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## Consolidated Financial Results for the Nine Months Ended February 28, 2025 [Japanese GAAP]



March 27, 2025

Company name: TAKARA & COMPANY LTD.  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 7921  
URL: <https://www.takara-company.co.jp/>  
Representative: AKUTSU Seiichiro, President and Representative Director  
Contact: SERI Nobuyuki, Executive Officer and General Manager of Accounting Department  
Phone: +81-3-3971-3260  
Scheduled date of commencing dividend payments: –  
Availability of supplementary briefing material on financial results: Available  
Schedule of financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Nine Months Ended February 28, 2025 (June 1, 2024 to February 28, 2025)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended February 28, 2025	21,040	0.9	2,470	(12.2)	2,627	(9.8)	1,699	(13.5)
February 29, 2024	20,860	6.1	2,813	10.9	2,912	8.3	1,964	13.9

(Note) Comprehensive income: Nine months ended February 28, 2025: ¥1,433 million [(29.2%)]  
Nine months ended February 29, 2024: ¥2,026 million [13.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2025	130.98	–
February 29, 2024	150.91	–

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 28, 2025	33,878	28,339	82.5
As of May 31, 2024	36,194	28,001	76.4

(Reference) Equity: As of February 28, 2025: ¥ 27,958 million  
As of May 31, 2024: ¥27,645 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	–	40.00	–	40.00	80.00
Fiscal year ending May 31, 2025	–	45.00	–		
Fiscal year ending May 31, 2025 (Forecast)				45.00	90.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	30,000	2.5	4,300	1.6	4,100	36.0	315.87

(Note) Revisions to the financial result forecast most recently announced: None

#### \* Notes:

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
    - February 28, 2025: 13,153,293 shares
    - May 31, 2024: 13,153,293 shares
  - 2) Total number of treasury shares at the end of the period:
    - February 28, 2025: 173,322 shares
    - May 31, 2024: 175,785 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):
    - Nine months ended February 28, 2025: 12,979,143 shares
    - Nine months ended February 29, 2024: 13,015,288 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

\* Explanation of the proper use of financial results forecast and other notes

(Caution regarding the forward-looking statements and others)

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions that the Company regards as reasonable and are not intended to guarantee that the Company will achieve these targets. Actual results may, therefore, differ materially from these statements for various reasons. For details on the specific assumptions on which the forecasts are based and cautionary statements regarding the use of financial forecasts, please see “1. Overview of Operating Results, etc., (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached documents.

(Supplementary briefing material on financial results)

Supplementary briefing material on quarterly financial results will be available on the Company’s website promptly after the earnings announcement.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Period under Review

During the nine months ended February 28, 2025, the Japanese economy showed a gradual recovery, seeing an improvement in employment and wage conditions amid a strong resurgence of inbound tourism demand fueled by the economy's normalization and robust corporate earnings. However, several worrying factors possibly weighing on capital expenditures and personal consumption have cast a shadow of uncertainty. These include still-elevated raw material and energy prices, persistent inflation, possible future policy changes in the U.S., and escalating tensions in the Middle East and other overseas situations.

Under these circumstances, in the domestic stock market, which is relevant to the Disclosure-related business of the Company and its consolidated subsidiaries (the "Group"), the Nikkei Stock Average once again recovered to the 40,000-yen level in early July last year against the backdrop of the expectations on Japan's full-blown economic recovery and the robust semiconductor stocks enjoying strong earnings growth. After recording the biggest intraday drop in early August and showing a gradual recovery, however, it turned downward and remained choppy due to the uncertainty surrounding the increase in tariff by the U.S. in February. Thus, the Nikkei Stock Average fluctuated in the range of a 31,000 to 42,000-yen level.

In such a business environment, we believe that demand for responses to diversified and sophisticated information disclosure, including technological innovations in disclosure support systems, as well as the digitalization and globalization of businesses, will continue to gain traction.

In the Disclosure-related business, to meet the customers' needs that seek to increase their corporate value, we have made efforts to increase the number of companies implementing "WizLabo," an integrated business reporting system that facilitates their financial disclosure operations. We also continued to work on the digitization of general shareholder meeting processes, including "Net de Shoshu (online convocation)" and live/on-demand streaming of shareholder meetings. Meanwhile, we doubled down on our efforts to refine our value proposition, strengthen our production system, and enhance the quality of the various services. Such services include: IR support and translation services that facilitate more proactive engagement with stakeholders and further enhance disclosure of the company information to foreign investors, which are indispensable to adopting Japan's revised Corporate Governance Code and implementing management that is conscious of the cost of capital; voluntary disclosure-related services such as preparation of integrated reports to meet demand for enhanced disclosure of non-financial information, including sustainability information; and environment-related consulting services.

In the Interpreting and Translation business, the interpretation business saw an increase in the number of customers for various types of meetings and conferences, although the momentum of the large-scale events slowed. The return of international conferences and events held in Japan and stable demand for internal online meetings, which had been significantly boosted during the pandemic, contributed to an increase in customers for on-site meetings and hybrid meetings that combine face-to-face and online meetings. The translation business enjoyed increased orders received. We strived to reinforce the organization structure and focus on improving cost rate such as by reviewing our operation process.

As a result, the Group's net sales for the nine months ended February 28, 2025 increased by ¥179 million, or 0.9%, year on year to ¥21,040 million. Operating profit decreased by ¥343 million, or 12.2%, year on year to ¥2,470 million, ordinary profit decreased by ¥284 million, or 9.8%, year on year to ¥2,627 million, and profit attributable to owners of parent decreased by ¥264 million, or 13.5%, year on year to ¥1,699 million.

Operating results by segment are as follows.

The figures for each segment are after offsetting and eliminating intersegment sales and transfers.

#### (Disclosure-related business)

Net sales of the Disclosure-related business segment increased by ¥277 million, or 1.9%, year on year to ¥14,824 million thanks to an increase in the sales of prospectus and other documents, whereas segment profit decreased by ¥257 million, or 12.4%, year on year to ¥1,815 million due to factors such as an increase in manufacturing costs, personnel expenses, and other expenses.

Results by product category in the Disclosure-related business were as follows.

#### • Products relating to the Financial Instruments and Exchange Act

Thanks to an increase in the number of companies implementing "WizLabo," an integrated business reporting system, and an increase in the sales of prospectus, net sales increased by ¥461 million, or 7.6%, year on year to ¥6,559 million.

#### • Products relating to the Companies Act

In Japan, many customers' fiscal years end in March; therefore, the deliveries of shareholders meeting-related products are generally concentrated in May and June. However, there is a trend toward earlier disclosure of shareholder meeting convocation notices, which brought the related sales forward to May 2024 during the previous fiscal year. As a result, net sales decreased by ¥155 million, or 5.2%, year on year to ¥2,833 million.

- Products relating to IR

Due to an increase in the sales of integrated reports, net sales increased by ¥109 million, or 2.6%, year on year to ¥4,260 million.

- Other products

Due to decreased sales of system development that supports corporate disclosure processes, net sales decreased by ¥137 million, or 10.5%, year on year to ¥1,171 million.

Net sales of the Disclosure-related business in the first and fourth quarters tend to be higher than in other quarters due to seasonal fluctuations associated with the concentration of our customers' fiscal year-end in March.

(Interpreting & Translation business)

Net sales of the Interpreting & Translation business segment decreased by ¥97 million, or 1.6%, year on year to ¥6,215 million.

The interpreting business has been normalizing since late 2023, after demand soared around May 2023, as the events and international conferences suspended or postponed during the pandemic resurged. Demands related to internal online meetings, which had grown during the pandemic, maintained their momentum, and the number of customers using meetings in various forms, such as on-site conferences and hybrid meetings that combine face-to-face and online meetings, increased. As such, both the numbers of customers and orders increased year on year, showing a recovery trend.

In the translation business, sales decreased year on year, although the orders from overseas were robust and on the recovery trend.

Segment profit was recovering thanks to an improvement in net sales, but still stagnant. Segment profit decreased by ¥127 million, or 26.2%, year on year to ¥357 million, mainly attributable to higher SG&A expenses and machine translation-related expenses associated with reinforcing the structure, as well as a higher cost rate.

## (2) Overview of Financial Position for the Period under Review

### (Assets)

Current assets decreased by ¥1,818 million, or 8.5%, from the end of the previous fiscal year to ¥19,679 million. This was mainly due to decreases in notes and accounts receivable - trade of ¥2,884 million and work in process of ¥215 million, despite an increase in cash and deposits of ¥1,268 million.

Non-current assets decreased by ¥497 million, or 3.4%, from the end of the previous fiscal year to ¥14,198 million. This was mainly due to decreases in goodwill of ¥157 million, software of ¥115 million, and investment securities of ¥106 million, despite increases in property, plant and equipment of ¥120 million and deferred tax assets of ¥82 million.

As a result, total assets decreased by ¥2,316 million, or 6.4%, from the end of the previous fiscal year to ¥33,878 million.

### (Liabilities)

Current liabilities decreased by ¥2,530 million, or 36.4%, from the end of the previous fiscal year to ¥4,415 million. This was mainly due to decreases in accounts payable - trade of ¥925 million, income taxes payable of ¥475 million, and accrued expenses of ¥1,361 million, despite an increase in provision for bonuses of ¥624 million.

Non-current liabilities decreased by ¥123 million, or 9.9%, from the end of the previous fiscal year to ¥1,123 million. This was mainly due to a decrease in deferred tax liabilities of ¥123 million.

As a result, total liabilities decreased by ¥2,654 million, or 32.4%, from the end of the previous fiscal year to ¥5,539 million.

### (Net assets)

Total net assets increased by ¥337 million, or 1.2%, from the end of the previous fiscal year to ¥28,339 million. This was mainly due to an increase resulting from the recording of profit attributable to owners of parent of ¥1,699 million, despite the payment of dividends of ¥1,103 million.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the full-year forecasts, there is no revision to the forecasts described in the "Notice Concerning Transfer of Non-current Assets, Recording of Extraordinary Income, and Revisions to Financial Results Forecasts" announced on February 27, 2025.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2024	As of February 28, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	14,640,894	15,909,816
Notes and accounts receivable - trade	5,508,455	2,623,957
Work in process	994,114	778,741
Raw materials and supplies	31,232	37,180
Other	335,239	331,414
Allowance for doubtful accounts	(11,283)	(1,396)
Total current assets	21,498,653	19,679,713
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,385,843	3,491,412
Accumulated depreciation	(2,720,461)	(2,755,681)
Buildings and structures, net	665,381	735,731
Machinery, equipment and vehicles	1,387,256	1,402,289
Accumulated depreciation	(1,216,198)	(1,248,739)
Machinery, equipment and vehicles, net	171,057	153,549
Land	3,130,576	3,130,576
Construction in progress	375,133	375,133
Other	984,347	1,098,750
Accumulated depreciation	(793,757)	(840,938)
Other, net	190,589	257,812
Total property, plant and equipment	4,532,737	4,652,802
Intangible assets		
Goodwill	1,900,789	1,743,654
Customer relationship	660,794	578,195
Software	1,711,062	1,595,248
Software in progress	193,949	246,555
Other	309,023	279,524
Total intangible assets	4,775,619	4,443,177
Investments and other assets		
Investment securities	3,332,550	3,226,041
Retirement benefit asset	1,116,711	1,051,660
Deferred tax assets	78,457	160,928
Other	862,136	682,134
Allowance for doubtful accounts	(1,871)	(17,902)
Total investments and other assets	5,387,984	5,102,862
Total non-current assets	14,696,341	14,198,842
Total assets	36,194,994	33,878,556

(Thousand yen)

As of May 31, 2024 As of February 28, 2025

Liabilities		
Current liabilities		
Accounts payable - trade	1,799,507	873,826
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	28,884	20,529
Income taxes payable	840,264	364,911
Accrued expenses	1,984,879	623,115
Contract liabilities	1,384,553	1,276,165
Provision for bonuses	–	624,350
Provision for bonuses for directors (and other officers)	44,003	24,411
Other	814,252	558,458
Total current liabilities	6,946,343	4,415,767
Non-current liabilities		
Long-term borrowings	28,188	14,880
Long-term accounts payable - other	69,377	69,377
Deferred tax liabilities	893,772	770,562
Retirement benefit liability	255,837	258,135
Other	–	10,760
Total non-current liabilities	1,247,174	1,123,715
Total liabilities	8,193,518	5,539,483
Net assets		
Shareholders' equity		
Share capital	2,278,271	2,278,271
Capital surplus	4,433,053	4,434,462
Retained earnings	19,248,769	19,845,540
Treasury shares	(409,546)	(403,932)
Total shareholders' equity	25,550,549	26,154,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,127,041	1,019,011
Foreign currency translation adjustment	34,466	39,142
Remeasurements of defined benefit plans	933,129	746,375
Total accumulated other comprehensive income	2,094,637	1,804,529
Non-controlling interests	356,289	380,202
Total net assets	28,001,475	28,339,073
Total liabilities and net assets	36,194,994	33,878,556

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended February 28 and 29

(Thousand yen)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Net sales	20,860,664	21,040,130
Cost of sales	12,250,402	12,372,900
Gross profit	8,610,261	8,667,229
Selling, general and administrative expenses		
Promotion expenses	303,788	300,245
Freight and packing costs	131,770	164,428
Provision of allowance for doubtful accounts	1,798	6,646
Remuneration for directors (and other officers)	195,541	206,488
Salaries and allowances	2,545,352	2,759,237
Provision for bonuses	286,387	337,819
Provision for bonuses for directors (and other officers)	34,950	24,411
Retirement benefit expenses	25,838	(32,971)
Welfare expenses	558,996	590,200
Repair and maintenance expenses	85,387	109,070
Taxes and dues	172,791	168,171
Depreciation	201,796	214,031
Amortization of goodwill	157,135	157,135
Rent expenses	234,212	298,278
Other	860,660	894,026
Total selling, general and administrative expenses	5,796,409	6,197,221
Operating profit	2,813,852	2,470,008
Non-operating income		
Interest income	109	4,373
Dividend income	59,813	84,913
Foreign exchange gains	13,215	–
Commission income	15,885	13,047
Gain on investments in investment partnerships	–	31,285
Other	15,848	37,761
Total non-operating income	104,871	171,380
Non-operating expenses		
Interest expenses	1,150	859
Foreign exchange losses	–	12,169
Loss on investments in investment partnerships	5,362	–
Other	0	372
Total non-operating expenses	6,513	13,400
Ordinary profit	2,912,210	2,627,987
Extraordinary income		
Gain on sale of investment securities	106,126	116
Total extraordinary income	106,126	116
Extraordinary losses		
Loss on retirement of non-current assets	56	2,839
Loss on sale of investment securities	–	213
Loss on valuation of investment securities	1,776	–
Total extraordinary losses	1,832	3,052
Profit before income taxes	3,016,504	2,625,052
Income taxes - current	1,140,187	975,616
Income taxes - deferred	(111,575)	(73,577)
Total income taxes	1,028,611	902,038
Profit	1,987,892	1,723,013
Profit attributable to non-controlling interests	23,706	23,042
Profit attributable to owners of parent	1,964,186	1,699,971

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended February 28 and 29

(Thousand yen)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Profit	1,987,892	1,723,013
Other comprehensive income		
Valuation difference on available-for-sale securities	142,496	(108,036)
Foreign currency translation adjustment	8,696	5,552
Remeasurements of defined benefit plans, net of tax	(113,037)	(186,754)
Total other comprehensive income	38,155	(289,237)
Comprehensive income	2,026,048	1,433,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,001,466	1,409,863
Comprehensive income attributable to non-controlling interests	24,581	23,912

(3) Notes to Quarterly Consolidated Financial Statements  
(Notes on segment information, etc.)

1. Disclosure of net sales and profit (loss) for each reportable segment, and breakdown of revenue  
For the nine months ended February 29, 2024

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	6,097,907	–	6,097,907	–	6,097,907
Products relating to Companies Act	2,988,369	–	2,988,369	–	2,988,369
Products relating to IR	4,151,551	–	4,151,551	–	4,151,551
Other products	1,309,393	–	1,309,393	–	1,309,393
Interpreting & Translation business	–	6,313,442	6,313,442	–	6,313,442
Revenue from contracts with customers	14,547,221	6,313,442	20,860,664	–	20,860,664
Net sales to external customers	14,547,221	6,313,442	20,860,664	–	20,860,664
Transactions with other segments	1,190	786,762	787,952	(787,952)	–
Total	14,548,412	7,100,205	21,648,617	(787,952)	20,860,664
Segment profit	2,073,352	484,772	2,558,124	255,727	2,813,852

Notes: 1. ¥255,727 thousand of the adjustment amount for segment profit includes ¥(1,227,199) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,482,927 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

For the nine months ended February 28, 2025

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	6,559,014	–	6,559,014	–	6,559,014
Products relating to Companies Act	2,833,261	–	2,833,261	–	2,833,261
Products relating to IR	4,260,589	–	4,260,589	–	4,260,589
Other products	1,171,708	–	1,171,708	–	1,171,708
Interpreting & Translation business	–	6,215,556	6,215,556	–	6,215,556
Revenue from contracts with customers	14,824,573	6,215,556	21,040,130	–	21,040,130
Net sales to external customers	14,824,573	6,215,556	21,040,130	–	21,040,130
Transactions with other segments	777	769,294	770,072	(770,072)	–
Total	14,825,351	6,984,851	21,810,202	(770,072)	21,040,130
Segment profit	1,815,557	357,583	2,173,141	296,866	2,470,008

Notes: 1. ¥296,866 thousand of the adjustment amount for segment profit includes ¥(1,294,585) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,591,451 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

(Notes in case of significant changes in shareholders' equity)

Not applicable

(Notes on going concern assumption)

Not applicable

(Notes on statements of cash flows)

We have not prepared quarterly consolidated statements of cash flows for the nine months ended February 28, 2025. The depreciation and amortization (including amortization related to intangible non-current assets excluding goodwill) and amortization of goodwill are as follows.

(Thousand yen)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Depreciation and amortization	774,749	784,990
Amortization of goodwill	157,135	157,135

(Additional information)

(Transfer of non-current assets)

The Board of Directors of the Company passed a resolution at a meeting held on February 27, 2025 to transfer non-current assets held by the Company as described below.

(1) Reason for the transfer

To efficiently utilize management resources and to strengthen the Company's financial condition

(2) Details of assets to be transferred

Address	23-9, Takada 3-chome, Toshima-ku, Tokyo, and 23-10, Takada 3-chome, Toshima-ku, Tokyo
Area	Land of 690.44 m <sup>2</sup> and a building of 2,217.84 m <sup>2</sup>
Gain on transfer (gain on sale of non-current assets)	Approximately ¥1.8 billion
Current condition	Factory and offices

\* The Company will refrain from disclosing transfer price and book value due to an arrangement with the transferee.

\* The gain on transfer (gain on sale of non-current assets) is the estimated amount of the transfer price less the book value and estimated costs, etc. associated with the transfer.

(3) Overview of transferee

The transferee is a Japanese corporation. Due to an arrangement with the transferee, the Company will refrain from disclosing details of the transferee. There is no capital relationship, business relationship, etc. between the said transferee and the Company that should be noted, and the transferee is not a related party.

(4) Schedule of the transfer

February 27, 2025: Resolution by the Board of Directors

March 31, 2025 (planned): Conclusion of the agreement and transfer of property

(5) Future outlook

As a result of the transfer of the said non-current assets, the Company will record extraordinary income of approximately ¥1.8 billion as a gain on sale of non-current assets in the fourth quarter of the fiscal year ending May 31, 2025.

The original Independent Auditor's Interim Review Report is in Japanese. This is an English translation of the Independent Auditor's Interim Review Report as required by the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements for the reader's convenience.

## Independent Auditor's Interim Review Report

March 27, 2025

To the Board of Directors of TAKARA & COMPANY LTD.

Izumi Audit Co.  
Shinjuku, Tokyo

Representative Partner  
Managing Partner  
Certified Public Accountant

OHASHI Go

Representative Partner  
Managing Partner  
Certified Public Accountant

YAMASHITA Satoshi

### **Auditor's Conclusion**

We have reviewed the accompanying quarterly consolidated financial statements of TAKARA & COMPANY LTD. (the "Company") and its consolidated subsidiaries (the "Group"), which comprise the quarterly consolidated balance sheets as of February 28, 2025, the quarterly consolidated statements of income and comprehensive income for the nine months ended February 28, 2025, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the "Standards") and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

### **Basis for Auditor's Conclusion**

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

### **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Quarterly Consolidated Financial Statements**

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Corporate Auditors and the Board of Corporate Auditors of the Company are responsible for overseeing Directors' performance of duties in relation to the development and execution of the financial reporting process.

### **Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements**

Our responsibility is to express in our review report a conclusion on these quarterly consolidated financial statements based on our review from an independent standpoint.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review.

We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted on year-end financial statements in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the review and significant review findings.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

#### **Conflicts of Interest**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- Notes: 1. The original of the above interim review report is kept separately by the Company (the reporting company of the Quarterly Financial Results).
2. The associated XBRL data and HTML data are not included in the scope of the quarterly review.