

Consolidated Financial Results for the Three Months Ended August 31, 2024 [Japanese GAAP]



September 30, 2024

Company name: TAKARA & COMPANY LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7921

URL: <https://www.takara-company.co.jp/>

Representative: AKUTSU Seiichiro, President and Representative Director

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Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: None

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

1. Consolidated Financial Results for the Three Months Ended August 31, 2024 (June 1, 2024 to August 31, 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended August 31, 2024	8,370	(0.6)	1,651	(9.9)	1,708	(9.1)	1,146	(10.7)
August 31, 2023	8,418	1.2	1,832	1.6	1,880	0.7	1,283	1.2

(Note) Comprehensive income: Three months ended August 31, 2024: ¥1,044 million [(24.4%)]

Three months ended August 31, 2023: ¥1,380 million [5.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2024	88.34	–
August 31, 2023	98.24	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2024	34,613	28,525	81.4
As of May 31, 2024	36,194	28,001	76.4

(Reference) Equity: As of August 31, 2024: ¥28,161 million

As of May 31, 2024: ¥27,645 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 May 31, 2024	–	40.00	–	40.00	80.00
Fiscal year ending May 31, 2025	–				
Fiscal year ending May 31, 2025 (Forecast)		45.00	–	45.00	90.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	Yen
Full year	30,000	2.5	4,300	1.6	2,900 (3.8)	223.46

(Note) Revisions to the financial result forecast most recently announced: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of accounting treatment specific to 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):

August 31, 2024: 13,153,293 shares

May 31, 2024: 13,153,293 shares

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

August 31, 2024: 175,934 shares

May 31, 2024: 175,785 shares

3) Average number of shares during the period: (cumulative from the beginning of the fiscal year):

Three months ended August 31, 2024: 12,977,445 shares

Three months ended August 31, 2023: 13,061,502 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 of the proper use of financial results forecast and other notes

(Caution regarding the forward-looking statements and others)

- The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions that the Company regards as reasonable and are not intended to guarantee that the Company will achieve these targets. Actual results may, therefore, differ materially from these statements for various reasons. For details on the specific assumptions on which the forecasts are based and cautionary statements regarding the use of financial forecasts, please see “1. Overview of Operating Results, etc., (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached documents.

(Supplementary briefing material on financial results)

- They will be available on the Company’s website promptly after the earnings announcement.

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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 August 31, 2024, the Japanese economy showed a gradual recovery, seeing an improvement in employment and wage conditions amid a strong resurgence of inbound tourism demand fueled by the economy's normalization and robust corporate earnings. However, several worrying factors possibly weighing on capital expenditures and personal consumption, such as still-elevated raw material and energy prices and persistent inflation, have cast a shadow of uncertainty.

Under these circumstances, in the domestic stock market, which is relevant to the Disclosure-related business of the Company and its consolidated subsidiaries (the "Group"), the Nikkei Stock Average once again recovered to the 40,000-yen level in early July against the backdrop of the expectations on Japan's full-blown economic recovery and the robust semiconductor stocks enjoying strong earnings growth. However, growing concern about the U.S. economy and an anticipated interest hike by the BOJ pushed the Nikkei Stock Average downward dramatically. In early August, it recorded the biggest intra-day drop and continued to be choppy, resulting in the Nikkei Stock Average being in the range of a 31,000 to 42,000-yen level.

In such a business environment, we believe that demand for responses to diversified and sophisticated information disclosure, including technological innovations in disclosure support systems, as well as the digitalization and globalization of businesses, will continue to gain traction.

In the Disclosure-related business, to meet the customers' needs that seek to increase their corporate value, we have made efforts to increase the number of companies implementing "WizLabo," an integrated business reporting system that facilitates their financial disclosure operations. We also continued to work on the digitization of general shareholder meeting processes, including "Net de Shoshu (online convocation)" and live/on-demand streaming of shareholder meetings. Meanwhile, we doubled down on our efforts to refine our value proposition, strengthen our production system, and enhance the quality of the various services. Such services include: IR support and translation services that facilitate more proactive engagement with stakeholders and further enhance disclosure of the company information to foreign investors, which are indispensable to adopting Japan's revised Corporate Governance Code and implementing management that is conscious of the cost of capital; voluntary disclosure-related services such as preparation of integrated reports to meet demand for enhanced disclosure of non-financial information, including sustainability information; and environment-related consulting services.

In the Interpreting and Translation business, the interpretation business saw an increase in the number of orders received and customers for various types of meetings and conferences, including both onsite meetings and hybrid meetings that combine face-to-face and online meetings because of a return of international conferences and events held in Japan and stable demands for internal online meetings, which was significantly boosted during the pandemic. The translation business enjoyed increased orders received. We strived to reinforce the organization structure and focus on improving cost rate such as by reviewing our operation process.

As a result, the Group's net sales for the three months ended August 31, 2024, decreased by ¥48 million, or 0.6%, year on year to ¥8,370 million. Operating profit decreased by ¥180 million, or 9.9%, year on year to ¥1,651 million, ordinary profit decreased by ¥171 million, or 9.1%, year on year to ¥1,708 million, and profit attributable to owners of parent decreased by ¥136 million, or 10.7%, year on year to ¥1,146 million.

Operating results by segment are as follows.

The figures for each segment are after offsetting and eliminating intersegment sales and transfers.

(Disclosure-related business)

Net sales of the Disclosure-related business segment decreased by ¥63 million, or 1.0%, year on year to ¥6,287 million and segment profit decreased by ¥158 million, or 9.9%, year on year to ¥1,440 million, due to a decrease in sales of the shareholders meeting convocation notices.

Results by product category in the Disclosure-related business were as follows.

- Products relating to the Financial Instruments and Exchange Act

Thanks to an increase in the number of companies implementing "WizLabo," an integrated business reporting system, and an increase in the sales of prospectus, net sales increased ¥36 million by, or 1.4%, year on year to ¥2,662 million.

- Products relating to the Companies Act

In Japan, many customers' fiscal years end in March; therefore, the deliveries of shareholders meeting-related products are generally concentrated in May and June. However, there is a trend toward earlier disclosure of shareholder meeting convocation notices, which brought the related sales forward to May 2024 during the previous fiscal year. As a result, net sales decreased by ¥213 million, or 11.4%, year on year to ¥1,658 million.

- Products relating to IR

Due to a decrease in the sales of business reports, net sales decreased by ¥1 million, or 0.1%, year on year to ¥1,496 million.

- Other products

Due to increased sales relating to public notices and other documents, net sales increased by ¥115 million, or 32.7%, year on year to ¥470 million.

Net sales of the Disclosure-related business in the first and fourth quarters tend to be higher than in other quarters due to seasonal fluctuations associated with the concentration of our customers' fiscal year-end in March.

(Interpreting & Translation business)

Net sales of the Interpreting & Translation business segment increased by ¥14 million, or 0.7%, year on year to ¥2,083 million.

The interpreting business has been normalizing since late 2023, after demand soared around May 2023, as the events and international conferences suspended or postponed during the pandemic resurged. Demands related to internal online meetings, which had grown during the pandemic, maintained their momentum, and the number of customers using meetings in various forms, such as on-site conferences and hybrid meetings that combine face-to-face and online meetings, increased; however, large-scale projects ran out of steam, resulting in a year-on-year decrease of sales.

In the translation business, sales increased year on year, though some fluctuations were seen in Japan and overseas depending on the industry and products.

On the profit side, segment profit decreased by ¥35 million, or 23.8%, year on year to ¥114 million, mainly attributable to higher SG&A expenses associated with reinforcing the structure and higher cost rate partly due to declining translation unit costs.

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

(Assets)

Current assets decreased by ¥1,338 million, or 6.2%, from the end of the previous fiscal year to ¥20,159 million. This was mainly due to decreases in notes and accounts receivable - trade of ¥2,631 million and work in process of ¥365 million, despite an increase in cash and deposits of ¥1,607 million.

Non-current assets decreased by ¥242 million, or 1.7%, from the end of the previous fiscal year to ¥14,453 million. This was mainly due to decreases in software of ¥116 million and investment securities of ¥82 million, despite an increase in deferred tax assets of ¥28 million.

As a result, total assets decreased by ¥1,581 million, or 4.4%, from the end of the previous fiscal year to ¥34,613 million.

(Liabilities)

Current liabilities decreased by ¥2,013 million, or 29.0%, from the end of the previous fiscal year to ¥4,933 million. This was mainly due to decreases in accounts payable - trade of ¥918 million and accrued expenses of ¥1,317 million, despite an increase in provision for bonuses of ¥431 million.

Non-current liabilities decreased by ¥92 million, or 7.4%, from the end of the previous fiscal year to ¥1,154 million. This was mainly due to decreases in long-term borrowings of ¥7 million and deferred tax liabilities of ¥82 million.

As a result, total liabilities decreased by ¥2,105 million, or 25.7%, from the end of the previous fiscal year to ¥6,087 million.

(Net assets)

Total net assets increased by ¥524 million, or 1.9%, from the end of the previous fiscal year to ¥28,525 million. This was mainly due to an increase resulting from the recording of profit attributable to owners of parent of ¥1,146 million, despite the payment of dividends of ¥519 million.

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

There is no revision to the full-year forecasts announced on July 9, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	14,640,894	16,248,129
Notes and accounts receivable - trade	5,508,455	2,877,084
Work in process	994,114	628,199
Raw materials and supplies	31,232	36,195
Other	335,239	379,094
Allowance for doubtful accounts	(11,283)	(8,820)
Total current assets	21,498,653	20,159,882
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,385,843	3,401,582
Accumulated depreciation	(2,720,461)	(2,732,522)
Buildings and structures, net	665,381	669,060
Machinery, equipment and vehicles	1,387,256	1,387,256
Accumulated depreciation	(1,216,198)	(1,228,228)
Machinery, equipment and vehicles, net	171,057	159,027
Land	3,130,576	3,130,576
Construction in progress	375,133	375,133
Other	984,347	997,419
Accumulated depreciation	(793,757)	(802,558)
Other, net	190,589	194,861
Total property, plant and equipment	4,532,737	4,528,657
Intangible assets		
Goodwill	1,900,789	1,848,411
Customer relationship	660,794	633,261
Software	1,711,062	1,594,529
Software in progress	193,949	252,911
Other	309,023	299,188
Total intangible assets	4,775,619	4,628,301
Investments and other assets		
Investment securities	3,332,550	3,250,272
Retirement benefit asset	1,116,711	1,064,552
Deferred tax assets	78,457	107,082
Other	862,136	876,818
Allowance for doubtful accounts	(1,871)	(1,871)
Total investments and other assets	5,387,984	5,296,853
Total non-current assets	14,696,341	14,453,812
Total assets	36,194,994	34,613,695

(Thousand yen)

	As of May 31, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,799,507	881,405
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	28,884	28,884
Income taxes payable	840,264	634,629
Accrued expenses	1,984,879	667,703
Contract liabilities	1,384,553	1,380,080
Provision for bonuses	—	431,453
Provision for bonuses for directors (and other officers)	44,003	7,515
Other	814,252	851,532
Total current liabilities	6,946,343	4,933,204
Non-current liabilities		
Long-term borrowings	28,188	20,967
Long-term accounts payable - other	69,377	69,377
Deferred tax liabilities	893,772	811,534
Retirement benefit liability	255,837	252,635
Total non-current liabilities	1,247,174	1,154,514
Total liabilities	8,193,518	6,087,719
Net assets		
Shareholders' equity		
Share capital	2,278,271	2,278,271
Capital surplus	4,433,053	4,433,053
Retained earnings	19,248,769	19,876,058
Treasury shares	(409,546)	(409,974)
Total shareholders' equity	25,550,549	26,177,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,127,041	1,064,591
Foreign currency translation adjustment	34,466	48,509
Remeasurements of defined benefit plans	933,129	870,878
Total accumulated other comprehensive income	2,094,637	1,983,979
Non-controlling interests	356,289	364,587
Total net assets	28,001,475	28,525,976
Total liabilities and net assets	36,194,994	34,613,695

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Thousand yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Net sales	8,418,741	8,370,196
Cost of sales	4,627,602	4,664,439
Gross profit	3,791,138	3,705,757
Selling, general and administrative expenses		
Promotion expenses	104,459	94,744
Freight and packing costs	55,825	51,178
Provision of allowance for doubtful accounts	(1,338)	(2,462)
Remuneration for directors (and other officers)	61,836	72,479
Salaries and allowances	750,926	808,620
Provision for bonuses	198,322	234,683
Provision for bonuses for directors (and other officers)	11,650	7,315
Retirement benefit expenses	10,723	(11,433)
Welfare expenses	173,206	186,685
Repair and maintenance expenses	28,234	29,639
Taxes and dues	65,660	77,859
Depreciation and amortization	63,704	67,795
Amortization of goodwill	52,378	52,378
Rent expenses	78,776	86,217
Other	304,089	298,327
Total selling, general and administrative expenses	1,958,454	2,054,029
Operating profit	1,832,683	1,651,727
Non-operating income		
Interest income	71	485
Dividend income	30,709	40,113
Foreign exchange gains	6,463	3,661
Commission income	4,998	4,080
Other	5,625	8,335
Total non-operating income	47,867	56,675
Non-operating expenses		
Interest expenses	453	280
Other	0	0
Total non-operating expenses	454	280
Ordinary profit	1,880,097	1,708,121
Extraordinary losses		
Loss on retirement of non-current assets	0	385
Loss on sale of investment securities	—	213
Loss on valuation of investment securities	1,203	—
Total extraordinary losses	1,203	598
Profit before income taxes	1,878,893	1,707,522
Income taxes - current	646,537	609,348
Income taxes - deferred	(58,508)	(55,223)
Total income taxes	588,028	554,124
Profit	1,290,864	1,153,398
Profit attributable to non-controlling interests	7,754	7,008
Profit attributable to owners of parent	1,283,110	1,146,389

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Profit	1,290,864	1,153,398
Other comprehensive income		
Valuation difference on available-for-sale securities	114,952	(62,422)
Foreign currency translation adjustment	12,026	15,304
Remeasurements of defined benefit plans, net of tax	(37,679)	(62,251)
Total other comprehensive income	89,299	(109,369)
Comprehensive income	1,380,163	1,044,029
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,371,194	1,035,731
Comprehensive income attributable to non-controlling interests	8,969	8,297

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on segment information, etc.)

1. Disclosure of net sales and profit (loss) for each reportable segment, and breakdown of revenue

For the three months ended August 31, 2023

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	2,625,360	—	2,625,360	—	2,625,360
Products relating to Companies Act	1,872,644	—	1,872,644	—	1,872,644
Products relating to IR	1,498,090	—	1,498,090	—	1,498,090
Other products	354,158	—	354,158	—	354,158
Interpreting & Translation business	—	2,068,487	2,068,487	—	2,068,487
Revenue from contracts with customers	6,350,253	2,068,487	8,418,741	—	8,418,741
Net sales to external customers	6,350,253	2,068,487	8,418,741	—	8,418,741
Transactions with other segments	296	310,326	310,623	(310,623)	—
Total	6,350,550	2,378,813	8,729,364	(310,623)	8,418,741
Segment profit	1,598,646	150,421	1,749,068	83,615	1,832,683

Notes: 1. ¥83,615 thousand of the adjustment amount for segment profit includes ¥(771,845) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥855,461 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

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

For the three months ended August 31, 2024

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	2,662,094	—	2,662,094	—	2,662,094
Products relating to Companies Act	1,658,645	—	1,658,645	—	1,658,645
Products relating to IR	1,496,279	—	1,496,279	—	1,496,279
Other products	470,073	—	470,073	—	470,073
Interpreting & Translation business	—	2,083,102	2,083,102	—	2,083,102
Revenue from contracts with customers	6,287,093	2,083,102	8,370,196	—	8,370,196
Net sales to external customers	6,287,093	2,083,102	8,370,196	—	8,370,196
Transactions with other segments	—	308,745	308,745	(308,745)	—
Total	6,287,093	2,391,848	8,678,942	(308,745)	8,370,196
Segment profit	1,440,229	114,561	1,554,791	96,935	1,651,727

Notes: 1. ¥96,935 thousand of the adjustment amount for segment profit includes ¥(1,325,777) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,422,713 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

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

(Notes in case of significant changes in shareholders' equity)

Not applicable

(Notes on going concern assumption)

Not applicable

(Notes on statements of cash flows)

We have not prepared quarterly consolidated statements of cash flows for the three months ended August 31, 2024.

The depreciation and amortization (including amortization related to intangible non-current assets excluding goodwill) and amortization of goodwill are as follow.

(Thousand yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Depreciation and amortization	251,406	248,992
Amortization of goodwill	52,378	52,378

The original Independent Auditor's Interim Review Report is in Japanese. This is an English translation of the Independent Auditor's Interim Review Report as required by the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements for the reader's convenience.

Independent Auditor's Interim Review Report

September 30, 2024

To the Board of Directors of TAKARA & COMPANY LTD.

Izumi Audit Co.
Shinjuku, Tokyo

Representative Partner
Managing Partner
Certified Public Accountant

OHASHI Go

Managing Partner
Certified Public Accountant

YAMASHITA Satoshi

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of TAKARA & COMPANY LTD. (the "Company") and its consolidated subsidiaries (the "Group"), which comprise the quarterly consolidated balance sheets as August 31, 2024, the quarterly consolidated statements of income and comprehensive income for the three months ended August 31, 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.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors of the Company are responsible for overseeing Directors' performance of duties in relation to the development and execution of the financial reporting process.

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

Our responsibility is to express in our review report a conclusion on these quarterly consolidated financial statements based on our review from an independent standpoint.

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 on year-end financial statements 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 Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the review and significant review findings.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and 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.

Conflicts of Interest

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.

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- Notes: 1. The original of the above interim review report is kept separately by the Company (the reporting company of the Quarterly Financial Results).
2. The associated XBRL data and HTML data are not included in the scope of the quarterly review.