Detailed Information of the Business Report, etc. of the 104th Annual Shareholders' Meeting

Bridgestone Corporation

Note:
This English translation of the Detailed Information of the Business Report, etc. of the 104th Annual Shareholders' Meeting is for convenience only. If there are any differences between this translation and the Japanese original, the Japanese original supersedes this translation.

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Business Report

(January 1, 2022 through December 31, 2022)

Primary Businesses

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

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

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

3. The chemical and industrial products business mainly comprises industrial rubber products, building materials, hoses and other products.

Major Business Locations

Bridgestone Corporation

Headquarters	3-1-1 Kyobashi, Chuo-ku, Tokyo

Technical Center	Kodaira, Tokyo and Totsuka-ku, Yokohama		
Nasu Plant	Nasushiobara, Tochigi	Shimonoseki Plant	Shimonoseki, Yamaguchi
Tochigi Plant	Nasushiobara, Tochigi	Kitakyushu Plant	Wakamatsu-ku, Kitakyushu
Tokyo AC Tire Plant	Kodaira, Tokyo	Tosu Plant	Tosu, Saga
Yokohama Plant	Totsuka-ku, Yokohama	Saga Plant	Miyaki-gun, Saga
Iwata Plant	Iwata, Shizuoka	Kurume Plant	Kurume, Fukuoka
Seki Plant	Seki, Gifu	Amagi Plant	Asakura, Fukuoka
Hikone Plant	Hikone, Shiga	Kumamoto Plant	Tamana, Kumamoto
Hofu Plant	Hofu, Yamaguchi		

Subsidiaries

Please see page 30 of the Proposals and Business Report, etc. of the 104th Annual Shareholders' Meeting, "7. Major Subsidiaries."

Employees

Business segments	Number of employees	Increase (decrease) from the previous period-end
Japan	27,049	(7,911)
Americas	50,198	395
Europe, Russia, Middle East, India and Africa	21,591	501
China, Asia-Pacific	19,084	668
Other	8,059	(58)
Company-wide (common)	3,281	31
Total	129,262	(6,374)

Notes 1. The number of employees is 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.

3. The significant decrease in the number of employees in the "Japan" segment is mainly due to the transfer of the anti-vibration rubber business and the chemical products solutions business.

SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2022

1. **Total Number of Shares Authorized to Be Issued:** 1,450,000,000 shares
2. **Total Number of Shares Issued and Outstanding:** 713,698,221 shares
3. **Number of Shareholders:** 116,746 shareholders
4. **Major Shareholders**

Name of shareholders	Number of shares owned (in thousands)	Percentage owned
The Master Trust Bank of Japan, Ltd. (Trust account)	103,655	15.15%
Ishibashi Foundation	76,693	11.21%
Custody Bank of Japan, Ltd. (Trust account)	39,837	5.82%
SMBC Nikko Securities Inc.	22,474	3.28%
Hiroshi Ishibashi	21,000	3.07%
Nagasaka Corporation	16,325	2.39%
Nippon Life Insurance Company	13,218	1.93%
Japan Securities Finance Co., Ltd.	11,307	1.65%
JPMorgan Securities Japan Co., Ltd.	10,846	1.58%
STATE STREET BANK WEST CLIENT-TREATY 505234	10,694	1.56%

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

5. **Shares Delivered to Directors and Executive Officers of the Company during the Current Period as Consideration for the Execution of Duties**

Category	Class and number of shares	No. of recipients
Executive Officers (including those who concurrently serve as Members of the Board)	23,200 common stocks	5

Notes 1. The total number of shares delivered during fiscal year 2022, based on the Company's executive compensation system, is stated.

2. The above number includes 15,900 shares delivered as Special Awards. Regarding details of the Special Awards, please refer to "II. MATTERS RELATED TO THE DIRECTORS OF THE COMPANY 3. Board Members' and Executive Officers' Remuneration for the Current Period (1) Total amount of remuneration, total amount of each type of remuneration, and the number of recipients by the categories of Members of the Board and Executive Officers" in the Proposals and Business Report, etc. of the 104th Annual Shareholders' Meeting.

3. No shares were delivered to Outside Directors.

STOCK ACQUISITION RIGHTS OF BRIDGESTONE CORPORATION

1. Status of Stock Acquisition Rights as of the Period-End

(1) Stock acquisition rights held by directors (excluding outside directors) and executive officers

Name of stock acquisition rights (date of resolution)	Class and number of shares underlying the stock acquisition rights	Issue price (per unit of stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 7th Stock Acquisition Rights (Mar. 26, 2009)	4,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	40 units 2 persons
The 8th Stock Acquisition Rights (Mar. 30, 2010)	5,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	50 units 2 persons
The 9th Stock Acquisition Rights (Mar. 29, 2011)	5,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	50 units 2 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	6,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	60 units 2 persons
The 11th Stock Acquisition Rights (Mar. 26, 2013)	9,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	90 units 2 persons
The 12th Stock Acquisition Rights (Mar. 25, 2014)	7,500 common stocks	¥3,153 (Note)	¥1	May 1, 2014, to Apr. 30, 2034	75 units 3 persons
The 13th Stock Acquisition Rights (Mar. 24, 2015)	5,800 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	58 units 2 persons
The 14th Stock Acquisition Rights (Apr. 21, 2016)	10,300 common stocks	¥2,884 (Note)	¥1	May 7, 2016, to May 6, 2036	103 units 2 persons
The 15th Stock Acquisition Rights Plan A (Apr. 27, 2017)	17,200 common stocks	¥3,577 (Note)	¥1	May 13, 2017, to May 12, 2037	172 units 4 persons
The 15th Stock Acquisition Rights Plan B (Apr. 27, 2017)	4,200 common stocks	¥3,671 (Note)	¥1	July 6, 2017, to July 5, 2037	42 units 1 person

(2) Stock acquisition rights held by outside directors

Name of stock acquisition rights (date of approval)	Class and number of shares underlying the stock acquisition rights	Issue price (per unit of stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 9th Stock Acquisition Rights (Mar. 29, 2011)	1,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	10 units 1 person
The 10th Stock Acquisition Rights (Mar. 27, 2012)	1,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	10 units 1 person

Note: The Company and those to whom stock acquisition rights are allocated, offset, on the date of allocation, the receivables and payables for the issue price payments and the same amount of remuneration for services.

Matters Related to the Outside Directors

Main activities of outside directors

Positions	Names	Attendance at meetings	Outline of primary activities and duties performed in relation to the expected roles of Outside Directors
Member of the Board	Scott Trevor Davis	Board of Directors: 100% (14 out of 14 meetings) Nominating Committee: 100% (21 out of 21 meetings) Compensation Committee: 100% (13 out of 13 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his high insight in the fields of sociology, international business administration, domestic and overseas CSR and sustainability. As the Chairperson of the Board of Directors and the Governance Committee, he played a leading role in enhancing deliberations. As a member of the Nominating Committee and the Compensation Committee, he participated in active deliberations.
Member of the Board	Yuri Okina	Board of Directors: 100% (14 out of 14 meetings) Nominating Committee: 100% (21 out of 21 meetings) Compensation Committee: 100% (13 out of 13 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her extensive research experience in the financial systems and financial administration. As the Chairperson of the Compensation Committee, she played a leading role in enhancing deliberations. As a member of the Nominating Committee, she participated in active deliberations.
Member of the Board	Kenichi Masuda	Board of Directors: 100% (14 out of 14 meetings) Nominating Committee: 100% (21 out of 21 meetings) Compensation Committee: 100% (13 out of 13 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his professional perspective as a lawyer. As the Chairperson of the Nominating Committee and the Compliance Committee, he played a leading role in enhancing deliberations. As a member of the Compensation Committee, he participated in active deliberations.
Member of the Board	Kenzo Yamamoto	Board of Directors: 100% (14 out of 14 meetings) Audit Committee: 100% (21 out of 21 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial markets and financial systems. He played a leading role as the Chairperson of the Audit Committee and promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.

Positions	Names	Attendance at meetings	Outline of primary activities and duties performed in relation to the expected roles of Outside Directors
Member of the Board	Keikou Terui	Board of Directors: 100% (14 out of 14 meetings) Audit Committee: 100% (21 out of 21 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive knowledge and administrative experience in the industry technology fields. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Seiichi Sasa	Board of Directors: 100% (14 out of 14 meetings) Audit Committee: 100% (21 out of 21 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his expertise as a certified public accountant. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Yojiro Shiba	Board of Directors: 100% (14 out of 14 meetings) Audit Committee: 100% (21 out of 21 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial industry and entertainment business industry. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge.
Member of the Board	Yoko Suzuki	Board of Directors: 100% (14 out of 14 meetings) Audit Committee: 100% (21 out of 21 meetings)	Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her professional perspective as a lawyer. As a member of the Audit Committee, she promoted strengthening of the audit system from an objective viewpoint, leveraging her broad knowledge.

MATTERS RELATED TO THE INDEPENDENT AUDITORS

1. Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

2. Independent Auditor's Compensation for the Current Period

Amount of compensation to be paid by the Company to the independent auditors	¥245 million
(of which amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act)	¥239 million
Total amount of compensation to be paid by the Company and its subsidiaries to the independent auditors	¥483 million

Notes 1. The Audit Committee checks and reviews details of the audit plan, audit activities carried out to date, trends in remuneration paid underlying any rational model applied to audit fee estimation, and non-audit fees. Subsequently, the Audit Committee agrees to the audit fees set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act as stipulated in Article 399, Paragraph 1 of the Companies Act.

2. The audit agreement entered into by the independent auditors and the Company does not separately stipulate the compensation amounts for the audit under the Companies Act and the audit under the Financial Instruments and Exchange Act. Furthermore, those two amounts cannot be practically distinguished from one another. Hence, they are included in the amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. The Company has paid consideration to the independent auditors for services (non-auditing services) other than those set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act. Such services consisted of English translation services for annual securities report and other documents.

4. Major overseas subsidiaries are subject to be audited by overseas independent auditors other than the Company's independent auditor. Such overseas independent auditors are qualified as certified public accountants or audit corporations under relevant overseas laws and regulations. As used herein, the term "audit" means those services intended to ensure compliance with overseas laws and regulations equivalent to the provisions in the Companies Act or the Financial Instruments and Exchange Act of Japan.

3. Policy for Determination of Dismissal or Non-reappointment of the Independent Auditor

The Audit Committee dismisses the independent auditor with a unanimous resolution in the event where it determines the independent auditor falls under any items of Article 340, Paragraph 1 of the Companies Act. In this case, the members of the Audit Committee chosen by the Audit Committee must report its decision and the reason for dismissal to the first General Meeting of Shareholders after the dismissal.

In addition to the above, in circumstances including when the Audit Committee deems it necessary for securing an appropriate audit system or for its improvement, the Audit Committee determines details of the proposal regarding non-reappointment of the independent auditor, based on which the Board of Directors submits the proposal to the General Meeting of Shareholders.

SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS (INTERNAL CONTROL SYSTEMS)

At the Company's Board of Directors' meeting held on December 20, 2021, the following matters were resolved regarding the development of internal control systems pursuant to the provisions of Items (i)(b) and (e) of Paragraph (1) of Article 416 of the Companies Act. The Board of Directors receives reports from business divisions regarding the operational statuses of their internal control systems, and oversees the implementation of these systems on an ongoing basis. The operational status of each item during the period under review was as indicated below.

1. Fundamental principles for the development of the Company's internal control systems

Under the corporate mission of "Serving Society with Superior Quality," the Company has set its vision in 2020 as: "Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company," and has been engaged in management to realize the vision since.

As part of the initiatives undertaken, segregation between oversight and execution of the duties, oversight by the Board of Directors, and appropriate and more efficient business operations are all regarded as the fundamental principles that the Company should consider in the refinement of its internal control systems.

With the understanding of the above, the Company's Board of Directors determines policies for development and implementation of internal control systems.

In order to further strengthen internal controls, evolve into a sustainable solutions company to be able to proactively address the changing business environment, and continue to implement the ever more effective and efficient planning and execution of our business activities in accordance with the policies on the development of the internal control systems, the Company's Board of Directors delegates the development and implementation of internal control systems that are in line with the set policies to the Representative Executive Officers and oversee the implementation work.

Operational status for the year ended December 31, 2022
・In order to further strengthen internal controls, and evolve into a sustainable solutions company to be able to proactively address the changing business environment, the Company develops and implements its internal control systems while making continuous improvements. The Board of Directors oversees their progress through reports received from the Representative Executive Officers and audits conducted by the Audit Committee, which are also reported to the Board of Directors.

2. Matters that are necessary in the execution of duties by the Audit Committee

(1) In order to assist the work of the Audit Committee, the Company appoints an Executive Director dedicated to audit, and under the Executive Director, establishes a department dedicated to assist the Audit Committee with their duties.

Decisions on the selection and replacement of the Executive Director dedicated to audit are made based on prior consultations with and/or consent of the Audit Committee. The same applies when the Audit Committee requests replacement of the Executive Director.

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

Operational status for the year ended December 31, 2022
・The Company appointed a dedicated Executive Director responsible for Internal Auditing and established a department to assist the Audit Committee with their duties. ・Decisions on the selection and replacement of the Executive Director responsible for Internal Auditing are made based on prior consultations and/or agreements with the Audit Committee. However, there were no selections or replacements in the year ended December 31, 2022. ・The performance assessment of the Executive Director responsible for Internal Auditing takes the performance evaluations conducted by the Audit Committee into consideration.

(2) A person designated by the Audit Committee is required to report on matters predetermined by the Audit Committee periodically or without delay.

The Company prohibits unfavorable treatment of Members of the Board, Executive Officers, Vice President-Senior Officers, and employees of the Company, and the Members of the Board, Corporate Auditors, Corporate Officers, and employees of subsidiaries for reporting matters to the Audit Committee.

Operational status for the year ended December 31, 2022
・The business divisions of the Company report on items that are selected for periodic reporting by the Audit Committee and any ad-hoc reporting items are reported on a regular basis without delay. In addition, internal policies prohibit any unfavorable treatment of the reporting party, and it is confirmed that such protection is appropriately in place.

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

> Operational status for the year ended December 31, 2022
>
> ・The Company stipulates in its internal regulations that any budgeting and its use required for the execution of duties based on resolution by the Audit Committee shall be fully compensated, and it is confirmed that it is operated appropriately.

(4) In order to ensure an effective audit by the Audit Committee, opportunities are created for Members of the Audit Committee to gain an understanding of the flow of important decision-making practices in the Company and the status of business operations.

> Operational status for the year ended December 31, 2022
>
> ・The Audit Committee requests the Company to provide opportunities to attend important meeting bodies, inspect documents, receive reporting, among others. These are important opportunities for the Audit Committee to grasp important decision-making processes and the status of business execution, and the Company appropriately secures these opportunities.

3. Systems to ensure that the execution of duties by Executive Officers complies with relevant laws and regulations and the Articles of Incorporation, and matters that are necessary for the appropriate execution of business operations by the Company and the corporate group consisting the Company and its subsidiaries.

(1) Information concerning execution of duties by Executive Officers is documented without delay and adequately retained. Any significant information related to the execution of business is reported to the Board of Directors without delay.

> Operational status for the year ended December 31, 2022
>
> ・The Company stipulates rules concerning retention of documents such as approval forms that are important sources of information for the execution of duties by Executive Officers, meeting minutes of important committee meetings, and the documentation retention method. It is confirmed that such documents are retained properly. In addition, the Representative Executive Officers report on important information related to execution of duties during the Board of Directors’ meeting in a timely manner while continuously making improvements in its practices.

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

> Operational status for the year ended December 31, 2022
>
> ・The Company stipulates rules concerning risk management systems in its internal policies and confirms that such systems are functioning effectively within the Group globally. In addition, at the GMRC (Global Management Risk Committee), a committee that is subordinate to the Global EXCO, risk management systems are further refined by continuously making improvements on a global scale.

(3) In order to ensure the efficient execution of duties by Executive Officers, under the appropriate delegation of authority from the Board of Directors to the Representative Executive Officer, internal policies are maintained, and appropriate authorities required for the execution of duties are reallocated.

Operational status for the year ended December 31, 2022
・The Company reallocates authorities appropriately in order to further strengthen internal controls, and evolve into a sustainable solutions company to be able to proactively address the changing business environment.

(4) In order to ensure that execution of duties by the Executive Officers, Vice President-Senior Officers, and employees complies with relevant laws and regulations and the Articles of Incorporation, systems for J-SOX Act compliance are developed and implemented in accordance with "System for Ensuring Appropriateness of Statements on Finance and Accounting and Other information," set forth in Article 24-4-4 of the Financial Instruments and Exchange Act of Japan (the so-called "J-SOX Act").

Operational status for the year ended December 31, 2022

- Compliance systems
  The Company has developed a compliance system based on the deliberations and recommendations of the Compliance Committee, which is an advisory committee to the Board of Directors, including all Independent Outside Directors. Under this system, the Company deploys the Bridgestone Code of Conduct, which applies to the Group on a global basis, and operates the BridgeLine, a whistleblowing system. Through these ongoing activities, the Company will further reinforce its systems.
- Implementation of a reporting framework
  The Company stipulates a framework for reporting necessary information to the Representative Executive Officers periodically or on an as-needed basis (reporting to meeting bodies such as Global EXCO and a flow of communication and information in emergency situations) in its internal policies, and operates the framework while continuously making improvements. In addition, there is a system in place for the Representative Executive Officers to report on matters at the Board of Directors' meeting, where necessary.
- Implementation of systems against antisocial forces
  Under the Representative Executive Officer policy, the Company appoints the Chief Risk Officer as the person responsible, and assigns a manager at each office to promote internal systems, and also provides training to all employees every year.
- Implementation of systems for the J-SOX Act compliance
  The Company develops and implements appropriate systems for the J-SOX Act compliance in accordance with the internal policies. In March 2022, the 2021 internal control system report was submitted to the head of the Kanto Local Finance Bureau.

(5) In order to ensure proper execution of business operations at subsidiaries, policies are communicated across the Group; authorities are appropriately reallocated; a reporting framework for subsidiaries to report their execution of business to the Company is developed and implemented; and audits are conducted globally.

Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance are developed and implemented within each subsidiary.

Operational status for the year ended December 31, 2022

- Communication of policies
  The Company establishes internal policies on communicating its management policies to ensure that they are communicated appropriately across the Group globally. Where necessary, the policies are revised through discussions held in the Global EXCO.
- Reallocation of authorities
  Regarding important matters that the Company should coordinate in cooperation with its group companies and matters for which decisions are made by group companies, the Company reallocates authorities appropriately on a case-by-case basis, taking the business activities of each group company and its level of governance maturity into consideration.
- A framework for reporting to the Company
  The Company stipulates a framework for necessary information related to the status of business operations within a group company to the Representative Executive Officers periodically or on an as-needed basis (reporting to committees such as Global EXCO and a flow of communication and information in emergency situations) in its internal policies, and operates the framework while continuously making improvements. In addition, there is a system in place for the Representative Executive Officers to report on matters at Board of Directors' meetings, where necessary.
- Global audits
  The Company conducts global audits on areas determined by risk assessment and analysis. In addition, the Internal Audit Department of each Strategic Business Unit (SBU) performs internal audits at group companies in Japan and other countries. The Internal Audit Department of the Company supervises the audits and provides reports to its Audit Committee.
- Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance within each subsidiary
  As mentioned in 3(4) above, the Company develops and implements the necessary systems, including systems to be implemented at group companies.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2022)

(Yen in millions)

	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 at January 1, 2022	**126,354**	**122,126**	**(38,123)**	**2,997**	**44,682**	**744**	**63,436**
Profit	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	265,629	2,237	(19,734)
Total comprehensive income	–	–	–	–	265,629	2,237	(19,734)
Purchase of treasury stock	–	–	(100,033)	–	–	–	–
Disposal of treasury stock	–	–	1,343	(324)	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in ownership interests of owners in subsidiaries under control	–	(303)	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(1,144)
Transactions with non-controlling interests and other	–	(2,306)	–	–	–	–	–
Other changes	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	**(2,609)**	**(98,690)**	**(324)**	–	–	**(1,144)**
Balance at December 31, 2022	**126,354**	**119,517**	**(136,814)**	**2,673**	**310,311**	**2,980**	**42,558**

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
Balance at January 1, 2022	–	**111,859**	**2,307,667**	**2,629,883**	**45,471**	**2,675,354**
Profit	–	–	300,367	300,367	5,497	305,865
Other comprehensive income	8,293	256,425	–	256,425	2,939	259,364
Total comprehensive income	8,293	256,425	300,367	556,793	8,436	565,229
Purchase of treasury stock	–	–	(5)	(100,038)	–	(100,038)
Disposal of treasury stock	–	(324)	(198)	820	–	820
Dividends	–	–	(119,042)	(119,042)	(4,709)	(123,751)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	(303)	(1,708)	(2,012)
Transfer from other components of equity to retained earnings	(8,293)	(9,437)	9,437	–	–	–
Transactions with non-controlling interests and other	–	–	–	(2,306)	–	(2,306)
Other changes	–	–	–	–	(839)	(839)
Total transactions with owners, etc.	**(8,293)**	**(9,762)**	**(109,808)**	**(220,869)**	**(7,256)**	**(228,125)**
Balance at December 31, 2022	–	358,523	2,498,226	2,965,806	46,651	3,012,458

Notes to Consolidated Financial Statements

(Basic important matters for the preparation of consolidated financial statements)

1. Standards for the preparation of consolidated financial statements

   The consolidated financial statements of Bridgestone (the “Company”) and its subsidiaries (the “Group”) are prepared in accordance with the International Financial Reporting Standards (“IFRS”) pursuant to the provisions of the first paragraph of Article 120 of the Ordinance on Company Accounting. The consolidated financial statements omit part of the disclosures required under IFRS pursuant to the provisions of the second sentence of the first paragraph of Article 120.

2. Scope of consolidation

   (1) Number of consolidated subsidiaries: 255 companies

   Names of principal companies:

- BRIDGESTONE TIRE SOLUTION JAPAN CO., LTD
- BRIDGESTONE RETAIL JAPAN CO., LTD
- BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO., LTD.
- BRIDGESTONE SPORTS CO., LTD.
- BRIDGESTONE CYCLE CO., LTD.
- BRIDGESTONE FINANCE CORPORATION
- BRIDGESTONE AMERICAS, INC.
- BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC
- BRIDGESTONE RETAIL OPERATIONS, LLC
- BRIDGESTONE BANDAG, LLC
- FIRESTONE POLYMERS, LLC
- FIRESTONE INDUSTRIAL PRODUCTS COMPANY, LLC
- BRIDGESTONE CANADA INC.
- BRIDGESTONE DE MEXICO, S.A. DE C.V.
- BRIDGESTONE DO BRASIL INDUSTRIA E COMERCIO LTDA.
- BRIDGESTONE ARGENTINA S.A.I.C.
- BRIDGESTONE EUROPE NV/SA
- BRIDGESTONE POZNAN SP. Z O.O.
- BRIDGESTONE STARGARD SP. Z O.O.
- FIRST STOP AYME SAS
- BRIDGESTONE HISPANIA MANUFACTURING S.L.U.
- BRIDGESTONE MIDDLE EAST & AFRICA FZE
- BRIDGESTONE INDIA PRIVATE LTD.
- BRIDGESTONE SOUTH AFRICA (PTY) LTD.
- BRIDGESTONE ASIA PACIFIC PTE. LTD.
- BRIDGESTONE (CHINA) INVESTMENT CO., LTD.
- BRIDGESTONE (WUXI) TIRE CO., LTD.
- THAI BRIDGESTONE CO., LTD.
- BRIDGESTONE TIRE MANUFACTURING (THAILAND) CO., LTD.
- PT BRIDGESTONE TIRE INDONESIA
- BRIDGESTONE AUSTRALIA LTD.
- BRIDGESTONE MINING SOLUTIONS AUSTRALIA PTY. LTD.
- BRIDGESTONE TREASURY SINGAPORE PTE. LTD.

   Changes in the scope of consolidation

   Additions: 0 companies

   Dispositions: 23 companies (decreased mainly by sales)

   (2) There are no non-consolidated subsidiaries.

3. Scope of application of equity-method accounting

   (1) Number of equity-method associates and others: 134 companies

   Names of principal companies:

   - TIREHUB, LLC
   - BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

   Changes in the scope of equity-method accounting

   Additions: 1 company (increased by establishment)

   Dispositions: 3 companies (decreased mainly by sales)

   (2) There are no non-consolidated subsidiaries or associates to which equity-method accounting is not applied.

4. Fiscal year of consolidated subsidiaries

   The fiscal year for BRIDGESTONE INDIA PRIVATE LTD. ends on March 31. Its financial statements are prepared on the basis of a provisional settlement of accounts performed as of the date of the consolidated financial statements.

5. Summary of significant accounting policies

(1) Basis of consolidation

① Subsidiaries

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

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

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

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

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

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

② Associates

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

③ Joint ventures

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

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

(2) Business combinations

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

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

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

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

(3) Foreign currency translation

① Foreign currency transactions

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

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

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

② Financial statements of foreign operations

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

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

(4) Financial instruments

① Financial assets other than derivatives

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

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

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

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

b Subsequent measurement

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

c Derecognition

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

② Impairment of financial assets measured at amortized cost

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

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

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

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

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

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

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

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

③ Financial liabilities other than derivatives

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 as follows, depending on respective classifications:

(a) Financial liabilities measured at amortized cost

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

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

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

c Derecognition

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

④ Derivatives and hedge accounting

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

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

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

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

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

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

① Lessee

At inception of a contract, the Group recognizes a right-of-use asset and a lease liability for lease components other than short-term leases and leases for which the underlying asset is of low value. At the commencement date, the Group measures the right-of-use asset at cost and the lease liability at the present value of the lease payments that are not paid at that date.
The lease term is determined as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease (if the Group is reasonably certain to exercise that option); and periods covered by an option to terminate the lease (if the Group is reasonably certain not to exercise that option).
After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The Group applies the depreciation requirements in International Accounting Standards (IAS) 16 “Property, Plant and Equipment” in depreciating the right-of-use asset. The Group also applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.
If the lease transfers ownership of the underlying asset to the Group by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
After the commencement date, the Group measures the lease liability by:

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

② Lessor

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

(11) Impairment of non-financial assets

The Group assesses, for each fiscal year, whether there is any indication that an asset may be impaired. If any such indication exists (or if the impairment test is required each year), the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or a cash-generating unit is measured at the higher of its fair value less costs to sell and its value in use. When the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount, the Group recognizes an impairment loss for the asset and reduces the carrying amount of the asset to its recoverable amount. In calculating the asset’s value in use, the estimated future cash flows are discounted to the present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and other factors such as the risks specific to the asset. The fair value less costs to sell is calculated by using an appropriate valuation model supported by indications of fair value available to the Group.
The Group assesses whether there is any indication that an impairment loss recognized in prior years for asset other than goodwill may have decreased or may no longer exist due to a change in assumptions used to determine the recoverable amount or other reasons. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash-generating unit. Then if such recoverable amount exceeds the carrying amount of the asset or the cash-generating unit, the Group reverses an impairment loss to the extent not exceeding the lower of the estimated recoverable amount and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(12) Assets held for sale and discontinued operations

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

(13) Employee benefits

① Short-term employee benefits

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

② Post-employment benefits

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

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

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

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

(14) Share-based payment

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

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

② Provision for loss on litigation

To prepare for the expenditures of litigation-related expenses, the Group estimates and records an amount of compensation for damages, settlement package, etc. that is currently expected to be incurred in the future.

③ Provision for 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.

(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 production and sale of tires and tubes, sale of wheels and accessories, production and sale of retread material and provision of related technology, auto maintenance and repair services, and business of chemical and industrial products, etc. 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 and affect neither accounting profit nor taxable income (loss)
- Deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements when it is probable that the temporary difference will not reverse in the foreseeable future or when it is not probable that taxable profit will be available against which the temporary difference can be utilized.
- Taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangement when the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Carrying amount of deferred tax assets is reviewed each period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to use all or part of the benefit of the deferred tax assets. Unrecognized deferred tax assets are reviewed each period and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and by the tax laws that are expected to apply to the period when the assets are realized or the liabilities are settled based on the tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

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

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

(20) Treasury stock

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

(21) Dividends

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

(22) Earnings per share

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

(Accounting estimates)

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

1. Impairment of non-financial assets

Impairment losses of 19,333 million yen recognized in the current fiscal year consist of 18,610 million yen recorded as "other expenses" in the consolidated statement of profit or loss (of which, "business and plant restructuring expenses" are 1,118 million yen) and 724 million yen recorded as "loss from discontinued operations". Components of the 19,333 million yen impairment losses by asset item are property, plant and equipment of 16,739 million yen, goodwill and intangible assets of 1,538 million yen, and others of 1,056 million yen.
For calculation method of the estimates, please refer to, "(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (11) Impairment of non-financial assets".
Note that these estimates are subject to uncertainties that may materially affect valuation of non-financial assets of the subsequent fiscal year in case where estimates regarding valuation of non-financial assets have changed due to factors that include unpredictable change with respect to assumptions.

2. Recoverability of deferred tax assets

For the current fiscal year, "deferred tax assets" of 81,625 million yen have been recorded in the consolidated statement of financial position.
For calculation method of the estimates, please refer to, "(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (19) Income taxes".
Note that these estimates are subject to uncertainties that may materially affect amounts of deferred tax assets in the consolidated financial statements of the subsequent fiscal year in case where estimates regarding valuation of deferred tax asset recoverability have changed due to factors that include unpredictable change with respect to assumptions.

3. Provisions

For the current fiscal year, "provisions" of 88,917 million yen have been recorded in the consolidated statement of financial position.
For calculation method of the estimates, please refer to, "(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (15) Provisions".
Note that these estimates are subject to uncertainties that may materially affect valuation of provisions of the subsequent fiscal year in case where estimates regarding valuation of provisions have changed due to factors that include unpredictable change with respect to assumptions.

4. Measurement of defined benefit obligations

For the current fiscal year, "retirement benefit liabilities" of 155,112 million yen have been recorded in the consolidated statement of financial position upon measurement of defined benefit obligations.
For calculation method of the estimates, please refer to, "(Basic important matters for the preparation of consolidated financial statements), 5. Summary of significant accounting policies, (13) Employee benefits".
Note that the Group's defined benefit plans are exposed to the following risks and such risks may materially affect measurement of defined benefit obligations of the subsequent fiscal year.

(i) Investment risk

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

(ii) Interest rate risk

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

5. Fair value measurement of financial instruments

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

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

6. Uncertain income tax positions

As for the repayment of capital received from BRIDGESTONE AMERICAS, INC., a consolidated subsidiary, in the previous fiscal year, the Company accounted for the transaction by recognizing deductible expenses as loss on transfer of shares for tax purposes. In the previous fiscal year, the Company excluded some deductible expenses to calculate its taxable income, for accounting purposes, with respect to this matter which gives rise to some uncertain tax treatments under the Japan’s tax law. The Company had engaged third-party legal, tax professionals, etc. to consider plausible tax treatments and estimated its taxable income using either the expected value method or the most likely amount method considering various scenarios and assumptions. As a result, although deferred tax assets would be 91,100 million yen higher if all the deductible expenses were included in calculating taxable income, the Company has lowered its deferred tax assets by 60,000 million yen, relative to amounts under the aforementioned treatment. There has been no change in the judgement on the treatment of this matter, and the Company continues the same treatment as the previous fiscal year.

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.

7. Measurement of disposal groups classified as held for sale

(1) Anti-vibration rubber business

On December 10, 2021, the Group made the decision to transfer its anti-vibration rubber business to Anhui Zhongding Holding (Group) Co., Ltd. (AZ). This entails the Group establishing a new wholly-owned subsidiary (PROSPIRA CORPORATION) to which it would transfer the business operations by carrying out an absorption-type demerger, then integrating the business operations of the Group into PROSPIRA CORPORATION, and subsequently transferring all shares of PROSPIRA CORPORATION to AZ. The Group completed this business transaction on September 1, 2022. The Group plans to conduct separate transfer targeting a company at a later time.

Accordingly, for the company planned to be separately transferred later, at the end of the current fiscal year, the Group continued to classify assets and liabilities slated for transfer to PROSPIRA CORPORATION into a disposal group classified as held for sale. Such disposal group classified as held for sale is measured at fair value less cost to sell because the fair value less cost to sell has fallen below the carrying amount. The Group has consequently recognized a loss of 6,147 million yen, recorded in “loss from discontinued operations” in the consolidated statement of profit or loss.

(2) Chemical products solutions business

On December 10, 2021, the Group made the decision to transfer its chemical products solutions business to Endeavour United II Investment Business Limited Partnership (EU Investment Partnership). This entails the Group establishing a new wholly-owned subsidiary (ARCHEM INC.) to which it would transfer the business operations by carrying out an absorption-type demerger, then integrating the business operations of the Group into ARCHEM INC., and subsequently transferring all shares of ARCHEM INC. to EU Investment Partnership, which is structured, managed, and operated by Endeavour United Co., Ltd. The Group completed this business transaction on August 1, 2022. The Group plans to conduct separate transfer targeting a company at a later time.

Accordingly, for the company planned to be separately transferred later, at the end of the current fiscal year, the Group continued to classify assets and liabilities slated for transfer to ARCHEM INC. into a disposal group classified as held for sale. Such disposal group classified as held for sale is measured at fair value less cost to sell because the fair value less cost to sell has fallen below the carrying amount. The Group has consequently recognized a loss of 13,014 million yen, recorded in “loss from discontinued operations” in the consolidated statement of profit or loss.

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

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

(Notes to the consolidated statement of financial position)

1. Accumulated depreciation and accumulated impairment loss

Property, plant and equipment	3,337,654 million yen
Right-of-use assets	215,369 million yen

2. Assets provided as collateral and collateralized debt obligations

Assets pledged as collateral (Property, plant and equipment and others)	712 million yen

There are no obligations corresponding to the preceding.

(Notes to the consolidated statement of profit or loss)

1. Impairment losses

For measuring impairment losses, the Group groups 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 19,333 million yen recognized in the current fiscal year consist of 18,610 million yen recorded as “other expenses” in the consolidated statement of profit or loss (of which, “business and plant restructuring expenses” are 1,118 million yen) and 724 million yen recorded as “loss from discontinued operations”. This is mainly due to the following reasons.

As announced on March 14, 2022, the Company resolved to suspend productions in Russia and tire exports to Russia, and as a result, the revenue previously estimated is uncertain. Therefore, the carrying amount of assets for business use in the Russian tire business was reduced by 13,581 million yen to the recoverable amount.

The recoverable amount of the asset was measured by its value in use, which was calculated by discounting future cash flows at a discount rate of 15% or more.

2. Loss related to recall

Following the recall of certain models of standard and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company, 16,407 million yen was recorded in “Selling, general and administrative expenses” as expenses relating to part replacement, etc. of the affected standard and power assist bicycles.

(Notes to the consolidated statement of changes in equity)

1. Type and total number of shares issued/Type and number of treasury stock

	As of January 1, 2022	Number of increase	Number of decrease	As of December 31, 2022
Shares issued Common stock (Thousands of shares)	713,698	–	–	713,698
Treasury stock Common stock (Thousands of shares) (see Notes 1 and 2)	9,434	20,233	319	29,349

Notes 1. The increase in treasury stock consists of the purchase of 20,233 thousand shares according to the resolution of the Board of Directors, and others.

2. The decrease in treasury stock consists of the exercise of stock options of 143 thousand shares, disposal as restricted stock compensation of 105 thousand shares, and disposal as performance-based stock compensation and others of 71 thousand shares.

2. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 23, 2022	Common Stock	59,863	85	December 31, 2021	March 24, 2022
Board of Directors' Meeting, August 10, 2022	Common Stock	59,180	85	June 30, 2022	September 1, 2022

(2) Dividends whose record date is in the current fiscal year and effective date is in the following fiscal year

Resolution	Type	Total dividends (Yen in millions)	Source	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 28, 2023	Common Stock	61,592	Retained earnings	90	December 31, 2022	March 29, 2023

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

Common stock: 882,400 shares

(Notes to financial instruments)

1. Qualitative information on financial instruments

The Group is exposed to financial risks (e.g., credit risk, liquidity risk, foreign exchange risk, interest rate risk and market price risk) in the process of its management activities and it manages risks based on a specific policy in order to avoid said risks.

(1) Credit risk management

The Group is exposed to credit risk such as a counterparty's default on contractual obligations resulting in financial losses to the Group. The Group regularly monitors the financial position of significant customers and manage the due dates and the receivables balance of each customer to minimize the risk of defaults resulting from deterioration of a customer's financial position, and when full or partial collection of the receivables is considered impossible, or extremely difficult, it is deemed to be a default. The Group enters into derivative transactions only with highly rated financial institutions in order to minimize counterparty risk.

The carrying amounts after impairment presented in the consolidated statement of financial position represent the Group’s maximum exposure to credit risk of financial assets.

(2) Liquidity risk management

The Group is exposed to liquidity risk 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.

(3) Foreign exchange risk management

The Group engages in business, such as development, purchase, production, distribution and sales, globally and conducts international transactions in regions around the world, and therefore, the fluctuation of foreign currency rates has an impact on the Group’s performance.

The Company and certain subsidiaries use principally forward exchange contracts to hedge foreign currency exchange risk identified by currency on a monthly basis for receivables and payables in foreign currencies. When receivables and payables in foreign currencies are expected from forecasted transactions, forward exchange contracts and currency option contracts may be used, 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.

(4) 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.

(5) Market price fluctuation risk management

Investment securities in the Group consist primarily of equity securities of business partners and are exposed to market price 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 considering the relationships with the issuers.

2. Fair values of financial instruments

Carrying amounts of the consolidated statement of financial position and fair value of the financial instruments as of December 31, 2022, are as follows. Financial instruments for which carrying amounts are equal to or reasonably approximate fair value are excluded from the following table.

	Carrying amounts of consolidated statement of financial position (Yen in millions)	Fair value (Yen in millions)
Financial instruments measured at amortized cost		
Bonds and borrowings (Non-current)	345,584	342,020
Total	345,584	342,020

3. Breakdown of fair values of financial instruments by level

Fair values of financial instruments are categorized into the following three levels according to the observability and significance of inputs used in fair value measurement.

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

	Level 1 (Yen in millions)	Level 2 (Yen in millions)	Level 3 (Yen in millions)	Total (Yen in millions)
Derivative assets	–	11,079	–	11,079
Shares, etc.	38,399	–	19,251	57,650
Total	38,399	11,079	19,251	68,729
Derivative liabilities	–	13,160	–	13,160
Total	–	13,160	–	13,160

(2) Financial assets measured at amortized cost

	Level 1 (Yen in millions)	Level 2 (Yen in millions)	Level 3 (Yen in millions)	Total (Yen in millions)
Bonds and borrowings	–	342,020	–	342,020
Total	–	342,020	–	342,020

Note Explanation regarding valuation techniques and inputs used in fair value measurement

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 derivative assets and derivative 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.

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, etc. 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 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).
In addition, for written put options on shares of a subsidiary granted by the Group to owners of non-controlling interests, the present value of their exercise price is recognized as financial liabilities. At initial recognition, the amount is reduced from capital surplus.
The written put options are measured at the present value of their exercise price, and the carrying amount at the end of the current fiscal year was 3,771 million yen and included in other financial liabilities in the consolidated statement of financial position.
These financial liabilities are not included in the table above.

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.

(Notes to revenue recognition)

1. Disaggregation of revenue

   The breakdown of revenue from continuing operations is as follows.

(Yen in millions)

	Reportable segments					Other	Corporate or elimination	Consolidated total
	Japan	Americas	Europe, Russia, Middle East, India and Africa	China, Asia-Pacific	Total			
Tires	669,476	1,921,055	856,443	376,713	3,823,688	15,813	40	3,839,540
Other (Note 1)	220,215	49,221	–	–	269,436	1,094	–	270,530
Total external revenue	889,692	1,970,276	856,443	376,713	4,093,124	16,907	40	4,110,070
Revenue recognized from contracts with customers	867,200	1,964,477	843,522	376,713	4,051,912	16,907	40	4,068,858
Revenue recognized from other sources (Note 2)	22,492	5,799	12,921	–	41,212	–	–	41,212

Notes 1. “Other” includes businesses such as Chemical and Industrial Products, sporting goods and bicycles that the Company operates in.
2. 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:

	(As of December 31, 2022)
	Yen in millions
Contract assets	4,953
Contract liabilities	23,117

The balance of contract liabilities at the beginning of the current fiscal year, which was 14,548 million yen, was recognized as revenue in the current fiscal year. 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 is expected to be recognized in the future at the end of the current fiscal year are as follows:

	(As of December 31, 2022)
	Yen in millions
Within one year	29,719
Over one year and within five years	51,799

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.

(Notes to per-share information)

Total equity attributable to owners of parent per share	4,333.76 yen
Continuing operations	439.69 yen
Discontinued operations	(7.40) yen
Basic earnings per share	432.29 yen

(Notes to discontinued operations)

1. US building materials business

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

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

Profit or loss from discontinued operations

	Fiscal year ended December 31, 2022
	Yen in millions
Profit or loss from discontinued operations	
Income (Note)	(620)
Expenses	–
Loss before tax from discontinued operations	(620)
Income tax expense (Note)	27
Loss from discontinued operations	(594)

Note An adjustment of (620) million yen on gain on sale relating to the change in the sales price of FSBP is included in the current fiscal year. The income tax expense corresponding to that is 157 million yen.

2. Anti-vibration rubber business

On December 10, 2021, the Group made the decision to transfer its anti-vibration rubber business (the “Business Operations”) to Anhui Zhongding Holding (Group) Co., Ltd. (AZ). This entails the Group establishing a new wholly-owned subsidiary (PROSPIRA CORPORATION) to which it would transfer 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 Group completed the Business Transaction on September 1, 2022. The Group plans to conduct separate transfer targeting a company at a later time.

The Group has accordingly classified the Business Operations of the Group, BRIDGESTONE APM COMPANY, and BRIDGESTONE NCR CO., LTD. (BSNCR; Note) 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.

Note BRIDGESTONE NCR CO., LTD. changed its name to BRIDGESTONE INDUSTRIAL PRODUCTS (THAILAND) CO., LTD. effective January 4, 2023.

Profit or loss from discontinued operations

	Fiscal year ended December 31, 2022
	Yen in millions
Profit or loss from discontinued operations	
Income	49,901
Expenses (Note)	(64,856)
Loss before tax from discontinued operations	(14,955)
Income tax expense (Note)	9,350
Loss from discontinued operations	(5,605)

Note Expenses for the current fiscal year include a loss on business transfer to AZ of 4,254 million yen and a loss of 6,147 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell. The income tax expense corresponding to that is 4,294 million yen. In addition, the Company engaged external tax professionals to determine whether loss for tax purposes should be recognized against loss on business transfer incurred when executing the business transfer (applicability of deductible temporary difference).

3. Chemical products solutions business

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

The Group has accordingly classified Business Operations of the Group, BSNCR, and BRIDGESTONE PRECISION MOLDING 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.

Profit or loss from discontinued operations

	Fiscal year ended December 31, 2022
	Yen in millions
Profit or loss from discontinued operations	
Income (Note)	42,295
Expenses (Note)	(51,534)
Loss before tax from discontinued operations	(9,239)
Income tax expense (Note)	10,297
Profit from discontinued operations	1,058

Note Expenses for the current fiscal year include a gain on business transfer to EU of 5,691 million yen and a loss of 13,014 million yen recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell. The income tax expense corresponding to that is 5,080 million yen. In addition, the Company engaged external tax professionals to determine whether loss for tax purposes should be recognized against loss on business transfer incurred when executing the business transfer (applicability of deductible temporary difference).

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

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

Assets held for sale

	(As of December 31, 2022)
	Yen in millions
Cash and cash equivalents	5,440
Trade and other receivables	1,382
Inventories	1,089
Property, plant and equipment	6,729
Other financial assets (non-current)	22,112
Others	828
Accumulated loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less cost to sell	(8,887)
Total	28,694

Liabilities directly associated with assets held for sale

	(As of December 31, 2022)
	Yen in millions
Trade and other payables	1,291
Others	304
Total	1,596

Assets held for sale and directly associated liabilities, mainly in the anti-vibration rubber business, the chemical products solutions business and part of other financial assets (shares) held by the Company have been classified as assets held for sale as the Group made a decision to sell those operations. Details for the anti-vibration rubber business and the chemical products solutions business are provided in “(Notes to discontinued operations)”.
For the disposal groups classified as assets held for sale, the anti-vibration rubber business and the chemical products solutions business are measured at fair value less cost to sell as the fair value less cost to sell is less than the carrying amount. As a result, a recognized loss of 19,161 million yen was recorded in “loss from discontinued operations”. The fair value has been classified as Level 3 in the hierarchy because it was assessed based on the selling price. Other financial assets (shares) are listed stocks, and the fair value thereof has been classified as Level 1 in the hierarchy.

(Other notes)

Presentation of stated amounts

Figures less than one million yen are rounded to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2022) (Yen in millions)

	Shareholders' equity								Net unrealized gain (loss) and translation adjustments		Stock acquisition rights
	Common stock	Capital surplus	Retained earnings				Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	
		Capital reserve	Legal reserve	Other retained earnings							
				Reserve for advanced depreciation of fixed assets	General reserve	Unappropri-ated retained earnings					
Beginning Balance	**126,354**	**122,079**	**31,279**	**31,806**	**789,311**	**259,445**	**(38,123)**	**1,322,151**	**48,950**	**(285)**	**2,997**
Cumulative effects of changes in accounting policies						**(9)**		**(9)**			
Restated balance	126,354	122,079	31,279	31,806	789,311	259,437	(38,123)	1,322,142	48,950	(285)	2,997
(Changes in the year)											
Cash dividends						(119,042)		119,042			
Reversal of reserve for advanced depreciation of fixed assets				(1,947)		1,947		–			
Profit						164,341		164,341			
Purchase of treasury stock						(5)	(100,033)	(100,038)			
Disposal of treasury stock						(143)	1,343	1,199			
Net change in the year									(17,168)	1,583	(324)
Total Changes in the Year	**–**	**–**	**–**	**(1,947)**	**–**	**47,097**	**(98,690)**	**(53,540)**	**(17,168)**	**1,583**	**(324)**
Ending Balance	**126,354**	**122,079**	**31,279**	**29,859**	**789,311**	**306,534**	**(136,813)**	**1,268,602**	**31,783**	**1,298**	**2,673**

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation policies and methods for assets

(1) Valuation policies and methods for investments in securities

Investments in subsidiaries and associates — The moving-average cost method

Available-for-sale securities

Marketable securities

— Fair value based on the market price, etc., at the closing date (unrealized gain and loss, net of tax is recorded in equity, and the moving-average method is used to calculate the cost of securities sold)

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 following fiscal year.

(4) Provision for environmental remediation

In order to reserve for outlays for legally required removal and disposal of PCB, etc., the estimated amount of future obligations is recorded.

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 production and sale of tires and tubes, production and sale of retread material and provision of related technology, and business of chemical and industrial products, etc.

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 contain 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 income.

6. Hedge accounting

(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 foreign exchange swaps are made to match the principal amount and term of the hedged foreign currency-denominated obligation. Interest rate swaps are entered into for the amount of borrowings only. Commodity swaps are entered into for the trade amount of raw materials. It is the Company’s policy not to use any derivative transactions for speculative purposes.

(4) Method for evaluating the effectiveness of hedges

The validity of hedges is evaluated based on a comparison of total fluctuations in the cash flow or fluctuations in the market value of the hedged item with the total fluctuations in the cash flow or fluctuations in the market value of the hedging instrument.

(Changes in accounting policies)

1. Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to the periods prior to the beginning of the current fiscal year, has been added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy has been applied from the said beginning balance.

Major changes due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations are as follows.

Revenue recognition relating to subcontract processing with supply of materials for value (the "transaction")

As for the transaction that falls under a repurchase agreement, the method was changed to recognize supplied products as financial assets and recognize only the net amount equivalent to the processing fee as revenue at the time of resale to the supplier, when the Company is the receiver.

As a result, in the current fiscal year, net sales decreased by 2,519 million yen and cost of sales decreased by 2,524 million yen, compared to amounts before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. Effects on the beginning balance of retained earnings and per share information for the current fiscal year are insignificant.

2. Application of Accounting Standard for Fair Value Measurement, etc.

   From the beginning of the current fiscal year, the Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations, and the new accounting policies prescribed in the Accounting Standard and relevant ASBJ regulations are applied prospectively in accordance with the transitional treatment prescribed in paragraph 19 of the "Accounting Standard for Fair Value Measurement" and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

   There is no effect of this application on the financial statements.

(Changes in presentations)

1. Non-consolidated Statement of Profit or Loss

   In the previous fiscal year, "Loss on retirement of fixed assets" was disclosed separately in "Non-operating Expenses" section. During the current fiscal year, the amount has become less material and such an amount is included in "Other".

   "Loss on retirement of fixed assets" for the current fiscal year was 539 million yen.

(Accounting estimates)

1. Impairment on fixed assets

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

Ending balance of property, plant and equipment	253,146 million yen
Ending balance of intangible assets	22,278 million yen

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

   The notes have been omitted since the same information has been provided in "(Basic important matters for the preparation of consolidated financial statements) 5. Summary of significant accounting policies (11) Impairment of non-financial assets" in the notes to consolidated financial statements.

2. Recoverability of deferred tax assets

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

Deferred tax assets	31,202 million yen

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

   The notes have been omitted since the same information has been provided in "(Basic important matters for the preparation of consolidated financial statements) 5. Summary of significant accounting policies (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 the previous fiscal year 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 the previous fiscal year, 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 deferred tax assets would be 91,100 million yen higher if all the deductible expenses were included in calculating taxable income, the Company has lowered its deferred tax assets by 60,000 million yen, relative to amounts under the aforementioned treatment. There has been no change in the judgement on the treatment of this matter, and the Company continues the same treatment as the previous fiscal year. 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 the amount of taxable profit 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

Accrued pension and liability for retirement benefits	44,028 million yen

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

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

4. Allowance for losses on business transfer

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

Allowance for losses on business transfer	5,923 million yen

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

In order to reserve for a loss expected to be incurred in connection with a transfer of the anti-vibration rubber business and the chemical products solutions business, 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

Non-marketable investments in subsidiaries and associates and investments in subsidiaries and associates	854,531 million yen

(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 by 50% or more compared to the carrying amount of investments. Note that in cases where any change in the external environment and other factors materially affects the actual value, this may also affect valuation of investments in subsidiaries and associates and investments in subsidiaries and associates, other than stock for the subsequent fiscal year.

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of property, plant and equipment 1,068,750 million yen

2. Guarantees

(Yen in millions)

Guarantees on commercial papers issued by BRIDGESTONE EUROPE NV/SA	70,735
Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	18
Total	70,753

3. Short-term monetary receivables from subsidiaries and associates 307,558 million yen

Long-term monetary receivables from subsidiaries and associates 93,231 million yen

Short-term monetary payables to subsidiaries and associates 64,623 million yen

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

1. Transactions with subsidiaries and associates

Net sales	776,009 million yen
Purchases, etc.	296,699 million yen
Transactions other than operating transactions	154,590 million yen

2. Gain on sale of fixed assets

Mainly relates to gains on the sale of land.

3. Loss on business transfer

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

(Yen in millions)

	Anti-vibration rubber business	Chemical products solutions business
Related loss due to business transfer	10,231	4,005
Loss on valuation of shares of subsidiaries and associates	3,569	2,787
Provision of allowance for doubtful accounts	1,555	2,413
Total	15,356	9,205

4. Loss on business of subsidiaries and associates

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

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

Type and number of treasury stock

	As of January 1, 2022	Number of increase	Number of decrease	As of December 31, 2022
Common stock (Thousands of shares)	9,431	20,233	319	29,346

Notes 1. The increase in treasury stock consists of the purchase of 20,233 thousand treasury shares according to the resolution of the Board of Directors, and others.

2. The decrease in treasury stock consists of the exercise of stock options of 143 thousand shares, disposal of treasury stock as restricted stock compensation of 105 thousand shares, and disposal of treasury stock as performance-based stock compensation and others of 71 thousand shares.

(Notes to deferred income tax)

Deferred tax assets	
Accrued pension and liability for retirement benefits	13,473 million yen
Investments in subsidiaries and associates (Note 1)	20,259
Depreciable assets	11,005
Accrued expenses	5,723
Allowance for losses on business transfer (Note 1)	1,813
Unused tax losses carryforward (Note 2)	3,858
Other (Note 1)	17,746
Deferred tax assets subtotal	73,875
Valuation allowance	(14,784)
Total deferred tax assets	59,092

Deferred tax liabilities	
Reserve for advanced depreciation on fixed assets	(13,165) million yen
Net unrealized gain on available-for-sale securities	(13,444)
Other (Note 1)	(1,280)
Total deferred tax liabilities	(27,890)

Deferred tax assets, net	31,202

Notes 1. This includes deferred tax assets associated to loss on business transfer, which consist of the anti-vibration rubber business of 8,179 million yen and the chemical products solutions business of 4,703 million yen.

2. The result of reasonably estimating tax deductible expenses arising from the repayment of capital from BRIDGESTONE AMERICAS, INC. was taken into consideration. For details, please refer to “(Accounting estimates), 2. Recoverability of deferred tax assets”.

(Notes to transactions with related parties)

Subsidiaries and associates, etc.

Attribute	Company name	Percentage of ownership	Relationship with counterparty	Details of transaction	Transaction amount (Yen in millions)	Account item	Ending balance (Yen in millions)
Subsidiary	BRIDGESTONE TIRE SOLUTION JAPAN CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Sales of the Company's products (Note 1)	177,425	Accounts receivable	56,804
Subsidiary	BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO., LTD.	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 1)	67,203	Accounts receivable	29,985
Subsidiary	BRIDGESTONE FINANCE CORPORATION	Direct ownership 100.00%	Loaning of cash, etc. Officers serving concurrently	Factoring transaction (Note 2)	54,361	Accounts payable	19,720
Subsidiary	BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC	Indirect ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 1)	145,117	Accounts receivable	45,650
Subsidiary	BRIDGESTONE EUROPE NV/SA	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 1)	106,976	Accounts receivable	36,730
				Collection of loans	13,670	Short-term loans receivable for subsidiaries and associates	–
					–	Long-term loans receivable for subsidiaries and associates	79,931
				Debt guarantee (Note 3)	70,735	–	–
Subsidiary	BRIDGESTONE MINING SOLUTIONS AUSTRALIA PTY. LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Sales of the Company's products (Note 1)	59,616	Accounts receivable	28,337
Subsidiary	BRIDGESTONE APM COMPANY	Direct ownership 100.00%	Officers serving concurrently	Loaning of cash (Note 4)	31,036	Short-term loans receivable for subsidiaries and associates	26,673

Attribute	Company name	Percentage of ownership	Relationship with counterparty	Details of transaction	Transaction amount (Yen in millions)	Account item	Ending balance (Yen in millions)
Subsidiary	PROSPIRA CORPORATION (Note 5)	Direct ownership 100.00%	Purchase of the Company's products	Underwriting of capital increase (Note 6)	95,489	–	–
				Loaning of cash (Note 4)	19,946	–	–
Subsidiary	ARCHEM INC. (Note 5)	Direct ownership 100.00%	Purchase of the Company's products	Absorption-type company split (Note 7)	Split assets 31,314	–	–
					Split liabilities 9,120	–	–

Transaction conditions and policies for determination of transaction conditions, etc.

Notes
1. Sales price is determined based on the market price.
2. A basic agreement among three companies, the Company, a business partner and BRIDGESTONE FINANCE CORPORATION, has been entered into for the Company's trade receivables, and settlement by the factoring method has been made.
3. Rate of guarantee is determined reasonably in consideration of market interest rates and other rates.
4. Interest rate is determined based on the market interest rates.
5. PROSPIRA CORPORATION and ARCHEM INC. were excluded from the scope of subsidiaries during the current fiscal year. Accordingly, the transaction amount represents the transaction amount in the period during which they were related parties, and the ending balance shows the balance as at the time when they were no longer related parties.
6. Underwriting of capital increase represents underwriting of the full amount of capital increase made by the subsidiary.
7. Amounts of split assets and split liabilities were calculated based on appropriate carrying amounts at the time of the split.

(Notes to per-share information)

Total equity per share	1,902.07 yen
Earnings per share	236.52 yen

(Notes to revenue recognition)

As for information that serves as the basis for understanding revenue, the notes have been omitted since the same information has been provided in "(Significant accounting policies) 4. Accounting policies for revenue and expenses" in the notes to non-consolidated financial statements.

(Other notes)

Presentation of stated amounts

Figures less than one million yen are rounded to the nearest million yen.