

Our Responses to Financial reporting and audit of listed companies in consideration to the Impact of the COVID-19 Infection (Main Points)

August 26, 2020

Networking Group on the Corporate Disclosure,
Financial Reporting and Audit of Listed Companies in Consideration of
the Impact of the COVID-19 (Novel Coronavirus) Infection
(Japanese version: published July 2, 2020)

- Extension of Deadline for Submission of Annual Securities Reports, etc. in light of Declaration of State Emergency for COVID-19 Infection
[Financial Services Agency (FSA)]
- Publication of summary of the discussions for Incorporating the Effects of the Novel Coronavirus Pandemic when Making Accounting Estimates under Japanese GAAP
[Accounting Standards Board of Japan (ASBJ)]
- Publication of audit considerations related to COVID-19 to address the following matters and others.
 1. Accounting estimates
 2. Accounting treatment of fixed costs during operation / business suspension
 3. Considerations for banks and other financial institutions regarding allowance for credit losses[Japanese Institute of Certified Public Accountants (JICPA)]
- Annual General Meeting of shareholders
 - ▶ Published a statement suggesting companies to consider a more flexible schedule and procedures such as postponing annual general meetings of shareholders or holding “following meetings.”
[Networking Group on the Corporate Disclosure, Financial Reporting and Audit of Listed Companies in Consideration of the Impact of the COVID-19 Infection (Networking Group)]

- ▶ Clarified consideration points for holding “following meetings.”
[FSA, Ministry of Justice, Ministry of Economy, Trade and Industry]
- Disclosure of corporate information regarding the impact of the COVID-19 infection
 - ▶ Published a request document which shows a strong expectation for companies to disclose concrete and enhanced corporate information regarding the impact of the COVID-19 infection.
[FSA, ASBJ, JICPA, Securities Analysts Association of Japan]
 - ▶ Showed expectation for their continual timely and appropriate disclosure including quarterly securities reports.
[FSA, ASBJ, JICPA]
- Other major initiatives conducted by Networking Group members regarding year-end closing and auditing in response to the impact of the COVID-19 infection
 - ▶ Requested listed companies to reconsider the schedule for earnings releases.
[Tokyo Stock Exchange]
 - ▶ Published samples of convocation notice for an annual general meeting of shareholders in response to the impact of the COVID-19 infection.
[Japan Business Federation]
- Many companies were able to complete their year-end closing and auditing without major disruption, avoiding occurrence of cluster, during the peak of infection spread.
- Will continually discuss with related parties about practical response to medium-long term challenges, such as promotion of digitalization regarding year-end closing and auditing, and supporting companies in changing their record date if necessary.

- Closed this Networking Group at the meeting held on July 2, but will open it again if there are changes in circumstances.

(Reference) Summary of earnings releases dates and shareholders meetings dates of companies with March year-end

<Earnings releases (as of end of June)>

Earnings release date	Number of companies (Composition ratio)
Already announced (by May 15) (within 45 days)	1,732 (74.1%)
Already announced (May 16–31)	519 (22.2%)
Already announced (Jun 1–30)	66 (2.8%)
Subtotal (number of already announced companies)	2,317 (99.2%)
To be announced from July	11 (0.5%)
Undecided	8 (0.3%)
Total	2,336 (100.0%)

<Shareholders meeting dates of companies March year-end (as of June 30)>

Response	Number of Companies
Changed record date	57
Will hold “following meetings”	30
Will hold an extraordinary shareholders meeting*	4

*Hold an extraordinary shareholders meeting for reporting financial statements later.