

(This document is an English translation of the original Japanese document. If there are any discrepancies between this document and the original Japanese document, the original Japanese document prevails.)



April 7, 2025

To whom it may concern:

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**Notice Regarding Completion of Quarterly review of the Japanese Originals of the
“Consolidated Financial Summary for the First Nine Months Ended December 31, 2024 [IFRS]”
by certified public accountants, etc.**

SUZUKI MOTOR CORPORATION (the “Company”) hereby announces that the quarterly review of the Japanese originals of the Company’s condensed consolidated statements, which Company disclosed on February 6, 2025 in “Consolidated Financial Summary for the First Nine Months Ended December 31, 2024 [IFRS]”, have been completed by an independent auditor. This quarterly review was conducted in connection with a secondary offering of Company’s common stock that was adopted by the board of directors dated today.

There are no changes to the condensed consolidated statements announced on February 6, 2025.

Note that the English translation of the quarterly consolidated financial results did not receive a quarterly review by certified public accountants or an audit firm.

Note: This document is a press release to announce the completion of quarterly review of the Japanese originals of the “Consolidated Financial Summary for the First Nine Months Ended December 31, 2024 [IFRS]” by certified public accountants and has not been prepared for the purpose of soliciting investments whether in or outside Japan. Additionally, this press release does not constitute an offer of securities for sale, nor a solicitation of an offer to buy, in the United States or elsewhere. The securities referred to above have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

[English translation from the original Japanese language document]

Consolidated Financial Summary for the First Nine Months Ended December 31, 2024 [IFRS]

April 7, 2025

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 Securities code : 7269 URL : https://www.globalsuzuki.com
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Start of Payment of Cash Dividends : -
 Preparation of Supplemental Explanation Materials : Yes
 Holding of Presentation Meeting on Financial Results : Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Operating Results for FY2024 first nine months (April 1 – December 31, 2024)

(1) Consolidated Management Results

(Percentage indicates change from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2024 first nine months	4,283,717	11.7	479,720	29.2	548,013	25.9	392,063	25.3	311,703	31.5	429,160	(4.6)
FY2023 first nine months	3,834,081	-	371,176	-	435,123	-	312,864	-	237,120	-	449,740	-

	Earnings per share attributable to owners of parent, Basic	Earnings per share attributable to owners of parent, Diluted
	Yen	Yen
FY2024 first nine months	161.57	161.56
FY2023 first nine months	122.48	122.47

[Note] A four-for-one common stock split was conducted on April 1, 2024. Earnings per share attributable to owners of parent, Basic and Diluted are calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
FY2024 third quarter	6,027,686	3,700,588	2,973,597	49.3
FY2023	5,757,656	3,384,427	2,719,773	47.2

2. Cash Dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	—	55.00	—	67.00	122.00
FY2024	—	20.00	—		
FY2024 (Forecast)				20.00	40.00

[Notes] *1. Revision of the latest forecasts of cash dividends announced: None

*2. A four-for-one common stock split was conducted on April 1, 2024. For FY2023, the actual dividend amount before the stock split is shown, but if it was conducted at the beginning of FY2023, the dividend amount for second quarter would be 13.75 yen, that for year-end would be 16.75 yen and that for annual would be 30.50 yen. For FY2024 and FY2024(Forecast), the dividend amount after stock split is shown.

3. Forecasts for Consolidated Operating Results of FY2024 (April 1, 2024 – March 31, 2025)

(Percentage indicates change from the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Earnings per share attributable to owners of parent, Basic
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	5,700,000	6.4	590,000	19.5	660,000	11.5	370,000	16.7	191.79

[Note] Revisions of the latest forecasts for consolidated operating results announced: Yes

*** Notes**

- (1) Significant changes in the scope of consolidation during the period : None
- (2) Changes in accounting principles and changes in accounting estimates
- 1) Changes in accounting principles required by IFRS : None
 - 2) Changes in accounting principles other than 1) : None
 - 3) Changes in accounting estimates : None

(3) Number of outstanding shares (common stock)				(Shares)
1) Number of outstanding shares at the end of period (including treasury shares)	FY2024 Q3	1,964,586,400	FY2023	1,964,586,400
2) Number of treasury shares at the end of period	FY2024 Q3	35,310,817	FY2023	35,433,595
3) Average number of outstanding shares during period (First nine months)	FY2024 Q3	1,929,213,817	FY2023 Q3	1,936,005,790

[Note] A four-for-one common stock split was conducted on April 1, 2024. Number of outstanding shares at the end of period, number of treasury shares at the end of period and average number of outstanding shares during period are calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

*** Review of the quarterly consolidated financial statements by a certified public accountant or audit firm : Yes (voluntary)**

*** Explanation regarding the appropriate use of forecasts for operating results, other information**

(Adoption of International Financial Reporting Standards (hereinafter, "IFRS"))

The company and its subsidiaries (hereinafter, "the Group") have adopted IFRS effective from the first quarter of FY2024. The figures in the consolidated financial statements for the same period of the previous fiscal year and the previous consolidated fiscal year are also presented in accordance with IFRS.

(Cautions for Forward-looking Statement)

The forward-looking statements are based on currently available information and assumptions, contain risks and uncertainty, and do not constitute guarantees of future achievement. Please note that the future results may greatly vary by the changes of various factors.

Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rates.

(Financial Results Supplementary Explanatory Materials)

Financial Results Supplementary Explanatory Materials are available on our website (<https://www.globalsuzuki.com>) on February 6, 2025.

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1. Summary of Management Results, etc.

(1) Explanation regarding management results

Regarding the management results for the nine months ended December 31, 2024, revenue increased by ¥449.6 billion (11.7%) year-on-year (YoY) to ¥4,283.7 billion. This was attributable to increased unit sales, price revisions and the effect of foreign exchange rates.

Operating profit increased by ¥108.5 billion (29.2%) YoY to ¥479.7 billion. This was mainly attributable to increased revenue and cost reductions that surpassed increased fixed costs such as R&D expenses and labor costs and the effect of efforts to strengthen suppliers' foundations.

Profit before tax increased by ¥112.9 billion (25.9%) YoY to ¥548.0 billion. Profit attributable to owners of parent increased by ¥74.6 billion (31.5%) YoY to ¥311.7 billion.

Operating results by Segment are as outlined below:

1) Automobile Business

Revenue increased by ¥424.6 billion (12.2%) YoY to ¥3,900.4 billion. Operating profit increased by ¥104.3 billion (32.7%) YoY to ¥423.5 billion.

2) Motorcycle Business

Revenue increased by ¥29.2 billion (11.0%) YoY to ¥295.3 billion. Operating profit increased by ¥3.2 billion (11.6%) YoY to ¥31.1 billion. This was mainly attributable to sales expansion in India.

3) Marine Business

Revenue decreased by ¥4.3 billion (5.1%) YoY to ¥79.5 billion. Operating profit increased by ¥0.8 billion (3.7%) YoY to ¥22.3 billion.

4) Other Business

Revenue increased by ¥0.1 billion (1.0%) YoY to ¥8.6 billion. Operating profit increased by ¥0.3 billion (10.5%) YoY to ¥2.8 billion.

(2) Explanation regarding financial positions

With respect to the financial positions at the end of the current quarterly consolidated fiscal year, total assets were ¥6,027.7 billion (increased by ¥270.0 billion from the end of the previous consolidated fiscal year).

Total liabilities were ¥2,327.1 billion (decreased by ¥46.1 billion from the end of the previous consolidated fiscal year).

As for the borrowings, the Company intends to maintain the current borrowing level for the time being due to the unstable global situation.

Total equity was ¥3,700.6 billion (increased by ¥316.2 billion from the end of the previous consolidated fiscal year). This includes profit of ¥392.1 billion and dividends payment of ¥101.2 billion.

As a result, ratio of equity attributable to owners of parent to total assets was 49.3% (47.2% at the end of the previous consolidated fiscal year).

(3) Explanation regarding cash flows

The balance of cash and cash equivalents at the end of the current quarterly consolidated fiscal year was ¥788.5 billion (decreased by ¥51.5 billion from the end of the previous consolidated fiscal year).

1) Cash flows from operating activities

Net cash provided by operating activities for the nine months ended December 31, 2024 was ¥481.9 billion (¥235.2 billion was provided for the same period of the previous fiscal year). This was mainly due to profit before tax of ¥548.0 billion.

2) Cash flows from investing activities

Net cash used in investing activities for the nine months ended December 31, 2024 was ¥384.8 billion (¥359.4 billion was used for the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment of ¥258.8 billion.

3) Cash flows from financing activities

Net cash used in financing activities for the nine months ended December 31, 2024 was ¥156.1 billion (¥88.9 billion was used for the same period of the previous fiscal year). This was mainly due to dividends paid to owners of parent of ¥70.9 billion and dividends paid to non-controlling interests of ¥30.1 billion.

(4) Explanation regarding future forecasts such as forecasts for consolidated operating results

The forecasts for consolidated operating results announced in the “Consolidated Financial Summary for the First Six Months Ended September 30, 2024” dated November 8, 2024 have been revised as follows. This reflects fluctuations in foreign exchange rates and raw material prices, as well as revised sales forecasts.

Forecasts for Consolidated Operating Results of FY2024 (April 1, 2024 – March 31, 2025)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Earnings per share attributable to owners of parent, Basic
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	5,600,000	550,000	620,000	350,000	181.42
Revised Forecast (B)	5,700,000	590,000	660,000	370,000	191.79
Change (B-A)	100,000	40,000	40,000	20,000	10.37
Change (%)	1.8	7.3	6.5	5.7	5.7
Previous results	5,357,523	493,834	591,713	317,017	163.88

[Note] A four-for-one common stock split was conducted on April 1, 2024. Earnings per share attributable to owners of parent, Basic is calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

			(Millions of Yen)
	Transition date (As of April 1, 2023)	FY2023 (As of March 31, 2024)	FY2024 third quarter (As of December 31, 2024)
Assets			
Current assets			
Cash and cash equivalents	868,911	840,020	788,487
Trade and other receivables	517,825	588,333	508,593
Inventories	472,720	573,828	631,917
Income taxes receivable	4,920	7,421	11,112
Other financial assets	139,676	219,611	314,815
Other current assets	145,433	162,305	188,331
Total current assets	2,149,488	2,391,521	2,443,257
Non-current assets			
Property, plant and equipment	1,323,704	1,545,693	1,673,151
Right-of-use assets	52,183	60,437	59,628
Intangible assets	140,537	147,700	159,804
Investments accounted for using equity method	86,007	108,404	118,093
Other financial assets	1,010,861	1,387,845	1,463,712
Deferred tax assets	59,163	75,436	68,857
Other non-current assets	39,566	40,618	41,181
Total non-current assets	2,712,025	3,366,135	3,584,428
Total assets	4,861,513	5,757,656	6,027,686

(Millions of Yen)

	Transition date (As of April 1, 2023)	FY2023 (As of March 31, 2024)	FY2024 third quarter (As of December 31, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	384,612	444,225	454,871
Bonds and borrowings	347,050	456,780	266,411
Income taxes payable	44,242	67,117	49,511
Other financial liabilities	63,177	79,067	69,610
Provisions	208,282	190,053	183,817
Other current liabilities	477,554	544,761	519,272
Total current liabilities	1,524,919	1,782,006	1,543,495
Non-current liabilities			
Bonds and borrowings	416,787	329,117	486,832
Other financial liabilities	51,028	55,638	58,984
Retirement benefit liability	51,465	45,348	46,416
Provisions	18,518	20,502	23,131
Deferred tax liabilities	9,327	77,208	99,693
Other non-current liabilities	45,934	63,408	68,543
Total non-current liabilities	593,061	591,222	783,602
Total liabilities	2,117,980	2,373,229	2,327,097
Equity			
Equity attributable to owners of parent			
Share capital	138,370	138,370	138,370
Capital surplus	138,180	67,988	59,032
Retained earnings	1,971,121	2,241,744	2,485,095
Treasury shares	(19,396)	(39,300)	(39,165)
Other components of equity	65,911	310,971	330,265
Total equity attributable to owners of parent	2,294,186	2,719,773	2,973,597
Non-controlling interests	449,346	664,654	726,991
Total equity	2,743,533	3,384,427	3,700,588
Total liabilities and equity	4,861,513	5,757,656	6,027,686

**(2) Condensed Quarterly Consolidated Statement of Income and
Condensed Quarterly Consolidated Statement of Comprehensive Income**

[Condensed Quarterly Consolidated Statement of Income]

(Millions of Yen)

	FY2023 first nine months (April 1 – December 31, 2023)	FY2024 first nine months (April 1 – December 31, 2024)
Revenue	3,834,081	4,283,717
Cost of sales	(2,831,329)	(3,115,615)
Gross profit	1,002,752	1,168,102
Selling, general and administrative expenses	(636,094)	(701,543)
Other income	10,545	19,735
Other expenses	(6,026)	(6,573)
Operating profit	371,176	479,720
Finance income	74,683	87,101
Finance costs	(19,987)	(27,793)
Share of profit (loss) of investments accounted for using equity method	9,250	8,984
Profit before tax	435,123	548,013
Income tax expense	(122,258)	(155,949)
Profit	312,864	392,063
Profit attributable to		
Owners of parent	237,120	311,703
Non-controlling interests	75,744	80,360
Profit	312,864	392,063
Earnings per share attributable to owners of parent		
Basic (Yen)	122.48	161.57
Diluted (Yen)	122.47	161.56

[Condensed Quarterly Consolidated Statement of Comprehensive Income]

(Millions of Yen)

	FY2023 first nine months (April 1 – December 31, 2023)	FY2024 first nine months (April 1 – December 31, 2024)
Profit	312,864	392,063
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(935)	(1,704)
Financial assets measured at fair value through other comprehensive income	38,371	(3,517)
Share of other comprehensive income of investments accounted for using equity method	(6)	0
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	97,118	40,500
Cash flow hedges	69	88
Share of other comprehensive income of investments accounted for using equity method	2,257	1,729
Total other comprehensive income	136,875	37,096
Comprehensive income	449,740	429,160
Comprehensive income attributable to		
Owners of parent	347,065	333,556
Non-controlling interests	102,674	95,603
Comprehensive income	449,740	429,160

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

FY2023 first nine months (April 1 - December 31, 2023)

(Millions of Yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2023	138,370	138,180	1,971,121	(19,396)	65,911	2,294,186	449,346	2,743,533
Comprehensive income								
Profit			237,120			237,120	75,744	312,864
Other comprehensive income					109,945	109,945	26,929	136,875
Total comprehensive income	—	—	237,120	—	109,945	347,065	102,674	449,740
Transfer to retained earnings			(935)		935	—		—
Transactions with owners								
Dividends of surplus			(50,836)			(50,836)	(20,742)	(71,578)
Purchase of treasury shares				(20,026)		(20,026)		(20,026)
Disposal of treasury shares		42		125		168		168
Purchase of shares of consolidated subsidiaries		(69,406)				(69,406)	69,395	△11
Other						—	41	41
Total transactions with owners	—	(69,364)	(50,836)	(19,900)	—	(140,102)	48,695	(91,406)
As of December 31, 2023	138,370	68,815	2,156,469	(39,297)	176,792	2,501,150	600,716	3,101,866

FY2024 first nine months (April 1 - December 31, 2024)

(Millions of Yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2024	138,370	67,988	2,241,744	(39,300)	310,971	2,719,773	664,654	3,384,427
Comprehensive income								
Profit			311,703			311,703	80,360	392,063
Other comprehensive income					21,853	21,853	15,242	37,096
Total comprehensive income	—	—	311,703	—	21,853	333,556	95,603	429,160
Transfer to retained earnings			2,559		(2,559)	—		—
Transactions with owners								
Dividends of surplus			(70,912)			(70,912)	(30,239)	(101,151)
Purchase of treasury shares				(6)		(6)		(6)
Disposal of treasury shares		105		141		246		246
Purchase of shares of consolidated subsidiaries		(9,061)				(9,061)	(3,206)	(12,267)
Other						—	179	179
Total transactions with owners	—	(8,955)	(70,912)	135	—	(79,732)	(33,266)	(112,998)
As of December 31, 2024	138,370	59,032	2,485,095	(39,165)	330,265	2,973,597	726,991	3,700,588

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	FY2023 first nine months (April 1 – December 31, 2023)	FY2024 first nine months (April 1 – December 31, 2024)
Cash flows from operating activities		
Profit before tax	435,123	548,013
Depreciation and amortization	172,883	183,705
Finance income and finance costs	(74,450)	(67,997)
Share of loss (profit) of investments accounted for using equity method	(9,250)	(8,984)
Decrease (increase) in inventories	(89,234)	(54,681)
Decrease (increase) in trade and other receivables	16,641	86,039
Increase (decrease) in trade and other payables	(32,959)	7,962
Increase (decrease) in liabilities related to provisions and employee benefits	(32,156)	(22,084)
Other	(72,194)	(65,241)
Subtotal	314,402	606,730
Dividends received	5,188	6,726
Interest received	17,341	19,730
Interest paid	(5,331)	(8,608)
Income taxes paid	(96,410)	(142,715)
Net cash provided by (used in) operating activities	235,191	481,863
Cash flows from investing activities		
Net decrease (increase) in time deposits	(43,401)	(35,019)
Purchase of property, plant and equipment	(221,736)	(258,800)
Proceeds from sale of property, plant and equipment	5,098	3,816
Purchase of intangible assets and expenditure on internally generated intangible assets	(28,995)	(34,412)
Proceeds from sale of intangible assets	257	24
Payments for loans receivable	(145)	(2,526)
Collection of loans receivable	290	247
Purchase of other financial assets	(908,209)	(979,911)
Proceeds from sale or collection of other financial assets	837,445	921,747
Net cash provided by (used in) investing activities	(359,397)	(384,833)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(11,502)	(14,401)
Proceeds from long-term borrowings	185,855	280,000
Repayments of long-term borrowings	(163,545)	(297,616)
Repayments of lease liabilities	(8,101)	(10,867)
Purchase of treasury shares	(20,003)	(1)
Dividends paid to owners of parent	(50,836)	(70,911)
Dividends paid to non-controlling interests	(20,790)	(30,072)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(12,208)
Net cash provided by (used in) financing activities	(88,923)	(156,077)
Effect of exchange rate changes on cash and cash equivalents	18,606	7,515
Net increase (decrease) in cash and cash equivalents	(194,522)	(51,533)
Cash and cash equivalents at beginning of period	868,911	840,020
Cash and cash equivalents at end of period	674,388	788,487

(5) Notes to Condensed Quarterly Consolidated Financial Statements
(Assumption for Going Concern)

None

(Segment Information)

1. Outline of Reportable Segments

The reportable segments of the Group are the components of the Group business for which discrete financial information is available, and whose operating results are regularly reviewed by our decision-making body such as Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Group has four reportable segments of “Automobile business”, “Motorcycle business”, “Marine business” and “Other business” based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

Segment	Main products and services
Automobile business	Mini vehicles, Sub-compact vehicles, Standard-sized vehicles
Motorcycle business	Motorcycles, All terrain vehicles
Marine business	Outboard motors
Other business	Motorized wheelchairs, Solar power generation, Real estate

2. Information about Reportable Segment

Information by reportable segment for the Group is as follows.

FY2023 first nine months (April 1, 2023 – December 31, 2023)

(Millions of Yen)

	Reportable Segments				Total	Adjustment	Total
	Automobile business	Motorcycle business	Marine business	Other business			
Revenue							
Revenue from external customers	3,475,727	266,029	83,840	8,484	3,834,081	—	3,834,081
Total	3,475,727	266,029	83,840	8,484	3,834,081	—	3,834,081
Operating profit	319,284	27,854	21,467	2,570	371,176	—	371,176
Finance income							74,683
Finance costs							(19,987)
Share of profit (loss) of investments accounted for using equity method							9,250
Profit before tax							435,123

FY2024 first nine months (April 1, 2024 – December 31, 2024)

(Millions of Yen)

	Reportable Segments				Total	Adjustment	Total
	Automobile business	Motorcycle business	Marine business	Other business			
Revenue							
Revenue from external customers	3,900,353	295,261	79,532	8,570	4,283,717	—	4,283,717
Total	3,900,353	295,261	79,532	8,570	4,283,717	—	4,283,717
Operating profit	423,535	31,073	22,271	2,839	479,720	—	479,720
Finance income							87,101
Finance costs							(27,793)
Share of profit (loss) of investments accounted for using equity method							8,984
Profit before tax							548,013

(First-time Adoption of IFRS)

The Group has adopted IFRS with the transition date being April 1, 2023.

The most recent consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan (hereinafter, "Japanese GAAP") are those for the fiscal year ended March 31, 2024.

(1) Exemptions under IFRS 1

In principle, under IFRS, a company adopting IFRS for the first time (hereinafter, "first-time adopter") is required to apply the standards under IFRS retrospectively. However, for some of the standards required under IFRS, IFRS 1 *First-Time Adoption of International Financial Reporting Standards* (hereinafter, "IFRS 1") specifies standards for which the exception is applied mandatorily and those for which the exemption is applied voluntarily.

The effect of the adoption of these provisions is adjusted in retained earnings or other components of equity at the transition date to IFRS. The voluntary exemptions that the Group applies in connection with the transition from Japanese GAAP to IFRS are as follows:

- Business combinations

A first-time adopter may elect not to apply IFRS 3 *Business Combinations* (hereinafter, "IFRS 3") retrospectively to past business combinations (business combinations that occurred before the transition date). The Group has elected to apply the exemption and not to apply IFRS 3 retrospectively to business combinations that took place before the transition date. As a result, the amount of goodwill arising from the business combinations prior to the transition date is based on the carrying amount as of the transition date in accordance with Japanese GAAP.

- Deemed cost

IFRS 1 permits the use of fair value of property, plant and equipment, investment property, and intangible assets as of the transition date as deemed cost as of that date. The Group has elected to apply the exemption for certain items of property, plant and equipment.

- Exchange differences on translation of foreign operations

IFRS 1 permits a first-time adopter to elect to deem the cumulative translation differences on foreign operations as of the transition date to be zero. The Group has elected to deem the cumulative translation differences on foreign operations to be zero as of the transition date.

- Leases

IFRS 1 permits a first-time adopter to assess whether a contract contains a lease as of the transition date. The Group applies this exemption and determines whether a contract contains a lease based on the facts and circumstances existing as of the transition date.

- Designation of financial instruments recognized prior to transition date

IFRS 1 permits classification in IFRS 9 *Financial Instruments* (hereinafter, "IFRS 9") to be based on facts and circumstances as of the transition date, rather than those existing at the time of initial recognition. In addition, it permits a first-time adopter to designate equity instruments as financial assets measured at fair value through other comprehensive income based on facts and circumstances existing as of the transition date.

The Group determines the classification under IFRS 9 based on the facts and circumstances existing as of the transition date, and designates some equity instruments as financial assets measured at fair value through other comprehensive income.

(2) Mandatory exceptions of IFRS 1

IFRS 1 prohibits retrospective application of IFRS for "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests," "classification and measurement of financial assets" and others. The Group has prospectively applied IFRS from the transition date for these items.

(3) Reconciliations

The reconciliation required to be disclosed at the first-time adoption of IFRS is as follows.

The "Reclassification" column in the reconciliation tables below presents items that do not affect retained earnings and comprehensive income and the "Difference in recognition and measurement" column presents items that affect retained earnings and comprehensive income.

1. Reconciliation of Equity as of the Transition Date (April 1, 2023)

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Cash and deposits	958,452	(76,306)	(13,234)	868,911	1), 8)	Cash and cash equivalents
Notes receivable-trade	772	519,892	(2,838)	517,825	2), 3)	Trade and other receivables
Accounts receivable-trade	490,513	(490,513)	—			
Allowance for doubtful accounts	(7,377)	7,377	—		3)	
Merchandise and finished goods	313,896	171,418	(12,595)	472,720	9)	Inventories
Work in process	61,290	(61,290)	—			
Raw materials and supplies	110,127	(110,127)	—		9)	
		4,920	—	4,920		Income taxes receivable
Securities	45,397	95,062	(782)	139,676	1), 3), 4)	Other financial assets
Other	215,443	(65,220)	(4,789)	145,433	2), 4)	Other current assets
Total current assets	2,188,517	(4,787)	(34,241)	2,149,488		Total current assets
Property, plant and equipment	1,134,516	(11,004)	200,192	1,323,704	9), 10)	Property, plant and equipment
		11,004	41,179	52,183	11)	Right-of-use assets
Intangible assets	3,839	—	136,698	140,537	12)	Intangible assets
		71,272	14,735	86,007	5), 8)	Investments accounted for using equity method
Investment securities	1,045,337	(42,263)	7,788	1,010,861	4), 5), 8)	Other financial assets
Long-term loans receivable	1,352	(1,352)	—		4)	
Deferred tax assets	132,605	—	(73,442)	59,163	13)	Deferred tax assets
Retirement benefit asset	7,570	(7,570)	—			
Other	64,357	(15,680)	(9,110)	39,566	14)	Other non-current assets
Allowance for doubtful accounts	(314)	314	—			
Allowance for investment loss	(68)	68	—			
Total non-current assets	2,389,195	4,787	318,041	2,712,025		Total non-current assets
Total assets	4,577,713	—	283,800	4,861,513		Total assets

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Accounts payable-trade	362,913	28,375	(6,676)	384,612	2)	Trade and other payables
Electronically recorded obligations-operating	20,242	(20,242)	—			
Short-term borrowings	173,730	173,319	—	347,050	6)	Bonds and borrowings
Current portion of long-term borrowings	173,319	(173,319)	—		6)	
Income taxes payable	44,242	—	—	44,242		Income taxes payable
		55,242	7,934	63,177	4), 11)	Other financial liabilities
Provision for product warranties	208,282	—	—	208,282		Provisions
Provision for bonuses for directors	131	(131)	—		7)	
Accrued expenses	232,026	(232,026)	—		7)	
Other	272,547	168,782	36,224	477,554	2), 4), 7), 15)	Other current liabilities
Total current liabilities	1,487,436	—	37,482	1,524,919		Total current liabilities
Long-term borrowings	416,787	—	—	416,787		Bonds and borrowings
		26,448	24,579	51,028	4), 11)	Other financial liabilities
Retirement benefit liability	66,531	—	(15,066)	51,465	14)	Retirement benefit liability
Provision for disaster	265	18,252	—	18,518	7)	Provisions
Provision for product liabilities	3,888	(3,888)	—			
Provision for recycling expenses	14,322	(14,322)	—			
Deferred tax liabilities	7,170	—	2,157	9,327	13)	Deferred tax liabilities
Provision for retirement benefits for directors	16	(16)	—			
Other	72,673	(26,473)	(265)	45,934	4), 7)	Other non-current liabilities
Total non-current liabilities	581,656	—	11,404	593,061		Total non-current liabilities
Total liabilities	2,069,092	—	48,887	2,117,980		Total liabilities
Share capital	138,370	—	—	138,370		Share capital
Capital surplus	138,180	—	—	138,180		Capital surplus
Retained earnings	1,813,209	—	157,911	1,971,121	17)	Retained earnings
Treasury shares	(19,396)	—	—	(19,396)		Treasury shares
Share acquisition rights	41	(41)	—			
Total accumulated other comprehensive income	7,653	41	58,215	65,911	14), 16)	Other components of equity
Non-controlling interests	430,561	—	18,785	449,346		Non-controlling interests
Total net assets	2,508,620	—	234,912	2,743,533		Total equity
Total liabilities and net assets	4,577,713	—	283,800	4,861,513		Total liabilities and equity

2. Reconciliation of Equity as of December 31, 2023

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Cash and deposits	812,685	(124,059)	(14,237)	674,388	1), 8)	Cash and cash equivalents
Notes and accounts receivable-trade	493,106	25,545	(2,805)	515,846	2), 3)	Trade and other receivables
Allowance for doubtful accounts	(7,389)	7,389	—		3)	
Merchandise and finished goods	439,884	166,356	(16,190)	590,050	9)	Inventories
Work in process	69,026	(69,026)	—			
Raw materials and supplies	97,330	(97,330)	—		9)	
		3,852	(181)	3,670		Income taxes receivable
Securities	47,210	144,605	1,406	193,223	1), 3), 4)	Other financial assets
Other	231,237	(63,979)	(8,895)	158,363	2), 4)	Other current assets
Total current assets	2,183,091	(6,645)	(40,903)	2,135,542		Total current assets
Property, plant and equipment	1,238,325	(12,951)	214,947	1,440,321	9), 10)	Property, plant and equipment
		12,951	47,665	60,616	11)	Right-of-use assets
Intangible assets	5,002	—	141,429	146,431	12)	Intangible assets
		84,829	15,077	99,907	5), 8)	Investments accounted for using equity method
Investment securities	1,261,641	(58,100)	6,103	1,209,644	4), 5), 8)	Other financial assets
		116,601	(39,798)	76,802	13)	Deferred tax assets
Other	225,242	(137,661)	(9,195)	78,383	4), 14)	Other non-current assets
Allowance for doubtful accounts	(323)	323	—			
Allowance for investment loss	(655)	655	—			
Total non-current assets	2,729,233	6,645	376,229	3,112,109		Total non-current assets
Total assets	4,912,324	—	335,326	5,247,651		Total assets

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Accounts payable-trade	352,139	31,313	(7,347)	376,105	2)	Trade and other payables
Electronically recorded obligations-operating	24,209	(24,209)	—			
Short-term borrowings	454,700	—	—	454,700		Bonds and borrowings
Income taxes payable	59,131	—	—	59,131		Income taxes payable
		50,922	10,234	61,157	4), 11)	Other financial liabilities
Provision for product warranties	187,001	—	—	187,001		Provisions
Other	472,583	(58,001)	32,973	447,555	2), 4), 15)	Other current liabilities
Total current liabilities	1,549,766	25	35,859	1,585,651		Total current liabilities
Long-term borrowings	324,284	—	(100)	324,184		Bonds and borrowings
		28,954	26,865	55,819	4), 11)	Other financial liabilities
Retirement benefit liability	69,319	—	(16,830)	52,488	14)	Retirement benefit liability
Other provisions	19,977	314	—	20,291	7)	Provisions
		7,944	42,008	49,953	13)	Deferred tax liabilities
Other	93,908	(37,238)	725	57,395	4), 7)	Other non-current liabilities
Total non-current liabilities	507,490	(25)	52,668	560,133		Total non-current liabilities
Total liabilities	2,057,256	—	88,528	2,145,784		Total liabilities
Share capital	138,370	—	—	138,370		Share capital
Capital surplus	70,675	—	(1,859)	68,815		Capital surplus
Retained earnings	1,960,481	—	195,987	2,156,469	17)	Retained earnings
Treasury shares	(39,297)	—	—	(39,297)		Treasury shares
Share acquisition rights	41	(41)	—			
Total accumulated other comprehensive income	144,898	41	31,852	176,792	14), 16)	Other components of equity
Non-controlling interests	579,899	—	20,816	600,716		Non-controlling interests
Total net assets	2,855,068	—	246,798	3,101,866		Total equity
Total liabilities and net assets	4,912,324	—	335,326	5,247,651		Total liabilities and equity

3. Reconciliations of equity as of March 31, 2024

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Cash and deposits	952,839	(99,202)	(13,616)	840,020	1), 8)	Cash and cash equivalents
Notes receivable-trade	949	587,384	—	588,333	2), 3)	Trade and other receivables
Accounts receivable-trade	565,011	(565,011)	—			
Allowance for doubtful accounts	(7,192)	7,192	—		3)	
Merchandise and finished goods	437,006	154,755	(17,934)	573,828	9)	Inventories
Work in process	52,109	(52,109)	—			
Raw materials and supplies	102,646	(102,646)	—		9)	
		7,421	—	7,421		Income taxes receivable
Securities	101,592	114,719	3,299	219,611	1), 3), 4)	Other financial assets
Other	232,675	(60,977)	(9,392)	162,305	2), 4)	Other current assets
Total current assets	2,437,638	(8,472)	(37,644)	2,391,521		Total current assets
Property, plant and equipment	1,329,840	(13,680)	229,532	1,545,693	9), 10)	Property, plant and equipment
		13,860	46,576	60,437	11)	Right-of-use assets
Intangible assets	7,804	(197)	140,093	147,700	12)	Intangible assets
		91,044	17,360	108,404	5), 8)	Investments accounted for using equity method
Investment securities	1,402,059	(19,406)	5,192	1,387,845	4), 5), 8)	Other financial assets
Long-term loans receivable	1,364	(1,364)	—		4)	
Deferred tax assets	85,444	(14)	(9,992)	75,436	13)	Deferred tax assets
Retirement benefit asset	19,241	(19,241)	—			
Other	102,579	(42,869)	(19,092)	40,618	14)	Other non-current assets
Allowance for doubtful accounts	(354)	354	—			
Total non-current assets	2,947,980	8,485	409,669	3,366,135		Total non-current assets
Total assets	5,385,618	12	372,024	5,757,656		Total assets

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Accounts payable-trade	419,898	34,432	(10,105)	444,225	2)	Trade and other payables
Electronically recorded obligations-operating	22,659	(22,659)	—			
Short-term borrowings	166,543	290,237	—	456,780	6)	Bonds and borrowings
Current portion of long-term borrowings	290,237	(290,237)	—		6)	
Income taxes payable	67,120	—	(2)	67,117		Income taxes payable
		68,029	11,037	79,067	4), 11)	Other financial liabilities
Provision for product warranties	190,053	—	—	190,053		Provisions
Provision for bonuses for directors	94	(94)	—		7)	
Accrued expenses	263,194	(263,194)	—		7)	
Other	321,244	183,451	40,065	544,761	2), 4), 7), 15)	Other current liabilities
Total current liabilities	1,741,046	(34)	40,995	1,782,006		Total current liabilities
Long-term borrowings	329,401	—	(283)	329,117		Bonds and borrowings
		29,185	26,453	55,638	4), 11)	Other financial liabilities
Retirement benefit liability	59,894	—	(14,546)	45,348	14)	Retirement benefit liability
Provision for product liabilities	4,533	15,968	—	20,502	7)	Provisions
Provision for recycling expenses	15,594	(15,594)	—			
Deferred tax liabilities	4,114	—	73,093	77,208	13)	Deferred tax liabilities
Provision for retirement benefits for directors	16	(16)	—			
Other	92,619	(29,494)	283	63,408	4), 7)	Other non-current liabilities
Total non-current liabilities	506,174	47	85,000	591,222		Total non-current liabilities
Total liabilities	2,247,220	12	125,995	2,373,229		Total liabilities
Share capital	138,370	—	—	138,370		Share capital
Capital surplus	69,084	—	(1,096)	67,988		Capital surplus
Retained earnings	2,030,090	—	211,653	2,241,744	17)	Retained earnings
Treasury shares	(39,300)	—	—	(39,300)		Treasury shares
Share acquisition rights	41	(41)	—			
Total accumulated other comprehensive income	292,768	41	18,161	310,971	14), 16)	Other components of equity
Non-controlling interests	647,342	—	17,311	664,654		Non-controlling interests
Total net assets	3,138,397	—	246,029	3,384,427		Total equity
Total liabilities and net assets	5,385,618	12	372,024	5,757,656		Total liabilities and equity

**4. Reconciliation of profit or loss and Comprehensive Income for FY2023 First Nine Months
(April 1 - December 31, 2023)**

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	3,847,482	—	(13,400)	3,834,081	18)	Revenue
Cost of sales	2,838,247	—	(6,918)	2,831,329	19), 22)	Cost of sales
Gross profit	1,009,234	—	(6,482)	1,002,752		Gross profit
Selling, general and administrative expenses	662,585	—	(26,491)	636,094	18), 19), 22)	Selling, general and administrative expenses
		11,416	(870)	10,545	19), 20)	Other income
		10,028	(4,001)	6,026	19), 20)	Other expenses
Operating profit	346,648	(1,388)	23,140	371,176		Operating profit
Non-operating income	42,259	(42,259)	—		20)	
Non-operating expenses	28,173	(28,173)	—		20)	
Extraordinary income	1,496	(1,496)	—		20)	
Extraordinary losses	1,051	(1,051)	—		20)	
		23,074	51,609	74,683	20), 21)	Finance income
		19,196	791	19,987	20), 21)	Finance costs
		9,264	(14)	9,250	20)	Share of profit (loss) of investments accounted for using equity method
Profit before income taxes	361,179	—	73,943	435,123		Profit before tax
Income taxes	105,706	—	16,551	122,258	23)	Income tax expense
Profit	255,472	—	57,392	312,864		Profit
Profit attributable to owners of parent	198,108	—	39,012	237,120		Profit attributable to Owners of parent
Profit attributable to non-controlling interests	57,364	—	18,379	75,744		Non-controlling interests

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Profit	255,472	—	57,392	312,864		Profit
Other comprehensive income						Other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,144	—	(2,079)	(935)		Items that will not be reclassified to profit or loss Remeasurements of defined benefit plans
Valuation difference on available-for-sale securities	83,450	—	(45,078)	38,371	21)	Financial assets measured at fair value through other comprehensive income
		(6)	—	(6)		Share of other comprehensive income of investments accounted for using equity method
Foreign currency translation adjustment	95,654	—	1,464	97,118		Items that may be reclassified to profit or loss Exchange differences on translation of foreign operations
Deferred gains or losses on hedges	69	—	0	69		Cash flow hedges
Share of other comprehensive income of entities accounted for using equity method	2,064	6	186	2,257		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	182,382	—	(45,506)	136,875		Total other comprehensive income
Comprehensive income	437,854	—	11,885	449,740		Comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to
Owners of parent	335,352	—	11,712	347,065		Owners of parent
Non-controlling interests	102,501	—	172	102,674		Non-controlling interests

5. Reconciliation of profit or loss and Comprehensive Income for FY2023 (April 1, 2023 - March 31, 2024)

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	5,374,255	—	(16,732)	5,357,523	18)	Revenue
Cost of sales	3,959,818	—	(13,035)	3,946,782	19), 22)	Cost of sales
Gross profit	1,414,437	—	(3,696)	1,410,740		Gross profit
Selling, general and administrative expenses	948,874	—	(32,697)	916,177	18), 19), 22)	Selling, general and administrative expenses
		15,930	3,304	19,234	19), 20)	Other income
		18,698	1,265	19,963	19), 20)	Other expenses
Operating profit	465,563	(2,768)	31,039	493,834		Operating profit
Non-operating income	58,111	(58,111)	—		20)	
Non-operating expenses	35,149	(35,149)	—		20)	
Extraordinary income	3,486	(3,486)	—		20)	
Extraordinary losses	2,734	(2,734)	—		20)	
		33,437	71,702	105,140	20), 21)	Finance income
		19,186	830	20,016	20), 21)	Finance costs
		12,229	525	12,755	20)	Share of profit (loss) of investments accounted for using equity method
Profit before income taxes	489,276	—	102,437	591,713		Profit before tax
Income taxes	145,049	—	27,355	172,404	23)	Income tax expense
Profit	344,227	—	75,082	419,309		Profit
Profit attributable to owners of parent	267,717	—	49,299	317,017		Profit attributable to Owners of parent
Profit attributable to non-controlling interests	76,509	—	25,782	102,291		Non-controlling interests

(Millions of Yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Profit	344,227	—	75,082	419,309		Profit
Other comprehensive income						Other comprehensive Income
Remeasurements of defined benefit plans, net of tax	15,322	—	(12,159)	3,163		Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	146,800	—	(65,847)	80,952	21)	Remeasurements of defined benefit plans
		24	—	24		Financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	212,801	—	17,515	230,317		Share of other comprehensive income of investments accounted for using equity method
Deferred gains or losses on hedges	(15)	—	0	(14)		Items that may be reclassified to profit or loss
Share of other comprehensive income of entities accounted for using equity method	2,926	(24)	2,047	4,948		Exchange differences on translation of foreign operations
Total other comprehensive income	377,835	—	(58,443)	319,391		Cash flow hedges
Comprehensive income	722,062	—	16,638	738,701		Share of other comprehensive income of investments accounted for using equity method
Comprehensive income attributable to:						Total other comprehensive income
Owners of parent	552,832	—	13,687	566,519		Comprehensive income
Non-controlling interests	169,230	—	2,951	172,181		attributable to
						Owners of parent
						Non-controlling interests

6. Notes on reconciliation of equity

(1) Reclassification

1) Cash and cash equivalents

Time deposits with maturities of over three months, which were included in "Cash and deposits" under Japanese GAAP, are reclassified

as "Other financial assets" in current assets under IFRS. Short-term investment (with a maturity of three months or less), which were included in "Securities" under Japanese GAAP, are reclassified as "Cash and cash equivalents" under IFRS.

2) Reclassification of accounts receivable - other and accounts payable - other

Accounts receivable - other, which was included in "Other" in current assets under Japanese GAAP, is reclassified as "Trade and other receivables" under IFRS. Accounts payable - other, which was included in "Other" in current liabilities under Japanese GAAP, is reclassified as "Trade and other payables" under IFRS.

3) Reclassification of allowance for doubtful accounts

"Allowance for doubtful accounts," which was separately presented in current assets under Japanese GAAP, is reclassified to be presented on a net basis by directly deducting the item from "Trade and other receivables" under IFRS.

4) Reclassification of other financial assets and other financial liabilities

Short-term loans receivable, which was included in "Other" in current assets under Japanese GAAP, is reclassified as "Other financial assets" in current assets under IFRS. "Investment securities" and "Long-term loans receivable", which were separately presented under Japanese GAAP, are reclassified as "Other financial assets" in non-current assets under IFRS. Lease liabilities, which were included in "Other" in current and non-current liabilities under Japanese GAAP, are reclassified under IFRS as "Other financial liabilities" in current and non-current liabilities, respectively.

5) Reclassification of investments accounted for using equity method

"Investments accounted for using equity method," which was included in "Investment securities" under Japanese GAAP, is separately presented under IFRS.

6) Reclassification of bonds and borrowings

"Short-term borrowings" and "Current portion of long-term borrowings," which were separately presented in current liabilities under Japanese GAAP, are reclassified as "Bonds and borrowings" in current liabilities under IFRS.

7) Reclassification of other liabilities

"Provision for bonuses for directors" and "Accrued expenses," which were separately presented in current liabilities under Japanese GAAP, are reclassified as "Other current liabilities" under IFRS. Asset retirement obligations, which was included in "Other" in non-current liabilities under Japanese GAAP, is reclassified as "Provisions" in non-current liabilities under IFRS.

(2) Difference in recognition and measurement

8) Adjustment to the scope of consolidation

Taking into account the company's effective control in terms of its power over investee, some companies which were consolidated as subsidiaries under Japanese GAAP are accounted for under the equity method as jointly controlled companies under IFRS.

9) Reclassification of inventories

Office supplies and promotional materials, which were recorded as "Raw materials and supplies" under Japanese GAAP, are reclassified as retained earnings because they do not meet the definition of assets under IFRS. Meanwhile, spare parts, stand-by equipment, and servicing equipment, which were also recorded as "Raw materials and supplies" under Japanese GAAP, are reclassified as "Property, plant and equipment" under IFRS due to revision of categorization.

10) Adjustment to the recorded amount of property, plant and equipment

Property, plant and equipment (excluding lease assets), which were depreciated primarily using the declining-balance method under Japanese GAAP, are depreciated using the straight-line method under IFRS. In addition, the useful lives have been revised in line with the adoption of IFRS.

11) Adjustment to the recorded amounts of right-of-use assets and lease liabilities

Under Japanese GAAP, lease transactions as a lessee were classified into finance leases and operating leases, and operating leases were accounted for in a manner similar to ordinary rental transactions. Under IFRS, lease transactions as a lessee are not classified but recorded as "Right-of-use assets." Lease liabilities associated with the capitalization of such lease transactions are recorded as "Other financial liabilities".

12) Adjustment to the recorded amount of intangible assets

R&D expenses were expensed as incurred under Japanese GAAP. Under IFRS, amounts that satisfy requirements for capitalization are recognized in assets.

13) Adjustment to deferred tax assets and liabilities

Mainly due to temporary differences arising from the adjustment from Japanese GAAP to IFRS, deferred tax assets and liabilities have been adjusted.

14) Adjustment to retirement benefit asset and retirement benefit liability

Due to differences in actuarial assumptions, such as the discount rate, between Japanese GAAP and IFRS, retirement benefit obligations have been recalculated in accordance with IFRS. Under Japanese GAAP, actuarial gains and losses were recognized in other comprehensive income as incurred, and expensed on a straight-line basis over a certain number of years within the average remaining service period of employees, starting in the following fiscal year of the incurrence. Under IFRS, actuarial gains and losses are recognized in other comprehensive income as incurred and immediately transferred to retained earnings. In addition, if defined benefit plans are overfunded, the net amount of defined benefit assets are limited to the asset ceiling. The adjustments are recognized in other comprehensive income and immediately transferred to retained earnings.

15) Unused paid absences

Unused paid absences were not accounted for under Japanese GAAP. Under IFRS, liabilities are recognized as "other current liabilities" when employees perform work that gives rise to entitlement to future paid leave.

16) Reclassification of cumulative exchange differences on translation of foreign operations

Upon the first-time adoption of IFRS, the Group elected to apply exemptions provided under IFRS 1 and transferred all cumulative exchange differences on translation of foreign operations as of the transition date to retained earnings.

17) Adjustment to retained earnings (after tax effects)

The main items in the reconciliation of difference in recognition and measurement in retained earnings are as follows:

(Millions of Yen)

	Transition date (As of April 1, 2023)	FY2023 third quarter (As of December 31, 2023)	FY2023 (As of March 31, 2024)
Adjustments to the recorded amount of property, plant and equipment	132,062	137,776	142,911
Adjustments to the recorded amount of intangible assets	94,649	98,430	98,116
Adjustments to accrued paid absences	(14,435)	(14,504)	(15,007)
Adjustments related to accounting for retirement benefits	(24,694)	(23,830)	(19,421)
Fair value measurement of debt instruments	55,062	80,703	91,774
Reclassification of cumulative exchange difference on translation of foreign operations	(79,461)	(79,461)	(79,461)
Other	(5,271)	(3,125)	(7,258)
Total	157,911	195,987	211,653

7. Notes on reconciliation of profit or loss and comprehensive income

18) Reconciliation relating to revenue

Under Japanese GAAP, transport costs related to shipments made after a customer obtains control of the product were presented as a gross amount in “Net sales” and “Selling, general and administrative expenses.” Under IFRS, such costs are presented in a net amount in “Revenue.”

19) Change in method of depreciation

Property, plant and equipment (excluding lease assets), which were depreciated primarily using the declining-balance method under Japanese GAAP, are depreciated using the straight-line method under IFRS.

20) Reclassification to line items

Of items presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income” and “Extraordinary losses” under Japanese GAAP, finance-related profits or losses are recorded as “Finance income” and “Finance costs,” and other items are presented as “Other income,” “Other expenses” and “Share of profit (loss) of investments accounted for using equity method” under IFRS.

21) Debt financial instrument

Under Japanese GAAP, changes in fair value of certain debt instruments included in investment securities were recognized in other comprehensive income. Under IFRS, the changes in fair value are recognized as “Finance income” and “Finance costs.”

22) Unused paid absences

Unused paid absences, which were not accounted for under Japanese GAAP, are recognized as personnel expenses and recorded as “Cost of sales” and “Selling, general and administrative expenses” under IFRS.

23) Income tax expense

“Income taxes - current” and “Income taxes - deferred,” which were separately presented under Japanese GAAP, are presented in total as “Income tax expense” under IFRS. Upon the adoption of IFRS, recoverability of all deferred tax assets has been reassessed.

8. Reconciliation of cash flows

Of the R&D expenses which were classified as “Cash flows from operating activities” under Japanese GAAP, expenditures related to development activities that satisfy the requirements for capitalization under IFRS are classified as “Cash flows from investing activities” under IFRS.

Lease payments paid under operating lease transactions as a lessee, which were classified in “Cash flows from operating activities” under Japanese GAAP, are classified in “Cash flows from financing activities” as “Repayments of lease liabilities” under IFRS.