



## Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]

May 9, 2025

Company name: PILOT CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 7846

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

Representative: Fumio Fujisaki

Inquiries: Harunobu Terada

Telephone: +81-3-3538-3700

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

Representative Director and President

Executive Officer Accounting & Finance Department General Manager

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

#### (1) Consolidated Operating Results

(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 March 31, 2025	29,118	1.1	4,634	55.5	4,090	(0.6)	1,856	(31.3)
March 31, 2024	28,799	5.1	2,980	(39.1)	4,114	(21.7)	2,700	(25.4)

(Note) Comprehensive income: Three months ended March 31, 2025: ¥ 437 million [ (91.1) %]  
Three months ended March 31, 2024: ¥ 4,930 million [ 14.1 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	48.16	-
March 31, 2024	68.46	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	169,639	139,439	81.4
December 31, 2024	176,701	141,579	79.1

(Reference) Equity: As of March 31, 2025: ¥ 138,019 million  
As of December 31, 2024: ¥ 139,851 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 December 31, 2024	-	53.00	-	64.00	117.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		58.50	-	58.50	117.00

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

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 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
Full year	133,000	5.4	18,000	1.1	19,000	(5.5)	14,500	(4.5)	381.04

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

Forecast for the first two quarters of fiscal year ending June 30, 2025 has not been made.

The Company resolved the acquisition of treasury shares at the Board of Directors' Meeting held on May 9, 2025. The impact of the acquisition was included in "Basic earnings per share" stated above.

\* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: Yes (Company name: PPIN Private Limited )

Excluded: - (Company name: )

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

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

March 31, 2025: 40,905,200 shares

December 31, 2024: 40,905,200 shares

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

March 31, 2025: 2,357,921 shares

December 31, 2024: 2,365,148 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2025: 38,541,859 shares

Three months ended March 31, 2024: 39,449,434 shares

(Note) The number of treasury shares at the end of the period includes the Company's shares held by the BIP (Board Incentive Plan) trust (As of March 31, 2025: 11,600 shares, As of December 31, 2024: 18,827 shares). In addition, these Company's shares are included in the treasury shares which is deducted from the number of shares outstanding when calculating the average number of shares during the period (As of March 31, 2025: 17,020 shares, As of March 31, 2024: 18,827 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 for the appropriate use of performance forecast and other special notes

-The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Management Discussion and Analysis (3) Description of Consolidated Results Forecast" on page 4 of this report.

## Table of Contents of Attached Materials

1. Management Discussion and Analysis .....	2
(1) Result of Operations .....	2
(2) Financial Position .....	3
(3) Description of Consolidated Results Forecast .....	4
2. Quarterly Consolidated Financial Statements .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
Quarterly Consolidated Statements of Income .....	7
Quarterly Consolidated Statements of Comprehensive Income .....	8
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Notes on going concern assumption) .....	9
(Notes in case of significant changes in shareholders' equity) .....	9
(Significant changes in scope of consolidation) .....	9
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) .....	9
(Segment information, etc.) .....	10
(Notes to statements of cash flows) .....	10
(Significant subsequent events) .....	11
Interim Review Report by Independent Auditors on Quarterly Consolidated Financial Statements .....	12

# 1. Management Discussion and Analysis

## (1) Result of Operations

Through the 2025-2027 medium-term management plan covering the three years from the fiscal year ending December 31, 2025, we aim to grow writing instruments, which is our mainstay business, in the global market, create new businesses. We positioned the term as a phase in which we will reinforce the Group's management foundation for adapting to changes with the purpose of realizing the Group's "2030 Vision", and strive for ceaseless evolution.

During the three months (January 1 to March 31, 2025) of the fiscal year under review, the economic environment in Japan saw a gradual recovery due to improvements in the income environment, although inflation caused personal consumption to stall. Overseas, the outlook for the global economy remains uncertain due to factors such as continued inflation in Europe and the U.S., the prolonged slowdown in the Chinese economy, and the uncertainty in U.S. policy trends including trade policies.

In this economic environment, consolidated net sales for the three months under review totaled 29,118 million yen, up 1.1% year on year (YoY). Net sales in the Japanese market came to 7,254 million yen, down 2.1% YoY. Net sales in overseas markets were 21,864 million yen, up 2.2% YoY.

In terms of profit, the Group recorded operating profit of 4,634 million yen, up 55.5% YoY, and ordinary profit of 4,090 million yen, down 0.6% YoY. Profit attributable to owners of parent stood at 1,856 million yen, down 31.3% YoY.

Details of each segment are as follows.

Segment operating profit by area is profit before the elimination of intersegment transactions.

### (Japan segment)

In the stationery business, sales of S20 mechanical pencils, which are crafted from high-quality wood, continued to be strong in Japan for the new school term. Moreover, the sales of the multipurpose ballpoint pen 4 + 1 Wood remained strong. In addition, our new highlighter pen released last October, KIRE-NA, has received high praise from users and has become a hit product. However, domestic sales were down YoY due to the large impact of new products FRIXION SYNERGY KNOCK and ballpoint pen Acroball launched in the same period in the previous fiscal year. Furthermore, export sales have decreased. This was mainly due to Pilot Pen (Malaysia) Sdn. Bhd. and PPIN Private Limited being included in the consolidated financial statements, which meant that sales for Malaysia and India, that were previously included in the Japan segment, are now included in the Asia segment.

In the toys business, sales increased as the Mellchan doll series, our mainstay products, and educational toys performed well.

In the industrial materials and other businesses, sales increased thanks to the recovery of orders received for ceramics products, the mainstay of the industrial materials business.

A breakdown of net sales in this segment by major business is as follows: 7,130 million yen, down 11.4% YoY in the stationery business, 728 million yen, up 7.5% YoY in the toys business, and 951 million yen, up 23.8% YoY in the industrial materials and other businesses. In the stationery business, net sales of writing instruments stood at 6,086 million yen, down 13.1% YoY, and net sales of other stationery came to 1,043 million yen, a 0.5% increase YoY.

Segment operating profit decreased due to a temporary decrease in sales to consolidated subsidiaries and rising cost rate caused by a decrease in production volume of main products accompanying strict inventory controls.

As a result, net sales to external customers in this segment totaled 8,810 million yen, down 7.2% YoY. Segment operating profit came to 2,637 million yen, down 39.0% YoY.

### (Americas segment)

In the Americas, in the U.S., our mainstay product G-2 continued to hold the top share in the gel ink pen market and remained strong. In addition, sales grew mainly on the strength of V Board Master whiteboard markers in the Brazilian market, resulting in an increase in sales and profit for the whole segment.

As a result, net sales to external customers in this segment totaled 8,437 million yen, up 1.7% YoY. Segment operating profit came to 610 million yen, up 390.8% YoY.

(Europe segment)

In Europe, sales increased although personal consumption has yet to fully recover. Sales of the FRIXION series, our core products in the European market, grew, and new product FriXion Ball+ is off to a good start. However, segment operating profit decreased due to increased purchasing prices and personnel expenses.

As a result, net sales to external customers in this segment totaled 6,168 million yen, up 3.0% YoY. Segment operating profit came to 86 million yen, down 69.7% YoY.

(Asia segment)

In Asia, sales and profit increased. We were heavily affected by economic weakness in China. However, the Juice series of gel ink pens, our mainstay products in the Chinese market, performed well. Furthermore, Pilot Pen (Malaysia) Sdn. Bhd. and PPIN Private Limited are now included in the consolidated financial statements, and sales for Malaysia and India that were previously included in the Japan segment are now included in the Asia segment.

As a result, net sales to external customers in this segment totaled 5,702 million yen, up 13.6% YoY. Segment operating profit came to 368 million yen, up 120.6% YoY.

As a result of the above, total segment operating profit in each region decreased to 3,702 million yen, down 24.4% YoY, but consolidated operating profit increased to 4,634 million yen, up 55.5% YoY. This is attributable to the unrealized gain related to inventories and so on, which resulted in a consolidation adjustment of 931 million yen (compared to minus 1,920 million yen in the same period in the previous fiscal year).

## (2) Financial Position

Total assets at the end of the three months under review were 169,639 million yen, a decrease of 7,062 million yen from the end of the previous fiscal year.

Current assets decreased 5,677 million yen compared to the end of the previous fiscal year, to 102,617 million yen. This is primarily due to decreases of 3,339 million yen in cash and deposits and 2,683 million yen in accounts receivable included in Other.

Non-current assets decreased 1,384 million yen compared to the end of the previous fiscal year, to 67,022 million yen. This is primarily due to decreases of 890 million yen in investment securities and 1,245 million yen in deferred tax assets despite an increase of 721 million yen in property, plant and equipment.

Liabilities decreased 4,922 million yen compared to the end of the previous fiscal year, to 30,200 million yen.

Current liabilities decreased 5,086 million yen compared to the end of the previous fiscal year, to 27,662 million yen. This is primarily due to decreases of 2,220 million yen in income taxes payable and 1,998 million yen in notes payable - facilities included in Other.

Non-current liabilities increased 164 million yen compared to the end of the previous fiscal year, to 2,537 million yen.

Net assets decreased 2,139 million yen compared to the end of the previous fiscal year, to 139,439 million yen. This is primarily due to decreases of 486 million yen in retained earnings and 1,401 million yen in foreign currency translation adjustment.

### (3) Description of Consolidated Results Forecast

The consolidated financial results forecast for the fiscal year ending December 31, 2025, announced on February 14, 2025, remains unchanged.

A certain portion of the Company's sales are dependent on the U.S. market, and many of our products are made in Japan and then exported to our U.S. subsidiary. The business activities of the Group may be affected by measures to increase tariffs in the U.S. We will closely monitor future developments and promptly disclose a revised forecast, if necessary.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	39,977	36,637
Notes and accounts receivable - trade	25,766	25,216
Merchandise and finished goods	23,456	24,311
Work in process	8,793	8,442
Raw materials and supplies	4,761	4,936
Other	5,660	3,193
Allowance for doubtful accounts	(121)	(121)
Total current assets	108,294	102,617
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,908	37,878
Accumulated depreciation	(17,179)	(17,461)
Buildings and structures, net	19,729	20,416
Machinery, equipment and vehicles	43,903	45,361
Accumulated depreciation	(34,466)	(34,912)
Machinery, equipment and vehicles, net	9,436	10,448
Other	21,532	22,145
Accumulated depreciation	(18,501)	(18,603)
Other, net	3,031	3,542
Land	7,517	7,495
Construction in progress	4,295	2,829
Total property, plant and equipment	44,010	44,731
Intangible assets		
Leasehold interests in land	5,355	5,355
Goodwill	1,302	1,207
Other	1,077	1,043
Total intangible assets	7,734	7,605
Investments and other assets		
Investment securities	8,937	8,047
Deferred tax assets	3,156	1,910
Retirement benefit asset	3,701	3,858
Other	899	900
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	16,662	14,684
Total non-current assets	68,407	67,022
Total assets	176,701	169,639

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,197	10,355
Short-term borrowings	370	551
Current portion of long-term borrowings	319	300
Accrued expenses	3,011	2,854
Income taxes payable	3,159	938
Provision for bonuses	906	1,680
Provision for bonuses for directors (and other officers)	66	11
Provision for loss on disaster	67	56
Provision for share awards for directors (and other officers)	71	-
Provision for dismantling of fixed assets	-	74
Other	13,577	10,838
Total current liabilities	32,748	27,662
Non-current liabilities		
Long-term borrowings	166	82
Deferred tax liabilities	524	623
Provision for retirement benefits for directors (and other officers)	135	118
Provision for share awards for directors (and other officers)	-	13
Retirement benefit liability	770	783
Other	776	916
Total non-current liabilities	2,373	2,537
Total liabilities	35,122	30,200
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,340	2,340
Capital surplus	7,887	7,887
Retained earnings	136,126	135,640
Treasury shares	(10,734)	(10,700)
Total shareholders' equity	135,620	135,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,534	1,666
Foreign currency translation adjustment	2,059	657
Remeasurements of defined benefit plans	637	526
Total accumulated other comprehensive income	4,231	2,850
Non-controlling interests	1,727	1,419
Total net assets	141,579	139,439
Total liabilities and net assets	176,701	169,639



## (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 March 31, 2024	For the three months ended March 31, 2025
Net sales	28,799	29,118
Cost of sales	14,916	13,296
Gross profit	13,882	15,822
Selling, general and administrative expenses	10,902	11,188
Operating profit	2,980	4,634
Non-operating income		
Interest income	176	174
Dividend income	7	8
Foreign exchange gains	917	-
Other	92	101
Total non-operating income	1,193	283
Non-operating expenses		
Interest expenses	44	20
Foreign exchange losses	-	797
Other	14	8
Total non-operating expenses	59	827
Ordinary profit	4,114	4,090
Extraordinary income		
Gain on sale of non-current assets	8	21
Gain on termination of retirement benefit plan	-	187
Total extraordinary income	8	209
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	6	126
Loss on disaster	13	-
Soil pollution expense	20	-
Total extraordinary losses	40	126
Profit before income taxes	4,081	4,173
Income taxes	1,337	2,290
Profit	2,744	1,882
Profit attributable to non-controlling interests	43	26
Profit attributable to owners of parent	2,700	1,856

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

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit	2,744	1,882
Other comprehensive income		
Valuation difference on available-for-sale securities	483	131
Foreign currency translation adjustment	1,738	(1,465)
Remeasurements of defined benefit plans, net of tax	(35)	(110)
Total other comprehensive income	2,185	(1,445)
Comprehensive income	4,930	437
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,834	476
Comprehensive income attributable to non-controlling interests	95	(38)

(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.

(Significant changes in scope of consolidation)

Because of the increased importance of PPIN Private Limited, a non-consolidated subsidiary, at the end of the previous consolidated fiscal year, it was newly included in the scope of consolidation from the beginning of the three months under review.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Certain consolidated subsidiaries calculate tax expenses by reasonably estimating the effective tax rate after the application of tax effect accounting to current net income before tax for the consolidated fiscal year, including the first quarter of the fiscal year under review, and then multiplying the current net income before tax by this estimated effective tax rate. However, if the tax expenses that are calculated using this estimated effective tax rate are obviously unreasonable, these consolidated subsidiaries will calculate tax expenses by using a method that uses the statutory effective tax rate.

(Segment information, etc.)

[Segment information]

I. For the three months ended March 31, 2024 (January 1, 2024 to March 31, 2024)

1. Information regarding net sales and profit (loss) for each reportable segment

(Millions of yen)

	Japan	Americas	Europe	Asia	Reportable segment total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
Net sales							
Net sales to external customers	9,491	8,297	5,987	5,021	28,799	—	28,799
Intersegment net sales or transfers	12,521	—	—	—	12,521	(12,521)	—
Total	22,013	8,297	5,987	5,021	41,321	(12,521)	28,799
Segment profit	4,322	124	286	167	4,900	(1,920)	2,980

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.

2. Segment profit has been adjusted with operating profit in the quarterly consolidated statements of income.

II. For the three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)

1. Information regarding net sales and profit (loss) for each reportable segment

(Millions of yen)

	Japan	Americas	Europe	Asia	Reportable segment total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
Net sales							
Net sales to external customers	8,810	8,437	6,168	5,702	29,118	—	29,118
Intersegment net sales or transfers	10,848	—	0	14	10,863	(10,863)	—
Total	19,659	8,437	6,168	5,716	39,982	(10,863)	29,118
Segment profit	2,637	610	86	368	3,702	931	4,634

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.

2. Segment profit has been adjusted with operating profit in the quarterly consolidated statements of income.

(Notes to statements of cash flows)

Consolidated quarterly statements of cash flows were not prepared for the three months ended March 31, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended March 31, 2025 are as follows:

	For the three months ended March 31, 2024 (January 1, 2024 to March 31, 2024)	For the three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)
Depreciation	1,133 million yen	1,416 million yen
Amortization of goodwill	—	32

(Significant subsequent events)

(Acquisition of treasury shares)

At the Board of Directors meeting held on May 9, 2025, the Company resolved to acquire its treasury shares based on the provisions of its Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act.

1. Reason for the acquisition of treasury shares

To acquire treasury shares from the perspective of improved corporate value and shareholder returns after comprehensively considering capital efficiency and financial soundness.

2. Details of matters concerning the acquisition

(1) Class of shares to be acquired:	Common shares of the Company
(2) Total number of shares to be acquired:	1,600,000 shares (maximum) (4.15% of the total number of issued shares (excluding treasury shares))
(3) Total acquisition value of shares:	6 billion yen (maximum)
(4) Acquisition period:	June 2, 2025 to December 23, 2025
(5) Acquisition method:	Market purchase on the Tokyo Stock Exchange

Interim Review Report by Independent Auditors on Quarterly Consolidated Financial Statements

May 9, 2025

To the Board of Directors  
Pilot Corporation

ARK LLC  
Tokyo Office

Designated Limited Liability Partner Managing Partner	Certified public accountant	Norikazu Shibuya
Designated Limited Liability Partner Managing Partner	Certified public accountant	Yuta Yamaki

Our conclusion

We have performed an interim review of the quarterly consolidated financial statements related to the first-quarter consolidated accounting period (from January 1, 2025 to March 31, 2025) and the first-quarter cumulative consolidated accounting period (from January 1, 2025 to March 31, 2025) of the consolidated fiscal year from January 1, 2025 to December 31, 2025 of the Pilot Corporation included in the Attached Materials of the quarterly financial results. Specifically, we reviewed the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and the notes to the quarterly consolidated financial statements.

In the interim review that we conducted, nothing has come to our attention that causes us to believe that the abovementioned quarterly consolidated financial statements were not prepared in all material respects in accordance with Article 4, Paragraph 1 of the Standards for Preparation for Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards generally accepted in Japan for quarterly financial statements. (However, the omissions of statements set forth in Article 4, Paragraph 2 of the Standards for Preparation for Quarterly Financial Statements have been applied.)

Basis for Auditors' conclusion

We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibilities under the interim review standards are described in the "Auditors' responsibilities for the interim review of the quarterly consolidated financial statements" section. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as auditors. We have determined that we have obtained evidence to serve as a basis for our conclusion.

Responsibilities of management and the Audit & Supervisory Committee relating to quarterly consolidated financial statements

Management has a responsibility to prepare quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards for Preparation for Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards generally accepted in Japan for quarterly financial statements. (However, the omissions of statements set forth in Article 4, Paragraph 2 of the Standards for Preparation for Quarterly Financial Statements have been applied.) This responsibility includes establishing and operating an internal control system that management considers necessary for preparing quarterly consolidated financial statements that do not include any significant misstatements stemming from fraud or errors.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether the preparation of the quarterly consolidated financial statements based on the going concern assumption is appropriate and for disclosing, as applicable, matters relating to the going concern based on Article 4, Paragraph 1 of the Standards for Preparation for Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards generally accepted in Japan for quarterly financial statements. (However, the omissions of statements set forth in Article 4, Paragraph 2 of the Standards for Preparation for Quarterly Financial Statements

have been applied.)

The Audit & Supervisory Committee has a responsibility to monitor the directors' performance of their duties in the establishment and operation of the financial reporting process.

Auditors' responsibilities for the interim review of the quarterly consolidated financial statements

The auditors are responsible for stating a conclusion regarding the quarterly consolidated financial statements from a position of independence in the interim review report based on the interim review that they conducted.

We exercise professional judgment and conduct the following by maintaining professional skepticism throughout the interim review in accordance with the interim review standards generally accepted in Japan.

- Make inquiries, primarily to management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. The interim review procedure is limited compared to an audit of financial statements of the fiscal year conducted in accordance with auditing standards generally accepted in Japan.

- Conclude whether nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements were not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation for Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards generally accepted in Japan for quarterly financial statements (although the omissions of statements set forth in Article 4, Paragraph 2 of the Standards for Preparation for Quarterly Financial Statements have been applied) based on the evidence obtained when it has been determined that material uncertainties exist related to events or conditions that may cast significant doubt on matters related to the going concern assumption. Furthermore, if a material uncertainty related to the going concern assumption is identified, we are required to draw attention to it in our interim review report to the related notes in the quarterly consolidated financial statements or, if such notes on a material uncertainty in the quarterly consolidated financial statements are inadequate, to express a limited or negative conclusion on the quarterly consolidated financial statements. Our conclusions are based on the 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 nothing has come to our attention that causes us to believe that the presentation of the quarterly consolidated financial statements and notes have not been prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation for Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards generally accepted in Japan for quarterly financial statements. (However, the omissions of statements set forth in Article 4, Paragraph 2 of the Standards for Preparation for Quarterly Financial Statements have been applied.)

- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that will be the basis for the concluding statement on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the interim review of the quarterly consolidated financial statements.

We are solely responsible for our conclusion.

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

We report to the Audit & Supervisory Committee regarding compliance with professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to affect our independence, and any details when countermeasures are adopted to remove the causes of the impediments or when safeguards are applied to reduce the causes of impediments to an acceptable level.

Interest

Our firm and managing partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.