

These consolidated financial results are an English translation of excerpts from the Japanese “*Kessan Tanshin*” including attachments filed with the Tokyo Stock Exchange, solely for the convenience of readers outside Japan.

This report has been prepared in accordance with accounting principles and practices generally accepted in Japan. Amounts less than ¥1 million have been omitted unless otherwise stated.

Consolidated Financial Results (*Kessan Tanshin*) for the First Three Months of Fiscal Year Ending March 31, 2025 [Japan GAAP]

August 9, 2024

Name of Listed Company: Tokyo Century Corporation

Stock Exchange Listing: Tokyo

Securities Code: 8439

(URL: <https://www.tokyocentury.co.jp/en/>)

Representative: Koichi Baba, President & CEO, Representative Director

Contact: Tatsuya Hirasaki, Director and Senior Managing Executive Officer Phone: +81-3-5209-6710

Scheduled Payment Date of Dividends: –

Preparation of Supplementary Reference Documents: Yes

Holding of Earnings Call: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted.)

1. Consolidated Performance

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024	YoY
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
(1) Consolidated business results:			
Revenues	328,990	334,274	1.6%
Operating income	28,249	34,457	22.0%
Ordinary income	31,773	38,189	20.2%
Net income attributable to owners of parent	18,216	23,008	26.3%
Basic earnings per share (<i>Yen</i>)	37.20	46.98	
Diluted earnings per share (<i>Yen</i>)	37.07	46.80	

Notes:

Total comprehensive income

For the three months ended June 30, 2024: ¥89,354 million 220.9%

For the three months ended June 30, 2023: ¥27,846 million 16.9%

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The basic earnings per share and the diluted earnings per share have been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

	As of March 31, 2024	As of June 30, 2024
	<i>(Millions of yen)</i>	
(2) Consolidated financial condition:		
Total assets	6,460,930	6,685,162
Net assets	1,011,176	1,086,332
Shareholders' equity ratio	13.5%	14.1%

Reference:

Shareholders' equity

As of June 30, 2024: ¥943,888 million

As of March 31, 2024: ¥872,230 million

2. Dividends

	Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2023	—	25.00	—	27.00	52.00
Fiscal 2024	—				
Fiscal 2024 (Forecast)		29.00	—	29.00	58.00

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

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The annual dividend per share has been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2025 (As of August 9, 2024)

	Full Year	YoY
	(Millions of yen)	(Percentage change)
Ordinary income	125,000	6.6%
Net income attributable to owners of parent	80,000	10.9%
Basic earnings per share (Yen)	163.38	

Note: Revisions to the most recently announced forecast of consolidated results: None

Notes

(1) Significant changes in the scope of consolidation during the period under review: None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies due to reforms of accounting standards: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to the Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 10 of the Attached Documents.

(4) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2024: 492,113,280 shares

As of June 30, 2024: 492,113,280 shares

2) Number of shares of treasury stock at the end of the period

As of March 31, 2024: 2,459,140 shares

As of June 30, 2024: 2,376,496 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023: 489,655,110 shares

Three months ended June 30, 2024: 489,736,828 shares

Note:

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares outstanding during the period have been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

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

Explanation related to forward-looking statements and other items warranting special mention

(Regarding forward-looking statements)

The statements concerning future performance presented in this document are prepared based on currently available information and certain preconditions that Tokyo Century Corporation and its Group companies believe to be reasonable at the publication of this document. These statements do not purport that the Company pledges to realize such statements. Actual results may be substantially different from any projections presented herein due to various factors.

(Methods for obtaining supplementary reference documents for financial statements)

The supplementary reference documents were disclosed on the TDnet on the same date as this document (Japanese only) and were also posted on the Company's website.

The Company plans to hold an earnings call (audio conference) for institutional investors and analysts on Thursday, August 15, 2024.

1. Overview of Business Results

* In this section, “1. Overview of Business Results,” the amounts expressed in units of millions have been rounded off to the nearest hundred million.

(1) Overview of Business Results for the Period under Review

During the three months ended June 30, 2024, revenues increased ¥5,300 million, or 1.6%, to ¥334,300 million, and gross profit increased ¥7,900 million, or 12.3%, to ¥72,100 million, respectively, from the same period of the previous fiscal year, mainly due to an increase in income in the Specialty Financing segment.

Selling, general and administrative expenses increased ¥1,700 million, or 4.8%, to ¥37,700 million from the same period of the previous fiscal year, mainly due to increases in personnel and non-personnel expenses in the International Business segment.

Non-operating income minus non-operating expenses amounted to a net income of ¥3,700 million, up ¥200 million, or 5.9%, from the same period of the previous fiscal year. This was mainly caused by an increase in equity in earnings of affiliates.

Due to the factors mentioned above, ordinary income increased ¥6,400 million, or 20.2%, to ¥38,200 million from the same period of the previous fiscal year.

Extraordinary income minus extraordinary losses amounted to losses of ¥100 million, down ¥600 million from the same period of the previous fiscal year, mainly due to a decrease in gain on sale of investment securities. Income taxes increased ¥1,100 million, or 10.3%, to ¥11,500 million from the same period of the previous fiscal year. Net income attributable to non-controlling interests amounted to ¥3,600 million.

As a result, net income attributable to owners of parent increased ¥4,800 million, or 26.3%, to ¥23,000 million from the same period of the previous fiscal year.

Average exchange rate during the period for the preparation of consolidated financial statements for the major overseas subsidiaries and affiliates closing accounts in December is ¥148.62/US\$ for the first three months of the fiscal year ending December 31, 2024 (January to March 2024) and ¥132.43/US\$ for the first three months of the fiscal year ended December 31, 2023 (January to March 2023).

(Overview of Business Results by Segment)

Business results by segment were as follows.

Revenues for each segment represent “revenues from customers,” and segment income represents the amount for the “reportable segment.”

Equipment Leasing

Revenues decreased ¥5,000 million, or 4.2%, to ¥113,700 million, and segment income decreased ¥400 million, or 6.8%, to ¥6,100 million, respectively, from the same period of the previous fiscal year. The decrease in segment income was mainly because of the absence of one-time gains recorded for the same period of the previous fiscal year and an increase in SG&A expenses. The balance of segment assets decreased ¥25,800 million, or 2.0%, to ¥1,247,700 million from the end of the previous fiscal year.

Automobility

Revenues decreased ¥18,100 million, or 18.6%, to ¥79,400 million, and segment income increased ¥500 million, or 8.2%, to ¥6,000 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly because of increased profitability resulting from the rise in car rental prices per unit. The balance of segment assets decreased ¥1,300 million, or 0.3%, to ¥477,700 million from the end of the previous fiscal year.

Specialty Financing

Revenues increased ¥18,600 million, or 31.6%, to ¥77,600 million, and segment income increased ¥7,600 million, or 205.4%, to ¥11,300 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly due to increases in operating lease revenues and gains on sale of aircraft supported by the market recovery in the aviation business. The balance of segment assets increased ¥165,400 million, or 5.9%, to ¥2,990,700 million from the end of the previous fiscal year mainly caused by foreign exchange fluctuations.

International Business

Revenues increased ¥10,800 million, or 29.0%, to ¥48,000 million, and segment income decreased ¥400 million, or 16.1%, to ¥2,100 million, respectively, from the same period of the previous fiscal year. The decrease in segment income was mainly because of an increase in SG&A expenses. The balance of segment assets increased ¥74,600 million, or 9.1%, to ¥897,300 million from the end of the previous fiscal year mainly caused by foreign exchange fluctuations.

Environmental Infrastructure

Revenues decreased ¥1,100 million, or 6.5%, to ¥15,300 million, and segment income decreased ¥2,100 million, or 88.6%, to ¥300 million, respectively, from the same period of the previous fiscal year. The decrease in segment income was mainly due to the absence of one-time gains in the electric power generation business recorded for the same period of the previous fiscal year, the increased funding cost of new overseas investment projects, and decreased revenues resulting from the curtailment of output at solar power plants. The balance of segment assets increased ¥11,600 million, or 4.2%, to ¥285,500 million from the end of the previous fiscal year.

(2) Overview of Financial Conditions for the Period under Review

Total assets at the end of the first quarter of the fiscal year ending March 31, 2025 increased ¥224,200 million, or 3.5%, to ¥6,685,200 million, and segment assets increased ¥220,800 million, or 3.9%, to ¥5,941,200 million, respectively, from the end of the previous fiscal year. Total liabilities increased ¥149,100 million, or 2.7%, to ¥5,598,800 million, and interest-bearing debts increased ¥197,200 million, or 4.2%, to ¥4,946,200 million, respectively, from the end of the previous fiscal year.

Total net assets increased ¥75,200 million, or 7.4%, to ¥1,086,300 million from the end of the previous fiscal year. This was mainly caused by a ¥9,800 million increase in retained earnings and a ¥57,000 million increase in translation adjustments.

As a result, the shareholders' equity ratio increased by 0.6 percentage points compared with the end of the previous fiscal year to 14.1%.

Exchange rate at the end of the period for the preparation of consolidated financial statements for the major overseas subsidiaries and affiliates closing accounts in December is ¥151.40/US\$ at the end of the first quarter of the fiscal year ending December 31, 2024 (March 31, 2024) and ¥141.82/US\$ at the end of the previous fiscal year (December 31, 2023).

(3) Explanation of Future Forecast Information such as Consolidated Results Forecast

We have made no revision to the consolidated results forecast which was announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash on hand and in banks	193,859	169,652
Accounts receivable - installment sales	167,071	173,221
Lease receivables and investment assets	1,391,310	1,404,126
Loans	435,091	444,069
Operational investment securities	407,050	420,629
Accounts receivable - leases	63,886	65,100
Short-term investment securities	809	1,008
Inventories	36,712	33,866
Other current assets	246,947	280,257
Allowance for doubtful accounts	(3,859)	(3,869)
Total current assets	2,938,879	2,988,063
Non-current assets		
Property and equipment		
Leased assets	2,496,294	2,624,814
Advances for purchases of property for lease	93,965	109,276
Other operating assets	244,938	274,124
Construction in progress	33,230	21,351
Own assets in use	27,552	28,324
Total property and equipment	2,895,981	3,057,891
Intangible assets		
Computer programs leased to customers	2,525	2,892
Goodwill	72,924	76,651
Other intangible assets	39,638	39,926
Total intangible assets	115,088	119,469
Investments and other assets		
Investments in securities	404,150	419,620
Claims provable in bankruptcy or rehabilitation	7,627	7,853
Deferred tax assets	24,170	22,435
Retirement benefit asset	270	273
Other investments	77,641	72,613
Allowance for doubtful accounts	(4,790)	(4,799)
Total investments and other assets	509,069	517,997
Total non-current assets	3,520,140	3,695,357
Deferred assets	1,911	1,741
Total assets	6,460,930	6,685,162

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	216,852	155,850
Short-term borrowings	412,825	376,171
Current portion of bonds	240,695	178,191
Current portion of long-term debt	732,254	740,279
Commercial papers	343,609	415,387
Payables under fluidity lease receivables	9,000	9,200
Current portion of long-term payables under fluidity lease receivables	2,460	2,440
Accrued income taxes	12,047	6,807
Deferred profit on installment sales	15,463	16,127
Provision for bonuses	4,042	2,576
Provision for directors' bonuses	470	116
Other provisions	237	285
Other current liabilities	152,124	154,131
Total current liabilities	2,142,083	2,057,564
Long-term liabilities		
Bonds payable	978,673	1,013,096
Long-term debt	2,025,626	2,208,218
Long-term payables under fluidity lease receivables	3,850	3,240
Deferred tax liabilities	56,200	61,402
Provision for directors' retirement benefits	346	319
Provision for automobile inspection costs	717	715
Other provisions	659	938
Net defined benefit liability	11,381	11,495
Other long-term liabilities	230,215	241,838
Total long-term liabilities	3,307,671	3,541,266
Total liabilities	5,449,754	5,598,830
Net assets		
Shareholders' equity		
Common stock without par value	81,129	81,129
Capital surplus	56,199	56,247
Retained earnings	524,903	534,691
Treasury stock	(1,599)	(1,546)
Total shareholders' equity	660,631	670,521
Accumulated other comprehensive income		
Net unrealized holding gains on securities	37,994	40,088
Net unrealized gains on derivative instruments	9,839	12,485
Translation adjustments	163,105	220,141
Remeasurements of defined benefit plans	658	652
Total accumulated other comprehensive income	211,598	273,367
Share subscription rights	2,240	2,138
Non-controlling interests	136,704	140,304
Total net assets	1,011,176	1,086,332
Total liabilities and net assets	6,460,930	6,685,162

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
(For the three months ended June 30, 2023 and 2024)

(Millions of yen)

	Three months ended June 30, 2023 (Apr. 1 to Jun. 30, 2023)	Three months ended June 30, 2024 (Apr. 1 to Jun. 30, 2024)
Revenues	328,990	334,274
Costs	264,766	262,131
Gross profit	64,223	72,142
Selling, general and administrative expenses	35,974	37,685
Operating income	28,249	34,457
Non-operating income		
Interest income	72	238
Dividend income	569	591
Equity in earnings of affiliates	4,122	5,153
Foreign exchange gains	622	—
Other	232	239
Total non-operating income	5,619	6,223
Non-operating expenses		
Interest expense	1,847	2,245
Foreign exchange losses	—	94
Other	248	151
Total non-operating expenses	2,095	2,491
Ordinary income	31,773	38,189
Extraordinary income		
Gain on sale of non-current assets	32	67
Gain on sale of investment securities	501	—
Other	17	0
Total extraordinary income	551	67
Extraordinary losses		
Loss on valuation of investment securities	0	52
Loss on cancellation of golf club memberships	9	—
Other	13	69
Total extraordinary losses	24	122
Income before income taxes	32,300	38,134
Income taxes	10,410	11,482
Net income	21,889	26,651
Net income attributable to non-controlling interests	3,673	3,643
Net income attributable to owners of parent	18,216	23,008

Quarterly Consolidated Statements of Comprehensive Income
(For the three months ended June 30, 2023 and 2024)

(Millions of yen)

	Three months ended June 30, 2023 (Apr. 1 to Jun. 30, 2023)	Three months ended June 30, 2024 (Apr. 1 to Jun. 30, 2024)
Net income	21,889	26,651
Other comprehensive income		
Net unrealized holding gains on securities	5,580	2,704
Net unrealized gains on derivative instruments	2,009	2,285
Translation adjustments	(5,418)	53,610
Remeasurements of defined benefit plans	189	(8)
Share of other comprehensive income of affiliates accounted for using equity method	3,595	4,110
Total other comprehensive income	5,956	62,702
Comprehensive income	27,846	89,354
Comprehensive income attributable to:		
Owners of parent	23,099	84,777
Non-controlling interests	4,746	4,577

(3) Notes to the Quarterly Consolidated Financial Statements

The Company's quarterly consolidated financial statements have been prepared in accordance with Article 4, Paragraph 1 of Standards for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan.

Changes in Accounting Policies

(Application of the Accounting Standard for Current Income Taxes, etc.)

Starting at the beginning of the first quarter of the fiscal year ending March 31, 2025, the Company applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard 2022"), etc.

The Company followed the transitional treatment provided for in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Guidance 2022") with regard to the revision concerning the classification of income taxes (levied on entities' other comprehensive income). The change in accounting policies has no impact on the quarterly consolidated financial statements.

Starting at the beginning of the first quarter of the fiscal year ending March 31, 2025, the Company also applied the Revised Guidance 2022 with regard to the revision related to changes in the accounting treatment in consolidated financial statements if gains or losses on sale of shares of subsidiaries, etc. resulting from transactions between consolidated entities are deferred for tax purposes. The change in accounting policies was applied retrospectively, and the quarterly consolidated financial statements for the three months ended June 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024 were restated accordingly. The change in accounting policies had no impact on the quarterly consolidated financial statements for the three months ended June 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2025, and adopt a method to calculate tax expenses by multiplying income before income taxes by the estimated effective tax rate.

However, where the amount of tax expenses calculated using the estimated effective tax rate is obviously unreasonable, tax expenses are calculated by multiplying income before income taxes by the effective tax rate designated by law after adjusting for significant differences that are not temporary differences.

Notes on Segment Information

I. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information concerning the amount of revenues and income by reportable segment

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Quarterly Consolidated Statements of Income (Note 3)
	Equipment Leasing	Automobility	Specialty Financing	International Business	Environmental Infrastructure	Total				
Revenues										
Revenues from customers	118,680	97,529	58,942	37,245	16,390	328,788	201	328,990	—	328,990
Intersegment revenues/transfers	90	227	78	20	0	418	133	551	(551)	—
Total	118,771	97,757	59,021	37,265	16,390	329,206	334	329,541	(551)	328,990
Segment income	6,518	5,542	3,690	2,535	2,327	20,613	204	20,818	(2,602)	18,216

Notes: 1. "Other" includes casualty insurance agency business, which is not included in any reportable segment.

2. Adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted with net income attributable to owners of parent shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

The information is omitted due to immateriality.

II. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information concerning the amount of revenues and income by reportable segment

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Quarterly Consolidated Statements of Income (Note 3)
	Equipment Leasing	Automobility	Specialty Financing	International Business	Environmental Infrastructure	Total				
Revenues										
Revenues from customers	113,712	79,398	77,553	48,045	15,324	334,034	239	334,274	—	334,274
Intersegment revenues/transfers	124	216	123	51	0	516	82	598	(598)	—
Total	113,836	79,615	77,677	48,096	15,325	334,551	322	334,873	(598)	334,274
Segment income	6,078	5,997	11,272	2,127	265	25,741	279	26,020	(3,011)	23,008

Notes: 1. "Other" includes casualty insurance agency business, which is not included in any reportable segment.

2. Adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted with net income attributable to owners of parent shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

The information is omitted due to immateriality.

Notes in the Case of Material Changes in Shareholders' Equity

Not applicable

Notes on Going Concern Assumption

Not applicable

Notes to Quarterly Consolidated Statements of Cash Flows

The quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2023 and 2024 are as shown below.

	(Millions of yen)	
	Three months ended June 30, 2023 (Apr. 1 to Jun. 30, 2023)	Three months ended June 30, 2024 (Apr. 1 to Jun. 30, 2024)
Depreciation	56,879	63,978
Amortization of goodwill	1,036	1,245

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

To the Board of Directors of Tokyo Century Corporation:

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Tokyo Century Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Group"), which comprise the quarterly consolidated balance sheets as of June 30, 2024 (from April 1, 2024 to June 30, 2024) and the quarterly consolidated statements of income and the quarterly consolidated statements of comprehensive income for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024), and the related notes.

Based on our interim 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 Standards for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (the "Standards") (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the regulations regarding professional ethics required in Japan, and we have fulfilled our other ethical responsibilities as auditor. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

Management is responsible for the preparation and presentation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation of the 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, and disclosing, as applicable, matters related to going concern in accordance with Article 4, Paragraph 1 of the Standards (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the Directors' execution of duties relating to the design and operation of the Group's financial reporting process.

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

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

As part of our interim review in accordance with interim review standards 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 review procedures. An interim review is substantially less in scope than an audit for the fiscal year conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, whether nothing 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 (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, if a material uncertainty relating to events or conditions comes to our attention that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report on the interim review of quarterly consolidated financial statements to the related notes in the quarterly consolidated financial statements or, if such notes are inadequate, to express a qualified conclusion or an adverse

conclusion. Our conclusions are based on the evidence obtained up to the date of our report on the interim review of quarterly consolidated financial statements; however, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether nothing has come to our attention that causes us to believe that the presentation and notes in the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards (applying the omissions prescribed in Article 4, Paragraph 2 of the Standards) and accounting principles for quarterly financial statements generally accepted in Japan.
- Obtain sufficient evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the interim review of the quarterly consolidated financial statements. We remain solely responsible for our review conclusion.

We communicate with Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the interim review, and significant review findings that we identify during our review.

We also provide Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence in Japan, 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 the acceptable levels.

Interest

Our firm and its 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.

Note to the Reader of Independent Auditor's Report on Review

The Independent Auditor's Report herein is an English translation of the Japanese Independent Auditor's Report on Review for the convenience of the reader.

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- Notes: 1. The original of the above report on review is stored separately by the Company disclosing the Quarterly Consolidated Financial Results (*Kessan Tanshin*).
2. XBRL data and HTML data are not subject to the review.

Hiroaki Aoki

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Makoto Fujimura

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Yoshihiro Fujii

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

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