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August 9, 2024

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2025
(Based on Japanese GAAP)

Company name: Carlit Co., Ltd. (hereafter 'the Company')
Listed exchange: Prime Market, Tokyo Stock Exchange Code Number: 4275
URL: <https://www.carlithd.co.jp>
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Scheduled date to commence dividend payments: –
Preparation of explanatory materials for financial results: No
Holding of financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the three months of the fiscal year ending March 31, 2025
(from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
Jun. 30, 2024	8,760	(0.7)	378	(26.5)	533	(21.2)	365	(27.8)
Jun. 30, 2023	8,823	6.4	514	36.4	677	29.8	505	19.4

Note: Comprehensive income For the three months ended Jun. 30, 2024: ¥945 million [(11.3)%]
For the three months ended Jun. 30, 2023: ¥1,065 million [260.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Jun. 30, 2024	15.49	–
Jun. 30, 2023	21.39	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
Jun. 30, 2024	55,251	36,930	66.8	1,566.88
Mar. 31, 2024	55,146	36,775	66.7	1,560.32

Reference: Shareholders' equity: As of Jun. 30, 2024: ¥36,930 million; As of Mar. 31, 2024: ¥36,775 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	0.00	–	33.00	33.00
Fiscal year ending Mar. 31, 2025	–				
Fiscal year ending Mar. 31, 2025 (Forecast)		0.00	–	36.00	36.00

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

3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2025

(from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2024	18,500	4.7	1,600	15.6	1,700	8.7	1,200	2.3	50.75
Full year	38,000	3.9	3,800	13.4	4,000	11.1	2,800	7.7	118.42

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

* Notes

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements (Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements)” on page 10 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

(4) Number of issued shares (common shares)

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

As of Jun. 30, 2024	24,050,000 shares	As of Mar. 31, 2024	24,050,000 shares
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(ii) Number of treasury shares at the end of the period

As of Jun. 30, 2024	480,831 shares	As of Mar. 31, 2024	480,797 shares
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(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended Jun. 30, 2024	23,569,180 shares	Three months ended Jun. 30, 2023	23,653,903 shares
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* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Notice concerning forward-looking statements)

The forward-looking statements described in this document, such as business forecasts, are based on information available at the time of release of these materials and reasonable assumptions made by the Company, and do not represent a commitment from the Company that they will be achieved. Actual financial results, etc. may differ significantly from this forecast due to various factors. For assumptions used for earnings forecasts and notes on the use of earnings forecasts, please refer to “1. Quarterly Qualitative Information on Business Results, (3) Explanation of Forward-Looking Statements including Forecasts of Consolidated Financial Results” on page 5 of the attached document.

(Other special matters)

Not applicable

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1. Quarterly Qualitative Information on Business Results

We have formulated our Medium-term Management Plan entitled “Challenge 2024” that kicked off in fiscal year 2022. Our management policy is to pursue improvements in corporate value through the optimization of our business portfolio, and we are currently carrying out the following five strategies: (1) accelerating growth businesses; (2) expanding R&D; (3) improving the profitability of existing businesses; (4) advancement of ESG management; and (5) rebuilding of business infrastructure. In addition to these, we formulated the “Rolling Plan 2023” in May 2023 and the “Grow Up Plan 2024” in March 2024, upon having revised our Medium-term Management Plan “Challenge 2024” on a rolling basis in order to better ensure that we will achieve the “Challenge 2024” by responding flexibly to changes in the business environment. We will promote management that is conscious of the cost of capital and the share price in pursuing improvements in corporate value enlisting PBR as a benchmark.

(1) Explanations of Business Results

(i) Explanation of operating results

In the three months ended June 30, 2024, our performance was supported by strong sales mainly for the Chemical Products business segment (Chemicals, Electronic materials), the Metal Working business segment (Heat-resistant metal parts for furnace), and the Engineering Services business segment. However, profit margins have been declining, affected by rising personnel expenses, a delay in the reflection of fair prices, and other factors. In addition, the automobile type approval issue (Explosives) and the still continued production adjustments in the semiconductor market (Silicon wafers) in the Chemical Products business segment, and facility adjustments after regular repairs which are done usually in April in the Bottling business segment required time, causing a delay in recovery of the production volume and other effects. Consequently, on the whole, the results are as follows.

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
Jun. 30, 2024	8,760	(0.7)	378	(26.5)	533	(21.2)	365	(27.8)
Jun. 30, 2023	8,823	6.4	514	36.4	677	29.8	505	19.4

(ii) Explanations by business segment

Our main products and services are as follows.

Chemical Products business segment

Explosives = decrease in sales and profit

- Although industrial explosives experienced a decrease in sales due to continued sluggish demand for crushed limestone, profit increased due to the reflection of fair prices from this fiscal year.
- Automotive emergency flares saw a decrease in sales and profit due to a drop in the production volume of new cars affected by the automobile type approval issue at certain auto manufacturers.
- Signal flares for highway use experienced a decrease in sales and profit due to a delay in the planned sales timing caused by negotiations on fair prices with certain customers taking time, and other factors.
- Raw materials for fireworks saw an increase in both sales and profits due to an increase in the number of fireworks shows.

Material assessment service = decrease in sales and profit

- Safety evaluation testing and secondary batteries testing both experienced a decrease in sales and profit due to the impact of a delay in the bringing-in of test objects in certain large tests, despite active development of batteries continuing.

Chemicals = increase in sales and profit

- Sodium chlorate sales and profit increased as we maintained stable supply to meet demand for pulp bleaching applications.

- For ammonium perchlorate (the raw material in propellants for rockets and defense missiles), sales and profit both remained almost flat, with no change in demand compared to a year earlier.
- Electrodes experienced an increase in sales and profit due to strong demand for replacement of hygienic water related ones (electrodes for chlorine generation).
- Perchloric acid sales and profit decreased due to production adjustments in Japan and overseas.

Electronic materials = increase in sales and profit

- Demand for both electronic materials and functional materials recovered from this fiscal year as customers' production adjustments have almost completed in Japan and overseas. In addition, demand for environmentally-friendly vehicles such as electric vehicles (EVs), and ancillary parts for artificial intelligence (AI) increased, resulting in an increase in sales and profit.

Ceramics = decrease in sales and profit

- Despite efforts to expand new sales and increase market share, sales and profit decreased due to sluggish demand from domestic grindstone and abrasive paper manufacturers.

Silicon wafers = decrease in sales and profit

- Sales and profit decreased amid an ongoing scenario of excessive customer inventories and production adjustments attributable to the sluggish semiconductor market. We will continue to focus on activities such as new development and expansion of market share in the small-diameter wafer market, and productivity improvement of existing product lines.

Bottling business segment

- PET experienced decreased sales and profit due to a decline in the production volume resulting from a delay in restoration of machinery after regular repairs, and other factors, despite demand remaining at the level of the previous year. We will seek to stabilize production from July onward.

Metal Working business segment

- Heat-resistant metal parts for furnaces (anchors and retainers for dust collectors) saw an increase in sales thanks to strong sales performance, but profit decreased due to a rise in manufacturing cost. We will promote to negotiate fair prices with our customers.
- For various metal spring and pressed products, sales and profit decreased due to a drop in demand among our major customers (construction machinery and autos). We will continue activities such as productivity improvement and maintaining fair prices.

Engineering Services business segment

- For engineering and construction work, despite continued intensifying competition for external construction work, sales and profit increased due to an increase in construction work.
- For industrial paints and painting work, market conditions continued to remain solid. On the other hand, sales increased while profit decreased due to an increase of expenses.
- Structural design sales increased due to favorable acquisition of public projects. Profit remained flat due to a change in the composition of private-sector projects handled.

These results are provided below.

(Millions of yen)

Business segments	Net sales		Operating profit	
	Three months ended		Three months ended	
	Jun. 30, 2023	Jun. 30, 2024	Jun. 30, 2023	Jun. 30, 2024
Chemical Products	5,115	5,127	420	398
Bottling	1,100	1,046	(170)	(232)
Metal Working	1,807	1,817	112	95
Engineering Services	922	911	173	154
Subtotal	8,946	8,902	535	416
Other	(122)	(142)	(21)	(38)
Total	8,823	8,760	514	378

(2) Summary of the Consolidated Balance Sheets

(Assets)

Total assets was ¥55,251 million, an increase of ¥105 million from the end of the previous fiscal year.

The breakdown of major increases (decreases) in assets includes an increase in investment securities of ¥778 million, an increase merchandise and finished goods of ¥363 million, a decrease in cash and deposits of ¥759 million, and a decrease in notes and accounts receivable – trade, and contract assets of ¥244 million.

(Liabilities)

Liabilities was ¥18,321 million, a decrease of ¥49 million from the end of the previous fiscal year.

The breakdown of major increases (decreases) in liabilities includes a decrease in notes and accounts payable - trade of ¥437 million, a decrease in income taxes payable of ¥428 million, an increase in advances received (which is included in “other” in current liabilities) of ¥355 million, and an increase in provision for bonuses of ¥313 million.

(Net assets)

Total net assets was ¥36,930 million, an increase of ¥154 million from the end of the previous fiscal year.

The breakdown of major increases (decreases) in net assets includes an increase in valuation difference on available-for-sale securities of ¥537 million and a decrease in retained earnings of ¥425 million most of which derived from the payment of dividends.

As a result of the above, equity-to-asset ratio increased from 66.7% to 66.8%.

(3) Explanation of Forward-Looking Statements Including Forecasts of Consolidated Financial Results

The Japanese economy will recover, led by domestic demand with the progress in each company's wage increases and capital expenditure. Consumer spending is expected to recover moderately due to an improvement in real wages. Toward fiscal year 2025, we expect that although wage increases and capital expenditure will slow down, the economic recovery will continue.

The global economy is expected to slow down due to economic slowdown in China and effects of high interest rates in the U.S. and Europe in the second half of 2024. In 2025, while the prolonged adjustment in the real estate sector in China will remain a burden on the economy, the global economy is likely to make a mild recovery with a gradual resurgence of the U.S. and European economies against a backdrop of ongoing interest rate cuts. We expect that though there are differences, Asian countries will make a recovery from 2024 to 2025, supported by exports mainly to the U.S. and Europe, and thanks to recovering demand for advanced semiconductors and electronic equipment.

In light of the economic environment mentioned above, our outlook for each business segment is as follows.

In the Chemical Products business, we expect the performance in Chemicals and Material assessment service to remain solid. On the other hand, for Explosives, timing of recovery from the impact of the automobile type approval issue is uncertain. In addition, while Electronic materials is on a recovery trend, recovery in Silicon wafers is expected to take time until the second half of 2024 due to the impact of the prolonged adjustment of the semiconductor cycle. We are expecting the Bottling business to achieve an increase in revenues and profits due to the ongoing record heat waves driving increased beverage consumption. We expect the performance in the Metal Working business and Engineering Services business to remain solid in line with the fortunes of the Japanese economy.

The consolidated earnings forecast for the fiscal year ending March 31, 2025 is as announced on May 15, 2024.

(Percentages indicate year on year changes for the full year and changes from the same quarter of the previous fiscal year for the quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2024	18,500	4.7	1,600	15.6	1,700	8.7	1,200	2.3	50.75
Full year	38,000	3.9	3,800	13.4	4,000	11.1	2,800	7.7	118.42

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	2,921	2,161
Notes and accounts receivable - trade, and contract assets	12,042	11,798
Merchandise and finished goods	3,588	3,952
Work in process	579	624
Raw materials and supplies	1,959	1,943
Other	2,445	2,368
Allowance for doubtful accounts	(18)	(13)
Total current assets	23,518	22,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,280	8,300
Machinery, equipment and vehicles, net	2,943	2,940
Land	5,868	5,871
Construction in progress	851	809
Other, net	1,171	1,136
Total property, plant and equipment	19,116	19,057
Intangible assets		
Other	187	180
Total intangible assets	187	180
Investments and other assets		
Investment securities	11,029	11,808
Retirement benefit asset	204	221
Other	1,148	1,203
Allowance for doubtful accounts	(59)	(55)
Total investments and other assets	12,323	13,178
Total non-current assets	31,627	32,416
Total assets	55,146	55,251

As of March 31, 2024

As of June 30, 2024

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,867	6,429
Short-term borrowings	89	79
Current portion of long-term borrowings	470	412
Income taxes payable	679	250
Provision for bonuses	716	1,029
Other	2,325	2,788
Total current liabilities	11,149	10,989
Non-current liabilities		
Long-term borrowings	470	412
Provision for share awards	12	23
Provision for share awards for directors (and other officers)	85	94
Retirement benefit liability	471	466
Other	6,181	6,334
Total non-current liabilities	7,221	7,331
Total liabilities	18,370	18,321
Net assets		
Shareholders' equity		
Share capital	2,099	2,099
Capital surplus	1,190	1,190
Retained earnings	27,491	27,065
Treasury shares	(333)	(333)
Total shareholders' equity	30,448	30,022
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,136	6,674
Deferred gains or losses on hedges	2	21
Foreign currency translation adjustment	158	178
Remeasurements of defined benefit plans	29	32
Total accumulated other comprehensive income	6,327	6,907
Total net assets	36,775	36,930
Total liabilities and net assets	55,146	55,251

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	8,823	8,760
Cost of sales	6,740	6,801
Gross profit	2,083	1,959
Selling, general and administrative expenses	1,569	1,581
Operating profit	514	378
Non-operating income		
Interest income	0	0
Dividend income	128	121
Share of profit of entities accounted for using equity method	4	3
Miscellaneous income	47	41
Total non-operating income	180	166
Non-operating expenses		
Interest expenses	11	9
Miscellaneous losses	5	1
Total non-operating expenses	17	10
Ordinary profit	677	533
Extraordinary income		
Gain on sale of non-current assets	0	17
Total extraordinary income	0	17
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	677	550
Income taxes	171	185
Profit	505	365
Profit attributable to owners of parent	505	365

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	505	365
Other comprehensive income		
Valuation difference on available-for-sale securities	427	537
Deferred gains or losses on hedges	108	19
Foreign currency translation adjustment	8	20
Remeasurements of defined benefit plans, net of tax	15	2
Total other comprehensive income	559	579
Comprehensive income	1,065	945
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,065	945

(3) Notes to Quarterly Consolidated Financial Statements

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes and related guidance

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, “the 2022 revised accounting standard”) and related guidance were applied from the beginning of the first quarter of the fiscal year ending March 31, 2025.

The revision to the account classification for current income taxes (taxes on other comprehensive income) follows the transitional treatment specified in the provisory clause of Paragraph 20-3 of the 2022 revised accounting standard and the transitional treatment specified in the provisory clause of Paragraph 65-2, Provision (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022; hereafter, “the 2022 revised guidance”). The change in accounting policy had no effect on the quarterly consolidated financial statements.

Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements

Calculation method of income tax expense

Income tax expense is calculated by multiplying profit before income taxes by reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including this first quarter. Also, income taxes - deferred is included in income taxes.

Segment information**(1) First three months of the fiscal year ended March 31, 2024 (April 1, 2023 to June 30, 2023)****(i) Amounts of net sales and profit or loss by reportable segment**

(Millions of yen)

	Reportable Segment					Other (Note)	Total
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	5,028	1,100	1,775	880	8,784	38	8,823
Inter-segment sales	87	–	32	41	161	1,213	1,375
Total	5,115	1,100	1,807	922	8,946	1,252	10,198
Segment profit (loss)	420	(170)	112	173	535	945	1,481

Note: “Other” comprises business operations that are not categorized as reportable segments, and includes the Company as a holding company.

(ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statements of income and details thereof (reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	535
“Other” segment profit	945
Inter-segment eliminations	(966)
Operating profit in the quarterly consolidated statements of income	514

(2) First three months of the fiscal year ending March 31, 2025 (April 1, 2024 to June 30, 2024)**(i) Amounts of net sales and profit or loss by reportable segment**

(Millions of yen)

	Reportable Segment					Other (Note)	Total
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	5,034	1,046	1,782	857	8,721	38	8,760
Inter-segment sales	93	–	34	53	181	1,479	1,661
Total	5,127	1,046	1,817	911	8,902	1,518	10,421
Segment profit (loss)	398	(232)	95	154	416	1,182	1,599

Note: “Other” comprises business operations that are not categorized as reportable segments, and includes the Company as a holding company.

(ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statements of income and details thereof (reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	416
“Other” segment profit	1,182
Inter-segment eliminations	(1,221)
Operating profit in the quarterly consolidated statements of income	378

Significant Changes in Amounts of Shareholders’ Equity

Not applicable

Going Concern Assumption

Not applicable

Notes to Quarterly Consolidated Cash Flow Statement

There is no quarterly consolidated statement of cash flows for the three months ended June 30, 2024. Depreciation for the three months ended June 30, 2024/2023 is as follows:

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	412	415

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

August 9, 2024

The Board of Directors
Carlit Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Eri Sekiguchi
Designated Engagement Partner
Certified Public Accountant

Tetsuya Kawawaki
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have conducted an interim review of the quarterly consolidated financial statements, namely, the quarterly consolidated balance sheets, the quarterly consolidated statements of income and the quarterly consolidated statements of comprehensive income, and notes thereto, for the first quarter ended June 30, 2024 (April 1, 2024 to June 30, 2024) and for the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024), which are included in the attached materials to the Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025) of Carlit Co., Ltd.

In the interim review we conducted, we found no matter that would lead us to believe that the above quarterly consolidated financial statements have not been prepared in any material respect in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied).

Basis for Auditor's Conclusion

We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibilities under the standards for interim reviews are described in "Auditor's Responsibilities for Interim Review of Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained evidence to form the basis for expressing a conclusion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board 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 for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied); this includes the maintenance and operation of such internal control as management determines is 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 with the assumption of the Group's ability to continue as a going concern and disclosing, as required in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied), matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

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

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

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

- Make inquiries, primarily of management and other persons responsible for financial and accounting matters, and perform analytical procedures and other interim review procedures. Interim review procedures are more limited in scope compared with an audit of annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
- Determine whether there is significant uncertainty regarding events or circumstances that give rise to significant doubts regarding matters related to the going concern assumption. If significant uncertainty exists, we will make a conclusion, based on the evidence obtained, as to whether there are any matters that lead one 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, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied). In addition, if significant uncertainties regarding the going concern assumption are recognized, the interim review report is required to draw attention to the notes to the quarterly consolidated financial statements, or, if the notes to the quarterly consolidated financial statements regarding significant uncertainties are not appropriate, to express a qualified or adverse conclusion on the quarterly consolidated financial statements. Although our conclusion is based on the evidence obtained up to the date of the interim review report, future events or circumstances may cause the Group to be unable to continue as a going concern.
- Evaluate whether there are any matters that lead one to believe that the presentation and notes of the quarterly consolidated financial statements have not been prepared in accordance with Article 4, Paragraph 1 of Standards for Preparation of Quarterly Financial Statements, etc. of the Tokyo Stock

Exchange Inc. and the accounting standards for quarterly financial statements that are generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. are applied).

- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for directing, supervising and inspecting the interim review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

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

We shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board that we have complied with the provisions related to professional ethics in Japan regarding independence and any matters that could reasonably be considered to affect our independence, and any measures taken to eliminate impediments or safeguards applied to reduce impediments to an acceptable level, if any.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

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