



Quarterly Financial Results for the First Quarter Ended June 30, 2023 [According to IFRS] (Consolidated)

August 3, 2023

Name of Listed Company UACJ Corporation
 Stock Exchange Listings Tokyo
 Code Number 5741 URL <https://www.uacj.co.jp/english/>
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 Scheduled date for submitting financial statements August 14, 2023 Scheduled Date of Dividend Distribution —
 Supplementary materials available on quarterly financial results: Yes
 Quarterly results briefing: Yes (For institutional investors and securities analysts)

Note: Figures have been rounded to the nearest million yen.

1. Consolidated Business Performance for the First Quarter Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated business performance (cumulative)

(% indicates year-on-year change)

	Revenue		Operating income		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
Three months ended	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%
June 30, 2023	211,103	(17.6)	8,177	(53.9)	7,560	(60.1)	3,841	(73.2)	2,927	(77.1)	18,923	(43.9)
June 30, 2022	256,159	—	17,732	—	18,942	—	14,340	—	12,792	—	33,721	—

	Basic earnings per share	Diluted earnings per share
Three months ended	¥	¥
June 30, 2023	60.70	—
June 30, 2022	265.26	—

(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:	¥million	¥million	¥million	%
June 30, 2023	942,654	282,295	258,555	27.4
March 31, 2023	895,731	267,987	246,495	27.5

2. Dividends

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended/ending:	¥	¥	¥	¥	¥
March 31, 2023	—	—	—	85.00	85.00
March 31, 2024	—				
March 31, 2024 (Forecasts)		40.00	—	45.00	85.00

(Note) Changes in dividend forecast during the quarter under review: None

3. Forecast for Consolidated Business Performance in the Term Ending March 31, 2024

(from April 1, 2023 to March 31, 2024)

(% indicates year-on-year change)

	Revenue		Operating income		Profit attributable to owners of parent		Basic earnings per share
	¥million	%	¥million	%	¥million	%	¥
Full year	970,000	1.6	34,000	217.9	15,000	—	311.07

(Note) Changes in consolidated business performance forecasts during the quarter under review: None

Notes

(1) Changes in significant subsidiaries during the period (Changes in the scope of consolidation of specific subsidiaries): None

(2) Changes in accounting policies, changes in estimates

a. Changes in accounting policies required by IFRS: None

b. Changes in accounting policies other than a. above: None

c. Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

a. Number of shares issued at the end of the period (including treasury stock)	As of June 30, 2023	48,328,193 shares	As of March 31, 2023	48,328,193 shares
b. Number of shares of treasury stock at the end of the period	As of June 30, 2023	107,212 shares	As of March 31, 2023	106,933 shares
c. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year)	For the Three months ended June 30, 2023	48,221,086 shares	For the Three months ended June 30, 2022	48,222,584 shares

*These financial results are outside the scope of auditing by certified public accountants or accounting auditors.

*Explanations pertaining to appropriate use of information concerning future forecasts

The operating results forecasts and certain other statements contained in this document are forward-looking statements that are rationally determined based on information available to the UACJ Group at the time the results were announced. Actual performance may differ substantially from these projections due to fluctuations in the economy or a variety of other known and unknown factors.

(Application of International Accounting Standards (IFRS))

The UACJ Group has applied International Accounting Standards ("IFRS") from the three months ended June 30, 2023. In addition, financial data for the three months ended June 30, 2022, and for the fiscal year ended March 31, 2023, are presented in accordance with IFRS.

Please refer to "2. Condensed Quarterly Consolidated Financial Statements and Main Notes (4) Notes to the Condensed Quarterly Consolidated Financial Statements (First-Time Adoption)" on page 12 of the attached materials for information concerning the differences in financial data between IFRS and Japanese Accounting Standards.

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1. Qualitative Information on Results for the First Quarter Ended June 30, 2023

The UACJ Group has applied International Accounting Standards ("IFRS") from the three months ended June 30, 2023. In addition, financial data for the three months ended June 30, 2022, and the fiscal year ended March 31, 2023, have also been reclassified to IFRS for comparative analysis.

Please refer to "2. Condensed Quarterly Consolidated Financial Statements and Main Notes (4) Notes to the Condensed Quarterly Consolidated Financial Statements (First-Time Adoption)" on page 12 of the attached materials for information concerning the differences in financial data between IFRS and Japanese Accounting Standards.

(1) Explanation of operating results

During the three months ended June 30, 2023, although restrictions on economic activities put in place to counter COVID-19 were progressively lifted, the global economy was also affected by the prolongation of Russia's invasion of Ukraine, and the raising of interest rates in the United States and elsewhere to control inflation. As for the Japanese economy, progress was made in balancing measures to prevent infection with economic activity, such as the reclassification of COVID-19 as a Class 5 disease, and business conditions showed signs of a pickup centered on personal consumption and inbound tourist demand. However, with increased geopolitical risks, soaring resource prices, and higher prices caused by the weaker yen, the outlook for the environment in which the Company operates remains uncertain.

In this environment, declines in sales volume, falling aluminum ingot prices and other factors resulted in consolidated net sales of ¥211,103 million (down 17.6% year on year). Regarding income, the decline in sales volume and the negative impact of inventories led to consolidated operating income of ¥8,177 million (down 53.9% year on year), consolidated ordinary income before tax of ¥7,560 million (down 60.1% year on year), and net income attributable to owners of the parent of ¥2,927 million (down 77.1% year on year).

Information by segment is as follows.

Flat Rolled Products Business

In the aluminum flat-rolled products industry, demand for sheet materials in Japan fell year on year. In addition to falling demand for can stock, which was caused by reduced demand for drinking at home as a result of increased opportunities for eating out, downturns in areas such as semiconductor production equipment, electrical machinery, and construction led to a year-on-year decrease in domestic demand. Overall demand for extruded products declined year on year, despite a year-on-year increase in the area of automotive materials.

Although sheet materials used in automotive materials showed signs of recovery following the easing of semiconductor shortages, the UACJ Group's overall domestic sales volume declined year on year due to falling demand for can stock, which was driven in turn by reduced demand for drinking at home, as well as downturns in semiconductor production equipment, electrical machinery, and construction. Similarly, extruded products also declined year on year against a background of falling demand.

Overseas sales volume of the Group fell year on year, owing to decreases in can stock at Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd., which resulted in a year-on-year decline in the UACJ Group's total volume of flat-rolled products.

As a result of the above, sales in the Flat Rolled Products Business were ¥182,254 million (down 21.3% year on year), due to factors such as a decrease in sales volume and falling prices of aluminum ingots. Operating income came to ¥9,805 million (down 51.7% year on year), due to declining sales volume and the negative impact of inventories.

Precision-Machined Components and Related Businesses

Due to a recovery in automobile-related demand after the easing of the semiconductor shortage and the launch of new components in North America, net sales came to ¥51,296 million (up 5.7% year on year), and operating income was ¥855 million (up 123.8% year on year).

(2) Consolidated Financial Position

Due to the increase in inventories, the impact of foreign exchange conversion, and other factors, total assets as of June 30, 2023, amounted to ¥942,654 million (up 5.2% from March 31, 2023), and total liabilities were up 5.2% to ¥660,359 million.

Due to the recording of net income attributable to owners of the parent and increases in foreign currency translation adjustments, total shareholders' equity was ¥282,295 million (up 5.3%).

(3) Forecast for Consolidated Business Performance

There has been no change to the forecasts announced on May 11, 2023.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

	(Millions of yen)		
	Date of transition (April 1, 2022)	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of June 30, 2023)
Assets			
Current assets			
Cash and cash equivalents	22,962	23,357	23,902
Trade and other receivables	161,344	158,994	162,688
Inventories	242,392	228,662	255,284
Other financial assets	10,918	11,848	13,147
Other current assets	9,820	14,789	17,188
Total current assets	447,436	437,650	472,208
Non-current assets			
Property, plant and equipment	357,693	365,655	375,700
Right-of-use assets	4,370	6,900	7,265
Goodwill and intangible assets	41,441	42,856	44,129
Investment property	5,731	5,573	5,575
Investments accounted for using equity method	14,756	16,412	16,748
Other financial assets	8,781	9,072	10,697
Retirement benefit assets	150	150	201
Deferred tax assets	9,004	7,202	6,107
Other non-current assets	3,373	4,262	4,024
Total non-current assets	445,299	458,081	470,445
Total assets	892,735	895,731	942,654

			(Millions of yen)
	Date of transition (April 1, 2022)	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of June 30, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	143,227	139,375	144,919
Loans payable	150,024	163,921	193,485
Lease obligations	1,270	1,310	1,110
Income taxes payable	3,344	439	718
Other financial liabilities	59,970	53,947	49,943
Provisions	152	138	678
Other current liabilities	13,962	12,487	13,656
Total current liabilities	371,949	371,617	404,509
Non-current liabilities			
Loans payable	196,272	176,462	176,681
Lease obligations	4,304	6,810	7,537
Other financial liabilities	28,254	31,463	28,957
Retirement benefit obligations	18,554	18,256	18,588
Provisions	1,153	1,112	1,078
Deferred tax liabilities	12,758	17,429	17,467
Other non-current liabilities	4,336	4,595	5,541
Total non-current liabilities	265,632	256,127	255,850
Total liabilities	637,581	627,744	660,359
Equity			
Capital stock	52,277	52,277	52,277
Capital surplus	79,383	79,458	79,454
Retained earnings	101,881	97,782	96,690
Treasury stock	(338)	(341)	(342)
Other components of equity	2,025	17,319	30,476
Total equity attributable to owners of parent	235,228	246,495	258,555
Non-controlling interests	19,927	21,493	23,740
Total equity	255,155	267,987	282,295
Total liabilities and equity	892,735	895,731	942,654

(2) Condensed Quarterly Consolidated Statements of Income and Condensed Comprehensive Income
(Condensed Quarterly Consolidated Statements of Income)

	(Millions of yen)	
	FY2022 1st Quarter (From April 1, 2022 to June 30, 2022)	FY2023 1st Quarter (From April 1, 2023 to June 30, 2023)
Revenue	256,159	211,103
Cost of sales	(215,466)	(185,864)
Gross profit	40,693	25,239
Selling, general and administrative expenses	(21,394)	(16,699)
Share of loss of entities accounted for using equity method	496	531
Other revenue	370	507
Other expenses	(2,434)	(1,401)
Operating income	17,732	8,177
Financial revenue	2,918	2,055
Financial expenses	(1,708)	(2,672)
Profit before tax	18,942	7,560
Income tax expenses	(4,602)	(3,719)
Profit	14,340	3,841
Profit attributable to		
Owners of parent	12,792	2,927
Non-controlling interests	1,548	915
Profit	14,340	3,841
Earnings per share for the period		
Basic earnings per share (¥)	265.26	60.70
Diluted earnings per share for the period (¥)	—	—

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

		(Millions of yen)
	FY2022 1st Quarter (From April 1, 2022 to June 30, 2022)	FY2023 1st Quarter (From April 1, 2023 to June 30, 2023)
Profit	14,340	3,841
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	76	1,046
Remeasurements of defined benefit plans	(5)	(17)
Share of other comprehensive income of investments accounted for using equity method	90	110
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	18,205	13,312
Effective portion of change in fair value of cash flow hedges	103	303
Share of other comprehensive income of investments accounted for using equity method	911	327
Other comprehensive income, net of tax	19,381	15,081
Comprehensive income	33,721	18,923
Comprehensive income attributable to		
Owners of parent	29,804	16,163
Non-controlling interests	3,916	2,759
Total comprehensive income for the period	33,721	18,923

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Three Months of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges
Balance as of April 1, 2022	52,277	79,383	101,881	(338)	—	700
Profit	—	—	12,792	—	—	—
Other comprehensive income	—	—	—	—	16,855	14
Comprehensive income	—	—	12,792	—	16,855	14
Purchase of treasury stock	—	—	—	(0)	—	—
Dividends	—	—	(4,099)	—	—	—
Share-based payment transactions	—	19	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	67	—	—	—
Total transactions with owners, etc.	—	19	(4,032)	(0)	—	—
Balance as of June 30, 2022	52,277	79,402	110,641	(338)	16,855	714

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Net change in fair value of financial assets measured through other comprehensive income	Remeasurements of defined benefit retirement benefit plans	Total			
Balance as of April 1, 2022	1,325	—	2,025	235,228	19,927	255,155
Profit	—	—	—	12,792	1,548	14,340
Other comprehensive income	76	67	17,012	17,012	2,368	19,381
Comprehensive income	76	67	17,012	29,804	3,916	33,721
Purchase of treasury stock	—	—	—	(0)	—	(0)
Dividends	—	—	—	(4,099)	(267)	(4,366)
Share-based payment transactions	—	—	—	19	—	19
Transfer from other components of equity to retained earnings	—	(67)	(67)	—	—	—
Total transactions with owners, etc.	—	(67)	(67)	(4,080)	(267)	(4,347)
Balance as of June 30, 2022	1,401	—	18,970	260,952	23,575	284,527

First Three Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges
Balance as of April 1, 2023	52,277	79,458	97,782	(341)	15,825	(41)
Profit	—	—	2,927	—	—	—
Other comprehensive income	—	—	—	—	11,876	236
Comprehensive income	—	—	2,927	—	11,876	236
Purchase of treasury stock	—	—	—	(1)	—	—
Dividends	—	—	(4,099)	—	—	—
Share-based payment transactions	—	(4)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	79	—	—	—
Total transactions with owners, etc.	—	(4)	(4,020)	(1)	—	—
Balance as of June 30, 2023	52,277	79,454	96,690	(342)	27,701	195

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Net change in fair value of financial assets measured through other comprehensive income	Remeasurements of defined benefit retirement benefit plans	Total			
Balance as of April 1, 2023	1,534	—	17,319	246,495	21,493	267,987
Profit	—	—	—	2,927	915	3,841
Other comprehensive income	1,046	79	13,236	13,236	1,845	15,081
Comprehensive income	1,046	79	13,236	16,163	2,759	18,923
Purchase of treasury stock	—	—	—	(1)	—	(1)
Dividends	—	—	—	(4,099)	(511)	(4,610)
Share-based payment transactions	—	—	—	(4)	—	(4)
Transfer from other components of equity to retained earnings	—	(79)	(79)	—	—	—
Total transactions with owners, etc.	—	(79)	(79)	(4,104)	(511)	(4,615)
Balance as of June 30, 2023	2,580	—	30,476	258,555	23,740	282,295

- (4) Notes to the Condensed Quarterly Consolidated Financial Statements
(Notes on the Assumption of a Going Concern)
Not applicable.

(Segment Information)

(1) Overview of reportable segments

The UACJ Group's reportable segments are those elements of the Group for which separate financial information is available, and which the Board of Directors regularly examines to determine distribution of management resources and assess performance.

The UACJ Group engages in the manufacture and sale of flat rolled and precision-machined products of nonferrous metals, including aluminum, and their alloys. To harness the Group's comprehensive strengths for each of these products and to facilitate evaluations of their operating performance and investment decision-making, operations have been divided into two reportable segments: Flat Rolled Products Business, and Precision-Machined Components and Related Businesses.

The Flat Rolled Products Business handles the manufacture and sale of flat rolled, foil, extruded, cast, and forged products of aluminum and its alloys.

The Precision-Machined Components and Related Businesses handles the manufacture and sale of precision-machined aluminum and copper components, contracting on related civil engineering work, shipping and freight handling related to the Group's businesses, and the wholesaling of products and other items.

(2) Information related to reportable segments

The revenues and business performance of the UACJ Group's reportable segments are as follows.

Accounting methods for reportable segments are the same as the accounting policies for the UACJ Group. Income for reportable segments is calculated on the basis of operating income. Intersegment revenue and transfers are calculated on the basis of market prices.

First Three Months of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable Segments			Adjustments (Note) 1	Amounts recorded in the consolidated financial statements
	Flat Rolled Products Business	Precision- Machined Components and Related Businesses	Subtotal		
Revenue					
Revenue from external customers	210,237	45,922	256,159	—	256,159
Intersegment revenue	21,461	2,605	24,066	(24,066)	—
Total	231,697	48,527	280,225	(24,066)	256,159
Segment income	19,279	382	19,661	(1,929)	17,732
Financial revenue	—	—	—	—	2,918
Financial expenses	—	—	—	—	(1,708)
Profit before tax	—	—	—	—	18,942

(Note) The negative ¥1,929 million adjustment to segment income includes a negative ¥434 million adjustment in inventories and a negative ¥1,495 million for companywide expenses. Companywide expenses are general management expenses that are not ascribed to reportable segments.

First Three Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable Segments			Adjustments (Note) 1	Amounts recorded in the consolidated financial statements
	Flat Rolled Products Business	Precision- Machined Components and Related Businesses	Subtotal		
Revenue					
Revenue from external customers	162,162	48,941	211,103	—	211,103
Intersegment revenue	20,092	2,355	22,447	(22,447)	—
Total	182,254	51,296	233,550	(22,447)	211,103
Segment income	9,805	855	10,660	(2,483)	8,177
Financial revenue	—	—	—	—	2,055
Financial expenses	—	—	—	—	(2,672)
Profit before tax	—	—	—	—	7,560

(Note) The negative ¥2,483 million adjustment to segment income includes a ¥12 million adjustment in inventories and a negative ¥2,494 million for companywide expenses. Companywide expenses are general management expenses that are not ascribed to reportable segments.

(First-Time Adoption)

The UACJ Group began disclosing condensed quarterly consolidated financial statements in accordance with IFRS in the first quarter of the fiscal year ending March 31, 2024. The most recent consolidated financial statements prepared in accordance with Japanese Accounting Standards are those for the fiscal year ended March 31, 2023. The date of transition to IFRS is April 1, 2022.

(1) Exemptions in IFRS 1

In principle, IFRS requires that companies adopting IFRS for the first time ("first-time adopters") retrospectively apply the standards required by IFRS. However, for some of the standards required under IFRS, IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), sets out standards to which mandatory exemptions are applied and standards to which the exemption is applied voluntarily. The effects of the application of these provisions are reconciled through retained earnings or other components of equity on the date of transition to IFRS. When transitioning from Japanese Accounting Standards to IFRS, the UACJ Group has applied the following exemptions.

1) Business combinations

First-time adopters are permitted to choose not to retrospectively apply IFRS 3 "Business Combinations" ("IFRS 3") to business combinations conducted prior to the date of transition to IFRS. The UACJ Group has chosen to apply this exemption, and has not applied IFRS 3 retrospectively for business combinations conducted prior to the date of transition. As a result, the amount of goodwill arising from business combinations prior to the date of transition is based on the carrying amount as of the date of transition based on Japanese Accounting Standards.

Furthermore, the UACJ Group has conducted impairment tests for goodwill as of the date of transition, regardless of whether there is any indication of impairment.

2) Exchange differences on translation of foreign operations

Under IFRS 1, entities are permitted to choose to deem the cumulative amount of exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS. The UACJ Group has chosen to deem the cumulative amount of exchange differences on translation of foreign operations to be zero as of the date of transition.

3) Leases

Under IFRS 1, first-time adopters are permitted to assess whether contracts contain leases as of the date of transition to IFRS. The UACJ Group has applied this exemption and assessed whether contracts contain leases based on facts and circumstances that exist as of the date of transition.

Under IFRS 1, when recognizing lease liabilities and right-of-use assets in lessee leases, the entity may measure lease liabilities at the date of transition to IFRS. The UACJ Group measures lease liabilities at the present value of remaining lease payments discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets are measured at an amount equal to the lease liability. For leases for which the lease term ends within 12 months of the date of transition to IFRS or leases for which the underlying asset is of low value, the UACJ Group recognizes lease payments related to these leases as expenses over the lease term using the straight-line method or some other systematic basis.

4) Borrowing costs

Under IFRS 1, entities are permitted to deem the start date of capitalization of borrowing costs for qualified assets to be the transition date to IFRS. The UACJ Group has capitalized borrowing costs for qualified assets from the transition date onward.

5) Designation of previously recognized financial instruments

Under IFRS 1, entities are permitted to assess the classifications in IFRS 9 "Financial Instruments" ("IFRS 9") based not on the facts and circumstances that exist as of the time of initial recognition, but instead based on facts and circumstances as of the date of transition. In addition, entities are permitted to designate equity instruments as financial assets measured at fair value through other comprehensive income based on facts and

circumstances that exist at the date of transition.

The UACJ Group has assessed the classifications in IFRS 9 based on facts and circumstances that exist as of the date of transition, and has designated equity instruments as financial assets measured at fair value through other comprehensive income.

(2) Mandatory exceptions in IFRS 1

Under IFRS 1, entities are prohibited from retrospectively applying certain IFRS, including those concerning “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “non-controlling interests,” and “classification and measurement of financial instruments.” The UACJ Group has applied these items prospectively from the date of transition.

(3) Reconciliations

Reconciliations for which disclosure is required upon first-time adoption of IFRS are as follows.

Furthermore, in the reconciliations, “Presentation reclassification” includes items that have no impact on retained earnings and comprehensive income, and “Differences in recognition and measurement” includes items that impact retained earnings and comprehensive income.

Reconciliation of equity as of the date of transition (April 1, 2022)

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	14,334	(75)	8,703	22,962	(1), (2), (3)	Cash and cash equivalents
Notes receivable – trade	8,707	121,601	31,036	161,344	(1), (2), (3), (4), (5)	Trade and other receivables
Accounts receivable – trade	114,002	(114,002)				
Merchandise and finished goods	69,477	162,889	10,026	242,392	(1), (2), (3), (4)	Inventories
Work in process	79,567	(79,567)	—	—	(1)	
Raw materials and supplies	83,322	(83,322)	—	—	(1)	
		11,215	(298)	10,918	(1), (2), (3), (13)	Other financial assets
Other	25,461	(18,991)	3,350	9,820	(1), (2), (3)	Other current assets
Allowance for doubtful accounts	(251)	251	—	—		
Total current assets	394,618	—	52,817	447,436		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	356,503	(6,391)	7,581	357,693	(1), (2), (3), (6), (8)	Property, plant and equipment
		659	3,710	4,370	(1), (2), (8)	Right-of-use assets
Intangible assets	42,002	(17)	(543)	41,441	(2), (3)	Goodwill and intangible assets
		5,731	—	5,731	(1)	Investment property
		14,724	32	14,756	(1), (3)	Investments accounted for using equity method
Investment securities	10,941	(2,892)	732	8,781	(1), (2), (3), (11)	Other financial assets
Retirement benefit assets	602	—	(452)	150		Retirement benefit assets
Deferred tax assets	6,740	—	2,264	9,004	(2), (3), (15)	Deferred tax assets
Other	17,376	(11,867)	(2,136)	3,373	(1), (2), (3)	Other non-current assets
Allowance for doubtful accounts	(53)	53	—	—		
Total non-current assets	434,111	—	11,188	445,299		Total non-current assets
Total assets	828,729	—	64,005	892,735		Total assets

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable – trade	118,549	15,942	8,736	143,227	(1), (2), (3), (14)	Trade and other payables
Short-term loans payable	103,696	38,225	8,103	150,024	(1), (2), (3)	Loans payable
Current portion of long-term loans payable	38,225	(38,225)	—	—	(1)	
		3,864	(2,594)	1,270	(2), (3), (8)	Lease obligations
		3,309	35	3,344	(1), (2), (3)	Income taxes payable
		28,883	31,087	59,970	(3), (5), (8), (13)	Other financial liabilities
Other	61,666	(52,150)	4,445	13,962	(1), (2), (3), (10), (16)	Other current liabilities
		152	—	152		Provisions
Total current liabilities	322,136	—	49,813	371,949		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	197,526	—	(1,254)	196,272	(3), (12), (13)	Loans payable
Lease obligations	23,185	—	(18,881)	4,304	(2), (3), (8)	Lease obligations
Deferred tax liabilities	12,817	—	(59)	12,758	(2), (15)	Deferred tax liabilities
Retirement benefit obligations	16,648	—	1,906	18,554	(2), (3), (9)	Retirement benefit obligations
		5,847	22,407	28,254	(3), (8)	Other financial liabilities
		1,083	70	1,153		Provisions
Other	8,828	(6,931)	2,440	4,336	(10)	Other non-current liabilities
Total non-current liabilities	259,004	—	6,628	265,632		Total non-current liabilities
Total liabilities	581,140	—	56,440	637,581		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	52,277	—	—	52,277		Capital stock
Capital surplus	79,295	—	88	79,383	(16)	Capital surplus
					(2), (3), (7), (10), (14), (15), (17), (18)	
Retained earnings	77,738	—	24,143	101,881		Retained earnings
Treasury stock	(338)	—	—	(338)		Treasury stock
Total accumulated other comprehensive income	19,021	—	(16,996)	2,025	(2), (3), (9), (11), (17)	Other components of equity
				235,228		Total equity attributable to owners of parent
Non-controlling interests	19,596	—	331	19,927	(2), (3)	Non-controlling interests
Total net assets	247,589	—	7,566	255,155		Total equity
Total liabilities and net assets	828,729	—	64,006	892,735		Total liabilities and equity

Reconciliation of equity as of the three months ended June 30, 2022

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	21,825	(84)	2,408	24,149	(1), (2), (3)	Cash and cash equivalents
Notes and accounts receivable – trade	139,296	14,411	32,427	186,134	(1), (2), (3), (4), (5)	Trade and other receivables
Merchandise and finished goods	68,195	196,440	7,960	272,596	(1), (2), (3), (4)	Inventories
Work in process	82,008	(82,008)			(1)	
Raw materials and supplies	114,433	(114,433)			(1)	
		16,176	(2,836)	13,340	(1), (2), (3), (13)	Other financial assets
Other	41,786	(30,707)	1,786	12,865	(1), (2), (3)	Other current assets
Allowance for doubtful accounts	(204)	204				
Total current assets	467,339	—	41,746	509,084		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	369,924	(6,703)	6,471	369,693	(1), (2), (3), (6), (8)	Property, plant and equipment
		969	3,665	4,633	(1), (2), (8)	Right-of-use assets
		5,734	—	5,734	(1)	Investment property
		15,666	9	15,675	(1), (3)	Investments accounted for using equity method
Intangible assets	43,155	(14)	387	43,528	(2), (3), (7)	Goodwill and intangible assets
Investment securities	10,967	(2,400)	1,196	9,763	(1), (2), (3), (11)	Other financial assets
		570	(452)	118		Retirement benefit assets
Deferred tax assets		7,141	2,103	9,245	(2), (3), (15)	Deferred tax assets
Other	26,836	(21,016)	(2,144)	3,676	(1), (2), (3)	Other non-current assets
Allowance for doubtful accounts	(53)	53				
Total non-current assets	450,830	—	11,235	462,065		Total non-current assets
Total assets	918,168	—	52,982	971,150		Total assets

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable – trade	123,948	22,233	8,369	154,550	(1), (2), (3), (14)	Trade and other payables
Short-term loans payable	124,244	66,828	(4,007)	187,066	(1), (2), (3)	Loans payable
Commercial paper	20,000	(20,000)			(1)	
Current portion of long-term loans payable	46,828	(46,828)	—		(1)	
		4,069	(2,757)	1,312	(2), (3), (8)	Lease obligations
		4,627	311	4,938	(1), (2), (3)	Income taxes payable
		26,441	36,285	62,727	(3), (5), (8), (13)	Other financial liabilities
Other	72,123	(57,523)	817	15,416	(1), (2), (3), (10), (16)	Other current liabilities
		152	—	152		Provisions
Total current liabilities	387,144	—	39,017	426,161		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	187,630	—	1,474	189,104	(3), (12), (13)	Loans payable
		23,392	(19,101)	4,291	(2), (3), (8)	Lease obligations
Deferred tax liabilities		14,787	6	14,793	(2), (15)	Deferred tax liabilities
Retirement benefit obligations	16,780	—	2,007	18,787	(2), (3), (9)	Retirement benefit obligations
		5,666	22,408	28,073	(3), (8)	Other financial liabilities
		1,044	70	1,114		Provisions
Other	46,749	(44,888)	2,439	4,300	(2), (10)	Other non-current liabilities
Total non-current liabilities	251,159	—	9,303	260,462		Total non-current liabilities
Total liabilities	638,303	—	48,320	686,623		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	52,277	—	—	52,277		Capital stock
Capital surplus	79,295	—	106	79,402	(16)	Capital surplus
					(2), (3), (7), (10), (14), (15), (17), (18)	
Retained earnings	87,843	—	22,798	110,641		Retained earnings
Treasury stock	(338)	—	—	(338)		Treasury stock
Total accumulated other comprehensive income	37,616	—	(18,646)	18,970	(2), (3), (9), (11), (17)	Other components of equity
				260,952		Total equity attributable to owners of parent
Non-controlling interests	23,172	—	404	23,575	(2), (3)	Non-controlling interests
Total net assets	279,865	—	4,662	284,527		Total equity
Total liabilities and net assets	918,168	—	52,982	971,150		Total liabilities and equity

Reconciliation of equity as of March 31, 2023

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	22,343	(87)	1,100	23,357	(1), (2), (3)	Cash and cash equivalents
Notes receivable – trade	8,696	128,942	21,356	158,994	(1), (2), (3), (4), (5)	Trade and other receivables
Accounts receivable – trade	116,332	(116,332)				
Merchandise and finished goods	66,733	156,809	5,119	228,662	(1), (2), (3), (4)	Inventories
Work in process	73,169	(73,169)			(1)	
Raw materials and supplies	83,640	(83,640)			(1)	
		12,801	(952)	11,848	(1), (2), (3), (13)	Other financial assets
Other	39,665	(26,035)	1,159	14,789	(1), (2), (3)	Other current assets
Allowance for doubtful accounts	(711)	711				
Total current assets	409,868	—	27,782	437,650		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	372,881	(7,797)	571	365,655	(1), (2), (3), (6), (8)	Property, plant and equipment
		2,224	4,676	6,900	(1), (2), (8)	Right-of-use assets
		5,573	—	5,573	(1)	Investment property
		16,414	(2)	16,412	(1)	Investments accounted for using equity method
Intangible assets	39,744	(6)	3,118	42,856	(2), (3), (7)	Goodwill and intangible assets
Investment securities	11,657	(3,240)	654	9,072	(1), (2), (3), (11)	Other financial assets
Retirement benefit assets	582		(432)	150		Retirement benefit assets
Deferred tax assets	5,567		1,635	7,202	(2), (15)	Deferred tax assets
Other	19,864	(13,232)	(2,369)	4,262	(1), (2), (3)	Other non-current assets
Allowance for doubtful accounts	(65)	65				
Total non-current assets	450,230	—	7,852	458,081		Total non-current assets
Total assets	860,098	—	35,634	895,731		Total assets

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable – trade	118,099	21,741	(466)	139,375	(1), (2), (3), (14)	Trade and other payables
Short-term loans payable	103,733	53,938	6,251	163,921	(1), (2), (3), (13)	Loans payable
Current portion of long-term loans payable	53,938	(53,938)	—		(1)	
		4,964	(3,654)	1,310	(2), (3), (8)	Lease obligations
		427	11	439	(1), (2), (3)	Income taxes payable
		25,577	28,370	53,947	(3), (5), (8), (13)	Other financial liabilities
Other	62,833	(52,849)	2,502	12,487	(1), (2), (3), (10), (16)	Other current liabilities
		138	—	138		Provisions
Total current liabilities	338,603	—	33,014	371,617		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	179,030	—	(2,567)	176,462	(3), (12)	Loans payable
Lease obligations	27,512	(1,927)	(18,776)	6,810	(2), (3), (8)	Lease obligations
Deferred tax liabilities	16,953		476	17,429	(2), (15)	Deferred tax liabilities
Retirement benefit obligations	17,195	—	1,061	18,256	(2), (3), (9)	Retirement benefit obligations
		11,042	20,421	31,463	(3), (8)	Other financial liabilities
		1,042	70	1,112		Provisions
Other	11,546	(10,158)	3,206	4,595	(10)	Other non-current liabilities
Total non-current liabilities	252,236	—	3,891	256,127		Total non-current liabilities
Total liabilities	590,839	—	36,905	627,744		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	52,277	—	—	52,277		Capital stock
Capital surplus	79,295	—	163	79,458	(16)	Capital surplus
					(2), (3), (7), (10), (14), (15), (17), (18)	
Retained earnings	78,342	—	19,440	97,782		Retained earnings
Treasury stock	(341)	—	—	(341)		Treasury stock
Accumulated other comprehensive income	38,464	—	(21,145)	17,319	(2), (3), (9), (11), (17)	Other components of equity
				246,495		Total equity attributable to owners of parent
Non-controlling interests	21,222	—	271	21,493	(2), (3)	Non-controlling interests
Total net assets	269,258	—	(1,271)	267,987		Total equity
Total liabilities and net assets	860,098	—	35,634	895,731		Total liabilities and equity

Notes related to the reconciliation of equity

(1) Presentation reclassification

The UACJ Group has performed reclassifications for presentation purposes in order to conform with the provisions of IFRS. The main presentation reclassifications are as follows.

- 1) Time deposits with a deposit period in excess of three months, which were included in “cash and deposits” in current assets under Japanese Accounting Standards, have been transferred to “other financial assets” under IFRS.
- 2) “Accounts receivable – other,” which were included in “other” in current assets under Japanese Accounting Standards, have been transferred to “trade and other receivables” for presentation purposes under IFRS. In addition, “notes and accounts receivable – trade,” which were stated separately under Japanese Accounting Standards, have been presented together as “trade and other receivables” under IFRS.
- 3) “Merchandise and finished goods,” “work in process,” and “raw materials and supplies,” which were stated separately under Japanese Accounting Standards, have been presented together as “inventories” under IFRS.
- 4) “Leased assets,” which were included in “other” in property, plant and equipment under Japanese Accounting Standards, have been stated separately as “right-of-use assets” under IFRS.
- 5) In accordance with the provisions for presentation under IFRS, “investment property” has been transferred from “property, plant and equipment” for presentation purposes.
- 6) “Investment securities” and investments in associates to which the equity method applies under investments included in “other” in investments and other assets, which were stated separately under Japanese Accounting Standards, are stated separately as “investments accounted for using equity method” under IFRS.
- 7) “Accounts payable – other,” which were included in “other” in current liabilities under Japanese Accounting Standards, have been transferred to “trade and other payables” for presentation purposes under IFRS.
- 8) “Accrued taxes payable,” which were included in “other” in current liabilities under Japanese Accounting Standards, have been transferred to “income taxes payable” under IFRS.
- 9) “Short-term loans payable,” “commercial paper,” and “current portion of long-term loans payable,” which were stated separately under Japanese Accounting Standards, have been presented together as “borrowings” under IFRS.

(2) Revisions to the scope of consolidation

Unconsolidated subsidiaries and subsidiaries and associates to which the equity method does not apply under Japanese Accounting Standards have been classed as consolidated subsidiaries and associates to which the equity method applies under IFRS.

(3) Unification of closing date

For certain subsidiaries with different closing dates than the parent company, under Japanese Accounting Standards, consolidated accounts were based on the accounts as of the formal closing date of the subsidiaries, as the difference between the closing dates of the subsidiaries and the consolidated closing date did not exceed three months. Under IFRS, however, consolidation has been performed based on provisional accounts as of the consolidated closing date of the parent company.

(4) Adjustments related to revenue recognition

Under Japanese Accounting Standards, certain transactions pertaining to the sale of goods were recognized based on the time of shipping, but this has changed such that revenue is recognized at the time of delivery of the goods. Accordingly, adjustments have been made to “trade and other receivables” and “inventories.”

(5) Transactions related to the securitization of receivables

Under Japanese Accounting Standards, securitized receivables were derecognized at the time of transfer, but under IFRS, receivables that do not satisfy the criteria for derecognition have not been derecognized, and instead the proceeds from the transfer have been recognized as current liabilities. Accordingly, “trade and other receivables” and “other financial liabilities” have each increased.

- (6) Adjustment of recorded amount of property, plant and equipment
Real estate acquisition taxes, etc. that were treated as an expense under Japanese Accounting Standards are capitalized under IFRS. Accordingly, property, plant, and equipment has increased.
- (7) Adjustments related to goodwill
Under Japanese Accounting Standards, goodwill was amortized on a straight-line basis, but it is not amortized under IFRS. Accordingly, goodwill and intangible assets have increased.
- (8) Adjustments related to leasing transactions
Under Japanese Accounting Standards, leases as a lessee were classified into finance leases and operating leases, and operating leases were accounted for in accordance with normal methods for rental transactions. Under IFRS, this classification has not been applied for leases as a lessee, and instead all leases, except short-term leases and leases where the underlying asset is of low value, are recognized as "right-of-use assets" and "lease obligations."
Also, for sale and leaseback transactions that were processed as sales under Japanese Accounting Standards but that do not meet the requirements of IFRS 15 and in which the transfer of assets is not treated as a sale for accounting purposes, the UACJ Group recognizes a liability of the same amount of the proceeds of sale in "other financial liabilities."
- (9) Adjustments related to retirement benefits
Under Japanese Accounting Standards, actuarial gains and losses were recognized in other comprehensive income when they occurred and were treated as an expense over a certain number of years not exceeding the average number of remaining service years of employees. Under IFRS, however, remeasurements of defined benefit plans, including actuarial gains and losses, are recognized as other comprehensive income at the time they occur and are immediately transferred to retained earnings. In addition, when there is a surplus in defined benefit plans, the limit on the asset is the present value of any future economic benefits available in the form of reductions in future contributions to the plan or refunds from the plan. Accordingly, there have been partial revisions to the basis for calculating liabilities related to retirement benefits.
- (10) Adjustments related to unused paid leave
Unused paid leave for employees, which was not required to be recognized as a liability under Japanese Accounting Standards, has been recognized as a liability under IFRS. As a result, "other current liabilities" and "other non-current liabilities" have increased.
- (11) Valuation of unlisted shares
Under Japanese Accounting Standards, unlisted shares were stated at cost using the moving average method, but under IFRS, these shares are stated at fair value. Accordingly, "other financial assets" and "other components of equity" have increased.
- (12) Adjustments related to interest-bearing liabilities
Transaction costs arising directly from the issuance of interest-bearing liabilities measured at amortized cost after initial recognition were treated as an expense at the time of occurrence under Japanese Accounting Standards. Under IFRS, however, they are subtracted from the initial measurement of the interest-bearing liabilities, and measured using the effective interest method.
- (13) Currency swaps and interest rate swaps
As for hedge accounting methods, under Japanese Accounting Standards, designated hedge accounting and exceptional accounting were applied to currency swap and interest rate swap transactions, respectively. Under IFRS, however, these transactions are subject to cash flow hedge accounting. As a result, "other financial assets," "loans payable," and "other financial liabilities" have increased.
- (14) Adjustments related to levies
Under Japanese Accounting Standards, property tax and other levy items were treated as an expense over

the fiscal year, while under IFRS, these items are treated as an expense at the time the levy is determined and recorded as "trade and other payables."

(15) Adjustments related to tax effects

Under Japanese Accounting Standards, the tax rate of the seller was used for tax effects associated with the elimination of unrealized profits and losses, but under IFRS, these tax effects are calculated using the tax rate of the acquirer, and their recoverability has been reviewed. In addition, temporary differences arose as a result of reconciliation from Japanese Accounting Standards to IFRS, and the amounts of "deferred tax assets" and "deferred tax liabilities" have been adjusted accordingly.

(16) Share-based payment

Under Japanese Accounting Standards, officer remuneration plans of the Company that are medium- to long-term performance-linked remuneration plans classed as equity-settled share-based payment were recorded as liabilities based on the expected amount of payment required, but under IFRS, these plans are recognized as an expense based on fair value, and the same amount is recognized as an increase in equity.

(17) Foreign currency translation adjustment

When adopting IFRS for the first time, the Company has chosen the exemption provided for in IFRS 1, and has transferred all cumulative translation differences to retained earnings as of the date of transition.

(18) Reconciliation for retained earnings

(Millions of yen)

	Date of transition (April 1, 2022)	Three months ended June 30, 2022	Previous fiscal year (as of March 31, 2023)
Adjustments related to revisions in the scope of consolidation	35	32	(253)
Adjustments related to unifying the closing date	3,398	1,462	(3,258)
Adjustments related to goodwill	—	806	3,253
Adjustments related to unused paid leave	(2,622)	(2,622)	(3,347)
Adjustments of deferred tax assets and liabilities	680	654	(55)
Transfer of cumulative translation differences for foreign subsidiaries	22,509	22,509	22,509
Other	143	(43)	591
Total	24,143	22,798	19,440

Reconciliation of profit and loss and comprehensive income for the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	247,266	(22)	8,914	256,159	(2), (3), (4)	Revenue
Cost of sales	(207,256)	—	(8,210)	(215,466)	(2), (3), (4), (6)	Cost of sales
Gross profit	40,011	(22)	704	40,693		Gross profit
Selling, general and administrative expenses	(21,667)	(22)	296	(21,394)	(1), (2), (3), (5), (6)	Selling, general and administrative expenses
		(866)	1,236	370	(1), (2), (3)	Other revenue
		1,222	(3,656)	(2,434)	(1), (2), (3)	Other expenses
		449	47	496	(1), (2), (3)	Share of loss of entities accounted for using equity method
Operating income	18,344	762	(1,374)	17,732		Operating income
Non-operating income	3,457	(1,034)	495	2,918	(1), (2), (3)	Financial revenue
Non-operating expenses	(1,869)	215	(53)	(1,708)	(1), (2), (3)	Financial expenses
Extraordinary income	120	(120)	—	—	(1)	
Extraordinary loss	(156)	156	—	—	(1)	
Income before income taxes	19,896	(22)	(932)	18,942		Profit before tax
Income taxes	(4,224)	22	(401)	(4,602)	(7)	Income tax expenses
Net income	15,672	—	(1,333)	14,340		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Adjustments to retirement benefits	(83)	—	78	(5)	(6)	Remeasurements of defined benefit plans
Valuation difference on available-for-sale securities	(46)	—	122	76		Net change in financial assets measured at fair value through other comprehensive income
		90	—	90		Share of other comprehensive income of investments accounted for using equity method
						Items that may be reclassified to profit or loss
Deferred gains (losses) on hedges	101	—	2	103		Change in effective portion of cash flow hedges measured at fair value
Foreign currency translation adjustment	19,997	—	(1,792)	18,205	(2), (3)	Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	1,001	(90)	—	911		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	20,970	—	(1,590)	19,381		Other comprehensive income, net of tax
Comprehensive income	36,642	—	(2,923)	33,721		Total comprehensive income

Reconciliation of profit and loss and comprehensive income for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

Presentation under Japanese Accounting Standards	Japanese Accounting Standards	Presentation reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	962,885	—	(7,168)	955,717	(2), (3), (4)	Revenue
Cost of sales	(864,414)	—	(165)	(864,579)	(2), (3), (4), (6)	Cost of sales
Gross profit	98,471	—	(7,333)	91,138		Gross profit
Selling, general and administrative expenses	(81,264)	(88)	4,295	(77,056)	(1), (2), (3), (5), (6)	Selling, general and administrative expenses
		1,657	354	2,011	(1), (2), (3)	Other revenue
		(5,959)	(1,262)	(7,220)	(1), (2), (3)	Other expenses
		1,749	75	1,824	(1), (2), (3)	Share of loss of entities accounted for using equity method
Operating income	17,207	(2,641)	(3,870)	10,696		Operating income
Non-operating income	6,784	(3,413)	(772)	2,598	(1), (2), (3)	Financial revenue
Non-operating expenses	(15,259)	4,400	(737)	(11,596)	(1), (2), (3)	Financial expenses
Extraordinary income	601	(601)	—	—	(1)	
Extraordinary loss	(2,166)	2,166	—	—	(1)	
Income before income taxes	7,166	(88)	(5,379)	1,699		Profit before tax
Income taxes – current	3,206	(4,727)	(687)	(2,208)	(7)	Income tax expenses
Income taxes – deferred	(4,815)	4,815				
Net income	5,557	—	(6,066)	(509)		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Adjustments to retirement benefits	(754)	—	1,225	471	(6)	Remeasurements of defined benefit plans
Valuation difference on available-for-sale securities	156	—	79	235		Net change in financial assets measured at fair value through other comprehensive income
		1,022	—	1,022		Share of other comprehensive income of investments accounted for using equity method
						Items that may be reclassified to profit or loss
Deferred gains (losses) on hedges	(798)	—	(152)	(950)	(3)	Effective portion of change in cash flow hedges measured at fair value
Foreign currency translation adjustment	20,856	—	(3,997)	16,859	(2), (3)	Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	1,698	(1,022)	—	676		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	21,158	—	(2,845)	18,313		Other comprehensive income, net of tax
Comprehensive income	26,716	—	(8,911)	17,804		Total comprehensive income

Notes related to the reconciliation of profit and loss and comprehensive income

(1) Presentation reclassification

Items presented under “non-operating income,” “non-operating expenses,” “extraordinary income,” and “extraordinary loss” under Japanese Accounting Standards have been presented as “financial revenue” and “financial expenses” under IFRS for profit and loss related to finance, and presented as “selling, general and administrative expenses,” “other revenue,” “other expenses,” and “share of loss of entities accounted for using equity method” for other items.

(2) Revisions in the scope of consolidation

Non-consolidated subsidiaries and subsidiaries and affiliates not accounted for by the equity method under Japanese Accounting Standards are accounted for as consolidated subsidiaries and affiliates accounted for by the equity method under IFRS.

(3) Unifying the closing date

For certain subsidiaries with a different closing date to that of the parent company, because the difference between the closing dates of the subsidiary and the consolidated closing date did not exceed three months, under Japanese Accounting Standards the regular closing of accounts for the subsidiary was used as the basis for the consolidated closing of accounts. Under IFRS, however, a provisional closing of accounts is performed on the consolidated closing date of the parent company before consolidation takes place.

(4) Adjustments related to revenue recognition

Under the previously applied Japanese Accounting Standards, revenue was recognized at the point of shipment for transactions involving the sale of goods, but with the change to IFRS revenue is now recognized at the point at which control of the goods passes to the other party and “revenue” has been adjusted accordingly.

(5) Adjustments related to the recording of goodwill

Under Japanese Accounting Standards, goodwill was amortized on a straight-line basis, but as it is not amortized under IFRS, “selling, general and administrative expenses” have declined.

(6) Adjustments related to retirement benefits

Under Japanese Accounting Standards, actuarial gains and losses were recognized in other comprehensive income when they occurred and were treated as an expense over a certain number of years not exceeding the average number of remaining service years of employees. Under IFRS, however, remeasurements of defined benefit plans, including actuarial gains and losses, are recognized as other comprehensive income at the time they occur and are immediately transferred to retained earnings. Accordingly, adjustments have been made to “cost of sales” and “selling, general and administrative expenses.”

(7) Adjustments related to tax effects

Temporary differences arose as a result of reconciliation from Japanese Accounting Standards to IFRS, and the amount of income tax expenses has been adjusted accordingly.

In addition, under Japanese Accounting Standards, while the tax rate of the seller was used for tax effects associated with the elimination of unrealized profits and losses, under IFRS these tax effects are calculated using the tax rate of the acquirer.