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Consolidated Financial Statements for the First Quarter Ended June 30, 2024 FY2025 (April 1, 2024 - March 31, 2025) [UNAUDITED]

Company name: Takara Holdings Inc.
 Stock exchange listings: Tokyo Stock Exchange (PRIME section)
 Code number: 2531
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- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Results for the three months ended June 30, 2024 (April 1, 2024- June 30, 2024)

(1) Consolidated operating results

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Three months ended June 30, 2024		Three months ended June 30, 2023	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	84,956	4.2	81,510	4.8
Operating income (loss)	4,064	(42.8)	7,101	(20.2)
Ordinary income (loss)	4,791	(37.8)	7,700	(16.8)
Net income (loss) attributable to owners of the parent	5,170	4.1	4,965	(5.3)
Net income (loss) per share (Yen)	26.48		25.11	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income (loss)	11,567	3.6	11,166	(14.7)

(2) Consolidated financial position

	As of June 30, 2024	As of March 31, 2024
	(Millions of yen)	(Millions of yen)
Total assets	439,765	437,468
Net assets	285,543	280,465
Equity ratio (%)	53.0	52.3
(Reference) Equity	233,263	228,665

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2025 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	29.00	-	31.00
Annual	29.00	-	31.00

Note: Correction of dividend forecast from the most recent dividend forecast: No

3. Forecast for the year ending March 31, 2025(April 1, 2024 - March 31, 2025)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Six months ending September 30, 2024		Year ending March 31, 2025	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	171,000	4.8	362,000	6.7
Operating income (loss)	10,400	(16.6)	25,700	15.5
Ordinary income (loss)	10,800	(17.1)	26,300	12.7
Net income (loss) attributable to owners of the parent	8,600	6.9	17,200	6.3
Net income per share (Yen)	44.04		88.09	

Note: Correction of financial forecast from the most recent financial forecast: No

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in specified subsidiaries that caused a change in the scope of consolidation): No
- (2) Accounting procedures specific to quarterly consolidated financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Changes other than ones based on revisions of accounting standard: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Number of outstanding shares (common stock)
 - 1) Number of outstanding shares at the end of each period (Treasury stocks are included):
 - As of June 30, 2024 : 197,252,043 shares
 - As of March 31, 2024 : 197,252,043 shares
 - 2) Number of treasury stocks at the end of each period:
 - As of June 30, 2024 : 1,995,688 shares
 - As of March 31, 2024 : 1,995,688 shares
 - 3) Average number of outstanding shares in each period
 - Three months ended June 30, 2024 : 195,256,355 shares
 - Three months ended June 30, 2023 : 197,704,131 shares

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

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

- * Comment regarding appropriate use of earnings forecasts and other special notes
Forward-looking statements contained in this document are determined by the Takara Bio Inc. (the “Company”) based on information currently available to the Company and include a number of uncertainties. Actual results could differ from these forecasts due to changes in conditions that occur in the future. For information regarding the above, please refer to “1. Overview of Financial Results for the Three Months ended June 30, 2024 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements” on page 4 of the attached document.

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

o Supplement for the Consolidated Quarterly Financial Statements

1. Overview of Financial Results

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

In the three months ended June 30, 2024, net sales increased 4.2% year on year to ¥84,956 million, gross profit decreased 2.4% year on year to ¥27,360 million, and SG&A expenses increased 11.3% year on year to ¥23,295 million. Operating income decreased 42.8% year on year to ¥4,064 million, ordinary income decreased 37.8% year on year to ¥4,791 million, and net income attributable to owners of parent increased 4.1% year on year to ¥5,170 million mainly due to an increase in extraordinary income as a result of sale of noncurrent assets and investment securities.

Results by business segment were as follows.

[Takara Shuzo]

In the three months ended June 30, 2024, sales of shochu and sake decreased year on year, and despite continued growth in sales of *Takara Shochu Highball*, total sales of light-alcohol refreshers decreased. Sales of seasonings increased due to an increase in sales of *Hon Mirin* and food seasonings. Sales of raw alcohol, etc. decreased.

As a result, net sales for Takara Shuzo decreased 5.0% year on year to ¥30,170 million. Cost of sales decreased 3.6% year on year to ¥22,541 million in line with the decrease in net sales, despite the impact of rising raw material prices and other factors. Gross profit decreased 9.0% year on year to ¥7,629 million. SG&A expenses increased 5.6% year on year to ¥6,109 million due to an increase in advertising expenses, etc. Operating income was down 41.5% year on year to ¥1,519 million.

[Takara Shuzo International Group]

In the three months ended June 30, 2024, net sales of the Overseas Alcoholic Beverages Business increased year on year mainly due to continued growth in sales of whiskey as well as an increase in sales of sake, etc. Net sales of the Japanese Food Wholesale Business in overseas markets also increased primarily due to continued efforts made to acquire new customers and procure products tailored to customer needs despite the impact of a slow-down in personal consumption in the U.S., Europe, etc.

As a result, net sales for the Takara Shuzo International Group increased 15.5% year on year to ¥43,220 million. Cost of sales increased 14.5% year on year to ¥28,894 million in line with the increase in net sales. Consequently, gross profit increased 17.4% year on year to ¥14,326 million. SG&A expenses were up 23.5% year on year to ¥10,643 million, primarily due to an increase in personnel expenses, and operating income was up 2.7% year on year to ¥3,683 million.

[Takara Bio Group]

In the three months ended June 30, 2024, net sales for the Takara Bio Group decreased 7.4% year on year to ¥8,493 million, primarily due to a decrease in sales of COVID-19 testing-related products and a slump in the life sciences research market. Cost of sales increased 54.3% year on year to ¥4,139 million, mainly due to a decrease in sales of testing-related reagents with relatively high profit margins and the impact of a change in the sales mix. Gross profit decreased 32.9% year on year to ¥4,353 million. SG&A expenses were down 1.3% year on year to ¥5,988 million, and operating loss amounted to ¥1,634 million, compared to operating income of ¥423 million in the three months ended June 30, 2023.

[Other]

In the three months ended June 30, 2024, net sales of the Other segment increased 1.6% year on year to ¥7,745 million primarily due to an increase in the import and sale of wine. Cost of sales increased 0.5% year on year to ¥6,499 million, and gross profit increased 7.7% year on year to ¥1,245 million. SG&A expenses rose 6.0% year on year to ¥497 million primarily due to an increase in personnel expenses, and operating income was up 8.9% year on year to ¥748 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2023 to June 30, 2023)	Period under Review (From April 1, 2024 to June 30, 2024)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	9,612	8,722	(9.3)
Sake	2,292	2,122	(7.4)
Light-alcohol refreshers	10,684	10,490	(1.8)
Other alcoholic beverages	1,486	1,421	(4.4)
<i>Hon Mirin</i>	2,328	2,408	3.4
Other seasonings	2,215	2,280	2.9
Raw alcohol, etc.	3,153	2,724	(13.6)
Total	31,773	30,170	(5.0)
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	4,889	5,603	14.6
Japanese Food Wholesales Business in overseas markets	33,140	38,284	15.5
Other	198	207	4.5
Elimination of intra-Group transaction on consolidation	(796)	(874)	—
Total	37,432	43,220	15.5
Takara Bio Group			
Reagents	6,809	6,606	(3.0)
Instruments	220	221	0.3
CDMO	1,366	1,018	(25.5)
Gene therapy	778	647	(16.9)
Total	9,176	8,493	(7.4)
Reported segment total	78,382	81,884	4.5
Other	7,623	7,745	1.6
Segment total	86,005	89,630	4.2
Sales not allocated to business segments and intersegment transactions	(4,495)	(4,673)	—
Total	81,510	84,956	4.2

Notes: 1. Amounts include alcohol tax.

2. From the three months ended June 30, 2024, the Takara Bio Group began adding sales of mRNA manufacturing related products, etc. for research use, which had been included in “Reagents” until the fiscal year ended March 31, 2024, to “Gene therapy.” In this table, this change is applied and the results for the three months ended June 30, 2023 have been modified.

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

As of June 30, 2024, current assets were ¥245,804 million, an increase of ¥591 million compared with that at the end of the previous fiscal year. This was primarily due to increases in notes and accounts receivable-trade of ¥842 million, inventories of ¥3,665 million, and other current assets of ¥946 million, despite a decrease in cash and deposits of ¥4,830 million. Noncurrent assets were ¥193,960 million, an increase of ¥1,705 million compared with that at the end of the previous fiscal year. This was due to increases in property, plant and equipment of ¥1,978 million, mainly due to increases in buildings and structures and construction in progress, and intangible assets of ¥782 million, despite a decrease in investments and other assets of ¥1,055 million mainly due to a decrease in investment securities.

As a result, total assets were ¥439,765 million, an increase of ¥2,297 million compared with that at the end of the

previous fiscal year.

As of June 30, 2024, current liabilities were ¥82,520 million, an increase of ¥1,863 million compared with that at the end of the previous fiscal year. This was primarily due to increases in short-term loans payable of ¥5,667 million, accrued alcohol tax of ¥1,623 million, provision for bonuses of ¥1,001 million, and other current liabilities of ¥992 million, despite decreases in current portion of bonds of ¥5,000 million and accrued expenses of ¥3,253 million. Noncurrent liabilities were ¥71,701 million, a decrease of ¥4,644 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in long-term loans payable of ¥5,021 million.

As a result, total liabilities were ¥154,221 million, a decrease of ¥2,781 million compared with that at the end of the previous fiscal year.

As of June 30, 2024, total net assets were ¥285,543 million, an increase of ¥5,078 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in foreign currency translation adjustment of ¥6,765 million, offset by a decrease in valuation difference on available-for-sale securities of ¥1,808 million.

As a result, the equity ratio totaled 53.0%, compared with 52.3% at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Forecasts

There are no changes to the consolidated results forecasts for the six months ending September 30, 2024 and the fiscal year ending March 31, 2025 published in the financial statements on May 10, 2024.

2. Consolidated Quarterly Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	95,085	90,255
Notes and accounts receivable-trade	70,123	70,966
Merchandise and finished goods	61,834	64,905
Work in process	1,659	2,014
Raw materials and supplies	7,558	7,797
Other	9,768	10,714
Allowance for doubtful accounts	(817)	(849)
Total current assets	245,213	245,804
Noncurrent assets		
Property, plant and equipment	104,882	106,861
Intangible assets		
Goodwill	12,154	12,523
Other	6,181	6,594
Total intangible assets	18,336	19,118
Investments and other assets		
Investment securities	43,597	40,387
Other	25,502	27,656
Allowance for doubtful accounts	(62)	(62)
Total investments and other assets	69,036	67,981
Total noncurrent assets	192,254	193,960
Total assets	437,468	439,765

(Millions of Yen)

	As of Mar. 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,315	22,815
Short-term loans payable	10,008	15,676
Current portion of bonds	5,000	–
Accrued alcohol tax	8,174	9,797
Accrued expenses	8,826	5,572
Income taxes payable	2,600	3,059
Provision for bonuses	3,470	4,471
Other provision	479	352
Other	19,782	20,774
Total current liabilities	80,657	82,520
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	10,422	5,401
Net defined benefit liability	8,735	8,728
Other	42,187	42,570
Total noncurrent liabilities	76,345	71,701
Total liabilities	157,003	154,221
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,716	2,804
Retained earnings	169,909	169,417
Treasury stock	(2,103)	(2,103)
Total shareholders' equity	183,749	183,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,511	20,702
Deferred gains or losses on hedges	3	11
Foreign currency translation adjustment	22,389	29,154
Remeasurements of defined benefit plans	12	50
Total accumulated other comprehensive income	44,915	49,918
Noncontrolling interests	51,799	52,279
Total net assets	280,465	285,543
Total liabilities and net assets	437,468	439,765

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)****(For the Three Months Ended June 30, 2024 and 2023)**

(Millions of Yen)

	FY2024 (Apr. 1, 2023 – June 30, 2023)	FY2025 (Apr. 1, 2024 – June 30, 2024)
Net sales	81,510	84,956
Cost of sales	53,471	57,595
Gross profit	28,039	27,360
Selling, general and administrative expenses	20,937	23,295
Operating income	7,101	4,064
Nonoperating income		
Dividends income	471	462
Other	275	550
Total nonoperating income	746	1,013
Nonoperating expenses		
Interest expenses	91	155
Other	56	131
Total nonoperating expenses	148	287
Ordinary income	7,700	4,791
Extraordinary income		
Gain on sale of noncurrent assets	11	803
Gain on sale of investment securities	8	1,679
Other	–	12
Total extraordinary income	19	2,495
Extraordinary loss		
Loss on sale and retirement of noncurrent assets	27	51
Other	–	8
Total extraordinary losses	27	59
Income before income taxes	7,692	7,227
Income taxes-current	2,754	3,082
Income taxes-deferred	(514)	(876)
Total income taxes	2,240	2,205
Net income	5,451	5,021
Net income (loss) attributable to the noncontrolling interest	486	(149)
Net income attributable to owners of the parent	4,965	5,170

(Consolidated Statements of Comprehensive Income)
(For the Three Months Ended June 30, 2024 and 2023)

(Millions of Yen)

	FY2024 (Apr. 1, 2023 – June 30, 2023)	FY2025 (Apr. 1, 2024 – June 30, 2024)
Net income	5,451	5,021
Other comprehensive income		
Valuation difference on available-for-sale securities	3,752	(1,808)
Deferred gains or losses on hedges	93	8
Foreign currency translation adjustment	1,817	8,301
Remeasurements of defined benefit plans	50	45
Total other comprehensive income	5,715	6,546
Comprehensive income	11,166	11,567
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	10,431	10,173
Comprehensive income attributable to noncontrolling interest	734	1,394

(3) Notes to Consolidated Financial Statements

The consolidated quarterly financial statements have been prepared in accordance with Article 4, Paragraph 1 of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

(Notes on Premise of Going Concern)

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Notes on Changes in Accounting Policies)

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

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard 2022"), etc., have been adopted from the beginning of the first quarter ended June 30, 2024.

The amendment to categories for recording income taxes (taxes on other comprehensive income) conforms to the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed 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 the "Revised Guidance 2022"). This change in accounting policies has no impact on the consolidated quarterly financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares in subsidiaries between consolidated companies are deferred for tax purposes, the Revised Guidance 2022 has been adopted from the beginning of the first quarter ended June 30, 2024. This change in accounting policies was applied retrospectively. Therefore, the quarterly and annual consolidated financial statements for the previous fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly or annual consolidated financial statements for the previous fiscal year.

(Notes on Segment Information, etc.)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2023 to June 30, 2023)

1. Net sales and Income (Loss) by Reported Segment

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	31,524	37,348	9,176	78,049	3,461	81,510	-	81,510
Intersegment	249	83	0	333	4,162	4,495	(4,495)	-
Total	31,773	37,432	9,176	78,382	7,623	86,005	(4,495)	81,510
Segment income (loss)	2,595	3,587	423	6,606	686	7,293	(191)	7,101

Notes: 1. Other includes business segments that are not part of reported segments, such as the cargo transportation business, the wine import and sale business, and the real estate rental business.

2. The adjustment to segment income (loss) of ¥(191) million comprises intersegment eliminations of ¥(4) million and loss of the Company not allocated to business segments of ¥(187) million.

3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.

II. Period under Review (From April 1, 2024 to June 30, 2024)

1. Net sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	29,906	43,117	8,493	81,517	3,438	84,956	-	84,956
Intersegment	264	103	0	367	4,306	4,673	(4,673)	-
Total	30,170	43,220	8,493	81,884	7,745	89,630	(4,673)	84,956
Segment income (loss)	1,519	3,683	(1,634)	3,568	748	4,316	(251)	4,064

Notes: 1. Other includes business segments that are not part of reported segments, such as the cargo transportation business, the wine import and sale business, and the real estate rental business.

2. The adjustment to segment income (loss) of ¥(251) million comprises intersegment eliminations of ¥16 million and loss of the Company not allocated to business segments of ¥(267) million.

3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.

(Notes on Consolidated Statements of Cash Flows)

Consolidated statements of cash flows pertaining to the three months ended June 30, 2024 have not been prepared.

Depreciation and amortization (including amortization of intangible assets except for goodwill) and amortization of goodwill for the three months ended June 30, 2023 and 2024 are as shown below.

(Millions of Yen)

	FY2024 (Apr. 1, 2023 – June 30, 2023)	FY2025 (Apr. 1, 2024 – June 30, 2024)
Depreciation and amortization	2,337	2,476
Amortization of goodwill	280	340

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

August 8, 2024

To the Board of Directors of Takara Holdings Inc.:

Deloitte Touche Tohmatsu LLC
Kyoto Office, Japan

Keiko Hishimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomomi Tsuji
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Auditor’s Conclusion

We have reviewed the accompanying consolidated quarterly financial statements of Takara Holdings Inc. and its consolidated subsidiaries (collectively, the “Group”), which comprise the consolidated quarterly balance sheets as of June 30, 2024 (from April 1, 2024 to June 30, 2024) and the consolidated quarterly statements of income and the consolidated quarterly 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 consolidated quarterly 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”) 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 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 Consolidated Quarterly 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, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Quarterly Financial Statements

Management is responsible for the preparation and presentation of the consolidated quarterly 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. This includes the designing and operation of such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated quarterly 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 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Consolidated Quarterly Financial Statements

Our responsibility is to express a conclusion on these consolidated quarterly financial statements from an independent standpoint based on our interim review in our report on the interim review of consolidated quarterly 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 consolidated quarterly 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, 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 consolidated quarterly financial statements to the related notes in the consolidated quarterly 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 consolidated quarterly 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 consolidated quarterly 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 sufficient evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated quarterly financial statements. We are responsible for the direction, supervision and review of the audit work performed for the interim review of the consolidated quarterly financial statements. We remain solely responsible for our review conclusion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the interim review, and significant review findings that we identify during our review.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Consolidated Quarterly Financial Results (Kessan Tanshin).
2. XBRL data and HTML data are not subject to the interim review.