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February 10, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Q3 FY2025) (Under IFRS)

Company name: FUJI OIL CO., LTD.
 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 nine months ended December 31, 2025 (April 1, 2025 - December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Business profit		Operating profit		Profit before tax		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	582,783	18.5	28,805	700.7	27,536	—	22,802	—	16,596	—
December 31, 2024	491,884	—	3,597	—	2,328	—	△291	—	△387	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2025	16,376	—	36,355	651.8	190.47	—
December 31, 2024	△1,639	—	4,835	—	△19.07	—

(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	%
December 31, 2025	679,691	243,170	239,033	35.2
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	—	26.00	—		
Fiscal year ending March 31, 2026 (Forecast)				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	772,000	15.0	36,500	175.2	16,500	327.0	191.92

(Note) Revisions to the consolidated forecast most recently announced: Yes

Please refer to the "Notice of Revision to the Full-Year Earnings Forecast" released today for further details.

*** 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: 2 companies (The former FUJI OIL CO., LTD. etc.)

- (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 December 31, 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 December 31, 2025	1,586,816 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)

Nine months ended December 31, 2025	85,978,201 shares
Nine months ended December 31, 2024	85,969,636 shares

* Quarterly financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 supplementary material on financial results

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 Nine Months Ended December 31, 2025

(1) Details of Operating Results

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

	Net sales	Business profit	Profit before tax	Profit attributable to owners of parent
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	582,783	28,805	22,802	16,376
December 31, 2024	491,884	3,597	△291	△1,639
Change	+90,899 +18.5%	+25,208 +700.7%	+23,093 —	+18,015 —

Net sales increased due to higher sales prices to reflect rising key raw material price such as cocoa beans. Business profit increased due to steady sales of vegetable fats for chocolate in the Vegetable Oils and Fats segment and a decline in cocoa beans related costs at Blommer Chocolate Company, LLC (USA, hereinafter “Blommer”). Profit attributable to owners of parent increased due to an increase in business profit despite an increase in interest expenses.

The business combination with PROVENCE HUILES S.A.S and other that occurred in 28, April 2025 had been accounted for on a provisional basis in both the first quarter consolidated cumulative period and the interim consolidated accounting period. We finalized from our provisional accounting during the third-quarter consolidated cumulative period.

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, the 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	201,714	+49,958	+32.9%	26,645	+8,043	+43.2%
Industrial Chocolate	282,646	+40,625	+16.8%	1,357	+17,901	—
Emulsified and Fermented Ingredients	73,389	+2,171	+3.0%	1,361	△556	△29.0%
Soy-based Ingredients	25,033	△1,856	△6.9%	△234	△97	—
Adjustment	—	—	—	△324	△82	—
Total	582,783	+90,899	+18.5%	28,805	+25,208	+700.7%

(Vegetable Oils and Fats)

Net sales increased due to higher sales prices to reflect rising raw material prices and expansion of demand, in addition to new consolidation during the current first quarter consolidated cumulative period. 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 increased due to a decline in cocoa beans related costs at Blommer despite a decrease in sales volume at Blommer.

(Emulsified and Fermented Ingredients)

Net sales increased due to higher sales prices to reflect rising raw material prices. Business profit decreased due to a decline in profitability resulting from higher procurement prices and a decrease in sales volume in Asia.

(Soy-based Ingredients)

Net sales and business profit decreased mainly due to a 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 nine months of the fiscal year is as follows.

(Millions of yen)

		As of March 31, 2025	As of December 31, 2025	Change
Assets	Current assets	363,997	400,331	+36,334
	Non-current assets	233,079	279,359	+46,280
		597,076	679,691	+82,614
Liabilities	Interest-bearing debt	283,721	323,251	+39,529
	Other	102,428	113,269	+10,841
		386,150	436,521	+50,370
Equity		210,926	243,170	+32,244

(Assets)

Current assets increased due to an increase in trade receivables and inventories attributable to a newly consolidated company despite a decrease in cash and cash equivalents. 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 82,614 million yen from the end of the previous consolidated fiscal year to 679,691 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 from the acquisition of shares of a newly consolidated company and an increase in working capital. As a result, liabilities increased by 50,370 million yen from the end of the previous consolidated fiscal year to 436,521 million yen.

(Equity)

Equity increased by 32,244 million yen from the end of the previous year to 243,170 million yen mainly due to an increase in other components of equity resulting from growth in retained earnings and the yen depreciation against US dollar and euro.

(ii) Details of Consolidated Cash Flows

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Change
Cash flows from operating activities	△48,358	△8,958	+39,399
Cash flows from investing activities	△13,162	△41,163	△28,001
Free Cash flows	△61,521	△50,122	+11,398
Cash flows from financing activities	70,993	19,764	△51,229
Cash and cash equivalents at end of period	38,847	43,800	+4,952

(Cash flows from operating activities)

Cash flows from operating activities for the first nine months of the current consolidated fiscal year resulted in expenditures of 8,958 million yen. Expenditures decreased by 39,399 million yen compared to the first nine months of the previous consolidated fiscal year mainly due to an improvement in working capital requirements.

(Cash flows from investing activities)

Cash flows from investing activities for the first nine months of the current consolidated fiscal year resulted in expenditures of 41,163 million yen. Expenditures increased by 28,001 million yen compared to the first nine 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 nine months of the current consolidated fiscal year resulted in income of 19,764 million yen. Income decreased by 51,229 million yen compared to the first nine 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 forecast for the full year has been revised from the previous forecast announced on May 12, 2025. Please refer to the "Notice of Revision to the Full-Year Earnings Forecast" released today for further details.

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 December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	28,499	70,840	43,800
Trade receivables	92,399	112,298	137,324
Inventories	109,349	160,718	192,899
Other financial assets	2,888	1,304	2,673
Other current assets	13,427	10,197	23,633
Assets held for sale	—	8,637	—
Total current assets	246,565	363,997	400,331
Non-current assets			
Property, plant and equipment	141,344	138,081	161,837
Right-of-use assets	10,048	9,257	11,705
Intangible assets	33,605	32,572	40,647
Goodwill	21,907	20,763	30,229
Investments accounted for using equity method	11,134	13,426	15,327
Retirement benefit asset	39	39	—
Deferred tax assets	2,496	10,218	10,659
Other financial assets	9,426	8,400	8,705
Other non-current assets	624	319	247
Total non-current assets	230,628	233,079	279,359
Total assets	477,193	597,076	679,691

(Millions of yen)

	Transition Date (As of April 1, 2024)	As of March 31, 2025	As of December 31, 2025
Liabilities			
Current liabilities			
Trade payables	41,013	46,538	59,775
Borrowings	64,373	195,284	213,604
Current portion of bonds payable	34,989	—	—
Lease liabilities	2,410	2,062	2,462
Income taxes payable	4,316	7,566	6,235
Other financial liabilities	6,148	10,093	6,407
Other current liabilities	15,589	14,063	13,817
Liabilities directly associated with assets held for sale	—	259	—
Total current liabilities	168,842	275,867	302,303
Non-current liabilities			
Bonds payable	5,978	30,811	30,847
Long-term borrowings	43,496	57,625	78,798
Lease liabilities	7,168	6,668	8,883
Deferred tax liabilities	14,627	10,777	10,904
Retirement benefit liability	1,985	1,784	1,990
Other non-current liabilities	2,526	2,613	2,791
Total non-current liabilities	75,781	110,282	134,217
Total liabilities	244,624	386,150	436,521
Equity			
Share capital	13,208	13,208	13,208
Capital surplus	15,323	8,443	8,676
Retained earnings	151,046	150,944	162,981
Treasury shares	△1,947	△1,919	△2,154
Other components of equity	42,846	36,245	56,320
Equity attributable to owners of parent	220,477	206,923	239,033
Non-controlling interests	12,091	4,003	4,137
Total equity	232,569	210,926	243,170
Total liabilities and equity	477,193	597,076	679,691

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First nine months period)

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	491,884	582,783
Cost of sales	437,270	498,043
Gross profit	54,613	84,740
Selling, general and administrative expenses	53,261	57,539
Other income	1,419	1,495
Other expenses	442	1,159
Operating profit	2,328	27,536
Finance income	1,342	1,200
Finance costs	5,284	6,221
Share of profit (loss) of investments accounted for using equity method	1,322	287
Profit (loss) before tax	△291	22,802
Income tax expense	96	6,205
Profit (loss)	△387	16,596
Profit (loss) attributable to		
Owners of parent	△1,639	16,376
Non-controlling interests	1,251	220
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	△19.07	190.47
Diluted earnings (loss) per share (yen)	—	—

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Profit (Loss)	△387	16,596
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	277	455
Remeasurements of defined benefit plans	△9	△57
Total of items that will not be reclassified to profit or loss	267	397
Items that may be reclassified to profit or loss		
Cash flow hedges	2,477	1,070
Exchange differences on translation of foreign operations	1,793	18,746
Share of other comprehensive income of investments accounted for using equity method	685	△456
Total of items that may be reclassified to profit or loss	4,955	19,361
Total other comprehensive income	5,223	19,758
Comprehensive income	4,835	36,355
Comprehensive income attributable to		
Owners of parent	3,175	35,999
Non-controlling interests	1,660	355

(3) Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 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 (loss)	—	—	△1,639	—	—	△1,639	1,251	△387
Other comprehensive income	—	—	—	—	4,814	4,814	408	5,223
Comprehensive income	—	—	△1,639	—	4,814	3,175	1,660	4,835
Dividends of surplus	—	—	△4,475	—	—	△4,475	△2,698	△7,174
Purchase of treasury shares	—	—	—	△0	—	△0	—	△0
Disposal of treasury shares	—	—	—	28	—	28	—	28
Transfer from other components of equity to retained earnings	—	—	78	—	△78	—	—	—
Share-based payment transactions	—	△22	—	—	—	△22	—	△22
Other	—	—	—	—	△1,770	△1,770	—	△1,770
Total transactions with owners	—	△22	△4,397	28	△1,848	△6,239	△2,698	△8,938
Balance at end of period	13,208	15,300	145,010	△1,919	45,812	217,413	11,052	228,466

For the nine months ended December 31, 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 (loss)t	—	—	16,376	—	—	16,376	220	16,596
Other comprehensive income	—	—	—	—	19,623	19,623	135	19,758
Comprehensive income	—	—	16,376	—	19,623	35,999	355	36,355
Dividends of surplus	—	—	△4,479	—	—	△4,479	△324	△4,804
Purchase of treasury shares	—	—	—	△421	—	△421	—	△421
Disposal of treasury shares	—	259	—	186	—	446	—	446
Transfer from other components of equity to retained earnings	—	—	140	—	△140	—	—	—
Share-based payment transactions	—	△26	—	—	—	△26	—	△26
Other	—	—	—	—	591	591	103	694
Total transactions with owners	—	233	△4,339	△234	450	△3,889	△221	△4,111
Balance at end of period	13,208	8,676	162,981	△2,154	56,320	239,033	4,137	243,170

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Cash flows from operating activities		
Profit (loss) before tax	△291	22,802
Depreciation and amortization	14,540	15,787
Decrease (increase) in retirement benefit asset	0	39
Increase (decrease) in retirement benefit liability	38	△9
Interest and dividend income	△849	△804
Interest expenses	4,941	5,804
Impairment losses	113	686
Share of loss (profit) of investments accounted for using equity method	△1,322	△287
Loss (gain) on disposal of non-current assets	124	256
Loss (gain) on sale of shares of subsidiaries and associates	△291	—
Decrease (increase) in trade receivables	△32,654	△15,605
Decrease (increase) in inventories	△31,693	△17,098
Increase (decrease) in trade payables	13,289	7,087
Decrease (increase) in advance payments to suppliers	2,497	△9,764
Other	△5,379	△1,211
Subtotal	△36,936	7,683
Interest and dividends received	1,285	804
Interest paid	△4,683	△6,125
Income taxes refund (paid)	△8,023	△11,330
Proceeds from insurance income	—	8
Net cash provided by (used in) operating activities	△48,358	△8,958
Cash flows from investing activities		
Purchase of property, plant and equipment	△12,869	△21,044
Proceeds from sale of property, plant and equipment	306	173
Purchase of intangible assets	△2,127	△2,278
Payments for acquisition of subsidiaries	—	△16,726
Proceeds from sale of shares of subsidiaries	1,819	—
Purchase of shares of associates	△325	△1,461
Payments for investments in capital	△73	△26
Other	107	199
Net cash provided by (used in) investing activities	△13,162	△41,163

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	66,784	△29,503
Net increase (decrease) in commercial papers	10,000	—
Proceeds from long-term borrowings	17,628	59,921
Repayments of long-term borrowings	△3,666	△3,607
Proceeds from issuance of bonds	25,000	—
Redemption of bonds	△35,000	—
Dividends paid	△4,475	△4,479
Dividends paid to non-controlling interests	△2,698	△324
Other	△2,578	△2,241
Net cash provided by (used in) financing activities	70,993	19,764
Effect of exchange rate changes on cash and cash equivalents	875	3,318
Net increase (decrease) in cash and cash equivalents	10,348	△27,039
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	38,847	43,800

(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”. The segment information for the first nine months period of the previous fiscal year has been presented in accordance with the changed allocation method.

First nine months period of the previous fiscal year (April 1, 2024 - December 31, 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	151,755	242,020	71,218	26,889	491,884	—	491,884
Transactions with other segments	19,824	2,897	4,150	138	27,009	△27,009	—
Total	171,579	244,918	75,368	27,027	518,893	△27,009	491,884
Business profit (loss) (Note 2)	18,601	△16,544	1,918	△136	3,839	△241	3,597

(Note) 1. Adjustment of business profit (loss) △241 million yen includes the elimination of intersegment transactions.

2. Business profit (loss) 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 nine months period of the current fiscal year (April 1, 2025 - December 31, 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	201,714	282,646	73,389	25,033	582,783	—	582,783
Transactions with other segments	25,600	3,304	5,031	50	33,986	△33,986	—
Total	227,314	285,950	78,421	25,083	616,770	△33,986	582,783
Business profit (loss) (Note 2)	26,645	1,357	1,361	△234	29,130	△324	28,805

(Note) 1. Adjustment of business profit (loss) △324 million yen includes the elimination of intersegment transactions.

2. Business profit (loss) 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 (loss) before tax is as follows:

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Business profit	3,597	28,805
Gain on sale of fixed assets	46	45
Loss on disposal of fixed assets	△170	△302
Gain on sale of shares of associates	291	—
Impairment losses	△113	△686
Share of loss (profit) of investments accounted for using the equity method	△1,322	△287
Other	0	△39
Operating profit	2,328	27,536
Finance income	1,342	1,200
Finance costs	△5,284	△6,221
Share of profit (loss) of investments accounted for using equity method	1,322	287
Profit (loss) before tax	△291	22,802

(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		Trade payables
Short-term borrowings	33,151	21,222	10,000	—	64,373	k	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 December 31, 2024 (First nine months period of the previous fiscal year)

(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	38,621	△10	237	38,847		Cash and cash equivalents
Notes and accounts receivable - trade	125,724	△207	△0	125,516		Trade receivables
Merchandise and finished goods	59,873	84,426	△210	144,090	a	Inventories
Raw materials and supplies	84,426	△84,426	—	—		
Other	18,147	△18,147	—	—		
Allowance for doubtful accounts	△264	264	—	—		
	—	6,106	383	6,489	b	Other financial assets
	—	11,944	251	12,196	c	Other current assets
	—	9,807	—	9,807	d	Assets held for sale
Total current assets	326,529	9,757	661	336,948		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	—	138,640	△2,525	136,114	e, E	Property, plant and equipment
Buildings and structures, net	46,430	△46,430	—	—		
Machinery, equipment and vehicles, net	61,096	△61,096	—	—		
Land	20,061	△20,061	—	—		
Right-of-use assets, net	7,281	35	2,051	9,368	F	Right-of-use assets
Construction in progress	17,473	△17,473	—	—		
Other, net	3,236	△3,236	—	—		
Intangible assets	—	33,457	—	33,457	f	Intangible assets
Goodwill	19,842	—	1,684	21,526	B	Goodwill
Customer-related assets	18,541	△18,541	—	—		
Other	14,926	△14,926	—	—		
Investments and other assets						
	—	12,811	213	13,024	g	Investments accounted for using equity method
Investment securities	17,496	△17,496	—	—		
Retirement benefit asset	7,497	—	△7,458	39	D	Retirement benefit asset
Deferred tax assets	1,496	—	1,765	3,262	C	Deferred tax assets
Other	3,286	△3,286	—	—		
Allowance for doubtful accounts	△47	47	—	—		
	—	7,581	1,692	9,274	h, A	Other financial assets
	—	342	54	397	i	Other non-current assets
Total non-current assets	238,621	△9,634	△2,522	226,464		Total non-current assets
Deferred assets						
Bond issuance costs	195	—	△195	—		
Total deferred assets	195	—	△195	—		
Total assets	565,346	122	△2,056	563,412		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	53,680	△94	501	54,087	k	Trade payables
Short-term borrowings	122,889	20,000	—	142,889		Borrowings
Commercial papers	20,000	△20,000	—	—		
	—	1,319	652	1,972	j, F	Lease liabilities
Income taxes payable	4,994	—	730	5,724		Income taxes payable
Provision for bonuses	2,045	△2,045	—	—		
Other	19,967	△19,967	—	—		
	—	8,897	△153	8,744	l	Other financial liabilities
	—	11,299	1,279	12,578	m, G, H	Other current liabilities
	—	722	—	722	d	Liabilities directly associated with assets held for sale
Total current liabilities	223,577	131	3,010	226,719		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	31,000	—	△199	30,800		Bonds payable
Long-term borrowings	59,801	—	△69	59,732		Long-term borrowings
Lease liabilities	4,750	△38	1,863	6,575	F	Lease liabilities
Deferred tax liabilities	8,137	—	△1,756	6,381	C	Deferred tax liabilities
Retirement benefit liability	2,053	—	△38	2,014		Retirement benefit liability
Other	2,722	△2,722	—	—		
	—	2,722	—	2,722	n	Other non-current liabilities
Total non-current liabilities	108,466	△38	△200	108,226		Total non-current liabilities
Total liabilities	332,043	93	2,809	334,946		Total liabilities
Net assets						
Shareholders' equity						Equity
Share capital	13,208	—	—	13,208		Share capital
Capital surplus	14,757	29	514	15,300		Capital surplus
Retained earnings	149,744	—	△4,733	145,010	L	Retained earnings
Treasury shares	△1,919	—	—	△1,919		Treasury shares
Accumulated other comprehensive income	—	46,438	△626	45,812	o, A	Other components of equity
Valuation difference on available-for-sale securities	1,845	△1,845	—	—		
Deferred gains or losses on hedges	1,430	△1,430	—	—		
Foreign currency translation adjustment	42,592	△42,592	—	—		
Remeasurements of defined benefit plans	571	△571	—	—		
	—	—	—	217,413		Equity attributable to owners of parent
Non-controlling interests	11,073	—	△20	11,052		Non-controlling interests
Total net assets	233,303	29	△4,866	228,466		Total equity
Total liabilities and net assets	565,346	122	△2,056	563,412		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	Trade payables
Short-term borrowings	175,284	20,000	—	195,284		Borrowings
Commercial papers	20,000	△20,000	—	—		
	—	1,376	685	2,062		Lease liabilities
Income taxes payable	7,571	—	△5	7,566	j, F	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	l	Other financial liabilities
	—	12,718	1,345	14,063	m, G, H	Other current liabilities
	—	259	—	259	d	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		Bonds payable
Long-term borrowings	57,691	—	△65	57,625		Long-term borrowings
Lease liabilities	4,805	△5	1,868	6,668	F	Lease liabilities
Deferred tax liabilities	10,873	—	△96	10,777	C	Deferred tax liabilities
Retirement benefit liability	1,851	—	△66	1,784		Retirement benefit liability
Other	2,613	△2,613	—	—		
	—	2,613	—	2,613	n	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		Share capital
Capital surplus	8,503	30	△91	8,443		Capital surplus
Retained earnings	155,205	—	△4,260	150,944	L	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 nine months period of the previous fiscal year
(April 1, 2024 - December 31, 2024)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Key Notes	Accounts under IFRS
Net sales	491,888	—	△4	491,884		Net sales
Cost of sales	439,630	279	△2,638	437,270	p, I	Cost of sales
Gross profit	52,258	△279	2,634	54,613		Gross profit
Selling, general and administrative expenses	51,753	163	1,344	53,261	B, I	Selling, general and administrative expenses
	—	918	500	1,419	p	Other income
	—	299	142	442	p	Other expenses
Operating profit	504	175	1,648	2,328		Operating profit
Non-operating income	2,812	△2,812	—	—		
Non-operating expenses	5,552	△5,552	—	—		
Extraordinary income	547	△547	—	—		
Extraordinary losses	310	△310	—	—		
	—	1,552	△209	1,342	p	Finance income
	—	5,270	13	5,284	p	Finance costs
	—	1,038	283	1,322	p, B	Share of profit (loss) of investments accounted for using equity method
Profit (loss) before income taxes	△1,999	—	1,708	△291		Profit (loss) before tax
Income taxes - current	369	△395	122	96	q	Income tax expense
Income taxes - deferred	△395	395	—	—		
Profit (loss)	△1,972	—	1,585	△387		Profit (loss)
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available- for-sale securities	△23	—	300	277	A	Net change in fair value of equity instruments measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	△68	—	59	△9	D	Remeasurements of defined benefit plans
						Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	707	—	1,770	2,477	J	Cash flow hedges
Foreign currency translation adjustment	1,856	—	△63	1,793		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	662	—	22	685		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	3,134	—	2,089	5,223		Total other comprehensive income
Comprehensive income	1,161	—	3,674	4,835		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	—	—		
Profit	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
						Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	△1,283	—	1,290	6	J	Cash flow hedges
Foreign currency translation adjustment	△6,254	—	△117	△6,372		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	420	—	45	465		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. Borrowings

Commercial paper separately presented under Japanese GAAP are reclassified to “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 December 31, 2024	As of March 31, 2025
Non-marketable equity instruments (see Note A)	193	108	115
Goodwill (see Note B)	—	1,719	2,285
Deferred tax assets and liabilities (see Note C)	368	421	608
Employee benefits (see Note D)	△4,207	△4,738	△4,621
Deemed cost (see Note E)	△1,908	△1,908	△1,908
Lease liabilities and right-of-use assets (see Note F)	△60	△65	△46
Provision for paid absence (see Note G)	△789	△789	△862
Levies (see Note H)	△388	3	△381
Inventories (see Note I)	△253	△219	△309
Financial instrument (Foreign exchange forward contracts) (see Note J)	—	55	13
Change in Scope of Consolidation (see Note K)	37	225	239
Other	604	454	606
Reconciliation of retained earnings	△6,403	△4,733	△4,260

Reconciliation of cash flows for the nine months ended December 31, 2024 (from 4/1/2024 to 12/31/2024) 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.