

August 7, 2024

To Whom it May Concern

Company name: Mitsui DM Sugar Holdings Co., Ltd.
Company representative: Taku Morimoto, President and
Chief Executive Officer
(Stock code: 2109 TSE Prime Market)
Contact person in charge: Masahiko Mori, Director
and Senior Executive Officer
(TEL. 81-3-6453-6161)

Summary of Consolidated Financial Results
For the Three Months of the Year Ending March 31, 2025 [Based on Japanese GAAP]
(Periodic Review Completed by Certified Public Accountants, etc.)

The Company hereby announces the completion of the certified public accountants' review of the Quarterly Consolidated Financial Statements for the three months of the year ending March 31, 2025 [based on Japanese GAAP], which were disclosed on July 31, 2024.

There are no changes to the Quarterly Consolidated Financial Statements disclosed on July 31, 2024.



Summary of Consolidated Financial Results

For the Three Months of the Year Ending March 31, 2025 (Based on Japanese GAAP)

August 7, 2024

Company name: Mitsui DM Sugar Holdings Co., Ltd. Stock exchange listings: Tokyo
 Stock code: 2109 <https://www.msdm-hd.com/>
 Company representative: Taku Morimoto President and Chief Executive Officer
 Contact person in charge: Masahiko Mori Director and Senior Executive Officer
 TEL. 81-3-6453-6161

Planned date to start dividend payment: —
 Preparation of supplementary material for financial statements: None
 Briefing session for financial statements: None

(Amounts are rounded down to the nearest 1 million yen.)

1. Consolidated Financial Results for the Three Months of the Year Ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated Results of Operations (Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months of FY2024	44,871	5.9	3,277	554.0	3,957	(24.9)	2,889	(47.9)
First three months of FY2023	42,358	8.1	501	(24.0)	5,272	457.4	5,549	677.1

(Note) Comprehensive income: Three months ended June 30, 2024: 3,667 million yen (-34.7%)
 Three months ended June 30, 2023: 5,616 million yen (200.5%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
First three months of FY2024	89.52		—	
First three months of FY2023	171.96		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	192,793	118,719	58.9	3,517.21
As of March 31, 2024	191,428	117,340	58.6	3,475.71

(Reference) Equity capital: As of June 30, 2024: 113,504 million yen As of March 31, 2024: 112,165 million yen

2. Cash Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	60.00	—	70.00	130.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025 (forecast)	—	65.00	—	65.00	130.00

(Note) Revision of the dividend forecast announced most recently: None

3. Consolidated Business Forecasts for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	180,000	5.4	9,200	116.4	8,900	(9.0)	5,700	(32.5)	176.63

(Note) Revision of the business forecasts announced most recently: None

* Notes

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

(2) Application of accounting method unique to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy and accounting estimates and restatement

(i) Changes in accounting policy due to any revision of accounting standards: Yes

(ii) Changes in accounting policy other than i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to “2. Quarterly Consolidated Financial Statements and Important Notes, (3) Notes on quarterly consolidated financial statements (Notes on changes in accounting policies)” on page 8 of the Appendix.

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)	As of June 30, 2024	32,639,780 shares	As of March 31, 2024	32,639,780 shares
(ii) Number of treasury shares at period end	As of June 30, 2024	368,644 shares	As of March 31, 2024	368,634 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Three months ended June 30, 2024	32,271,138 shares	Three months ended June 30, 2023	32,271,396 shares

Note: The Company has introduced a trust-based stock compensation scheme for directors. The number of treasury shares at period end includes treasury shares held by the trust (152,400 shares as of June 30, 2024; 152,400 shares as of June 30, 2023). In addition, the average number of shares during period is calculated excluding treasury shares, which include those held by the trust (152,400 shares in the three months ended June 30, 2024; 152,400 shares in the three months ended June 30, 2023).

* Review of accompanying Quarterly Consolidated Financial Statements by certified public accountant or audit firm:
Yes (discretionary)

* Explanation on appropriate use of business forecasts, and other special notes

- Business forecasts and other forward-looking statements contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational. They do not constitute a guarantee that the Company will achieve its forecasts or other forward-looking statements. Actual results may differ significantly from forecasts due to various factors. For assumptions and other criteria used to formulate business forecasts, please refer to “1. Summary of Operating Results, (3) Description of consolidated business forecasts and other information about future forecasts” on page 3 of the Appendix.

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[Quarterly Review Report]

1. Summary of Operating Results

(1) Summary of operating results for the quarterly period under review

In the first three months of fiscal 2024 (April – June 2024), the Japanese economy showed signs of a gradual recovery amid improving corporate earnings and rising share prices. However, the outlook remained uncertain due to instability overseas amid geopolitical risks and soaring prices for resources and raw materials caused by the weakening yen.

Against this backdrop, the Mitsui DM Sugar Holdings Group (“the Group”) implemented a range of measures to achieve the goals of its medium-term management plan, “2026 Diversify into Nutrition & Health.” Based on the plan’s growth strategy for the Group, which has two key elements – “Transform the Group’s business model” and “Reallocate management resources” – the Group is working to optimize its businesses with measures across five areas: (1) reinforce the domestic Sugar Business, (2) grow overseas operations, (3) expand the Life Energy Business, (4) consolidate and strengthen the Group’s R&D capabilities, and (5) contribute to the creation of a sustainable society.

(Sugar Business)

In the overseas crude sugar market, the sugar price started the quarter at the high-22 cent per pound level before falling below 18 cents in mid-May amid stable production in Brazil, the world’s largest sugarcane producer, and recovering supply in India and Thailand. The price then rose gradually in tandem with renewed speculative buying and a recovery in commodities such as crude oil, ending the first quarter in the low-20 cent per pound range. In the domestic sugar market, the retail price for refined white sugar trended between 249 yen and 251 yen per kg during the quarter.

In domestic refined sugar sales, a string of food price hikes to offset surging raw material costs impacted consumer sentiment, weighing on household demand. However, commercial sales increased, led by beverage applications, amid above-average temperatures. Overall, the Company was able to offset higher raw material costs, marine freight rates and packaging and logistics expenses caused by the weak yen by raising sales prices.

In domestic sales of crude sugar, sales volume declined at a consolidated subsidiary in Hokkaido due to weak sugar crop yields in the previous fiscal year, but profitability improved at a consolidated subsidiary in Okinawa on higher production volume.

Overseas, profits declined at the Group’s consolidated subsidiary in Singapore, mainly due to a deterioration in the cost ratio amid a drop in sales volume.

In addition, in functional products, which were transferred from the Life Energy Business effective from the first quarter of the current fiscal year due to a change in business management classification, sales of palatinose and palatinit were sluggish for some applications, but sales of sugarcane extract were broadly firm for food applications and environmental deodorant applications in the domestic market.

As a result, the Sugar Business reported net sales of 38,033 million yen (up 6.2% year on year) and operating income of 2,643 million yen (compared with an operating loss of 55 million yen in the same period a year earlier). For year-on-year comparisons, figures for the same period of the previous fiscal year have been adjusted to reflect the new segment classifications.

Sugar market status during period

Overseas raw sugar price (NY sugar current delivery, per pound)

Opening price: 22.65 cents, highest price: 22.91 cents, lowest price: 17.95 cents, closing price: 20.31 cents

Domestic market price (listed in *Nippon Keizai Shimbun*, per kilogram of a large bag of superfine sugar, Tokyo)

Three months ended June 30, 2024: 249-251 yen

(Life Energy Business)

Sales and profits both increased year on year, supported by higher sales volumes for food additives and food colorings in the nutritional care supplements business and the food technology business. Sales in the vitality health foods business, which was added to the segment in the previous fiscal year and mainly supplies nutritionally enhanced meals for active people interested in health and body building, also contributed to segment earnings.

In addition, functional products, which were included in the Life Energy Business, were transferred to the Sugar Business effective from the first quarter of the current fiscal year, due to a change in business management classification.

As a result, the Life Energy Business reported net sales of 6,234 million yen (up 5.0% year on year) and operating income of 395 million yen (up 9.1% year on year). For year-on-year comparisons, figures for the same period of the previous fiscal year have been adjusted to reflect the new segment classifications.

(Real Estate Business)

Occupancy is steady for leased real estate assets, including in the redeveloped Okayama and Kobe-Nagata areas. The business also started the partial leasing of the Mita S-Garden head office building (Shiba, Minato-ku, Tokyo). As a result, the Real Estate Business reported net sales of 603 million yen (down 1.0% year on year) and operating income of 237 million yen (up 22.4% year on year).

As a result, in the first three months of the fiscal year, the Group recorded net sales of 44,871 million yen (up 5.9% year on year) and operating income of 3,277 million yen (up 554.0% year on year).

In non-operating income and expenses, the Company recorded royalty income of 191 million yen based on a development and marketing rights agreement for fingolimod (FTY720). The Company also booked 401 million yen in share of profit of entities accounted for using equity method due to higher sales volumes at affiliates in China and improved profitability at affiliates in Thailand. However, ordinary income was 3,957 million yen (down 24.9% year on year) and profit attributable to owners of parent was 2,889 million yen (down 47.9% year on year), reflecting a decline in dividend income.

(2) Summary of quarterly financial position

Changes in consolidated financial position

As of June 30, 2024, total assets stood at 192,793 million yen, up 1,364 million yen from the end of the previous fiscal year. Significant changes in the main items on the consolidated balance sheet were as follows:

(i) Current assets

Current assets totaled 84,988 million yen, up 636 million yen from the end of the previous fiscal year. This mainly reflected an increase of 2,928 million yen for cash and deposits and an increase of 76 million yen for raw materials and supplies, versus a decrease of 2,196 million yen for merchandise and finished goods and a decrease of 312 million yen for work in process.

(ii) Non-current assets

Non-current assets totaled 107,804 million yen, up 728 million yen from the end of the previous fiscal year. The main items were an increase of 472 million yen for machinery, equipment and vehicles, an increase of 391 million yen for lease assets, and an increase of 362 million yen for investments in capital of subsidiaries and associates, versus a decrease of 429 million yen for construction in progress.

(iii) Liabilities

Liabilities totaled 74,074 million yen, down 13 million yen from the end of the previous fiscal year. This mainly reflected an increase of 1,026 million yen for notes and accounts payable – trade and a decrease of 1,133 million yen for short-term loans payable.

(iv) Net assets

Net assets totaled 118,719 million yen, up 1,378 million yen from the end of the previous fiscal year. The main factors were profit attributable to owners of parent of 2,889 million yen and increase in foreign currency translation adjustment of 629 million yen, versus dividends from surplus of 2,269 million yen.

(3) Description of consolidated business forecasts and other information about future forecasts

The Group's consolidated business forecasts for the fiscal year ending March 31, 2025 are unchanged from the forecasts released on May 15, 2024. The Company will make timely disclosures in the event of developments that require revisions to its consolidated business forecasts.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheets

(Million yen)

	FY2023 (As of March 31, 2024)	First three months of FY2024 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	25,070	27,999
Notes receivable - trade	782	726
Accounts receivable - trade	16,396	16,170
Merchandise and finished goods	23,198	21,001
Work in process	2,702	2,389
Raw materials and supplies	11,432	11,509
Other	4,773	5,191
Allowance for doubtful accounts	(3)	(0)
Total current assets	84,352	84,988
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,150	45,232
Accumulated depreciation	(26,679)	(26,971)
Buildings and structures, net	18,471	18,260
Machinery, equipment and vehicles	95,026	96,032
Accumulated depreciation	(80,684)	(81,217)
Machinery, equipment and vehicles, net	14,342	14,814
Tools, furniture and fixtures	3,996	4,041
Accumulated depreciation	(3,157)	(3,225)
Tools, furniture and fixtures, net	838	816
Land	28,112	28,112
Lease assets	1,808	2,301
Accumulated depreciation	(815)	(917)
Lease assets, net	992	1,384
Construction in progress	2,646	2,216
Total property, plant and equipment	65,404	65,604
Intangible assets		
Goodwill	4,760	4,836
Other	4,103	4,149
Total intangible assets	8,863	8,985
Investments and other assets		
Investment securities	15,159	15,395
Investments in capital of subsidiaries and associates	3,276	3,639
Long-term loans receivable	17	17
Net defined benefit asset	2,225	2,244
Deferred tax assets	1,722	1,680
Other	10,447	10,270
Allowance for doubtful accounts	(41)	(33)
Total investments and other assets	32,808	33,214
Total non-current assets	107,076	107,804
Total assets	191,428	192,793

Mitsui DM Sugar Holdings Co., Ltd. (2109)
Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2024

(Million yen)

	FY2023 (As of March 31, 2024)	First three months of FY2024 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,308	10,335
Short-term loans payable	6,626	5,492
Current portion of long-term loans payable	1,584	1,429
Lease obligations	297	327
Accrued expenses	3,860	4,650
Income taxes payable	724	532
Provision for directors' bonuses	90	30
Other	6,517	6,035
Total current liabilities	29,010	28,834
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,490	15,137
Lease obligations	729	1,078
Deferred tax liabilities	3,536	3,663
Provision for retirement benefits for directors	100	95
Provision for share awards for directors	55	59
Net defined benefit liability	3,408	3,449
Asset retirement obligations	312	312
Other	1,443	1,443
Total non-current liabilities	45,077	45,239
Total liabilities	74,087	74,074
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	8,583	8,583
Retained earnings	92,719	93,338
Treasury shares	(724)	(724)
Total shareholders' equity	107,660	108,280
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	904	887
Deferred gains or losses on hedges	(63)	69
Foreign currency translation adjustment	2,853	3,482
Remeasurements of defined benefit plans	808	784
Total accumulated other comprehensive income	4,504	5,224
Non-controlling interests	5,175	5,214
Total net assets	117,340	118,719
Total liabilities and net assets	191,428	192,793

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2024

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Million yen)

	First three months of FY2023 (From April 1, 2023 to June 30, 2023)	First three months of FY2024 (From April 1, 2024 to June 30, 2024)
Net sales	42,358	44,871
Cost of sales	35,730	35,150
Gross profit	6,627	9,720
Selling, general and administrative expenses		
Distribution expenses	1,783	1,858
Salaries and bonuses	1,440	1,466
Provision for directors' bonuses	21	19
Retirement benefit expenses	52	39
Share-based payment expenses	4	3
Other	2,824	3,056
Total selling, general and administrative expenses	6,126	6,443
Operating income	501	3,277
Non-operating income		
Interest income	0	0
Dividend income	4,576	130
Royalty income	276	191
Share of profit of entities accounted for using equity method	–	401
Miscellaneous income	115	116
Total non-operating income	4,970	839
Non-operating expenses		
Interest expenses	81	93
Loss on retirement of non-current assets	7	11
Facilities removal expenses	31	6
Share of loss of entities accounted for using equity method	32	–
Miscellaneous loss	46	47
Total non-operating expenses	198	159
Ordinary income	5,272	3,957
Extraordinary income		
Gain on sale of investment securities	911	43
Subsidy income	23	83
Total extraordinary income	934	127
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	20	–
Total extraordinary losses	20	–
Profit before income taxes	6,186	4,085
Income taxes – current	545	1,157
Income taxes – deferred	80	120
Total income taxes	626	1,278
Profit	5,560	2,806
Profit (loss) attributable to non-controlling interests	11	(82)
Profit attributable to owners of parent	5,549	2,889

Mitsui DM Sugar Holdings Co., Ltd. (2109)
 Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2024
 (Quarterly consolidated statements of comprehensive income)

(Million yen)

	First three months of FY2023 (From April 1, 2023 to June 30, 2023)	First three months of FY2024 (From April 1, 2024 to June 30, 2024)
Profit	5,560	2,806
Other comprehensive income		
Valuation difference on available-for-sale securities	142	(14)
Deferred gains or losses on hedges	(20)	105
Foreign currency translation adjustment	58	560
Remeasurements of defined benefit plans	(17)	(24)
Share of other comprehensive income of entities accounted for using equity method	(107)	234
Total other comprehensive income	55	860
Comprehensive income	5,616	3,667
Comprehensive income attributable to:		
Owners of parent	5,584	3,608
Non-controlling interests	32	58

(3) Notes on quarterly consolidated financial statements

(Preparation of quarterly consolidated financial statements)

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. (hereinafter referred to as the “Standards”) published by Tokyo Stock Exchange, Inc. (TSE), and Japan’s generally accepted accounting principles (GAAP) (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied).

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. has been adopted from the start of the first quarter of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows 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 (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, for the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the start of the first quarter of the current fiscal year. This change in accounting policy has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2024

(Notes on segment information, etc.)

Segment information

I. First three months of FY2023 (From April 1, 2023 to June 30, 2023)

1. Information on net sales and income/loss and revenue breakdown by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Net sales						
Revenue from contracts with customers	35,812	5,936	—	41,749	—	41,749
Other revenue	—	—	609	609	—	609
Net sales to third-party customers	35,812	5,936	609	42,358	—	42,358
Intersegment net sales and transfer	24	72	181	278	(278)	—
Total	35,837	6,008	790	42,636	(278)	42,358
Segment profit (loss)	(55)	362	194	501	—	501

(Note) Some adjustments have been made between segment profit (loss) and operating income recorded in the quarterly consolidated statements of income.

II. First three months of FY2024 (From April 1, 2024 to June 30, 2024)

1. Information on net sales and income/loss and revenue breakdown by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Net sales						
Revenue from contracts with customers	38,033	6,234	—	44,267	—	44,267
Other revenue	—	—	603	603	—	603
Net sales to third-party customers	38,033	6,234	603	44,871	—	44,871
Intersegment net sales and transfer	83	73	220	377	(377)	—
Total	38,116	6,307	824	45,248	(377)	44,871
Segment profit	2,643	395	237	3,277	—	3,277

(Note) Some adjustments have been made between segment profit and operating income recorded in the quarterly consolidated statements of income.

2. Changes in reportable segments

(Change in segment classification method)

Effective from the first quarter of the current fiscal year, certain businesses included in the Life Energy Business segment have been transferred to the Sugar Business segment in line with a review of business management classification.

Segment information for the first quarter of the previous fiscal year has been presented based on the new segment classification method.

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2024

(Notes when the amount of the shareholders' equity significantly fluctuates)

None.

(Notes on assumptions of a going concern)

None.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current and previous fiscal years are as follows.

	First three months of FY2023 (From April 1, 2023 to June 30, 2023)	First three months of FY2024 (From April 1, 2024 to June 30, 2024)
	(million yen)	(million yen)
Depreciation and amortization	1,433	1,385
Amortization of goodwill	169	144

(Additional information)

(Earnings-linked stock compensation scheme for directors)

In accordance with a resolution approved by the Board of Directors on May 20, 2021, the Company has introduced a stock compensation scheme for directors (excluding directors who are members of the audit & supervisory committee and outside directors) to increase the motivation of these directors to improve the Group's medium- to long-term earnings performance and increase corporate value.

1. Overview of transactions

Funds are entrusted to a trust set up by the Company ("the trust"), which is used to purchase common shares in the Company ("the Company's shares"). Through the trust, directors receive the Company's shares as compensation in exchange for points granted to them in accordance with stock distribution regulations established by the Company's Board of Directors. In principle, directors receive the shares on retirement from their positions.

2. Company's shares retained by the trust

The Company's shares retained by the trust are included in net assets as treasury shares at book value (excluding associated expenses). As of March 31, 2024, there were 152,400 shares held by the trust with a book value of 296 million yen. As of June 30, 2024, there were 152,400 shares held by the trust with a book value of 296 million yen.

(Notes on important subsequent events)

None.

Independent Auditor's Periodic Review Report of the Quarterly
Consolidated Financial Statements

August 7, 2024

To the Board of Directors of
Mitsui DM Sugar Holdings Co., Ltd.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Engagement Partner	Certified Public Accountant	Tomoyasu Maruyama
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Designated Engagement Partner	Certified Public Accountant	Takuo Jo
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Auditor's Conclusion

We have audited the Quarterly Consolidated Financial Statements of Mitsui DM Sugar Holdings Co., Ltd. (“the Company”) for the first quarter (three-month period from April 1, 2024 to June 30, 2024) of the fiscal year from April 1, 2024 to March 31, 2025, included in the “Appendix,” namely, the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and the notes on quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. (“the Standards”) published by Tokyo Stock Exchange, Inc. (TSE), and Japan’s generally accepted accounting principles (Japanese GAAP) (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied).

Basis for Auditor's Conclusion

We conducted our review in accordance with periodic review standards generally accepted in Japan. Our responsibility under those standards is further described in the Auditors' Responsibility for the Review of the Quarterly Consolidated Financial Statements section below. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained the evidence to provide a basis for our review conclusion.

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

Management is responsible for the preparation of the Quarterly Consolidated Financial Statements in accordance

with Article 4, Paragraph 1 of the Standards published by the TSE and Japanese GAAP (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied). This includes responsibility for such internal control as management deems necessary to enable the preparation of Quarterly Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Quarterly Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with Article 4, Paragraph 1 of the Standards published by the TSE and Japanese GAAP (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied).

The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operation of the Company's financial reporting process.

Auditor's Responsibility for the Review of the Quarterly Consolidated Financial Statements

The Auditor's responsibility is to express a conclusion in the periodic review report on the Quarterly Consolidated Financial Statements from an independent standpoint based on the review process.

We exercise professional judgment and maintain professional skepticism throughout the review, in accordance with periodic review standards generally accepted in Japan. We also:

- Make inquiries, primarily of management and individuals responsible for financial and accounting matters, and apply analytical and other periodic review procedures. The periodic review procedures are substantially less in scope than an audit of the annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the Quarterly Consolidated Financial Statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards published by the TSE and Japanese GAAP (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied), if we conclude that 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. If we conclude that a material uncertainty exists, we are required to draw attention in our periodic review report to the related disclosures in the Quarterly Consolidated Financial Statements or, if such disclosures are inadequate, issue a limited or negative conclusion. Our conclusions are based on evidence obtained up to the date of our periodic review report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the Quarterly Consolidated Financial Statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards published by the TSE and Japanese GAAP (however, the omission of information as stipulated in Article 4, Paragraph 2 of the Standards is applied).
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries as the basis for expressing a conclusion on the Quarterly Consolidated Financial Statements. We are responsible for the direction, supervision and inspection of the periodic review of the Quarterly Consolidated Financial Statements. We are solely responsible for the conclusions.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the periodic review and significant findings that we identify during our review.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and report 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.

Disclosure of Interests

Our firm and its designated engagement partners do not have any interest in the Company or its consolidated subsidiaries that requires disclosure pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes)1. The original of this periodic review report is kept separately by the Company (the Company disclosing the Quarterly Financial Statements).

2. XBRL data and HTML data are not included in the scope of the periodic review.