
Differences between Japanese-GAAP and IFRS

April 2017

Cautionary Statement:

This report contains forward-looking statements, including the Company's strategies, future business plans, and projections. Such forward-looking statements are not based on historical facts and involve known and unknown risks and uncertainties that relate to, but are not necessarily confined to, such areas as economic trends and consumer preferences in Japan and abrupt changes in the market environment. Accordingly, the actual business performance of the Company may substantially differ from the forward-looking statements in this report.

Planned Quantitative Totals of HD in Fiscal 2017 / Differences between Japanese Accounting Standards-1

	J-GAAP			IFRS		(B) - (A)
		FY2016 Results	(A) (Reference) FY2017 Plan		(B) FY2017 Plan	
P/L ¥ billion	Gross operating revenues	894.9	1,348.3	Gross operating revenues	1,237.3	(111.0)
	Operating income (J-GAAP)	56.0	58.2	Operating income (IFRS)	41.2	(17.0)
	Profit attributable to owners of parent	19.0	19.5	Profit attributable to owners of parent	24.0	4.5
			(Reference)	Core operating income	62.5	

- Voluntary adoption of the International Financial Reporting Standards (IFRS) is planned starting from the Securities Report for the fiscal year ended February 28, 2017.
- Figures for “gross operating revenues” represent gross operating revenues under the Japanese accounting standards less transactions with agents.
- Figures for “operating income” represent operating gross profit after adjusting for selling, general and administrative expenses, investment gains and losses on equity method, and other earnings and expenses (amount differs from operating income under Japanese accounting standards).
- Figures for “core operating income” represent operating revenue less sales cost and selling, general and administrative expenses. These figures are for reference and correspond with operating income under the Japanese accounting standards.

Planned Quantitative Totals of HD in Fiscal 2017 / Differences between Japanese Accounting Standards-2

FY2017 Plan

¥ billion

J-GAAP	IFRS	Difference (impact to earnings)	IFRS revision details [amounts]
Gross operating revenues	Gross operating revenues	(111.0)	Offsetting of sales and sales cost for products with no inventory risk (CVS) Ticket, card, and service products (amount at directly managed stores) (GMS) Side dishes sold under consignment buying agreement
Cost of sales	Cost of sales	111.0	
Operating gross profit	Operating gross profit	0.0	
Selling, general and administrative expenses	Selling, general and administrative expenses	4.3	(CVS) Stoppage of integrated goodwill amortization [4.0] Other (stoppage of goodwill amortization other than integrated) [0.3] Investment gains and losses on equity method, addition of other earnings and expenses as operating item
	Operating expense items within IFRS	(21.3)	
Operating income (J-GAAP)	Operating income (IFRS)	(17.0)	
Non-operating income / expenses			
Extraordinary income / Extraordinary loss	Financial income / expenses	21.3	
Income before income taxes	Earnings before tax	4.3	
Income taxes	Income tax expenses	0.2	Impact related to fluctuations in selling, general and administrative expenses
Profit attributable to owners of parent	Profit attributable to owners of parent	4.5	
Core operating income (listed as reference materials for financial data)			
Operating income (J-GAAP)	Core operating income	4.3	*Operating gross profit less selling, general and administrative expenses (fluctuations are reflected)