural machinery tire business may be impaired. If any such indication exists, then an impairment test is conducted. Based on the results of the impairment test, an impairment test of the CGU group of Bridgestone Europe, which contains goodwill, is conducted. As a result of the impairment tests, impairment losses of ¥26,231 million for the truck and bus tire business and ¥7,683 million for the agricultural machinery tire business were recorded in Bridgestone's consolidated statement of profit or loss. No impairment losses were recorded for the CGU group of Bridgestone Europe, which includes goodwill. As described in Note 3, “Material accounting policies, (9) Goodwill and intangible assets" and Note 16, “Impairment of non-financial assets” to the	In order to assess the appropriateness of Bridgestone’s judgment with respect to whether an impairment loss should be recognized on non-financial assets including goodwill allocated to the CGU group of Bridgestone Europe, we involved the component auditor of Bridgestone Europe and performed the audit procedures set out below, including the direction and supervision of the component auditor and the review of its work, among others: (1) Internal control testing Test the design of Bridgestone’s internal controls relevant to measure value in use used for the impairment testing on the CGUs including goodwill, including the identification of and changes in CGUs. (2) Assessment of appropriateness of changes in CGUs Assessment of appropriateness of changes in CGUs made by Bridgestone, considering whether the changes in CGUs were based on significant changes in business due to business reorganization and restructuring, and whether the identification of new CGUs was appropriate, primarily through the following procedures: ● Inspection of relevant documents such as management meeting materials regarding the reorganization and restructuring of the business and understanding their content; ● Assessment of appropriateness of changes in the monitoring segments by management and decision-making units for investments by inspecting relevant documents such as management meeting materials; and ● Assessment of appropriateness of the allocation method of goodwill due to changes in the CGUs by inquiring management. (3) Assessment of reasonableness of the estimated value in use In addition to performing inquiry of management and the personnel responsible for the relevant business, we performed primarily the following procedures, to assess the reasonableness of key assumptions used in estimating future cash flows and the rationale for their adoption: ● Assessment of consistency between the

consolidated financial statements, the CGU groups to which goodwill is allocated are tested for impairment at least annually or whenever it is determined that there is an impairment indicator. In the impairment testing, when the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined as the higher of the value in use or the fair value less costs to sell. For the current fiscal year, Bridgestone Europe used value in use as the recoverable amount in the impairment testing of non-financial assets including goodwill allocated to the CGU group of Bridgestone Europe. The future cash flows used to measure value in use were estimated based on the business plan approved by management for the following two years and by setting annual growth rates declining toward the perpetual growth rate in the subsequent periods. However, the projection of the perpetual growth rate involves a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, in selecting appropriate models and input data to estimate the discount rate used to measure value in use requires a high degree of expertise in valuation. We therefore determined that our assessment of the appropriateness of management's judgment concerning the changes to CGUs in relation to the CGU group of Bridgestone Europe, and as to whether an impairment loss should be recognized on the non-financial assets including goodwill allocated to the CGU group, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	business plan used to estimate future cash flows and the business plan approved by management; ● Assessment of the precision of management's estimation of future cash flows by analyzing the level of achievement of previous business plans and the factors contributing to any deviations; ● Assessment of projected revenue growth and projected increase in EBITDA margin used in estimating future cash flows by comparing them to the historical performance; and ● Assessment in relation to the discount rate and the perpetual growth rate by involving valuation specialist within the network firm of the component auditor of Bridgestone Europe regarding the following: • appropriateness of the model used to estimate the discount rate based on subject matters relevant to the valuation and the requirements of accounting standards; • appropriateness of the discount rate through understanding of input data used in the calculation and comparison with the discount rate independently calculated by valuation specialist using data published by external organizations among others; and • appropriateness of the perpetual growth rate through comparison with data published by external organizations independently obtained by valuation specialist. We also assessed how changes in the perpetual growth rate and discount rate could impact management's judgment on whether an impairment loss should be recognized.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 in accordance with IFRS Accounting 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 in accordance with IFRS Accounting Standards.

The audit committee is responsible for overseeing the executive officers and directors' performance of their duties with regard to the design, implementation and maintenance of 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 our 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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, 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Bridgestone Corporation as at December 31, 2024, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at December 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor’s judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

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, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in “(3) Status of audit” in 4.Status of Corporate Governance included in IV. Status of the Company.

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 and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.

Independent Auditor's Report on the Financial Statements

March 25, 2025

To the Board of Directors of
Bridgestone Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Hirotaka Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Maruta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ayumu Nakajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Non-Consolidated Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of Bridgestone Corporation ("the Company") provided in the "Financial Information" section in the company's Annual Securities Report, which comprise the non-consolidated balance sheet as at December 31, 2024, and the non-consolidated statements of profit or loss, changes in equity for the year then ended, material accounting policies, other explanatory information, and supplementary schedules in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, 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 ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to "Notes to significant subsequent events" to the financial statements. The Company decided to acquire and cancel its treasury stock at the Board of Directors meeting held on February 17, 2025. Additionally, the Company reached a decision on the issuance of bonds by the power vested in the Representative Executive Officer and Global CEO by the Board of Directors on February 17, 2025.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the non-consolidated financial statements of the current period. This matter was addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of Bridgestone's judgment concerning the valuation of Bridgestone Europe NV/SA shares	
The key audit matter	**How the matter was addressed in our audit**
Investments in subsidiaries and associates amounting to ¥809,526 million recorded in the non-consolidated balance sheet for the current fiscal year include shares of Bridgestone Europe NV/SA amounting to ¥208,029 million, as described in Notes to the Non-consolidated Financial Statements (Significant accounting estimates), accounting for 10% of total assets. For non-marketable investments in subsidiaries and associates, Bridgestone compares the carrying amount of the investment with its actual value. In the event where actual value declines significantly, Bridgestone adjusts the carrying amount of the investment to reflect its actual value. As described in the key audit matters in our auditor's report on the consolidated financial statements, "Appropriateness of management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the cash-generating unit (CGU) of Webfleet Solutions" and "Appropriateness of management's judgment concerning the changes to CGUs in relation to the CGU group of Bridgestone Europe, and as to whether an impairment loss should be recognized on the non-financial assets including goodwill allocated to the CGU group," as a result of impairment tests, no impairment losses were recognized for the CGU of Webfleet Solutions, while impairment losses were recorded for the truck and bus tire business, and agricultural machinery tire business. No impairment losses were recognized for the CGU group of Bridgestone Europe, including goodwill. No impairment was recognized for the shares of Bridgestone Europe NV/SA at the end of the current fiscal year, as the actual value based on the impairment test results did not significantly decline. However, if further recognition of impairment losses is deemed necessary for these CGUs or the CGU group within the Bridgestone Europe NV/SA group, the actual value of Bridgestone Europe NV/SA shares may decline, necessitating impairment recognition. Accordingly, the impairment test results have a significant effect on the valuation of Bridgestone Europe NV/SA shares. We, therefore, determined that our assessment of the appropriateness of Bridgestone's judgment regarding the valuation of Bridgestone Europe NV/SA shares	In order to assess the appropriateness of Bridgestone's judgment concerning the valuation of the shares of its subsidiary, Bridgestone Europe NV/SA, we tested the design and operating effectiveness of internal controls relevant to the valuation of investments in subsidiaries and associates. In addition, due to the significant effect on the valuation of Bridgestone Europe NV/SA shares, we performed the procedures as described in the key audit matters in our auditor's report on the consolidated financial statements: "Appropriateness of management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the CGU of Webfleet Solutions" and "Appropriateness of management's judgment concerning the changes to CGUs in relation to the CGU group of Bridgestone Europe, and as to whether an impairment loss should be recognized on the non-financial assets including goodwill allocated to the CGU group."

was of most significance in our audit of the non-consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 executive officers and directors' performance of their duties with regard to the design, implementation and maintenance of 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 our 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. The selection and application of audit procedures depends on the auditor's judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, 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, 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is described in the auditor's report on the consolidated financial statements.

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 Reader of Audit Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Cover

[Document Submitted]	Internal Control Report
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Filed to]	Director of the Kanto Local Finance Bureau
[Date of Submission]	March 25, 2025
[Company Name]	Bridgestone Corporation
[Company Name (in English)]	BRIDGESTONE CORPORATION
[Position and Name of Representative]	Shuichi Ishibashi Member of the Board Global CEO and Representative Executive Officer
[Position and Name of Chief Financial Officer]	Naoki Hishinuma Global CFO Executive Director
[Location of Head Office]	3-1-1 Kyobashi, Chuo-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Fukuoka Stock Exchange (2-14-2 Tenjin, Chuo-ku, Fukuoka)

1 Basic Framework of Internal Control over Financial Reporting

Member of the Board, Global CEO and Representative Executive Officer Shuichi Ishibashi, as well as Global CFO and Executive Director Naoki Hishinuma are responsible for designing and operating the Company's internal control over financial reporting. They design and operate internal control over financial reporting in accordance with the basic framework of internal control presented in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Therefore, internal control over financial reporting may not fully prevent or detect misstatements.

2 Scope of Assessment, Assessment Date and Assessment Procedure

Assessment of internal control over financial reporting was performed as of December 31, 2024, which is the final day of the current fiscal year, in accordance with generally accepted assessment standards for internal control over financial reporting.

In this assessment, the business processes to be assessed are selected after assessment of internal control that has a significant impact on overall financial reporting on a consolidated basis (entity-level controls) is performed, and in consideration of the results of the said assessment. In assessing the said business processes, an assessment of the effectiveness of internal control is conducted by identifying the key controls that would have a material impact on the reliability of financial reporting after analyzing the selected business processes and by assessing the status of design and operation of the said key controls.

The scope of assessment of internal control over financial reporting is determined to be the scope that is necessary from the viewpoint of materiality of the impact on the reliability of financial reporting regarding the Company, its consolidated subsidiaries and its entities accounted for using equity method. The materiality of the impact on the reliability of financial reporting is determined in consideration of the materiality of quantitative and qualitative impacts. The scope of assessment of business process-level internal control is determined reasonably in light of the results of an assessment of company-level internal control carried out with respect to all business locations excluding immaterial locations.

To determine the scope of assessment of business process-level internal control, "significant business locations" are selected. They are composed of business locations whose revenue (before elimination of intra-group transactions) reaches approximately two thirds of the revenue in the previous fiscal year, as well as other qualitatively significant business locations. At the selected significant business locations, business processes leading to revenue, accounts receivable and inventories which are deemed as accounting items that are closely associated with a company's business purpose, are included in the scope of the assessment. In addition, the scope of assessment includes other business locations as well as selected significant business locations with respect to certain business processes. Specifically, business processes that have a high risk of misstatement and relate to significant accounting items involving estimates and forecasts, and business processes relating to a business or operation dealing with high-risk transactions, are added to the scope of assessment as business processes with substantial significance in terms of effects on financial reporting, regardless of whether they occur at selected significant business locations.

3 Assessment Result

As a result of the above assessment, we determined that the Company's internal control over financial reporting was effective as of the end of the current fiscal year.

4 Additional Matters

No item to report.

5 Significant Matters

No item to report.

Cover

[Document Submitted]	Written Confirmation
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Filed to]	Director of the Kanto Local Finance Bureau
[Date of Submission]	March 25, 2025
[Company Name]	Bridgestone Corporation
[Company Name (in English)]	BRIDGESTONE CORPORATION
[Position and Name of Representative]	Shuichi Ishibashi Member of the Board Global CEO and Representative Executive Officer
[Position and Name of Chief Financial Officer]	Naoki Hishinuma Global CFO Executive Director
[Location of Head Office]	3-1-1 Kyobashi, Chuo-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Fukuoka Stock Exchange (2-14-2 Tenjin, Chuo-ku, Fukuoka)

1 Appropriateness of Descriptions in Annual Securities Report

Member of the Board, Global CEO and Representative Executive Officer Shuichi Ishibashi, as well as Global CFO and Executive Director Naoki Hishinuma have confirmed that this Annual Securities Report for the 106th fiscal year (January 1, 2024 through December 31, 2024) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act.

2 Significant Matters

There are no significant matters to report.