



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

## Exchange & beyond

Tokyo Stock Exchange, Inc.

July 24, 2023

## ◆ 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.

- ◆ **Coverage: 3,807 domestic companies listed on TSE as of June 30, 2023**
- ◆ **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)**

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## Categories of companies included in analysis (3,807 companies)

### ① Companies that have adopted IFRS (254 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Jun. 30, 2023

### ② Companies that have decided to adopt IFRS (14 companies)

Companies whose executive body has disclosed, by Jun. 30, 2023, its decision to adopt IFRS

### ③ Companies planning to adopt IFRS (6 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 (143 companies)

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

### ⑤ Other companies (3,390 companies)

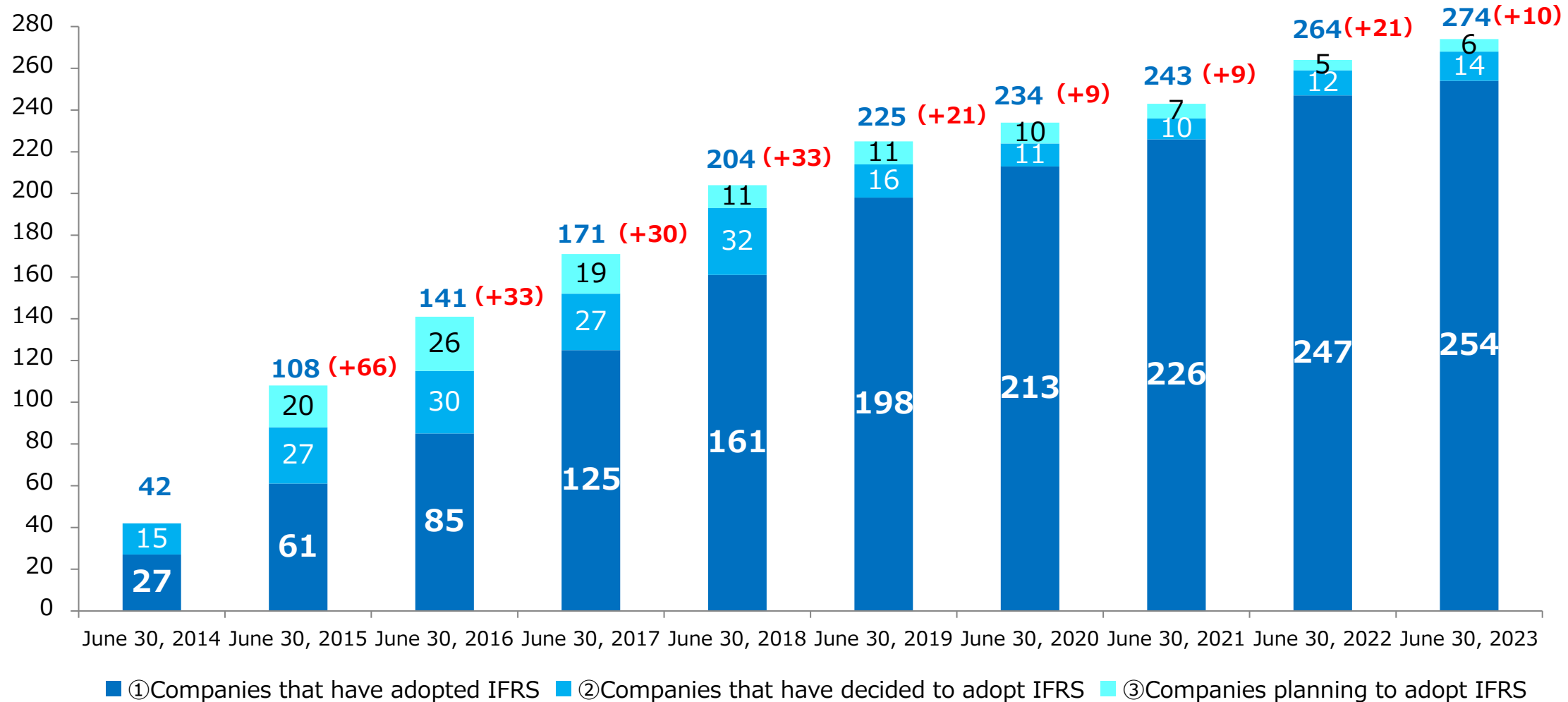
For example, the following companies:

- 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” are 274 companies as of Jun. 30, 2023.

## Number of Companies



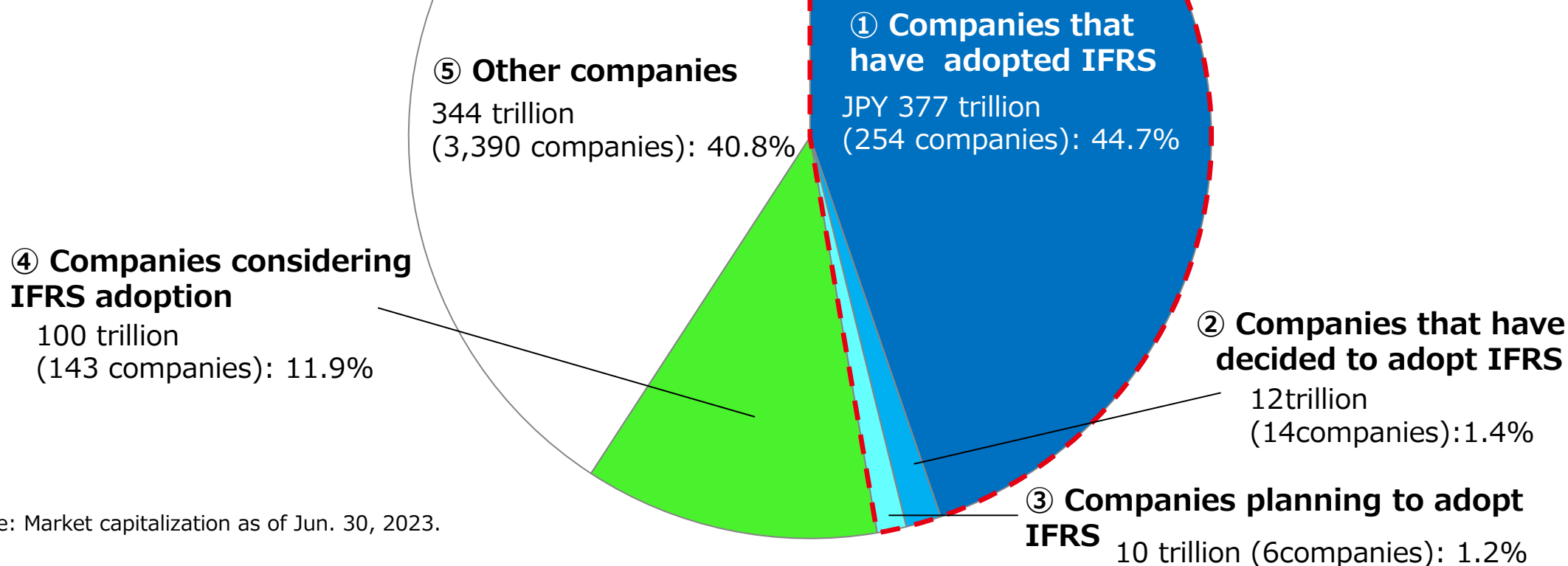
# Ⅲ – 3. Present situation of companies that voluntarily adopt IFRS «All TSE-listed companies»

✓ 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 400 trillion, 47.3% of the entire listed market capitalization (JPY 843 trillion).

## All TSE-listed companies

JPY 843 trillion  
(3,807 companies)

①~③ JPY 400 trillion  
(274 companies): 47.3%  
+2.2pt since previous year



Note: Market capitalization as of Jun. 30, 2023.

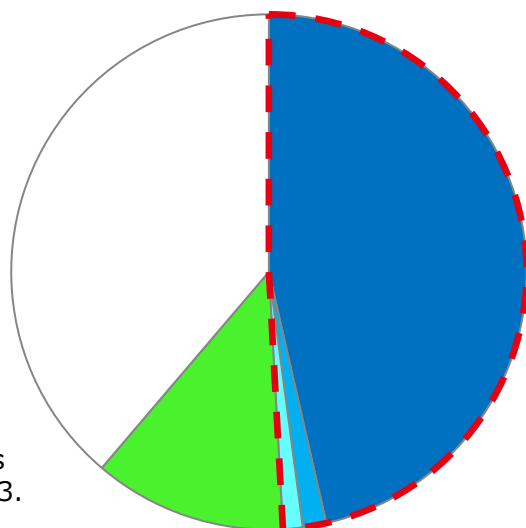
# Ⅲ – 4. Present situation of companies that voluntarily adopt IFRS

## «Market Segments»

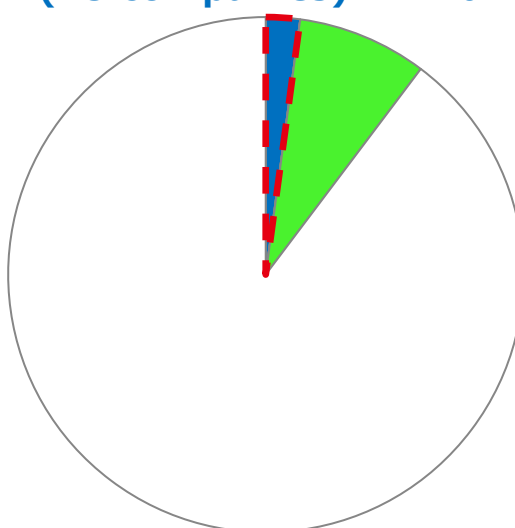
✓ The combined prime market capitalization of “① Companies that have adopted IFRS” and “② Companies that have decided to adopt IFRS” and “③ Companies planning to adopt IFRS” is JPY 399 trillion, 49.1% of the prime market capitalization (JPY 810 trillion).



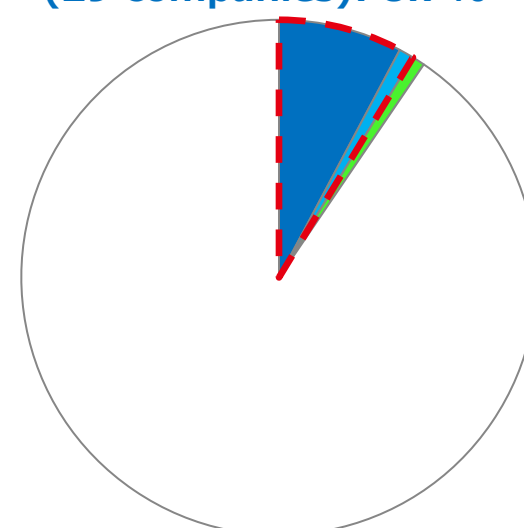
Total: 810tn (1,832 companies)  
 ①~③ total:399tn  
 (227 companies): 49.1%



Total: 24tn (1,440 companies)  
 ①~③ total 0.5tn  
 (18 companies): 2.1%



Total: 8tn (535 companies)  
 ①~③ total 0.7tn  
 (29 companies): 8.7%



Note: Market capitalization as of Jun. 30, 2023.

- 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



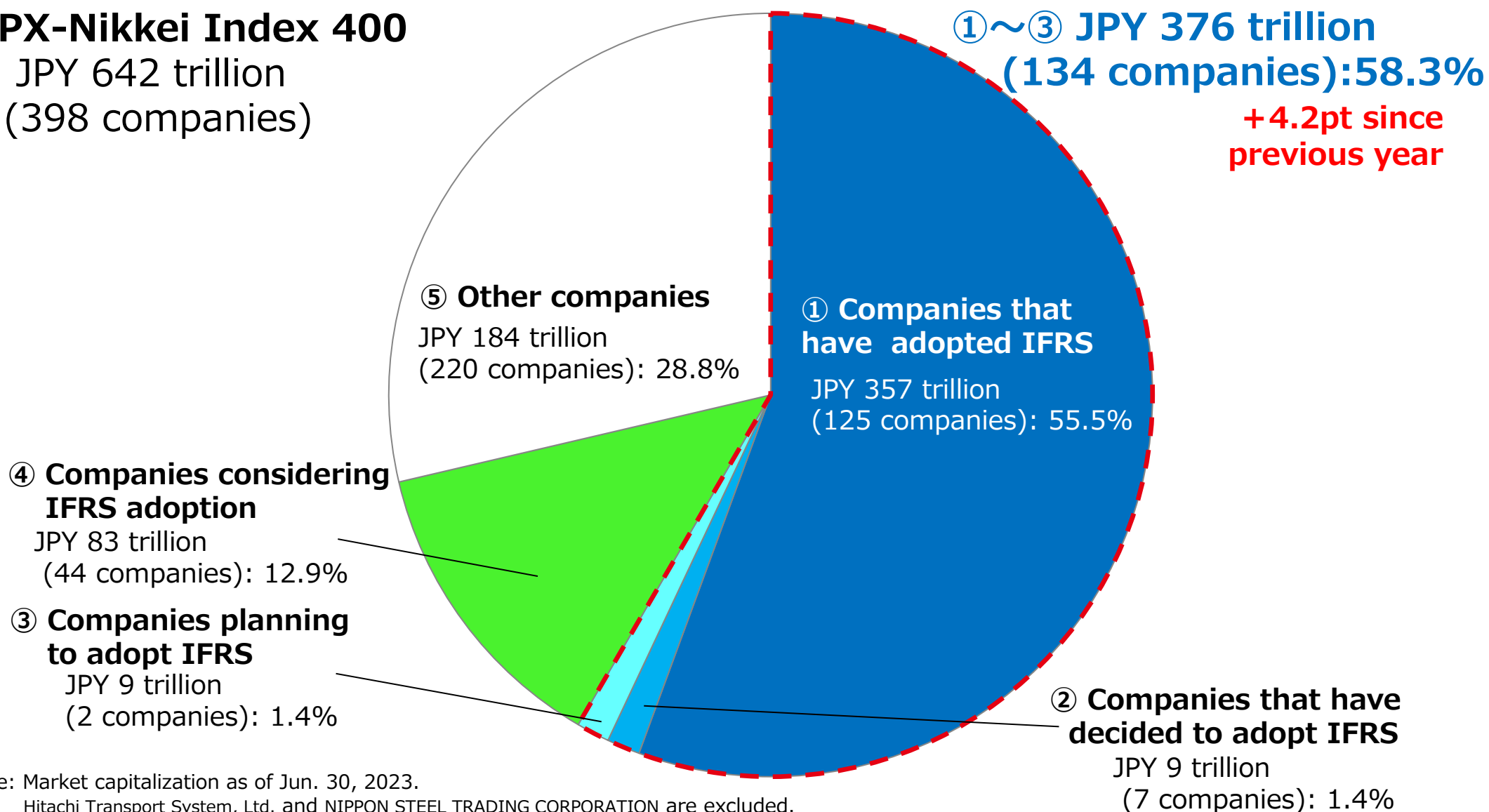
# Ⅲ – 5. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei Index 400»



✓ 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 376 trillion, 58.3% of the market capitalization of JPX-Nikkei Index 400 (JPY 642 trillion).

## JPX-Nikkei Index 400

JPY 642 trillion  
(398 companies)



Note: Market capitalization as of Jun. 30, 2023.  
Hitachi Transport System, Ltd. and NIPPON STEEL TRADING CORPORATION are excluded.

# Ⅲ – 6. Present situation of companies that voluntarily adopt IFRS «By Market Capitalization»

- ✓ Half of Prime Market companies with market capitalization of 1 trillion yen or more voluntarily adopt IFRS.
- ✓ The trend of voluntary IFRS adoption is proportional to market capitalization.
- ✓ In Growth Markets, a certain degree of voluntary IFRS adoption tends to be observed regardless of market capitalization.

<Prime Market>	Whole		Companies that have adopted IFRS		Others		
	By Market Cap	No. of Companies	Market Cap	No. of Companies	Ratio	No. of Companies	Ratio
Total		1,832	810.7	209	11%	1,623	89%
JPY 1 trillion ~		159	582.3	79	50%	80	50%
JPY 500 billion ~ 1 trillion		110	77.9	28	25%	82	75%
JPY 100 billion ~ 500 billion		470	106.8	59	13%	411	87%
JPY 50 billion ~ 100 billion		346	24.7	21	6%	325	94%
JPY 25 billion ~ 50 billion		375	13.1	16	4%	359	96%
JPY 10 billion ~ 25 billion		303	5.4	5	2%	298	98%
JPY ~10 billion		69	0.5	1	1%	68	99%

<Standard Market>	Whole		Companies that have adopted IFRS		Others		
	By Market Cap	No. of Companies	Market Cap	No. of Companies	Ratio	No. of Companies	Ratio
Total		1,440	24.1	18	1%	1,422	99%
JPY 25 billion ~		165	14.6	8	5%	157	95%
JPY 10 billion ~ 25 billion		314	4.7	5	2%	309	98%
JPY 7 billion ~ 10 billion		218	1.9	1	0%	217	100%
JPY 4 billion ~ 7 billion		366	1.9	1	0%	365	100%
JPY 2 billion ~ 4 billion		292	0.9	3	1%	289	99%
JPY ~2 billion		85	0.1	0	0%	85	100%

<Growth Market>	Whole		Companies that have adopted IFRS		Others		
	By Market Cap	No. of Companies	Market Cap	No. of Companies	Ratio	No. of Companies	Ratio
Total		535	8.4	27	5%	508	95%
JPY 25 billion ~		89	5.1	8	9%	81	91%
JPY 10 billion ~ 25 billion		113	1.8	7	6%	106	94%
JPY 7 billion ~ 10 billion		66	0.5	3	5%	63	95%
JPY 4 billion ~ 7 billion		119	0.6	4	3%	115	97%
JPY 2 billion ~ 4 billion		114	0.3	4	4%	110	96%
JPY ~2 billion		34	0.1	1	3%	33	97%

Note: (1) Market capitalization is as of June 30, 2023. (2) Market capitalization is in trillions of yen.

# III – 7. 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.
- ✓ 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 (43), Services (37), Electric Appliances (30), Pharmaceutical (19) and Machinery(18).

	Pharmaceutical (75 companies)	Rubber Products (18 companies)	Transportation Equipment (89 companies)	Precision Instruments (49 companies)	Wholesale Trade (305 companies)
①Adopted ②Decided to adopt	(1)DAIICHI SANKYO (2)Takeda Pharmaceutical (3)CHUGAI PHARMACEUTICAL (4)Astellas Pharma (5)Otsuka Holdings (6)Eisai (7)Shionogi (8)Kyowa Kirin (9)ONO PHARMACEUTICAL (12)SANTEN PHARMACEUTICAL (13)Nippon Shinyaku (15)PeptiDream (16)Sumitomo Pharma (20)SAWAI GROUP HOLDINGS (24)Sosei Group (29)GNI Group (43)HEALIOS (60)Solasia Pharma (66)Kubota Pharmaceutical Holdings	(1)BRIDGESTONE (2)The Yokohama Rubber (3)Sumitomo Rubber Industries (7)Sumitomo Riko (9)Bando Chemical Industries	(1)TOYOTA MOTOR (2)HONDA MOTOR (3)DENSO (4)TOYOTA INDUSTRIES (5)SUZUKI MOTOR (8)SUBARU (11)AISIN (14)Kawasaki Heavy Industries (15)TOYOTA BOSHOKU (17)TOYODA GOSEI (19)TS TECH (23)KYB (24)EXEDY (26)F.C.C. (33)NIPPON SEIKI (45)Yachiyo Industry (46)YUTAKA GIKEN	(1)HOYA (2)TERUMO (3)OLYMPUS (6)NIKON (17)Noritsu Koki (18)NIKKISO (22)CYBERDYNE	(1)Mitsubishi (2)ITOCHU (3)MITSUI (4)Marubeni (5)SUMITOMO (SUMITOMO SHOJI) (6)TOYOTA TSUSHO (9)Sojitz (29)KANEMATSU (33)ITOCHU ENEX (40)KOMEDA Holdings (99)FTGroup (213)RECOMM (268)INEST
③Planning to adopt			(12)Mazda Motor		
Total of ①-③	19 companies	5 companies	18 companies	7 companies	13 companies
Ratio of number of companies to ①-③	25.3%	27.8%	20.2%	14.3%	4.3%
Ratio of market capitalization to ①-③	91.7%	87.8%	85.8%	74.1%	72.0%

Note: (1) Market capitalization as of Jun 30, 2023. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

# Ⅲ – 7. IFRS Adoption by Industrial Sector

	Information & Communication (583 companies)	Foods (124 companies)	Iron and Steel (42 companies)	Insurance (13 companies)	Electric Appliances (239 companies)
①Adopted ②Decided to adopt	(1)NIPPON TELEGRAPH AND TELEPHONE (2)KDDI (3)SoftBank Group (4)SoftBank (5)NTT DATA (6)Z Holdings (7)Nomura Research Institute (8)NEXON (12)KONAMI GROUP (16)HIKARI TSUSHIN (18)ITOCHU Techno-Solutions (19)GMO Payment Gateway (22)SCSK (25)Internet Initiative Japan (31)BIPROGY (32)NS Solutions (34)JMDC (52)Digital Garage (54)Appier Group (58)CHANGE Holdings (64)Simplex Holdings (71)ARTERIA Networks (78)ZIGExN (79)AnyMind Group (82)TECHMATRIX (84)WingArc1st (121)Broadleaf (153)MACROMILL (156)ORO (176)BUSINESS BRAIN SHOWA・OTA (182)Monstarlab Holdings (261)SHARINGTECHNOLOGY (265)Payroll (280)ASTERIA (286)Scala (344)Hybrid Technologies (420)Hotto Link (476)Vario Secure (480)ASJ (481)BBD Initiative (494)Aplix (532)DIGITAL PLUS	(1)JAPAN TOBACCO (2)Ajinomoto (3)Asahi Group Holdings (4)Kirin Holdings (5)Suntory Beverage & Food (6)KIKKOMAN (8)NISSIN FOODS HOLDINGS (14)NH Foods (20)Coca-Cola Bottlers Japan Holdings (21)KAGOME (22)SAPPORO HOLDINGS (40)Premium Water Holdings (42)WELLNEO SUGAR	(1)NIPPON STEEL (2)JFE Holdings (13)AICHI STEEL	(8)LIFENET INSURANCE	(2)SONY GROUP (4)Hitachi (5)Murata Manufacturing (6)Renesas Electronics (9)NIDEC (10)Mitsubishi Electric (11)Panasonic Holdings (12)Fujitsu (13)ADVANTEST (14)KYOCERA (15)TDK (16)SYSMEX (18)TOSHIBA (19)NEC (21)YASKAWA Electric (24)MINEBEA MITSUMI (27)SEIKO EPSON (31)RICOH (34)HIROSE ELECTRIC (36)BROTHER INDUSTRIES (51)KONICA MINOLTA (53)TOSHIBA TEC (56)PHC Holdings (60)ANRITSU (70)IDEC (75)SANYO DENKI (82)JVCKENWOOD (104)SUMIDA (127)NIHON DEMPY KOGYO (223)TEAC
③Planning to adopt				(1)Tokio Marine Holdings (2)MS&AD Insurance Group Holdings	
Total of ①-③	42 companies	13 companies	3 companies	3 companies	30 companies
Ratio of number of companies to ①-③	7.2%	10.5%	7.1%	23.1%	12.6%
Ratio of market capitalization to ①-③	65.1%	62.4%	60.9%	56.6%	55.0%

Note: (1) Market capitalization as of Jun 30, 2023. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

# III – 7. IFRS Adoption by Industrial Sector

	Oil and Coal Products (10 companies)	Textiles and Apparels (49 companies)	Air Transportation (6 companies)	Chemicals (213 companies)	Services (520 companies)
①Adopted ②Decided to adopt	(1)ENEOS Holdings	(1)TORAY INDUSTRIES (4)TEIJIN (5)WACOAL HOLDINGS (14)WORLD	(2)Japan Airlines	(3)UNICHARM (4)NIPPON PAINT HOLDINGS (5)Shiseido (6)Kao (7)NITTO DENKO (9)NIPPON SANSO HOLDING (10)Mitsubishi Chemical Group (13)JSR (14)Mitsui Chemicals (16)SUMITOMO CHEMICAL (24)AIR WATER (27)Lion (32)Sumitomo Bakelite (39)NIPPON SHOKUBAI (45)KUREHA (106)Ultrafabrics Holdings	(2)Recruit Holdings (5)M3 (6)DENTSU GROUP (7)Rakuten Group (8)BayCurrent Consulting (10)PERSOL HOLDINGS (13)Kakaku.com (16)TechnoPro Holdings (18)Relo Group (24)DeNA (31)Open Up Group (34)OUTSOURCING (56)BELLSYSTEM24 HOLDINGS (59)CUC (65)SEPTENI HOLDINGS (66)LITALICO (70)Adventure (84)AirTrip (91)Link and Motivation (109)Direct Marketing MiX (115)LIFULL (141)PORT (147)ITmedia (163)WILL GROUP (170)Members (179)Geniee (194)QB Net Holdings (195)KeyHolder (201)Cookpad (202)AB&Company (234)NOVARESE (265)KIZUNA HOLDINGS (281)CL Holdings (311)MRT (323)ASIRO (404)Decollte Holdings (455)MS&Consulting (509)Convano
③Planning to adopt					
Total of ①-③	1 companies	4 companies	1 companies	16 companies	38 companies
Ratio of number of companies to ①-③	10.0%	8.2%	16.7%	7.5%	7.3%
Ratio of market capitalization to ①-③	52.2%	47.9%	43.3%	37.7%	34.8%

Note: (1) Market capitalization as of Jun 30, 2023. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

# Ⅲ – 7. IFRS Adoption by Industrial Sector

	Nonferrous Metals (34 companies)	Glass and Ceramics Products (54 companies)	Retail Trade (342 companies)	Machinery (221 companies)	Other Financing Business (35 companies)
①Adopted ②Decided to adopt	(2)Sumitomo Metal Mining (8)Asahi Holdings (9)UACJ	(1)AGC (3)Niterrra (18)Nippon Sheet Glass	(1)FAST RETAILING (12)Lawson (22)SKYLARK HOLDINGS (24)RYOHIN KEIKAKU (25)J.FRONT RETAILING (27)FOOD & LIFE (29)TORIDOLL Holdings (36)create restaurants holdings (44)COLOWIDE (95)VT HOLDINGS (168)halmek holdings (319)DREAM VISION	(4)KUBOTA (6)Mitsubishi Heavy Industries (7)Makita (9)Hitachi Construction Machinery (12)Kurita Water Industries (13)EBARA (14)IHI (15)AMADA (16)NSK (17)MIURA (18)JTEKT (22)Nabtesco (23)THK (24)DMG MORI (54)MODEC (59)TSUGAMI (99)TSUBAKI NAKASHIMA	(2)Japan Exchange Group (6)Credit Saison (17)Premium Group (19)J Trust (20)ARUHI (21)Net Protections Holdings
③Planning to adopt			(52)OHSO FOOD SERVICE	(36)GLORY	
Total of ①-③	3 companies	3 companies	13 companies	18 companies	6 companies
Ratio of number of companies to ①-③	8.8%	5.6%	3.8%	8.1%	17.1%
Ratio of market capitalization to ①-③	31.4%	30.2%	29.8%	27.0%	19.6%
	Securities and Commodities Futures (40 companies)	Metal Products (87 companies)	Other Products (108 companies)	Fishery, Agriculture and Forestry (12 companies)	Real Estate (142 companies)
①Adopted ②Decided to adopt	(3)SBI Holdings (5)Monex Group	(2)LIXIL (29)H-ONE (42)Shinwa	(4)YAMAHA (23)Nissha (39)PRONEXUS	(6)YUKIGUNI MAITAKE	(6)Iida Group Holdings (23)TOSEI (35)GATEchnologies
③Planning to adopt		(16)G-TEKT CORPORATION			
Total of ①-③	2 companies	4 companies	3 companies	1 companies	3 companies
Ratio of number of companies to ①-③	5.0%	4.6%	2.8%	8.3%	2.1%
Ratio of market capitalization to ①-③	17.5%	14.0%	6.2%	5.5%	5.1%

Note: (1) Market capitalization as of Jun 30, 2023. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

# III – 7. IFRS Adoption by Industrial Sector

	Land Transportation (60 companies)	Electric Power and Gas (25 companies)	Construction (155 companies)
①Adopted ②Decided to adopt	(11)NIPPON EXPRESS HOLDINGS (41)ZERO	(13)RENOVA (18)eREX	(12)INFRONEER Holdings
③Planning to adopt			
Total of ①-③	2 companies	2 companies	1 companies
Ratio of number of companies to ①-③	3.3%	8.0%	0.6%
Ratio of market capitalization to ①-③	3.2%	2.1%	2.1%

## 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 companies	11 companies	24 companies	36 companies	80 companies

Note: (1) Market capitalization as of Jun 30, 2023. (2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

## III – 8. IFRS Adoption Date

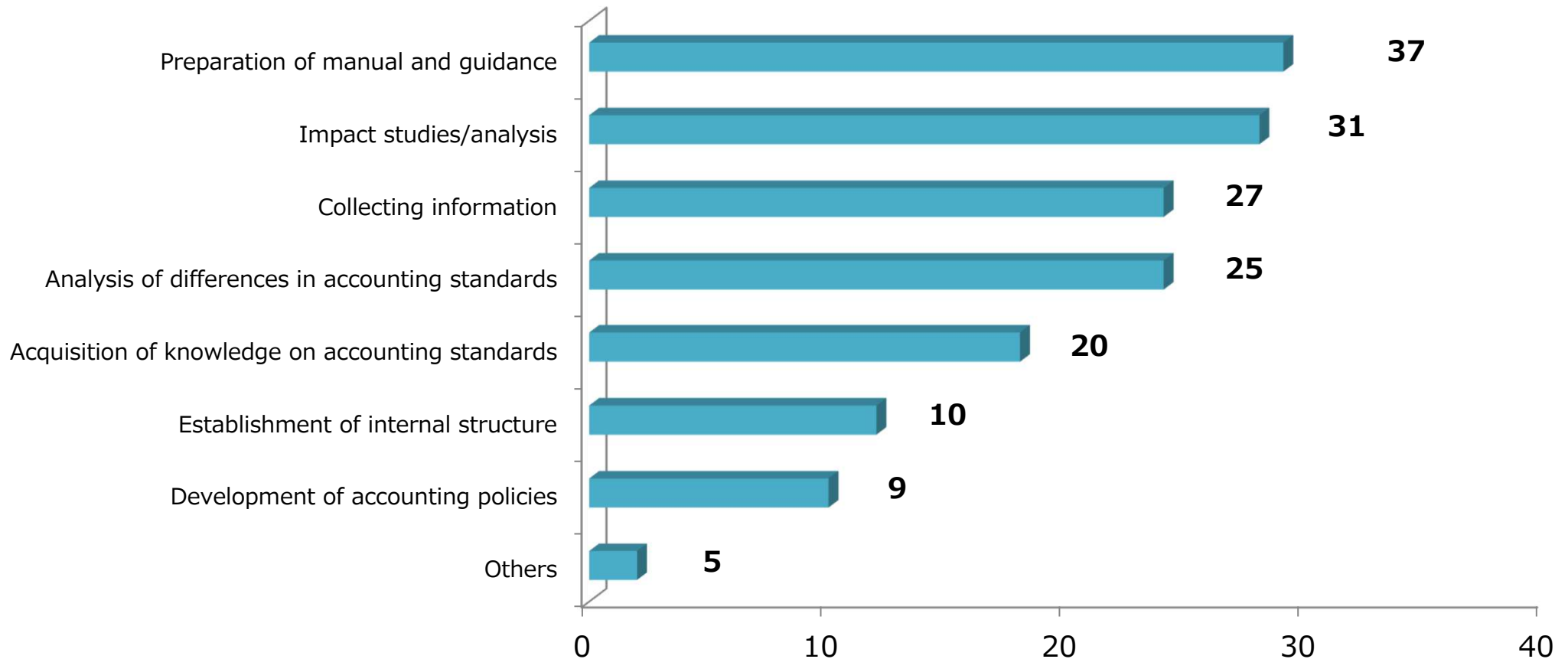
- ✓ The scheduled adoption dates (including targeted) that "③ Companies planning to adopt IFRS (6 companies)" have described in their Basic Policy are as follows.

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 2023	254	–	–	254
April 2023 ~ March 2024	–	8	–	8
April 2024 ~ March 2025	–	2	2	4
TBD	–	4	4	8
Total	254	14	6	274



# III – 9. Stage of Progress Among "④ Companies Considering IFRS Adoption"

✓ Of the 143 companies that were "considering IFRS adoption", 95 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance".



Note: Total exceeds 95 due to descriptions falling under multiple categories.

# Appendix

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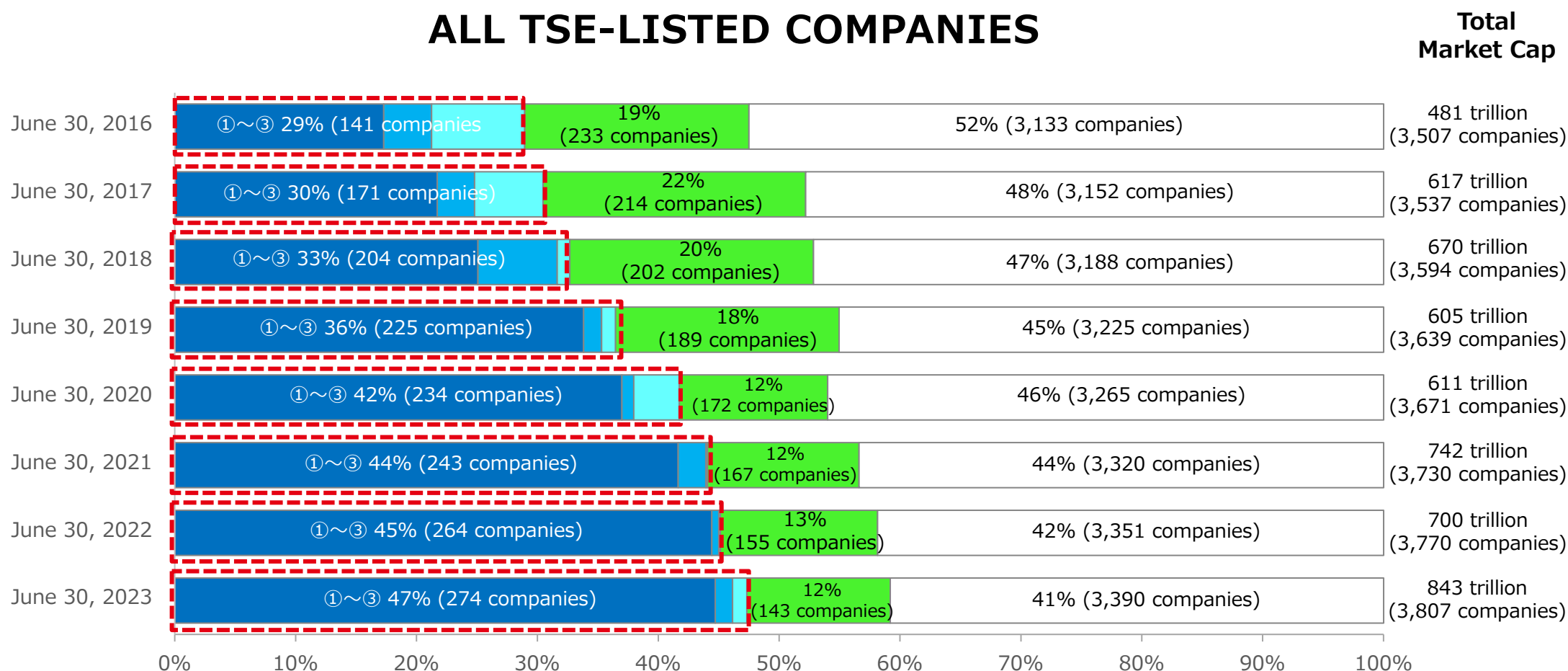


# III – 3. Present situation of companies that voluntarily adopt IFRS

## «All TSE-listed companies»

✓ The figure below shows the changes in the ratio of the market capitalization of “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 All TSE-listed companies on page 6.

### ALL TSE-LISTED COMPANIES



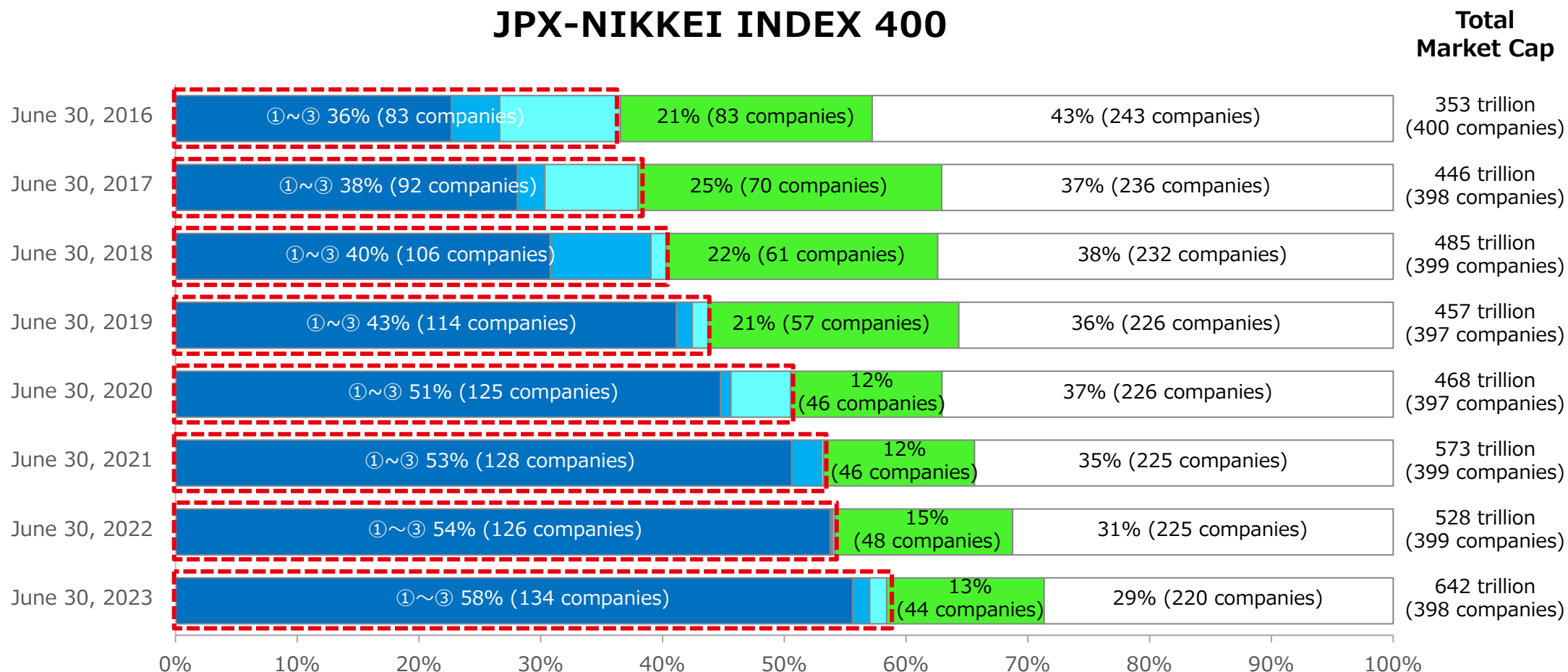
■ ① Companies that have adopted IFRS     
 ■ ② Companies that have decided to adopt IFRS     
 ■ ③ Companies planning to adopt IFRS  
■ ④ Companies considering IFRS adoption     
 ■ ⑤ Other companies

# Ⅲ – 5. Present situation of companies that voluntarily adopt IFRS «JPX-Nikkei Index 400»



✓ The 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



■ 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