

# Analysis of Disclosure in “Basic Policy Regarding Selection of Accounting Standards”

---

Tokyo Stock Exchange, Inc.

# I. Background

## ◆ Jun. 24, 2014 Japan Revitalization Strategy (Revised in 2014)

4) Promoting of an increase in the number of companies voluntarily adopting IFRS

**Tokyo Stock Exchange will encourage** listed companies to **explain to investors** their **basic views on the selection of accounting standards** (for example, whether they are considering adopting IFRS).

## ◆ Nov. 11, 2014 Revision of Guidelines for Financial Results

✓ Request description on “**Basic Policy Regarding Selection of Accounting Standards**” in Financial Results

✓ <**Guidelines for Financial Results**>

- *Please describe basic policy regarding selection of accounting standards.*
- *For example, whether you are considering the adoption of IFRS.*  
*(stage of consideration, scheduled adoption date)*

✓ **Adoption from Financial Results for FY-ended Mar. 31, 2015** (early adoption possible)

## ◆ Jun. 30, 2015 Japan Revitalization Strategy (Revised in 2015)

4) Further promotion of an increase in the number of companies voluntarily adopting IFRS

Listed companies disclose their progress in considering the adoption of IFRS in “Basic Policy Regarding Selection of Accounting Standards” of the financial results. The government will **analyze** this **together with Tokyo Stock Exchange** and **disseminate the state of IFRS adoption** to contribute to efforts among listed companies to consider transitioning to IFRS.

## II. Scope of Analysis

---

### ◆ Coverage : 3,639 companies

- ✓ Basic Policy Regarding Selection of Accounting Standards (hereinafter "Basic Policy") of financial results that have been described by TSE-listed companies
  - FY ended April 2018 ~ FY ended December 2018 : 1,036 companies
  - FY ended January 2019 ~ FY ended February 2019 : 260 companies
  - FY ended March 2019 : 2,343 companies

# III. Content of Analysis of IFRS Adoption

---

- 1. Categories of Companies in Analysis (P.5)**
- 2. Shift in Number of Companies That Have Adopted IFRS (P.6)**
- 3. Present situation of companies that voluntarily adopt IFRS «All TSE-listed companies» (P.7)**
- 4. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei 400» (P.8)**
- 5. IFRS Adoption by Industrial Sector (P.9~14)**
- 6. IFRS Adoption Date (P.15)**
- 7. Stage of Progress Among "④ Companies Considering IFRS Adoption" (P.16)**

# III – 1. Categories of Companies in Analysis

## Categories of companies included in analysis (3,639 companies)

### ① Companies that have adopted IFRS (198 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Jun. 30, 2019

### ② Companies that have decided to adopt IFRS (16 companies)

Companies whose executive body has disclosed, by Jun. 30, 2019, its decision to adopt IFRS

### ③ Companies planning to adopt IFRS (11 companies)

Companies whose executive body has described plans to adopt IFRS in its Basic Policy, but yet to decide on IFRS adoption

### ④ Companies considering IFRS adoption (189 companies)

Companies that described that it is considering IFRS adoption in its Basic Policy

### ⑤ Other companies (3,225 companies)

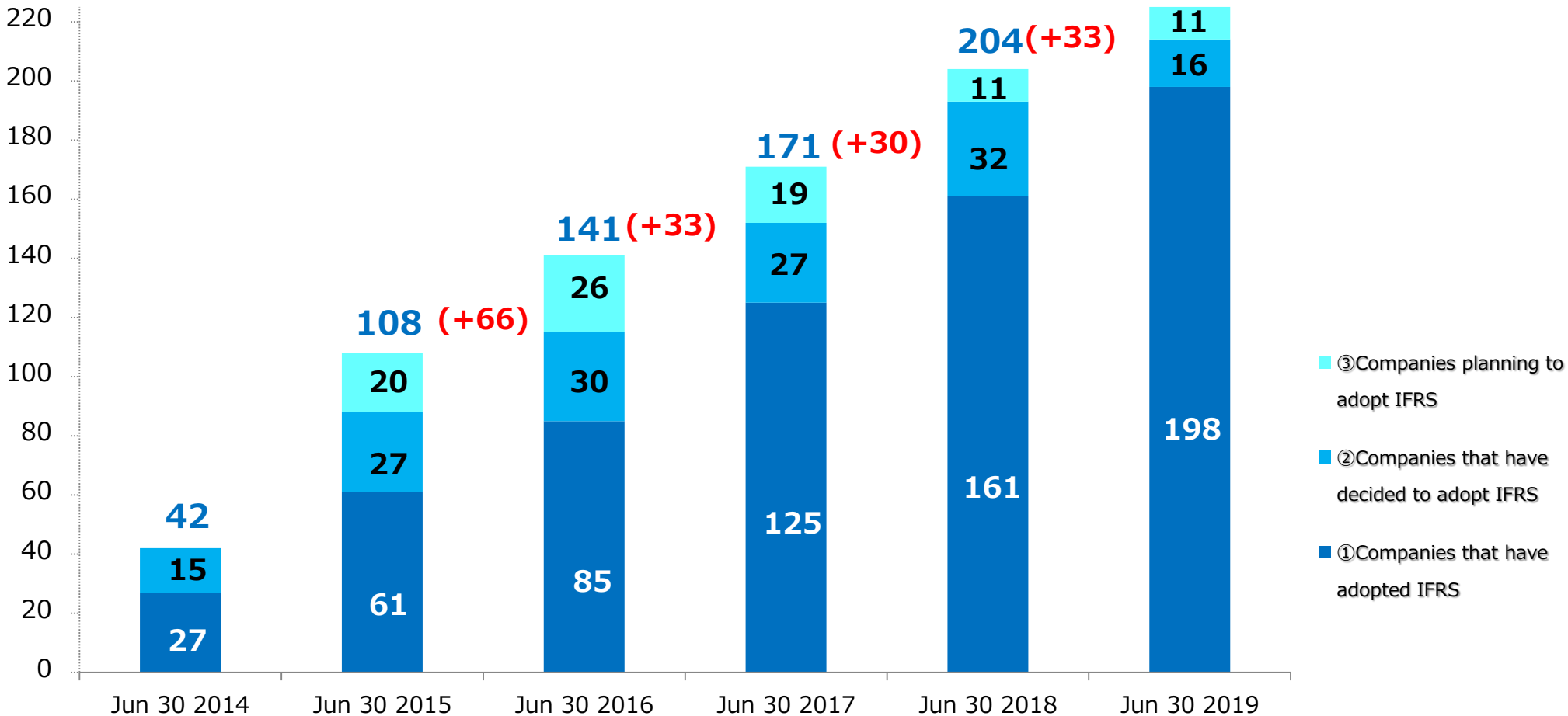
For example, the following companies:

- Company that mentioned only the possibility of future adoption of IFRS
- Companies that mentioned only its current accounting standards

# III – 2. Shift in Number of Companies That Have Adopted IFRS

✓ The combined number of “① Companies that have adopted IFRS”, “② Companies that have decided to adopt IFRS”, and “③ Companies planning to adopt IFRS” is 225 companies as of Jun. 30, 2019.

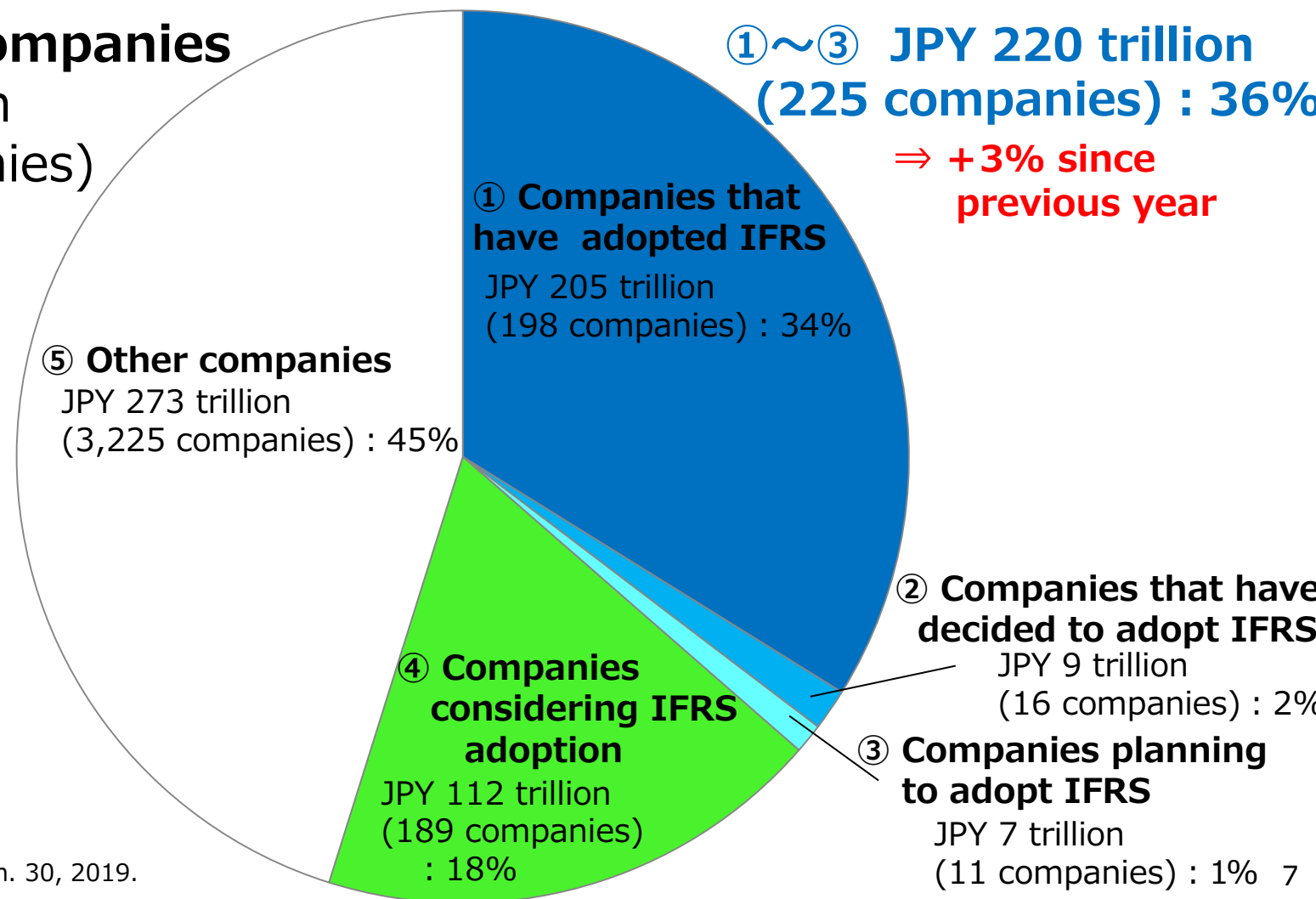
## Number of companies



# III – 3. Present situation of companies that voluntarily adopt IFRS «All TSE-listed companies»

✓ The combined market capitalization of “① Companies that have adopted IFRS” and “② Companies that have decided to adopt IFRS” and “③ Companies planning to adopt IFRS” is JPY 220 trillion, 36% of the entire listed market capitalization (JPY 605 trillion).

**All TSE-listed companies**  
JPY 605 trillion  
(3,639 companies)

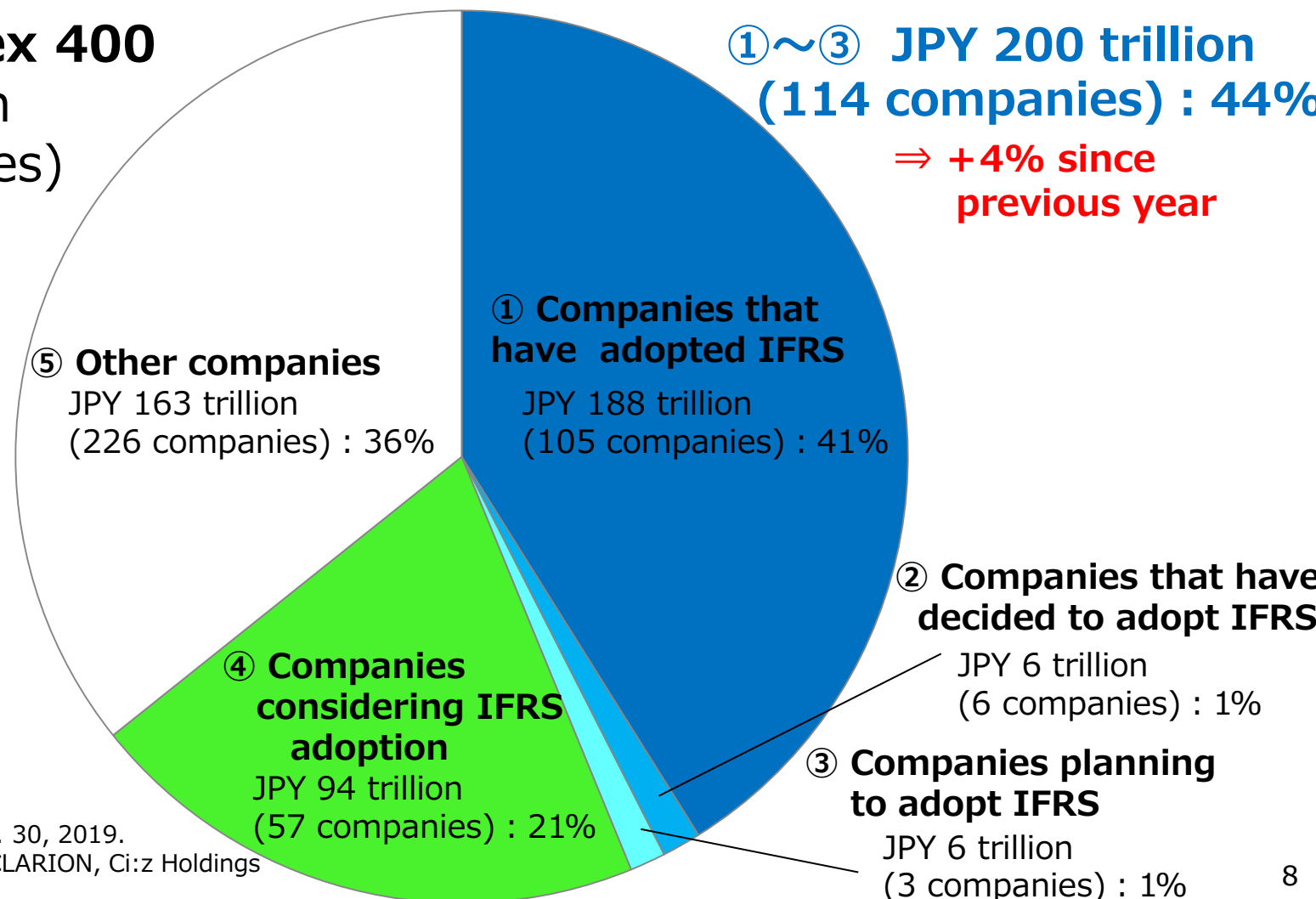


Note: Market capitalization as of Jun. 30, 2019.

# III – 4. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei 400»

✓ The combined market capitalization of “① Companies that have adopted IFRS” and “② Companies that have decided to adopt IFRS” and “③ Companies planning to adopt IFRS” is JPY 200 trillion, 44% of the market capitalization of JPX-Nikkei 400 (JPY 457 trillion).

**JPX-Nikkei Index 400**  
JPY 457 trillion  
(397 companies)



Note: Market capitalization as of Jun. 30, 2019.  
NTT URBAN DEVELOPMENT, CLARION, Ci:z Holdings are excluded.



# III – 5. IFRS Adoption by Industrial Sector

- ✓ By industrial sector, "① Companies that have adopted IFRS", "② Companies that have decided to adopt IFRS", and "③ Companies planning to adopt IFRS" are found in 27 of the 33 industrial sectors.  
⇒ **+3 industrial sector since previous year**
- ✓ Industrial sectors that have a significant number of "① Companies that have adopted IFRS" and "② Companies that have decided to adopt IFRS" and "③ Companies planning to adopt IFRS" are: Electric Appliances (27), Services (27), Information & Communication (25), Pharmaceutical (18), and Transportation Equipment (18).

Note:

(1) Market capitalization as of Jun 30, 2019.

(2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Rubber Products (5/19)	Pharmaceutical (18/67)	Precision Instruments (7/51)	Information & Communication (25/443)	Iron and Steel (3/44)
①Adopted ②Decided to adopt	(2) Yokohama Rubber (3) Sumitomo Rubber (7) Sumitomo Riko (9) Bando Chemical	(1) Takeda Pharmaceutical (2) DAIICHI SANKYO (3) CHUGAI PHARMACEUTICAL (4) Astellas Pharma (6) Otsuka Holdings (7) Eisai (8) ONO PHARMACEUTICAL (9) Kyowa Hakko Kirin (10) Sumitomo Dainippon Pharma (12) SANTEN PHARMACEUTICAL (14) Mitsubishi Tanabe Pharma (18) SAWAI PHARMACEUTICAL (23) Sosei Group (30) Nichi-Iko Pharmaceutical (35) GNI Group (46) Solasia Pharma (53) Kubota Pharmaceutical Holdings	(1) HOYA (2) TERUMO (3) OLYMPUS (6) NIKON (14) NIKKISO (16) CYBERDYNE (17) Noritsu Koki	(1) SoftBank Group (2) NTT DOCOMO (3) SoftBank (4) KDDI (5) NIPPON TELEGRAPH AND TELEPHONE (6) NTT DATA (7) Yahoo Japan (8) NEXON (11) HIKARI TSUSHIN (15) LINE (16) KONAMI HOLDINGS (18) ITOCHU Techno-Solutions (20) GMO Payment Gateway (43) Digital Garage (63) Internet Initiative Japan (66) ZIGEXN (82) ARTERIA Networks (94) Broadleaf (96) MACROMILL (184) ASTERIA (205) Scala (215) SHARINGTECHNOLOGY (227) ASJ (344) Hotto Link	(1) NIPPON STEEL (2) JFE Holdings (3) Hitachi Metals
③Planning to adopt	(1) BRIDGESTONE	(5) Shionogi		(195) BUSINESS BRAIN SHOWA · OTA	
Market cap (A)	JPY 4.0 trillion	JPY 27.5 trillion	JPY 8.1 trillion	JPY 48.7 trillion	JPY 3.3 trillion
Total market cap of industrial sector (B)	JPY 4.6 trillion	JPY 32.7 trillion	JPY 11.5 trillion	JPY 70.6 trillion	JPY 5.1 trillion
(A/B)	87.4%	84.2%	70.8%	69.0%	63.9%

# III – 5. IFRS Adoption by Industrial Sector

	Wholesale Trade (13/320)	Oil & Coal Products (1/11)	Foods (12/121)	Air Transportation (1/5)	Textiles & Apparels (2/54)
① Adopted ② Decided to adopt	(1) Mitsubishi (2) ITOCHU (3) MITSUI (4) SUMITOMO (5) Marubeni (6) TOYOTA TSUSHO (8) Hitachi High-Technologies (12) Sojitz (34) KANEMATSU (35) ITOCHU ENEX (39) KOMEDA Holdings (59) FTGroup	(1) JXTG Holdings	(1) JAPAN TOBACCO (2) Asahi Group Holdings (3) Kirin Holdings (4) Suntory Beverage & Food (7) Ajinomoto (10) NISSIN FOODS HOLDINGS (11) Coca-Cola Bottlers Japan (13) NH Foods (23) KAGOME (28) SAPPORO HOLDINGS (49) Premium Water Holdings (50) Nissin Sugar	(2) Japan Airlines	(1) TORAY (12) WORLD
③ Planning to adopt	(89) IDOM				
Market cap (A)	JPY 16.9 trillion	JPY 1.8 trillion	JPY 12.4 trillion	JPY 1.2 trillion	JPY 1.4 trillion
Total market cap of industrial sector (B)	JPY 28.6 trillion	JPY 3.2 trillion	JPY 23.8trillion	JPY 2.5 trillion	JPY 3.6 trillion
(A/B)	59.0%	57.2%	52.0%	48.4%	39.3%

# III – 5. IFRS Adoption by Industrial Sector

	Electric Appliances (27/245)	Services (27/452)	Chemicals (15/210)	Transportation Equipment (18/93)	Retail Trade (13/354)
①Adopted ②Decided to adopt	(3) NIDEC (6) Hitachi (8) Mitsubishi Electric (9) KYOCERA (11) Panasonic (12) TOSHIBA (13) FUJITSU (14) SYSMEX (16) NEC (20) Renesas Electronics (21) RICOH (23) MINEBEA MITSUMI (25) SEIKO EPSON (27) ADVANTEST (30) BROTHER INDUSTRIES (31) KONICA MINOLTA (33) HIROSE ELECTRIC (40) ANRITSU (47) TOSHIBA TEC (74) IDEC (82) SANYO DENKI (83) ESPEC (97) JVC KENWOOD (110) SUMIDA (167) NIHON DEMPA KOGYO (204) TEAC (207) NISHISHIBA ELECTRIC	(1) Recruit Holdings (5) Rakuten (6) M3 (7) DENTSU (13) Kakaku.com (16) DeNA (22) TechnoPro Holdings (28) OUTSOURCING (47) BELLSYSTEM24 HOLDINGS (68) Link and Motivation (70) LIFULL (72) BayCurrent Consulting (84) SEPTENI HOLDINGS (89) Evolvable Asia (120) COOKPAD (141) GCA (146) QB Net Holdings (149) Members (150) Adventure (165) WILL GROUP (186) Metaps (192) KeyHolder (228) Itmedia (322) MRT (331) MS&Consulting (446) Convano	(2) Kao (5) UNICHARM (7) NIPPON PAINT HOLDINGS (8) Mitsubishi Chemical Holdings (10) TAIYO NIPPON SANSO (11) NITTO DENKO (12) SUMITOMO CHEMICAL (18) Hitachi Chemical (19) Lion (24) JSR (25) AIR WATER (31) NIPPON SHOKUBAI (43) Sumitomo Bakelite (47) KUREHA (141) Ultrafabrics Holdings	(2) HONDA MOTOR (3) DENSO (6) SUBARU (7) TOYOTA INDUSTRIES (9) AISIN SEIKI (17) TOYODA GOSEI (18) TOYOTA BOSHOKU (19) TS TECH (23) F.C.C. (24) KEIHIN (25) NIPPON SEIKI (26) SHOWA (27) EXEDY (28) NISSIN KOGYO (35) KYB (50) YUTAKA GIKEN (58) Yachiyo Industry	(1) FAST RETAILING (5) FamilyMart UNY Holdings (11) RYOHIN KEIKAKU (18) SKYLARK HOLDINGS (23) J.FRONT RETAILING (35) Sushiro Global Holdings (39) COLOWIDE (49) create restaurants holdings (62) PARCO (72) TORIDOLL Holdings (106) VT HOLDINGS (270) DREAM VISION
③Planning to adopt		(104) Nippon Koei		(12) Mazda Motor	(42) OHSO FOOD SERVICE
Market cap (A)	JPY 28.1 trillion	JPY 12.1 trillion	JPY 13.8 trillion	JPY 15.9 trillion	JPY 10.3 trillion
Total market cap of industrial sector (B)	JPY 74.1 trillion	JPY 36.7 trillion	JPY 42.1 trillion	JPY 50.7 trillion	JPY 36.8 trillion
(A/B)	37.8%	33.0%	32.8%	31.4%	28.1%

# III – 5. IFRS Adoption by Industrial Sector

	Machinery (12/229)	Nonferrous Metals (2/34)	Other Financing Business (6/34)	Glass & Ceramics Products (2/55)	Securities & Commodity Futures (2/41)
①Adopted ②Decided to adopt	(4) KUBOTA (5) Mitsubishi Heavy Industries (6) Makita (9) Hitachi Construction Machinery (11) NSK (14) AMADA HOLDINGS (15) MIURA (18) Nabtesco (22) Kurita Water Industries (27) DMG MORI SEIKI (54) TSUBAKI NAKASHIMA (71) TSUGAMI	(2) Sumitomo Metal Mining (10) Asahi Holdings	(2) Japan Exchange Group (7) Hitachi Capital (9) Credit Saison (16) ARUHI (18) J Trust (22) Premium Group	(1) AGC (15) Nippon Sheet Glass	(3) SBI Holdings (7) Monex Group
③Planning to adopt					
Market cap (A)	JPY 7.8 trillion	JPY 1.0 trillion	JPY 1.6 trillion	JPY 0.9 trillion	JPY 0.7 trillion
Total market cap of industrial sector (B)	JPY 29.2 trillion	JPY 4.0 trillion	JPY 7.2 trillion	JPY 4.8 trillion	JPY 4.2 trillion
(A/B)	26.8%	25.5%	22.4%	18.9%	17.4%

# III – 5. IFRS Adoption by Industrial Sector

	Metal Products (4/87)	Other Products (3/108)	Real Estate (2/130)	Land Transportation (2/61)	Construction (1/161)
①Adopted ②Decided to adopt	(1) LIXIL Group (28) H-ONE (36) Shinwa	(3) YAMAHA (30) PRONEXUS	(5) Iida Group Holdings (31) TOSEI	(19) Hitachi Transport System (44) ZERO	
③Planning to adopt	(11) G-TEKT	(23) Nissha			(18) TOSHIBA PLANT SYSTEMS & SERVICES
Market cap (A)	JPY 0.6 trillion	JPY 1.1 trillion	JPY 0.6 trillion	JPY 0.4 trillion	JPY 0.2 trillion
Total market cap of industrial sector (B)	JPY 3.7 trillion	JPY 12.2 trillion	JPY 15.8 trillion	JPY 25.1 trillion	JPY 15.4 trillion
(A/B)	17.3%	8.8%	3.5%	1.6%	1.3%

# III – 5. IFRS Adoption by Industrial Sector

	Electric Power & Gas (1/24)	Insurance (1/14)
①Adopted ②Decided to adopt		(9) NEWTON FINANCIAL CONSULTING
③Planning to adopt	(18) RENOVA	
Market cap (A)	JPY 0.1 trillion	JPY 0.04 trillion
Total market cap of industrial sector (B)	JPY 8.6 trillion	JPY 12.6 trillion
(A/B)	0.7%	0.3%

6 industrial sectors with no company transitioning to IFRS and size of industrial sector  
( unit: companies )

Mining	Fishery, Agriculture & Forestry	Marine Transportation	Pulp & Paper	Warehousing & Harbor Transportation Services	Banks
6	11	13	24	36	82

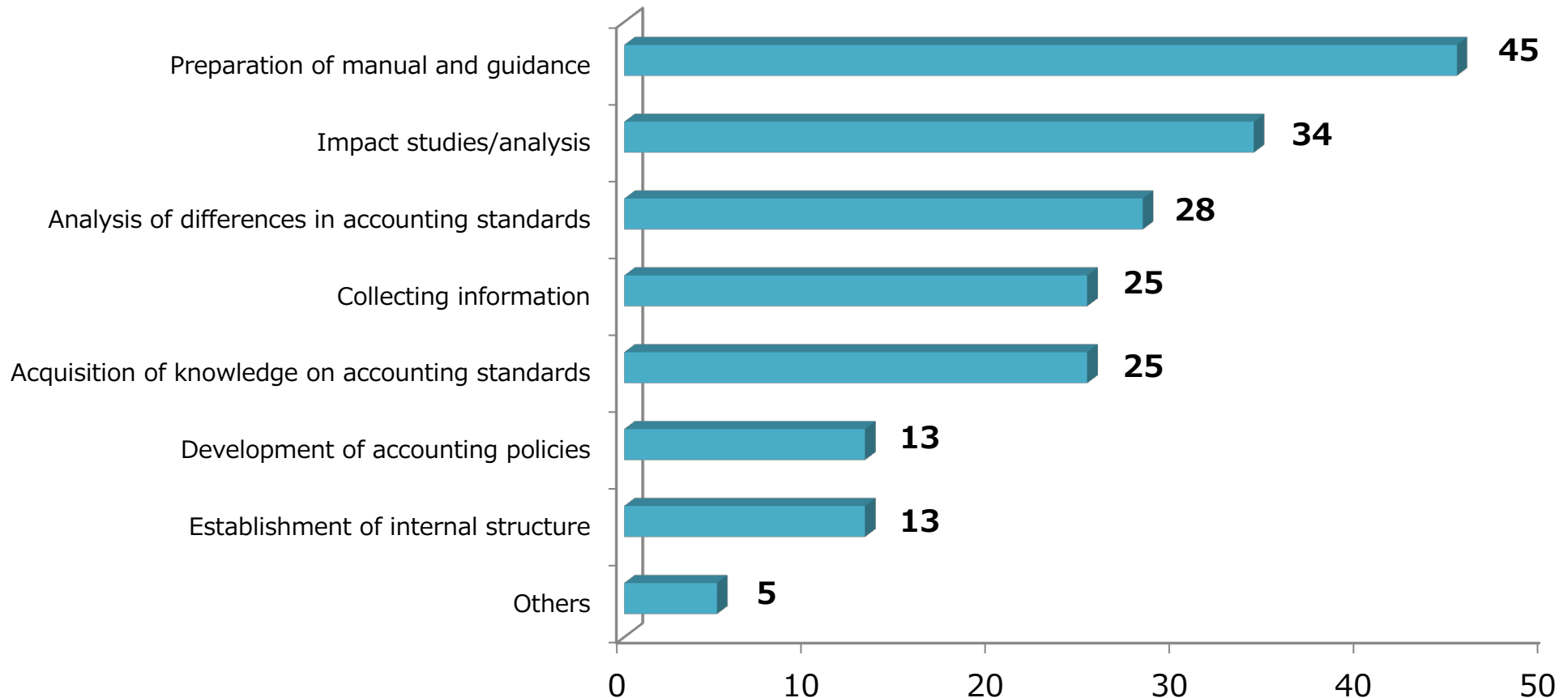
# III – 6. IFRS Adoption Date

✓ The scheduled adoption dates (including targeted) that "③ Companies planning to adopt IFRS (11 companies)" have described in their Basic Policy are as follows.

Adoption/Scheduled adoption date (including quarters within the range)	Companies that have adopted IFRS	Companies that have decided to adopt IFRS	Companies planning to adopt IFRS	Total
~ March 2019	196	–	–	196
April 2019 ~ March 2020	2	9	1	12
April 2020 ~ March 2021	–	3	4	7
April 2021 ~ March 2022	–	1	–	1
TBD	–	3	6	9
Total	198	16	11	225

# III – 7. Stage of Progress Among "④ Companies Considering IFRS Adoption"

✓ Of the 189 companies that were “considering IFRS adoption”, 122 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance”.



Note: Total exceeds 122 due to descriptions falling under multiple categories.