

Consolidated Financial Statements
for the First Half of the Fiscal Year Ending December 31, 2022
<under IFRS>

August 10, 2022

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

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Scheduled date of quarterly securities report submission: August 10, 2022
Scheduled date of dividend payment commencement: September 1, 2022
Supplementary information for the quarterly financial statements to be prepared: Yes
Meeting to explain the quarterly financial statements to be held: Yes

(All amounts are rounded off the nearest million yen)

1. Consolidated Results for the First Half of Fiscal 2022 (January 1, 2022 - June 30, 2022)

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

	Figures for continuing operations (Note 2)							
	Revenue		Adjusted operating profit (Note 1)		Operating profit		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Six months ended June 30, 2022	1,886,341	24.9	206,631	13.3	173,992	(1.4)	117,599	(10.5)
Six months ended June 30, 2021	1,510,429	–	182,427	–	176,546	–	131,340	–

	Figures including discontinued operations					
	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Yen in millions	%	Yen in millions	%	Yen	Yen
Six months ended June 30, 2022	92,942	(73.6)	435,180	(8.9)	132.70	132.52
Six months ended June 30, 2021	352,320	–	477,569	–	500.35	499.58

- (Notes) 1. The Group utilizes "adjusted operating profit" in place of the previously employed J-GAAP-based operating profit. For details on reconciliations, please refer to page 12, "Reconciliation from adjusted operating profit to profit before tax" under "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (6) Notes to the Condensed Quarterly Consolidated Financial Statements."
2. The Group classified the US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations in the fiscal year ended December 31, 2021. For the six months ended June 30, 2022, revenue, adjusted operating profit, operating profit and profit attributable to owners of parent are presented in amounts from continuing operations that exclude discontinued operations. The year-on-year percentage changes for these amounts are also not presented for the six months ended June 30, 2021 as they are presented with the same reclassification. For details on discontinued operations, please refer to page 17, "Discontinued operations" under "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes, (6) Notes to the Condensed Quarterly Consolidated Financial Statements."

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Yen in millions	Yen in millions	Yen in millions	%
As of June 30, 2022	5,009,523	3,004,597	2,956,068	59.0
As of December 31, 2021	4,574,892	2,675,354	2,629,883	57.5

2. Dividends

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	–	85.00	–	85.00	170.00
Fiscal 2022	–	85.00			
Fiscal 2022 (Projection)			–	85.00	170.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Financial Results Forecasts for Fiscal 2022 (January 1, 2022 - December 31, 2022)

(Percentage figures represent year-on-year changes)

	Figures for continuing operations				Figures including discontinued operations			
	Revenue		Adjusted operating profit		Profit attributable to owners of parent		Basic earnings per share	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
Fiscal 2022	3,950,000	21.7	450,000	14.1	250,000	(36.6)	357.93	

(Note) Changes from the latest forecasts released: Yes

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

- Profit attributable to owners of parent: ¥280,000 million
- Basic earnings per share: ¥400.88

* Notes

(1) Changes in principal subsidiaries during the six months ended June 30, 2022: No
(Changes in specified subsidiaries involving change in consolidation scope)

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

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

(3) Number of issued shares (common stock)

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

June 30, 2022	713,698,221 shares
December 31, 2021	713,698,221 shares
- 2) Number of shares of treasury stock at period end:

June 30, 2022	17,470,784 shares
December 31, 2021	9,434,214 shares
- 3) Average number of shares outstanding during the period (during the first half):

First Half ended June 30, 2022	700,372,256 shares
First Half ended June 30, 2021	704,148,046 shares

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

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

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

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1. Qualitative Information on Consolidated Financial Half Results

(1) Explanation regarding information on consolidated financial results forecasts and other forward-looking statements

[Revision of consolidated financial results forecasts for the fiscal year ending December 31, 2022]

1) Consolidated financial results forecasts (from January 1, 2022 to December 31, 2022)

	Revenue	Adjusted operating profit	Profit attributable to owners of parent	Basic earnings per share
	Yen in millions	Yen in millions	Yen in millions	Yen
Previous forecasts (A)	3,650,000	425,000	280,000	397.58
Revised forecasts (B)	3,950,000	450,000	250,000	357.93
Differences (B-A)	+300,000	+25,000	(30,000)	(39.65)
Change (%)	+8.2	+5.9	(10.7)	(10.0)
(Reference) FY2021 results	3,246,057	394,340	394,037	559.56

2) Reason for revisions

In terms of the Group's operating environment in the six months ended June 30, 2022, the global economy continued on a path of recovery, but the Group faced management risks one after the other that were a strong headwind against the Group's global tire sales, including the suspension of domestic production in Russia and tire exports to Russia due to the Russia-Ukraine situation, the significant drop in sales in China due to lockdowns in that country, and the temporary stoppage of operations at affiliated production sites due to an external cyberattack at a subsidiary in the U.S.

In this business environment, the Group worked to respond quickly to the unprecedented sharp rise in raw material prices and high inflation while minimizing the damage due to management risks, like those mentioned above, and to further strengthen "price management" and the "premium business strategy" in each region. In addition, as a result of expanding the sales share of the premium domain through flexible supply management and Dan-Totsu product competitiveness based on our global production system, which is a strength of the Group, sales of all products, which include passenger car/light truck tires, truck and bus tires, and mining and construction tires, exceeded those of the previous year. Moreover, in terms of costs, the Group strived to steadily promote "expense and cost structure reformation," such as improvement of manufacturing and the global procurement project, and worked to ensure profitability.

As a result, the Group's business performance over the six-month period, which included the effects of the weak yen, was marked by significant increases in both revenue and adjusted operating profit year on year. However, profit attributable to owners of parent was lower than expected as a result of recording impairment losses for the Russian business assets and expenses related to safety inspections at the Group subsidiary Bridgestone Cycle Corporation, and increased losses related to discontinued operations that the Group had already decided to transfer (deterioration in business profitability due to lower automobile production, increase in the carrying amount of the businesses to be transferred due to the weak yen, etc.).

For the third quarter onward, although the Group expects the unpredictable business environment to continue, including various risks such as the Russia-Ukraine situation becoming prolonged and further acceleration in inflation, the Company's global tire sales are expected to perform strongly, mainly for premium tires for which demand is increasing, through continued strengthening of "price management," and "premium business strategy."

After reexamining the full-year business forecast while taking these circumstances into account, the Group has decided to revise the full-year consolidated financial results forecasts announced in February 2022 as shown above.

The Group assumes that the exchange rates for the third quarter onward will be 125 yen/dollar

and 128 yen/euro.

- * The Group classified the US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations in the fiscal year ended December 31, 2021. Accordingly, revenue and adjusted operating profit for fiscal 2021 and fiscal 2022 have been restated to show figures for continuing operations excluding discontinued operations.

3) Notes concerning financial results forecasts

Financial results forecasts are based on currently available information and contain risks and uncertainties. Please bear in mind, therefore, that the actual financial results may differ substantially from the current forecast due to the economic environment, market trends, and foreign exchange rates in the Group's business domains going forward.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of December 31, 2021	As of June 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	787,542	620,486
Trade and other receivables	741,612	881,543
Inventories	630,140	849,740
Other financial assets	11,769	9,346
Other current assets	87,029	111,705
Subtotal	2,258,092	2,472,820
Assets held for sale	34,778	71,131
Total current assets	2,292,870	2,543,951
Non-current assets		
Property, plant and equipment	1,427,903	1,525,124
Right-of-use assets	294,065	318,617
Goodwill	125,393	142,109
Intangible assets	134,719	150,524
Investments accounted for using equity method	25,131	43,100
Other financial assets	140,376	121,274
Deferred tax assets	76,790	91,897
Other non-current assets	57,644	72,925
Total non-current assets	2,282,022	2,465,571
Total assets	4,574,892	5,009,523

	As of December 31, 2021	As of June 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	517,010	542,410
Bonds and borrowings	149,976	95,076
Lease liabilities	54,853	59,153
Income taxes payable	40,320	71,604
Other financial liabilities	26,656	43,436
Provisions	48,691	63,605
Other current liabilities	151,417	186,706
Subtotal	988,923	1,061,991
Liabilities directly associated with assets held for sale	34,478	33,864
Total current liabilities	1,023,401	1,095,855
Non-current liabilities		
Bonds and borrowings	356,672	346,710
Lease liabilities	249,638	272,646
Other financial liabilities	15,339	17,897
Retirement benefit liabilities	171,981	189,550
Provisions	25,540	29,030
Deferred tax liabilities	43,810	39,833
Other non-current liabilities	13,157	13,404
Total non-current liabilities	876,137	909,070
Total liabilities	1,899,538	2,004,925
Equity		
Common stock	126,354	126,354
Capital surplus	122,126	119,065
Treasury stock	(38,123)	(75,872)
Other components of equity	111,859	444,540
Retained earnings	2,307,667	2,341,980
Total equity attributable to owners of parent	2,629,883	2,956,068
Non-controlling interests	45,471	48,530
Total equity	2,675,354	3,004,597
Total liabilities and equity	4,574,892	5,009,523

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Six months ended June 30, 2022)

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Continuing operations		
Revenue	1,510,429	1,886,341
Cost of sales	894,864	1,154,935
Gross profit	615,566	731,405
Selling, general and administrative expenses	432,785	547,171
Other income	3,207	6,926
Other expenses	9,442	17,169
Operating profit	176,546	173,992
Finance income	5,196	11,841
Finance costs	7,646	9,895
Share of profit (loss) of investments accounted for using equity method	2,956	4,227
Profit before tax	177,051	180,164
Income tax expense	41,886	59,878
Profit from continuing operations	135,165	120,286
Discontinued operations		
Profit (loss) from discontinued operations	220,980	(24,657)
Profit	356,145	95,629
Profit attributable to		
Owners of parent	352,320	92,942
Non-controlling interests	3,825	2,686
Profit	356,145	95,629
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	186.52	167.91
Discontinued operations	313.83	(35.21)
Total	500.35	132.70
Diluted earnings (loss) per share (Yen)		
Continuing operations	186.24	167.67
Discontinued operations	313.35	(35.16)
Total	499.58	132.52

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Six months ended June 30, 2022)

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Profit	356,145	95,629
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	11,156	(11,587)
Remeasurements of defined benefit plans	708	1,193
Share of other comprehensive income of investments accounted for using equity method	10	23
Total of items that will not be reclassified to profit or loss	11,875	(10,372)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	110,595	338,095
Effective portion of change in fair value of cash flow hedges	(186)	(2,869)
Share of other comprehensive income of investments accounted for using equity method	(860)	14,698
Total of items that may be reclassified to profit or loss	109,549	349,923
Other comprehensive income, net of tax	121,424	339,552
Comprehensive income	477,569	435,180
Comprehensive income attributable to		
Owners of parent	472,685	427,042
Non-controlling interests	4,884	8,138
Comprehensive income	477,569	435,180

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended June 30, 2021

	Equity attributable to owners of parent							
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity			Net change in fair value of financial assets measured through other comprehensive income
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2021	126,354	122,116	(38,657)	3,125	(112,257)	(9)	49,290	
Profit	–	–	–	–	–	–	–	
Other comprehensive income	–	–	–	–	108,468	(17)	11,167	
Total comprehensive income	–	–	–	–	108,468	(17)	11,167	
Purchase of treasury stock	–	–	(4)	–	–	–	–	
Disposal of treasury stock	–	–	370	(37)	–	–	–	
Dividends	–	–	–	–	–	–	–	
Changes in ownership interests of owners in subsidiaries under control	–	–	–	–	–	–	–	
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(40)	
Other changes	–	–	–	–	–	–	–	
Total transactions with owners, etc.	–	–	365	(37)	–	–	(40)	
Balance at June 30, 2021	126,354	122,116	(38,291)	3,088	(3,789)	(26)	60,416	

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2021	–	(59,851)	1,999,996	2,149,958	45,333	2,195,291
Profit	–	–	352,320	352,320	3,825	356,145
Other comprehensive income	747	120,365	–	120,365	1,060	121,424
Total comprehensive income	747	120,365	352,320	472,685	4,884	477,569
Purchase of treasury stock	–	–	–	(4)	–	(4)
Disposal of treasury stock	–	(37)	(31)	302	–	302
Dividends	–	–	(42,248)	(42,248)	(6,705)	(48,953)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	–	(124)	(124)
Transfer from other components of equity to retained earnings	(747)	(787)	787	–	–	–
Other changes	–	–	–	–	(65)	(65)
Total transactions with owners, etc.	(747)	(825)	(41,491)	(41,951)	(6,894)	(48,844)
Balance at June 30, 2021	–	59,689	2,310,825	2,580,693	43,324	2,624,017

Six months ended June 30, 2022

	Equity attributable to owners of parent							
	Common stock	Capital surplus	Treasury stock	Stock acquisition rights	Other components of equity			Net change in fair value of financial assets measured through other comprehensive income
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2022	126,354	122,126	(38,123)	2,997	44,682	744	63,436	
Profit	–	–	–	–	–	–	–	
Other comprehensive income	–	–	–	–	347,421	(3,031)	(11,565)	
Total comprehensive income	–	–	–	–	347,421	(3,031)	(11,565)	
Purchase of treasury stock	–	–	(38,808)	–	–	–	–	
Disposal of treasury stock	–	–	1,059	(171)	–	–	–	
Dividends	–	–	–	–	–	–	–	
Changes in ownership interests of owners in subsidiaries under control	–	(616)	–	–	–	–	–	
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	27	
Transactions with non-controlling interests and other	–	(2,446)	–	–	–	–	–	
Other changes	–	–	–	–	–	–	–	
Total transactions with owners, etc.	–	(3,061)	(37,749)	(171)	–	–	27	
Balance at June 30, 2022	126,354	119,065	(75,872)	2,826	392,103	(2,288)	51,899	

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at January 1, 2022	–	111,859	2,307,667	2,629,883	45,471	2,675,354
Profit	–	–	92,942	92,942	2,686	95,629
Other comprehensive income	1,275	334,100	–	334,100	5,451	339,552
Total comprehensive income	1,275	334,100	92,942	427,042	8,138	435,180
Purchase of treasury stock	–	–	–	(38,808)	–	(38,808)
Disposal of treasury stock	–	(171)	(14)	875	–	875
Dividends	–	–	(59,863)	(59,863)	(3,741)	(63,603)
Changes in ownership interests of owners in subsidiaries under control	–	–	–	(616)	(1,915)	(2,531)
Transfer from other components of equity to retained earnings	(1,275)	(1,248)	1,248	–	–	–
Transactions with non-controlling interests and other	–	–	–	(2,446)	–	(2,446)
Other changes	–	–	–	–	576	576
Total transactions with owners, etc.	(1,275)	(1,419)	(58,628)	(100,858)	(5,079)	(105,937)
Balance at June 30, 2022	–	444,540	2,341,980	2,956,068	48,530	3,004,597

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	177,051	180,164
Profit (loss) before tax from discontinued operations	297,910	(26,871)
Depreciation and amortization	121,702	133,990
Impairment losses	1,690	14,010
Loss recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs	–	18,498
Increase (decrease) in accounts payable - bonuses	(4,293)	(9,200)
Increase (decrease) in retirement benefit liabilities	(4,871)	947
Interest and dividend income	(4,102)	(7,114)
Interest expenses	5,384	6,317
Foreign currency exchange loss (gain)	(4,163)	(9,258)
Share of loss (profit) of investments accounted for using equity method	(2,956)	(4,227)
Loss (gain) on sale of fixed assets	(583)	(2,665)
Business and plant restructuring income	(68)	(1,721)
Business and plant restructuring expenses	5,118	2,385
Loss on retirement of fixed assets	1,280	1,007
Decrease (increase) in trade and other receivables	(2,181)	(42,941)
Decrease (increase) in inventories	(71,710)	(121,745)
Increase (decrease) in trade and other payables	17,260	19,195
Increase (decrease) in refund liabilities	5,840	20,301
Increase (decrease) in provision for product warranties	(3,084)	15,946
Other	(350,001)	(61,324)
Subtotal	185,223	125,695
Interest and dividends received	5,653	9,331
Interest paid	(5,514)	(6,357)
Income taxes paid	(69,964)	(33,859)
Net cash provided by (used in) operating activities	115,398	94,811
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(75,973)	(102,462)
Proceeds from sale of property, plant and equipment	2,167	5,602
Payments for purchase of intangible assets	(8,652)	(10,997)
Payments for purchase of investment securities	(1,884)	(2,590)
Payments of long-term loans receivable	(8,659)	(20,079)
Collection of loans receivable	8,162	10,634
Proceeds from sale of discontinued operations	356,606	–
Other	(5,765)	4,822
Net cash provided by (used in) investing activities	266,001	(115,070)

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flows from financing activities		
Proceeds from short-term debt	38,886	45,512
Repayments of short-term debt	(153,508)	(37,587)
Proceeds from long-term debt	26,476	48
Repayments of long-term debt	(108,367)	(50,173)
Redemption of bonds	-	(40,000)
Repayments of lease liabilities	(30,203)	(31,722)
Purchase of treasury stock	(4)	(38,800)
Dividends paid to owners of parent	(42,248)	(59,847)
Dividends paid to non-controlling interests	(6,705)	(3,741)
Other	(56)	(13,806)
Net cash provided by (used in) financing activities	(275,730)	(230,117)
Effect of exchange rate changes on cash and cash equivalents	36,835	97,492
Net increase (decrease) in cash and cash equivalents	142,503	(152,884)
Cash and cash equivalents at beginning of period	810,546	787,542
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(55)	(14,172)
Cash and cash equivalents at end of period	952,995	620,486

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

Not applicable

(Reconciliation from adjusted operating profit to profit before tax)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Adjusted operating profit (Note 1)	182,427	206,631
Adjustment items (income) (Note 2)	944	1,929
Adjustment items (expenses) (Note 3)	6,824	34,568
Operating profit	176,546	173,992
Finance income	5,196	11,841
Finance costs	7,646	9,895
Share of profit (loss) of investments accounted for using equity method	2,956	4,227
Profit before tax	177,051	180,164

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

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

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Insurance claim income	876	282
Business and plant restructuring income	68	1,613
Gain on reversal of impairment losses on fixed assets	–	35
Adjustment items (income)	944	1,929

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

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Impairment losses	1,102	(Note 4) 13,287
Cost of sales (loss on disaster)	311	4,519
Other expenses (loss on disaster)	301	105
Business and plant restructuring expenses	(Note 5) 5,110	1,387
Other expense with large amounts related to one time event	–	(Note 6) 15,269
Adjustment items (expenses)	6,824	34,568

(Note 4) The major breakdown of impairment losses is impairment on assets for the Russian business of ¥13,165 million. Details are presented below in “Impairment of non-financial assets” under Notes to the Condensed Quarterly Consolidated Financial Statements.

(Note 5) This was primarily the recording of expenses relating to the closure of overseas tire plants.

(Note 6) This was the recording of expenses relating to part replacement, etc. of the affected standard bicycles and power assist bicycles following the safety inspection (and free repair) of certain models of standard bicycles and power assist bicycles manufactured by Bridgestone Cycle Corporation, a Bridgestone consolidated subsidiary.

(Impairment of non-financial assets)

Six months ended June 30, 2022

Impairment losses recognized in the six months ended June 30, 2022 of ¥13,496 million is mainly due to the following reasons.

As announced on March 14, 2022, the Company resolved to suspend production in Russia and tire exports to Russia. Accordingly, the carrying amount of assets for business use in the Russian tire business was reduced by 13,165 million yen to the recoverable amount because at this point in time, the revenue previously estimated for the Russian tire business is uncertain. 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.

(Selling, general and administrative expenses)

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

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Freight	81,306	125,655
Advertising and sales promotional expenses	35,916	57,878
Employee benefit expenses	138,420	155,983
Depreciation and amortization	44,106	47,822
Research and development expenses (Note)	45,344	53,685
Others	87,694	106,149
Total	432,785	547,171

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

(Other income and other expenses)

The breakdown of "Other income" and "Other expenses" is as follows:

(1) Other income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Gain on sale of fixed assets	576	2,643
Business and plant restructuring income	68	1,613
Insurance claim income	876	282
Others	1,687	2,390
Total	3,207	6,926

(2) Other expenses

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Impairment losses	1,102	(Note 1) 13,287
Business and plant restructuring expenses	(Note 2) 5,110	1,387
Loss on retirement of fixed assets	1,260	965
Others	1,969	1,530
Total	9,442	17,169

(Note 1) The major breakdown of "Impairment losses" is presented in "Impairment of non-financial assets."

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

(Finance income and finance costs)

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

(1) Finance income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Interest income (Note)	2,915	5,706
Dividend income (Note)	1,159	1,352
Foreign currency exchange gain	1,056	4,670
Others	67	112
Total	5,196	11,841

(2) Finance costs

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Interest expenses (Note)	5,191	6,148
Net interest of defined benefit plans	1,142	1,423
Others	1,313	2,324
Total	7,646	9,895

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

(Discontinued operations)**(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.

(i) Profit or loss from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income (Note)	346,021	(559)
Expenses	(41,000)	-
Profit (loss) before tax from discontinued operations	305,021	(559)
Income tax expense (Note)	(76,320)	142
Profit (loss) from discontinued operations	228,701	(417)

(Note) A gain on sale of ¥298,364 million relating to the transfer of FSBP is included in the six months ended June 30, 2021. The income tax expense corresponding to that is ¥69,318 million.
An adjustment of negative ¥559 million on gain on sale relating to the transfer of FSBP due to a change in the sales price is included in the six months ended June 30, 2022. The income tax expense corresponding to that is negative ¥142 million.

(ii) Cash flow from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(301)	-
Net cash provided by (used in) investing activities	349,513	-
Net cash provided by (used in) financing activities	-	-
Total	349,213	-

(2) Anti-vibration rubber business

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

For the six months ended June 30, 2022, the Company has accordingly classified the Business Operations of the Company, Bridgestone APM Company, and Bridgestone NCR Co., Ltd. (BSNCR) as discontinued operations as well as Bridgestone Elastech Co., Ltd., Bridgestone Ntec Co., Ltd., Prospira Corporation, Prospira India Automotive Products Private Limited, Prospira (Thailand) Co., Ltd. Prospira America Corporation and Bridgestone Changzhou Automotive Products Co., Ltd. A restated presentation has also accordingly been given for the six months ended June 30, 2021, with those operations classified as discontinued operations.

(i) Profit or loss from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	29,789	33,277
Expenses (Note)	(34,371)	(44,724)
Loss before tax from discontinued operations	(4,582)	(11,447)
Income tax expense	(368)	489
Loss from discontinued operations	(4,950)	(10,958)

(Note) Expenses for the six months ended June 30, 2022, include a loss of ¥6,620 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

(ii) Cash flow from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(6,366)	(6,589)
Net cash provided by (used in) investing activities	(1,190)	(1,755)
Net cash provided by (used in) financing activities	(60)	(54)
Total	(7,616)	(8,398)

(3) Chemical products solutions business

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

For the six months ended June 30, 2022, the Company has accordingly classified Business Operations of the Company, Bridgestone NCR Co., Ltd. (BSNCR), Bridgestone Precision Molding Philippines, Inc. (BPMP), as discontinued operations as well as Bridgestone Chemitech Co., Ltd. (BSCT), Bridgestone Diversified Chemical Products Co., Ltd. (BDGP), Archem Inc., Bridgestone APM Foaming Company, Bridgestone Chemical Products Malaysia Sdn. Bhd., Archem (Thailand) Co., Ltd., Bridgestone Electronic Materials (Hong Kong) Ltd. (BEM), Guangzhou Bridgestone Chemical Products Co., Ltd., Bridgestone (Kaiping) Diversified Products Co., Ltd., and Bridgestone Wuhan Chemical Products Co., Ltd. A restated presentation has also accordingly been given for the six months ended June 30, 2021, with those operations classified as discontinued operations.

(i) Profit or loss from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Profit or loss from discontinued operations		
Income	28,836	28,649
Expenses (Note)	(31,365)	(43,515)
Loss before tax from discontinued operations	(2,529)	(14,866)
Income tax expense	(242)	1,583
Loss from discontinued operations	(2,771)	(13,282)

(Note) Expenses for the six months ended June 30, 2022, include a loss of ¥11,878 million recognized upon having measured the disposal group consisting of discontinued operations at fair value less selling costs.

(ii) Cash flow from discontinued operations

	Six months ended June 30, 2021	Six months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	(2,771)	(3,882)
Net cash provided by (used in) investing activities	(1,671)	(3,459)
Net cash provided by (used in) financing activities	(596)	(352)
Total	(5,038)	(7,692)

(Subsequent events)

Not applicable