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

August 9, 2024

Company name: DAIKI Aluminium Industry Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5702
URL: https://www.dik-net.com/
Representative: Shigenori Hayashi, President and Representative Director and Executive Officer
Contact: Hiroto Kurosu, Managing Executive Officer, General Manager, Administration Department
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Scheduled date of commencing dividend payments: –
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	62,551	(0.7)	816	(55.0)	834	(55.9)	524	(57.5)
June 30, 2023	63,021	(13.0)	1,816	(69.0)	1,892	(69.2)	1,233	(69.7)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥1,982 million [(31.1)%]
Three months ended June 30, 2023: ¥2,878 million [(52.8)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	12.96	12.76
June 30, 2023	30.46	30.00

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	144,936	73,489	50.1
As of March 31, 2024	138,679	72,062	51.4

(Reference) Equity: As of June 30, 2024: ¥72,631 million
As of March 31, 2024: ¥71,247 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	30.00	–	20.00	50.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		25.00	–	30.00	55.00

(Note) Revisions from the most recently announced dividends forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30 (Cumulative)	136,800	3.5	2,340	(14.8)	2,080	(22.3)	1,430	(44.7)	35.30
Full year	290,600	10.6	6,720	45.5	6,050	45.2	4,240	30.7	104.66

(Note) Revisions from the most recently announced financial results forecast: No

*** Notes:**

(1) Significant changes in the scope of consolidation during the period under review: Yes
Newly included: 1 company (company name) Daiki Aluminium Vietnam Co., Ltd.
Excluded: –

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

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

As of June 30, 2024:	43,629,235 shares
As of March 31, 2024:	43,629,235 shares

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

As of June 30, 2024:	3,117,611 shares
As of March 31, 2024:	3,117,611 shares

3) Average number of shares during the period (cumulative total):

Three months ended June 30, 2024:	40,511,624 shares
Three months ended June 30, 2023:	40,511,684 shares

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

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

(Cautionary note regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may vary significantly due to various factors. For the assumptions used for the earnings forecasts and the notes regarding the use thereof, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

(Reference)

1. Non-consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	37,457	(3.6)	(59)	(109.7)	138	(81.5)	74	(84.7)
June 30, 2023	38,844	(7.4)	615	(63.2)	748	(60.2)	486	(62.0)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	1.83	1.80
June 30, 2023	12.00	11.82

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30 (Cumulative)	82,300	7.2	370	(70.0)	930	(44.1)	740	(64.8)	18.27
Full year	168,300	11.6	1,500	(33.6)	3,340	(12.8)	2,730	(26.7)	67.39

(Note) Revisions from the most recently announced financial results forecast: No

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the three months ended June 30, 2024, the Japanese economy recovered slowly although it has recently shown signs of faltering. Going forward, we anticipate a gradual recovery will continue as the employment and income situations are improving in part thanks to various policies. We expect the global economy will avoid a significant slowdown and maintain growth, if gradual. However, downturns in overseas economies, affected by such factors as the impact associated with the continuation of high interest rates in Europe and the United States and concerns about the Chinese economic outlook resulting from a property market slump, are risks of putting downward pressure on the Japanese economy. Close attention should be paid to these as well as the impacts of rising prices, the situation in the Middle East, and changes in the financial and capital markets.

Amid this economic environment, in the domestic automobile-related market, which is our main source of demand, production activities of some automakers slowed due to certification irregularities and a recall problem. But as production and shipment have been restarted in phases recently, we expect the market will return on a domestic demand-driven growth track going forward. On the other hand, in the Southeast Asian market, recovery in automobile sales slowed, affected by such factors as interest rates on auto loans that remained at elevated levels.

As a result, the Group's consolidated net sales for the three months ended June 30, 2024 amounted to a combined total of ¥62,551 million (down 0.7% year on year), including ¥42,109 million in secondary aluminium alloy ingots (down 5.1% year on year) and ¥20,441 million in merchandise and raw materials (up 9.7% year on year).

As a result of failing to maintain sufficient spreads due to a failure to revise pricing in time to address cost increases in the face of significant year-on-year rises in production costs, including labor costs and raw material and energy prices, and a slumping demand for aluminum alloy, operating profit was ¥816 million (down 55.0% year on year), ordinary profit was ¥834 million (down 55.9% year on year), and profit attributable to owners of parent was ¥524 million (down 57.5% year on year).

With regard to a potential impact on our consolidated financial results due to the certification irregularities involving five automakers that came to light in early June, we currently consider that the impact on the financial results will be limited. If any matter arises that should be disclosed in the future, we will announce it immediately.

Situations of respective business segments are as follows.

As a result of failing to maintain sufficient spreads due to a failure to revise pricing in time to address cost increases in the face of significant year-on-year rises in production costs, including labor costs and raw material and energy prices, and a slumping demand for aluminum alloy, the secondary aluminium alloy business posted net sales of ¥61,779 million (down 0.9% year on year), operating profit of ¥747 million (down 59.5% year on year). As the die-cast products business remained on a gradual recovery track, the others segment posted net sales of ¥1,144 million (up 16.2% year on year) and operating profit of ¥69 million (vs. loss of ¥45 million a year earlier).

(2) Overview of Financial Position for the Period under Review

1) Current Assets

The balance of current assets as of June 30, 2024 was ¥110,691 million, up ¥5,172 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥2,457 million in cash and deposits, ¥1,135 million in merchandise and finished goods, and ¥2,029 million in raw materials and supplies.

2) Non-current Assets

The balance of non-current assets as of June 30, 2024 was ¥34,244 million, up ¥1,084 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥869 million in property, plant and equipment and ¥182 million in investment securities.

3) Current Liabilities

The balance of current liabilities as of June 30, 2024 was ¥61,660 million, up ¥4,779 million from the end of the previous fiscal year. This was mainly due to an increase of ¥5,056 million in short-term borrowings and a decrease of ¥493 million in notes and accounts payable - trade.

4) Non-current Liabilities

The balance of non-current liabilities as of June 30, 2024 was ¥9,785 million, up ¥50 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥10 million in retirement benefit liability and ¥122 million in deferred tax liabilities and a decrease of ¥85 million in long-term borrowings.

5) Net Assets

The balance of net assets as of June 30, 2024 was ¥73,489 million, up ¥1,427 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥58 million in valuation difference on available-for-sale securities, ¥99 million in deferred gains or losses on hedges and ¥1,284 million in foreign currency translation adjustment and a decrease of ¥30 million in retained earnings.

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

There are no changes to the consolidated financial results forecasts for the six months ending September 30, 2024 and the fiscal year ending March 31, 2025, which were disclosed on May 14, 2024 as part of the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP].”

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	6,379	8,837
Notes and accounts receivable - trade	52,861	53,570
Merchandise and finished goods	18,639	19,774
Work in process	183	183
Raw materials and supplies	21,227	23,256
Other	6,231	5,080
Allowance for doubtful accounts	(3)	(12)
Total current assets	105,519	110,691
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,434	20,968
Accumulated depreciation	(10,389)	(10,565)
Buildings and structures, net	10,045	10,403
Machinery, equipment and vehicles	36,248	37,351
Accumulated depreciation	(26,902)	(27,491)
Machinery, equipment and vehicles, net	9,345	9,860
Tools, furniture and fixtures	2,196	2,247
Accumulated depreciation	(1,680)	(1,736)
Tools, furniture and fixtures, net	515	511
Land	4,072	4,076
Leased assets	2,067	2,163
Accumulated depreciation	(407)	(448)
Leased assets, net	1,660	1,714
Construction in progress	375	319
Total property, plant and equipment	26,014	26,884
Intangible assets	151	161
Investments and other assets		
Investment securities	5,070	5,252
Long-term loans receivable	1	1
Retirement benefit asset	1,028	1,029
Deferred tax assets	362	383
Other	841	844
Allowance for doubtful accounts	(310)	(313)
Total investments and other assets	6,994	7,198
Total non-current assets	33,160	34,244
Total assets	138,679	144,936

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,256	9,762
Short-term borrowings	41,684	46,740
Accounts payable - other	1,851	1,559
Income taxes payable	586	198
Accrued consumption taxes	89	100
Accrued expenses	1,359	1,757
Provision for bonuses	283	195
Other	769	1,346
Total current liabilities	56,881	61,660
Non-current liabilities		
Long-term borrowings	6,435	6,349
Provision for retirement benefits for directors (and other officers)	10	10
Retirement benefit liability	367	378
Lease liabilities	132	133
Asset retirement obligations	298	299
Deferred tax liabilities	2,342	2,465
Other	148	148
Total non-current liabilities	9,735	9,785
Total liabilities	66,616	71,446
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,863	8,863
Retained earnings	49,179	49,148
Treasury shares	(1,337)	(1,337)
Total shareholders' equity	63,052	63,022
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,917	1,975
Deferred gains or losses on hedges	(24)	75
Foreign currency translation adjustment	5,889	7,173
Remeasurements of defined benefit plans	412	385
Total accumulated other comprehensive income	8,194	9,609
Share acquisition rights	142	142
Non-controlling interests	672	715
Total net assets	72,062	73,489
Total liabilities and net assets	138,679	144,936

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	63,021	62,551
Cost of sales	59,053	59,734
Gross profit	3,968	2,817
Selling, general and administrative expenses		
Transportation costs	947	760
Provision of allowance for doubtful accounts	–	1
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	43	37
Other	1,160	1,201
Total selling, general and administrative expenses	2,152	2,000
Operating profit	1,816	816
Non-operating income		
Interest income	17	22
Dividend income	71	57
Foreign exchange gains	144	90
Technical advisory fee income	1	1
Gain on sales of iron scrap	31	34
Compensation income	–	88
Other	82	66
Total non-operating income	348	362
Non-operating expenses		
Interest expenses	259	305
Share of loss of entities accounted for using equity method	–	24
Other	13	14
Total non-operating expenses	272	344
Ordinary profit	1,892	834
Extraordinary income		
Gain on sale of non-current assets	0	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	35	23
Total extraordinary losses	35	23
Profit before income taxes	1,857	814
Income taxes - current	589	258
Income taxes - deferred	29	31
Total income taxes	618	290
Profit	1,238	523
Profit (loss) attributable to non-controlling interests	5	(1)
Profit attributable to owners of parent	1,233	524

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	1,238	523
Other comprehensive income		
Valuation difference on available-for-sale securities	463	58
Deferred gains or losses on hedges	79	99
Foreign currency translation adjustment	1,106	1,326
Remeasurements of defined benefit plans, net of tax	(9)	(27)
Share of other comprehensive income of entities accounted for using equity method	–	1
Total other comprehensive income	1,640	1,458
Comprehensive income	2,878	1,982
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,865	1,940
Comprehensive income attributable to non-controlling interests	13	42

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in Scope of Consolidation or Scope of Application of the Equity Method)

Three months ended June 30, 2024
Significant change in the scope of consolidation During the three months ended June 30, 2024, the Company added Daiki Aluminium Vietnam Co., Ltd., whose importance has increased, in the scope of consolidation.

(Notes concerning Segment Information)

[Segment information]

I. Three months ended June 30, 2023

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statement of Income (Note 3)
	Secondary aluminium alloy				
Net sales					
Net sales to outside customers	62,048	972	63,021	–	63,021
Inter-segment net sales or transfers	275	12	288	(288)	–
Total	62,324	985	63,309	(288)	63,021
Segment income (loss)	1,846	(45)	1,801	15	1,816

(Notes) 1. "Others" is a business segment not categorized in the reportable segment. They include die-cast products business and aluminium melting furnace business.
2. The segment income (loss) adjustment of ¥15 million includes intersegment transactions elimination of ¥15 million.
3. Segment income (loss) is adjusted to the operating profit figure on the Quarterly Consolidated Statement of Income.

II. Three months ended June 30, 2024

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statement of Income (Note 3)
	Secondary aluminium alloy				
Net sales					
Net sales to outside customers	61,423	1,127	62,551	–	62,551
Inter-segment net sales or transfers	355	16	372	(372)	–
Total	61,779	1,144	62,924	(372)	62,551
Segment income (loss)	747	69	817	(1)	816

(Notes) 1. "Others" is a business segment not categorized in the reportable segment. They include die-cast products business and aluminium melting furnace business.
2. The segment income (loss) adjustment of ¥(1) million includes intersegment transactions elimination of ¥(1) million.
3. Segment income (loss) is adjusted to the operating profit figure on the Quarterly Consolidated Statement of Income.

(Revenue Recognition)

Information on disaggregation of revenue from contracts with customers

Three months ended June 30, 2023

(Million yen)

	Reportable segment	Others (Note)	Total
	Secondary aluminium alloy		
Japan	31,119	495	31,614
Asia (excluding Japan)	30,814	477	31,292
Europe	7	–	7
Other	107	–	107
Revenue from contracts with customers	62,048	972	63,021
Sales to outside customers	62,048	972	63,021

(Note) "Others" is a business segment not categorized in the reportable segment. They include die-cast products business and aluminium melting furnace business.

Three months ended June 30, 2024

(Million yen)

	Reportable segment	Others (Note)	Total
	Secondary aluminium alloy		
Japan	31,629	587	32,217
Asia (excluding Japan)	29,284	540	29,824
Europe	7	–	7
Other	502	–	502
Revenue from contracts with customers	61,423	1,127	62,551
Sales to outside customers	61,423	1,127	62,551

(Note) "Others" is a business segment not categorized in the reportable segment. They include die-cast products business and aluminium melting furnace business.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Consolidated Statements of Cash Flows)

The Company did not prepare quarterly consolidated statements of cash flows for the three months ended June 30, 2024. Depreciation for the three months ended June 30 (including amortization related to intangible assets excluding goodwill and long-term prepaid expenses) is as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	¥848 million	¥899 million

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

August 8, 2024

To: Board of Directors of DAIKI Aluminium Industry Co., Ltd.

Kenjiro Ikehata
Certified Public Accountant
Designated Limited Liability Partner and Engagement Partner

Mototsugu Yamanishi
Certified Public Accountant
Designated Limited Liability Partner and Engagement Partner

Deloitte Touche Tohmatsu LLC Osaka Office

Auditors' Conclusion

Deloitte Touche Tohmatsu LLC (the "Auditor") conducted an interim review of DAIKI Aluminium Industry Co., Ltd. (the "Company")'s quarterly consolidated financial statements for the first quarterly consolidated accounting period (from April 1, 2024 to June 30, 2024) and the first cumulative quarterly consolidated accounting period (from April 1, 2024 to June 30, 2024) of the consolidated fiscal year from April 1, 2024 to March 31, 2025. These financial statements are contained in the attachments of the quarterly consolidated financial results and comprised of the quarterly consolidated balance sheet, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income, and the notes.

In this interim review, the Auditor found, in all important aspects, no evidence that may lead it to believe that the aforementioned quarterly consolidated financial statements were not prepared in compliance with Article 4, Paragraph 1 of Tokyo Stock Exchange, Inc.'s preparation standards for quarterly financial statements or accounting standards for quarterly financial statements generally accepted in Japan. (We note, however, that the omission allowed under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements was applied.)

Basis for Auditors' Conclusion

The Auditor conducted an interim review in compliance with the standards for interim review generally accepted in Japan. The responsibilities of the Auditor under the standards for interim reviews are stipulated in "auditors' responsibilities in interim reviews on quarterly consolidated financial statements." In accordance with rules on professional ethics in Japan, the Auditor maintains independence from the Company and its consolidated subsidiary companies and fulfills other ethical responsibilities as an auditor. The Auditor believes it has obtained evidence that forms the basis for its conclusion.

Responsibilities of the Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the quarterly consolidated financial statements

The responsibility of the Management is to prepare quarterly consolidated financial statements in compliance with Article 4, Paragraph 1 of Tokyo Stock Exchange, Inc.'s preparation standards for quarterly financial statements and accounting standards for quarterly financial statements generally accepted in Japan. (We note, however, that the omission allowed under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements was applied.) This includes developing and operating internal control systems the Management

considers necessary to prepare the quarterly consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing quarterly consolidated financial statements, the Management is responsible to evaluate whether it is appropriate to prepare quarterly consolidated financial statements based on the going concern assumption and disclose any matters regarding the going concern assumption if doing so is determined to be necessary in accordance with Article 4, Paragraph 1 of Tokyo Stock Exchange, Inc.'s preparation standards for quarterly financial statements and accounting standards for quarterly financial statements generally accepted in Japan. (We note, however, that the omission allowed under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements was applied.)

The responsibility of Audit & Supervisory Board Members and the Audit & Supervisory Board is to monitor the directors' performance of their duties in developing and operating the financial reporting process.

Responsibility of the auditor in conducting interim review on quarterly consolidated financial statements

The responsibility of the auditor 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 the auditor conducted.

In accordance with standards for interim review generally accepted in Japan, the auditor exercises professional judgment throughout the process of the interim review and conducts the following, while maintaining professional skepticism.

· Question mainly the Management, persons responsible for matters related to financial and accounting affairs, etc. and follow analytical procedures and other interim review procedures. The interim review procedures are limited procedures compared to audit on full-year financial statements conducted in accordance with audit standards generally accepted in Japan.

· In the event that the auditor determines there is any event that raises significant doubt or any significant uncertainty regarding a situation in relation to the matters related to the going concern assumption, use the obtained evidence as the basis to conclude whether there is any matter that leads the auditor to believe the quarterly consolidated financial statements were not prepared in compliance with Article 4, Paragraph 1 of Tokyo Stock Exchange, Inc.'s preparation standards for quarterly financial statements or accounting standards for quarterly financial statements generally accepted in Japan. (We note, however, that the omission allowed under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements was applied.) Furthermore, the auditor is required, in the interim review report, to call attention to the notes to the quarterly consolidated financial statements if a material uncertainty is found about the going concern assumption and to express qualified or negative conclusions about the quarterly consolidated financial statements if the notes to the quarterly consolidated financial statements about material uncertainty are not appropriate. The auditor's conclusions are based on the evidence obtained by the date of the interim review report, but future events and situations may cause the company to cease to exist as a going concern.

· Evaluate the presentation of quarterly consolidated financial statements and notes to determine if there is any evidence that leads the auditor to believe they are not prepared in compliance with Article 4, Paragraph 1 of Tokyo Stock Exchange, Inc.'s preparation standards for quarterly financial statements or accounting standards for quarterly financial statements generally accepted in Japan. (We note, however, that the omission allowed under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements was applied.)

· Collect evidence of financial information of the Company and its consolidated subsidiaries that forms the basis for expressing conclusions about the quarterly consolidated financial statements. The auditor is responsible for directing, supervising and inspecting the interim review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor reports on the scope and the schedule of the planned interim review, and any significant findings of the interim review to the Audit & Supervisory Board Members and the Audit & Supervisory Board.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board that it maintained compliance with the rules on professional ethics in Japan regarding independence and any factors that are reasonably expected to affect independence of the auditor, as well as details of any measures taken to eliminate impediments or any safeguard introduced to reduce impediments to permissible levels.

Interests

Neither the Auditor nor its engagement partners have any interests in the Company or its consolidated subsidiaries that are required to be stated under the provisions of the Certified Public Accountants Act.

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