

# **Business Results for the First Three Months of the Fiscal Year Ending December 31, 2024**

**(January 1, 2024 through March 31, 2024)**

**(IFRS)**

May 13, 2024

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange Prime Market

Code number:

7272

URL:

<https://global.yamaha-motor.com/ir/>

Representative:

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Filing of quarterly securities report (scheduled):

May 14, 2024

Beginning of payment of dividends (scheduled):

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Supplementary explanatory documents related to the quarterly consolidated financial results:

Yes

Briefing on the quarterly consolidated financial results:

Yes (for institutional investors and securities analysts)

Amounts less than one million yen are rounded down.

## 1. Consolidated Financial Results for the Three Months Ended March 31, 2024

(January 1, 2024 through March 31, 2024)

### (1) Consolidated operating results (cumulative)

\*% represents year-on-year changes.

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Three months ended March 31, 2024</b>	<b>642,065</b>	<b>5.9</b>	<b>77,966</b>	<b>2.7</b>	<b>77,009</b>	<b>5.7</b>	<b>60,706</b>	<b>14.8</b>
Three months ended March 31, 2023	606,460	—	75,894	—	72,830	—	52,879	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
<b>Three months ended March 31, 2024</b>	<b>55,973</b>	<b>12.7</b>	<b>102,669</b>	<b>48.4</b>	<b>56.61</b>	<b>56.57</b>
Three months ended March 31, 2023	49,663	—	69,187	—	48.95	48.91

Note: On January 1, 2024, each share of common stock was split into 3 shares. Basic earnings per share and diluted earnings per share were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2023.

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
<b>As of March 31, 2024</b>	<b>2,799,741</b>	<b>1,194,110</b>	<b>1,134,882</b>	<b>40.5</b>
As of December 31, 2023	2,563,561	1,134,359	1,075,774	42.0

## 2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	72.50	—	72.50	145.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (forecast)		25.00	—	25.00	50.00

Note 1: No revision was made to the most recently announced dividend forecast for the fiscal year ending December 31, 2024.

Note 2: On January 1, 2024, each share of common stock was split into 3 shares. The dividend amount per share for the fiscal year ended December 31, 2023 is the actual figure before the stock split. Those for the fiscal year ending December 31, 2024 and the fiscal year ending December 31, 2024 (forecast) are figures after the stock split.

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024

\*% represents year-on-year changes.

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2024	2,600,000	7.7	260,000	6.6	175,000	10.5	176.49

Note: No revision was made to the most recently announced consolidated financial results forecast for the fiscal year ending December 31, 2024.

(\*Notes)

(1) Changes in significant subsidiaries during the period: None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period, including treasury shares	Three months ended March 31, 2024	1,050,652,401 shares	Fiscal year ended December 31, 2023	1,050,652,401 shares
2) Number of treasury shares at the end of the period	Three months ended March 31, 2024	66,443,218 shares	Fiscal year ended December 31, 2023	59,121,495 shares
3) Average number of shares during the period (cumulative)	Three months ended March 31, 2024	988,816,139 shares	Three months ended March 31, 2023	1,014,645,261 shares

Note: On January 1, 2024, each share of common stock was split into 3 shares. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2023.

(\* The quarterly consolidated financial results presented herein are not subject to the quarterly review of a certified public accountant or audit corporation.)

(\* Notice regarding results forecast)

1. The results forecast presented in this document is based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (hereinafter, the "Company") in light of the information currently available and is not a guarantee of future performance. Actual results may differ significantly from the Company's forecast, due to various risks, uncertainties and other factors, including changes in business conditions surrounding Yamaha Motor Group (the "Group"), changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Group's operations, please see the latest Securities Report and Quarterly Securities Report which have been announced by the Company.

2. The Group has adopted the International Financial Reporting Standards ("IFRS") effective from the three months ended March 31, 2024. The figures in the consolidated financial statements for the three months ended March 31, 2023 and the fiscal year ended December 31, 2023 are also presented in accordance with IFRS.

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## Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statements of Financial Position

As of January 1, 2023 (date of transition to IFRS), December 31, 2023 and March 31, 2024

	Millions of yen		
	As of January 1, 2023	As of December 31, 2023	As of March 31, 2024
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	296,819	347,016	374,734
Trade and other receivables	180,987	179,707	226,438
Sales finance receivables	218,336	324,098	396,087
Inventories	492,364	568,596	592,124
Other financial assets	50,405	52,375	49,010
Other current assets	40,072	41,444	54,027
Total current assets	1,278,985	1,513,238	1,692,422
<b>Non-current assets:</b>			
Property, plant and equipment	398,028	441,214	453,633
Goodwill and intangible assets	49,378	57,416	61,226
Investments accounted for using the equity method	34,687	36,719	38,056
Sales finance receivables	250,149	316,676	343,394
Retirement benefit asset	17,587	23,772	26,863
Other financial assets	90,186	84,874	85,944
Deferred tax assets	49,424	79,694	86,438
Other non-current assets	13,070	9,954	11,760
Total non-current assets	902,513	1,050,322	1,107,318
<b>Total assets</b>	2,181,499	2,563,561	2,799,741

	Millions of yen		
	As of January 1, 2023	As of December 31, 2023	As of March 31, 2024
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Current liabilities:			
Trade and other payables	177,716	154,118	<b>168,274</b>
Bonds and borrowings	331,111	438,873	<b>586,464</b>
Income taxes payable	25,761	30,639	<b>30,693</b>
Accrued expenses	68,416	80,543	<b>86,623</b>
Provisions	27,033	33,437	<b>31,963</b>
Other financial liabilities	64,779	60,856	<b>53,015</b>
Other current liabilities	82,939	93,722	<b>124,664</b>
Total current liabilities	777,759	892,192	<b>1,081,699</b>
Non-current liabilities:			
Bonds and borrowings	271,577	404,934	<b>392,710</b>
Retirement benefit liability	48,333	51,811	<b>54,012</b>
Provisions	1,276	1,587	<b>2,457</b>
Other financial liabilities	36,088	38,806	<b>39,966</b>
Deferred tax liabilities	11,001	15,319	<b>9,396</b>
Other non-current liabilities	20,903	24,549	<b>25,388</b>
Total non-current liabilities	389,181	537,009	<b>523,931</b>
<b>Total liabilities</b>	1,166,940	1,429,202	<b>1,605,630</b>
<b>Equity:</b>			
Share capital	86,100	86,100	<b>86,100</b>
Capital surplus	68,436	64,146	<b>64,312</b>
Retained earnings	832,198	946,106	<b>976,593</b>
Treasury shares	(31,725)	(61,389)	<b>(71,390)</b>
Other components of equity	9,142	40,810	<b>79,267</b>
Total equity attributable to owners of parent	964,153	1,075,774	<b>1,134,882</b>
Non-controlling interests	50,404	58,585	<b>59,228</b>
<b>Total equity</b>	1,014,558	1,134,359	<b>1,194,110</b>
<b>Total liabilities and equity</b>	2,181,499	2,563,561	<b>2,799,741</b>

## (2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income

Three months ended March 31, 2023 and 2024

### Condensed Quarterly Consolidated Statements of Profit or Loss

	Millions of yen	
	Three months ended March 31, 2023	Three months ended March 31, 2024
Revenue	606,460	<b>642,065</b>
Cost of sales	(406,897)	<b>(430,896)</b>
Gross profit	199,563	<b>211,168</b>
Selling, general and administrative expenses	(126,393)	<b>(138,302)</b>
Other income	2,881	<b>4,722</b>
Other expenses	(1,513)	<b>(1,430)</b>
Share of profit (loss) of entities accounted for using the equity method	1,356	<b>1,808</b>
Operating profit	75,894	<b>77,966</b>
Finance income	1,759	<b>4,442</b>
Finance costs	(4,822)	<b>(5,399)</b>
Profit before tax	72,830	<b>77,009</b>
Income tax expense	(19,950)	<b>(16,302)</b>
Profit	52,879	<b>60,706</b>
Profit attributable to:		
Owners of parent	49,663	<b>55,973</b>
Non-controlling interests	3,216	<b>4,733</b>
Profit	52,879	<b>60,706</b>
Earnings per share:		
Basic earnings per share (yen)	48.95	<b>56.61</b>
Diluted earnings per share (yen)	48.91	<b>56.57</b>

## Condensed Quarterly Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended March 31, 2023	Three months ended March 31, 2024
<b>Profit</b>	52,879	<b>60,706</b>
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	854	<b>591</b>
Equity instruments measured at fair value through other comprehensive income	1,794	<b>3,435</b>
Share of other comprehensive income of entities accounted for using the equity method	(7)	–
Total	2,642	<b>4,026</b>
Items that may be reclassified to profit or loss		
Translation differences on foreign operations	13,373	<b>37,197</b>
Share of other comprehensive income of entities accounted for using the equity method	291	<b>738</b>
Total	13,665	<b>37,936</b>
<b>Total other comprehensive income</b>	16,307	<b>41,962</b>
<b>Comprehensive income</b>	69,187	<b>102,669</b>
<b>Comprehensive income attributable to:</b>		
Owners of parent	64,550	<b>95,020</b>
Non-controlling interests	4,637	<b>7,648</b>
<b>Comprehensive income</b>	69,187	<b>102,669</b>

### (3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended March 31, 2023

	Millions of yen							
	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of January 1, 2023	86,100	68,436	832,198	(31,725)	9,142	964,153	50,404	1,014,558
Profit	–	–	49,663	–	–	49,663	3,216	52,879
Other comprehensive income	–	–	–	–	14,887	14,887	1,420	16,307
Comprehensive income	–	–	49,663	–	14,887	64,550	4,637	69,187
Dividends of surplus	–	–	(22,832)	–	–	(22,832)	(6,796)	(29,628)
Purchase and disposal of treasury shares	–	102	–	(0)	–	101	–	101
Transfer to retained earnings	–	–	847	–	(847)	–	–	–
Changes in the scope of consolidation	–	–	(49)	–	(48)	(97)	(5)	(103)
Total transaction amount with owners	–	102	(22,034)	(0)	(895)	(22,828)	(6,802)	(29,630)
Balance as of March 31, 2023	86,100	68,539	859,827	(31,726)	23,134	1,005,875	48,240	1,054,115

Three months ended March 31, 2024

	Millions of yen							
	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of January 1, 2024	86,100	64,146	946,106	(61,389)	40,810	1,075,774	58,585	1,134,359
Profit	–	–	55,973	–	–	55,973	4,733	60,706
Other comprehensive income	–	–	–	–	39,047	39,047	2,914	41,962
Comprehensive income	–	–	55,973	–	39,047	95,020	7,648	102,669
Dividends of surplus	–	–	(23,964)	–	–	(23,964)	(7,005)	(30,970)
Purchase and disposal of treasury shares	–	165	–	(10,001)	–	(9,835)	–	(9,835)
Transfer to retained earnings	–	–	591	–	(591)	–	–	–
Changes in the scope of consolidation	–	–	(2,112)	–	–	(2,112)	–	(2,112)
Total transaction amount with owners	–	165	(25,486)	(10,001)	(591)	(35,913)	(7,005)	(42,918)
Balance as of March 31, 2024	86,100	64,312	976,593	(71,390)	79,267	1,134,882	59,228	1,194,110

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

Three months ended March 31, 2023 and 2024

	Millions of yen	
	Three months ended March 31, 2023	Three months ended March 31, 2024
<b>Cash flows from operating activities:</b>		
Profit before tax	72,830	<b>77,009</b>
Depreciation and amortization	17,508	<b>20,465</b>
Impairment losses	262	–
Increase (decrease) in valuation allowance for losses	1,707	<b>(605)</b>
Increase (decrease) in retirement benefit liability	1,687	<b>2,493</b>
Decrease (increase) in retirement benefit asset	(1,915)	<b>(2,421)</b>
Interest and dividend income	(1,871)	<b>(2,846)</b>
Interest expenses	1,272	<b>3,764</b>
Share of loss (profit) of entities accounted for using the equity method	(1,355)	<b>(1,808)</b>
Loss (gain) on sale of property, plant and equipment and intangible assets	(806)	<b>(136)</b>
Loss (gain) on disposal of property, plant and equipment and intangible assets	119	<b>128</b>
Decrease (increase) in sales finance receivables	(62,935)	<b>(60,999)</b>
Decrease (increase) in trade and other receivables	(26,807)	<b>(36,996)</b>
Decrease (increase) in inventories	(4,636)	<b>2,862</b>
Increase (decrease) in trade and other payables	12,730	<b>2,584</b>
Other	18,143	<b>17,237</b>
Subtotal	25,934	<b>20,733</b>
Interest and dividends received	2,262	<b>4,196</b>
Interest paid	(1,342)	<b>(3,814)</b>
Income taxes paid	(23,030)	<b>(33,079)</b>
Net cash provided by (used in) operating activities	3,823	<b>(11,963)</b>

	Millions of yen	
	Three months ended March 31, 2023	Three months ended March 31, 2024
<b>Cash flows from investing activities:</b>		
Payments into time deposits	(1,277)	(2,753)
Proceeds from withdrawal of time deposits	1,481	1,598
Purchase of property, plant and equipment and intangible assets	(19,553)	(29,269)
Proceeds from sale of property, plant and equipment and intangible assets	2,201	2,079
Purchase of investments accounted for using the equity method	(833)	–
Purchase of investment securities	(5,050)	(4,526)
Payments for loans receivable	(162)	(175)
Collection of loans receivable	34	93
Other	133	853
Net cash provided by (used in) investing activities	(23,027)	(32,099)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings	77,304	110,730
Proceeds from long-term borrowings	20,468	10,769
Repayments of long-term borrowings	(15,294)	(27,289)
Repayments of lease liabilities	(3,531)	(3,848)
Dividends paid	(22,832)	(23,964)
Dividends paid to non-controlling interests	(85)	(160)
Net decrease (increase) in treasury shares	(0)	(10,006)
Net cash provided by (used in) financing activities	56,028	56,230
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4,013	10,022
<b>Net increase (decrease) in cash and cash equivalents</b>	40,838	22,189
<b>Cash and cash equivalents at the beginning of the period</b>	296,819	347,016
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	325	5,528
<b>Cash and cash equivalents at the end of the period</b>	337,983	374,734

## (5) Notes to Condensed Quarterly Consolidated Financial Statements

### Notes Regarding Going-concern Assumptions

None

### Segment Information

Information on revenue and profit or loss by reportable segment

*Three months ended March 31, 2023*

	Millions of yen								
	Reportable segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on condensed quarterly consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Revenue:									
Revenue from external customers	401,930	145,498	19,826	17,910	585,165	21,295	606,460	–	606,460
Intersegment revenue and transfers	–	–	–	–	–	12,115	12,115	(12,115)	–
Total	401,930	145,498	19,826	17,910	585,165	33,411	618,576	(12,115)	606,460
Segment profit (loss) (Note 3)	36,395	36,905	(419)	2,528	75,409	485	75,894	–	75,894
Finance income									1,759
Finance costs									(4,822)
Profit before tax									72,830

Notes:

1. “Others” is a business segment not included in the reportable segments. It includes businesses involving golf cars, generators, multi- purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment profit (loss) corresponds to the operating profit in the condensed quarterly consolidated statements of profit or loss.

*Three months ended March 31, 2024*

	Millions of yen								
	Reportable segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on condensed quarterly consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Revenue:									
Revenue from external customers	430,615	141,874	19,181	26,933	618,604	23,461	642,065	–	642,065
Intersegment revenue and transfers	–	–	–	–	–	12,971	12,971	(12,971)	–
Total	430,615	141,874	19,181	26,933	618,604	36,432	655,036	(12,971)	642,065
Segment profit (loss) (Note 3)	49,979	25,453	(3,721)	6,127	77,838	127	77,966	–	77,966
Finance income									4,442
Finance costs									(5,399)
Profit before tax									77,009

Notes:

1. “Others” is a business segment not included in the reportable segments. It includes businesses involving golf cars, generators, multi- purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment profit (loss) corresponds to the operating profit in the condensed quarterly consolidated statements of profit or loss.

## Significant Subsequent Events

### *Purchase and retirement of treasury shares*

The Company resolved the following items related to the purchase of treasury shares based on the application of the provisions of Article 156 of Japan's Companies Act pursuant to the rewording of Article 165-3 at the meeting of the Board of Directors held on February 14, 2024.

1. Purpose of purchase of treasury shares  
To return profits to shareholders and improve capital efficiency.
2. Details of purchase
  - (1) Class of shares to be purchased : Common stock
  - (2) Number of shares to be purchased : Up to 19,000,000 shares  
(1.9% of the number of shares outstanding, excluding treasury shares)
  - (3) Total cost of shares to be purchased : Up to JPY 20.0 billion
  - (4) Period for share purchase : From February 15, 2024 to July 31, 2024
  - (5) Method of purchase : Purchase on the Tokyo Stock Exchange market
3. Purchase status as of April 30, 2024
  - (1) Class of shares purchased : Common stock
  - (2) Number of shares purchased : 3,341,600 shares
  - (3) Total cost of shares purchased : 4,725,928,786 yen
  - (4) Period for share purchase : From April 1, 2024 to April 30, 2024 (contract basis)
  - (5) Method of purchase : Purchase on the Tokyo Stock Exchange market

In addition, the number of shares purchased and the total cost of shares purchased since the above resolution of the Board of Directors are as follows.

- (1) Number of shares purchased : 10,662,300 shares
- (2) Total cost of shares purchased : 14,725,845,586 yen

### *Business combination through acquisition*

The Company resolved at the meeting of the Board of Directors held on December 26, 2023, to acquire all shares of Torqeedo GmbH (hereinafter "Torqeedo"), a German company, and make it a subsidiary of the Company. A share purchase agreement was concluded on January 12, 2024 with DEUTZ AG, a German company, which held all shares of Torqeedo, and the company purchased all shares on April 3, 2024.

1. Overview of business combination
  - (1) Overview of the acquired company  
Company name: Torqeedo GmbH  
Business: Manufacture and sale of electric outboard motors, inboard motors, POD drives, hybrid systems, batteries, and accessories.
  - (2) Main reason for the business combination  
Torqeedo is a pioneer brand in the marine electric business and has an extensive product line of electric outboard motors, electric inboard motors, batteries, and various accessories. Sale of Torqeedo is growing in the small electric market, especially in Europe. In addition, Torqeedo holds many patents related to electric motors, propellers, and power supply systems, and has R&D capabilities, mass production facilities, and development resources for the next-generation environmental technologies.  
The purpose of the acquisition of Torqeedo is to strengthen development capabilities in the "Electric" business, part of the "Marine CASE" strategy that the company is promoting as its Medium-Term Management Plan. It will also accelerate our efforts to carbon neutrality in the marine industry and contribute to the early establishment of a lineup of small electric propulsion units. Furthermore, by combining the know-how cultivated in hull design technology and marine engine technology, the company aims to create synergies in the medium-sized electric outboard motor market and become a leading company in the growing market of electric propulsion vessels.

- (3) Date of acquisition  
April 3, 2024
  - (4) Method of obtaining control of the acquired company  
Acquisition of shares with cash as consideration
  - (5) Percentage of voting equity interests acquired  
100%
2. Acquisition cost and breakdown by type of consideration
- |                                   |      |   |
|-----------------------------------|------|---|
| Acquisition cost as consideration | cash | 12,643 million yen (77.4 million Euros) |
| Acquisition cost                  |      | 12,643 million yen                      |
3. Details and amount of major acquisition-related expenses  
Due diligence expenses, etc. 277 million yen (approximation)

Due to the initial accounting for this business combination not being completed by the date of approval of the condensed quarterly consolidated financial statements, detailed information regarding the fair value and main components of the assets acquired and liabilities assumed at the date of this business combination, goodwill, and the impact on the Group is not disclosed in this Flash Report.

## First-time Adoption of IFRS

The Group has disclosed condensed quarterly consolidated financial statements in accordance with IFRS effective from the three months ended March 31, 2024. The most recent consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan (hereinafter, “Japanese GAAP”) are for the fiscal year ended December 31, 2023, and the date of transition to IFRS (hereinafter, the “date of transition”) is January 1, 2023.

### (1) Exemptions under IFRS 1

IFRS 1 *First-time Adoption of International Financial Reporting Standards* (hereinafter, “IFRS 1”) requires that, in principle, an entity adopting IFRS for the first time applies the standards required under IFRS retrospectively. However, IFRS 1 provides certain optional exemptions from retrospective application and mandatory exceptions prohibiting retrospective application of some requirements of IFRS 1. The Group applies the following optional exemptions:

#### 1) Business combinations

An entity applying IFRS for the first time may elect not to apply IFRS 3 *Business Combinations* (hereinafter, “IFRS 3”) retrospectively to past business combinations (business combinations that occurred before the date of transition). The Group has elected to apply the exemption and not apply IFRS 3 retrospectively to business combinations that took place before the date of transition.

As a result, the amount of goodwill arose from the business combinations and the amount equivalent to goodwill in associates and jointly controlled entities prior to the date of transition are based on the carrying amount as of the date of transition in accordance with Japanese GAAP. Goodwill is tested for impairment as of the date of transition, regardless of whether there is any indication of impairment.

#### 2) Translation differences on foreign operations

IFRS 1 permits an entity to elect to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.

#### 3) Leases

IFRS 1 permits a lessee to measure lease liabilities and right-of-use assets at the date of transition for all of its leases when recognizing these liabilities and assets. The Group measured the lease liabilities at the date of transition at the present value of the remaining lease payments discounted using the lessee’s incremental borrowing rate at the date of transition. The right-of-use asset are also measured at the date of transition at an amount equal to the lease liabilities.

For leases for which the lease term ends within 12 months of the date of transition, and for which the underlying asset is of low value, the Group recognizes the lease payments associated with those leases as expenses in profit or loss on a straight-line basis over the lease term.

#### 4) Designation of classification of financial instruments

IFRS 1 permits an entity to designate equity instruments as financial assets at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition. Accordingly, the Group designates equity instruments as financial assets at fair value through other comprehensive income based on the basis of the facts and circumstances that existed at the date of transition.

### (2) Mandatory exceptions of IFRS 1

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

### (3) Reconciliations

The impact of the transition from Japanese GAAP to IFRS on the Group's financial position, results of operations, and cash flows is summarized below.

Under Japanese GAAP, effective January 1, 2023, the Group Adopted FASB Accounting Standards Codification (ASC) 326, "Financial Instruments - Credit Loss" for its North American subsidiaries. The Japanese GAAP column at the date of transition in the tables below reflects the effect of this change in accounting policies.

In these reconciliations, the amounts under "Reclassification" include items that do not affect retained earnings or comprehensive income, while the amounts under "Difference in recognition and measurement" include items that affect retained earnings and comprehensive income.

#### 1) Reconciliation of equity

*As of January 1, 2023 (Date of transition)*

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
ASSETS						ASSETS
Current assets:						Current assets:
Cash and deposits	288,780	8,038	—	296,819	A	Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	187,410	(6,423)	—	180,987	B	Trade and other receivables
Short-term sales finance receivables	230,131	(12,871)	1,076	218,336	C	Sales finance receivables
Merchandise and finished goods	285,432	(285,432)	—			
Work in process	115,755	(115,755)	—			
Raw materials and supplies	124,658	(124,658)	—			
		525,847	(33,482)	492,364	D,a	Inventories
Other	90,921	(48,649)	8,133	50,405	A,e	Other financial assets
		42,045	(1,973)	40,072		Other current assets
Allowance for doubtful accounts	(17,777)	17,777	—			
Total current assets	1,305,314	(82)	(26,246)	1,278,985		Total current assets
Non-current assets:						Non-current assets:
Property, plant and equipment	390,978	(1,106)	8,156	398,028	b	Property, plant and equipment
Intangible assets	39,640	—	9,738	49,378	c	Goodwill and intangible assets
Investments and other assets		34,295	391	34,687	E	Investments accounted for using the equity method
Long-term sales finance receivables	256,382	(10,441)	4,208	250,149	C	Sales finance receivables
		15,762	1,824	17,587		Retirement benefit asset
		89,209	977	90,186		Other financial assets
		44,084	5,339	49,424	d	Deferred tax assets
Other	196,827	(182,212)	(1,544)	13,070	E	Other non-current assets
Allowance for doubtful accounts	(10,487)	10,487	—			
Total non-current assets	873,342	79	29,091	902,513		Total non-current assets
Total assets	2,178,656	(3)	2,845	2,181,499		Total assets

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
<b>LIABILITIES</b>						<b>LIABILITIES AND EQUITY</b>
						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable – trade	148,133	(148,133)	–			
Electronically recorded obligations – operating	29,597	(29,597)	–			
		177,716	–	177,716	F	Trade and other payables
Short-term loans payable	172,985	(172,985)	–			
Current portion of bonds payable	5,156	(5,156)	–			
Current portion of long-term loans payable	152,969	(152,969)	–			
		331,111	–	331,111	G	Bonds and borrowings
Income taxes payable	25,761	–	–	25,761		Income taxes payable
		68,416	–	68,416	H	Accrued expenses
Provision for bonuses	18,796	(18,796)	–			
Provision for product warranties	18,176	(18,176)	–			
Other provision	3,159	(3,159)	–			
		18,900	8,133	27,033	I, e	Provisions
Other	178,135	(178,135)	–			
		61,317	3,461	64,779	b	Other financial liabilities
		69,645	13,294	82,939	f	Other current liabilities
<b>Total current liabilities</b>	<b>752,873</b>	<b>(3)</b>	<b>24,889</b>	<b>777,759</b>		<b>Total current liabilities</b>
Non-current liabilities:						Non-current liabilities:
Bonds payable	21,575	(21,575)	–			
Long-term loans payable	250,002	(250,002)	–			
		271,577	–	271,577	G	Bonds and borrowings
Net defined benefit liability	49,297	–	(964)	48,333		Retirement benefit liability
Other provision	638	(638)	–			
		1,276	–	1,276	I	Provisions
		20,016	16,071	36,088	b	Other financial liabilities
		14,749	(3,747)	11,001	d	Deferred tax liabilities
Other	54,604	(54,604)	–			
		19,200	1,702	20,903		Other non-current liabilities
<b>Total non-current liabilities</b>	<b>376,119</b>	<b>–</b>	<b>13,061</b>	<b>389,181</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>1,128,992</b>	<b>(3)</b>	<b>37,951</b>	<b>1,166,940</b>		<b>Total liabilities</b>
<b>NET ASSETS</b>						<b>Equity</b>
Capital stock	86,100	–	–	86,100		Share capital
Capital surplus	68,050	–	386	68,436		Capital surplus
	889,415	–	(57,216)	832,198	a,b,c,d,f, g,h,i	Retained earnings
Retained earnings						
Treasury shares	(31,725)	–	–	(31,725)		Treasury shares
Accumulated other comprehensive income	(13,401)	–	22,544	9,142	g,h,i	Other components of equity
Non-controlling interests	51,225	–	(820)	50,404		Non-controlling interests
<b>Total net assets</b>	<b>1,049,664</b>	<b>–</b>	<b>(35,105)</b>	<b>1,014,558</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>2,178,656</b>	<b>(3)</b>	<b>2,845</b>	<b>2,181,499</b>		<b>Total liabilities and equity</b>

As of March 31, 2023

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
ASSETS						ASSETS
Current assets:						Current assets:
Cash and deposits	331,553	6,430	—	337,983	A	Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	219,059	(7,453)	—	211,606	B	Trade and other receivables
Short-term sales finance receivables	287,392	(12,912)	573	275,053	C	Sales finance receivables
Merchandise and finished goods	300,183	(300,183)	—			
Work in process	109,826	(109,826)	—			
Raw materials and supplies	128,342	(128,342)	—			
		538,353	(32,227)	506,126	D,a	Inventories
Other	104,953	(60,202)	9,397	54,149	A,e	Other financial assets
		55,396	(2,125)	53,270		Other current assets
Allowance for doubtful accounts	(18,681)	18,681	—			
Total current assets	1,462,630	(58)	(24,382)	1,438,189		Total current assets
Non-current assets:						Non-current assets:
Property, plant and equipment	392,714	(1,126)	7,458	399,046	b	Property, plant and equipment
Intangible assets	42,391	(29)	9,068	51,430	c	Goodwill and intangible assets
Investments and other assets		34,754	1,187	35,941	E	Investments accounted for using the equity method
Long-term sales finance receivables	268,119	(11,719)	3,905	260,304	C	Sales finance receivables
		16,256	3,142	19,398		Retirement benefit asset
		95,467	2,567	98,035		Other financial assets
		42,903	10,170	53,073	d	Deferred tax assets
Other	197,369	(187,617)	(3)	9,748	E	Other non-current assets
Allowance for doubtful accounts	(11,068)	11,068	—			
Total non-current assets	889,526	(43)	37,497	926,980		Total non-current assets
Total assets	2,352,156	(101)	13,114	2,365,169		Total assets

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
LIABILITIES						LIABILITIES AND EQUITY
						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable – trade	165,985	(165,985)	—			
Electronically recorded obligations – operating	34,065	(34,065)	—			
		199,954	—	199,954	F	Trade and other payables
Short-term loans payable	254,577	(254,577)	—			
Current portion of bonds payable	5,645	(5,645)	—			
Current portion of long-term loans payable	161,224	(161,224)	—			
		421,447	—	421,447	G	Bonds and borrowings
Income taxes payable	30,490	—	948	31,439		Income taxes payable
		72,207	—	72,207	H	Accrued expenses
Provision for bonuses	26,427	(26,427)	—			
Provision for product warranties	18,706	(18,706)	—			
Other provision	3,316	(3,316)	—			
		20,001	10,828	30,829	I,e	Provisions
Other	193,402	(193,402)	—			
		59,178	2,809	61,988	b	Other financial liabilities
		90,522	13,315	103,837	f	Other current liabilities
Total current liabilities	893,844	(42)	27,902	921,705		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	23,620	(23,620)	—			
Long-term loans payable	249,114	(249,114)	—			
		272,735	—	272,735	G	Bonds and borrowings
Net defined benefit liability	50,278	—	(646)	49,632		Retirement benefit liability
Other provision	665	(655)	—			
		1,301	—	1,301	I	Provisions
		19,735	16,127	35,862	b	Other financial liabilities
		12,064	(3,119)	8,944	d	Deferred tax liabilities
Other	51,684	(51,684)	—			
		19,188	1,684	20,872		Other non-current liabilities
Total non-current liabilities	375,362	(59)	14,045	389,348		Total non-current liabilities
Total liabilities	1,269,207	(101)	41,948	1,311,054		Total liabilities
NET ASSETS						Equity
Capital stock	86,100	—	—	86,100		Share capital
Capital surplus	68,050	—	488	68,539		Capital surplus
	911,348	—	(51,520)	859,827	a,b,c,d,f, g,h,i	Retained earnings
Retained earnings	(31,726)	—	—	(31,726)		Treasury shares
Treasury shares	58	—	23,076	23,134	g,h,i	Other components of equity
Accumulated other comprehensive income	49,117	—	(877)	48,240		Non-controlling interests
Non-controlling interests	1,082,949	—	△28,833	1,054,115		Total equity
Total net assets	2,352,156	(101)	13,114	2,365,169		Total liabilities and equity

As of December 31, 2023

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
ASSETS						ASSETS
Current assets:						Current assets:
Cash and deposits	338,839	8,176	–	347,016	A	Cash and cash equivalents
Notes and accounts receivable – trade, and contract assets	186,911	(7,203)	–	179,707	B	Trade and other receivables
Short-term sales finance receivables	338,520	(13,935)	(487)	324,098	C	Sales finance receivables
Merchandise and finished goods	363,066	(363,066)	–			
Work in process	115,653	(115,653)	–			
Raw materials and supplies	130,776	(130,776)	–			
		609,497	(40,900)	568,596	D,a	Inventories
Other	94,700	(52,320)	9,995	52,375	A,e	Other financial assets
		45,333	(3,889)	41,444		Other current assets
Allowance for doubtful accounts	(19,915)	19,915	–			
Total current assets:	1,548,554	(33)	(35,281)	1,513,238		Total current assets
Non-current assets						Non-current assets:
Property, plant and equipment	433,886	1,868	5,459	441,214	b	Property, plant and equipment
Intangible assets	51,132	(3,074)	9,358	57,416	c	Goodwill and intangible assets
Investments and other assets						
		37,571	(852)	36,719	E	Investments accounted for using the equity method
Long-term sales finance receivables	326,784	(15,453)	5,345	316,676	C	Sales finance receivables
		21,382	2,390	23,772		Retirement benefit asset
		86,006	(1,131)	84,874		Other financial assets
		73,368	6,325	79,694	d	Deferred tax assets
Other	227,104	(217,108)	(41)	9,954	E	Other non-current assets
Allowance for doubtful accounts	(15,500)	15,500	–			
Total non-current assets	1,023,407	60	26,854	1,050,322		Total non-current assets
Total assets	2,571,961	27	(8,427)	2,563,561		Total assets

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
LIABILITIES						LIABILITIES AND EQUITY
						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable – trade	151,084	(151,084)	–			
Electronically recorded obligations – operating	3,079	(3,079)	–			
		154,118	–	154,118	F	Trade and other payables
Short-term loans payable	305,563	(305,563)	–			
Current portion of bonds payable	23,974	(23,974)	–			
Current portion of long-term loans payable	109,334	(109,334)	–			
		438,873	–	438,873	G	Bonds and borrowings
Income taxes payable	30,639	–	–	30,639		Income taxes payable
		80,498	45	80,543	H	Accrued expenses
Provision for bonuses	20,302	(20,302)	–			
Provision for product warranties	20,582	(20,582)	–			
Other provision	4,715	(4,715)	–			
		22,941	10,496	33,437	I, e	Provisions
Other	195,889	(195,889)	–			
		58,472	2,383	60,856	b	Other financial liabilities
		79,577	14,145	93,722	f	Other current liabilities
Total current liabilities	865,165	(45)	27,071	892,192		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	39,971	(39,971)	–			
Long-term loans payable	365,031	(365,031)	–			
		405,003	(68)	404,934	G	Bonds and borrowings
Net defined benefit liability	52,446	–	(635)	51,811		Retirement benefit liability
Other provisions	745	(745)	–			
		1,587	–	1,587	I	Provisions
		23,401	15,405	38,806	b	Other financial liabilities
		18,798	(3,478)	15,319	d	Deferred tax liabilities
Other	65,930	(65,930)	–			
		22,960	1,589	24,549		Other non-current liabilities
Total non-current liabilities	524,125	72	12,811	537,009		Total non-current liabilities
Total liabilities	1,389,291	27	39,883	1,429,202		Total liabilities
NET ASSETS						Equity
Capital stock	86,100	–	–	86,100		Share capital
Capital surplus	63,771	–	374	64,146		Capital surplus
Retained earnings	1,006,925	–	(60,818)	946,106	a, b, c, d, f, g, h, i	Retained earnings
Treasury shares	(61,389)	–	–	(61,389)		Treasury shares
Accumulated other comprehensive income	28,052	–	12,758	40,810	g, h, i	Other components of equity
Non-controlling interests	59,210	–	(624)	58,585		Non-controlling interests
Total net assets	1,182,670	–	(48,310)	1,134,359		Total equity
Total liabilities and net assets	2,571,961	27	(8,427)	2,563,561		Total liabilities and equity

## 2) Notes on reconciliation of equity

### (i) Reclassification

“Reclassification” mainly consists of the following:

#### A. Cash and cash equivalents

Time deposits with maturities of more than three months, which were included in “Cash and deposits” under Japanese GAAP, are included in “Other financial assets” of current assets under IFRS. In addition, short-term operating assets (due within 3 months), which were included in “Other” under Japanese GAAP, are reclassified to “Cash and cash equivalents” under IFRS.

#### B. Trade and other receivables

“Notes and accounts receivable – trade, and contract assets” which were separately presented under Japanese GAAP, are included in “Trade and other receivables” of current assets under IFRS. In addition, the loss valuation allowance (trade and other receivables), which was included in “Allowance for doubtful accounts” under Japanese GAAP, is directly deducted (reduced) from “Trade and other receivables” of current assets under IFRS.

#### C. Sales finance receivables

The loss valuation allowance (sales finance receivables), which was included in “Allowance for doubtful accounts” under Japanese GAAP, is directly deducted (reduced) from “Sales finance receivables” under IFRS.

#### D. Inventories

“Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies,” which were separately presented under Japanese GAAP, are included in “Inventories” under IFRS.

#### E. Investments accounted for using the equity method

Investments accounted for using the equity method, which was included in “Other” under Japanese GAAP, is separately presented as “Investments accounted for using the equity method” under IFRS.

#### F. Trade and other payables

“Notes and accounts payable – trade” and “Electronically recorded obligations – operating,” which were separately presented under Japanese GAAP, are included in “Trade and other payables” under IFRS.

#### G. Bonds and borrowings

“Short-term loans payable,” “Current portion of bonds payable” and “Current portion of long-term loans payable,” which were separately presented under Japanese GAAP, are included in “Bonds and borrowings” of current liabilities under IFRS.

“Bonds payable” and “Long-term loans payable,” which were separately presented under Japanese GAAP are included in “Bonds and borrowings” of non-current liabilities under IFRS.

#### H. Accrued expenses

Accrued expenses, which were included in “Other” under Current liabilities under Japanese GAAP, are separately presented as “Accrued expenses” under IFRS.

#### I. Provisions

“Provision for product warranties” and “Other provision,” which were separately presented under Japanese GAAP, are included in “Provisions” under IFRS.

(ii) Difference in recognition and measurement

“Difference in recognition and measurement” mainly consists of the following:

a. Reconciliation of inventories

Under Japanese GAAP, supplies and other items related to the sales, administration, and development departments were recorded as supplies, whereas under IFRS supplies that do not meet the definition of inventories are adjusted to retained earnings. In addition, development costs included in inventories as manufacturing costs under Japanese GAAP are expensed under IFRS. As a result, the amount of “Inventories” decreased.

b. Reconciliation of leases

Under Japanese GAAP, lessee leases were classified into finance leases or operating leases, and operating leases were accounted for as ordinary rental transactions, whereas under IFRS there is no distinction between finance leases and operating leases for lessee leases. Therefore, basically for all lease transactions, right-of-use assets included in “Property, plant and equipment” are depreciated on a straight-line basis over the period in which they are expected to be leased, and lease liabilities included in “Other financial liabilities” are recorded as liabilities after adjusting for interest. As a result, the amounts of “Property, plant and equipment” and “Other financial liabilities” under non-current liabilities increased.

c. Reconciliation of goodwill and intangible assets

Certain development costs that were expensed under Japanese GAAP are recorded as intangible assets under IFRS when they meet the requirements for capitalization of development costs in IAS 38 *Intangible Assets*. Capitalized development costs are amortized on a straight-line basis over their estimated useful lives. The estimated useful life of capitalized development costs is primarily 5 to 10 years. As a result, the amount of “Goodwill and intangible assets” increased.

d. Reconciliation of deferred tax assets and deferred tax liabilities

The amounts of “Deferred tax assets” and “Deferred tax liabilities” have been adjusted due to temporary differences arising from the transition from Japanese GAAP to IFRS.

e. Reconciliation of provision for product warranties

Under Japanese GAAP, when some or all of the expenditure required to settle a provision are expected to be reimbursed by another party, a provision is recognized net of a reimbursement. Under IFRS, a reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. At that time, the reimbursement is recognized as a separate asset within the amount of the provision. As a result, “Other financial assets” under current assets and “Provisions” under current liabilities increased.

f. Reconciliation of employee benefits (excluding retirement benefits)

Under Japanese GAAP, as an accounting treatment for unused paid absences was not required, and no corresponding liability was recognized. However, under IFRS, unused paid absences are recognized as liabilities when an employee renders service that causes its entitlement to future paid absences. As a result, the amount of “Other current liabilities” increased.

g. Reconciliation of equity instruments

Under Japanese GAAP, securities with no market value, such as unlisted equity securities were carried at cost, with impairment losses recognized as necessary to reflect deterioration in financial position; whereas under IFRS, such securities are measured at fair value, with the difference recognized in “Other components of equity.”

h. Reconciliation of defined benefit plans

Under Japanese GAAP, actuarial gains and losses were recognized in “Accumulated other comprehensive income” when incurred and amortized over a certain number of years within the average remaining service period of employees on a straight-line basis from the following year. Under IFRS, actuarial gains and losses are recognized in “Other components of equity” when incurred and immediately transferred to “Retained earnings.”

i. Translation differences on foreign operations

In adopting IFRS, the Company has applied the exemption for the cumulative translation differences for foreign

operations of IFRS 1 and has elected to deem the cumulative translation differences for foreign operations to be zero at the date of transition. The amounts are recognized in “Retained earnings.”

### 3) Adjustment to retained earnings

	Millions of yen		
	As of January 1, 2023	As of March 31, 2023	As of December 31, 2023
a. Adjustments to inventories	(33,375)	(32,064)	(40,688)
b. Adjustments to leases	(531)	(534)	(542)
c. Adjustments to goodwill and intangible assets	10,062	9,285	9,768
d. Adjustments to deferred tax assets and deferred tax liabilities	8,695	12,983	9,792
f. Adjustments to employee benefits (excluding retirement benefits)	(13,254)	(13,254)	(13,941)
g. Adjustments to equity instruments	20,669	20,702	27,790
h. Remeasurements of defined benefit plans	5,040	5,568	6,538
i. Translation differences on foreign operations	(57,657)	(57,657)	(57,657)
Other	3,132	3,449	(1,878)
Total adjustments to retained earnings	(57,216)	(51,520)	(60,818)

#### 4) Reconciliation of comprehensive income

Three months ended March 31, 2023

Line item under Japanese GAAP	Millions of yen				Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS		
Net sales	606,460	–	–	606,460		Revenue
Cost of sales	431,052	–	(24,154)	406,897	a,b	Cost of sales
Gross profit	175,408	–	24,154	199,563		Gross profit
Selling, general and administrative expenses	102,584	16	23,792	126,393	a,b	Selling, general and administrative expenses
		2,924	(43)	2,881		Other income
		1,463	49	1,513		Other expenses
		785	571	1,356		Share of profit (loss) of entities accounted for using the equity method
Operating income	72,824	2,229	840	75,894		Operating profit
Non-operating income	4,644	(4,644)	–			
Non-operating expenses	5,786	(5,786)	–			
Extraordinary income	824	(824)	–			
Extraordinary losses	403	(403)	–			
		1,759	–	1,759	c	Finance income
		4,726	96	4,822	c	Finance costs
Income before income taxes	72,103	(16)	744	72,830		Profit before tax
Total income taxes	23,991	(16)	(4,024)	19,950	d	Income tax expense
Net income	48,111	–	4,768	52,879		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	1,372	–	422	1,794	c	Equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	(197)	–	1,051	854	b	Remeasurements of defined benefit plans
Share of other comprehensive income of entities accounted for using the equity method	66	–	(73)	(7)		Share of other comprehensive income of entities accounted for using the equity method
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	13,685	–	(312)	13,373		Translation differences on foreign operations
		–	291	291		Share of other comprehensive income of entities accounted for using the equity method
Total other comprehensive income	14,927	–	1,379	16,307		Total other comprehensive income
Comprehensive income	63,038	–	6,148	69,187		Comprehensive income

Fiscal year ended December 31, 2023

Line item under Japanese GAAP	Millions of yen			IFRS	Notes	Line item under IFRS
	Japanese GAAP	Reclassification	Difference in recognition and measurement			
Net sales	2,414,759	–	–	2,414,759		Revenue
Cost of sales	1,699,409	–	(96,893)	1,602,515	a,b	Cost of sales
Gross profit	715,350	–	96,893	812,244		Gross profit
Selling, general and administrative expenses	464,694	65	108,546	573,307	a,b	Selling, general and administrative expenses
		11,541	26	11,568		Other income
		10,382	1,351	11,734		Other expenses
		4,249	900	5,149		Share of profit (loss) of entities accounted for using the equity method
Operating income	250,655	5,342	(12,077)	243,920		Operating profit
Non-operating income	21,418	(21,418)	–			
Non-operating expenses	30,092	(30,092)	–			
Extraordinary income	4,212	(4,212)	–			
Extraordinary losses	4,512	(4,512)	–			
		10,008	(76)	9,932	c	Finance income
		24,390	(6,610)	17,779	c	Finance costs
Income before income taxes	241,681	(65)	(5,542)	236,073		Profit before tax
Total income taxes	63,211	(65)	48	63,194	d	Income tax expense
Net income	178,470	–	(5,591)	172,878		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(7,167)	–	(9,267)	(16,435)	c	Equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,754	–	851	2,606	b	Remeasurements of defined benefit plans
Share of other comprehensive income of entities accounted for using the equity method	909	–	(927)	(17)		Share of other comprehensive income of entities accounted for using the equity method
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	51,814	–	538	52,352		Translation differences on foreign operations
			1,108	1,108		Share of other comprehensive income of entities accounted for using the equity method
Total other comprehensive income	47,311	–	(7,697)	39,614		Total other comprehensive income
Comprehensive income	225,781	–	(13,288)	212,493		Comprehensive income

## 5) Notes on reconciliation of comprehensive income

### (i) Reclassification

Among the items that were included in “Selling, general and administrative expenses,” “Non-operating income,” “Non-operating expenses,” “Extraordinary income,” and “Extraordinary losses” under Japanese GAAP, finance-related items are included in “Finance income” or “Finance costs,” while the other items are included in “Selling, general and administrative expenses,” “Other income,” “Other expenses,” or “Share of profit (loss) of entities accounted for using the equity method,” under IFRS. In addition, “Income taxes - current,” and “Income taxes - deferred,” which were separately presented under Japanese GAAP, are included in “Income tax expense” under IFRS.

### (ii) Difference in recognition and measurement

#### a. Reconciliation of development costs

Development costs included in manufacturing costs under Japanese GAAP are included in “Selling, general and administrative expenses” under IFRS, and development costs included in inventories as manufacturing costs are expensed. As a result, the amount of “Cost of sales” decreased and “Selling, general and administrative expenses” increased.

#### b. Reconciliation of defined benefit plans

Under Japanese GAAP, actuarial gains and losses were recognized in “Accumulated other comprehensive income” when incurred and amortized over a certain number of years within the average remaining service period of employees on a straight-line basis from the following year. Under IFRS, remeasurements of defined benefit plans such as actuarial gains and losses are recognized in “Accumulated other comprehensive income” when incurred and immediately transferred to “Retained earnings” without recognition to net income or loss by reclassification adjustment. As a result, “Cost of sales” and “Selling, general and administrative expenses” increased, and “Remeasurements of defined benefit plans” was adjusted.

#### c. Reconciliation of equity instruments

Under Japanese GAAP, an impairment loss was recorded as necessary for securities with no market value, such as unlisted equity securities, to reflect deterioration in financial position, whereas under IFRS, they are measured at fair value. In addition, for equity financial assets, gains or losses on sales and impairment losses were recognized in net income or loss under Japanese GAAP; however, under IFRS, changes in fair value are recognized in other comprehensive income if the Company makes an election to present subsequent changes in fair value in other comprehensive income.

#### d. Reconciliation of tax effect

Under Japanese GAAP, the tax effect of eliminating unrealized gains or losses was calculated using the tax rate of the seller. Under IFRS, however, the tax effect was calculated using the tax rate of the buyer and the recoverability is reconsidered.

### (4) Reconciliation of cash flows

Under Japanese GAAP, operating leases were accounted for as rental transactions and the lease payments were classified as cash flows from operating activities. However, under IFRS, the lease payments are classified as cash flows from financing activities because they represent repayment of the lease liabilities recognized with the right-of-use assets.