



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

Tokyo Stock Exchange, Inc.
September 8, 2021

◆ 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.

◆ Coverage : 3,730 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 2020 ~ FY ended December 2020 : 1,145 companies
 - FY ended January 2021 ~ FY ended February 2021 : 264 companies
 - FY ended March 2021 : 2,321 companies

- 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.9~13)**
- 6. IFRS Adoption Date (P.14)**
- 7. Stage of Progress Among "④ Companies Considering IFRS Adoption" (P.15)**

Categories of companies included in analysis (3,730 companies)

① Companies that have adopted IFRS (226 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Jun. 30, 2021

② Companies that have decided to adopt IFRS (10 companies)

Companies whose executive body has disclosed, by Jun. 30, 2021, its decision to adopt IFRS

③ Companies planning to adopt IFRS (7 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 (167 companies)

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

⑤ Other companies (3,320 companies)

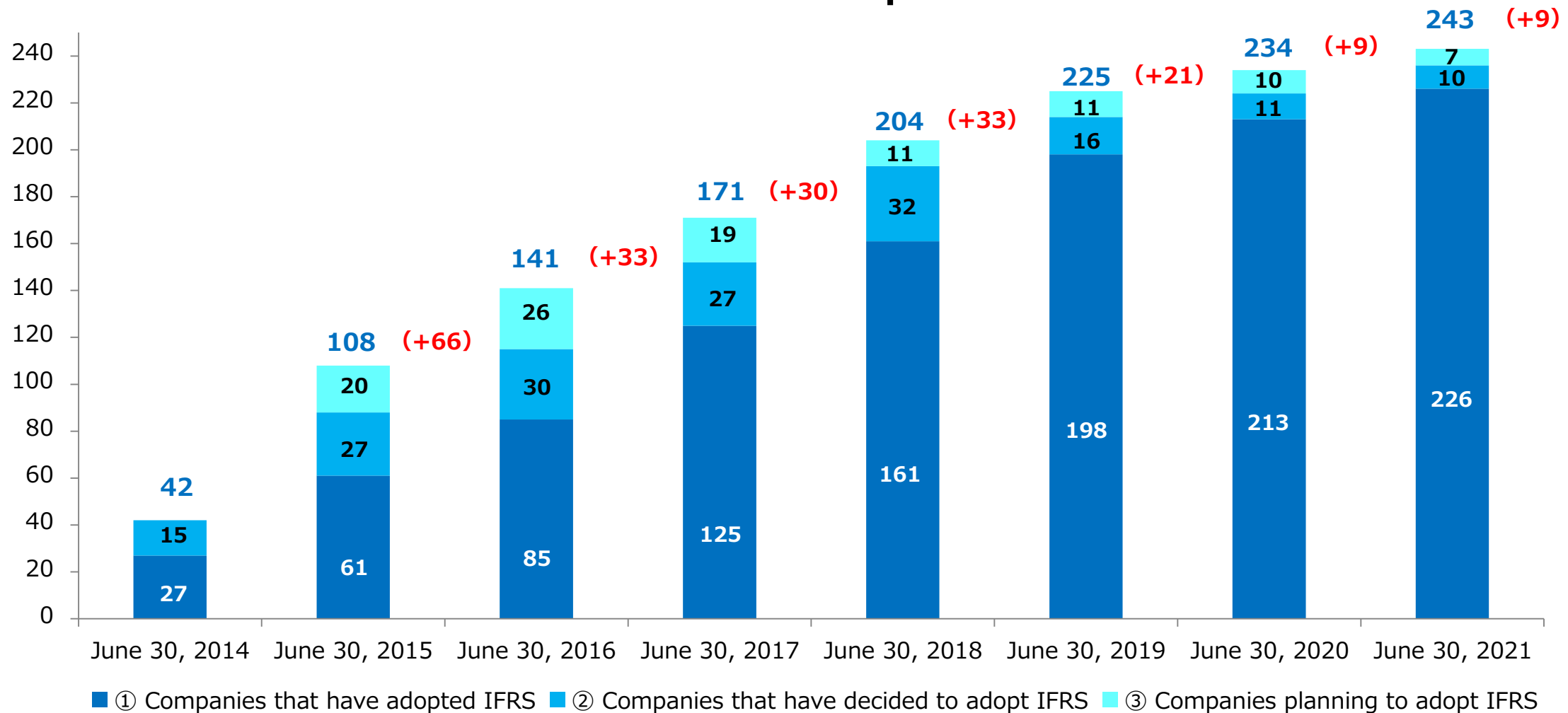
For example, the following companies:

- 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 243 companies as of Jun. 30, 2021.

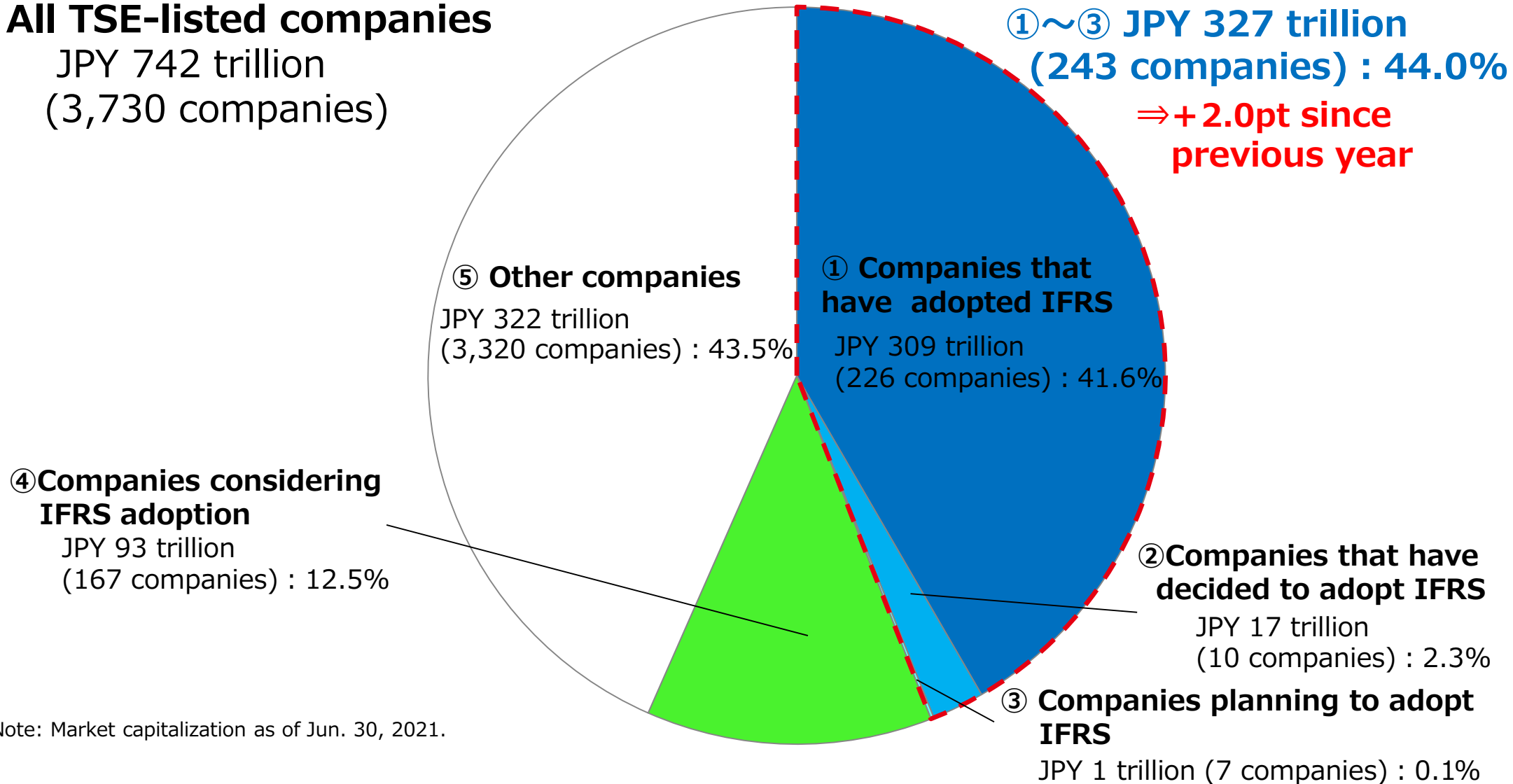
Number of companies



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 327 trillion, 44% of the entire listed market capitalization (JPY 742 trillion).

All TSE-listed companies
JPY 742 trillion
(3,730 companies)



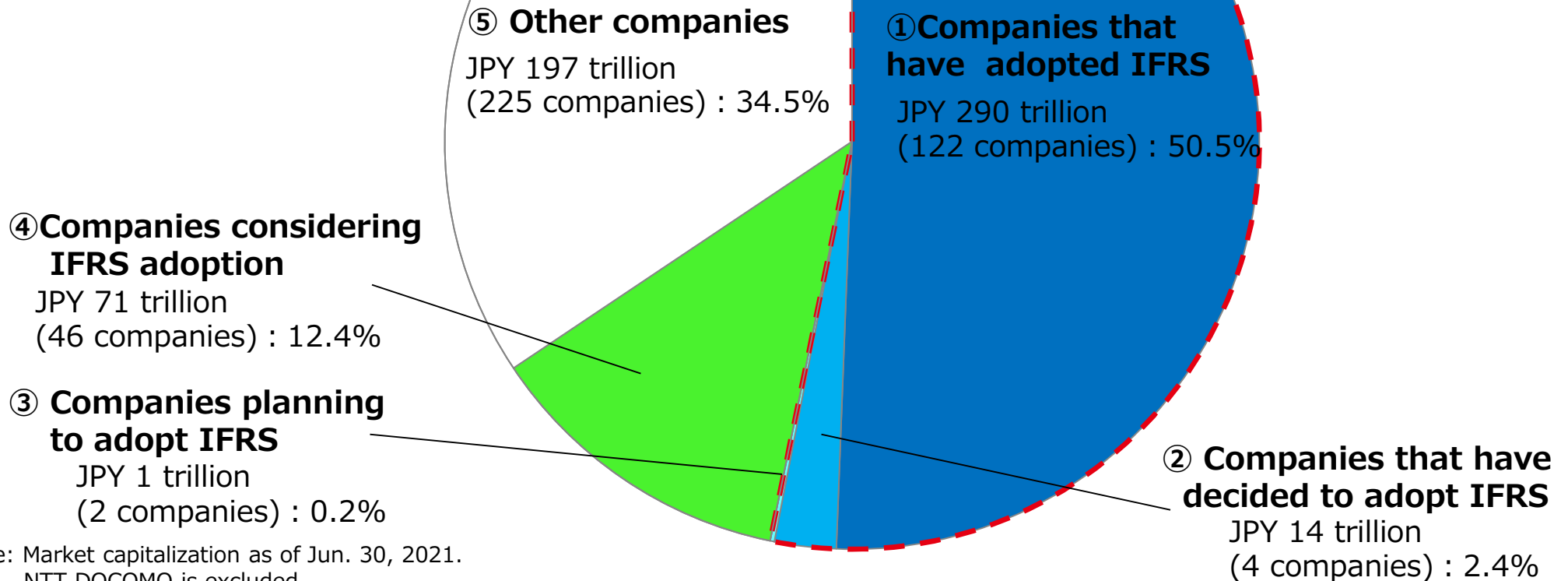
Note: Market capitalization as of Jun. 30, 2021.

Ⅲ – 4. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei Index 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 305 trillion, 53.1% of the market capitalization of JPX-Nikkei Index 400 (JPY 573 trillion).

JPX-Nikkei Index 400
JPY 573 trillion
(399 companies)

①~③ JPY 305 trillion
(128 companies) : 53.1%
⇒ +2.1pt since previous year



Note: Market capitalization as of Jun. 30, 2021.
NTT DOCOMO is 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. ⇒+1 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: Information & Communication (36), Services (32), Electric Appliances (27), Pharmaceutical (19), Transportation Equipment (16), and Machinery (16).

Note: (1) Market capitalization as of Jun 30, 2021. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Pharmaceutical (19/72)	Rubber Products (5/19)	Transportation Equipment (16/91)	Precision Instruments (7/49)	Information & Communication (36/508)
①Adopted ②Decided to adopt	(1) CHUGAI PHARMACEUTICAL (2) Takeda Pharmaceutical (3) DAIICHI SANKYO (4) Astellas Pharma (5) Eisai (6) Otsuka Holdings (7) Kyowa Hakko Kirin (8) Shionogi (9) ONO PHARMACEUTICAL (10) Sumitomo Dainippon Pharma (13) SANTEN PHARMACEUTICAL (20) SAWAI GROUP HOLDINGS (21) Sosei Group (29) GNI Group (30) HEALIOS K.K (36) Nichi-Iko Pharmaceutical (50) Solasia Pharma (55) Kubota Pharmaceutical Holdings	(1) BRIDGESTONE (2) Yokohama Rubber (3) Sumitomo Rubber (7) Sumitomo Riko (9) Bando Chemical	(1) TOYOTA MOTOR (2) HONDA MOTOR (3) DENSO (4) TOYOTA INDUSTRIES (8) SUBARU (9) AISIN SEIKI (15) TOYOTA BOSHOKU (17) TOYODA GOSEI (19) TS TECH (24) KYB (25) F.C.C. (26) EXEDY (29) NIPPON SEIKI (44) YUTAKA GIKEN (55) Yachiyo Industry	(1) HOYA (2) TERUMO (3) OLYMPUS (6) NIKON (15) Noritsu Koki (16) NIKKISO (17) CYBERDYNE	(1) SoftBank Group (2) KDDI (3) NIPPON TELEGRAPH AND TELEPHONE (4) SoftBank (5) Z Holdings (6) NTT DATA (7) Nomura Research Institute (8) NEXON (11) GMO Payment Gateway (13) KONAMI HOLDINGS (16) HIKARI TSUSHIN (19) ITOCHU Techno-Solutions (22) SCSK (29) Nihon Unisys (34) Internet Initiative Japan (37) JMDC (46) Digital Garage (48) CHANGE (57) Appier Group (78) ARTERIA Networks (83) TECHMATRIX (90) WingArc1st (124) Broadleaf (132) ZIGExN (160) MACROMILL (184) BUSINESS BRAIN SHOWA · OTA (211) Payroll (259) ASTERIA (278) Scala (281) ASJ (304) Hotto Link (408) Vario Secure (413) SHARINGTECHNOLOGY (438) KnowledgeSuite
③Planning to adopt	(12) Nippon Shinyaku		(12) Mazda Motor		(325) WOW WORLD (455) Jedat
Market cap (A)	JPY 35.3 trillion	JPY 4.5 trillion	JPY 52.3 trillion	JPY 12.5 trillion	JPY 53.7 trillion
Total market cap of industrial sector (B)	JPY 40.2 trillion	JPY 5.2 trillion	JPY 65.1 trillion	JPY 16.8 trillion	JPY 82.9 trillion
(A/B)	87.9%	86.9%	80.4%	74.7%	64.7%

III – 5. IFRS Adoption by Industrial Sector

Note:

(1) Market capitalization as of Jun 30, 2021. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Iron and Steel (3/43)	Wholesale Trade (12/315)	Foods (13/122)	Oil & Coal Products (1/11)	Electric Appliances (27/243)
①Adopted ②Decided to adopt	(1) NIPPON STEEL (2) Hitachi Metals (3) JFE Holdings	(1) ITOCHU (2) Mitsubishi (3) MITSUI (4) SUMITOMO (5) TOYOTA TSUSHO (6) Marubeni (10) Sojitz (32) KANEMATSU (35) ITOCHU ENEX (41) KOMEDA Holdings (75) FTGroup (244) INEST	(1) JAPAN TOBACCO (2) Asahi Group Holdings (3) Kirin Holdings (4) Ajinomoto (5) KIKKOMAN (6) Suntory Beverage & Food (9) NISSIN FOODS HOLDINGS (13) NH Foods (16) Coca-Cola Bottlers Japan (22) KAGOME (29) SAPPORO HOLDINGS (34) Premium Water Holdings (54) Nissin Sugar	(1) ENEOS Holdings	(1) SONY GROUP (3) NIDEC (5) Hitachi (8) FUJITSU (9) Mitsubishi Electric (11) Panasonic (12) SYSMEX (13) KYOCERA (14) Renesas Electronics (15) TOSHIBA (17) ADVANTEST (20) NEC (21) YASKAWA Electric (22) MINEBEA MITSUMI (27) RICOH (29) SEIKO EPSON (33) HIROSE ELECTRIC (34) BROTHER INDUSTRIES (42) KONICA MINOLTA (45) ANRITSU (48) TOSHIBA TEC (69) SANYO DENKI (84) IDEC (106) JVC KENWOOD (122) SUMIDA (145) NIHON DEMPA KOGYO (224) TEAC
③Planning to adopt					
Market cap (A)	JPY 3.4 trillion	JPY 19.9 trillion	JPY 13.9 trillion	JPY 1.5 trillion	JPY 58.5trillion
Total market cap of industrial sector (B)	JPY 5.4 trillion	JPY 33.2 trillion	JPY 24.3trillion	JPY 2.7trillion	JPY 119.1 trillion
(A/B)	64.4%	60.2%	57.4%	55.5%	49.2%

III – 5. IFRS Adoption by Industrial Sector

Note:

(1) Market capitalization as of Jun 30, 2021. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Air Transportation (1/5)	Services (32/486)	Textiles & Apparels (2/53)	Chemicals (15/214)	Nonferrous Metals (2/35)
①Adopted ②Decided to adopt	(2) Japan Airlines	(1) Recruit Holdings (3) M3 (5) Rakuten Group (8) DENTSU GROUP (10) Kakaku.com (12) BayCurrent Consulting (18) DeNA (20) TechnoPro Holdings (22) OUTSOURCING (48) BELLSYSTEM24 HOLDINGS (64) Link and Motivation (70) Direct Marketing MiX (79) SEPTENI HOLDINGS (82) AirTrip (90) Adventure (97) LIFULL (101) Nippon Koei (106) Members (109) GCA (114) ITmedia (141) LEGS (149) COOKPAD (168) QB Net Holdings (170) WILL GROUP (206) Metaps (213) KeyHolder (273) PORT (285) MRT (310) Decollte Holdings (338) KIZUNA HOLDINGS (438) MS&Consulting (474) Convano	(1) TORAY (14) WORLD	(3) NIPPON PAINT HOLDINGS (4) Kao (6) UNICHARM (8) Mitsubishi Chemical Holdings (9) NITTO DENKO (11) NIPPON SANSO HOLDINGS (12) SUMITOMO CHEMICAL (14) Mitsui Chemicals (18) JSR (21) Lion (27) AIR WATER (38) Sumitomo Bakelite (40) NIPPON SHOKUBAI (52) KUREHA (166) Ultrafabrics Holdings	(2) Sumitomo Metal Mining (6) Asahi Holdings
③Planning to adopt					
Market cap (A)	JPY 1.0 trillion	JPY 20.9 trillion	JPY 1.2 trillion	JPY 17.3 trillion	JPY 1.4 trillion
Total market cap of industrial sector (B)	JPY 2.3 trillion	JPY 49.0 trillion	JPY 3.4 trillion	JPY 52.6 trillion	JPY 4.6 trillion
(A/B)	44.4%	42.7%	36.6%	33.0%	31.2%

III – 5. IFRS Adoption by Industrial Sector

Note:

(1) Market capitalization as of Jun 30, 2021. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Machinery (16/228)	Glass & Ceramics Products (3/56)	Retail Trade (11/342)	Metal Products (4/89)	Other Financing Business (5/33)
①Adopted ②Decided to adopt	(3) KUBOTA (5) Makita (8) Mitsubishi Heavy Industries (9) Hitachi Construction Machinery (11) Kurita Water Industries (12) MIURA (14) Nabtesco (15) EBARA (16) NSK (17) THK (18) IHI (19) AMADA (20) JTEKT (23) DMG MORI SEIKI (49) TSUGAMI (60) TSUBAKI NAKASHIMA	(1) AGC (5) NGK SPARK PLUG (17) Nippon Sheet Glass	(1) FAST RETAILING (9) RYOHIN KEIKAKU (14) FOOD & LIFE COMPANIES (24) SKYLARK HOLDINGS (29) J.FRONT RETAILING (42) create restaurants holdings (44) TORIDOLL Holdings (50) COLOWIDE (103) VT HOLDINGS (304) DREAM VISION	(1) LIXIL Group (30) H-ONE (50) Shinwa	(2) Japan Exchange Group (8) Credit Saison (17) ARUHI (18) Premium Group (20) J Trust
③Planning to adopt			(60) OHSO FOOD SERVICE	(15) G-TEKT	
Market cap (A)	JPY 10.8 trillion	JPY 1.4 trillion	JPY 11.3 trillion	JPY 0.9 trillion	JPY 1.7 trillion
Total market cap of industrial sector (B)	JPY 36.4 trillion	JPY 5.5 trillion	JPY 45.3 trillion	JPY 4.7 trillion	JPY 8.5 trillion
(A/B)	29.8%	26.0%	25.1%	21.0%	20.1%

	Securities & Commodity Futures (2/39)	Fishery, Agriculture & Forestry (1/12)	Other Products (3/110)	Real Estate (3/134)	Electric Power & Gas (1/24)
①Adopted ②Decided to adopt	(3) SBI Holdings (6) Monex Group	(4) YUKIGUNI MAITAKE	(3) YAMAHA (21) Nissha (36) PRONEXUS	(5) Iida Group Holdings (30) TOSEI	(10) RENOVA
③Planning to adopt				(23) GA technologies	
Market cap (A)	JPY 0.8 trillion	0.06 trillion	JPY 1.2 trillion	JPY 0.9 trillion	JPY 0.3 trillion
Total market cap of industrial sector (B)	JPY 5.1 trillion	0.6 trillion	JPY 16.8 trillion	JPY 15.0 trillion	JPY 7.8 trillion
(A/B)	16.2%	10.0%	7.5%	6.4%	4.4%

III – 5. IFRS Adoption by Industrial Sector

Note:

(1) Market capitalization as of Jun 30, 2021. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Land Transportation (2/62)	Insurance (1/14)
①Adopted ②Decided to adopt	(14) Hitachi Transport System (43) ZERO	(9) NFC Holdings
③Planning to adopt		
Market cap (A)	JPY 0.5 trillion	JPY 0.3 trillion
Total market cap of industrial sector (B)	JPY 22.9 trillion	JPY 11.6 trillion
(A/B)	2.3%	0.3%

6 industrial sectors with no company transitioning to IFRS and size of industrial sector

Mining	Marine Transportation	Pulp & Paper	Warehousing & Harbor Transportation Services	Banks	Construction
6	13	24	38	81	159

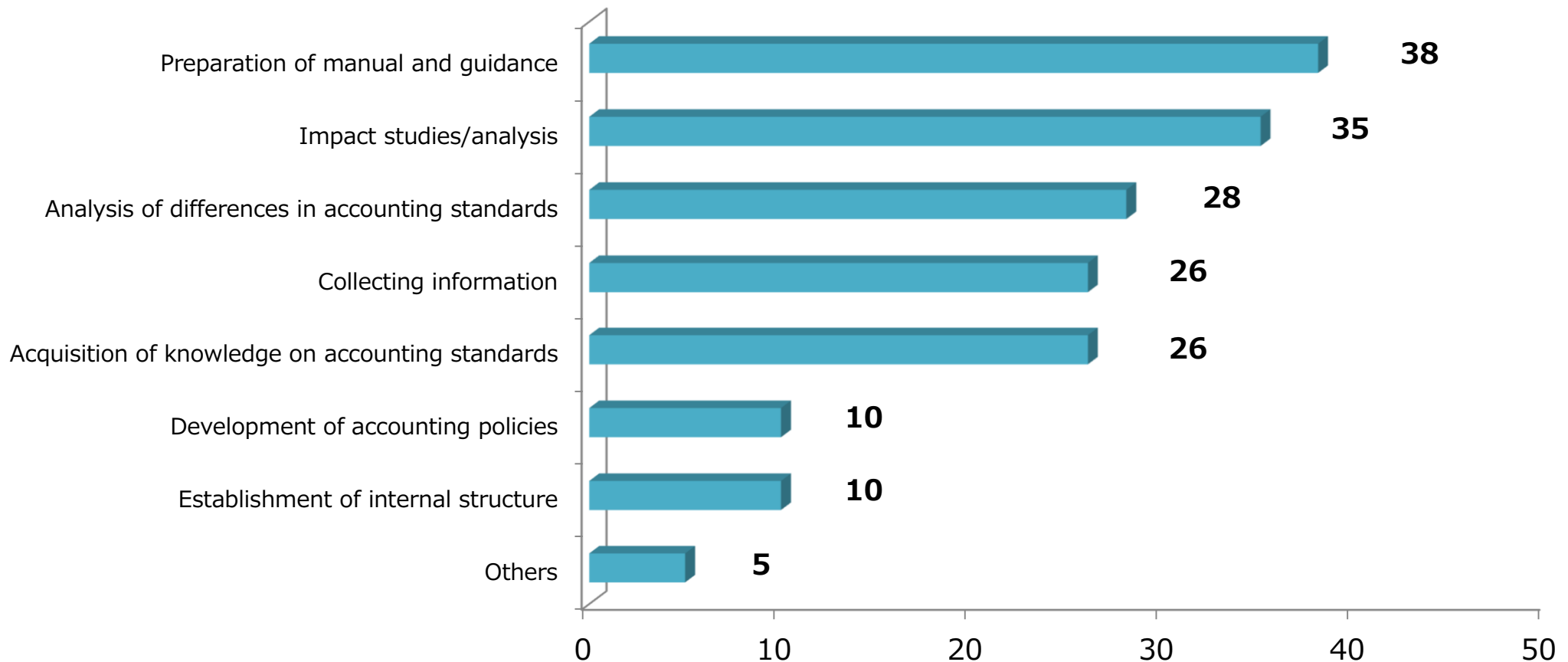
III – 6. IFRS Adoption Date

- ✓ The scheduled adoption dates (including targeted) that "③ Companies planning to adopt IFRS (7 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 that have decided to adopt IFRS	Total
~ March 2021	225	–	–	225
April 2021 ~ March 2022	1	5	3	9
April 2022 ~ March 2023	–	2	0	2
TBD	–	3	4	7
Total	226	10	7	243

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

✓ Of the 167 companies that were "considering IFRS adoption", 113 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance".



Note: Total exceeds 113 due to descriptions falling under multiple categories.

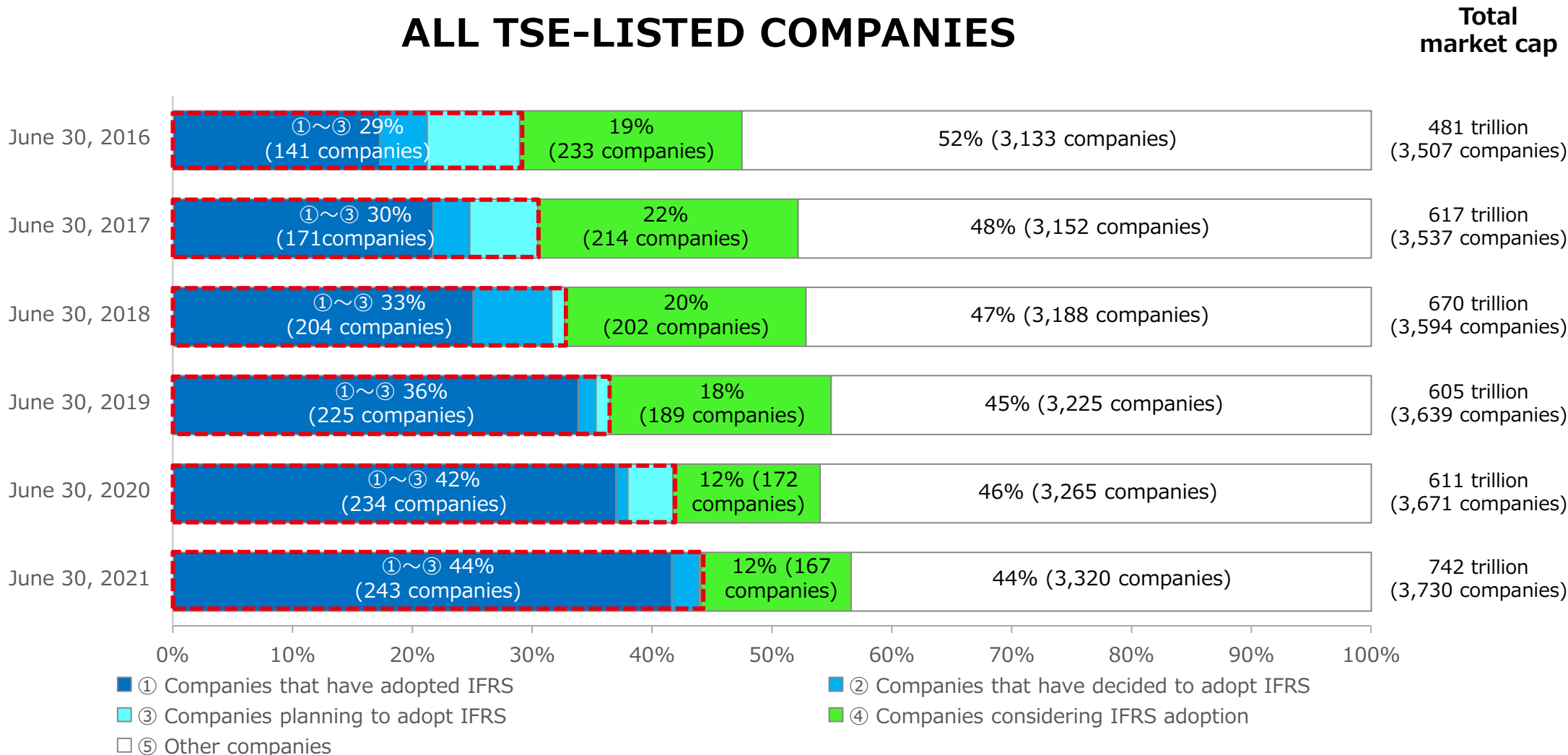
Appendix

Ⅲ – 3. Present situation of companies that voluntarily adopt IFRS

«All TSE-listed companies»

✓ The figure below shows the changes in the ratio of the market capitalization of “①Companies that have adopted IFRS,” “② Companies that have decided to adopt IFRS,” and “③ Companies planning to adopt IFRS” to the market capitalization of All TSE-listed companies on page 7.

ALL TSE-LISTED COMPANIES



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

✓ The figure below shows the changes in the ratio of the market capitalization of “①Companies that have adopted IFRS,” “② Companies that have decided to adopt IFRS,” and “③ Companies planning to adopt IFRS” to the market capitalization of JPX-NIKKEI INDEX 400 on page 8.

JPX-NIKKEI INDEX 400

