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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 2, 2024

Company name: Kurimoto, Ltd.

Code number: 5602

Representative: Kazutaka Kikumoto, President

Contact: Hiroshi Ono, Executive Officer, General Manager of Corporate Planning Division

Phone: +81-6-6538-7719

Scheduled date of commencing dividend payments: –

Preparation of supplementary material on financial results: Unavailable

Holding of financial results briefing: Not Scheduled

Stock exchange listing: Tokyo

URL: <https://www.kurimoto.co.jp>

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (% 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 | % |
| Three months ended June 30, 2024 | 27,729 | 0.0 | 953 | (22.9) | 1,008 | (19.5) | 961 | 4.2 |
| June 30, 2023 | 27,727 | 10.8 | 1,235 | 59.8 | 1,252 | 75.2 | 923 | 65.8 |

(Note) Comprehensive income: Three months ended June 30, 2024: ¥2,676 million [(7.3)%]

Three months ended June 30, 2023: ¥2,887 million [324.1%]

| | Basic earnings per share | Diluted earnings per share |
|----------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2024 | 79.35 | – |
| June 30, 2023 | 75.60 | – |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2024 | 150,388 | 83,948 | 55.1 |
| As of March 31, 2024 | 151,176 | 82,730 | 54.1 |

(Reference) Equity: As of June 30, 2024: ¥82,932 million

As of March 31, 2024: ¥81,739 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 March 31, 2024 | – | 50.00 | – | 120.00 | 170.00 |
| Fiscal year ending March 31, 2025 | – | | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | 104.00 | – | 104.00 | 208.00 |

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 60,000 | 0.1 | 2,500 | (32.3) | 2,600 | (35.5) | 2,000 | (30.6) | 164.94 |
| Full year | 124,000 | (1.5) | 7,000 | (6.2) | 7,200 | (7.9) | 5,000 | (8.6) | 412.32 |

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: One company (SANKYO MACHINERY, LTD.)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 8 of the Attachments.
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2024: 12,798,490 shares
March 31, 2024: 12,798,490 shares
 - 2) Total number of treasury shares at the end of the period:
June 30, 2024: 671,076 shares
March 31, 2024: 677,656 shares
 - 3) Average number of shares during the period:
Three months ended June 30, 2024: 12,122,966 shares
Three months ended June 30, 2023: 12,210,125 shares

Note on the total number of issued shares
(Note) The number of treasury shares to be deducted for calculating the total number of treasury shares at the end of the period and the average number of shares during the period includes the Company’s shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets under the Board Benefit Trust (BBT).

* 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 forecasts and other notes
(Cautionary note on forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements provided in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Attachments for conditions forming the basis for financial results forecasts, and notes regarding the use of financial results forecasts.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended June 30, 2024, the Japanese economy remained on a moderate recovery path due to more social and economic activities returning to normal and the improved employment and income environment. However, a sense of uncertainty continued to prevail over the future of the economic situation with a surge in raw material and energy prices due to the effects of the yen's depreciation, rising prices, etc. amid the instability of the global situation.

Under these circumstances, the Group has been expanding its business and working to further enhance its corporate value and bolster its management base by continuing to strengthen its cost reduction and sales activities.

For the Group's financial results for the three months ended June 30, 2024, net sales increased by ¥2 million year on year to ¥27,729 million, as a result of increased sales in the Machinery System business and Industrial Materials business, despite the decreased sales in the Lifeline business.

For profit and loss, operating profit decreased by ¥282 million year on year to ¥953 million, ordinary profit decreased by ¥244 million year on year to ¥1,008 million mainly due to the increase in selling, general and administrative expense, and profit attributable to owners of parent increased by ¥38 million year on year to ¥961 million primarily due to the recording of gain on revision of retirement benefit plan and income taxes.

Operating results by segment were as follows:

In the Lifeline business, net sales decreased by ¥556 million year on year to ¥13,496 million, mainly due to a decrease in the Group company's sales in the Pipe Systems Division, despite increases in sales from overseas projects and sales of products for electric power and steel industries in the Valve Systems Division.

Operating profit decreased by ¥186 million year on year to ¥727 million, mainly reflecting decreased revenue of the Group company in the Pipe Systems Division.

In the Machinery System business, net sales increased by ¥245 million year on year to ¥7,166 million mainly due to an increase in sales of presses in the Plant Engineering & Machinery Division and reflecting that SANKYO MACHINERY, LTD. became a group company in the Materials & Machinery Division.

Operating profit increased by ¥142 million year on year to ¥451 million, mainly reflecting revenue growth in the Plant Engineering & Machinery Division.

In the Industrial Materials business, net sales increased by ¥313 million year on year to ¥7,067 million, mainly due to an increase in sales of noise-reduction products and civil engineering-related products, despite a decrease in sales due to a delay in the progress of the construction project of the Group company in the Construction Materials Division and an increase in sales of products for electric power and communications industries and FRP inspection passages in the Plastic Products Division.

Operating profit decreased by ¥283 million year on year to ¥38 million, mainly reflecting the occurrence of additional work in the construction project of the Group company.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the consolidated fiscal year under review decreased by ¥788 million from the end of the previous consolidated fiscal year to ¥150,388 million, mainly due to decreases in notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating, despite increases in cash and deposits and investment securities.

Liabilities decreased by ¥2,006 million from the end of the previous consolidated fiscal year to ¥66,439

million, mainly owing to decreases in notes and accounts payable - trade, electronically recorded obligations - operating and retirement benefit liability, despite increases in short-term borrowings, etc.

Net assets increased by ¥1,218 million from the end of the previous consolidated fiscal year to ¥83,948 million. This is mainly attributable to dividends payments, changes in retained earnings due to the recording of profit attributable to owners of parent and an increase in valuation difference on available-for-sale securities.

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

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2025 released on May 14, 2024 remains unchanged.

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,368 | 21,990 |
| Notes and accounts receivable - trade, and contract assets | 38,172 | 34,211 |
| Electronically recorded monetary claims - operating | 12,940 | 10,821 |
| Merchandise and finished goods | 11,699 | 12,527 |
| Work in process | 8,053 | 8,310 |
| Raw materials and supplies | 3,659 | 3,678 |
| Other | 1,137 | 1,091 |
| Allowance for doubtful accounts | (42) | (29) |
| Total current assets | 94,987 | 92,602 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Land | 13,926 | 14,009 |
| Other, net | 19,494 | 19,671 |
| Total property, plant and equipment | 33,421 | 33,681 |
| Intangible assets | | |
| Other | 1,182 | 1,346 |
| Total intangible assets | 1,182 | 1,346 |
| Investments and other assets | | |
| Investment securities | 18,870 | 20,575 |
| Other | 2,877 | 2,353 |
| Allowance for doubtful accounts | (162) | (171) |
| Total investments and other assets | 21,585 | 22,758 |
| Total non-current assets | 56,189 | 57,786 |
| Total assets | 151,176 | 150,388 |

(Million yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 14,036 | 12,371 |
| Electronically recorded obligations - operating | 20,543 | 18,600 |
| Short-term borrowings | 12,290 | 15,600 |
| Current portion of long-term borrowings | 678 | 678 |
| Income taxes payable | 1,387 | 493 |
| Provisions | 3,621 | 1,570 |
| Other | 6,884 | 10,141 |
| Total current liabilities | 59,442 | 59,456 |
| Non-current liabilities | | |
| Long-term borrowings | 1,131 | 1,122 |
| Provisions | 1 | 1 |
| Retirement benefit liability | 6,461 | 3,134 |
| Other | 1,409 | 2,724 |
| Total non-current liabilities | 9,003 | 6,982 |
| Total liabilities | 68,446 | 66,439 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 31,186 | 31,186 |
| Capital surplus | 6,895 | 6,895 |
| Retained earnings | 34,520 | 34,024 |
| Treasury shares | (1,483) | (1,472) |
| Total shareholders' equity | 71,119 | 70,633 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,886 | 10,007 |
| Foreign currency translation adjustment | 292 | 390 |
| Remeasurements of defined benefit plans | 1,440 | 1,901 |
| Total accumulated other comprehensive income | 10,619 | 12,298 |
| Non-controlling interests | 991 | 1,016 |
| Total net assets | 82,730 | 83,948 |
| Total liabilities and net assets | 151,176 | 150,388 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Million yen)

| | For the three months ended June 30, 2023 | For the three months ended June 30, 2024 |
|--|---|---|
| Net sales | 27,727 | 27,729 |
| Cost of sales | 20,948 | 20,774 |
| Gross profit | 6,778 | 6,954 |
| Selling, general and administrative expenses | 5,542 | 6,001 |
| Operating profit | 1,235 | 953 |
| Non-operating income | | |
| Dividend income | 34 | 83 |
| Other | 76 | 72 |
| Total non-operating income | 111 | 155 |
| Non-operating expenses | | |
| Interest expenses | 38 | 42 |
| Other | 55 | 58 |
| Total non-operating expenses | 94 | 100 |
| Ordinary profit | 1,252 | 1,008 |
| Extraordinary income | | |
| Gain on revision of retirement benefit plan | - | 197 |
| Total extraordinary income | - | 197 |
| Extraordinary losses | | |
| Loss on valuation of golf club membership | 0 | - |
| Loss on sale of golf club membership | - | 0 |
| Total extraordinary losses | 0 | 0 |
| Profit before income taxes | 1,252 | 1,206 |
| Income taxes - current | 556 | 392 |
| Income taxes - deferred | (269) | (183) |
| Total income taxes | 286 | 208 |
| Profit | 965 | 997 |
| Profit attributable to non-controlling interests | 42 | 35 |
| Profit attributable to owners of parent | 923 | 961 |

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

| | For the three months ended June 30, 2023 | For the three months ended June 30, 2024 |
|--|---|---|
| Profit | 965 | 997 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,891 | 1,121 |
| Deferred gains or losses on hedges | (0) | - |
| Foreign currency translation adjustment | 10 | 97 |
| Remeasurements of defined benefit plans, net of tax | 19 | 459 |
| Total other comprehensive income | 1,921 | 1,678 |
| Comprehensive income | 2,887 | 2,676 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,844 | 2,641 |
| Comprehensive income attributable to non-controlling interests | 42 | 34 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

(Changes in scope of consolidation or scope of application of equity method)

Significant changes in the scope of consolidation

From the first quarter of the consolidated fiscal year under review, the Group's newly acquired SANKYO MACHINERY, LTD. has been included in the scope of consolidation.

(Changes in accounting policies)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. from the beginning of the first quarter ended June 30, 2024.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements for the first quarter under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter ended June 30, 2024. The change in accounting policies was applied retrospectively and the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been modified retrospectively. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

(Segment information, etc.)

[Segment Information]

I For the three months ended June 30, 2023

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

| | Reportable segment | | | Total | Adjustment (Note 1) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|----------------------|---------------------------------|-------------------------------------|--------|------------------------|---|
| | Lifeline business | Machinery System business | Industrial Materials business | | | |
| Net sales | | | | | | |
| Net sales to outside customers | 14,052 | 6,921 | 6,753 | 27,727 | — | 27,727 |
| Inter-segment net sales or transfers | 23 | 27 | 6 | 57 | (57) | — |
| Total | 14,075 | 6,948 | 6,760 | 27,784 | (57) | 27,727 |
| Segment profit | 913 | 308 | 321 | 1,543 | (307) | 1,235 |

(Notes) 1. Adjustment of segment profit of ¥(307) million includes ¥(11) million for inter-segment transaction eliminations, ¥77 million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and

¥(374) million for inventory adjustments.

2. Adjustments are made to reconcile segment profit to operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

There is no relevant information.

(Significant gain on negative goodwill)

There is no relevant information.

II For the three months ended June 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

| | Reportable segment | | | Total | Adjustment (Note 1) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|----------------------|---------------------------------|-------------------------------------|--------|------------------------|---|
| | Lifeline business | Machinery System business | Industrial Materials business | | | |
| Net sales | | | | | | |
| Net sales to outside customers | 13,496 | 7,166 | 7,067 | 27,729 | — | 27,729 |
| Inter-segment net sales or transfers | 28 | 20 | 2 | 51 | (51) | — |
| Total | 13,524 | 7,186 | 7,070 | 27,781 | (51) | 27,729 |
| Segment profit | 727 | 451 | 38 | 1,217 | (263) | 953 |

(Notes) 1. Adjustment of segment profit of ¥(263) million includes ¥5 million for inter-segment transaction eliminations, ¥100 million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and ¥(369) million for inventory adjustments.

2. Adjustments are made to reconcile segment profit to operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

In the Machinery System business segment, goodwill of ¥262 million was generated as the Company acquired all of shares of SANKYO MACHINERY, LTD., which was included in the scope of consolidation during the first quarter of the consolidated fiscal year under review.

(Significant gain on negative goodwill)

There is no relevant information.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024.

Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30 are as follows.

| | (Million yen) | |
|--------------------------|---|---|
| | For the three months ended June 30, 2023 | For the three months ended June 30, 2024 |
| Depreciation | 737 | 724 |
| Amortization of goodwill | - | 13 |

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Independent Auditor's Interim Review Report on the Quarterly Consolidated Financial Statements

August 2, 2024

To the Board of Directors of
Kurimoto, Ltd.

PKF Hibiki Audit Corporation
Osaka Office

Representative Partner
Engagement Partner
Katsuyuki Matsumoto, Certified Public Accountant

Representative Partner
Engagement Partner
Motohiro Muto, Certified Public Accountant

Auditor's Conclusion

We have conducted an interim review of the quarterly consolidated financial statements of Kurimoto, Ltd. for the first quarter accounting period (from April 1, 2024 to June 30, 2024) and the cumulative first quarter (from April 1, 2024 to June 30, 2024) of the consolidated fiscal year from April 1, 2024 to March 31, 2025 included in the "Attachments" of the quarterly consolidated results, namely, the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and notes thereto.

In the interim review that we conducted, we found no instances that would lead us to believe that the above quarterly consolidated financial statements were not prepared in all material respects in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and accounting standards for quarterly financial statements that are generally accepted in Japan (however, omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements apply).

Basis for Auditor's Conclusion

We conducted our interim review in accordance with the interim review standards that are generally accepted in Japan. Our responsibilities under the interim review standards are described in "Auditor's Responsibilities in the Interim Review of Quarterly Consolidated Financial Statements." Pursuant to the rules on professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries, and have fulfilled our other ethical responsibilities as an auditor. We believe that we have obtained the evidence to form a basis for our conclusion.

Responsibility of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board with Respect to Quarterly Consolidated Financial Statements

The responsibility of management is to prepare quarterly financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and accounting standards for quarterly financial statements that are generally accepted in Japan (however, omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements apply). This includes designing and operating internal controls that management deems necessary in order to prepare quarterly consolidated financial statements free of material misstatements, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for evaluating whether

it is appropriate to prepare the quarterly consolidated financial statements based on the premise of a going concern, and for disclosing matters relating to going concern if required based on Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and accounting standards for quarterly financial statements that are generally accepted in Japan (however, omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements apply).

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities in the Interim Review of Quarterly Consolidated Financial Statements

The auditor's responsibility is to express a conclusion with respect to the quarterly consolidated financial statements from an independent standpoint in an interim review report based on the interim review it has performed.

The auditor shall exercise professional judgment throughout the interim review process in accordance with interim review standards generally accepted in Japan, and perform the following while maintaining professional skepticism:

- Primarily, make inquiries into management, persons responsible for financial and accounting matters, and perform analytical procedures and other interim review procedures. Interim review procedures are limited procedures relative to audits of annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
- If it is determined that there is material uncertainty regarding events or circumstances that would raise substantial doubts about factors relating to the premise of a going concern, the auditor shall conclude, based on the evidence obtained, whether there are any factors that lead the auditor to believe that the quarterly consolidated financial statements have not been prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and accounting standards for quarterly financial statements that are generally accepted in Japan (however, omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements apply). Moreover, if there is material uncertainty regarding the premise of a going concern, the auditor is required to call attention to the notes to the quarterly consolidated financial statements in the interim review report, or to express a qualified or negative conclusion on the quarterly consolidated financial statements if the notes to the quarterly consolidated financial statements regarding material uncertainty are not adequate. The auditor's conclusion is based on evidence obtained up to the date of the interim review report, but future events or circumstances may prevent the company from continuing as a going concern.
- Evaluate whether there are any matters that lead the auditor to believe that the presentation and notes of the quarterly consolidated financial statements have not been prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and accounting standards for quarterly financial statements that are generally accepted in Japan (however, omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements apply).
- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries that forms the basis for expressing conclusions about the quarterly consolidated financial statements. The auditor is responsible for directing, supervising, and conducting of the interim review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board on the planned scope of the interim review, its timing, and any significant findings from the interim review.

The auditor shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the compliance with provisions related to professional ethics in Japan regarding independence, as well as on any matters that are reasonably considered to affect the auditor's independence, and details of any measures that are taken to remove impediments, or any safeguards adopted to reduce impediments to an acceptable level.

Conflicts of Interest

There are no special interests between the audit corporation or its engagement partners and the Company or its consolidated subsidiaries that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

- (Notes)
1. The original copy of the above interim review report is kept separately by the Company (the company disclosing the quarterly consolidated financial statements).
 2. XBRL data and HTML data are not included within the scope of the interim review report.