

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

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



July 26, 2024

Company name: TAKAOKA TOKO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 6617

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

Representative: Takashi Ichinose, President and Representative Director

Contact: Yasuhiro Munekawa, Executive Officer and General Manager, Finance & Accounting Department

Phone: +81-3-6371-5026

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on financial results: Not available

Schedule of financial results briefing session: Not scheduled

(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–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	23,699	9.0	1,143	0.9	1,154	(3.2)	576	(17.5)
June 30, 2023	21,739	8.5	1,133	(18.4)	1,192	(21.3)	699	(29.8)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥821 million [(26.5)%]

Three months ended June 30, 2023: ¥1,118 million [(5.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	35.98	—
June 30, 2023	43.29	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	108,449	63,522	53.8
As of March 31, 2024	116,627	63,839	49.9

(Reference) Equity: As of June 30, 2024: ¥58,310 million

As of March 31, 2024: ¥58,250 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	—	25.00	—	35.00	60.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		25.00	—	25.00	50.00

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

(Note) Breakdown of the year-end dividends for the fiscal year ended March 31, 2024:

Ordinary dividends: 25.00 yen; special dividends: 10.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–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
Full year	105,000	(2.2)	4,000	(51.5)	4,200	(47.6)	2,500	(46.4)		155.46

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

Notes:

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

Newly included: –

Excluded: –

(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: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of shares issued (common shares)

1) Total number of shares issued at the end of the period (including treasury shares):

June 30, 2024: 16,276,305 shares

March 31, 2024: 16,276,305 shares

2) Total number of treasury shares at the end of the period:

June 30, 2024: 238,305 shares

March 31, 2024: 238,066 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 16,038,124 shares

Three months ended June 30, 2023: 16,154,100 shares

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

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

The financial results forecast and other forward-looking statements contained in this material are based on the information currently available to the Company and certain assumptions deemed reasonable, and the Company does not guarantee the achievement of these projections. In addition, actual financial results, etc. may differ significantly due to various factors. For preconditions for the financial results forecast and precautions for using the financial results forecast, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attachments.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes in case of significant changes in shareholders' equity)	8
(Segment information, etc.)	8
(Note on Statement of Cash Flows)	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Incidents of impropriety regarding extra-high-voltage transformer products (announced on January 22, 2024)*¹, and also incidents of impropriety regarding certain instrument transformer products*² (announced on May 14, 2024)*³ were identified in the course of performing the total quality inspection for all products of the Company following the announcement of incidents of impropriety regarding certain instrument transformer products made in May 2023 (announced on May 16, 2023)*⁴. We would like to once again express our deepest apologies to our customers and other stakeholders for any inconvenience and concern these may have caused.

The impact related to these incidents in the first quarter of the current financial year under review was limited to a minor extent.

The Company will complete the above-mentioned total quality inspection for all products as soon as possible and take necessary actions such as corrective measures and explanations to customers, as well as formulate and implement reform measures and recurrence prevention measures to restore the Company to a position where safety, quality and compliance are the highest priorities, so that such an incident will not occur again in the future, and restore trust in the Company. These measures will be announced as soon as they are finalized.

As part of the reform measures, Risk Management and Compliance Department was established on July 1 with the aim of establishing a system responsible for overseeing risk management, safety and compliance activities across the Group and to kaizen and strengthen the internal control system.

*1: Published on the Company's website on January 22, 2024:

<https://ssl4.eir-parts.net/doc/6617/tdnet/2382637/00.pdf> (available in Japanese)

*2: Transformers are devices that change directly immeasurable high voltage or high current into measurable low voltage or low current. They are attached to electrical power system equipment and users' substation equipment and are used to measure voltage, current, and power, as well as for protection and control.

*3: Published on the Company's website on May 14, 2024:

<https://ssl4.eir-parts.net/doc/6617/tdnet/2440387/00.pdf> (available in Japanese)

*4: Published on the Company's website on May 16, 2023:

https://www.tktk.co.jp/en/news/assets/pdf/news_e20230516.pdf

Regarding the overall situation for the Group, the business environment is changing significantly and becoming increasingly severe in the electric power industry which is our largest customer base. Global fuel prices have risen rapidly against backdrop of the situation in Ukraine and competition has further intensified in the retail business amid growing demands for realizing carbon neutrality, ensuring stable electricity supply and strengthening disaster prevention functions and resilience within local communities, and a revenue cap system—a new system for consignment charges. Against this background, companies in the industry are working to improve productivity and thoroughly reduce business costs. Meanwhile in Japan, the government has declared its intention to become carbon neutral by 2050 as part of its efforts to realize a decarbonized society that has encouraged the further spread of decentralized energy-related equipment including renewable energy, and demand is rising for the development of charging infrastructure in preparation for the full-fledged emergence of an EV society.

To respond proactively to this demand for electric vehicle (EV) charging infrastructure, we launched a new brand, naming “SERA”^{*5} for our EV charger series in May 2024.

In addition to its original meaning of “future existence,” SERA also stands for Seamless Energy Relations & Activation. In this, we have included our hope that, through the widespread use of EV chargers, we will seamlessly connect and activate energy and pioneer the future of energy.

Subsequently in July 2024, we launched aimaCHARGE as a new SERA service.

There are roughly two major types of needs for EV charging: the rapid charger for route charging and the

normal charger for basic charging. Now, we are focused on a new market area of “living area × destination × quick charging,” which has not yet been cultivated between the two markets. We will propose a new EV charging style, where people do not go out to charge their EVs, but instead charge their EVs while they are running errands at their destinations.

*5: Published on the Company's website:

<https://www.tktk.co.jp/ev-quickcharger/> (available in Japanese)

Despite a decline in sales for the Electric Equipment Business, net sales for the three months ended June 30, 2024 totaled 23,699 million yen (up 9.0% year on year), mainly due to increases in Metering Business and the GX Solution Business.

On the profit front, operating profit increased to 1,143 million yen (up 0.9% year on year) thanks to net sales increase. On the other hand, due to the impact of foreign exchange fluctuations, ordinary profit decreased to 1,154 million (down 3.2% year on year) and profit attributable to owners of parent decreased to 576 million (down 17.5% year on year).

The operating results for each business segment are detailed below.

In the Electric Equipment Business segment, net sales for the segment as a whole increased to 12,523 million yen (up 0.3% year on year) due to the increase in sales for general plant projects. This, however, was not enough to cover the decline in overseas construction projects and power distribution equipment, and segment profit decreased to 1,072 million yen (down 2.2% year on year).

In the Metering Business segment, net sales for the segment as a whole rose to 8,256 million yen (up 15.8% year on year) due to increases in sales for smart meters and replacement of expired meters, with segment profit increasing to 1,442 million yen (up 40.6% year on year).

In the GX Solution Business segment, net sales for the segment as a whole increased to 2,415 million yen (up 120.3% year on year) due to an increase in EV chargers sales. Segment loss, however, expanded to 312 million yen (compared to segment loss of 234 million yen in the previous fiscal year) due to an increase of R&D expenses.

In the Applied Optics Inspection System Business segment, sales of 3D inspection system decreased due to investment restraint in the semiconductor industry. As a result, net sales for the segment as a whole decreased to 258 million yen (down 67.0% year on year) and segment profit also decreased to 0 million yen (down 100.0% year on year).

In Other Businesses segment, net sales for the segment as a whole declined to 244 million yen (down 0.2% year on year) and segment profit increased to 165 million yen (up 1.6% year on year).

(2) Explanation of Financial Position

At the end of the first quarter under review, total assets decreased by 8,177 million yen compared to the end of the previous fiscal year to 108,449 million yen. This was primarily due to decreases in trade receivables and cash and deposits despite an increase in inventories.

Liabilities decreased by 7,860 million yen from the end of the previous fiscal year to 44,927 million yen. This was primarily due to decreases in notes and accounts payable - trade, income taxes payable and provision for bonuses despite an increase in contract liabilities.

Net assets decreased by 316 million yen from the end of the previous fiscal year to 63,522 million yen. This was primarily due to dividends paid.

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

Regarding the full-year consolidated financial results forecast, we have not made any changes to the consolidated financial results forecast announced on April 25, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	15,475	13,362
Notes and accounts receivable - trade, and contract assets	27,749	19,463
Electronically recorded monetary claims - operating	1,976	3,182
Merchandise and finished goods	2,475	2,291
Work in process	17,434	18,077
Raw materials and supplies	7,668	8,255
Other	1,952	1,619
Allowance for doubtful accounts	(46)	(46)
Total current assets	74,687	66,205
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,099	33,242
Accumulated depreciation	(22,667)	(22,837)
Buildings and structures, net	10,432	10,404
Machinery, equipment and vehicles	22,765	22,759
Accumulated depreciation	(20,353)	(20,376)
Machinery, equipment and vehicles, net	2,412	2,382
Tools, furniture and fixtures	11,865	11,914
Accumulated depreciation	(10,971)	(11,077)
Tools, furniture and fixtures, net	894	837
Land	20,490	20,490
Construction in progress	378	1,002
Total property, plant and equipment	34,607	35,117
Intangible assets		
Other	1,943	1,936
Total intangible assets	1,943	1,936
Investments and other assets		
Investment securities	1,372	1,350
Long-term loans receivable	110	112
Retirement benefit asset	1,739	1,711
Deferred tax assets	1,298	1,097
Other	868	918
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	5,389	5,190
Total non-current assets	41,940	42,243
Total assets	116,627	108,449

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,451	13,121
Electronically recorded obligations - operating	84	114
Short-term borrowings	2,740	2,160
Income taxes payable	2,323	152
Contract liabilities	3,010	3,401
Provision for bonuses	2,674	1,070
Provision for loss on construction contracts	0	0
Other	5,599	4,711
Total current liabilities	31,884	24,732
Non-current liabilities		
Long-term borrowings	2,800	2,300
Deferred tax liabilities	1,385	1,469
Provision for repairs	1,340	1,359
Provision for environmental measures	93	93
Provision for product warranties	2,090	1,952
Provision for share awards for directors (and other officers)	156	167
Retirement benefit liability	12,285	12,092
Other	751	758
Total non-current liabilities	20,903	20,195
Total liabilities	52,788	44,927
Net assets		
Shareholders' equity		
Share capital	8,000	8,000
Capital surplus	7,408	7,408
Retained earnings	41,920	41,930
Treasury shares	(454)	(454)
Total shareholders' equity	56,874	56,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	391	429
Deferred gains or losses on hedges	30	42
Foreign currency translation adjustment	452	478
Remeasurements of defined benefit plans	501	476
Total accumulated other comprehensive income	1,375	1,427
Non-controlling interests	5,588	5,211
Total net assets	63,839	63,522
Total liabilities and net assets	116,627	108,449

(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	21,739	23,699
Cost of sales	16,331	17,937
Gross profit	5,407	5,762
Selling, general and administrative expenses	4,273	4,618
Operating profit	1,133	1,143
Non-operating income		
Interest income	0	1
Dividend income	18	20
Foreign exchange gains	35	1
Rental income from facilities	19	19
Sold power income	16	19
Other	10	13
Total non-operating income	100	76
Non-operating expenses		
Interest expenses	6	14
Sold power expenses	5	4
Share of loss of entities accounted for using equity method	29	20
Other	1	24
Total non-operating expenses	41	64
Ordinary profit	1,192	1,154
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of shares of subsidiaries and associates	—	24
Total extraordinary income	3	24
Extraordinary losses		
Loss on abandonment of non-current assets	9	20
Loss on valuation of investment securities	67	—
Total extraordinary losses	77	20
Profit before income taxes	1,118	1,159
Income taxes - current	96	125
Income taxes - deferred	103	273
Total income taxes	199	399
Profit	918	760
Profit attributable to non-controlling interests	218	183
Profit attributable to owners of parent	699	576

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	918	760
Other comprehensive income		
Valuation difference on available-for-sale securities	45	38
Deferred gains or losses on hedges	77	12
Foreign currency translation adjustment	6	40
Remeasurements of defined benefit plans, net of tax	55	(25)
Share of other comprehensive income of entities accounted for using equity method	15	(4)
Total other comprehensive income	200	61
Comprehensive income	1,118	821
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	876	628
Comprehensive income attributable to non-controlling interests	242	193

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on net sales and profit or loss by reportable segment and information on disaggregated revenue

(Million yen)

	Reportable segment					Other (Note 1)	Total
	Electric Equipment Business	Metering Business	GX Solution Business	Applied Optics Inspection System Business	Total		
Net sales							
Revenue arising from contracts with customers	12,483	7,131	1,096	782	21,494	—	21,494
Other revenue (Note 2)	—	—	—	—	—	244	244
Net sales to outside customers	12,483	7,131	1,096	782	21,494	244	21,739
Inter-segment net sales or transfers	394	1,280	192	—	1,867	124	1,991
Total	12,878	8,411	1,289	782	23,361	368	23,730
Segment profit (loss)	1,096	1,026	(234)	248	2,137	163	2,300

(Notes) 1. The "Other" includes a real estate leasing business.

2. Other revenue includes real estate leasing revenue included in the scope of "Accounting Standard for Lease Transactions."

2. Differences between total profit or loss of reportable segments and amounts in quarterly consolidated statements of income and main details (Description of adjustments)

(Million yen)

Profit	Amount
Total segment profit of reportable segments	2,137
Segment profit of "Other"	163
Elimination of intersegment transactions	19
Corporate expenses (Note)	(1,199)
Other adjustments	13
Operating profit in the quarterly consolidated statements of income	1,133

(Note) Corporate expenses mainly represent general and administrative expenses not attributable to any reportable segments.

II. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and profit or loss by reportable segment and information on disaggregated revenue

(Million yen)

	Reportable segment					Other (Note 1)	Total
	Electric Equipment Business	Metering Business	GX Solution Business	Applied Optics Inspection System Business	Total		
Net sales							
Revenue arising from contracts with customers	12,523	8,256	2,415	258	23,455	—	23,455
Other revenue (Note 2)	—	—	—	—	—	244	244
Net sales to outside customers	12,523	8,256	2,415	258	23,455	244	23,699
Inter-segment net sales or transfers	375	1,426	183	—	1,985	127	2,113
Total	12,899	9,683	2,599	258	25,440	371	25,812
Segment profit (loss)	1,072	1,442	(312)	0	2,203	165	2,369

(Notes) 1. The “Other” includes a real estate leasing business.

2. Other revenue includes real estate leasing revenue included in the scope of “Accounting Standard for Lease Transactions.”

2. Differences between total profit or loss of reportable segments and amounts in quarterly consolidated statements of income and main details (Description of adjustments)

(Million yen)

Profit	Amount
Total segment profit of reportable segments	2,203
Segment profit of “Other”	165
Elimination of intersegment transactions	42
Corporate expenses (Note)	(1,302)
Other adjustments	33
Operating profit in the quarterly consolidated statements of income	1,143

(Note) Corporate expenses mainly represent general and administrative expenses not attributable to any reportable segments.

(Note on Statement of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended June 30, 2024. Below are depreciation and amortization expenses (including amortization expenses related to intangible assets apart from goodwill) for the three months ended June 30, 2024.

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation and amortization expenses	547	584

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

July 26, 2024

To the Board of Directors of TAKAOKA TOKO CO., LTD.

ARK LLC, Tokyo Head Office

Mahito Chiba
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hayato Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the quarterly consolidated financial statements of TAKAOKA TOKO CO., LTD. (the "Company") listed in the "Attachments" of the Quarterly Financial Results which comprise the quarterly consolidated balance sheets, quarterly consolidated statements of income and comprehensive income and related notes for the first quarter (April 1, 2024 to June 30, 2024) and the first three-month period (April 1, 2024 to June 30, 2024) of the fiscal year from April 1, 2024 to March 31, 2025.

In 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 the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards that are generally accepted in Japan for quarterly financial statements (however, the provisions for reduced disclosure as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements shall apply).

Basis for Conclusion

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

Responsibilities of Management and Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards that are generally accepted in Japan for quarterly financial statements (however, the provisions for reduced disclosure as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements shall apply). This includes designing and operating such internal control as management determines necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

appropriate to prepare the quarterly consolidated financial statements based on a going concern assumption, as required by Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards that are generally accepted in Japan for quarterly financial statements (however, the provisions for reduced disclosure as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements shall apply).

The Audit and Supervisory Committee is responsible for overseeing the execution of duties by Directors in designing and operating the financial reporting process.

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

Our responsibility is to express a conclusion from an independent perspective on these quarterly consolidated financial statements based on our interim review as independent auditor.

We make professional judgment and maintain professional skepticism throughout the interim review in accordance with the interim review standards generally accepted in Japan as below.

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical procedures and other interim review procedures. Such a review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.
- If we determine a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, we conclude based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards that are generally accepted in Japan for quarterly financial statements (however, the provisions for reduced disclosure as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements shall apply). In addition, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements, or if such disclosures are inadequate, to express a qualified or adverse conclusion. Our conclusions are based on evidence obtained up to the date of our interim review report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether anything has come to attention that causes us to believe that the presentation and notes to the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards that are generally accepted in Japan for quarterly financial statements (however, the provisions for reduced disclosure as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements shall apply).
- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We report to the Audit and Supervisory Committee on the planned scope and timing of the interim review and significant review findings.

We also report to the Audit and Supervisory Committee that we have complied with the ethical requirements regarding independence in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and where applicable, measures taken to eliminate inhibiting factors or safeguards applied to reduce them to an acceptable level.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries

which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

-
- Notes: 1. The original copy of the above Independent Auditor's Interim Review Report is in the custody of the Company (a company that discloses quarterly financial results).
2. The XBRL data and HTML data are excluded from the scope of the Interim Review.