Quarterly Securities Report

(The English translation of the "Shihanki-Houkokusho"
for the first quarter of the 75th term)

from December 1, 2023
to February 29, 2024

TOSEI CORPORATION

4-5-4, Shibaura, Minato-ku, Tokyo, Japan

(E04021)

This is an English translation prepared for the convenience of non-resident shareholders by translating the Quarterly Securities Report (Shihanki-Houkokusho) submitted to the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on April 10, 2024. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Table of Contents

Cover

A. Company Information 1
I. Overview of the Tosei Group 1
1. Trends in principal management benchmarks 1
2. Business description 1
II. Review of operations 2
1. Business and other risks 2
2. Management analysis of financial position, operating results and cash flows 2
3. Important operational contracts, etc. 5
III. Filing company 6
1. Information on the Company (Tosei)'s shares, etc. 6
(1) Total number of authorized shares, etc. 6
(2) Status of stock acquisition rights 6
(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause 6
(4) Trends in total number of issued shares, share capital, etc. 6
(5) Status of major shareholders 6
(6) Status of voting rights 7
2. Status of Officers 7
IV. Accounting 8
1. Condensed Quarterly Consolidated Financial Statements 9
(1) Condensed Quarterly Consolidated Statement of Financial Position 9
(2) Condensed Quarterly Consolidated Statement of Comprehensive Income 10
(3) Condensed Quarterly Consolidated Statement of Changes in Equity 11
(4) Condensed Quarterly Consolidated Statement of Cash Flows 12
(5) Notes to Condensed Quarterly Consolidated Financial Statements 13
2. Other 21
B. Information on Guarantee Companies, etc. of Filing Company 22

[Quarterly Review Report of Independent Auditors]

[Cover]

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Company name (English):	TOSEI CORPORATION
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Places where the document to be filed is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

A. Company Information

I. Overview of the Tosei Group

1. Trends in principal management benchmarks

Term	74th term First three months	75th term First three months	74th term
Accounting period	From December 1, 2022 to February 28, 2023	From December 1, 2023 to February 29, 2024	From December 1, 2022 to November 30, 2023
Revenue (¥ thousand)	31,052,331	34,868,582	79,446,329
Profit before tax (¥ thousand)	6,488,045	9,191,963	15,310,707
Profit attributable to owners of parent (¥ thousand)	4,416,708	6,435,471	10,507,095
Comprehensive income for the period attributable to owners of parent (¥ thousand)	4,369,937	6,530,582	10,542,923
Total equity (¥ thousand)	74,170,429	85,705,327	82,319,282
Total assets (¥ thousand)	210,192,743	245,149,557	245,329,690
Basic earnings per share (¥)	93.55	132.98	219.74
Diluted earnings per share (¥)	93.36	132.81	219.32
Ratio of equity attributable to owners of the parent to total assets (%)	35.3	34.8	33.4
Net cash from (used in) operating activities (¥ thousand)	13,386,081	16,098,731	5,722,006
Net cash from (used in) investing activities (¥ thousand)	(2,383,961)	(9,262,678)	(16,102,356)
Net cash from (used in) financing activities (¥ thousand)	(5,694,488)	(6,692,644)	17,805,721
Cash and cash equivalents at end of period (¥ thousand)	37,074,725	39,342,101	39,197,843

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as the Company prepares quarterly consolidated financial statements.
2. The above benchmarks are based on the quarterly consolidated financial statements and consolidated financial statements that were prepared in compliance with the International Financial Reporting Standards (hereinafter "IFRS").

2. Business description

During the three months ended February 29, 2024, there were no significant changes in business activities operated by the Tosei Group (the Company and its subsidiaries and affiliates) from the previous fiscal year.

Changes in major subsidiaries and associates include the exclusion of Sanki-shoji Co., Ltd. from the scope of consolidation, in conjunction with the completion of its liquidation.

II. Review of operations

1. Business and other risks

There were no business and other risks that newly arose during the three months ended February 29, 2024. In addition, there were no significant changes in "Business and other risks" described in the annual securities report for the previous fiscal year.

2. Management analysis of financial position, operating results and cash flows

Forward-looking statements included in this section are judged by information available to the Group's management as of February 29, 2024.

(1) Recognition, analysis and contents for discussions of the Group's operating results from the viewpoint of management

1) Recognition, analysis and contents for discussion of business environment and business performance

During the three months ended February 29, 2024, the Japanese economy showed a gradual recovery due to the improved employment and income environments and the effects of various government policies, although personal consumption seemed to have stalled somewhat. Meanwhile, global credit tightening, uncertainty over the future of the Chinese economy, and the situation in the Middle East are posing downward risks to the domestic economy, and therefore it remains necessary to continue closely monitoring these factors, along with rising prices, foreign exchange trends, fluctuations in the financial and capital markets, and other factors.

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2023 increased by 4.0% year on year to ¥3.4 trillion, with Tokyo ranking fifth in the world for real estate investments by city (ranked 16th in 2022). Despite the slowdown in investments in domestic real estate by foreign capital in the latter half of 2023 due to the expectations of higher domestic interest rates ahead and the worsening market conditions of overseas real estate, the influx of investment funds into domestic real estate is expected to continue against the backdrop of a relatively favorable fund-raising environment and the weakening yen, among other factors (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units for the whole of 2023 decreased by 9.1% year on year to 26,886 units, due partly to soaring land and construction costs as well as supply-side control, and the average price per unit reached a record-breaking ¥81.01 million (compared to ¥62.88 million in the whole of 2022). Although 31,000 units are projected to be supplied in the whole of 2024, the trend for supply-side control is expected to continue, and compounded with soaring construction costs, prices of condominiums are expected to continue rising. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted for the whole of 2023 slightly exceeded the levels of the previous fiscal year at 35,987 units (up 1.6% year on year) and the average contract price per unit as of January 2023 was ¥46.75 million (down 3.5% year on year). Additionally, in the build-for-sale detached house market, housing starts for the whole of 2023 were 59,412 units (the same level as the previous fiscal year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the whole of 2023 were ¥1,212 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 15.6% year on year) for steel reinforced concrete structures and ¥674 thousand per tsubo (an increase of 15.9% year on year) for wooden structures. As for the current prices of building materials, steel prices remain high, which has resulted in the construction cost of steel reinforced concrete structures skyrocketing to ¥1,742 thousand per tsubo (an increase of 50.5% year on year), as of January 2024, while the construction cost of wooden structures was ¥698 thousand per tsubo (an increase of 16.4% year on year). Construction costs have been generally rising backed by rising prices and soaring personnel costs among other factors, and this rising trend is expected to continue going forward (according to a survey by the Ministry of Land, Infrastructure, Transport and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of January 2024 was 5.8% (a decrease of 0.4 percentage points year on year). The vacancy rate is expected to slowly decline toward the end of the year, as the massive supply of new office buildings in 2023 is being filled up and also due to the limited supply of new office buildings expected in 2024. In addition, the average asking rent as of January 2024 was ¥ 19,730 per tsubo (a decrease of 1.5% year on year). Thus, we have

been seeing a slowdown in the pace of decline in rent, thanks to a recovery in demand as workers go back to the office (according to a survey by a private research institute).

The condominium leasing market continued to be robust and the average asking rent of apartments in the Tokyo metropolitan area as of January 2024 was ¥11,801 per tsubo (an increase of 5.3% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area, as of October 31, 2023, was 97.0% (the same level as the same period of the previous fiscal year). Asking rent and occupancy rates remain firm, thanks to the growing demand for rental apartments associated with the rise in condominium prices and other factors (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of January 2024 was 9.68 million tsubo (an increase of 12.8% year on year) and the vacancy rate rose to 7.1% (an increase of 2.7 percentage points year on year), as the rising trend of the vacancy rate continued reflecting the increase in the supply of new facilities. Additionally, the asking rent as of January 2024 was ¥4,620 per tsubo (an increase of 2.4% year on year). Asking rent has generally remained flat due to the back and forth between the downward pressure on rents from the easing of supply and demand and the upward pressure on rents as a result of soaring construction costs (according to a survey by a private research institute).

The market scale of the real estate fund market continues to expand. J-REIT assets under management in January 2024 totaled ¥22.7 trillion (an increase of ¥0.8 trillion year on year) and assets under management in private placement funds totaled ¥35.0 trillion (as of December 31, 2023, an increase of ¥5.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥57.7 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, for the whole of 2023, the average guest room occupancy rate was 80.0% (an increase of 21.6 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 97.30 million (an increase of 65.8% year on year), as the robust recovery in domestic and inbound demand continued. Going forward, inbound demand is expected to continue to fuel hotel demand, and rises in occupancy rates and increases in the total number of hotel guests are expected to continue (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Revitalization Business and the Development Business, the Group proceeded with property sales and the acquisition of income-generating properties and various types of land for development as future sources of income. In the Fund and Consulting Business, the Group increased its balance of assets under management, while in the Hotel Business, it made efforts to recover business performance.

As a result, consolidated revenue for the three months ended February 29, 2024 totaled ¥34,868 million (up 12.3% year on year), operating profit was ¥9,585 million (up 41.4%), profit before tax was ¥9,191 million (up 41.7%), and profit attributable to owners of the parent was ¥6,435 million (up 45.7%).

Performance by business segment is shown below.

Revitalization Business

During the three months ended February 29, 2024, the segment sold 20 properties it had renovated and 30 pre-owned condominium units, including T's garden Nishi Terao (Yokohama-shi, Kanagawa), Mikawashima Tosei Building (Arakawa-ku, Tokyo), Field Yoyogi Uehara (Shibuya-ku, Tokyo).

During the three months ended February 29, 2024, it also acquired a total of 5 income-generating office buildings and apartments, 27 pre-owned condominium units.

As a result, revenue in this segment was ¥15,487 million (down 34.7% year on year) and the segment profit was ¥3,119 million (down 38.4%).

Development Business

During the three months ended February 29, 2024, the segment sold T's Logi Ome (Nishitama-gun, Tokyo) which is a logistic facility, T'S BRIGHTIA Jiyugaoka (Meguro-ku, Tokyo) which is a commercial facility and sold 4 detached houses at such property as THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo).

During the three months ended February 29, 2024, it also acquired a land lot for rental apartment project, four land lots for rental wooden apartment projects and land lots for 20 detached houses.

As a result, revenue in this segment was ¥13,034 million (up 643.7% year on year) and the segment profit was ¥4,731 million (in comparison with segment profit of ¥215 million in the same period of the previous fiscal year).

Rental Business

During the three months ended February 29, 2024, the Company focused on leasing out its rental properties.

As of February 29, 2024, the number of rental properties decreased by 13 from 114 at the end of the previous fiscal year to 101, as the segment acquired four properties, and begin offering for rental of two properties, sold 17 properties, and terminated the leasing of two properties.

As a result, revenue in this segment was ¥1,782 million (up 14.5% year on year) and the segment profit was ¥827 million (up 9.0%).

Fund and Consulting Business

During the three months ended February 29, 2024, while ¥17,045 million was subtracted due mainly to property dispositions by funds, ¥101,009 million added due to new asset management contracts, from the balance of assets under management (Note) ¥2,352,454 million for the end of the previous fiscal year. The balance of assets under management as of February 29, 2024, was ¥2,436,418 million.

As a result, revenue in this segment was ¥1,557 million (down 5.9% year on year) and the segment profit was ¥925 million (down 12.7%).

Note: The balance of assets under management includes the balance of assets that were subject to consulting contracts, etc.

Property Management Business

During the three months ended February 29, 2024, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 867 as of February 29, 2024, an increase of 55 from February 28, 2023, with the total comprising 518 office buildings, hotels, logistic facilities and other such properties, and 349 condominiums and apartments.

As a result, revenue in this segment was ¥1,643 million (up 3.6% year on year) and segment profit was ¥289 million (up 9.9%).

Hotel Business

During the three months ended February 29, 2024, as domestic economic activities went back to normal and inbound demand continued to recover, the segment made efforts to improve the occupancy rates and the guest room rates of all eight hotels including the Tosei Hotel COCONE Tsukiji Ginza Premier (Chuo-ku, Tokyo), which opened in September 2023.

As a result, revenue in this segment was ¥1,362 million (up 73.8% year on year) and segment profit was ¥414 million (up 191.4% year on year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, transactions remained robust thanks to real estate investors both in Japan and overseas, due to such factors as Japan's relatively wide yield gap compared to other countries and the continuing appeal of the stable rental market, despite certain level of concerns for a slowdown in the real estate sales market, reflecting the mounting expectations for a rise in domestic interest rates.

Under such an operating environment, for the first three months ended February 29, 2024, the Group's financial results were off to an extremely good start backed by strong performances in each of the Group's businesses including real estate sales, with consolidated revenue of ¥34.8 billion (up 12.3% year on year), operating profit of ¥9.5 billion (up 41.4% year on year), and profit before tax of ¥9.1 billion (up 41.7% year on year), achieving 37.9% of the full-year forecast based on revenue and 55.7% based on profit before tax.

As for the operating segments, the Revitalization Business saw brisk sales of income-generating apartments and office buildings whose NOI had been improved through the Company's renovations, including the major income-generating apartment, T's garden Nishi-terao, which had been transformed from an idle company housing to a rental apartment for families. In the Development Business, the transaction business drove the Group's overall profit, including the sales of the major logistics facility, T's Logi Ome and the commercial facility, T's BRIGHTIA Jiyugaoka. Additionally, in the Stock and Fee Business, the Company's stable source of income, each business progressed strongly including the Hotel Business and the Rental Business. In particular, in the Fund and Consulting Business, the Group's focus business, the balance of assets under management exceeded ¥2.4 trillion (an increase of ¥83.9 billion from the end of the previous fiscal year).

The Monetary Policy Meeting held in March 2024 decided to lift the Bank of Japan's negative interest rate policy. Given that the short-term interest rate target will be raised to a moderate 0%-0.1% and that the extremely

accommodative monetary environment will continue for the time being, the Company expects its impact on the domestic real estate investment market to be limited. Meanwhile, as investors are expected to become more selective in their choice of properties and changes to investment strategies are on the horizon, the Company will closely monitor the trends in the real estate market and continue to promote proactive business activities.

(2) Analysis of Financial Positions

As of February 29, 2024, total assets were ¥245,149 million, a decrease of ¥180 million compared with November 30, 2023, while total liabilities were ¥159,444 million, a decrease of ¥3,566 million.

Decrease of total assets were due to a decrease in Inventories despite an increase in Trade and other receivables. Decrease in total liabilities were due to a decrease in Interest-bearing liabilities despite an increase in Trade and other payables.

Total equity increased by ¥3,386 million to ¥85,705 million, mainly due to an increase in retained earnings and payment of cash dividends.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of February 29, 2024 totaled ¥39,342 million, up ¥144 million compared with November 30, 2023.

The cash flows for the three months ended February 29, 2024 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥16,098 million (up 20.3% year on year). This is mainly attributed to the profit before tax of ¥9,191 million, a decrease in inventories of ¥9,419 million, and income taxes paid of ¥3,188 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥9,262 million (up 288.5% year on year). This is mainly due to payments of loans receivable of ¥7,418 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥6,692 million (up 17.5% year on year). This mainly reflects ¥17,927 million in the repayments of non-current borrowings and ¥3,141 million in cash dividends paid, despite ¥14,490 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the three months ended February 29, 2024, there was no significant change in issues to be addressed by the Tosei Group.

The Group has set the basic policy regarding the persons who control the decision-making on the financial and business policies of the Company, but there have been no material changes during the cumulative quarter after the date of submission of the securities report in the previous fiscal year.

(5) Research and development activities

No item to report.

3. Important operational contracts, etc.

No important operational contracts, etc. were determined or entered into during the first quarter of the fiscal year under review.

III. Filing company

1. Information on the Company (Tosei)'s shares, etc.

(1) Total number of authorized shares, etc.

a. Total number of authorized shares

Class	Total number of authorized shares (shares)
Ordinary shares	150,000,000
Total	150,000,000

b. Number of shares issued

Class	Number of issued shares (Shares: as of February 29, 2024)	Number of issued shares (Shares: as of the date of filing: April 10, 2024)	Name of financial instruments exchange where the stock of Tosei is traded or the name of authorized financial instruments firms association where Tosei is registered	Details
Ordinary shares	48,683,800	48,683,800	Tokyo Stock Exchange (Prime Market), Singapore Exchange (Mainboard)	Share unit number: 100
Total	48,683,800	48,683,800	–	–

(2) Status of stock acquisition rights

1) The detail of the stock option system

No item to report.

2) Details of other stock acquisition rights, etc.

No item to report.

(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause

No item to report.

(4) Trends in total number of issued shares, share capital, etc.

Date	Fluctuation in the number of issued shares (Shares)	Balance of issued shares (Shares)	Fluctuation in share capital (¥ thousand)	Balance of share capital (¥ thousand)	Fluctuation in capital reserves (¥ thousand)	Balance of capital reserves (¥ thousand)
From December 1, 2023 to February 29, 2024	―	48,683,800	―	6,624,890	―	6,708,366

(5) Status of major shareholders

There is no item to report due to the reporting period being a first quarter of a fiscal year.

(6) Status of voting rights

The following status of voting rights is prepared based on the shareholder registry as of November 30, 2023, which is the latest record date, as the information as of February 29, 2024 is not yet available.

a. Issued shares

(As of February 29, 2024)

Classification	Number of shares (Shares)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares held) Ordinary shares 306,700	–	–
Shares with full voting rights (Other)	Ordinary shares 48,360,000	483,600	–
Shares less than one unit	Ordinary shares 17,100	–	–
Total number of issued shares	48,683,800	–	–
Voting rights owned by all shareholders	–	483,600	–

Note:1. The number of "Shares with full voting rights (Other)" includes 400 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes 4 units of voting rights related to shares with full voting rights in its name.

2. Number of ordinary shares in "Shares less than one unit" includes 65 shares of treasury shares.

b. Treasury shares, etc.

(As of February 29, 2024)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of number of shares held in the total number of issued shares (%)
(Treasury shares held) TOSEI CORPORATION	4-5-4, Shibaura, Minato-ku, Tokyo, Japan	306,700	―	306,700	0.62
Total	–	306,700	―	306,700	0.62

Note: The number of shares decreased by 44,500 shares due to the exercise of stock acquisition rights. As a result, the number of treasury shares as of February 29, 2024 stands at 262,265 shares.

2. Status of Officers

There was no change in Officers during the three months ended February 29, 2024 after the filing date of annual securities report for the previous fiscal year.

IV. Accounting

1. Preparation policy of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” under the provision of Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Audit attestation

The condensed quarterly consolidated financial statements for the first quarter of the fiscal year ending November 30, 2024 (from December 1, 2023 to February 29, 2024) and for the first three months of the fiscal year ending November 30, 2024 (from December 1, 2023 to February 29, 2024) were reviewed by Shinsoh Audit Corporation pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	Notes	As of November 30, 2023	As of February 29, 2024
Assets			
Current assets			
Cash and cash equivalents	10	39,197,843	39,342,101
Trade and other receivables	10	5,348,785	13,240,592
Inventories	6	118,252,139	108,873,135
Other current assets		32,256	27,626
Total current assets		162,831,025	161,483,456
Non-current assets			
Property, plant and equipment		33,018,001	32,809,554
Investment properties		37,805,499	37,702,002
Goodwill		1,401,740	1,401,740
Intangible assets		138,914	137,420
Trade and other receivables	10	1,440,172	1,384,539
Other financial assets	10	7,826,991	9,739,432
Deferred tax assets		839,334	463,399
Other non-current assets		28,010	28,010
Total non-current assets		82,498,665	83,666,101
Total assets		245,329,690	245,149,557
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	6,107,625	7,485,914
Interest-bearing liabilities	10	13,783,385	15,315,905
Current income tax liabilities		3,269,414	2,593,000
Provisions		1,193,060	379,569
Total current liabilities		24,353,486	25,774,390
Non-current liabilities			
Trade and other payables	10	4,207,480	4,026,028
Interest-bearing liabilities	10	132,804,369	128,122,527
Retirement benefits obligations		761,387	733,147
Provisions		85,122	85,328
Deferred tax liabilities		798,561	702,807
Total non-current liabilities		138,656,921	133,669,840
Total Liabilities		163,010,408	159,444,230
Equity			
Share capital		6,624,890	6,624,890
Capital reserves		7,200,518	7,196,538
Retained earnings		68,139,668	71,363,384
Treasury shares		(335,327)	(286,688)
Other components of equity		416,935	530,918
Total equity attributable to owners of parent		82,046,685	85,429,042
Non-controlling interests		272,596	276,284
Total equity		82,319,282	85,705,327
Total liabilities and equity		245,329,690	245,149,557

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2023	Three months ended February 29, 2024
Revenue	5,7	31,052,331	34,868,582
Cost of revenue		21,148,431	21,100,858
Gross profit		9,903,900	13,767,724
Selling, general and administrative expenses		3,234,839	3,633,759
Other income		116,163	10,767
Other expenses		4,139	559,128
Operating profit	5	6,781,084	9,585,604
Finance income		3,891	12,279
Finance costs		296,931	405,919
Profit before tax		6,488,045	9,191,963
Income tax expense		2,071,336	2,752,803
Profit for the period		4,416,708	6,439,159
Other comprehensive income			
Other comprehensive income Items that will not be reclassified to profit or loss			
Net change in financial assets measured at fair values through other comprehensive income		(44,892)	126,916
Remeasurements of defined benefit pension plans		—	(18,872)
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss		(44,892)	108,044
Other comprehensive income Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		295	2,953
Net change in fair values of cash flow hedges		(2,173)	(15,887)
Subtotal of other comprehensive income Items that may be reclassified to profit or loss		(1,878)	(12,933)
Other comprehensive income for the period, net of tax		(46,771)	95,110
Total comprehensive income for the period		4,369,937	6,534,270
Profit attributable to:			
Owners of parent		4,416,708	6,435,471
Non-controlling interests		—	3,687
Profit for the period		4,416,708	6,439,159
Total comprehensive income attributable to:			
Owners of parent		4,369,937	6,530,582
Non-controlling interests		—	3,687
Total comprehensive income for the period		4,369,937	6,534,270
Earnings per share attributable to owners of the parent			
Basic earnings per share (¥)	9	93.55	132.98
Diluted earnings per share (¥)	9	93.36	132.81

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended February 28, 2023 (December 1, 2022 – February 28, 2023)

(¥ thousand)

		Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2022		6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	72,290,677
Profit for the period				4,416,708			4,416,708	4,416,708
Other comprehensive income						(46,771)	(46,771)	(46,771)
Total comprehensive income for the period		—	—	4,416,708	—	(46,771)	4,369,937	4,369,937
Amount of transactions with owners								
Purchase of treasury shares			(2,619)		(113,831)		(116,451)	(116,451)
Disposal of treasury shares			(3,238)		39,748		36,510	36,510
Dividends of surplus	8			(2,410,243)			(2,410,243)	(2,410,243)
Balance at February 28, 2023		6,624,890	6,769,673	62,036,459	(1,607,753)	347,158	74,170,429	74,170,429

Three months ended February 29, 2024 (December 1, 2023 – February 29, 2024)

(¥ thousand)

		Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2023		6,624,890	7,200,518	68,139,668	(335,327)	416,935	82,046,685	272,596	82,319,282
Profit for the period				6,435,471			6,435,471	3,687	6,439,159
Other comprehensive income						95,110	95,110		95,110
Total comprehensive income for the period		—	—	6,435,471	—	95,110	6,530,582	3,687	6,534,270
Amount of transactions with owners									
Disposal of treasury shares			(3,979)		48,638		44,658		44,658
Dividends of surplus	8			(3,192,884)			(3,192,884)		(3,192,884)
Transfer from other components of equity to retained earnings				(18,872)		18,872	—		—
Balance at February 29, 2024		6,624,890	7,196,538	71,363,384	(286,688)	530,918	85,429,042	276,284	85,705,327

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2023	Three months ended February 29, 2024
Cash flows from operating activities			
Profit before tax		6,488,045	9,191,963
Depreciation expense		386,643	391,591
Increase (decrease) in provisions and retirement benefits obligations		(731,496)	(841,143)
Interest and dividend income		(3,891)	(12,279)
Interest expenses		296,931	405,919
Decrease (increase) in trade and other receivables		4,455,728	96,705
Decrease (increase) in inventories		4,361,145	9,419,105
Increase (decrease) in trade and other payables		819,765	451,058
Other, net		(97,257)	(31,588)
Subtotal		15,975,613	19,071,333
Interest and dividend income received		190,563	210,522
Income taxes paid		(2,780,096)	(3,188,847)
Income taxes refund		—	5,722
Net cash from (used in) operating activities		13,386,081	16,098,731
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,062)	(41,584)
Purchase of investment properties		(451,711)	(19,975)
Purchase of intangible assets		(8,076)	(10,235)
Payments of loans receivable		(281,000)	(7,418,621)
Collection of loans receivable		2,096	1,778
Purchase of other financial assets		(55,660)	(1,730,647)
Collection of other financial assets		3,846	1,153
Payments for acquisition of subsidiaries		(1,581,393)	(46,190)
Other, net		—	1,642
Net cash from (used in) investing activities		(2,383,961)	(9,262,678)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		165,004	536,450
Proceeds from non-current borrowings		12,918,400	14,490,575
Repayments of non-current borrowings		(15,845,572)	(17,927,212)
Redemption of bonds		(10,000)	(10,000)
Repayments of lease obligations		(105,529)	(269,944)
Cash dividends paid		(2,370,212)	(3,141,911)
Purchase of treasury shares		(113,831)	—
Proceeds from disposal of treasury shares		36,618	44,767
Interest expenses paid		(369,364)	(415,367)
Net cash from (used in) financing activities		(5,694,488)	(6,692,644)
Net increase (decrease) in cash and cash equivalents		5,307,631	143,408
Cash and cash equivalents at beginning of period		31,767,008	39,197,843
Effect of exchange rate change on cash and cash equivalents		84	849
Cash and cash equivalents at end of period		37,074,725	39,342,101

(5) Notes on Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

Tosei Corporation (hereinafter, the "Company") is a share company located in Japan whose shares are listed on the Prime Market of the Tokyo Stock Exchange and the Mainboard of Singapore Exchange. The Company's condensed quarterly consolidated financial statements for the three months ended February 29, 2024 have been prepared in respect of the Company and its consolidated subsidiaries (hereinafter collectively, the "Group"). The Group engages in the following six business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business and Hotel Business. The operations of each business segment are presented in "5. Segment information" in the notes.

2. Basis of preparation

(ⅰ) Compliance with IFRS

Since the Company qualifies as a "Designated International Financial Reporting Standards specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007), its condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" under the provision of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007).

These condensed quarterly consolidated financial statements were approved by Seiichiro Yamaguchi, the Company's President and CEO, and Noboru Hirano, Director and CFO, on April 8, 2024.

(ⅱ) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities measured at fair value.

(ⅲ) Presentation currency and unit amount

The condensed quarterly consolidated financial statements in this report are presented in Japanese yen, the Company's functional currency. All financial information presented in Japanese yen is rounded down to the nearest thousand yen.

3. Material accounting policies

With the exception of the following items, material accounting policies that the Group applies in condensed quarterly consolidated financial statements are the same as the accounting policies used in the consolidated financial statements for the previous fiscal year.

4. Significant accounting estimates and judgments requiring estimates

The preparation of the condensed quarterly consolidated financial statements in compliance with IFRS requires the management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are changed and in future periods in which the change will affect.

5. Segment information

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance. The Group draws up comprehensive strategies for each of the following six business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business" and "Hotel Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartment and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. The Hotel Business provides mainly hotel operating services.

The Group's revenue and profit/loss by reportable segment are as follows:

Three months ended February 28, 2023
(December 1, 2022 – February 28, 2023)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	23,717,036	1,752,683	1,556,602	1,655,800	1,586,565	783,642	—	31,052,331
Intersegment revenue	—	—	44,351	—	282,486	3,666	(330,504)	—
Total	23,717,036	1,752,683	1,600,954	1,655,800	1,869,052	787,308	(330,504)	31,052,331
Segment profit	5,061,180	215,820	759,239	1,060,713	263,158	142,173	(721,202)	6,781,084
Finance income/costs, net								(293,039)
Profit before tax								6,488,045

Three months ended February 29, 2024
(December 1, 2023 – February 29, 2024)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	15,487,893	13,034,132	1,782,705	1,557,735	1,643,930	1,362,184	—	34,868,582
Intersegment revenue	—	—	27,795	20,850	349,586	7,095	(405,327)	—
Total	15,487,893	13,034,132	1,810,501	1,578,585	1,993,517	1,369,280	(405,327)	34,868,582
Segment profit	3,119,371	4,731,952	827,444	925,733	289,207	414,360	(722,465)	9,585,604
Finance income/costs, net								(393,640)
Profit before tax								9,191,963

6. Inventories

Components of expenses for inventories recognized as loss on valuation are as follows:

(¥ thousand)

	Three months ended February 28, 2023	Three months ended February 29, 2024
Loss on valuation	3,297	—
Reversal of loss on valuation	4,347	3,103

7. Sales Revenue

Composition of revenue recognized from contracts with customers are as follows:

The Group engages in six major businesses consisting of the Revitalization Business, the Development Business, the Rental Business, the Fund and Consulting Business, the Property Management Business, and the Hotel Business. Revenue generated from these businesses is recorded in accordance with contracts with customers, and the promised amount of consideration does not contain significant financing components.

The relationship between the sales revenue of each reportable segment and the sales revenue classified according to type is shown below.

Three months ended February 28, 2023

(December 1, 2022 – February 28, 2023)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	23,717,036	1,751,119	–	–	–	–	25,468,156
Revenue from services	–	1,563	121,319	1,654,717	1,586,565	754,750	4,118,916
Revenue recognized from other sources	–	–	1,435,283	1,083	–	28,892	1,465,258
Total	23,717,036	1,752,683	1,556,602	1,655,800	1,586,565	783,642	31,052,331

Note: Revenue recognized from other sources is revenue recognized under IFRS 16 Leases and IFRS 9 Financial Instruments.

Three months ended February 29, 2024

(December 1, 2023 – February 29, 2024)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	15,487,893	13,033,967	–	–	–	–	28,521,860
Revenue from services	–	165	114,010	1,554,783	1,643,930	1,332,121	4,645,010
Revenue recognized from other sources	–	–	1,668,695	2,952	–	30,063	1,701,710
Total	15,487,893	13,034,132	1,782,705	1,557,735	1,643,930	1,362,184	34,868,582

Note: Revenue recognized from other sources is revenue recognized under IFRS 16 Leases and IFRS 9 Financial Instruments.

8. Dividends

Dividends paid in the three months ended February 28, 2023 and February 29, 2024 are as follows:

Three months ended February 28, 2023				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2023	51	2,410,243	November 30, 2022	February 27, 2023

Three months ended February 29, 2024				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2024	66	3,192,884	November 30, 2023	February 28, 2024

9. Earnings per Share

	Three months ended February 28, 2023	Three months ended February 29, 2024
Profit attributable to owners of parent (¥ thousand)	4,416,708	6,435,471
Net income used to figure diluted net income per share (¥ thousand)	4,416,708	6,435,471
Weighted average number of outstanding ordinary shares (shares)	47,212,653	48,394,160
The number of increased ordinary shares used to figure diluted earnings per share (shares)	94,177	62,345
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,306,830	48,456,505
Basic earnings per share (¥)	93.55	132.98
Diluted net income per share (¥)	93.36	132.81

Notes: Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.

10. Financial instruments

(i) Fair values and book values

Fair values of financial assets and liabilities and their book values presented in the condensed quarterly consolidated statement of financial position are as follows:

(¥ thousand)

	As of November 30, 2023		As of February 29, 2024	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	39,197,843	39,197,843	39,342,101	39,342,101
Trade and other receivables	4,500,897	4,500,897	11,660,760	11,660,760
Financial assets measured at fair value through other comprehensive income				
Other financial assets	7,826,991	7,826,991	9,739,432	9,739,432
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	7,811,400	7,811,400	9,042,800	9,042,800
Interest-bearing liabilities	146,587,755	146,556,583	143,438,432	143,410,817

Method for measuring fair value of financial instruments

Cash and cash equivalents, trade and other receivables, trade and other payables, and current interest-bearing liabilities

The book values of these financial instruments that are settled in a short period of time approximate the fair values.

However, the fair values of interest rate swaps are based on market values presented by financial institutions.

Other financial assets

The fair values of listed securities are measured based on quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group estimates fair values using certain valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially at the same price, and the discounted cash flow method.

Non-current interest-bearing liabilities

The fair values of non-current interest-bearing liabilities with floating interest rate approximate the book values, as interest rates reflect market interest rates in short-term intervals. The fair values of those with fixed interest rate are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be charged for a new similar borrowing.

Fair value hierarchy of non-current interest-bearing liabilities is classified as Level 2.

(ii) Fair value hierarchy

The following shows the analysis of financial instruments measured at fair value after the initial recognition. Fair values of financial instruments are classified into level 1 to level 3.

Level 1: Fair values measured at a price quoted in an active market
Level 2: Fair values calculated directly or indirectly using an observable price except for level 1
Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data

Transfers between the different levels of the fair value hierarchy are recognized on the date on which the event or the changes in circumstances causing the transfer occurred.

(¥ thousand)

	As of November 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	7,504,077	―	322,913	7,826,991
Financial assets measured at fair value through other comprehensive income (derivative)	―	26,004	―	26,004
Financial liabilities measured at fair value through other comprehensive income (derivative)	―	3,057	―	3,057

(¥ thousand)

	As of February 29, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	9,329,892	―	409,539	9,739,432
Financial assets measured at fair value through other comprehensive income (derivative)	―	24,452	―	24,452
Financial liabilities measured at fair value through other comprehensive income (derivative)	―	24,351	―	24,351

Reconciliation of financial assets classified in level 3 at the beginning of the period with those at the end of the period is as follows:

(¥ thousand)

	Three months ended February 28, 2023	Three months ended February 29, 2024
Balance at beginning of period	125,083	322,913
Acquisition	55,660	82,312
Profit or loss		
Net Profit (loss)	—	—
Other comprehensive income	6,644	5,449
Disposal	(3,846)	(1,136)
Transfer	40,317	—
Balance at end of period	223,859	409,539

Notes1:Profit or loss included in other comprehensive income is included in "Net change in financial assets measured at fair values through other comprehensive income" in the Condensed Quarterly Consolidated Statement of Comprehensive Income.

2:Certain financial instruments were reclassified from Level 2 due to the difficulty in obtaining observable inputs.

(iii) Evaluation Process

The fair values of financial instruments of Level 3 are measured in accordance with related internal policies. In measuring of fair values, the most appropriate method and input to reflect the characteristics and risk of financial instruments, are employed.

11. Business combinations

Three months ended February 28, 2023 (December 1, 2022 – February 28, 2023)

(Business combination by acquisition)

(1) Name of the acquired company and its fields of business

Name of the acquired company Shibaura Residential Co., Ltd.

Fields of business Real estate rental, brokerage, management, and trading

(2) Date of acquisition January 31, 2023

(3) Ratio of acquired capital equity with voting rights

100%

(4) Reason for conducting business combination

The share acquisition was conducted as part of the Group's purchasing methods to strengthen the Group's purchasing activities, a source of future income, given that the acquired company holds income-generating properties and is engaged in the rental business.

(5) Method for gaining control of the acquired company

Acquisition of shares with cash as consideration.

(6) Fair value of consideration for the acquisition, assets acquired, and liabilities assumed at the acquisition date

(¥ thousand)

	Amount
Fair value of consideration for the acquisition	1,786,861
Current assets	
Cash and cash equivalents	158,606
Inventories	2,436,866
Others	17,766
Non-current assets	
Others	15,701
Current liabilities	
Others	56,599
Non-current liabilities	
Interest-bearing liabilities	484,806
Others	202,554
Fair value of assets acquired and liabilities assumed (net)	1,884,979
Gain on bargain purchase	98,117

Note: Gain on bargain purchase of ¥98,117 thousand was reported under "Other income" in the Condensed Quarterly Consolidated Statement of Comprehensive Income, as the fair value of the net assets acquired exceeded the fair value of the consideration for the acquisition.

(7) Acquisition-related costs

The Company reported ¥82,856 thousand in outsourcing expenses, etc., related to the acquisition of shares under selling, general and administration expenses in the consolidated statements of comprehensive income as acquisition-related costs associated with the business combination.

(8) Cash flows from the acquisition

(¥ thousand)

	Amount
Cash and cash equivalents paid for the acquisition	(1,740,000)
Cash and cash equivalents held by the acquiree at the time of acquisition	158,606
Payment for the acquisition of subsidiaries	(1,581,393)

(9) Impact on business performance

Information on profit/loss and proforma information after the acquisition date of this business combination is not included, as their impact on the Condensed Consolidated Financial Statements is negligible.

Three months ended February 29, 2024 (December 1, 2023 – February 29, 2024)

No item to report.

12. Significant subsequent events

No item to report.

2. Other

No item to report.

B. Information on Guarantee Companies, etc. of Filing Company

No items to report.

(Translation)

Quarterly Review Report of Independent Auditors

April 8, 2024

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Chuo-ku, Tokyo

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa

Designated and Engagement Partner,
Certified Public Accountant:

Hiroshi Matsubara

Auditor's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the condensed quarterly consolidated financial statements of Tosei Corporation included in the "Accounting" section, namely, the condensed quarterly consolidated statements of financial position, comprehensive income, changes in equity, and cash flows, as well as their notes, for the first quarter (December 1, 2023 to February 29, 2024) and the first three-month period (December 1, 2023 to February 29, 2024) of the fiscal year from December 1, 2023 to November 30, 2024.

In our quarterly review, we have concluded that the condensed quarterly consolidated financial statements referred to above are in conformity with International Accounting Standard 34 "Interim Financial Reporting," under the provision of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements of Japan, and nothing has come to our attention that causes us to believe that they do not fairly present, in all material respects, the financial positions of the Company and its consolidated subsidiaries as of February 29, 2024, and the consolidated results of their operations and their cash flows for the three-month period then ended.

Basis for Auditor's Conclusion

We conducted a quarterly review in conformity with quarterly review standards generally accepted in Japan. Our responsibility under the quarterly review standards is described in "Auditor's Responsibility in the Quarterly Review of the Condensed Quarterly Consolidated Financial Statements." In accordance with the professional ethics regulations in Japan, we are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as an auditor. We believe that we have obtained the evidence to provide a basis for our conclusion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed quarterly consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting." This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed quarterly consolidated financial statements, management evaluates whether it is appropriate to prepare the condensed quarterly consolidated financial statements based on a going

concern assumption, and is responsible for disclosing any matters as a going concern that require disclosure pursuant to Paragraph 4 of International Accounting Standard 1 "Presentation of Financial Statements."

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by Directors in designing, implementing and maintaining a financial reporting process.

Auditor's Responsibility in the Quarterly Review of the Condensed Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion from an independent perspective on these condensed quarterly consolidated financial statements based on our quarterly review as independent auditor.

We will make professional judgments throughout the quarterly review process in conformity with the quarterly review standards generally accepted in Japan, and carry out the following with professional skepticism.

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical procedures and other quarterly review procedures. Such a review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.
- If material uncertainties related to events or conditions that may cast significant doubt upon going concern assumption are recognized, conclude whether nothing comes to attention that causes us to believe that the documents are not fairly presented based on the evidence obtained in the condensed quarterly consolidated financial statements in conformity with Paragraph 4 of International Accounting Standard 1 "Presentation of Financial Statements." In addition, if material uncertainties regarding going concern assumption are recognized, the quarterly review report shall refer to the notes to the condensed quarterly consolidated financial statements, or, if material uncertainties stated in the notes to the condensed quarterly consolidated financial statements are inadequate, we are required to express qualified or adverse conclusions on the condensed quarterly consolidated financial statements. The auditor's conclusions are based on evidence obtained by the quarterly review reporting date, but future events and circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether nothing comes to attention that causes us to believe that the presentation and notes to the condensed quarterly consolidated financial statements do not comply with International Accounting Standard 34 "Interim Financial Reporting," or that the presentation, composition and contents of the condensed quarterly consolidated financial statements including related notes as well as the transactions and accounting events underlying the condensed quarterly consolidated financial statements are not fairly presented.
- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries to express a conclusion on the condensed quarterly consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the quarterly review of the condensed quarterly consolidated financial statements, and is solely responsible for its conclusion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned quarterly review and material findings in the quarterly review.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan regarding independence as well as matters that are reasonably considered to have an impact on the auditor's independence, the content of measures, if any, taken in order to eliminate obstacles, and the content of safeguards, if any, taken in order to reduce obstacles to an acceptable level.

Interest

Our firm and the engagement partners do not have any interest in the Company and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Act

End

∗1. The original copy of the Quarterly Review Report in above, is in the custody of the Company (filing company of the quarterly securities report) as attachments to the financial statements .

2.XBRL data is excluded from the scope of the quarterly review.

Note:
The English version of the financial statements consists of an English translation of the reviewed Japanese financial statements. The actual text of the English translation of the financial statements was not covered by our review. Consequently, for the auditors' review report of the English financial statements, the Japanese original is the official text, and the English version is a translation of that text. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.