

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

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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

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### ◆ Coverage : 3,594 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 2017 ~ FY ended December 2017 : 982 companies
  - FY ended January 2018 ~ FY ended February 2018 : 258 companies
  - FY ended March 2018 : 2,354 companies

# Ⅲ. Content of Analysis of IFRS Adoption

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- 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)**

# III – 1. Categories of Companies in Analysis

## Categories of companies included in analysis (3,594 companies)

### ① Companies that have adopted IFRS (161 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Jun. 30, 2018

### ② Companies that have decided to adopt IFRS (32 companies)

Companies whose executive body has disclosed, by Jun. 30, 2018, 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 (202 companies)

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

### ⑤ Other companies (3,188 companies)

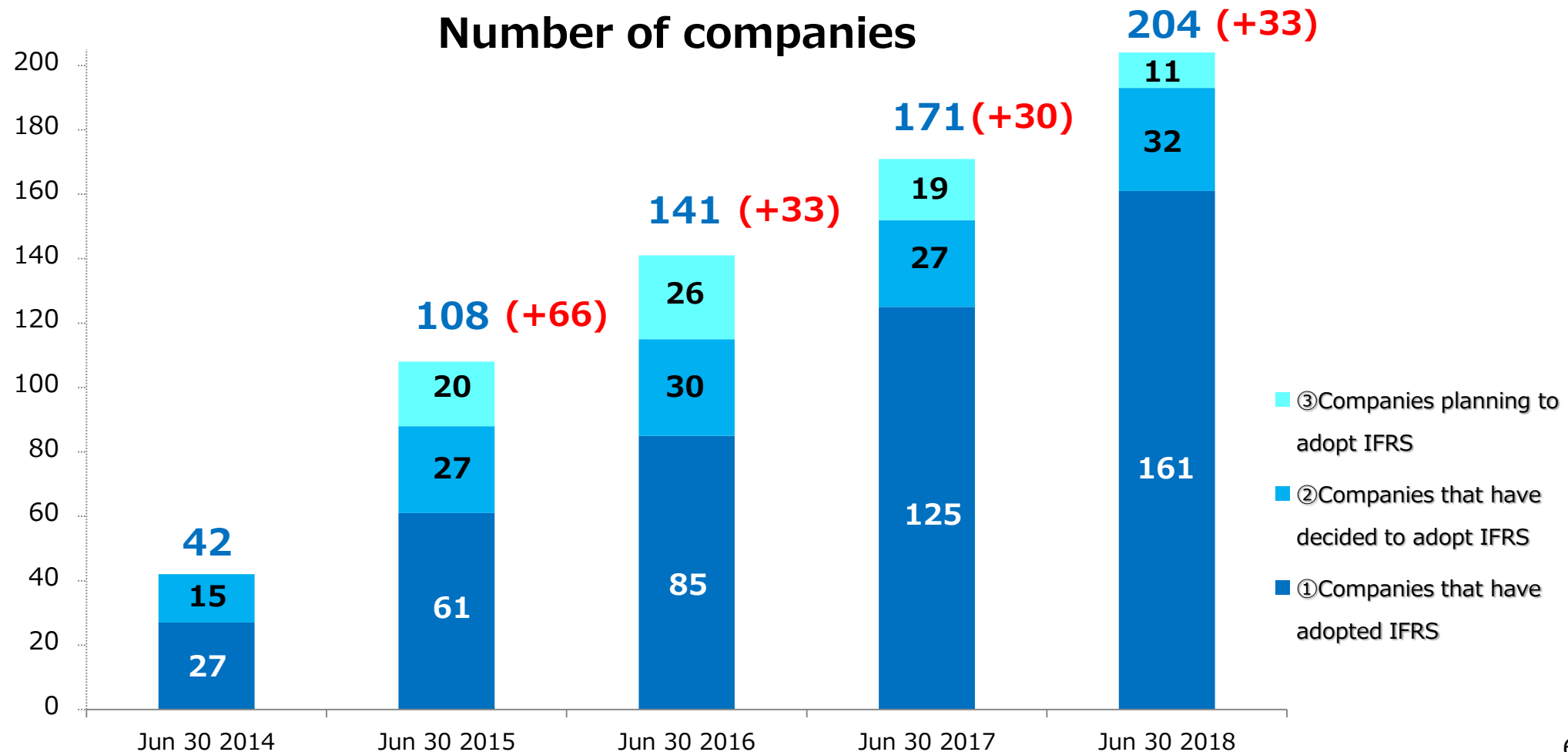
For example, the following companies:

- 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 204 companies as of Jun. 30, 2018.

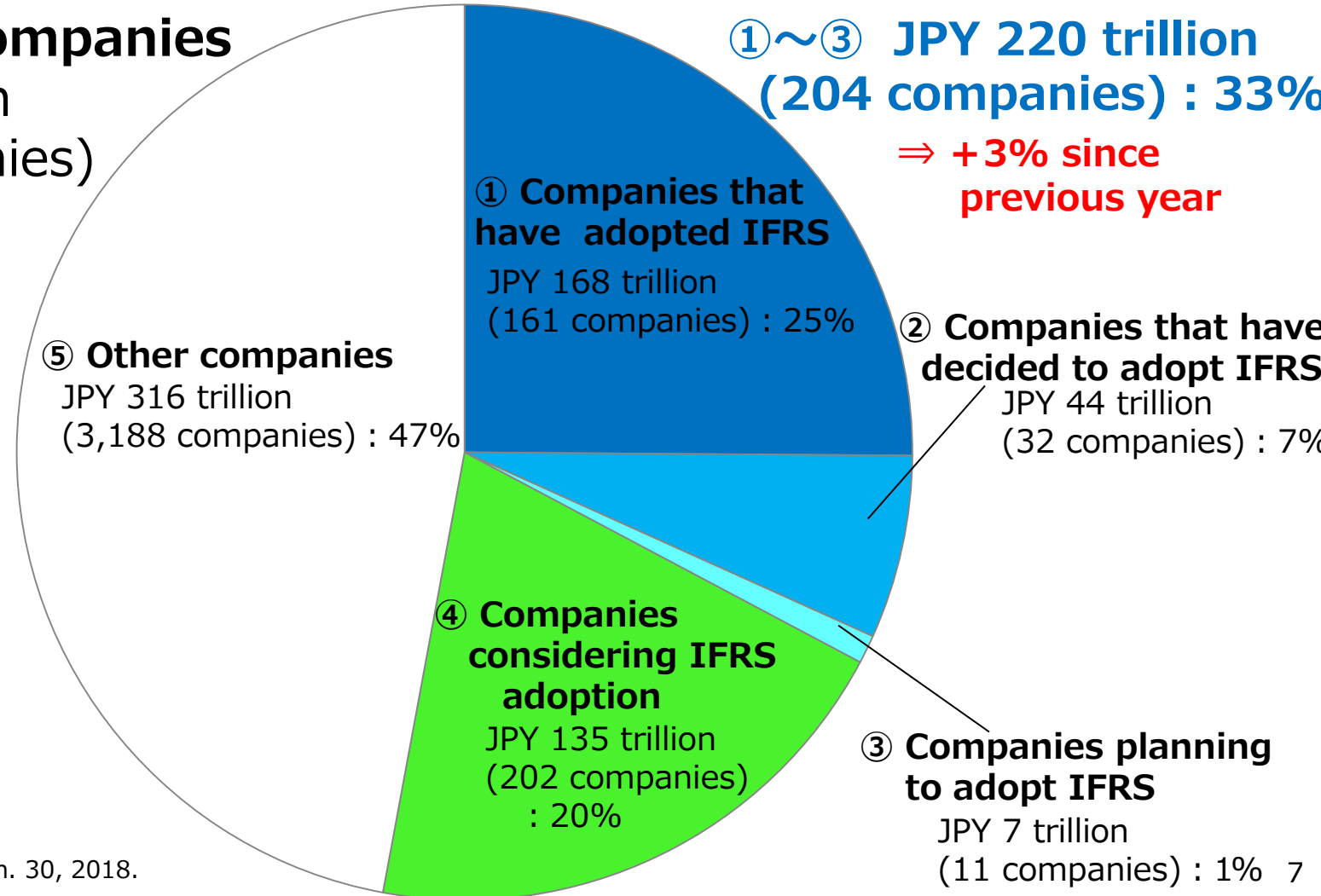
## Number of companies



# 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, 33% of the entire listed market capitalization (JPY 670 trillion).

**All TSE-listed companies**  
 JPY 670 trillion  
 (3,594 companies)



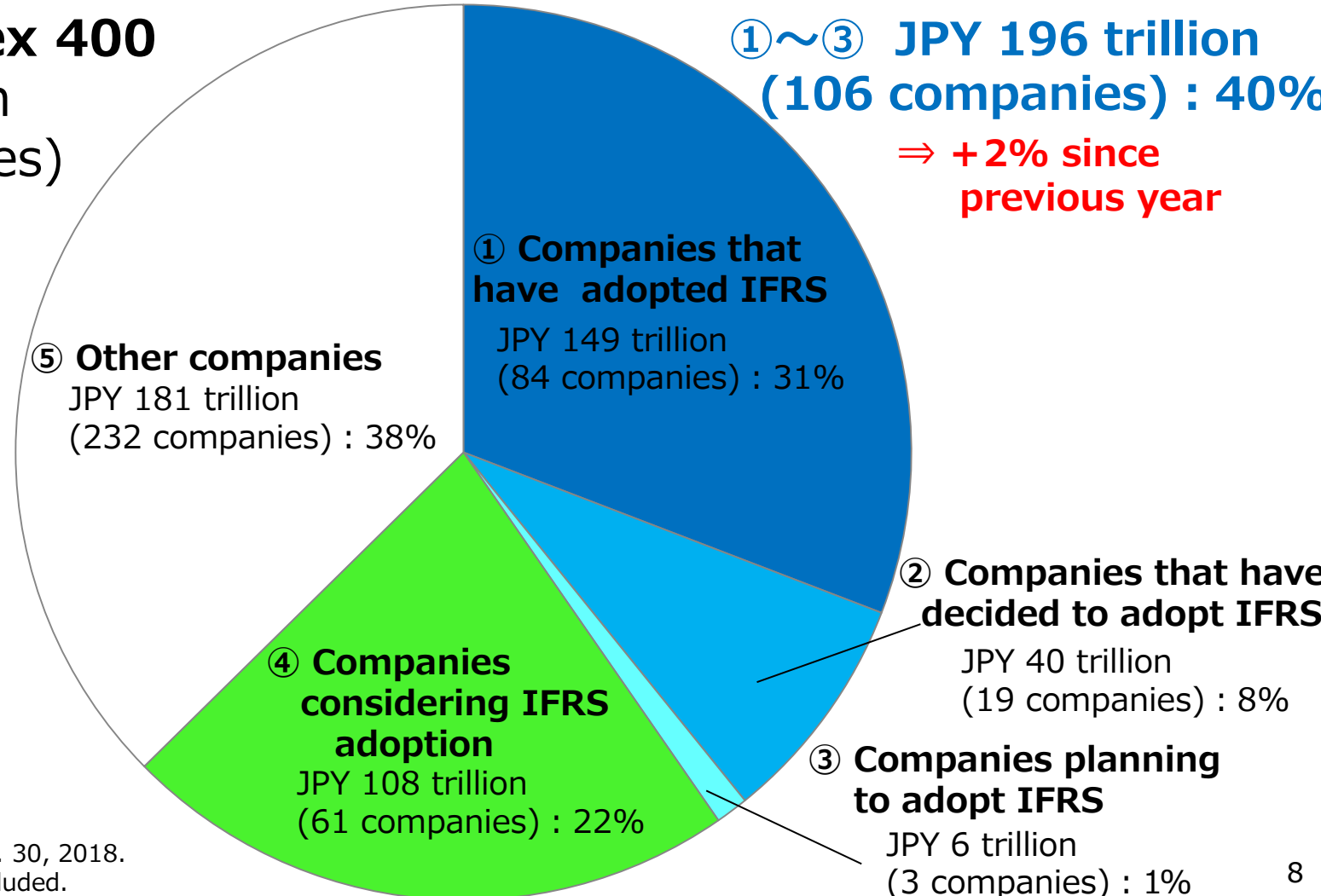
Note: Market capitalization as of Jun. 30, 2018.

# 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 196 trillion, 40% of the market capitalization of JPX-Nikkei 400 (JPY 485 trillion).

**JPX-Nikkei Index 400**  
 JPY 485 trillion  
 (399 companies)



Note: Market capitalization as of Jun. 30, 2018.  
 Hitachi Kokusai Electric 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 24 of the 33 industrial sectors.
- ✓ 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 (28), Services (23), Information & Communication (22), Pharmaceutical (17), and Transportation Equipment (17).

Note:

(1) Market capitalization as of Jun 30, 2018.

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

	Rubber Products (4/19)	Pharmaceutical (17/66)	Information & Communication (22/416)	Precision Instruments (7/51)	Wholesale Trade (12/321)
①Adopted ②Decided to adopt	(2) Sumitomo Rubber (3) Yokohama Rubber (7) Sumitomo Riko	(1) Takeda Pharmaceutical (2) Astellas Pharma (3) CHUGAI PHARMACEUTICAL (4) DAIICHI SANKYO (5) Otsuka Holdings (6) Eisai (8) ONO PHARMACEUTICAL (9) Kyowa Hakko Kirin (11) Mitsubishi Tanabe Pharma (12) Sumitomo Dainippon Pharma (14) SANTEN PHARMACEUTICAL (20) SAWAI PHARMACEUTICAL (26) Sosei Group (30) Nichi-Iko Pharmaceutical (34) GNI Group (42) Solasia Pharma (51) Kubota Pharmaceutical Holdings	(1) NTT DOCOMO (2) SoftBank (3) KDDI (4) NIPPON TELEGRAPH AND TELEPHONE (5) Yahoo Japan (6) NTT DATA (7) NEXON (10) LINE (11) HIKARI TSUSHIN (15) KONAMI (21) GMO Payment Gateway (22) ITOCHU Techno-Solutions (36) Digital Garage (53) MACROMILL (59) ZIGExN (77) Broadleaf (128) SHARINGTECHNOLOGY (183) Scala (185) Infoteria (217) Hotto Link (228) ASJ	(1) TERUMO (2) HOYA (3) OLYMPUS (5) NIKON (11) CYBERDYNE (17) NIKKISO (18) Noritsu Koki	(1) Mitsubishi (2) ITOCHU (3) MITSUI (4) SUMITOMO (5) Marubeni (6) TOYOTA TSUSHO (8) Hitachi High-Technologies (11) Sojitz (34) KANEMATSU (36) ITOCHU ENEX (45) KOMEDA Holdings
③Planning to adopt	(1) BRIDGESTONE		(55) Internet Initiative Japan		(60) IDOM
Market cap (A)	JPY 4.3 trillion	JPY 24.7 trillion	JPY 44.0 trillion	JPY 7.3 trillion	JPY 18.1 trillion
Total market cap of industrial sector (B)	JPY 5.0 trillion	JPY 32.6 trillion	JPY 65.7 trillion	JPY 11.0 trillion	JPY 31.2 trillion
(A/B)	85%	76%	67%	66%	58%

# III – 5. IFRS Adoption by Industrial Sector

	Oil & Coal Products (1/12)	Foods (10/123)	Iron and Steel (2/45)	Electric Appliances (28/252)	Transportation Equipment (17/93)
①Adopted ②Decided to adopt	(1) JXTG Holdings	(1) JAPAN TOBACCO (2) Asahi Group Holdings (3) Kirin Holdings (4) Suntory Beverage & Food (7) Ajinomoto (9) Coca-Cola Bottlers Japan (10) NISSIN FOODS HOLDINGS (14) NH Foods (27) SAPPORO HOLDINGS (55) Nissin Sugar	(1) NIPPON STEEL & SUMITOMO METAL (3) Hitachi Metals	(3) NIDEC (7) Hitachi (8) Panasonic (9) Mitsubishi Electric (11) KYOCERA (12) TOSHIBA (13) SYSMEX (14) Renesas Electronics (16) FUJITSU (22) MINEBEA MITSUMI (23) NEC (25) SEIKO EPSON (26) RICOH (29) BROTHER INDUSTRIES (31) HIROSE ELECTRIC (33) KONICA MINOLTA (35) ADVANTEST (44) ANRITSU (48) TOSHIBA TEC (70) SANYO DENKI (78) IDEC (81) CLARION (100) ESPEC (105) JVC KENWOOD (122) SUMIDA (174) TEAC (184) NIHON DEMPA KOGYO (211) NISHISHIBA ELECTRIC	(2) HONDA MOTOR (4) DENSO (6) SUBARU (7) TOYOTA INDUSTRIES (9) AISIN SEIKI (18) TOYODA GOSEI (19) TS TECH (21) EXEDY (22) KEIHIN (23) F.C.C. (25) SHOWA (27) KYB (28) NISSIN KOGYO (29) NIPPON SEIKI (50) YUTAKA GIKEN (54) Yachiyo Industry
③Planning to adopt					(13) Mazda Motor
Market capitalization (A)	JPY 2.6 trillion	JPY 14.7 trillion	JPY 2.6 trillion	JPY 31.5 trillion	JPY 18.8 trillion
Total market cap of industrial sector (B)	JPY 4.6 trillion	JPY 28.7trillion	JPY 6.4 trillion	JPY 84.0 trillion	JPY 59.3 trillion
(A/B)	57%	51%	40%	38%	32%

# III – 5. IFRS Adoption by Industrial Sector

	Chemicals (13/209)	Services (23/426)	Nonferrous Metals (2/35)	Machinery (12/228)	Retail Trade (11/351)
①Adopted ②Decided to adopt	(2) Kao (5) UNICHARM (8) NITTO DENKO (10) Mitsubishi Chemical Holdings (12) SUMITOMO CHEMICAL (17) TAIYO NIPPON SANZO (19) Lion (24) Hitachi Chemical (26) JSR (40) Sumitomo Bakelite (51) KUREHA (166) Ultrafabrics Holdings	(1) Recruit Holdings (5) DENTSU (6) M3 (7) Rakuten (13) Kakaku.com (17) DeNA (20) TechnoPro Holdings (26) OUTSOURCING (40) Link and Motivation (42) BELLSYSTEM24 HOLDINGS (64) LIFULL (84) BayCurrent Consulting (88) COOKPAD (100) Evolvable Asia (116) Metaps (128) SEPTENI HOLDINGS (155) QB Net Holdings (165) KeyHolder (189) Members (237) Itmedia (281) MRT (332) MS&Consulting (364) Convano	(2) Sumitomo Metal Mining (11) Asahi Holdings	(4) KUBOTA (5) Makita (6) Mitsubishi Heavy Industries (8) Hitachi Construction Machinery (10) NSK (17) Nabtesco (19) AMADA HOLDINGS (24) MIURA (34) DMG MORI SEIKI (48) TSUBAKI NAKASHIMA	(1) FAST RETAILING (5) FamilyMart UNY Holdings (21) J.FRONT RETAILING (28) SKYLARK (35) COLOWIDE (41) Sushiro Global Holdings (52) create restaurants holdings (67) PARCO (70) TORIDOLL Holdings (245) DREAM VISION
③Planning to adopt	(7) NIPPON PAINT HOLDINGS			(22) Kurita Water Industries (76) TSUGAMI	(57) OHSO FOOD SERVICE
Market capitalization (A)	JPY 14.3 trillion	JPY 11.2 trillion	JPY 1.3 trillion	JPY 8.2 trillion	JPY 8.6 trillion
Total market cap of industrial sector (B)	JPY 47.2 trillion	JPY 37.3 trillion	JPY 4.9 trillion	JPY 32.3 trillion	JPY 43.0 trillion
(A/B)	30%	30%	27%	25%	20%

# III – 5. IFRS Adoption by Industrial Sector

	Other Financing Business (5/35)	Glass & Ceramics Products (2/55)	Metal Products (4/87)	Securities & Commodity Futures (2/41)	Other Products (3/107)
①Adopted ②Decided to adopt	(2) Japan Exchange Group (7) Hitachi Capital (16) J Trust (18) ARUHI (22) Premium Group	(1) Asahi Glass (13) Nippon Sheet Glass	(1) LIXIL Group (23) H-ONE (39) Shinwa	(3) SBI Holdings (6) Monex Group	(2) YAMAHA (29) PRONEXUS
③Planning to adopt			(12) G-TEKT		(17) Nissha
Market capitalization (A)	JPY 1.7 trillion	JPY 1.1 trillion	JPY 0.8 trillion	JPY 0.8 trillion	JPY 1.3 trillion
Total market cap of industrial sector (B)	JPY 8.6 trillion	JPY 6.2 trillion	JPY 4.7 trillion	JPY 5.7 trillion	JPY 13.1 trillion
(A/B)	19%	18%	17%	14%	10%

# III – 5. IFRS Adoption by Industrial Sector

	Real Estate (3/125)	Land Transportation (2/61)	Construction (1/166)	Insurance (1/13)
①Adopted ②Decided to adopt	(5) Iida Group Holdings (11) NTT URBAN DEVELOPMENT (32) TOSEI	(23) Hitachi Transport System (44) ZERO		(9) NEWTON FINANCIAL CONSULTING
③Planning to adopt			(19) TOSHIBA PLANT SYSTEMS & SERVICES	
Market capitalization (A)	JPY 1.1 trillion	JPY 0.3 trillion	JPY 0.2 trillion	JPY 0.04 trillion
Total market cap of industrial sector (B)	JPY 15.8 trillion	JPY 26.0 trillion	JPY 19.4 trillion	JPY 13.8 trillion
(A/B)	7%	1%	1%	0.3%

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

Air Transportation	Mining	Fishery, Agriculture & Forestry	Marine Transportation	Electric Power & Gas	Pulp & Paper	Warehousing & Harbor Transportation Services	Textiles & Apparels	Banks
5	7	11	13	24	24	36	53	84

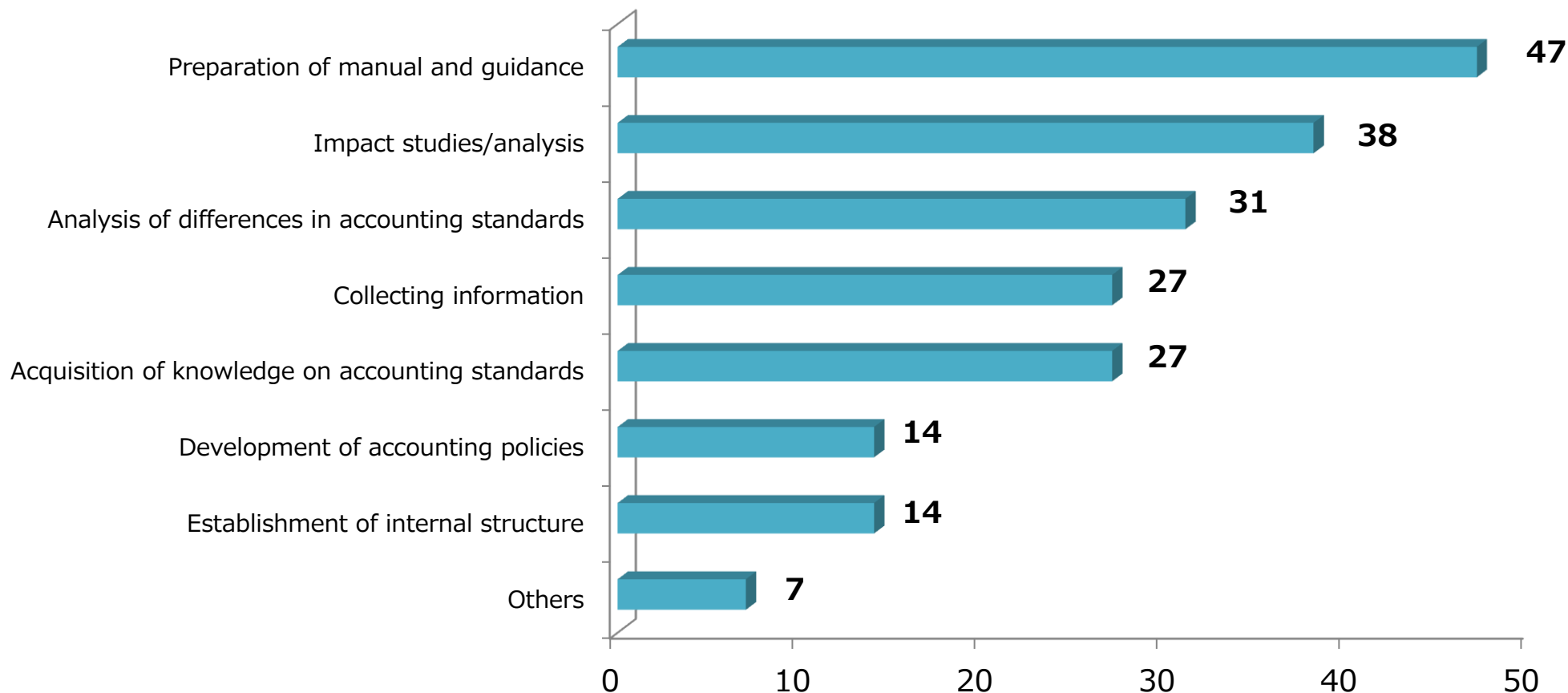
# III – 6. IFRS Adoption Date

✓ 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 2018	157	–	–	157
April 2018 ~ March 2019	4	23	3	30
April 2019 ~ March 2020	–	5	0	5
April 2020 ~ March 2021	–	1	1	2
TBD	–	3	7	10
Total	161	32	11	204

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

✓ Of the 202 companies that were “considering IFRS adoption”, 132 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance”.



Note: Total exceeds 132 due to descriptions falling under multiple categories.