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August 7, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4403
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 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (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								
June 30, 2024	55,110	11.9	13,533	31.5	15,160	23.8	11,047	22.6
June 30, 2023	49,255	(5.3)	10,289	(17.4)	12,246	(14.0)	9,013	(9.3)

Note: Comprehensive income For the three months ended June 30, 2024: ¥12,338 million [(0.1)%]
 For the three months ended June 30, 2023: ¥12,350 million [32.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	46.30	–
June 30, 2023	37.29	–

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. “Basic earnings per share” and “Diluted earnings per share” have been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2024	345,830	271,604	78.3
March 31, 2024	341,449	265,907	77.6

Reference: Equity

As of June 30, 2024: ¥270,696 million
 As of March 31, 2024: ¥265,003 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	56.00	–	58.00	114.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		20.00	–	20.00	40.00

Note:1. Revisions to the forecast of cash dividends most recently announced: None

2. The Company conducted a 3-for-1 common share split on April 1, 2024. The amount shown for the dividends for the fiscal year ended March 31, 2024 is the actual dividend amounts based on the number of shares before the share split.

3. Consolidated earnings forecasts 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
Fiscal year ending March 31, 2025	232,000	4.4	40,500	(3.9)	41,600	(8.7)	33,000	(2.9)	138.10

Note: Revisions to the earnings forecasts most recently announced: No

*** 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: Please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3)Notes on quarterly consolidated financial statements(Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached document for details.

(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

(4) Number of issued shares (common shares)

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

As of June 30, 2024	242,524,128 shares
As of March 31, 2024	242,524,128 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	4,539,362 shares
As of March 31, 2024	3,568,383 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	238,602,786 shares
Three months ended June 30, 2023	241,713,837 shares

(Notes)1. Since the Company introduced “Board Benefit Trust (BBT)” in the fiscal year ended March 31, 2020, the shares of the Company held by the trust are included in the number of treasury shares at the end of the period, and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period.

2. Each of the numbers presented in “(4) Number of issued shares (common shares)” shows the numbers of shares existing after the share split.

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

* Proper use of earnings forecasts, and other special matters
(Notes regarding forward-looking statements)

Forward-looking statements including financial results forecasts stated in this material were compiled based on information available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as a guarantee of the Company achieving such results. Therefore, the actual results, etc., may differ due to various factors. For information on the assumptions of the forecast and notes on the use of the forecast, please refer to “1. Overview of operating results, etc., (3) Explanation on future forecast information including the forecast of consolidated financial results” on page 3 of the attached document.

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1. Overview of operating results, etc.

(1) Overview of operating results during the period

In the first three months of the current fiscal year (from April 1 to June 30, 2024), the outlook for the global economy remained uncertain, particularly because of concerns about the risk of a downturn in overseas economies, such as the effects accompanying continuing high interest rate levels in the United States and Europe and concerns over the future of the Chinese economy, as well as concerns over the impact of rising prices, the situation in the Middle East region, and fluctuations in the financial and capital markets. In Japan, despite signs that the recovery in personal consumption due to improvement in the employment and income environment has stalled, the economy appeared to be gradually recovering.

As for the business environment surrounding the Group, even though domestic economic conditions were gradually recovering, there were concerns over the impact of a downturn caused by rising prices mainly due to soaring raw material prices and the effects of foreign exchange rates, as well as the prolongation of the slump in the Chinese economy.

In this business environment, under the three-year 2025 Mid-Term Management Plan that kicked off in the FY2023, and in keeping with the basic policy of “Practice and Breakthrough,” we have been working to address the following challenges: (1) expanding business by seizing market changes as opportunities, (2) accelerating development of new products and techniques, (3) improving productivity, (4) pursuing safety and security, and (5) promoting CSR. We have also made repeated management efforts to develop new markets, expand sales, and reduce production costs with a view to achieving sustainable growth.

As a result of such efforts, net sales for the first quarter of the current fiscal year were 55,110 million yen, up 11.9% year on year. Operating profit increased to 13,533 million yen, up 31.5% year on year, ordinary profit increased to 15,160 million yen, up 23.8% year on year, and profit attributable to owners of parent increased to 11,047 million yen, up 22.6% year on year.

Results by segment are as follows.

(i) Functional Chemicals

Net sales of fatty acid derivatives increased due to a recovery in demand for environmental energy-related products in Asia.

Net sales of surfactants increased as a result of strong demand for toiletries.

Net sales of ethylene oxide/propylene oxide derivatives increased due to firm demand for toiletries and for synthetic resin and resin processing applications.

Net sales of organic peroxides were flat year on year, reflecting steady demand in Japan and other countries in Asia.

Net sales of special anti-corrosion agents increased due to strong domestic and overseas demand.

As a result, net sales of Functional Chemicals were 36,779 million yen, up 23.0% year on year, and operating profit was 8,487 million yen, up 84.0% year on year.

(ii) Pharmaceuticals, Medicals and Health

Net sales of processed edible oil and functional food materials were flat year on year due to steady demand for use in confectionery, bread, and processed foods.

Net sales of healthcare foods products declined as a result of decreased demand for health foods.

Net sales of biocompatible materials increased due to strong demand for MPC (2-methacryloyloxyethyl phosphorylcholine) related products.

Net sales of raw materials for DDS (drug delivery system) drug formulations declined due to a temporary leveling off of demand as a result of inventory adjustments for some customers and the impacts of money tightening in the United States and Europe.

As a result, net sales of Pharmaceuticals, Medicals and Health were 12,589 million yen, down 8.5% year on year, and operating profit was 5,391 million yen, down 7.5% year on year.

(iii) Explosives & Propulsion

Net sales of industrial explosives declined.

Net sales of space-related products decreased due to a decline in demand for rocket products.

Net sales of defense-related products increased.

Net sales of functional products rose.

As a result, net sales of Explosives & Propulsion were 5,587 million yen, up 2.6% year on year, and operating profit was 415 million yen, down 15.6% year on year.

(iv) Others

Others consist of transportation and real estate. Net sales of others were 154 million yen, up 5.2% year on year, and operating profit was 108 million yen, up 56.3% year on year.

(2) Overview of financial position during the period

Total assets at the end of the first quarter of the current fiscal year were 345,830 million yen, an increase of 4,381 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in assets includes an increase in cash and deposits of 543 million yen, a decrease in trade receivables of 4,661 million yen, an increase in inventories of 6,526 million yen, and an increase in property, plant and equipment of 1,235 million yen.

Liabilities decreased by 1,315 million yen to 74,226 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in liabilities includes an increase in trade payables of 1,490 million yen and a decrease of 2,348 million yen in income taxes payable due to payment of income taxes.

Net assets were 271,604 million yen, an increase of 5,697 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in net assets includes profit attributable to owners of parent of 11,047 million yen, a decrease from the purchase of treasury shares of 2,001 million yen, an increase in foreign currency translation adjustment of 1,316 million yen, and a decrease from dividends of surplus of 4,622 million yen.

(3) Explanation on future forecast information including the forecast of consolidated financial results

There is no change to the original forecast of consolidated financial results (announced on May 9, 2024) for the full year.

The forecast is based on the information that is available to the Company as of the date of the announcement of this material. Actual results may differ from the forecast due to various factors in the future.

(4) Research and development activities

Expenses related to research and development activities for the Group in the first three months of the current fiscal year were 1,917 million yen.

There were no material changes in the conditions of the Group's research and development activities in the first three months of the current fiscal year.

(5) Main facilities

The amount of capital investment for the Group in the first three months of the current fiscal year was 2,578 million yen.

There were no significant changes in the Group's main facilities or facility plans in the first three months of the current fiscal year.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	91,744	92,288
Notes and accounts receivable - trade, and contract assets	54,603	49,840
Electronically recorded monetary claims - operating	3,560	3,662
Merchandise and finished goods	27,548	30,132
Work in process	4,805	7,425
Raw materials and supplies	18,653	19,975
Other	4,143	4,941
Allowance for doubtful accounts	(195)	(194)
Total current assets	204,863	208,071
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,789	24,598
Land	20,393	20,321
Other, net	29,512	31,010
Total property, plant and equipment	74,695	75,930
Intangible assets		
Other	2,166	2,099
Total intangible assets	2,166	2,099
Investments and other assets		
Investment securities	51,192	51,162
Retirement benefit asset	5,777	5,805
Other	2,813	2,822
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	59,723	59,729
Total non-current assets	136,585	137,759
Total assets	341,449	345,830
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,741	23,131
Electronically recorded obligations - operating	1,373	1,473
Short-term borrowings	1,607	1,669
Income taxes payable	7,339	4,991
Provision for bonuses	3,655	2,133
Other	18,411	19,225
Total current liabilities	54,129	52,625
Non-current liabilities		
Long-term borrowings	2,775	2,804
Retirement benefit liability	4,942	5,006
Other	13,693	13,790
Total non-current liabilities	21,412	21,601
Total liabilities	75,541	74,226

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	17,742	17,742
Capital surplus	15,052	15,732
Retained earnings	206,309	212,061
Treasury shares	(7,209)	(9,211)
Total shareholders' equity	231,894	236,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,685	26,671
Foreign currency translation adjustment	4,429	5,746
Remeasurements of defined benefit plans	1,993	1,954
Total accumulated other comprehensive income	33,108	34,371
Non-controlling interests	904	908
Total net assets	265,907	271,604
Total liabilities and net assets	341,449	345,830

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

(Quarterly consolidated statements of income)

(For the three months period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	49,255	55,110
Cost of sales	30,030	32,229
Gross profit	19,225	22,880
Selling, general and administrative expenses	8,936	9,346
Operating profit	10,289	13,533
Non-operating income		
Interest income	62	94
Dividend income	558	560
Foreign exchange gains	1,115	888
Other	315	203
Total non-operating income	2,052	1,746
Non-operating expenses		
Interest expenses	25	28
Rental expenses on real estate	18	17
Expenses for disposal of fixed assets	23	23
Other	29	50
Total non-operating expenses	95	119
Ordinary profit	12,246	15,160
Extraordinary income		
Gain on sale of non-current assets	0	411
Gain on receipt of donated non-current assets	411	—
Gain on sale of investment securities	190	102
Compensation income	—	220
Other	—	1
Total extraordinary income	602	736
Extraordinary losses		
Loss on retirement of non-current assets	16	0
Loss on tax purpose reduction entry of non-current assets	—	1
Total extraordinary losses	16	2
Profit before income taxes	12,831	15,894
Income taxes	3,811	4,839
Profit	9,019	11,055
Profit attributable to non-controlling interests	6	7
Profit attributable to owners of parent	9,013	11,047

(Quarterly consolidated statements of comprehensive income)

(For the three months period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	9,019	11,055
Other comprehensive income		
Valuation difference on available-for-sale securities	2,879	(13)
Foreign currency translation adjustment	449	1,334
Remeasurements of defined benefit plans, net of tax	1	(39)
Total other comprehensive income	3,330	1,282
Comprehensive income	12,350	12,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,339	12,311
Comprehensive income attributable to non-controlling interests	10	26

(3) Notes on quarterly consolidated financial statements

(Notes on changes in accounting policies applied)

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

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, on October 28, 2022), etc. is applied from the first quarter of the fiscal year ending March 31, 2025. These changes had no impact on the quarterly consolidated financial statements.

(Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

As for tax expenses, the effective tax rate after the application of tax effect accounting to profit before income taxes is reasonably estimated for the consolidated fiscal year, which includes the first quarter of the current fiscal year, and the amount is calculated by multiplying quarterly profit before income taxes by the estimated effective tax rate.

However, for companies whose tax expenses are significantly less reasonable if calculated using the estimated effective tax rate, the amount calculated using the statutory tax rate is recorded.

(Notes on segment information, etc.)**I For the three months ended June 30, 2023 (from April 1, 2023, to June 30, 2023)****1. Information about the amounts of net sales and profit or loss by reportable segment**

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosives & Propulsion	Total				
Net sales								
(1) Sales to external customers	29,909	13,751	5,448	49,109	146	49,255	–	49,255
(2) Intersegment sales or transfers	959	183	2	1,145	2,018	3,164	(3,164)	–
Total	30,869	13,935	5,450	50,255	2,165	52,420	(3,164)	49,255
Segment profit	4,611	5,831	492	10,935	69	11,005	(715)	10,289

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

- An adjustment of negative 715 million yen in segment profit includes negative 23 million yen eliminated for intersegment transactions, and negative 692 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.
- Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

II. For the three months ended June 30, 2024 (from April 1, 2024, to June 30, 2024)**1. Information about the amounts of net sales and profit or loss by reportable segment**

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosives & Propulsion	Total				
Net sales								
(1) Sales to external customers	36,779	12,589	5,587	54,956	154	55,110	–	55,110
(2) Intersegment sales or transfers	1,080	238	3	1,322	2,174	3,496	(3,496)	–
Total	37,859	12,827	5,590	56,278	2,328	58,606	(3,496)	55,110
Segment profit	8,487	5,391	415	14,295	108	14,403	(870)	13,533

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

- An adjustment of negative 870 million yen in segment profit includes negative 52 million yen eliminated for intersegment transactions, and negative 817 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.
- Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

(Notes on substantial changes in the amount of shareholders' equity)

None applicable.

(Notes on going concern assumption)

None applicable.

(Notes to quarterly consolidated statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the first three months of the current fiscal year. In addition, depreciation (including amortization related to intangible assets excluding goodwill) for the first three months of the respective fiscal years is as follows:

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	1,555	1,682

(Revenue recognition)

The sales of the Company are mainly revenue recognized from contracts with customers, and the breakdown of the reportable segments of the Company by region for the first three months of the respective fiscal years is as follows:

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

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Total		
Net sales						
Japan	20,886	5,669	5,403	31,958	133	32,092
Asia	6,535	751	36	7,324	12	7,336
Europe	1,651	4,628	5	6,284	–	6,284
Others	836	2,702	3	3,542	–	3,542
Sales to customers	29,909	13,751	5,448	49,109	146	49,255

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

2. Sales are mostly revenue recognized from contracts with customers, and revenue recognized from other sources is not presented separately as it is not material.

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

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Total		
Net sales						
Japan	25,318	5,407	5,562	36,288	132	36,420
Asia	8,417	440	20	8,878	21	8,900
Europe	1,873	3,996	3	5,873	–	5,873
Others	1,169	2,744	0	3,915	–	3,915
Sales to customers	36,779	12,589	5,587	54,956	154	55,110

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

2. Sales are mostly revenue recognized from contracts with customers, and revenue recognized from other sources is not presented separately as it is not material.

(For Translation Purposes Only)

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

August 7, 2024

The Board of Directors
NOF CORPORATION

Ernst & Young ShinNihon LLC
Tokyo, Japan

Shigeyuki Kano
Designated Engagement Partner
Certified Public Accountant

Tetsuya Kawawaki
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of NOF CORPORATION and its consolidated subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at June 30, 2024, and the quarterly consolidated statements of income, comprehensive income for the three-month period ended June 30, 2024, and notes to the 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 Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

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

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are 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 Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant review findings.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.