



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

Tokyo Stock Exchange, Inc.
July 22, 2022

*This English translation is for reference purpose only.

◆ 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).

◆ 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.

◆ Jun. 7, 2022 “Grand Design and Action Plan for a New Form of Capitalism” and “Follow-up”

Improve quality by making Japanese accounting standards internationally consistent, and promote the expansion of the voluntary application of IFRS in Japan, including making more efforts to reflect Japanese approach in IFRS.

- ◆ Coverage : 3,770 domestic companies listed on TSE as of June 30, 2022
- ◆ Method : Aggregation and analysis based on the “Basic Policy to the Selection of Accounting Standards” (hereinafter “Basic Policy”) of earning results and “Timely Disclosure Information”

(Reference) Revision of Guidelines for Earning Results on Nov. 11, 2014.

- ✓ Request description on “Basic Policy Regarding Selection of Accounting Standards” in Earning Results
- ✓ <Guidelines for Earning 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 Earning Results for FY-ended Mar. 31, 2015 (early adoption possible)

- 1. Categories of Companies in Analysis (P.4)**
- 2. Shift in Number of Companies that have Adopted IFRS (P.5)**
- 3. Present situation of companies that voluntarily adopt IFRS «All TSE-listed companies» (P.6)**
- 4. Present situation of companies that voluntarily adopt IFRS «Market Segments» (P.7)**
- 5. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei 400» (P.8)**
- 6. IFRS Adoption by Industrial Sector (P.9~13)**
- 7. IFRS Adoption Date (P.14)**
- 8. Stage of Progress Among "④ Companies Considering IFRS Adoption" (P.15)**

Categories of companies included in analysis (3,770 companies)

① Companies that have adopted IFRS (247 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Jun. 30, 2022

② Companies that have decided to adopt IFRS (12 companies)

Companies whose executive body has disclosed, by Jun. 30, 2022, its decision to adopt IFRS

③ Companies planning to adopt IFRS (5 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 (155 companies)

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

⑤ Other companies (3,345 companies)

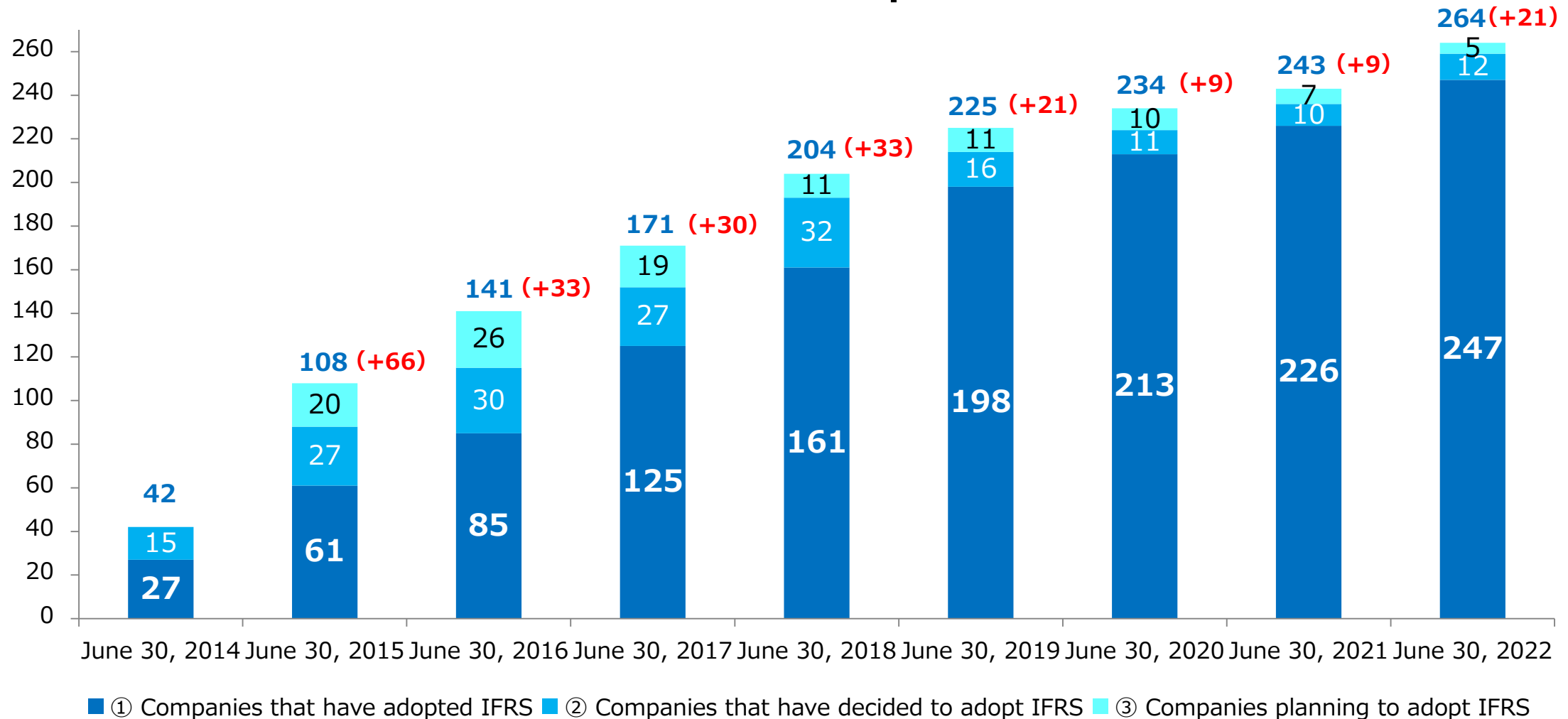
For example, the following companies:

- 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 264 companies as of Jun. 30, 2022.

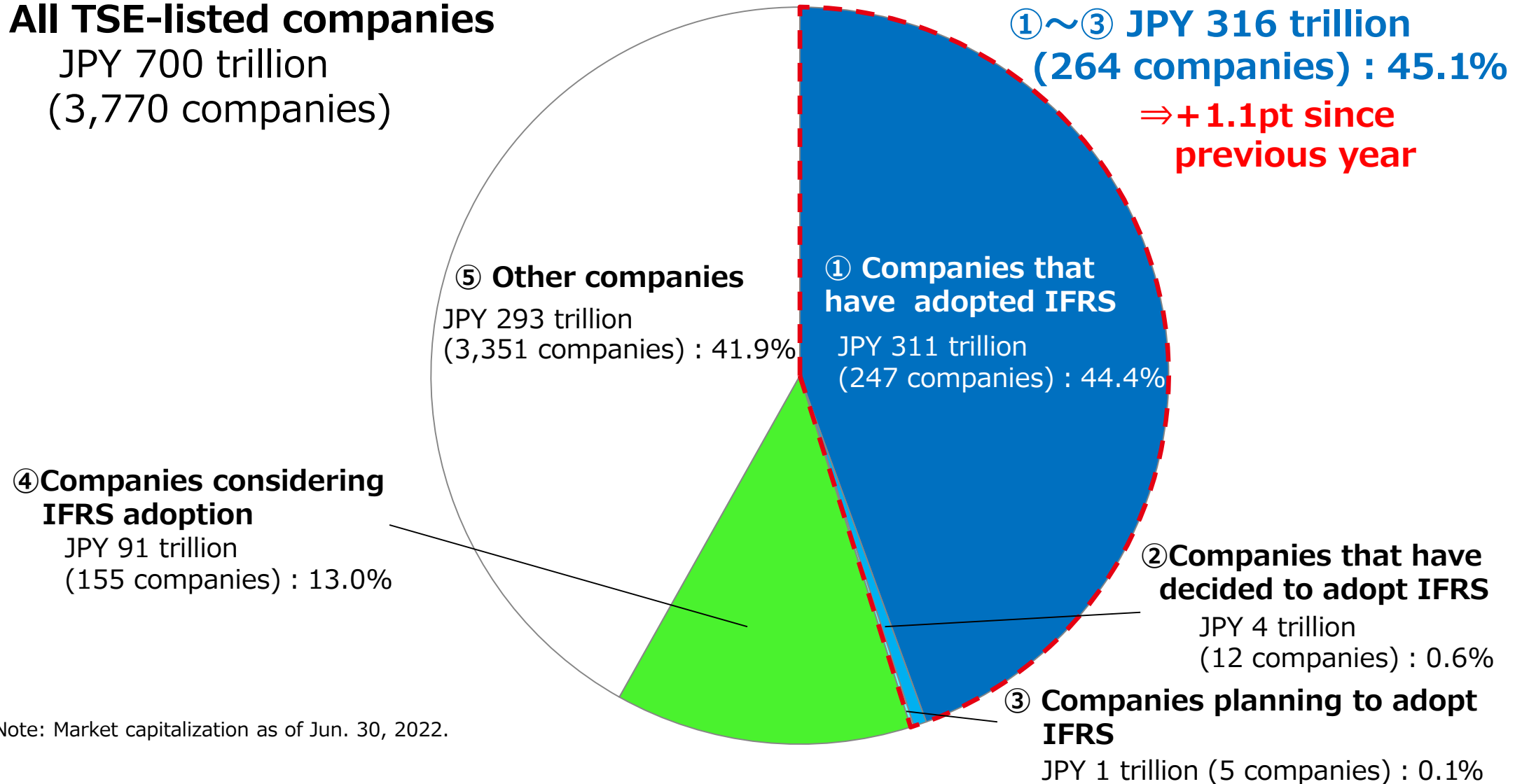
Number of companies



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 316 trillion, 45.1% of the entire listed market capitalization (JPY 700 trillion).

All TSE-listed companies
JPY 700 trillion
(3,770 companies)



Note: Market capitalization as of Jun. 30, 2022.

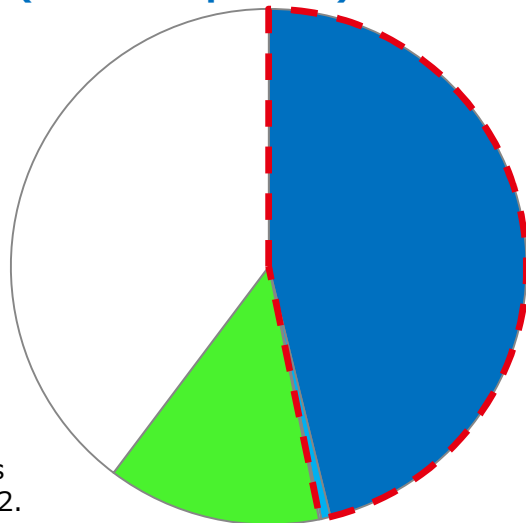
Ⅲ – 4. Present situation of companies that voluntarily adopt IFRS «Market Segments»

✓ The combined prime 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 315 trillion, 46.9% of the prime market capitalization (JPY 673 trillion).



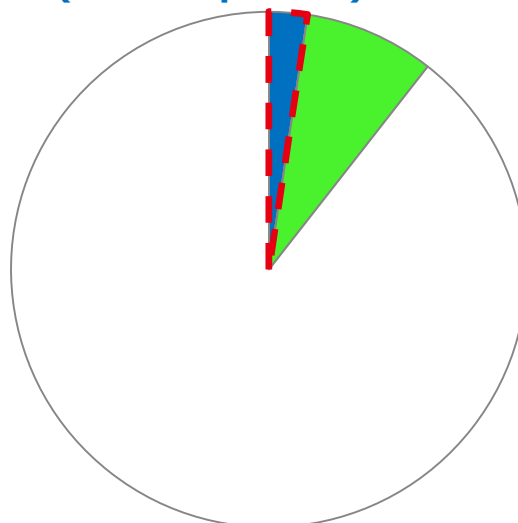
Total : 673tn (1,837 companies)

①~③ total: 315tn
(220 companies) : 46.9%



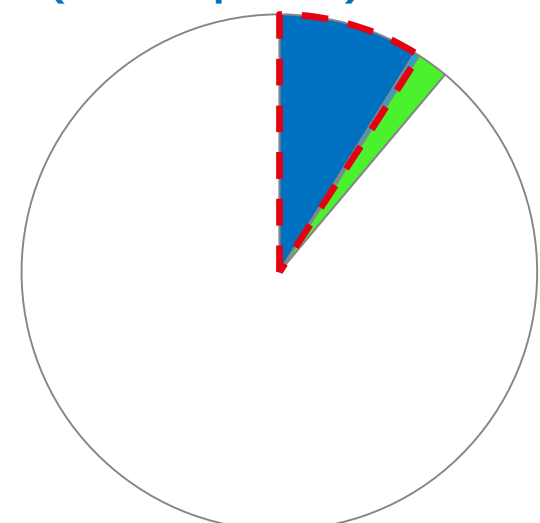
Total : 21tn (1,457 companies)

①~③ total: 0.5tn
(18 companies) : 2.4%



Total : 6tn (476 companies)

①~③ total: 0.5tn
(26 companies) : 9.1%



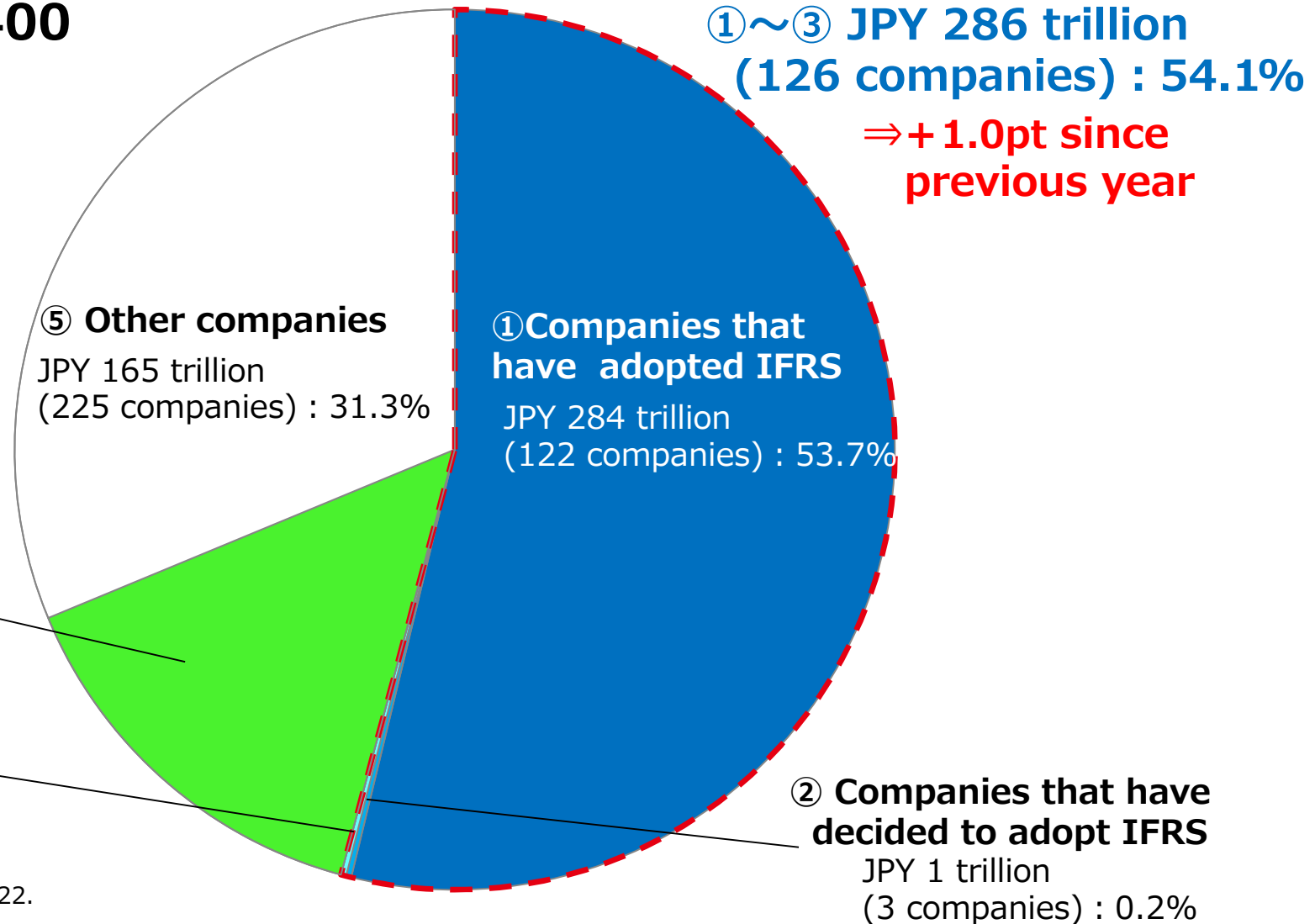
Note: Market capitalization as of Jun. 30, 2022.

- ① Companies that have adopted IFRS
- ② Companies that have decided to adopt IFRS
- ③ Companies planning to adopt IFRS
- ④ Companies considering IFRS adoption
- ⑤ Other companies

Ⅲ – 5. 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 286 trillion, 54.1% of the market capitalization of JPX-Nikkei Index 400 (JPY 528 trillion).

JPX-Nikkei Index 400
JPY 528 trillion
(399 companies)



Note: Market capitalization as of Jun. 30, 2022.
NIPPO is excluded.

III – 6. 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 28 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 (40), Services (37), Electric Appliances (29), Pharmaceutical (20), Machinery(18), Transportation Equipment (17) and Chemical (16).

	Pharmaceutical (20/73)	Rubber Products (5/19)	Transportation Equipment (17/89)	Precision Instruments (7/49)	Information & Communication (40/546)
①Adopted ②Decided to adopt	(1) DAIICHI SANKYO (2) Takeda Pharmaceutical (3) CHUGAI PHARMACEUTICAL (4) Astellas Pharma (5) Otsuka Holdings (6) Shionogi (7) ONO PHARMACEUTICAL (8) Eisai (9) Kyowa Hakko Kirin (10) Nippon Shinyaku (13) Sumitomo Pharma (14) SANTEN PHARMACEUTICAL (18) PeptiDream (19) SAWAI GROUP HOLDINGS (26) Sosei Group (30) GNI Group (39) Nichi-Iko Pharmaceutical (46) HEALIOS K.K (49) Solasia Pharma (53) Kubota Pharmaceutical Holdings	(1) BRIDGESTONE (2) Yokohama Rubber (3) Sumitomo Rubber Industries (8) Sumitomo Riko (9) Bando Chemical Industries	(1) TOYOTA MOTOR (2) HONDA MOTOR (3) DENSO (4) TOYOTA INDUSTRIES (8) SUBARU (9) AISIN (14) Kawasaki Heavy Industries (16) TOYOTA BOSHOKU (17) TOYODA GOSEI (18) TS TECH (24) EXEDY (25) KYB (27) F.C.C. (31) NIPPON SEIKI (43) YUTAKA GIKEN (50) Yachiyo Industry	(1) HOYA (2) OLYMPUS (3) TERUMO (5) NIKON (16) Noritsu Koki (18) NIKKISO (19) CYBERDYNE	(1) KDDI (2) NIPPON TELEGRAPH AND TELEPHONE (3) SoftBank Group (4) SoftBank (5) Z Holdings (6) NTT DATA (7) NEXON (8) Nomura Research Institute (10) KONAMI GROUP (16) ITOCHU Techno-Solutions (20) GMO Payment Gateway (21) SCSK (22) HIKARI TSUSHIN (24) Internet Initiative Japan (27) JMDC (28) NS Solutions (32) BIPROGY (51) Digital Garage (55) CHANGE (65) Simplex Holdings (68) Appier Group (75) TECHMATRIX (82) ARTERIA Networks (93) WingArc1st (107) Broadleaf (126) MACROMILL (131) ZIGExN (159) ORO (210) BUSINESS BRAIN SHOWA・OTA (212) ASTERIA (258) Scala (265) Payroll (337) Hotto Link (360) Hybrid Technologies (410) SHARINGTECHNOLOGY (423) Vario Secure (435) WOW WORLD (436) ASJ (455) KnowledgeSuite (503) DIGITAL PLUS
③Planning to adopt			(12) Mazda Motor		
Market cap (A)	JPY 34.4 trillion	JPY 4.2 trillion	JPY 54.0 trillion	JPY 11.6 trillion	JPY 51.9 trillion
Total market cap of industrial sector (B)	JPY 37.8 trillion	JPY 4.8 trillion	JPY 65.2 trillion	JPY 15.5 trillion	JPY 76.1 trillion
(A/B)	90.9%	87.4%	82.9%	75.0%	68.2%

Note: (1) Market capitalization as of Jun 30, 2022. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

III – 6. IFRS Adoption by Industrial Sector

	Iron and Steel (4/42)	Wholesale Trade (13/307)	Foods (13/123)	Oil & Coal Products (1/11)	Electric Appliances (29/240)
①Adopted ②Decided to adopt	(1) NIPPON STEEL (2) Hitachi Metals (3) JFE Holdings (15) AICHI STEEL	(1) Mitsubishi (2) ITOCHU (3) MITSUI (4) SUMITOMO (5) Marubeni (6) TOYOTA TSUSHO (9) Sojitz (31) ITOCHU ENEX (35) KANEMATSU (36) KOMEDA Holdings (102) FTGroup (225) RECOMM (249) INEST	(1) JAPAN TOBACCO (2) Asahi Group Holdings (3) Kirin Holdings (4) Ajinomoto (5) Suntory Beverage & Food (6) KIKKOMAN (9) NISSIN FOODS HOLDINGS (13) NH Foods (16) Coca-Cola Bottlers Japan (19) KAGOME (23) SAPPORO HOLDINGS (39) Premium Water Holdings (51) Nissin Sugar	(1) ENEOS Holdings	(1) SONY GROUP (4) Hitachi (6) NIDEC (9) Fujitsu (10) Mitsubishi Electric (11) KYOCERA (12) Panasonic Holdings (13) Renesas Electronics (14) TOSHIBA (15) SYSMEX (16) TDK (18) ADVANTEST (19) NEC (21) YASKAWA Electric (22) MINEBEA MITSUMI (26) SEIKO EPSON (29) RICOH (30) HIROSE ELECTRIC (31) BROTHER INDUSTRIES (44) TOSHIBA TEC (49) KONICA MINOLTA (51) ANRITSU (56) PHC Holdings (69) IDEC (82) SANYO DENKI (118) JVC KENWOOD (127) NIHON DEMP A KOGYO (133) SUMIDA (218) TEAC
③Planning to adopt					
Market cap (A)	JPY 3.6 trillion	JPY 23.5 trillion	JPY 14.5 trillion	JPY 1.6 trillion	JPY 54.2 trillion
Total market cap of industrial sector (B)	JPY 5.4 trillion	JPY 35.9 trillion	JPY 24.5 trillion	JPY 3.1 trillion	JPY 105.0 trillion
(A/B)	65.8%	65.6%	59.0%	52.9%	51.7%

Note: (1) Market capitalization as of Jun 30, 2022. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

III – 6. IFRS Adoption by Industrial Sector

	Air Transportation (1/5)	Textiles & Apparels (3/50)	Chemicals (16/214)	Services (37/508)	Glass & Ceramics Products (3/55)
①Adopted ②Decided to adopt	(2) Japan Airlines	(1) TORAY (5) WACOAL HOLDINGS (14) WORLD	(3) UNICHARM (4) Kao (5) NIPPON PAINT HOLDINGS (6) Shiseido (8) NITTO DENKO (9) Mitsubishi Chemical Group (10) NIPPON SANSEI HOLDINGS (12) SUMITOMO CHEMICAL (14) JSR (17) Mitsui Chemicals (21) Lion (24) AIR WATER (40) NIPPON SHOKUBAI (41) Sumitomo Bakelite (42) KUREHA (118) Ultrafabrics Holdings	(2) Recruit Holdings (3) M3 (6) DENTSU GROUP (7) Rakuten Group (11) BayCurrent Consulting (14) Kakaku.com (16) Relo Group (17) TechnoPro Holdings (19) DeNA (37) BeNext-Yumeshin Group (39) OUTSOURCING (45) SEPTENI HOLDINGS (49) BELLSYSTEM24 HOLDINGS (63) Direct Marketing MiX (72) Adventure (78) AirTrip (80) Link and Motivation (85) Nippon Koei (114) Members (115) ITmedia (137) WILL GROUP (158) LIFULL (162) COOKPAD (187) Geniee (189) QB Net Holdings (214) KeyHolder (220) AB&Company (242) CL Holdings (266) PORT (280) Metaps (303) MRT (311) KIZUNA HOLDINGS (329) Decollte Holdings (330) ASIRO (414) MS&Consulting (496) Convano	(1) AGC (4) NGK SPARK PLUG (21) Nippon Sheet Glass
③Planning to adopt				(10) PERSOL HOLDINGS	
Market cap (A)	JPY 1.0 trillion	JPY 1.4 trillion	JPY 17.0 trillion	JPY 15.0 trillion	JPY 1.6 trillion
Total market cap of industrial sector (B)	JPY 2.3 trillion	JPY 3.3 trillion	JPY 44.2 trillion	JPY 40.4 trillion	JPY 5.2 trillion
(A/B)	45.3%	43.2%	38.6%	37.3%	30.9%

Note: (1) Market capitalization as of Jun 30, 2022. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

III – 6. IFRS Adoption by Industrial Sector

	Nonferrous Metals (2/35)	Machinery (18/227)	Retail Trade (11/339)	Metal Products (4/90)	Other Financing Business (6/35)
①Adopted ②Decided to adopt	(1) Sumitomo Metal Mining (7) Asahi Holdings	(4) KUBOTA (5) Mitsubishi Heavy Industries (8) Makita (9) Hitachi Construction Machinery (11) Kurita Water Industries (12) IHI (14) EBARA (15) NSK (16) Nabtesco (19) AMADA (20) JTEKT (21) MIURA (22) THK (26) DMG MORI SEIKI (54) MODEC (62) TSUGAMI (80) TSUBAKI NAKASHIMA	(1) FAST RETAILING (20) RYOHIN KEIKAKU (24) SKYLARK HOLDINGS (25) FOOD & LIFE COMPANIES (26) J.FRONT RETAILING (34) TORIDOLL Holdings (36) create restaurants holdings (44) COLOWIDE (95) VT HOLDINGS (290) DREAM VISION	(1) LIXIL Group (33) H-ONE (41) Shinwa	(2) Japan Exchange Group (7) Credit Saison (17) J Trust (18) Premium Group (19) Net Protections Holdings (21) ARUHI
③Planning to adopt		(35) GLORY	(42) OHSHO FOOD SERVICE	(15) G-TEKT	
Market cap (A)	JPY 1.4 trillion	JPY 9.8 trillion	JPY 9.7 trillion	JPY 0.8 trillion	JPY 1.5 trillion
Total market cap of industrial sector (B)	JPY 4.5 trillion	JPY 34.1 trillion	JPY 39.6 trillion	JPY 4.1 trillion	JPY 8.2 trillion
(A/B)	30.8%	29.0%	24.5%	21.1%	18.3%
	Securities & Commodity Futures (2/39)	Other Products (3/110)	Fishery, Agriculture & Forestry (1/12)	Real Estate (3/139)	Land Transportation (2/62)
①Adopted ②Decided to adopt	(3) SBI Holdings (6) Monex Group	(3) YAMAHA (22) Nissha (33) PRONEXUS	(6) YUKIGUNI MAITAKE	(6) Iida Group Holdings (26) TOSEI (30) GA technologies	(9) Hitachi Transport System (44) ZERO
③Planning to adopt					
Market cap (A)	JPY 0.7 trillion	JPY 1.1 trillion	0.03 trillion	JPY 0.7 trillion	JPY 0.7 trillion
Total market cap of industrial sector (B)	JPY 4.5 trillion	JPY 16.2 trillion	0.7 trillion	JPY 15.1 trillion	JPY 21.1 trillion
(A/B)	16.9%	7.1%	5.0%	4.8%	3.5%

Note: (1) Market capitalization as of Jun 30, 2022. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

III – 6. IFRS Adoption by Industrial Sector

	Electric Power & Gas (1/25)	Construction (1/154)	Insurance (1/14)
①Adopted ②Decided to adopt	(11) RENOVA	(14) INFRONEER Holdings	(9) NFC Holdings (Note 3)
③Planning to adopt			
Market cap (A)	JPY 0.2 trillion	JPY 0.2 trillion	JPY 0.03 trillion
Total market cap of industrial sector (B)	JPY 8.5 trillion	JPY 15.6 trillion	JPY 14.5 trillion
(A/B)	2.3%	1.7%	0.2%

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

Mining	Marine Transportation	Pulp & Paper	Warehousing & Harbor Transportation Services	Banks
6	11	24	37	80

Note: (1) Market capitalization as of Jun 30, 2022. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.
(3) Delisted on July 13, 2022.

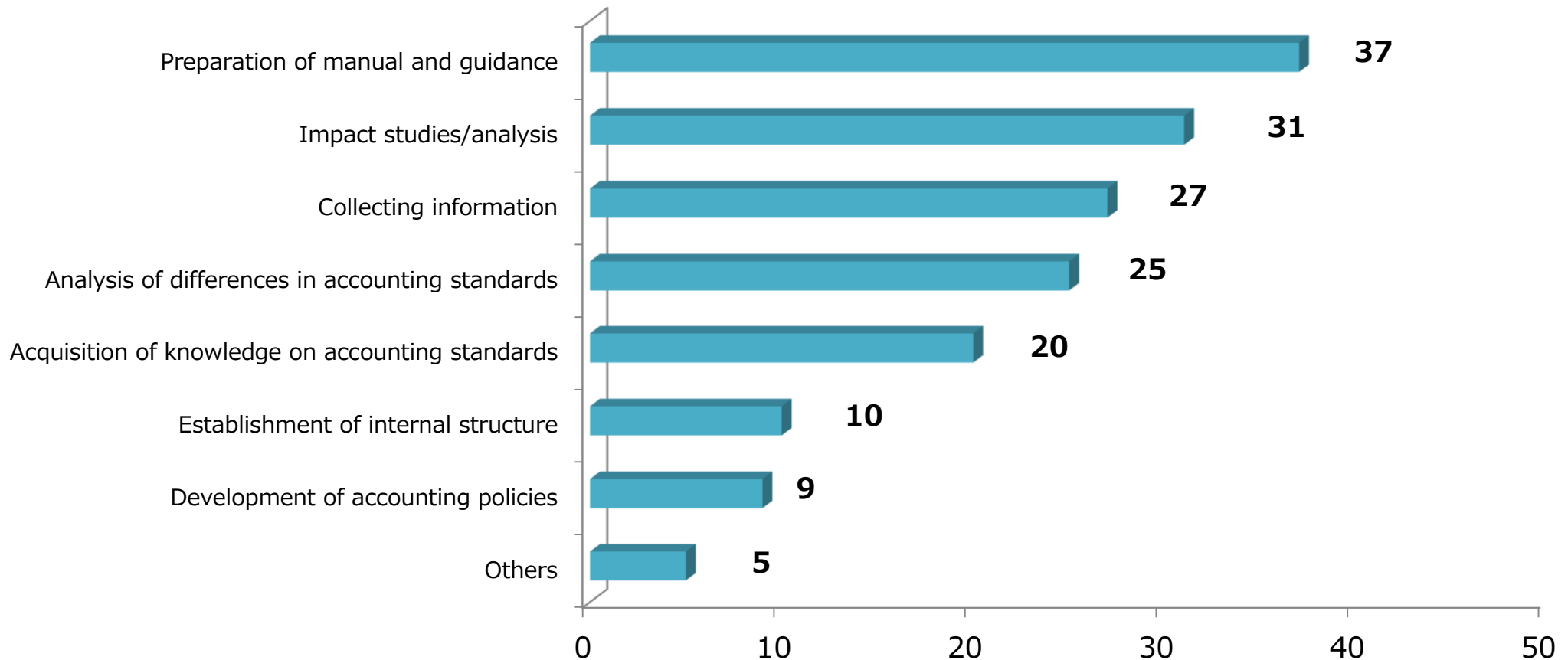
Ⅲ – 7. IFRS Adoption Date

- ✓ The scheduled adoption dates (including targeted) that "③ Companies planning to adopt IFRS (5 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 2022	247	–	–	247
April 2022 ~ March 2023	–	7	–	7
April 2023 ~ March 2024	–	1	1	2
TBD	–	4	4	8
Total	247	12	5	264

III – 8. Stage of Progress Among "④ Companies Considering IFRS Adoption"

✓ Of the 155 companies that were "considering IFRS adoption", 106 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance".



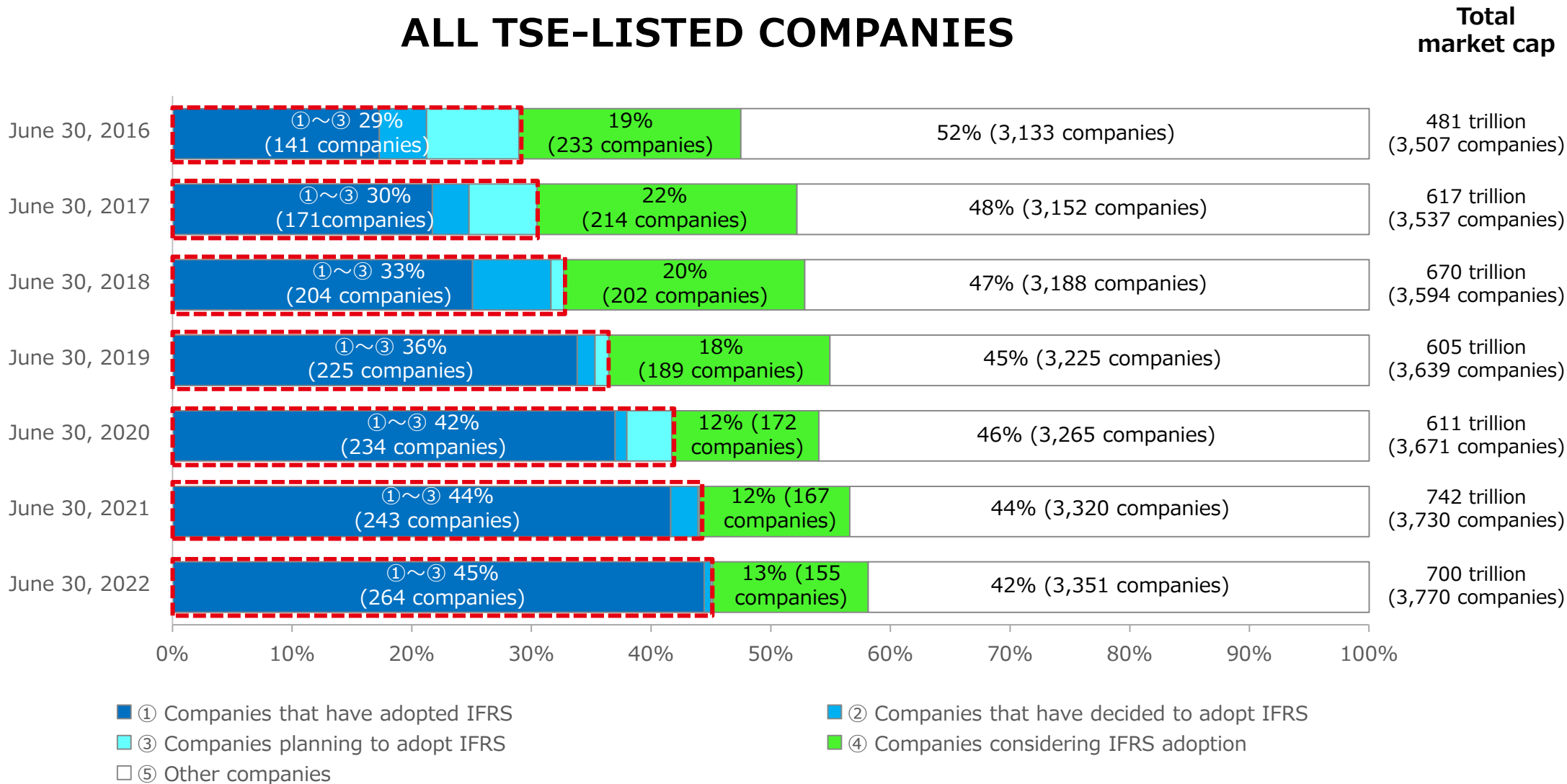
Note: Total exceeds 106 due to descriptions falling under multiple categories.

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 6.

ALL TSE-LISTED COMPANIES



Ⅲ – 5. 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 “① Companies 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

