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August 8, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Q1 FY2025) (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 2607
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (April 1, 2025 – June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Business profit		Operating profit		Profit before tax		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	181,831	19.3	5,663	△32.1	4,841	△39.0	3,350	△52.7	3,296	△42.1
June 30, 2024	152,366	—	8,346	—	7,932	—	7,091	—	5,694	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2025	3,248	△38.2	929	△94.7	37.78	—
June 30, 2024	5,258	—	17,444	—	61.18	—

(Note) Business Profit is calculated by adding share of profit (loss) of investments accounted for using equity method to operating profit and excluding gains and losses due to non-recurring factors.

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2025	607,969	210,088	205,986	33.9
March 31, 2025	597,076	210,926	206,923	34.7

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		26.00	—	26.00	52.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated forecasts for the fiscal year ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Business profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	800,000	19.2	29,500	122.5	16,500	327.0	191.92

(Note) Revisions to the consolidated forecast most recently announced: None

* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
 New company: 2 companies (PROVENCE HUILES S.A.S, etc.)
 Excluded company: 1 company (The former FUJI OIL CO., LTD.)
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies required by IFRS: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	87,569,383 shares
As of March 31, 2025	87,569,383 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2025	1,595,456 shares
As of March 31, 2025	1,595,432 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	85,973,943 shares
Three months ended June 30, 2024	85,965,217 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- * Explanations and other special notes concerning the appropriate use of business results forecasts

The forward-looking statements included in this document are based on the information available at the time of this announcement. The actual results may differ from the forecasts in this report due to various factors.

The Group has voluntarily adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2026, and figures for the previous fiscal year have been reclassified to IFRS basis. Please refer to “2. Quarterly Consolidated Financial Statements (First-Time Adoption of IFRS) (Accompanying Materials)” for the differences of the consolidated financial figures between Japanese Generally Accepted Accounting Principles (hereinafter, “Japanese GAAP”) and IFRS.

- * How to access quarterly supplementary material on financial results

Quarterly supplementary material on financial results is disclosed in Investor Relation on our company’s website on the same day.

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1. Qualitative Information on Results for the Three Months Ended June 30, 2025

(1) Details of Operating Results

Operating results for the first three months of the current consolidated fiscal year were as follows.

	Net sales	Business profit	Profit before tax	Profit attributable to owners of parent
Three months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2025	181,831	5,663	3,350	3,248
June 30, 2024	152,366	8,346	7,091	5,258
Change	+29,465 +19.3%	△2,682 △32.1%	△3,740 △52.7%	△2,010 △38.2%

Net sales increased due to higher sales prices to reflect rising key raw material prices, driven by an increase in palm oil prices compared to the same period last year, as well as sustained high cocoa beans prices following the soaring in 2024. Business profit decreased due to a decline in profitability at Blommer Chocolate Company, LLC (USA, hereinafter “Blommer”) resulting from higher procurement prices for cocoa beans and increased related costs, despite steady sales of vegetable fats for chocolate in the Vegetable Oils and Fats segment and compound chocolate in the Industrial Chocolate segment. Profit attributable to owners of parent decreased due to impairment losses on non-current asset held for employee benefit purposes and an increase in interest expenses resulting from higher financing costs in addition to the decrease in business profit.

From the current fiscal year, the Company has allocated corporate expenses which were not allocated to each reported segment and were included in “Adjustment”. Therefore, segment information for the previous fiscal year has been analyzed comparatively by allocating corporate expenses to each reported segment.

The operating results by reported segment are shown below.

	Net sales			Business profit		
		Year-on-year change			Year-on-year change	
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Vegetable Oils and Fats	63,197	+15,509	+32.5%	9,014	+4,437	+97.0%
Industrial Chocolate	87,641	+14,068	+19.1%	△3,302	△6,562	—
Emulsified and Fermented Ingredients	22,486	+320	+1.4%	70	△456	△86.6%
Soy-based Ingredients	8,504	△433	△4.9%	△27	△25	—
Adjustment	—	—	—	△91	△76	—
Total	181,831	+29,465	+19.3%	5,663	△2,682	△32.1%

(Vegetable Oils and Fats)

Net sales increased due to higher sales prices to reflect rising raw material prices. Business profit increased mainly due to steady sales of vegetable fats for chocolate.

(Industrial Chocolate)

Net sales increased due to higher sales prices to reflect rising raw material prices. Business profit decreased due to a decline in profitability at Blommer resulting from higher procurement prices for cocoa beans and increased related costs and the rebound of recognition of gain on valuation of futures contracts for the first three months of the previous consolidated fiscal year.

(Emulsified and Fermented Ingredients)

Net sales were at approximately the same level as the first three months of the previous consolidated fiscal year due to higher sales prices to reflect rising raw material prices, despite a decrease in sales volume. Business profit decreased due to the decrease in sales volume and a decline in profitability resulting from higher procurement prices.

(Soy-based Ingredients)

Net sales decreased mainly due to a decrease in sales volume of soy protein foods and functional ingredients. Business profit decreased mainly due to the decrease in sales volume of functional ingredients.

(2) Details of Financial Position

(i) Details of Consolidated Financial Position

The consolidated financial position at the end of the three months of the fiscal year is as follows.

(Millions of yen)

		As of March 31, 2025	As of June 30, 2025	Change
Assets	Current assets	363,997	358,252	△5,744
	Non-current assets	233,079	249,716	+16,637
		597,076	607,969	+10,892
Liabilities	Interest-bearing debt	283,721	288,536	+4,815
	Other	102,428	109,343	+6,915
		386,150	397,880	+11,730
Equity		210,926	210,088	△838

(Assets)

Current assets decreased due to a decrease in cash and cash equivalents despite an increase in inventories attributable to rising raw material price and a newly consolidated company. Non-current assets increased due to an increase in goodwill resulting from the acquisition of shares of a newly consolidated company and purchase of property, plant and equipment. As a result, assets increased by 10,892 million yen from the end of the previous consolidated fiscal year to 607,969 million yen.

(Liabilities)

Liabilities increased due to an increase in trade payables which are included in other, as well as an increase in interest-bearing debt such as short-term borrowings along with the acquisition of shares of a newly consolidated company and an increase in working capital. As a result, liabilities increased by 11,730 million yen from the end of the previous consolidated fiscal year to 397,880 million yen.

(Equity)

Equity decreased by 838 million yen from the end of the previous year to 210,088 million yen mainly due to a decrease in other components of equity associated with the yen appreciation against the US dollar.

(ii) Details of Consolidated Cash Flows

The cash flows for the first three months of the consolidated fiscal year are as follows.

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025	Change
Cash flows from operating activities	△38,184	△12,606	+25,577
Cash flows from investing activities	△4,374	△23,411	△19,037
Free Cash flows	△42,558	△36,018	6,540
Cash flows from financing activities	47,095	469	△46,626
Cash and cash equivalents at end of period	33,432	34,296	+864

(Cash flows from operating activities)

Cash flows from operating activities for the first three months of the current consolidated fiscal year resulted in expenditures of 12,606 million yen. Expenditures decreased by 25,577 million yen compared to the first three months of the previous consolidated fiscal year mainly due to calming down of working capital requirements.

(Cash flows from investing activities)

Cash flows from investing activities for the first three months of the current consolidated fiscal year resulted in expenditures of 23,411 million yen. Expenditures increased by 19,037 million yen compared to the first three months of the previous consolidated fiscal year mainly due to the acquisition of shares of a newly consolidated company and purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities for the first three months of the current consolidated fiscal year resulted in income of 469 million yen. Income decreased by 46,626 million yen compared to the first three months of the previous consolidated fiscal year mainly due to the rebound of the previous year and using of funds in hand.

(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

The consolidated business results forecasts for the full year remain unchanged from the business performance forecast announced on May 12, 2025

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	Transition Date (As of April 1, 2024)	As of March 31, 2025	As of June 30, 2025
Assets			
Current assets			
Cash and cash equivalents	28,499	70,840	34,296
Trade receivables	92,399	112,298	114,118
Inventories	109,349	160,718	177,848
Other financial assets	2,888	1,304	1,745
Other current assets	13,427	10,197	21,892
Assets held for sale	—	8,637	8,351
Total current assets	246,565	363,997	358,252
Non-current assets			
Property, plant and equipment	141,344	138,081	141,976
Right-of-use assets	10,048	9,257	11,589
Intangible assets	33,605	32,572	32,013
Goodwill	21,907	20,763	32,900
Investments accounted for using equity method	11,134	13,426	12,991
Retirement benefit asset	39	39	—
Deferred tax assets	2,496	10,218	9,338
Other financial assets	9,426	8,400	8,616
Other non-current assets	624	319	289
Total non-current assets	230,628	233,079	249,716
Total assets	477,193	597,076	607,969

(Millions of yen)

	Transition Date (As of April 1, 2024)	As of March 31, 2025	As of June 30, 2025
Liabilities			
Current liabilities			
Trade payables	41,013	46,538	56,784
Short-term borrowings	64,373	195,284	215,515
Current portion of bonds payable	34,989	—	—
Lease liabilities	2,410	2,062	2,483
Income taxes payable	4,316	7,566	3,842
Other financial liabilities	6,148	10,093	10,701
Other current liabilities	15,589	14,063	13,778
Liabilities directly associated with assets held for sale	—	259	265
Total current liabilities	168,842	275,867	303,372
Non-current liabilities			
Bonds payable	5,978	30,811	30,823
Long-term borrowings	43,496	57,625	42,197
Lease liabilities	7,168	6,668	8,857
Deferred tax liabilities	14,627	10,777	8,089
Retirement benefit liability	1,985	1,784	1,877
Other non-current liabilities	2,526	2,613	2,663
Total non-current liabilities	75,781	110,282	94,508
Total liabilities	244,624	386,150	397,880
Equity			
Share capital	13,208	13,208	13,208
Capital surplus	15,323	8,443	8,442
Retained earnings	151,046	150,944	151,917
Treasury shares	△1,947	△1,919	△1,919
Other components of equity	42,846	36,245	34,338
Equity attributable to owners of parent	220,477	206,923	205,986
Non-controlling interests	12,091	4,003	4,101
Total equity	232,569	210,926	210,088
Total liabilities and equity	477,193	597,076	607,969

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First three months period)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	152,366	181,831
Cost of sales	126,883	158,389
Gross profit	25,483	23,442
Selling, general and administrative expenses	17,747	19,354
Other income	435	934
Other expenses	239	181
Operating profit	7,932	4,841
Finance income	423	508
Finance costs	1,645	2,120
Share of profit (loss) of investments accounted for using equity method	381	120
Profit before tax	7,091	3,350
Income tax expense	1,397	54
Profit	5,694	3,296
Profit attributable to		
Owners of parent	5,258	3,248
Non-controlling interests	435	47
Earnings per share		
Basic earnings per share (yen)	61.18	37.78
Diluted earnings per share (yen)	—	—

Quarterly Consolidated Statements of Comprehensive Income (First three months period)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	5,694	3,296
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments measured through other comprehensive income	52	132
Remeasurements of defined benefit plans	△3	△37
Total of items that will not be reclassified to profit or loss	48	94
Items that may be reclassified to profit or loss		
Cash flow hedges	2,096	△275
Exchange differences on translation of foreign operations	9,005	△1,604
Share of other comprehensive income of investments accounted for using equity method	599	△581
Total of items that may be reclassified to profit or loss	11,701	△2,461
Total other comprehensive income	11,749	△2,366
Comprehensive income	17,444	929
Comprehensive income attributable to		
Owners of parent	16,357	915
Non-controlling interests	1,086	14

(3) Quarterly Consolidated Statements of Changes in Equity

For the three months ended June 30, 2024

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at beginning of period	13,208	15,323	151,046	△1,947	42,846	220,477	12,091	232,569
Profit	—	—	5,258	—	—	5,258	435	5,694
Other comprehensive income	—	—	—	—	11,098	11,098	650	11,749
Comprehensive income	—	—	5,258	—	11,098	16,357	1,086	17,444
Dividends of surplus	—	—	△2,237	—	—	△2,237	△13	△2,251
Purchase of treasury shares	—	—	—	△0	—	△0	—	△0
Disposal of treasury shares	—	—	—	3	—	3	—	3
Transfer from other components of equity to retained earnings	—	—	△73	—	73	—	—	—
Share-based payment transactions	—	△3	—	—	—	△3	—	△3
Other	—	—	—	—	△965	△965	—	△965
Total transactions with owners	—	△3	△2,311	3	△891	△3,203	△13	△3,217
Balance at end of period	13,208	15,319	153,994	△1,944	53,054	233,632	13,163	246,796

For the three months ended June 30, 2025

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at beginning of period	13,208	8,443	150,944	△1,919	36,245	206,923	4,003	210,926
Profit	—	—	3,248	—	—	3,248	47	3,296
Other comprehensive income	—	—	—	—	△2,332	△2,332	△33	△2,366
Comprehensive income	—	—	3,248	—	△2,332	915	14	929
Dividends of surplus	—	—	△2,237	—	—	△2,237	△12	△2,250
Purchase of treasury shares	—	—	—	△0	—	△0	—	△0
Disposal of treasury shares	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	△37	—	37	—	—	—
Share-based payment transactions	—	△1	—	—	—	△1	—	△1
Other	—	—	—	—	387	387	96	483
Total transactions with owners	—	△1	△2,275	△0	425	△1,851	84	△1,767
Balance at end of period	13,208	8,442	151,917	△1,919	34,338	205,986	4,101	210,088

(4) Quarterly Consolidated Statements of Cash flows (First three months period)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before tax	7,091	3,350
Depreciation and amortization	4,947	4,718
Decrease (increase) in retirement benefit asset	0	△14
Increase (decrease) in retirement benefit liability	18	32
Interest and dividend income	△257	△339
Interest expenses	1,565	1,793
Impairment losses	—	686
Share of loss (profit) of investments accounted for using equity method	△381	△120
Loss (gain) on disposal of non-current assets	33	15
Decrease (increase) in trade receivables	△10,605	97
Decrease (increase) in inventories	△24,170	△12,787
Increase (decrease) in trade payables	△1,040	8,150
Decrease (increase) in advance payments to suppliers	△6,626	△9,996
Other	△4,503	△615
Subtotal	△33,927	△5,030
Interest and dividends received	458	99
Interest paid	△1,522	△1,995
Income taxes refund (paid)	△3,192	△5,680
Net cash provided by (used in) operating activities	△38,184	△12,606
Cash flows from investing activities		
Purchase of property, plant and equipment	△3,516	△5,877
Proceeds from sale of property, plant and equipment	8	31
Purchase of intangible assets	△823	△784
Payments for acquisition of subsidiaries	—	△16,726
Payments for investments in capital	△13	△6
Payments for loans receivable	△0	△18
Other	△28	△30
Net cash provided by (used in) investing activities	△4,374	△23,411

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	41,642	3,819
Net increase (decrease) in commercial papers	10,000	—
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	△1,003	△440
Proceeds from issuance of bonds	25,000	—
Redemption of bonds	△35,000	—
Dividends paid	△2,237	△2,237
Dividends paid to non-controlling interests	△13	△12
Other	△1,292	△660
Net cash provided by (used in) financing activities	47,095	469
Effect of exchange rate changes on cash and cash equivalents	395	△995
Net increase (decrease) in cash and cash equivalents	4,932	△36,544
Cash and cash equivalents at beginning of period	28,499	70,840
Increase or decrease in cash and cash equivalents resulting from transferring to assets held for sale	△0	—
Cash and cash equivalents at end of period	33,432	34,296

(5) Notes to Quarterly Consolidated Financial Statements
(Notes Relating to Assumptions for the Going Concern)

Not applicable.

(Segment Information)

From the current fiscal year, the Company has allocated corporate expenses which were not allocated to each reported segment and were included in “Adjustment”. Therefore, in the segment information for the previous fiscal year, corporate expenses have been allocated to each reported segment.

First three months period of the previous fiscal year (April 1, 2024 - June 30, 2024)

(Millions of yen)

	Reported segments					Adjustment (Note 1)	Consolidated total
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net sales							
Sales to external customers	47,688	73,573	22,166	8,938	152,366	—	152,366
Transactions with other segments	5,864	961	1,066	57	7,950	△7,950	—
Total	53,552	74,534	23,232	8,996	160,316	△7,950	152,366
Business profit (loss) (Note 2)	4,576	3,259	527	△2	8,361	△14	8,346

(Note) 1. Adjustment of business profit △14 million yen includes the elimination of intersegment transactions.

2. Business profit is calculated by adding share of profit (loss) of investments accounted for using equity method to operating profit and excluding gains and losses arising from non-recurring factors.

First three months period of the current fiscal year (April 1, 2025 - June 30, 2025)

(Millions of yen)

	Reported segments					Adjustment (Note 1)	Consolidated total
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net Sales							
Sales to external customers	63,197	87,641	22,486	8,504	181,831	—	181,831
Transactions with other segments	8,759	986	1,583	31	11,360	△11,360	—
Total	71,956	88,628	24,070	8,535	193,191	△11,360	181,831
Business profit (loss) (Note 2)	9,014	△3,302	70	△27	5,755	△91	5,663

(Note) 1. Adjustment of business profit △91 million yen includes the elimination of intersegment transactions.

2. Business profit is calculated by adding share of profit (loss) of investments accounted for using equity method to operating profit and excluding gains and losses arising from non-recurring factors.

The adjustment from business profit to profit before tax is as follows:

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Business profit	8,346	5,663
Gain on sale of fixed assets	4	22
Loss on disposal of fixed assets	△38	△37
Impairment losses	—	△686
Share of loss (profit) of investments accounted for using the equity method	△381	△120
Other	0	0
Operating profit	7,932	4,841
Finance income	423	508
Finance costs	△1,645	△2,120
Share of profit (loss) of investments accounted for using equity method	381	120
Profit before tax	7,091	3,350

(First-Time Adoption of IFRS)

The Group prepared its consolidated financial statements in compliance with IFRS from the current fiscal year. The most recent consolidated financial statements prepared in accordance with Japanese GAAP are those for the fiscal year ended March 31, 2025, and the transition date to IFRS is April 1, 2024.

(1) Exemptions and mandatory exceptions under IFRS 1

In principle, IFRS requires that companies adopting IFRS for the first time (hereinafter, “First-time Adopter”) apply the standards required 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 exemption is applied mandatorily and those for which the exemption is applied voluntarily. The impact based on the application of these exemptions is adjusted in retained earnings and other components of equity at the transition date.

The exemptions that the Group applies in connection with the transition from Japanese GAAP to IFRS are as follows:

- Business combinations

IFRS 1 permits a First-time Adopter to elect not to apply IFRS 3 Business Combinations (hereinafter, “IFRS 3”) retrospectively to business combinations that occurred before the transition date to IFRS. If any business combination is restated upon retrospective application, all later business combinations shall be restated to comply with IFRS 3.

The Group has elected not to apply IFRS 3 retrospectively to business combinations that occurred before the transition date. Accordingly, goodwill and equivalent to goodwill in equity method affiliates arising from business combinations that occurred before the transition date were recorded at the carrying amount under Japanese GAAP at the transition date. However, goodwill was tested for impairment as of the transition date irrespective of whether there was any indication of impairment.

- Use of deemed cost

Under IFRS 1, the fair value of property, plant and equipment at the transition date can be used as deemed cost. The Group uses the fair value at the transition date as the deemed cost for certain items of property, plant and equipment.

- Designation of financial instruments recognized before the transition date

IFRS 1 permits First-time Adopter to designate financial assets in accordance with IFRS 9 Financial Instruments (hereinafter, “IFRS 9”) on the basis of the facts and circumstances that exist as at the transition date. The Group has designated equity instruments that were held as at the transition date as financial instruments measured at fair value through other comprehensive income (equity instruments) on the basis of the circumstances that existed as at the transition date.

- Leases (as lessee)

IFRS 1 permits First-time Adopter to determine whether or not an arrangement contains a lease on the basis of facts and circumstances existing at the transition date. When First-time Adopter that is a lessee recognizes lease liabilities and right-of-use assets, it may measure lease liabilities and right-of-use assets for all of its leases at the transition date. The Group measured lease liabilities at the transition date at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the transition date. The Group measured right-of-use assets at the transition date at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the statement of financial position immediately before the transition date.

- Share-based payments

IFRS 1 permits First-time Adopter to elect not to apply IFRS 2 Share-based Payment (hereinafter, “IFRS 2”) to share-based payments vested before the transition date. The Group elected not to apply IFRS 2 to share-based payments vested before the transition date.

(2) Mandatory exceptions to retrospective application under IFRS 1

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

(3) Reconciliations

The reconciliations required to be disclosed under IFRS 1 are as follows. “Change in FYE” includes reconciliations that reflect the alignment of subsidiaries’ fiscal year ending with the Group’s as part of the transition to IFRS. “Reclassification” includes reconciliations that do not affect retained earnings and comprehensive income. “Difference in recognition and measurement” includes reconciliations that affect retained earnings and comprehensive income.

Reconciliation of equity as of April 1, 2024 (The transition date)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Change in FYE	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Assets							Assets
Current assets							Current assets
Cash and deposits	27,490	829	△10	189	28,499		Cash and cash equivalents
Notes and accounts receivable - trade	90,024	2,614	△238	△1	92,399		Trade receivables
Merchandise and finished goods	51,724	509	57,277	△161	109,349	a	Inventories
Raw materials and supplies	57,277	—	△57,277	—	—		
Other	10,579	—	△10,579	—	—		
Allowance for doubtful accounts	△238	—	238	—	—		
	—	1,092	1,621	173	2,888	b	Other financial assets
	—	4,260	9,006	160	13,427	c	Other current assets
Total current assets	236,858	9,307	38	360	246,565		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	—	—	143,868	△2,524	141,344	e, E	Property, plant and equipment
Buildings and structures, net	47,780	28	△47,809	—	—		
Machinery, equipment and vehicles, net	62,851	93	△62,945	—	—		
Land	20,057	124	△20,182	—	—		
Right-of-use assets, net	7,655	△63	82	2,374	10,048	F	Right-of-use assets
Construction in progress	9,273	571	△9,844	—	—		
Other, net	3,131	34	△3,165	—	—		
Intangible assets	—	—	33,605	—	33,605	f	Intangible assets
Goodwill	21,840	67	—	—	21,907	B	Goodwill
Customer-related assets	19,035	174	△19,209	—	—		
Other	14,345	53	△14,398	—	—		
Investments and other assets	—	—	11,224	△89	11,134	g	Investments accounted for using equity method
Investment securities	16,002	—	△16,002	—	—		
Retirement benefit asset	7,064	—	—	△7,024	39	D	Retirement benefit asset
Deferred tax assets	669	—	—	1,827	2,496	C	Deferred tax assets
Other	3,683	—	△3,683	—	—		
Allowance for doubtful accounts	△60	—	60	—	—		
	—	18	7,873	1,533	9,426	h, A	Other financial assets
	—	—	527	96	624	i	Other non-current assets
Total non-current assets	233,332	1,103	—	△3,806	230,628		Total non-current assets
Deferred assets							
Bond issuance costs	30	—	—	△30	—		
Total deferred assets	30	—	—	△30	—		
Total assets	470,221	10,410	38	△3,476	477,193		Total assets

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Change in FYE	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable - trade	42,321	△1,441	—	134	41,013	k	Trade payables
Short-term borrowings	33,151	21,222	10,000	—	64,373		Short-term borrowings
Current portion of bonds payable	35,000	—	—	△10	34,989		Current portion of bonds payable
Commercial papers	10,000	—	△10,000	—	—		
	—	△5	1,721	693	2,410	j, F	Lease liabilities
Income taxes payable	4,310	—	—	6	4,316		Income taxes payable
Provision for bonuses	3,354	58	△3,412	—	—		
Provision for bonuses for directors (and other officers)	40	—	△40	—	—		
Other	18,758	—	△18,758	—	—		
	—	237	5,904	7	6,148	l	Other financial liabilities
	—	△659	14,573	1,675	15,589	m,G,H	Other current liabilities
Total current liabilities	146,936	19,412	△12	2,506	168,842		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	6,000	—	—	△21	5,978		Bonds payable
Long-term borrowings	46,135	△2,639	—	—	43,496		Long-term borrowings
Lease liabilities	5,110	△57	—	2,115	7,168	F	Lease liabilities
Deferred tax liabilities	17,223	△1,327	—	△1,268	14,627	C	Deferred tax liabilities
Retirement benefit liability	2,022	—	—	△37	1,985		Retirement benefit liability
Other	2,500	—	△2,500	—	—		
	—	25	2,500	—	2,526	n	Other non-current liabilities
Total non-current liabilities	78,993	△3,998	—	787	75,781		Total non-current liabilities
Total liabilities	225,929	15,413	△12	3,294	244,624		Total liabilities
Net assets							
Shareholders' equity							Equity
Share capital	13,208	—	—	—	13,208		Share capital
Capital surplus	14,757	—	51	514	15,323		Capital surplus
Retained earnings	163,810	△6,359	—	△6,403	151,046	L	Retained earnings
Treasury shares	△1,947	—	—	—	△1,947		Treasury shares
Accumulated other comprehensive income	—	—	43,714	△867	42,846	o, A	Other components of equity
Valuation difference on available-for-sale securities	1,868	—	△1,868	—	—		
Deferred gains or losses on hedges	726	—	△726	—	—		
Foreign currency translation adjustment	39,122	1,356	△40,479	—	—		
Remeasurements of defined benefit plans	639	—	△639	—	—		
	—	—	—	—	220,477		Equity attributable to owners of parent
Non-controlling interests	12,105	—	—	△14	12,091		Non-controlling interests
Total net assets	244,291	△5,002	51	△6,770	232,569		Total equity
Total liabilities and net assets	470,221	10,410	38	△3,476	477,193		Total liabilities and equity

Reconciliations of equity as of the end of the first quarter of the previous fiscal year (June 30, 2024)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	33,261	△10	181	33,432		Cash and cash equivalents
Notes and accounts receivable - trade	106,055	△1,167	17	104,905		Trade receivables
Merchandise and finished goods	61,929	76,983	△232	138,681	a	Inventories
Raw materials and supplies	76,983	△76,983	—	—		
Other	27,372	△27,372	—	—		
Allowance for doubtful accounts	△244	244	—	—		
	—	6,031	430	6,462	b	Other financial assets
	—	21,189	201	21,391	c	Other current assets
	—	11,666	—	11,666	d	Assets held for sale
Total current assets	305,358	10,581	598	316,538		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	—	137,505	△2,524	134,980	e, E	Property, plant and equipment
Buildings and structures, net	48,499	△48,499	—	—		
Machinery, equipment and vehicles, net	64,594	△64,594	—	—		
Land	20,590	△20,590	—	—		
Right-of-use assets, net	7,897	△386	2,273	9,785	F	Right-of-use assets
Construction in progress	10,754	△10,754	—	—		
Other, net	3,229	△3,229	—	—		
Intangible assets	—	34,732	—	34,732	f	Intangible assets
Goodwill	22,029	—	589	22,618	B	Goodwill
Customer-related assets	19,827	△19,827	—	—		
Other	14,913	△14,913	—	—		
Investments and other assets	—	11,958	△8	11,950	g	Investments accounted for using equity method
Investment securities	16,758	△16,758	—	—		
Retirement benefit asset	7,209	—	△7,170	39	D	Retirement benefit asset
Deferred tax assets	705	—	1,345	2,050	C	Deferred tax assets
Other	3,755	△3,755	—	—		
Allowance for doubtful accounts	△60	60	—	—		
	—	8,038	1,555	9,593	h, A	Other financial assets
	—	456	96	553	i	Other non-current assets
Total non-current assets	240,703	△10,556	△3,842	226,304		Total non-current assets
Deferred assets						
Bond issuance costs	220	—	△220	—		
Total deferred assets	220	—	△220	—		
Total assets	546,282	25	△3,464	542,843		Total assets

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	40,550	△122	574	41,002	k	Trade payables
Short-term borrowings	98,298	20,000	—	118,298		Short-term borrowings
Commercial papers	20,000	△20,000	—	—		
	—	1,399	727	2,127	j, F	Lease liabilities
Income taxes payable	3,391	—	△153	3,238		Income taxes payable
Provision for bonuses	3,930	△3,930	—	—		
Other	16,350	△16,350	—	—		
	—	5,712	66	5,778	l	Other financial liabilities
	—	12,610	1,279	13,890	m,G,H	Other current liabilities
	—	911	—	911	d	Liabilities directly associated with assets held for sale
Total current liabilities	182,521	230	2,495	185,247		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	31,000	—	△223	30,776		Bonds payable
Long-term borrowings	53,756	—	△76	53,680		Long-term borrowings
Lease liabilities	5,049	△253	2,045	6,841	F	Lease liabilities
Deferred tax liabilities	16,215	—	△1,445	14,769	C	Deferred tax liabilities
Retirement benefit liability	2,095	—	△38	2,057		Retirement benefit liability
Other	2,674	△2,674	—	—		
	—	2,674	—	2,674	n	Other non-current liabilities
Total non-current liabilities	110,792	△253	260	110,800		Total non-current liabilities
Total liabilities	293,313	△22	2,756	296,047		Total liabilities
Net assets						
Shareholders' equity						Equity
Share capital	13,208	—	—	13,208		Share capital
Capital surplus	14,757	47	514	15,319		Capital surplus
Retained earnings	159,881	—	△5,887	153,994	L	Retained earnings
Treasury shares	△1,944	—	—	△1,944		Treasury shares
Accumulated other comprehensive income	—	53,882	△827	53,054	o, A	Other components of equity
Valuation difference on available-for-sale securities	1,889	△1,889	—	—		
Deferred gains or losses on hedges	1,858	△1,858	—	—		
Foreign currency translation adjustment	49,517	△49,517	—	—		
Remeasurements of defined benefit plans	617	△617	—	—		
	—	—	—	233,632		Equity attributable to owners of parent
Non-controlling interests	13,183	—	△19	13,163		Non-controlling interests
Total net assets	252,968	47	△6,220	246,796		Total equity
Total liabilities and net assets	546,282	25	△3,464	542,843		Total liabilities and equity

Reconciliations of equity as of March 31, 2025 (The previous fiscal year consolidated financial statements)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	70,616	△10	234	70,840		Cash and cash equivalents
Notes and accounts receivable - trade	112,520	△222	0	112,298		Trade receivables
Merchandise and finished goods	72,946	88,081	△309	160,718	a	Inventories
Raw materials and supplies	88,081	△88,081	—	—		
Other	10,871	△10,871	—	—		
Allowance for doubtful accounts	△206	206	—	—		
	—	1,169	134	1,304	b	Other financial assets
	—	9,924	273	10,197	c	Other current assets
	—	8,637	—	8,637	d	Assets held for sale
Total current assets	354,830	8,833	333	363,997		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	—	140,606	△2,525	138,081	e, E	Property, plant and equipment
Buildings and structures, net	45,349	△45,349	—	—		
Machinery, equipment and vehicles, net	59,628	△59,628	—	—		
Land	19,705	△19,705	—	—		
Right-of-use assets, net	7,287	33	1,936	9,257	F	Right-of-use assets
Construction in progress	21,334	△21,334	—	—		
Other, net	3,200	△3,200	—	—		
Intangible assets	—	32,572	—	32,572	f	Intangible assets
Goodwill	18,602	—	2,161	20,763	B	Goodwill
Customer-related assets	17,287	△17,287	—	—		
Other	15,295	△15,295	—	—		
Investments and other assets	—	13,112	313	13,426	g	Investments accounted for using equity method
Investment securities	16,631	△16,631	—	—		
Retirement benefit asset	6,638	—	△6,598	39	D	Retirement benefit asset
Deferred tax assets	7,336	—	2,881	10,218	C	Deferred tax assets
Other	3,299	△3,299	—	—		
Allowance for doubtful accounts	△47	47	—	—		
	—	6,547	1,853	8,400	h, A	Other financial assets
	—	224	95	319	i	Other non-current assets
Total non-current assets	241,550	△8,588	117	233,079		Total non-current assets
Deferred assets						
Bond issuance costs	183	—	△183	—		
Total deferred assets	183	—	△183	—		
Total assets	596,564	245	267	597,076		Total assets

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	46,075	△ 74	537	46,538	k j, F	Trade payables
Short-term borrowings	175,284	20,000	—	195,284		Short-term borrowings
Commercial papers	20,000	△ 20,000	—	—		
	—	1,376	685	2,062		Lease liabilities
Income taxes payable	7,571	—	△ 5	7,566	l m, G, H	Income taxes payable
Provision for bonuses	3,941	△ 3,941	—	—		
Provision for bonuses for directors (and other officers)	47	△ 47	—	—		
Other	20,284	△ 20,284	—	—		
	—	10,213	△ 120	10,093	d	Other financial liabilities
	—	12,718	1,345	14,063		Other current liabilities
	—	259	—	259		Liabilities directly associated with assets held for sale
Total current liabilities	273,204	220	2,443	275,867		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	31,000	—	△ 188	30,811	F C	Bonds payable
Long-term borrowings	57,691	—	△ 65	57,625		Long-term borrowings
Lease liabilities	4,805	△ 5	1,868	6,668		Lease liabilities
Deferred tax liabilities	10,873	—	△ 96	10,777		Deferred tax liabilities
Retirement benefit liability	1,851	—	△ 66	1,784	n	Retirement benefit liability
Other	2,613	△ 2,613	—	—		
	—	2,613	—	2,613		Other non-current liabilities
Total non-current liabilities	108,835	△ 5	1,452	110,282		Total non-current liabilities
Total liabilities	382,040	214	3,895	386,150		Total liabilities
Net assets						
Shareholders' equity						Equity
Share capital	13,208	—	—	13,208	L	Share capital
Capital surplus	8,503	30	△ 91	8,443		Capital surplus
Retained earnings	155,205	—	△ 4,260	150,944		Retained earnings
Treasury shares	△ 1,919	—	—	△ 1,919		Treasury shares
Accumulated other comprehensive income	—	35,499	746	36,245	o, A	Other components of equity
Valuation difference on available-for-sale securities	1,305	△ 1,305	—	—		
Deferred gains or losses on hedges	△ 560	560	—	—		
Foreign currency translation adjustment	34,898	△ 34,898	—	—		
Remeasurements of defined benefit plans	△ 143	143	—	—		
	—	—	—	206,923		Equity attributable to owners of parent
Non-controlling interests	4,025	—	△ 22	4,003		Non-controlling interests
Total net assets	214,524	30	△ 3,628	210,926		Total equity
Total liabilities and net assets	596,564	245	267	597,076		Total liabilities and equity

Reconciliations of profit or loss and comprehensive income for the first three months period of the previous fiscal year (April 1, 2024 - June 30, 2024)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Net sales	152,375	—	△8	152,366		Net sales
Cost of sales	127,653	37	△807	126,883	p, I	Cost of sales
Gross profit	24,721	△37	799	25,483		Gross profit
Selling, general and administrative expenses	17,281	2	463	17,747	B, I	Selling, general and administrative expenses
	—	281	154	435	p	Other income
	—	252	△12	239	p	Other expenses
Operating profit	7,440	△10	502	7,932		Operating profit
Non-operating income	925	△925	—	—		
Non-operating expenses	1,851	△1,851	—	—		
Extraordinary income	5	△5	—	—		
Extraordinary losses	65	△65	—	—		
	—	423	0	423	p	Finance income
	—	1,690	△45	1,645	p	Finance costs
	—	292	88	381	p, B	Share of profit (loss) of investments accounted for using equity method
Profit before income taxes	6,454	—	637	7,091		Profit before tax
Income taxes - current	2,247	△902	51	1,397	q	Income tax expense
Income taxes - deferred	△902	902	—	—		
Total income taxes	5,109	—	585	5,694		Profit
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	21	—	31	52	A	Items that will not be reclassified to profit or loss Net change in fair value of equity instruments measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	△22	—	19	△3	D	Remeasurements of defined benefit plans Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	1,130	—	965	2,096	J	Cash flow hedges
Foreign currency translation adjustment	9,092	—	△87	9,005		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	597	—	1	599		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	10,818	—	930	11,749		Total other comprehensive income
Comprehensive income	15,927	—	1,516	17,444		Comprehensive income

Reconciliation of profit or loss and comprehensive income for the previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Net sales	671,211	—	△3	671,207		Net sales
Cost of sales	591,984	446	△2,858	589,572	p, I	Cost of sales
Gross profit	79,227	△446	2,855	81,635		Gross profit
Selling, general and administrative expenses	69,332	171	1,969	71,473	B, I	Selling, general and administrative expenses
	—	1,398	609	2,008	p	Other income
	—	523	138	662	p	Other expenses
Operating profit	9,895	256	1,356	11,508		Operating profit
Non-operating income	3,267	△3,267	—	—		
Non-operating expenses	7,858	△7,858	—	—		
Extraordinary income	990	△990	—	—		
Extraordinary losses	443	△443	—	—		
	—	1,914	△633	1,280	p	Finance income
	—	7,530	48	7,579	p	Finance costs
	—	1,315	375	1,690	p, B	Share of profit (loss) of investments accounted for using equity method
Profit before income taxes	5,850	—	1,049	6,900		Profit before tax
Income taxes - current	12,654	△10,586	△554	1,512	q	Income tax expense
Income taxes - deferred	△10,586	10,586	—	—		
Total income taxes	3,783	—	1,604	5,387		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	△563	—	709	145	A	Net change in fair value of equity instruments measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	△783	—	901	118	D	Remeasurements of defined benefit plans
	—	—	0	0		Share of other comprehensive income of investments accounted for using equity method
Deferred gains or losses on hedges	△1,283	—	1,290	6	J	Items that may be reclassified to profit or loss
Foreign currency translation adjustment	△6,254	—	△117	△6,372		Cash flow hedges
Share of other comprehensive income of entities accounted for using equity method	420	—	45	465		Exchange differences on translation of foreign operations
						Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	△8,464	—	2,828	△5,636		Total other comprehensive income
Comprehensive income	△4,681	—	4,432	△248		Comprehensive income

Notes on reconciliations

1. Reclassification

a. Inventories

Merchandise, finished goods, raw materials, and supplies, which were separately presented under Japanese GAAP are reclassified to “Inventories” under IFRS.

b. Other financial assets (current assets)

Foreign exchange forward contracts, etc., included in other (current assets) under Japanese GAAP are reclassified to “Other financial assets” (current assets) under IFRS.

c. Other current assets

Advance payment, suspense paid income tax and income taxes receivable, etc., which were included in other (current assets) under Japanese GAAP are reclassified to “Other current assets” under IFRS.

d. Assets held for sale, Liabilities directly associated with assets held for sale

Assets or asset group held for sale are reclassified to “Assets held for sale” and “Liabilities directly associated with assets held for sale” under IFRS.

e. Property, plant and equipment

Buildings and structures, machinery equipment and vehicles, and land, etc., which were separately presented under Japanese GAAP are reclassified to “Property, plant and equipment” under IFRS.

f. Intangible assets

Customer-related intangible assets which were separately presented under Japanese GAAP and right of trademark and software, etc., included in other (intangible assets) under Japanese GAAP are reclassified to “Intangible assets” under IFRS.

g. Investments accounted for using equity method

Investments accounted for using equity method included in investment securities under Japanese GAAP, are reclassified to “Investments accounted for using equity method” under IFRS.

h. Other financial assets (non-current assets)

Listed shares and unlisted shares included in investment securities under Japanese GAAP, and guarantee deposits and investment in capital, etc., included in other (investments and other assets) under Japanese GAAP, are reclassified to “Other financial assets” (non-current assets) under IFRS.

i. Other non-current assets

Long-term prepaid expenses, etc., included in other (investments and other assets) under Japanese GAAP, are reclassified to “Other non-current assets” under IFRS.

j. Lease liabilities

Lease liabilities included in other (current liabilities) under Japanese GAAP are reclassified to “Lease liabilities (current liabilities)” under IFRS.

k. Short-term borrowings

Commercial paper separately presented under Japanese GAAP are reclassified to “Short-term borrowings” under IFRS.

l. Other financial liabilities (current liabilities)

Construction accounts payable and accounts payable, etc., included in other (current liabilities) under Japanese GAAP are reclassified to “Other financial liabilities” (current liabilities) under IFRS.

m. Other current liabilities

Provision for bonuses which were separately presented under Japanese GAAP and accrued expenses, etc., included in other (current liabilities) under Japanese GAAP are reclassified to “Other current liabilities” under IFRS.

n. Other non-current liabilities

Deposits Received - Long Term, etc., included in other (non-current liabilities) under Japanese GAAP are reclassified to “Other non-current liabilities” under IFRS.

o. Other components of equity

Foreign currency translation adjustment, remeasurements of defined benefit plans, valuation difference on available-for-sale securities, and deferred gains or losses on hedges, which were separately presented under Japanese GAAP are reclassified to “Other components of equity” under IFRS.

p. Non-operating income (losses), Extraordinary income (losses)

Income and expenses, which were presented as non-operating income, non-operating expenses, extraordinary income, and extraordinary losses under Japanese GAAP, are included in “Finance income” and “Finance costs” for finance-related items, “Cost of sales” for impairment losses, etc., and “Other operating income”, “Other operating expenses” and “Share of profit (loss) of investments accounted for using equity method” for the other items under IFRS.

- q. Income tax expense
Income taxes - current and income taxes - deferred, which were separately presented under Japanese GAAP are reclassified in total as "Income tax expense" under IFRS.
2. Differences in recognition and measurement
- A. Non-marketable equity instruments
Under Japanese GAAP, non-marketable equity instruments were carried at cost. Under IFRS, they are designated as equity instruments measured at fair value through other comprehensive income in accordance with IFRS 9, and accordingly, equity instruments are measured at fair value, regardless of whether they are marketable or not, with the changes in fair value recognized through other comprehensive income.
- B. Goodwill
Under Japanese GAAP, goodwill was amortized on a straight-line basis over a reasonably estimated period during which its effect is expected to continue. Under IFRS, goodwill arising from business combinations is not amortized but tested for impairment each fiscal year.
- C. Deferred tax assets and liabilities
Under Japanese GAAP, deferred tax assets on unrealized profits from intercompany inventories transactions were measured using the seller's effective tax rate. Under IFRS, they are measured using the buyer's effective tax rate. As a result of the transition to IFRS, adjustments were made to deferred tax assets and liabilities due to temporary differences and the reassessment of the recoverability of deferred tax assets.
- D. Employee benefits
Under Japanese GAAP, service cost, interest expense, and expected return on plan assets for retirement benefits under defined benefit plans were recognized in profit or loss. Actuarial gains and losses and past service cost arising from the plans were also recognized in profit or loss in the fiscal year in which they were incurred.
Under IFRS, on the other hand, current service cost and past service cost for retirement benefits under defined benefit plans are recognized in profit or loss, and interest expense is recognized in profit or loss at an amount calculated by multiplying the net defined benefit liability (asset) by the discount rate. Remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income, and directly reclassified to retained earnings from other components of equity when incurred without being recognized through profit or loss. Remeasurement consists of actuarial gains and losses on defined benefit obligations and return on plan assets (excluding interest income on plan assets).
In addition, if defined benefit assets exceed obligation, the asset ceiling is determined as the present value of the future economic benefits available in the form of refunds from the plan or reductions in future contributions.
- E. Deemed cost
In applying IFRS, the Group elected to use the deemed cost exemption under IFRS 1 and measured certain items of property, plant and equipment at fair value as of the transition date.
- F. Lease liabilities and right-of-use assets
Under Japanese GAAP, leases as a lessee were classified as either finance leases or operating leases, and operating leases were accounted for in a similar manner to ordinary rental transactions. Under IFRS, leases as a lessee are not classified as finance leases or operating leases, and right-of-use assets and lease liabilities are recognized for lease transactions.
- G. Provision for paid absence
Unused paid absences, which were not required to be recognized under Japanese GAAP, are recognized as a provision under IFRS.
- H. Levies
Under Japanese GAAP, levies such as fixed asset taxes were expensed over the fiscal year in which the payment obligation arose. Under IFRS, the full amount is expensed when the obligating event occurs.
- I. Inventories
Under Japanese GAAP, some subsidiaries included transportation costs to deliver products to customers in the cost of inventories. Under IFRS, all costs except for those incurred in bringing the inventories to their present location or condition are recognized as "Selling, general and administrative expenses" when they are incurred.
- J. Financial instruments (Foreign exchange forward contracts)
Under Japanese GAAP, some subsidiaries designated allocation method for foreign exchange forward contracts. Under IFRS, these transactions are subject to cash flow hedge accounting.
- K. Change in Scope of Consolidation
Under Japanese GAAP, subsidiaries and affiliates of insignificant materiality were accounted for using the cost method. Under IFRS, such entities are included in the scope of consolidation as subsidiaries or equity-method associates.
- L. Reconciliation of retained earnings
The impact of the reconciliations on retained earnings is as follows (figures in parentheses represent loss).

(Millions of yen)

	As of April 1, 2024 (Transition Date)	As of June 30, 2024	As of March 31, 2025
Non-marketable equity instruments (see Note A)	193	108	115
Goodwill (see Note B)	—	590	2,285
Deferred tax assets and liabilities (see Note C)	368	420	608
Employee benefits (see Note D)	△4,207	△4,387	△4,621
Deemed cost (see Note E)	△1,908	△1,908	△1,908
Lease liabilities and right-of-use assets (see Note F)	△60	△62	△46
Provision for paid absence (see Note G)	△789	△789	△862
Levies (see Note H)	△388	△257	△381
Inventories (see Note I)	△253	△219	△309
Financial instrument (Foreign exchange forward contracts) (see Note J)	—	42	13
Change in Scope of Consolidation (see Note K)	37	79	239
Other	604	497	606
Reconciliation of retained earnings	△6,403	△5,887	△4,260

Reconciliation of cash flows for the three months ended June 30, 2024 (from 4/1/2024 to 6/30/2024) and the fiscal year ended March 31, 2025 (from 4/1/2024 to 3/31/2025)

There are no significant differences between the consolidated cash flows statements based on Japanese GAAP and the consolidated cash flows statements based on IFRS.